

One signature under financial statements will soon be enough

I. New regulations will go into effect after just 7 days of publication

The government is working on amendments to the Accounting Act to introduce changes relating to financial statements. The draft (UD 154) was made public on 22 December 2020. It is now being consulted. The amendments themselves are to go into effect after just 7 days of publication in the Journal of Laws. It appears that the new regulations will go into effect before the deadline for the preparation of financial statements for 2020 (six months of the balance sheet date, i.e. 30 June for entities whose financial year is concurrent with the calendar year). This is important because from the perspective of management boards, the most important change pertains to the ability to sign financial statements by one board member. Today it is the entire board that has to sign.

II. Financial statements to be signed by just one board member

The draft primarily provides for changes in the Accounting Act with regard to the signing of financial statements. Under currently binding regulations of the Act, financial statements are to be signed by the person entrusted with keeping the books of account and the entity's manager, and if the entity is managed by a body of people - by all of the members of that body. The change with regard to the signing of financial statements consists of making it possible for this action to be performed by only one member of a multi-member management board. In addition, the amendments introduce a general rule (new Article 52 par. 2a) whereby a signature placed under the financial statements confirms that the financial statements meet the requirements of the Accounting Act.

III. All board members to provide declarations of consent to signature

The amendments specify the conditions that have to be met for the financial statements to be signed by only one member of a multi-member board. That member will have to obtain declarations from the other members confirming that the financial statements meet the requirements of the Act. In the event of refusal to provide a declaration, a solution has been applied that is similar to the currently binding regulation that applies in the event of a refusal to sign financial statements, i.e. the need to provide the reasons for refusal in writing. Refusal to provide a declaration will be treated as equivalent to a refusal to sign the financial statements. Refusal to sign must be accompanied by a written justification attached to the financial statements.

The government is working on amendments to the Accounting Act which will allow – after certain conditions are met – for financial statements to be signed by one board member. There will also be changes to some of the methods used to prepare financial statements and to regulations on certified auditors.





IV. Declaration and refusal in paper or electronic form

The amendments provide that declarations and refusals to submit such declarations will be prepared in electronic form with a qualified electronic signature, trusted profile signature or personal signature, or in paper form with the signatory's genuine signature. If the documents are prepared in paper form, the person signing the financial statements will prepare a digital reproduction of the documents and then sign them electronically (new Article 52 par. 2d of the Accounting Act). The purpose of this is to make it possible to file the said documents with the National Court Register as per the requirements of the Accounting Act.

V. Consolidated financial statements to be signed the same way

The same changes will be introduced with regard to signing consolidated financial statements, payment reports and consolidated payment reports. They also broaden the current provisions on consolidated financial statements by the addition of a requirement to submit specified documents (refusal to sign financial statements, declarations submitted by members of a multi-member body that the financial statements meet the requirements of the Accounting Act and refusal to submit such declarations) to the relevant court register, as well as the requirement for the entity to store the documents (for 5 years counting from the beginning of the year following the financial year in which the financial statements were approved).

VI. More time to submit documents to Head of KAS

Following the changes relating to the signing of financial statements adopted in the draft amendments to the Accounting Act, it is also necessary to make changes to the Corporate Income Tax Act (CIT Act). They are to consist of the introduction of a requirement to submit specified documents to the Head of KAS: refusal to sign financial statements, declarations submitted by members of a multi-member body that the financial statements meet the requirements of the Accounting Act and refusal to submit such declarations. In addition, the amendments extend the deadline for submission to the Head of KAS to 15 days (from the current 10 days). The due date is counted from the date of approval of the year-end financial statements.

VII. Standardized electronic financial statements formats will be introduced

Financial statements are to be covered by changes arising out of the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (Regulation 2019/815). Based on Regulation 2019/815, issuers are required to prepare their year-end financial reports (which include financial statements) in the XHTML format. Where such a report includes consolidated financial statements prepared in accordance with IAS, the issuers are required to mark up those financial statements using the XBRL markup language.

VIII. Financial statements will be prepared in formats consistent with EU requirements

After the regulations are changed, issuers that prepare their year-end financial statements based on Polish accounting standards, as well as in accordance with IAS, will prepare their financial statements that are included in their annual reports in the year-end financial report format referred to in Regulation 2019/815 (XHTML). Entities that are not issuers and prepare their financial statements in accordance with IAS will be able to prepare their financial statements in the format used for the purposes of the annual financial report, referred to in Regulation 2019/815 (XHTML), or in another searchable format. The introduction of a searchable format as an alternative to XHTML means that financial statements should be prepared in a format that makes it possible to search through the financial statements automatically.

IX. Consolidated financial statements in XHTML or searchable format

Reports on activities prepared by issuers and non-listed entities that prepare their financial statements in accordance with IAS, will be prepared: by issuers - in the format used for the annual financial report referred to in Regulation 2019/815; for other entities that prepare their financial statements in accordance with IAS - in the format used for the annual financial report referred to in Regulation 2019/815, or in another searchable format. Issuers that prepare statutory consolidated financial statements will be required to use the XHTML format referred to in Regulation 2019/815 and to mark up those financial statements using the XBRL markup language by specified deadlines (notes to the financial statements will only get marked up as of 1 January 2022). Non-listed entities that prepare their financial statements in accordance with IAS will prepare those financial statements in the format used for the annual financial report referred to in Regulation 2019/815 (XHTML), or in another searchable format.

X. Changes to regulations on audit and auditor oversight

The amendments also provide for changes to the Act of 11 May 2017 on Certified Auditors, Audit Firms and on Public Oversight. In their reports on the audit of financial statements certified auditors should indicate whether the financial statements are consistent with the applicable statutory requirements. For financial statements prepared in accordance with the requirements specified in Regulation 2019/815, in their reports on the audit of the financial statements the auditors should state whether the financial statements have been prepared in the XHTML format, and for consolidated financial statements prepared in accordance with IFRS - whether they have been properly marked up using the Inline XBRL markup language. The change consists of the introduction of an additional, mandatory component to the report on the audit of financial statements in the form of an opinion on whether the audited consolidated financial statements have been marked up in accordance with the requirements of Regulation 2019/815. In addition, the amendments introduce changes to the inspection methods used by the Polish Agency for Audit Oversight (PANA).



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