



SERVICE FOR ACCOUNTING,
REPORTING AND AUDITING
SUPERVISION

ANNUAL REPORT 2022

TRUST CREATES OPPORTUNITIES



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SARAS GEORGIA



SARAS GEORGIA



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ABOUT US

Service for Accounting, Reporting and Auditing Supervision is a supervisory body in the field of accounting, reporting and auditing. The regulations we establish are aimed at creating a transparent culture in business activities. Transparency in business makes it more reliable for investors, partners, creditors, owners, customers and all interested parties.

MISSION

Enhance reliability of financial and management information for making effective economic decisions through implementation of international standards

VISION

Transparent environment is a precondition for country's development

REPORTING AND AUDITING SUPERVISION



- We publish financial statements and management reports
- We create databases
- We perform IFRS compliance reviews to improve the quality of financial statements



- We carry out quality management system monitoring of auditors/audit firms
- We carry out investigations to auditors/audit firms

STANDARDS



We translate and adopt:

- IFRS Standards
 - International Standards on Auditing
-
- We have developed Financial Reporting Standard for the IV category enterprises

REGISTRIES



We maintain the registries of:

- Auditors
- Audit firms
- Certified accountants
- Continuing education
- Certificate programs
- Examination processes

EDUCATION



- We set professional education standards
- We monitor compliance with standards
- We publish guidance and research documents

DICTIONARY



- We maintain an online dictionary of IFRS and ISA terms
- We systematically update and enhance terminology

DAVIT MCHEDLIDZE APPOINTED AS HEAD OF SARAS

3



On 28 September, 2022 Davit Mchedlidze was appointed as Head of SARAS (he was acting Head of SARAS from October 2021). Mr Mchedlidze was the Head of the Department of Accounting and Reporting Supervision from 2017, where he spent 4 years implementing various important projects with his team.

I am happy to be able to participate in such an important work for the development of the country in a new position and with even greater responsibility. Under the leadership of the first Head of SARAS, Mr Dolidze, the accounting and auditing reform has undoubtedly been a great success and has brought about many positive changes in the country. Every member of our team is committed to ensuring that progress continues and that Georgia becomes an integral and worthy part of the European family.

2022 has seen the implementation of many exciting and important projects that support the above goal. You can read more about these projects in this report. I would like to highlight some of them below.

Based on the legislative amendments of December 2022, the scope of SARAS supervision in the direction of anti-money laundering was expanded. In February 2023, the Department of Anti-Money Laundering Supervision was established within SARAS. The purpose of the Department is to facilitate the fulfilment of the tasks established by Georgian legislation and to create an effective system for the detection and prevention of money laundering and terrorism financing in accordance with the recommendations of the Financial Action Task Force (FATF) and the Directives of the European Union. This amendment is an important step towards implementing one of the 12 recommendations of the European Commission's Memo (strengthening the fight against organised crime), as well as towards the country's development and European integration.

2022 was also a record-breaking and exciting year in terms of report submissions. Approximately 77,000 enterprises submitted their annual reports on Reportal.ge. The current submission rate is 94% for high-category companies and 77% for fourth-category enterprises.

We can confidently say that the reform has achieved significant success with this reporting benchmark, thanks to the high level of awareness and participation in our society. From SARAS' perspective, the next challenge will be to improve the quality of the statements/reports. This will also require concerted efforts. To this end, SARAS has taken an active role in selecting statements/reports using a risk-based approach and in reviewing their compliance with standards. To make this process more transparent and easier for entities, SARAS annually publishes the review priorities for the coming year. The document sets out the criteria used by SARAS when selecting submitted and published reports for review, what SARAS will focus on in the report, and the process that entities must follow to address

deficiencies identified. In 2022, 3% of the total number of high category companies was covered by the review process, and this number is planned to increase to 10% by 2026. For the purpose of sharing identified non-conformities with the public, SARAS will also issue a public document summarising in an aggregated manner (without reference to the entity), the main/frequent non-conformities found during the review process.

We expect a high level of participation by entities in these processes, which, like the submission rate, will further improve the reporting quality.

It should also be noted that, with the support of the World Bank, a feasibility study of the XBRL Standard implementation in Georgia was conducted in 2022, the results of which showed that the introduction of the said standard and the digitalisation of reports will help to improve the quality of reporting and significantly simplify its processing by interested parties, including potential investors. SARAS believes that the successful implementation of the above project will contribute to the development of a healthy business environment in the country and to the growth of investments. Therefore, in the coming years, we plan to raise the awareness of entities in this direction and to start the process of introducing the mentioned standard.

With regard to auditing supervision, SARAS continues to fulfil its plans. An independent audit ensures the reliability of reporting and acts as a trusted link between the producers of information and the users of that information. In order to ensure quality audit services and to provide investors and other interested parties with the most accurate, complete and reliable information, SARAS, in line with international practice, monitors the quality of audits to determine compliance with international standards and ethical norms. In 2022, 111 audit firms were monitored. As a result, up to 60% of the audit market is already covered, with plans to increase this to 95% by 2026.

It should be noted that based on the legislative changes made last year, in order to come closer to the European practice, from 2023, SARAS, in parallel with monitoring, will conduct investigations of audit firms, which will additionally allow for the timely detection of violations and their further prevention.

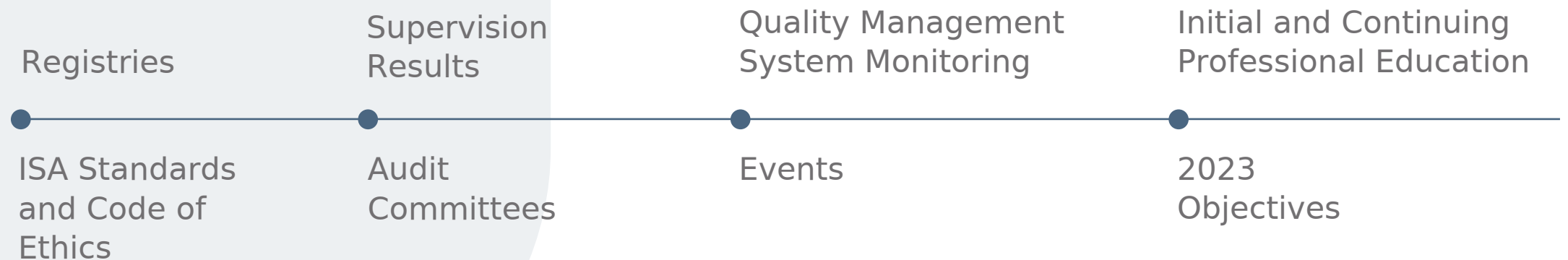
SARAS believes that the availability of transparent, high quality, timely and reliable corporate information in a single, centralised space increases the confidence and security of investors, creditors, and other interested parties, thereby contributing to the development of the capital market and improving access to finances for entities.

The year of 2023 has also started at a fast pace and I believe it will bring many important news. I would like to thank all the participants involved in this reform, including the donor organizations, from whom we receive the greatest support and assistance. Also, and most importantly, I would like to thank each and every member of the SARAS team for their tireless and selfless work to achieve these results.

DEPARTMENT OF ACCOUNTING AND REPORTING SUPERVISION



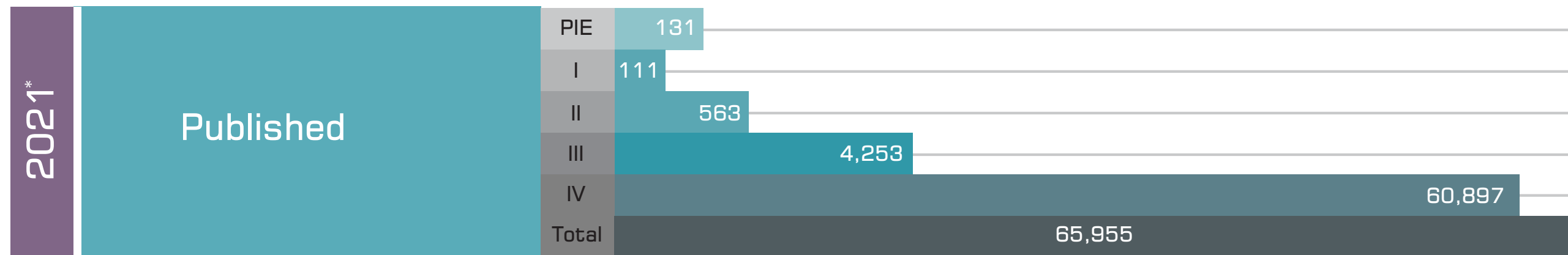
Department of Auditing and Professional Education Supervision



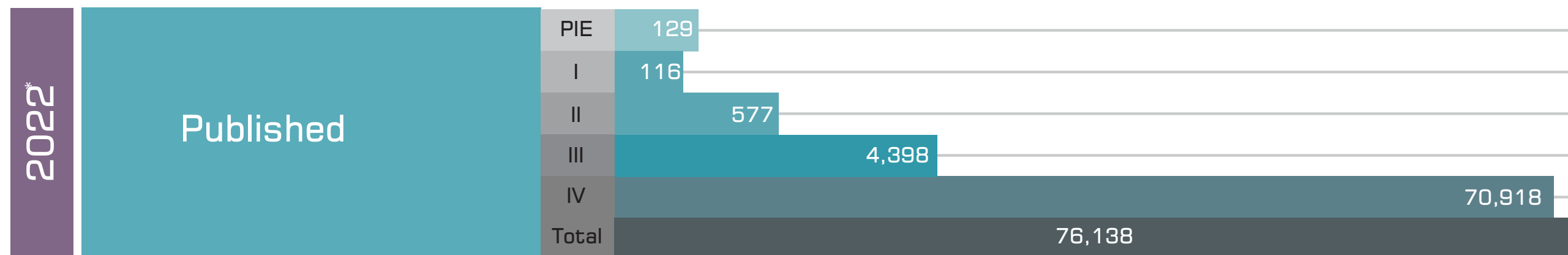
Department of Anti-Money Laundering Supervision



STATISTICS ON THE SUBMISSION OF REPORTS



In 2021, up to 82,000 PIE, I, II, III and IV category enterprises were required to submit annual report. The submission rate for PIE, I, II and III categories was 95%, and taking into account the IV category enterprises, the rate was 80%.



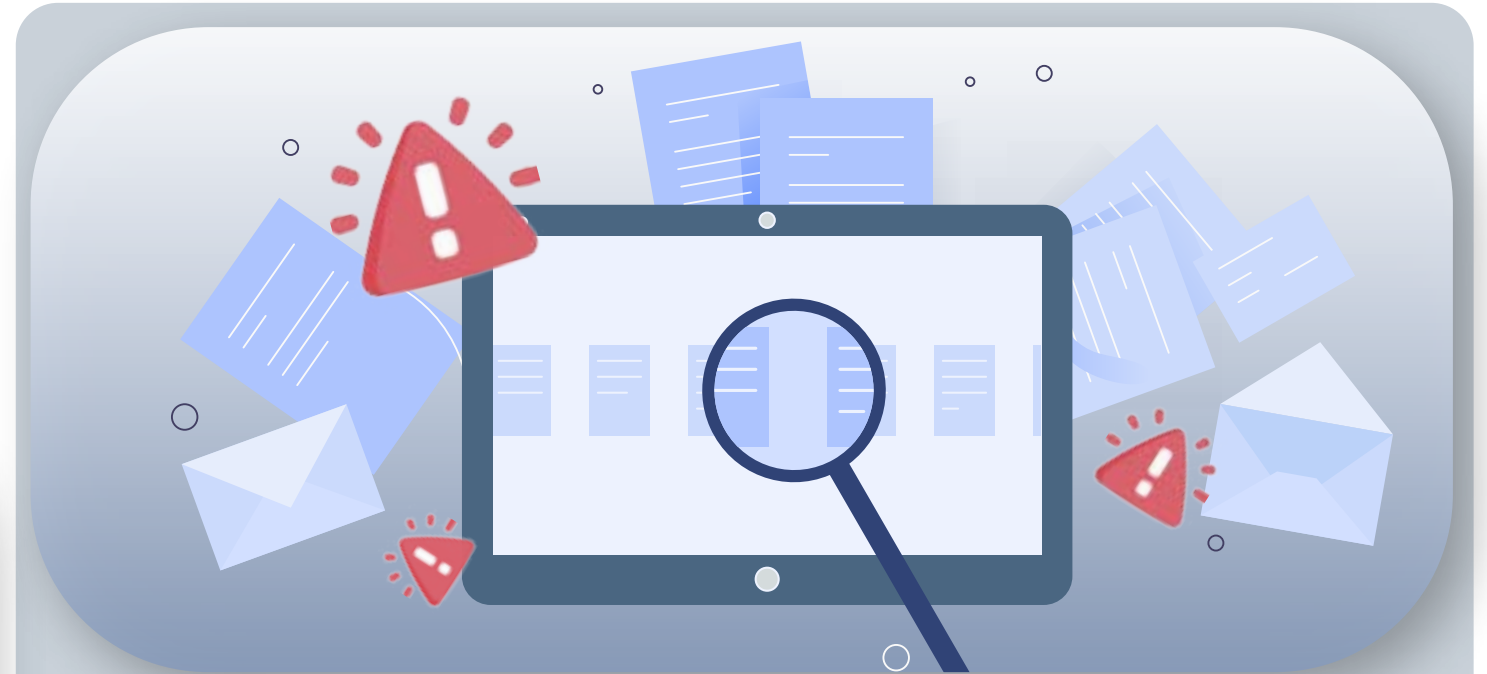
In 2022, up to 98,000 PIE, I, II, III and IV category enterprises were required to submit annual report. Up to 77,000 enterprises submitted their annual reports, which is a record figure compared to previous years. The submission rate for PIE, I, II and III categories was 94%, and taking into account the IV category enterprises, the rate was 77%.

* In 2022 enterprises submit 2021 annual reports

SARAS reviews the financial statements submitted by enterprises for their compliance with IFRS Standards. In order to increase the transparency of this process, SARAS annually publishes a document on the review priorities and the non-compliances identified.



SARAS developed an important document for enterprises in 2022: Review Priorities of 2020 and 2021 Annual Reports. The document outlines the issues SARAS will focus on when reviewing 2020-2021 annual reports for compliance with IFRS Standards. It also describes the review criteria SARAS will use to select annual reports submitted and published by entities.



SARAS also developed a document for enterprises – Non-Compliances Identified as a Result of the Review of Financial Statements – which summarises the main non-compliances identified in the process of reviewing the compliance with IFRS Standards of financial statements submitted by 35 PIEs, I and II category enterprises for the reporting periods of 2019-2020.

SARAS believes that the publication of the above information provides useful information to enterprises. The analysis and consideration of the document on non-compliances identified as a result of the review of financial statements will assist them in preparing financial statements in accordance with IFRS Standards. This, in turn, will have a positive impact on the quality of submitted financial statements.

COVID - 19

SARAS has updated its existing Covid-19 related Guidance – Impact on Financial and Management Reporting. The guidance addresses key issues that entities may face in preparing financial statements and management reports as a result of the impact of the coronavirus pandemic (Covid-19).

In order to strengthen the field of accounting and reporting and to improve the quality of submitted annual reports, SARAS, since its inception, has been actively communicating with interested parties, is open to feedback and provides for the dissemination of relevant information in various ways:

- A new tab has been added to the reporting portal – a video blog where video tutorials and informative videos related to the submission process are posted.



- SARAS has also updated its FAQ page to keep enterprises informed.
- It should be noted that the digital database of financial statements for 2021 was provided to more than 40 interested parties during 2022.



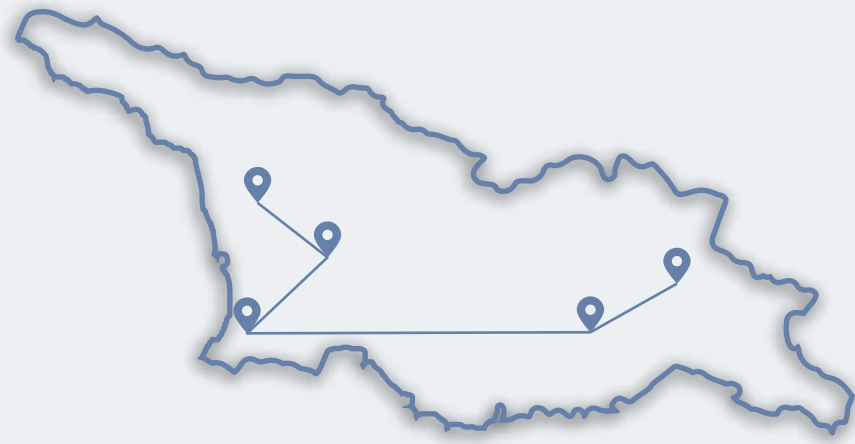
- 8,889 phone calls and 5,878 e-mails were answered in the Department of Accounting and Reporting Supervision. Most of them were related to the submission process. Incoming e-mails are fully responded to within the legal deadlines.



- A representative of SARAS participated in various television and radio programmes to talk about news related to management reporting, the importance of submission of reports and other topical issues.

EVENTS

SARAS annually holds meetings with different categories of enterprises on topical issues related to the reform. The events serve to inform the public, simplify the process of submitting annual reports and improve their quality.



5 cities, 8 meetings – SARAS held events for the 4th category enterprises.

In September 2022, events were held in 5 different cities for representatives of the 4th category enterprises. The purpose of the events was to review the submission process and the financial reporting standard for the 4th category enterprises. Up to 700 accountants attended the events.

SUBMISSION PROCESS FOR
THE 4TH CATEGORY
ENTERPRISES



📍 KUTAISI

📍 ZUGDIDI

📍 BATUMI

📍 TBILISI

📍 TELAVI



Within the framework of the event, participants received a self-study manual on the Financial Reporting Standard for the 4th Category Enterprises, printed with the support of the World Bank as part of the joint European Union and World Bank project on Financial Inclusion and Accountability.

Up to 550 participants

We participated in 3 events for the III and IV category enterprises

ONLINE



The main purpose of the meetings was to answer questions from the audience related to the submission process.

On 1 December, SARAS and the IFRS Foundation held the 6th meeting with the representatives of enterprises on IFRS Standards, IFRS for SMEs Standard and Management Report – Important News.

This is the sixth consecutive year that SARAS and the IFRS Foundation, with the support of the World Bank, have organised this event to provide enterprises with timely and in-depth information on the draft amendments, which will have a positive impact on the quality of submitted annual reports.

SURVEY OF MANAGEMENT REPORTS PREPARED BY BUSINESS ENTITIES FOR 2020



On 29 June, representatives of SARAS participated in the event on Survey of Management Reports Prepared by Business Entities for 2020.

The purpose of the survey was to determine the compliance of management reports with the Law on Accounting, Reporting and Auditing, as well as with the recommendations developed by SARAS and international practices. The event focused on presenting the survey results to the audience. The survey results will help business entities to identify and correct deficiencies in their management reports. See Survey results.

IFRS FOUNDATION'S ANNUAL CONFERENCE



The IFRS Foundation held its World Standard-setters Conference in London on 26 and 27 September. Representatives of SARAS also attended the conference, which is held annually.

The purpose of the conference was to review the

IFRS Foundation's current projects and its work plan. Participants had the opportunity to personally hear from the IASB members about the latest news related to the field regarding proposed amendments to the IFRS and IFRS for SMEs.

BARTA 2022



On 14 December, the winners of BARTA 2022 were announced. The award was launched 4 years ago as part of the joint World Bank and European Union project - Georgia Financial Inclusion and Accountability, in partnership with the National Reforms Support Foundation in Accounting, Reporting and Auditing (RSF).

The annual award aims to encourage compliance of annual reports with existing standards, promote healthy competition among companies, and improve the overall quality of corporate reporting as part of the country's efforts to build up investor trust and confidence at the national and international level.



The Project on Feasibility Study of the XBRL Standard implementation, initiated by SARAS and financed by the World Bank, has been carried out. The results revealed that the implementation of this standard and the digitalisation of financial reports will improve the quality of the reports and make it easier for interested parties, including potential investors, to process them. It is therefore planned to raise awareness among companies in this direction and to start implementing this standard in the coming years.

The use of the XBRL standard facilitates data comparability, compliance with international standards, and improves data quality and reliability. In EU countries there is already a requirement to submit an annual report according to the XBRL standard, and Georgia needs to keep up with the international practice.

SARAS has signed the Memorandum of Cooperation with the Accounting Reform's Stakeholders' Foundation and the Banking Association of Georgia to facilitate access to finances for the enterprises. In addition, an existing memorandum with Enterprise Georgia has been amended. The Georgia's Innovation and Technology Agency has also expressed interest in cooperation with SARAS.



SERVICE FOR ACCOUNTING,
REPORTING AND AUDITING
SUPERVISION



ACCOUNTING REFORM'S
STAKEHOLDERS'
FOUNDATION



Banking Association
of Georgia



Enterprise Georgia



Georgia's Innovation and Technology Agency



The reporting portal has been enhanced with the functionality to automatically generate an enforcement sheet and forward it to the National Bureau of Enforcement, facilitating an efficient administrative process.



The 2022 edition of the Blue Book of International Financial Reporting Standards (IFRS Standards) was introduced in 2022. The standards, translated into Georgian, have been published on the SARAS website and are available to all interested parties.



It should be noted that Georgia is the first country to translate and implement the 2022 edition of the Blue Book.

Maintain/Increase Submission Rate:

Open communication with stakeholders; meetings with business representatives on: benefits of reform, frequently asked questions, common mistakes.

Promoting the growth of reporting quality:

- Increasing the average annual rate of financial statements/reports reviewed for compliance with IFRS standards;
- Raising public awareness of non-compliances identified during the IFRS review process;
- Providing the public with news on International Standards;
- Translating and adopting IFRS Standards;
- Full digitalisation of annual reports | progress in the implementation of the XBRL Standard.

Start actively working on the Single Window Principle/Country Reporting Map project;

Initiation of preparatory work on the draft legislative amendments to implement the changes to Directive 2013/34/EU.



High quality audit services are the main foundation of a transparent and reliable business environment. They provide investors and other interested parties with reliable reports that help them make the right business decisions and thus promote business development.



SARAS has undertaken a number of reforms to promote the growth of audit quality in the country and has created important registries of auditors, audit firms, certified accountants, etc.

SARAS presents the statistics of the registries annually in the annual report, which makes it possible to observe changes and progress. The following pages will help you familiarise yourself with the most important data relating to auditing.

REGISTRIES

The Unified Registry of Certified Accountants provides information on certified accountants who are members of professional organisations operating in Georgia.

UNIFIED REGISTRY OF CERTIFIED ACCOUNTANTS

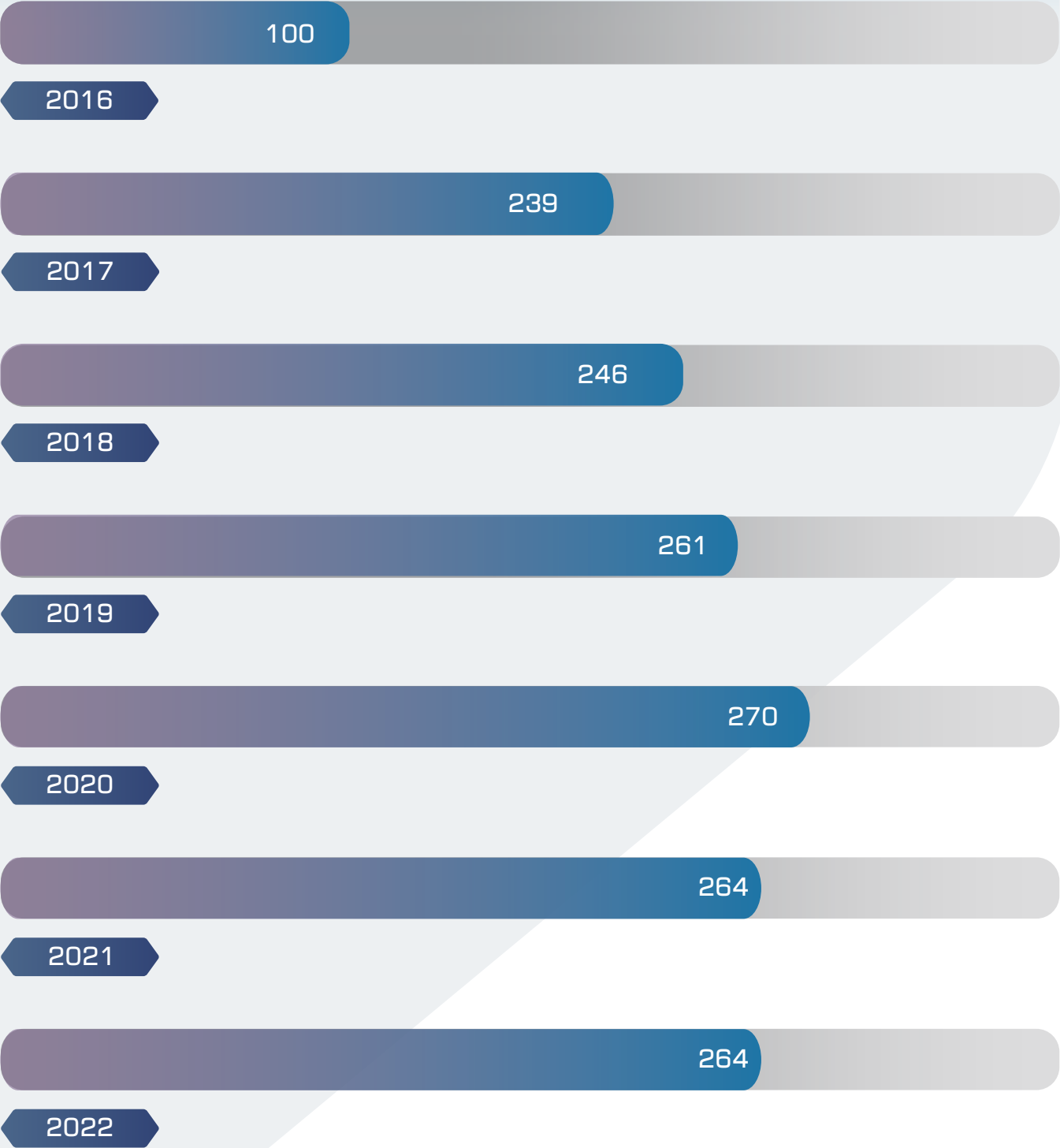
YEAR OF 2021
856

YEAR OF 2022
921

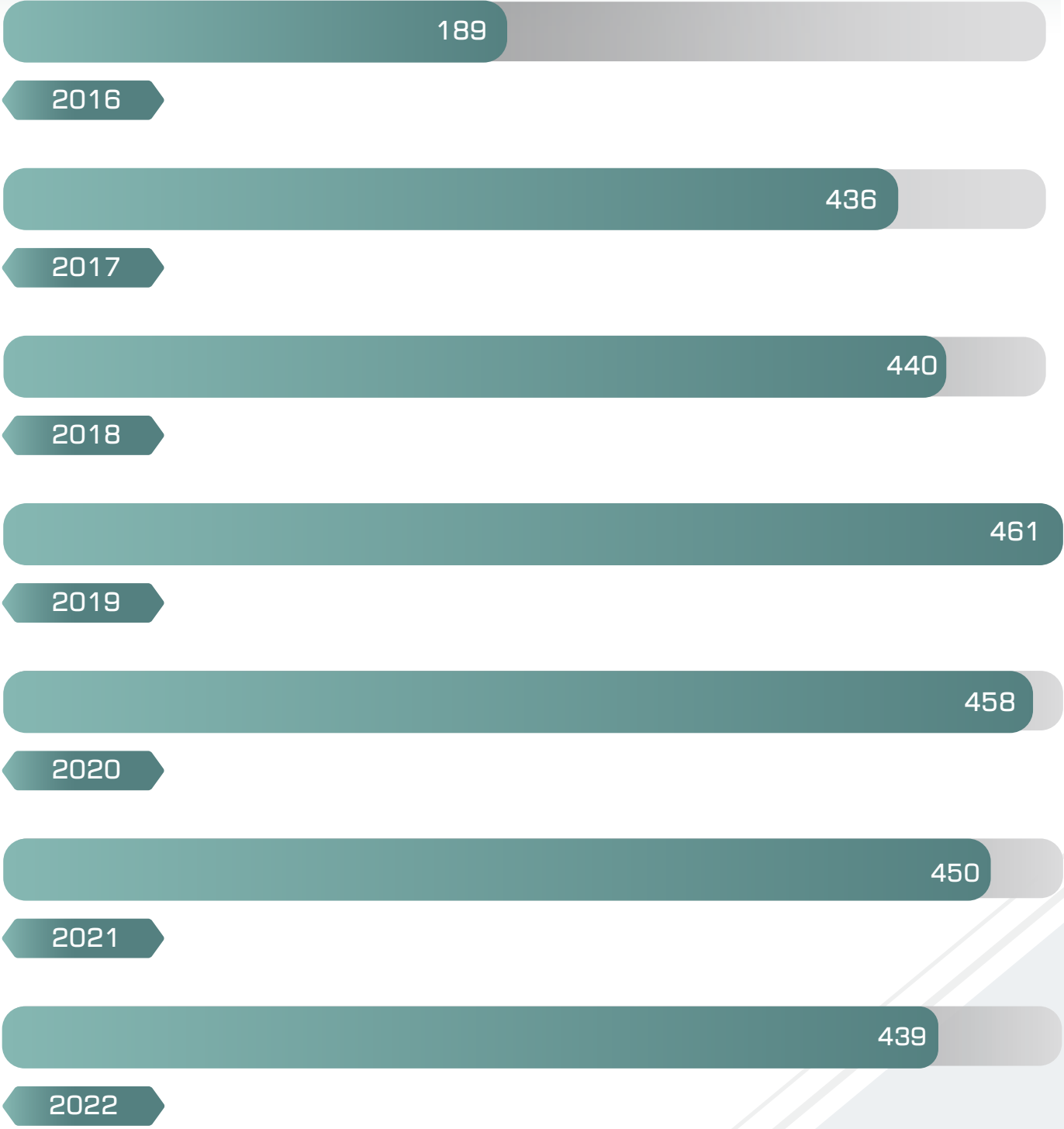


It is a reliable source of information on all natural and legal persons authorised to provide audit services in Georgia. Through the registry, investors, managers and audit committees of entities and other interested parties, for the purpose of obtaining audit and assurance services, will have access to detailed information on auditors/audit firms.

AUDIT FIRMS



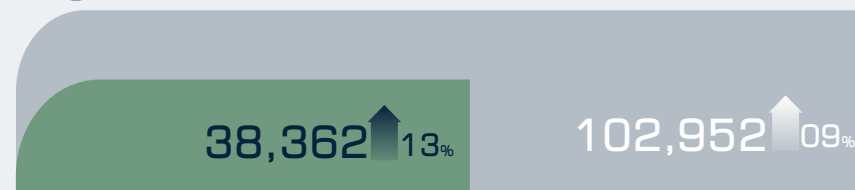
AUDITORS



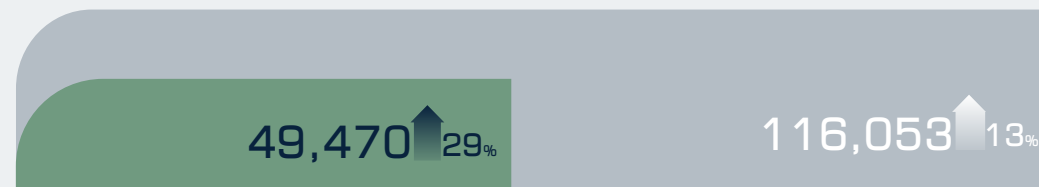
MARKET VOLUME OF AUDIT AND OTHER PROFESSIONAL SERVICES (IN THOUSANDS OF GEL)

NUMBER OF PERSONNEL EMPLOYED IN THE AUDIT AND PROFESSIONAL SERVICES MARKET

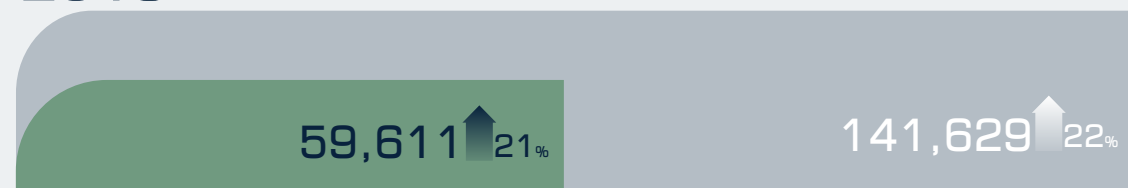
2017



2018



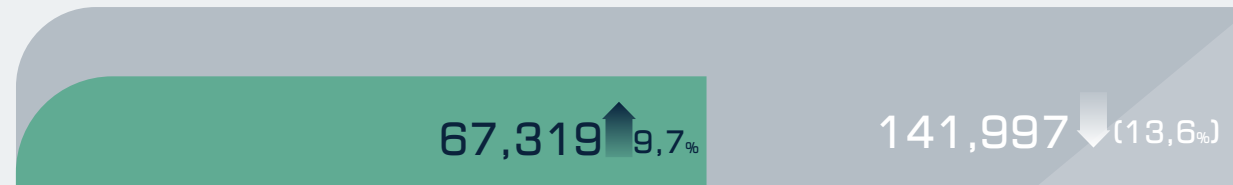
2019



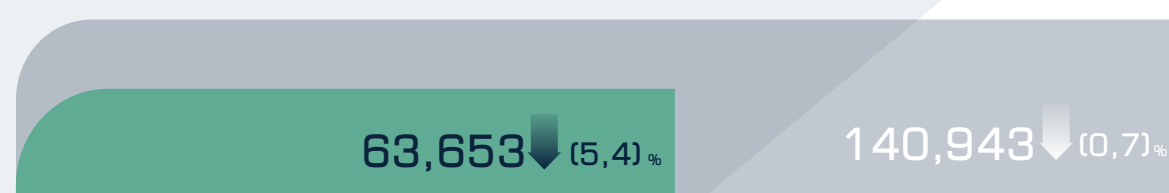
2020



2021

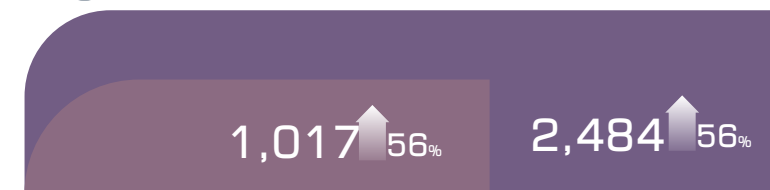


2022

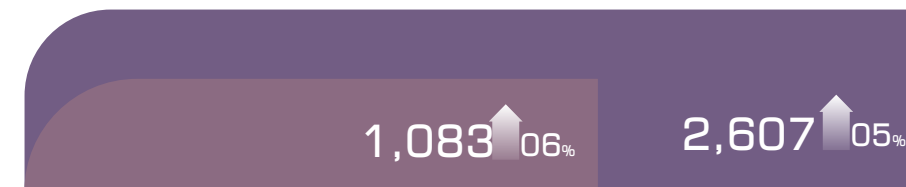


- FROM AUDIT SERVICES
- TOTAL INCOME

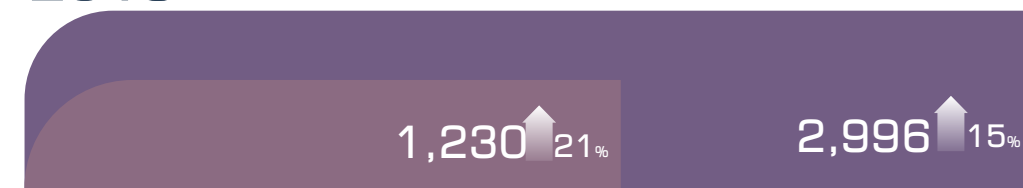
2017



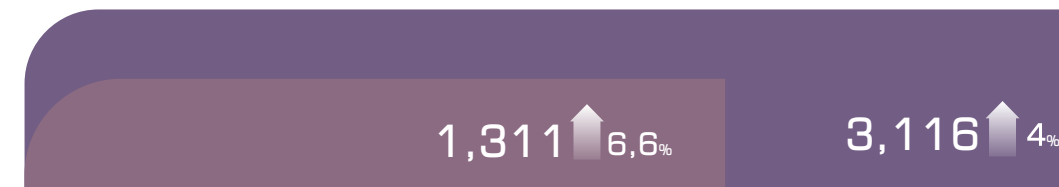
2018



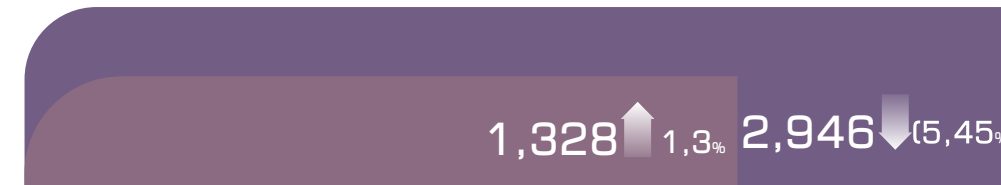
2019



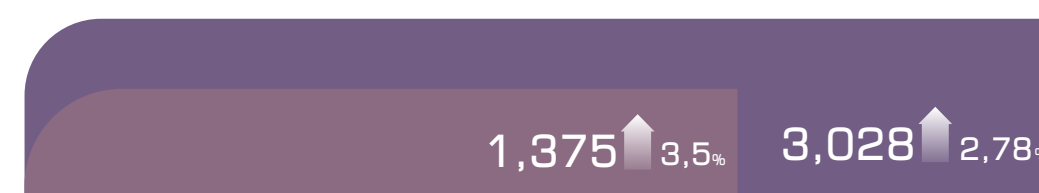
2020



2021



2022



- PERSONNEL IN AUDIT SERVICES
- PERSONNEL IN TOTAL



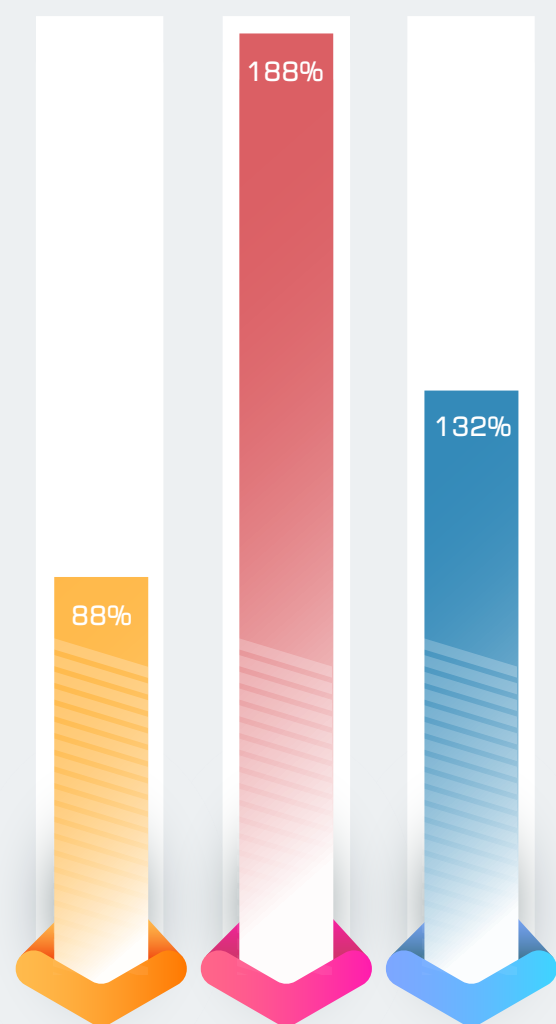
2020

2021

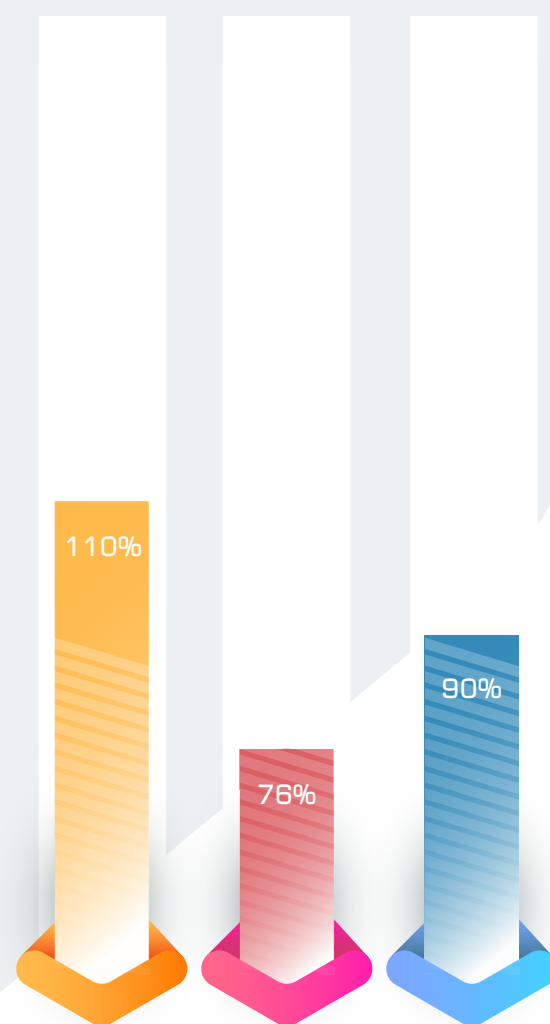
2022

SARAS started supervision of the audit field in 2016. Based on the information in the previous pages, it can be said that supervision has had a positive impact in this area. Comparative data for 2016 and 2022 are presented below:

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GROWTH IN INCOME:
IN AUDIT SERVICES
IN PROFESSIONAL SERVICES
TOTAL GROWTH



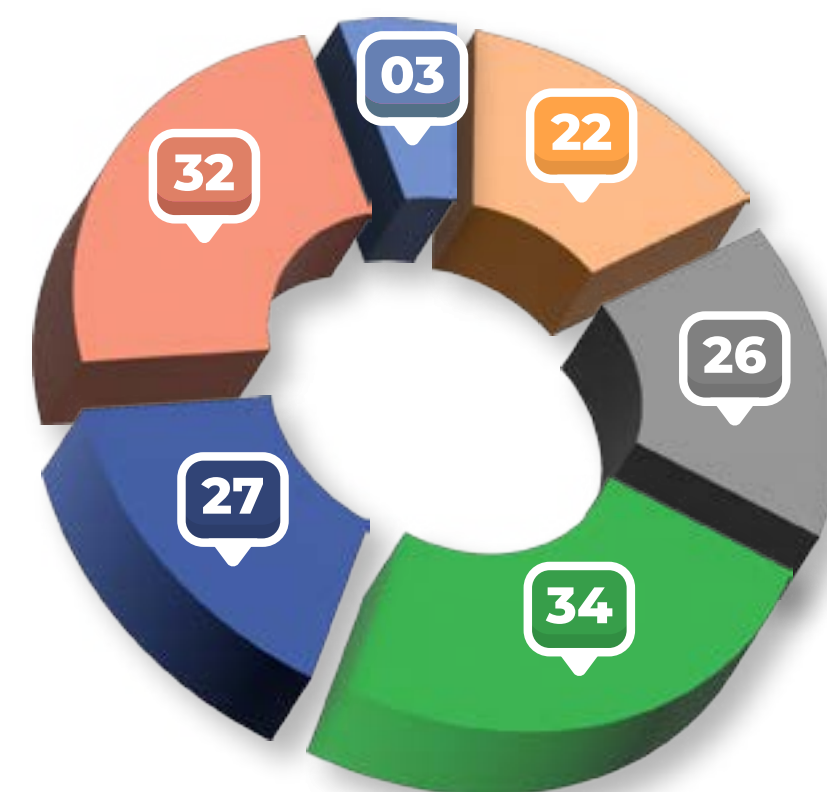
GROWTH IN PERSONNEL:
IN AUDIT SERVICES
IN PROFESSIONAL SERVICES
TOTAL GROWTH

In order to assess the current situation regarding the audit quality of audit firms/auditors, monitoring of the quality management system is carried out on a comprehensive or thematic basis. Monitoring may be initiated by SARAS or at the request of an individual auditor or audit firm.

For the attention of audit firms, auditors and other interested parties, information on the planned directions of quality management system monitoring for 2022 has been placed on the website, where types, terms, indicators of initiation of monitoring and monitoring processes are outlined.

For visibility, we present the statistics of the monitoring results:

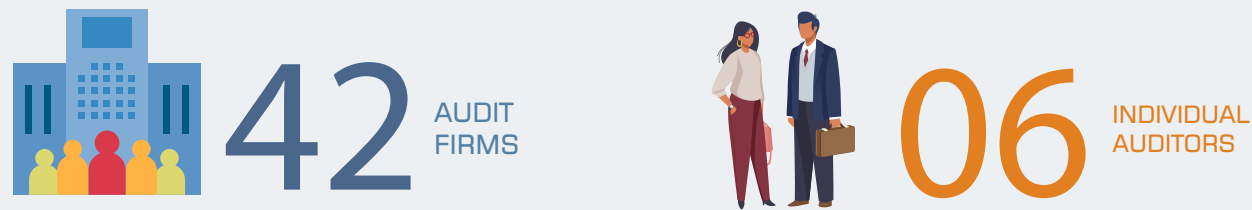
ISQM 1 non-compliances



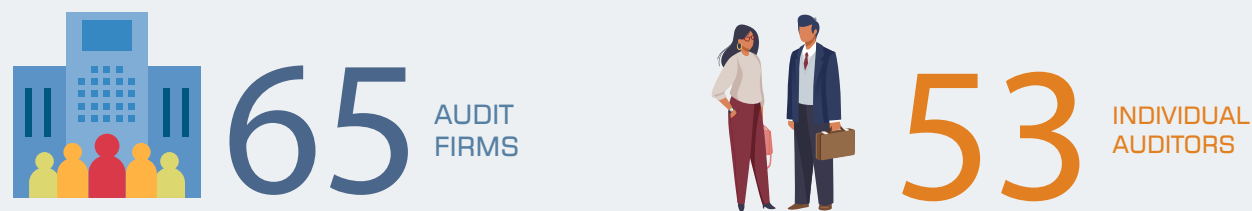
RESPONSIBILITY FOR QUALITY **ETHICAL REQUIREMENTS** **ACCEPTANCE AND CONTINUANCE**
HUMAN RESOURCES **ENGAGEMENT PERFORMANCE** **MONITORING**

SCOPE OF MONITORING

18



COMPREHENSIVE/THEMATIC MONITORINGS STARTED IN 2022



WITH THE STATUS "WITHOUT CATEGORY" STARTED IN 2022



COMPREHENSIVE/THEMATIC MONITORINGS COMPLETED IN 2022



WITH THE STATUS "WITHOUT CATEGORY" COMPLETED IN 2022

Non-compliances with standards and legislation

INTERNATIONAL STANDARD
ON QUALITY MANAGEMENT

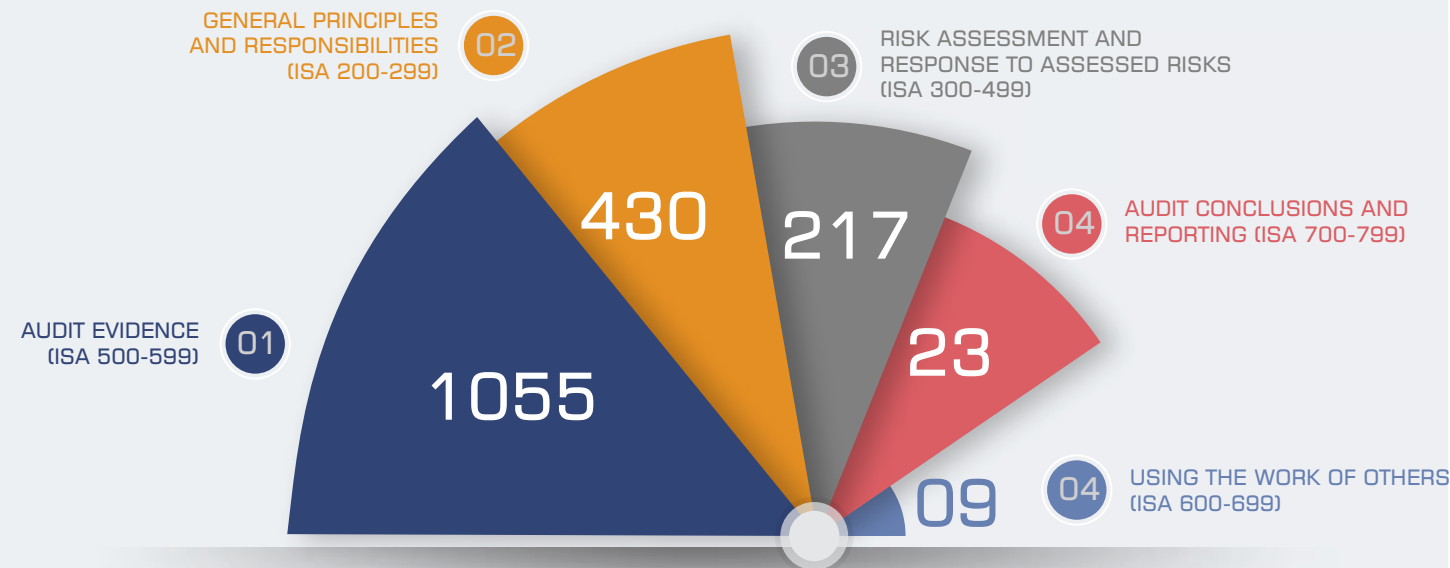
144

INTERNATIONAL STANDARDS
ON AUDITING

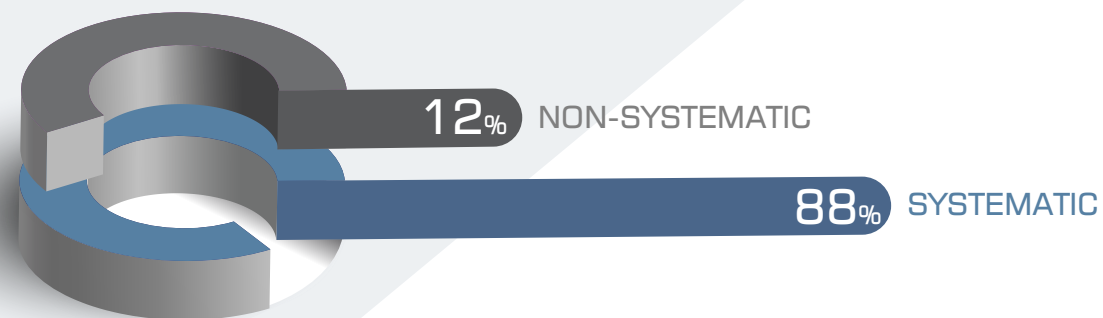
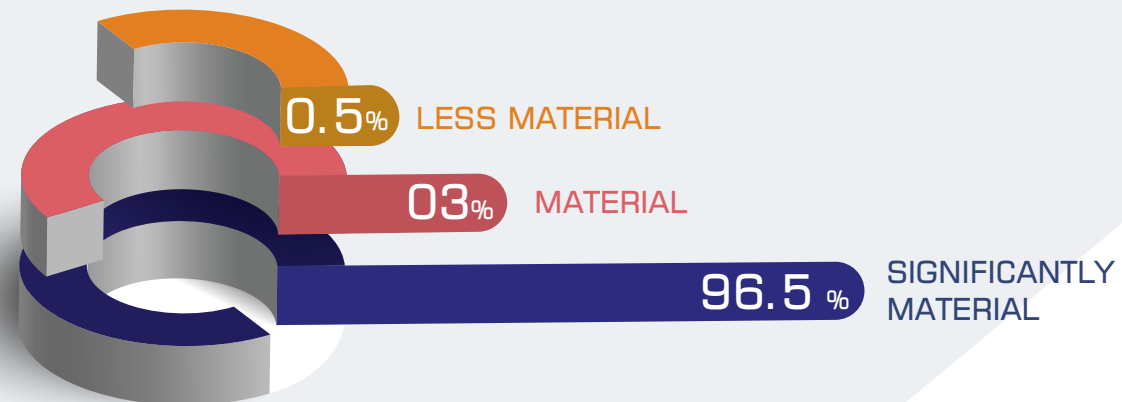
1734

COMPLEX CASES OF NON-COMPLIANCE
IDENTIFIED AS SPECIAL CIRCUMSTANCES
IN THE FINAL MONITORING REPORTS

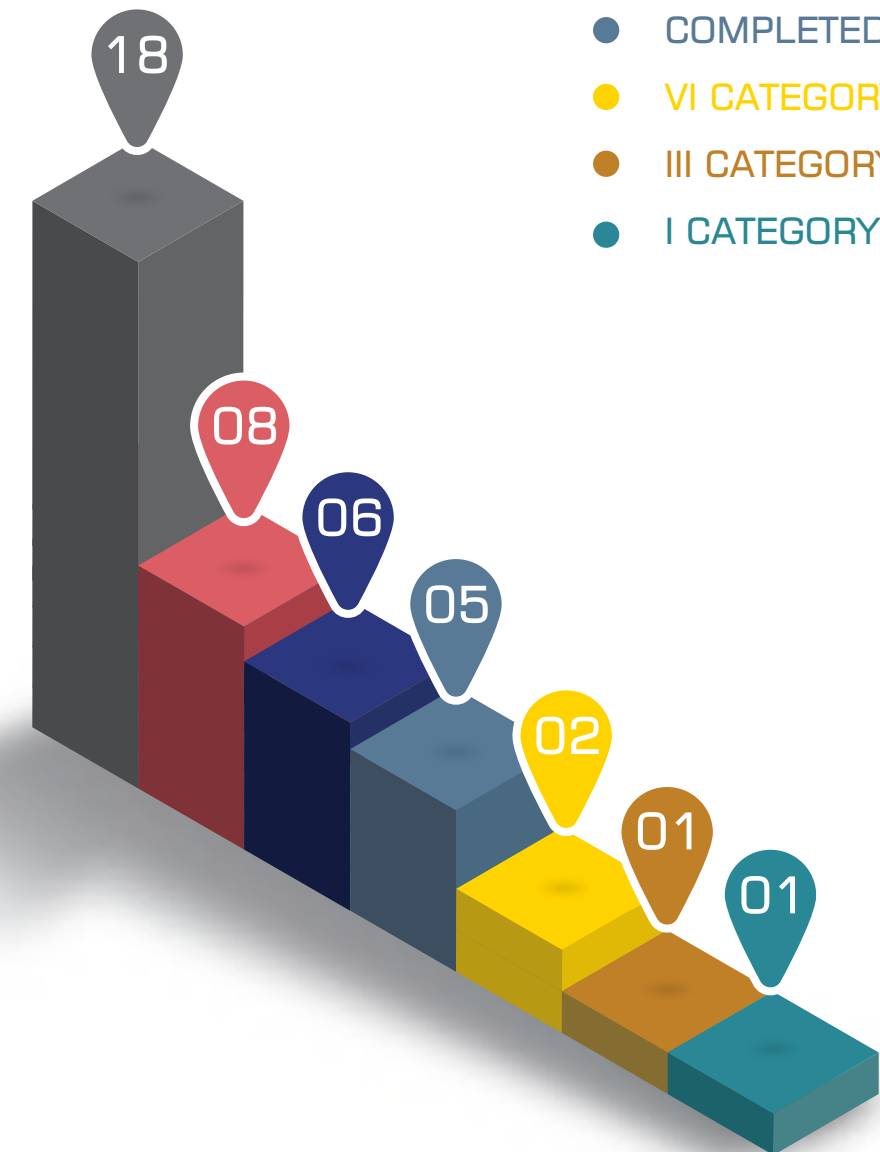
28



Importance and systematicity of findings



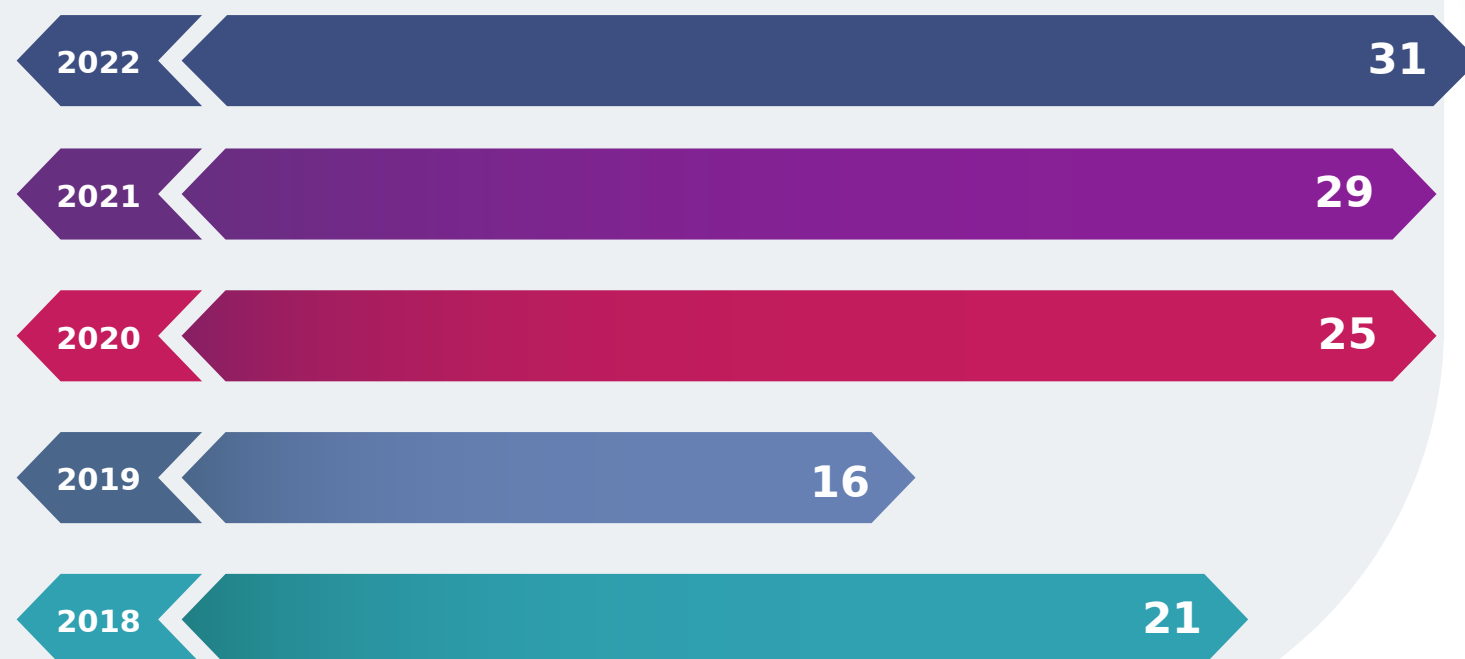
- V CATEGORY
- IV CATEGORY
- DISCONTINUED
- COMPLETED, THEMATIC
- VI CATEGORY
- III CATEGORY
- I CATEGORY



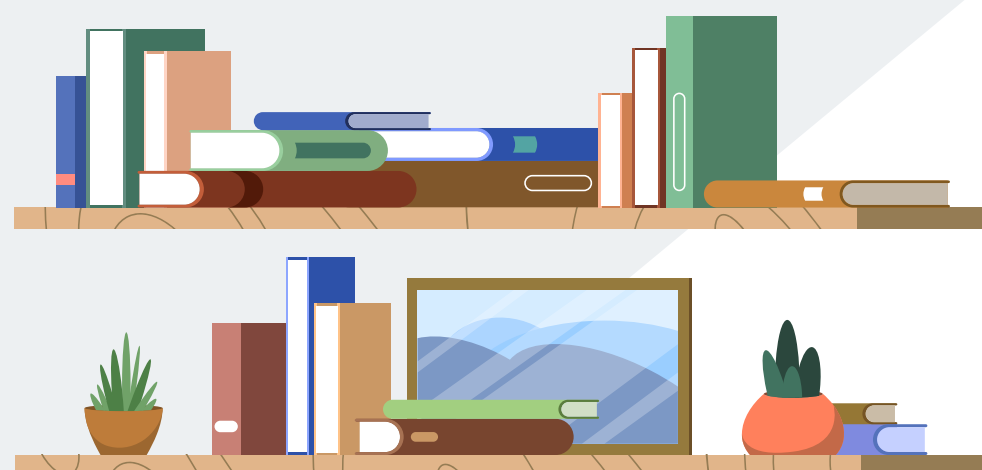
WITHOUT CATEGORY - 76

Achieving high quality audit services in Georgia is one of the main objectives of SARAS. To achieve this goal, professional certification and education standards have been established in line with the requirements of EU Directives and the International Education Standards (IES) of the International Federation of Accountants (IFAC). In order to maintain quality in accordance with the established standards, SARAS annually recognises continuing education programmes presented by professional organisations.

Statistics of Certification



AUDITING STANDARDS AND CODE OF ETHICS



The International Standard on Quality Management and the International Standards on Auditing, Review, Other Assurance, and Related Services contained in the Handbook (Edition 2021) of Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements adopted and issued by the IAASB, have been adopted. In addition, 2021 edition of International Code of Ethics for Professional Accountants (IESBA Code) issued by International Federation of Accountants (IFAC) was adopted. Standards translated into the Georgian language have been placed on the SARAS website.



Taking into account international best practice, it is important to investigate auditors/audit firms where appropriate. The Rule for Conducting Investigations of Auditors/Audit Firms was therefore approved.

The implementation of the rule is aimed at increasing the reliability and quality of auditing in Georgia by preventing and detecting violations of the law. It regulates the procedures and methodologies for conducting investigations of auditors and audit firms.



In order to promote the effective functioning of audit committees, SARAS, with the support of the World Bank, is implementing various activities within the framework of the joint European Union and World Bank project on Financial Inclusion and Accountability.

SARAS has started to translate important and noteworthy manuals for audit committees. Accordingly, a new tab has been added to the SARAS website where these documents will be placed. The manuals will cover topics such as the structure of audit committees, the use of audit quality indicators, the relationship between audit committees and supervisory bodies, etc.



Organised by SARAS and the World Bank in the framework of the joint EU-World Bank project on Financial Inclusion and Accountability, an online event was held on the topic: "Key challenges for audit committees in corporate governance". The aim of the event was to share best practices and experiences in this field for members of audit committees and supervisory boards. This information will help the Board to improve its oversight of the activities of the external and internal auditors. The meeting also highlighted the important role of audit committees in ensuring audit quality and protecting the interests of financial information users.

EVENTS

In 2022, SARAS staff participated in the following audit-related events:

- International Conference of Union of Auditors of Ukraine
- IFIAR's 16th Inspection Workshop
- International Institute on Audit Regulation: Twenty Years of Sarbanes Oxley and the Future of Auditing – PCAOB





The CBC programme has been implemented since 2007 and enables various beneficiaries from Georgia to participate in regional projects. The aim of the programme is to promote regional cooperation between the countries of the Black Sea basin in areas such as sustainable development of tourism, culture, modernisation of agriculture, etc. One of the objectives of the project is to implement environmental monitoring with the participation of the Black Sea countries. For detailed information please follow the [link](#).

On the Georgian side, SARAS participates in the programme alongside the Ministry of Foreign Affairs of Georgia. SARAS is involved in the review process of certain aspects of the programme and in the administration of electronic systems. It should also be noted that for the verification of expenditures incurred under the programme, beneficiaries use the services of audit firms of certain categories listed in the registries of SARAS.

- Translate and adopt the International Standard on Quality Management and the International Standards on Auditing, Review, Other Assurance, and Related Services contained in the Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements;
- In order to move closer to international practice, develop the updated concept of qualitative assessment and discuss it with representatives of the profession - prepare relevant legislative changes;
- Prepare legislative changes to eliminate existing differences with EU Directives;
- Organise events/meetings to promote professional development;
- Translate IFAC manuals and publications to promote auditing practice.



FACILITATING THE SUPPRESSION OF MONEY LAUNDERING AND TERRORISM FINANCING

On the basis of the Law of Georgia on Facilitating the Suppression of Money Laundering and Terrorism Financing, SARAS is a supervisory body for the following obliged entities:

- certified accountants;
- accountants providing professional services;
- accounting firms;
- auditors;
- audit firms.

SARAS is actively taking steps to create an effective legal mechanism for the prevention, detection and suppression of money laundering and terrorism financing.



COMPLIANCE WITH AML/CFT NORMS

On 27 and 29 April, two additional online trainings were held in the framework of the project “Enhancing the systems of prevention and combating corruption, money laundering and terrorism financing in Georgia” (EU/CoE Partnership for Good Governance joint program) on: “Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Compliance for Accountants and Auditors”. The training was intended for auditors/audit firms and accountants.

EU-FUNDED PROJECT - SUPPORT TO THE PUBLIC ADMINISTRATION REFORM IN GEORGIA

As part of the EU-funded project - Support to the Public Administration Reform in Georgia - more than 10 working meetings were held with SARAS representatives and international experts (Senior Expert on Transparency and Accountability - Hendrikus Van Boxmeer and Senior Expert on Anti-Money Laundering & Counter-Terrorist Financing - Igoris Krzeckovskis) in 2022. The meetings focused on the subordinate acts on the basis of which the initial projects were developed.



In December 2022, amendments were made to the Law of Georgia on Accounting, Reporting and Auditing and the Law of Georgia on Facilitating the Suppression of Money Laundering and Terrorism Financing. As a result of the amendments, the scope of obliged entities subject to the supervision of SARAS was expanded to include accountants providing professional services and accounting firms along with certified accountants, auditors and audit firms.



According to the amendment, the Head of SARAS has been given the authority to issue legal acts on the matters within the competence of SARAS based on the objectives of the Law of Georgia on Facilitating the Suppression of Money Laundering and Terrorism Financing. SARAS has also been empowered to establish the continuing education requirements for accountants providing professional services and accounting firms in the area of anti-money laundering, to determine the procedure for maintaining electronic registries of accountants providing professional services and accounting firms, their structure, form, the list of information contained therein, user identification procedures, and the rule of delegation of the management of the registry.

The aim is to identify a wider range of obliged entities, to raise awareness among obliged entities and to ensure that risk-based supervision by SARAS is in line with the recommendations of the Financial Action Task Force (FATF), the EU Directives and to address the shortcomings identified in the Fifth Round Evaluation Report of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL).



On 23 December, SARAS held an information meeting with accountants and other interested parties on the above changes.

A total of 140 people attended the event. At the meeting, SARAS representatives spoke about the future expectations of supervision, in addition to the legislative changes that have been implemented. SARAS will hold similar meetings in 2023.

IMPORTANT EVENTS

A MEETING WAS HELD WITH THE DELEGATION OF THE REPUBLIC OF ARMENIA



A meeting on financial reporting and auditing in the private sector was held with the delegation of the Republic of Armenia at the Ministry of Finance of Georgia. Representatives of SARAS also participated in the meeting.

During the meeting the representatives of SARAS informed their Armenian colleagues about the structure of SARAS, the structure of the Board, the management of the Registry, the audit quality management system monitoring, the submission of financial statements, the fight against money laundering, etc.

MEETING OF THE SUB-COMMITTEE ON ECONOMIC AND SECTORAL COOPERATION OF THE GEORGIA-EU ASSOCIATION

SARAS representatives attended a meeting of the Sub-Committee on Economic and Sectoral Cooperation of the Georgia-EU Association in Brussels. During the meeting, the representatives of SARAS provided the EU side with informa-



tion on the progress of the accounting, financial reporting and auditing reform under the Association Agreement. The representatives of SARAS discussed the issues related to accounting and auditing. With regard to the areas under the supervision of SARAS, the meeting highlighted the approximation of Georgian legislation to EU directives and regulations, including the ongoing progress in supporting small and medium-sized enterprises. The representatives of SARAS also discussed completed and planned projects.

In the framework of the Association Agreement, the fulfilment of the obligations of SARAS and the existing cooperation between Georgia and the European Union were positively assessed by the EU-Georgia Sectoral Cooperation Committee.

CFRR Workshop

On 29 November, a conference dedicated to the 15th anniversary of the World Bank Centre for Financial Reporting Reform (CFRR), organized by the CFRR and hosted by the Ministry of Finance of Austria, took place in Vienna. From Georgia, representatives of the Ministry of Finance, professional organizations, academic circles and SARAS participated in the event.



The aim of the workshop was to inform policy makers about recent developments in financial and sustainability reporting and auditing in the private and public sectors, to sustain political support for related reforms, and to provide an opportunity for networking and regional exchange of experiences.

The workshop included a panel discussion on "International Developments in Financial and Sustainability Reporting". The Head of SARAS, Mr. Davit Mchedlidze, took part in the discussion, talked about the main achievements in Georgia in this direction and expressed his gratitude to the donor organizations for their help in the implementation of numerous projects. In particular, as a result of the programme, the laws and regulations in the field of accounting and auditing are more in line with EU requirements, the benefits of transparent reporting have become clearer to the public, the awareness of the IFRS standard has increased significantly, the capabilities of SARAS in the field of audit inspections have increased, etc. Mr. Davit Mchedlidze pointed out that important projects for the development of the field are still underway in the country and that SARAS will continue to be actively involved in ongoing or planned regional projects that will contribute to the strengthening of the field in the country.

MEMORANDA OF COOPERATION

ILIA STATE UNIVERSITY

For the development of the sector, it is necessary to maintain and improve the quality of Georgian translations of international standards, terminology and other support materials. SARAS is taking various measures in this regard.

Therefore, a Memorandum of Cooperation has been signed between Ilia State University and SARAS. The aim of the memorandum is to improve the quality of translation of accounting and auditing terminology and materials. In addition, the parties will cooperate in the development and improvement of the online dictionary.

We would like to remind you that the online dictionary of IFRS and ISA standards was launched on the initiative of SARAS and contains translations of up to 3000 terms. The dictionary is currently being updated and SARAS will provide an updated version in the near future.



ACCOUNTING REFORM'S STAKEHOLDERS' FOUNDATION

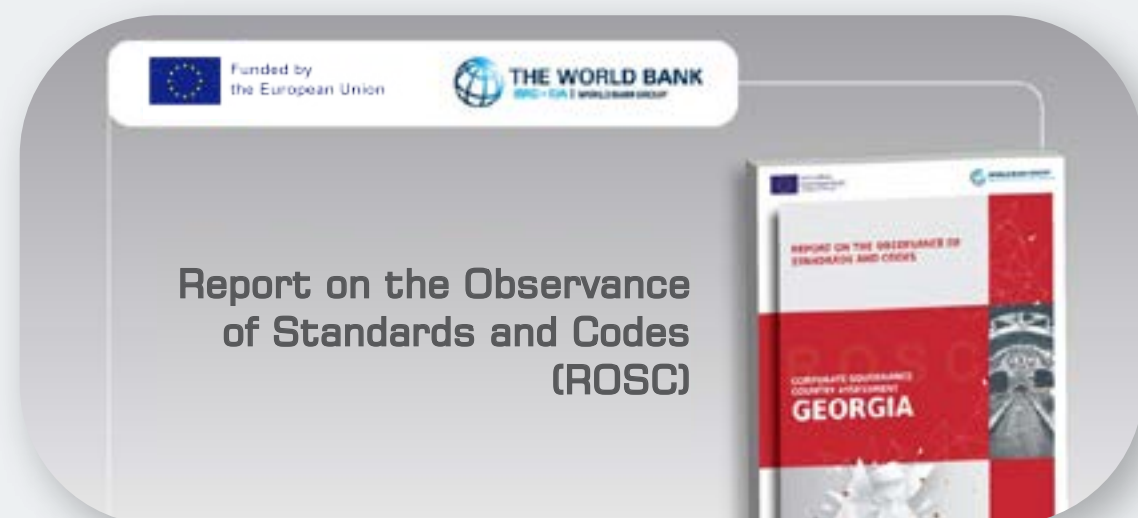
The Memorandum of Cooperation aims to support the ongoing accounting, reporting and auditing reform in Georgia. Under the memorandum, the parties will cooperate in the following areas: supporting the Best Annual Report and Transparency Award (BARTA), holding reform-supporting events and promoting scientific and research activities. According to the memorandum, the winning reports in the competition will be identified by a special mark on the reporting portal.





The World Bank is implementing a number of projects to support Georgia's accounting and auditing reform. These include several important studies, analyses, informative meetings, trainings, etc.

REPORTS ON THE OBSERVANCE OF STANDARDS AND CODES (ROSC)



A new report, produced as part of a joint World Bank-IMF programme of Reports on Observance of Standards and Codes (ROSC) with support from the European Union, is based on a survey of Georgian companies. The report concludes that since the entry into force of an Association Agreement between the European Union and Georgia, the legal and regulatory framework for corporate governance in Georgia has undergone a complete transformation and is now closely aligned with best practice.

The ROSC, as of December 2021, assesses Georgia's corporate governance policy framework, outlines recent improvements in corporate governance regulations, assesses actual practices, offers implementation and policy recommendations, and provides investors with a benchmark against which to measure corporate governance in Georgia.



On 21 June, as part of the joint World Bank and European Union project - Financial Inclusion and Accountability, the World Bank held a meeting on the following topic: "SME Survey Findings Presentation". Speakers presented the results of the SME Survey. SARAS representatives also attended the event.

SURVEY - MSME NEEDS

With the support of the World Bank, CRRC conducted the survey "Micro, Small and Medium Sized Enterprises' Needs in Accessing Accounting Services and Business Advice" as part of the Joint EU – World Bank Georgia Financial Inclusion and Accountability Project. The objective of the study was to better understand the views of MSMEs on their need for accounting services. The survey also shows how companies perceive the business advice they receive from accounting firms.

This survey has been published on the SARAS website in the "Research" section and is available to all interested parties.

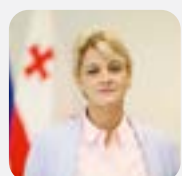
The Board is a body that is established within SARAS and which reviews and makes decisions on the issues related to accounting, reporting and auditing. The activities of the Board are guided by the Constitution, international treaties and agreements of Georgia, EU Directives on accounting, reporting and auditing, the Law of Georgia on Accounting, Reporting and Auditing, other legislative and subordinate normative acts and the Charter of the Board.

Board Constitution



Tsotne Kavlashvili
Board Chairman

Board members:



Nino Enukidze



Levan Sabauri



Ekaterine Mikabadze



Irakli Tutarashvili



Yuri Dolidze



Zurab Mamukelashvili

Invited persons to the Board:



Salome Skhirtladze

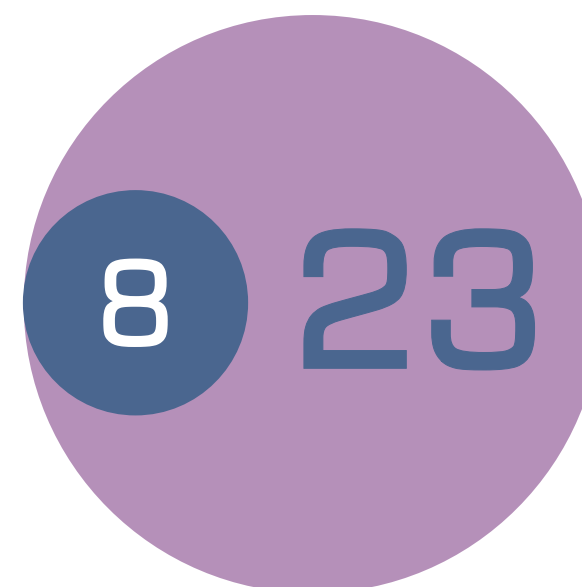


Andria Manelashvili



Panagiotis Giannopoulos

A TOTAL OF 31 APPEALS



A TOTAL OF 41 APPEALS AND 1 REQUEST OF THE APPELLANT REVIEWED

17 APPEALS REGISTERED IN 2021

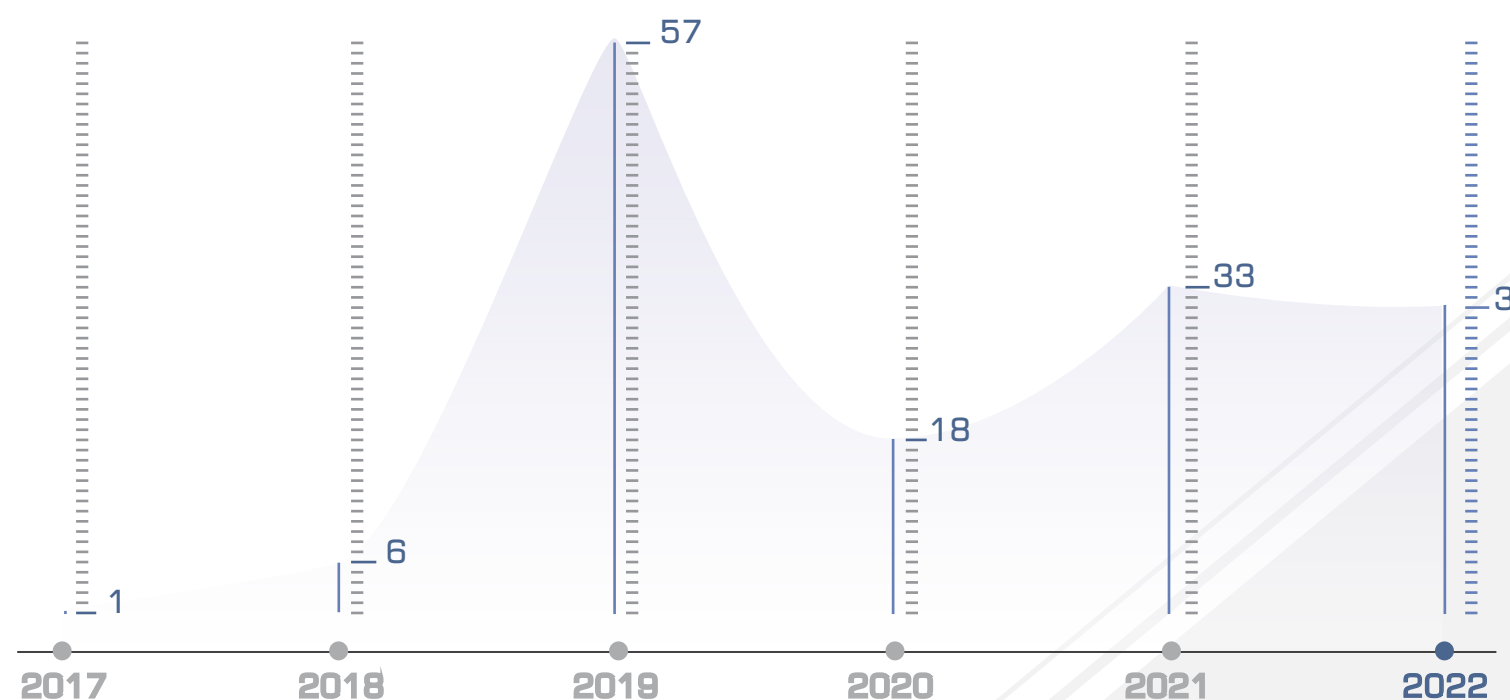


24 APPEALS REGISTERED IN 2022



- AUDITING
- REPORTING

STATISTICS OF APPEALS



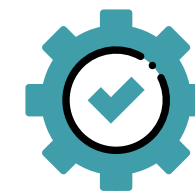
33 employees
8 interns



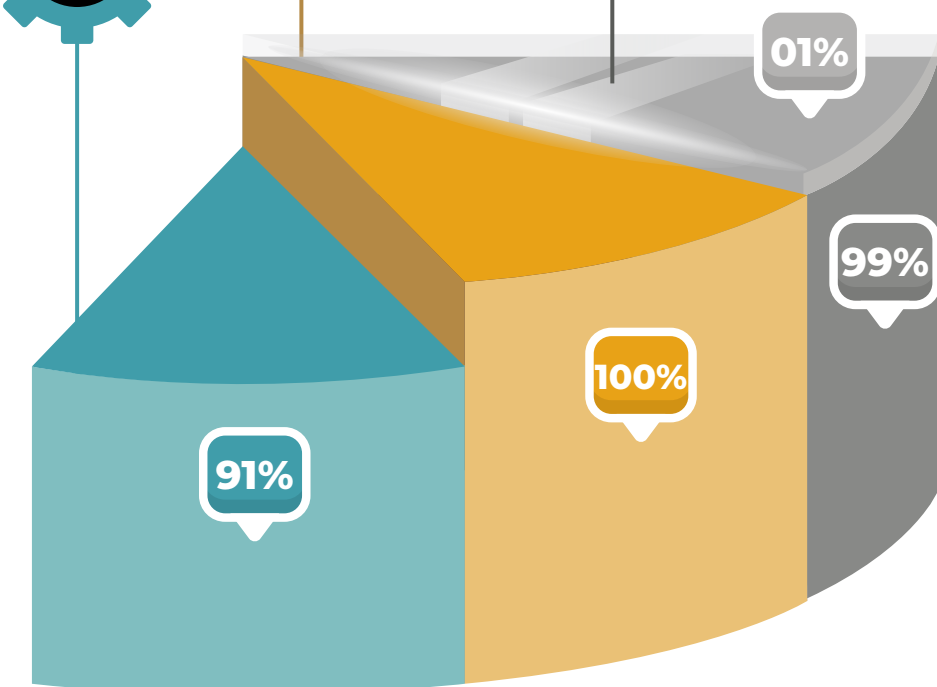
Remuneration
1,102,000



Goods and
Services
188,000



Total Budget
1.290,000



Remote services were provided via hotline and email.

The latest news from the field

has been posted on the



SARAS.GOV.GE

and



REPORTAL.GE

Educational and informative video instructions have been recorded.

EMAILS RECEIVED IN 2022:



Reporting – 5876 emails

Auditing – 1041 emails

Other – 4

CALLS RECEIVED BY THE HOTLINE IN 2022:

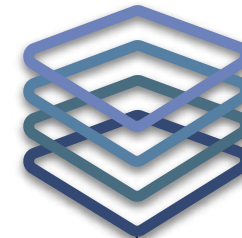


Reporting – 8872 questions

Auditing – 847

Professional education - 18

Other – 10



67,557 UNIQUE VISITORS

571,892 YEARLY VIEWS



79,403 UNIQUE VISITORS

1,072,908 YEARLY VIEWS



8,578 FOLLOWERS

522 NEW FOLLOWERS



1,465 FOLLOWERS

232 NEW FOLLOWERS



1,342 SUBSCRIBERS

147 NEW SUBSCRIBERS

VIDEO INSTRUCTIONS
INFORMATIVE VIDEOS
WEBINAR RECORDINGS