

## International Financial Reporting Standards

# IFRS: Truly Global Accounting Standards

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The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

- **Single set of global accounting standards: IFRS**
  - High quality, investor focused principles.
  - Transparency.
  - Comparability.
- **This was the original vision for IASC in 1973.**
- **Reaffirmed when IASB was organised 2001.**
- **Reaffirmed by Trustees in 2012 strategy report:**
  - Pathways to IFRS adoption may differ.
  - Unconditionally assert compliance with IFRS.

## Goals of the project:

1. Develop a central source of information to chart jurisdictional progress toward global adoption of a single set of financial reporting standards.
2. Respond to assertions that there many national variations of IFRS around the world.
3. Identify where IFRS Foundation can help countries on their path to adoption of IFRS.

# Profiles already completed

**138 jurisdiction profiles are now posted:**  
**<http://go.ifrs.org/global-standards> or**

The screenshot shows the IFRS website homepage as of Tuesday, 03 June 2014. The navigation bar includes links for Home, About us, IFRS, Standards development, Get involved, Stay informed, and Shop & eIFRS. A search bar is located in the top right. A large callout box with a black border and red text reads: "Go to IASB website. Click on 'Who uses IFRS?'". A red arrow points from the bottom left of this callout box to the "Who uses IFRS?" link in the Quick Links section on the left side of the page. The Quick Links section also includes "IFRS Advisory Council", "Due Process Oversight Committee (DPOC)", "Investor resources", and "IFRS for SMEs". The main content area features a "Features" section with a link to "2014 IFRS (Red Book)—now available" and an "Announcements" section with a filter menu (All, Meetings, Press releases, Project updates, SMEs, XBRL, Publications, Events, Governance) and a list of recent news items.

# Profiles already completed

**The 138 profiled jurisdictions come from all over the world:**

<b>Africa</b>	20 jurisdictions
<b>Americas including Caribbean</b>	37 jurisdictions
<b>Asia-Oceania</b>	32 jurisdictions
<b>Europe</b>	42 jurisdictions
<b>Middle East</b>	7 jurisdictions

**The 138 profiles cover 97% of global GDP.**

# Content of each profile

- **Survey participant details.**
- **Commitment to global accounting standards.**
- **Extent of IFRS application:**
  - Which companies? Required or permitted?  
Consolidated only? Unlisted also?
- **IFRS endorsement:**
  - Process, legal authority, auditor's report.
- **Eliminate options? Make modifications?**
- **Process for translation of IFRS.**
- **Adoption of the IFRS for SMEs.**

## Sources and reviews of the data in the profiles

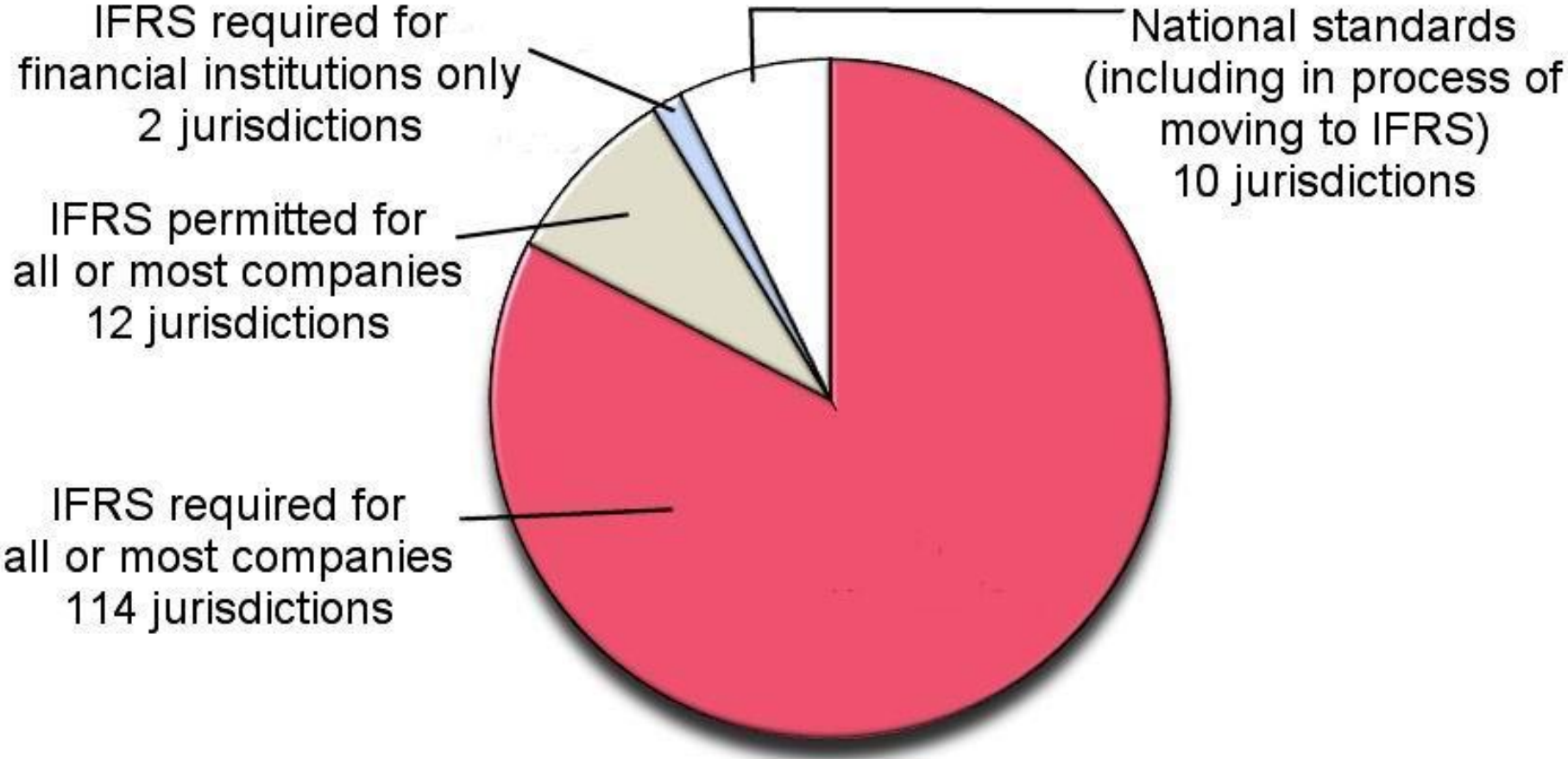
- To develop the profiles, we surveyed standard-setters and other bodies in each jurisdiction.
- We also obtained as many source documents as we could, such as laws, regulations, listing rules.
- And we examined web sites and other studies.
- The Foundation drafted the profiles.
- We invited the respondents to the survey and others (including IOSCO, other regulators, and international audit firms) to review the drafts.

# Overview of the 138 profiles

- **114 jurisdictions (83%): IFRS required for all or most domestic publicly accountable entities (listed and financial).**
- **Most of remaining 24 jurisdictions already permit or require IFRS for at least some domestic publicly accountable entities.**



# Use of IFRS by domestic publicly accountable entities (listed and financial) – 138 jurisdictions



# Public statements supporting IFRS

- **Nearly all jurisdictions (93%) have publicly stated a commitment in support of global accounting standards.**
- **The relevant authority in nearly all jurisdictions (94%) has publicly stated that IFRS should be the global accounting standards.**

## ▪ **China**

- National standards substantially converged.
- Out of 296 Mainland China companies listed in Hong Kong, 251 use IFRS. 45 use PRC GAAP.

## ▪ **India**

- IFRS permitted. A few companies use IFRS.
- In process of adopting new accounting standards generally converged with IFRS, but with some modifications. To be known as Indian Accounting Standards.

## ■ Indonesia

- Standard setter working to bring national GAAP close to IFRS at 1 January 2014.

## ■ Japan

- Listed companies may use four different GAAPs, one of which is IFRS.
- At 31 Dec 2014, 52 Japanese companies use IFRS. They constitute around 14% of the total market cap of the Tokyo Stock Exchange.
  - In 2012 there were only 10 IFRS companies.

## ▪ **Saudi Arabia**

- IFRS already required for banks and insurance.
- Plan: IFRS for all listed effective 2017.

## ▪ **Switzerland**

- IFRS permitted (+ Swiss GAAP and US GAAP).
- 64% of listed use IFRS (84% of main board).

## ▪ **United States**

- SEC continues to consider IFRS.
- IFRS permitted for non-US companies without reconciliation to US GAAP. Around 500 cross-border SEC registrants now use IFRS.

## Modifications to IFRS are rare:

- The few that have been made are temporary and of limited scope and applicability.
  - See next slide
- In most cases IASB is addressing the issue in a current project.

## What kinds of modifications are there:

- EU IAS 39 “carve-out” – used by only 20 of 8,000 listed companies in Europe, “temporary”.
- Delayed effective dates of IFRS 10, 11, 12 until 2014.
- Modifications or deferrals pending completion of IASB projects:
  - Rate regulation, equity method, loan loss provisions, agriculture.
- Older versions of IFRS adopted, not latest.
- A few other small changes.

**In the 138 jurisdictions, the independent auditor's report refers to:**

<b>IFRS as issued by the IASB</b>	82 jurisdictions
<b>IFRS as adopted by the EU</b>	33 jurisdictions*
* Some of these also assert compliance with IFRS as issued by the IASB. Most could.	
<b>National standards</b>	23 jurisdictions

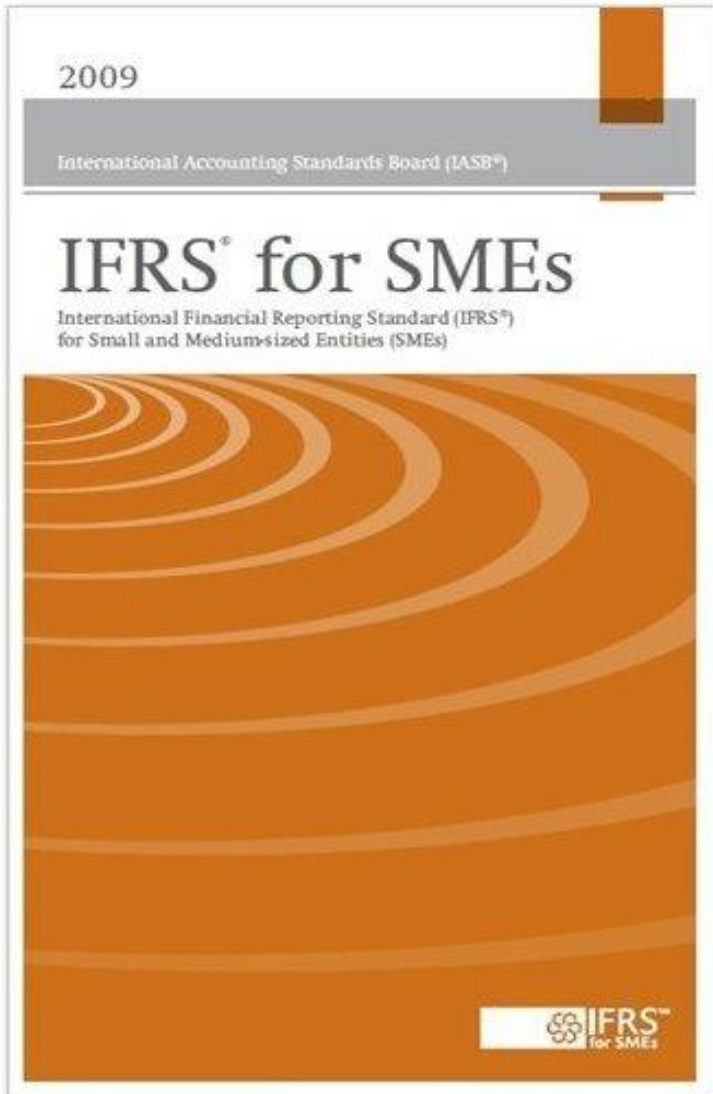


## Endorsement process, if any

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<b>No endorsement required</b>	62 jurisdictions
<b>European Union process</b>	33 jurisdictions
<b>Endorsement solely by professional accounting body</b>	11 jurisdictions
<b>Endorsement solely by government agency</b>	15 jurisdictions
<b>Involves both professional body and government</b>	6 jurisdictions
<b>IFRS not yet adopted for any domestic or foreign companies</b>	11 jurisdictions

# Adoption of the IFRS for SMEs



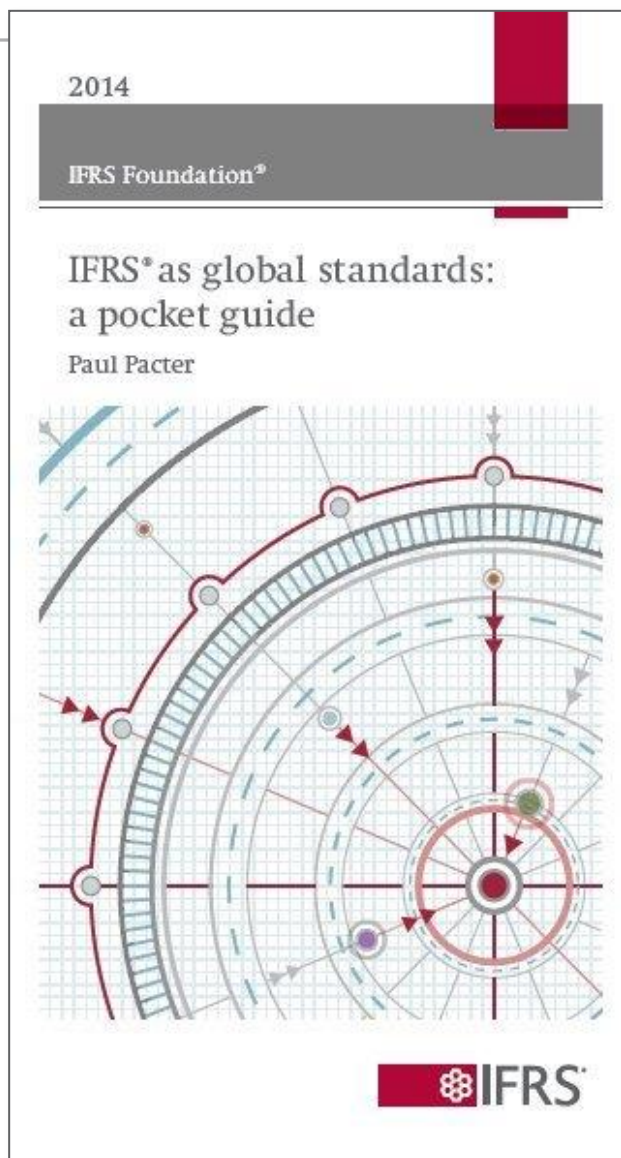
**In the 138 jurisdictions for which we have posted profiles:**

<b>Already adopted the IFRS for SMEs</b>	69 jurisdictions
<b>Actively considering it</b>	15 jurisdictions

Plus we are aware of at least 10 other adoptions that are not in the 138 profiled jurisdictions.

# Guide to IFRS as global standards

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## This 196-page guide summarises:

- What IFRS is.
- Benefits of adoption.
- History of development of IFRS.
- How IFRS is developed.
- For 130 jurisdictions, which accounting standards are required and how IFRS is endorsed.
- Links to resources.
- Requirements of current Standards.

**2015 edition: March 2015 release**

## Educational, free, based on Pocket Guide:

- English and Spanish.

## Each quiz: 10 true-false out of pool of 220

- Instantly graded with explanations of wrong answers.

## 21,000 have taken it, 114 countries

- Average score = 70%.
- Results show some misconceptions relating to how IFRS are developed and used and about requirements of IFRS.

# Thank you

