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Bodo Richardt
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Brussels, 19 April 2017

Dear Sir or Madame,

European Federation of Accountants and Auditors for SMEs (EFAA) Response to Proposed Revisions to Clarify the Applicability of Provisions in Part C of the Extant Code to Professional Accountants in Public Practice

The European Federation of Accountants and Auditors for SMEs (“EFAA”) represents accountants and auditors providing professional services primarily to small and medium-sized entities (“SMEs”) both within the European Union and Europe as a whole. Constituents are mainly small practitioners (“SMPs”), including a significant number of sole practitioners. EFAA’s members, therefore, are SMEs themselves, and provide a range of professional services (e.g. audit, accounting, bookkeeping, tax and business advice) to SMEs. EFAA represents 17 national accounting, auditing and tax advisor organisations with more than 370,000 individual members.

EFAA broadly welcomes the IESBA’s proposals to clarify the applicability of the requirements and application material in extant Part C, Professional Accountants in Business, of the *Code of Ethics for Professional Accountants* to professional accountants in public practice and is pleased to provide its comments to the Exposure Draft (ED), which have been prepared with input from our Assurance Expert Group. Notwithstanding our support for the proposals we wish to draw your attention to some EFAA research that is relevant to this project, outlined under ‘General Observations’ below, and have responded to the specific questions posed in the ED.

General Observations

EFAA Research

A survey conducted by EFAA and the Accountants Association in Poland (SKwP) revealed that accountants,

auditors and tax advisors experience significant pressure to, amongst other things, manipulate financial statements. The EFAA survey [“Accounting and Ethics: Pressure Experienced by the Professional Accountant”](#) took stock of the realities facing finance professionals today. 622 European accountants, auditors and tax advisors answered the survey. 64% of respondents said they were put under pressure to act unethically or against regulations at least once in their careers. Significantly accountants value the opportunity to consult when facing pressure. We highlight this research since it may have implications for the proposals, especially in so far as they address pressure, as well as other IESBA projects and IESBA’s future strategy and work plan. We therefore strongly recommend that the IESBA closely examines this report.

Specific Questions

Do respondents agree with: (a) The proposed applicability paragraphs; and (b) The proposed location of those paragraphs in Sections 120 and 300 of the proposed restructured Code. If not, why not?

We agree.

I trust that the above is comprehensive but should you have any questions, please contact me any time.

Yours faithfully,



Bodo Richardt

President