
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)**

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***Regulatory and institutional foundations of high-quality
financial reporting in Ukraine
(results of the assessment)***

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Regulatory and institutional foundations of high-quality financial reporting in Ukraine

(primary results of the assessment)

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European Integration – the future of Ukraine

- * European values, collaboration and cooperation
- * Political will and objectives
- * Approval of integration laws (23)
- * Adaptation of certain legislation to EU requirements
- * Transition to IFRS, IPSAS and ISA
- * Independent Audit – to the EU directives
- * Overcoming the "information obstacle" (Taxonomy IFRS & XBRL)
- * Assessment on capacity for financial reporting under UNCTAD-ISAR methodology (ADT)
- * Strategy for further reformation

Reformation of accounting system : transition to IFRS

"Strategy of Implementation of international financial reporting standards in Ukraine" of 24.10.2007 № 911 (approved at 24th session of ISAR in 2007)

Execution:

- *From 01.01.2012 – investment favorable entities and companies that attract capital – public joint stock companies, banks, insurers etc.
- *From 01.01.2015 – public sector entities

Executed and at the stage of execution

- * Approved amendments to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" on the application of IFRS
- * Official translation of IFRS and its disclosure on the website of the Ministry of Finance of Ukraine
- * Amendments for legislation on accounting to ensure accounting for unified methodological basis of all business entities through the use of a single chart of accounts
- * Establishment of procedure of financial reporting in electronic form and its presentation to all stakeholders (regulators, statistic bodies, other users)

Results of ADT application: recommendations of Working Group

Strategic Directions

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graph TD; A[Strategic Directions] --> B[Accounting Development]; A --> C[Development of audit and audit services]; A --> D[Professional development of accountants, auditors, executives of public authorities' departments];
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Accounting
Development

Development of
audit and audit
services

Professional
development of
accountants, auditors,
executives of public
authorities'
departments

Accounting reformation: corporate sector

- Elaboration of mid-term strategy on development of accounting and auditing
- Elaboration of reporting procedure of financial statements, prepared in accordance with IFRS, in electronic form (XBRL) under the "single window" concept and strengthening the capacity for its processing
- Update of the program “Accounting and Auditing Report on the Observance of Standards and Codes” (A & A ROSC) in 2016 (previous surveys were conducted in 2002 and 2008)
- Introducing the publication of paper and online periodical "International Financial Reporting and Audit Standards" , acquisition of rights for translation and publication of 3-5 items of modern textbooks on IFRS and audit
- Implementation of national certification of professional accountants
- Adapting of the legal framework on accounting for small enterprises to international standards through the approval of relevant national accounting standards
- Adoption of national accounting standards of transactions not covered in IFRS
- Development of methods of application of national accounting standards approximate to IFRS

Reformation of public sector accounting

- * Public sector entities are moving to National Public Sector Accounting Standards (NPSAS) which are based on IPSAS from 01.01.2015
- * Creation of methodological framework for NPSAS application
- * Approving of the plan of accounts for public sector harmonized with budget classification
- * Improvement of methods of preparation and consolidation of financial statements
- * Interpretation and consulting support for implementation public sector accounting reforms
- * Strengthening of the State Treasury Service's oversight of compliance with unified rules of accounting and reporting
- * Creation of an integrated information system of public finance

Development of independent audit

- * Setting of the legislation on auditing in accordance with the EU regulations
- * Audit sector restructuring in accordance with the best practices of European countries (strengthening the role of professional organizations in the formation and implementation of public policy in the sphere of independent audit, enhancement of their institutional capacity, creation the system of public oversight over the auditing etc.)
- * Extension of the scope of statutory audit, market development
- * Taking the measures to improve the ability of auditors for the statutory auditing, in accordance with International Standards for Auditing
- * Financial aid of methodical support for further improvement of professional skills of auditors and for development of audit in Ukraine

Professional development

- * Improving the skills of financial regulators and tax authorities to use the information of financial statements.
- * Particular attention should be paid to the preparers of financial statements under IFRS in the banking and insurance sectors
- * Carrying out conferences and seminars on IFRS implementation and audit regulation in Ukraine for officials of regulatory bodies and practicing auditors
- * Study visits of regulatory bodies' officials to the countries that passed successful accounting reforms
- * Professional development of accountants for public sector

Thank you for attention!

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