

## ***Workshop 2 – Growth and Development of SMEs and SMPs through new Techniques and Technology***

***Friday 8th September 2006***

***14:00 to 15:30***

***Facilitator:***

***Vladimír Králíček, President Chamber of Auditors  
of the Czech Republic (KACR)***

FEE Annual European SME/SMP Congress, Palais des Congrès, Versailles, France, 7th & 8th September 2006

## ***Workshop 2 – Growth & Development of SMEs & SMPs through new Techniques & Technology***

***Friday 8th September 2006***

***Speakers:***

***Professor Robin Jarvis, UK representative, FEE SME/SMP Working Party & IFAC SMP  
Committee***

***Kurt Ramin, Global Chair, XBRL International Steering Committee***

***Wolfgang Stegmann, Vice-President of DATEV, Germany***

***Secundino Urcera, Partner, Bové Montero y Cia, ICJCE representative on technology  
matters, Spain***

***Dana Eleftheriadou, Principal administrator, eBSN co-ordinator, DG Enterprise, European  
Commission***

FEE Annual European SME/SMP Congress, Palais des Congrès, Versailles, France, 7th & 8th September 2006

**FEE congress: SMEs and SMPs**  
**Growing Business in a changing Global environment**

**Versailles, 7 - 8 September 2006**

**“eBSN: the eBusiness Support Network for SMEs”**

**Dana Eleftheriadou**  
Enterprise and Industry Directorate-General  
Technology for Innovation; ICT industries and E-business  
iordana.elftheriadou@ec.europa.eu

## **Why should one care about the ICT uptake by European SMEs?**

- The *e-Business w@tch* report 2005 reconfirmed that large firms continue to drive the e-business development but SMEs catch up.
- Basic ICT infrastructure and access to the Internet are no longer barriers.
- The Internet has significantly decreased the gap between SMEs and large companies in terms of knowledge and market trends. More than 9 out of 10 SMEs with a computer have Internet access in 2005, and more than 50% of those with a bandwidth of at least 200kbit/s.
- However, SMEs still suffer from limited understanding of ICTs and their potential, limited budget for ICT investments and difficulty in recruiting ICT professionals:
- In 2005 about **8-10% of small companies**, more than 30% of medium-sized enterprises and nearly 60% of large enterprises in the EU had an **ERP system**.
- Only about **10% of small firms** used specific ICT solutions for **e-procurement** compared with more than 20% of medium-sized ones and about 30% of large firms.
- About **10% of small firms** used specific **ICT solutions for marketing and sales** compared with 20% of medium-sized and almost 30% of large firms.

## What is the eBSN?

- Moreover, there are significant differences among different regions and sectors.
- Member States have responded. Successful policy initiatives have been developed at national, regional or local level.
- The efficiency of such policies could be further enhanced by networking, learning from each other, sharing good practice and eventually co-ordinating actions to achieve a broader and sound EU-wide impact.
- Enterprise and Industry DG established the **eBSN in 2003**. The eBSN ([www.e-bsn.org](http://www.e-bsn.org)) is a well-established **virtual network of decision makers and public policy experts promoting e-Business for SMEs**. It is a tool to improve co-ordination among existing e-Business policy initiatives in Europe.

## The objectives of the European e-business support network for SMEs

- To bring together real decision makers in the field of e-business, to **share information, to discuss strategic policy orientation**;
- To validate existing e-business policies and to **agree on targets** for future e-business policies;
- To provide a **“one-stop-shop”** for information about regional, national and European initiatives and funding possibilities for SMEs;
- To organise thematic workshops of governmental e-business experts to share practical experience and to identify future challenges;

## eBSN: the policy challenge

- the overall **e-business environment is changing constantly**, so e-business policies should be re-oriented towards helping SMEs to use e-business tools to rationalise their existing business processes;
- such **policy re-orientation** should be supported by the many national and regional e-business initiatives in order to **spur progress towards the Lisbon target**;
- The **objective is to stimulate policy changes** at national and European levels, that would better respond to the practical needs of European enterprises to transform their business processes.

## eBSN achievements

- Since its establishment in January 2003 to now, the eBSN grew to include:
  - **188 policy initiatives**, in more than 30 countries;
  - 55% national and 45% regional initiatives
- **eBSN has stimulated policy and action.** It has shifted the focus of public policies towards specific actions on coaching businesses to integrate ICTs with their overall business strategy;
- **eBSN has generated synergy.** An example is the Finland & Slovenia eInvoicing initiative, inspiring a series of initiatives in Slovenia, Italy, Croatia, Hungary, Austria, Sweden and Denmark.
- **eBSN has inspired new e-Business policies, by exchange of good practice.** The cooperation among government, the business community and academia has enabled good policy and practice to orientate, contributing to the design of new policy initiatives. Successful examples are to be found in Belgium, Portugal, UK and France.

## eBSN: Achievements

- **eBSN has offered a “one-stop-shop”**. The eBSN portal ([www.e-bsn.org](http://www.e-bsn.org)) is the focal point for information on e-Business initiatives, links with related Community policies and for launching support actions.
- **eBSN has organised specific thematic workshops** on a broad range of topics, including national targets for e-Business policies, successful policies on eProcurement, strategies for upgrading SMEs’ e-Skills and how to improve the availability of e-Business solutions for SMEs. From 2005 onwards, the eBSN shifted from a more generic policy dialogue to deepening integration by **focusing in 4 thematic priorities**:
  - eProcurement and eInvoicing;
  - eBusiness solutions for SMEs;
  - eBusiness solutions for microenterprises;
  - Sectoral policy approaches

## eBSN: support actions in 2006


- a study on ***“benchmarking sectoral policy initiatives in support of e-Business for SMEs”***, to assess key existing sectoral policy initiatives and public-private partnerships promoting e-business for SMEs at national and regional level, notably in the EU-25 countries, EEA countries, the US, Canada, China, India and South Korea. (Budget 250.000 Euro)
- a study on ***“benchmarking commercially available e-Business solutions and services for SMEs”***, to assess the various commercially available products and services that address the e-business needs of SMEs. (Budget 400.000 Euro)
- a call for grants on ***“reinforcing synergies between public policies in support of e-business for SMEs”*** to support and facilitate the exchange of best policy practices between e-business policy makers and/or SME support networks. (Budget 900.000 Euros for a maximum of 6 projects of 150.000 Euros each).

## eBSN: workshops 2006 - 2007

- *“Preparing for cross-border eInvoicing: experiences and future challenges”* organised in the frame of the **19th Bled eConference “eValues”**, in Slovenia, on **5-7 June 2006**.
- *“Successful e-business models, especially measures to support the uptake of e-business by SMEs”*, **Vienna, 14/6/2006**, under the Austrian Presidency.
- *“e-Business solutions for SMEs”*, in **Oulu, 7-8 December 2006**, under the Finnish Presidency.
- *“e-Business solutions”*, by **COPCA, Barcelona, 1st quarter 2007**, aiming at the dissemination of good e-business practices among SMEs.
- *“e-Business solutions and standards for SMEs”*, by the **Ministry of Economy and Technology, under the German Presidency, Berlin, 23-24 May 2007**;
- *“Achievements and challenges in Sector specific e-Business policies”*, by **Innovation Norway, Norway, autumn 2007**, to launch a dialogue on how to boost European policies for sector-specific e-business and to encourage collaborative research on this topic.


## Conclusions

- Support actions are still required to **foster change within SMEs**;
- **SMEs intermediaries** at local and regional level **are best placed to consult and accompany SMEs** towards the productive use of ICTs, as they have in depth knowledge of the needs of their clients/members and they are entrusted by SMEs (these can be Chambers of Commerce, SMEs business councils, professional accountants and in, certain countries, also banks)
- **Aligning policy measures and actions targeting SMEs**, at regional, national and European level, can only reinforce their impact. Important to **watch the trends, participate in the decision making and learn from the experiences of others**.




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**XBRL**  
eXtensible Business Reporting Language



Financial Reporting goes Global


XBRL and IFRS working together


## Growing Business in a Changing Global Environment



**Kurt Ramin**  
Global Chairman  
XBRL International Steering Committee

Friday, Sept 08, 2006






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## Workshop on Growth and Development of SMEs through Techniques and Technology

1. What is XBRL ?
2. Impact on Business
3. Relevance of XBRL for SMEs

Versailles, Sept 8, 2006, 14.00 – 15.30



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## Tagging of Financial Data



RFID  
Radio  
Frequency  
Identification

**<CurrentAssets>** 5329000000 **</CurrentAssets>**

**<CurrentAssets** contextRef="End\_2004" unitRef="EUR" **>**

5329000000 **</CurrentAssets>**

**Context**

**Unit**



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Taxonomies

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Usage & Adoption

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Usage & Adoption



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## Taxonomy, Data & Instances

International Financial Reporting Standards (IFRS)

Assets	Notes	Dec. 31, 2004 € million	Dec. 31, 2003 € million
Property, plant and equipment	(1)	3,746	1,856
Intangible assets	(2)	3,130	3,138
Investments accounted for at equity	(3)	1,055	1,054
Financial assets	(4)	524	459
Deferred tax assets	(5)	188	211
Non-current assets		6,643	6,920
Inventories	(6)	1,956	1,915
Trade receivables and similar receivables	(7)	2,799	2,812
Receivables from investments and other assets	(8)	300	525
Tax assets		36	38
Cash and cash equivalents	(9)	36	55
Current assets		5,329	5,345
Total assets		12,172	12,265

presentation view (grouped by link roles)

- Accounting Policies, Financial Institutions
- Balance Sheet, Classified Format
- Balance Sheet, Order of Liquidity Format
- Balance Sheet, Net Assets Format
- Balance Sheet, Portfolio Format
- Cash Flow, Direct Method
- Cash Flow, Direct Method, Financial Institutions
- Cash Flow, Indirect Method
- Cash Flow, Indirect Method, Financial Institutions
- Classifications
- Classifications, Financial Institutions
- Code Lists
- Current Non-Current Classification
- Statement of Changes in Equity
- Explanatory Disclosures
- Explanatory Disclosures, Financial Institutions
- First Time Adoption of IFRS
- Income Statement, By Function Format
- Income Statement, By Nature Format
- Income Statement, Financial Institutions
- Net Assets Classification
- Other

Context

<CurrentAssets> 5329000000 </CurrentAssets> Unit

<CurrentAssets contextRef="End\_2004" unitRef="EUR"> 5329000000 </CurrentAssets>

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## Cartesis XBRL Publishing : example of mapping

Cartesis XBRL Publishing [demo]

Get data from the IDM (accounts/flows)

Load selected taxonomy

Drag and drop to map accounts to taxonomy elements

Account code | Account name | ... | last modified | User | Note

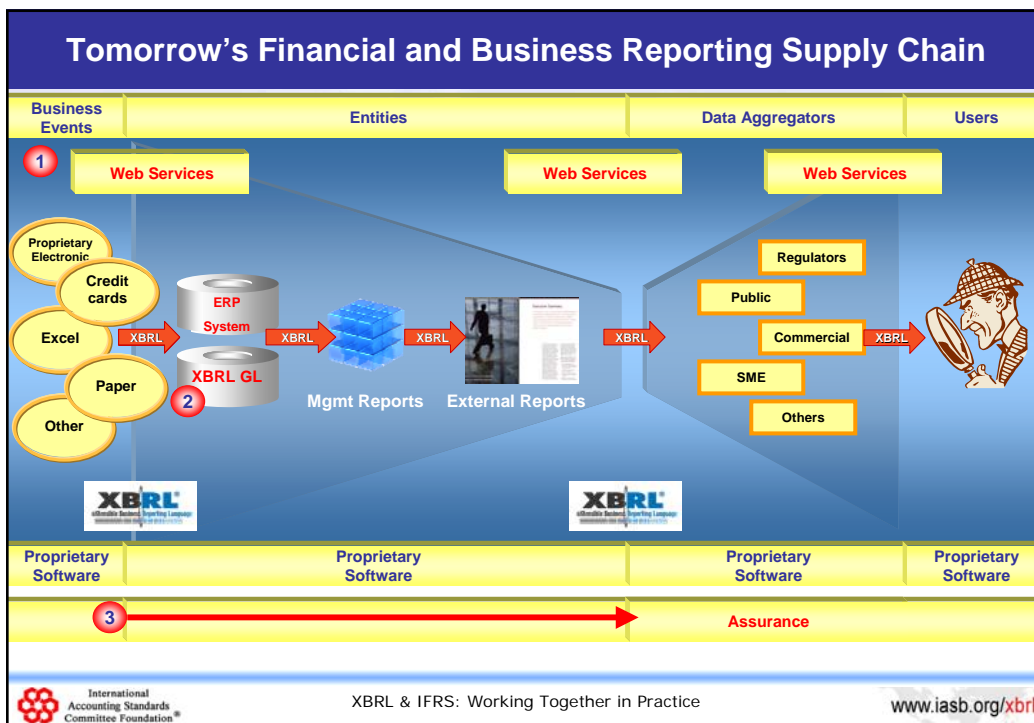
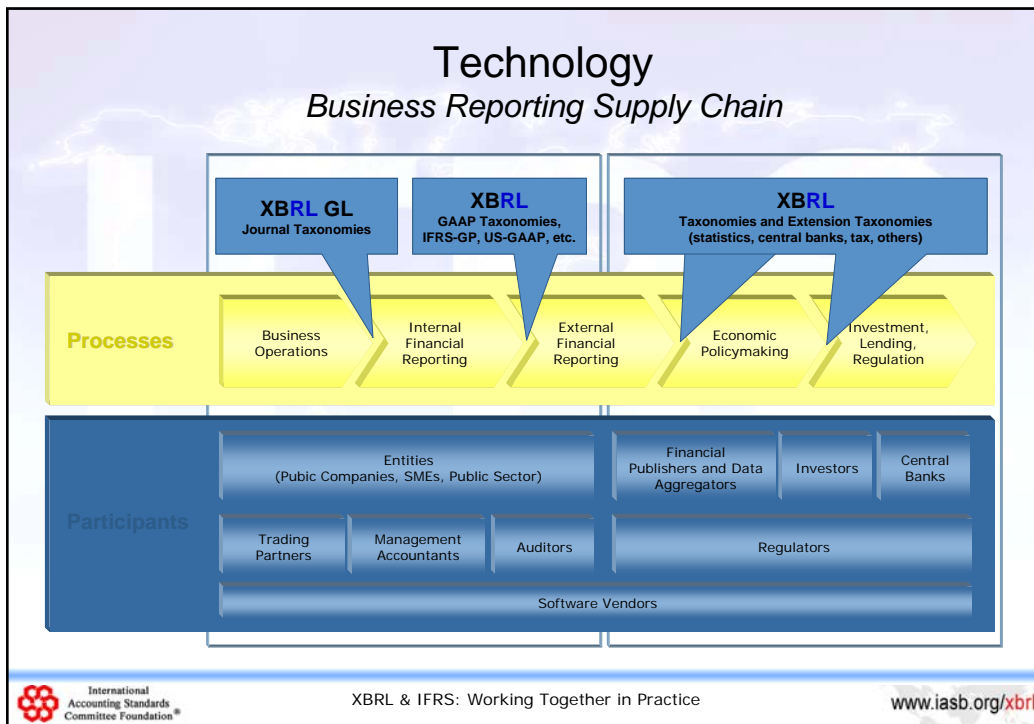
R10_F999	Financial & operating income and expenses	its-op_IncomeNet	2006-03-23 10:41:04	demo
R150_F999	Other operating net income/Closing balance	its-op_OtherOperatingNetIncome	2006-03-23 10:43:08	demo
R20_F999	Administration costs/Closing balance	its-op_AdministrationCosts	2006-03-23 10:43:26	demo
240_F999	Provisions/Closing balance	be-its-6_Provisions	2006-03-23 10:43:39	demo
R100_F999	Interest net income/Closing balance	its-gp_InterestIncomeNet	2006-03-23 17:03:44	demo
R110_F999	Dividend income/Closing balance	its-gp_DividendIncomeNet	2006-03-23 17:04:10	demo
R115_F999	Fee & commission net income/Closing balance	its-gp_FeeAndCommissionIncomeNet	2006-03-23 17:10:57	demo
R105_F999	Expenses on share capital repayable on demand/Closing balance	be-its-6_ExpensesOnShareCapitalRepayableOnDemand	2006-03-23 17:12:13	demo
R145_F999	Gain/Loss on derecognition of assets other than Held for sale/its-6_GainLossOnDerecognitionOfNonCurrentAssetsHeldForSale	its-gp_GainLossOnDerecognitionOfNonCurrentAssetsHeldForSale	2006-03-23 17:15:39	demo
520_F999	Staff expenses/Closing balance	its-gp_EmployeeExpensesByNature	2006-03-23 17:19:57	demo
525_F999	General & administrative expenses/Closing balance	its-gp_OtherAdministrativeExpenses	2006-03-23 17:19:17	demo
R130_F999	Depreciation/Closing balance	its-gp_DepreciationAndAmortisation	2006-03-23 17:20:00	demo
580_F999	Net profit or loss/Closing balance	its-gp_ProfitLossAttributableToEquityHoldersOfParent	2006-03-23 17:37:43	demo
R55_F999	Minority interest/Closing balance	its-gp_ProfitLossAttributableToMinorityInterest	2006-03-23 17:38:48	demo
R58_F999	Net P&L from discontinued operations/Closing balance	be-its-6_ProfitLossFromDiscontinuedOperationsNetOfTax	2006-03-23 17:40:17	demo
R52_F999	Tax from continuing operations/Closing balance	its-gp_IncomeTaxExpenseIncome	2006-03-23 17:47:41	demo
R80_F999	Gain/Loss from non-current assets and disposal of assets/HFS/its-6_TotalProfitLossFromNonCurrentAssetsAndDisposals	its-gp_TotalProfitLossFromNonCurrentAssetsAndDisposals	2006-03-23 17:48:38	demo

Used chart of accounts file [C:\Program Files\Cartesis XBRL publishing module\cm\_v2\cm\_v2\Projects\Cartesis\maps\COA\_25.xbml]


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Important Projects

- [Taxonomy Improvements](#)
- [Maintenance](#)
- [Enhancements](#)
- [ECCBSO](#)
- [FINREP](#)

Upcoming Events

- [IFRS-GP Presentations](#)
- [IASB IT Discussion Group](#)
- [14th XBRL International Conference](#)

IFRS-GP Online Tools

- [IFRS-Taxonomy Modules Manager](#)
- [Online Taxonomy Viewer](#)

Links to Key Sites

- [IFRS Jurisdictions](#)
- [XBRL International](#)

## XBRL News

**Summary of the week**

7 July 2006

It has been two weeks since our last summary posting. The IASC Foundation XBRL Team focused on completion of its IFRS taxonomy and carrying out liaison activities with IFRS jurisdictions. The following provides a brief update. Activities included: ...

[Read more >>](#)

RSS

**New Volunteer XBRL Team Member**

29 June 2006

The IASC Foundation XBRL Team would like to welcome Piotr Stefaniak as its newest member. Piotr Stefaniak is a student at the Poznan University of Economics, Poland, with majors in Corporate Finance and Accountancy.

[Read more >>](#)

**XBRL Convergence Project: First Phase Available Online**

27 June 2006

The IASC Foundation XBRL Team is pleased to announce the online release of the first phase of its XBRL convergence work. This first phase is intended to introduce the idea of taxonomy convergence in so far as it relates to XBRL taxonomies. A small fragment of the IFRS and US GAAP taxonomies convergence was chosen to illustrate the idea.

IFRS-GP Taxonomy Links

- [IFRS-GP \(2005\) Final](#)
- [IFRS-GP \(2006\) Draft](#)
- [Translations](#)
- [Extensions](#)
- [All IFRS-GP](#)

Taxonomy Draft


- [IFRS-GP \(2006\)](#)

To comment on this draft [subscribe](#) to our taxonomy issues management system

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Transforming Business Reporting

SITE GUIDE

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LATEST NEWS

XBRL IN ACTION

XBRL AND BUSINESS

TECHNICAL INDEX

TAXONOMIES

SPECIFICATIONS

TECHNICAL SUPPORT

EDUCATION AND TRAINING

ABOUT THE ORGANISATION

HOW TO JOIN

MEMBERS' AREA

INFORMATION FOR MEMBERS

e-GROUPS

SUPPLY CHAINS

**Welcome to XBRL International**

XBRL is a language for the electronic communication of business and financial data which is revolutionising business reporting around the world.

**Headlines** - See [Latest News](#) for more news

[Swedish company regulator accepts accounts in XBRL](#)  
Several hundred thousand small and medium-sized companies can use the new service for filing annual accounts.

[Canada Securities Regulators seek market comment on XBRL](#)  
The regulators have launched an online survey on XBRL, saying they are committed to improving the provision of information to investors.


[China Fund Companies taxonomies Acknowledged by XII](#)  
Acknowledged status confirms the taxonomies being used for Fund Company reporting in China comply fully with the XBRL Specification.

[IASCF XBRL Convergence Project released online](#)  
First phase of project introduces idea of convergence as it relates to

QUICK LINKS

- [Job Vacancies](#)  
XBRL International seeks Executive Director
- [Next XBRL International Conference](#)  
will be in Philadelphia, US, from 4-6 December 2006
- [SEC filing programme](#)  
Information on the US SEC voluntary filing programme.
- [Technical News](#)  
Announcements on new technical developments.

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## <Questions/>

<name>Kurt Ramin</name>

<position>Chairman, XBRL International Steering Committee</position>

<email>kramin@iasb.org</email>

***XBRL: Transforming Financial and Business Reporting***

## Workshop 2: Growth and development of SMEs and SMPs through new techniques and technology

Wolfgang Stegmann  
Vice-Chairman of DATEV, Germany

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### AUDITORS NEEDS...

IT-based tools are needed to support  
the auditor during the whole process  
of an audit so he is able to fulfill the  
requirements of the 8th directive.



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## Overall office organization

## Process of quality assurance

## Audit Process



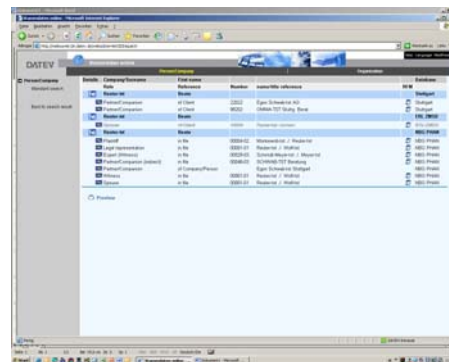
Collaboration client, audit team, client managing partners and external partners



- Ethical rules (independency, impartiality, knowledge, experience)
- Independency
- Client analysis
- Client risks
- Money laundering analysis
- Knowledge experience and resources available
- ...

### Tools needed:

Independency check  
Analytical tools  
Checklists



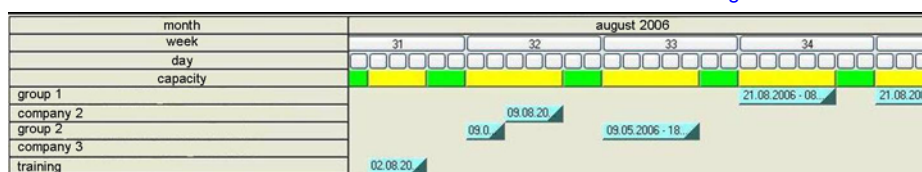




- All engagements (hours, complexity, skills needed)
- Clients
- Auditors available
- Skills

### Tools needed:

- Planning engagements
- Planning budget
- Planning staff



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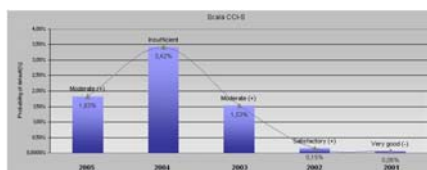
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Risk analysis \_\_\_\_\_  
 Selected audit fields \_\_\_\_\_  
 Planning staff (detailed) \_\_\_\_\_  
 \_\_\_\_\_

### Tools needed:

- Risk miner
- Company check
- Selected audit fields
- Planning memorandum
- Planning staff (detailed)
- Planning budget (detailed)




	2019	2018	2017	2016	2015	2014
<b>Assets</b>						
Noncurrent assets						
Investment assets						
Other investment assets						
Property, plant and equipment	3,914	11,010,103	477,289	2,499,435	90,336	6,239
Intangible assets	4	45,378,445	45	45	45	1,071
Total noncurrent assets	3,918	22,388,547	525,374	2,540,285	135,416	7,310
Current assets						
Investments	3,914	137,296,289	197,240,000	200,000,000	109,154	5,511
Trade accounts and notes receivable	3,914	495,495	111,000,000	148,100,000	78,209	0
Other current receivables	4	1,000	1,000	1,000	1,000	1,000
Other current receivables	4	1,000	25,500,000	6,000,000	0	0
Prepaid expenses	4	12,200,000	500,000	400,000	400,000	1,000
Other current assets	4	698,100	900,000	300,000	300,000	17,000
Current assets	4	215,000,000	295,000,000	355,000,000	188,863	7,511
General cash (H2B) backing	4	3,000,000	15,000,000	15,000,000	15,000,000	15,000,000



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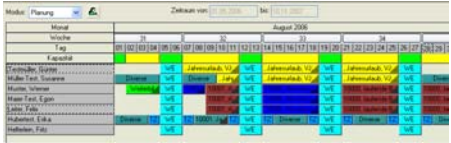





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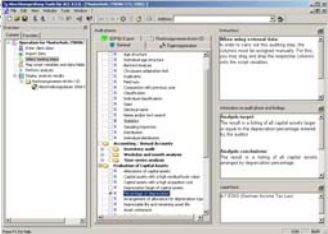


Audit checklists  
Analytical review  
Internal control review  
Data selection  
Statistical sampling  
...




**Tools needed:**

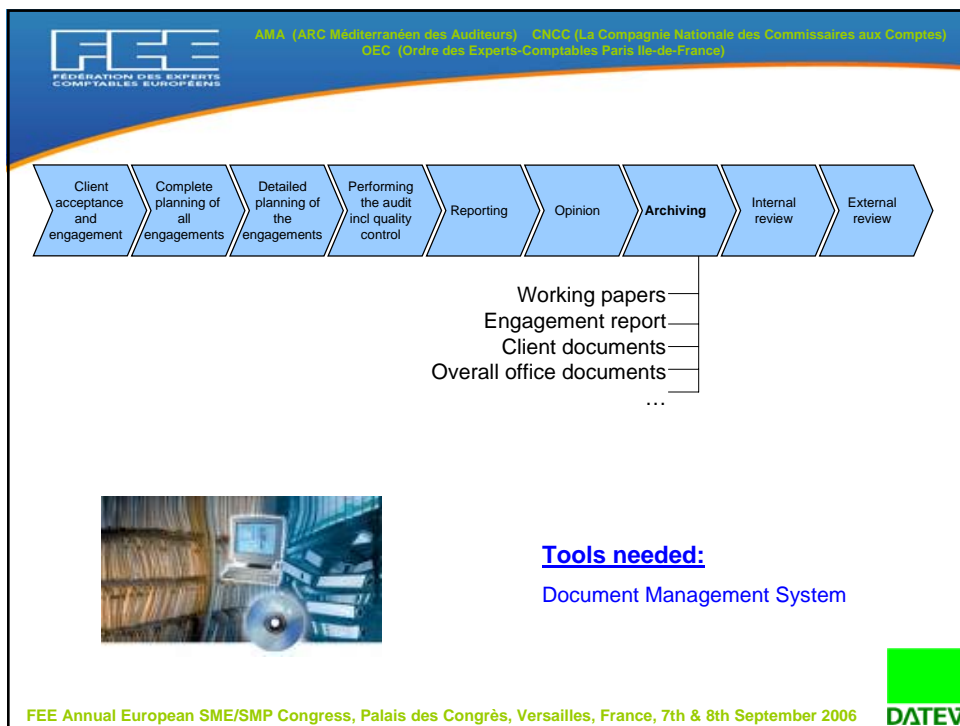
- Legal an information data base
- Checklists
- Analytical tools
- Internal control questionnaire
- Data selection and statistical sampling
- Data input interfaces (e.g. XBRL)
- Consolidation
- Trial balance
- Time control
- Company check



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- Acceptance and engagement
- Planning of the engagement
- Performing the audit
- Opinion
- Documentation and reporting
- ...



**Tools needed:**

- Checklists
- Integrated reporting tool

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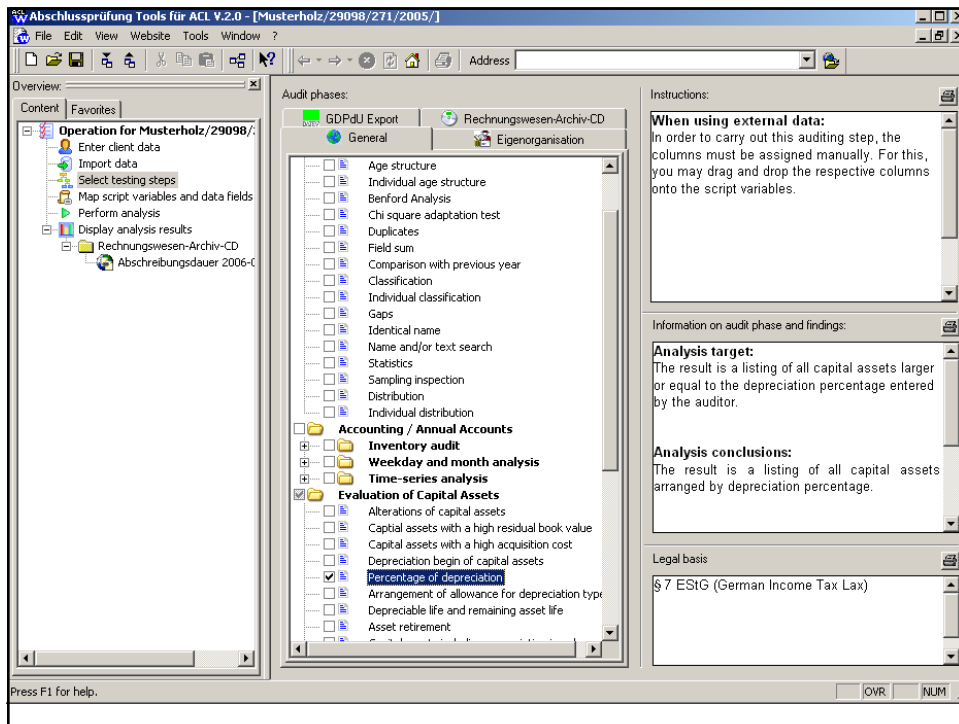
### Future developments

- Extended decision support systems supporting different industries, company sizes, audit types, skills
- "What if" and "what to do" supporting systems
- Supporting growing mobility
- Well-defined client-auditor interfaces to support data exchange
- Extended remote auditing
- Automated audit routines embedded in the client systems



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	<b>II. HGB: Audit of recognition, measurement and presentation</b>	<b>Being processed now</b>
	Audit of recognition, measurement and presentation	
	<b>1. Comprehensive questions</b>	<b>Being processed now</b>
	Comprehensive questions	
	<b>1.1 Recognition</b>	<b>Being processed now</b>
	Recognition	
	<b>Have you ensured that the requirements for recognition as an asset are met?</b>	<b>Unqualified positive</b>
	Have you ensured that the requirements for recognition as an asset are met?	
	<b>Conditional ownership</b>	<b>Qualified positive</b>
	Economic ownership: Check whether agreed-to conditional ownership clauses as well as assignments of assets as collateral are recognised in accordance with generally accepted accounting practices.	
	<b>Categorization own inventories / third-party inventories</b>	<b>Objection</b>
	Are there consigned goods stored for third parties and are they stored separately from own inventories?	
	1 Yes, we found some goods stored for third parties and they were not separated	
	<b>Transfer of the results of the physical inventory observation</b>	<b>Unqualified positive</b>
	Have you audited the transfer of the results of the physical inventory observation correctly?	

Stammdaten online - Microsoft Internet Explorer

Adresse: http://webunes.bk.datev.de/webd/Servlet/SDCspatch

DATEV Stammdaten online

Person/Company

Details Company/Surname First name Reference Number name/tide reference Database

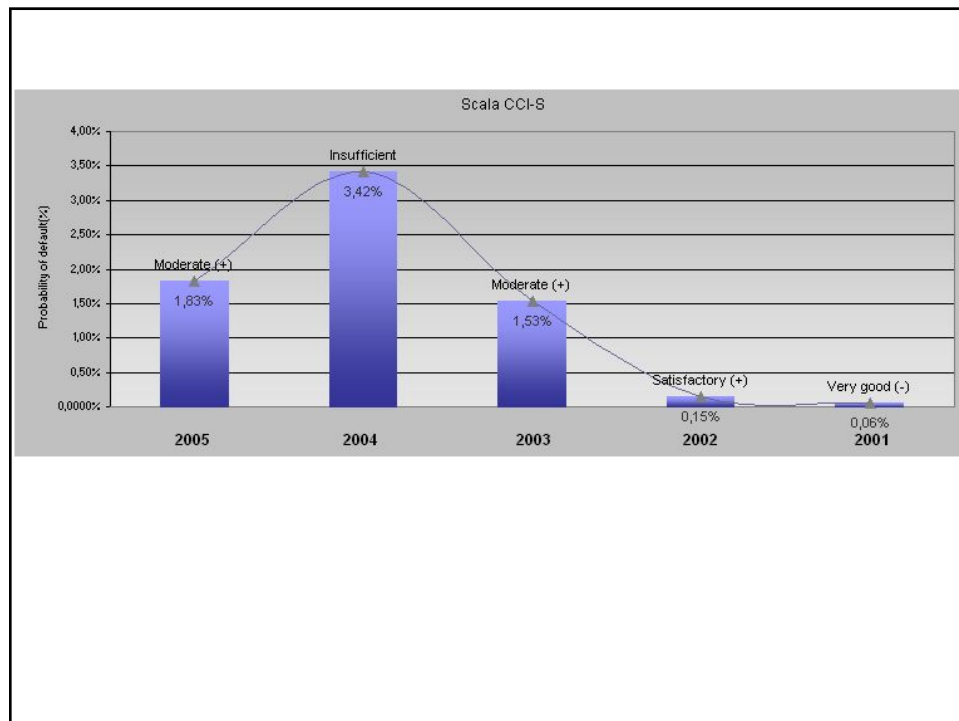
Person/Company

Standard search

Back to search result

Details	Company/Surname	First name	Reference	Number	name/tide reference	Database
Partner/Companion	Reuter-1st	Beate				Stuttgart
Partner/Companion	Reuter-1st	Beate		22022	Egon Schwab-1st AG	Stuttgart
Partner/Companion	Reuter-1st	Beate		98202	OMNIA-TST Stuttg. Berat.	Stuttgart
Spouse-	Reuter-1st	Beate		10600-	Reuter-1st-Jochen	ERL ZMSD
Plaintiff	Reuter-1st	Beate		00004-02	Monteverdi-1st J. Reuter-1st	NBG PHAN
Legal representation	Reuter-1st	Beate		00001-01	Reuter-1st J. Wolf-1st	NBG PHAN
Expert (Witness)	Reuter-1st	Beate		00029-03	Schmidt-Meyer-1st J. Meyer-1st	NBG PHAN
Partner/Companion (indirect)	Reuter-1st	Beate		00040-03	SCHWAB-TST Beratung	NBG PHAN
Partner/Companion	Reuter-1st	Beate			Egon Schwab-1st Stuttgart	NBG PHAN
Witness	Reuter-1st	Beate		00001-01	Reuter-1st J. Wolf-1st	NBG PHAN
Spouse	Reuter-1st	Beate		00001-01	Reuter-1st J. Wolf-1st	NBG PHAN

Preview



month	august 2006																											
week	31							32							33							34						
day																												
capacity																												
group 1																												
company 2																												
group 2																												
company 3																												
training																												

month	august 2006																																				
week	31							32							33							34							35								
day	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	01	02	03	04		
capacity																																					
Smith, James							WE					WE								WE							WE									WE	
Miller, Robert							WE					WE								WE							WE									WE	
Denver, Ellen							WE					WE								WE							WE									WE	
Blacksmith, Richard							WE					WE								WE							WE									WE	
Young, Adam							WE					WE								WE							WE									WE	
Reeve, Simon							WE					WE								WE							WE									WE	
Greene, Susan							WE					WE								WE							WE									WE	



# [Independent] Auditor's/Auditor's report

I have audited the annual financial statements -- consisting of balance sheet, profit and loss account as well as notes -- together with the bookkeeping system, and the management report of the Company **Referenzmodell 7.0 - NEU** for the business year from 1. Januar to 31. Dezember 2004. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law (and supplementary regulations in the articles of incorporation / partnership agreement) are the responsibility of the Company's management. My responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on my audit.

I conducted my audit of the annual financial statements in accordance with § 317 HGB „Handelsgesetzbuch“, „German Commercial Code“ and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. I believe that my audit provides a reasonable basis for my opinion.

My audit has not led to any reservations.

In my opinion, due to the realizations won with the audit, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting (and supplementary regulations in the articles of incorporation / partnership agreement). On the whole the management report provides a suitable understanding of the Company's position and suitably presents the opportunities and risks of future development.

.....

9. August 2006

## 3.3 Development of earnings situation

	01.01. to 30.09.2003		01.01. to 31.12.2002		Changes over the prior year	
	TEuro	%	TEuro	%	TEuro	%
Sales revenue	-1.201,5	90,5	-1.603,1	95,9	401,6	-25,0
+ Decrease in stock of finished goods and work-in-progress	-10,7	1,3	-50,1	2,9	39,4	-60,7
+ other company-produced additions	-3,1	0,2	-4,2	0,2	1,1	-26,2
Total output	-1.201,3	100,0	-1.737,4	100,0	436,1	-25,1
+ Other operating income	-188,1	12,9	-267,0	14,8	88,9	-31,6
Other operating expense	-2.622,6	201,6	-4.167,0	239,8	1.544,6	-37,1
+ Other interest and similar income	-40,5	7,2	-46,2	5,5	5,7	-1,3
Profit (loss) from ordinary activities	1.059,6	-91,4	2.077,4	-119,6	-1.017,8	-49,0
Profit of the year	1.059,6	-91,4	2.077,4	-119,6	-1.017,8	-49,0

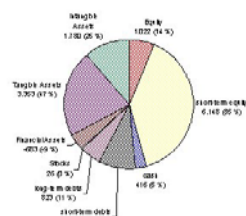
The company completed the financial year 2003 with a Profit for the year of Euro 1.059.591,11 (previous year's result: Euro 2.077.340,76).

The turnover in the reporting period was Euro -1.201.474,04. It rose by -25,0 % over the previous year 2002 (Euro -1.603.060,40).

The total operating performance 2003 of Euro -1.301.321,10 decreased over the previous year 2002 of Euro -1.737.370,76 by 25,4 %.

The result from normal business operations in 2003 was Euro 1.059.591,11 in comparison the previous year 2002 posted as an of Euro 2.077.340,76. The decrease over 2002 totalled 49,0 %.

## Structure of Capital





<b>Aktiva</b>						
Noncurrent assets						
Intangible assets						
Other intangible assets	< N	10.850,00 Euro	10.208,00 Euro	642,00 Euro	6,29 %	0,28 %
Property, plant and equipment	> N (+)	3.166.830,42 Euro	477.391,39 Euro	2.689.439,03 Euro	563,36 %	80,38 %
Financial assets	< N	40.758,45 Euro	40.758,45 Euro	0,00 Euro	0,00 %	1,03 %
<b>Total noncurrent assets</b>		<b>3.218.438,87 Euro</b>	<b>528.357,84 Euro</b>	<b>2.690.081,03 Euro</b>	<b>509,14 %</b>	<b>81,69 %</b>
Current assets						
Inventories	> N (+)	217.240,80 Euro	197.240,80 Euro	20.000,00 Euro	10,14 %	5,51 %
Trade accounts and notes receivables	> N (+)	372.495,45 Euro	211.298,48 Euro	161.196,97 Euro	76,29 %	9,45 %
Income taxes recoverable	< N (-)	0,00 Euro	5.396,51 Euro	-5.396,51 Euro	-100,00 %	0,00 %
Other current receivables	< N (+)	34.246,69 Euro	25.590,80 Euro	8.655,89 Euro	33,82 %	0,87 %
Cash and bank deposits	< N (-)	72.397,38 Euro	524.139,78 Euro	-451.742,40 Euro	-86,19 %	1,84 %
<b>Total current assets</b>		<b>696.380,32 Euro</b>	<b>963.666,37 Euro</b>	<b>-267.286,05 Euro</b>	<b>-27,74 %</b>	<b>17,68 %</b>
Commercial Code (HGB) backup items	< N	25.074,00 Euro	26.409,00 Euro	-1.335,00 Euro	-5,06 %	0,64 %
<b>Total assets</b>		<b>3.939.893,19 Euro</b>	<b>1.518.433,21 Euro</b>	<b>2.421.459,98 Euro</b>	<b>159,47 %</b>	<b>100,00 %</b>
<b>Passiva</b>						
Shareholders' equity						
Share capital	< N	255.645,94 Euro	255.645,94 Euro	0,00 Euro	0,00 %	6,49 %
Other reserves						
Profit reserves	< N (+)	763.101,88 Euro	435.637,74 Euro	327.464,14 Euro	75,17 %	19,37 %
<b>Total shareholders' equity</b>		<b>1.018.747,82 Euro</b>	<b>691.283,68 Euro</b>	<b>327.464,14 Euro</b>	<b>47,37 %</b>	<b>25,86 %</b>
Noncurrent liabilities						
Provisions for pensions and similar obligations	> N	60.241,86 Euro	60.241,86 Euro	0,00 Euro	0,00 %	1,53 %
Long-term interest-bearing debts	> N (-)	50.000,00 Euro	168.836,61 Euro	-118.836,61 Euro	-70,39 %	1,27 %
<b>Total noncurrent liabilities</b>		<b>110.241,86 Euro</b>	<b>229.078,47 Euro</b>	<b>-118.836,61 Euro</b>	<b>-51,88 %</b>	<b>2,80 %</b>
Current liabilities						
Other current provisions	> N (-)	13.311,75 Euro	42.477,15 Euro	-29.165,40 Euro	-68,66 %	0,34 %
Tax payable	> N (-)	0,00 Euro	15.123,50 Euro	-15.123,50 Euro	-100,00 %	0,00 %
Short-term interest-bearing debts	< N (+)	2.433.020,25 Euro	91.480,27 Euro	2.341.539,98 Euro	2.559,61 %	61,75 %
Trade accounts and notes payable	< N (+)	228.284,09 Euro	173.754,38 Euro	54.529,71 Euro	31,38 %	5,79 %
Other current payables	N (-)	136.287,42 Euro	275.235,76 Euro	-138.948,34 Euro	-50,48 %	3,46 %
<b>Total current liabilities</b>		<b>2.810.903,51 Euro</b>	<b>598.071,06 Euro</b>	<b>2.212.832,45 Euro</b>	<b>369,99 %</b>	<b>71,34 %</b>
<b>Total shareholders' equity and liabilities</b>		<b>3.939.893,19 Euro</b>	<b>1.518.433,21 Euro</b>	<b>2.421.459,98 Euro</b>	<b>159,47 %</b>	<b>100,00 %</b>

# Paperless Digital Technologies

FEE Annual European SME/SMP Congress, Palais des Congrès, Versailles, France, 7th & 8th September 2006

## AICPA Top 10 Technologies for 2006

- |  |   |
|--|---|
| 1. Information Security                      | 6. Digital Identity and Authentication Technologies |
| 2. Assurance & Compliance Applications       | 7. Wireless Technologies                            |
| 3. Disaster and Business Continuity Planning | 8. Application and Data Integration                 |
| 4. IT Governance                             | <b>9. Paperless Digital Technologies</b>            |
| 5. Privacy Management                        | 10. Spyware Detection and Removal                   |

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## Paperless Digital Technologies

- Procedures for capturing, organizing, storing, searching, recovering and managing documents and data:
  - Not necessarily structured in data bases
  - Both internal and external
- Knowledge management contained in said documents and data
- Validation or authentication procedures of electronic documents

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## Going paperless, easier said than done

- “In front of the computer, ideas do not flow in the same way as quick and faulty lines handwritten on a piece of paper do.”
- “... if we need to use paper at all, it should at least be recycled!”

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## Barriers to overcome

- Technological barrier
- Lack of digital policies and procedures
- Paper *addiction*

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## Technological barriers (I)

- Hardware
- Software



The technology does exist!

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## Technological barriers (II)

- Contextualisation of the documents
- Combination of documents from different sources
- Simplicity of grouping and regrouping of documents
- Simplicity of ad-hoc reorganisation
- Integration in the work environment of the user
- Minimum training effort

The document management is just a supporting activity!

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## Procedural barriers

- Effects of the change in the environment
- Requirement of new policies and procedures
- Special importance of training and education

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## Paper addiction

- Inconvenience of reading on a monitor
- Convenience of working on paper
- Psychological sensation that a printed document is more serious or authentic than a digital document
- Force of habits

Sellen A., Harper R. (2002) *The Myth of the Paperless Office*.  
Massachusetts Institute of Technology.

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## The cost of not going paperless

Opportunity cost:

- Cost reduction
- Accessibility, simplicity of searching and security of documents and data
- Elimination of redundant information
- Automation of the internal control within the document life cycle
- Elimination of mobility restrictions and telework
- Elimination of organisational inefficiency
- Elimination of barriers to the knowledge

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## Conclusion: to be continued

- Paperless technology is available
- The advantages of its adoption are evident
- The cost of not adopting it might be very high

The old objective of a paperless office is finally emerging!!



**Professor  
Robin Jarvis,  
Head of Small  
Business**



**FEE  
SME/SMP  
Congress –  
Versailles  
2006**





## **Intangible Assets and SMEs**

### **The Issue (1)**

- **Changing nature of business**
- **90% of SMEs are in the service sector**
- **Knowledge based businesses**
- **Intangible assets / intellectual property**

## **The Issue (2)**

- **The lack of concrete form and the general absence of functioning markets for intangible assets make their valuation problematic in comparison with physical assets that are regularly bought and sold in transparent markets.**
- **The inability to value intangible assets leads to problems in raising finance and managing these assets particularly for small businesses.**

## **Research**

- **Objectives:**
  - **nature of SME intangible assets**
  - **the ways in which they are developed**
  - **protection and transfer of intangibles**
  - **valuation methodologies**
  - **implications for SMP**
- **Dr Chris Martin**
- **Case Studies**

## **An Overview of Some of the Findings**

- **Nature of Intangibles**
- **Raising finance and business transfers**
- **Implications for SMPs**

## **Nature of Intangible Assets**

**A firms intellectual capital can be defined as:**

- **Human capital e.g. trained, job skilled employees**
- **Structural capital e.g. patents, proprietary software, engineering drawings**
- **Customers capital e.g. customers lists**

**Important features of SME intangible assets**

## **Raising Finance and Business Transfers**

- Accounting principles
- Banks and other providers tend to follow accounting methodology
- Raising funds – security
- Owner / managers fail to recognise the intellectual capital when moving on – resulting in succession failure

## **Implications for SMPs**

- Advisor knowledge and experts
- Intellectual property issues
- Value adding advice