

Bangladesh financial reporting standards (bfrs bas)

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Financial reporting framework in Bangladesh Legal framework The Companies Act of 1994 provides basic requirements for financial reporting by all companies in Bangladesh. It is silent about either Bangladesh Financial Reporting Standards (BFRS/BAS) or International Financial Reporting Standards (IASs/IFRSs).

- o Listed companies. The Securities and Exchange Commission of Bangladesh regulates financial reporting by listed companies. SER 1987 requires compliance with IASs/IFRSs as adopted in Bangladesh (these are known as Bangladesh Financial Reporting Standards and include Bangladesh Accounting Standards).
- o Banks. The Bank Company Act of 1991 mandates reporting formats and disclosures based on BAS 30, which is similar to IAS 30. The Act is silent about other BAS/BFRS, and compliance with BAS/BFRS by banks is mixed.
- o Insurance companies. The Insurance Act 1938 does not mandate compliance with BAS/BFRS. In practice, insurance companies often do not follow BAS/BFRS.
- o Other companies.

Neither the law nor the by-laws of the Institute of Chartered Accountants of Bangladesh mandates compliance with BAS/BFRS by unlisted companies. Actual compliance varies widely and the ICAB has published the Bangladesh Financial Reporting Standard for Small and Medium-sized Entities (BFRS for SMEs) (see below). Bangladesh Financial Reporting Standards (BFRS) The Financial Reporting Standards prescribed by the Institute of Chartered Accountants in Bangladesh (ICAB) are known as Bangladesh Financial Reporting Standards (BFRS, including Bangladesh Accounting Standards, BAS).

BFRS and are closely modelled on International Accounting Standards and International Financial Reporting Standards issued by the International

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Accounting Standards Board. BFRS developed by the ICAB were originally based on older International Accounting Standards (IASs) - generally those developed by the IASC rather than the improved IASs and new IFRSs developed by the IASB. In more recent times, the ICAB has adopted the updated IASB standards as BFRS.

The Technical and Research Committee, a standing committee of the ICAB, is responsible for reviewing on a regular basis, the latest national and international pronouncements and standards on accounting, auditing and allied matters, and recommend the same for adoption to the Council, after carrying out a technical review for adoptability and acceptability in the Bangladeshi context. The Council is responsible for approving and adopting the Standards, Interpretations and related documents.

As at July 2012, a version of all IFRS (and IAS) issued by the IASB had been adopted as BFRS by the ICAB, with the following exceptions: o IAS 29 Financial Reporting in Hyperinflationary Economies - this has not been adopted as it is considered impracticable in the Bangladeshi context o IFRS 9 Financial Instruments. Adopted BAS/BFRS are legally enforceable for listed companies under the SEC Rules. They are not mandatory or enforceable through the ICAB by-laws. The auditor's report and basis of presentation note refer to conformity with international accounting standards applicable in Bangladesh.

Small and medium-sized entities In June 2011, the ICAB published the Bangladesh Financial Reporting Standard for Small and Medium-sized Entities (BFRS for SMEs), which is based on the IFRS for SMEs. Section 31 on hyperinflation is not reproduced in the BFRS for SMEs as, consistent with the <https://assignbuster.com/bangladesh-financial-reporting-standards-bfrsbas/>

non-adoption of IAS 29, the ICAB considers that presently it is not practicable in the Bangladeshi context. For eligible entities, the BFRS for SMEs is applicable to annual periods beginning on or after 1 January 2013, which earlier adoption permitted.