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## **INSTRUCTION NO. 11/2021**

### **ON THE IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

There is a need to establish consistent accounting standards applicable to all Banks and Other Deposit-Taking Institutions to improve the effective surveillance of the banking system and the preparation of reliable monetary statistics for Timor-Leste;

Ensuring that the business activities conducted by Banks and Other Deposit-Taking Institutions take account of the protection of the principal and interest due to depositors and that financial records are consistent with international accounting standards;

Enhancing uniform practice and administrative procedures amongst Banks with respect to recording and accounting for transactions and requiring high quality, transparent and comparable information in financial statements and other financial reporting to help the participants in the market when making economic decisions;

Disclosing to the public by means of timely, comprehensive, accurate, reliable, relevant and sufficient information based on acceptable and uniform standards of principles and policies.

Enabling the public to reasonably assess the licensed Banks' and Other Deposit-Taking Institutions' conditions, performance, risk profile, business activities and corporate governance practices;

Ensuring that information provided by those entities is in compliance with all requirements provided in the regulations and laws applicable in Timor-Leste;

The Governing Board of Banco Central de Timor-Leste pursuant to the authority granted in Article 31 paragraph 1 of Law no. 5/2011 of 15 June, hereby resolves to approve the following Instruction;

#### **Article 1 Applicability**

This Instruction applies to all Banks and Other Deposit-Taking Institutions licensed by BCTL to operate in Timor-Leste.

#### **Article 2 Definitions**

Wherever used in the text of this Instruction, the following terms shall have the following meanings:

- a) "Bank" means a person engaged in the business of accepting deposits from the public in East Timor and using such funds, either in whole or in part, to make extensions of credit or investments for the account of and at the risk of the person carrying on the business according to Article 49. (c) of Regulation no. 2000/8 on Bank Licensing and Supervision;
- b) "BCTL" means the Banco Central de Timor-Leste;
- c) "IFRS" or "International Financial Reporting Standards" means the formal standards that specify how certain types of transactions or events are to be recorded in the financial statements and what disclosures should be made in the notes to financial statements, as published by the International Accounting Standard Board (IASB);

- d) "ODTI" or "Other Deposit-Taking Institution" means any organization or company that is licensed according to Public Instruction no. 06/2010 of December 17.

### **Article 3** **Adoption of IFRS**

1. Banks and ODTIs licensed to operate in Timor-Leste shall keep correct and complete books and records of accounts and prepare annual financial statements and reports in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB).
2. Banks and ODTIs shall prepare a complete set of audited financial statements in accordance with IFRS starting from the financial year ending December 31, 2022.
3. Based on a written application the BCTL may authorise an exemption to the implementation of the requirement mentioned in paragraph 2 above.
4. The opening IFRS statement of financial position shall be prepared in accordance with IFRS 1 – *First Time Adoption of International Financial Reporting Standards*.

### **Article 4** **Entry into Force**

This Instruction shall come into force on the day following its publication in the Jornal da República.

Approved on 27 October 2021



**Abraão de Vasconcelos**  
Governor