

Basic information

2011/0308(COD)

COD - Ordinary legislative procedure (ex-codecision procedure)
Directive

Company law: annual financial statements, consolidated financial statements and related reports of certain types of undertakings

Amending Directive 2006/43/EC 2004/0065(COD)

Amended by 2013/0110(COD)

Amended by 2016/0107(COD)

Amended by 2021/0104(COD)

Amended by 2023/0368(COD)

Amended by 2025/0045(COD)

Subject

2.50.10 Financial supervision

3.45 Enterprise policy, inter-company cooperation

3.45.01 Company law

3.45.02 Small and medium-sized enterprises (SME), craft industries

3.45.03 Financial management of undertakings, business loans, accounting

3.45.08 Business environment, reduction of the administrative burdens

Procedure completed

Key players

European
Parliament

Committee responsible

JURI

Legal Affairs

Rapporteur

LEHNE Klaus-Heiner (PPE)

Appointed

21/11/2011

Shadow rapporteur

MCCARTHY Arlene (S&D)

THEIN Alexandra (ALDE)

LICHTENBERGER Eva
(Verts/ALE)

KARIM Sajjad (ECR)

MAŠTÁLKA Jiří (GUE/NGL)

Committee for opinion

AFET

Foreign Affairs

Rapporteur for opinion

BRANTNER Franziska
Katharina (Verts/ALE)

Appointed

14/11/2011

DEVE

Development

HALL Fiona (ALDE)

05/12/2011

INTA

International Trade

SCHOLZ Helmut (GUE/NGL)

29/02/2012

	ECON Economic and Monetary Affairs	KLINZ Wolf (ALDE)	25/10/2011
	EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meetings	Date
	Employment, Social Policy, Health and Consumer Affairs	3247	2013-06-20
	Employment, Social Policy, Health and Consumer Affairs	3177	2012-06-21
	Competitiveness (Internal Market, Industry, Research and Space)	3208	2012-12-10
	Competitiveness (Internal Market, Industry, Research and Space)	3147	2012-02-20
European Commission	Commission DG	Commissioner	
	Financial Stability, Financial Services and Capital Markets Union	BARNIER Michel	
European Economic and Social Committee			

Key events			
Date	Event	Reference	Summary
25/10/2011	Legislative proposal published	COM(2011)0684 	Summary
15/11/2011	Committee referral announced in Parliament, 1st reading		
20/02/2012	Debate in Council		Summary
21/06/2012	Debate in Council		Summary
18/09/2012	Vote in committee, 1st reading		
25/09/2012	Committee report tabled for plenary, 1st reading	A7-0278/2012	Summary
10/12/2012	Debate in Council		
11/06/2013	Debate in Parliament		
12/06/2013	Decision by Parliament, 1st reading	T7-0261/2013	Summary
12/06/2013	Results of vote in Parliament		
20/06/2013	Act adopted by Council after Parliament's 1st reading		
26/06/2013	Final act signed		
26/06/2013	End of procedure in Parliament		
29/06/2013	Final act published in Official Journal		

Technical information

Procedure reference	2011/0308(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Amending Directive 2006/43/EC 2004/0065(COD) Amended by 2013/0110(COD) Amended by 2016/0107(COD) Amended by 2021/0104(COD) Amended by 2023/0368(COD) Amended by 2025/0045(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 050-p1
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	JURI/7/07698

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE485.920	28/03/2012	
Amendments tabled in committee		PE489.397	09/05/2012	
Committee opinion	DEVE	PE487.943	20/06/2012	
Committee opinion	AFET	PE483.740	25/06/2012	
Committee opinion	ECON	PE483.725	16/07/2012	
Committee report tabled for plenary, 1st reading/single reading		A7-0278/2012	25/09/2012	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0261/2013	12/06/2013	Summary
Council of the EU				
Document type	Reference	Date	Summary	
Draft final act	00020/2013/LEX	26/06/2013		
European Commission				
Document type	Reference	Date	Summary	
Legislative proposal	COM(2011)0684 	25/10/2011	Summary	
Document attached to the procedure	SEC(2011)1289 	25/10/2011		
Document attached to the procedure	SEC(2011)1290 	25/10/2011		

Commission response to text adopted in plenary	SP(2013)520	16/07/2013	
Document attached to the procedure	COM(2014)0391 	27/06/2014	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2011)0684	09/01/2012	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0801/2012	29/03/2012	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Directive 2013/0034 OJ L 182 29.06.2013, p. 0019	Summary
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Delegated acts

Reference	Subject
2023/2922(DEA)	Examination of delegated act
2023/2816(DEA)	Examination of delegated act
2025/2816(DEA)	Examination of delegated act

Company law: annual financial statements, consolidated financial statements and related reports of certain types of undertakings

2011/0308(COD) - 20/02/2012

The Council held an **orientation debate** on the review of the accounting rules applicable to EU companies, specifically dealing with reporting on payments to governments.

The outcome of the debate provides guidance for the continuation of technical work with the purpose is to **reach an agreement on the simplification of the accounting directives by the end of June 2012**, in line with a request made by the European Council.

The proposal for an obligation to report on payments made by the extractive industry and loggers of primary forest to governments (also referred to as country-by-country reporting) is part of the Commission's "socially responsible business" strategy. It is included in the draft directive that will replace the current "accounting directives".

The key objectives of the proposed review are:

- the reduction of administrative burden and the application of simplified accounting rules for SMEs;
- to increase the clarity and comparability of financial statements; and
- **to enhance transparency on payments made to governments by the extractive industry and loggers of primary forest.**

Based on a Presidency questionnaire, the discussion focused on the last-named objective.

In order to promote governments' accountability, transparency and good governance, the proposal introduces new reporting requirements for large undertakings and all public-interest entities active in the extractive industry or in the logging of primary forests. The draft directive proposes that these companies shall disclose the payments they make to governments in each country where they operate and for each project.

In this context, some **specific issues** of the proposal remain to be debated, of which the most important are:

1. Should disclosures be provided on a country-by-country level or on a country-and-project level?
2. Should the definition of materiality of payments be defined in the directive or should the Commission be empowered to specify the concept of materiality by means of delegated acts?
3. Should undertakings active in the logging of primary forests be included in the proposal?
4. Should payments to Member States also be disclosed?

The ministerial discussion showed that there was a **clear acceptance of the objective to improve transparency in this field**. Some delegations, however, expressed the need to **examine the proposal in more detail** as well as the need to take into consideration every angle of the impact that the proposed legislation will have on the competitiveness of European undertakings.

A large number of delegations expressed concerns about **reporting on a "project" level**. In addition, most delegations expressed preference to include a definition of **"materiality"** of payments in the future directive.

Company law: annual financial statements, consolidated financial statements and related reports of certain types of undertakings

2011/0308(COD) - 21/06/2012

The Council agreed on a general approach for the review of the accounting rules applicable to EU companies.

The agreement paves the way for the start of negotiations with the European Parliament with a view to its swift adoption.

The key objectives of the review are:

- the reduction of administrative burden and the application of simplified accounting rules, particularly for small and medium-sized enterprises (SMEs);
- to increase the clarity and comparability of financial statements; and
- to enhance transparency on payments made to governments by the extractive industry and loggers of primary forest.

Company law: annual financial statements, consolidated financial statements and related reports of certain types of undertakings

2011/0308(COD) - 25/10/2011 - Legislative proposal

PURPOSE: to establish rules on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings.

PROPOSED ACT: Directive of the European Parliament and of the Council.

BACKGROUND: the preparation of financial statements has been identified as one of the most burdensome regulatory obligations for companies. Small companies face proportionally higher administrative burdens in comparison to medium-sized/large companies. On 18 December 2008, the European Parliament adopted a [non-legislative Resolution](#) on accounting requirements as regards small and medium-sized companies, particularly micro-entities, stating that Directives 78/660/EEC and 83/349/EEC ('the Accounting Directives') are often very burdensome for small and medium-sized companies, and in particular for micro-entities, and asking the Commission to continue its efforts to review those Directives.

Furthermore, it is necessary to establish at a Union level 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.

IMPACT ASSESSMENT : broadly, the Impact Assessment looked at two issues:

Financial Statements: five broad policy options were examined, starting from the baseline scenario. The **broad option of revising and modernising selected requirements currently in the Accounting Directives was finally retained as the preferred option.**

After examining more detailed options, it appeared that a "mini-regime" specific to small companies would be the best policy choice. The potential for administrative burden reduction of this policy amounts to EUR 1.5 bn which arises from reduced reporting requirements in the notes, further relaxation of statutory audit and the exemption from preparing consolidated financial statements for small groups.

A second detailed option concerned the increase of the thresholds for small and medium-sized companies. The burden reduction potential of this proposal amounts to around EUR 0.2 billion.

The estimated potential for savings is therefore estimated at EUR 1.7 bn overall. Micro-companies will in any event benefit from the simplified regime offered to small companies. However, the impact on micro-entities of the above policy choices has been disregarded as the proposal for a Directive on micro-entities that is pending before the European Parliament and the Council specifically addresses these.

Reporting of payments to governments: the Impact Assessment analysed five broad policy options starting from the baseline scenario (policy option 0), next examining possible schemes that would result in a global agreement for country-by-country reporting for EU and non-EU MNCs (policy option 1), and lastly assessing several policy options that would oblige only EU companies to disclose country by country information (policy options 2 to 4). Whilst policy option 2 requires the disclosure of payments to governments on a country basis from the extractive industry and the loggers of primary forests, policy option 3 requires the disclosure of such information on a country- and project- basis. In addition to a report on payments to government, policy option 4 would require a complete set of country-by-country accounts to be prepared by companies active in the extractive industry and loggers of primary forests. **The option of requiring country-by-country reporting (CBCR) of payments to government on a country-and-project basis by EU Multinational Companies (MNCs) in the extractive industry and logging of primary forests (policy option 3) was retained.**

LEGAL BASIS: Article 50(1) TFEU.

CONTENT: the proposal introduces certain key provisions.

A specific regime for small companies: this will considerably reduce the administrative burden currently borne by small companies when they prepare their financial statements. It will limit disclosures by way of notes to the accounts to (i) accounting policies; (ii) guarantees, commitments, contingencies and arrangements that are not recognised in the balance sheet; (iii) post-balance sheet events not recognised in the balance sheet; (iv) long-term and secured debts; and (v) related party transactions. It should be noted that mandating the disclosure of items (iii) and (v) will result in new obligations imposed for small companies, as a majority of Member States have provided for exemptions from these disclosures for such companies.

Harmonise thresholds: the proposal also seeks to harmonise thresholds to ensure that the administrative burden reduction actually reaches all small companies in the EU. Currently many companies that are small under EU definitions enter the medium-sized or large company category because the definitions in the Directives are lower when transposed at Member State level.

Small companies: the main measures are as follows:

- maximum harmonisation will ensure that companies of the same size benefit from a level playing field across the EU;
- notes to the accounts will be limited to only five key areas;
- no requirement for a statutory audit;
- small groups will be exempt from preparing consolidated financial statements

Medium and large companies: the proposal seeks to improve the comparability and clarity of financial statements prepared by medium-sized and large companies, and by small companies to a limited extent. To this end, it seeks to reduce the number of options currently available to Member States, insofar as these options are detrimental to the comparability of the financial statements. General principles such as "substance over form" will become mandatory so as to increase the clarity of financial statements.

Reporting of payments to governments: in order to promote governments' accountability and good governance, the proposal introduces new reporting requirements for companies active in the extractive industry or in the logging of primary forests. It is proposed that companies shall disclose the payments they make to governments in each country where they operate and for each project, where the payment has been attributed to a certain project and when material to the recipient government. In line with the overall objective and in order to limit the additional administrative burden, the new requirement is limited to large companies and public interest entities.

Proposed Directive and repeal of existing legislation: the proposal will repeal the Accounting Directives.

Micro-entities: it should be noted that the proposal complements the [proposal for a Directive on the financial statements of micro-entities](#) which is currently still being negotiated by the EU co-legislators. Given that the Council and the Parliament have now both agreed to the principle of a micro entity regime, the current proposal does not contain any new policy proposal regarding micro companies as assessed in the Impact Assessment. The Commission is willing to consider, together with the EU co-legislators, how best to integrate into the current proposal the final inter-institutional agreement on the Directive of 2009.

BUDGETARY IMPLICATIONS: the proposal has no implications for the Union budget.

Company law: annual financial statements, consolidated financial statements and related reports of certain types of undertakings

2011/0308(COD) - 25/09/2012 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Legal Affairs adopted the report by Klaus-Heiner LEHNE (EPP, DE) on the proposal for a directive of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings.

The committee recommends that the position of the European Parliament in first reading following the ordinary legislative procedure should amend the commission proposal as follows:

Exemptions for certain categories of enterprises and groups: Members want exemptions from certain obligations under the Directive to be granted to undertakings which on their balance sheet dates do not exceed the limits of two of the three following criteria (micro-entities): (a) **balance sheet total: EUR 350 000**; (b) **net turnover: EUR 700 000**; (c) average number of employees during the financial year: 10.

Small undertakings are defined as undertakings which on their balance sheet dates do not exceed the limits of two of the three following criteria: (a) balance sheet total: **EUR 4 000 000**; (b) net turnover: **EUR 8 000 000**.

Member States may define thresholds exceeding these thresholds. However, those thresholds shall not exceed EUR 6 000 000 for the balance sheet total and EUR 12 000 000 for the net turnover.

Alternative measurement basis of fixed assets at revalued amounts: the committee has deleted this provision which permits Member States, by way of derogation, to require in respect of all undertakings or any classes of undertaking measurement of fixed assets at revalued amounts.

Layout of the balance sheet: for the presentation of the balance sheet, Member States must require one or both of the layouts set out in Articles 9 and 9a. If a Member State permits both layouts, it must allow undertakings to choose which of the prescribed layouts to adopt.

Special provisions regarding certain entries in the balance sheets: the amended text states that where the amount repayable on account of any debt is greater than the amount received, the difference may be shown as an asset. It shall be shown separately in the balance sheet or in the notes on the accounts. The amount of that difference shall be written off by a reasonable amount each year and completely written off no later than at the time of repayment of the debt. Provisions may not be used to adjust the values of assets.

Content of the annexes: the report states that the annexes should contain, amongst other things, the following information:

- **for all undertakings:** (i) the amount of advances and credits granted to the members of the administrative, managerial and supervisory bodies, with indications of the interest rates, main conditions and any amounts repaid or written off or waived, as well as commitments entered into on their behalf by way of guarantees of any kind, with an indication of the total for each category at the foot of the balance sheet; (ii) the amount and nature of individual items of income or expenditure which are of exceptional size or incidence; (iii) the average number of employees during the financial year, including subcontractors' staff;
- **for medium-sized and large undertakings and public interest entities,** the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet, provided that the risks or benefits arising from such arrangements are material;
- **for large undertakings and public interest entities,** transactions which have been entered into with related parties by the undertaking, including the amount of such transactions, the nature of the related party relationship and other information about the transactions necessary for an understanding of the financial position of the undertaking, if such transactions are material and have not been concluded under normal market conditions,

The report emphasizes that **payments made to governments** shall also be disclosed by large undertakings and public interest entities, which are active in the banking, construction or telecommunications industry.

However, payments should not need to be disclosed if a single payment or multiple related payments for a **project do not exceed EUR 80,000**.

Micro-entities: in view of the fact that micro-entities have limited resources with which to comply with demanding regulatory requirements, Members feel that it should be possible **to exempt micro-entities** from certain obligations that may impose on them an unnecessarily onerous administrative burden. However, micro-entities should still be subject to any national obligation to **keep records** showing their business transactions and financial position.

Member States are permitted to exempt micro and small entities from a general publication requirement, provided that: (i) **balance sheet information is duly filed**, in accordance with national law, with at least one designated competent authority and that (ii) **the information is transmitted to the business register**, so that a copy should be obtainable upon application.

Mutual recognition: the Commission should facilitate the conclusion of mutual recognition agreements or exemption mechanisms with those third countries that require their industries to publish reports that are equivalent to those required under the Directive.

Company law: annual financial statements, consolidated financial statements and related reports of certain types of undertakings

2011/0308(COD) - 12/06/2013 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 657 votes to 17 with 13 abstentions, a legislative resolution on the proposal for a directive of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings.

Parliament adopted its resolution on first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise negotiated between Parliament and Council. They amend the Commission proposal as follows:

Scope: partnerships will fall within the scope of the Directive where members of a partnership which are not constituted as private or public limited companies in fact have limited liability for the partnership's obligations because that liability is limited by other undertakings within the scope of the Directive.

Categories of undertakings and groups: the Directive defines and differentiates small, medium and large enterprises, as well as micro-enterprises on the basis of their balance sheet total, net turnover and the average number of employees during the financial year:

- **micro-undertakings** are defined as undertakings which on their balance sheet dates do not exceed the limits of at least two of the three following criteria: (a) balance sheet total: EUR 350 000; (b) net turnover: EUR 700 000; (c) average number of employees during the financial year: 10;
- **small undertakings** are undertakings which on their balance sheet dates do not exceed the limits of at least two of the three following criteria: (a) balance sheet total: EUR 4 000 000; (b) net turnover: EUR 8 000 000; (c) average number of employees during the financial year: 250.

Member States may define thresholds exceeding these, the thresholds shall not exceed EUR 6 000 000 for the balance sheet total and EUR 12 000 000 for the net turnover;

- **large groups** are defined as groups consisting of parent and subsidiary undertakings to be included in a consolidation and which, on a consolidated basis, exceed the limits of at least two of the three following criteria on the balance sheet date of the parent undertaking: (a) balance sheet total: EUR 20 000 000; (b) net turnover: EUR 40 000 000; (c) average number of employees during the financial year: 250.

Member States may require parent undertakings to calculate their thresholds on a consolidated basis rather than on an individual basis, and may also require affiliated undertakings to calculate their thresholds on a consolidated or aggregated basis where such undertakings have been established for the sole purpose of avoiding the reporting of certain information.

Content of financial statements: Member States may require undertakings other than small undertakings to disclose information in their annual financial statements which is **additional** to that required pursuant to the Directive. By way of derogation they may require small undertakings to prepare, disclose and publish information in the financial statements which goes beyond the requirements of the Directive, provided that any such information is gathered under a single filing system and the disclosure requirement is contained in the national tax legislation for the strict purposes of tax collection.

Presentation of balance sheet: for the presentation of the balance sheet, Member States shall **prescribe one or both of the layouts set out in Annexes III and IV**. If a Member State prescribes both layouts, it shall permit undertakings to choose which of the prescribed layouts to adopt.

Special provisions relating to certain balance sheet items: Member States may permit or require value adjustments to be made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date.

Where the amount repayable on account of any debt is greater than the amount received, Member States may permit or require that the difference be shown as an asset. It shall be shown separately in the balance sheet or in the notes to the financial statements. The amount of that difference shall be written off by a reasonable amount each year and completely written off no later than at the time of repayment of the debt.

Content of the notes to the financial statements: the amended text stipulates that the notes should contain, amongst other things, the following information:

- **for all enterprises:** (i) the amount of advances and credits granted to members of the administrative, managerial and supervisory bodies, with indications of the interest rates, main conditions and any amounts repaid or written off or waived, as well as commitments entered into on their behalf by way of guarantees of any kind, with an indication of the total for each category; (ii) the amount and nature of individual items of income or expenditure which are of exceptional size or incidence; (iii) the average number of employees during the financial year;
- **for medium-sized and large undertakings and public-interest entities:** (i) the average number of employees during the financial year; (ii) where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year; (iii) the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material; (iv) the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet; and (v) transactions which have been entered into with related parties by the undertaking. Member States may permit or require that only transactions with related parties that have not been concluded under normal market conditions be disclosed.

General publication requirement: Member States shall ensure that undertakings publish within a reasonable period of time, which **shall not exceed 12 months** after the balance sheet date, the duly approved annual financial statements and the management report, together with the opinion submitted by the statutory auditor or audit firm.

The members of the administrative, management and supervisory bodies of an undertaking, will have collective responsibility for ensuring that the consolidated financial statements, consolidated management reports and, when provided separately, the consolidated corporate governance statement, are drawn up and published in accordance with the requirements of the Directive.

Where an audit firm carries out the statutory audit, the **audit report** shall bear the signature of at least the statutory auditor(s) carrying out the statutory audit on behalf of the audit firm.

Micro-entities: in view of the fact that micro-entities have limited resources with which to comply with demanding regulatory requirements, micro-entities will be exempt from certain obligations that may impose on them an unnecessarily onerous administrative burden. However, micro-entities should still be subject to any national obligation to **keep records** showing their business transactions and financial position.

Member States are permitted to exempt micro and small entities from a general publication requirement, provided that: (i) balance sheet information is **duly filed**, in accordance with national law, with at least one designated competent authority and that (ii) the information is **transmitted to the business register**, so that a copy should be obtainable upon application.

Investment undertakings or financial holding undertakings may not benefit from the derogations for micro-enterprises.

Undertakings required to report on payments to governments: the amended text stipulates that any payment, whether made as a single payment or as a series of related payments, need not be taken into account in the report **if it is below EUR 100 000 within a financial year**.

Undertakings active in the extractive industry or the logging of primary forests will not be required to disaggregate and allocate payments on a project basis **where payments are made in respect of obligations imposed on the undertakings at the entity level rather than the project level**.

Payments or activities should not be artificially split or aggregated with a view to evading such disclosure requirements.

Equivalence criteria: the Commission shall be empowered to adopt delegated acts identifying the criteria to be applied when assessing the equivalence of third-country reporting requirements and the requirements of this Chapter.

Company law: annual financial statements, consolidated financial statements and related reports of certain types of undertakings

2011/0308(COD) - 26/06/2013 - Final act

PURPOSE : revision and simplification of accounting rules applicable to EU companies.

LEGISLATIVE ACT : Directive 2013/34/EU of the European Parliament and of the Council 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/EEC

CONTENT : the Directive concerns **the review of the accounting rules applicable to EU companies** and aims to: (i) increase the clarity and comparability of financial statements; (ii) reduce administrative burdens and to simplify accounting rules, particularly for small and medium-sized enterprises; and (iii) enhance transparency on payments made to governments by the extractive industry and loggers of primary forest.

The simplification and transparency of the accounting requirements for EU companies is one of the priority actions of the [Single Market Act](#) for growth and job creation. It is also part of the EU's "socially responsible business" strategy.

The main points are as follows:

Categories of undertakings and groups: the new Directive defines and differentiates between small, medium and large enterprises as well as micro-enterprises on the basis of their balance sheet total, net turnover and average number of employees during the financial year:

- **micro-undertakings** are defined as undertakings which on their balance sheet dates do not exceed the limits of at least two of the three following criteria: (a) balance sheet total: EUR 350 000; (b) net turnover: EUR 700 000; (c) average number of employees during the financial year: 10;
- **small undertakings** are undertakings which on their balance sheet dates do not exceed the limits of at least two of the three following criteria: (a) balance sheet total: EUR 4 000 000; (b) net turnover: EUR 8 000 000; (c) average number of employees during the financial year: 50. Member States may define thresholds exceeding these, but not exceeding EUR 6000000 for the balance sheet total and EUR 12000000 for the net turnover;
- **medium-sized undertakings** are defined as those which on their balance sheet dates do not exceed the limits of at least two of the three following criteria:(a) balance sheet total: EUR 20000000;(b) net turnover: EUR 40000000; (c) average number of employees during the financial year: 250;

large groups shall be groups consisting of parent and subsidiary undertakings to be included in a consolidation and which, on a consolidated basis, exceed the limits of at least two of the three following criteria on the balance sheet date of the parent undertaking: (a) balance sheet total: EUR 20000000; (b) net turnover: EUR 40000000; (c) average number of employees during the financial year: 250.

Where a parent undertaking is not preparing consolidated financial statements for the group, Member States may take steps they deem necessary to require that such an undertaking be classified as a larger undertaking by determining its size and resulting category on a consolidated or aggregated basis.

Presentation of balance sheet: to allow users of financial statements to better compare the financial position of undertakings within the Union, Member States shall require **the use of one or other of the layouts for the balance sheet set out in Annexes III and IV**. If a Member State prescribes both layouts, it shall permit undertakings to choose which of the prescribed layouts to adopt.

The information presented in the balance sheet and in the profit and loss account should be supplemented by notes to the financial statements. This information is listed in the Directive.

Management report: the management report and the consolidated management report are important elements of financial reporting. A fair review of the development of the business and of its position must be provided, in a manner consistent with the size and complexity of the business. The information should not be restricted to the financial aspects of the undertaking's business, and there should be an analysis of environmental and social aspects of the business necessary for an understanding of the undertaking's development, performance or position.

Exemptions for micro-enterprises: on 18 December 2008 the European Parliament adopted a [resolution on accounting requirements](#) as regards small and medium-sized companies, particularly micro-entities, stating that the Accounting Directives are often very burdensome for small and medium-sized companies, and in particular for micro-entities.

The Directive provides that **micro-entities will be exempt from certain obligations** that may impose on them an unnecessarily onerous administrative burden. However, micro-entities should still be subject to any national obligation to keep records showing their business transactions and financial position.

In concrete terms, Member States are permitted to exempt micro and small entities from a general publication requirement, provided that: (i) balance sheet information is duly filed, in accordance with national law, with at least one designated competent authority and that (ii) the information is transmitted to the business register, so that a copy should be obtainable upon application.

Reports on payments made to governments: the Directive provides that large undertakings and public-interest entities which are **active in the extractive industry or logging of primary forests** shall disclose payments made to governments in the countries in which they operate if **the total amount of payments exceeds EUR 100 000 per year**. Such undertakings normally operate in countries rich in natural resources, in particular minerals, oil, natural gas as well as primary forests.

Payments made by undertakings active in the extractive industry or the logging of primary forests may be declared at the entity level rather than the project level. Payments and activities may not be artificially split or aggregated to avoid the application of this Directive.

ENTRY INTO FORCE : 19/07/2013.

TRANSPOSITION : 20/07/2015.

DELEGATED ACTS : the Commission may adopt delegated acts in order to take account of future changes to the laws of the Member States and to Union legislation concerning company types. The power to adopt delegated acts shall be conferred on the Commission for an **indeterminate period** of time from the date of entry into force of the Directive. A delegated act shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act (this may be extended by two months). If Parliament or Council object to the act, the latter shall not come into force.