



EUROPEAN FEDERATION OF ACCOUNTANTS AND AUDITORS FOR SMES

Survey of Non-Financial Reporting Requirements for SMEs in Europe

19 November 2018

Table of Contents

Highlights	3
Background	4
Objectives	6
Scope	6
Method	6
Findings	6
Implications and Conclusions	8
Appendix 1: Article 19 – Contents of the Management Report	11
Appendix 2: Article 19a - Non-financial statement	11
Appendix 3: Detailed Survey Responses	12

ABOUT EFAA

The European Federation of Accountants and Auditors for SMEs (“EFAA”) represents accountants and auditors providing professional services primarily to small and medium-sized entities (“SMEs”) both within the European Union and Europe as a whole. Constituents are mainly small practitioners (“SMPs”), including a significant number of sole practitioners. EFAA’s members, therefore, are SMEs themselves, and provide a range of professional services (e.g. audit, accounting, bookkeeping, tax and business advice) to SMEs.

Highlights

There is increasing interest in the performance of companies beyond the financial numbers. Small and medium-sized enterprises (SMEs) are the biggest component of corporate activity, employment and output in Europe.

EU Directives require reporting by companies beyond the financial statements (and these have been recently reinforced with additional requirements). Most member states covered by this survey have not extended these rules in content and have taken up the options to reduce the reporting requirements on SMEs. However, there is diversity and, perhaps, lack of harmonisation beyond this where countries have added 'national extras'.

The survey's findings may have implications for regulators and policy makers seeking to ensure harmonisation in the shape and form of SME reporting and to enhance the transparency of societal and environmental impacts of corporate activities across the European Union. These implications include:

- The experience of different countries in the reduction of transparency and context about SMEs, resulting from them being exempted from having to produce a management report, should be carefully considered in the light of reporting Non-Financial Information (NFI);
- The imposition of extra national requirements on SMEs reporting outside the financial statements may not represent an administrative burden for some SMEs. Consequently, there seems to be a case to reconsider the application of the principle of maximum harmonisation for management reporting;

- The more significant extra requirements, which come in the shape of national requirements for other reports, sometimes do represent a material burden; and
- If the EU wants corporate reporting to be a vehicle for gathering information and raising awareness of the issues about the environmental and other societal concerns from the SME sector, then including new disclosure requirements for the management report in the Accounting Directive is likely to be an effective way of doing so.

The survey's findings may also have implications for SMEs and small and medium-sized accountancy practices (SMPs) especially given the increasing emphasis on pursuit of the Sustainable Development Goals (SDGs) and the corresponding need to measure economic, social and environmental performance. Non-Financial Information Reporting (NFR), in so far as it can demonstrate alignment of an entity's vision and strategy with responsible business guidelines and measures environmental and social performance with the SDGs, can help SMEs access finance, secure new business partners, attract new consumers and clients, and attract and retain talent. SMEs that do not produce NFR may miss out on these benefits.

In the light of the survey findings and other evidence EFAA suggests some policy considerations, which will be further debated and developed, as follows:

- National regulators should be encouraged to refer to the NFRD when formulating NFI requirements for their SMEs as this will help enhance international comparability of NFI reporting by SMEs;

- SMEs should be encouraged to carefully consider voluntarily providing NFI as this may yield benefits to them, their stakeholders and the wider public; and
- Some elements of the Non-Financial Reporting Directive (NFRD) might be suitable for voluntary adoption by SMEs.

Background

In recent years there has been an increased interest and awareness of the importance of businesses reporting, not just on their financial performance, but also in terms of their impact on society and the environment in which they operate.

Statements of their financial performance and position are required from limited liability companies in Europe to be available via a public register, for the protection of shareholders and of creditors and other business partners. The financial statements on their own are not considered to provide enough information or sufficient context for these purposes and so further reporting of a variety of kinds is often suggested, and for this study these are collectively called Non-Financial Reporting.

Accounting Directive

The EU Accounting Directive ([Directive 2013/34/EU](#)) requires that a management report is prepared by some limited liability companies within its scope, in addition to the financial statements.

The management report is seen as a convenient way of gathering and publicising certain information about societal and environmental impacts of businesses that operate with limited liability (which account for a significant majority of private sector economic activity).

The content of the management report is set out in [Article 19](#) of the Directive (see Appendix 1). The application of these requirements has been tempered by the view that such administrative tasks bear especially heavily on SMEs and might therefore not be justified for those companies. There are, therefore, member state options (MSO) to exempt small companies (and of course micro-entities) from preparing a management report, or from publishing the report even if they are required to prepare one for their shareholders. The absence of a published management report means that potentially for this large group of companies there is a loss of information on the public record, and therefore reduced transparency and a loss of context for the financial statements. There is also a MSO to exempt small and medium-sized companies from the requirement to disclose non-financial key performance indicators (KPIs). There is, however, no restriction on member states' requiring additional items in the report or indeed additional reports.

Non-Financial Reporting Directive

More recently the EU has enacted the [Non-Financial Reporting Directive](#) (NFRD). The NFRD only applies to large public-interest companies with more than 500 employees. This covers approximately 6 000 large companies and groups across the EU, including listed companies, banks, insurance companies, and other companies designated by national authorities as public-interest entities.¹

This EU law requires those companies to disclose certain information on the way they operate and manage social and environmental challenges. This

¹ In November 2017 CSR Europe and GRI with the support of Accountancy Europe published, '[Policy & Reporting: Member State Implementation of the Directive 2014/95/EU](#)'.

is intended to help investors, consumers, policy makers and other stakeholders to evaluate the non-financial performance of large companies and encourages these companies to develop a responsible approach to business. The minimum content of this Non-Financial Statement, which can be part of the management report, is set out in [Article 19a](#) (see Appendix 2).

Voluntary NFR

Beyond these EU requirements [the Task Force on Climate-related Financial Disclosures](#) of the Financial Stability Board (FSB) has recommended voluntary disclosures by businesses. There has been interest in how businesses are contributing to the [UN's Sustainable Development Goals](#) (SDGs). The International Integrated Reporting Council (IIRC) has also produced the [International Integrated Reporting Framework](#), a generally-recognized and generally applicable, international framework for integrated reporting (<IR>). The B20 (the G20's business arm) [recommended](#) promoting <IR> as a key means of specifically improving SME reporting with a view to building trust around past and future performance. EFAA have published [this article](#) on the why and how of <IR> for SMEs to complement the IFAC paper '[Creating Value for SMEs through Integrated Thinking: The Benefits of Integrated Reporting](#)'.

Importance of SMEs to NFR and of NFR for SMEs

SMEs have not been the target of the EU rules, nor the primary target of the various voluntary NFR initiatives. However, the evidence, from government statistics through to academic research, clearly shows that SMEs, in Europe and globally, account for the majority of private sector economic activity, employment, social impact, and environmental footprint. The UN has [stated](#) that: "In designating 27 June as the annual Micro-, Small

and Medium-sized Enterprises Day the UN General Assembly has recognized the importance of these enterprises in achieving the Sustainable Development Goals (SDGs) – especially by promoting innovation, creativity and decent work for all (SDG 8)..." The UN acknowledges that SMEs' roles matter in achieving the '[Transforming our World: the 2030 Agenda for Sustainable Development](#)' ("the 2030 Agenda") "because they constitute about 90% of all business and play an important role in employment initiatives."

NFR is of growing importance and relevance for SMEs not least because of the heightened prominence of the sustainability agenda and the crucial role SMEs play in achieving the SDGs. NFR, in so far as it demonstrates alignment of an entity's vision and strategy with responsible business guidelines and measures environmental and social performance with the SDGs, can help SMEs access finance, secure new business partners, attract new consumers and clients, and attract and retain talent. Nevertheless, the [Global Reporting Initiative \(GRI\)](#) has investigated the incidence of sustainability reporting by SMEs and concluded that: "Sustainability reporting by large and multinational companies has become commonplace over the last decade, however among small and medium enterprises (SMEs), the practice of sustainability reporting is not as widespread." This prompted GRI to release a publication, '[Small Business Big Impact](#)', to inspire SMEs to take action and establish their role in a more sustainable future by reporting on their main sustainability impacts.

There is the risk of trickle-down effects in the shape of SMEs coming under pressure to supply NFI to those companies that are required to comply with the NFRD, or simply seeking to demonstrate their contribution towards the SDGs,

and hence need information from their customers, suppliers and business partners.

Finally, SMPs may have an important role to play in advising on, compiling and providing assurance on NFR.

Objectives

This survey seeks to examine the extent, nature and impact of NFR requirements for SMEs in Europe. More specifically the aim of this survey is to provide a picture of:

- reporting and publication requirements of non-financial information by SMEs in Europe currently in place;
- the comparability between member states on these matters;
- different approaches to NFR by size and country; and
- the extent of any ‘trickle down’ effect from what is expected of larger or listed companies to smaller ones, that EFAA found to be present with financial reporting by SMEs as reported in its 2017 study [‘The Trickle Down Effect - IFRS and accounting by SMEs’](#)

Scope

This report looks at what is required of micro-entities and small and medium-sized companies, using the transposition of the thresholds for those categories in the countries in question. It has excluded any requirements of listed companies of whatever size and any special reporting required of SMEs in regulated sectors such as banks and insurers.

The report covers fourteen European countries, eleven of which are EU member states. Countries that are candidate members of the EU and those

that are in partnerships with the EU must develop regulations of comparable effect.

The countries covered in this survey are:

- Austria
- Belgium
- Bosnia
- Germany
- Hungary
- Ireland
- Kosovo
- Macedonia
- Netherlands
- Portugal
- Romania
- Slovenia
- Spain
- United Kingdom

Method

EFAA member bodies (and other professional accountancy bodies) in each of the countries were asked to complete a survey questionnaire in the latter half of 2017. The survey covered four key areas:

- the extent to which the management report is required to be prepared or published by SMEs;
- application of the NFRD to SMEs;
- content required for management reports over and above those specified in the EU directive; and
- any further regular reports required from SMEs (beyond financial statements, managements reports and tax returns).

Findings

The full responses from each country are shown in Appendix 3. Key findings are set out below.

Management Report Preparation and Publication

In Macedonia all companies are required to produce a management report but, its content is

not specified in any way except for listed companies, nor are they required to be published.

Of the other thirteen countries in the survey, none required management reports to be prepared or published by micro companies. There were only five that required the preparation of a report by all small companies (Ireland, Portugal, Romania and the UK). Portugal and the UK clearly considered that the aim of the report was not necessarily to inform the public, as the reports are not obliged to be filed on the public record. Austria requires preparation and publication of a management report from all companies incorporated as an Aktiengesellschaft (AG) irrespective of size, but not from other small companies.

	Yes	No
<i>Are micro companies required by national law to prepare or publish management reports?</i>	1	13

Application of the NFRD to SMEs

The NFRD requires large listed companies to report on environmental, employee and social issues. No countries in the survey chose to apply the NFRD to even medium-sized companies nor were any elements of the NFRD visibly ‘trickled down’ to them in any other form. Indeed, the survey finds little if any evidence of the trickle-down effect.

	Yes	No
<i>Are medium sized companies exempted from including non-financial performance information in the management report?</i>	14	0

Management Report Requirements for SMEs Over and Above the Directive

There is a more mixed picture here. Eight of the fourteen states do not add anything in terms of specific national content (Austria, Kosovo, Spain, Germany, Hungary, Macedonia, Portugal and Romania).

The other six did have some extra national content and most of these ‘extras’ applied only to medium-sized companies and varied in subject matter. For example, Slovenia asks for disclosures in the report about corporate governance, management remuneration, shareholders’ rights and internal controls. The Netherlands requires national issues to be complied with the only the exceptions of diversity and non-financial issues. In Belgium medium-sized companies are required to disclose their main risks, together with certain environmental and social matters. They must provide a list of shareholders, directors and auditors and details of any shareholdings in other companies. The UK requires a strategic report, plus other specific items such as dividends, post balance sheet events and overseas branches. For Bosnia the information concerns employee numbers and salaries.

	Yes	No
<i>Does national law require any other content to be included in the management report for medium or small companies?</i>	6	8

There are some ‘extras’ required of small companies as well – for example Ireland makes little distinction between small and medium and asks for donations and dividends, but also about completeness of information to auditors and the maintenance of books and records. Slovenia requires the details of profit distribution of small

companies that others only apply to medium-sized.

Further Regular Reports Required of SMEs

As noted above the assumptions are that all companies are required to prepare financial statements and tax returns, so that the extra reports being considered here are any beyond the management report already discussed. The picture is again mixed.

Seven of the countries do not require further reports – Austria, Hungary, Ireland, Kosovo, Netherlands and Portugal. Romania has reports from regulated sectors such as banking and insurance, which may well in fact be widely required in other countries where such affected entities qualify as SMEs. However as noted above these are outside the scope of this survey.

	Yes	No
<i>Are there any other reports that they are routinely required to prepare for governments or for publication?</i>	7	7

Some countries are using company reports as a way of collecting national statistics, for example in Bosnia and Slovenia. The content may include employee statistics, but in Slovenia cover extensive financial information and some of the reports may be on a quarterly basis. The provision of these is considered a significant burden.

In Belgium a social report is required from all SMEs, except there is a special version for micro-entities. The social report contains information on employment, such as the number of new employees, employees enrolled due to a government program, employees leaving etc.

In the UK medium-sized entities are required to disclose their policy in relation to modern slavery in their activities and supply chain. This raises

major issues for some companies and to comprehensively report may have a significant impact. As a relatively new requirement it is too early to assess the full impact.

Implications and Conclusions

In most of the countries covered by the survey the national regulations on the reporting of information outside of the financial statements go no further than the minimum required by the EU Directives. The requirement for management reports from small companies and micro-entities have largely been waived as a member state option. Significant harmonisation has, therefore, been achieved across Europe, both within the Union and, also, to neighbouring states. But this harmonisation will have been at the expense of reduced information being placed on the public record. In this way there is less transparency about small and micro companies which are by far large majority of companies in Europe. The NFRD has not been applied beyond the scope envisaged by the EU. For management reports from medium-sized companies the EU minimum content has been applied as the maximum demanded. In half of the included countries no additional regular corporate reports are required.

There is, however, diversity and lack of harmonisation beyond this where countries add 'national extras'. The requirements vary in content as well as in application to small and medium-sized companies. Much of the content is in effect providing information that could be said to be supplementary to the financial statements – for example about profit distribution. Currently, the required information more often relates to employees than information on social or environmental impacts.

As far as the SME sector is concerned, arguably in contrast to the approach with larger listed companies, corporate reports cannot be used as the means to gather information and raise awareness about the impact on key societal concerns, for example sustainability.

In some countries there is significant reporting for statistical purposes and these were the cases which were reported as giving rise to significant burdens.

The survey findings have potential implications for regulators and policy makers:

- The experience of different countries in the reduction of transparency and context about SMEs, resulting from them being exempted from having to produce a management report, should be carefully considered in the light of reporting Non-Financial Information (NFI);
- The imposition of extra national requirements on SMEs reporting outside the financial statements may not represent an administrative burden for some SMEs. Consequently, there seems to be a case to reconsider the application of the principle of maximum harmonisation for management reporting;
- The more significant extra requirements, which come in the shape of national requirements for other reports, sometimes do represent a material burden; and
- If the EU wants corporate reporting to be a vehicle for gathering information and raising awareness of the issues about the environmental and other societal concerns from the SME sector, then including new disclosure requirements for the management

report in the Accounting Directive is likely to be an effective way of doing so.

The survey's findings may also have implications for SMEs and small and medium-sized accountancy practices (SMPs) especially given the increasing emphasis on pursuit of the Sustainable Development Goals (SDGs) and the corresponding need to measure economic, social and environmental performance. Non-Financial Information Reporting (NFR), in so far as it can demonstrate alignment of an entity's vision and strategy with responsible business guidelines and measures environmental and social performance with the SDGs, can help SMEs access finance, secure new business partners, attract new consumers and clients, and attract and retain talent. SMEs that do not produce NFR may miss out on these benefits.

In the light of the survey findings and other evidence EFAA suggests some policy considerations, which will be further debated and developed, as follows:

- National regulators should be encouraged to refer to the NFRD when formulating NFI requirements for their SMEs as this will help enhance international comparability of NFI reporting by SMEs;
- SMEs should be encouraged to carefully consider voluntarily providing NFI as this may yield benefits to them, their stakeholders and the wider public; and
- Some elements of the Non-Financial Reporting Directive (NFRD) might be suitable for voluntary adoption by SMEs.

ABOUT THE AUTHORS

The primary authors of this report are [Richard Martin, Chair of EFAA's Accounting Expert Group](#), and [Paul Thompson, EFAA Director](#), supported by EFAA Accounting Expert Group.

ACKNOWLEDGEMENTS

EFAA wishes to thank the following member bodies and other professional accountancy bodies for completing the survey questionnaire and the [World Bank's Centre for Financial Reporting Reform](#) for facilitating responses from the Balkan region:

- [Kammer der Steuerberater und Wirtschaftsprüfer \(KSW\)](#) for Austria;
- [Institut des Experts-comptables et des Conseils Fiscaux – Instituut van de Accountants en de Belastingconsulenten \(IEC-IAB\)](#) for Belgium;
- [Association of Accountants and Auditors of Republic of Srpska \(SRRRS\)](#) for Bosnia and Hercegovina;
- [Deutscher Steuerberaterverband e.V. \(DStV\)](#) and [Wirtschaftsprüferkammer \(WPK\)](#) for Germany;
- [Tax MOKLASZ](#) for Hungary;
- [Society of Certified Accountants and Auditors of Kosovo \(SCAAK\)](#) for Kosovo;
- [Institute of Certified Auditors of the Republic of Macedonia \(ICARM\)](#) for Macedonia;
- [Royal Nederlandse Beroepsorganisatie van Accountants \(NBA\)](#) for the Netherlands;
- [Ordem dos Contabilistas Certificados \(OCC\)](#) for Portugal;
- [Camera Auditorilor Financiari din Romania \(CAFR\)](#) for Romania;
- [Chamber of Accountant Services \(GZS\)](#) for Slovenia;
- [Consejo General de Economistas \(CGE\)](#) for Spain; and
- the [Association of Chartered Certified Accountants \(ACCA\)](#) for the United Kingdom and Ireland.

Appendix 1: Article 19 – Contents of the Management Report

1. The management report shall include a fair review of the development and performance of the undertaking's business and of its position, together with a description of the principal risks and uncertainties that it faces.

The review shall be a balanced and comprehensive analysis of the development and performance of the undertaking's business and of its position, consistent with the size and complexity of the business.

To the extent necessary for an understanding of the undertaking's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters. In providing the analysis, the management report shall, where appropriate, include references to, and additional explanations of, amounts reported in the annual financial statements.

2. The management report shall also give an indication of:

- (a) the undertaking's likely future development;
- (b) activities in the field of research and development;
- (c) the information concerning acquisitions of own shares prescribed by Article 24(2) of Directive 2012/30/EU;
- (d) the existence of branches of the undertaking; and
- (e) in relation to the undertaking's use of financial instruments and where material for the assessment of its assets, liabilities, financial position and profit or loss:
 - (i) the undertaking's financial risk management objectives and policies, including its policy for hedging each major type of forecasted transaction for which hedge accounting is used; and
 - (ii) the undertaking's exposure to price risk, credit risk, liquidity risk and cash flow risk.

Source: [Directive 2013/34/EU](#)

Appendix 2: Article 19a - Non-financial statement

1. Large undertakings which are public-interest entities exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year shall include in the management report a non-financial statement containing information to the extent necessary for an understanding of the undertaking's development, performance, position and impact of its activity, relating to, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including:

- (a) a brief description of the undertaking's business model;
- (b) a description of the policies pursued by the undertaking in relation to those matters, including due diligence processes implemented;
- (c) the outcome of those policies;
- (d) the principal risks related to those matters linked to the undertaking's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks;
- (e) non-financial key performance indicators relevant to the particular business.

Where the undertaking does not pursue policies in relation to one or more of those matters, the non-financial statement shall provide a clear and reasoned explanation for not doing so.

Source: [Directive 2014/95/EU](#)

Appendix 3: Detailed Survey Responses

Austria	Belgium	Bosnia	Germany	Kosovo	Netherlands	Portugal	Slovenia	Spain	United Kingdom	Ireland	Romania	Hungary	Macedonia
Q1. Are small companies required by national law to prepare management reports based on Art 19 of the directive?													
Joint stock companies (AG) that are small must, others are not required to do so.	No, only Public interest entities, and groups or companies with more than 500 employees and a result of more than €17M and a turnover of more than €34M <ul style="list-style-type: none"> • a turnover of more than €34M • a result of more than €17M • a turnover of more than €34M 	Not required	Not required	Not required	Small companies are exempt from preparing management reports.	Micros are exempt, but small companies must prepare a report	Small and micro exempt from preparing reports	No only as required by the directive	Yes, but not micro – by the Companies Act as amended.	Micro - exempt, Small - slightly reduced report, Medium - full report	Yes, but in a more simplified form than the medium and large entities or PIE.	Not required	Yes, it is required. No exemption based on the size of the company
Q2. If so, what are the reasons for this?													
					Administrative burden reduction for these companies.						Transparency	N/A	
Q3. If small companies are required to prepare them, do they have to publish them?													
Yes, published on the register for those that must be prepared	No	N/A	N/A	No publication requirement even for financial statements	N/A	The small company reports need not be published	N/A	N/A	Small companies do not have to publish them by filing with the registry	Small need to file and so publish the report	Yes, small companies have to prepare and publish them in the trade register	N/A	Requirement to publish is only for the company whose stock is listed on the stock exchange.
Q4. If so, what are the reasons for this?													
Transparency	N/A	N/A	N/A	N/A	N/A	Reduce bureaucratic burden	N/A	N/A	Lower levels of transparency are considered appropriate for small companies given the typical coincidence of management and ownership.	Lower levels of transparency are considered appropriate for small companies given the typical coincidence of management and ownership.	Transparency and completeness of financial information	N/A	N/A

Austria	Belgium	Bosnia	Germany	Kosovo	Netherlands	Portugal	Slovenia	Spain	United Kingdom	Ireland	Romania	Hungary	Macedonia
Q5. Are medium sized companies exempted from including non-financial performance information in the management report?													
Yes exempted	If they are under the above criteria they are exempted from the requirements of the directive	No obligation by law	Yes exempted	Yes exempted	Yes exempted	Yes exempted	Yes exempted	Yes exempted	Yes exempted	Yes exempted	Micro-entities and small entities are not required to submit non-financial information. These provisions do not apply to medium-sized companies. However, exceptions are not valid if the micro-entity or small entity is a PIE	Medium-sized companies are exempted. However, if the owner asks for a management report, it will be an own decision. Though even in this case non-financial performance information are not included.	The content of the management report is specified only for listed companies
Q6. What are the reasons for exemption or for not allowing the exemption?													
Burden reduction		N/A	Burden reduction	Burden reduction	Administrative burden reduction for these companies.	Reduce bureaucratic burden	Administrative burden reduction for these companies.	Not given	Administrative burden reduction for these companies.	Administrative burden reduction for these companies.	Administrative reporting burden reduction	There is no obligation for medium-sized companies to prepare a management report	Not given
Q7. Were any further matters to be covered by the report added for medium-sized or small companies from the non-financial statement requirements of Article 19a?													
No	No	No	No extra matters required of small or medium-sized companies	No other matters	No extra matters required of small or medium-sized companies	No	No extra matters required of small or medium-sized companies	None of these matters are required of small or medium-sized companies	None of these matters are required of small or medium-sized companies	No extra matters	No	No	No

Austria	Belgium	Bosnia	Germany	Kosovo	Netherlands	Portugal	Slovenia	Spain	United Kingdom	Ireland	Roman	Hungary	Macedonia
Q8. Does national law require any other content requirements to be included in the management report for medium or small companies?													
No	Medium-sized companies have to include main risks and environmental and social matters, plus others	Yes	There are no content requirements for medium-sized companies that go beyond those listed in Art. 19. Small companies do not have to prepare a management report.	No further requirements	Medium-sized companies must adhere to all national law requirements, except for 1) non-financial statement requirements and 2) diversity information .	No extra matters are required to be included	Medium sized companies, that are obliged to have an audit, also need to prepare a Corporate Governance Statement (as a part of the management report) where it should disclosed: information about Corporate Governance Code (CGC) used, any deviation from CGC and the reason for this, key internal controls and risk management procedures in connection to financial reporting, information about General Meeting of Shareholders, information about the corporate bodies and commissions, ownership information, information on voting rights restriction, rules on changes in members in corporate bodies and changes in Articles and Memorandum of Association, management authorisation especially in relation to own shares.	No other content requirements	Medium-sized companies must prepare a strategic report.	Yes, some company and other law requirements.	No	No, even where the SME chooses to prepare annual financial statement.	No
Q9. Please provide an outline of the extra requirements from Article 19a or other requirements													
No extra requirements	List of shareholders, directors and auditors if any. Shares in other companies	For small companies - injuries at work and registration of disabled employees. For medium-sized companies also details of dividends. There is a business report which includes nine acts		No	Small companies are fully exempted and there are no extra or other requirements (other than required by local law) for medium-sized companies.	N/A	SMEs need to report in addition to the financial information in the financial statements. The information for micro and small that needs to be published is information about profit distribution or loss coverage. In addition, for medium-sized companies (1) amounts received by management, supervisory board and employees on individual contracts. (2) average number of employees in classes (e.g., educational classes etc.)	No extra requirements	For small companies the names of directors, directors' indemnity cover, completeness of information to auditors (if any), political donations if over £2000 and policy on disabled employment (if over 250 employees). Additional requirements for medium-sized are dividend, significant post balance sheet events and involvement with employees (consultation, share incentives etc.) where >250 employees. The report required of medium-sized companies is framed as a Strategic Report in order to encourage better and more informative reporting by those companies rather than their fulfilling the bare list of specific items from Article 19 and the list above.	For small and medium companies: • Names of directors • Completeness of information to auditors (if any) • Political donations • Confirmation maintenance of books and records • Dividends	N/A	No	N/A

Austria	Belgium	Bosnia	Germany	Kosovo	Netherlands	Portugal	Slovenia	Spain	United Kingdom	Ireland	Romania	Hungary	Macedoni
Q10. What are the reasons for these requirements beyond those of the directive?													
N/A	Employment concerns and evaluation of the employment policy	Statistics		N/A	N/A		More detailed understating and transparency of companies' operations and financial position.		Some are meeting societal concerns e.g. employment and disabled persons and political donations.	One is addressing an historical weakness generally in the maintenance of the books and records.	N/A		
Q11. SME companies are required to prepare financial statements, tax returns, and they may be required to prepare a management report. Beyond these are there any other reports that they are routinely required to prepare for governments or for publication?													
None	A 'social report' with information on employment.	Yes, some specific report like report of number of employees, salaries amounts, ratios - they are prepared for Federal Statistics.	No further reports or publications from small or medium companies	No further requirements	No further reports or publications from small or medium companies	No further reports or publications from small or medium companies	Some SME companies are also required to prepare statistical reports for Agency of the Republic of Slovenia for Public Legal Records and Related Services, Bank of Slovenia and other government institution. SME needs to prepare statistical reports in cases when for example they operate in specific industry, are part of the sample defined by the institution, have transaction or balances of certain type, or exceed defined threshold.	No further reports or publications for small companies	No further reports or publications for small. For medium-sized the Modern Slavery Act requires companies to publish a statement of their position in relation to slavery or comparable conditions.	No further reports or publications for small or medium	There may be a series of reports / statistics required by the state authority, regulators or supervising authorities, depending on the field of activity (e.g., data disclosures and statistical information to the National Bank of Romania, reports required to insurance companies by the Financial Supervisory Authority regarding solvency compliance; issuers admitted to trading send to the Stock Exchange a series of current reports such as dividend payments, share value, mergers / divisions etc.)	Only tax returns	No further requirements for SMEs
Q12. Do any of these apply to entities that are not companies covered by the directive?													
N/A	Micro-entities may use a micro version of the management report	It is applied to all kind of companies.	N/A	N/A	N/A	No	No	N/A	The modern slavery requirements apply to any business with income over £36m.	N/A	Applicable to all categories of entities included in the supervised / oversight area of the competent authority.	No	N/A

Austria	Belgium	Bosnia	Germany	Kosovo	Netherlands	Portugal	Slovenia	Spain	United Kingdom	Ireland	Romania	Hungary	Macedonia
Q13. Please provide an indication of the content of these reports													
N/A	No. of new employees, employees enrolled due to a government program, leaving employees etc.	The scope of reports is too big to be described here.	N/A	N/A	N/A	N/A	Most frequent reports for SMEs are for (1) Bank of Slovenia being the SN report – equity investment of residents and non-residents, the BST report - exchange of goods and services and current transfers/capital transfers with non-residents, KRD report – operational receivables/liabilities and financial investments and liabilities with non-residents (2) Agency of the Republic of Slovenia for Public Legal Records and Related Services: include (a) ČPPS report – information from balance sheet, profit and loss, capital investments in fixed assets and investment property and other information about quarterly performance (b) SFR report – data about financial and other assets and liabilities with clients and vendors classified in different sectors (c) Zap/m report – information about salary expenses, working hours, number of employees. (2) Statistical office. There are different type of statistical reports. Usually companies are chosen to be part of the survey and reporting requirement due to operating in a specific business industry. Some reports are required to be submitted on a yearly, monthly or quarterly basis. The list of the available reports is published here (not in English language): http://www.stat.si/StatWebArhiv/en/mainnavigation/methods-and-classifications/questionnaires		The content could include the company's policy and procedures in its business and in its supply chain. Can be a website publication.	N/A	Depending on each industry the content is established by the regulations issued by the authority that supervises / regulates the respective field of activity	N/A	N/A
Q14. Is meeting the requirements outlined in response to Q9 or Q13 perceived as a significant burden?													
N/A			It is not perceived as a significant burden.	N/A	N/A		Yes, especially because there are many types of statistical reports and the frequency is often on a monthly or quarterly basis.		Some cost, but not highly significant	No	It is largely perceived as a form of submission of financial statements.	N/A	

Austria	Belgium	Bosnia	Germany	Kosovo	Netherlands	Portugal	Slovenia	Spain	United Kingdom	Ireland	Romania	Hungary	Macedonia
Q15. For the management report the auditors (if any) of the SME company have to report on the consistency with the financial statements and compliance with the law and any material misstatements that are evident from their audit. Are any further obligations placed on auditors?													
No further responsibilities	No	No additional responsibilities	No further responsibilities	No further responsibilities	Confirmation that information and explanations were provided, that books of account were kept, and that the financial statements are in agreement with the books of account. Certain negative assurance on the disclosure of certain transactions with directors.	No	No	The Report by the Certified Auditor shall contain opinion related to the consistency of the annual report with the annual account and the financial statements, i.e. the consolidated annual report with the consolidated annual account and the consolidated financial statements for the same business year					
Q16. If so, please outline what these are.													
N/A			N/A		N/A		N/A	There was a public consultation in January 2017 about a draft of project of law in which was transposed the content of the Directive to Spanish legislation. There was no further news about it. On 1 September 2017 came approval of project of the law but it has yet to become law. The above responses are based on it assuming no changes in its content. What it is included in this project of law is exactly what is required by the Directive, with any additional requirements. Once it becomes law it will be required to be applied to all information after 1 January 2017.	N/A	See above	N/A	N/A	

CONTACT ADDRESS

EFAA – European Federation of Accountants and Auditors for SMEs

4, Rue Jacques de Lalaingstraat B-1040 Brussels, Belgium

T +32 2 736 88 86 | F +32 2 736 29 64 | info@efaa.com

www.efaa.com | Twitter @EFAAforSMEs