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INSIGHTS

ACCOUNTING & TECHNOLOGY

IAS 1 presentation of financial statements in Cambodia

How CIFRS IAS 1 and CIFRS for SMEs Section 3 build a complete set of financial statements, apply materiality, going concern and offsetting, and meet Cambodia's Khmer and riel filing requirements.



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PUBLISHED 19 NOVEMBER 2026 UPDATED 19 NOVEMBER 2026 10 MIN READ

WHAT DOES IAS 1 REQUIRE IN A CAMBODIAN COMPANY'S FINANCIAL STATEMENTS?

IAS 1 requires a complete set of financial statements that presents fairly the financial position, financial performance and cash flows: a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows and notes, with comparative information and a clear statement of compliance with CIFRS. CIFRS for SMEs Section 3 applies the same fair-presentation principle with a simpler presentation and disclosure set. In Cambodia, the Law on Accounting and Auditing (2016) adds the Khmer-language and Khmer Riel filing requirements, so the presentation currency, the ACAR filing pack and the audited statements must be reconciled.

IN SHORT

- A complete set is five statements plus notes: financial position, profit or loss and OCI, changes in equity, cash flows and the notes, with comparatives.
- Fair presentation is the objective; applying CIFRS is presumed to achieve it, but additional disclosure is required when the minimum requirements are not enough.
- Going concern, accrual, materiality, aggregation, offsetting and frequency are presentation principles, not optional formatting choices.
- CIFRS for SMEs Section 3 uses the same principles with fewer prescribed lines and disclosures; confirm the edition adopted by the National Accounting Council.
- Cambodian law adds Khmer-language and Khmer Riel requirements, so a USD presentation currency and the ACAR filing pack must be reconciled.

The complete set and the fair-presentation principle

IAS 1 describes a complete set of financial statements as a statement of financial position at the end of the period, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows and notes comprising significant accounting policies and other explanatory information. Comparative information for the preceding period is required, and a third statement of financial position is presented when the entity applies an accounting policy retrospectively, restates items or reclassifies items in a way that materially affects the opening position.

Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses. Applying CIFRS, with additional disclosure when necessary, is presumed to result in fair presentation. The presumption is rebutted only in extremely rare circumstances where compliance would be so misleading that it conflicts with the objective of financial statements; the entity must then depart from the requirement, disclose the departure and the reason, and quantify the effect.

An explicit and unreserved statement of compliance with CIFRS is required in the notes. A company cannot describe its statements as complying with CIFRS if it departs from any requirement without the IAS 1 disclosure, or if it applies a local format that omits a required

statement or note.

THE COMPLETE SET: CIFRS IAS 1 AND CIFRS FOR SMES SECTION 3

Statement	IAS 1	CIFRS for SMEs Section 3
Financial position	Required	Required
Profit or loss and OCI	Required; OCI items classified	Required; simpler presentation
Changes in equity	Required	Required
Cash flows	Required (IAS 7)	Required (Section 7)
Notes and policies	Required; extensive disclosure	Required; fewer disclosures
Comparatives	Required; third balance sheet in defined cases	Required; simpler

Going concern, accrual, materiality and offsetting

Going concern means the financial statements are prepared on the basis that the entity will continue in operation for the foreseeable future. If management concludes that a material uncertainty exists, the uncertainty must be disclosed; if the entity is not a going concern, the statements must be prepared on a different basis and that basis disclosed. The auditor's going-concern work under ISA 570 is separate, but it starts from the same assessment.

The accrual basis recognises transactions when they occur, not when cash is received or paid. Materiality requires separate presentation of each material class of items; immaterial amounts are aggregated. Offsetting assets and liabilities, or income and expenses, is not permitted unless a standard requires or permits it. A company that nets VAT receivable against VAT payable, or nets a bank overdraft against cash, is changing the presentation and may be misstating the balance sheet.

Financial statements are presented at least annually. When the reporting period changes, the entity discloses the reason and the fact that the comparative amounts are not comparable. The Cambodian standard accounting period is 1 January to 31 December under the Law on Accounting and Auditing, so a change of period is unusual and needs a clear explanation.

- Do not offset receivables and payables unless a standard permits it.

- Do not net tax balances, grants or insurance recoveries without checking the presentation requirement.
- Disclose the judgements that have the most significant effect on the amounts, and the estimation uncertainties.
- Keep the notes consistent with the primary statements and the tax reconciliation.

Current/non-current classification and other comprehensive income

IAS 1 requires a current/non-current distinction unless a liquidity presentation is more relevant and reliable. An asset is current when it is expected to be realised, sold or consumed in the normal operating cycle, held primarily for trading, expected to be realised within twelve months, or cash or a cash equivalent without restriction. A liability is current when it is expected to be settled in the normal operating cycle, held primarily for trading, due within twelve months or there is no unconditional right to defer settlement for at least twelve months.

Other comprehensive income includes items that are not recognised in profit or loss as required or permitted by other standards, such as revaluation surpluses, remeasurements of defined benefit plans, exchange differences on translating foreign operations and cash-flow hedges. Each item is classified by nature and, where required, by whether it may be reclassified to profit or loss in a future period.

The statement of changes in equity shows total comprehensive income, the effects of retrospective application or restatement, transactions with owners and the reconciliation of each component of equity. A company that presents a statement of changes in equity without the opening balance, or that omits the effect of a prior-period error, has not met the requirement.

CIFRS for SMEs Section 3

CIFRS for SMEs Section 3 Financial Statement Presentation applies the same fair-presentation, going-concern, accrual, materiality, offsetting and frequency principles with a simpler set of prescribed lines and disclosures. The complete set is similar, but the OCI presentation, the notes and the current/non-current guidance are less detailed. Sections 4 to 8 then cover the individual statements.

The National Accounting Council's adoption of CIFRS for SMEs is the operative framework in Cambodia. Confirm the edition your auditor applies before relying on a section number; the 2025 third edition is effective for periods beginning on or after 1 January 2027, with earlier application permitted.

Cambodian filing: Khmer, riel and ACAR

IAS 1 permits a presentation currency that is not the functional currency, provided the translation follows IAS 21. Cambodian law adds a local requirement: the Law on Accounting and Auditing (2016) requires financial statements and audit reports in Khmer and Khmer Riel. In practice, companies often prepare a USD management set and a Khmer/Riel filing set, or present USD and KHR side by side, and the two must reconcile.

The ACAR filing is made by the Cambodian reporting entity and must agree with the audited financial statements. The notes should explain the functional currency, the presentation currency, the translation method and any difference between the management set and the filing set. The tax reconciliation to the annual Tax on Income return is a separate schedule, but it must start from the same accounting profit.

A change of presentation currency, a restatement or a reclassification can affect the comparatives and the filing. Treat it as a policy or presentation change with the IAS 8 analysis, not as a formatting decision made after the audit.

> **Two sets of statements, one accounting**
>
> A USD management pack and a Khmer/Riel ACAR filing can look different without being different accounts. Reconcile every line, disclose the currency translation and keep the audit trail between the two.

Common presentation errors in Cambodian files

The recurring errors are rarely exotic: a missing statement of changes in equity, comparatives that do not agree to the prior-year audited accounts, a VAT balance netted against payables, a loan presented as current when the covenant was breached before year-end, or an OCI item left in profit or loss. Each is a presentation error that can change the ratios a bank or investor uses.

The notes should support the primary statements, not repeat them. A tax reconciliation that does not tie to the Tax on Income return, a related-party note that omits a director's loan, or a going-concern note that contradicts the cash-flow forecast are red flags for the auditor and for ACAR.

- Agree the opening balances to the prior-year audited statements.
- Reconcile the statement of cash flows to the movement in cash and borrowings.
- Check the current/non-current split against the loan agreements and covenants.
- Tie the tax note to the annual Tax on Income return and the deferred tax calculation.
- Disclose the Khmer/Riel translation and the difference from the management set.

Key facts

How this article is checked

Figures were verified against the sources listed below in November 2026 and are re-checked each January or when the rule changes. Written by Liv Bonito, Co-founder & Managing Director. General information, not advice on your situation: for that, talk to a partner.

QUESTIONS

Questions people ask

Does IAS 1 require a management commentary or a specific layout?

No. IAS 1 does not require a management commentary and does not prescribe a fixed layout. It requires the minimum line items, the complete set of statements, fair presentation and the disclosures. A local regulator or a lender may require additional information, but that is a separate requirement.

Can a company present extraordinary items?

No. IAS 1 prohibits the presentation of items as extraordinary items, either in the statements or in the notes. Material items are disclosed by nature or function, but they are not labelled extraordinary.

Can assets and liabilities be offset?

Only when a standard requires or permits it. IAS 1 prohibits offsetting unless the offset represents the substance of the transaction. Netting VAT, tax balances or bank overdrafts without checking the requirement is a common presentation error.

Why do Cambodian accounts often show USD and KHR?

IAS 1 permits a presentation currency, and many Cambodian companies manage in USD. The Law on Accounting and Auditing requires financial statements and audit reports in Khmer and Khmer Riel, so the filing pack often shows both currencies or a KHR translation of the USD set. The two must reconcile.

SOURCES

Where the rules come from

01 IAS 1 Presentation of Financial Statements (https://www.ifrs.org/issued-standards/list-of-standards/ias-1-presentation-of-financial-statements/) — IFRS Foundation

02 IFRS for SMEs Accounting Standard, Section 3 Financial Statement Presentation (https://www.ifrs.org/issued-standards/ifrs-for-smes/) — IFRS Foundation

03 Cambodian International Financial Reporting Standards (CIFRS and CIFRS for SMEs) — National Accounting Council / ACAR, Ministry of Economy and Finance

04 Law on Accounting and Auditing (Royal Kram NS/RKM/0416/006, 11 April 2016), Arts. 21–25 — Kingdom of Cambodia

05 ACAR financial statement filing and FIN registration (https://www.acar.gov.kh) — Accounting and Auditing Regulator