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This Profile provides information about the application of IFRS Standards in Mongolia. 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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PARTICIPANTS IN THE IFRS FOUNDATION SURVEY ON APPLICATION OF IFRS STANDARDS

Organisations

Two organisations participated in the survey:

1. The Ministry of Finance of Mongolia (MOF)
2. The Mongolian Institute of Certified Public Accountants (MONICPA)

Role of the organisations

Ministry of Finance: As stated in the Accounting Law of Mongolia, the Ministry of Finance is responsible for developing, setting, and implementing accounting standards. Moreover, the MOF, particularly the Accounting Policy Department, is in charge of supervising the implementation of IFRS Standards and International Public Sector Accounting Standards (IPSASs) for entities. In that role it develops and approves guidance, interpretations, and other related documents. In addition, the MOF translates and organises workshops for accountants to assist with the implementation of the International Accounting, Auditing and Valuation Standards.

Mongolian Institute of Certified Public Accountants (MonICPA): The MonICPA is the non-governmental organisation responsible by statute to approve and enforce the Code of Professional Ethics for professional accountants and auditors, establish and enforce auditing standards, conduct the CPA examination, and provide professional training. With respect to accounting standards, the MonICPA advises the Ministry of Finance about the adoption of

IFRS Standards, but it is the Ministry of Finance that is the official accounting standard-setting body in Mongolia.

Websites

Ministry of Finance: <https://mof.gov.mn/en/>

MonICPA: <http://test.monicpa.mn/>

Email contact

Ministry of Finance: boloroomof@yahoo.com

MonICPA: bumantsetseg@monicpa.mn

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?

Yes.

Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?

Yes.

What is the jurisdiction's status of adoption?

Mongolia has already adopted IFRS Standards for all or some companies.

Additional comments provided on the adoption status?

The Accounting Law approved by the Parliament in 1993 requires all entities to prepare their financial reports in accordance with the International Accounting Standards. However, in practice, it has been only since late 2000 that listed companies began using IFRS Standards in full.

Most reports of audits done by international auditing firms state that public companies are preparing their financial statement in conformity with IFRS Standards. Most SMEs prepare the financial statements under the accounting regulation which was approved by the Minister of Finance instead of IFRS Standards. The *IFRS for SMEs* Standard has not been adopted in Mongolia.

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 Standards in the jurisdiction.

Not applicable.

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?

Yes.

If YES, are IFRS Standards REQUIRED or PERMITTED? Required.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones? All.

Are IFRS Standards 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? Required.

For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market? Permitted. Companies whose securities do not trade in a public market frequently follow the Accounting Regulation approved by the Minister of Finance.

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? Yes.

If YES, are IFRS Standards REQUIRED or PERMITTED in such cases? Required.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones? All.

IFRS ENDORSEMENT

Which IFRS Standards are required or permitted for domestic companies? IFRS Standards as issued by the Board, ie standards and amendments are adopted/endorsed as and when 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)?	Yes, dual reporting (conformity with both IFRS Standards and the Mongolian Accounting Regulation) is common.
Are IFRS Standards incorporated into law or regulations?	Yes.
If yes, how does that process work?	The Accounting Law approved by the Parliament in 1993 requires all entities to prepare their financial reports in accordance with the International Accounting Standards.
If no, how do IFRS Standards become a requirement in the jurisdiction?	Not applicable.
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?	New and amended IFRS Standards are automatically covered by the Accounting Law approved by the Parliament in 1993, which requires all entities to prepare their financial reports in accordance with the International Accounting Standards.
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?	Translation of the 2011 IFRS Red Book (Part A) is in progress.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS?	<p>IFRS Standards, the <i>IFRS for SMEs</i> Standard, IPSASs, and International Valuation Standards are translated according to the Accounting Law, the Ministry of Finance contracts with a professional non-governmental organisation (NGO) based on a bidding procedure.</p> <p>To date, the Ministry of Finance has published translations of IFRS (in 1996, 2003, 2010, and 2011), the <i>IFRS for SMEs</i> Standard (the current version), and IPSASs (in 2003 and 2012). Due to capacity and funding constraints, the Ministry of Finance is not able to ensure that ongoing translation of the new and amended IFRS will always be done.</p>

APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Standard for at least some SMEs?	No, Mongolia has not adopted the <i>IFRS for SMEs</i> Standard.
If no, is the adoption of the <i>IFRS for SMEs</i> Standard under consideration?	The Ministry of Finance is working on amendments to Accounting Law that will include classification of entities. The Ministry of Finance states that once the classification is established, they will legislate the adoption of the <i>IFRS for SMEs</i> Standard.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Standard?	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?	Not applicable.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Standard, what other accounting framework do they use?	SMEs use either full IFRS Standards or the accounting regulation adopted by the Ministry of Finance.
Other comments regarding use of the <i>IFRS for SMEs</i> Standard?	The Ministry of Finance has stated that 'In Mongolia, there are approximately 70,000 entities, of which between about 95% and 99% are small or medium sized entities. Hence adopting the <i>IFRS for SMEs</i> Standard is an important issue in our country.'