Company law: annual accounts and consolidated accounts of certain types of companies (amend. Directives 78/660/EEC, 83/349/EEC, 86/635/EEC, 91/674/EEC)

2004/0250(COD) - 14/06/2006 - Final act

PURPOSE: to facilitate cross-border investments by improving EU-wide comparable financial statements and reports.

LEGISLATIVE ACT: Directive 2006/46/EC of the European Parliament and of the Council amending Council Directive 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.

CONTENT: this Directive amends a number of the EU's accounting Directives by improving disclosure provisions whereby listed EU companies will be obliged to provide annual corporate governance statements. Greater disclosure is also expected vis-à-vis the use of off-balance sheet arrangements and unusual transaction with related parties – i.e. a spouse or board member. Further, the Directive introduces new thresholds for Small and Medium Sized Enterprises (SME's).

In other provisions, the amended Directives establish the principle of collective responsibility for board members at an EU level as well as introducing an obligation for listed EU companies to provide annual corporate governance statements. These amendments will allow the Member States to align their laws with that of the international accounting standard, IAS 39, on fair value measurement. Threshold (balance sheet total and net turn over) defining SME limited liability companies will be increased by 20%.

The new thresholds read as follows:

Small companies

- Balance sheet total: (former threshold) EUR 3 650 000,00; (new threshold) EUR 4 400 000,00
- Net turn over: (former threshold) EUR 7 300 000,00; (new threshold) EUR 8 800 000,00

Medium sized companies

- Balance sheet total: (former threshold) EUR 14 600 000,00; (new threshold) EUR 17 300 000,00
- Net turn over: (former threshold) EUR 29 200 000, 00; (new threshold) EUR 35 000 000,00

ENTRY INTO FORCE: 05/09/2006.

TRANSPOSITION: 05/09/2008.