

THE PROFESSIONAL ACCOUNTANT



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About EFAA for SMEs

The European Federation of Accountants and Auditors for small- and medium-sized enterprises ([EFAA for SMEs](#)) is an umbrella organization for national accountants' and auditors' organizations whose individual members provide professional services primarily to SMEs in Europe. EFAA has 15 members throughout Europe representing more than 400.000 accountants, auditors, and tax advisors. EFAA is a sectorial member of [SMEunited](#), a member of [EFRAG](#), an [IFAC](#) network partner and a member of [Early Warning Europe](#).



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Dear Reader,

Since its founding in 1994, EFAA for SMEs has represented small- and medium-sized accountancy practices (SMPs) across Europe. Today, this role is more important than ever. **SMPs make a crucial contribution to the European economy, and their value deserves to be more broadly acknowledged**, given their role as trusted advisors of millions of SMEs, as well as for other public and private entities, foundations and institutions of similar size. Being SMEs themselves, SMPs have a deep and unique understanding of the challenges their clients face and how best to support their growth.

In recent years, both the accountancy profession and the SME sector have faced significant challenges: overregulation, shortages of talent, the rapid pace of digitalisation and sustainability requirements, and ongoing economic uncertainty. At the same time, demands on the profession continue to grow, with increasing expectations around transparency, resilience, and innovation.

In this context, the role of SMPs as trusted advisors must not be underestimated. **Professional accountants**, including in-house accountants, not only support business growth and competitiveness but also **serve the broader public interest through compliance, quality, ethics, and stability**.

Authorities and regulators could serve the public interest also by ensuring that SMEs, public entities, and businesses in general receive high-quality services delivered by well-trained accountancy professionals. This includes addressing and preventing the provision of unqualified practice, which will be difficult to detect by the general public. Hence, there is a global responsibility to uphold these requirements - not just by Professional Accountancy Organisations — but also directly by policymakers themselves. When SMEs and other entities receive poor-quality services, the consequences ultimately harm the economy and the public interest — creating a sort of pandemic of unchecked non-quality.

The aim of this paper is to **raise awareness of the essential role and evolving responsibilities of Professional Accountants (SMPs)**. We hope it will serve as a valuable resource for policymakers, regulators, professional bodies, and stakeholders alike. Given the continuous changes the profession faces — both in the services provided and in its growing importance as a guarantor of the public interest — we intend for this publication to become a regular EFAA annual report. It also complements our forthcoming position paper on the key regulatory and policy reforms we believe the European Commission should implement to foster a competitive and sustainable single market for services.

I would like to personally thank all those who have contributed to this work: our EFAA experts, Special Advisors, Board members, and all our members. By speaking together for SMPs, we make our collective voice stronger and ensure it is heard, understood, and acted upon in Brussels and beyond, wherever policies, regulations, and standards affecting SMPs are shaped.

Finally, I invite all readers of this publication to recognise, value, and support Professional Accountants in their indispensable role as partners to Europe's SME economy. EFAA reaffirms its commitment to working with regulators and policymakers to build a stronger, more resilient Europe.

Your sincerely,
Salvador Marín
EFAA President

Introduction

Small- and Medium-sized Accountancy Practices (SMPs) are vital partners for Europe's millions of SMEs, as well as for other public and private entities, foundations and institutions of similar size. They provide trusted advice, technical expertise, and a deep understanding of their clients' realities. As they are SMEs themselves, SMPs offer a unique, day-to-day perspective on the challenges and opportunities faced by their clients. Beyond supporting businesses, they contribute significantly to the strength, transparency, and competitiveness of the European economy, thereby serving the public interest and enhancing the resilience of organisations, the economy and territories.

This publication aims to outline a comprehensive overview of the role, value and evolving responsibilities of professional accountants, particularly those working in SMPs. In light of significant regulatory developments, EFAA considers it essential to highlight the distinctive contribution of professional accountants to the resilience, compliance and competitiveness of the SME sector.

In this context, the European Union is increasingly working to promoting initiatives aimed at achieving greater harmonisation of both financial and sustainability information indicators for SMEs. The objective is to ensure that such data are comparable across Member States and serve the broader public interest in fostering Europe's economic and social development. This alignment harmonisation is essential to guarantee high-quality professional services and the reliability and security of information used by businesses, investors, and regulators alike. The ongoing efforts, supported by recent European Commission projects, underscore the importance of establishing common, high-quality reporting frameworks that enhance transparency, trust, and competitiveness among Europe's small- and medium-sized enterprises.

The paper is intended as a resource for policymakers, regulators, professional organisations, and the wider public to better understand and appreciate the constant contribution of professional accountants (SMPs) to the public interest and the welfare of European society. It explains the **wide range of services they provide, the high-quality ethical and independence standards they must uphold, and their essential role in ensuring that SME voices are heard by decision-makers and standard-setters.**

This publication is the result of the close collaboration by the EFAA Experts Groups Members - particularly the EU Professional Regulation Expert Group — together with Special Advisors, Board members and the Steering Committee. For the purposes of this publication, those performing accounting and auditing activities are included under the heading of Professional Accountants.

The Importance of Professional Accountants Providing Services to SMEs in the EU Economy

In examining the importance of Professional Accountants in relation to SMEs, it is appropriate to consider SMEs' significant contribution to the EU economy. The evidence suggests that the size of SMEs affects their nature, characteristics and needs. For this reason, the EU has adopted the following definitions which are outlined in the [Commission Recommendation 2003/361](#). [1] According to these definitions:

- **Micro-enterprises:** Have up to 10 employees and a turnover or balance sheet total of up to €2 million.
- **Small enterprises:** Have fewer than 50 employees and a turnover or balance sheet total of up to €10 million.
- **Medium-sized enterprises:** Have fewer than 250 employees and a turnover of up to €50 million or a balance sheet total of up to €43 million.

The following table details the numerical importance of SMEs in terms of number of Enterprises, number of Employees and Value Added to the EU economy in 2024.

SIZE	NO OF ENTREPRISES (000S)	%	NO. EMPLOYED (000S)	%	REAL VALUE ADDED (BILLIONS)	%
MICRO	24,515	93.6	41,540	30.1	1,538	20.1
SMALL	1,405	5.4	26,890	19.5	1,273	16.6
MEDIUM	214	0.8	21,359	15.5	1,293	16.9
SMEs	26,134	99.8	89,789	65.1	4,104	53.6
LARGE	<u>44</u>	<u>0.2</u>	<u>48,039</u>	<u>34.9</u>	<u>3,559</u>	<u>46.4</u>
TOTAL	26,178	100.0	137,828	100.0	7,663	100.0

Source: [European Commission SME Annual Report 2024/25](#)

[1] The definition of SMEs follows the European Commission Recommendation 2003/361/EC rather than the Directive 2013/34/EU on Financial Reporting (as amended by Delegated Directive (EU) 2023/2775). The EC Recommendation is used because it is the basis for the European Commission's annual SME report.

From the above table, it can be observed that there are just over 26 million small- and medium-sized enterprises (SMEs) in the European Union (EU) in 2024, representing 99.8% of all enterprises in the EU. SMEs employ approximately two thirds of the working population in the EU. It is important to recognize that micro-sized firms (those employing 9 or less) represent by far the majority of these enterprises in terms of numbers and employment. It is therefore clear that SMEs in the EU are critical contributors to the wellbeing of the economy and sustainability of the EU.

Most SMEs in the EU (98-99%) are Limited Liability Companies. In each EU member state, from an accounting perspective, there are regulations regarding filing annual reports, that include financial statements. The extent of disclosure of information in these annual reports and financial statements will to some extent vary upon the size of the SME [2] and the EU member state. An audit and assurance statement may be required to accompany these financial statements. Additionally, other regulatory bodies may require the filling of financial information, for example Tax Returns, by SMEs, even when these are not Limited Liability Companies.

Professional Accountants provide financial information and, when necessary, assurance of the financial information to SMEs. For the larger SMEs, Professional Accountants may be employed directly in-house. However, most SMEs will work through external SMPs to obtain the necessary advice and services to provide the required information. In the latter, the Professional Accountants working in an SMPs play a significant role with their partnering SMEs in providing information requirements to regulatory bodies and other stakeholders on an annual basis. It is inevitable that the relationship between the enterprise and SMPs is close and invariably the provision of services by the Practices will include services other than traditional compliance which employs the knowledge and skills of the Professional Accountant. According to the [ACCA Global Talent Trends 2025](#) “*finance and accounting capabilities are vital to sustainable economies and organizations and that accountancy as a profession is a force for good in a changing and complex world*”.

SMPs in the EU are by far the most numerous accounting practices and not surprisingly they are most popularly employed by SMEs. SMPs, interestingly, are very similar to SMEs in the range of sizes and nature and needs. These characteristics place SMPs in an excellent position to understand and advise SMEs about their business. SMPs therefore help SMEs and entrepreneurs produce high quality financial information to help them better manage their business and gain the trust and confidence of stakeholders. Furthermore, they help SMEs gain access to finance and they provide them with business advice that enables them to grow sustainably. In the coming years, as the EU executes its new industrial strategy to lead the twin transitions towards climate neutrality and digital leadership, SMPs will play a key role in helping SMEs stay at the forefront of this transition.

Therefore, SMPs and the Professional Accountants they employ are important providers of accounting, auditing, and tax advice, and they are also a significant provider of compliance and advisory services to SMEs.

[2] See [Directive 2013/34/EU](#) on Financial Reporting (as amended by [Delegated Directive \(EU\) 2023/2775](#)).

In its publication of November 2023, Attractiveness of the Profession, the International Federation of Accountants (IFAC) have recently commented:

Despite what we know to be true, significant misconceptions about our profession exist. Why? Likely because the narrative around accountancy continues to be shaped in part by those outside the profession, from depictions of accountants on social media or in film, to discussions of our work in financial media, to sombre forecasts in the World Economic Forum's Future of Jobs report... those outside the profession do not appear to fully understand the crucial nature of our work, the impact we have on the world, and the pride we take in what we do.

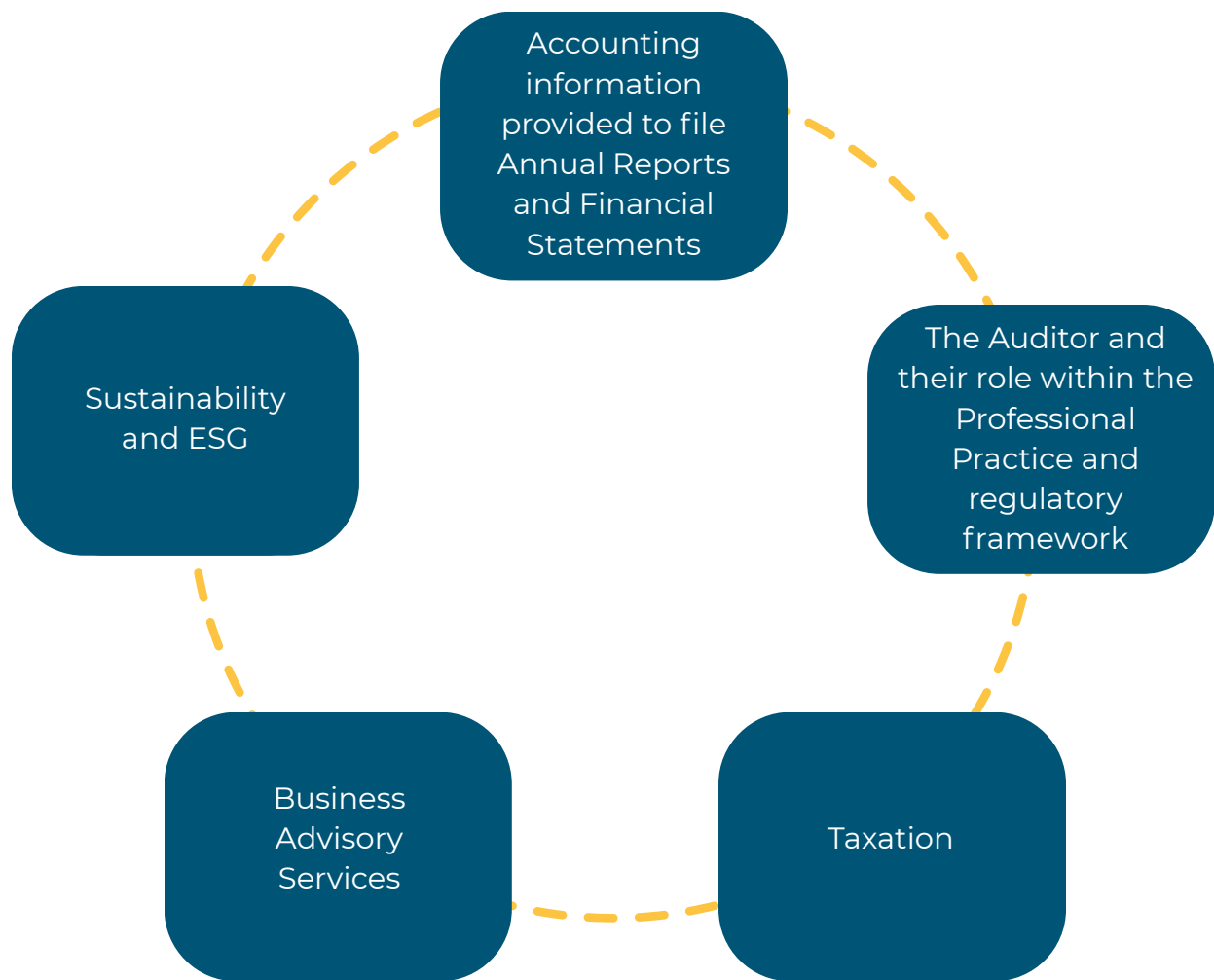
The following critical analysis of the role, the ethics and the contribution to the sustainability of businesses and organisations and economic wellbeing of communities by Professional Accountants is designed to address those misconceptions.

Nature of services provided by the Professional Accountants working in SMPs

Professional Accountants employed in-house by SMEs tend to wear many hats including those described above provided by Professional Accountants employed by SMPs. The role of in-house accountants tends to be broader and more hands-on and includes a number of management accounting functions. Typically, this includes:

- Cash Flow Management: Monitoring on a day-to-day basis cash inflows and outflows with a focus on liquidity
- Budgeting and forecasting: Providing plans for the future through annual budgets and longer-term forecasts. Using budgetary control to ensure objectives of the business are pursued
- Financial advice: Acting as an adviser to the owner of the business offering strategic insights, identifying and highlighting risks and growth opportunities
- Bookkeeping: Maintaining day-to-day records
- Liaising with Auditors

[2] See Directive 2013/34/EU on Financial Reporting (as amended by Delegated Directive (EU) 2023/2775).



Accounting Information and Financial Statements

Accounting information is required to satisfy filing regulations within EU member states. At EU level, the preparation, presentation, and publication of financial statements for companies is regulated by the Accounting Directive. The EU has introduced rules to promote the convergence of accounting standards at global level and to ensure consistent and comparable financial reporting across the EU. These rules are designed to be informative to users of this information. Users include a number of parties, including providers of finance and credit. This information is recognized as critical to the EU economy and its sustainability. The demanding nature of the process of preparing and filing this information requires knowledge and skills which are the preserve of Professional Accountants. Additionally, regulators and standard setters will often update rules and standards which are necessary to be embodied in these financial statements. Professional Accountants will have the knowledge and capability to advise their SME client of these amendments. Professional Accountants will be members of Professional Accounting Organizations (PAOs) who will provide help, advice and education to their members in the adoption of regulatory changes and how to incorporate them within the accounting framework.

The Auditor and their role within the Professional Practice and regulatory frameworks

Within the EU only listed companies are required to have a statutory Audit. A number of jurisdictions in the EU, however, make statutory audits a regulatory requirement for their SMEs. SMEs in jurisdictions that do not require a statutory audit may opt for a voluntary audit of their financial records. For example, a stakeholder of the SME or the particular market it operates in requires an audit of the financial records of the enterprise.

The role of the audit is to certify the financial records of enterprises. An **audit provides stakeholders**, such as investors and creditors, **with an independent opinion of whether the financial statements reflect a true and fair view of the enterprises' operations over a defined period of time.**

Audits contribute to the orderly functioning of markets and improving confidence in the integrity of financial statements. Importantly, the audit contributes to the confidence of users of financial reports in their decision making. These SME audits are provided by Professional Accounting Practices, invariably SMPs.

The International Auditing and Assurance Standards Board (IAASB) sets the auditing standards that are followed in the process of the audit. IAASB is an independent standard-setting body.

Taxation

In terms of Direct Taxation, the EU does not have a direct role in collecting taxes or setting tax rates. The amount of tax each citizen pays is decided by EU member states, along with how the collected taxes are spent. However, to promote competition the EU have aligned their rules for goods and services, for example, on VAT.

From a regulatory body and a SME client perspective, the role of the Professional Accountant in their submissions of information for their SME clients to the tax authorities, helps to ensure that tax returns and reports are accurate and meet the taxation regulations. Taxation rules are periodically changed due to political decisions in raising revenues and prevention of tax fraud. For SMEs, these changes can be onerous, and employing in-house Professional Accountants or engaging an SMP considerably lessens this burden.

Business Advisory Services

Due to limited capacity and lack of expertise in-house, SMEs frequently seek external advice and support. This external sourcing of advice and support by SMEs tends to be driven by necessity. The evidence is that SMPs are the major source of business advice to SMEs.

This advice is outside SMPs' traditional accounting support and advisory services provided to SMEs. Often, however, the nature of advice can go beyond financial compliance to cover areas such as employment law, driven by regulatory.

The SMP-SME relationship is underpinned with the need for SMEs to provide statutory information to the authorities such as financial statements, audit of these statements, and tax returns. This provides a foundation for subsequent more general advice and support. The evidence points, importantly in this relationship, to a trust which develops from the more traditional services provided by SMPs. Another important factor in the foundations of the SMP-SME relationship is that SMPs themselves often face similar business and regulatory issues and demands. Therefore, SMPs have understanding, knowledge and capabilities to deal with these demands.

In today's changing economic environment, two of the challenges facing SMEs are the developments in digitalization which include e-invoicing and AI, and regulatory policies on climate change and sustainability. These are important expanding areas of advice and support, which SMPs are providing to SMEs. EFSA publication AI in Accounting I is particularly relevant for SMPs, offering practical insights on AI, data, and privacy. It aims to help improve efficiency, support informed decision-making, and keep firms competitive in a rapidly evolving environment.

There is evidence that SMPs, being aware of the demands for other advisory services, are employing specialist people to deal with these requests: for example, HR specialists to deal with employment law matters.

Sustainability and ESG

In January 2023, the EU introduced the Corporate Sustainability Reporting Directive (CSRD). CSRD requires companies above a certain size to disclose information annually on what are the risks and opportunities arising from social, environmental and governance (ESG) of their activities on people and the environment. Companies reporting under the CSRD are required to use European Sustainability Reporting Standards (ESRS). However, both CSRD and ESRS are currently under revision and it is difficult to predict to which extent their scope will be changed.

Although there is uncertainty about how the CSRD and the ESRS may evolve, it is recognized that while the CSRD Directive initially addressed large companies, it will also affect SMEs in various ways. In particular, SMEs in supply chains are likely to be required to supply information to large companies about their own impact from an environmental, social and governance (ESG) impact. Additionally, SME stakeholders are also likely to demand such information amid growing ESG awareness. The European Financial Reporting Advisory Group (EFRAG), with EFAA and SMEunited have developed a voluntary reporting standard for non-listed, small- and medium-sized undertakings (VSME). The European Commission has recently published a recommendation inviting companies seeking information from SMEs on the basis of the VSME. For SMEs the introduction of CSRD is likely to present a challenge and the Professional Accountant will play a significant role in providing information, assurance and advice so that their client SMEs can be aligned with CSRD requirements, and thus also boost their competitiveness.

The Omnibus package also introduces amendments to the CSDDD and the Taxonomy. While both the CSDDD and the Taxonomy apply directly only to large undertakings, SMPs should be updated on these norms and changes, as they may need to advise indirectly affected SMEs.

Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT)

Professional Accountants play an essential role in preventing money laundering and counter-terrorist financing, providing key services in the public interest. These services entail responsibilities and commitments that should be harmonized at the EU level. Strict rules are ineffective if they are detached from practical realities or if professional intrusion hampers the pursuit of the public interest. Under EU AML legislation, Professional Accountants are identified as “obliged entities”. Their responsibilities include conducting due diligence, identifying beneficial ownership, monitoring transactions, and reporting suspicious activity. As AML obligations become increasingly complex and wide-ranging, the responsibilities of professional accountants continue to expand. This makes the involvement of qualified accountants essential to safeguarding the integrity of financial systems.

Professional Accountancy Organisations also play an essential role by providing training, oversight, and guidance to support compliance. The EU's evolving AML architecture, including the forthcoming AML Regulation and the regulation establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism, will further shape the professional obligations in this area.

Characteristics of Professional Accountants and their Regulatory Framework

In this paper, those performing accounting and auditing activities are included under the heading of “Professional Accountants”. This is because auditors will also be trained in accounting and have the skills and knowledge for performing accounting activities. In the SMP context, Professional Accountants may be required to perform both activities.

Each EU jurisdiction may decide upon the appropriate rules and regulations that apply to the Professional Accountants within its territory. Auditors, unlike accountants, are subject to rules established at EU level by Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts (SAD) sets minimum requirements upon auditors operating in the EU. These minimum requirements, embodied within SAD, give EU member jurisdictions the opportunity to add further requirements upon Auditors within their regulatory authority. The Directive (SAD) sets out the minimum criteria for education, regulation, oversight of statutory accounts and conduct of the audit.

The rules governing the work of accountants who do not perform audit functions are determined by the regulatory authorities of each EU Member State. Most Professional Accountants in EU will be subject to financial reporting standards and other disclosure requirements when producing financial statements, as well as to taxation regulation when preparing tax returns. Financial reporting standards often vary depending on the size of enterprises within the Member State’s economy.

These regulations, imposed at both EU and at Member State levels, are to ensure that accountants and auditors apply independent judgement and protect the public interest in the pursuit of an efficient market and healthy economy.

It is recognized that, whatever the role of the Professional Accountant, efficient market functioning and public confidence depend on high ethical standards, especially integrity and accountability. Ethical values serve as fundamental guides for behaviour and decision-making, including in areas such as tax planning and insolvency. They promote sound judgment by providing a framework that requires careful consideration of context and justification.

It may seem paradoxical that, while Europe is actively pursuing convergence and harmonisation in financial and sustainability information — developing common indicators and comparable reporting frameworks — there is still no clear and unified approach to the recognition of the accountancy profession at European level. Such recognition should embody the highest standards of quality and integrity already upheld in many Member States, ensuring that professional services deliver reliability, data security, and value to the public.

Ultimately, this is a matter of general interest for Europe: economic and social development depend on the quality of professional service and trust in financial information. This paper argues that achieving coherence in the recognition of the accountancy profession is not a corporatist ambition, but a genuine commitment to the public good and to professional excellence across Europe.

Professional Accounting Organisations (PAO) are national organisation or association of practicing accountants. PAOs in each EU Member State are responsible for maintaining and monitoring appropriate levels of ethical behaviour by their members. These organisations help their members through training, advice and guidance, with the aim of upholding high ethical standards. They also play an important role in overseeing and enforcing professional conduct within jurisdictions.

PAOs are typically members of regional and international umbrella bodies that support the development, adoption, and implementation of international standards in accounting education, ethics, and the public sector, as well as audit and assurance.

EFAA for SMEs is an umbrella organisation whose members are PAOs from across Europe. With 15 member bodies representing over 400,000 professional accountants, auditors, and tax advisors, EFAA serves as the voice of SMPs in Europe. It works to influence regulators, policy makers, standard-setters, and other key stakeholders at EU level and, when, necessary, globally. Its ultimate goal is to promote the role of SMPs and ensure that regulation and standards remain proportionate and appropriate.

The International Federation of Accountants (IFAC) is a global organization that represents the accounting profession. IFAC, of which EFAA is a network partner, plays a pivotal role in setting international standards, promoting transparency, and advocating for the public interest in financial reporting.

It supports the development, adoption, and implementation of international standards for accounting education, ethics, and the public sector, as well as audit and assurance standards. IFAC is responsible for the maintaining and development of ethical standards adopted by PAOs and the accounting profession in general. Within IFAC, the International Ethical Standards Board (IESBA) is an independent Board that sets ethical standards.

IFAC's focus on the importance of protecting the public interest and ensuring adherence to an ethical code for the Professional Accountant is captured in the following quote:

At the heart of accountancy is a commitment to the public interest – to fairness, transparency and truth. As Professional Accountants, our code of ethics is not only core to our work but also enforceable by our profession.

(IFAC, Attractiveness of the Profession, November 2023).

Professional Training and Continuing Professional Development (CPD)

Continuing Professional Development (CPD) is the term used to describe the learning activities professionals engage in to develop and enhance their abilities. CPD is a holistic approach towards the enhancement of personal skills and proficiency throughout a professional's career.

Accreditation and CPD are essential for Professional Accountants to maintain their professional credibility and stay updated with industry standards. CPD involves activities like attending courses, webinars, or even reading articles that enhance skills and knowledge relevant to the accounting profession.

PAOs play a crucial role in the accreditation of CPD. The following are ways in which PAOs may support the CPD of Professional Accountants:

SETTING STANDARDS	PAOs can establish CPD requirements, ensuring that Professional Accountants maintain high professional standards and stay updated with industry changes.
ACCREDITING LEARNING ACTIVITIES	PAOs approve and recognize various CPD activities, such as workshops, seminars, online courses, and conferences, ensuring these activities meet the required standards.
MONITORING COMPLIANCE	Practitioners are often required to maintain a CPD portfolio, which is reviewed by the accounting bodies to ensure compliance with CPD requirements.
PROMOTING ETHICS AND PROFESSIONALISM	Accreditation often involves adherence to ethical standards and professional conduct, which are integral to maintaining trust and integrity in the accounting profession.
SUPPORTING CAREER DEVELOPMENT	By accrediting CPD activities, accounting bodies help accountants enhance their skills, improve their career prospects, and adapt to evolving industry landscapes.

From an ethical behavioural perspective, CPD ethics lies at the heart of CPD for Accountants. For Professional Accountants CPD is a regulatory commitment to lifelong learning and professional growth. The International Federation of Accountants (IFAC) Internal Education Standard (IES 7), details the principles and requirements for how professional accountancy organizations measure, monitor, and enforce their continuing professional development systems. It makes it clear that all professional accountants must develop and maintain professional competence to perform their role.

SMP Advisory services to SMEs

There is emerging recognition that SMPs are experiencing a growing demand for information from their SME clients. This is mainly to meet SMEs' regulatory obligations and to address their strategic challenges. These regulatory demands extend outside financial compliance requirements of SMEs and can encompass such requirements as health and safety and employment law. The particular services offered by SMPs will depend upon the national regulation. From a compliance perspective, although of concern, there has been significant growth in regulation that has been imposed upon SMEs at EU level, in recent years. For example, relatively recent EU regulation relating to money laundering and tax fraud comes to mind in this context.

This extension of the role of Professional Accountants within SMPs, beyond traditional compliance work into advisory services, raises the question: why SMPs? The evidence points to a number of reasons.

SMPs are, in effect, SMEs themselves. Like their SME clients, SMPs are subject to many of the same national compliance regimes and other business requirements within their jurisdiction. For example, employment law relating to maternity leave and employment contracts of staff. Other characteristics of SMEs and SMPs are very similar. For example, sustainability relating to cash flow will always be an important focus, as well as the relationship between owners/ partners and staff in the day-to-day running of the business. This inevitably enables SMPs to better understand the challenges and priorities of SMEs.

Professional Accountants working in SMPs for their SME clients will demonstrate their technical competences in regulatory compliance work. Importantly, Professional Accountants inevitably will exhibit their knowledge of the changing regulation from their training and CPD requirements. This gives the SMEs confidence and trust in requesting other advisory services from SMPs.

SMEs are aware that Professional Accountants are members of professional bodies and are thus required to comply with ethical codes of conduct which are enforced by those bodies. This promotes a further element of trust between SMEs and their Professional Accountants.

From an advisory perspective, there is evidence that SME's preference is to deal with one or a limited number of providers of advice. In this context, it is often said that SMEs, due to their size, are looking for and prefer a one-stop shop! This preference favours Professional Accountants who are invariably employed for statutory purposes by SMEs.

International services provided by Professional Accountants

Within the EU, Professional Accountants may face restrictions on working outside the boundaries of their qualification or PAO membership due to regulatory requirements, as well as limited resources and knowledge. However, in cases where their client seeks advice relating to foreign markets, they will often complement their knowledge through their international network. The importance of business networks in knowledge transfer on international matters is key to supporting SMEs. EFAA is often used in this capacity to locate through its member bodies appropriate sources of information that can be sought and worked with. It is important to recognize that this activity relies on the deep trust at the heart of the relationship between the SMP and its SME clients, or more in general other organizations of similar size. The motivation for providing this advice is embedded in their desire to respond. EFAA for SMEs is often consulted in order to identify, via its member bodies, appropriate sources of information.

In cross-border transactions, Professional Accountants bring expertise in international standards, multilingual capabilities, and a deep understanding of cultural and regulatory differences, thereby supporting their clients' trading activities.

The Role of the Professional Accountant in Non – Commercial Organisations

Professional Accountants also play a pivotal role in a number of non-commercial organisations. They can either be employed within these organisations or contracted by them. In the latter case, the contract will normally be with SMPs. In the following table are summarised two organisations in this sector of society that Professional Accounts make a considerable contribution to.

PUBLIC SECTOR

IN PUBLIC SECTOR ORGANISATIONS, PROFESSIONAL ACCOUNTANTS ENSURE ACCOUNTABILITY, TRANSPARENCY AND HIGH LEVELS OF GOVERNANCE. THEY MAKE SURE THAT PUBLIC MONEY IS USED EFFICIENTLY, ECONOMICALLY AND FOR ITS INTENDED PURPOSE. AN IMPORTANT ROLE IS TO ENSURE THAT PUBLIC SECTOR ENTITIES COMPLY WITH RELEVANT LAWS AND REGULATION. A KEY ASPECT OF THIS IS IMPLEMENTING INTERNAL CONTROLS TO PREVENT FRAUD. IN THIS CONTEXT, PROFESSIONAL ACCOUNTANTS ARE OFTEN EMPLOYED TO WORK AS INTERNAL OR EXTERNAL AUDITORS, HELPING TO ENSURE THAT GOVERNMENT PROGRAMMES ARE DELIVERED ECONOMICALLY AND EFFECTIVELY, AND PROVIDING STAKEHOLDERS WITH ASSURANCE ON THE ACCURACY OF FINANCIAL STATEMENTS.

NON-PROFIT ORGANISATIONS

NON-PROFIT ORGANISATIONS ARE ORGANISATIONS THAT USE THEIR REVENUES AND DONATIONS TO PURSUE SOCIAL CAUSES. A SIGNIFICANT PROPORTION OF THESE ARE CLASSIFIED AS CHARITIES. PROFESSIONAL ACCOUNTANTS PLAY AN IMPORTANT ROLE AS A STEWARD OF PUBLIC TRUST AND ACCOUNTABILITY. SOME OF THE IMPORTANT ROLES INCLUDE ENSURING THAT DONATIONS AND FUNDS ARE USED RESPONSIBLY, PRODUCING FINANCIAL STATEMENTS AND MANAGEMENT ACCOUNTING FUNCTIONS.

Differences between Professional Accountants and other service providers

A major characteristic differentiating between Professional Accountants and other service providers is that Professional Accountants usually hold recognised qualifications. These qualifications are achieved through rigorous exams, practical experience, and continuing professional development. On the other hand, other service providers often lack formal qualifications and the requirement to participate in accredited continuing professional development.

From a legal and regulatory standpoint, Professional Accountants have the authority to sign off audited financial statements, represent clients in tax matters and provide an official stamp of credibility. Other service providers usually lack the authority to perform these roles with the same level of legal responsibility.

Professional Accountants are bound by ethical codes of conduct. These are standards set and monitored by PAOs. In their work, Professional Accountants must demonstrate integrity, objectivity and confidentiality. By contrast, the ethical obligations of other service providers might not be as strictly regulated or enforced.

The combination of formal qualifications and adherence to high standards makes Professional Accountants trusted by business, investors and regulators. Whilst other service providers may be generally knowledgeable and skilled, it is unlikely that they would carry the same level of trust or prestige due to the absence of formal credentials.

Ultimately, the distinction lies in the depth of expertise, legal recognition, and the scope of the responsibilities Professional Accountants can undertake.

In the coming years, the professional accountant is expected to navigate a landscape marked by both significant opportunities and complex challenges. Within this context, Professional Accountants will continue to serve as key enablers of strategic

decision-making, sound financial stewardship, and sustainable value creation across all sectors of the economy. SMPs in particular will occupy a critical position in supporting SMEs as well as organisations of similarly size operating both in the economic and social domains, including public and private institutions. By delivering high-quality professional services, fostering trust, and reinforcing financial and operational resilience, SMPs will make an essential contribution to inclusive growth and long-term organisational success.

The role of EFAA for SMEs

The European Federation of Accountants and Auditors for SMEs, EFAA for SMEs, is the European umbrella organisation for national accountants and auditors' organisations whose members primarily serve SMEs, and other public and private entities, foundations and institutions of similar size. Since our founding in 1994, we have been the primary voice of Small- and Medium-sized accountancy Practices (SMPs) in Europe.

Today, with 15 members throughout Europe, we represent nearly 400,000 SMPs serving millions of SMEs. We work closely with European and international organisations to ensure the voice of small- and medium-sized entities is not only heard, but also taken into account in policy- and standard-setting. We are a sectorial member of SMEunited and a founding member of the European Financial Reporting Advisory Group (EFRAG) as well as part of the Early Warning Europe Network and have a cooperation agreement with EUIPO. We also are an IFAC Network Partner.

Through EFAA's close links with other SME representative organisations within the EU, EFAA strives to influence EU regulators, policymakers, and standard setters to promote the role of SMPs and foster sustainable growth. We regularly promote the use and full implementation in the entire decision-making process of the Think Small First principle.

We consider important to make the work of our SMPs better understood and appreciated. SMPs bring something unique - they develop a deep, day-to-day understanding of their SME clients. This essential knowledge should be taken into account by regulators and standard-setters when they draft standards, set requirements and make key decisions.

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