



Federation of European Accountants
Fédération des Experts comptables Européens

FEE/NRF SME/SMP Congress 2008

Workshop 6: Repeal of Statutory Audits and Changes of
Accountancy for Small Businesses, focus on Nordic
Countries

Joakim Rehn

Federation of European Accountants
Fédération des Experts Comptables Européens

www.fee.be



Panel Participants

- Eva Törning, Expert Financial Reporting,
PricewaterhouseCoopers, Helsingborg, Sweden
- Rabbe Nevalainen, President, Finnish Institute
of Authorised Public Accountants, Audit Partner
Ernst & Young, Helsinki, Finland
- Göran Kjellén, Approved Public Accountant,
Kjellén Vision AB, Sävedalen, Sweden

Federation of European Accountants – Fédération des Experts Comptables Européens



Panel Participants

- Henry Irving, Member, FEE Auditing Working Party, Head of Audit and Assurance Faculty, ICAEW, UK
- Joakim Rehn, Managing Director Grant Thornton, Finland, Member IFAC SMP Committee

Federation of European Accountants – Fédération des Experts Comptables Européens



Audit thresholds

- Tendencies in The Nordic region to increase thresholds
- Finland, Audit Law 2007, two of three of the following, net sales 200.000€, assets 100.000€ and 3 people employed
- Denmark, two of three of the following, net sales 3 Mill DKK (400.000 €), assets 1,5 Mill DKK (200.000€) and 12 employed
- Sweden, Proposition to introduce thresholds: net sales ca. 9M€, assets 4,5m€ and 50 employees

Federation of European Accountants – Fédération des Experts Comptables Européens



Audit thresholds

- Norway, the majority of the Working Party on statutory SME audits propose that auditing should remain mandatory for all companies. The majority place conclusive importance on the importance of statutory audit for the correct calculation of taxes and duties and the prevention of white-collar crime.
- Iceland, situation unclear, expected that the Ministry of Finance will introduce thresholds for the smallest companies

Federation of European Accountants – Fédération des Experts Comptables Européens



Audit thresholds

- Why are we so upset ?
- Long tradition in the Nordic Countries
- Tax calculations
- Are we as auditors of SMEs going to be out of the business?
- What has happened in Finland? Did companies skip statutory audit as soon as it was possible?
- Alternative to audit

Federation of European Accountants – Fédération des Experts Comptables Européens



Alternative to audit

- Review, not very common in this part of the world
- Compilation, quite unknown but "hot topic" for instance in Sweden
- Introducing some form of a "light audit"- strong resistance in some parts of the world

Federation of European Accountants – Fédération des Experts Comptables Européens



IFAC SMP Committee

- Commenting on new and rewritten standards " think small first approach"
- Issuing Guidance material to make it easier for SMPs to comply with IFAC policy position" A Single set of Auditing Standards-Its Applicability to Audits of Small- and Medium-sized Entities"

Federation of European Accountants – Fédération des Experts Comptables Européens



IFAC SMP Committee

- ISA Guide
- Quality Control Guide
- Practice Management Guide
- IFACnet
- Closely monitoring the developing process of IFRS for Private Entities