

IFRS APPLICATION AROUND THE WORLD

JURISDICTIONAL PROFILE: **Azerbaijan**



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

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

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Profile last updated: 19 August 2019

RELEVANT JURISDICTIONAL AUTHORITY

Organisation	The Ministry of Finance of the Republic of Azerbaijan
Role of the organisation	The Ministry of Finance of the Republic of Azerbaijan has statutory authority to set accounting standards.
Website	http://www.maliyye.gov.az/
Email contact	firuze.abdullayeva@maliyye.gov.az

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. The 2004 Accounting Law of the Republic of Azerbaijan, amended in June 2018 , states that the Ministry of Finance is responsible for the translation of IFRS Standards and the <i>IFRS for SMEs</i> Standard, including all amendments, into the Azerbaijani language and making them publicly available.
Has the jurisdiction made a public commitment towards IFRS Standards as that	Yes. See above.

single set of high quality global accounting standards?

What is the jurisdiction's status of adoption? The Republic of Azerbaijan has already adopted IFRS Standards.

Additional comments provided on the adoption status? The 2004 Accounting Law of the Republic of Azerbaijan (amended in June 2018) requires IFRS Standards for public interest entities, which include the following types of entities:

- Credit Organisations;
- Insurance Companies;
- Investment Funds;
- Investment Fund Management Companies;
- Non-State (private) social funds;
- Entities trading with securities on the stock exchange;
- Entities licenced for the stock market;
- Commercial organizations that, as of the date of the financial statements, meet two of the criteria (annual revenue, average number of employees during the financial year and total balance sheet) determined by the relevant executive authority.

In accordance with the newly amended law, all large-sized entities which are not public interest entities must prepare their annual financial statements in accordance with the *IFRS for SMEs* Standard. Applying IFRS Standards is at their discretion.

In addition, any large-sized or medium-sized entities with one or more subsidiaries must prepare consolidated financial statements also in accordance with IFRS Standards except entities meeting all the criteria below:

- If the entity is a subsidiary itself and all its shareholders including not voting shareholders decide not to adopt IFRS Standards;
- If securities of the entity are not openly traded;
- If the entity didn't issue securities for trade on the stock exchange market;
- If the entity's direct parent company's or ultimate shareholder's IFRS financial statements are publicly available.

In addition, large-sized and medium-sized entities (that are not public interest entities), all other commercial organisations (except very small ones) as well as micro and small entrepreneurship entities are permitted to use IFRS Standards or the *IFRS for SMEs* Standard.

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

Yes.

If YES, are IFRS Standards REQUIRED or PERMITTED?

Required.

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

All.

Are IFRS 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 Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

IFRS Standards are required in the separate financial statements of all companies whose securities trade in a public market.

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

See above.

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

Yes.

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

Required.

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 Standards are required or permitted for domestic companies?

IFRS Standards as issued by the International Accounting Standards Board.

The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:	IFRS Standards.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Standards and the jurisdiction's GAAP)?	Not applicable.
Are IFRS Standards incorporated into law or regulations?	Yes. See the excerpt from the Accounting Law of the Republic of Azerbaijan (2004) under 'Commitment to Global Financial Reporting Standards'.
If yes, how does that process work?	See the excerpt from the Accounting Law of the Republic of Azerbaijan (2004) under 'Commitment to Global Financial Reporting Standards'.
If no, how do IFRS Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Standards (including Interpretations) in place?	Endorsement is not needed. The Accounting Law of the Republic of Azerbaijan (2004) provides that new or amended IFRS Standards are automatically effective 'when they are officially adopted by the International Accounting Standards Board'.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?	Not applicable.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Standards and/or made any modifications to any IFRS Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS in the jurisdiction?	None.
TRANSLATION OF IFRS STANDARDS	
Are IFRS Standards translated into the local language?	Yes.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Standards?	IFRS Standards are translated into Azeri by the Ministry of Finance under contract with the IFRS Foundation.
APPLICATION OF THE IFRS FOR SMEs STANDARD	
Has the jurisdiction adopted the <i>IFRS for SMEs</i> Standard for at least some SMEs?	Yes.
If no, is the adoption of the <i>IFRS for SMEs</i> Standard under consideration?	Not applicable.

Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Standard?	No.
If the jurisdiction has made any modifications, what are those modifications?	No.
Which SMEs use the <i>IFRS for SMEs</i> Standard in the jurisdiction, and are they required or permitted to do so?	All large-sized and medium-sized entities (that are not public interest entities) and micro and small entrepreneurship entities are permitted to use IFRS Standards or the <i>IFRS for SMEs</i> Standard.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Standard, what other accounting framework do they use?	All large-sized and medium-sized entities (that are not public interest entities) as well as micro and small entrepreneurship entities that do not choose to apply the <i>IFRS for SMEs</i> Standard, may choose to apply IFRS Standards.
Other comments regarding use of the <i>IFRS for SMEs</i> Standard?	None.