**Unlocking financial opportunities in Circular Economy**

*Circle Economy and the Royal Netherlands Institute of Chartered Accountants (NBA) are joining forces in forming a new coalition to ensure that accounting and bookkeeping connect to the sustainable, circular economy of the future.*

**Amsterdam, 30.09.2019**

**The Coalition Circular Accounting (CCA) brings knowledge partners together to co-create solutions in overcoming the barriers to transition from a linear to a circular economy. In order to better reflect the financial reality of circular companies, it is vital to adjust existing economic principles and reporting rules..**

The CCA, co-financed by Nederland Circulair, is a collaboration between Circle Economy, NBA, Dura Vermeer, ABN AMRO, KPMG, Province of Overijssel and scientists affiliated with Erasmus University, Open University, University of Groningen, Nyenrode Business University and Avans University of Applied Sciences.

NEW PRINCIPLES

The circular economy is characterised by principles including reuse and value retention. In many cases, these principles require innovative business models in which parties form long term collaborations, and in which material cycles are closed. New, circular business models require an adjustment of economic principles and reporting rules.

COALITION CIRCULAR ACCOUNTING

The NBA, together with Circle Economy, has taken the initiative to set up the Circular Accounting Coalition. The aim of the coalition is to jointly identify accounting challenges in the circular economy, and to work together to co-create solutions and best practice in overcoming these barriers, e.g. valuation issues in circular products during and after their lifespan.

Members of the coalition include senior financial decision makers (CFO, finance manager), users (financiers, shareholders), and advisers/auditors (accountants) alongside science and advisory experts. The NBA's Annual Reporting Committee will act as a consultative group. Findings will be consolidated in a quarterly open source white paper.

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| *[Quote:]*  'Circularity, the energy transition, sustainable entrepreneurship or sustainability are about economic lifetimes, cost price determination, valuation issues, depreciation periods, residual values ​​and business models. That is 100% our profession'.  Fou-Khan Tsang, chartered accountant and booster Green Brigade NBA |

CASE DURA VERMEER

The first case study is a pilot project from Dura Vermeer and the Province of Overijssel to operate a "Road-as-a-Service". The idea is that Dura Vermeer becomes the economic owner of the road and takes care of the maintenance while the Province pays a periodic fee for the use of the road. A crucial point is determining the residual value when entering into the contract and (being able to) include this residual value in accounting and financing. This leads to the question: How can the residual value of the road be determined and what effect does this have on the revenue model and on the profit and loss account? The above parties will work on this case until November 2019.

RESULTS

The Coalition will deliver the following concrete results:

• Practical and applicable knowledge for financials and accountants.

• A memo (white paper) to be shared with the most important knowledge of the case.

• An Agenda with challenges that will be addressed in upcoming editions of the Coalition Circular Accounting.

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| *[Quote:]*  Transitioning to a circular economy requires new business models that focus on optimising the lifespan and value of products. To unlock the value of a circular economy, we need to identify current barriers in accounting and valuation standards and redesign rules where needed.  Fieke de Haan, Lead Circle Finance Program, Circle Economy |

MORE INFORMATION OR PARTICIPATION?

If you are interested in participating in the Circular Accounting Coalition, or would like to know more, please do not hesitate to contact Aglaia Fischer: aglaia@circle-economy.com

For more information and questions, contact:

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