



## **Russian Legislation Update** Accounting, Financial Reporting and Audit

Q3 2016

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# Financial Reporting

## New Requirements on Presentation and Disclosure of Interim Consolidated Financial Statements Introduced

### Regulatory framework

Federal Law dated July 3, 2016 No. 262-FZ, *On Introduction of Changes into Federal Laws on Consolidated Financial Statements and on Auditing*.

Information Letter of the Russian Ministry of Finance dated July 7, 2016 No. IS-Ichet-4, *On Consolidated Financial Statements*.

### Summary

Under new requirements, if interim consolidated financial statements are to be presented to the company's owners in accordance with the company's articles of association, this should be done within 60 days from the reporting period end (previously – no fixed deadline). These financials should be publicly disclosed within 30 days from the presentation deadline mentioned above.

For credit organizations and listed entities, public disclosure of interim consolidated financial statements is mandatory. Presentation and disclosure deadlines for interim consolidated financial statements to be filed with the Bank of Russia are set by the Bank (e.g. for credit and insurance organizations).

In addition, half-year interim consolidated financial statements should be audited or reviewed and presented to owners and publicly disclosed together with the auditor's report.

Certain requirements on disclosure and management sign-off of the consolidated financial statements are also clarified in this document.

### Comments

Presentation and disclosure requirements for interim consolidated financial statements are effective from 1H'2017; and related requirements for audits / reviews – for interim consolidated financial statements starting from 1H'2018.

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

## Requirements on Preparation of Consolidated Financial Statements by Issuers Clarified

### Regulatory framework

Information of the Russian Ministry of Finance No. OP 8-2016, *On IFRS Application*.

### Summary

The Ministry clarifies that even when in accordance with IFRS 10:4a, a parent company does not need to present consolidated financial statements, it may still be required to do so by relevant Russian federal laws, as discussed in the Federal Law, *On Consolidated Financial Statements* (par. 2:2).

In particular, in accordance with the Federal Law, *On Securities*, such requirement is established for issuers, including issuers of exchange bonds and Russian depositary receipts.

### Comments

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



# Accounting

## IFRS Documents Adopted in Russia

### Regulatory framework

Orders of the Russian Ministry of Finance dated June 27, 2016 No. 98n and dated July 11, 2016 No. 111n, *On Adoption of IFRS Documents in Russia*.

### Summary

Sixteen IFRS documents were adopted in Russia by these two orders, including IFRS 9 (2010 and 2014), IFRS 14, 15 and 16; as well as certain other documents recently issued by the IASB.

## Program on Development of Federal Accounting Standards Approved

### Regulatory framework

Order of the Russian Ministry of Finance dated May 23, 2016 No. 70n, *On Approval of Federal Accounting Standards Development Program for 2016-2018*.

Information Letter of the Russian Ministry of Finance dated June 7, 2016 No. IS-Uchet-2, *On Federal Accounting Standards Development Program*.

### Summary

The Ministry approved the Federal Accounting Standards Development Program for 2016-2018 that includes development of new accounting standards and changes into the existing ones. It is expected that five new standards will be adopted in 2016, including on inventories, fixed assets, intangibles, accounting documentation, and financial statements. The standards are expected to become effective in 2018.

### Comments

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

# Audit

## Results of Mandatory Audits to Become Public

### Regulatory framework

Information Letter of the Russian Ministry of Finance dated July 6, 2016 No. IS-Audit-4, *On Mandatory Audit*.

Information Letter of the Russian Ministry of Finance dated July 13, 2016 No. IS-Audit-5, *On New Mandatory Audit Requirements*.

### Summary

Entities subject to mandatory audits should file information on results of these audits (including auditor's name, type and date of the auditor's report) with the United Federal Register of Significant Information on Legal Entities. The requirement is set by new par. 5:6 of Federal Law, *On Auditing*, and is effective from October 1, 2016.

Also, new mandatory audit requirements are expanded to cover annual financial statements of developers and 'public-legal companies' (new legal name for state corporations).

### Comments

The full text of the Information Letters (No. [IS-Audit-4](#) and No. [IS-Audit-5](#)) is available on the website of the Ministry of Finance.





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