

President's Introduction

"Remember the past, dream of the future, but live today!"

Dear Colleagues,

what an intriguing phrase by the Danish philosopher Søren Kierkegaard. It perfectly describes the first months since I was elected President of EFAA in beautiful Budapest on 6th June 2014. We consider ourselves lucky to build on a remarkable past with positive input to the world of SMP and SME accounting and auditing in Europe. But we also developed a new vision and new ideas for EFAA throughout the past year. And we have started to put these ideas into action. Arguably the most visible change for our members was the first EFAA Council Meeting, held in Berlin in early December 2014. The event not only celebrated the 20th anniversary of EFAA, but the participants also shared their views and made recommendations on how EFAA can serve its members and stakeholders even better. We look forward to future EFAA Council Meetings, which will provide a valuable platform for our members to liaise with colleagues from all over Europe and exchange ideas on the things that matter most to them.



(Photo: Karsten de Riese)

During 2015 we are going to implement more significant changes at EFAA, mainly of an organisational and structural nature. They will strengthen us and reinforce EFAA's relevancy, sharpen our profile, streamline our communications and enable us to staff our permanent presence in Brussels adequately. Steps are already underway to realise these goals. In February EFAA held a Workshop entitled 'Planning for the future' which sought to identify the areas where change is most needed, additional resources are required and extra attention should be afforded. All of these elements have been pooled into a detailed plan which will be executed

over the coming months. This will serve to bring EFAA to the operational level needed to reach its strategic goals and to be a sustainable force for the future. Over the coming months these changes will become more visible and I look forward to presenting the fruits of our labour to you in more detail. I would welcome your feedback throughout this process and encourage you to get in touch with me personally when you have an idea to contribute.

Yours sincerely,

*Bodo Richardt
President of EFAA*

EFAA News



▶ EFAA Council Members at the Dome of the Reichstag

EFAA Council Meeting

EFAA held its annual Council Meeting in Berlin on 3rd and 4th December 2014. The EFAA Council Meeting included

a brief report by EFAA President Bodo Richardt on EFAA events and activities during the first half year of his presidency, starting with his election

on 6th June 2014. EFAA member representatives were then divided into working groups to consider a number of pre-defined issues that sought to add more input to EFAA’s strategic review. The outcome of these discussions will influence the future positioning of EFAA and its member communication.

The Council Meeting was followed by a social program which included an exclusive dinner in the German Parliamentary Society and a private guided tour of the Reichstag.

EFAA Ethics Roundtable

The Council Meeting was preceded by an EFAA roundtable entitled “Ethics in a Post Crisis Economy: Accountants and their SME Clients”. EFAA President Bodo Richardt welcomed all participants, particularly the chair of the EFAA Ethics Roundtable Prof. Robin Jarvis, special adviser to EFAA and the distinguished speakers Dottore Commercialista Federico Diomeda, journalist and philosopher Clara Mavellia, financial reporting and auditing expert Prof. Dr. Joachim Gassen and risk consultant Dr. Rafael Gomez. With their different backgrounds in academia, the



▶ Participants of the EFAA Ethics Roundtable in Berlin

profession and as business advisors, the speakers provided insights on ethics in a post crisis economy from very different

perspectives. An interactive discussion took place among the participants, which sought to deal with the role



of accountants in society and the challenges that they face alongside their SME clients. At the end of the session, and a very stimulating discussion, participants left with the following questions at the front of their minds:

- › Tax: What is the role of the accountant and the relationship with clients regarding tax matters?
- › Ethical code: Does the industry need an ethical code? If so, to whom should the code be addressed?
- › Public interest: What is the public interest? Does this change depending on the country, history, religion and culture in question?



▶ The speakers were Prof. Dr. Joachim Gassen, Dr. Rafael Gomes, Prof. Robin Jarvis, Dr. Clara Mavellia and Dr. Federico Diomeda (not in the picture)

- › Role: What is the role of the profession and small and medium-sized Practitioners in this post crisis economy?

A more extensive roundtable report and accompanying photographs can be viewed [here](#).

EFAA participation in IAESB Consultative Advisory Group

EFAA recently participated in the International Accounting Education Standards Board's (IAESB) Consultative Advisory Group (CAG). EFAA was represented by Anne-Marieke Van Arkel at the two-day meeting held in mid-February in London. The agenda for the meeting covered the following topics: (i) The International Education Standards No 1 (IES 1) Guidance; (ii) The Revision of the Framework; (iii) Learning Outcomes Guidance; (iv) Standards Improvement Project; and (v) The IES Usage Study.

The IAESB CAG papers are available on the IFAC website (via [this link](#)), in addition to more detail on the role of the IAESB CAG.

Practical Guide to Professional Ethics

EFAA issued "A Practical Guide to Professional Ethics for Small and Medium-sized Accounting practices" on 1st December 2014. The guide, produced by EFAA's SME Expert Group, is a pragmatic summary of key ethical messages for Small and Medium-sized Practitioners (SMPs). The guide is not a substitute for compliance with either the professional accountants' code of ethics or requirements under law, but it does outline the key principles that underpin professional ethics and in doing so it helps SMPs to consider and tackle the issue of professional ethics in a practical way.

The full EFAA guide to professional ethics can be accessed [here](#).

Survey on Pressure

EFAA recently released a survey entitled "Accountants under Pressure". The survey, which is being run in conjunction with EFAA's Polish Member SKwP, builds on research undertaken by SKwP and aims to provide practical examples and evidence of the societal role of the accountant today.

EFAA is aware of the important ongoing debate about the societal role of accountants and auditors and whether those in the profession find themselves being pressured to act in a certain way. The survey seeks to assess the extent to which accountants and those in the accounting profession are subject to such pressures. Respondents are asked to share with EFAA details of scenarios where they were put under pressure in

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the work place and the circumstances surrounding such situations. Questions are also posed about practitioners perceptions of how often accountants, auditors and others in the accounting profession are placed under pressure. EFAA hopes to be able to identify

trends and patterns associated with the issue and hopes to share the conclusive findings with ethical standard setters, legislators and professional bodies in order to inform their development of ethical codes and support structures for the industry.

The survey, currently available in English, Polish, Spanish, Portuguese, German and Hungarian, is addressed to individual members of the profession and can be accessed [here](#).

Looking ahead

EFAA welcomes Felix Martens as Project Coordinator

To effect change you first need to invest: EFAA took this simple truth to heart by reinforcing our team with a new member. In March 2015 Felix Martens assumed his position as EFAA Project Coordinator. Mr Martens studied political science and economics in Munich and was a scholarship student at Georgetown University, Washington DC. He specialized in the structural role

of personal relations for the interaction of political systems and economic actors and has experience in organizing political events and conferences both on the national and international level. EFAA welcomes Felix Martens to our team and wishes him an exciting start!

Felix can be contacted at felix.martens@efaa.com



▶ EFAA's Project Coordinator Felix Martens

EFAA Conference and EFAA Annual General Meeting in Lisbon, Portugal

The 2015 EFAA Conference and Annual General Meeting will be held in the enchanting city of Lisbon, Portugal on Thursday 25th and Friday 26th June 2015.

This year's EFAA Conference, held together with our Portuguese member association OTOC on Thursday 25th



▶ Lisbon by Day

June, is entitled *Economic crisis and recovery – a critical review of the role of financial reporting?* It will feature



▶ and Night

two top-class panels on *The Evolution of Accounting in Europe* and *Crisis and Recovery – the Role of Accounting*



for a Sustainable Europe. EFAA anticipates a European audience of professionals, political representatives, standard setters and other SMP/SME stakeholders. The accompanying social program will offer an opportunity to build new professional relationships,

meet old friends and enjoy the hospitality of our Portuguese hosts.

The 2015 EFAA Annual General Meeting will take place on Friday morning and will be restricted to members only. It will provide the representatives of our members with important insights into

EFAA's work and give them a forum to share their thoughts and experiences with EFAA and with other members. Friday's social program will start after the conclusion of the AGM, and will be open to visitors of the Conference and AGM alike.

EU Legislation

Non-Financial Information Disclosure Directive

On 15th November 2014, the Official Journal of the European Union published the EU Directive on disclosure of non-financial and diversity information (No 2014/95/EU).

The Directive is aimed at increasing the transparency of European companies' performance vis-a-vis environmental and social activities, with the hope

that such transparency will effectively contribute to long-term economic growth and employment. This Directive is intended to complement the Accounting Directive (No 2013/34/EU).

Regarding transposition into national law, Member States have two years to introduce the Directive's provisions. The new rules will only apply to large public-interest entities, which includes listed companies, credit institutions, insurance undertakings and other public-interest

entities designated by Member States with more than 500 employees. Companies falling within the Directive will be expected to disclose their environmental and social activities for the financial year starting on or after 1st January 2017.

The full text of the Directive can be accessed [here](#).

Revised Anti-Money Laundering Directive

The outcome of the three-way negotiations between the European Commission, European Parliament and Council held in December 2014 was an agreement on a compromise text on the fourth Anti-Money Laundering Directive (AMLD).

The new AMLD will for the first time oblige EU Member States to maintain

central registers listing information on the ultimate beneficial owners of corporate and other legal entities, this also includes trusts. These central registers were not provided for in the European Commission's initial legislative proposal, but were added by Members of the European Parliament during the negotiations. The aim of these central registers is to enhance transparency,

make questionable deals harder to conceal and fight money laundering and tax crime.

The central registers will be accessible to the competent authorities and their financial intelligence units (without any restriction), to "obliged entities" (such as banks in the conduct of their "customer due diligence" duties), and



also to the public, whose access may be subject demonstration of legitimate interest via online registration and the payment of a fee to cover administrative costs.

The new recently agreed rules will also require banks, auditors, lawyers, real estate agents and casinos, among others, to be more vigilant about suspicious transactions made by their clients.

Nonetheless, the final agreement between the co-legislators still needs to be endorsed by the Member States' Ambassadors (COREPER) and by the European Parliament's Economic and Monetary Affairs and Civil Liberties, Justice and Home Affairs Committees, before being put to a vote by the full European Parliament later in 2015.

A link to final agreement can be accessed [here](#).

Green Paper: Capital Markets Union

On 18th February 2015 the European Commission released their much anticipated green paper on "Building a Capital Markets Union". The green paper identifies a number of key priorities to create a fully integrated single market for capital. The initial action priorities include: (i) relaxing the rules around securitization; (ii) reviewing the prospectus regime; (iii) widening the small and medium-sized investor base by ensuring comparable cross-border credit information and credit-scoring; (iv) developing private placement markets by introducing common market practices, principles and standardized documentation; and (v) boosting long-term investment through the European Fund for Strategic Investment and the European Long-Term Investment Funds regulatory framework. The Green

Paper is open for consultation and interested parties are invited to submit their responses by 13th May 2015. The Green Paper, and the compilation of an EFAA response to the Green Paper, is on the agenda and work plan of the EFAA Accounting Expert Group.

Once analysis of the consultation responses has been undertaken, the European Commission is expected to consider the priority of actions that need to be undertaken by 2019 to put in place the building blocks for an integrated, well-regulated, transparent and liquid Capital Markets Union for all 28 Member States.

The consultation and press package can be accessed [here](#).

Upcoming Events

8th June

EFRAG General Assembly Meeting, Brussels

25th June

EFAA Annual Conference, Lisbon

26th June

EFAA Annual General Meeting, Lisbon

14th September

IESBA CAG Meeting, New York City

15th to 16th September

IAASB CAG Meeting, New York City

22nd to 23rd September

IAESB CAG Meeting, New York City

30th September to 2nd October

70e Congrès de l'Ordre des Experts Comptables, Paris

5th to 6th October

Deutscher Steuerberatertag, Vienna

10th to 12th October

European Congress of Small and Medium-Sized Enterprises, Katowice

18th to 19th October

SAFA Board and Committee Meetings and SAFA Conference, Dhaka

4th to 6th November

32nd session UNCTAD-ISAR, Geneva