

Henselmann, Klaus

Working Paper

The Fourth Accounting Directive and Member State Options for Single Accounts

Working Papers in Accounting, Auditing and Valuation

Suggested Citation: Henselmann, Klaus (2021) : The Fourth Accounting Directive and Member State Options for Single Accounts, Working Papers in Accounting, Auditing and Valuation, Friedrich-Alexander-Universität Erlangen-Nürnberg, Lehrstuhl für Rechnungswesen und Prüfungswesen, Nürnberg

This Version is available at:

<https://hdl.handle.net/10419/248387>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

**The Fourth Accounting Directive
and Member State Options for Single Accounts**

Klaus Henselmann

this version January 2021

Working Papers in Accounting, Auditing and Valuation

Department of Accounting and Auditing
Institute for Finance Auditing Controlling Taxation (FACT)
Friedrich-Alexander-University Erlangen-Nürnberg
Lange Gasse 20
90403 Nürnberg
Germany

E-mail author: klaus.henselmann@fau.de

www.pw.rw.fau.de

The Fourth Accounting Directive and Member State Options for Single Accounts

Klaus Henselmann

1 Introduction

The six founding members (Belgium, France, Italy, Luxembourg, Netherlands, West Germany) that established the European Economic Community wanted to create a single common market to gain economic benefits for all member states:

“It shall be the aim of the Community, by establishing a Common Market and progressively approximating the economic policies of Member States, to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increased stability, an accelerated raising of the standard of living and closer relations between its Member States.” (Art. 2, Treaty establishing the European Economic Community)

The treaty was signed on 25 March 1957 in Rome (‘Treaty of Rome’).

It introduced several principles, one of them in Art. 3 (c) “the abolition, as between Member States, of the obstacles to the free movement of persons, services and capital”. On that basis, Title III, Chapter 2, Article 54 expressed the Right of Establishment. The Commission was given the duty to issue directives, which – after proper consultations – should lead to an abolition of existing restrictions. In particular, Art. 54 (3) (g) demanded that company law of member states should be made equivalent where necessary “for the purpose of protecting the interests both of the members of such companies and of third parties”. This triggered the development of several so-called company law directives.¹ Among them, the Fourth Directive regulated the single (unconsolidated) annual accounts.

The Commission submitted its proposal for the Fourth Directive to the Council on 16. Nov. 1971² – at this time with no need for English, but in Dutch, French, German, and Italian. One year later, the European Parliament commented on the proposal. It basically welcomed it, but suggested some smaller changes.³ Likewise, the European Economic and Social Committee formed their opinion.⁴

¹ Van Hulle (1992), 161.

² Official Journal of the European Communities, 28. Jan. 1972, No. C 7/11.

³ Official Journal of the European Communities, 11. Dec. 1972, No. C 129/38.

⁴ Official Journal of the European Communities, 11. Dec. 1973, No. C 39/31.

The Commission amended its proposal and adopted it formally on 21. Feb. 1974 (COM/1974/0191 final). In the new document the Commission explained the reasons for the changes: First, the comments received from the European Parliament and the European Economic and Social Committee. Second, however, that since January 1973 there were new member states (Denmark, Great Britain, and Ireland). Auditing bodies from these new member states now participated in the group that advised the Commission about the proposal for the Directive.⁵ Changes explained in the text included:

- Adding legal forms for companies in Denmark, Great Britain, and Ireland (Art. 1);
- introducing the ‘true and fair view’ as an overriding principle (Art. 2);⁶
- more and altered layout alternatives for the accounts (Art. 8 and 9);
- explicitly confirming the prudence principle (Art. 28);
- stating the going-concern principle more precisely (Art. 28);
- introducing the matching principle for income and expenses (Art. 28);
- significantly enhanced possibilities for member states to allow some type of inflation accounting or re-valuation (Art. 30).

It took four more years until the Council adopted the directive under the title “Fourth Council Directive of 25 July 1978 based on Article 54 (3) (g) of the Treaty on the annual accounts of certain types of companies (78/660/EEC)”.⁷

A huge number of member state options allowed them to cater for the deemed needs in their countries, however in this compromise trying to achieve equivalence and comparability of financial information.⁸ Uniformity was not the goal, different philosophies were possible.⁹ Frequently the wording “member states may allow or require ...” is used. These options are the reason why national financial accounting systems within the European Union sometimes differ significantly.

⁵ Thorell and Whittington (1994), 218.

⁶ Ordelheide (1993), 81; Van Hulle (1997), 711.

⁷ Official Journal of the European Communities, 14. Aug. 1978, No. L 222/11.

⁸ Thorell and Whittington (1994), 218.

⁹ Van Hulle (1992), 165. Looking backwards, despite these options a high perceived degree of consistency was achieved between accounting practise in member states and companies, at least in the areas of format and disclosure and less so in measurement, as Thorell and Whittington (1994), 219, comment.

The Directive was significantly changed and extended over the years. This obviously also introduced new options and (sometimes) eliminated old ones. Therefore, section 2 gives a brief history of major changes to the Directive.

This paper develops in section 3 a model that has the ability to capture the characteristics of how individual EU member states filled the space that the European Directive offered them. It is measured by two scores (CP-Score and RI-Score). This common framework can be used to analyse individual countries and to compare them.

An Appendix (section 4) shows the checklists and explains the calculation of CP-Score and RI-Score.

2 Scope and changes of the European Directive

2.1 Original scope

Not all legal types of enterprise were subject to the Fourth Directive. Art. 58 (2) states: “The term ‘companies’ shall mean companies under civil or commercial law including co-operative companies and other legal persons under public or private law, with the exception of non-profit-making companies.” So it excluded sole traders (sole proprietorships) and partnerships.¹⁰ Their financial accounting still was solely up to the member states. It was even possible that no explicit financial accounting rules for them existed, but tax accounting was also used for commercial purposes.

Companies are different in size and complexity. The relative costs of complying with rules might be higher for smaller companies. Therefore, the Directive defined three different size categories: Small, medium and large. Size is measured by turnover (revenue), assets and employee count. Small and medium companies were given some relief provisions from normal accounting, auditing and disclosure rules.

Originally the Directive did not differentiate between companies that had shares or other securities traded on a stock exchange and other companies. While additional information needs (admission follow-up obligations like interim reports or cash flow statements) could be demanded by the exchange rules of a stock exchange, the basic national accounting standards were bound by the Directive. The accounting standards often were difficult to communicate to international investors.¹¹

¹⁰ Van Hulle (1992), 165.

¹¹ Commission of the European Communities: Accounting Harmonization: A New Strategy Vis-à-vis International Harmonization, 14. Nov. 1995, (COM (95) 508 final).

2.2 Major changes

2.2.1 Relief provisions for SMEs

The class limits for small and medium companies were adjusted frequently to economic and monetary trends. According to Art. 53 (2) an examination and, if needed, revision of the amounts should take place at least every 5 years.

A first increase happened in 1984.¹² Another adjustment was made 10 years later in 1994.¹³ It also introduced some particular member state options to reduce reporting obligations for small companies. For example, there was no need to disclose information about the amount of the remuneration granted to all members of the administrative, managerial and supervisory bodies, if this would make it possible to identify individual person's remuneration.

The next increase took place four years later in 1994.¹⁴

The year 1999 brought two changes.¹⁵ First, the amounts were adjusted because of inflation trends. Second, however, the currency in which the limits are expressed was changed from the European Currency Unit (ECU) to the Euro.¹⁶ This was a natural step for member countries that decided to introduce the new Euro. For other member states the equivalent amount in national currency could still be obtained by using the officially published exchange rates.

Limits rose again in 2003.¹⁷

The next adjustment took place already in 2006.¹⁸ However, this document also brought extra reporting requirements to be more in line with international accounting conventions (see below).

¹² Council Directive 84/569/EEC of 27 November 1984, Official Journal of the European Communities, No. L 314, 4.12.1984, 28.

¹³ Council Directive 90/604/EEC of 8 November 1990, Official Journal of the European Communities, 16.11.1990, No. L 317, 57-59.

¹⁴ Council Directive 94/8/EC of 21 March 1994, Official Journal of the European Communities, 21.3.1994, No. L 82, 33-34.

¹⁵ Council Directive 1999/60/EC of 17 June, Official Journal of the European Communities, 26.6.1999, No. L 317, 65-66.

¹⁶ The former European Currency Unit (ECU) was composed as a basket of national member country currencies, Shulman (1991). The weights of the currencies reflected their relative sizes like shares in gross national product and shares in internal European trade.

¹⁷ Council Directive 2003/38/EC of 13 May 2003, Official Journal of the European Union, 13.5.2003, No. L 120, 22-23.

¹⁸ Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006, Official Journal of the European Union, 16.8.2006, No. L 224, 1-7.

An amendment in 2009 did not change the class limits, but removed some reporting requirements in the notes for medium-sized companies.¹⁹

The year 2012 brought a new important step. The European Union recognised that there are really very small companies with only a handful of employees and few assets. A new fourth company category of so-called micro-entities was introduced.²⁰ Art. 1a (1) stipulates the size limits. Member states may allow these micro-entities even more exemptions from reporting obligations than small-size companies.

Limits for small and medium companies were raised later in 2013 when the articles in the directive for single accounts and the directive for consolidated accounts were rearranged and combined in one document.²¹

2.2.2 Inclusion of certain partnerships

Stakeholders of limited liability companies need special protection because there is no safeguard beyond the amount of net assets. However, this principle was more and more circumvented by partnerships and limited partnerships, where all of the fully liable members were constituted either as public or private limited liability companies. In reaction to this development, the scope was extended to include these legal constructs in 1990.²²

2.2.3 Fair value accounting for certain financial instruments

In 2001 there was a need to adopt the Directive to new developments.²³ Besides traditional primary financial instruments (shares and bonds), various forms of derivative financial instruments such as futures, options, forward contracts and swaps became more and more common. Historical cost accounting was of limited information value in many cases.

Other accounting standard setters, like the SEC together with the FASB in the US, were reacting by choosing a model of fair value accounting for financial instruments. This approach was also favoured by the International Accounting Standards Committee (IASC).

¹⁹ Directive 2009/49/EC of the European Parliament and of the Council of 18 June 2009, Official Journal of the European Union, 26.6.2009, No. L 164, 42-44.

²⁰ Directive 2012/6/EU of the European Parliament and of the Council of 14 March 2012, Official Journal of the European Union, 14.3.2012, No. L 81, 3-6.

²¹ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, Official Journal of the European Union, 29.6.2013, No. L 182, 19-76.

²² Council Directive 90/605/EEC of 8 November 1990, Official Journal of the European Communities, 16.11.1990, No. L 317, 60-62.

²³ Haller (2002) describes the complete background.

“In order to maintain such consistency between internationally recognised accounting standards and Directives 78/660/EEC [Fourth], 83/349/EEC [Seventh] and 86/635/EEC [Eleventh], it was necessary to amend these Directives in order to allow for certain financial assets and liabilities to be valued at fair value. This would enable European companies to report in conformity with current international developments.”²⁴

This amendment introduced several member state options (new Art. 42a, with details in Art. 42b, 42c and 42d):

Member states

- should permit or require
- in respect of all companies or any classes of companies

valuation at fair value of financial instruments, including derivatives. The financial instruments had to meet certain requirements and some financial instruments were excluded (e.g. non-derivative financial instruments held to maturity; loans and receivables originated by the company and not held for trading purposes; stakes in subsidiaries, associated undertakings and joint ventures).

As a consequence, the range of flexibility for member states stretched from only permitting fair value accounting for a limited class of companies (e.g. listed companies, banks) to requiring fair value accounting from all companies.

2.2.4 Application of International Accounting Standards

In 2002 the European Union released the so-called IAS Regulation, in which it decided to use in the meantime widely supported²⁵ International Accounting Standards for the consolidated accounts of publicly traded companies starting in 2005.²⁶ It was primarily intended to solve the problems of European global players seeking access to capital markets in countries outside the EU.²⁷

Besides the required use of IAS in consolidated accounts of publicly traded companies (Art. 4 of IAS Regulation) member states were given several options (Art. 5 of IAS Regulation):

“Member States may permit or require:

²⁴ Preface of Directive 2001/65/EC of the European Parliament and of the Council of 27 September 2001, Official Journal of the European Communities, 27.10.2001, No. L 283, 28-32. Numbers of the Directives inserted in square brackets by author.

²⁵ Thorell and Whittington (1994), 223.

²⁶ Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002, Official Journal of the European Union, 11.9.2002, No. L 243, 1-4.

²⁷ Kaya, Kirsch and Henselmann (2016); Combarros (2000).

(a) the companies referred to in Article 4 to prepare their annual accounts,

(b) companies other than those referred to in Article 4 to prepare their consolidated accounts and/or their annual accounts,

in conformity with the international accounting standards ...”

For the companies allowed to use International Accounting Standards (today: IFRS) these standards substituted most parts of the Accounting Directives.

However, above and beyond its direct effect, the IAS Regulation also had some indirect consequences for the Accounting Directives. On 14. Nov. 1995, the Commission had issued its proposal, “Accounting Harmonisation: A New Strategy Vis-à-vis International Harmonization”.²⁸ It expressed the aim to maintain consistency between the Accounting Directives and developments in international accounting. Such a move would also make an endorsement of International Accounting Standards easier, as IAS can only be adopted by the European Union if they are not contrary to some principles in the Accounting Directives (Art. 3 of IAS Regulation).

Therefore, the Accounting Directives were amended in 2003.²⁹ The amendment implemented a number of new member state options that allowed national law to be more consistent with international trends.³⁰ So, member states may now permit or require:

- The inclusion of other statements beyond balance sheet, profit and loss account, notes (like e.g. cash flow statement, segment reporting, statement of equity) (Art. 2);
- different layout and structuring of balance sheet and/or profit and loss account (Art. 4, 8 and 10);
- a statement of performance instead of (only) profit and loss items (Art. 22);
- a general use of fair value accounting (also for other assets than financial instruments) (new Art. 42e).

In parallel, the content of the annual report was significantly enhanced (Art. 46). The review would show a balanced and comprehensive analysis of the development and performance of the company. Principal risks and un-

²⁸ COM (95) 508 final.

²⁹ Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003, Official Journal of the European Union, 17.7.2003, No. L 178, 16-22.

³⁰ However, Van Hulle (1997), 719, points out that IAS were also changed to allow consistency between IAS and the Directive. His example is the “true and fair view” as an overriding principle. The possibility of an override was included in IAS 1 (now: IAS 1.19), but only “in extremely rare circumstances” and with extensive disclosures (IAS 1.20).

certainties must be described. The analysis would include both financial and non-financial performance indicators. Though, member states may exempt medium-size companies from this non-financial information (note: small companies already may be exempt from the whole annual report).

Three years later some extra reporting requirements were introduced to bring the Accounting Directives even more in line with international accounting conventions:³¹

- Information about off-balance-sheet arrangements (Art. 43 (1) (7a);
- information about related party transactions (Art. 43 (1) (7b);
- inclusion of a corporate governance statement in the annual report for publicly traded companies (new Art. 46a).

2.2.5 Merging the two Accounting Directives

As described, the Fourth Accounting Directive on single accounts and the Seventh Accounting Directive on consolidated accounts have been changed several times. Accordingly, the structure of both directives became less clear due to many insertions. Rules and definitions often had the same wording in both documents, making text redundant. So in 2013 both directives were replaced by a single document.³²

This was basically a technical issue with little material change. The Annex contained a correlation table showing where the individual parts of the old Fourth and Seventh Accounting Directive now could be found in the new (comprehensive) Accounting Directive. Some wording was altered, e.g. the former annual report was now called management report. However, some content-related changes comprised the abolition of extraordinary income, expenses and results.

³¹ Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006, Official Journal of the European Union, 16.8.2006, No. L 224, 1-7.

³² Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, Official Journal of the European Union, 29.6.2013, No. L 182, 19-76.

2.2.6 Introduction of CSR reporting

Issues of Corporate Social Responsibility (CSR) became more and more important.³³ So it took only one year after 2013 until an extension of the reporting requirements was introduced.³⁴ Public-interest entities, which also have more than 500 employees, now were required to include a non-financial statement about CSR topics in their management report or to prepare a separate report for this information (new Art. 19a and Art 29a).

This was so far the last change in content. A minor amendment in scope was caused later by the accession of the Republic of Croatia to the European Union. It added a list of legal forms in Croatia.

3 Member state options for accounting and disclosure

3.1 Implementation in individual member states

The member states were given two years time to bring into force the laws, regulations and administrative provisions necessary for them to comply with the first version of the Directive (Art. 55 (1)) and to consider options embedded inside the Directive.

The time until application in the member states could be extended by 18 months and even more (up to eight years) in special circumstances (Art. 55 (2)). Also, for groups of companies, the application for dependent companies and for dominant companies was also waived until the Council Directive on consolidated accounts entered into force (Art. 57 and 58). Hence, it was often sensible for member states to make the transposition into national law for single accounts and group accounts at the same point in time.

To establishing a Common Market and to reduce barriers for the free movement of persons, services and capital, it is not necessary that rules in all member state be identical.³⁵ Often there are good reasons why rules might be different in the member countries. A certain degree of harmonisation is regarded as sufficient to make the system equivalent. This includes company law and especially the Accounting Directive(s).

The Accounting Directive(s) contain many member state options. The following text develops a model of how the character of individual EU member state application of EU accounting standards can be measured.

³³ Tschopp and Huefner (2015).

³⁴ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, Official Journal of the European Union, 15.11.2014, No. L 330, 1-9.

³⁵ Van Hulle (1992), 161.

3.2 Member state options omitted

However, to limit the focus of this research and to concentrate on major aspects, some member state options are not considered:

- First of all, the analysis is done only with regard to single accounts as (originally) regulated in the Fourth Directive. Any member state options mentioned in the amendments or in the new combined directive that apply to consolidated accounts are excluded.³⁶
- Likewise ignored are any options that apply only for branches³⁷ of companies from other member states or for branches of companies from third countries.
- Next we exclude any options that are relevant for only specific undertakings. Such industry-specific rules exist mainly for banks, insurance companies, investment companies, and holding companies.³⁸ We also only analyse options that refer to companies, not those concerning the legal form of partnerships (where ultimately liability is limited).
- We omit options about auditing details, especially requirements for the auditor. However, complete relief provisions from auditing for small or micro companies are still included.
- Options that deal only with the location of certain disclosures (in notes versus in the balance sheet, in notes versus in the profit and loss account) are ignored, as the information is provided anyway. Equally we do not regard options that are only applicable if the effects are immaterial.
- Finally, we ignore the option in Art. 2 (6) of the Fourth Directive to include ‘other information’ in the financial report, as this could be anything.

Only the remaining member state options will form the basis to compare member states’ accounting philosophies and strategies.

3.3 Alternative models for capturing similarities and differences

For an approach to measure similarities and differences in accounting between European Member states, the academic literature about accounting harmonization and about accounting conservatism is a natural starting point.

³⁶ Thorell and Whittington (1994), 220, stress that the Seventh Directive also offers a range of options.

³⁷ Van Hulle (1992), 163.

³⁸ Van Hulle (1992), 163.

Regarding harmonization we can differentiate between³⁹

- analysis of accounting practises (material or *de facto* harmonization) and
- analysis of accounting standards (formal or *de jure* harmonization).

In their literature review paper, *Canibano and Mora (2000)*⁴⁰ focus on *de facto* harmonization. Data source can be information about accounting policy in the firm's notes or information from questionnaires sent to companies. Both are time consuming and demanding tasks, so usually the number of firms included in the sample is fairly low. Additionally, most of this research focuses only on specific accounting items, e.g. deferred taxes or goodwill. That makes this approach less suitable for a comparison of member states.

Academic literature also contains several different approaches for how to measure (*de facto*) accounting conservatism.⁴¹ The degree of conservatism in a firm's financial accounts is determined both by the nature of the underlying accounting standards and by the way the firm uses accounting flexibility (through accounting options, management discretion and real earnings management). The measurement of a firm's accounting conservatism is an empirical task. Common methods compare book values and stock market values, earnings and cash flows, or share price changes and earnings changes. However, most of these methods are only applicable for listed companies. As – at least in the meantime – companies with securities admitted to trading on a regulated market are forced to use IAS/IFRS in consolidated statements and can use IAS/IFRS in single statements, this would be of little help to compare the accounting according to the Directive.

Therefore, for our survey we exclude the usage of accounting flexibility by individual firms in each country. We concentrate on the accounting framework that Member states choose within the flexibility offered by the Directive, a formal or *de jure* comparison.

Approaches to *de jure* harmonization might try to verbally enumerate all selected aspects in detail.⁴² But here it is easy to lose the overview. An alternative is to set up a checklist (schedule) of accounting issues. Results of this checklist can be quantified to summarize similarities and differences between accounting systems.⁴³ This study chooses an approach of quantifying and summarizing the empirical findings from the *de jure* document analysis on two different dimensions:

³⁹ Tay and Parker (1990); Van der Tas, Leo G. (1988), Van der Tas, Leo G. (1992).

⁴⁰ Canibano and Mora (2000).

⁴¹ A comprehensive overview with detailed references can be found in Ruch and Taylor (2015); Zhong and Li (2017). Reislöb (2011) uses different measures.

⁴² Garrod and Sieringhaus (1995) are dealing just with leases and compare only two countries.

⁴³ For example Rahman, Perera and Ganeshanandam (1996) in the comparison of Australia and New Zealand.

The first dimension expresses the traditional conflict between a prudent (conservative) and a realistic picture of the company. This is similar to *Rahman, Perera and Ganeshanandam*'s schedule of measurement requirements.⁴⁴

The second dimension relates to the conflict between the costs of detailed financial reporting compared to its usefulness for stakeholders. These costs are especially relevant for smaller companies. They include direct costs - administrative burden for companies - and indirect costs - proprietary costs of disclosure.⁴⁵ This is related to *Rahman, Perera and Ganeshanandam*'s schedule of disclosure requirements.⁴⁶

This approach can capture Member states' strategies to choose

- (1) between conservative or progressive accounting measurement (low or high equity) in the first dimension (CP-score);
- (2) between restrictive or informative disclosures (few or many information details) in the second dimension (RI-score).

In contrast to *Rahman, Perera and Ganeshanandam* the scores are relative measures compared to the 'standard' accounting treatment described in the Directive. So a country's score can be positive or negative.

Details of the checklists will be given in the sections below. The member state options are expressed as questions in a more or less non-technical language. Where appropriate, sometimes they are combined in a group. For Example, there might be five options not to report specific details for small companies. This may be formulated as: "Is it possible for small companies to omit details in the notes like ...?"

CP-score and RI-score can be used to depict a country's accounting system graphically on an "accounting map". It is interesting to see where individual European countries are located on such a map and how they may have moved during the years.

3.4 Conservative or progressive accounting?

3.4.1 More progressive

There are nine material options that would lead to a more progressive accounting (i.e. higher equity):

⁴⁴ Rahman, Perera and Ganeshanandam (1996), 331.

⁴⁵ Henselmann (2005); Bernard, Burgstahler and Kaya (2018).

⁴⁶ Rahman, Perera and Ganeshanandam (1996), 331.

P1 [Art. 12 (11), fourth subparagraph]⁴⁷ Costs for founding and/or expanding a business usually are not assets that could be realized in case of insolvency. In principle they are excluded from the balance sheet. But this can lead to huge losses after starting a business, even if its outlook is good. Member states may allow capitalization of formation (organization) expenses. The research question is: Are formation expenses included under ‘Assets’?

P2 [Art. 12 (11), first, third and fifth subparagraphs] Intangible assets from research and development are hard to value if they are not acquired for valuable consideration, but created by the business itself. Usually, self-created intangibles are not allowed to be reported as assets on the balance sheet. But member states may allow them to be. The research question is: Are some costs of research and development included under ‘Assets’?

P3 [ANNEX III] A business that buys its own shares distributes money, so in effect the intrinsic value of the entity is less. Thus, there is reason to deduct the cash distribution from equity. But the entity owns the shares, which have a market value and could be resold. The research question is: Can in the individual member state companies treat own shares as assets?

P4 [Art. 9 (2)] Are there other ‘extra’ items on the asset side? The research question is: Could be capitalized costs of trademarks and similar rights and assets that were created by the business itself be treated as fixed assets?

P5 [Art. 7 (1), Art. 8 (1), point (b)] Basically tangible assets are valued on the basis of historical costs. However, historical costs may lose information value in times of high inflation. Some member states know accounting techniques that try to tackle this problem. The research question is: Are some kinds of inflation accounting, re-valuation or fair value accounting allowed for tangible assets?

P6 [Art. 8 (1), point (a)] Financial instruments may have heavily fluctuating prices. Historical cost may be outdated if prices have risen much. Since the amended Directive in 2001 member states may allow fair value accounting for financial instruments. The research question is: Does the member state allow fair value accounting?

P7 [Art. 12 (11), first and second subparagraphs] Acquired goodwill is regarded as an asset (to prevent misleadingly large losses after M&A activities), whilst internally generated goodwill is not shown. It is very difficult to estimate a useful life for goodwill. Therefore, according to the Directive, goodwill must be written off fairly fast in not more than 5 years. But member states may allow a longer time. The research question is: Is it possible to

⁴⁷ The articles that grant these options are referenced in relation to the Directive 2013/34/EU of 26 June 2013. Please note that options with a longer history were granted in the Fourth Accounting Directive on single accounts 78/660/EEC of 25 July 1978 in the first place, before the Fourth and the Seventh Directive were merged in 2013.

write off goodwill over a period of more than 5 years? (Please note that after the Directive in 2013 it is only possible to allow a period of more than 5 years if the useful life cannot be reliably estimated.)

P8 [Art. 2, point (7)] Production costs consist of variable costs and fixed overhead costs. The Directive only demands inclusion of variable costs as a minimum. The research question is: Can companies in the Member state decide to include reasonable parts of fixed overhead costs in production costs?

P9 [Art. 12, point (8)] Financing is an activity different from production, so in principle financing costs are not production costs. However, bank loans etc. might be used specifically to finance production lines or inventory in the production process. The research question is: Can companies in the individual member state include interest expenses in production costs?

3.4.2 More conservative

We have six material options that lead to a more conservative accounting (i.e. low equity):

C1 [Art. 12 (9)] In times of rising prices – inflation – the LiFo cost flow assumption leads to a low value of inventories in the balance sheets and high charges in the profit and loss account. The research question is: Do Member states allow LiFo accounting? Note: the IASB prohibits the use of LiFo.

C2 [Art. 39 (1), point (c) of Directive 78/660/EEC] The prudence principle requires value adjustments if the market value of an asset falls below historical cost. However, extremely prudent accounting could allow even further downside adjustments (i.e. at less than market value). One reason might be to allow for the possibility that the value will decrease at some point in the future. Another reason might be to create discretionarily low values. If the company gets into trouble these low values could be eliminated to artificially increase profits. The research question is: Do Member states allow prudent valuations below both current market value and historical costs? (This was only possible until the Directive in 2013.)

C3 [Art. 12 (12), second subparagraph] Usually provisions are made for uncertain external liabilities. But, for example, using machinery will induce maintenance obligations in later years. These charges have their origin in the past, are of a clearly defined nature, and are likely to be incurred later. Yet today there is no external liability. Still member states may allow provisions for these case. The research question is: Are provisions beyond liabilities allowed?

C4 [Art. 17 (1), point (b)] It can be an objective of taxation to give investment incentives. For example, machinery that has a useful life of 20 years in financial accounting, for tax purposes could be depreciated by 50% in the first year and by 10% in each of the following five years. Thus, the tax value is much lower. Member states may

transfer tax values to the financial accounts. The research question is: Are exceptional value adjustments for taxation permitted in the financial accounts?

C5 [ANNEX III] Subscribed capital has not to be paid-up immediately. How is the outstanding amount treated in the balance sheet? The alternatives are to deduct it from equity (lower equity) or to leave subscribed capital unchanged and to show the outstanding amount under assets (higher equity). The research question is: Can companies in the individual Member state decide whether subscribed capital unpaid and not called yet be excluded from equity?

C6 [Art. 9 (2)] Taxation can also lead to special line items in the balance sheet. For example, a building (book value 100) is sold for 300. A new replacement building will be finished in two years and will cost 340. The normal treatment is to realize a profit of 200 and to value the replacement building at acquisition cost of 340. However, tax law may allow not taking the profit of 200 immediately, but to deduct the 200 from the book value of the replacement building ($340 - 200 = 140$). However, if the replacement building cannot be bought immediately, a special extra item on the capital/liabilities side is needed to store this 'untaxed profit'. Member states may transfer this line item to the financial accounts. The research question is: Are there special line items on the capital/liabilities side in the member state?

3.5 Restrictive or informative disclosures?

3.5.1 More informative

Member state options that allow more informative or targeted company disclosures are:

I1 [Art. 10] The Directive offers a choice between different layouts of the balance sheet. Member states can select one of them or allow their companies to choose between them. This allows companies to use the presentation that is most suitable for their industry or business. The research question is: Have companies a choice between different layouts of the balance sheet?

I2 [Art. 13 (1)] The same applies to the profit and loss account: Have companies a choice between different layouts of the profit and loss account?

I3 [Art. 4 (1)] Financial statements can have more elements than those included in the Directive. Examples from international accounting are cash flow statement, segment reporting, statement of equity etc.). Member states may demand some or all of them. The research question is: Are other statements beyond the balance sheet, profit and loss account, notes, required? (Note: This question does not cover the annual report or management report, because it is considered outside the financial statements.)

I4 [Art. 13 (2)] Both US-GAAP and IFRS know ‘other comprehensive income (OCI)’. It shows changes in equity that are neither normal ‘profit and loss’ nor transactions with shareholders (dividends paid, capital increases). If assets are measured at fair value, but not through profit and loss, a statement of performance (including OCI) would be more appropriate. Since the amended Directive in 2003 member states may choose. The research question is: Can companies use a ‘statement of performance’ instead of the conventional profit and loss account?

3.5.2 Generally more restrictive

There are only 2 major options that generally restrict company disclosures independent of their size:

R1 [Art. 17 (1), point (d)] Stakeholders are informed how much money is paid to the management board or supervisory board for each board in total, not for each individual. However, the management might be only one single person. Since the amended Directive in 1990 member states may provide no information about management board or supervisory board remuneration if the remuneration can be attributed to a single person.

R2 [Art. 30 (1) and (2)] The annual reports or management reports can be fairly lengthy documents, much longer than the financial statements. Member states have to choose. Can they avoid publication of (only) the annual/management report? If yes, copies must be available upon request at little or no costs.

Though, most of the member state options relate to relief provisions that are only applicable to companies smaller than a certain size. At the beginning there were three classes (large, medium, and small). With the amended Directive in 2012 the super-small ‘micro’ class was introduced. If a country scores high on restrictive options (R-Score), it does not mean that the local statements and disclosures are not informative in general. It mainly measures the extent to which smaller entities are protected from costs that are relatively high compared to their size. They are described in short in the next sections.

Of course, the remaining information might not be enough for some stakeholders (like banks for lending decisions). The company then has to provide extra data, but will do this through private communication channels (not for everybody in the public).

3.5.3 Relief provisions for medium-sized companies

Options that restrict disclosures for medium-sized companies are:

- R3 [Art. 3 (3)] Does the country basically use the maximum size limits allowed by the EC/EU for relief provisions? The size limits were increased to cater for inflation in frequent intervals.

- R4 [Art. 31 (2)] Can an abridged balance sheet be used for disclosure? This would basically be only items with letters and roman numerals.
- R5 [Art. 14 (2)] Can an abridged profit and loss account starting with ‘Gross profit or loss’ be used? Thus, the revenue of the company is not disclosed to the public, which prohibits calculation of important accounting ratios.
- R6 [Art. 12 (11), Art. 17] Are abridged notes allowed? This may relate to geographic revenue segments, off-balance sheet risks, related party transactions, or formation expenses.
- R7 [Art. 19 (4)] Non-financial indicators are not compulsory in the annual/management report? This relates to non-financial information e.g. environmental and employee matters.

3.5.4 Relief provisions for small-sized companies

Options that restrict disclosures for small-sized companies are:

- R8 [Art. 3 (2)] Does the country basically use the maximum size limits allowed by the EC/EU for relief provisions?
- R9 [Art. 31 (2)] Can an abridged balance sheet be used? (Items with letters and roman numerals.)
- R10 [Art. 14 (2)] Can an abridged profit and loss account starting with ‘Gross profit or loss’ be used?
- R11 [Art. 31 (1)] Publication of the profit and loss account is not compulsory? This puts a severe hindrance on ratio analysis, because the profitability of the company is unknown.
- R12 [Art. 16] Are extensively abridged notes allowed? Only very limited notes may be required.
- R13 [Art. 19 (3) and (4), Art. 31 (1)] Annual/management report is not obligatory? It might be allowed not to disclose it or even more not to prepare it, which would lead to significant cost savings for small companies. However, the information is reduced considerably.
- R14 [Art. 34 (1)] Auditing is not compulsory? Auditing is costly for small companies, where only limited interest from the general public – above and beyond personally involved stakeholders – might prevail. But no auditing reduces trust in the financial statements.

3.5.5 Relief provisions for micro-sized companies

Options that restrict disclosures for micro-sized companies are:

- R15 [Art. 3 (1)] Does the country use the maximum size limits allowed by the EC/EU for relief provisions?
- R16 [Art. 36 (1), point (a) and Art. 36 (2), point (a)] Can the abridged balance sheet show only letter items? The balance sheet would also not show accrued income and deferred income.
- R17 [Art. 36 (2), point (b)] Can a very abridged profit or loss account with only 8 items be used?
- R18 [Art. 36 (1), point (b)] No notes are required? There would be only very limited information below the balance sheet.
- R19 [Art. 36 (1), point (c)] No annual/management report is required?
- R20 [Art. 36 (1), point (d)] Only filing of annual accounts/financial statements (at least, the balance sheet balance sheet) at the register is required, instead of publishing them?
- R21 [Art. 36 (6)] Filing or publication of profit or loss account is not required?
- R22 [Art. 36 (6)] Auditing is not required?

3.6 CP-score, RI-score and accounting map

For all questions that can be affirmed, '1' is entered into the table and '0' otherwise. Answers under 'more progressive' are given a positive weight (+1) and answers under 'more conservative' a negative weight (-1). The weighted results are added up to give a 'conservative–progressive' sub-score (CP-Score). It could vary between a minimum of -6 and a maximum of +9.

The same applies for questions about disclosures. We give a positive weight to answers under 'more informative' (+1) and a negative weight to answers in one of the restrictive/relief provisions categories (-1). From the weighted results we obtain a 'restrictive–informative' sub-score (RI-Score).

The RI-Score could vary between a minimum of -22 and a maximum of +4. As discussed it is basically asymmetrical because of the relief provisions for medium, small and micro undertakings.

Both scores can be used to draw a 2-dimensional map of accounting systems. The position on the map indicates the member states choices regarding the options given by the Accounting Directive(s). The answers to the questions and the CP-RI scores certainly may vary between years if changes of national law took place. This leads to a movement of the member country's position on the map.

The visual comparison of the positions and possible movements over time between several countries could be accompanied by some statistical measure for the degree of harmonization or divergence. There are several suggested candidates in the literature.⁴⁸

⁴⁸ Thorell and Whittington (1994).

4 Appendix

The table with scoring schemes for the CP-Score and RI-Score is displayed below. ‘1’ entered in the table stands for “yes, member state chooses this option”, ‘0’ stands for “no, member state ignores this option”.

Neglecting the sign, the same weight of 1 is used for each item. So we do not differentiate between more or less important options, which could be done. But different weights would be very subjective and hard to justify.

		Years 19xx-20xx	Years 20yy-2019
Progressive	Weight		
P1 Are formation expenses included under ‘Assets’?	+1	1	1
P2 Are some costs of research and development included under ‘Assets’?	+1	1	1
P3 Can own shares be treated as assets?	+1	1	1
P4 Are there other ‘extra’ items on the asset side?	+1	1	1
P5 Is some kind of inflation accounting, revaluation or fair value accounting allowed for tangible assets?	+1	1	1
P6 Is fair value accounting allowed for financial instruments? [Since Directive in 2001.]	+1	1	1
P7 Is it possible to write off goodwill over a period of more than 5 years? [After the Directive in 2013: Is it possible to write off goodwill over a period of more than 5 years if the useful life cannot be reliably estimated?]	+1	1	1
P8 Must fixed overhead costs be included in production costs? (Therefore production costs are higher than variable costs.)	+1	1	1
P9 Can interest expenses be included in production costs?	+1	1	1
	P-Score	9	9
Conservative	Weight		
C1 Is LiFo accounting allowed?	-1	1	1
C2 Are prudent valuations below both current market value and historical costs allowed? [Only until Directive in 2013.]	-1	1	1
C3 Are provisions beyond liabilities allowed? (To cover charges which have their origin in the past, with clearly defined nature, likely to be incurred LATER.)	-1	1	1
C4 Are exceptional value adjustments for taxation adopted in the financial accounts? (E.g. a very fast depreciation as a tax incentive does also decrease book values in the balance sheet.)	-1	1	1
C5 Must subscribed capital unpaid and not called yet be excluded from equity? (I.e. Equity = paid-up capital + called-up capital only.)	-1	1	1
C6 Are there special extra items on the capital/liabilities side? (E.g. for tax reasons: profits not taxed yet are shown separate from equity.)	-1	1	1
	C-Score	-6	-6
	CP-Score	3	3

Informative

	Weight
I1 Have companies a choice between different layouts of the balance sheet?	+1
I2 Have companies a choice between different layouts of the PL?	+1
I3 Are other statements beyond balance sheet, profit and loss account, notes, required? (Like e.g. cash flow statement, segment reporting, statement of equity.)	+1
I4 Can companies use a 'statement of performance' (with other comprehensive income) instead of only the conventional profit and loss account? [Since Directive in 2003.]	+1
I-Score	

1	1
1	1
1	1
1	1
4	4

Generally more restrictive

	Weight
R1 Information about management board or supervisory board remuneration omitted if the remuneration can be attributed to a single person? [Since Directive in 1990.]	-1
R2 Can the publication of (only) the annual/management report be avoided generally? (However, copies must be available upon request at little or no costs.)	-1
General R-Score	

1	1
1	1
-2	-2

Relief for medium-sized companies

	Weight
R3 Does the country basically use the maximum size limits allowed by the EC/EU for reliefs?	-1
R4 Can an abridged balance sheet be used for disclosure? (Basically items with letters and roman numerals.)	-1
R5 Can an abridged PL starting with 'Gross profit or loss' be used?	-1
R6 Are abridged notes allowed? (No geographic revenue segments etc.)	-1
R7 Non-financial indicators not necessary in the annual/management report? [Usually required since Directive in 2003.]	-1
Medium R-Score	

1	1
1	1
1	1
1	1
1	1
-5	-5

Relief for small-sized companies

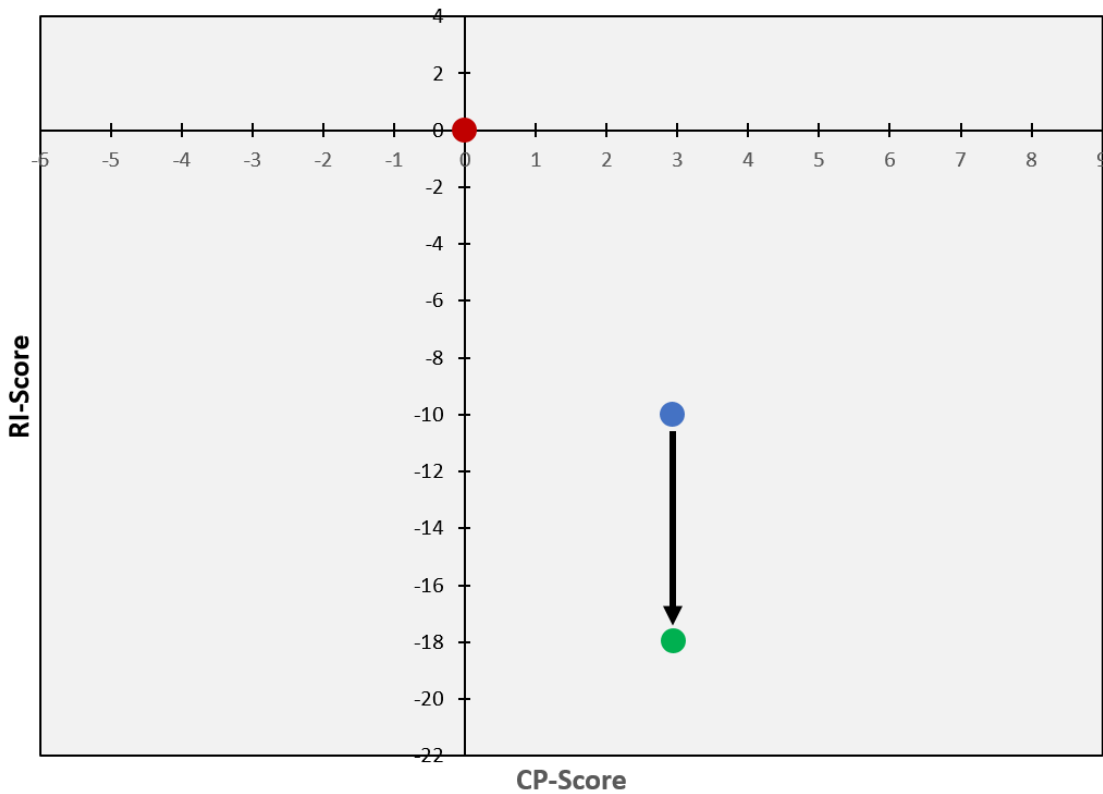
	Weight
R8 Does the country basically use the maximum size limits allowed by the EC/EU for reliefs?	-1
R9 Can an abridged balance sheet be used? (Items with letters and roman numerals.)	-1
R10 Can an abridged PL starting with 'Gross profit or loss' be used?	-1
R11 Publication of PL account is not required?	-1
R12 Are extensively abridged notes allowed?	-1
R13 Annual/management report is not required?	-1
R14 Auditing is not required?	-1
Small R-Score	

1	1
1	1
1	1
1	1
1	1
1	1
1	1
-7	-7

Relief for micro-sized companies

	Weight		
R15 Does the country basically use the maximum size limits allowed by the EC/EU for reliefs? [Since Directive in 2012.]	-1	0	1
R16 Can the abridged balance sheet show only letter items?	-1	0	1
R17 Can a very abridged PL with only 8 items be used?	-1	0	1
R18 Notes are not required? (Only very limited information below the balance sheet.)	-1	0	1
R19 Annual/management report is not required?	-1	0	1
R20 Only filing of annual accounts/financial statements (at least: balance sheet) at the register is required (instead of publishing them online)?	-1	0	1
R21 Filing or publication of PL account is not required?	-1	0	1
R22 Auditing is not required?	-1	0	1
	Micro R-Score	0	-8
	R-Score	-14	-22
	RI-Score	-10	-18

Here is the diagram for visualizing the CP-Score and RI-Score (with example data from above):



● No options ● Options in early years ● Options in later years

Please note that the minimum RI-Score of -22 might only be reached after micro entities were introduced with Directive 2012/6/EU. Before this the minimum RI-Score was -14.

References

- Bernard Darren, Burgstahler David and Kaya Devrimi (2018): Size Management by European Private Firms to Minimize Proprietary Costs of Disclosure, *Journal of Accounting and Economics*, Vol. 66(1), 94–122.
- Canibano Leandro and Mora Araceli (2000): Evaluating the statistical significance of de facto accounting harmonization: a study of European global players, *European Accounting Review*, Vol. 9(3): 349–369.
- Combarros José Luis López (2000): Accounting and financial audit harmonization in the European Union, *European Accounting Review*, Vol. 9(4), 643–654.
- Garrod Neil and Sieringhaus Isabel (1995): European Union accounting harmonization: the case of leased assets in the United Kingdom and Germany, *European Accounting Review*, Vol. 4(1), 155–164.
- Haller Axel (2002): Financial accounting developments in the European Union: past events and future prospects, *European Accounting Review*, Vol. 11(1), 153–190.
- Henselmann Klaus (2005): Value Reporting und Konkurrenzanalyse, *Betriebswirtschaftliche Forschung und Praxis BFuP*, Vol. 57(3), 296–305.
- Hopwood Anthony G. (1994) Some reflections on ‘The harmonization of accounting within the EU’, *European Accounting Review*, Vol 3(2), 241–254.
- Joos Peter and Lang Mark (1994): The Effects of Accounting Diversity: Evidence from the European Union, *Journal of Accounting Research*, Vol. 32, 141–168.
- Kaya Devrimi, Kirsch Robert J. and Henselmann Klaus (2016): The Role of Non-Governmental Organizations (NGOs) as Intermediaries of the European Union Decision to Adopt International Accounting Standards: 1973-2002, *Accounting Historians Journal AHJ*, Vol 43(2), 59–128.
- Ordelheide Dieter (1993): True and fair view, *European Accounting Review*, Vol. 2(1), 81–90.
- Rahman Asheq, Perera Hector and Ganeshanandam Siva (1996): Measurement of Formal Harmonisation in Accounting: An Exploratory Study, *Accounting and Business Research*, Vol. 26(4), 325–339.
- Reisloh Christian (2011): *Influence of National Culture on IFRS Practise*, Frankfurt: Peter Lang.
- Ruch George W. and Taylor Gary (2015): Accounting conservatism: A review of the literature, *Journal of Accounting Literature*, Vol. 34, 17–37.
- Shulman, Susan B. (1991): A Rapid or Evolutionary Approach: The EEC's Adoption of the ECU as a Common Currency, *Northwestern Journal of International Law & Business*, Vol. 12(2), Fall 1991, 390–23.
- Tay J. S. W, and Parker R. H. (1990): Measuring International Harmonisation and Standardisation, *Abacus*, Vol. 26(1), 71–88.
- Thorell Per & Whittington Geoffrey (1994): The harmonization of accounting within the EU, *European Accounting Review*, Vol. 3(2), 215–240.
- Tschopp Daniel and Huefner Ronald J. (2015): Comparing the Evolution of CSR Reporting to that of Financial Reporting, *Journal of Business Ethics*, Vol. 127, 565–577.
- Van der Tas, Leo G. (1988): Measuring Harmonization of Financial Reporting Practice, *Accounting and Business Research*, Vol. 18(70), 157–169.
- Van der Tas Leo G. (1992): Evidence of EC Financial Reporting Practice Harmonisation: The Case of Deferred Taxation, *European Accounting Review*, Vol. 1(1), 69–104.

Van Hulle Karel (1992): Harmonization of accounting standards. A view from the European community, *European Accounting Review*, Vol. 1(1), 161–172.

Van Hulle Karel (1997): The true and fair view override in the European Accounting Directives, *European Accounting Review*, Vol. 6(4), 711–720.

Zhong Yuxiang and Li Wanli (2017): Accounting Conservatism: A Literature Review, *Australian Accounting Review*, Vol. 27(2), 195–213.

Legal Sources (in chronological order)

[Treaty establishing the European Economic Community (EEC Treaty); only in German, French, Italian and Dutch language]

Vertrag zur Gründung der Europäischen Wirtschaftsgemeinschaft, Rome, 25.3.1957.

[Proposal for a fourth Council Directive under Article 54 (3) (g) coordinating the safeguards which Member States require of companies for the protection of the interests of members and others, as regards the structure and contents of the annual accounts and the management report, the methods of evaluation and publication of these documents; only in German, French and Dutch language]

Vorschlag einer vierten Richtlinie des Rates auf Grund von Artikel 54 Absatz 3 Buchstabe g) zur Koordinierung der Schutzbestimmungen, die in den Mitgliedstaaten den Gesellschaften im Interesse der Gesellschafter sowie Dritter hinsichtlich der Gliederung und des Inhalts des Jahresabschlusses und des Lageberichts sowie hinsichtlich der Bewertungsmethoden und der Offenlegung dieser Dokumente vorgeschrieben sind (Von der Kommission dem Rat vorgelegt am 16. November 1971), *Official Journal of the European Communities*, 28.1.1972, No. C 7/11.

[Opinion of the European Parliament on the Proposal from the Commission of the European Communities to the Council for a fourth Directive under Article 54 (3) (g) coordinating the safeguards which Member States require of companies for the protection of the interests of members and others, as regards the structure and contents of the annual accounts and the management report, the methods of evaluation and publication of these documents; only in German, French, Italian and Dutch language]

Stellungnahme des Europäischen Parlaments zu dem Vorschlag der Kommission der Europäischen Gemeinschaften an den Rat für eine vierte Richtlinie auf Grund von Artikel 54 Absatz 3 g) zur Koordinierung der Schutzbestimmungen, die in den Mitgliedstaaten den Gesellschaften im Interesse der Gesellschafter sowie Dritter hinsichtlich der Gliederung und des Inhalts des Jahresabschlusses und des Lageberichts sowie hinsichtlich der Bewertungsmethoden und der Offenlegung dieser Dokumente vorgeschrieben sind, *Official Journal of the European Communities*, 11.12.1972, No. C 129/38.

Consultation of the Economic and Social Committee on a proposal for a fourth Directive under Article 54 (3) (g) coordinating the safeguards which Member States require of companies for the protection of the interests of members and others, as regards the structure and contents of the annual accounts and the management report, the methods of evaluation and publication of these documents - Opinion of the Economic and Social Committee, *Official Journal of the European Communities*, 11.12.1973, No. C 39/31.

Fourth Council Directive 78/660/EEC of 25 July 1978 based on Article 54 (3) (g) of the Treaty on the annual accounts of certain types of companies (78/660/EEC), *Official Journal of the European Communities*, 14.8.1978, No. L 222/11.

Seventh Council Directive 83/349/EEC of 13 June 1983 based on the Article 54 (3) (g) of the Treaty on consolidated accounts, *Official Journal of the European Communities*, 18.7.1983, No. L 193/1.

Eighth Council Directive 84/253/EEC of 10 April 1984 based on Article 54 (3) (g) of the Treaty on the approval of persons responsible for carrying out the statutory audits of accounting documents, *Official Journal of the European Communities*, 12.5.1984, No. L 126/20.

Council Directive 84/569/EEC of 27 November 1984 revising the amounts expressed in ECU in Directive 78/660/EEC, Official Journal of the European Communities, No. L 314, 4.12.1984

Eleventh Council Directive 89/666/EEC of 21 December 1989 concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State, Official Journal of the European Communities, 30.12.1989, No. L 395/36.

Council Directive 90/604/EEC of 8 November 1990 amending Directive 78/660/EEC on annual accounts and Directive 83/349/EEC on consolidated accounts as concerns the exemptions for small and medium-sized companies and the publication of accounts in ecus, Official Journal of the European Communities, 16.11.1990, No. L 317/57.

Council Directive 90/605/EEC of 8 November 1990 amending Directive 78/660/EEC on annual accounts and Directive 83/349/EEC on consolidated accounts as regards the scope of those Directives, Official Journal of the European Communities, 16.11.1990, No. L 317/60.

Council Directive 94/8/EC of 21 March 1994 amending Directive 78/660/EEC as regards the revision of amounts expressed in ecus, Official Journal of the European Communities, 21.3.1994, No. L 82/33.

Council Directive 1999/60/EC of 17 June 1999 amending Directive 78/660/EEC as regards amounts expressed in ecus, Official Journal of the European Communities, 26.6.1999, No. L 317/65.

Directive 2001/65/EC of the European Parliament and of the Council of 27 September 2001 amending Directives 78/660/EEC, 83/349/EEC and 86/635/EEC as regards the valuation rules for the annual and consolidated accounts of certain types of companies as well as of banks and other financial institution, Official Journal of the European Communities, 27.10.2001, No. L 283/28.

Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, Official Journal of the European Union, 11.9.2002, No. L 243/1.

Council Directive 2003/38/EC of 13 May 2003 amending Directive 78/660/EEC on the annual accounts of certain types of companies as regards amounts expressed in euro, Official Journal of the European Union, 15.5.2003, No. L 120/22.

Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003 amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies, banks and other financial institutions and insurance undertakings, Official Journal of the European Union, 17.7.2003, No. L 178/16.

Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006 amending Council Directives 78/660/EEC on the annual accounts of certain types of companies, 83/349/EEC on consolidated accounts, 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions and 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings, Official Journal of the European Union, 16.8.2006, No. L 224/1.

Directive 2009/49/EC of the European Parliament and of the Council of 18 June 2009 amending Council Directives 78/660/EEC and 83/349/EEC as regards certain disclosure requirements for medium-sized companies and the obligation to draw up consolidated accounts, Official Journal of the European Union, 26.6.2009, No. L 164/42.

Directive 2012/6/EU of the European Parliament and of the Council of 14 March 2012 amending Council Directive 78/660/EEC on the annual accounts of certain types of companies as regards micro-entities, Official Journal of the European Union, 14.3.2012, No. L 81/3.

Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EE, Official Journal of the European Union, 29.6.2013, No. L 182/19.

Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups, Official Journal of the European Union, 15.11.2014, No. L 330/1.