European Commission

Financial Statements

Transposition of the Accounting Directive 2013/34/EU

STAREP Workshop

Bucharest, 27 April 2015

Banking and finance

25/04/2015

Agenda

1. **Summary of key changes**
2. **Implementation plan**
    1. In general
    2. Workshops
    3. Q&As
    4. Other documents
    5. Follow-up
3. **Next steps**
4. **Questions time!**

Caption 1

Summary of key changes

1. Refreshing memories: Key dates

Event	Date
Adoption	26/06/2013
Transposition deadline	20/07/2015
First application	01/01/2016

1. Refreshing memories: Key changes

Main changes in the new Accounting Directive:

- **Scope** (Article 1)
- **Definitions** (Article 2)
- **Size-categories** (Article 3)
- **Financial statements that may be required** (Article 4)
- **Values in case of revaluation** (Article 7)
- **Layout templates** (Article 9)
- **Value adjustment of intangible assets** (Article 12)
- **Notes for small undertakings** (Article 16)
- **Exemption for consolidation** (Article 23)

1. Refreshing memories: Key changes

Main changes in the new Accounting Directive:

- **Pooling of interest method** (Article 25)
- **Publication deadline** (Article 30)
- **Audit** (Article 34)
- **Rules for Public Interest Entities** (Article 40)
- **Country-By-Country Reporting (CBCR)** (Chapter 10)

1. Refreshing memories: Amendments

Amendments to the Accounting Directive since adoption:

- **Directive 2014/95/EU:** amendment due to non-financial reporting
- **Directive 2014/102/EU:** amendment due to the accession of Croatia

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Caption 2.1

Implementation plan: In general

2.1. Implementation plan: In general

Implementation plan:

- **Short document**
- **For Member States' authorities**
- **About:**
  1. Contact points
  2. Implementation challenges (including timeline)
  3. Support actions
- **Within 30 days after adoption**
- **Followed-up by the Secretariate General**

2.1. Implementation plan: In general

2. Implementation challenges:

- **Technical and compliance challenges:**
  - New concepts
  - Changes in practices, e.g. small regime
  - Types of undertakings
  - Country-By-Country Reporting (CBCR)
- **Timing challenges:**
  - Transposition deadline: 20/07/2015
  - First application deadline: 01/01/2016
- **Other challgenges:**
  - Interaction with other legislation
  - EEA relevance

2.1. Implementation plan: In general

3. Proposed support actions:

- **Assistance from the European Commission:**
  - Permanent contact points
  - Dedicated functional e-mail mailbox
  - Bilateral or specific multilateral contact with Member States
  - Transposition workshops
  - Specific European Commission intranet site with restricted access
  - (Review of transposition)

2.1. Implementation plan: In general

3. Proposed support actions:

- **Activities expected from Member States:**
  - Permanent contact points
  - Communication of issues a.s.a.p.
  - Communication of changes of types of undertakings (scope)
  - Exchange of views, experience and information
  - Update on progress of transposition → Summary progress table
  - Explanatory documents (correlation table)
  - Notification

Caption 2.2

Implementation plan: Workshops

2.2. Implementation plan: Workshops

Workshops:

- **4 planned, 6 organised**
- **Full-day meetings**
- **Participation:**
  - Chaired by the European Commission
  - EU Member States + EEA countries invited
  - Constant high participation rate (~70-80%)
- **Content:**
  - Real, active, lively debates
  - Adaptation to the needs of participants
- **No minutes of the meeting, only working documents**

2.2. Implementation plan: Workshops

A typical structure of a workshop:

- **Usual meeting elements (e.g. housekeeping, etc.)**
- **Follow-up of Q&As raised in earlier meetings:**
  - Approval of revised draft Q&As
  - Rediscussion of substantially modified draft Q&As
- **Discussion of first draft Q&As raised since the previous workshop**
- **Discussion of certain broader subjects**
- **Presentation by Member States of key transposition progress**

2.2. Implementation plan: Workshops

Certain broader subjects for free or structured discussion:

- **Transposition deadline**
- **Interaction:**
  - With IFRS as adopted by the EU
  - With other EU legislation
- **Maximum harmonisation**
- **Sanctions**
- **Country-By-Country Reporting (CBCR)**
- **Public Interest Entities (PIEs)**
- **True and fair view**
- **Micro regime**

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Caption 2.3

Implementation plan: Q&As

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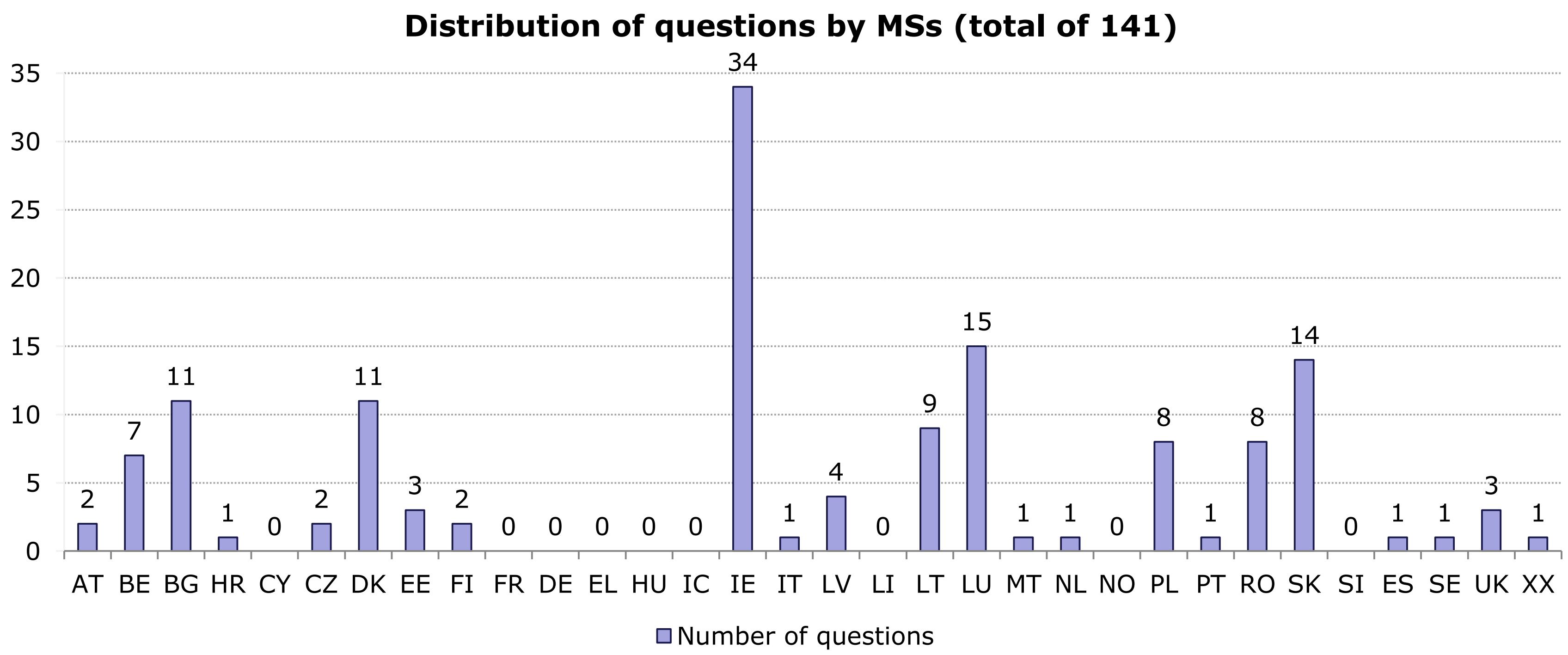
2.3. Implementation plan: Q&As

What are the Q&As?

- **A document / sheet dealing with a specific question**
- **Questions were raised by:**
  - EU Member States
  - EU-member candidate countries
- **The Q&A composes of:**
  - Relevant keywords
  - Relevant provisions of the Accounting Directive
  - The question (often moderated)
  - The answer

2.3. Implementation plan: Q&As

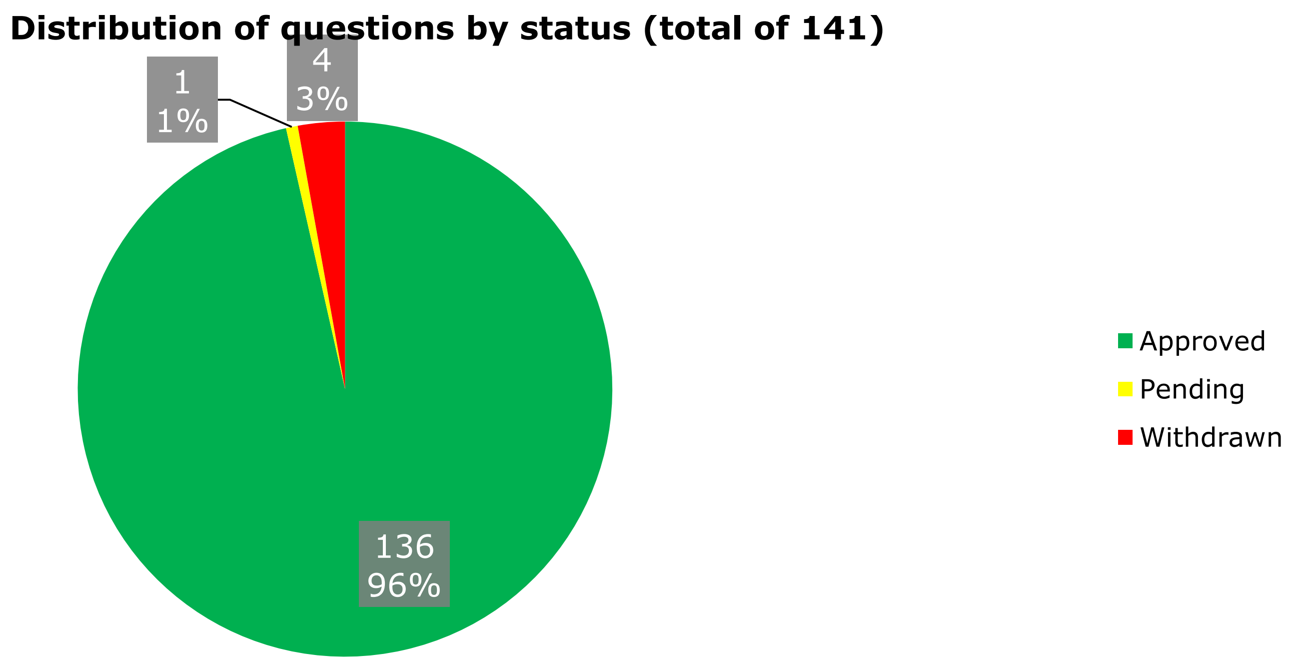


2.3. Implementation plan: Q&As

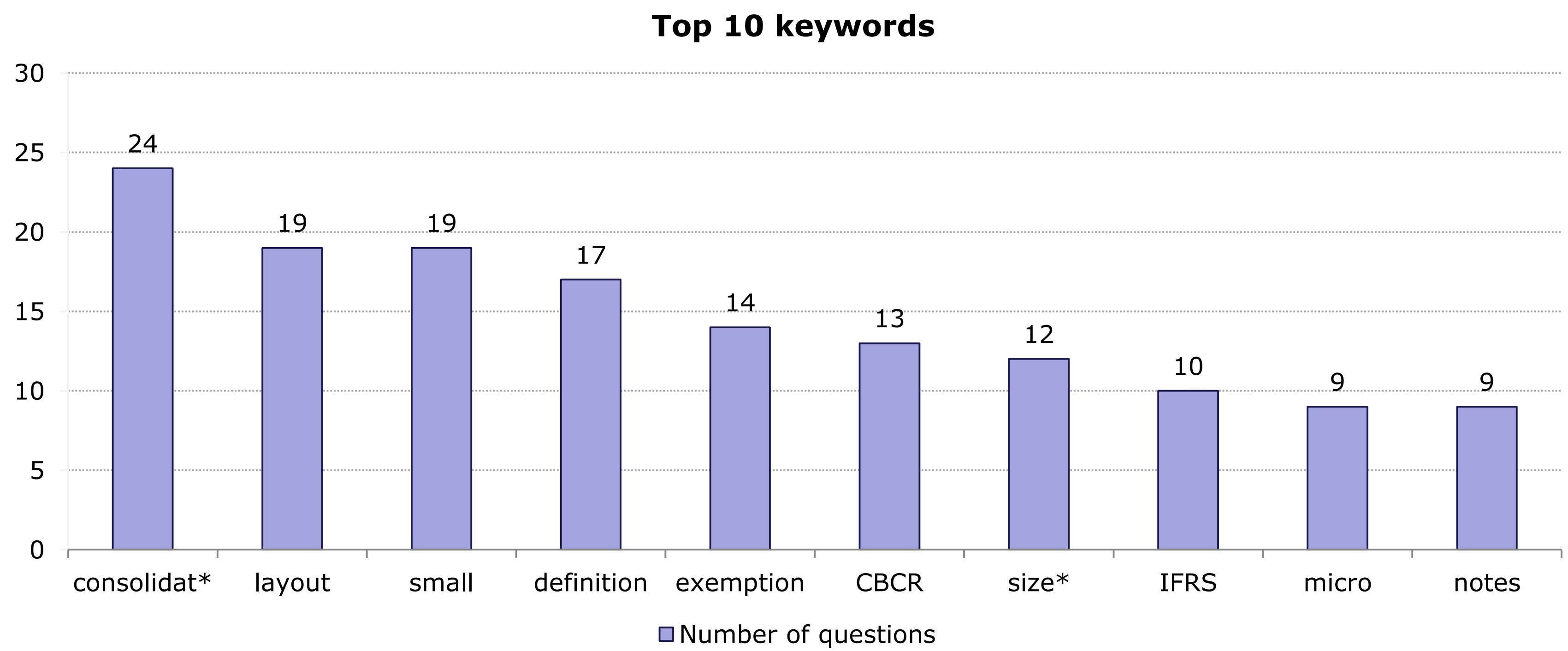
Features of Q&As:

- **Only 1 Q&A document for the same / very similar questions**
- **Anonym, but...**
  - The European Commission knows who has submitted
  - The sender can recognise his / her question from the date and time
- **Status:**
  - Draft
  - Revised draft
  - Final
- **Disclaimer**

2.3. Implementation plan: Q&As

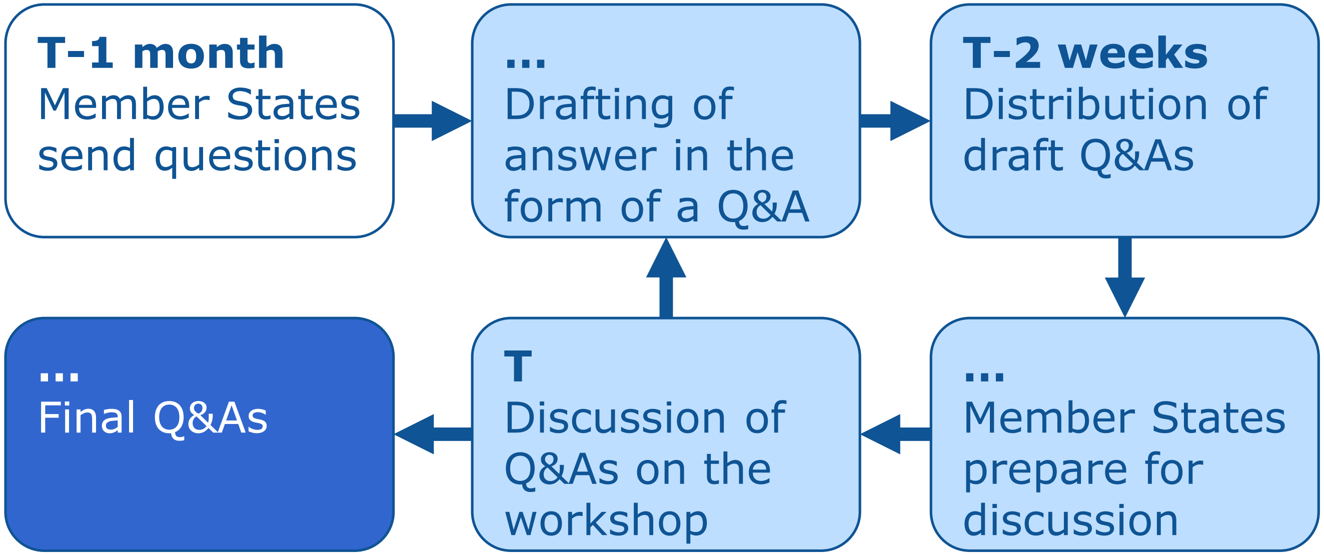


2.3. Implementation plan: Q&As



2.3. Implementation plan: Q&As

Handling of Q&As:



2.3. Implementation plan: Q&As

Answering Q&As needed:

- **Deep and thorough knowledge of:**
  - All the technical accounting subjects
  - Legal subjects (e.g. operation of EU legislation)
  - Interaction of various related subjects (e.g. capital maintenance)
  - How it works in practice? (i.e. in different industries, Member States, etc.)
- **Preciseness (flexibility vs. being factual)**
- **Consistency:**
  - With previous Q&As
  - With previous interpretation of the former Accounting Directives
  - With other EU legislation

2.3. Implementation plan: Q&As

Steering discussions and solving difficult issues needed:

- **Thorough preparation**
- **Tight schedule**
- **Practical – academic – legalistic view**
- **Quick reactions**
- **Atmosphere and mood for cooperation**

Hard work from all sides pays off!

2.3. Implementation plan: Q&As

Some selected topics:

- **Interaction:**
  - With IFRS as adopted by the EU
  - With other EU legislation
- **Preparation and publication of financial statements**
- **Micro regime (thresholds)**
- **Participating interest vs. Associated undertaking**
- **Country-By-Country Reporting (CBCR) definitions**

Caption 2.4

Implementation plan: Other documents

2.4. Implementation plan: Other documents

Other documents prepared for transposition assistance for Member States:

- **Technical assistance:**
  - Main changes in the new Accounting Directive
  - What is a financial statement?
  - Decision tree on financial statements to be prepared under EU aquis
  - Requirements of non-IFRS EU aquis that have to be applied even if IFRS financial statements are prepared
- **Administrative assistance:**
  - Implementation plan
  - List of Q&As (for filtering and search)
  - Correlation table template (transposition table)

2.4. Implementation plan: Other documents

Other documents prepared for internal use for better work efficiency:

- **Technical:**
  - Working documents:
    - Draft Q&As
    - Background notes
    - Collections of provisions concerning certain matters
  - List of European Court of Justice cases
  - To-do list for a future revision of the Accounting Directive
- **Administrative:**
  - List of Q&As (for filtering and search) with indication of sender
  - List of potential infringements

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Caption 2.5

Implementation plan: Follow-up

2.5. Implementation plan: Follow-up

Monitoring progress in Member States:

- **Draft table prepared in advance of each transposition workshop:**
  - Accounting part
  - Country-By-Country Reporting (CBCR) part
  - Micro-regime part
- **2 ways to feedback on progress:**
  1. During transposition workshops on major, key steps
  2. After transposition workshops in writing (1 week)
- **Draft table finalised after comments**
- **Final table shared with Member States (restricted)**

2.5. Implementation plan: Follow-up

Monitoring progress in EEA countries:

- **Reminder: Iceland, Liechtenstein, Norway**
- **Together with Member States (same way)**

2.5. Implementation plan: Follow-up

Monitoring progress in EU-member candidate countries:

- **Reminder: Albania, Iceland, Montenegro, Macedonia, Serbia, Turkey**
- **Regular dialogues (at least annual)**
  - By chapters in a subcommittee (e.g. Internal Market Committee)
  - Pre meeting: Questions sent to the candidate country
  - Meeting: Answering of questions + discussion
  - Post meeting: Operational conclusions + assessment of progress
- **Closing of chapter: only if full compliance**
  - Vertical dimension: in each subject in the chapter
  - Horisontal dimension: consistency among chapters

2.5. Implementation plan: Follow-up

Monitoring progress in non-EU-member candidate countries:

- **Reminder:**
  - Potential candidates: Kosovo, Bosnia-Herzegovina
  - Eastern Partnership countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine
  - Other countries with an Association Agreement
- **Regular dialogues (usually annual)**
  - Similar to that with EU-member candidate countries
  - More varying according to each Association Agreement
  - Objective is to reach a level of compliance within a set timeframe
  - (Less binding)

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Caption 3

Next steps

What comes next?

Transposition deadline: **20 July 2015**

- **Transposition assistance is going on**

On Member States' side:

- **Bringing national law in compliance**
- **Notification of the European Commission**
- **Enforcement**

What comes next?

On the European Commission's side:

- **Transposition check (after the deadline)**
- **Assistance and evaluation progress in third countries**
- **Creation and feeding of databases on transposition assistance knowledge:**
  - Q&As
  - YQOL
- **Possible: start of infringement cases:**
  - For non-notification
  - For non- or mistransposition
- **To-do list for a future revision of the Directive**
- **Updating the website**

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Caption 4

Questions time!

Contact details

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Any questions, comments?

Thank you, goodbye!