- A sound system for corporate financial reporting comprises the foundation of a well-functioning market economy and the basis of a strong financial system.

- Based on the ROSC Report 2006 and with the World Bank assistance, the National Steering Committee for the Standards and Codes of Accounting and Auditing finalized the Council of Ministers Decision no. 172 dated 19.02.2009 "The Policy and Action Plan for Improvement of Financial Reporting in Albania".
Decision No. 192 dated 19.02.2009, “The Policy Document and the Action Plan for the improvement of Financial Reporting, determined the three pillars on which the work was to be supported for the Reform in Albania.

1: Improvement of the Institutional Framework;
2: Institutional Capacity Consolidation;
### Benefits of improving corporate financial reporting

The improvement of financial reporting in Albania will be accompanied by:

- By decreasing the risk of crisis in the financial market,
- By influencing in increasing the foreign direct investments,
- By supporting the use of domestic savings;
- Facilitating the access to loans from the formal financial sector by reducing the high cost of information and borrowings,
- Allowing investors to make appropriate assessments in taking decisions that result in a lower cost of capital and a better allocation of resources,
- Allowing shareholders and the public to evaluate management performance of a company, therefore promoting active development of capital markets; and
- Supporting economic, regional and global integration
The legal framework of accounting requires a strong and capable National Accounting Council, to meet regulatory requirements and establishing the accounting standards for the accounting profession.

The strengthening of Institutional Capacity requires:

1. **Bank of Albania**, the policy document shall require the review of legislation and the implementation of IFRS and the acquis communautaire, from the Albanian banking system.

2. **Tax structure**, is required to raise the requirements for the implementation of standards of corporate financial reporting and accounting professionals.

3. **Financial Supervisory Authority**, is required the legislation on insurance, according to IFRS and the acquis communautaire and the rules for the functioning of the capital market.
4. **National Registration Centre**, the policy document requires filing and publication of information according to the western requirements and experiences.

5. **Professional bodies and Universities as regulatory bodies** are required to settle and implement the international standards of auditing (IEKA), their supervision for quality assurance, Universities are demanded to educate students with requirements and curricula in accordance with the requirements of International Organizations of the professions and high quality schools in the west that educate accounting and auditing experts capable to provide high quality services in the market.
Within the works, problems and other needs that the NAC has, for the strengthening of its capacity, and providing the necessary tools for implementing the accounting policies as the standards, methods, manuals, instructions, etc., and in relation to meeting the strategic objective to ensure the existence of appropriate regimes of financial reporting for all entities of the Law "on Accounting and Financial Statements", in the mid and long term, the NAC is needed to design and implement some projects:

1. PREPARATION OF A NATIONAL ACCOUNTING STANDARD FOR NON-GOVERNMENTAL ORGANIZATIONS AND NON-PROFIT ENTITIES.
For clarification of the current legal situation and the proposal for the need for improvements:

In Article 2, the second paragraph of the Law no. 9228 dated 29.04.2004 "On Accounting ..." as amended, it is foreseen that”

This law is also applicable to other non-for-profit entities, except when the financial statements and their accounting is subject to specific laws or regulations.

In Article 3, paragraph 7 of the law wherein it is made the terms' definition, it is stated:

"Non-for-profit Entities" are public, budget, central and local government entities and their affiliates, nonprofit organizations, as well as any other private, public, political, social or religious enterprise that does not comply with definition of a non-for-profit entity.
In the comments of the foreign Consultant developing the Strategy for the Development of the NAC, paragraph 6.1 on page 23 of the Material prepared, it is understood that it was misunderstood for the package of the Accounting Standards to be implemented by non-profit entities, including the NGOs, under the Albanian Accounting law.

In the correct meaning of what is written in the law and which must be understood is the fact that, all the economic entities, profit and non-profit, must apply the law "On Accounting and Financial Statements". As to what extent the non-for-profit entities shall apply the accounting standards, then this is specified in Article 4, paragraph 2 of the law.
The current situation of Accounting and Financial Reporting in the Public Sector.

In Albania, since 1998, Accounting and Financial Reporting for budgetary institutions is based on a decision of the Council of Ministers no. 248, dated 10.05.1998, as amended by D.C.M. no. 25 of the year ended 2001, which has made it mandatory for the implementation of a special accounting plan.

A project for the Automation of the Treasury System as an integrated financial System (Oracle -Financials) for the implementation of the budget and public accounting in Albanian, financed by the World Bank is currently being implemented.

The automated system that is currently being implemented, includes in its content the requirements of international accounting standards for the public sector.
New Needs.
1. Beyond the Public Sector of Budget Institutions, it is needed DESIGN, PREPARATION AND APPLICATION OF A SPECIAL ACCOUNTING STANDARD FOR NON-GOVERNMENTAL ORGANIZATIONS OR OTHER NON-FOR-PROFIT ORGANIZATIONS, which are unable to implement IPSAS.

2. CREATION OF AN AGENCY FOR THE ENFORCEMENT OF ACCOUNTING STANDARDS AND FINANCIAL REPORTING.

In most countries there is an enforcement agency that is separate from the compiler of the standards as well as from the Public Oversight Board. However, there is no internationally accepted framework for such an agency. The experience of the EU countries shows that:

As many enforcement agencies are created as Standard-setting bodies operate.
3.

3. DEVELOPMENT OF A NATIONAL ACCOUNTING STANDARD FOR THE CONCESSIONS.

In our country since 1995 are recorded cases of granting the Concession to public property or rights to be exploited by the private domestic or foreign. Such cases have Concession granting of the Airport "Mother Teresa" a German company, giving Concession of many underground natural resources or reserves for use of foreign or domestic companies (Mines), steel smelter in Elbasan etc..
These contracts are accompanied with the transactions associated with the transfer of property or public law from the state to private business. Other financial problems and accounting policies related to these types of contracts, as regards to the investment made in facilities under concession and attitudes that should be kept by the parties for financial reporting.

These include aspects of assessment, recognition and measurement of properties under concession.

Needed to be clarified and addressed in the accounting view the recognition of intangible long-term assets in these cases. These because a company after receiving an object pays a concessionary contract for a permit / license.

Exploitation of resources and reserves, for which there is an international financial reporting standard, but in our case the companies that have won such a contract are not such. That company shall apply IAS / IFRS.

The standard will also clarify these professionals and businesses for contracts, but also the attitudes of public (tax), and in general will improve the quality of corporate financial reporting.
THANK YOU