

EFAA STATUTES

NAME:

Article 1.

A non-profit-making international association has been created named the “European Federation of Accountants and Auditors for Small and Medium-Sized Enterprises” (EFAA for short).

This association is governed by the provisions of Title III of the Belgian Law of 27 June 1921 on non-profit-making associations, non-profit-making international associations and foundations.

FOUNDER MEMBERS:

Article 2.

The following organizations are the founder members of this association:

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HEADQUARTERS:

Article 3:

1. The headquarters of the Association are located at 1040 Bruxelles 4, Rue Jacques de Lalaing
2. The headquarters of the Association can be moved to any other part of the City if decided by the Board of Directors. This shall be communicated to the Public Federal Service of Justice in the month of the decision and published in the month of its date in the annexes of the ‘Moniteur Belge’ (Belgian Official Journal).

OBJECTIVES AND ACTIVITIES OF THE ASSOCIATION:

Article 4.

1. The objects for which the Association is established are to:
 - 1.1. Develop and enhance the accounting and auditing profession providing professional services primarily to small and medium-sized enterprise both within the European Union and Europe as a whole;
 - 1.2. Carry on activities with any organisation similar to the Association and/or the accountancy profession and which may conveniently or advantageously be carried on or combined with them.
2. The association shall:
 - 2.1. Make such byelaws as are necessary for the proper governance of the Association;
 - 2.2. Do all such other things as are incidental or the Association may think conducive to the attainment of the above objects or any of them.
 - 2.3. Organize lobbying activities to European and International institutions to defend the interests of the profession
 - 2.4. Organize conferences on themes that are of interest to the accountancy and auditing profession;
 - 2.5. Organize conferences on themes that are of interest to SMEs
 - 2.6. Appoint experts who will participate in commissions, study groups of public and private international organizations within the sector.
3. A Mission Statement, a Strategic Approach and a Slogan shall support the objects.

MEMBERS:

Article 5.

1. The Association shall comprise of:
 - 1.1. Ordinary members;
 - 1.2. Associate members and
 - 1.3. Observer members.
2. Members shall be legal entities.
3. The provisions of these Articles of Association apply to all categories of members, unless explicitly stated otherwise.

ORDINARY MEMBERS:

Article 6.

The ordinary members of the association are:

1. The founder members and the extant members of the EFAA
2. Such professional accountancy bodies originating from Europe which:
 - 2.1 Agree to these articles
 - 2.2 Are recognised either by law or general consensus within their country as being a substantial national organisation of good standing within the accounting profession (including auditing and taxation specialisation)
 - 2.3 Whose members are focusing primarily on clients from small and medium sized enterprises, and whose individual members:
 - 2.3.1. Either have a minimum of a theoretical high professional education for 4 years combined with a traineeship of the minimum of 1 year, or a bachelor degree combined with a traineeship of the minimum of 2 years or a qualification in accountancy equivalent to at least the bachelor degree combined with a traineeship of the minimum of 2 years or a comparable level of practice-experience of 10 years having lead to an equivalent qualification in accountancy
 - 2.3.2. Or, in the case of applicants from outside the European Union, satisfy requirements that are comparable to the above criteri
 - 2.3.3. And work as professional accountants in public practice, business, academia, public sector or otherwise within accountancy.
 - 2.3.4. Commit to follow a sound set of professional ethical principles.
3. In case of applicants from the countries already represented in EFAA, an additional assessment process is arranged by the Board, with an involvement of the extant EFAA member (members) from the same country.
4. Recognise that the membership requires an active participation and are willing and able to meet this requirement.

ASSOCIATE MEMBERS:

Article 7.

1. The associate members of the Association are such professional accountancy bodies, which do not meet all the conditions of Article 5, but which are, according to their objectives, seeking to meet the requirements of the Article.
2. Associate members enjoy the same rights as ordinary members except that they shall have no voting rights.

OBSERVER MEMBERS:

Article 8.

1. The observer members of the Association are such professional accountancy bodies which meet all the conditions of Article 5, but who have, initially, decided to apply for observer membership.
2. Observer members enjoy the same rights as ordinary members except that they shall have no voting rights.
3. The request for admission as an observer member shall be accompanied by written reasons for applying for such observer membership.
4. An observer member may only be admitted for a maximum period of one year. Observer members may apply for extension of the observer membership for a maximum period of two consecutive years.
5. Extension application, as referred to in article 7.4. must be submitted to the Board before the end of the granted observer membership period. If this is not the case, the observer membership is automatically terminated at the end of that period.

ADMISSION TO MEMBERSHIP:

Article 9.

1. A request for admission to membership shall be made in writing.
2. The Annual General Meeting shall decide by a majority of two thirds of the votes validly cast whether to admit bodies to ordinary, associate or observer membership.
3. Observer members that aim to become ordinary members shall submit a written request to the President or to the CEO of the Association. Such a request shall be accepted without the vote of the General Assembly.

MEMBERS OBLIGATIONS:

Article 10.

1. Members shall:
 - 1.1 Subscribe to/endorse the objects set out in Article 3;
 - 1.2 Use their best endeavours to work towards the implementation of the guidelines recommended by the Association;
 - 1.3 Abide by the provisions of these Articles, the byelaws and the resolutions of the Association.

2. Ordinary and associate members shall pay an annual subscription, which shall be set for the following year annually by the Annual General Meeting.
3. Observer members shall pay an annual subscription of 50%, 75% and 100% of the amount set in accordance with Article 9.2 for their membership in the first, second and third year respectively.
4. Members from countries, where GNP per capita is lower than 60% of the EU average, will qualify for a reduced contribution to be determined by the Board annually.
5. Annual contributions of ordinary, associate and observatory members shall not be more than 1 million Euros.

TERMINATION OF MEMBERSHIP:

Article 11.

1. A member may resign from the association at the end of any calendar year. Notice of resignation must be given in writing not less than six months before the date on which it takes effect.
2. The Board may decide to terminate a membership with immediate effect if a member:
 - 2.1. Fails to pay the annual subscription within six months from the due date;
 - 2.2. Brings the accountancy profession or the association into disrepute;
 - 2.3. Ceases to meet the requirements for membership as set out in these Articles;
 - 2.4. Ceases to exist.
3. Notice in writing must be given to the member concerned, stating the reason(s) for the decision taken. The member concerned shall have the right of appeal to a General Meeting and, pending the hearing of the appeal, the member concerned is suspended. The resolution by the General Meeting must be adopted by a majority of at least two thirds of the votes validly cast to ratify the decision of the Board.
4. Regardless of when membership is terminated the annual subscription is due in full unless a General Meeting decides otherwise.

ORGANIZATION OF THE ASSOCIATION:

Article 12.

1. The association consists of the following organisations:
 - a. The Board of Directors
 - b. The General Assembly
 - c. The Council

THE BOARD OF DIRECTORS:

Article 13.

1. The board of directors shall consist of the President, not less than three and not more than five Board members and the Chief Executive Officer (CEO). Other than the CEO, all members of the Board shall be individuals from ordinary member associations, elected by ordinary members in accordance with articles 16 and 17.
2. The tasks of the Board are to:
 - 2.1. Take overall responsibility for the day-to-day operation of the Association in accordance with the agreed strategy;
 - 2.2. Draft strategy, priorities and performance targets for adoption by members;
 - 2.3. Establish, direct and dissolve working groups on a project by project basis;
 - 2.4. Act on and respond to the activities and pronouncements of decision makers, market leaders and users within Europe;
 - 2.5. Appoint, determine the conditions of engagement and oversee the work of a Chief Executive Officer. The Board also has the authority to terminate such employment.
 - 2.6. Monitor the finances of the Association.
 - 2.7. Pay out of funds of the Association all expenses and costs directly or incidental to the purposes and objects of the association and for its administration thereof;
 - 2.8. Invest the monies and/or the assets of the Association not immediately required upon such securities and in such manner as the Board may from time to time determine;
 - 2.9. Propose a budget for the following year for presentation at the Annual General Meeting.
3. No member of the board may participate in the discussion of, or vote on any matter in which he or she has a personal interest.

ELECTION OF THE PRESIDENT AND MEMBERS OF THE BOARD OF DIRECTORS:

Article 14.

1. The President and members of the Board are elected by the Annual General Meeting or, in the event of a vacancy arising, an Extraordinary General Meeting with a simple majority of votes by present or represented ordinary

members. Administrators can be dismissed by the general assembly with a two thirds majority of present or represented members.

2. The Board will notify members of the closing date for nominating candidates for election to the Board. The notification shall be not more than twelve weeks and not less than eight weeks prior to an Annual General Meeting and not more than eight weeks and not less than four weeks prior to an Extraordinary General Meeting.
3. When nominating candidates, the proposer must ensure that the candidate is willing to stand for election and state whether the candidate is standing for the Presidency, the Board or both.
4. The President is elected separately before the Board is elected. If a candidate is nominated as President as well as Board member, he will, if elected as President, be deleted from the list of candidates for the Board.
5. The President and members of the Board shall be elected for a period of two years and may be re-elected.

PROCEEDINGS OF THE BOARD:

Article 15.

1. The Board shall meet at least once in the year, in April. The Board will also meet whenever useful for the Association upon request of the President or any other Board member. The meeting will be convened by e.mail or post.
2. All resolutions of the Board shall require a simple majority of the votes cast by members of the Board. In the case of a tie the President shall have a casting vote.
3. Absent members of the Board may authorise another member of the Board to cast their votes according to their instructions. The authorisation, but not the instruction, shall be presented in writing.
4. Notice of the date and place of a Board meeting shall be given in writing to the members of the Board not less than one week prior to the date of a meeting.
5. In cases of urgency, and at the discretion of the President, resolutions may be adopted by Postal Ballot (Letter, fax, e-mail). Such resolution shall only be valid if no member of the Board is opposed to such procedure.
6. Minutes shall be kept of the business transacted at any Board meeting.
7. The President and the elected Board members act as non-executive directors. The Chief Executive Officer shall act as an executive director.
8. The Board is able to make decisions only if at least three members are present at a meeting.
9. A copy of the minutes of the Board meetings shall be at disposal of the members at the head-quarters of the Association.

GENERAL MEETINGS:

Article 16.

1. The Association will hold its Annual General Meetings at such places as are approved by the Board for the purpose of transacting the business of the Association, of electing members to the Board, of electing the auditor for the following year, and for receiving the accounts of the past year together with the auditor's report or confirmation and a report from the Board on the past years transactions, accounts and conduct of its policies;
2. Notice of the date and place of the Annual General Meeting, which must be held within six months of the end of the official year of the Association, shall be sent to members of the Association not less than eight weeks prior to the date of the meeting.
3. The agenda, including all draft-resolutions for an Annual General Meeting shall be sent to members of the Association not less than four weeks prior to the date of the meeting.
4. The agenda shall contain an Activity Plan for the period until the next Annual General Meeting and a budget proposal for the following official year prepared in accordance with Article 12.2.9., to be decided upon by the Annual General Meeting.
5. Extraordinary General Meeting(s) may be called for at any time by either the Annual General Meeting, The Board, or by written application from at least three ordinary members.
6. Notice of the date and place of an Extraordinary General Meeting shall be sent to members of the Association not less than four weeks prior to the date of the meeting.
7. The agenda, including all draft-resolutions for an Extraordinary General Meeting shall be sent to members of the Association not less than two weeks prior to the date of the meeting.
8. In cases of urgency, and at the discretion of the Board, resolutions may be adopted by means of a Postal Ballot. Any such resolution shall only be adopted if it is carried unanimously.
9. The convocation to the ordinary or extraordinary general assembly as well as the communication of the agenda points shall be done through E-mail or fax or by post.

PROCEEDINGS AT GENERAL MEETINGS

Article 17.

1. Ordinary annual membership contributions will be set for the succeeding year by the General Assembly. It is recognised that different sums may be payable by some members to take into account variations in size. Member organizations having 2,500 members or less may avail themselves of a

reduced contribution to be decided from time to time on the understanding that, should any member body wishing to so avail themselves of this reduction then their voting rights will be reduced proportionate to contribution paid. Members extant at 15 May 2009 will retain voting rights and obligations existing at that time.

2. Only ordinary members may vote in General Meetings and Postal Ballots, and each ordinary member shall have a voting right proportionate to the annual contribution paid in the year of the meeting.
3. Any Ordinary Member may issue a proxy in favour of another member giving instructions on how to vote on the donor's behalf. The authorisation, but not the instruction, shall be presented in writing to the CEO prior to the meeting.
4. Resolutions of General Meetings and Postal Ballots require a simple majority of the votes validly cast except where otherwise stated in these Articles. The majority calculation will take into account the different contributions paid by each member in the year of the meeting.
5. Any voting at General Meetings will be conducted by ballot if so required by one Ordinary member.
6. If, in the case of an election of the President, none of the candidates has an absolute majority of votes cast at the first ballot, another vote shall be held, deleting from the list the candidate who received the lowest number of votes. In the event of a tie, the candidate to withdraw will be determined by drawing lots. This procedure will continue until a decision is reached. In the event of a tie between the last two remaining candidates, drawing lots will determine the result.
7. When electing Board members, the candidates who receive the highest numbers of votes are elected in descending order. In the event of a tie between the candidates receiving the lowest number of votes and there is a need to make a selection, another vote shall be held. In the event of a further tie, drawing lots shall determine the election.
8. The majority of two thirds of the votes validly cast shall be required to modify these Statutes, to admit bodies to ordinary, associate or observer membership and to decide on the dissolution of the Association.
9. All General Meetings and Postal Ballot voting shall be recorded in minutes. The draft minutes shall be approved by the following Annual or Extraordinary General Meeting, whichever comes first. The minutes shall be submitted to all members as soon as possible after the meeting or after the result of the Postal Ballot is known.
10. A copy of the minutes of general assembly meetings shall be at the disposal of members at the head quarters of the association.

THE COUNCIL:

Article 18.

1. The Council shall consist of individuals appointed by members of the Association. Each member may appoint not more than two individuals. Substitutes may attend in their place.
2. The Council will meet not more than four times in each year to:
 - 2.1. Consider papers prepared by working groups established by the Board;
 - 2.2. Review the strategy, priorities and performance targets of the Board;
 - 2.3. Respond to matters within the scope of the Association's work.
3. Papers for meetings of the Council must be sent to members not less than two weeks prior to a meeting.
4. Individual members shall participate, as appropriate, in the working groups established by the Board.
5. The President of the Association will chair meetings of the Council.

REPRESENTATION OF THE ASSOCIATION:

Article 19.

1. The Board shall have the power to represent the Association. Every member of the Board shall have the power to represent the Association alone.
2. The Association may enter into agreements with third parties only by virtue of a resolution of the Board. Without prejudice to the stipulations of paragraph 3 of this Article lacking of such resolutions cannot be invoked by or against third parties.
3. Only with the approval of a General Meeting is the Board competent to adopt resolutions for the Association to enter into agreements for the acquisition, alienation or encumbrance of registered properties and/or to enter into agreements by which the association binds itself as a surety or as a severally liable debtor, guarantee the obligations of a third party or binds itself as security for the debts of a third party.
4. Any written agreement between EFAA and other professional bodies is subject to approval by the Annual General Meeting or an Extraordinary General Meeting. Approval requires a two thirds majority of the votes cast.
5. The association shall be represented in court by its President, with a special delegation of the board.

LANGUAGE:

Article 20.

The working language of the association is English.

OFFICIAL YEAR

Article 21.

The official year of the Association shall be the calendar year.

BY-LAWS:

Article 22.

1. The Annual General Meeting may introduce and amend byelaws concerning any matters or activities in respect of the Association as it may consider desirable.
2. The byelaws may not contradict these Articles.

AMENDMENT OF STATUTES:

Article 23.

The Annual General Meeting or any Extraordinary General Meeting may amend these Articles by resolution passed with a majority of at least two thirds of the votes validly cast.

DISSOLUTION AND LIQUIDATION:

Article 24.

1. The Annual General Meeting or any Extraordinary General Meeting may dissolve the Association by resolution passed with a majority of at least two thirds of the votes validly cast. If the number of votes validly cast is less than two thirds of the number of ordinary members of the association, a further General Meeting must be called in accordance with Articles 14 and 15. At this meeting a resolution to dissolve the Association must be passed with a majority of at least two thirds of the votes validly cast.
2. The provisions of these Articles of Association shall continue to be applicable during the liquidation to the extent possible.
3. All net assets remaining after liquidation shall be transferred to one or more non-profit-making associations which have similar objectives with that of the association. It could be an association, effective member of EFAA

BY-LAW 1:

Mission Statement:

To become the most influential Association in Europe at developing and influencing accounting and auditing legislation and recommendations in relation to small and medium sized enterprises.

Strategic Approach:

Short term: Follow and influence - in the interest of the European SMPs – the EU Commission's work with The Financial Action Plan, with special focus on matters regarding accounting and auditing for SMEs.

Long term: To work for a development - in the interest of European SMPs – of the European arena into an efficient and competitive market place for European SMPs. Acting as *the* spokesman for SMEs, in order to protect them from excessive administrative burdens, red tape and over-regulation.

Slogan

'EFAA, the big voice for small business'.