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This Profile provides information about the application of IFRS Standards in Iceland. IFRS Standards are developed and issued in the public interest by the International Accounting Standards Board (the Board). The Board is the standard-setting body of the IFRS® Foundation, an independent, private sector, not-for-profit organisation.

This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to surveys that the Foundation conducted on the application of IFRS Standards around the world. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

The purpose of the IFRS Foundation's Jurisdictional Profiles is to illustrate the extent of implementation of IFRS Standards across the globe only. The Profiles do not reflect the intellectual property licensing status of IFRS Standards within any given jurisdiction. The IFRS Standards are protected by copyright and are subject to different licensing arrangements according to jurisdiction. For further information, please contact Licences@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Félag Löggiltra Endurskodenda (FLE) [Institute of State Authorized Public Accountants in Iceland]
Role of the organisation	<p>FLE is the national professional body of accountants and auditors. It does not have authority to set accounting standards.</p> <p>Icelandic accounting standards are set out in a Law on Annual Accounts nr. 3/2006. The law dictates that the Minister of Finance and Economic Affairs should establish an accounting board to prepare uniform accounting rules and regulations for use in Iceland, based on and in addition to the law. To date this board has been inactive.</p> <p>The law also dictates that IFRS Standards should be used as additional accounting rules, so when the law does not give enough guidance, IFRS Standards can and should be used.</p>
Websites	<p>FLE: http://www.fle.is/</p> <p>Ministry of Finance and Economic Affairs: http://eng.fjarmalaraduneyti.is/</p>

Email contacts

The managing director of FLE: sigurdur@fle.is

FLE general e-mail: fle@fle.is

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?

Yes. As a member of the European Economic Area, Iceland is subject to the European Union Directives, including the Accounting Directives.

Refer to the IAS Regulation adopted by the European Union in 2002: http://ec.europa.eu/internal_market/accounting/legal_framework/ias_regulation_en.htm

Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?

Yes. As a member of the European Economic Area, Iceland is subject to the European Union Directives, including the Accounting Directives.

Refer to the IAS Regulation adopted by the European Union in 2002: http://ec.europa.eu/internal_market/accounting/legal_framework/ias_regulation_en.htm

What is the jurisdiction's status of adoption?

Iceland has already adopted IFRS Standards as a requirement for all or some companies

Additional comments provided on the adoption status?

IFRS Standards as adopted by the EU are a requirement for the consolidated financial statements of all companies whose securities trade in a regulated market and for the consolidated financial statements of all other companies on a voluntary basis.

There is one regulated market in Iceland – the OMX Nordic Exchange Iceland.

Iceland used the option under the EU IAS Regulation as follows:

Companies whose securities trade in a regulated market

- IFRS Standards as adopted by the EU are required in the separate financial statements of all companies whose securities trade in a regulated market.

Companies whose securities do not trade in a regulated market

- IFRS Standards as adopted by the EU are required in the separate financial statements of a company whose securities do not trade in a regulated market if that company is part of a consolidated group that uses IFRS.
- IFRS Standards as adopted by the EU are required in the financial statements of all non-publicly traded mutual funds and collective investment schemes.
- IFRS Standards as adopted by the EU are permitted in both the consolidated and separate financial statements of large and medium-sized companies whose securities do not trade in a regulated market, and pension funds above a specified size.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Standards in the jurisdiction.

Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Standards in their consolidated financial statements?	All domestic companies whose securities trade in a public market are required to use IFRS Standards as adopted by the EU in their consolidated financial statements.
If YES, are IFRS Standards REQUIRED or PERMITTED?	Required.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
Are IFRS Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.
For instance, are IFRS Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	IFRS Standards as adopted by the EU are required in the separate financial statements of all companies whose securities trade in a regulated market.
For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?	<p>IFRS Standards as adopted by the EU are required in the separate financial statements of a company whose securities do not trade in a regulated market if that company is part of a consolidated group that uses IFRS Standards.</p> <p>IFRS Standards as adopted by the EU are required in the financial statements of all non-publicly traded mutual funds and collective investment schemes.</p> <p>IFRS Standards as adopted by the EU are permitted in both the consolidated and separate financial statements of large and medium-sized companies whose securities do not trade in a regulated market, and pension funds above a specified size.</p>
If the jurisdiction currently does NOT require or permit the use of IFRS Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Standards for such companies in the future?	Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Standards in their consolidated financial statements?	Yes.
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If YES, are IFRS Standards REQUIRED or PERMITTED in such cases?

Required for some and permitted for others. Foreign companies whose securities trade in a regulated market in Iceland (and generally in the EU and EEA) are required to report under IFRS Standards as adopted by the EU for their consolidated financial statements unless the European Commission has deemed their local accounting standards to be equivalent to IFRS Standards, in which case they may use their local standards.

http://ec.europa.eu/finance/company-reporting/legal-framework/index_en.htm#legal-acts-equivalence

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Standards are required or permitted for domestic companies?

IFRS Standards as adopted by the European Union, which are IFRS Standards as issued by the IASB Board with some limited modifications such as the temporary 'carve-out' from IAS 39. However, the resulting financial statements of the majority of companies can still be in full compliance with IFRS Standards.

The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:

IFRS Standards as adopted by the European Union.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Standards and the jurisdiction's GAAP)?

Yes.

Are IFRS Standards incorporated into law or regulations?

Yes.

If yes, how does that process work?

The process is described in the Profile of the European Union.

If no, how do IFRS Standards become a requirement in the jurisdiction?

Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Standards (including Interpretations) in place?

Yes.

If yes, what is the process?

The process is described in the Profile of the European Union. Because Iceland is not an EU member, in addition to the formal EU endorsement process, according to the EEC-agreement the EU regulations have to be enacted into Icelandic law.

If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?

Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Standards and/or made any modifications to any IFRS Standards?

Yes.

If yes, what are the changes?

Details are in the Profile of the European Union.

Other comments regarding the use of IFRS Standards in the jurisdiction? None.

TRANSLATION OF IFRS STANDARDS

Are IFRS Standards translated into the local language? Yes, they are translated into Icelandic and published by the Icelandic government.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Standards? The EU IFRS-regulations, which contain the main text of the IFRS Standards, are translated to Icelandic. The translation is done by the Icelandic government authorities who also carry out translations of other EU-regulations put into Icelandic law.

This process does not ensure an ongoing translation of the latest updates of IFRS Standards, so only the Standards as adopted in Icelandic law have been translated. Here is the link to the translations that are available:

<http://www.atvinnuvegaraduneyti.is/verkefni/malaflokkar/felagarettur-endurskodendur-og-arsreikningar/althjodlegir-reikningsskilastadlar/>

In addition, the English versions of IFRS Standards are widely used in Iceland.

APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the IFRS for SMEs Standard for at least some SMEs? No.

If no, is the adoption of the IFRS for SMEs Standard under consideration? Yes.

Did the jurisdiction make any modifications to the IFRS for SMEs Standard? Not applicable.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the IFRS for SMEs Standard in the jurisdiction, and are they required or permitted to do so? Not applicable.

For those SMEs that are not required to use the IFRS for SMEs Standard, what other accounting framework do they use? If the SME is part of a consolidated group that uses IFRS Standards as adopted by the EU, then it is required to use EU-IFRS in its separate financial statements. If the SME is large or medium-sized as defined in Icelandic regulations, IFRS Standards as adopted by the EU are permitted in both its consolidated and its separate financial statements. Otherwise the SME follows Icelandic statutory accounting requirements.

Other comments regarding use of the IFRS for SMEs Standard? None.