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**ERICA (EUROPEAN RECORDS OF IFRS CONSOLIDATED  
ACCOUNTS) WORKING GROUP**

**Document n° 2.2**

**Directive 2013/34/EU on the annual financial statements -  
Implementation impacts (consolidated accounts)**

**European Committee of Central Balance Sheet Data Offices (ECCBSO)**



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## I. EXECUTIVE SUMMARY

The Directive 2013/34/EU on the annual financial statements and related reports of certain types of undertakings, has been endorsed nearly in all countries of the ERICA WG during 2015 (except in Belgium, where it will be done during the fall of 2015), to be applied in the exercise 2016. In nearly all countries the main impact of the transposition will affect the individual accounts of small firms, with some reduction in the obligatory financial statements and/or in their details. The impact of the implementation on consolidated accounts will be of minor importance, been remarkable the change in the treatment of Goodwill, and some exceptions for the obligation to consolidate.

The Directive 2013/34/EU, which is intended to improve the clarity and standardisation of financial statements, **does not ensure international comparability since it leaves the door open to two layouts** for the profit and loss account (by function and by nature) and two layouts for the balance sheet (horizontal and vertical). The layouts of the balance sheet and profit and loss account specified by the Directive will entail considerable changes to the current structure of accounts if they are applied literally. Specifically, **there will be significant changes in current assets**, which will no longer differentiate between trade debtors and short-term financial investments. Additionally, **there would no longer be a breakdown by maturity of liabilities** in the horizontal layout of the balance sheet. The reduction of the administrative burden and the simplification pursued by the Directive, which targets small and medium-sized enterprises in particular, depend on the transposition decrees some of them still not approved, and especially in the level of details finally demanded in the financial statements. Therefore, the evaluation of the impact of the transposition process will need to wait to the end of 2015, once these final decisions have to be taken in some of our countries. .

## II. INTRODUCTION

This new Directive (2013/34/EU on the annual financial statements and related reports) merges and improves the Fourth Council Directive 78/660/EEC on the annual accounts of certain types of companies and the Seventh Council Directive 83/349/EEC on consolidated accounts as regards financial reporting obligations. The stated objectives are to reduce the administrative burden of small and medium-sized enterprises, to facilitate investment and to improve the harmonisation and comparability of the formal requirements of financial statements that must be met by firms and business groups across various countries in the European Union.

The Directive emphasises the type of accounting information to be published by firms and establishes minimum equivalent legal requirements as regards the extent of the financial information that should be made available to the public by undertakings that are in competition with one another. The scope of this Directive is principles-based and aims to ensure that an undertaking cannot exclude itself from that scope by creating a group structure containing multiple layers of undertakings established inside or outside the Union. Under the Directive, this information will be based on the size of the undertakings and groups – determined by three variables: volume of assets, turnover and the average number of employees – and stipulates various classifications of undertakings and of business groups. According to the Directive, it is necessary to strike an appropriate balance between the interests of the addressees of the financial statements and the burden that the undertakings must endure to comply with the reporting requirements. The Directive simplifies the preparation of financial statements for small and medium-sized enterprises. The simplifications and exemptions established in this Directive are not applicable to undertakings and groups admitted to trading on a regulated market of any Member State. Annex 1 of this document presents the structure of the new directive and some conclusions about its feasible impact. Annex 2 compares the layouts defined in the Directive and the ERICA format.

The Official Journal of the European Union published this Directive on 29 June 2013 and it came into force 20 days after publication. **The majority of the Member States belonging to ERICA WG have transposed the Directive into their national legislation before July 2015, to be applied in 2016 exercise**, although in some cases the impact of the transposition still can't be measured, because it depends on some decrees where it will be established the level of details applicable. Therefore, the analysis of the real impact can't be done yet, and will have to wait for the passing on the Royal Decrees as well as the availability of real cases from 2016 onwards.

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### III. IMPLEMENTATION PROCESS, SITUATION IN EACH COUNTRY

#### Austria

The new regulations came into force by January 1<sup>st</sup> 2015 and are obligatory for financial years starting after December 31<sup>st</sup> 2015.

Most noteworthy for individual accounts is the increase of the thresholds for small and medium sized companies and the implementation of a micro entity definition (two of the three attributes must not be exceeded: total assets 0,35 mio., revenue 0,7 mio., number of employees 10).

The new regulation provides a reduction of reporting for small and micro entities in particular for the notes. 115.000 small companies and around 65.000 micro entities will be affected.

Also the thresholds for consolidated accounts had been increased (balance sheet total 20 mio. instead of 17,5 mio.; revenue 40 mio. instead of 35 mio.).

Moreover the new regulations provide a better harmonization with international accounting standards. Therefore the following main changes were implemented:

- The concept of extraordinary income and expense had been deleted
- Deletion of certain reserves (related to tax account)
- Broader application of deferred taxes (e.g. loss carry forward)
- Valuation of provisions

The impact on the database of consolidated accounts, above all regarding the changes due to thresholds, is not expected to be very significant.

#### Belgium

The National Accounting Body (CBN – CNC) has produced a recommendation regarding the implementation of the new Directive. This recommendation, completed with some remarks from the Central Economic Council (CRB – CCE<sup>1</sup>), has been passed on to and approved by the Council of Ministers. The legal texts are expected to be published by October 2015. It is foreseen that the new regulation will be applicable for accounting periods starting on or after the 1<sup>st</sup> of January 2016.

The most important decisions that have been taken are:

- Regarding the individual financial statements:

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<sup>1</sup> Deliberative body of labour unions and employers' federations

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- Creation of the category “micro-entities”: 83,6% of the companies that file statutory financial statements will become a micro-entity (= ±321.000 entities)
  - Increase of the thresholds for small entities, as a result of which the number of large companies will be reduced by approximately 12.500 companies (the category medium-sized entities does not exist in Belgium)
  - Preservation of the social balance sheet for all categories of entities as a separate document (not part of the financial statements)
  - Each category (large, small and micro) of entities will receive its own standardized format for the statutory financial statements. Therefore, the number of standardized formats will increase from 2 to 3.
  - Regarding the consolidated financial statements:
    - The thresholds for large groups will be increased (balance sheet total 17 mio. instead of 14,6 mio.; revenue 34 mio. instead of 29,2 mio.). The impact cannot be determined.
    - Exceptional income and expense will no longer be presented separately in the income statement. Information on other non-recurrent income and expense should be provided in the notes.
    - Research costs will no longer be capitalized (only development costs)
    - The amortization period for goodwill and development costs will be 10 years at most (instead of 5 years). Amortized amounts cannot be reversed.

## France

The French Law for the transposition of the directive came into force in July 2015 and will be obligatory for financial year starting as of January 1, 2016. The main impact of the new regulation on consolidated accounts is the increase of the thresholds for medium sized groups: total balance sheet is now 24 million € (instead of 15 million €), total turnover is now 48 million € (instead of 30 million €). Now, these medium sized groups are not obliged to publish consolidated accounts. Our first estimates shows that around 1800 groups could potentially not publish anymore their consolidated accounts (out of a total of 4200 groups). For groups using equity method for consolidating their subsidiaries, they will be allowed not to publish consolidated accounts (only three groups identified in our database). The last impact on groups concerns goodwill amortization: if they do not have clearly quantifiable useful life expectancy, they will need to be amortized over a period of 10 years (they were not amortized in our previous local rules).

## Germany

The German law for the transposition of the directive came into force in July 2015 and will be obligatory for financial years starting after December 31<sup>st</sup> 2015. A voluntary early adoption is only possible for the new rules regarding the size classes.

The main impact of the new regulation on consolidated accounts is the increase of the thresholds for small and medium-sized entities (the new size class of micro-entities was already introduced in 2012 in Germany). In Germany the thresholds for small entities are increased up to the maximum allowed in the directive.

Further changes are related to goodwill and other intangible assets without clearly quantifiable useful life expectancy, which receive an amortization period of 10 years. In summary, the transposition of the directive will reduce the reporting burden for many entities, as more firms will be grouped into lower size classes (*about 7,000 entities*) with less reporting requirements.

## **Greece**

The proposals of the Directive 2013/34/EU have been introduced in the Greek Legislation by Law N. 4308/2014. This Law came into force as from January 1<sup>st</sup> 2015, for financial years starting after 31<sup>st</sup> December 2014.

Under this law, the definition of micro-entities includes all companies that do not exceed two of the following three criteria: total assets € 0.35 mil, revenue € 0.7 mil, and average employee number 10.

The individual accounts of micro entities include the balance sheet, the income statement and the notes. In some special cases, micro entities are allowed to compile only the income statement, or a concise balance sheet together with a concise income statement.

In terms of consolidated accounts, small and medium-sized groups are not obliged to compile consolidated financial accounts, unless one of the group's companies is of public interest.

## **Italy**

The proposals of the Directive 2013/34/EU have been introduced in the Italian Legislation by Law N. 136/2015. This Law came into force as from September 16<sup>en</sup> 2015, for financial years starting after 31<sup>st</sup> December 2015. The main changes are the following:

- No reduction in the deposit, that is compulsory for all the limited companies (as actually)
- Simplification for micro-companies (revenues < 350K €): the annex is not compulsory
- Concurrence with IFRS: leases, derivatives, own shares, extraordinary items and others
- Introduction of new statements: cash flow, economic relationship with government

## **Portugal**

The Directive 2013/34/EU was transposed into Portuguese national law through Decree-Law no. 98/2015, of the 2<sup>nd</sup> of June, coming into force for accounting periods starting from the 1<sup>st</sup> of January of 2016 onward. A set of additional regulations within Portuguese GAAP legislation has been, since the 2<sup>nd</sup> of June, re-published and harmonized in accordance with the new legislation, a process which has been concluded by mid-August.

Regarding the impact of this legislation, based on the reporting requirements of companies within different size classes, although medium-sized entities must apply the same reporting requirements set out for large-size entities, for micro-companies disclosure requirements have significantly decreased. However, since specific accounting standards have already been applied for those entities (as well as for small companies) before the publication of the Directive, the new legislation impacted mostly on the disclosure requirements of micro-companies related with the notes, an impact which might be mitigated because IES (the Portuguese annual accounts reporting standard) integrates not only an accounting report but also statistical requirements. More specifically, the changes to be implemented on IES arising from the Decree-law 98/2015 will start to be analyzed by a Working Group after the summer of 2015.

It is also important to highlight that micro and small companies are not obliged to adopt their specific accounting standards and may adopt a different accounting standard prescribing more complex requirements in terms of disclosures. For instance, micro-companies may choose to report under an accounting standard for small entities and small companies may opt to report under an accounting standard for medium/large entities.

On the issue of “public-interest entities”, this definition has already been prescribed under Decree-Law 225/2008 of November 20th. The new Decree-Law 71/2010 of June 18th prescribes a broader incidence of this concept under national legislation than the definition presented by the Directive including, as an example, entities previously classified on the scope of financial corporations. Consequently significant impacts are not expected on non-financial corporations’ sector.

Based on the new legislation, small groups are not required to prepare consolidated accounts. A group is considered to be small if two out of three thresholds are not reached: balance sheet total 6 mio, revenue 12 mio. and/ or 50 employees. These thresholds have decreased when compared with the ones set out in previous legislation concerning consolidating accounts (balance sheet total 7.5 mio, revenue 15 mio. and/or 250 employees) which may lead to the availability of larger number of consolidated accounts in Portugal from 2016 onward. However, the exact impact of these changes cannot be fully assessed at the moment.

## **Spain**

The Accounting Directive has been nominally transposed to the Spanish legislation by the approval of the "Auditing Law, Law 22/2015, of 20<sup>th</sup> July, to be applied in the exercises opened from 1<sup>st</sup> January 2016. This has been done nominally, because the details of the transposition will be endorsed with a Royal Decree to be approved before the end of the year. The National Accounting Body (ICAC) has published a project of Royal Decree in June 2015 that will mainly affects, as it could be foreseen, to the annual individual accounts of the small enterprises. The core of the information will not change (that is, the profit and loss account and the balance, will remain with the same details), but there will be reduction in the Annex and it will disappear the obligation to prepare a statement of changes in equity. Related to the annex, some details will disappear, about: tangible and intangible non-financial assets and investment properties, movements during the year on equity and reserves, fiscal situation, subsidies and operations with related parties, environment and CO2 emission rights, and finally, information on payment delays. Anyway, the Royal Decree also foresees some changes in consolidated accounts, the main of them the new treatment of Goodwill, to be in line with the IFRS.

## ANNEX 1. STRUCTURE OF THE NEW DIRECTIVE AND CONCLUSIONS

The Directive comprises 11 chapters. This short note only offers the list of them, and two remarkable information about two of them:

Chapter 1. Scope, definitions and categories of undertakings and business groups.

This chapter defines which undertakings this Directive applies to: *sociedad anónima* (public limited company), *sociedad de responsabilidad limitada* (private limited company), *sociedad colectiva* (partnership), *sociedad comanditaria por acciones* (limited stock partnership) and *sociedad en comandita simple* (limited partnership). Also included are entities designated to be of “public interest”: listed entities, credit institutions, insurance companies and “those that are of significant public relevance because of the nature of their business, their size or the number of their employees”.

The Directive establishes different reporting requirements for undertakings according to the category based on their size:

Group / Undertaking	Balance Sheet Total	Net Turnover	No. of Employees	Comments
Micro-undertakings	€350,000	€700,000 €	10	Not exceeding two of the three criteria
Small	€4,000,000 Max: €6,000,000	€8,000,000 Max: €12,000,000	50	Not exceeding two of the three criteria
Medium-sized	€20,000,000	€40,000,000	250	Not exceeding two of the three criteria
Large	€20,000,000	€40,000,000	250	Exceeding two of the three criteria

Chapter 2. Provisions and generally accepted accounting principles.

Chapter 3. Balance sheet and profit and loss account.

The table below shows whether certain information is compulsory or not, based on the size of the undertaking or group:

Group / Undertaking		Balance Sheet	Profit and Loss Account	Notes to the financial statements	Management Report	Auditing	Consolidated financial statements	Power to change the statements
Micro-undertakings	Preparation	Compulsory	Compulsory	Compulsory	Compulsory	Exempt	Exempt	Preparation of abridged balance sheet

								and P&L
	Publication		Exempted from publication by the Member States					
<b>Small</b>	Preparation	Compulsory	Compulsory	Compulsory	Compulsory (1)	Exempt	Exempt	Preparation of abridged balance sheet and P&L
	Publication		Exempted from publication by the Member States					
<b>Medium-sized</b>	Preparation and Publication	Compulsory	Compulsory	Compulsory (2)	Compulsory	Compulsory	Compulsory (3)	Preparation of abridged balance sheet and P&L
<b>Large</b>	Preparation and Publication	Compulsory	Compulsory	Compulsory (2)	Compulsory	Compulsory	Compulsory	Require additional information

(1) The Member States may provide an exemption from preparing the management report. They may also demand that not only is the management report drawn up but that these undertakings publish certain additional disclosures only required from medium-sized and large undertakings (see Articles 16 and 17).

(2) They must also provide additional disclosures in relation to certain items (see Articles 17 and 18)

(3) The Member States may provide an exemption from preparing consolidated financial statements.

Chapter 4. Notes to the financial statements

Chapter 5. Management report

Chapter 6. Consolidated financial statements and reports

Chapter 7. Publication

Chapter 8. Auditing

Chapter 9. Provisions concerning exemptions and restrictions on exemptions

Chapter 10. Report on payments to governments

Chapter 11. Final provisions

### **Main conclusions from the analysis of the Directive:**

This Directive is a milestone in the quest for uniform financial information across various countries in the European Union which, albeit positive since it will contribute to greater harmonisation and comparability of financial statements between firms and undertakings in the various countries of the European Union, is limited in the following respects:

It attempts to standardise layouts solely for the balance sheet and profit and loss account **without any mention of other existing financial statements** in accounting legislation such as the statement of comprehensive income, the statement of changes in equity and the cash flow statement. Although the Directive prepares the ground for each Member State to require additional financial statements, it does not specify which ones they should be nor what layout they should have, but rather gives each country the autonomy to define them, thus departing from the criterion of uniformity and comparability across countries.

It establishes a clear minimum reporting threshold, which should be these layouts stipulated in the Directive and gives each Member State the option of increasing the information required, without setting a maximum threshold. This may give rise to discord between the countries in the Union and, consequently, there may be different reporting thresholds depending on the country in question, once again departing from the harmonisation in reporting by entities in the various countries.

It prepares the ground for the **coexistence of the two layouts for the balance sheet and the profit and loss account**. The Directive offers many options to Member States for arbitrary modification of the layouts as well as obligations in respect of publication and preparation of notes and management reports for micro and small undertakings, which may result in different financial reporting requirements and obligations in each Member State.

Following the analysis of the layouts in this document, it seems that although the ERICA layout and that of the Directive are in line, there are considerable differences in the breakdowns and information offered by each one of them. Based on this Directive, in the case of a single system of presentation, the approval of the new Directive will necessarily involve changes in the legislation of Member States. This Directive was conceived and created to facilitate the tasks of small enterprises, and has had to allow Member States to impose on medium-sized and large undertakings requirements which go beyond the minimum levels stipulated in this Directive. Thus, we may have to make many changes to the layouts with all the attendant accounting, statistical, IT and analytical implications.

## ANNEX 2. ANALYSIS OF THE NEW DIRECTIVE: COMPARISON OF THE LAYOUTS DEFINED ON IT, WITH ERICA FORMAT

The Directive contains the general accounting principles which underlie the European reform of annual accounts. One of the Directive's main objectives is to harmonise the formal requirements which must be met by public limited companies and private limited companies and which currently extend to the partners of a partnership or limited partnership as well as undertakings designated to be of "public interest": listed undertakings, credit institutions, insurance companies and "those that are of significant public relevance because of the nature of their business, their size or the number of their employees".

The Directive also introduces important changes and recommendations which include, most notably, the classification of undertakings and groups, and the measurement basis of fixed assets; however, from the point of view of the Central Balance Sheet Data Office the following points are the most salient:

- The comparability of financial information in the Union as a whole is not ensured, although it is one of this Directive's objectives since:
  - .1 Despite the single balance sheet structure to facilitate comparison of the financial position of the various undertakings in the European Union, the option of the two layouts, namely horizontal and vertical, breaks its standardisation, affecting therefore the comparison of companies.
  - .2 Similarly, there are two options for the structure of the profit and loss account: the layout showing the nature of expenses and that based on the function of expenses. The Member States should provide for the use of one or both of these layouts. This presentation departs from the comparability of results between different undertakings.
- As a result of the need for the comparability of financial information in the Union as a whole, Member States must permit an accounting system to be used within a common framework for the recognition, measurement and presentation of, *inter alia*, value adjustments, goodwill, provisions, stocks of goods and fungible assets, and income and expenditure of exceptional size or incidence. We should accept that, in principle, this sounds great for CBSOs needs.
- The Member States are strongly encouraged to develop electronic publication systems. So here again we find a very promising statement to gather data in the future in an easy way.

### Comparison of the layouts with ERICA format

As it has been said, the new Directive establishes for undertakings and groups not admitted to trading on a regulated market of any Member State, a specific layout for the balance

sheet and the profit and loss account what in theory could be seen as an attempt to move towards correctly standardising, harmonising and comparing financial reporting, the problem is that, first, the layout can be modified by Member States, and second, because the Directive permits the option to the members states of using two different layouts when preparing the balance sheet and the profit and loss account. Having all this in mind, ERICA WG has decided to compare these layouts provided in the Directive for non-listed undertakings and groups, with the current ERICA format, which is established for listed groups, in order to better understand the possible impacts of the introduction of the Directive, in consolidated accounts.

Below we compare these layouts with those currently existing in the ERICA Working Group. In this analysis the lines where differences may exist between the two layouts are shaded in blue (see Tables 1-4). In some cases, in order to make it easier to identify the differences, other colours have been used. Thus, the following are compared:

- The ERICA balance sheet with the horizontal layout of the Directive, since the vertical layout entails a conceptually different presentation.
- The layout of the profit and loss account by function and by nature.

#### **Balance Sheet. Assets (See Table 1a and Table 1b).**

The main differences relate to:

- Subscribed capital unpaid. Under the Directive, if a Member State permits the presentation of subscribed capital unpaid under the Equity caption on the liabilities side, this is admissible. In that case, it would be in line with the ERICA layout.
- Formation expenses. This is treated in the Directive as a separate caption, whereas under the ERICA layout it would be included in "Intangible Assets-Cost of development".
- Lines in the ERICA format that are not included in the New Directive Format: Investment property; Biological Assets; Investments in related parties; Investments in related parties, of which, equity accounted investments; Deferred tax assets; Other financial assets, non-current, of which, derivatives (including hedging assets); Current tax receivables (only income tax); Trade receivables, net, of which, receivables arising from construction contracts; Remaining assets, current; Non-current assets and disposal groups held for sale or held for distribution to owners; Assets, total.
- Lines in the New Directive Format that are not included in the ERICA format: Concessions, patents, licences, trademarks and similar rights and assets, (a). Acquired for valuable consideration and need not be shown under C (I) (3); Concessions, patents, licences, trademarks and similar rights and assets, (b). Created by the undertaking itself, in so far as national law permits their being shown as assets; Financial Assets, shares in affiliated undertakings; Financial Assets, loans to affiliated undertakings; Financial Assets, participating interests;

Financial Assets, Loans to undertakings with which the undertaking is linked by virtue of participating interests; Financial Assets, Investments held as fixed assets; Financial Assets, Other loans; Stocks, Raw materials and consumables; Stocks, Work in progress; Stocks, Finished goods and goods for resale; Stocks, payments on account; Investments, share in affiliated undertakings; Investments, own shares; Investments, other investments; Debtors, Trade debtors; Debtors, amounts owed by affiliated undertakings; Debtors, amounts owed by undertakings with which the undertakings is linked by virtue of participating interests; Debtors, Other debtors; Debtors, Subscribed capital called but not paid; Debtors, Prepayments and accrued income.

### **Balance Sheet . Liabilities (see Table 2a and Table 2b).**

The main differences relate to:

- Equity. The main differences are the different breakdowns of reserves in the ERICA layout and that of the Directive, as shown in Table 2. Similarly, the layout of the Directive does not include the lines Non-controlling interests, other equity interest, although the consolidated layout should include all those lines which are inherent in consolidated financial statements. In the layout of the Directive there is a breakdown of profit or loss brought forward and for the financial year, which does not exist in the ERICA layout.
- The breakdown into non-current and current liabilities does not exist in the layout of the Directive, whereas it does exist in the ERICA layout.
- The breakdown of provisions is more detailed in the layout of the Directive (there is one more line, provisions for taxation) and in the Directive there is no breakdown between current and non-current provisions.
- Lines in the ERICA format that are not included in the New Directive Format: Deferred income, non-current and current; Deferred income, non-current and current, of which government grants; Deferred tax liabilities; Other non-interest-bearing liabilities, non-current and current; Other non-interest-bearing liabilities, non-current and current, of which, derivatives (hedging liabilities); Other non-interest-bearing liabilities, non-current and current of which, trade payables; Other non-interest-bearing liabilities, non-current and current of which, advances received; Current tax payables; Liabilities included in disposal groups held for sale; Equity and liabilities total; Dividends distributed to owners; Proposal of dividends to be distributed to owners.
- Lines in the New Directive Format that are not included in the ERICA format: Payment received on account of orders, in so far as they are not shown separately as deductions from stocks; Bills of exchange payable; Amounts owed to affiliated undertakings; Amounts owed to undertaking with which the undertaking is linked by virtue of participating interests; Other creditors, including tax and social security authorities; Accruals and deferred income.

**Table 1a**

ERICA FORMAT	NEW DIRECTIVE FORMAT - HORIZONTAL LAYOUT	COMMENTS
<b>ASSETS</b>	<b>ASSETS</b>	
	<b>A. SUBSCRIBED CAPITAL UNPAID</b> of which there has been called	Unless the national law allows to show this line under "Capital and reserves". No difference with ERICA format in such a case
	<b>B. FORMATION EXPENSES</b>	National law may also allow this line to be shown as the first item under "Intangible Assets". Under ERICA format it should be included in Intangible Assets - Cost of development
<b>I. ASSETS, NON-CURRENT, TOTAL</b>	<b>C. FIXED ASSETS</b>	
<b>1. Property, plant and equipment</b> 1.1. Land and buildings 1.2. Plant and equipment 1.3. Remaining property, plant and equipment 1.4. Construction in progress and payments in	<b>II. Tangible Assets</b> 1. Land and buildings 2. Plant and machinery 3. Other fixtures and fittings, tools and equipment 4. Payments on account and tangible assets in the	
<b>2. Investment property</b>		This line does not exist in the new Directive format
<b>3. Intangible assets and goodwill</b> 3.1. Goodwill 3.2. Development costs 3.3. Computer software, copyrights, patents and other industrial property rights, service and operating rights  3.4. Remaining intangible assets	<b>I. Intangible Assets</b> 3. Goodwill 1. Costs of development  2. Concessions, patents, licences, trade marks and similar rights and assets (a). Acquired for valuable consideration and need not be shown under C (I) (3) (b). Created by the undertaking itself, in do far as national law permits their being shown as assets 4. Payments on account	These lines do not exist in the ERICA format  Different line concept
<b>4. Biological assets, total</b>		This line does not exist in the new Directive format
<b>5. Investments in related parties</b> of which, equity accounted investments		These lines do not exist in the new Directive format
<b>6. Deferred tax assets</b>		This line does not exist in the new Directive format
<b>7. Other financial assets, non-current</b>  of which, derivatives (including hedging assets), non-current	<b>III. Financial Assets</b> 1. Shares in affiliated undertakings 2. Loans to affiliated undertakings 3. Participating interests 4. Loans to undertakings with which the undertaking is linked by virtue of participating interests 5. Investments held as fixed assets 6. Other loans	These lines do not exist in the ERICA format. Some of them could be part of "5. Investments in related parties" under the ERICA format  This line does not exist in the new Directive format
<b>8. Remaining assets, non-current</b> of which, non-current trade receivables		These lines do not exist in the new Directive format

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**Table 1b**

ERICA FORMAT	NEW DIRECTIVE FORMAT - HORIZONTAL LAYOUT	COMMENTS
<b>ASSETS</b>	<b>ASSETS</b>	
<b>II. ASSETS, CURRENT, TOTAL</b>	<b>D. CURRENT ASSETS</b>	
<b>9. Inventories</b>	<b>I. Stocks</b>	
	1. Raw materials and consumables	These lines do not exist in the ERICA format.
	2. Work in progress	
	3. Finished goods and goods for resale	
	4. Payments on account	
<b>10. Other financial assets, current</b>	<b>III. Investments</b>	
	Shares in affiliated undertakings	These lines do not exist in the ERICA format.
	Own shares	
	Other investments	
of which, derivatives (including hedging assets), current		This line does not exist in the new Directive format
<b>11. Current tax receivables (only income tax)</b>		This line does not exist in the new Directive format
<b>12. Trade receivables, net</b>	<b>II. Debtors</b>	
	1. Trade debtors	These lines do not exist in the ERICA format.
	2. Amounts owed by affiliated undertakings	
	3. Amounts owed by undertakings with which the undertakings is linked by virtue of participating interests	
	4. Other debtors	
	5. Suscribed capital called but not paid	
	6. Prepayments and accrued income	
of which, receivables arising from construction contracts		This line does not exist in the new Directive format
<b>13. Cash and cash equivalents (a)</b>	<b>IV. Cash at bank and in hand</b>	
<b>14. Remaining assets, current (b)</b>		This line does not exist in the new Directive format
of which prepayments, current (prepaid expenses, among others)	<b>E. PREPAYMENTS AND ACCRUED INCOME</b>	Unless national law allow to show it under Current Assets
<b>15. Non-current assets and disposal groups held for sale or held for distribution to owners</b>		This line does not exist in the new Directive format
<b>ASSETS, TOTAL</b>		This line does not exist in the new Directive format

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Table 2a

ERICA FORMAT	NEW DIRECTIVE FORMAT - HORIZONTAL LAYOUT	COMMENTS
<b>LIABILITIES AND EQUITY</b>	<b>CAPITAL, RESERVES AND LIABILITIES</b>	
<b>I. EQUITY, TOTAL</b>	<b>A. CAPITAL AND RESERVES</b>	
<b>A. Equity attributable to owners of parent</b>		This line does not exist in the New Directive format.
1. Share capital	<b>I. Subscribed capital</b>	
2. Share premium	<b>II. Share premium account</b>	
3. Retained earnings of which, legal and statutory reserves	<b>IV. Reserves</b> 1. Legal Reserve	
4. Other reserves		This line does not exist in the New Directive format.
4.1. Translation reserves	3. Reserves provided for by the articles of association	These lines do not exist in the ERICA format.
4.2. Revaluation reserves	4. Other reserves, including the fair value reserve	This line does not exist in the New Directive format.
4.3. Hedging reserves	<b>III. Revaluation Reserve</b>	
4.4. Available for sale reserves		These lines do not exist in the New Directive format.
4.5. Reserve of remeasurements of defined benefit plans		
4.6. Remaining reserves	<b>V. Profit or loss brought forward</b>	These lines do not exist in the ERICA format.
5. ( - ) Treasury shares	<b>VI. Profit or loss for the financial year</b>	
<b>B. Non-controlling interests</b>	2. Reserve for own shares	This line does not exist in the New Directive format.
<b>C. Other equity interest</b>		This line does not exist in the New Directive format.
<b>II. LIABILITIES, TOTAL</b>		
<b>A. Liabilities, non-current, total</b>		
6. Interest-bearing borrowings, non-current of which, borrowings from financial institutions, non-current	<b>C. CREDITORS</b> 2. Amounts owed to credit institutions	No current/non-current breakdown in the New Directive format
of which, finance leases, non-current	1. Debenture loans, showing convertible loans separately	This line does not exist in the New Directive format.
of which, bonds issued, non-current	3. Payment received on account of orders, in so far as they are not shown separately as deductions from stocks	No current/non-current breakdown in the New Directive format
		This line does not exist in the ERICA format.
7. Deferred income, non-current of which, government grants, non-current (classified)		<b>This line does not exist in the New Directive format.</b>
	<b>B. PROVISIONS</b>	
8. Provisions for employee benefits, non-current	1. Provisions for pensions and similar obligations	No current/non-current breakdown in the New Directive format
	2. Provisions for taxation	This line does not exist in the ERICA format.
9. Other provisions, non-current	3. Other provisions	No current/non-current breakdown in the New Directive format
10. Deferred tax liabilities		This line does not exist in the New Directive format.
11. Other non-interest-bearing liabilities, non-current of which, derivatives (including hedging liabilities), non-current		This line does not exist in the New Directive format.
of which, trade payables, non-current		This line does not exist in the New Directive format.

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Table 2b

	ERICA FORMAT	NEW DIRECTIVE FORMAT - HORIZONTAL LAYOUT	COMMENTS
	<b>LIABILITIES AND EQUITY</b>	<b>CAPITAL, RESERVES AND LIABILITIES</b>	
Version 2014	<b>B. Liabilities, current, total</b>		
	<b>12. Interest-bearing borrowings, current</b>		
	of which, borrowings from financial institutions, current		No current/non-current breakdown in the New Directive format
	of which, finance leases, current		No current/non-current breakdown in the New Directive format
	of which, bonds issued, current		No current/non-current breakdown in the New Directive format
	<b>13. Deferred income, current</b>		<b>This line does not exist in the New Directive format.</b>
	of which, government grants, currents (classified as deferred income)		This line does not exist in the New Directive format.
	<b>14. Provisions for employee benefits, current</b>		<b>No current/non-current breakdown in the New Directive format</b>
	<b>15. Other provisions, current</b>		<b>No current/non-current breakdown in the New Directive format</b>
	<b>16. Current tax payables (only income tax)</b>		<b>This line does not exist in the New Directive format.</b>
	<b>17. Trade payables</b>		
	of which, liabilities arising from construction contracts	4. Trade creditors	This line does not exist in the ERICA format.
		5. Bills of exchange payable	This line does not exist in the ERICA format.
		6. Amounts owed to affiliated undertakings	This line does not exist in the ERICA format.
		7. Amounts owed to undertaking with which the undertaking is linked by virtue of participating interests	This line does not exist in the ERICA format.
	<b>18. Other non-interest-bearing liabilities, current</b>		<b>This line does not exist in the New Directive format.</b>
	of which, advances received		This line does not exist in the New Directive format.
	of which, derivatives (including hedging liabilities),		This line does not exist in the New Directive format.
		8. Other creditors, including tax and social security	This line does not exist in the ERICA format.
	9. Accruals and deferred income	This line does not exist in the ERICA format.	
	<b>D. ACCRUALS AND DEFERRED INCOME</b>	<b>This line does not exist in the ERICA format.</b>	
<b>19. Liabilities included in disposal groups held for sale</b>		<b>This line does not exist in the New Directive format.</b>	
<b>EQUITY AND LIABILITIES, TOTAL</b>		<b>This line does not exist in the New Directive format.</b>	
<b>ADDITIONAL DISCLOSURES</b>			
<b>1. Dividends distributed to owners</b>		<b>This line does not exist in the New Directive format.</b>	
<b>2. Proposal of dividends to be distributed to owners</b>		<b>This line does not exist in the New Directive format.</b>	

**Profit and Loss Account by Function (see Table 3).**

The main differences lie in that the new Directive does not include many breakdowns which are included in the ERICA layout. Note that the breakdown of finance income included in the layout of the Directive is completely different to that of ERICA. The layout of the Directive does not include intermediate P&L captions in the profit and loss account, such as profit (loss) from operating activities, net financial result, profit (loss) before tax and the distinction between profit (loss) attributable to non-controlling interests and profit (loss) attributable to owners of parent, nor does it include profit (loss) from discontinued operations.

**Profit and Loss Account by Nature (see Table 4).**

The main differences are that the new Directive does not include many breakdowns which are included in the ERICA layout. Note that the breakdown of finance income included in the layout of the Directive is completely different to that of ERICA. Like the layout of the profit and loss account by function, the

profit and loss account by nature does not include intermediate or aggregate P&L captions such as operating revenue, operating expenses, profit (loss) from operating activities, net financial result, profit (loss) before tax and the distinction between profit (loss) attributable to non-controlling interests and profit (loss) attributable to owners of parent, nor does it include profit (loss) from discontinued operations.

**Table 3**

ERICA FORMAT	NEW DIRECTIVE	COMMENTS
<b>STATEMENT OF PROFIT OR LOSS BY FUNCTION</b>	<b>STATEMENT OF PROFIT OR LOSS BY FUNCTION</b>	
<b>1a. Gross profit</b>	<b>3. Gross profit or loss</b>	
1a.1. (Operating) Revenue	1. Net turnover	
1a.2. ( - ) Cost of sales	2. Cost of sales (including value adjustments)	
<b>1b. Other operating income</b>	<b>6. Other Operating Income</b>	
of which, income from government grants		These lines do not exist in the New Directive format.
of which, impairment reversals		
<b>2. ( - ) Operating expenses</b>	4. Distribution costs (including value adjustments)	
2.1 ( - ) Distribution costs		This line does not exist in the New Directive format.
2.2 ( - ) Research and development costs	5. Administrative expenses (including value adjustments)	
2.3 ( - ) Administrative expenses		These lines do not exist in the New Directive format.
2.4 ( - ) Restructuring costs		
2.5 ( - ) Other operating expenses		
<b>3. Gain (loss) in changes in fair value of non-current assets</b>		This line does not exist in the New Directive format.
<b>4. Profit (loss) from operating activities</b>		This line does not exist in the New Directive format.
<b>5. Net financial result</b>		This line does not exist in the New Directive format.
5.1. ( - ) Finance costs	11. Interest payable and similar expenses, with a separate indication of amounts payable to affiliated undertakings	
of which, ( - ) interest expense		These lines do not exist in the New Directive format.
5.2. Finance income		
of which, interest income	7. Income from participating interests, with a separate indication of that derived from affiliated undertakings	
	8. Income from other investments and loans forming part of the fixed assets, with a separate indication of that derived from affiliated undertakings	These lines do not exist in the ERICA format.
	9. Other interest receivable and similar income, with a separate indication of that derived from affiliated undertakings	
	10. Value adjustments in respect of financial assets and of investments held as current assets	
5.3. Gains (losses) arising from financial instruments		These lines do not exist in the New Directive format.
5.4. Exchange differences recognised in profit or loss		
5.5. Profit (loss) from investments in related parties of which, share of profit (loss) of associates and joint		
<b>6. Other non-operating income (expense)</b>		This line does not exist in the New Directive format.
<b>7. Profit (loss) before tax</b>		This line does not exist in the New Directive format.
8. ( - ) Income tax expense (income)	12. Tax on profit or loss	
<b>9. Profit (loss) after tax from continuing operations</b>	<b>13. Profit or loss after taxation</b>	
	14. Other taxes not shown under items 1 to 13	This line does not exist in the ERICA format.
<b>10. Profit (loss) from discontinued operations, net of tax</b>		This line does not exist in the New Directive format.
<b>11. Profit (loss) (before non-controlling interests)</b>	<b>15. Profit or loss for the financial year</b>	
<b>12. ( - ) Profit (loss) attributable to non-controlling interests</b>		This line does not exist in the New Directive format.
<b>13. Profit (loss) attributable to owners of parent</b>		This line does not exist in the New Directive format.
<b>I. ADDITIONAL DISCLOSURES BY NATURE</b>		
<b>1. ( - ) Employee expenses</b>		This line does not exist in the New Directive format.
<b>2. ( - ) Depreciation and amortisation</b>		This line does not exist in the New Directive format.
<b>3. ( - ) Impairment losses, total (not reversals)</b>		This line does not exist in the New Directive format.
of which, ( - ) impairment losses from goodwill		This line does not exist in the New Directive format.
<b>4. Changes in inventories of finished goods and</b>		This line does not exist in the New Directive format.
<b>5. Work performed by the enterprise and</b>		This line does not exist in the New Directive format.
<b>6. ( - ) Raw materials and consumables used</b>		This line does not exist in the New Directive format.
<b>7. ( - ) Research and development costs</b>		This line does not exist in the New Directive format.

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Table 4

ERICA FORMAT	NEW DIRECTIVE	COMMENTS
<b>STATEMENT OF PROFIT OR LOSS BY NATURE</b>	<b>STATEMENT OF PROFIT OR LOSS BY NATURE</b>	
<b>1. Operating revenue</b>		This line does not exist in the New Directive format.
1.1. Revenue	1. Net Turnover	
1.2. Other operating income, total	4. Other operating income	These lines do not exist in the New Directive format.
of which, income from government grants of which, impairment reversals		
1.3. Changes in inventories of finished goods and work in progress	2. Variation in stocks of finished goods and in work in progress	
1.4. Work performed by the enterprise and capitalised	3. Work performed by the undertaking for its own purposes and capitalised	
<b>2. (-) Operating expenses</b>		This line does not exist in the New Directive format.
2.1. (-) Raw materials and consumables used (a)	5. (a) Raw materials and consumables	
	5. (b) Other external expenses	This line does not exist in the ERICA format.
2.2. (-) Employee expenses	6. Staff costs	
	(a) Wages and salaries	These lines do not exist in the ERICA format.
	(b) Social security costs, with a separate indication of those relating to pensions	
2.3. (-) Depreciation and amortisation		These lines do not exist in the New Directive format.
2.4. (-) Impairment losses, total (not reversals)		
	7. (a) Value adjustments in respect of formation expenses and of tangible and intangible fixed assets	
	7. (b) Value adjustments in respect of current assets, to the extent that they exceed the amount of value adjustments which are normal in the undertaking concerned	These lines do not exist in the ERICA format.
of which, (-) impairment losses from goodwill		
2.5. (-) Research and development [by nature]		These lines do not exist in the New Directive format.
2.6. (-) Restructuring costs		
2.7. (-) Other operating expenses	8. Other operating expenses	
<b>3. Gain (loss) in changes in fair value of non-current assets</b>		This line does not exist in the New Directive format.
	7. (a) Value adjustments in respect of formation expenses and of tangible and intangible fixed assets	
	7. (b) Value adjustments in respect of current assets, to the extent that they exceed the amount of value adjustments which are normal in the undertaking concerned	These lines do not exist in the ERICA format.
<b>4. Profit (loss) from operating activities</b>		This line does not exist in the New Directive format.
<b>5. Net financial result</b>		This line does not exist in the New Directive format.
5.1. (-) Finance costs	13. Interest payable and similar expenses, with a separate indication of amounts payable to affiliated undertakings	
of which, (-) interest expense		This line does not exist in the New Directive format.
5.2. Finance income		This line does not exist in the New Directive format.
	9. Income from participating interests, with a separate indication of that derived from affiliated undertakings	
	10. Income from other investments and loans forming part of the fixed assets, with a separate indication of that derived from affiliated undertakings	These lines do not exist in the ERICA format.
	11. Other interest receivable and similar income, with a separate indication of that derived from affiliated undertakings	
of which, interest income	12. Value adjustments in respect of financial assets and of investments held as current assets	
5.3. Gains (losses) arising from financial instruments		These lines do not exist in the New Directive format.
5.4. Exchange differences recognised in profit or loss		
5.5. Profit (loss) from investments in related parties of which, share of profit (loss) of associates and joint ventures accounted for equity method		
<b>6. Other non-operating income (expense)</b>		This line does not exist in the New Directive format.
<b>7. Profit (loss) before tax</b>		This line does not exist in the New Directive format.
<b>8. (-) Income tax expense (income)</b>	<b>14. Tax on profit or loss</b>	
<b>9. Profit (loss) after tax from continuing operations</b>	<b>15. Profit or loss after taxation</b>	
	<b>16. Other taxes not shown under items 1 to 13</b>	This line does not exist in the ERICA format.
<b>10. Profit (loss) from discontinued operations, net of tax</b>		This line does not exist in the New Directive format.
<b>11. Profit (loss) (before non-controlling interests)</b>	<b>17. Profit or loss for the financial year</b>	
<b>12. (-) Profit (loss) attributable to non-controlling interests</b>		This line does not exist in the New Directive format.
<b>13. Profit (loss) attributable to owners of parent</b>		This line does not exist in the New Directive format.

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**Document Management**

**Document name**            **Directive 2013/34/EU on the annual financial statements -Implementation impacts (consolidated accounts)**

This document monitors the consolidated accounts impact of the new Directive 2013/31/EU and its implementation process

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List of successive "final versions"

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Doc2.2 - ERICAWG_directiveconsolidated_2015_D2	10/09/2015	Second draft with contributions received before Athens meeting
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**Version management**

Key dates:            For each final version of the document, key dates for the national revisions or corrections

Name and date of revised document sent by each member

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Austria	Sabine Wukovits	28/09/2015	Sabine Wukovits	16/10/2015	21/10/2015
Belgium	Saskia Vennix	24/07/2015	Saskia Vennix Ilse Rubbrecht	30/09/2015	21/10/2015
France	Claire Mangin	02/09/2015	Claire Mangin Laurent Carlino	16/10/2015	21/10/2015
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Portugal	Mário Lourenço	21/08/2015	Mário Lourenço	09/10/2015	21/10/2015
Spain	Manuel Ortega	10/09/2015	Manuel Ortega Pilar Saura	16/10/2015	21/10/2015

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