

July 2016



You may see current information on corporate law issues introduced by Law 4403/2016 (Official Government Gazette A'125/07.07.2016), which harmonizes Greek legislation with a) Directive 2013/34/EU on the “annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and the Council and repealing Council Directives 78/660/EEC and 83/349/EEC” and b) Directive 2014/95/EU of the European Parliament and Council “amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups”.

The main changes, which apply to financial statements of accounting years ending on a date following the publication of the law, relate to:

- The obligation to prepare and the content of the Administration Report, of the Corporate Governance Declaration and of the Non Financial Statement
- The Auditors' obligations and the content of the Auditors' Report
- The publication requirements of corporate documents and the deadlines for the convocation of the Annual General Meetings
- The obligation to prepare and publish Reports on Payments to Governments for certain categories of companies.

Finally, the new law provides for special regulations regarding the convocation of the Annual General Meetings of SA companies and the Annual Meetings of Limited Liability Companies (EPEs) and Private Capital Companies (IKEs) for the approval of the financial statements of the accounting year ended on 31 December 2015.

Specifically:

Obligation to prepare and the Content of the Administration Report and of the Non Financial Statement

- Very small SA companies, except for the ones qualifying as public interest entities in accordance with Annex A of Law 4308/2014, are exempted from the obligation to prepare an Administration Report on the condition that certain information (i.e. information relating to the acquisition by the company of its shares) are included in the Notes to the Financial Statements or the face of their Balance Sheet.
- The content of the Administration Report of SA companies is not amended but must from now on set out information relating to the acquisition by the

company of its shares (reasons of acquisitions, number and nominal value of the shares acquired or transferred etc.).

In accordance with Law 4308/2014:

- a. SA and EPE companies qualify as very small if on the date of their Balance Sheet two of the following three criteria are met:
 - Total assets: up to EUR 350 000
 - Net turnover: up to EUR 700 000
 - Average personnel during the year in question: up to 10 employees
- b. Limited Partnerships (EEs), General Partnerships (OEs) and self-owned businesses qualify as very small only if their turnover does not exceed EUR 1 500 000.
- c. Large entities include the ones which on the date of their Balance Sheet meet two of the following three criteria:
 - Total assets: more than EUR 20 000 000
 - Net turnover: more than EUR 40 000 000
 - Average personnel during the year in question: more than 250 employees.

- The Administration Report of large SA companies qualifying as public interest entities in accordance with Annex A of Law 4308/2014 which on the date of their Balance Sheet exceed the average of 500 employees during the financial year, must include a non financial statement with details, up to the extent required for the assessment of the development of the corporate affairs, regarding environmental, social and employment issues, the respect of human rights, the combat of corruption and issues related to bribery, which will also include basic non financial ratios related to the specific business sector.
- The above apply by analogy to EPEs, IKEs and partnerships where all direct or indirect partners are of limited liability (i.e. they are SA, EPEs, IKEs and partnerships with shares).
- The members of the Board of Directors and of supervisory bodies of SA companies are collectively responsible towards the company for the compliance with the above obligations.

Obligation to prepare and the content of the Corporate Governance Declaration

- Under the new framework, the obligation of SA and EPE companies with listed securities to include a Corporate Governance Declaration as a special part of their Administration Report continues to apply, but the minimum content of this Declaration for large and very large companies is expanded to also include the description of the diversity policy implemented for the management, administrative and supervisory bodies regarding age, sex etc.

This information can be included in a separate report which is published together with the Administration Report or in a document available to the public

through the company's website which must also refer to the Administration Report.

- The above obligation applies by analogy to partnerships where all direct or indirect partners are of limited liability (i.e. they are SA, EPEs, IKEs and partnerships with shares).
- The members of the Board of Directors and of supervisory bodies of SA companies are collectively responsible towards the company for the compliance with the above obligations.

Obligation to prepare and the content of the Administration Report and of the Non Financial Statement on consolidated financial statements

Generally the above Administration Report and Non Financial Statement need to be prepared on consolidated financial statements, also providing relevant additional information.

Publication of corporate documents

- Only the publication of the annual financial statements of SA, EPE and IKE companies following their approval by the Annual General Meeting of Shareholders/Annual Meeting of Partners is required, as opposed to the previous requirement of publication of pre-approved financial statements.
- The approved annual financial statements of SA, EPE and IKE companies, the administration report and the report of the statutory auditor, where required, are filed with the General Commercial Registry within twenty days from their approval by the Annual General Meeting.
- The above publication obligations and deadlines apply by analogy to partnerships where all direct or indirect partners are of limited liability (i.e. they are SA, EPEs, IKEs and partnerships with shares) and credit institutions.
- Very small SA companies, except for the ones qualifying as public interest entities in accordance with Annex A of Law 4308/2014, are exempted from the obligation to the publish the Administration Report.
- Similar publication requirements apply to the Consolidated Financial Statements, the Consolidated Administration Report and the report of the statutory auditor.
- The approved Financial Statements of SA companies prepared in accordance with the International Financial Reporting Standards (IFRS) must be filed with the General Commercial Registry within twenty days from their approval by the Annual General Meeting and be posted on the companies' website for at least two years following their first publication. Listed companies must also file the above financial statements with the Capital Market Committee.
- The members of the Board of Directors and of supervisory bodies of SA companies are collectively responsible towards the company for the compliance with the above obligations.

Convocation of Annual General Meetings of Shareholders and Partners' Annual Meetings

The Annual General Meeting of Shareholders (for SA companies) and the Annual Meeting of Partners (for EPEs and IKEs) are convened by the tenth calendar day of the ninth month following the year end.

Auditors' obligations – Audit Report

- The statutory auditor examines whether the above non financial statement and the above consolidated non financial statement have been filed.
- The content of the Audit Report does not change and also includes an opinion on the information included in the Corporate Governance Declaration.
- Where the statutory audit is carried out by an audit firm, the Audit Report must be signed by at least the individual auditor or auditors carrying out the statutory audit on behalf of the firm (and not by the key partner as provided so far by article 26 of Law 3693/2008). By a joint Ministerial Decision of the Ministers of Finance, Development and Tourism, the exceptional cases of non publication of the signatures will be provided.

Reports on Payments to Governments

A new chapter is added to Law 2190/1920 on SA companies and new articles are added to Laws 3190/1955 and 4072/2012 on EPE and IKE companies, which provide the following:

- Large SA, EPE or IKE companies as well as public interest entities engaged in the mining industry and in the felling of primary forests are obliged to prepare and publish on an annual basis a report on payments made to governments (taxes (excluding consumption taxes such as VAT), royalties, dividends etc).

The above obligation does not apply to companies which are subsidiaries or parent of companies established in the European Union provided that the related payments are included in the corresponding consolidated reports of the parent companies.

Payments not exceeding EUR 100 000 within the financial year, whether paid in one lump sum or in partial payments, are not reportable.

- The report is filed with the General Commercial Registry within twenty days from its approval by the Annual General Meeting/Annual Partners' Meeting.

- The above obligation to prepare and publish a Consolidated Report on Payments to Governments also applies to Groups of Companies which are obliged to draft consolidated financial statements and to the public interest entities engaged in the mining industry and in the felling of primary forests in case the parent company is obliged to prepare consolidated financial statements, except for limited exceptions explicitly provided by the law.

Special regulations for the accounting year ended on 31 December 2015

Especially for the accounting year ended on 31 December 2015:

- The time of convocation of the Annual General Meeting of Shareholders (for SA companies) and of the Annual Meeting of Partners (for EPE and IKE companies) is extended and expires within two months from the expiry of the deadline for the filing of the above companies' income tax returns.
- Deadlines related to the filing and publication with the General Commercial Registry, with the website or with the financial press of invitations, of the financial statements and of other corporate documents of the above companies which must be published in accordance with the applicable legislation apply by analogy.

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This Newsletter aims to provide the reader with general information on the above-mentioned matters. No action should be taken without first obtaining professional advice specifically relating to the factual circumstances of each case.

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