

Accounting Alert

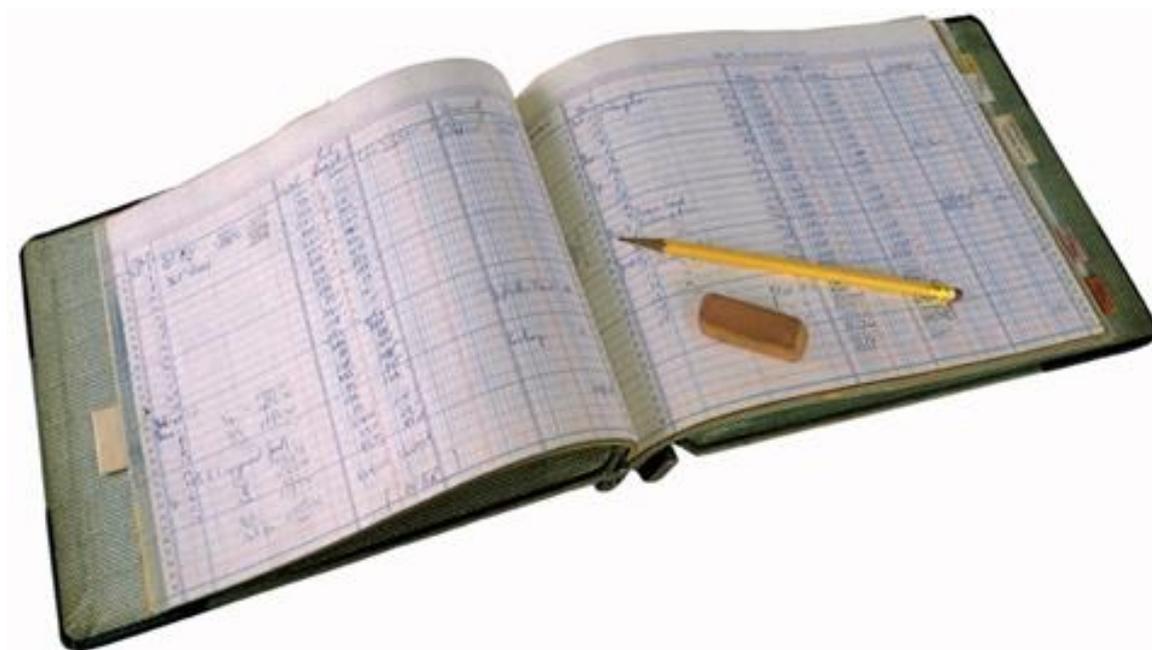
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Accounting news

The new accounting regulation, MoPFO 1802 replacing MoPFO 3055 as subsequently amended (Official Journal 963/30.12.2014)

The Ministry of Public Finance has issued a new order, applicable starting from January 1, 2015 approving the accounting regulations applicable to individual and consolidated financial statements. The new order clarifies the accounting treatments existing in MoPFO 3055 as subsequently amended, and it amends the classification of entities by size and the manner of presenting the financial statements of such entities based on such classification, it amends the chart of accounts and introduces new accounting treatments applicable in certain cases.



The new MoPFO 1802 replacing MoPFO 3055 as subsequently amended

The new accounting regulation – some of the amendments and clarifications

- Entities are classified into micro entities, small, medium-sized and large entities if 2 out of 3 size criteria are fulfilled (e.g., for medium-sized and large entities: EUR 4,000,000 total assets, EUR 8,000,000 net turnover, average number of employees: 50). The requirements regarding the content and presentation of the financial statements differ depending on such classification.
- New accounts, new classes of assets: e.g., productive biological assets, investment property, tangible assets for exploration and evaluation of mineral resources, etc.
- Accounting subsequent commercial discounts related to inventories on balance at the end of the reporting period affects the inventory's value, not the profit and loss.
- New categories of provisions for risks and charges: e.g., provisions for onerous contracts, provisions for termination of employment contract, etc.
- Linearization of incentives granted under operating leases
- Classification of assets into monetary and non-monetary, clarifications regarding the valuation of non-monetary assets purchased in foreign currency.
- When an entity breaches, at or before the end of the reporting period, a covenant in a long-term loan agreement and, further to such breach, the debt becomes payable on demand, the debt is classified as current, including the situation when the creditor has agreed, after the reporting period and before the financial statements are authorized for issuance, not to request payment further to such breach.
- Auditing criteria are different from those used in the classification of entities.

What does this mean for you?

Given that there are more amendments and clarifications to the accounting regulations (the above are only some examples), the impact is expected to be felt in all industries. Depending on the company's activity and the specific impact on the accounting policies adopted, the implications on transaction accounting and the necessary updates to the IT systems used should be assessed. Also, the balance sheet and the profit and loss account forecast for 2015 may be affected in the light of the new regulations.

What is there to be done?

To assess whether your business might be affected, you must assess the impact of the new amendments on the company's financial information given that such information is used in the decision-making process and contractual relations with third parties.

Should you have questions regarding the amendments, or should you need our assistance to assess your potential exposure, please do not hesitate to contact us. Also, we can deliver trainings at your headquarters to familiarize the financial-accounting department with MoPFO 1802.

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