

## IFRS APPLICATION AROUND THE WORLD

### JURISDICTIONAL PROFILE: **Yemen**



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This Profile provides information about the application of IFRS Standards in Yemen. 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

Organisation	Yemeni Association of Certified Public Accountants (YACPA)
Role of the organisation	<p>YACPA is the recognised association representing the accounting profession in Yemen.</p> <p>The Audit and Review of Accounts Law No. 26 of 1999 regulates the audit and accounting profession in Yemen. The law empowers a special body 'The Higher Council of Accounting' to adopt the accounting rules, audit standards, and a code of ethics for professional conduct for the accounting and auditing profession in Yemen. However, the Council proposed under the law is not active at the moment, and relevant standards have not been issued to date.</p> <p>Until the new Council formalises the adoption of accounting and auditing standards, the accounting and auditing profession is considered as self-regulatory. Therefore, the YACPA is working with the relevant governmental institutions and private sector entities (such as the Chamber of Business) to formalise the adoption of IFRS Standards in Yemen. Following are the recent developments in this regard:</p> <ul style="list-style-type: none"><li>• A request from YACPA leadership to the President of Yemen to support the adoption of IFRS Standards resulted in Order No. 2952 dated 28 July 2013</li></ul>

	<p>issued by the President of the Republic of Yemen directing the Prime Minister to pursue adoption of IFRS Standards in Yemen. ("You are requested to instruct the quick application of International Accounting Standards (IASs) and the International Financial Reporting Standards (IFRSs)... for all companies of the public, mixed, and private sectors.")</p> <ul style="list-style-type: none"> <li>• The Ministry of Industry and Trade (MIT) in a 17 June 2012 letter to YACPA supported adoption of the IFAC Code of Ethics by the YACPA and assured its support in formalising the adoption of IFRS Standards. ("The Ministry also welcomes YACPA efforts toward adopting both the International Financial Reporting Standards (IFRS) and the International Auditing Standards (IASs).")</li> <li>• YACPA has adopted the IFAC Code of Ethics without modification, which has also been recognised by the MIT, which has assumed a regulatory role under the Audit and Review of Accounts Law No. 26 of 1999. The MIT in its communication with YACPA on recognition of the IFAC Code of Ethics, has acknowledged YACPA effort toward adoption of IFRS Standards, and has assured its support in the adoption process.</li> </ul>
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Website	<a href="http://www.yacpa.org">http://www.yacpa.org</a>
Email contact	<a href="mailto:yemenacpa@gmail.com">yemenacpa@gmail.com</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?	<p>Yes.</p> <p>As noted <a href="#">above</a>, the President of Yemen has written a letter directing the Prime Minister to pursue adoption of IFRS Standards in Yemen. Further, the Ministry of Industry and Trade has written a letter to the YACPA assuring its support in formalising the adoption of IFRS Standards.</p>
Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?	<p>Yes.</p> <p>As noted <a href="#">above</a>, the President of Yemen has written a letter directing the Prime Minister to pursue adoption of IFRS Standards in Yemen. Further, the Ministry of Industry and Trade has written a letter to the YACPA assuring its support in formalising the adoption of IFRS Standards.</p>
What is the jurisdiction's status of adoption?	IFRS Standards are required for some companies and are permitted for all other companies in Yemen.
Additional comments provided on the adoption status?	<p>The Central Bank requires all banking institutions to use IFRS Standards in their published financial statements.</p> <p>Article 107 of the Tax By-Laws requires all companies classified as large and medium-sized to prepare financial statements using IFRS Standards.</p> <p>All other companies are permitted to use IFRS Standards. While there is no stock exchange in Yemen, under the Commercial Law companies are permitted to sell shares to the public. Those public companies are required to prepare financial statements using 'generally accepted accounting principles', and most public companies use IFRS Standards for this purpose.</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	Not applicable.

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Standards in the jurisdiction.

## 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?	There is no stock exchange in Yemen. However, under the Commercial Law companies are permitted to sell shares to the public. Those public companies are required to prepare financial statements using 'generally accepted accounting principles', and most public companies use IFRS Standards for this purpose.
If YES, are IFRS Standards REQUIRED or PERMITTED?	Permitted.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
Are IFRS 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 permitted in the separate financial statements of a company that has sold shares to the public.
For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?	The Central Bank requires all banking institutions to use IFRS Standards in their published financial statements. Further, Article 107 of the Tax By-Laws requires all companies classified as large and medium-sized to prepare financial statements using IFRS Standards. All other companies are permitted to use IFRS Standards.
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?	There is no stock exchange in Yemen.
If YES, are IFRS Standards REQUIRED or PERMITTED in such cases?	Not applicable.
Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	Not applicable.

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## 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.
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?	See the 'Relevant Jurisdictional Authority' section of this profile <a href="#">above</a> .
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?	See the 'Relevant Jurisdictional Authority' section of this profile <a href="#">above</a> .
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?	Yes. The IFRS Foundation coordinates the publication of an annual bound volume of IFRS Standards in Arabic.
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 translation follows the official IFRS Foundation translation process.

## 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?	Yes. Currently, the <i>IFRS for SMEs</i> Standard may be used although it has not been formally adopted, and many SMEs use it.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> ?	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?	All SMEs are permitted to use 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?	SMEs may use either the <i>IFRS for SMEs</i> Standard or full IFRS Standards.
Other comments regarding use of the <i>IFRS for SMEs</i> Standard?	Survey respondent stated: 'The majority of entities in Yemen are family oriented and either are medium or small entities, and use of the <i>IFRS for SMEs</i> Standard is considered more appropriate and relevant to the Yemeni environment.'