

IFRS APPLICATION AROUND THE WORLD

JURISDICTIONAL PROFILE: **Montenegro**



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 Standards in Montenegro. 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.

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

Profile last updated: 28 March 2017

RELEVANT JURISDICTIONAL AUTHORITY

Organisations	Ministarstvo Finansija (MoF) [Ministry of Finance] Institut Računovođa I Revizora Crne Gore (IRRCG) [Institute of Accountants and Auditors of Montenegro] Institut sertifikovanih računovođa Crne Gore (ISRCG) [Institute of Certified Accountants of Montenegro]
Role of the organisations	Pursuant to the Law on Accounting and Auditing, the Government has given authority to adopt, translate and publish the IFRS Standards to a consortium led by the Institute of Certified Accountants of Montenegro (ISRCG).
Websites	MoF: http://www.mif.gov.me/en/ministry IRRCG: http://www.irrcg.co.me/ ISRCG: http://www.isrcg.org/
Email contacts	MoF: damir.rasketic@mif.gov.me IRRCG: isrcg@isrcg.org

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?	<p>Yes. Article 3 of the Law on Amendments to the Law on Accounting and Auditing (Official Gazette of the Republic of Montenegro, No 69/05 of 18 November 2005 and Official Gazette of Montenegro No 80/08 of 26 December 2008) states:</p> <p>Legal entities shall compile financial statements in compliance with the International Accountant Standards (IAS), or the International Financial Reporting Standards (IFRS), as promulgated by the IASB, and adopted and published by the Competent Authority that obtained a translation and publishing copyright from the relevant body of the International Federation of Accountants (IFAC).</p>
Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?	Yes. See above.
What is the jurisdiction's status of adoption?	Montenegro has adopted IFRS Standards.
Additional comments provided on the adoption status?	None.
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?	IFRS Standards.
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?	Not applicable.
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 separate financial statements.
---	---

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

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?	IFRS Standards.
--	-----------------

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?	Not applicable.
--	-----------------

IFRS ENDORSEMENT

Which IFRS Standards are required or permitted for domestic companies?	IFRS Standards as issued by the IASB 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.
--	-----

Are IFRS Standards incorporated into law or regulations?	Yes. See above.
--	-----------------

If yes, how does that process work?	IFRS Standards are required by law. This covers all new and amended IFRS Standards. There is no need to incorporate individual new or amended IFRS Standards into law or regulations.
-------------------------------------	---

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?	No.
--	-----

If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?	The requirement to use IFRS Standards in the Law on Accounting and Auditing covers all new and amended IFRS Standards. There is no need to incorporate individual new or amended IFRS Standards into law or regulations.
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?	IFRS Standards are not currently translated into Montenegrin. Languages in official use in Montenegro are Serbian, Bosnian, Albanian and Croatian. Translations of IFRS Standards into those languages are available. The Serbian translation is generally used.
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?	The translations referred to above are official translations.

APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Standard for at least some SMEs?	No.
If no, is the adoption of the <i>IFRS for SMEs</i> Standard under consideration?	No.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Standard?	Not applicable.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the <i>IFRS for SMEs</i> Standard in the jurisdiction, and are they required or permitted to do so?	Not applicable.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Standard, what other accounting framework do they use?	The Law on Accounting and Auditing requires all companies to use IFRS Standards.
Other comments regarding use of the <i>IFRS for SMEs</i> Standard?	A January 2016 report prepared by the World Bank's Financial Sector Assessment Program recommends adoption of the <i>IFRS for SMEs</i> Standard in Montenegro and also development of a local standard for micro-sized companies.