



COMMENTS AND SUGGESTIONS OF THE “ASOCIACION MULTISECTORIAL DE LA INFORMACION” ON THE COSTS REDUCTION FOR SMALL COMPANIES (REVIEW OF THE ACCOUNTING DIRECTIVES).

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Background :

On 26 February 2009, the European Commission published a working document of the services commission (DG Internal Market) under the title “Cutting Accounting Burden for Small Business /Review of the Accounting Directives”.

This document is the third step for the simplification of the accounting rules for Small and Medium sized Companies in the EU. Its basic idea is to reduce 25% administrative costs for these companies before 2012. This document's innovation is the creation of the "micro-business" category that would not have the obligation to file annual accounts.

This micro business category would include all those companies that had less than 250 employees, which would in reality mean that, in case of the directive being approved, 90% of the Spanish companies would have to stop publishing its accounts in the Registry.

The working document had a survey associated to it with a series of questions about how would the directive be received by the interested groups (stakeholders)..

The results of the said survey were published in October 2009. They mainly reflected the interest in the initiatives, which could reduce administrative costs but they showed quite a wider reject regarding the elimination of the obligation to present accounts.

Current situation.

In spite of the results of the survey, several groups that include small and medium sized businessmen associations have exerted enough pressure and the directive that was going to be put to vote in the European Parliament on 25 February, delated to march.

If that voting was favourable to the measure adoption we could be facing the disappearance of the financial statements of a high percentage of companies in the European Mediterranean countries.

Consequences of the initiative in case it is implemented.

The amount of available information for any credit decisions would be obviously reduced.

With no financial information, there's an increase in risks taking uncertainty, provoking, thus, or an increase in defaults of payment or in risk management costs. There does not seem that this measure would save costs but quite the opposite.

In a moment in which information transparency has been identified as the key to crisis recovery, a measure like this one would mean an evident braking to it.

The initiative would seriously damage companies of the information sector affecting the development of their normal activity.

We insist on the fact that minimizing this transparency for the proposed simplification and restructuring would seriously affect the market present tools that allow to measure the confidence and risk of the credit transactions or any other commercial transaction as well as the knowledge that permits to determine the responsibility of the own

administrators among private parties as well as for the judicial and fiscal control of the Civil Service.

We could conclude that a measure of this kind would reduce in a very dangerous way the confidence and commercial traffic of the companies, which would directly affect the consumption, productivity, credit granting, etc.

ALTERNATIVE MEASURES FOR ACCOUNTING SIMPLIFICATION AND LOWERING OF COSTS FOR MICRO-ENTITIES.

The following measures will enable a substantial reduction in the administrative burdens of micro-entities .

A) To make the different European registers interoperable in the shared disclosure of accounts with business owners and in the elimination of duplicated accounting duties by reason of the opening of branches and consolidated accounts.

B) To design simplified contents for the annual accounts of micro-entities.

C) To obligate the administrations of the Member States of the Union not to demand accounting documents from micro-entities for certain purposes, such as statistics, business activity supervision, licenses, etc., when said information can be obtained by simply accessing the posted accounts, to avoid the double imposition of public information duties.

D) To make available to users, free of charge, software informing them of accounting contents and obligations and, in addition, including the possibility of running tests for arithmetic and logical errors which can function with the standardised account specimen forms, in order to set off warning signals.

E) To regulate procedures for the user to connect directly, from the source, with the register in order to send in electronic documents on line without there being any obligation for the micro-entity owner to have accounting documents formalised on paper or to have the document sent authenticated.