



МОНГОЛ УЛСЫН
ЗАСГИЙН ГАЗАР

САНГИЙН ЯАМ



The current status and challenges of adoption of IFRS in Mongolia

B.BOLORMAA

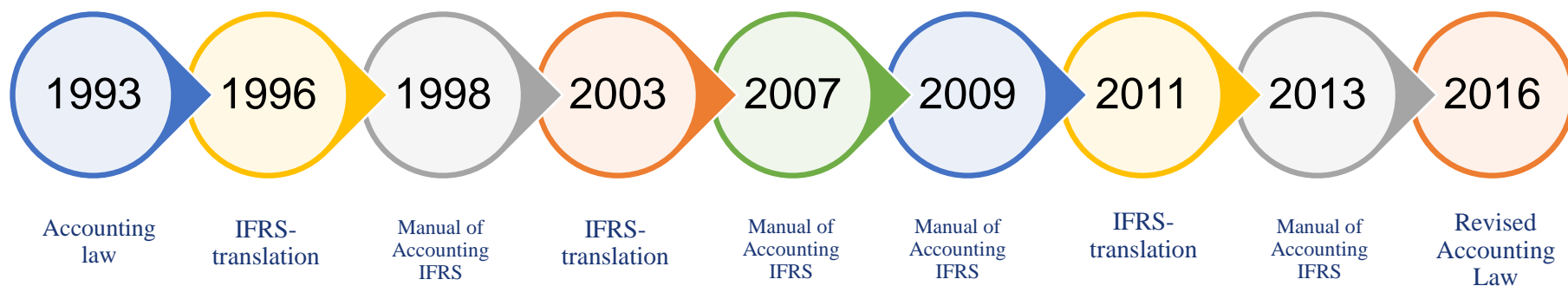
SENIOR OFFICER

ACCOUNTING POLICY DEPARTMENT

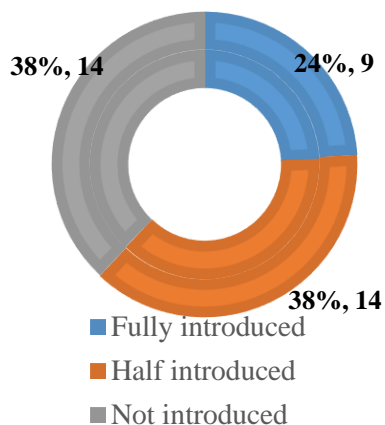
The current status

- The Mongolian Parliament passed the first Accounting Law in 1993. In this direction all forms of ownership organizations should maintain accounting on the accrual basis and the financial statements of all organizations shall be in full compliance with International Financial Reporting standards.
- The International Financial Reporting standards are translated into Mongolian and used in their native language 4 times. To improve the understandings of IFRS, we have processed explanation documents of use.
- The IFRS have been carried out on a frequent basis by the Ministry of Finance and support and assistance of the professional NGOs.
- Revised Accounting Law of Mongolia is effective from 2016. It will enable for public interest entities will follow IPSAS and other entities will follow IFRS for SMEs.

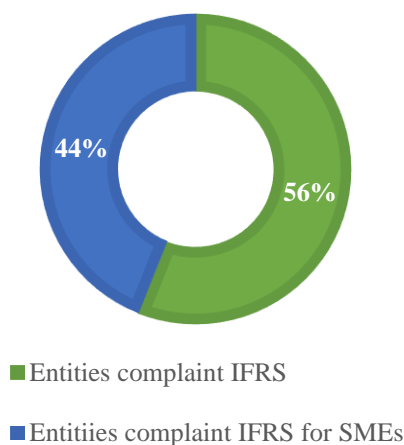
THE CURRENT STATUS OF ADOPTION OF IFRS



IFRS INTRODUCED



CLASSIFICATION OF THE ENTITIES (95,523)



Other related information

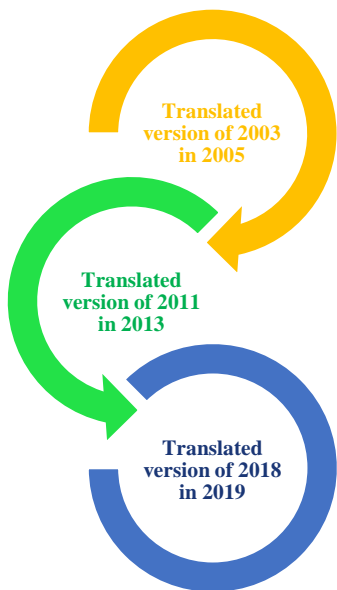
➤ 8298 as of 43 percent of the public interest entities are fully complaint of IFRS

IFRS for SMEs

➤ **95'523** business entities as of **91%** SMEs that are amount of net asset is until **500.0** million MNT /currency unit of Mongolia/, amount of sales revenue is **1.5** billion MNT. Although it is equal to **2%** of net assets, **10%** of total sales revenue of Mongolian business sector.

THE CURRENT STATUS OF ADOPTION OF IPSAS

Translation of the IPSAS



Regulations



✓ Accounting regulations for public interest entities



✓ Accounting regulations for projects and funds

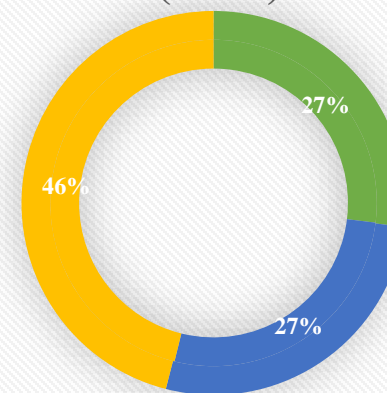


✓ Accounting regulations for State treasury



✓ Regulation to prepare Consolidated financial report

IPSAS INTRODUCED (3410)



- Fully introduced standard
- Half introduced standard
- Not introduced standard

Minister of Finance has passed the regulation to prepare Government Consolidated financial report since 2017. And there has been implementing 2017-2022 operational plan for compliance between Government consolidated financial statements and IPSAS.

The current status and challenges

- All business entities 95,523 as of 56% are following IFRS, as of 44% are following IFRS for SMEs
- In the research of Ministry of Finance, only 43 percent of the public interest entities are fully compliant of IFRS. Though implementation of asset measurement does not mature in practice, such as IAS 41, IFRS 2, 3, 4, 9, 13, 15 and 16
- Most of the business entities accounting procedures direct for the tax purposes related to recognize structure of assets, repair costs capitalization, depreciation and recognizing the exchange of funds.
- Accounting procedures of the retirement funds and liabilities caused employee salary incentives are still don't follow IFRS requirements.

The current status and challenges

- Employed accountants as of 90% of them are working in private sector and as of 10% of them working at public sector.
- As of present statistical information there are over 5000 national certified public accountants, 1004 auditors, 132 auditing companies, 262 evaluators, 90 evaluating companies, 1535 certified tax advisors, 41 tax advising companies in Mongolia.

Important issues in Mongolian Accounting sector

- Implementing consolidation between Government financial statements and qualified audited financial statements of business entities
- Improving the governance, risk, ethical, business information and data analytical skills of accountants