



A ROADMAP FOR IFRS IMPLEMENTATION IN UKRAINE

On July 1, 2011, FINREP jointly with the Ministry of Finance of Ukraine (Minfin) and Ukrainian Federation of Accountants and Auditors (UFPAA) hosted a roundtable for stakeholders in the implementation of International Financial Reporting Standards (IFRS) to discuss strategy for the move to IFRS. Mr. Oleg Kantsurov, Head of the Accounting Methodology Department at the Ministry of Finance of Ukraine, and Ms. Vera Rychakivska, Deputy Governor of the National Bank of Ukraine (NBU), opened the discussion with their views on the steps necessary to implement IFRS and how the two regulators plan to cooperate in the future. The Financial Services Regulator, the Securities & Stock Market State Commission, the Auditor's Chamber of Ukraine, the World Bank, the Ukrainian Federation of Professional Accountants and Auditors, as well as other representatives of the business community joined in the discussion on how to successfully achieve the implementation of IFRS.

MinFin has updated its IFRS implementation plan and signed a memorandum of cooperation with the NBU to combine efforts to execute the implementation plan. The two regulators invited all market participants to assist in the memorandum's implementation measures, and they received a significant amount of support from the Ukrainian business community. In addition to MinFin and the NBU, FINREP, UFPAA, the Academy of Financial Management, the Federation of Auditors, Accountants and Financiers, the Association of Professional Consultants of Ukraine, the Board of Independent Accountants and Auditors, the Union of Auditors of Ukraine, Balance-Club Company, DEBIT-CREDIT magazine, the All-Ukrainian Accounting Club, and various other business and educational institutions have all agreed to unite their efforts for IFRS implementation and signed on to the memorandum.

Professional accountants in Ukraine will prepare financial statements under International Financial Reporting Standards (IFRS) beginning in January 2012. By implementing IFRS, Ukraine will be creating a higher level of transparency in the financial market as well as ensuring the comparability of Ukrainian financial statements to other markets. Ukrainian businesses will have greater access to foreign investment capital because the quality of the financial reporting will allow for a qualitative assessment of the business' profitability through direct comparisons and benchmarking. It will also reduce costs for firms already reporting to external parties under IFRS, and for companies that need to integrate their reporting into a global network. Most importantly, it will grant regulators a greater array of proven accounting metrics and analysis techniques to discover accounting fraud and financial mismanagement.

The memorandum of cooperation states the need to implement IFRS in Ukraine and notes the reform as a key

component of the Presidential Administration's Program of Economic Reforms. The memorandum includes an annex consisting of ten areas where implementers will interact to support IFRS implementation. In general, the ten areas focus on translating IFRS texts and guidelines into Ukrainian, developing a regulatory framework for the implementation of IFRS, conducting public education on IFRS, providing information on the first-time application of IFRS, creating a free online resource for end-users to obtain data on IFRS, and creating regulations to ensure effective oversight of IFRS reporting. The action items address many strategies, but they address six general areas related to accounting:

- 1) Regulation of accounting and financial reporting by the government;
- 2) Education and training for current and future accountants and auditors;
- 3) Accounting and financial reporting by businesses;
- 4) Accounting and financial reporting by banks;
- 5) Accounting and financial reporting by insurers;
- 6) Accounting and financial reporting by agricultural operations;

FINREP intends to support several measures included in the memorandum that coincide with FINREP's own action plan for technical assistance in the implementation of IFRS in Ukraine. Along with MinFin, NBU, and UFPAA, FINREP will engage in educational and outreach activities and will also support the creation of topical materials relating to the use of IFRS. These materials will focus heavily upon preparing for and successfully completing the first-time application of IFRS by Ukrainian businesses. FINREP will be supporting an IFRS editorial committee comprised of accounting experts. The editorial committee will be tasked with producing an up-to-date Ukrainian translation of all IFRS texts and guidance. FINREP will also be supporting the creation of an online resource for accounting professionals to access the IFRS texts and guidance free of charge. FINREP will be assisting with a review of curricula from higher education facilities and preparing recommendations for the Ministry of Education to consider for the benefit of Ukraine's future accountants.

The full text of the memorandum and the annex may be found [in Ukrainian on the Ministry of Finance's website](#) and in English on the FINREP website. FINREP encourages all business professionals to review the memorandum and prepare accordingly for the upcoming adoption of IFRS. FINREP also invites all professionals with the capacity and expertise to aid in the transition to IFRS to contact any of the implementers of the memorandum's action items and get involved in the implementation process.