

Polska



Accounting & finance

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The Polish accounting regulations are very similar to other systems and are constantly being synchronised with the International Accounting Standards and EU regulations, to make them comparable.



Law Regulations

Polish accountancy law is constituted by **the Accountancy Act of 29th September 1994 and the Polish Generally Accepted Accounting Principles - GAAP** (which so far constitutes ten standards). The provisions of the Accounting Law apply to the entities whose registered offices or place of executive management are located in Poland. The Act enumerates foreign people, foreign companies operating through branch offices or registered subsidiaries, obliging them to maintain full accounting records in compliance with Polish law.

The Accounting Act does not differ considerably from International Financial Reporting Standards, which were adopted by the EU and are harmonised with regulations resulting from EU Directives. The amendment dated March 2008 implemented regulations from the 2006/46/WE EU Directive. Amongst others things, it is concerned with consolidating financial statements and extends to a scope of obligatory disclosures presented in statements. It also introduced to the management of the entities the responsibility to prepare and publish their financial results. In situations which are not regulated by the Accounting Law, proper standards can be used.

Also there is an allowance, for a specified group of companies, to do so according to International Financial Reporting Standards. Companies listed on the Warsaw Stock Exchange are obliged to prepare consolidated financial statements in accordance with International Financial Reporting Standards. Furthermore, the subsidiaries of such companies may choose financial statements in accordance with EU and International Financial Reporting Standards if they prefer.

Accounting facts

Accounting records must be maintained in both Polish language and currency. Amounts in foreign currencies are converted into Polish currency at the average exchange rate set by the National Bank of Poland. In general, all accounting documents should be in Polish apart from source documents, though it should be noted that these should be translated into Polish at the behest of the tax authorities and auditors.

The accounting period lasts 12-months and is usually the same as a full calendar year. Of course, the company may choose different dates, but the Tax Authorities must be informed about this change. Bookkeeping can be done internally by a qualified employee or externally by an accounting office. Documents and accounting books must be kept in the company's head office, as well as in an accounting office. Documents for each year must be kept for five years, payroll documentations for longer period and financial statements permanently.

The responsibility for fulfilling these obligations in the field of accounting falls entirely on the Manager of a company. The scope of this responsibility was extended and emphasised in the implemented regulations of the 2006/46/WE EU Directive.

Entities are required to apply all accounting principles included in the Accounting Law, to truly and fairly present their financial position and financial results. The economic substance of transaction is a base for recognising events, including business transactions, in the books of accounts and a presentation in the financial statements. The company can apply some simplifications within its accounting principles, provided that it has no significant negative impact on the presentation of their financial position and its financial results.



Financial statements

Entities shall prepare the financial statement on the last day of the financial year referred to in article 12, paragraph 2 of the Accounting Law. Principles for the measurement of assets, liabilities and equity and the determination of the financial result should be applied respectively as specified in chapter 4 of the Accounting Law.

Issuers of securities admitted to or intending to file for admission to or issuers of securities pending admission to trading in one of the regulated markets of the European Economic Area may prepare their financial statements in accordance with International Financial Reporting Standards.

Another group of companies allowed to use the International Financial Reporting Standards regulations are entities which are members of capital groups, in which a parent company prepares consolidated financial statements under International Financial Reporting Standards.

These decisions can be made only by the approving body of such companies. **Financial statements consist of** a balance sheet, a profit and loss account, an introduction to the financial statements and notes and explanations. Entities which are a subject to annual audits also prepare a statement of changes in equities and a cash flow statement. For financial statements, an annual report of company activity should be included. The report covers information about events having significant influence on company's activity, and also presents the company's achievements and projections. All documents must be prepared in both the Polish language and currency.

Some entities which operate in the extractive industry or are individually engaged in primary logging will prepare report on the payments to the public administration at the date of balance sheets, together with annual financial statements, report on the payments to the public administration.

The entity's manager and the members of the supervisory board or other body supervising the entity have to ensure that the financial statements, the consolidated financial statements, report on the activities of entity and report on the activities of the group meet the requirements of the Accounting Act. The entity's manager then ensures the preparation of the financial statements within 3-months from the date of the balance sheet as well as its presentation to the relevant authorities.

The entity's manager is obliged to submit the financial statement to the register court within 15 days from the date of approval, together with the auditor's opinion and a copy of the resolution or decision approving the financial statements and the distribution of profit or covering of loss. The entity's manager is also obliged to submit the financial statement to the tax office within 10 days from the date of approval, together with the auditor's opinion and a copy of the resolution or decision approving the financial statements and the distribution of profit or covering of loss. The approval of the statements shall take place within six months after the date of the balance sheet.



Audit and publication

The obligation of auditing and the publishing of the financial statement refers to consolidated statements of capital groups, joint stock companies, banks, insurers and entities which operate on the position of and the financial result of the audited basis of regulation on trading in securities and regulations on investment funds or pension funds.

Other companies are obliged to be audited if they have met at least two or three of the following conditions during or preceding the accounting year:

- the average number of employees converted into full-time employment is equivalent to at least 50 people,
- the total assets as at the end of the financial year were at least the Polish zloty equivalent of 2.5 million EUR, regulations.
- the net revenue from the sales of goods for resale and finished goods and the financial transactions for the financial year was at least the Polish zloty equivalent of 5 million EUR.

The aim of the audit is expression by a statutory auditor with a written opinion. The audit contains a written opinion and report on whether the financial statement truly and fairly presents the financial position of and the financial result of the audited entity in accordance with the applicable provisions of the Act and accepted accounting principles (policy).

Some entities that maintain their accounting records and undergo a mandatory audit of annual financial statements are required to publish their financial statements.

Polish accounting Law is often changing, due to the application of solutions from the International Financial Reporting Standards and EU accounting regulations.

The aim of the implementation of these international regulations is to equalise the competitiveness equivalent of 5 million EUR. of enterprises. The harmonisation of accounting regulations will have an effect on increasing the quality and comparability of information given by the companies. It also effects the improvement in the reliability of financial data in front of business partners and financial institutions.

Source: Polish Investment and Trade Agency, *Poland your business Partner. Invest in Poland, 2016.*



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