

*Requirements for
consolidated financial
statements of non-PIEs
Estonian experience*

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Consolidation requirements

| | Micro * | Small ** | Medium ** | Large *** |
|-----------------------------|----------------|-----------------|------------------|------------------|
| Assets | <175 TEUR | <4 MEUR | <20 MEUR | > 20 MEUR |
| Sales revenue | <50 TEUR | <8 MEUR | <40 MEUR | > 40 MEUR |
| Average number of employees | N/A | < 50 | < 250 | > 250 |

- Micro and small entities are not required to prepare consolidated financial statements
- Medium and large entities must prepare consolidated financial statements, unless:
 - they are 100% owned by another parent that prepares consolidated FS
 - they are at least 90% owned by another EU parent that prepares consolidated FS
 - the subsidiaries are less than 5% of assets and revenues of the consolidation group

Preparation of the consolidated financial statements

- Companies must prepare either consolidated or stand-alone financial statements, not both
 - if consolidated FS is prepared, there is no need to prepare full stand-alone FS
 - however, standalone primary statements must be disclosed in the notes to the consolidated financial statements
- Accounting principles applied in consolidated financial statements are exactly the same as in stand-alone financial statements
 - a few additional notes about consolidation and business combinations
 - consolidation principles based on IFRS / IFRS for SMEs
 - similarly to IFRS (and IFRS for SMEs) proportional consolidation not allowed

Public Interest Entities (PIEs)

- Currently, the PIE definition includes
 - listed entities
 - financial institutions
 - very large entities (revenues more than 66 million euros)
 - most entities owned by the government or local governments
 - ministries and local governments
 - No difference in consolidation & other reporting requirements for PIE vs non-PIE companies, except that listed entities and financial institutions need to prepare IFRS accounts
- Since 2017, the PIE definition will be reduced to include only
 - listed entities and financial institutions
 - All PIEs will prepare consolidated IFRS accounts

Any questions?



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