

Report on the implementation of IAAS in Montenegro

1. Relevant actions taken within respective organizations with regard to IAAS implementation.

We have taken all necessary steps on the plans of the implementation of International Accounting and Auditing Standards with the passage of the New Law of Accounting and Auditing of Montenegro. As follows: The Institute for Accounting and Auditing of Montenegro (IAAM) has already organized special seminars concerning the application of IAS, which started on March 4th, 2002 and are still going on. The seminars are held in all places in Montenegro and last three days.

The participants are expected: to speak English, to have Bachelor's Degree in Economics and to have working experience in accounting from two to four years.

The participants are mainly younger graduates capable to fast adjustment to work upon IAS and take part in future permanent process of education.

The seminars have proved very efficient because the participants are divided into groups which work on the principal of active training.

They are given test on the application IAS, and their the result are sent to the instructors by E-mail to be checked.

The tests comprise following standards:

- Framework for the Preparation and Presentation of Financial Statements
- IAS 1 - Presentation of Financial Statements
- IAS 2 - Inventories
- IAS 7 - Cash flow Statements
- IAS 16 - Property, Plant and Equipment
- IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance
- IAS 23 - Borrowing Costs
- IAS 38 - Intangible Assets, and
- for other Standards has prepared materials for training.

The main elements of above mentioned standards are discussed as well as the application in practical shown in materials.

The participants are supposed to participate as individuals and through groups in exchanging their opinions and to take part in solving given problems during the seminars.

The seminar started in March and will last until mid June lasting for three days each from they o'clock a. m. to six o'clock p. m.

2. Relevant events that have taken place within respective organization between the two meetings

So far a few events have taken place in this field. They included:

- On February 8th the Law of Accounting and Auditing of Montenegro was published in Official Gazette N^o 6/02, and was enforced on February 16th.

MONTENEGRO – COUNTRY REPORT

Article 17 states that the Union of Accountants and Auditors of Montenegro and Montenegro Association of Workers of Accounting & Financial Profession are united into the Institute of Accountants and Auditors of Montenegro

- On April 18 a transitional governing Board was formed passing the Declaration of foundation of the Institute of AAM. Upon the Law of Accounting and Auditing of Montenegro, the Institute of AAM was established on that day
- The translations of IAS 2002 of IASB has almost been finished
- The International Standards on Auditing of IFAC which had already been translated by Banja Luka experts have been in use since 2000

3. Relevant difficulties faced by respective organizations with special emphasis on the difficulties in implementing IAAS

We have had some difficulties concerning the implementation of IAS:

Firstly, the process of privatization and transition of Economy is still going on.

Private owners are not interested much in the implementation due to economic situation. They are more concerned about business than accounting policy.

Secondly, there are, powerful administrators who obstruct the reforms because they are use to old way of socialist economy, young people who are willing to take part in the implementation of New Standards are not able to take part in this process as they should do.

Thirdly, our people dealing with economy have not been able to get into contact with potential foreign investors to improve the economy of the country.

At last which is not least, standard have not been available to accountants due to the previous Law of Accounting and Socialist Economy.

The Institute of AAM
Generalu secretary

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