Companies: valuation of annual and consolidated accounts, financial information (amend. Directives 78/660/EEC, 83/349/EEC)

2000/0043(COD) - 24/02/2000 - Legislative proposal

PURPOSE : To amend Directives 78/660/EEC and 83/349/EEC as regards the valuation rules for the annual and consolidated accounts of certain types of companies in order to conform with new accounting standards caused by increasing use of derivatives. CONTENT : The accounting requirements set out in the above Accounting Directives reflect the consensus views of users and preparers of accounts and accounting standard setters that were held at the time the Directives were adopted. Since then, the international financial markets have seen the increasingly widespread use of various forms of derivative financial instruments. The growth in their use has outstripped the accounting guidance of the Directives. The Commission proposes changes in the Directives that keep them in line with the International Accounting Standards (IAS). IAS rules have moved away from the historical cost valuation model to "fair value accounting". The Commission's key proposals incorporate this move. The balance sheet items that cannot be valued at fair value are specified. The proposed amendment is not directed at SMEs since they are generally not the companies that use derivative financial instruments.