On 5 October 2017, the Parliament of Ukraine adopted the Law "On changes to the Law of Ukraine "On financial accounting and reporting in Ukraine" (on improvement of certain provisions)" (Draft Law No.4646-д dated 16 June 2017).

The Law should take effect on 1 January 2018, if signed by the President of Ukraine and publicized.

The Law introduces the following new rules:

► Extended the list of entities that are required to prepare financial statements in accordance with the International Financial Reporting Standards ("IFRS"):

In addition to public joint stock companies, banks and insurance companies, the following entities now should prepare consolidated and separate financial statements in accordance with IFRS:

► "Large entities"¹
► Other financial institutions, except for those that qualify for "small enterprises"²
► Issuers of securities admitted to trade at stock exchange (other than public joint stock companies, banks and insurance companies)
Entities that are involved in extraction of subsoil resources of state significance (gas, oil, major ores, coal etc.).

All entities that are required to prepare consolidated and separate financial statements in accordance with IFRS are also required to maintain accounting records in accordance with the accounting policy based on the requirements of IFRS.

For filing of IFRS financial statements the Ministry of Finance should approve the taxonomy of financial reporting (list of items and key figures of financial statements and its elements that companies should disclose), and the format for online filing of such financial statements.

Extended list of companies that are required to publish annual financial statements and consolidated financial statements together with auditor’s reports.

In addition to public joint stock companies, issuers of securities and financial institutions, the following types of companies are now required to disclose on their web-sites the full set of consolidated and separate financial statements together with auditor’s reports:

"Large entities" that are not issuers of securities and "medium-sized entities" - by 1 June following the reporting year.

Natural monopoly enterprises on a state-wide market and enterprises that are involved in extraction of subsoil resources of state significance - by 30 April following the reporting year.

There is a new requirement to prepare and disclose management report and report on payments to the government.

In addition to the obligatory annual financial statements and quarterly financial statements, companies may now prepare financial statements for other reporting periods and, if required by users of financial statements, may translate the financial statements into a foreign currency. The law introduces a number of other new requirements.

Transition rules:

Publishing financial statements:

The articles of the Law regulating the disclosure on the web-site of the full set consolidated and separate financial statements together with auditor’s reports become effective:

1 January 2018: for natural monopoly enterprises on a state-wide market and enterprises that are involved in extraction of subsoil resources of state significance.

1 January 2019: for "large entities" that are not issuers of securities, and "medium-sized entities".

For further information, please contact EY specialists in the Financial and Accounting Advisory Services team.

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1 Under the Law, “large entities” are those meeting at least two of the following criteria at the date of preparing annual financial statements:
- Total assets – over EUR 20 million (now approx. UAH 630 million);
- Total revenue – over EUR 40 million (now approx. UAH 1 260 million);
- Headcount – over 250 persons.

2 Under the Law, a “small-sized entities” are those exceeding criteria for “micro-entities” and meeting at least two of the following criteria at the date of preparing annual financial statements:
- Total assets — below EUR 4 million (now approx. UAH 126 million);
- Total revenue — below EUR 8 million (now approx. UAH 252 million);
- Headcount — below 50 persons.

3 The subsoil resources of state significance are those listed in the Resolution of the Cabinet of Ministers of Ukraine dated 12 December 1994.

4 Under the law, "medium-sized entities" are those exceeding criteria for "small-sized entities" and meeting at least two of the following criteria at the date of preparing annual financial statements:
- Total assets — over EUR 4 million (now approx. UAH 126 million);
- Total revenue — over EUR 8 million (now approx. UAH 252 million);
- Headcount — over 50 persons.

5 The list of Natural monopoly enterprises is available at the web-site of the Antimonopoly Committee of Ukraine.
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Contacts
Kyiv
+380 (44) 490 3000

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