

Russian Legislation Update Accounting, financial reporting and audit



Contents

FINANCIAL REPORTING	1
The list of companies required to prepare consolidated financial statements has been extended	1
A new procedure for submitting financial statements to state statistics authorities has been established	2
ACCOUNTING AND FINANCIAL REPORTING – BANKS	3
Requirements for deferred tax accounting by credit institutions have been clarified	3
INTERNAL CONTROLS AND CORPORATE GOVERNANCE	4
Corporate Governance Code for Public Joint-Stock Companies has been approved	4
DRAFT LAWS AND REGULATIONS	5
The auditors are proposed to express an opinion with regard to the audited entities' compliance with legal requirements	5

Financial Reporting

The list of companies required to prepare consolidated financial statements has been extended

Regulatory framework:

Federal Law № 111-FZ dated 05.05.2014 *On the Introduction of Amendments to Federal Law [...] On Consolidated Financial Statements.*

Summary:

The regulation sets forth an obligation for certain categories of legal entities to prepare consolidated financial statements in compliance with International Financial Reporting Standards starting 2015 financial year. The list includes:

- non-state pension funds;
- management companies of investment funds, mutual investment funds and non-state pension funds;
- clearing organizations;
- federal state unitary enterprises (the list thereof is compiled and approved by the Government of the Russian Federation);
- open joint-stock companies with the federal government ownership (the list thereof is compiled and approved by the Government of the Russian Federation).

Comments:

We remind that previously the legal requirement for the preparation of consolidated financial statements applied primarily to the credit institutions and insurance companies as well as to publicly listed companies.

A new procedure for submitting financial statements to state statistics authorities has been established

Regulatory framework:

Order № 220 of the Federal State Statistics Service of the Russian Federation dated 31.03.2014 *On Establishing the Procedure for Submitting an Obligatory Copy of the Financial Statements.*

Summary:

In late 2013, changes to Federal Law № 402-FZ dated 06.12.2011 *On Accounting* with regards to the procedure for submitting an obligatory copy of the financial statements to the state statistics authorities were introduced. The changes required corresponding amendments to the Federal State Statistics Service internal documentation.

These amendments require an auditors' report on the financial statements subject to mandatory audit to be filed with the state statistics authorities. The report must be filed no later than 10 business days from the date of its signing but no later than 31 December of the year following the reporting year.



Accounting and financial reporting – banks

Requirements for deferred tax accounting by credit institutions have been clarified

Regulatory framework:

Guidelines of the Bank of Russia *Answers and Explanations on Certain Issues Related to Application of the Bank of Russia's Regulation № 409-P dated 25.11.2013 'On Deferred Tax Assets and Liabilities Accounting Principles'*.

Summary:

The document includes a description of the regulator-recommended approaches to certain aspects of accounting for deferred taxes by credit institutions, including:

- calculation of deferred tax on securities measured at fair value through profit or loss and on securities available for sale for which an allowance for potential impairment losses is recognized;
- recognition of a deferred tax liability upon upward revaluation of property, plant and equipment;
- methods of recording deferred tax in entity's accounting books;
- accounting for deferred tax assets related to loss carryforwards, etc.

Comments:

The full text of the document can be found on the [website](#) of the Bank of Russia.

Internal controls and corporate governance

Corporate Governance Code for Public Joint-Stock Companies has been approved

Regulatory framework:

Letter of the Bank of Russia №06-52/2463 dated 10.04.2014
On the Corporate Governance Code.

Summary:

The Bank of Russia has issued the Corporate Governance Code, recommended for use by the publicly listed Russian companies.

The Code contains two sections: *Corporate Governance Principles* and *Recommendations on the Corporate Governance Principles* which provide guidelines aimed to enhance effectiveness of the corporate governance and control over performance of the governing bodies.

Comments:

The full text of the document can be found on the [website](#) of the Bank of Russia.



Draft laws and regulations

The auditors are proposed to express an opinion with regard to the audited entities' compliance with legal requirements

Regulatory framework:

Draft Federal Law *On Amendments to Certain Regulations Due to Adoption of the Federal Law On Accounting*.

Summary:

The draft stipulates that an auditor's opinion should contain not only "the opinion on the fair presentation of the financial statements of the audited entity" (as set forth in the current version of Federal Law № 307-FZ *On Auditing*, Section 2, Article 6) but also "the opinion on compliance of the audited entity with the requirements set forth by other federal laws".

Comments:

The draft was proposed by the Government of the Russian Federation and passed the first reading by the State Duma on 23 April 2014.

You can follow the progress of the draft at the [website](#) of the State Duma of the Russian Federation.

This information bulletin was prepared by specialists from the Audit Department of ZAO Deloitte and Touche CIS. The bulletin does not aim to be an exhaustive summary of legislative norms or other events. ZAO Deloitte and Touche CIS is not liable for the decisions made by you as a result of familiarization with this document without the receipt of additional consultations from experts.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see www.deloitte.com/ru/about for a detailed description of the legal structure of Deloitte CIS.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 200,000 professionals are committed to becoming the standard of excellence.

Deloitte's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from cultural diversity. They enjoy an environment of continuous learning, challenging experience, and enriching career opportunities. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.