



EUROPEAN FEDERATION  
OF ACCOUNTANTS AND AUDITORS  
FOR SMES

# ANNUAL REPORT 2021

**EFAA - European Federation of Accountants and Auditors for SMEs**  
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# Foreword

Dear Members and Friends,

*When I wrote this foreword this time last year, I was hopeful that we were at the beginning of the end of the global pandemic. Alas I, like many others, have been proven wrong. 2021 has proven to be just as challenging as 2020. But as I pen this foreword, I am more confident, more certain than ever that EFAA for SMEs, its member organizations and the many thousands of small and medium-sized accountancy practices (SMPs) they represent across Europe, have successfully adapted. Together we are coming through these challenging times stronger, smarter, and sustainable.*

*In July 2021, we relaunched our website – [www.efaa.com](http://www.efaa.com). This is our window on the world. It highlights our key objectives: speaking out on behalf of SMPs; helping SMPs be future-ready; promoting professional standards that are fit for SMPs and SMEs; and positioning SMPs as leaders on sustainability. Let me elaborate on the last objective which cuts across all the other objectives. In July 2021, we issued a **Call to Action: SMPs Supporting Creation of the Sustainable Economy** to place SMPs at the forefront of the movement to transition business and society towards a sustainable one. SMPs are the trusted business advisor of SMEs and as the global economy builds back better after a difficult few years SMPs are perfectly placed to advise SMEs on how to make the green transition while leveraging digital technologies. Of course, one needs to ‘practice what one preaches’. Accordingly, our call urges SMPs to themselves become more sustainable. For its part, EFAA is committed to reducing its carbon footprint. During the pandemic EFAA has quickly and seamlessly pivoted to a remote working model and hosted, and will continue to host, virtual or hybrid events.*

*In 2021, EFAA has actively pursued its agenda to protect and promote the interests of SMPs in Europe. This role is our unique role and today it is more important than ever. On the following pages you will see the most important accomplishments and activities from 2021, activities shaped by our strategy and largely executed by our various technical and working groups. I would like to emphasize the extent of this activity - ranging from events, speaking engagements, meetings with relevant stakeholders, through to the Latest from Brussels electronic newsletter and our social media – that demonstrate that we are a highly productive organization with strong members. In 2022, we will continue to work hard to attract new members into the EFAA family. We urge potential new members to ask what we together as EFAA can do for SMPs across Europe.*

*On behalf of EFAA, I wish to thank all the members of our team – the Board of Directors, Maurice Buijs, who have served as treasurer for many years, the staff, the chairs and the members of our expert and working groups, our Special Advisors, and you, our members. Together, we serve Europe's SMPs and their SME clients. Ensuring their voice is properly heard in Europe has never been easy, yet it is imperative that this voice be heard and understood.*

*With best wishes,*

**Salvador Marín**

EFAA President

## 2021 in Numbers

The European Federation of Accountants and Auditors for small and medium-sized enterprises (EFAA for SMEs) is an umbrella organisation for national accountants' and auditors' organisations whose individual members provide professional services primarily to SMEs in Europe.

Small- and medium-sized practitioners are the trusted advisor of SMEs, they contribute to the wellness, sustainability and stability of the economy



## EFAA Members

The European Federation of Accountants and Auditors for small and medium-sized enterprises (EFAA for SMEs) is an umbrella organisation for national accountants' and auditors' organisations whose individual members provide professional services primarily to SMEs in Europe. In 2021, EFAA had members throughout Europe representing more than 350 000 accountants, auditors, and tax advisors in Europe and beyond. As of 1 January 2022, EFAA's 12 Ordinary Members were as follows:

ACCA  
Association of Chartered Certified Accountants, United Kingdom



APFM  
Association of Professional Financial Managers, Azerbaijan



CAAR  
Chamber of Auditors of the Azerbaijan Republic



CAFR  
Chamber of Financial Auditors of Romania



CCIS-CAS  
Chamber of Accounting Services, Slovenia



CGE  
Consejo General de Economistas, Spain



DStV  
Deutscher Steuerberaterverband e.V.  
German Tax Advisers



IEKA  
Albanian Institute of Certified Public Accountants



ITAA  
Institute for Tax Advisors and Accountants, Belgium



NBA  
The Royal Netherlands Institute of Chartered Accountants



OCC  
Portuguese Chartered Accountants Association



SCAAK  
Society of Certified Accountants and Auditors of Kosovo



# Key Achievements

This section briefly describes our strategy and summarizes our key achievements in the pursuit of this strategy.

## Strategy

### Objectives

EFAA has three strategic objectives: **Speaking for SMPs** - representing and advocating on behalf of SMPs while promoting their visibility and recognition in Europe; **Future-Ready SMPs** - sharing and developing insights and ideas, practical guidance, tools and resources to help SMPs transform their practices so as to be future-ready; and **Promoting Professional Standards** - providing regular and timely input to the European and international standard-setting process in order to help ensure the stability, relevance, scalability and proportionality of European and international professional standards for SMEs and SMPs. Cutting across these three objectives is a fourth objective - **SMPs Supporting Sustainability**. SMEs collectively account for a significant, if not majority, share of environmental and social impacts by private sector business. Consequently SMEs, and the SMPs that provide professional services to them, stand to play a vital role in making the EU economy sustainable. To help it prioritize its activities EFAA adheres to three guiding principles: focusing on Europe; enhancing value-added to individual members; and collaborating with relevant stakeholders.

### Value Proposition

EFAA's value proposition to its members is three-fold: to inform – keep EFAA members and stakeholders informed of developments that most impact their individual members; to advocate – speak out on issues most relevant for the members of EFAA and the profession as a whole; and to connect – facilitate the communication and cooperation between EFAA members and in turn foster closer contact between individual members across Europe and other relevant stakeholders.

### Sustainable Development Goals

The EU is **fully committed** to the sustainability agenda with the 17 **United Nations Sustainable Development Goals** (SDGs) at its core - then the relevant SDG is shown in a footnote. EFAA shares this commitment.



## Promoting Practice Transformation of SMPs

The pandemic has prompted a need for SMPs to change, to transform their practices so that they become stronger, smarter, and sustainable. This transformation is critical if SMPs are to fulfil their role in helping SMEs make a green and digital transition - climate neutrality and digital leadership. EFAA with IFAC explored practice transformation in a global webinar [Future of SMPs: Lessons from the Crisis and Practice Transformation](#) (March) and EFAA continued the conversation at the EFAA 2021 International Conference, [COVID-19: SMPs Recovering Smarter, Stronger, and Sustainable](#). Practice transformation demands an accelerated adoption of digital technologies and business diversification through offering new services.

EFAA has continued to promote the use of, and leverage the insights from, the [Digital Competency Maturity Model](#) (DCM™). This online tool is offered in 9 languages and aims to help raise awareness of the need for SMPs to improve their digital competency as well as provide an indication as to their level of digital competence. EFAA is simultaneously promoting the role of SMPs as the trusted business advisor, advising SMEs on a range of issues including sustainable and digital transition, protection and management of intellectual property, business continuity and early warning.

*“For SMPs, these extraordinary times demand adaptation and reward transformation. EFAA's continued support for SMPs in their practice transformation journey is highly commendable. For my part, I was honored to be part of the joint EFAA and IFAC webinars on the future of SMPs, including their role in providing sustainability services,,”*

Monica Foerster, Chair of IFAC's SMP Advisory Group

## Helping SMPs and SMEs Contribute to a Sustainable Economy

*“We appreciate very much the involvement of EFAA in our activities since 2001. EFRAG has been identified by the EC in its proposal for a CSRS as the technical advisor providing draft sustainability reporting standards including proportionate SME standards. We welcome very much that EFAA has joined EFRAG's sustainability reporting pillar given the importance for SMEs and their advisors being involved in this process,,”*

Jean-Paul Gauzès, EFRAG Board President

In April 2021, the European Commission published the proposed [Corporate Sustainability Reporting Directive \(CSRD\)](#) to serve as a more robust replacement to the Non-Financial Reporting Directive (NFRD). CSRD envisages sustainability reporting (also referred to as non-financial (NFR) and environmental, social and governance (ESG) reporting), assuming equal importance to, and connectivity with, financial reporting.

The EC believes sustainability reporting to be central to the EU's pursuit and fulfilment of environmental and social policy goals. EFAA expressed its [support](#) and hosted a webinar [The Future of NFR and the Role of SMPs](#). EFAA is keen to ensure sustainability reporting is voluntary for unlisted SMEs and that SMPs have the capacity to prepare the reports.

The EC invited EFRAG to develop a suite of European sustainability reporting standards (ESRS), including a set of SMEs. EFRAG established a project task force for this purpose ([PTF-ESRS](#)). Esther Ortiz, a member of the EFAA Accounting Expert Group, is a member of the 'cluster' charged with developing the SME standards. In November 2021, EFRAG [reported](#) that its on track in its development of the ESRS. EFRAG, in anticipation of the CSRD taking effect in 2022 and becoming the ESRS setter, is overhauling its governance and finance to accommodate a new sustainability reporting pillar that will sit alongside its existing financial reporting pillar. EFAA, having followed developments closely, through our representative on the EFRAG General Assembly as well as with various members of our expert groups supporting Esther Ortiz, looks forward to being an active member of this new pillar, promoting the interests of SMPs and SMEs.

In July 2021 we issued [Call to Action: SMPs Supporting Creation of the Sustainable Economy](#) to place SMPs at the forefront of the movement to transition business and society towards a sustainable one. SMPs are the trusted business advisor of SMEs and as the global economy builds back better after a difficult few years SMPs are perfectly placed to advise SMEs on how to make the green transition envisaged by the EU Green Deal.

## Shaping the Future of SME Audit

EFAA, supported by our own [research](#), believes that regulators, policy makers and the business community may underestimate the true value of audit for SMEs. The benefits from having an audit, in addition to giving external assurance to various users, include the following: providing a check on accounting systems and records; advising management; and improving internal control. Furthermore, EFAA believes that International Standards on Auditing (ISAs) are not suitable for the audits of SMEs owing to their lack of scalability and proportionality.

*"The IAASB has received a record 144 comment letters on ED-ISA for LCE, which is indicative of the significant interest in this project. We have noted and appreciate EFAA's strong support for the proposed standard, and the feedback we have received will contribute to a robust final standard. We look forward to staying closely connected with our stakeholders throughout this process, including EFAA.,"*

Willie Botha, Technical Director IAASB International Auditing and Assurance Standards Board

Accordingly, EFAA is both promoting the utility of the SME audit and supporting the International Audit and Assurance Standards Board (IAASB)'s endeavour to develop a new stand-alone audit standard for SMEs / less-complex entities (LCEs) as soon as practicable. In January 2022, EFAA submitted a [comment letter](#) expressing strong support for the proposed ISA for LCEs. While EFAA welcomes the fact that the draft standard is based on the same fundamental concepts as the ISAs and follows the chronological sequence of an audit, EFAA impresses on the need for a concerted communication and education effort to ensure stakeholders recognize that it will provide the basis for an audit of equivalent quality to that of an ISA audit.

## Collaborating with Others to Support SMPs

EFAA recognizes that collaborating with others is key to rendering effective support to its member organisations and SMPs. In early 2021, EFAA signed a Memorandum of Understanding (MOU) with the [International Federation of Accountants \(IFAC\)](#) and in so doing became an IFAC Network Partner. EFAA and IFAC have duly co-hosted two global virtual events in 2021 - [Future of SMPs: Lessons from the Crisis and Practice Transformation](#) (March) and [Sustainability Offers New Opportunities for SMPs](#) (December), each attended by several hundred delegates. Further collaboration on practice transformation and sustainability can be expected in 2022.

Similarly, EFAA has signed an MOU with [Accountancy Europe](#) in which both parties have agreed to coordinate input to the aforementioned project to develop a separate standard for the audit of LCEs – a co-hosted webinar [A Global Solution for Auditing Less Complex Entities](#) was attended by over 200 delegates (November) – and the European Commission's initiative to [improve the quality and enforcement of corporate reporting](#) (previously known as 'Audit Reform'). In early 2022, EFAA responded to both these consultations.

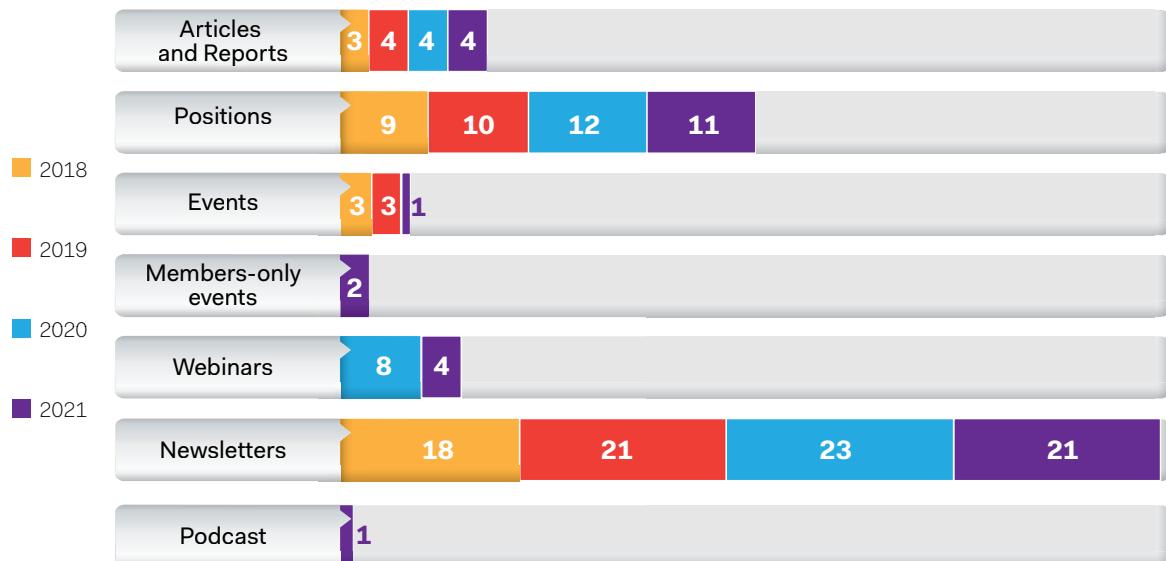
EFAA is one of the founding partners of the "[INTEREST - INTEGRATED REporting for SMEs Transparency](#)" ERASMUS+ Strategic Partnership financed by the Hungarian ERASMUS+ Agency. The consortium of universities and non-educational partners across the EU from 7 countries is developing materials that will be useful for those, like SMPs, that prepare integrated reports of SMEs.



EFAA also has an MOU with the [European Union Intellectual Property Office \(EUIPO\)](#) to help build capacity of SMPs to advise SMEs on IP – a member only webinar for which was held in March – and is a partner of the [Early Warning Europe](#) Network to help raise awareness of crucial role SMPs can play in averting financial distress.

# Activities

EFAA's activities are described in detail on the EFAA website [here](#) and, together with outreach activities, described in issues of the [Latest from Brussels](#). For the first time in 2021, EFAA organised a [hybrid event](#) and published a [podcast](#). Two members-only events were also organised.



EFAA's activities are primarily conducted or led by its various [technical groups](#). EFAA has four technical groups – the Accounting Expert Group (AEG), the Assurance Expert Group (AssEG), the Digital Working Group (DWG) and the EU Professional Regulation Expert Group (EUPREG). Members of these groups are nominated by EFAA's member organisations. In 2021, these groups met 11 times by video conference. A joint meeting was also organised.

TECHNICAL GROUP	CHAIR	NUMBER OF MEETINGS	NUMBER OF EXPERTS
EU Professional Regulation Expert Group	 Salvador Marín. EFAA	3	11
Accounting Expert Group	 Richard Martin. ACCA	3	12
Assurance Expert Group	 Paul Thompson. EFAA	3	10
Digital Working Group	 Martin de Bie. NBA	2	10

## Events

### EFAA 2021 International Conference



On 22 October 2021, for the first time in its 26-year history, EFAA hosted as a hybrid event its International Conference, '[COVID-19: SMPs Recovering Smarter, Stronger, Sustainable](#)'. Some 30 delegates, comprising the leadership of EFAA's member organisations, speakers, and special guests, convened in person at the Thon Europe Hotel in Brussels. Another 100 delegates joined remotely.

Small- and Medium-Sized Practices Post COVID-19 stand to play a crucial role in helping SMEs recover from the coronavirus crisis, build their resilience and ensure their digital and sustainable transition. For them to be effective in this role will demand they be smarter, stronger and sustainable. SMPs will need to transform their practices by accelerating the adoption of digital technologies and broadening their services. New services may include advisory services related to early warning, insolvency, and sustainability as well as accounting services that include sustainability and non-financial reporting. The SMPs role as trusted advisor to their SME clients will grow ever more important.

IFAC President Alan Johnson gave a keynote presentation and concluded that: "SMEs are critical to viable and sustainable economies everywhere. Accountants and Auditors for SMEs play an invaluable role in supporting SMEs achieve sustainable recovery from the economic impact of Covid-19. As we move from crisis to recovery, we should take every opportunity to contribute to a more sustainable world that is also more equitable and fairer for all; professional accountants will play their part in making this possible" (click [here](#) for more information).

EFAA International Conference 2022 will be themed 'Practice Transformation: SMPs embracing change'. It will focus on how small- and medium-sized accountancy practices should adapt their structure and service provision to this rapidly changing world.

## Webinar Series

### 20 March 2021 - Future of SMPs: Lessons From The Crisis and Practice Transformation EFAA for SMEs and IFAC event

The coronavirus pandemic has highlighted the need for SMPs to transform their practices to survive and succeed. Participants discussed and shared about the demands of transformation, the need to rapidly adoption digital technologies and business diversification through the offering of new services (click [here](#) for more information).

### ■ 1 June 2021 - The Future of NFR and The Role of SMPs

The virtual event gave the opportunity to discuss with decision makers and key stakeholders the [two EFRAG reports on EU sustainability reporting](#) as well as the [proposal for a Corporate Sustainability Reporting Directive](#) and to share information about [INTEREST](#), an Erasmus+ funded project of which EFAA is a partner. The objective was to understand what are the implications for SMEs and for the SMPs that prepare SMEs' reports (click [here](#) for more information).

### ■ 19 November 2021 - A Global Solution for Auditing Less Complex Entities

The IAASB has taken a significant step and proposes a new stand-alone auditing standard for less complex entities (LCE). First, objectives and the details of the proposed standard were presented by the IAASB's LCE Task Force Chair; then speakers presented perspectives from a practitioner's, a user's and a regulator's point of view. (click [here](#) for more information).

### ■ 15 December 2021 - Sustainability Offers New Opportunities for SMPs

This webinar covered recent developments on sustainability relevant for SMPs and SMEs. We also discussed the importance for SMPs to continue to focus on practice transformation and to provide relevant and value-added services to their clients. It was stressed that sustainability offers an opportunity to broaden the SMP's service provision and help their clients and employers improve the way they run their businesses (click [here](#) for more information).

## Articles

In 2021, EFAA for SMEs published several articles on topical issues impacting SMPs and their professional bodies. EFAA's member organizations and others are encouraged to use these articles for their own use including translation and reproduction in their own journals and newsletters.

- 27 February - [The Role of EFAA and of SMPs in Early Warning for SMEs](#)
- 13 July - [EFAA's Key Policy Positions and Recommendations](#)
- 19 July - [Call to Action: SMPs Supporting Creation of the Sustainable Economy](#)
- 5 August - [What SMPs and SMEs Need to Know About Sustainability Reporting](#)

## Position Papers and Comment Letters

In 2021, EFAA for SMEs published 11 comment letters and position statements as listed below.

- 08 January - [EFAA Response to the EFRAG public consultation on the ad personam mandate on non-financial reporting standard setting](#)
- 08 February - [EFAA Contribution to the Consultation on Sustainable Corporate Governance](#)
- 15 February - [EFAA Response to the EU Consultation on Financial services – Improving Resilience Against Cyberattacks](#)
- 24 March - [EFAA's Contribution to the Public Consultation on Enhancing the Convergence of Insolvency Laws](#)
- 31 March - [EFAA Policy Position on the consultation on "Regulation of professional services – update of reform recommendations to Member States"](#)

- 27 April - EFAA for SMEs welcomes the EC proposal Corporate Sustainability Reporting Directive (CSRD)
- 03 May - EFAA Responds to the International Ethics Standards Board for Accountants (IESBA) Exposure Draft: Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code
- 3 July - EFAA Response to the EFRAG's Joint Consultation on the IASB's Third Agenda Consultation and on EFRAG's Proactive Research Agenda
- 19 July - EFAA responds to IAASB Survey Consultation — The IAASB's Work Plan for 2022–2023
- 22 July - EFAA Response to EFRAG Public Consultation: Due Process Procedures on EU Sustainability Reporting Standard-Setting
- 23 July - EFAA Response to the IASB Request For Information Third Agenda Consultation.

## Meetings and Speaking Engagements

EFAA represents its member organisations and thereby Europe's SMPs with one voice at the European and global level. We are ensuring that our voice is heard by regulators, standard setters, and other important stakeholders by responding to public consultations, participation and presentations at events and conferences, and direct dialogue with political stakeholders in meetings. In 2021, EFAA represented SMPs at over 40 events and meetings.

## Key Communication Tools

### Latest from Brussels



In 2021, EFAA for SMEs issued 22 [Latest From Brussels](#), an HTML newsletter distributed by email primarily to members but also key stakeholders and other interested parties, featuring short articles on regulatory, policy and technical developments, EFAA and EFAA member activities, useful practical guidance for SMPs, and other developments relevant to the profession. At the end of the newsletter there are two sessions devoted to guidance to SMPs: one focuses on digital transformation and the other one on sustainability. The newsletter is an essential instrument for providing timely and relevant information to our members as well as stimulating their advocacy efforts to well over 400 recipients. The newsletter archive is hosted [here](#) and the free subscription is open to anyone.

### Social Media

In 2021, EFAA kept increasing its use of social media both as a vehicle to help inform its members, and their members, of relevant developments and to raise wider awareness and recognition of the activities of EFAA and its members. EFAA's [Twitter account](#) has now over 1,200 followers. The LinkedIn group, [EFAA Member Forum](#), is used to share relevant developments and provide a means for representatives of EFAA member organisations to share ideas, information, and insights.

## Website

In July 2021, EFAA revamped its website aiming to connect, advocate and inform its members even better. Its four key strategic activities - **Speaking for SMPs Future-Ready SMPs; Promoting Professional Standards and SMPs Supporting Sustainability** - are now accessible from the home page.



## Relationships with Key Stakeholders and Partners

- European Commission - **DG FISMA, DG TAXUD, DG GROW** and **DG ENV**.
- European Parliament
- European Financial Reporting Advisory Group (EFRAG)
- European Union Intellectual Property Office (EUIPO)
- SMEunited
- Early Warning Europe Network
- International Standard Setting Boards - The **IAASB** and the **IESBA**
- Consultative Advisory Groups (CAGs)
- Edinburgh Group
- International Federation of Accountants (IFAC)
- The World Bank
- International Integrated Reporting Council (IIRC)
- European Group of International Accountancy Networks and Associations (EGIAN)
- South Asian Federation of Accountants (SAFA)

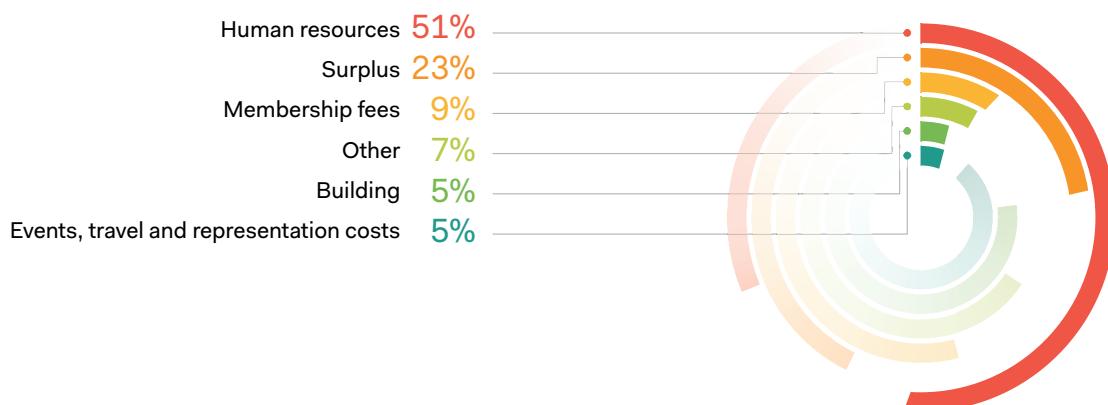
# An Overview

## Financial Highlights

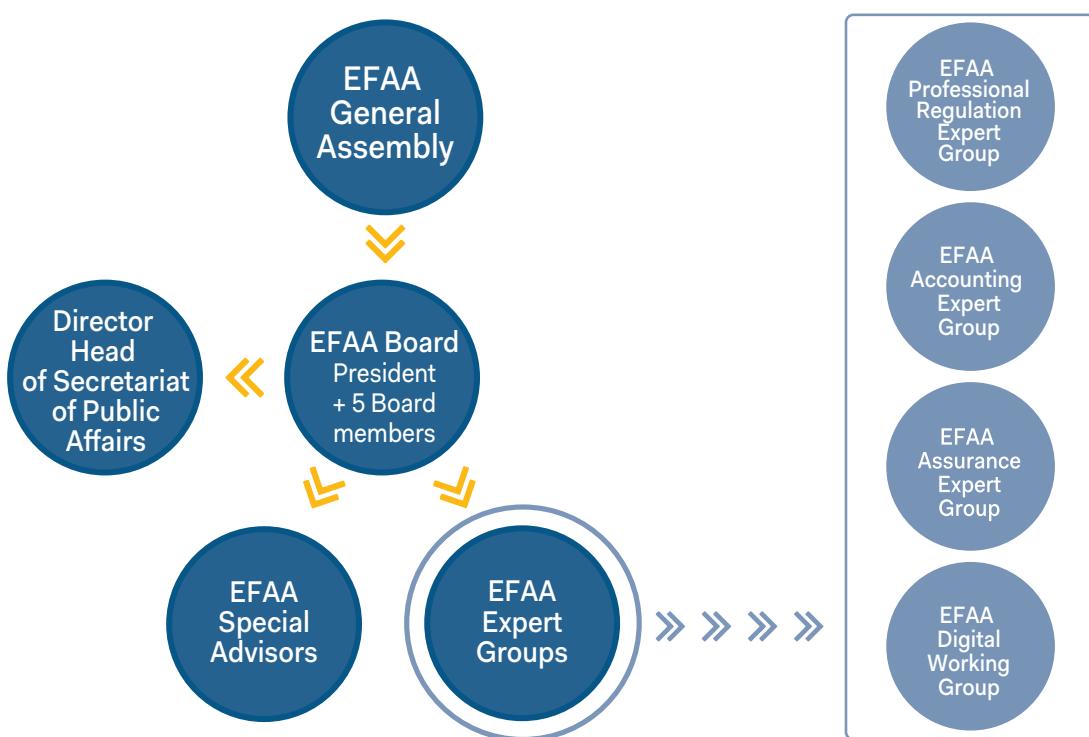
While EFAA has undertaken numerous activities in 2021, it remained well within its budget by focusing on efficient and effective use of its limited resources, especially human resources.

As of 31 December 2021, reserves were equivalent to more than a year of operating expenditure. This is mainly the result of the significant reduction in travel and event expenses due to COVID19 and thus due to an increased use of virtual events and meetings.

### EFAA FINANCIALS 2021



## EFAA Structure



EFAA Board - Status 31/12/2021



Salvador Marín  
President  
Spain



Johan De Coster  
Board member  
Belgium



Gerard van IJzendoorn  
Board member  
The Netherlands



Carlos Menezes  
Board member  
Portugal



Maurice Buijs  
Treasurer  
The Netherlands



Paul Thompson  
EFAA Director



Sara Zambelli  
Head of Secretariat  
and of Public  
Affairs



Luca Brusati  
Special Advisor



Robin Jarvis  
Special Advisor



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