
Maria Dimitriou*
University of Macedonia, Greece

ABSTRACT

IFRS framework and EU directives affect capital markets. In this paper, the impact of the development of IFRS is investigated, considering the current situation in the years of the global financial crisis and recognizing the importance of small and medium-sized entities. It has recently been known that specific standards for SMEs have been published; IFRS for SMEs in 2009. In particular, it is asked if this will be following the small and medium-sized entities in Greece. Indeed, in Greece, there is an effort to issue the New Greek Standards close to IFRS for all kind of companies regardless of their size. The paper uses facts and figures about Food and Drink Sector, focusing on listed companies in ASE. The objective is to explore whether, how and why somebody should invest in this sector in ASE. The paper examines these investment opportunities in relation to the IFRS adoption and EU directives in Greece.

Keywords: IAS/IFRS, Greek GAAP, Greek General Chart of Account, Anglo-Saxon / French and German Model, New Greek Standards, SMEs, Food & Drink Sector, Extroversion, Investments, Market Efficiency.

* Ph.D. Candidate in Field of Research: Financial Accounting with Information Systems,
Department of Applied Informatics, School of Information Sciences, University of Macedonia, N. Egnatia Str. 156, 54006, Thessaloniki, Greece
E-mail: mdimitriou@uom.gr, mdimitriou@uom.edu.gr, maria.d.dimitriou@gmail.com
Website: https://www.linkedin.com/in/maria-dimitriou-1b238663/, https://www.researchgate.net/profile/Maria_Dimitriou3
Identifiers: Web of Science Researcher ID Y-7233-2019, ORCID 0000-0002-6153-7122
https://publons.com/researcher/3121758/maria-dimitriou/, https://orcid.org/0000-0002-6153-7122/print
Πλαίσιο ΔΠΧΠ /Οδηγίες της ΕΕ και οι Επιπτώσεις τους στις Επενδυτικές Αποφάσεις: Στοιχεία της Ελληνικής Βιομηχανίας Τροφίμων και Ποτών στο Χρηματιστήριο Αθηνών

Μαρία Δημητρίου *
Πανεπιστήμιο Μακεδονίας, Ελλάδα

ΠΕΡΙΛΗΨΗ

Το πλαίσιο των ΔΠΧΠ και οι οδηγίες της ΕΕ επηρεάζουν τις κεφαλαιαγορές. Στο παρόν άρθρο, εξετάζεται ο αντίκτυπος της εξέλιξης των ΔΠΧΠ λαμβάνοντας υπόψη την τρέχουσα κατάσταση στα χρόνια της παγκόσμιας χρηματοπιστωτικής κρίσης και αναγνωρίζοντας τη σημασία των μικρών και μεσαίων επιχειρήσεων. Πρόσφατα ήταν γνωστό ότι έχουν εκδοθεί ειδικά πρότυπα για τις ΜμΕ. ΔΠΧΠ για ΜμΕ το 2009. Ειδικότερα, ερωτάται αν αυτό θα ακολουθήσει και στις μικρές και μεσαίες επιχειρήσεις στην Ελλάδα. Πράγματι, στην Ελλάδα, υπάρχει προσπάθεια να εκδοθούν τα νέα Ελληνικά Λογιστικά Πρότυπα συναφή στα ΔΠΧΠ για όλες τις εταιρείες, ανεξάρτητα από το μέγεθος τους. Το άρθρο χρησιμοποιεί στοιχεία και αριθμούς για την βιομηχανία Τροφίμων και Ποτών, εστιάζοντας στις εισηγμένες εταιρείες στο ΧΑ. Ο στόχος είναι να εξεταστεί εάν, πώς και γιατί κάποιος πρέπει να επενδύσει σε αυτόν τον τομέα στο ΧΑ. Το έγγραφο εξετάζει αυτές τις επενδυτικές ευκαιρίες σε σχέση με την υιοθέτηση των ΔΠΧΠ και τις οδηγίες της ΕΕ στην Ελλάδα.

Λέξεις – Κλειδιά: ΔΠΠ / ΔΠΧΠ, Ελληνικά Λογιστικά Πρότυπα, Ελληνικό Γενικό Λογιστικό Σχέδιο, Αγγλοσαξονικό / Γαλλικό και Γερμανικό Μοντέλο, Νέα Ελληνικά Λογιστικά Πρότυπα, ΜμΕ, Τομέας Τροφίμων και Ποτών, Εξωστρέφεια, Επενδύσεις, Αποτελεσματικότητα Αγοράς.

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E-mail: mdimitriou@uom.gr, mdimitriou@uom.edu.gr, maria.d.dimitriou@gmail.com
Website: https://www.linkedin.com/in/maria-dimitriou-1b238b63/, https://www.researchgate.net/profile/Maria_Dimitriou3
Identifiers: Web of Science Researcher ID Y-7232-2019, ORCID 0000-0002-6153-7122
https://publons.com/researcher/3121758/maria-dimitriou/, https://orcid.org/0000-0002-6153-7122/print

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INTRODUCTION

Food & Drink Sector is important to the economy of most European countries, a sector that accounts for 14.6% of turnover (2011) in EU and 25% (2011) in Greece, respectively, while there are optimistic signs for future development following international trends. It is believed that investment in Greek Food and Drink Sector is opportunity even in recession period. The existing trend in the international investment community indicates positive prospects for the sector. BlackRock recommends the World Agriculture Fund for retail investors, which according to the BlackRock can benefit in the long-term upward trend in food prices, as rising prosperity in China, India, and Brazil make significant dietary changes. There is considerable interest in the Mediterranean diet in Greece.

What is more, the industry has been identified as of great strategic importance for Greece, according to the study of McKinsey (Hellenic Exchanges Group, Porfiris Nikos, 2012). There are numerous small and medium-sized enterprises, with sound financials and export-oriented, they need capital in order to finance growth and expansion. In this paper the problem which will be analyzed is IFRS Framework/ EU Directives and their effect in Investment decisions: Evidence from the Greek Food and Drink Sector on the Athens Stock Exchange.

With regard to the use of International Financial Reporting Standards (IFRS) as a universal financial reporting language across the globe for business affairs, several countries have implemented IFRS and converted their national Generally Accepted Accounting Practices (GAAP) to IFRS, so that company’s financial statements are understandable, relevant, reliable and comparable across international boundaries. IFRS financial statements are seen as a comprehensive information package whereby management gets improved financial information more efficiently for decision-making primarily for listed companies and as an alternative for non-listed companies only if they plan to go listed. The framework of IFRS for SMEs brings new data. In Greece, it has a direct result in the change of the Greek GAAP to New Greek Accounting Standards, closed to IFRS, for all kinds of companies regardless their size.

Small and medium-sized enterprises (SMEs) are often referred to as the backbone of the European economy, providing a potential source for jobs and economic growth. SMEs are defined by the European Commission as having less than 250 persons employed. They should also have an annual turnover of up to EUR 50 million or a balance sheet total of no more than EUR 43 million (Commission Recommendation of 6 May 2003). These definitions are important when assessing which enterprises may benefit from EU funding programs aimed at promoting SMEs, as well as in relation to certain policies such as SME-specific competition rules. European Commission policy in relation to SMEs is mainly concentrated in five priority areas, covering: the promotion of entrepreneurship and skills, the improvement of SMEs' access to markets, cutting red tape, the improvement of SMEs' growth potential, and; strengthening dialogue and consultation with SME stakeholders. The main classes of SMEs are micro enterprises: with less than 10 persons employed; small enterprises: with 10-49 persons employed; medium-sized enterprises: with 50-249 persons employed; small and medium-sized enterprises (SMEs): with 1-249 persons employed; large enterprises: with 250 or more persons employed.

Several studies worldwide examine the impact of IFRS adoption in each country. In Greece, there are many past studies that examined the impact of the adoption of IFRS at the Greek firms from many aspects and in several sectors of Athens Exchange. However, none of them examine a sector with special peculiarities and particular interest: the Food and Drink Sector in relation to ASE and perspectives for SMEs during the global recession. However, the crisis in Greece has been one of most severe crises in history. The austerity measures taken in late 2009 resulted in a very abrupt and much deeper deceleration of the economy. These pressures are unlikely to disappear, at least in the short term. For this paper, an analysis of medium and large firms of this sector, listed in the Athens Exchange classified at main and alternative market. IFRS effect in financial statements under Greek GAAP. Also, further analysis is applied in order to examine the influence on investment decisions.
Regarding the above purpose the following research question is formulated: Which are the main related issues for Greek Food & Drink Sector and the effect of IFRS compared to Greek GAAP in investment decisions and how ASE could help companies with capital needs? Moreover, whether unlisted Greek companies would benefit from IFRS and ASE too?

Initially, the paper starts with the introduction. Then, it discusses the theoretical background and framework through comparisons between IFRS and Greek GAAP and the case study of key Food and Drink Sector both in EU and Greece for listed or plan to go listed on ASE, later. Extensive research literature has been studied and analyzed for this purpose as well as valuable information was gathered from reports in the Food & Drink Sector. In order to give a sufficient answer to the research questions, the paper aims to investigate the main related issues for Food & Drink Sector and their effect in Investment decisions. It provides the process of IFRS adoption in Greece, historic background (providing by literature), highlighting the comparison with Greek GAAP and the effect in investment decisions on Food & Drink Sector listed on ASE and the great number of SMEs, future developments and challenges that could impact financial accounting in this sector in the years to come. The complicated and costly implementation process must be weighed thoroughly.

Additionally, it highlights the importance of financial reporting under IFRS at the case of SMEs, in order to the benefit of transparency requirements and demands of the extroversion of business. Besides, the advantages of the listing companies on ASE. This paper explores reasons why internal and external investors should invest in Food and Drink Sector and what benefits and costs there are in doing it at all in relation to IFRS Framework and EU Directives. Finally, a conclusion will be drawn, and the research questions will be answered.

INFORMATIONAL FRAMEWORK OVERVIEW

With the globalized economic environment of today, but also in the context of attracting foreign investors, appeared the need for knowledge and compliance with IFRS. So, the framework of IFRS is needed as ever in order to enable companies to respond to the modern needs for investments in Greece and the development of country’s economy. IFRS aims at improvement of qualities that must exist in any financial statement.

Before ten years, IFRS was unknown in the business world of Greece. IFRS, as now established and known IAS, which initially were established in 2001 and their design was completed in 2002 with the EU directive 1606/2002 for their application by 1/1/2005 from all Companies (including Banks and Insurance Companies) listed in regulated European markets (which publish interim, half-yearly and annual consolidated financial statements). At 20/3/2002, Greece adopted Regulation by law L.2992/2002 in accordance with the EU directive and similarly with the other EU Member States. All the listed companies and in some cases, unlisted companies of these countries are required to construct and publish their financial statements according to IFRS.

What does this mean in practice? IFRS covers full set of principles and rules aimed at, as far as possible, fairly reporting of various items, transactions or situations in the financial statements of companies around the world, providing information to Internal (Administration, managers) and mainly external decision-makers (such as shareholders, prospective investors, analysts, investors, financial institutions, lenders, creditors, suppliers, public authorities, employees and other users). However, reasonable questions accompany their first steps in implementing an alternate way of presented financial statements: What is their specificity? What are their differences? What new elements introduced in the Greek reality?

IFRS specificity compared to Greek GAAP

IFRS is an acronym for International Financial Reporting Standards. Their title himself indicates their stigma and identity. The term "international" delimits their international identity globally and identifies as opposed to the term "Greek" Standards that have a national basis, prescribed by the Greek General Chart of Accounts (see also Appendix) (as set forth by Presidential Decree 1123/1980) and based on French and German General Chart of Accounts of 1971 (more detailed in Grigorakou Theodore, 2008), the Codified Company Law (the provisions of the 42a and 43c

IAS/IFRS based on the Anglo-Saxon accounting model, while the accounting system in most European countries, including Greece, is based on the French and German model (more detailed in Loukas Louka, Vlachos Christos, 2007). The Anglo-Saxon accounting is based on "financial science" and the correct application of the IAS/IFRS requires the understanding and application of several financial theories and models (more detailed in Loukas Louka, Vlachos Christos, 2007). IFRS comprise the following components:

1. The Conceptual Framework for Financial Reporting. The Framework states the basic principles for IFRS, amended in September 2010. It discusses objective of financial statements, underlying assumptions used in IFRS, qualitative characteristics of financial statements, elements of financial statements, recognition of elements of financial statements, measurement of elements of financial statements, and concepts of capital and maintenance. At the same time, through this framework, the IFRS promotes transparency and comparability between different sizes of businesses (the full text of the Framework can be found at www.ifrs.org). So, they contribute to better and more complete information for capital markets and stakeholders.

2. International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Both IAS and IFRS are standards themselves that prescribe rules or accounting treatments for various individual items or elements of financial statements. IASs are the standards issued before 2001, and IFRSs are the standards issued after 2001. There used to be 41 standards named IAS 1, IAS 2, etc.. However, several of them were superseded, replaced with IFRS, or just withdrawn (Short review of each IAS and IFRS can be found in a previous paper of Dimitriou M., June 2014).

3. Standing Interpretations Committee (SIC) and Interpretations originated from the International Financial Reporting Interpretations Committee (IFRIC). SICs and IFRICs are interpretations that supplement IAS / IFRS standards. SICs were issued before 2001, and IFRICs were issued after 2001. They deal with more specific situations not covered in the standard itself, or issues that arose after publishing of certain IFRS (each SICs and IFRICs can be found in a previous paper of Dimitriou M., June 2014).

As far as the term “Financial Reporting” is concerned, it mean the provision of financial information about an entity to external users that help them in making economic decisions and assessing the performance of an entity. Typically, this information is made available annually, half-yearly or quarterly and is presented in formats laid down or approved by the governments and other regulators in each national jurisdiction. Sometimes, the term translated in Greek as "information", sometimes as "reference", sometimes as "presentation" and sometimes as "report" (more detailed in Loukas Louka, Vlachos Christos, 2007).

In other words, the term raises their usefulness in order to give information through the entities’ financial statements prepared under the accounting principles, methods, regulations, and policies of IFRS, to a range of users (e.g. shareholders, institutional investors, creditors and other users) in making appropriate financial decisions. The principal way of providing financial information to external users is through the annual financial statements.

Financial statements

Financial statements are the summary of the performance of an entity over a particular period and its financial position at the end of that period. However, what is those characteristics for financial information to be useful in decision making? These characteristics are known as qualitative characteristics. IFRS Framework, amended in September 2010, describes two types of qualitative characteristics for financial information to be useful: the Fundamental and Enhancing Qualitative Characteristics, which are described below.
Fundamental qualitative characteristics

IFRS are structured to produce financial statements that comprise the relevance and faithful representation:

❖ Relevance. Financial information is relevant if its use is capable of resulting in different decisions being made by its users. For these purposes, the focus is on whether the financial information has predictive and/or confirming value. The focus is on the capability of use, and not on whether the information is used, or is also available from other sources.

• Predictive value arises from the use of financial information, which does not itself need to be a forecast, as a means to predict future outcomes.

• Confirming the value of financial information arises from the confirmation of or change from previous evaluations. It is noted that some information could have both predictive and confirmatory value, such as revenue information for the current year, which could be used both as a prediction for future years and as confirmation of whether prior year forecasts were accurate.

For relevance, reference is made to materiality. Information is considered to be material if either its omission or misstatement could influence decisions taken about a specific reporting entity based on its reported financial information. This means that materiality will be determined for each entity, taking into account both quantitative and qualitative aspects.

❖ Faithful representation. ‘Faithful representation’ represents a change from the previous equivalent term ‘reliability’. The change has been made because of the variations in interpretation of what ‘reliable’ means. The Board noted in its Feedback Statement that, when a ‘reliable’ criterion is used, the emphasis users place on freedom from error can be greater than the overall faithful presentation of transactions and events, while some also associate reliability with precision. The intention is that faithful representation will capture all of the different qualities that are required, including reliability.

Financial reports present underlying economic transactions and events in both numerical and narrative form. To be useful, the financial information contained in these reports needs to both be relevant and be a faithful representation of the underlying transactions and events. To the extent possible, the aim is to maximize completeness, neutrality, and freedom from error.

• Completeness of information will often require both numerical and narrative information. This might include information about the depreciated cost and fair value of an asset, together with a description of associated facts and circumstances such as the nature of the asset and its location.

• Neutral information is considered to be free from emphasis (or lack of emphasis) or other manipulation designed to change how well or badly it will be received by its users.

• Freedom from error does not mean perfectly accurate, and it is acknowledged that financial statements contain estimates (for example, for the calculation of fair value, and for provisions). The focus is instead on the clarity of the information presented, including disclosure of the nature and limitations of the estimation process, and the derivation of an estimate through the use of a process which itself is free from error.

Applying the fundamental qualitative characteristics information must be both relevant and faithfully represented if it is to be useful.

Enhancing qualitative characteristics

The Conceptual Framework identifies comparability, verifiability, timeliness, and understandability as qualitative characteristics that enhance the usefulness of information that is relevant and faithfully represented.
Comparability. Comparability enables users of financial information to understand similarities and differences among items included in information presented by two or more entities. This can assist in decisions about whether to sell or hold an investment or in determining the appropriate choice among different potential investments. Users need to be able to compare the financial statements of a beverage company with various beverage companies to assess the relative economic position, efficiency and changes in financial position.

Verifiability. Verifiability means that different knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. It assists in giving users assurance that financial information appropriately represents the underlying transactions and events. Verification can be direct, where a quantity or amount can be verified directly (such as an amount of inventory), or indirect where data is checked through reference to a model, formula, or other technique. Some information, such as forecasts, may not be capable of being verified until a future period, in which case it will normally be necessary to disclose the underlying assumptions and other relevant information about how the forecast has been obtained.

Timeliness. Financial information is timely if it is available in time to be capable of influencing decisions taken by users. Generally, the older the information is, the less useful it is. However, some information may continue to be timely long after the end of a reporting period because, for example, some users may need to identify and assess trends.

The inclusion of enhancing qualitative characteristics should be maximized to the extent possible, but it is not essential. In contrast, it is necessary for the information presented to meet the fundamental characteristics of relevance and faithful representation, as enhancing qualitative characteristics by themselves cannot make information useful if that information is irrelevant or not faithfully represented. Consequently, IFRS contributes in largely extent to reliable and consistent information, responding to users and their information needs.

Users and their information needs

The pursuit of a comprehensive and reliable adoption and implementation of IFRS, in other words, the new globally accepted accounting framework for the preparation and presentation of corporate financial data, is a central interest option for entities around the world for their assessment, for example:

• Investors assessing an entity’s ability to pay dividends and, therefore the likely return that they will achieve on their investment.

• Employees are assessing an entity’s ability to provide benefits to them.

• Debt providers are assessing the level of security for amounts lent to the entity.

• Suppliers assess the likelihood of an entity being able to pay them as amounts fall due.

• Customers assess whether an entity will continue in existence. This is especially important where customers have a long-term involvement with or are dependent on, an entity, for example where product warranties exist or where specialist parts may be needed.

• Government bodies assess the general allocation of resources and, therefore activities of entities. Besides, information is needed to determine future taxation policy and to provide national statistics.

• The financial statements provide the public with information on trends and recent developments. This may be of particular importance where an entity makes a substantial contribution to a local economy by providing employment and using local suppliers.

Financial statements are designed to meet the common needs of a wide range of users and therefore are not tailored to the needs of any particular user group. Through this framework, IFRS are aimed at the harmonization of the different accounting standards and principles as well as the accounting methods of various countries.
Main differences between Greek GAAP and IFRS

In a previous paper, there were the applied standards in the Greek beverage industry, which presented and analyzed, giving analysis for each standard (purpose, definition that uses and accounting treatment) compared to Greek GAAP. Because it was important to recognize the major change in the picture of financial statements under IFRS comparing to Greek GAAP, paper went into examples of every financial statement provided by these models with elements for Beverages Company, not only the general context of them. The above contributed to extract definite conclusions for the overall impact of IFRS compared to Greek GAAP. Tables below present some of the main differences between Greek Accounting Standards and IFRS:

Table 1. The main differences between the Greek Accounting Standards and the International Financial Reporting standards on prepared financial statements

<table>
<thead>
<tr>
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<th>Greek Accounting Standards</th>
<th>International Financial Reporting Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit Distribution</td>
<td>• The disposal table is prepared as a separate part of the Financial Statements.</td>
<td>• There is no disposal table.</td>
</tr>
<tr>
<td>Table</td>
<td>• There is no obligation to compile the results table on a consolidated level.</td>
<td>• The corresponding information is partly derived from the Statement of Income and partly from the Statement of Changes in Equity.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The parent is required to prepare a consolidated Statement of Changes in Equity.</td>
</tr>
<tr>
<td>Statement of Income</td>
<td>• There is no Statement of Income.</td>
<td>• The results are more concise and result in the after-tax result transferred to equity.</td>
</tr>
<tr>
<td>Table of Changes in</td>
<td>• No corresponding table is produced.</td>
<td>• It is mandatory.</td>
</tr>
<tr>
<td>Equity</td>
<td>• It is partially subtracted from the Profit Disposal Table.</td>
<td>• It shows the changes in Equity during the Use (Increase of Capital, Grants, Adjustments) and at the end of Use through the distribution of the Results.</td>
</tr>
<tr>
<td>Statement of cash flow</td>
<td>• It is compiled only by the listed companies in ATHEX.</td>
<td>• Shall be prepared on an individual and consolidated basis.</td>
</tr>
<tr>
<td>Balance sheet</td>
<td>• The balance sheet is provided.</td>
<td>• It provides a much more concise Balance sheet.</td>
</tr>
<tr>
<td>Appendix</td>
<td>• It is quite concise.</td>
<td>• Notes to the financial statements are replacing the Appendix to the GAS.</td>
</tr>
<tr>
<td></td>
<td>• Its content is determined by C.L. 2190/20.</td>
<td>• It provides extensive analysis and information on the financial data in order to fill in the gaps that the Balance Sheet and the Income Statement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• They are the most important element of the financial statements.</td>
</tr>
<tr>
<td>Consolidation</td>
<td>• They are presented in Assets and are amortized in accordance with the provisions of the Tax Legislation, deducted from Equity.</td>
<td>• The amortization of the difference should not exceed 20 years, and the amortization time horizon is reassessed at the end of each use.</td>
</tr>
<tr>
<td>differences</td>
<td></td>
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</table>

Table 2. The main differences between the Greek Accounting Standards and the International Financial Reporting standards in different accounting treatment of certain cases and events (balance sheet items, income statement, and profit distribution table)

<table>
<thead>
<tr>
<th></th>
<th>Greek Accounting Standards</th>
<th>International Financial Reporting Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>• Two valuation methods were applied: FIFO and LIFO and weighted average cost (WAC). Note that the use of LIFO is not allowed.</td>
<td>• They are valued at the lower of cost and net realizable value (IAS2).</td>
</tr>
<tr>
<td>Multiannual Depreciation expense</td>
<td>• Specific expenses are recognized in the balance sheet rather than in the income statement and are amortized either directly or within five years.</td>
<td>• The designation of expenses as multiannual amortization is permitted under strict conditions, the observation of which is reviewed each time financial statements are prepared.</td>
</tr>
<tr>
<td>Taxes</td>
<td>• Income tax, non-embedded taxes on operating costs, and tax audit differences are shown in the</td>
<td>• The tax is considered an expense and is presented in the Income Statement.</td>
</tr>
</tbody>
</table>
Disposable Income Statement.
• No deferred tax is calculated.

Deferred taxes
• There were no deferred income taxes.
• Each time the direct taxes payable was considered.

Deferred taxes
• If there is a difference between the tax and the IAS statements, deferred taxes should be recognized.

Tangible Assets
• The readjustment of the property value, as well as the depreciation rates of the fixed assets, are imposed by the Tax Legislation.
• Depreciation was determined by tax law or as a percentage or within two percentages.
• Adjustments in the value of fixed assets were made every four years for land and buildings only, based on statutory rates.
• The difference in the revaluation of the fixed assets was transferred to equity and then obligatorily capitalized.
• There was a distinction between "in" and "out" exploitation, which was practically non-discriminatory.

Tangible Assets
• The enterprise uses values to adjust the value of its property (alternative method) and depreciates its assets based on their estimated useful lives.
• The useful life of the fixed assets is determined by the management and communicated through Notes.
• The annual depreciation is lower than that of the GAS, but of course, it lasts longer.
• All asset adjustments can be made annually based on a valuation report from a professional valuer.
• The revaluation difference, if positive, is transferred to a reserve. If negative, it is offset by a previous reserve if it exists or to the extent that it exists, and the difference is transferred to the results.
• Fixed assets are classified as "Operating" and "Investing".
• Investments are defined as those assets that are not used for the main subject of the company or are leased to third parties.
• Investment assets must be valued annually, and valuation differences, positive or negative, are transferred directly to the results.
• The revaluation difference is transferred to operating assets in reserve, while for the investment in the results.

Intangible fixed assets
• Certain costs, which would presumably generate inflows over a long period of time, could be capitalized.
• The most common was "installation costs" and "reorganization costs".
• It leads to a reduction in results when such costs are incurred and does not allow for undue accumulation.
• A series of intangible assets (permits, rights, etc.) were characterized as "intangible assets".

Intangible fixed assets
• These cannot be capitalized with IAS.
• In use, the results are burdened.
• The cost of acquiring immovable assets should be added to the total cost of the acquired asset and amortized on the basis of the amortization rate.
• Interest is also potentially added to the cost of the asset and can be depreciated at amortized cost.
• The depreciation of fixed assets takes place over a period much longer than that of the fixed costs.
• Fixed assets as intangible assets have to meet specific criteria, which are re-examined in each use.

Interest on Construction Period Loans
• They appear in the category "Installation costs" in the Balance Sheet and are depreciated within five years.

Interest on Construction Period Loans
• Basic method: Impact of results.
• Alternative Method: Incorporation in the cost of acquisition of fixed assets and depreciation based on the useful life of the asset.

Government grants
• They are presented in Equity and are depreciated in proportion to the amortization of the asset to which they relate.

Government grants
• They appear either in a transitional account as Next Year Income (basic method) or deducted from the acquisition cost of the asset (alternative method).

Asset Grants
• Grants were transferred to equity and amortized, as well as corresponding fixed assets, to the benefit of inorganic revenues.

Asset Grants
• Subsidies are transferred to passive liabilities and are depreciated for each user according to the fixed asset.

Extraordinary Results
• There are many categories of expenditure and revenue that fall under the category of extraordinary results.

Extraordinary Results
• This item only records the results of truly exceptional events (earthquakes, fires, etc.).

Leasing
• Fixed assets under finance leases were not shown in the balance sheet.

Leasing
• The Leasing is treated as long-term debt.
• By acquiring the fixed assets, the assets are
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<th>Topic</th>
<th>Details</th>
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<tr>
<td>charged with their value and a long-term liability is credited to Leasing.</td>
<td>• From rents, the portion of interest payable does not burden the results but reduces the liability.</td>
</tr>
<tr>
<td>• Fixed assets are amortized, and their value is readjusted as for other assets.</td>
<td>• Every year the use is also charged with the interest and the expense of the &quot;long-term&quot; loan, which is now considered Leasing.</td>
</tr>
<tr>
<td>Sale and Leaseback</td>
<td>• When Sale and Leaseback were made at a value much higher than the net book value of the assets, the resulting difference was a profit (total or a significant portion) and improved the results.</td>
</tr>
<tr>
<td>• This difference is not considered again but is transferred to a transitional liability account and is “amortized” during the Leasing contract.</td>
<td></td>
</tr>
<tr>
<td>Participations</td>
<td>• When buying a non-listed company, it is recorded in the books at its cost.</td>
</tr>
<tr>
<td>• The valuation was made to the smallest price by species, between acquisition and current.</td>
<td>• The difference between debit or credit is considered to be “goodwill”</td>
</tr>
<tr>
<td>• The valuation was made to the smallest price by species, between acquisition and current.</td>
<td>• If goodwill is debt, it remains in the balance sheet and is not depreciated.</td>
</tr>
<tr>
<td>• The positive difference is usually transferred to a reserve. The negative is offset by a reserve if it exists or transferred to the results.</td>
<td>• If it is a credit, it is transferred to profit or loss in the period in which the purchase was made.</td>
</tr>
<tr>
<td>• Valuation is made on the day of purchase at current prices of all sub-items of the purchased item, and the proportion that corresponds to it is also recorded cost of acquisition in account 18.</td>
<td>• At the end of each year, the total valuation of the participants must be made.</td>
</tr>
<tr>
<td>• The difference between debit or credit is considered to be “goodwill”</td>
<td>• If it is greater than the acquisition cost (account 18) plus goodwill, no recording is made.</td>
</tr>
<tr>
<td>• If lower, the amount of goodwill is reduced accordingly.</td>
<td></td>
</tr>
<tr>
<td>Securities</td>
<td>• They were mimicked by the smallest item by a value between the acquisition and the current value.</td>
</tr>
<tr>
<td>• The trading book is valued at current prices and the differences are transferred to the results.</td>
<td></td>
</tr>
<tr>
<td>Long-term receivables or liabilities</td>
<td>• They were displayed at their cost, even if they included interest.</td>
</tr>
<tr>
<td>• If they contain interest, they must be discounted to present values based on their expected flows.</td>
<td></td>
</tr>
<tr>
<td>Construction projects</td>
<td>• Normally, the revenue invoiced, and the cost of the invoiced revenue was considered as revenue.</td>
</tr>
<tr>
<td>• The total profitability of the project is calculated.</td>
<td></td>
</tr>
<tr>
<td>• The realized portion is accounted for as revenue and as a cost the proportion of total cost in this section based on the total budget of the project.</td>
<td></td>
</tr>
<tr>
<td>Activity Breakdown</td>
<td>• The information provided at this level was in the Appendix and rudimentary.</td>
</tr>
<tr>
<td>• Extensive information should be provided in Notes.</td>
<td></td>
</tr>
<tr>
<td>• For each activity area, but also for each geographical area of activity.</td>
<td></td>
</tr>
<tr>
<td>Errors and Changes</td>
<td>• If significant revenues or expenses were incurred in respect of previous years and therefore related to errors, when compiling the financial statements then these amounts were shown in the non-organic results.</td>
</tr>
<tr>
<td>• These amounts of errors do not affect the results of the financial year, but the prior years' financial statements are adjusted, and the previous comparable use is restated.</td>
<td></td>
</tr>
<tr>
<td>Provisions for staff</td>
<td>• Provisions were made for staff reimbursements based on a percentage of the total eligible compensation.</td>
</tr>
<tr>
<td>• They attach great weight to these obligations, the provisions for compensation.</td>
<td></td>
</tr>
<tr>
<td>• They are calculated by an actuary and forecasts</td>
<td></td>
</tr>
</tbody>
</table>
are to be made on the basis of an actuarial study and for any other obligation to the staff.

| Affiliated parties | • Significant importance is attached to transactions with "affiliated parties".  
  • The concept of "affiliated parties" is very broad.  
  • The information is difficult to obtain at the group level, but this information is important due to the events that have happened to groups here and internationally. |

| Distribution | • Income tax was recorded in distribution, tax audit differences and the remuneration of the Board of directors’ members, were presented in the distribution after the results before tax.  
  • Dividends on the Board of directors' proposal, before deciding on the general counsel, appeared in the distribution and liabilities.  
  • There were several reserves in the distribution provided by commercial or tax law.  
  • These amounts are regarded as expenses and are recognized in the income statement.  
  • Dividends are shown in equity until the General Meeting decides. their distribution and, once it has been decided, is transferred to the obligations.  
  • The total amount transferred to equity is presented in the income statement. |

| Discontinued activities | • This concept did not exist.  
  • When it is decided to discontinue operation, all its assets are derecognized at liquidation prices and are shown by a number, in assets, liabilities, equity, and results.  
  • Similar is the practice of fixed assets that are decided to be divested. |

| Equity | • Net equity was mainly affected by the distribution of results, capital increases or decreases and, in very few cases, other causes (grants, real estate revaluation).  
  • There are many cases where direct equity bills move without affecting the results. |

The confidence of all users of financial statements under this process in the transparency and integrity of these statements is critically important for the effective functioning of capital markets, efficient capital allocation, global financial stability, and sound economic growth.

**The development of IFRS and their steps**

The development of IFRS marked their first steps. Their stigma as a "global financial reporting language for business issues around the world," gave them extra weight and simultaneously an extra requirement from the business world and directly or indirectly interested groups in valuation of entities.

Perhaps the first International Accounting Standards (IAS) in the world formed the pilot for the next International Financial Reporting Standards (IFRS), they were the unique standards that started and operated the period 1973 – 2001 through intense reviews. So, International Accounting Standards (IAS) enriched with instructions that change the original strictly bookkeeping accounting orientation and is now known as International Financial Reported Standards (IFRS) (as renamed in April of 2001, the International Accounting Standards-IAS). So, the financial statements are prepared under a controlled framework of rules and principles.

However, who sets the accounting standards and principles used for the preparation of financial statements? The first International Accounting Standards (IAS) issued by International Accounting Standards Committee Foundation (IASC), founded in June 1973 and based in London (UK), was responsible for the development of IAS and their promotion but was replaced by International Accounting Standards Board (IASB) in 2001 which issued IFRS. At the same time, there was Standards Advisory Council (SAC) that had as purpose of providing advice on IASB about the development of the standards and the information about the impact of them. Today, IASB plays the above role. IASB trying to make IAS so understood so that it can be effectively implemented on a global basis. IASs are reviewed continuously, considering the current situation, with several of them have been replaced with new IFRS or just withdrawn. Besides, IASB’s goal is to develop and publish IFRS, including lately IFRS for SME (small and medium enterprises) published in July 2009.
International Accounting Standards Board (IASB) take note of accounting standards that are already issued, IAS and IFRS as well as the exposure drafts, in every issue and creates an IFRS for global acceptance, trying to harmonize, as far as possible, different accounting standards and methods of different countries. These differences are due to a variety of social, economic, and legal environment as well as to the fact that each country takes into account the needs of users-inhabitants when adopting national provisions.

The standards that are not complete understood with their application, analyzed with notes and instructions that are created specifically by IASB’s interpretative body called International Financial Reporting Internations Committee (IFRIC) (from November in 2001) or the earlier Standing Interpretations Committee (SIC) (created in 1996) in consultation and contact at all operational levels in various organizations. This committee is responsible for reviewing and solving certain accounting issues arising from IFRSs currently in place and provide guidance on those issues. In other words, committee issues interpretations called IFRICs (before 2001 SICs). Each IFRIC must then be approved by IASB.

The application of IFRS is mandatory from 1 January 2005 and followed by listed companies in European financial markets included listed companies in Regulated markets in Greece, such as Athens Exchange Securities Market, Athens Exchange Derivatives Market, Electronic Secondary Securities Market, with a series of 1-41 International Accounting Standards (IAS) with only 26 of them active today and 1-13 International Financial Reporting Standards (IFRS) with a series of Interpretations for their accounting treatment. At the same time, two new IFRS (IFRS 14 and IFRS 15) issued in 2014 for application from 1 January 2017 or later, date when the respectively IAS of these IFRS and their interpretations will be superseded and no longer valid.

The IAS and IFRS are referring to the purpose, the definitions that use, the accounting treatment, disclosures that are used, and the date of entry into force. The SICs and IFRICs are very important to verify the correct application of IAS and IFRS, and to prevent the use of “creative accounting” methods. This is necessary in order to give the stigma of philosophy and underlying logic IFRS and certainly the general trends at global level in an attempt to apply IFRS. The application of international financial reporting standards (IFRS) is easier in countries that have a history of using financial reporting standards produced independently by the private sector.

Greek Generally Accepted Accounting Principles (Greek GAAP) are amended from time to time by the National Accounting Council (ESYL) and Accounting Standardisation Board (SLOT). In 1991, SOEL (Soma Orkoton Elegkton-SOLE) was national professional organization of Certified Public Accountants in Greece.

In Greece, up to 1995, there had been no systematic attempt to force an external audit of the financial statements of large private companies. Law 3329/55 introduced the Society of Chartered Accountants (Soma Orkoton Logiston – SOL) into Greek company law. It is interesting to note that the nature and the organizational structure of the SOL were suggested to the Greek government by British auditors. Since then, demands for disclosure of information to shareholders and comparability of accounts have led to the idea of applying IFRS.

There is evidence that the New Greek Standards closed to IFRS, referring to all companies regardless their size. The development of New Greek Standards, which would replace at first the Greek chart of accounts (see Appendix), greatly affects the L.2190/1920 and L.3190/1955 on Societe Anonyme companies and Limited Liability Partnership respectively, but also Code of Tax Display. In the proposed standards seems to have completely removed the 8th group accounts of the Greek chart of accounts, and its components are integrated into Group 6 and 7.

The New Greek Standards seem to adapt perfectly the Directives of the European Community on the financial statements of companies to enhance the extroversion of Greek companies, but also for providing more detailed corporate information to investors. By these standards, the concept of the entity introduced which includes all enterprise types that exist in Greek legislation and classifies entities according to their size in micro, small, medium, and large, with criteria for the number of employees, assets, and their turnover. (see also Moneyguru.gr, http://www.forologikanea.gr/news/nea-ellinika-logistika-protupa/). The expected
development should find the administrations of entities as ready as possible. The small and medium-sized Greek firm must prepare to face the challenges and respond to opportunities for this spread.

In this direction, the evaluation of these harmonized financial statements contributes to extracting definite conclusions for the overall economic situation of SMEs in order to make appropriate investment decisions by internal and external investors but also by financial institutions, with direct beneficial effects mainly in financing of small and medium-sized enterprises for their growth and progress.

**FOOD & DRINK SECTOR – IMPORTANCE FOR THE ECONOMY**

The Food & Drink Sector is one of the most dynamic sectors of the European as well as the Greek economy and can play an active role in the development of the country. Despite the crisis, this sector still has prospects, as described below.

**EU food & drink sector**

EU is the leading food and Drink producer worldwide, and the largest manufacturing sector in terms of turnover (surpasses €1 trillion), value added (€206 billion), and employment. However, the EU continues to lag behind its main trading partners on R&D investment and export market share. According to the report of Food Drink Europe (2014), the size of the Food and Drink Sector in Europe was € 1,048 billion in 2012, or 3.1% compared to 2011.

The EU food and drink Sector is comprised of large companies and a high number of SMEs (the latter account for 99.1% of food and drink companies). In Table 3 we can see the percentage of SMEs in the EU food and drink industry, in Figure 1 we can see the percentage of distribution of SMEs and large companies in the EU food and drink industry.

*Table 3. SMEs in the EU food and drink industry (%). Source: Eurostat 2011*

<table>
<thead>
<tr>
<th></th>
<th>Micro-companies (% in total)</th>
<th>Small companies (10-19) (% in total)</th>
<th>Small companies (20-49) (% in total)</th>
<th>Medium-sized companies (% in total)</th>
<th>Total SMEs (% in total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>8.2</td>
<td>5.2</td>
<td>9.7</td>
<td>28.5</td>
<td>51.6</td>
</tr>
<tr>
<td>Value added(^1)</td>
<td>8.9</td>
<td>6.1</td>
<td>9.2</td>
<td>24.6</td>
<td>48.8</td>
</tr>
<tr>
<td>Number of employees</td>
<td>16.9</td>
<td>9.6</td>
<td>11.7</td>
<td>26</td>
<td>64.3</td>
</tr>
<tr>
<td>Number of companies</td>
<td>78.8</td>
<td>10.8</td>
<td>5.8</td>
<td>3.8</td>
<td>99.1</td>
</tr>
</tbody>
</table>

*Figure 1. Distribution of SMEs and large companies in the EU food and drink industry (%). Source: Eurostat 2011.*

The EU Food & Drink Sector is diverse, with a variety of subsectors ranging from meat processing to dairy production and drinks. The top 5 sub-sectors (bakery and farinaceous products, meat sector, dairy products, drinks, and ‘various food products' category) represent 75% of the total turnover and more than four-fifths of the total number of employees and companies.
In Figure 2, it was drawn the percentage of share of sub-sectors in EU food and drink exports in 2012.

*Figure 2. Share of sub-sectors in EU food and drink exports, 2012 (%). Source: Eurostat 2011*

In 2012, Food and drink products ranked second in the consumption expenditure of households (average 14.6%) after housing, water, and energy, as we can see in Figure 3.

*Figure 3. Top five consumption expenditures of households on goods and services in the EU, 2012 (% of total expenditure). Source: Eurostat 2011 (SBS)*

As far as R&D investment is concerned, drivers of innovation can be divided into 15 trends grouped along five axes, corresponding to general consumer expectations: pleasure, health, physical, convenience, and ethics, according to Figure 4. Pleasure, including variety of sense and sophistication, is by far the leading axis with a 57% share in 2013. Figure 5.

*Figure 4. Trends of R&D and innovation in Europe Source: Eurostat 2011 (SBS)*
According to Table 4 below, the EU drinks, meat, and dairy sectors reached a combined export market share of close to 50% (30% Export market share of the drinks sector/ 50% Combined import market share of oils and fats, and fishery products). Amongst the top ten export destinations, the highest growth rates can be observed for EU food and Drink exports to China, Australia, Saudi Arabia, and Japan, with rates increasing by 30%, 18%, 16% and 15% respectively, according to Food Drink Europe.

Table 4. Exports and imports by sub-sector, 2011-2012 (€ million). Source: Eurostat 2011

<table>
<thead>
<tr>
<th>Sub-sector</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Drinks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which: spirits</td>
<td>22,326</td>
<td>25,706</td>
</tr>
<tr>
<td></td>
<td>8,475</td>
<td>10,176</td>
</tr>
<tr>
<td></td>
<td>3,112</td>
<td>8,387</td>
</tr>
<tr>
<td></td>
<td>2,409</td>
<td>2,761</td>
</tr>
<tr>
<td>Various food products</td>
<td>16,457</td>
<td>18,961</td>
</tr>
<tr>
<td>of which: chocolate and confectionary</td>
<td>4,964</td>
<td>5,235</td>
</tr>
<tr>
<td>processed tea and coffee</td>
<td>1,940</td>
<td>2,111</td>
</tr>
<tr>
<td>Meat products</td>
<td>10,382</td>
<td>11,269</td>
</tr>
<tr>
<td>Dairy products</td>
<td>8,787</td>
<td>9,488</td>
</tr>
<tr>
<td>Fruit and vegetable products</td>
<td>4,377</td>
<td>4,981</td>
</tr>
<tr>
<td>Oils and fats</td>
<td>3,879</td>
<td>4,538</td>
</tr>
<tr>
<td>Prepared animal feeds</td>
<td>2,451</td>
<td>2,393</td>
</tr>
<tr>
<td>Bakery and farmaceous products</td>
<td>2,968</td>
<td>2,496</td>
</tr>
<tr>
<td>Fish and seafood products</td>
<td>2,970</td>
<td>3,419</td>
</tr>
<tr>
<td>Grain mill and starch products</td>
<td>2,614</td>
<td>2,828</td>
</tr>
</tbody>
</table>

The Greek food & drink sector

Similarly, in Greece, the Food and Drink sector is dominated by large domestic businesses or multinationals and a vast majority of small and medium domestic businesses. There is a plethora of Greek SMEs that deal with the international exchange of goods. The sector has to face profound changes in social institutions, economic issues, technological developments that are taking place at the international level.

According to reports and studies of the Athens Chamber of Commerce and Industry (ACCI) and The Foundation for Economic & Industrial Research, the Food & Drink Sector is an essential part of Greek economy. It is one of the most dynamic and fastest-growing sectors of Greek manufacturing industries, corresponds to 25% of turnover, 24% of employment, 25% of the total...
invested capital, and almost 25% of value-added. In addition, in this market are offered a wide range of products which served a large number of consumers. The offered products available from producers in the industry can be divided into dairy products, meat products, grain products, fruits, vegetables, alcoholic beverages, soft drinks.

Food and drink companies are the main exporters of the country. The sales represent 20% of total sales from exports and have revenue of more than EUR 2 billion. Key markets for Greek products are Germany, Italy, Spain, the United Kingdom, and the USA. Main export products are vegetables, fruits, olive oil, dairy products, fresh seafood, olives, raisins, wine, and tomato products. This market, however, offers products produced in some of the other sectors of the economy. One category of such products are the types of cleaning and cosmetics belonging to chemicals. This market offers the ability to cover a large spectrum of needs, which is due to the wide separation of the final products. As a result, consumers are persons of all categories, both in terms of age and income. Undoubtedly, however, the income of consumers is the most important factor that shapes the product demand.

Today, Greece offers multiple benefits to a significant number of multinational enterprises. Business giants, such as Nestlé, Coca Cola, Kraft Foods, Barilla, Cadbury, General Mills, Friesland Campina and Athenian Brewery, manufacture in Greece a wide range of products, which are readily accepted in both the domestic and neighboring regional markets, but also of access offered by Greece as a crossroad between East and West, in emerging markets of southeastern Europe and the Eastern Mediterranean. However, the international competitiveness of the products of the sector is low. A combination of political, economic, and social factors contributes to the perpetuation of the low competitiveness of the country and the halt of foreign investments.

**Investing in food and drink sector on ASE**

The Food and Drink sector is represented on ASE. The main market of the Athens Exchange is suitable for medium and large companies wishing to raise capital from a number of investors. Even medium-capitalization companies can benefit from their inclusion in the ASE indexes. Such companies can be considered small for larger exchanges; however, can attract investment interest in ASE via indexes. The total import costs (as% of funds raised) in the Greek market is attractive compared with other alternatives.

On the other hand, the Alternative Market of the Athens Exchange is appropriate for small businesses wishing to raise capital from a small number of investors (e.g. fewer than 150 persons) or funding business plans and extensions/exports in compliance with the EU directives (π.χ. MiFID), with less stringent obligations/compliance costs for the company. It is a flexible and easy way to raise capital while achieving an objective evaluation of the company. Further, import and subsistence costs are extremely low.

Then, companies have benefited from increased visibility and outreach to customers, business partners, and suppliers, gaining experience in capital markets (IAS/IFRS, financial reports, transparency), exit strategy for venture capitals or strategic investors, preparation for transition to the main market.

Seventeenth companies of Food & Drink Sector comprise on the main market of Hellenic Exchanges - Athens Stock Exchange S.A. (ASE), representing 23% of the middle capitalization for 2012 and two companies of the sector on the Alternative Market of ASE, representing 7% of the average caps for 2012. The listed firms of the Food & Drink Sector in ASE are the following:

### MAIN MARKET

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>Sector/ Subsector</th>
</tr>
</thead>
<tbody>
<tr>
<td>COCA-COLA HBC AG</td>
<td>EEE</td>
<td>Food &amp; Beverage/Soft Drinks</td>
</tr>
<tr>
<td>KARAMOLENGOS BAKERY INDUSTRY S.A.</td>
<td>KMOL</td>
<td>Food &amp; Beverage/Food Products</td>
</tr>
<tr>
<td>GALAXIDI FISH FARMING S.A.</td>
<td>GMF</td>
<td>Food &amp; Beverage/Food Products</td>
</tr>
<tr>
<td>EVROFARMA SA</td>
<td>EVROF</td>
<td>Food &amp; Beverage/Farming &amp; Fishing</td>
</tr>
<tr>
<td>SELONDA AQUACULTURE S.A.</td>
<td>SELO</td>
<td>Food &amp; Beverage/Farming &amp; Fishing</td>
</tr>
<tr>
<td>KRETA FARM SA</td>
<td>CRETA</td>
<td>Food &amp; Beverage/Food Products</td>
</tr>
<tr>
<td>KRI-KRI SA</td>
<td>KRI</td>
<td>Food &amp; Beverage/Food Products</td>
</tr>
<tr>
<td>KTIMA KOSTAS LAZARIDIS S.A.</td>
<td>KTILA</td>
<td>Food &amp; Beverage/Distillers &amp; Vintners</td>
</tr>
<tr>
<td>FLOUR MILLS C. SARANTOPOULOS S.A.</td>
<td>KYSA</td>
<td>Food &amp; Beverage/Food Products</td>
</tr>
<tr>
<td>LOULIS MILLS S.A.</td>
<td>KYLO</td>
<td>Food &amp; Beverage/Food Products</td>
</tr>
<tr>
<td>CHATZIKRANIOTIS &amp; SONS MILLS S.A.</td>
<td>HKRAN</td>
<td>Food &amp; Beverage/Food Products</td>
</tr>
<tr>
<td>FLOUR MILLS KEPENOS S.A.</td>
<td>KEPEN</td>
<td>Food &amp; Beverage/Food Products</td>
</tr>
<tr>
<td>ELGEKA S.A.</td>
<td>ELGEK</td>
<td>Food &amp; Beverage/Food Products</td>
</tr>
<tr>
<td>HELLENIC SUGAR INDUSTRY S.A.</td>
<td>HSI</td>
<td>Food &amp; Beverage/Food Products</td>
</tr>
<tr>
<td>STELIOS KANAKIS SA</td>
<td>KANAK</td>
<td>Food &amp; Beverage/Food Products</td>
</tr>
</tbody>
</table>

### ALTERNATIVE MARKET

<table>
<thead>
<tr>
<th>Name</th>
<th>Symbol</th>
<th>Sector/ Subsector</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEDITERRA S.A.</td>
<td>MSHOP</td>
<td>Retail / Food Retailers &amp; Wholesalers</td>
</tr>
<tr>
<td>KRITON ARTOS S.A.</td>
<td>KRITON</td>
<td>Food &amp; Beverage/Food Products</td>
</tr>
</tbody>
</table>

The next tables and figures show steadily increasing revenue by the listed Food & Drink sector. Equity has on average increased from 2009, too. Despite the increase in turnover, EBITDA has decreased during the period 2009-2011 but remains positive.

### Table 6. Financial Highlights by the listed Food & Drink sector. Source: a study of McKinsey (Hellenic Echanges Group, Porfiris Nikos, 2012)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>EBITDA (in thousand € - .000)</td>
<td>1.114.869</td>
<td>1.135.866</td>
<td>919.459</td>
<td>839</td>
<td>-247</td>
<td>722</td>
</tr>
</tbody>
</table>

### ENA Market

<table>
<thead>
<tr>
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<td>839</td>
<td>-247</td>
<td>722</td>
</tr>
</tbody>
</table>

**Figure 6.** Financial Highlights by the listed Food & Drink sector. Source: a study of McKinsey (Hellenic Echanges Group, Porfiris Nikos, 2012)

The funding in the main market of the Athens Exchange has comparative advantages for large companies. ASE suggests investing in SMEs with two indexes: FTSE/ASE International
Engagement Plus and FTSE/ASE Mid & Small Cap. The next figure shows 28 of the 30 companies in the FTSE Index/ ASE Plus International Activities that have positive results in 2012, Performance + 53.7%.

Figure 7. The 28 of the 30 companies in the FTSE Index/ ASE Plus International Activities that have positive results Source: a study of McKinsey (Hellenic Echanges Group, Porfiris Nikos, 2012)

The next figure shows 17 out of the 20 companies in the index have positive effects in 2012 Index FTSE/XA Mid Small Cap & Fundamental Sizes 2012, Performance + 38.9%.

Figure 8. The 17 out of the 20 companies in the index have positive effects in the 2012 Index FTSE/XA Mid Small Cap & Fundamental Sizes. Source: a study of McKinsey (Hellenic Echanges Group, Porfiris Nikos, 2012)

Lastly, ASE proposes an innovative alternative to the Funds that invest in unlisted companies where enhanced transparency and access by experts/institutional and non-qualified investors.

1. Real Estate Investment Trusts (REITs). Funds for the acquisition and management of the real estate. Works in advantage tax regime in financing and investment level. Ongoing changes in the Legislation in order to become even more competitive compared with those of EU.

2. Closed-Ended Investment Funds. Funds for investment in listed shares, cash, derivatives, and financial instruments. Works in advantage tax regime at the level of funding and investment — ongoing changes in the Legislation in order to increase their ability to invest in unlisted companies.

3. Venture Capital Companies. Funds for investment management in Greek unlisted companies. Works in an advantage tax regime in financing and investment level — ongoing changes in the legislation to ensure that the Funds be entered on ASE.

4. Venture Capital Trusts. Funds without legal personality for investment in Greek non-listed companies. These are fiscally transparent, and investors are taxed on their income by the relevant tax bracket — ongoing changes in the legislation to ensure that the Funds be entered on ASE.
With the alternative of funds, ASE provides ongoing support to the issuer in each stage of the process. Contribute actively to the cost of a Public Offering. It gives procurement at successful contractors, depending on the capitalization of the public offering, as an incentive to the contractor.

DISCUSSION

The Food & Drink Sector is a diversified sector. It is characterized by some large companies and a wide range of Small and Medium-sized Entities with sound financial results and export-oriented, which need funds in order to finance growth and expansion. IFRS’s contribution to the policy of extroversion of the Greek small and medium-sized entities is of great importance, as well as the benefits from listed in ASE.

Business opportunities

Greece offers significant business opportunities to create added value in many product categories, particularly as growing international interest for health food products, snacks, and pre-cooked meals. The recipes with honey and nuts, pasta, jams, as well as the seafood and meat products are also important perspectives. At the same time, increasing consumption of olive oil, Greece can respond effectively in the field as the third-largest country in the world worker. The creation of added value and greater extroversion of the sector also lie largely in the promotion of Greek products based on quality and diversification, through the appropriate distribution networks promoting Greek and Mediterranean cuisine, domestically and abroad.

There are investment opportunities for traditional products and goods, such as saffron, mastic, and Spirulina as a nutritional supplement is internationally recognized for its extremely high quality. Additionally, reputable products, like ouzo, feta, and pistachios Aegina are continuously gaining new markets globally. All the above, offer a unique experience, product differentiation, and exciting flavours result in building long term value and attracting investments. Greece has been blessed with some of the world’s finest herbs and natural goods.

Greek companies differentiate themselves by creating natural flavours that are unique to the region and thus making it difficult for competitors to imitate, regional uniqueness of local flavours that link to one or more of the trends, premium quality, savoury, and natural and healthy, could provide that needed competitive advantage.

Benefits of IFRS

Some of the benefits of IFRS for the Greek Food & Drink Industry include the better quality of financial reporting due to consistent application of accounting principles and reliability of financial statements. With the adoption of IFRS and their principles, gradually created full access in information and their assessment on making appropriate investment decisions.

The high-quality standard of IFRS improves the ability of investors to make investment decisions, while the companies have increased access to international markets and reduced the cost to obtain funds. Finally, the adoption of IFRS contributes significantly to the harmonization of internal and external information needs within the company, since a high-quality accounting "language", simplifies the process of producing financial information. The result is the improvement of administrative information systems and reducing costs of production such information.

Trust and reliance can be placed by investors, analysts, and other stakeholders in a company’s financial statements so eventually help investors to understand available investment opportunities as opposed to financial statements prepared under different sets of national accounting standards. This will enable the comparability of financial information for investors as a result of transparent financial reporting of company’s activities, among sectors, countries, and companies.

Furthermore, with today’s rapid pace at which information technology has developed has, amongst other things, led to the easing of the electronic movement of funds across national
boundaries and increased investor willingness to invest across national borders, determining resource allocations in return of dividends and capital gains.

IFRS solve old problems while creating new needs, which the administrations of companies are called to face. IFRS are readily enforceable on SMEs. A key element in the successful implementation of IFRS is the identification of needs and the necessary changes in order to develop a strategic plan (management plan, training of personnel, accounting manual) and a budget transition. The result is the improvement of administrative information systems and reducing the production costs of such information.

The existence of an organized financial accounting department, appropriate information systems, and qualified staff are key prerequisites for full implementation. With regard to Greece, the main problems observed in transition from Greek GAAP to IFRS relate to difficulties associated with the following areas: 1) Accounting treatment and valuation: Tangible fixed assets and intangible assets, value of assets, financial instruments, benefits to employees, deferred taxation, financial leases, 2) analysis of information in the notes to the financial statements and 3) financial information per field.

The high quality of IFRS improves the ability of investors to make investment decisions, while companies have increased access to ASE, at a reduced cost to obtain funds.

Using IFRS, even at small and medium-sized enterprises will facilitate the direct asking demands of business, will open avenues for alternative financing of their business plans. A great opportunity, therefore, appears more and more to deal with the advantages they offer, according to the New Greek Standards. Listing on ASE can be a catalyst in the development of domestic production in order to become more competitive.

CONCLUSIONS
Taking everything into account, IFRS in Greece came as a requirement, which become mandatory from 2005 onwards, initially for listed and large multinational companies and as an option to other companies, but IFRS for SMEs is gaining popularity recently. IFRS impact the preparation of financial statements and the accounting treatment of their elements compared to Greek GAAP. There is evidence that the New Greek Standards closed to IFRS, referring to all companies regardless their size. This provides additional relevant information to market participants. The importance of this paper comes from the importance of Food & Drink Sector. There is no doubt that IFRS, constitutes a financial revolution with highly positive results. Using financial statements under IFRS, even at small and medium-sized enterprises will facilitate the direct asking demands of the extroversion of business. Besides, ASE, as well as alternative funding routes, will open their business plans. The above benefits both the companies and investors, because they increase the level of trust in the information contained in the financial statements. The high-quality international standard improves the ability of investors to make investment decisions (determining resource allocations in return of dividends and capital gains) while the companies have increased access to ASE, at reduced cost to obtain funds. This research provides insights into the use of IFRS and some of their characteristics, and it can be useful for accountants and management but also financial analysts or business valuers. The use of the most recent sources conducted about IFRS and Greek GAAP, as well as the evidence about the New Greek Standards. The last could mean that, over time, these standards and principles have changed. The transition from national to international standards is a complex undertaking, requiring; additional specialists or the acquisition of outside services, often investment in new software, typically many organizational changes, and the training and development of existing employees all the way to management. All of this comes at a cost, with high levels of uncertainty regarding the benefits.

This research contributes to the literature on several dimensions. First of all, it is presented evidence concerning IFRS Framework and EU Directives in the Hellenic capital market which is one of the most important events in financial reporting in the last decade. By focusing on Food and Drink Sector, paper investigates a sector that has a major role in European economy as well.
as in Greece. Some limitations of this paper are that there will not be contact with differences between IFRS and IFRS for SMEs or the New Greek Accounting Standards or research regression, yet. It is expected a continued stream of changes to the standards in the next few months and years. There is a lack of data after the period 2009-2012 collected from reports. This is a part of my doctoral thesis as far as IFRS, IFRS for SMEs, Greek GAAP, financial statements under them, the accounting treatment during their preparation, firms on the Food and Drink Sector, are concerned. Future extensions of this study could examine firms’ financial statements on the Food and Drink Sector listed on ASE.

The paper proceeds to an analysis of firms from the Food & Drink Sector, listed in the Athens Exchange, in order to examine their investment opportunities, future developments and challenges in relation to the IFRS development in Greece. It can be useful for accountants and management but also for financial analysts or business valuers. I hope that there is something stimulating and thought-provoking for those dealing with IFRS in the Food & Drink Sector while it has practical implications for financial reports for other sectors of the economy.
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