

Russian Legislation Update Accounting, financial reporting and audit



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Accounting

IFRS Documents Adopted in Russia

Regulatory framework:

Orders of the Russian Ministry of Finance, *On Adoption of IFRS Documents in Russia*.

Summary:

Under the Order dated 11.06.2015 No. 91n, two IFRS documents were adopted in the Russian Federation:

- *Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)* – bringing bearer plants, which are used solely to grow produce, into the scope of IAS 16, *Property, Plant and Equipment*, from the scope of IAS 41, *Agriculture*, so that they are accounted for in the same way as property, plant and equipment;
- *Annual improvements – 2012-2014 cycle* – amending IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations* (to add guidance on some specific transactions with assets held for distribution) and IFRS 7, *Financial Instruments: Disclosures* (to add additional guidance to clarify whether a servicing contract is a continuing involvement in a transferred asset for the purpose of determining the disclosures required).

Under the Order dated 13.07.2015 No. 109n, another two IFRS documents were adopted in the Russian Federation:

- *Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)* – addressing matters that have arisen in the context of applying the consolidation exception for investment entities issued in October 2012;
- *Disclosure Initiative (Amendments to IAS 1)* – aimed to ensure that entities are able to use judgment when preparing their financial statements with reference to the concept of materiality, nature and structure of disclosures.

The amendments mentioned are effective for the annual periods beginning on or after January 1, 2016 with earlier application permitted.

Under the Order dated 26.08.2015 No. 133n, the following IFRS documents were adopted in the Russian Federation:

- IFRS 9, *Financial Instruments*;
- IFRS 9, *Financial Instruments (Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39)*.

These documents were issued by the IASB in July 2014 and November 2013, respectively.

IFRS 9 (2014), *Financial Instruments*, replaces IAS 39, *Financial Instruments: Recognition and Measurement*, as well as all previous versions of IFRS 9 and includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting with respect to financial instruments. The standard is effective for periods beginning on or after January 1, 2018 with early adoption permitted.



Archiving Requirements on Accounting Documentation Summarized

Regulatory framework:

Information of the Russian Ministry of Finance No. PZ-13/2015, *On Archiving Requirements for Documentation on Tax Settlements*.

Summary:

The ministry summarized key archiving requirements for financial and tax documentation as currently stated in the Russian legislation. It reminds that financial and accounting documentation (such as supporting documents, financial statements and auditor's reports) is to be retained in accordance with the relevant rules, but for not less than five years. Documentation that supports tax settlements (such as supporting documents for income and expenses recognition) should be kept for four years.

Archiving requirements for documents prepared and stored electronically are introduced by the Russian Ministry of Culture Regulations dated 31.03.2015 No. 526.

Comments:

The full text of the document is available on the [website](#) of the Russian Ministry of Finance.



Financial Accounting and Reporting in Financial Organisations

Requirements for Accounting by Banking Institutions for Certain Assets, Income and Expenses Clarified

Regulatory framework:

Information of the Bank of Russia dated 13.08.2015, *Clarifications on Application of the Bank of Russia Regulation dated 22.12.2014 No. 448-P, On Accounting for Fixed and Intangible Assets, Temporary Unused Property and Other Assets;*

Information of the Bank of Russia dated 27.08.2015, *Clarifications on Application of the Bank of Russia Regulation dated 22.12.2014 No. 446-P, On Accounting for Income, Expenses and Other Comprehensive Income.*

Summary:

Following the issue of the Regulations No. 448-P and 446-P that become effective on January 1, 2016, the Bank of Russia published Q&As containing implementation guidance for the new accounting requirements.

Comments:

The full text of the documents (Information dated [13.08.2015](#) and [27.08.2015](#)) is available on the website of the Bank of Russia.

Accounting Standards for Non-Credit Financial Organisations Issued

Regulatory framework:

Regulations of the Bank of Russia dated September 2-22, 2015 (see the full list on the [website](#) of the Bank of Russia).

Summary:

On January 1, 2017, seven newly-issued accounting standards for non-credit financial organisations (the 'Industry Standards') will become effective. They include a standard on the chart of accounts, and standards on accounting for income, expenses, assets, liabilities and certain classes of transactions.

Accounting and disclosure requirements of the Industry Standards mostly follow those established under IFRS, but are not identical to IFRS as they neither contain all the IFRS provisions, nor allow for IFRS priority on controversial matters. Consequently, potential differences may arise on recognition, measurement and disclosure of financial statement elements under the Industry Standards and under IFRS.

Comments:

The full text of the documents is available on the [website](#) of the Bank of Russia.

Corporate Governance

Qualification Requirements for Internal Auditors Issued

Regulatory framework:

Order of the Russian Ministry of Labour dated 24.06.2015 No. 398n, *On Approval of a Professional Standard for Internal Auditors.*

Summary:

The Ministry of Labour issued a standard describing the role and qualifications of internal audit specialists. The document defines principal professional responsibilities of internal auditors and sets requirements for their education and experience. The information is recommended to be used by companies in developing their talent management policies, including preparation of job descriptions.



Audit

MinFin Recommendations on Counteracting Foreign Corrupt Practices Released

Regulatory framework:

Recommendations for Auditors on Counteracting Foreign Corrupt Practices (issued by the Russian Ministry of Finance on 27.07.2015).

Summary:

The document provides methodological support for auditors in their efforts to counteract foreign corrupt practices through audit procedures. The Recommendations provide the definition of foreign corrupt practices and the respective regulatory framework, as well as describe typical examples of actual or possible corrupt practices and recommended auditors' response. The latter includes both the entity-level response achieved through understanding of the corporate culture and environment of the audited entity, and response factored into specific audit procedures and their documentation, such as client acceptance, audit planning, substantive tests and reporting.

Comments:

The full text of the document is available on the [website](#) of the Russian Ministry of Finance.

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