



Fédération des Experts-comptables Européens
Federation of European Accountants



The Future of Accounting and Role of Professional Organizations

PAO Regional Forum - Vienna

28 April 2016

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President

FEE: Voice of European Accountants, Auditors & Advisors



50 institutes



875,000 professionals



37 countries

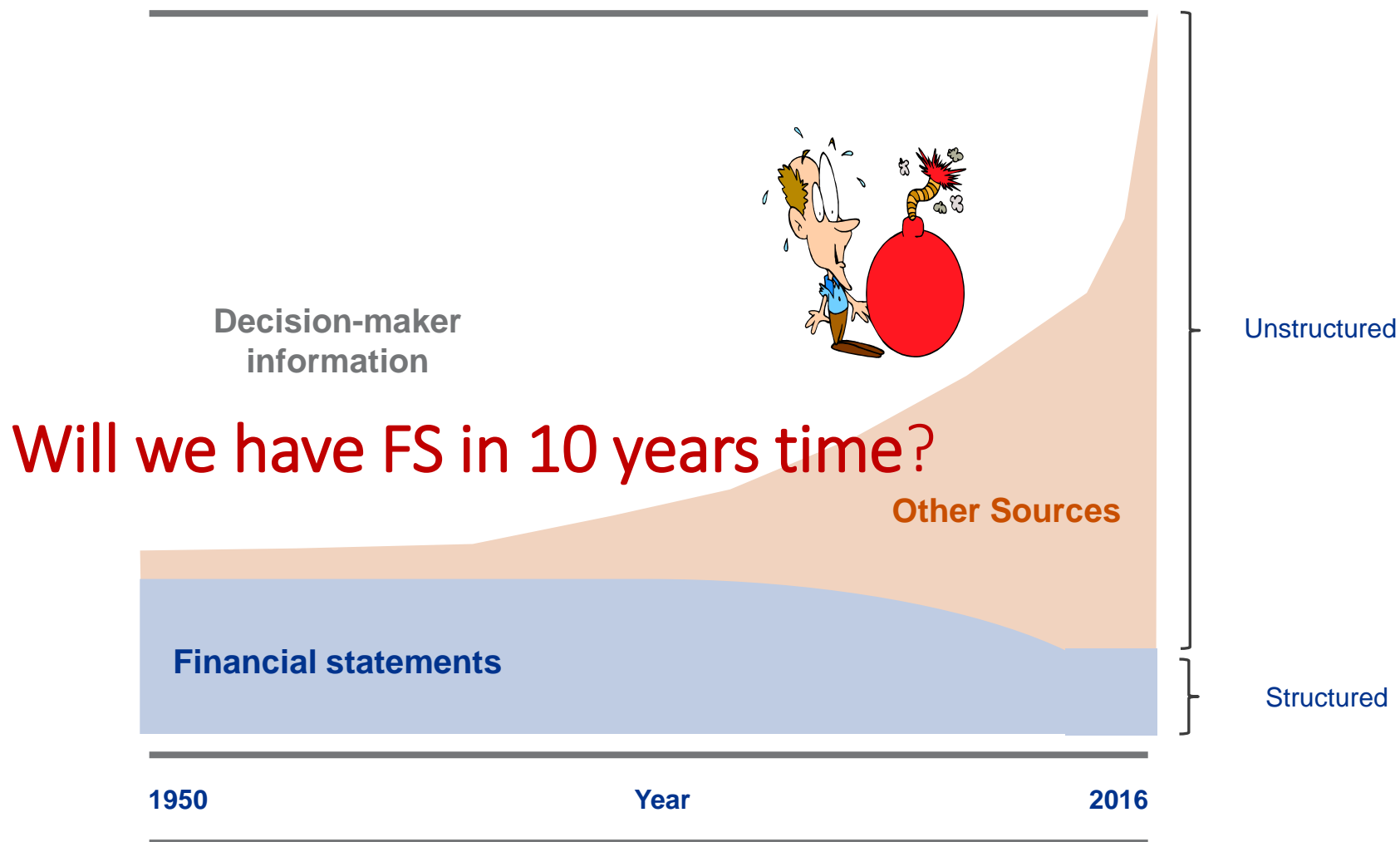


28 EU member states

Structure of the Cogito Paper

- Introductory Section and 4 chapters
 1. Growing Audience
 2. Content: Financial and Non-financial reporting
 3. Core and More
 4. Approach to Policy Making and Innovation
- Focus on TECHNOLOGY as change driver & enabler

Financial statements (FS) losing “market share”



Reporting TODAY

- Paper based (80's/90's thinking)
- Long, detailed and complex reports
- Shareholder only view
- Not timely
- Mainly confirmatory



FUTURE of Corporate Reporting

▪ How do we get
Annual Reports to
drive share
prices?

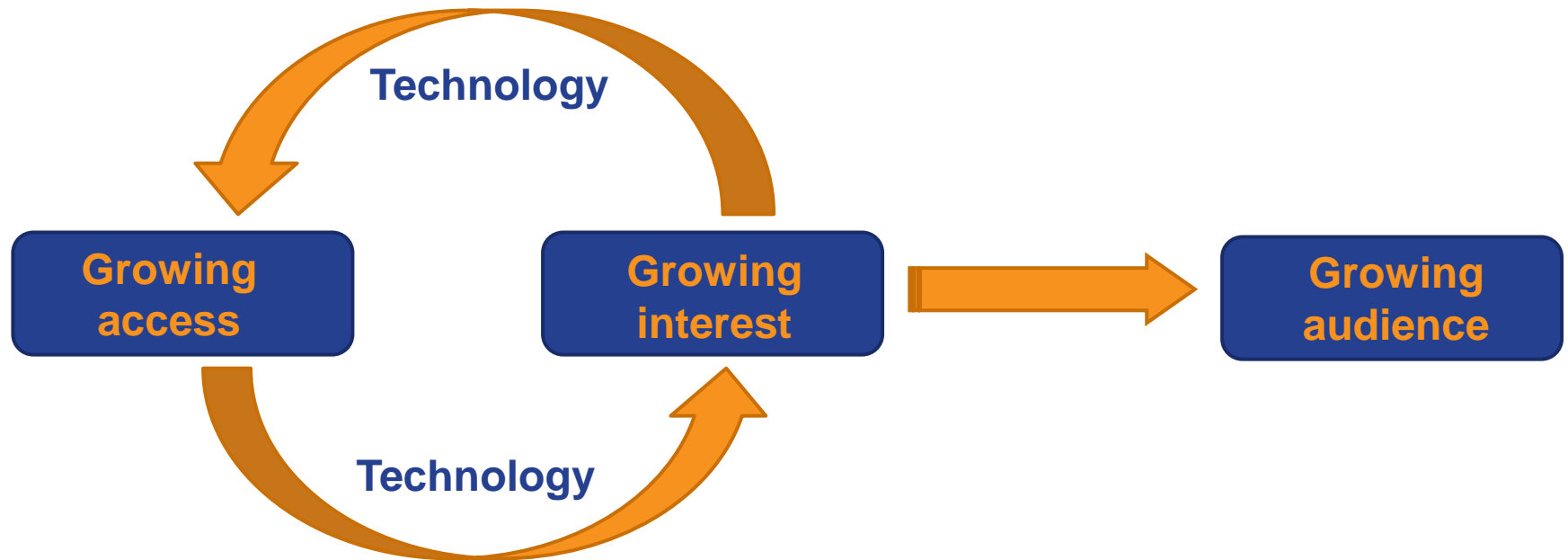
How do we get
youngsters to
read Annual
Reports?

Should reporting adjust to the new technologies?

Technology (IT) as change driver & enabler

- At the heart of change
- Enables lively presentation
- Focus on relevant and material information
- Enhances readability on screen
- Enhances calculations, storage, processes, connectivity, cross-checking, references...

Chapter 1: Growing Audience



Chapter 1: Growing Audience

- Accountability to wider group of stakeholders
- Separate reports to each stakeholder group
not sustainable
- Two way communication is essential

Chapter 2.1: Financial Information

- Financial information
 - to be issued earlier (more timely)
 - to be less voluminous
- Do not think paper / PDF, think screen

Chapter 2.2: Non-Financial Information

- Interconnection: financial & non-financial
- NFI is key to get complete picture
- Many new requirements/standards
- Move towards one universal principles based reporting framework

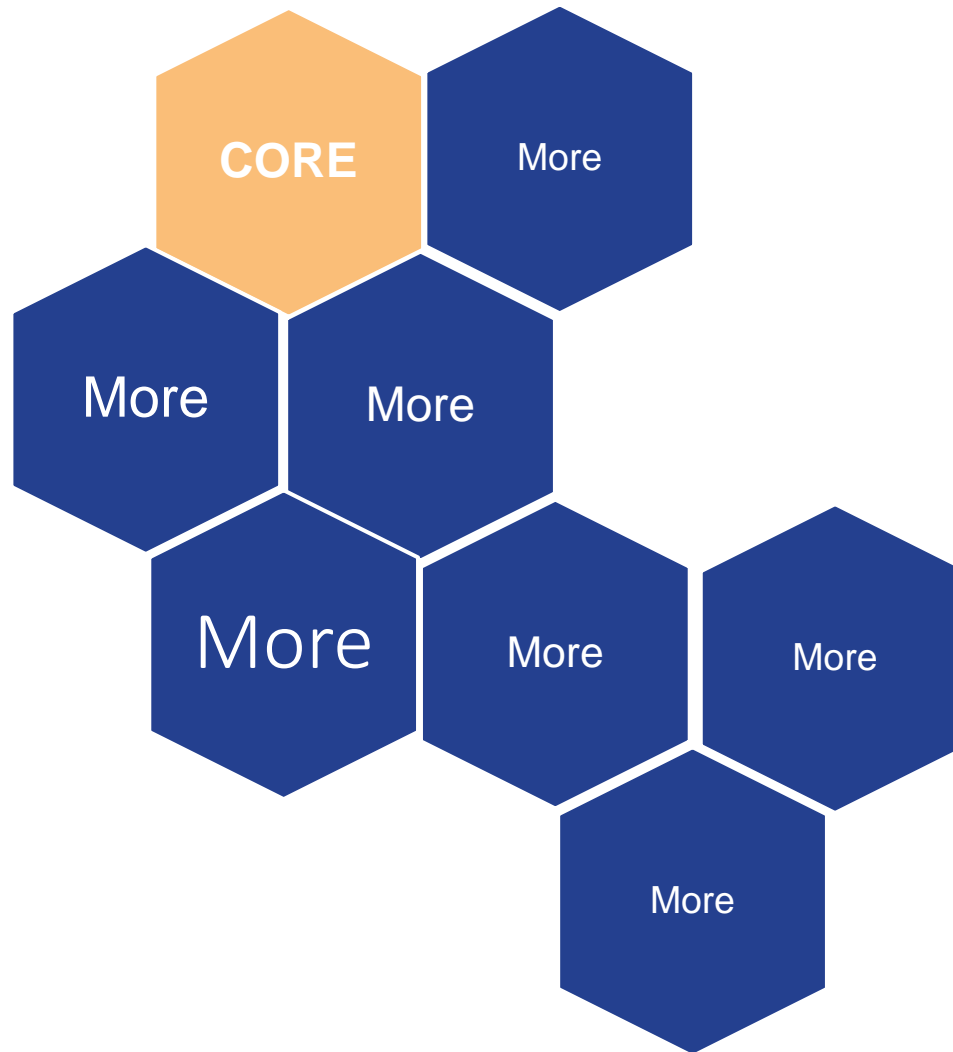
Chapter 3 CORE & MORE

- Bring all together in one combined report
- Consisting of
 - One CORE (summary) report
 - MORE reports can be accessed via drilling vertically and horizontally
- Technology is key

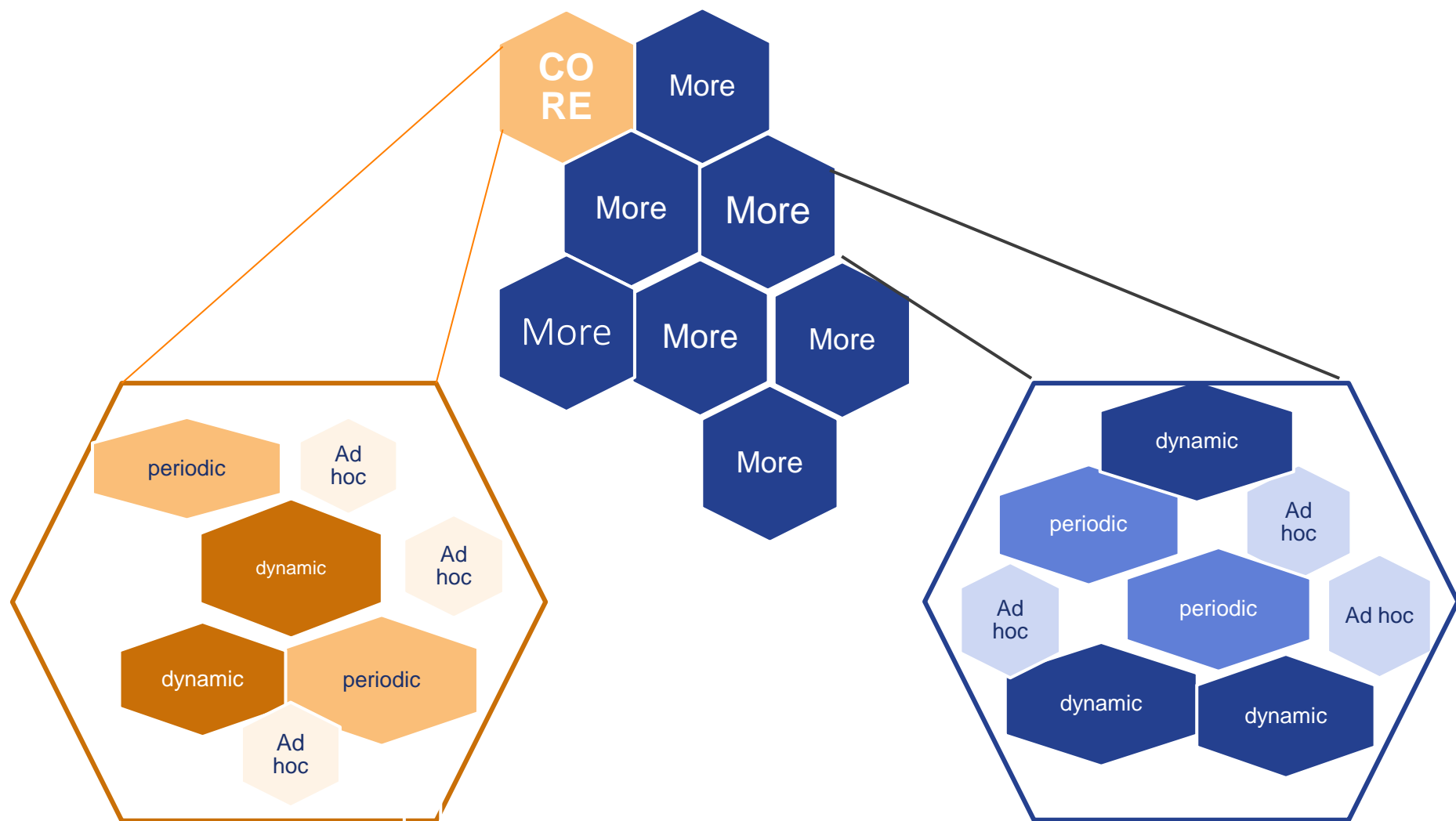
Chapter 3: CORE & MORE



CORE and MORE: Structure of the Report



CORE and MORE: Updating the Report



Chapter 3: CORE & MORE - Updating

Periodic update:
e.g. every hour



Nato steps into Aegean migrant crisis

Nato is sending ships to the Aegean Sea to deter people-smugglers taking migrants from Turkey to Greece, Secretary-General Jens Stoltenberg says.

1 hour ago | Europe

Crisis in graphics

Two in court over Alan Kurdi smuggling

Shelter and despair in Athens



N Korea to cut hotlines with South

North Korea vows to cut two crucial military communication hotlines with the South, as tension rises after the North's recent rocket and nuclear tests.

2 hours ago | Asia

What is the Kaesong Industrial Complex?

North Korea's missile programme

India schools shut over leopard fears

3 hours ago | India



Former Auschwitz guard goes on trial

A 94-year-old former Nazi SS guard at the Auschwitz death camp goes on trial in Germany over the murder of at least 170,000 people.

2 hours ago | Europe

'Auschwitz book-keeper' convicted

Testimony at Groening trial

Anxiety drags down European markets

2 hours ago | Business

Oregon occupiers 'ready to surrender'

4 hours ago | US & Canada

Powers divided over Syria ceasefire

1 hour ago | Middle East

Women flee Australia 'murder attempt'

10 February 2016 | Australia

Watch/Listen

LIVE World Service radio

ADVERTISEMENT

Ad hoc update: e.g. when a new video is available



Syrian rebels: 'The West has abandoned us'

10 February 2016

Cruise passengers on 'terrifying experience'

1 hour ago

Battle of Hong Kong's street food hawkers

11 February 2016 | China

Thailand's fascination with 'child angel' dolls

8 hours ago | Asia

On the border of Kaesong industrial park

4 hours ago | Asia

BREAKING

Teacher shoots at least five colleagues dead in Saudi Arabia's southern Jazan province, state TV says

Dynamic update: Whenever something important happens

Future of Corporate Reporting and



- Need for debate and experimentation
 - Is there agreement on the issues to be solved?
 - If yes, who should own the agenda?
- <IR> is the most developed & promising initiative
- FEE's Core & More idea is compatible with <IR>

Chapter 4: Policy Making and Innovation

- Differing requirements lead to reporting **duplication**
- Revise the current **checklist approach** through:
 - More **principles-based** standards
 - **Coordination** in Europe & internationally
 - Enforcers & auditors to **change attitude**

Policy Making and Innovation:

- Allow **parallel experimental reporting**



- Allow Corporate Reporting to **adapt to** opportunities and challenges of emerging **IT**
- **Policy makers** work together to get necessary changes to happen
- Establish a group of **key stakeholders**



“Let’s think about”
How can PAOs get involved?

Join the debate



- Discussion paper <http://bit.ly/15futurecorprep>
- FEE welcomes responses by 30 June 2016
- For updates, follow [#FutureCorporateReporting](https://twitter.com/FutureCorporateReporting)
- Join our LinkedIn group
<https://www.linkedin.com/groups/8417453>

PAOs should be in the center of the strategic debate on the future of audit and assurance



Follow-up projects on:

- ✓ Responding to changing stakeholders' needs
- ✓ IT and innovation
- ✓ Skillset of the future and rethink education



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