



JURISDICTIONAL PROFILE: **Bhutan**

Disclaimer: The information in this Profile is for general guidance only and may change from time to time. You should not act on the information in this Profile, and you should obtain specific professional advice to help you in making any decisions or in taking any action. If you believe that the information has changed or is incorrect, please contact us at ifrsapplication@ifrs.org.

This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Bhutan. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

Profile last updated: 16 June 2016

RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Accounting and Auditing Standards Board of Bhutan (AASBB).
Role of the organisation	Standard setting body.
Website	http://aasbb.com.bt
Email contact	kinzangk@gmail.com

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
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Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?

Yes.

This is laid out in the Finance Minister's Executive Order of 16/02/2012 announcing the decision to adopt IFRS Standards and reasons for adopting IFRS Standards rather than developing national standards.

What is the jurisdiction's status of adoption?

Bhutan has not adopted IFRS Standards. However in April 2012 it began a process of adopting IFRS Standards in three phases with the goal of achieving complete adoption by 2021.

See Executive Order above.

Additional comments provided on the adoption status?

In July 2010, the government of Bhutan approved the formation of the Accounting and Auditing Standards Board of Bhutan (AASBB). The AASBB has authority to set Bhutanese accounting and auditing standards in line with international standards.

In 2012, the Ministry of Economic Affairs adopted a timetable for implementing IFRS Standards in three phases. See Q2 in the FAQ section of the AASBB's website

The AASBB has signed copyright waiver agreement with the IFRS Foundation to adopt IFRS Standards in a phased manner aiming for full adoption and compliance by the year 2021. The standards will be called Bhutanese Accounting Standards (BAS) during the transition period until 2021. The AASBB is releasing the standards in three phases. In the first phase, 18 standards were issued to be implemented from January 2013 till the end of 2015. The 18 phase-1 standards are:

No.	BAS	IAS	Name of the Standards
1	BAS 01	IAS 01	Presentation of Financial Statements
2	BAS 02	IAS 02	Inventories
3	BAS 07	IAS 07	Cash Flow Statements
4	BAS 08	IAS 08	Accounting Policies, Change in Accounting Estimates and Errors
5	BAS 10	IAS 10	Events after the Balance Sheet Date
6	BAS 11	IAS 11	Construction Contracts
7	BAS 12	IAS 12	Income Taxes
8	BAS 16	IAS 16	Property, Plant & Equipment
9	BAS 18	IAS 18	Revenue

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No.	BAS	IAS	Name of the Standards
10	BAS 20	IAS 20	Accounting for Govt. Grants and Disclosure of Govt. Assistance
11	BAS 21	IAS 21	The Effects of Changes in Foreign Exchange Rates
12	BAS 23	IAS 23	Borrowing Costs
13	BAS 24	IAS 24	Related Party Disclosures
14	BAS 27	IAS 27	Consolidated and Separate Financial Statements
15	BAS 33	IAS 33	Earnings Per Share
16	BAS 34	IAS 34	Interim Financial Reporting
17	BAS 37	IAS 37	Provisions, Contingent Liabilities and Contingent Assets
18	BFRS 8	IFRS 8	Operating Segments

Nine Phase II standards are adopted effective 1 January 2016, and ten Phase III standards (through IFRS 7 Financial Instruments Disclosures) are adopted effective 1 January 2018.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements? Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

Permitted. Notification AASB/01/2011-12/130 dated 6 April 2012 requires compliance with Bhutanese Accounting Standards Phase 1 (see above). This

includes some, but not all, IFRS Standards. The Companies Act of Bhutan (2000) requires that companies listed on the Royal Securities Exchange of Bhutan must present their financial statements in compliance with a GAAP system. To comply with this provision, companies are permitted to use IFRS Standards in full.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Permitted.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

Permitted.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Permitted.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

The Companies Act simply specifies that listed companies should prepare financial statements using GAAP, without identifying which GAAP. Those that choose IFRS Standards as their GAAP normally use IFRS Standards as issued by the IASB Board, ie standards and amendments are adopted/endorsed as and when issued by the Board.

The auditor's report and/or the basis of presentation footnote states that financial

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statements have been prepared in conformity with:

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?	No.
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Are IFRS Accounting Standards incorporated into law or regulations?	No.
If yes, how does that process work?	Not applicable.
If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	The Companies Act of Bhutan (2000) requires that listed companies must present their financial statements in compliance with a GAAP system. To comply with this provision, most companies use either Indian Accounting Standards or IFRS Standards. However, IFRS Standards are not incorporated into law or regulations.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	No.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?	No.
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If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?	Not applicable.
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APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	No.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Yes. The AASBB has adopted the <i>IFRS for SMEs</i> Standard as the Bhutan Accounting Standard for SMEs (BAS for SMEs). The BAS for SMEs was effective 1 January 2014.

Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	No (to be confirmed).
If the jurisdiction has made any modifications, what are those modifications?	See above.
Which SMEs use the <i>IFRS for SMEs</i> Accounting Standard in the jurisdiction, and are they required or permitted to do so?	The AASBB requires the BAS for SMEs for all incorporated companies that are not listed.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Accounting Standard, what other accounting framework do they use?	Not applicable.
Other comments regarding use of the <i>IFRS for SMEs</i> Accounting Standard?	The AASBB is conducting training workshops on the BAS for SMEs.