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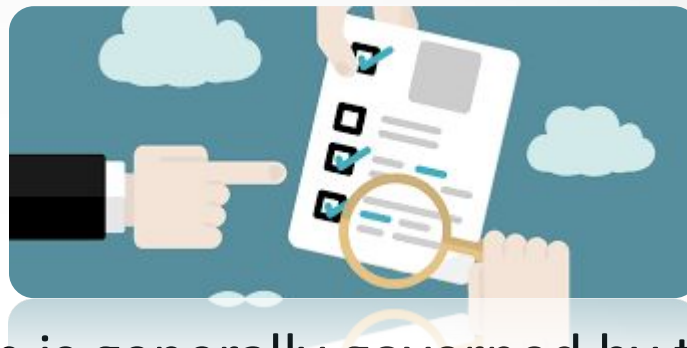
Accounting and auditing in Kazakhstan

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Kazakhstan has a population of 17.8 million and gross domestic product (GDP) per capita of US\$ 7,510 as of 2016. Real GDP growth since 2000 has averaged 9 percent per year.

Accounting and Audit Reform in Kazakhstan



- Accounting in Kazakhstan is generally governed by the provisions of the Law on Accounting and Financial Reporting of 1995 (the “Accounting Law,”), which has recently been amended.
- Prior to
- the recent amendments, according to this Law, IFRS was required to be used in the preparation of
- financial statements by financial institutions from January 1, 2003, by joint-stock companies from
- January 1, 2005 and by all other entities (excluding state-financed entities) from January 1, 2006.
- Before these dates, all the entities were required to apply Kazakh Accounting Standards (KAS) as
- approved by the relevant government organization.

The Accounting and Audit Profession



- The Kazakh accounting and audit profession suffers from a number of weaknesses, which results in a chronic lack of qualified professionals. These weaknesses are rooted in a lack of adequately trained instructors to deliver academic (i.e., at the university and post-graduate level), professional, and continuing professional development (CPD) courses.

Monitoring and Enforcement



- The Agency for Financial Supervision (AFS) is responsible for the supervision and regulation of all regulated markets: the banking sector, the insurance sector, the securities market and pension funds.

Accounting Standards Gaps Analysis



- While there is a generalized belief that IFRS and Kazakh accounting requirements (for the enterprise and financial sectors) are broadly aligned, some differences remain. There are differences between the accounting policies used and disclosures made under KAS and those which would be required under IFRS. This suggests that the differences between KAS and IFRS are greater than claimed.

Compliance Gap Analysis (IFRS and KAS compliance)



The ROSC team conducted a compliance gap analysis, which showed that the quality of the financial statements prepared by the majority of enterprises in practice falls far short of the standard implied in the reporting requirements embodied in statutory framework.

Audited IFRS financial statements generally appeared to comply with IFRS, but a number of significant non-compliance issues were noted, leading the ROSC team to question the capacity of preparers and auditors. In addition, regulatory bodies lack the resources to effectively control preparation of financial reports in accordance with IFRS.

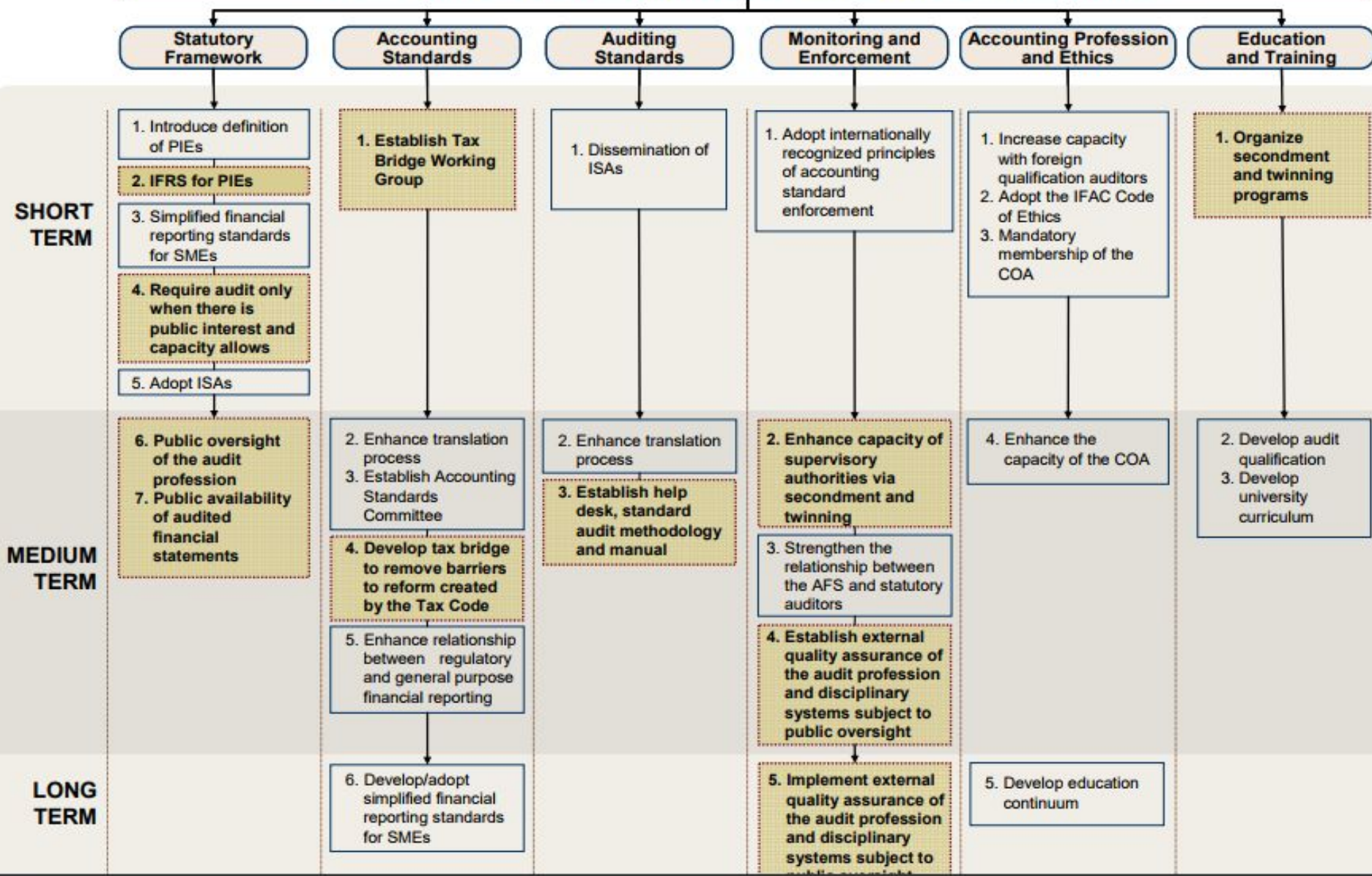




The quality of KAS-based financial statements was generally very weak, and the ROSC team noted widespread non-compliance issues. These issues were so significant that, in most instances, users of these financial statements would be unable to make an informed decision on their basis or, worse, could be misled in their decision-making. This could generally be attributed to the lack of capacity to comply and enforce KAS on the part of preparers, auditors and regulators.

Main

ACCOUNTING AND AUDITING ROSC POLICY RECOMMENDATIONS





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ATTENTION!**