



A Guide for the third category enterprises and the third category groups to initial application of IFRS for SMEs for financial statements of 2018

According to subparagraph "b" of paragraph 8 and paragraph 15 of Article 3 of the Law of Georgia on Accounting, Reporting and Auditing (hereinafter "the Law"), the third category enterprises and the third category groups maintain their accounting and reporting in accordance with the IFRS for SMEs. If the entity is a third category enterprise or a parent of a third category group, under paragraph 12 of Article 28 of the Law, it is obliged immediately, but no later than October 1, 2019¹, to submit its Financial Statements/Consolidated Financial Statements of 2018, prepared in accordance with the IFRS for SMEs, to the SARAS.

In case if according to Article 35 of the IFRS for SMEs, such entity elects its date of transition to the relevant standard as January 1, 2018, its financial statements/consolidated financial statements, submitted to the SARAS, should include at least a statement of financial position for the beginning and end of 2018, a statement of comprehensive income and a statement of changes in equity for the year 2018 and relevant disclosures. In addition, the enterprise can submit its statement of cash flows voluntarily.

Submission of such financial statements by the entity shall be deemed to be in compliance with the requirements of the Law.

¹ The same principle will apply to those enterprises whose reporting period does not coincide with the calendar year considering the relevant reporting dates.