

REPUBLIC OF MOLDOVA

Existing and Future Frameworks for Financial Reporting of Non-PIEs

Kyiv, April 26, 2017

STAREP A&ACoP


CFRR >>

Centre for Financial Reporting Reform




Strengthening Auditing and Reporting in
the Countries of the Eastern Partnership

STAREP is co-funded by:

 Austrian
Development Cooperation



 Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra



 LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances



Context and Updates

- » Under the Association Agreement Moldova undertook to transpose Accounting Directive 2013/34/EC into national legislation by 1 September 2017; therefore, new accounting law should be approved by 1 September 2017 and take effect on 1 January 2018
- » Draft Accounting Law has been prepared and published for public consultations.
- » A series of public discussions was organized with participation of professional bodies, ministries, and departments in order to improve the process of understanding new provisions and ensure their more effective implementation.
- » Currently, the draft Accounting Law is undergoing legal review by the Ministry of Justice of the Republic of Moldova. As a next step, the draft will be submitted to the Government.
- » The process of amending the National Accounting Standards has been initiated to ensure full compliance with the Accounting Directive provisions.

- » The most important provisions of the European legislation are included in the draft Accounting Law:
 - Classification of entities and groups, including disclosure requirements depending on entity size;
 - Disclosure requirements to the explanatory note to financial statements;
 - Statutory audit requirements to public interest entities, large, and medium-sized entities;
 - Requirements to preparing non-financial returns and disclosure regarding payments to government for selected categories of entities;
 - Requirement to prepare consolidated financial statements.



Most Discussed Topics Related to the Draft Accounting Law

- » Chief accountant education requirements
- » Statutory audit requirements not only for medium-sized and large enterprises, but also for small ones
- » Should the requirements to filing a report on payments to government be only set for extractive industry and logging enterprises as defined in the Directive? Could other types of enterprises (e.g., those engaged in water intake and bottling) be included in this category?

Classification of Entities and Groups

Categories of entities	Micro-	Small	Medium-Sized	Large
Classification criteria				
Balance sheet total*	Up to MDL 5,600,000/ EUR 334,688	Up to MDL 63,600,000/ EUR 380,109	Up to MDL 318,000,000/ EUR 19,005,498	Above MDL 318,000,000/ EUR 19,005,498
Net turnover*	Up to MDL 11,200,000/ EUR 670,000	Up to MDL 127,200,000/ EUR 7,602,200	Up to MDL 636,000,000/ EUR 38,010,997	Above MDL 636,000,000/ EUR 38,010,997
Average number of employees*	Up to 10	Up to 50	Up to 250	Above 500

** Exchange rate as of 19 July 2017 EUR 1 = MDL 16.7320*

Summary of Requirements to Financial Reporting

	MICRO-	SMALL	MEDIUM-SIZED	LARGE
Applicable accounting standards (e.g., NAS, IFRS for SMEs, full IFRS):				
<i>for individual financial statements</i>	NAS	NAS	NAS	NAS
<i>for consolidated financial statements</i>	X	NAS	NAS	NAS
Are there more disclosure requirements than allowed by the Accounting Directive?	NO	NO	YES	YES
Management report	NO	NO	YES	YES
Non-financial statement	NO	NO	NO	NO
Report on payments to government	NO	NO	NO	YES
Publication deadline	120 days	120 days	120 days	120 days
Statutory audit	NO	NO	YES	YES