



Accounting and financial reporting in the Kyrgyz Republic

Accounting in the Kyrgyz Republic

A single state policy for accounting and financial reporting is implemented by the State Service for Financial Market Regulation and Supervision under the Government of the Kyrgyz Republic (Gosfinnadzor).

In order to regulate and develop accounting and financial reporting, Gosfinnadzor has created and is improving:

- Legal framework;
- Methodological framework,

and also working on:

- creating conditions for the implementation of international financial reporting standards;
- creating a mechanism to control compliance with financial reporting standards;

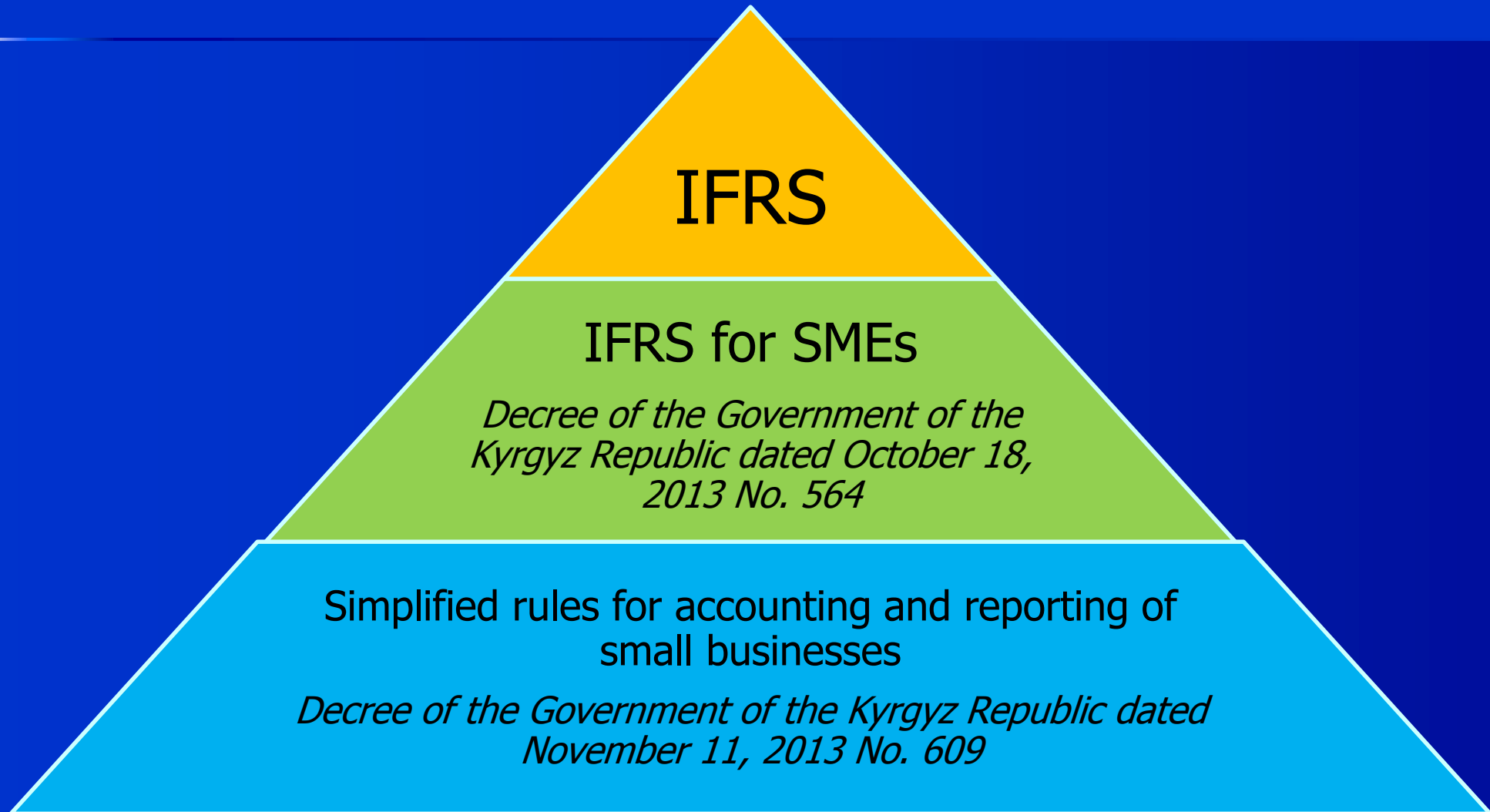
Key legal acts in the field of accounting and financial reporting

- Law of the Kyrgyz Republic "On Accounting" dated April 29, 2002;
- Decree of the Government of the Kyrgyz Republic dated September 28, 2001 "On International Financial Reporting Standards in the Kyrgyz Republic";
- Decree of the Government of the Kyrgyz Republic dated October 18, 2013 "On International Financial Reporting Standards for Small and Medium Enterprises in the Kyrgyz Republic"
- Rules for accounting and reporting for small businesses dated November 11, 2013;
- Instruction on the chart of accounts application in the course of financial and economic activities of business entities, non-profit organizations (except budgetary institutions) dated October 7, 2010;
- Regulation on the accounting document flow of business entities, non-profit organizations (with the exception of budgetary institutions) dated October 7, 2010;
- Strategy for the development of corporate financial reporting and audit in the Kyrgyz Republic for 2014-2020 and the Action Plan for its implementation

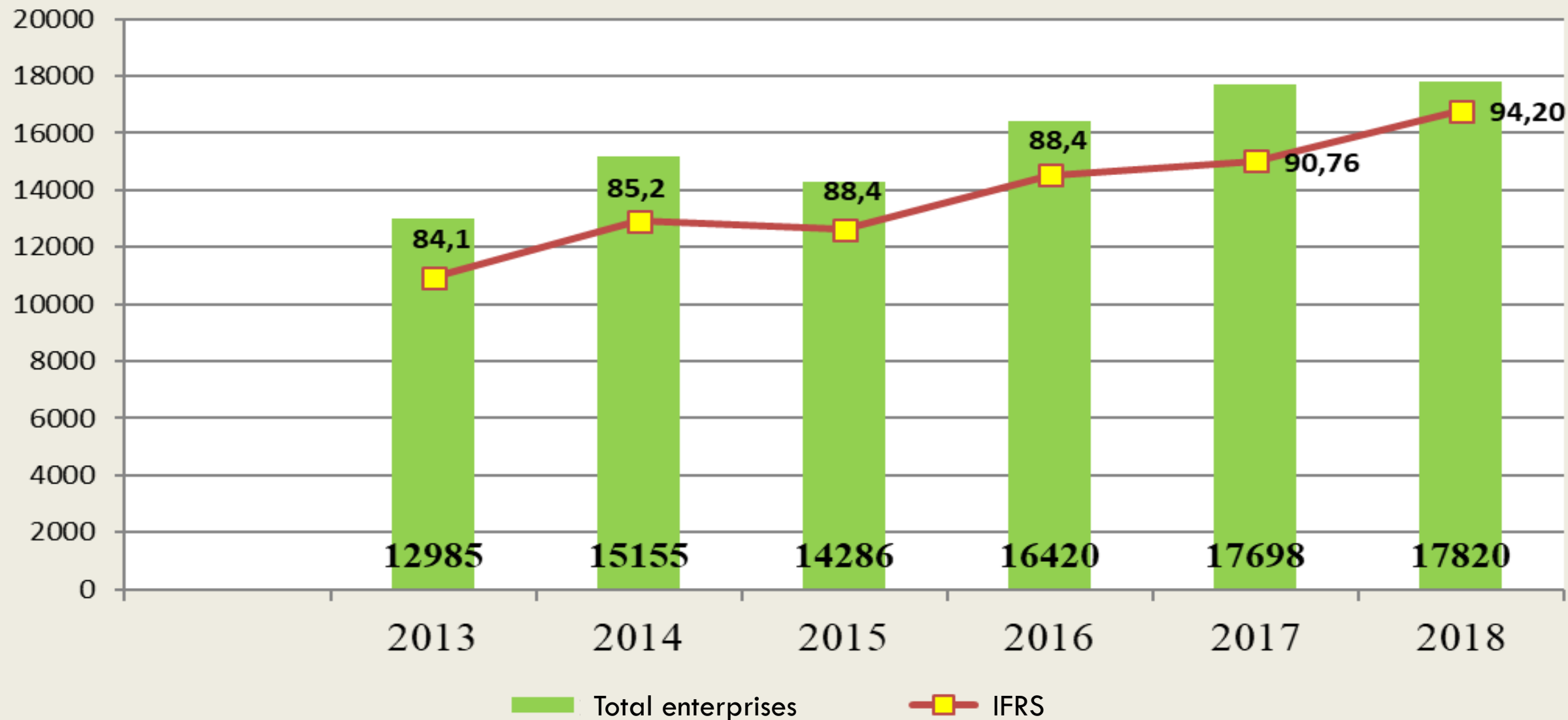
Making IFRS accessible

On March 27, 2009, the Government of the Kyrgyz Republic represented by Gosfinnadzor and IFRS Committee signed a licensing agreement giving Gosfinnadzor a right to publish and disseminate IFRS in the Kyrgyz Republic in full.

Financial reporting in the Kyrgyz Republic is divided into 3 categories



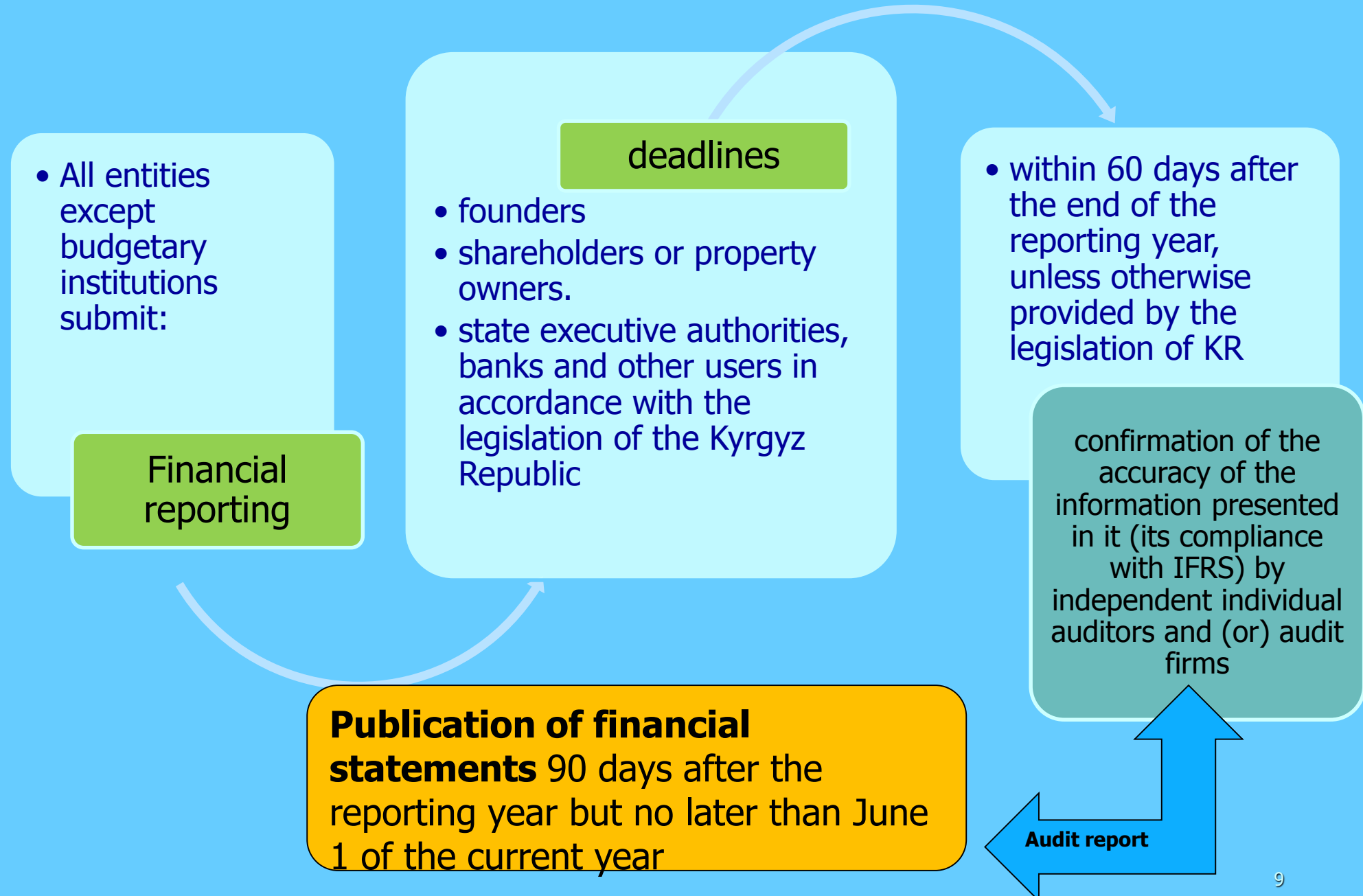
Monitoring of IFRS implementation in 2012-2016 (HCT)



Consolidated Financial Statements

Business units	Financial reports	Audit	Public disclosure
Entities of public interest, including listed companies, banks, investment funds, insurance companies, non-state pension funds.	IFRS	Required	Must publish their annual reports
Business units that do not meet the definition of entities of public interest	IFRS for SMEs	Not required	No
Unincorporated enterprises	Rules for accounting and reporting of small businesses	Not required	No

Financial statements



Collaboration with professional public associations of auditors

- Currently, six associations are registered in the State Register of Public Audit Associations of the Kyrgyz Republic.
- The above-mentioned public professional associations contribute to the development of regulatory legal acts in the area of accounting and audit through membership in the Expert Council on Accounting and Audit under Gosfinnadzor and in other working groups

Public associations of auditors

➤ Public Association
of Accountants
and Auditors

Year of
registration - 1999

IFAC Associate
Member

Full member of
the Eurasian
Council of
Certified
Accountants and
Auditors (ECCAA)

➤ Public Association
“Chamber of
Accountants and
Auditors”

Year of
registration - 2001

Full member of
the Eurasian
Council of
Certified
Accountants and
Auditors (ECCAA)

➤ Public Association
“Institute for the
Development of
Accounting and
Audit”

Year of
registration - 2007

Public associations of audit firms

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Association of
legal entities
"Association-
Guild of
Auditors of
the Kyrgyz
Republic"

Year of
registration -
2014

5

Association of
Legal Entities
"Association of
Auditors"

Year of
registration -
2014

6

Association of
legal entities

Association
"Financial
Reporting and
Auditing
Council"

Registration
Year 2015



Activities of public associations in the Kyrgyz Republic

- Assistance to public bodies and contributions in drafting legislative and regulatory acts applicable to the activities of accountants and auditors;
- Training (preparation for qualification exams, advanced training);
- Participation in the Expert Council on Accounting and Audit and other working groups under Gosfinnadzor,
- Development and implementation of the program for advancing expertise, qualifications and skills for the Association members;
- Assistance to public institutions in the development of new educational programs aimed at training professional accountants;

Strategy for the development of corporate financial reporting and audit

The country's investment attractiveness and its integration into foreign trade and other foreign economic relations largely depend on the level of confidence of international market's participants in companies' financial statements.

To this end, one of the most important areas of corporate financial reporting reforms is enhancing confidence in financial reporting through the application of International Financial Reporting Standards (IFRS) and regulating the quality of audit of financial statements.

Key areas of accounting and financial reporting enhancement

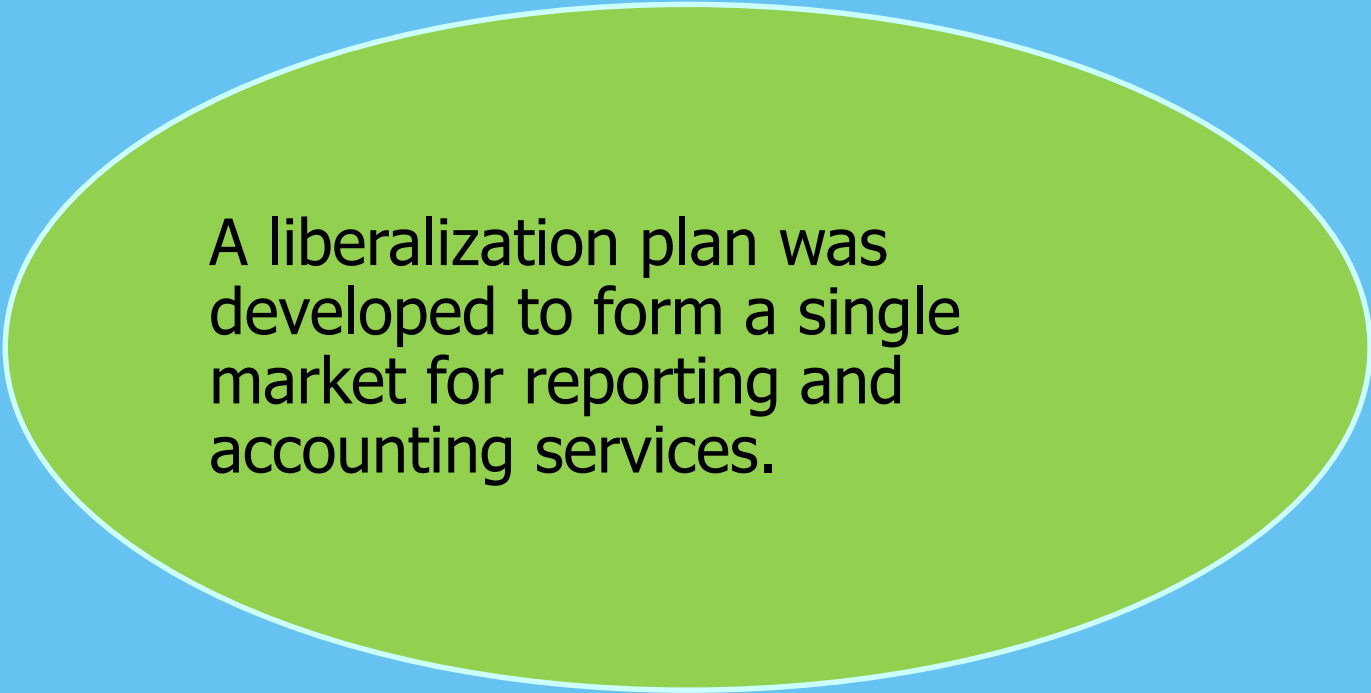
Implementation of the **Strategy for the development of corporate financial reporting and audit in the Kyrgyz Republic for 2014-2020** (Strategy)

Ensuring openness and accessibility of financial information for a wide range of users by creating a depository in which all financial statements of entities of public interest will be centrally stored

Improving the quality of financial statements by establishing minimum requirements for chief accountants of entities of public interest and improving the audit quality control system

Improving the legal and methodological framework.

Key areas of accounting and financial reporting enhancement



A liberalization plan was developed to form a single market for reporting and accounting services.

A large green arrow pointing to the right, centered on a light blue background. The arrow has a white outline and contains the text "Improving the legal framework and strengthening the institutional capacity" in bold black font.

**Improving the legal framework and
strengthening the institutional capacity**

Improving the legal framework

- On October 1, 2018, the updated Open License Agreement on the adoption and publication of IFRS and IFRS for SMEs in Russian (London) was officially re-signed.
- Current texts of the standards are available on the website of Gosfinnadzor.
- In June 2019, translation of the IFRS for SMEs into Kyrgyz language was completed.
- To examine the IFRS for SMEs in Kyrgyz, a Review Committee was created by the order of the State Service for Financial Market Regulation and Supervision dated June 20, 2019 No. 145-p,



**Amending the Law of the Kyrgyz
Republic “On Accounting”**

Improving the legal framework

The state (public) register of financial statements of the companies of the Kyrgyz Republic in paper and electronic formats is to be established in order to ensure public access to financial information of, in particular, investors, creditors and depositors, as well as to eliminate duplicate functions of state supervisory authorities, and reduce costs for businesses

The register will be publicly available.

Concurred specifications for the register will be developed including interfacing with such institutions as the Kyrgyz Stock Exchange, the National Statistical Committee of the Kyrgyz Republic, the tax authorities and the National Bank of the Kyrgyz Republic.

Improving the legal framework

In addition, the following will be revised:

- the concept of "the entities of public interest";
- thresholds and criteria for the classification of enterprises.

Required sets of financial statements and requirements of the statutory audit will be adjusted to reflect the importance and size of enterprises (in terms of number of employees, size of revenue).

To fulfil the above tasks, the following measures are envisaged: development and discussion of a new system of threshold indicators and criteria for the classification of enterprises, development of regulatory legal acts and coordination with stakeholders.



Modernization of curricula/programs in the field of accounting, improving the level of financial literacy and understanding of financial information



Modernization of the accountant training system

Gosfinnadzor is working in the following areas in order to build the capacity of the accounting and auditing professionals and to improve financial literacy:

- improvement of curricula across national higher educational institutions
- enhancement of professional skills of financial statements drafters;
- education of the major users and beneficiaries of financial statements to be prepared to use financial statements of better quality.

Improving education, improving financial literacy



The review of the existing system of accountants and auditors training in the Kyrgyz Republic identified several key issues indicating the need to introduce additional skills and competencies officially recognized and required under the International Education Standards (IES) into the education system.

The education system reform implies the harmonization of the chartered accountants training by universities, certified accountants training by professional associations and training of auditors certified by the state regulator through recognition/partial exemption from the qualification exam.

Improving education, improving financial literacy

As part of the Project on the development of audit and financial reporting in the Kyrgyz Republic (PRAFO):

- the draft Development Strategy for Accounting and Auditing Higher Education, where the core objectives are singling out "Accounting, Analysis and Audit" as an independent course rather than a part of the "Economy" degree course and developing the relevant State Educational Standard;
- work is underway to discuss the draft Strategy with the heads of Accounting, Analysis and Audit Departments of the country's leading universities;
- work is underway to align the curricula of accounting courses with those of the internationally recognized accounting and auditing qualification programs
- the structure and content of the curriculum and exams for auditors are being developed



Improving financial literacy

Trainers on IFRS and IFRS for SMEs trained, for 4 focus groups

- 19 trainers were selected on a competitive basis after written proficiency tests on IFRS and IFRS for SMEs.
- From July 3 to 10, an international expert/consultant Michael Wells delivered a seminar for trainers:
- review of IFRS and IFRS for SMEs,
- discussion of practical situations (cases),
- teaching effective teaching methods.



An analysis of target groups' training needs in IFRS and IFRS for SMEs conducted

- According to the completed questionnaires, needs of four target groups (accountants of entities of public interest, SMEs, teachers and journalists) in training on IFRS and IFRS for SMEs were studied.
- In accordance with the selection criteria, groups of training participants were formed.
- On the basis of participants' needs, trainers developed training programs and materials for 4 target groups.



Improving financial literacy

Seminars on IFRS and IFRS for SMEs were organized:

- from August 27 to September 9, 2019 for 28 accountants of entities of public interest to build their capacity to apply IFRS;
- from August 19 to 30 for 24 university professors who train accountants;
- from September 2 to 4, 2019, for 15 journalists working on the topic of “business” to increase their awareness about financial statements and IFRS

Thank you for attention!

Спасибо за внимание!

