

Requirements for consolidated
financial statements of non-PIEs:
experience of Croatia in adopting provisions
of Accounting Directive (2013/34/EC)

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Parent company

- It has a direct or indirect majority of the voting rights in another undertaking
- Has the right to appoint or remove a majority of the members of the management or supervisory board, board of directors or executive directors of another undertaking and is at the same time a shareholder in or member of that undertaking
- Has the right to exercise a dominant influence over an undertaking of which it is a shareholder or member, pursuant to a contract entered into with that undertaking or to a provision in its statute or in accordance with other regulations
- Has a majority of the members of management or supervisory board, board of directors or executive directors or management or supervisory bodies of the undertakings who have held office during the financial year, during the preceding financial year and up to the time when the consolidated financial statements are drawn up, have been appointed solely as a result of the exercise of its voting rights

Parent company

- If can exercise or exercised dominant influence or control over another undertaking
- If it is a parent or subsidiary undertaking managed on a unified basis pursuant to a contract, its memorandum or articles of association
- A parent company is an entity who use IFRS individually or as a group, and is obliged to present consolidated financial statements based on those standards

Scope of consolidation

- The consolidated financial statements should include
 - parent
 - all subsidiaries
- Subsidiaries that individually or collectively are not significant for the consolidated annual reports of group could be excluded

Entity, including PIE, could be excluded from consolidated financial statement

- in extremely rare cases where the information necessary for the preparation of consolidated financial statements are not available without excessive costs or excessive delays
- shares of that undertaking are held for sale
- a strong long-term restrictions interfere
 - the parent company in achieving its rights over the assets or management of such an undertaking
 - single management by management from other company which is defined in a unique basis in accordance with the contract made with the undertaking

Group classification

	Small (if they do not exceed 2 of 3 criteria)	Medium (if they do not exceed 2 of 3 criteria)	Large (if they exceed 2 of 3 criteria)
Assets	30.000.000	150.000.000	150.000.000
Revenue	60.000.000	300.000.000	300.000.000
Number of employees	50	250	250

In HRK

1 EUR ≈ 7,5 HRK

Group classification

- When determining their size, indicators for the previous year are examined on a consolidated basis
- It is also possible to use unconsolidated information, but indicators then need to be increased by 20%

Small groups

- Are not obliged to present consolidated financial statement
- Unless there is PIE within the group

CFRS 2 – Consolidated financial statements

- Business combination
 - Acquisition method
- Subsidiaries
- Associates
- Joint ventures

- Goodwill
 - Amortised over max 5 years

Parent need not present consolidated financial statements

- Parent is not listed company nor in process of publication
- Parent is subsidiary of other parent which is which is governed by the law of a Member State
- Parent of the exempted undertaking holds all of the shares in the exempted undertaking. The shares in the exempted undertaking held by members of its administrative, management or supervisory bodies pursuant to a legal obligation or an obligation in its memorandum or articles of association shall be ignored for this purpose; or the parent undertaking of the exempted undertaking holds 90 % or more of the shares in the exempted undertaking and the remaining shareholders in or members of the exempted undertaking have approved the exemption
- The exempted undertaking and all of its subsidiary, without those that are excluded from consolidation, are consolidated in the financial statements of the parent of which is governed by the law of a Member State

Parent need not present consolidated financial statements

- The consolidated financial statements and the consolidated management report are prepared by the parent in accordance with the law of the Member State by which that parent is governed, or IFRS
- In relation to the exempted undertaking the following documents are published
 - consolidated financial statements,
 - consolidated management report,
 - audit report

Parent need not present consolidated financial statements

- the notes to the annual financial statements of the exempted undertaking disclose the following
 - the name and registered office of the parent that prepare the consolidated financial statements
 - the exemption from the obligation to prepare consolidated financial statements and a consolidated management report

Other requirements

- Consolidated annual report
- Audit of financial statements
- Must be public available within 9 months after year end

Thank you for your attention!