

## IFRS APPLICATION AROUND THE WORLD

### JURISDICTIONAL PROFILE: **Papua New Guinea**



**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](mailto:ifrsapplication@ifrs.org).

This Profile provides information about the application of IFRS Standards in Papua New Guinea. 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](mailto:Licences@ifrs.org).

Profile last updated: 23 January 2018

#### PARTICIPANT IN THE IFRS FOUNDATION SURVEY ON APPLICATION OF IFRS STANDARDS

Organisations	Accounting Standards Board of Papua New Guinea (ASBPNG)
Role of the organisations	The ASBPNG was established by Section 204 of the Companies Act 1997. Sections 205 and 206 of the Companies Act give the ASBPNG statutory authority to adopt and amend financial reporting standards that are binding on all companies in Papua New Guinea. The ASBPNG operates under the Investment Promotion Authority of Papua New Guinea. The Securities Commission of Papua New Guinea (SCPNG) is a division within the Investment Promotion Authority. The SCPNG regulates the capital markets in Papua New Guinea.
Websites	The website of the Investment Promotion Authority is: <a href="http://www.ipa.gov.pg">http://www.ipa.gov.pg</a> The ASBPNG is in process of developing its own website.
Email contacts	<a href="mailto:eo.asb@ipa.gov.pg">eo.asb@ipa.gov.pg</a> <a href="mailto:asbpng@ipa.gov.pg">asbpng@ipa.gov.pg</a>

## 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?

The Accounting Standards Board of Papua New Guinea (ASBPNG) was originally established by the Companies Act 1997 in 1998 and was formally reconstituted in May 2017 after inactivity for a period of more than nine years. At its May 2017 meeting the ASBPNG re-confirmed the existing policy of the Board that PNG accounting standards for all reporting companies would comprise International Financial Reporting Standards (IFRS Standards) as issued by the International Accounting Standards Board (Board). This includes, for companies without public accountability, the *IFRS for SMEs* Standard.

The ASBPNG confirmed that its policy is to approve each new IFRS Standard as an approved PNG financial reporting standard under Section 206 of the Companies Act without modification and with the same effective implementation dates.

The ASBPNG also confirmed that any revisions or amendments made by the Board to existing IFRS Standards, including any Interpretations of IFRS Standards issued by the International Financial Reporting Interpretations Committee, would apply automatically and not require formal approval by the ASBPNG.

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?

Papua New Guinea has adopted IFRS Standards.

Additional comments provided on the adoption status?

The [listing rules of the Papua New Guinea Stock Exchange](#) (POMSox) require compliance with Papua New Guinea Accounting Standards. The ASBPNG has defined Papua New Guinea Accounting Standards to be IFRS Standards. Therefore, listed companies use IFRS Standards.

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?

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 separate financial statements.
For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?	<p>The Companies Act requires IFRS Standards for the following types of entities, whether or not their securities trade in a public market:</p> <ul style="list-style-type: none"> <li>• An entity whose shares are traded on the POMSox or any overseas exchange.</li> <li>• An entity that holds assets in a fiduciary capacity, including banks and other licensed financial institutions, security brokers, insurance companies, superannuation funds, unit trusts, investment funds, and savings and loan societies.</li> </ul> <p>All other entities (including State-owned enterprises whose shares are not publicly traded and that do not hold assets in a fiduciary capacity) are permitted to use IFRS Standards. Alternatively, they may use the <i>IFRS for SMEs</i> Standard. A separate standard for micro-sized entities is being considered.</p>
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.
<b>For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:</b>	
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?	IFRS Standards are permitted. Alternatively, foreign listed companies may use other accounting standards acceptable to the stock exchange.
Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
<b>IFRS ENDORSEMENT</b>	
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:	The Companies Act requires financial statements to show a true and fair view and to comply with generally accepted accounting practice in Papua New Guinea. Specific wording for the auditor's report has not been adopted. Audit reports for financial statements using IFRS Standards typically assert compliance with 'IFRS Standards and other generally accepted accounting practice in Papua New Guinea'. The audit report also states that the financial statements give a true and fair view of the financial position, financial performance, and cash flows of the company.

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?	Indirectly. The Companies Act gives the ASBPNG authority to establish accounting standards that are binding under law for all reporting entities. The ASBPNG has adopted IFRS Standards and the <i>IFRS for SMEs</i> Standard as Papua New Guinea accounting standards.
If yes, how does that process work?	<p>The ASBPNG was formally reconstituted in May 2017. At its May 2017 meeting the ASBPNG re-confirmed the existing policy of the Board that PNG GAAP for reporting companies would comprise International Financial Reporting Standards (IFRS Standards) as issued by the International Accounting Standards Board. The ASBPNG would approve each new IFRS as an approved financial reporting standard under Section 206 of the Companies Act without modification and with the same effective implementation dates.</p> <p>The ASBPNG also confirmed that any revisions or amendments made by the Board to existing IFRS, together with any interpretations of IFRS issued by the International Financial Reporting Interpretations Committee, would apply automatically and not require formal approval by the ASBPNG.</p>
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?	Yes.
If yes, what is the process?	See above.
If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?	As noted above, the policy of the ASBPNG is that any revisions or amendments made by the Board to existing IFRS Standards, including Interpretations of IFRS Standards issued by the International Financial Reporting Interpretations Committee, would apply automatically and not require formal approval by the ASBPNG.
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.
<b>TRANSLATION OF IFRS STANDARDS</b>	
Are IFRS Standards translated into the local language?	The English language IFRS Standards are used. English is the language formally used by government, business and the education system.
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.

## APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Standard for at least some SMEs?	Yes. The ASBPNG approved the <i>IFRS for SMEs</i> Standard for use in PNG effective for accounting periods beginning on or after 1 January 2018.
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?	Not applicable.
Which SMEs use the <i>IFRS for SMEs</i> Standard in the jurisdiction, and are they required or permitted to do so?	<p>The Companies Act requires IFRS Standards for the following types of entities, whether or not their securities trade in a public market:</p> <ul style="list-style-type: none"> <li>• An entity whose shares are traded on the POMSox or any overseas exchange.</li> <li>• An entity that holds assets in a fiduciary capacity, including banks and other licensed financial institutions, security brokers, insurance companies, superannuation funds, unit trusts, investment funds, and savings and loan societies.</li> </ul> <p>All other entities (including State-owned enterprises whose shares are not publicly traded and that do not hold assets in a fiduciary capacity) are permitted to use the <i>IFRS for SMEs</i> Standard. Alternatively, they may use the full IFRS Standards.</p>
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Standard, what other accounting framework do they use?	<p>Reporting entities with public accountability, and SMEs that choose not to use the <i>IFRS for SMEs</i> Standard, must use full IFRS Standards.</p> <p>The ASBPNG is considering development of a simplified financial reporting standard for micro-sized entities.</p>
Other comments regarding use of the <i>IFRS for SMEs</i> Standard?	The implementation date of 1 January 2018 was chosen to allow for a period for raising awareness and providing training and resources for the transition to the <i>IFRS for SMEs</i> Standard.