

IFRS APPLICATION AROUND THE WORLD

JURISDICTIONAL PROFILE: **Cayman Islands**



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This Profile provides information about the application of IFRS Standards in the Cayman Islands. 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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RELEVANT JURISDICTIONAL AUTHORITY

Organisations	Cayman Islands Society of Professional Accountants (CISPA)
	Cayman Islands Monetary Authority (CIMA)

Role of the organisations	<p>The CIMA has statutory authority to adopt accounting standards for all regulated companies in the Cayman Islands. The CISPA advises CIMA in this regard. Regulated companies include all companies subject to regulatory laws, including the Banks and Trust Companies Law, Insurance Law, Mutual Funds Law, and Companies Management Law. Those laws refer to generally accepted accounting principles but not a specific accounting framework. Only regulated entities must file financial statements with CIMA.</p> <p>For companies other than those regulated by CIMA, the Companies Law (2018 Revision) states that “every company shall cause to be kept proper books of account including, where applicable, material underlying documentation.... Proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept such books as are necessary to give a true and fair view of the state of the company’s affairs and to explain its transactions.” Companies other than those regulated by CIMA do not have to publish or file financial statements, and neither CIMA nor another government body provides oversight with respect to financial reporting by those companies.</p> <p>The above-referenced laws may be found on the ‘Laws and Regulations’ page in the Regulatory Framework section of CIMA’s website.</p>
Websites	<p>CIMA: http://www.cima.ky/</p> <p>CISPA: http://www.cispa.ky/</p>
Email contact	CISPA: info@cispa.ky

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?	No.
Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?	No.
What is the jurisdiction's status of adoption?	IFRS Standards have not been adopted in the Cayman Islands.
Additional comments provided on the adoption status?	<p>The government of the Cayman Islands has not adopted IFRS or made a public statement supporting IFRS as the single set of global accounting standards. Nonetheless, all companies may use IFRS Standards and the <i>IFRS for SMEs</i> Standard. The CISPA states: “A single set of accounting standards is problematic for the Cayman Islands as an international financial centre. For many years the Cayman Islands have accommodated and regulated many international companies. The focus for CISPA is to continue to ensure a high standard of accounting and auditing. Many professionals are highly skilled and more attuned to differing standards. CISPA intends to concentrate its support on ensuring members are able fully aware of the material and immaterial differences between IFRS and US GAAP, which are the two most commonly applied standards.”</p>

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.

See above.

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?

Permitted. The [listing rules](#) of the Cayman Islands Stock Exchange require that "the financial statements referred to above must have been prepared in accordance with International Accounting Standards, United States, Canadian or, United Kingdom Generally Accepted Accounting Principles or other equivalent standard acceptable to the Exchange." The listing rules also require that "where the financial statements have not been prepared in accordance with International Accounting Standards, United States, United Kingdom or Canadian generally accepted accounting principles or other standards acceptable to the Exchange, any significant departure from International Accounting Standards must be disclosed and explained and its financial effect quantified".

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

All.
One accounting firm estimates that roughly 50 percent of the companies use US GAAP, 40 percent use IFRS Standards, and the remaining 10 percent use other GAAPs, notably UK or Canadian GAAP.

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?

Permitted.

For instance, are IFRS 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 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?

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 Standards are required or permitted for domestic companies?

IFRS Standards as issued by the 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)?

No. There is no local GAAP.

Are IFRS Standards incorporated into law or regulations?

No.

If yes, how does that process work?

Not applicable.

If no, how do IFRS Standards become a requirement in the jurisdiction?

IFRS Standards are permitted by regulations of CIMA and the listing rules of the stock exchange.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Standards (including Interpretations) in place?

No.

If yes, what is the process?

Not applicable.

If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?

Companies that have chosen to use IFRS Standards must follow all IFRS Standards including new and amended ones.

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 Standards in the jurisdiction?

None.

TRANSLATION OF IFRS STANDARDS

Are IFRS Standards translated into the local language?	No. The English language Standards are used.
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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 Standards?	Not applicable.
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APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Standard for at least some SMEs?	No.
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If no, is the adoption of the <i>IFRS for SMEs</i> Standard under consideration?	No.
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Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Standard?	Not applicable.
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If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
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Which SMEs use the <i>IFRS for SMEs</i> Standard in the jurisdiction, and are they required or permitted to do so?	All SMEs are permitted to use the <i>IFRS for SMEs</i> Standard.
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For those SMEs that are not required to use the <i>IFRS for SMEs</i> Standard, what other accounting framework do they use?	Those SMEs that are required to prepare general purpose financial statements, or that choose to do so, may use the <i>IFRS for SMEs</i> Standard or other recognised GAAP framework including full IFRS Standards.
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Other comments regarding use of the <i>IFRS for SMEs</i> Standards?	None.
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