

Federation of European Accountants

**The European accountancy profession:
a strategic partner on the road to 2020**



2014-2019: a legislature for European growth

The 2014-2019 legislature will be a turning point in Europe. **Policymakers will need to accompany businesses and society on a road to sustainable growth and to reform the EU toward more efficiency.** By its direct involvement with industries and services of all sizes in all sectors, the **accountancy profession provides reliable and valuable feedback to the EU Institutions.**

FEE fully supports the objectives for smart, sustainable and inclusive growth, in line with the EU 2020 targets. We have identified the following keys for growth:

- **growth and job creation will stem mainly from enhanced competitiveness;** Europe is not and should not be insulated on the world stage;
- competitiveness builds on sound economic practices, **strong governance and efficient transparent public finances,** in conjunction with smart regulation;
- smart regulation needs reliable information, real commitment **to simplification and good understanding of business practice,** coupled with objective and independent impact assessment;
- **investment is built upon trust.** Trust results from transparency, good governance, corporate social responsibility and ethical behaviour which are underpinned by **reliable reporting, supported by qualified independent assurance** on the information reported;
- **the accountancy profession instrumentally contributes on all these fronts.** To these ends, stakeholders need to **cooperate constructively with and in the EU Institutions** in the long term interest of Europe. An isolated agenda of short-term objectives, particular interests or national protectionism will fail for all.

“ FEE represents the European accountancy profession, which brings transparency, trust and integrity to society”

Professional accountants: partners for the EU's strategic priorities

“We call for simple, proportionate and fit-for-purpose regulation”

Completing the single market for citizens of all 28 Member States represents a key imperative. Europe is far from having seized all the economic and social opportunities offered by the single market. **In practice, obstacles to cross-border trade remain numerous**, and harm competitiveness. Consistency across legislation and regulation of all 28 Member States would lift restrictions on cross-border trade throughout the EU.

FEE calls for simple, proportionate and fit-for-purpose regulation. Policymakers should develop **fair, efficient and practical European solutions which best serve all players and benefit European citizens**. The cumulative impact of all reforms also needs to be regularly reviewed and assessed.

Strengthening the economy

By bringing reliability and accuracy of financial and non-financial information, the **profession provides trust and integrity to markets and stakeholders**. The accountancy profession plays an instrumental role by **facilitating access to financing** and is fully **committed to the long-term finance agenda**.

The profession is fostering growth throughout Europe by supporting entrepreneurs, in particular SMEs, by:

- providing sound financial management and useful decision-making information;
- helping understanding regulation, navigating complexity and fostering compliance;
- accompanying engagement in cross-border activities, hence making the single market a reality for all, including SMEs.

Fostering job creation

Credible information is a prerequisite for investors, as it fosters confidence. Professional accountants' expertise **helps investors obtain relevant and reliable information** for better investments decisions which, in turn, contributes to job creation.

The **profession also plays a strong societal role** by continuously recruiting numerous young Europeans. Overregulation may significantly impact this attractiveness, in particular in the field of audit. The profession invests heavily in training and continued professional development, which benefits and spreads across professional practice, industry and regulators.

“ FEE is committed to stimulate dialogue with stakeholders and contribute meaningfully to the public interest ”

Accompanying the evolutions of the accounting profession in Europe

For the past 25 years, FEE has supported progress and adaptation of the profession to a rapidly changing world, while continuously promoting the fundamental values of the profession – **integrity, objectivity, independence, professionalism, competence and confidentiality.**

Promoting the values of the accountancy profession

The profession has recognised the questions raised about its role and has undertaken significant and serious actions to better respond to public and regulatory expectations by:

- **improving ISA (International Standards on Auditing)** and the governance of the standard-setting process;
- **supporting and contributing to external inspection systems** and public oversight of auditors;
- developing and implementing a **global Code of Ethics**;
- supporting and fostering **the fight against money laundering**;
- developing the **quality and global consistency of financial information** to which evidence shows that **IFRS** (International Financial Reporting Standards) have significantly contributed;
- enhancing **corporate governance** and spreading best practices;
- improving accountants' **education** and the implementation of the **Recognition of Professional Qualifications Directive.**

The challenges faced by the accountancy profession are numerous and rapidly changing; FEE is strongly committed to respond pro-actively, **promote innovation in the profession**, stimulate **dialogue with stakeholders** and contribute meaningfully to the **public interest.**

“ FEE supports transparent, high-quality principles-based, reliable public sector accounting standards, which are critical for Europe ”

FEE's public policy priorities for 2014/2019

Improving quality, efficiency and confidence in public finance

Promoting growth and tackling unemployment is high on the EU 2020 agenda. High unemployment impacts many Member States and carries strong consequences both in terms of social unrest and public spending. **Public debt is harming confidence and impeding investment.** Hence **comprehensive and reliable information on public finance is critical** for the decision-making process.

FEE has been a long supporter of **international high-quality principles-based financial reporting standards**. We strongly advocate the implementation of **harmonised accruals-based accounting standards in the European public sector, aligned on IPSAS** (International Public Sector Accounting Standards). It will ensure sound management of public finance and provide transparency and comparability to investors. Along this line, FEE will continue contributing to the debate on the European Commission's proposal to develop European public sector accounting standards.

In many Member States, the accountancy profession actively contributes to improving good governance, reliability of information and public trust by **providing independent assurance services** (financial, performance, sustainability and compliance audits) to public bodies. Member States should duly consider the best practices set forth by fellow States and engage in a reflection on their implementation. Harmonised accounting standards for all administrative entities in the Member States could work as a catalyst in this area.

Taxation is the key inflow in public finance. The accountancy profession has significant expertise in this field. In many Member States, it provides advice on tax legislation or on the **use of technology** to policymakers, which both **contribute to enhancing compliance**.

FEE is a long-standing reliable partner of European tax policy-makers and has contributed its expertise to the ongoing tax policy debate, supporting the principle that taxation should be based on **simple, fair and transparent laws that can be efficiently applied**, enhance competitiveness and create a level playing field for all taxpayers. FEE will continue feeding the public debate on key tax policy issues such as base erosion and profit shifting, aggressive tax planning and other international tax-related matters relevant to sustainable and healthy public finance.

 *FEE supports the implementation of IFRS in Europe”*

Enhancing transparency and accountability through corporate reporting

FEE firmly supports the EU’s commitment to IFRS. These standards improve the quality, comparability and reliability of financial information. These benefits are crucial for the EU in remaining competitive, **attracting foreign investments and restoring confidence in European financial markets.** However they are not without critics, and **FEE is fully committed to improving corporate reporting** by engaging in particular with standards-setters, users and policymakers. FEE stimulates the debate on the future of reporting, supports the development of non-financial reporting and forward-looking approaches such as **Integrated Reporting.**

FEE was instrumental in supporting the governance reform of EFRAG (European Financial Reporting Advisory Group) in order to enhance its inclusiveness and advisory role to the European Commission on the **endorsement of IFRS in Europe and to influence the IASB** (International Accounting Standards Board) by strengthening and voicing Europe’s views.

The profession is determined to bring its expertise in the field of non-financial reporting, such as corporate social responsibility. Indeed, the profession is already making an impact by reporting on information provided through the use of ISAE 3000.

Providing trust and integrity to markets and stakeholders through audit and assurance

FEE has always promoted robust audit quality, which benefits the public interest and society as a whole. We have supported the developments in **external quality control, public oversight and promoted the adoption of ISA in the EU** and devoted extensive efforts to their proportionate application for SMEs. In this respect, **FEE calls for the urgent adoption of ISA throughout the EU.**

FEE aims at contributing to the practical and effective implementation of the recently adopted **audit reform** with a view to promote consistency in its application across Member States, but by no means by aligning on the most restrictive and gold-plating approaches.

FEE looks beyond this implementation and has launched a public debate on the future of audit and assurance to **stimulate innovation responsive to public demands for independent assurance services.**



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