



"The voice of crafts and SMEs in Europe"

"Responsible business package": good news on accounting, bad news on CSR, say SMEs

Brussels, 26 October 2011 – UEAPME, the European craft and SME employers' organisation, was left with mixed feelings by the "responsible business package" presented by the European Commission yesterday (Tuesday). On the positive side, UEAPME welcomed the proposals to simplify financial reporting obligations for limited liability companies. The organisation was pleased with the measures planned by the EC and by its aim to make accounts clearer and easier to understand. However, it warned that the generated savings are likely to be less than what the Commission estimates. On the negative side, UEAPME expressed concerns on the Commission's new strategy on corporate social responsibility (CSR). According to the organisation, the new CSR definition fails to properly take into account the reality of SMEs. UEAPME also spoke against compulsory disclosure of non-financial information by companies, calling on the Commission to properly assess the impact of such a move.

Enterprise Policy Director **Luc Hendrickx** offered the following comments:

"The 'Responsible Business Package' is a mixed bag of news for SMEs. While the plans to simplify accounting requirements for companies are to be welcome overall, the new strategy on CSR is a step back in terms of policy thinking and may cause additional costs for SMEs if the disclosure of non-financial information by companies is made compulsory."

"The revision of the Accounting Directives clearly reflects our long standing demands to simplify the preparation of financial statements and to reduce the related administrative burdens for SMEs. At the same time, we welcome the Commission's decision not to push for the adoption of International Financial Reporting Standards (IFRS) for SMEs, which are not in line with the reality and needs of small companies. Moreover, we fully share the Commission's aims to make accounts clearer, easier to understand and more comparable, although one could contest the option given to Member States to exempt small companies from publishing profit and loss accounts, which would lead to less rather than more comparability. Finally, we believe that the estimated savings must be corrected downwards. In fact, the Commission itself admits that statistical authorities will need to adjust their way of collecting from SMEs data that are currently available as part of their accounts, but will not be in the future. This is likely to generate new costs and red tape for the authorities and for SMEs."

"The new communication on Corporate Social Responsibility, on the other hand, leaves a lot to be desired. The strategy does not reflect the voluntary nature of CSR, as it was previously the case, and fails to recognise the efforts and specificities of SMEs in the field by concentrating mainly on larger companies. This is a step back. Moreover, the Commission seems to be willing to re-open the debate on the compulsory disclosure of non-financial information by companies. This is a no go for SMEs, with estimated costs ranging from 15.000 to 25.000 EUR per company per year. Even if small businesses were exempted from compulsory requirements, those acting as subcontractors or suppliers for larger companies would be obliged to disclose information in the same way. We hope that before putting forward its legislative proposal the Commission will properly assess the impact of compulsory requirements, as their cost would outweigh by far any possible savings from simplified accounting rules."

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EDITORS' NOTES: UEAPME is the employers' organisation representing exclusively crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 82 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information: <http://www.ueapme.com/>

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