

AccountancyAge

EU scraps quarterly reporting for listed companies

by Richard Crump 13 Jun 2013



LISTED COMPANIES will no longer be required to publish quarterly financial information as part of comprehensive changes to the EU's accounting framework.

The European Parliament yesterday voted through changes to the EU's Accounting and Transparency Directives, which include the introduction of country-by-country reporting for extractive companies, and the removal of certain reporting requirements for small and micro businesses.

The vote represents the final hurdle in the legislative process to replace and modernise the 4th and 7th Accounting Directives with a

new directive, a project the European Commission started work on in 2007.

Under the changes, all companies listed on EU stock exchanges will be exempt from quarterly reporting while small companies - those that have a maximum balance sheet of €4m, turnover of less than €8m and/or employ no more than 50 people - will be exempted from preparing consolidated financial statements.

However, extractive and logging companies face increased disclosure requirements on payments made to governments in resource rich countries. For payments of more than €100,000, companies dealing with oil, gas, minerals and logging from primary forests will be required to disclose full information on payments such as taxes on profits, royalties, and licence fees on a country and project basis.

Small and mid-sized companies are expected to benefit most from the changes, which aim to reduce their administrative burden and discourage short-termism on financial markets by investors in listed companies.

Nigel Sleigh-Johnson, head of ICAEW's financial reporting faculty, welcomed the "root-and-branch modernisation" of the accounting directives, but warned "substantial issues" are to be addressed if the legislation is enacted in the UK.

"A review of the disclosure requirements of the financial reporting standard for smaller entities (FRSSE) will be necessary," he said, adding that the institute has "grave doubts" about the value of some of the optional reporting exemptions for small businesses.

"We have been in discussion with the Department for Business, Innovation and Skills to try to ensure that the new regime does not undermine the usefulness of financial information produced by companies, particularly where they are seeking access to new sources of finance," he said.

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