

# Reforms that are currently carried out in the Republic of Azerbaijan in the field of accounting



## **Reforms that are currently carried out in the Republic of Azerbaijan in the field of accounting**

- **As a result of the adoption of the Law of the Republic of Azerbaijan “On Accounting” in 2004, the country began the process of introducing International Financial Reporting Standards. We began the process of implementation of National Accounting Standards for Commercial Organizations developed based on IFRS, as well as National accounting standards for budgetary organizations based on International Public Sector Accounting Standards. As a result, organizations began preparing financial statements in accordance with the above-mentioned standards.**
- **Thus, the implementation of a unified state accounting policy led to fundamental changes in this area .**

# Achievements in Accounting Profession

- **As accounting reforms and transformations aim to achieve compliance with international accounting standards, the following important measures are being introduced: modern accounting and reporting models, new centralized and user-friendly information system, capacity building and enhancing management skills, and development of software to implement automated reporting processes.**
- **To facilitate accounting at a higher level and to automate of preparing financial and other reports, "Financial and accounting reports for budgetary organizations" software system (FBOBO) was created as part of the "Reporting in corporate and budgetary sectors" project of the Ministry of Finance.**
- **Upon introduction of this system, accounting in budget-funded organizations is done according to uniform principles of international accounting standards, and financial statements are also prepared in accordance with the standards. Preparation of financial statements is automatic to facilitate their timely submission.**
- **All of the above tasks and goals encourage efficient management of financial and human resources, preventing loss of time and resources, and ensuring timely accounting and reporting by organizations.**

# Continued reforms and transformations

- **In order to continue the reforms and transformations started with the adoption of the Law of the Republic of Azerbaijan “On Accounting” in 2004 , the Law “On Amendments and Changes to the Existing Law” was adopted on May 04, 2018 .**
- **This Law provides for a complete transition to International Financial Reporting Standards, and the adoption of new accounting rules .**

# Applicable Standards

**According to the Law, three types of International Standards are applied**

**International  
Financial  
Reporting  
Standards**

**International  
Financial  
Reporting  
Standards for  
Small and  
Medium  
Enterprises**

**International  
Public Sector  
Accounting  
Standards**

# Applicable Accounting Rules

The Law requires application of Accounting Rules for the purposes of accounting by existing accounting entities

**Accounting Rules based on International Financial Reporting Standards**

**Accounting rules based on International Financial Reporting Standards for small and medium-sized businesses**

**Accounting rules based on International Public Sector Accounting Standards**

**Rules of accounting for micro business entities**

**Rules of accounting for political parties**

# According to the Law "On Accounting"

**Public Interest Entities**



**International Financial Reporting Standards**



**Accounting rules based on IFRS**

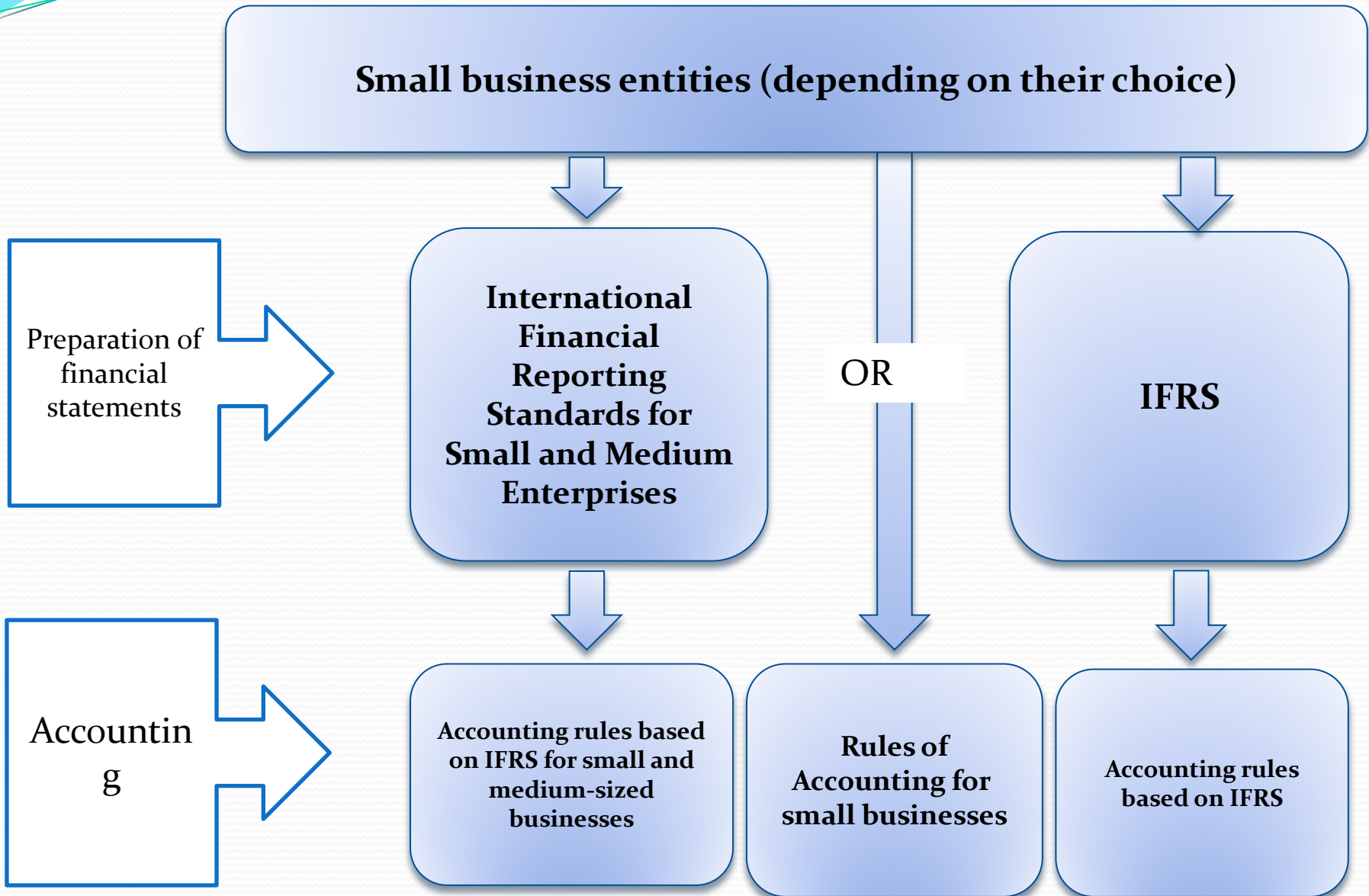
Preparation of  
financial  
statements



Accounting

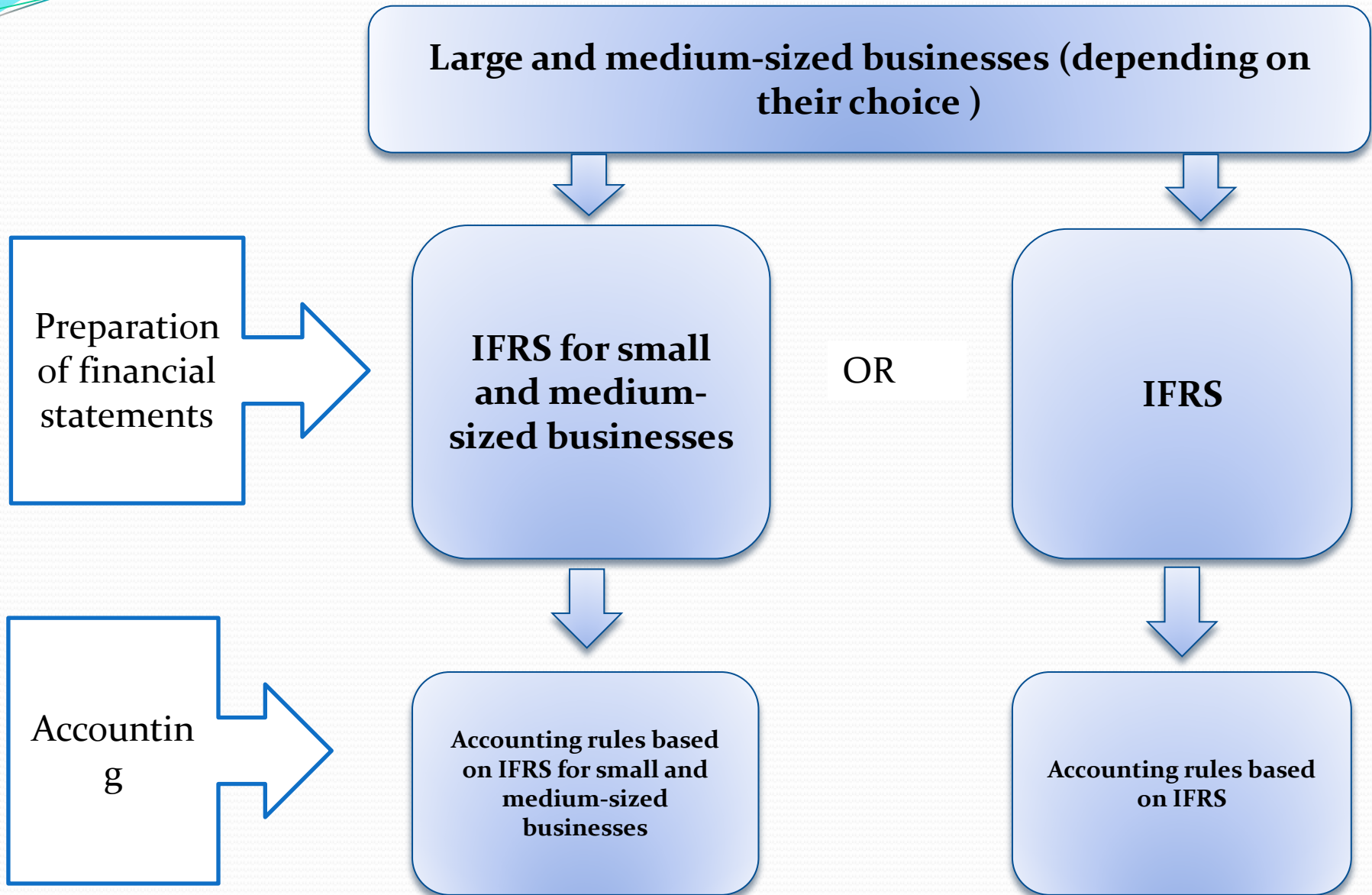


# According to the Law "On Accounting"





# According to the Law "On Accounting"



# According to the Law "On Accounting"

## Non-Commerical Organizations

Municipal bodies  
and budget-  
supported  
organizations

Non-governmental  
organizations

Political  
parties

Other non-  
commerical  
organizatio  
ns

Preparatio  
n of  
financial  
statement  
s

International Public  
Sector Accounting  
Standards

Reporting form  
established by the  
relevant  
Government authority

Reporting form  
established by  
the relevant  
Government  
authority

International  
standards provided  
for by this Law,  
depending on the  
specifics of work

Accounti  
ng

Accounting rules based on  
International Public Sector  
Accounting Standards

Accounting rules approved by  
the relevant  
Government authority in  
accordance with the general  
principles of the International  
Public Sector Accounting  
Standards

Accounting rules  
for political parties

Relevant accounting  
rules depending on  
the chosen  
International  
standards

# According to the Law "On Accounting"

## Professional Accountant Certificate

Chief accountants of legal entities, the controlling stake (shares) of which is owned by the State, PIEs except for legal entities whose securities are admitted to circulation on stock exchanges

Chief accountants of budgetary organizations

Chief accountants of large and medium commercial organizations

Chief accountants of public entities publishing annual financial statements or consolidated financial statements