



ROYAL GOVERNMENT OF BHUTAN  
MINISTRY OF ECONOMIC AFFAIRS

**ACCOUNTING STANDARDS RULES FOR  
COMPANIES IN BHUTAN, 2012**

COMPANY REGISTRY DIVISION



དཔལ་ལྷན་འབྲུག་གཞི་རིམ་ བརྟན་རྒྱལ་ལྷན་ཁག།

MINISTRY OF ECONOMIC AFFAIRS  
ROYAL GOVERNMENT OF BHUTAN  
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MINISTER

FORWARD

In accordance with section 138 of the Companies Act of the Kingdom of Bhutan, 2000, the Ministry is pleased to adopt the Regulations for *Accounting Standards Rules for Companies in Bhutan, 2012*. The purpose of the Regulation is to provide a legal framework for adoption of newly issued *Bhutan Accounting Standards* and such other financial and auditing standards to be issued in the future by *Accounting and Auditing Standards Board of Bhutan (AASBB)* for the Companies in Bhutan. In recent years the importance of financial transparency in the corporate world has become a necessity, due to the recent financial turmoil around the world. It has become essential to adopt financial reporting standards at par with International Financial Reporting Standards (IFRS) as the Bhutanese economy needs to be a competent player in the international market. This will ensure foreign investment into Companies in the Country and close business ties with world's leading business houses to transfer technology and best business practices.

The Bhutan Accounting Standards issued by the AASBB will replace Schedule XIII of the Companies Act, which is a set of Generally Accepted Accounting Principles (GAAP), no longer relevant internationally as well as in the country. The new standards are expected to be enforced among Companies starting 2013 onwards to achieve complete enforcement by January, 2018. By 2020 even the Bhutan Accounting Standards is expected to be fully compliant to International Financial Reporting Standards.

Finally, with the adoption of this Regulation, the Companies and Financial Institutions would benefit immensely in terms of achieving transparent and sound financial reports and book keeping. It will also foster a culture of maintaining transparent financial statements of both public and private Companies in the country. This Regulation will go a long way in achieving a vibrant and sound corporate culture in the country.

Tashi Delek

(Khandu Wangchuk)

## ACCOUNTING STANDARDS RULES FOR COMPANIES IN BHUTAN, 2012

In exercise of the powers conferred by section 137 read with section 138(a) of the Companies Act, 2000, the Ministry of Economic Affairs, hereby issues the following Accounting Standards Rules:

### 1. Short Title, Extend and Commencement:

- (1) These Rules shall be called, "Accounting Standards Rules for Companies in Bhutan, 2012".
- (2) These Rules shall come into force on the date of public notification by the Ministry of Economic Affairs.
- (3) These Rules shall govern the matter relating to accounting standards for all Companies incorporated under Companies Act of Bhutan.

### 2. Definitions:

- (1) For the purposes of these Rules, unless the context otherwise requires:-
  - (a) **Act** means the Companies Act of Bhutan and amendments thereto.
  - (b) **Accounting Standards** means the Accounting Standards as adopted from time to time by Accounting and Auditing Standards Board of Bhutan (AASBB).
  - (c) **Annexure** means the annexure to these rules.
  - (d) **Company** means a registered Company as defined in the Companies Act of Bhutan, and amendment thereto.
  - (e) **Small and Medium Company (SMC)** means a Company:-
    - (i) Whose equity or debt securities are not listed or are in the process of listing on any stock exchange, whether in Bhutan or outside
    - (ii) Which is not a Bank, or Financial Institution
    - (iii) Which is not a subsidiary or Holding Company of a Company which is not Small and Medium Company

**Explanation:** For the purposes of these Rules, a Company shall qualify as a Small and Medium Company, if the conditions mentioned above are satisfied as at the end of the relevant accounting period.

### 3. Repeal:

These rules will repeal all the provisions of Schedule XIII of Companies Act, from the effective date of enforcement for each phase of accounting standards as prescribed in section 4 of these rules.

## PART I: ACCOUNTING STANDARDS

### 4. Accounting Standards:

- (1) The Ministry of Economic Affairs, hereby prescribes:
  - (a) The Bhutan Accounting Standards Phase-I for listed Companies, as adopted by the Accounting and Auditing Standards Board of Bhutan, which are specified in the **Annexure I** of these rules. These Standards shall come into force from January 1, 2013.
  - (b) The Bhutan Accounting Standards Phase II, as adopted by the Accounting and Auditing Standards Board of Bhutan, which are specified in the **Annexure II** of these rules. These Standards shall come into force from January 1, 2016.
  - (c) The Bhutan Accounting Standards Phase III, as adopted by the Accounting and Auditing Standards Board of Bhutan, which are specified in the **Annexure III** of these rules. These Standards shall come into force from January 1, 2018.
  - (d) The Bhutan Accounting Standards for SMCs, as adopted by the Accounting and Auditing Standards Board of Bhutan, which are specified in the **Annexure IV** of these rules. These Standards shall come into force from January 1, 2014.
- (2) The final interpretation of these Accounting Standards shall be vested with the Accounting and Auditing Standards Board of Bhutan.

