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PHOTO: KARSTEN DE RIESE



Foreword by EFAA President Bodo Richardt

Dear Colleagues,

After the end of my first two-year term as the President of EFAA, it is natural to reflect on what has been achieved, and where the future of EFAA lies in the years ahead. Since adopting the EFAA's new strategy in 2014, we have put in place significant changes to how we are organised, the activities we pursue, the visibility of our Federation and the communication and engagement with our members and other stakeholders. But of course there is much that remains to be done.

Earlier this year we held our second annual Council Meeting in Paris, where we were able to hear members' views on the priorities that EFAA should be pursuing, how we can serve all our stakeholders better, and reflections on the structural changes that have been put in place. We also heard from some inspirational speakers and were able to welcome two new members to our organisation, the German Federal Chamber of Tax Advisers (BStBK) and the Albanian Institute of Authorized Chartered Auditors (IEKA).

The Council Meeting was hugely encouraging, but also highlighted some of the challenges that we face. I know that many of you would like to be even more closely informed about and involved with EFAA activities, and I was grateful for the offers of support in terms of resources and skills that a number of members volunteered at the Council Meeting.

On 23 June we held a highly successful EFAA Conference together with CGE-REA Auditores in Madrid. In one presentation and three panels we heard high-level speakers debate important aspects of the new regulatory environment for SMPs – Changing standards, innovation and market regulation. All in all, it was an impressive showcase of the importance of SME and SMP specific topics as well as the need to adequately represent them on the European and wider international level.

One day later we held our Annual General Meeting (AGM), which on one hand demonstrated the significant progress during the last two years but also showed the need to think and plan ahead to secure and further support the progress.

It is crucial now that EFAA continues to build on the work that we have been able to carry out over the last two years. Whilst many elements of the strategy agreed on in 2014 have been implemented, it is clear to me that we have not fully completed all of the aims we had back then. In order to do so, we still require not only the full support of the EFAA members, but also your active participation in our work. Both EFAA expert groups have gone, and are still going through, changes, and we must ensure that these important vehicles for bringing together the expertise and opinions

*"Daring ideas are like chessmen moved forward.
They may be beaten, but they may start a winning game."*

Johann Wolfgang von Goethe

of EFAA members remain active in representing our views and engaging on issues that matter to all of us.

There are also new areas in which we must become more involved. Information and communications technology (ICT) will change our profession and the economy profoundly. And the intensifying discussions at global, European and national levels about tax matters reaffirms the importance of this topic for our profession and for our stakeholders.

In order to meet our objectives and increase our influence over the issues that matter most to SMPs and SMEs, the most important task for me as President is to bring together the resources, expertise and technical know-how in our member organisations. I firmly believe that it is only by working together that we can achieve our common aims and meet the challenges our sector faces. Equally, it is vital that EFAA itself has the right resources and reaches a critical mass, both in terms of personnel and technical competence, to meet your expectations and those of our stakeholders. As a consequence, we should be actively looking for additional human resources both within our competent member organisations and outside. And we should be bold in securing and financing promising resources when they become available.

I am extremely grateful to have been re-elected to the Presidency of EFAA, and I believe that this demonstrates the faith that you have in the changes that we continue to put in place. The increase in interest in our Federation, as evidenced by the three new members Kammer der Wirtschaftstreuhänder, Vienna (KWT), Society of Certified Accountants and Auditors of Kosovo (SCAAK) and Association of Professional Financial Managers Azerbaijan (APFM) who were introduced at the AGM, is also a strong signal that we are on the right path. I am determined to ensure that we can increasingly operate as a proactive and influential voice in Europe for our members and the wider SMP and SME community, and I thank you for your continued support in helping to make this possible.



Bodo Richardt
President

The EFAA-CGE REA Auditores Conference: “The New Regulatory Environment for SMPs – Changing Standards, Innovation and Market Regulation”

On 23 June 2016 EFAA and its Spanish member organisation CGE-REA Auditores held an international SMP conference in Madrid, Spain. The conference was dedicated to addressing challenges of accounting, auditing and tax confronted by SMPs. “Larger firms can afford to lobby standard setters directly and have extensive departments that deal with legislation and standards, innovation and regulation” said EFAA’s President Bodo Richardt at the conclusion of the conference. “It is important that the voices of SMPs, who play a crucial role for the European economy by providing key services to SMEs, are not overheard. Conferences like our event with CGE-REA Auditores in Madrid help to keep our members informed and are an important platform for interacting with stakeholders like the European Commission or IFAC and each other.”

The conference was entitled “The new regulatory environment for SMPs – Changing standards, innovation and market regulation.” EFAA President Bodo Richardt and CGE’s Salvador Marin, Chairman and CEO of the private-public finance provider COFIDES and head of the CGE’s scientific publications department, welcomed experts and guests from Europe and further afield. They gave the audience an overview on the program ahead, which addressed technological developments, product innovation, the regulation of the profession and new standards.

Philippe Arraou, President of the French CSOEC, made the first contribution to the conference with a personal view on what challenges and opportunities Digitalisation hold for SMPs. His key point was that the accounting profession, with its high

professional and ethical standards and its involvement in the economy, could give “security and confidence to players” in the private sector and government as digitalisation progresses and distances itself from traditional applications related to accounting and taxation.

The first panel of the conference, moderated by IESBA CAG Chair Kristian Koktvedgaard, addressed the question “Integrated Reporting and Social Responsibility – only for the Big Players?” Henning Drager, Director of the International Integrated Reporting Council’s (IIRC) Business Network gave an introduction to the concept of Integrated Reporting (<IR>). He followed up by presenting a case study on the tangible benefits of <IR> for companies of varying sizes, examining issues including better access to finance and employee motivation. Next up was Max Gosch, the Coordinator of the Corporate Social Responsibility (CSR) and <IR> Commission of CGE-REA+REGA. Mr Gosch focused on the implementation of CSR schemes in SMEs by SMPs. He presented the necessary steps and explained the link between the implementation of CSR reporting in SMEs, good governance and compliance and increased competitiveness of SMEs.

The need to communicate with SME clients and informing them about the added value of <IR> and CSR schemes was at the heart of Luis Piacenza’s presentation. Mr Piacenza, Member of the CGE-REA Auditores

EFAA President Bodo Richardt opened the conference together with COFIDES Chairman and CEO Salvador Marin.



Luis Piacenza presented on panel one alongside his fellow panelists Max Gosch, Marcos Anton Renart, IESBA CAG Chair and moderator Kristian Koltvedgaard and Henning Drager of the IIRC.



PHOTO: CLAAS BECKMANN

► CSR and <IR> Commission, argued that the profession should not rely on compliance work and he urged, "It is time to deliver value to our SME customers. SMPs need to explain to their SME clients that CSR schemes help SMEs better understand business risks, opportunities and vulnerabilities". Marcos Anton Renart, economics professor of the University of Murcia, introduced the model of social and environmental reporting for SMEs developed by CILEA, the European-Latin American contact group of accounting bodies. Prof Renart illustrated how social and environmental reporting could be pragmatically achieved in SMEs. He presented the questionnaire on which the CILEA standard based its reports, showing that the achievement of tangible results in social and environmental reporting would not overburden SMEs.

The second panel addressed "The regulation of the accounting profession in Spain, the EU and beyond". Moderated by Gonzalo Ramos, the Secretary General of the Public Interest Oversight Board (PIOB), it featured contributions from the European Commission, as well as Asian and European representatives of professional organisations. Marcus Tuschen, President of the region Westfalen-Lippe and Vice President of the German Association of Tax Advisors and an SMP himself, introduced the audience to the regulation of the tax advisor profession in Germany. He

showed that the German regulatory approach was chosen in an effort to ensure consumer protection, service quality, safeguard the national tax revenue and promote adherence to law. He conceded that professional regulation did come at a cost, but argued that this cost was a good investment given the nature and importance of the accounting profession. Jay Chhaira, Chairman of the SMP committee of the South Asian Federation of Accountants (SAFA) presented an overview of the professional regulation of accountants in the SAFA region, comparing India, Pakistan, Sri Lanka, Nepal and Bangladesh. He showed that the profession in the SAFA region is regulated through a mixture of external and self-regulation depending on national historic and legal circumstances. He demonstrated that in all cases regulation was enacted either from professional organisations or the state to ensure consistency and good quality in the profession, reiterating Marcus Tuschen's argument. Mr Chhaira's visit followed EFAA President Bodo Richardt's appearance as a speaker at the SAFA-IFAC Regional SMP Forum in Colombo in January, and underlined the active relationship between the two regional organisations.

Salvador Marin took the audience back to Europe, presenting the situation in Spain. He opened his presentation by reminding the audience of the key role that accountants play in the economy: "Finance is entirely defined

by accounting and does not exist independent of accounting." Mr Marin noted that the need for transparency and reliability of financial information drove the need for the development and increased regulation of the accounting profession in Spain. He urged the present representatives to work together for an active representation of accountants, particularly SMPs, to help policy makers take the right decisions. The European Commission (EC) was represented by Konstantinos Tomaras, Deputy Head of the Unit on professional qualifications. Mr Tomaras noted that the EC was dedicated to working with all stakeholders in the reform of regulated professions. He highlighted however that the EC saw room for the liberalisation of regulated professions in order to boost job creation and growth in Europe, following the EC's Single Market Strategy for services. In the following discussions, the representatives of the profession cautioned that there was a contradiction in increasing the complexity of standards while reducing the regulation of the profession.

The third panel of the day addressed "The Impact of the Accounting and Auditing Directive on the SMP Market" and was moderated by Richard Martin, Chair of the EFAA Accounting Expert Group and Head of Corporate Reporting at ACCA. Marie Lang, EFAA Director of Professional Development, presented the results of a recent EFAA study "The new Accounting Directive: A Harmonised European Accounting ►

PHOTO: CLAAS BECKMANN



SAFA SMP Committee Chair Jay Chhaira introduced the audience to the regulation of the profession in South-East Asia on panel two.

► Framework?" and revisited the impact of the Auditing Directive for SMPs. She concluded that harmonisation in accounting and auditing was not achieved by the directives, e.g. due to the remaining number of Member State Options, and that SMPs needed to stay adaptable under changing circumstances for their own and the public interest. José Maria Hinojal, EFAA Board Member representing CGE-REA Auditores spoke about the impact of the auditing directive on the Spanish market. After detailing the legislative changes that the directive had triggered in Spain, Mr Hinojal explained that the legislation had caused problems particularly for SMPs, since it had not been drafted with scalability in mind. He highlighted for example that SMPs faced a relative increase in cost compared to larger firms due to the legislative requirements, while at the same time facing difficulties in applying the exceptions of the legislation.

Esther Ortiz Martinez, Head of the Accounting and Finance Department of the University of Murcia and member of the EFAA Accounting Expert Group, completed the picture of the Spanish situation by presenting on the status and impact of the Accounting Directive in Spain. Ms Martinez presented research showing that SMPs in Spain were in principle able to keep up with legislative change but wanted better scalability of accounting rules for SMEs. Paul Thompson, IFAC Director for Global Accountancy Profession

Support, then provided insights from the IFAC global SMP survey, focusing on the European respondents, and identified possible trends stemming from the implementation of the accounting and auditing directives in Europe. Mr Thompson noted that keeping up with standards and regulation was the number one challenge for Europe's SMPs as 54% of Europe's SMPs saw new standards and regulation as a high impact challenge and 58% expected that this would be the case in the next five years. In the following discussion, EFAA Director of Professional Development Marie Lang highlighted that these results were a call on professional organisations to

represent the interests of SMPs more effectively.

Before closing the conference, CGE-REA Auditores Vice President Eladio Azevedo, CGE-REA Auditores President Carlos Puig de Travy and EFAA President Bodo Richardt thanked the moderators and speakers for their valuable contributions.

On the evening of 23 June CGE-REA Auditores kindly invited all moderators, speakers and participants to a city tour of Madrid and a dinner, where participants had the opportunity to continue the discussions of the day and enjoy beautiful Madrid together.

On panel three, Esther Ortiz Martinez explained how the Accounting Directive had impacted the profession in Spain and discussed the issue with EFAA Director of Professional Development Marie Lang, the IFAC's Paul Thompson, EFAA Accounting Expert Group Chair Richard Martin who moderated the panel and the CGE-REA Auditores' José Maria Hinojal (not in the picture).



PHOTO: CLAAS BECKMANN

Planning for the Future – the EFAA 2016 AGM



The leadership and experts of EFAA's members at the CGE-REA Auditores Headquarters in Madrid.

The European Federation of Accountants and Auditors for SMEs (EFAA) held its Annual General Meeting (AGM) on Friday 24 June 2016 at the headquarters of its Spanish Member CGE-REA Auditores in Madrid, Spain. 2016 was a special year for the assembled delegations from 16 national accounting, auditing and tax advisor bodies, representing more than 360.000 European professionals, since EFAA held its biannual presidential and Board elections and welcomed three new Ordinary and one new Observer Member to EFAA. Apart from these special agenda points, the EFAA AGM holds important statutory rights and duties, such as the approval of the budget and activity plan of the coming year.

“It is a sad day for Europe but it is too early to make sound judgements about the situation” said EFAA President Bodo Richarddt welcoming all participants only a few hours after the results of the UK's EU referendum were announced. Turning to EFAA he continued: “We have achieved a lot over the past twelve months, thanks to the

great cooperation between EFAA and you, our members. We have improved our visibility in Brussels and our contacts to the European Commission, to EFRAG and to other stakeholders significantly and I am very happy – and a little bit proud – that five new member organisations joined EFAA in 2016 alone. Small- and medium-sized practices rely on successful networking – in their business as well as in their political representation. The cooperation of your organisations in and with EFAA is the platform for the protection of the interests of SMPs, the vast majority of practitioners, who otherwise would not be able to speak up for themselves effectively in Brussels, New York or London.” The president then referred to the significantly increased volume of internal and external publications of EFAA as well as the many events in which EFAA was present

or even presenting during the past 18 months.

Marie Lang, EFAA Director of Professional Development reiterated during her presentation of EFAA's professional activities that “our success for the past twelve months does not rely on one person, or one organisation, but is very much a team effort.” She highlighted that active participation by members and their representatives encourages the exchange of ideas and best practices and provides EFAA with specific and valuable input for its operations.

The leadership of EFAA then discussed with EFAA's member organisations the upcoming projects and how to adjust and increase EFAA's resources and operations sustainably to meet new opportunities for the benefit of Europe's SMPs. Subsequently the budget for 2017 was approved unanimously and so were the financial statements of 2015.

KWT Vice President Thomas Kölblinger and EFAA President Bodo Richarddt after the signing of the membership agreement.



► EFAA President Bodo Richardt then asked the representatives of EFAA's new members to join him on the stage. Thomas Kölblinger, Vice President of the Austrian Chamber of Public Accountants and Tax Advisers (KWT, Ordinary Member), Aleksander Štefanac, President of the Slovenian Chamber of Accountant Services (CCIS-CAS, Ordinary Member) and Nuriyya Novruzova, President of the Association of Professional Financial Managers Azerbaijan (APFM, Observer Member) introduced their respective organisations and were warmly welcomed by EFAA's President and its members.

Society of Certified Accountants and Auditors of Kosovo (SCAAK, Ordinary Member) was also welcomed as a new member. Unfortunately its delegates then President Shaban Muharremi and CEO Ardijana Bunjaku were not able to travel due to visa restrictions. Hysen Cela, President of IEKA Albania, took

charge of introducing the new member SCAAK. The representatives of EFAA's new members then documented their accession by signing the membership agreements together with EFAA President Bodo Richardt.

The positive momentum of EFAA was also felt in this year's election for the EFAA Board of Directors. But before the election started, it was time for an appreciation of the work of all extant Board Members and a farewell to two members of the outgoing board: Hans Rijkse who had been representing the Dutch NBA on the EFAA Board since 2010 and Michele Testa who had been a Board Member for the Italian CNDCEC since 2012 did not stand for re-election. EFAA President Bodo Richardt thanked them for their support and dedication to EFAA. The other two members of the outgoing Board, José Maria Hinojal (CGE-REA Auditores, Spain; since 2014) and Ezequiel Fernandes (OCC, Portugal; since 2015) stood

for re-election. Both were successful in retaining their seat with their new colleagues Lamiya Bayramova (CAAR, Azerbaijan), Maurice Buijs (NBA, the Netherlands), and Marcus Tuschen (DStV, Germany). The re-elected EFAA President Bodo Richardt thanked the membership for its trust in and the support of the new course of EFAA. (Read more about the new Board of Directors below.)

After the closing of the EFAA 2016 AGM, EFAA invited its member representatives to join a social program in the late afternoon. The group enjoyed a guided tour through Madrid's magnificent Prado Museum and a walking tour through Retiro Park in the center of Madrid. A long and successful day for EFAA ended on the roof terrace of Palacio Cibeles, the seat of Madrid's city council, with pleasant conversations amongst colleagues and friends with a common objective.



EFAA Accounting Expert Group Chair Richard Martin and EFAA Board Member Ezequiel Fernandes.

EFAA Board Member Markus Tuschen with Elvira Hoxha, the CEO of IEKA Albania and IEKA President Hysen Cela.



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The Dutch delegation: EFAA Board Member Maurice Buijs, his predecessor Hans Rijkse, Public Affairs Manager Jan Jaap Boontjes and NBA CEO Anne-Marika van Arkel.

EFAA Elects New Board of Directors

On 24 June 2016 EFAA held its biannual Board elections during the EFAA 2016 Annual General Meeting (AGM) in Madrid. EFAA's members had the opportunity to choose from seven highly qualified candidates for five Board Member seats. The re-election of EFAA President Bodo Richarddt, who had been serving as EFAA President since June 2014, was uncontested.

Mr Richarddt had been nominated as EFAA President by three instead of the usual single nominating member organisation, with the Chamber of Auditors of the Republic of Azerbaijan (CAAR), the German Association of Tax Advisors (DStV) and the German Chamber of Auditors (WPK) proposing that he should be elected for a second term. "The clear outcome of the Presidential election and the support which I received for my concept of a more proactive and visible EFAA during the AGM show me, that we are on the right track. I am very thankful for this support by our members" stated Mr Richarddt after his re-election.

His colleagues on the new Board are a mix of "veterans" and "newcomers". José Maria Hinojal (CGE-REA Auditores, Spain) partner of the SMP Abante Auditores in Madrid and Ezequiel Fernandes (OCC, Portugal) member of OCC's Board of Directors had already served on the EFAA Board since 2014 and 2015 respectively. They will work alongside their new colleagues Lamiya Bayramova (CAAR, Azerbaijan), founder and director of L.B. Audit Service and L.B. Consulting Companies, Maurice Buijs (NBA, the Netherlands), partner of Schipper Groep and Marcus Tuschen (DStV, Germany), founder and partner of Tuschen Lanz Leweling. All new members of the EFAA Board work in leading positions at SMPs in addition to being active in their respective professional organisations.

Asked for his motivation to dedicate his time to the EFAA Board, Marcus Tuschen drew on his experience as Equity Partner and director of the SMP Tuschen Lanz Leweling: "As an SMP, I know about the difficulties in keeping up with political, regulatory and technological developments first hand. This is why I am active as the President of Tax Advisors Association of Westfalen-Lippe and Vice President of the German Association of Tax Advisors (DStV) and why I stood for election to the EFAA Board. SMPs need strong professional organisations on every level – for example EFAA in Europe, the DStV in Germany and the Tax Advisor Association Westfalen-Lippe in the region, and I am happy to contribute to their success."

The EFAA Board has the overall responsibility for the day-to-day actions of the association. It drafts EFAA's strategy, sets priorities and steers the work of EFAA by appointing working groups and overseeing the associations finances. The EFAA Board is chaired by the EFAA President. Less than three weeks after its appointment, the new EFAA Board held its first meeting on 12 July 2016 in Munich. "It was crucial that we start the work right away given the important responsibilities of the Board" stated EFAA President Bodo Richarddt. "EFAA has a fantastic momentum, and we should climb the next step together by initiating even more proactive engagement in Brussels and consolidating our workflow as soon as possible."

During its meeting the Board discussed and took decisions on ways to achieve these goals. Asked for the findings of the Board Meeting, Maurice Buijs stated: "EFAA has been



PHOTO: CLAS BECKMANN

The new EFAA Board of Directors: Maurice Buijs (NBA), EFAA President Bodo Richarddt, José Maria Hinojal (CGE-REA Auditores), Ezequiel Fernandes (OCC), Markus Tuschen (DStV) and...

very successful over the past two years. Our task as Board will be to consolidate and stabilise EFAA, while continuing to grow its membership and reputation. To that end, expanding EFAA's human resources moderately and finding the right persons is an important ingredient. To fulfil our goal to give our members more valuable output for their own practice, secretarial support and even more importantly a manager for professional development will add to EFAA's capacity as an organisation. As a crucial first step, we are currently preparing job postings which will go online on our website and job platforms shortly."

The next meeting of the EFAA Board of Directors will take place in late September or early October. EFAA wishes the newly elected Board of Directors a good start and successful two years to come.



PHOTO: ILGAR GRACIE

...Lamiya Bayramova (CAAR), who could not attend the EFAA AGM.

EFAA Roundtable – The New Accounting Directive: A Harmonised European Accounting Framework?

The Accounting Directive published on 26 June 2013, entered into force on 20 July 2013 and should have taken effect in Member States on 20 July 2015, the expiry date of the implementation period. It represents the culmination of a debate addressing the accounting *acquis* in Europe and incorporates within it some 100 Member State Options (MSOs).

The European Federation of Accountants and Auditors for SMEs (EFAA) conducted a survey of its member bodies in eight EU member states. It provides an insight into the likely effect of the Accounting Directive implementation, how those MSOs have been exercised and other issues that have arisen. EFAA, with the support of ACCA (the Association of Chartered Certified Accountants) chose Brussels to launch this report and initiate a lively debate on the consequences of the Accounting Directive implementation with experts.

The EFAA report shows some areas where most of the surveyed countries have implemented the Directive in a similar way, especially in establishing a reduced disclosure regime for micro entities. However, the overall picture is

one of considerable variation in the use of the member state options across the different countries and one of reduced transparency of SMEs because of the decline in financial information available about them on the public record.

Bodo Richardt, EFAA President said “Harmonisation is not only needed by the global payers, but also by smaller entities, especially those investing or operating across borders and located in border regions. The deficiencies in both harmonisation and comparability that the EFAA survey illustrates seem likely to provide impediments to SME development”.

“Common standards are essential. Comparability is very important, both for the completion of the Capital Markets Union programme, envisaging a comparable financial reporting system for SMEs on alternative markets and also as a common information base for credit applications, and for consumer protection purposes”, Bodo Richardt added.

Marie Lang, co-author of the report, and Director of Professional Development at EFAA said “The debate revealed that accounting by

SMEs across Europe is going to be little harmonised, and that the initial aim of the Directive was unlikely to have been met. There is no escape from the fact that users looking at the accounts of companies across Europe will have to exercise considerable care in reading, interpreting and comparing the information they contain”.

Richard Martin, the other co-author of the report, Chair of the EFAA Accounting Expert Group and Head of Corporate Reporting at ACCA explained: “It should not be forgotten that the Directive is silent on many accounting treatments such as for example on leases, deferred tax and pension obligations. This means that there will be further differences and lack of harmonisation”.

“Also, in the framework of EU action against tax avoidance, which is very high on the agenda, both internationally and at EU level, the forthcoming Common Consolidated Corporate Tax Base proposal may be an important component. Any common corporate tax base to help with tax avoidance or the debt/equity bias would have to start with a common accounting basis”, Richard Martin concluded.

EFAA President Bodo Richardt moderated the roundtable, which assembled experts and representatives of the European Commission.

BStBK tax expert Ingo Besselmann and Ralf Frank, CEO of the German Association of Financial Analysts (DVFA) discussed implications of the survey with the audience.



ALL PHOTOS: EFAA

EFAA President Invited to IFAC-ICAEW High-Level Roundtable Discussion

ICAEW CEO Michael Izza welcomed the participants to the high-level roundtable.

President Bodo Richardt represented EFAA at a high-level roundtable discussion organised by the International Federation of Accountants (IFAC) and the Institute of Chartered Accountants in England and Wales (ICAEW) at the ICAEW headquarters in the historic One Moorgate Place, London. The roundtable was entitled “From Crisis to Confidence: The Role of Good Regulation” and was the second event in a series of roundtables on the issue, the first of which took place in December 2015 in Hong Kong. The half day roundtable convened senior executives and experts from regulators, financial markets, government, academia, listed companies, investment funds and the accounting profession and took place under the Chatham House Rule.

The roundtable emphasized that while much has been achieved since the crisis – regulation alone cannot solve all problems. It must be partnered with stronger corporate governance, and embedding ethics and values in organizations from the top down. These are essential to restore the public’s trust in government and both the public and private sector, which continues to be a vital goal.

ICAEW Chief Executive Michael Izza said, “We all agree that getting the future of regulation right is vital for the global economy. Regulation must be proportionate. We need to avoid on the one hand growing to a scale where compliance is so complex and costly it is a barrier to all but the largest firms, and on the other obsessive simplicity to the extent that it no longer protects against systemic failure.



ALL PHOTOS: ICAEW



The EFAA President and other invited participants of the roundtable exchanged their views on good regulation.

It will be important for everyone to work together and innovate to find the best solutions.”

“Our sector provides key services to the economy. Particularly SMPs who add to the economic development and the stability of our societies by providing advisory services for. We therefore need to work together with standard setters and other stakeholders to ensure that we can help our clients to be successful. This is what EFAA is striving for and this is also what IFAC and ICAEW had in mind when they called for this roundtable”

stated EFAA President Bodo Richardt. Mr Richardt noted that the topics of the roundtable, such as the coherence of regulation in a globalised economy, where highly relevant for EFAA and its members, given that issues of global economic integration were augmented in the European Union through the ever closer links between Europe’s national economies. “The exchange of ideas on these matters but also the contacts to very interesting key actors were very valuable for EFAA. Being invited to such an event shows that EFAA has been successful in raising its profile.”

An Interview with the Austrian Kammer der Wirtschaftstrehänder (KWT)

**An Interview with
KWT President Klaus Hübner
and
Vice President Thomas Kölblinger**

EFAA welcomed the Austrian Chamber of Chartered Public Accountants and Tax Consultants (Kammer der Wirtschaftstrehänder, KWT) as a new member in 2016. KWT President Klaus Hübner and Vice President Thomas Kölblinger, who is also responsible for the chamber's international relations, sat down with us for an interview.

EFAA: Mr Hübner, Mr Kölblinger: a very warm welcome to EFAA, and thank you for taking the time for this interview.

KWT: Thank you for giving us the opportunity to introduce the KWT to your members. We are very pleased that our organisation is now part of your federation.

EFAA: Mr Hübner, could you give our members a short introduction to your organisation, KWT?

KWT: Established in 1947 as a public-law corporation, the KWT is a professional public authority with mandatory membership for tax advisors and certified public accountants. Today we represent the interests of 5.470 tax advisors, 1.935 certified public accountants and 3.089 professionals-in-training.

As professional public authority the KWT has official competence for all professional administrative procedures, conducts the examinations for certified public accountants and tax advisors, grants the professional license, appoints persons as certified public accountants and recognizes professional firms.

As a special interest organization we run expert groups to develop standards for the profession and we also offer different member services free of charge like profession education, expert information and publications.

EFAA: Mr. Kölblinger, you are responsible for international relations, but also for digitalisation. Since KWT just finished a very interesting project on digitalisation which you oversaw, would you give our members a short summary of what it was all about?

KWT: The global development towards more digitalisation leads to a changing landscape for tax advisors. In May 2015, we started a project in order to provide our members advice on how to redesign their capabilities and operating models to take full advantage of digital technologies. Our workshop brought together 18 tax companies to explore the business developments



EFAA sat down with KWT President Klaus Hübner...



... and KWT Vice President Thomas Kölblinger, who represented KWT at the EFAA AGM in Madrid.

and to share experiences in developing strategies. We got great feedback and therefore we decided to implement a case study II with 26 participants in August 2016.

EFAA: Mr Hübner, EFAA focuses on small- and medium-sized practice (SMPs). We understand that this was a central reason for KWT to join EFAA. How important are SMPs for KWT, both in terms of KWT's work and its membership?

KWT: Given the Austrian economic structure (99.7 percent of all companies are SMEs), SMPs are a critically important part of the Austrian profession and the KWT. One of our main goals is to support SMPs through a number of initiatives to raise their profile and to maintain and improve their relationships with their SME-clients.

In Austria the pace of change seems to increase. Despite claims of simplification, tax legislation is becoming more and more complex. At times we are having difficulties to keep up with the speed at which new legislation is being printed. Also the relationship between tax authorities and entrepreneurs is tougher. Our SME-clients need the assistance of our SMPs more than ever.

EFAA: Mr Kölblinger, you are not only the Vice President of KWT, but also an SMP yourself. Research indicates that SMPs play an important advisory role for SMEs and do therefore provide key services for the economy. From your experience, what is the relationship between Austria's SMPs and SMEs?

KWT: Austrian SMPs know the structure and needs of Austrian SMEs because they are SMEs themselves. They provide a range of high-quality professional services to their SME-clients. ▶

EFRAG Celebrates its 15th Anniversary in Brussels

- ▶ Their services range from traditional accountancy-based services to various forms of value-adding business advisory services, including advice on strategic planning, financial management, financing and risk management. Austrian SMPs often act as Chief Financial Officers for SMEs.

EFAA: Mr Hübner, how do you view the influence of European law on the Austrian profession? Why is it important for SMPs to have an independent voice on the European level?

KWT: SMPs typically serve SMEs, commonly referred to as engines of growth and innovation. SMEs are the muscle that keeps the bones of our economy together. SMPs need an organisation which represents their interests to standard setters and regulators in Brussels, helps them to compete in the global market place and raises awareness of their role and value, especially in supporting SMEs.

EFAA: Mr Hübner, Mr Kölblinger, thank you both very much for these insights and your time. We are looking forward to working with you and your colleagues and wish you a pleasant summer!

KWT: Thank you. We are looking forward to a fruitful and mutually constructive cooperation.

EFRAG, the European Financial Reporting Advisory Group celebrated its 15th anniversary on 22 July 2016 at the THON Hotel in the European Quarter of Brussels. EFRAG is a private association established with the encouragement of the European Commission. Its objective is to serve the European public interest by ensuring that European views are properly taken into account in the IASB standard setting process. Its member organisations are European stakeholders and national organisations which focus on financial reporting matters. EFAA is one of EFRAGs founding members. President Bodo Richardt and Special Advisor Robin Jarvis represented EFAA at the event.

The anniversary was held under the theme "EFRAG Moving Forward". EFRAG CEO and Technical Expert Group (TEG) chairman Andrew Watchman explained the title in his opening speech: "Moving forward, we will be taking a much broader perspective. Ultimately EFRAG will express a view on whether a new standard is conducive to the European public good." Mr Watchman went on to explain that EFRAG will complement its technical analysis of new IFRS with an impact analysis in the future. In addition, Mr Watchman added, EFRAG will widen the scope of its activities, first by considering the needs of smaller listed companies, but "ready to play our part [...] in debates on wider corporate reporting developments."

EFAA President Bodo Richardt welcomed the changes at EFRAG: "I am happy to see EFRAG shift back to a wider range of activities. After the Maystedt reform took effect in 2014, EFRAG's focus narrowed down quite a bit. However, leaving smaller listed or even unlisted companies out of the picture, was not a wise choice.

Companies grow or shrink, so single-mindedly focusing on one category of companies makes us blind to the costs that this might cause and to possible solutions like scalability."

The anniversary was also an opportunity for EFAA President Bodo Richardt to meet with the new President of EFRAG, Jean-Paul Gauzès. Mr Gauzès was a French member of the European Parliament from 2004 to 2014 for the European People's Party. It was therefore not surprising that in his closing speech, the EFRAG President highlighted that as one of his first initiatives he will enhance the relationship with the European Parliament. Mr Gauzès specified that the Committee on Economic and Monetary Affairs (ECON) and its permanent IFRS team should be involved in the discussion of main accounting standards in the future. Mr Gauzès furthermore welcomed the broadening of EFRAG's activities and specified that IFRS 16 on leases will be the first case for EFRAG's macroeconomic effect analysis. EFAA will continue to work with EFRAG to remind the organisation that SMPs and their SME clients play an important role in Europe's economy and to ensure that they are well considered in EFRAG's effect analysis and other projects.



EFAA President Bodo Richardt and the newly elected EFRAG President Jean-Paul Gauzès.

15th Anniversary of SCAAK

On 27 June 2016 the Society of Certified Accountants and Auditors of Kosovo (SCAAK) celebrated its 15th anniversary with a conference in the country's capital Pristina. SCAAK had joined EFAA as its fifth new member in 2016. EFAA Project Coordinator Felix Martens attended the meeting on behalf of EFAA President Bodo Richardt. Mr Martens represented EFAA on a panel on "The Role of Accounting in Protecting Public Interest" alongside Hysen Cela, President of EFAA's Albanian member IEKA, Bedri Hamsa, the Governor of the Central Bank of Kosovo as well as representatives of the Chartered Institute of Public Finance and Accountancy (CIPFA), the Kosovo tax administration and others. The panel was moderated by SCAAK's

new President, Nazmi Pillana. Mr Pillana was elected during SCAAK's Annual General Meeting, which took place after the conference, which had been chaired by SCAAK's former President Shaban Muharremi. Felix Martens also took part in the Annual General Meeting, reading a congratulatory letter of EFAA President Bodo Richardt and presenting SCAAK with the signed EFAA membership agreement.

SCAAK is a non-profit accountancy and auditing body and its main objectives are the development of training programs for the profession, its representation and the protection of ethical standards in the profession. It is owned and governed by its members, which are primarily from small- and

medium-sized practices (SMPs). SCAAK is not only a fully recognized professional body in Kosovo, but also a member of the International Federation of Accountants (IFAC) and the Mediterranean Federation of Accountants (FCM), where SCAAK's CEO Adriana Bunjaku serves as a member of the FCM Executive Committee.



PHOTO: SCAAK

SCAAK's former President Shaban Muharremi hands a token of appreciation to EFAA Project Coordinator Felix Martens after the panel discussion.

Upcoming Events 2016

September 7

Edinburgh Group Meeting, Sydney

September 8 – 9

IFAC Board Meeting, Sydney

September 12 – 13

IAASB CAG, New York

September 14

European Parliament ECON on SME Finance, Brussels

September 14

IESBA CAG, New York

September 28 – 30

71st Congress of CSOEC, Brussels

September 29

EFAA Board Meeting, Brussels

September 29 – 30

IAESB CAG Meeting, Toronto

October 19 – 21

UNCTAD ISAR 33rd Session

September 30 – October 2

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

October 9 – 11

German Tax Advisor Day, Dresden

October 15 – 17

CNDCEC National Congress, Milan

October 18 – 19

SAFA Board and Committee Meetings and SAFA Conference, Dhaka

November 3 – 5

SAFA Accrual Accounting Conference, Colombo

November 15

Edinburgh Group Meeting, Brasilia

November 16 – 18

IFAC Council and Board Meeting, Brasilia



EU Update and Recommended Reads

NEWLY CREATED EUROPEAN COMMITTEE ON AUDIT OVERSIGHT HOLDS FIRST MEETING

On 12 July 2016 the newly created Committee of European Auditing Oversight Bodies (CEAOB) held its first meeting in Brussels. The committee was established by the Audit Regulation which entered into force on 17 June 2016 (2014/56/EU). The CEOAB was established as a platform for the cooperation between national audit oversight bodies at EU level to facilitate supervisory convergence and consistent application of the Audit Regulation. The members of the CEOAB are representatives of the national audit oversight bodies of the EU and of the European Securities and Markets Authority (ESMA). Representatives of the national audit authorities of the European Economic Area also participate, while the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) take part as observers. Ralf Bose, Chief Executive Director of Germany's Auditor Oversight Body (AOB) was unanimously appointed as Chair of the CEOAB for a four-year term. One day before the meeting, the European Commission appointed a vice chair for the CEOAB from its own ranks. The Director responsible for audit policy in the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA), Ugo Bassi, will fulfil this role.

DIGITALISATION

With digitalisation and its impact on the profession not only being the talk of the town, but also the topic of EFAA's 2017 thought leadership campaign, there have been several initiatives, including:

The European Parliament's Committee on Tax Rulings and Other Measures Similar in Nature and Effect (TAXE 2) issued a study on [Tax Challenges in the Digital Economy](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/579002/IPOL_STU(2016)579002_EN.pdf) [http://www.europarl.europa.eu/RegData/etudes/STUD/2016/579002/IPOL_STU(2016)579002_EN.pdf]. The paper gives an overview of the direct and indirect tax challenges arising in the context of the digital economy and sets out policy recommendations.

The United Kingdom's Financial Reporting Council (FRC) launched a [Digital Future: Data Page](https://frc.org.uk/Our-Work/Corporate-Governance-Reporting/Our-Work-Codes-Standards-Financial-Reporting-Lab/Digital-Future-Data.aspx) [https://frc.org.uk/Our-Work/Corporate-Governance-Reporting/Our-Work-Codes-Standards-Financial-Reporting-Lab/Digital-Future-Data.aspx]. It brings together the FRC Financial Reporting Lab's activities and findings of its initiative "Corporate Reporting in a Digital World".

E&Y's global vice chair of assurance, Felice Persicio gave his opinion on [How Technology is Transforming Audit](http://www.accountingtoday.com/news/audit-accounting/how-technology-is-transforming-audit-78783-1.html) [http://www.accountingtoday.com/news/audit-accounting/how-technology-is-transforming-audit-78783-1.html] in Accounting Today. Mr Persicio notes that technology will allow auditors to spend more time on analysis rather than administration and concludes that data analysis, statistical modeling and IT security skills will become more important and common for auditors.

IFAC AND IAASB

The International Federation of Accountants (IFAC) published a literature review on [The Relationship between Accountancy Expertise and Business Performance](https://www.iaasb.org/system/files/publications/files/The-Relationship-between-Accountancy-Expertise-and-Business-Performance-A-review-of-the-literature.pdf) [https://www.iaasb.org/system/files/publications/files/The-Relationship-between-Accountancy-Expertise-and-Business-Performance-A-review-of-the-literature.pdf]. The review analyses 90 related studies and differentiates between SMEs and their SMP partners with larger entities. The literature review gives a very informative overview of the value of accounting services for SMEs and contains interesting statistics, such as that 50% of the SMEs with no written budgets see sales decrease while the sales of 75% of SMEs with detailed budgets increase.

The International Auditing and Assurance Standards Board (IAASB) launched a [public consultation](http://www.ifac.org/publications-resources/iaasb-s-work-plan-2017-2018-and-continuing-relevance-its-strategic-objectives) [http://www.ifac.org/publications-resources/iaasb-s-work-plan-2017-2018-and-continuing-relevance-its-strategic-objectives] on its work plan for 2017 – 2018 and its strategic objectives. EFAA will work with its expert groups to ensure that the perspective of Europe's SMPs is taken into account. The consultation closes on 30 September 2016.

Further Information and Contact

If you want to find out more about EFAA, our work or on how to become a member, please feel free to contact us at info@efaa.com. If you have any comments, questions or suggestions regarding this newsletter, or you want to contribute to a future issue of the EFAA newsletter, simply send an email to our Project Coordinator Felix Martens at felix.martens@efaa.com.

About EFAA

The European Federation of Accountants and Auditors for small and medium-sized enterprises (EFAA) is an umbrella organisation for national accountants and auditors' organisations whose individual members provide professional services primarily to SMEs in Europe. EFAA has 16 members throughout Europe and represents more than 360,000 accountants, auditors, and tax advisors on their behalf in Europe and beyond.

SMEs are the back bone of Europe's economy and Small and Medium-sized Accounting, Auditing and Tax Advisor Practices (SMPs) are their most important business advisors. They help entrepreneurs gain access to finance, and they provide valued business advice allowing them to grow sustainably.

However, most accounting and auditing rules and standards are set up at the EU or international level and are often inspired by large companies and oriented towards their needs. EFAA supports Europe's SMPs through our strategy to inform – advocate – connect. We provide our members and regulators with an evidence based small business perspective on political and regulatory innovations (inform). We advocate for the interest of Europe's SMPs and SMEs by providing feedback to consultations and with direct dialogue with political stakeholders (advocate) and we connect our members and the professionals they work for to foster the exchange of best practices and the development of a strong SMP and SME sector in Europe (connect).

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