History of the European Accounting Directives Review: Analysis of the Public Consultation Results

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Abstract Approval of the new European Accounting Directive followed a long standard-setting process, characterized by a public consultation held in 2009 through a Questionnaire submitted by the European Commission as part of the project to simplify EU accounting rules. This paper analyses the comment letters received by the European Commission with a twofold aim: first, to evaluate whether there are significant differences among Country groups and respondent categories, and second to verify the acceptance level of the constituents' opinions in the subsequent European Commission's review proposal and in the European Parliament and Council's final decisions. Confirming our hypotheses, results show a significant diversity among respondents. In particular, only German-speaking Countries favor eliminating significant disclosure and publication requirements. Anglo-Nordic Countries agree on increasing simplification options and information freedom, whilst Latin Countries are more oriented towards a rule-based approach. Concerning respondent categories, preparers show more appreciation for a significant reduction of mandatory disclosure with respect to users and public authorities. In any case, the proposal for a new Accounting Directive presented by the European Commission, as well as the final Directive, though apparently supporting the 'user primacy' principle, seems not to consider adequately all the needs emerging from the public consultation.

Keywords Accounting Directives · European Questionnaire · Standard setting · Country groups · Respondent categories · International differences

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1 Introduction

Member States were required to bring into force the laws, regulations and administrative provisions necessary to comply with the new European Accounting Directive 2013/34/EU (European Parliament and Council 2013) by 20 July 2015, so enabling first-time applications of these provisions to financial statements for financial years beginning on 1 January 2016 or during the calendar year 2016. The final approval of the Directive, which replaces the Fourth and Seventh Company Law Directives, followed a long standard-setting process, characterized by a public consultation held in 2009 through a Questionnaire on a review of the Accounting Directives.

The present study analyses the answers to the Questionnaire, submitted in 2009 by the European Commission as part of the project to modernize and simplify the accounting rules of the European Union, including in particular a reduction of administrative burdens mainly for small enterprises. Additional key objectives of this review were to increase the clarity and comparability of financial statements, and protect users' accounting information levels (European Commission 2011a).

The review of the Accounting Directives, based on the answers given by respondents to the official Questionnaire from the European Commission, has a twofold aim: first, to evaluate whether there are significant differences among Country groups (Anglo-Nordic, German-speaking and Latin groups) and respondent categories (users, preparers, public authorities, accountants and auditors), and second to verify the acceptance level of the constituents' opinions in the subsequent European Commission's review proposal and in the European Parliament and Council's final decisions.

Our research method examines the answers to the Questionnaire's 37 questions and tests several hypotheses regarding the presumed differences among respondents in the light of the literature relevant for our study. We investigate more than 100 completed questionnaires received by the European Commission. Our results show that there is a marked difference between users and preparers as well as between Countries on many of the subjects included in the Accounting Directive review process. A post-review analysis also shows that the proposal for a new Accounting Directive and the ensuing final Directive seem not to consider adequately all the needs emerging from the public consultation.

At a theoretical level, as the European Accounting Directives review was characterized by the proposal for a simplification for small entities of the general rules applied to larger firms, our research also integrates the international-wide debate on so-called 'differential reporting' (Walton 2015) and by analyzing related informational needs (Di Pietra et al. 2008), illustrates the opinions and the demands of both users and preparers, as well as accountants, auditors and public authorities, in the European Union.

Consistent with the discussion in the European academic literature and the results of previous related studies (Joos and Lang 1994; Haller 2002; Nobes 2011; Quagli and Paoloni 2012; Quagli et al. 2015), our empirical analysis confirms both across- and within-country diversity, showing that the differences across Europe have not been significantly reduced by the adoption of the Accounting Directives, hence European accounting harmonization remains an elusive goal (Alexander 2015; Venuti 2012).

The distinguishing feature of this paper is its focus on the public consultation promoted by the European Commission—as it represents a significant phase of the European Accounting Directives review—with particular reference to the analysis of the results and the effects of the related Questionnaire as a whole, so investigating and extending a previous study regarding only a part of the Questionnaire (Quagli et al. 2015).

The European Regulator had to make significant choices among different preferences and needs arising from stakeholders categories. In this context, the consequent proposal for a new Accounting Directive, presented in 2011 by the European Commission also following up public consultations on other issues in particular concerning the IFRS for SMEs, as well as the consequent final Directive definitely approved in 2013, seems to confirm the "user primacy" principle.

The paper proceeds as follows: Sect. 2 summarizes the structure of the European Commission Questionnaire; Sect. 3 poses the research questions and related literature; Sect. 4 describes the methodology used to select responses for examination. In Sect. 5 we analyze the responses and show our results. Section 6 describes the European Commission proposal for a new Accounting Directive, the consequent amendments and the final text of the Directive. Finally, Sect. 7 discusses limitations of the research and conclusions.

2 Structure of the European Commission Questionnaire

The European Commission Questionnaire on the public consultation of the review of the Accounting Directives took place between 26 February 2009 and 30 April 2009. The objective of this consultation was to gather the view of European Union stakeholders on several proposals to modernize and simplify the 30-year-old Accounting Directives.

The Questionnaire is made up of 37 questions: 25 questions are asked for "yes/no" responses with reference to specific issues, while the other 12 questions basically concern requests for descriptive comments.

In short, as shown in Table 1, the 25 "closed questions" refer to the following macro-topics: basic principles, structure of rule approach, company categories, elements of annual accounts, publication requirements of financial statements, layout requirements of financial statements, valuation issues, structure of the two current Accounting Directives and their possible integration.

As regards the aims of our study, focused on analysis of the answers to these closed questions, it is useful to group the issues in a homogeneous way. In particular, we propose a classification founded on the key element of the Questionnaire, namely the level of corporate disclosure required. Consequently, we categorized each question based on whether the proposal implies an increase (information

Table 1 Questions asked for "yes/no" responses—topic and groups

Topic	Group*	Macro-topic	Question No.
Concentration of basic principles in one dedicated section	C2	Basic principles	1
Creation of a bottom-up approach	B1	Structure	3
Appropriateness of current rules for small, medium and large companies	C3	Company categories	4
Agreement on current criteria for company categories	C3		7
Agreement on current thresholds for company categories	C3		8
Approval of a reduction of the number of company categories	C1		9
Agreement on other approaches to reduce the number of company categories	N		10
Agreement on eliminating the requirement for annual reports for medium companies	B2	Elements of annual accounts	11
Agreement on requiring cash-based information	A		12
Agreement on requiring a minimum layout of the cash-flow statement	A		13
Only for preparers—Provision of a cash-flow statement in the past years	N		14
Only for bank or credit provider—Usefulness of a cash-flow statement	N		15
Requirement in own jurisdiction to provide a cash-flow statement	N	Publication requirements	16
Agreement on exempting small companies from the requirement to publish accounts	B2		17
Agreement on option for small companies to prepare only abridged accounts	B1		18
Agreement on developing one XBRL taxonomy at the EU level	C1		21
Agreement on keeping prescriptive formats for the balance sheet and the p&l account	B1	Layout requirements	22
Agreement on reducing the number of available layouts	C1		23
Agreement on providing for only a minimum structure for balance sheet and p&l account	B1		24
Agreement on removing the separate line items for extraordinary effects	B2		27
Only for users—Usefulness of the extraordinary item	N		28
Agreement on potential for modernization and simplification in the area valuation rules	C2	Valuation issues	32
Agreement on integrating the 7th Directive into the 4th Directive	C2	Creating one Accounting Directive	34
Agreement with the need for amendments or modernization of the 7th Directive	C2		35
Agreement with the need to streamline the terminology of the Directives	C2		36

(continued)

Table 1 (continued)

Topic	Group*	Macro-topic	Question No.
Total number of questions considered			25

*Group classification	Number
A = information strengthening	2
B = information weakening	
B1 = broader information freedom	4
B2 = elimination of information requirements	3
C = innovation	
C1 = reduction of alternative options or categories	3
C2 = amendment of directive format	5
C3 = degree of satisfaction with current rules	3
N = none	5
Total number of questions	25

strengthening) or a decrease (information weakening) of required information when compared to the current Directives, or concerns other innovations. However, it should be added that information strengthening does not necessarily imply an improvement of the quality of corporate disclosure.

Our reclassification of questions is as follows:

- Group A: proposals for information strengthening;
- Group B: proposals for information weakening, divided into:
  - Group B1: proposals for broader information freedom;
  - Group B2: proposals for elimination of information requirements;
- Group C: proposals for other innovations, divided into:
  - Group C1: proposals for reduction of alternative options or categories;
  - Group C2: proposals for amendment of directive format;
  - Group C3: check of degree of satisfaction with current rules.

Table 1 provides a description of all the topics for each of the questions examined and a specification of the corresponding classification based on the aforementioned groups. In line with the main aim of the European Questionnaire, we note that the majority of questions concerns issues promoted in order to reduce informative and administrative burdens or to simplify corporate accounting rules. The proposals to stress required disclosure only pertain to a single subject, i.e. cash-flow information (Question, hereafter "Q", 12 and Q13). We point out that so far cash-flow information has not been made mandatory by the European Directive, contrary to IAS requirements.

Finally, some questions, owing to their particularly specific nature—among them those for only one respondent category (Q14, Q15 and Q28), plus a question regarding agreement on other approaches for the reduction in the number of company categories (Q10), and a question on the requirement in own jurisdiction to provide a cash-flow statement (Q16)—have not been included in any of the groups.

As discussed below (see in particular Sect. 6.1), the responses to the Questionnaire are commented on by the European Commission in the "Summary Report of the Responses Received to the Working Document of the Commission Services (DG Internal Market) Consultation Paper on Review of the Accounting Directives" (European Commission 2009b), hereafter "Summary Report". However, this Report is neutral and does not take a position on the answers received, underlining that the results of the review do not commit the Commission to future action (European Commission 2009b).

3 Theoretical Background and Research Questions

We focus on the responses to the European Commission Questionnaire firstly to understand the position of European Union stakeholders towards the current European accounting rules and, secondly, to examine the presumed differences among respondents in the light of the review of the Accounting Directives.

The first research question is to check whether the Countries where respondents operate have an influence on their answers regarding the various issues raised by the European Commission. In this way, we are also in a position to test the validity of the concepts of international groups.

The initial hypothesis is that a positive evaluation of a relaxation of mandatory information requirements, founded on a broader informational freedom for companies, will be found most of all in the Anglo-Nordic respondents, due to their cultural tradition of greater transparency in financial statements based on a "principle-based" approach, with a lighter role of formal rules, and on the prevalence of substance over form (Nobes 1983).

From the perspective of reducing disclosure burdens, the German-speaking class is presumed instead to express a generally positive view towards the real elimination of information requirements, on the basis of statements issued by several German representatives in the European Parliament, mainly with reference to the opinions in favor of eliminating mandatory annual reports for 'micro-entities' (European Parliament 2010).

On the other hand, we assume that Latin respondents support more prescriptive measures and an increase of required information, as their cultural tradition is more oriented towards a rule-based approach (Joos and Lang 1994).

So we can formulate the following hypotheses.

H_{1a}: Anglo-Nordic respondents are more inclined than others to allow broader information freedom for companies.
H_{1b}: German respondents are more inclined than others to eliminate information requirements for companies.
H_{1c}: Latin respondents are more inclined than others to increase required information for companies.

The second research question concerns the analysis of respondent orientation vis-à-vis their category, applying—as the European Summary Report did—the classification of preparers, users, accountants and auditors, public authorities.

It is expected that users are not in favor of a decrease in corporate disclosure, mainly in the form of proposals for eliminating information requirements, since this could compromise their ability to acquire useful data, for instance, in order to assess and compare alternative investments (Sinnet and De Mesa Graziano 2006). On the contrary, preparers are likely to favor a significant reduction of mandatory disclosure and the lower administrative burdens this implies (Gallup Organization 2007). Moreover, we presume that public authorities hope to get more available data for regulatory and control purposes. Overall, we hypothesize that accountants and auditors support the proposals of change that could lead to an increase of companies' requests for their consulting services.

We can therefore formulate the following hypotheses.

H_{2a}: Users are less inclined than others to eliminate corporate information requirements.
H_{2b}: Preparers are more inclined than others to decrease corporate mandatory disclosure.
H_{2c}: Public authorities favor increasing corporate available data.
H_{2d}: Accountants and auditors are favorable to changes increasing their consulting services.

Looking at the literature relevant for our study, we should observe, as regards our first research question, that there are several papers on international classification of accounting systems. Suggested classifications of accounting systems in some developed western countries in 1980 is founded on the dichotomous distinction between Anglo countries and continental European countries (Nobes 1983), and many studies examine how the influence of accounting rules or auditors' opinions about accounting practices may determine country grouping (Nobes 1983; Doupnik and Salter 1993; D'Arcy 2001).

International classifications can be split into extrinsic classification, founded on influences on accounting, and intrinsic classifications, based on accounting itself, as also noted by Gray (1988) and Roberts (1995): the influential factors most proximate to accounting itself are legal systems, taxation systems and financing systems (Nobes 2006). In a broader context, the literature offers a large number of possible reasons for international differences, such as external environment, culture, institutional structures and accounting practices (Doupnik and Salter 1995), managerial philosophy, capital markets, tax law and different user orientations of the countries concerned (Gray 1980), and also general theories linking the factors, in particular founded on the strengths of equity markets and on the degree of cultural dominance (Nobes 1998).

Nobes (2011) shows that the extensively debated classification between Anglo and continental European countries, drawn up in 1980, is still discernible, by analyzing the IFRS practices of large listed companies, with particular reference to seven countries (besides Australia) that had implemented the main EU accounting harmonization measures (the Fourth and Seventh Directives on company law) by 1995.

It is also noted that IFRS offers considerable scope for companies to choose accounting policies, and therefore it allows national profiles of IFRS practice to emerge, as reported in the literature for European major countries (Kvaal and Nobes 2010). In fact, despite some increased compliance with IASC standards (Emenyonu and Gray 1996) and 30 years of harmonization led by the International Accounting Standard Committee/Board and by the European Union, many differences still exist in Western European accounting practices, international differences are clearly visible and countries form the same grouping as they did decades ago (Nobes 2011).

In summary, whilst the Anglo-Saxon model has historically focused on equity holders, discretion in the preparation of financial statements as long as the resulting statements provide a "true and fair view" of financial condition, and decoupled tax and financial reporting, the Continental model is characterized by a focus on debt holders, codified reporting requirements and a strong link between financial and tax reporting (Joos and Lang 1994).

So, this strand of literature, relevant for our research, provides evidence that accounting differences generally are very deep-seated and resistant to harmonization over long periods (Nobes 2011), and significant variations in accounting rules and practice continue to arise in European countries (Blake et al. 1998).

Looking at the primary factors that have historically led to differences in accounting practice across the EU countries, Joos and Lang (1994) identify the extent of legal influences on accounting and financial reporting, the differences among capital providers, and the influence of taxation on financial statements. Investigating impacts on the financial statement caused by differences in accounting measurement practice in France, Germany and the United Kingdom, the authors find evidence that significant differences in reported profitability and the multiplies applied to accounting data existed prior to the EU accounting directives, and that such differences were not significantly reduced following implementation of the directives. As a consequence, it appears that the flexibility allowed by the directives left substantial differences in accounting among European countries largely unaffected (Joos and Lang 1994).

The solution for bridging the conceptually conflicting visions of the two different accounting cultures relevant for our research—Anglo-Saxon and continental philosophy of accounting—consisted in reaching a compromise amongst the considerable number of options emerging from the directives (Van Hulle 1992, 1993; Walton 1997) in the at times controversial areas of format, recognition and valuation (Haller 2002).

In fact, though the directives led to substantial changes in the letter of accounting law in the member countries, their effect on the resulting accounting data is not as clear: while the directives required that financial statements reflect the true and fair view, their more specific requirements, particularly on measurements issues, left significant discretion to member states (Joos and Lang 1994). Influenced by the national accounting traditions of the particular states, these available options have been carried out in different ways throughout Europe, which ultimately was the reason for not achieving a satisfactory degree of comparability and equivalence of financial statements across Europe (Haller 2002).

Also as regards our second research question, the related literature provides evidence of the differences that we assume, thereby supporting our hypotheses on the Questionnaire's respondent categories. Beattie et al. (2006), conducting a questionnaire survey of United Kingdom users and preparers to assess their views on proposals for lease-accounting reforms and on the potential economic consequences of their adoption, provide evidence that the views of the two respondent categories differ significantly: their findings suggest that standard setters have to consider that the interests of users and preparers conflict, and that concerns about the general under-representation of users' views on accounting standards are well-founded. Similarly, the results of a questionnaire survey of the perception of, and participation in, the IASB process of a sample of U.K. investment management firms (Georgiou 2010), indicate that the level of lobbying activity undertaken by users is low, relative to that of other interest groups such as financial statement preparers.

Significant differences between respondent categories are also found by Ousama et al. (2011), which investigate preparers' and users' perceptions on the usefulness of intellectual capital information disclosed in the annual reports of listed companies, and by Jarrar et al. (2007), with reference to the perception of users and preparers concerning the likelihood of successfully implementing activity-based costing in a university setting.

In addition, Quagli and Paoloni (2012) analyze the homogeneity among European Countries, users and preparers in the European Commission Questionnaire on the public consultation of the IFRS for SMEs, providing evidence that preparers demonstrate a strong opposition to the IFRS for SMEs, while users are more favorable, and, concerning Country classification, German-speaking Countries and Latin Countries show much less appreciation for that standard with respect to Anglo-Nordic Countries. Finally, Quagli et al. (2015) examine the European Commission Questionnaire on the European Accounting Directives review with reference to the questions related to reductions in mandatory information and to differential reporting, providing evidence of significant differences in respondents' views.

4 Sample Selection and Level of Participation by Respondents

In order to analyze the answers to the European Questionnaire, we group them following the traditional Country classification founded on international accounting theory (Nobes 1983). On the contrary, the different classification by single Country used by the European Summary Report (European Commission 2009b) shows marked disproportion of responses: out of a total of 25 Countries to which respondents belong, the three most "active" Countries account for nearly 40% of the responses (Germany, the first, is over 15% of the responses) and from 15 States there are only 3 or fewer responses.

According to the Summary Report above mentioned (European Commission 2009b), the Commission Services received 105 original responses to the consultation representing a full spectrum of European stakeholders, from 22 EU Member States and 2 non-EU Countries, as well as EU wide representative organizations. Respondents were classified in that report as preparers (22 responses), users (13), accountants and auditors (37), public authorities (22) and "others" (11), presumably on the basis of category self-assessment provided in each Questionnaire. A number of duplicate responses were received: for statistical purposes these have been treated as one by the European Commission.

We downloaded the responses from the European Commission website (European Commission 2009a) and we also kept useful information from each respondent website in order to check—similar to previous related studies (Quagli and Paoloni 2012; Quagli et al. 2015)—whether the respondent category declared by respondents and used by the European Summary Report corresponds to the real role emerging from the analysis of the respondent activity. Consequently, we do not use the "others" category. Moreover, we treated duplicate responses as one only if respondents belong to the same category.

In this way, we obtained different numbers of respondent. Table 2 shows the list of respondents by Country and by category, extending the analysis presented in a previously cited study (Quagli et al. 2015).

In our classification there are 107 original responses: 28 from preparers, 17 from users, 37 from accountants and auditors, 25 from public authorities. The analysis by category demonstrates the weak participation by users (16%)—confirming the results of other previous studies (Beattie et al. 2006; Schiebel 2008; Quagli and Paoloni 2012)—even though the protection of essential user needs through retaining necessary accounting information for users is declared as one of the key objective of the directives review. On the other hand, the highest number of responses comes from accountants and auditors (35%). Concerning Country classification, we can observe the considerable participation by German stakeholders, European Institutions, and respondents from the United Kingdom. The list of respondents by Country group is provided at Table 3.

The highest number of responses (equal to 32) comes from Latin Countries, followed in descending order by Anglo-Nordic (29 responses), German-speaking

Table 2 List of respondents by Country and by category

Member State	Group	N. resp.	%	Preparers	Users	Accountants and auditors	Public authorities
Germany	German-speaking	17	15.89	8	2	5	2
European Union (Institutions)	European Union	15	14.02	4	4	7	0
United Kingdom	Anglo-Nordic	10	9.35	1	2	4	3
Belgium	Latin	7	6.54	3	1	2	1
Spain	Latin	6	5.61	0	2	1	3
Italy	Latin	6	5.61	0	1	4	1
Luxembourg	Latin	6	5.61	2	1	2	1
Netherlands	Anglo-Nordic	6	5.61	1	1	2	2
Denmark	Anglo-Nordic	4	3.74	1	0	2	1
France	Latin	4	3.74	2	0	1	1
Austria	German-speaking	3	2.80	1	1	0	1
Finland	Anglo-Nordic	3	2.80	0	0	2	1
Sweden	Anglo-Nordic	3	2.80	1	0	1	1
Czech Republic	German-speaking	2	1.87	1	0	0	1
Hungary	German-speaking	2	1.87	0	0	1	1
Ireland	Anglo-Nordic	2	1.87	1	0	1	0
Portugal	Latin	2	1.87	0	0	1	1
Slovenia	Eastern Europe	2	1.87	1	1	0	0
Azerbaijan (non-EU)	Eastern Europe	1	0.93	0	0	1	0
Greece	Latin	1	0.93	1	0	0	0
Lithuania	Eastern Europe	1	0.93	0	0	0	1
Norway (non-EU)	Anglo-Nordic	1	0.93	0	1	0	0
Poland	German-speaking	1	0.93	0	0	0	1
Romania	Eastern Europe	1	0.93	0	0	0	1
Slovak Republic	Eastern Europe	1	0.93	0	0	0	1
Total number		107		28	17	37	25
Total percentage			100.00	26.17	15.89	34.58	23.36

Table 3 List of respondents by Country group and by category

Group	N. resp.	%	Preparers	Users	Accountants and auditors	Public authorities
Latin	32	29.91	8	5	11	8
Anglo-Nordic	29	27.10	5	4	12	8
German-speaking	26	24.30	10	3	6	7
European Union (Institutions)	15	14.02	4	4	7	0
Eastern Europe	5	4.67	1	1	1	2
Total	107	100.00	28	17	37	25

countries (26) and European Institutions (15). Eastern Europe Countries are represented only by five entities: as a consequence, for statistical reasons, we do not consider these responses in our subsequent analysis.

Table 4 specifies the level of interest by respondents for each question, measured by the percentage of "yes/no" responses. For each analyzed question, every respondent could answer "yes", "no", "don't know", or provide no answer.

Respondents interest is particularly high on the subject of simplifications, for instance concerning the proposal of eliminating the requirement to publish accounts and to prepare annual reports (Q11 and Q17), together with the proposal of modifying the directives format in order to highlight the importance of basic principles (Q1). For these issues the level of interest is equal about to 85%.

On the other hand, the lowest level of interest is recorded with reference to the other questions concerning the review of the directives format (Group C2), not considering the questions for only one respondent category (Q14, Q15 and Q28). In particular, the low interest in the amendments of the Seventh Directive (Q35), equal to only 55%, could be justified by the fact that in the European context the consolidated financial statements do not have "legal value" and are generally prepared by the direct use of IAS/IFRS principles. Overall, with reference to the total number (25) of the questions, we note a mean level of interest equal to about 67%, which rises to 74% if we consider only the 22 questions addressed to all the respondents.

5 Results and Analysis

5.1 Questions on Information Strengthening

Table 5 shows the results referring to Group A questions on agreement to strengthen the information required, comparing responses by Country group.

Group A, as already discussed, includes only two questions referring to the same issue, that is cash flow information: agreement on requiring cash-based information (Q12) and on requiring a minimum layout of the cash-flow statement (Q13).

Table 4 Level of interest by respondents

Topic	Group (see Table 1)	Question No.	% Yes + no	Yes + no	Don't know + not resp.	Tot. resp.
Agreement on exempting small companies from the requirement to publish accounts	B2	17	86.9	93	14	107
Concentration of basic principles in one dedicated section	C2	1	85.0	91	16	107
Agreement on eliminating the requirement for annual reports for medium companies	B2	11	85.0	91	16	107
Agreement on current criteria for company categories	C3	7	81.3	87	20	107
Agreement on requiring a minimum layout of the cash-flow statement	A	13	80.4	86	21	107
Agreement on current thresholds for company categories	C3	8	79.4	85	22	107
Agreement on requiring cash-based information	A	12	78.5	84	23	107
Agreement on option for small companies to prepare only abridged accounts	B1	18	78.5	84	23	107
Agreement on removing the separate line items for extraordinary effects	B2	27	78.5	84	23	107
Approval of a reduction of the number of company categories	C1	9	77.6	83	24	107
Agreement on prescriptive formats for the balance sheet and the profit and loss account	B1	22	77.6	83	24	107
Creation of a bottom-up approach	B1	3	76.6	82	25	107
Appropriateness of current rules for small, medium and large companies	C3	4	73.8	79	28	107
Agreement on providing for only a minimum structure for balance sheet and p&l account	B1	24	72.9	78	29	107
Agreement on integrating the 7th Directive into the 4th Directive	C2	34	71.0	76	31	107
Agreement on other approaches to reduce the number of company categories	N	10	68.2	73	34	107
Requirement in own jurisdiction to provide a cash-flow statement	N	16	68.2	73	34	107
Agreement on reducing the number of available layouts	C1	23	68.2	73	34	107

(continued)

Table 4 (continued)

Topic	Group (see Table 1)	Question No.	% Yes + no	Yes + no	Don't know + not resp.	Tot. resp.
Agreement with the need to streamline the terminology of the Directives	C2	36	68.2	73	34	107
Agreement on potential for modernization and simplification in the area valuation rules	C2	32	66.4	71	36	107
Agreement on developing one XBRL taxonomy at the EU level	C1	21	58.9	63	44	107
Agreement with the need for amendments or modernization of the 7th Directive	C2	35	55.1	59	48	107
Only for users—Usefulness of the extraordinary item	N	28	26.2	28	79	107
Only for preparers—Provision of a cash-flow statement in the past years	N	14	14.0	15	92	107
Only for bank or credit provider—Usefulness of a cash-flow statement	N	15	4.7	5	102	107
Total number of questions		25	67.3	1799	876	2675
Total number of questions—less questions for only a respondent category		22	74.4	1751	603	2354

Table 5 Group A questions (information strengthening)—results by Country group

Q12–Q13	German-speaking	Latin	Anglo-Nordic	European Union	Total
Yes	38	48	22	14	122
No	12	7	19	2	40
Total	50	55	41	16	162
% yes	76	87	54	88	75

There is a strong prevalence of agreement (75%) in achieving such information strengthening, mainly as regards Latin respondents (87% favorable) that confirm, as assumed (see H_{1c}), their traditional orientation towards a rule-based approach, and European Union respondents (88% favorable). On the other hand, we observe a significant difference (at 0.01, by applying the chi-square statistic) between Anglo-Nordic Country (only 54% favorable) and the three other Country groups (83% favorable on average): as assumed too (see H_{1a}), Anglo-Nordic Countries show their higher diffidence towards the increase of formal requirements. With regards to category groups, Table 6 provides our findings.

The category of respondents most favorable to introducing new cash flow information requirements is represented by public authorities (82% yes), confirming their

Table 6 Group A questions (information strengthening)—results by category

Q12–Q13	Preparers	Users	Accountants and auditors	Public authorities	Total
Yes	28	14	48	32	122
No	14	5	14	7	40
Total	42	19	62	39	162
% yes	67	74	77	82	75

Table 7 Group B1 questions (broader information freedom)—results by Country group

Q3–Q18–Q22–Q24	German-speaking	Latin	Anglo-Nordic	European Union	Total
Yes	40	40	52	24	156
No	48	65	26	13	152
Total	88	105	78	37	308
% yes	45	38	67	65	51

hypothesized aim at obtaining and managing as much data as possible in order to carry out effective policies (see H_{2c}). Lower support comes from the preparers instead (67% favorable), considering as expected (see H_{2b}), that they tend to be contrary to additional administrative burdens.

5.2 *Questions on Broader Information Freedom*

More questions have been classified in Group B on information weakening, according to the fact that the main aim of the review is the simplification and the reduction of burdens, with particular reference to small enterprises. Having regard to issues of broader information freedom represented by Group B1 questions, Table 7 shows the results by Country group.

The proposals concern the creation of a bottom-up approach (Q3), the introduction of the option for small companies to prepare only abridged accounts (Q18), the maintenance of prescriptive formats for the balance sheet and the profit and loss account (Q22: as the question is formulated in the other way, we compute "no" responses as "yes" and vice versa) and the provision of only a minimum structure for the balance sheet and the profit and loss account (Q24).

We obtained very similar numbers of favorable (equal to 156) and contrary (equal to 152) opinions, but with strong differences across Country groups. As presumed (see H_{1a}), Anglo-Nordic respondents support these proposals, as two thirds of respondents answer "yes" to the questions, due to their cultural tradition of information freedom for enterprises. We highlight the difference, significant at 0.01 level by applying the chi-square statistic, between the Anglo-Nordic and Latin groups. The latter shows favorable answers equal to only 38%, confirming (see H_{1c}) in this different cultural context the supremacy of a rule-based approach with rigid schemes for financial statements and well defined evaluation criteria.

Table 8 Group B1 questions (broader information freedom)—results by category

Q3–Q18–Q22–Q24	Preparers	Users	Accountants and auditors	Public authorities	Total
Yes	45	10	68	33	156
No	33	22	58	39	152
Total	78	32	126	72	308

Table 8 also confirms our hypotheses (see H_{2a}, H_{2b} and H_{2c}) on the position of category groups as regards the issue of broader information freedom for enterprises.

Users are strongly opposed (69% of "no" answers) to these proposals (see H_{2a}), whilst the majority of preparers (58%) are in favor (see H_{2b}), with a difference significant at 0.01 level. According to Group A results, we also note that the position of public authorities towards weaker information is negative, as "no" answers are equal to 54% (see H_{2c}).

5.3 *Questions on Elimination of Information Requirements*

The second group of questions included in the area of information weakening (Group B2) concerns proposals for a significant reduction of information requirements compared to the current rules. These are the most unsettling issues emerging from the European Commission Questionnaire and regard the elimination of the requirement for medium-sized companies to prepare annual reports (Q11) and the exemption from the requirement to publish accounts by small companies (Q17), in addition to the proposal to remove the separate line items for extraordinary effects (Q27).

In line with the proposals and the statements issued by several German representatives in the European Parliament, as presented in Table 9, the majority of German-speaking respondents favor these proposals of strong information reduction, although with a slight prevalence of yes (37 vs. 35 out of a total of 72 responses), whilst respondents of all the other Country groups are opposed, with "no" answers equal to 69% on average: as assumed (see H_{1b}), the difference between the German-speaking area and the other Country group results is highly significant (at 0.01 level by applying the chi-square statistic).

With regard to respondent category (Table 10), only preparers favor eliminating such disclosure and publication requirements (see H_{2a}): the percentage of "yes"

Table 9 Group B2 questions (elimination of information requirements)—results by Country group

Q11–Q17–Q27	German-speaking	Latin	Anglo-Nordic	European Union	Total
Yes	37	25	21	10	93
No	35	68	39	18	160
Total	72	93	60	28	253
% yes	51	27	35	36	37

Table 10 Group B2 questions (elimination of information requirements)—results by category

Q11–Q17–Q27	Preparers	Users	Accountants and auditors	Public authorities	Total
Yes	33	5	33	22	93
No	31	25	66	38	160
Total	64	30	99	60	253
% yes	52	17	33	37	37

answers is equal to 52% and differ significantly (at 0.01 level) with respect to the average ratio (32%) of favorable opinions among the other three categories, which in fact are markedly opposed, supporting our hypotheses (see H_{2b}, H_{2c} and H_{2d}).

In particular, the opposition of accountants and auditors could be justified if we think that such a proposal of simplification, if realized, could reduce *ceteris paribus* their services for the companies involved (see H_{2d}).

5.4 *Questions on Reduction of Alternative Options or Categories*

In the four following tables (Tables 11–14) we synthesize the results by Country group and by category with reference to the questions included in the area of innovation (Group C) that do not directly entail an increase or decrease of corporate disclosure, unlike the previous question groups.

Group C1 questions concern the changes proposed in order to reduce the number of alternative options or categories provided for in the current rules, with particular reference to the decrease in the number of company categories (Q9), the development of one XBRL taxonomy at the European Union level (Q21), and the reduction of the number of available balance sheet and profit and loss account layouts (Q23).

As regards Country groups (Table 11), the data provides evidence of clear support by Latin respondents (favorable at 70%), with a significant difference (at 0.01 level) over the average ratio (equal to only 45%) of favorable opinions among the other Country areas. Such findings confirm our hypothesis (see H_{1c}), as the Latin area is oriented towards more prescriptive measures with a stronger role of civil code and formal rules.

Table 11 Group C1 questions (reduction of alternative options or categories)—results by Country group

Q9–Q21–Q23	German-speaking	Latin	Anglo-Nordic	European Union	Total
Yes	20	53	28	11	112
No	36	23	25	10	94
Total	56	76	53	21	206
% yes	36	70	53	52	54

Table 12 Group C1 questions (reduction of alternative options or categories)—results by category

Q9–Q21–Q23	Preparers	Users	Accountants and auditors	Public authorities	Total
Yes	32	11	43	26	112
No	22	12	41	19	94
Total	54	23	84	45	206
% yes	59	48	51	58	54

Table 12 provides the results concerning the four categories of respondents, revealing that only users show a prevalence of negative answers (52%).

These findings could be interpreted as a presumable user preference for the keeping of already known schema, though the difference among respondent categories is not significant.

5.5 *Questions on Amendment of Directive Format*

Group C2 questions consider the proposals of amendment of the directive formats, concerning the concentration of basic principles in one dedicated section (Q1), the modernization and the simplification in the area valuation rules (Q32), the integration of the Seventh Directive into the Fourth directive (Q34), the need for amendments or modernization of the Seventh Directive (Q35) and the need to streamline the terminology of the Directives (Q36).

Table 13 reports on a wide consensus (83%) across Country groups.

In particular, nearly all the Anglo-Nordic respondents (79 yes out of a total of 85 responses) are favorable and this percentage (equal to 93%) is significantly different (at 0.01 level, always by applying the chi square statistic) from the average ratio (79%) corresponding to all the other Country groups. These proposals could actually lead to a stronger role of the principles and to a greater transparency that distinguish the Anglo-Nordic accounting tradition (see H_{1a}).

Difference based on category respondents (Table 14) is significant too (at 0.05 level), if we consider the lower support by users (69%) compared to the other categories, for which we remark an average ratio of favorable opinions equal to 83%.

It could be argued that users are less inclined to modify well known formats, worrying that they would have to incur additional burdens in order to assimilate new schema and rules.

Table 13 Group C2 questions (amendment of directive format)—results by Country group

Q1–Q32–Q34–Q35–Q36	German-speaking	Latin	Anglo-Nordic	European Union	Total
Yes	72	105	79	34	290
No	32	16	6	7	61
Total	104	121	85	41	351
% yes	69	87	93	83	83

Table 14 Group C2 questions (amendment of directive format)—results by category

Q1–Q32–Q34–Q35–Q36	Preparers	Users	Accountants and auditors	Public authorities	Total
Yes	74	24	119	73	290
No	13	11	26	11	61
Total	87	35	145	84	351
% yes	85	69	82	87	83

5.6 Questions on Degree of Satisfaction for Current Rule

Finally, the last two tables (Tables 15 and 16) refer to the Group C3 questions, concerning the degree of satisfaction for current rules, more precisely with regard to the appropriateness of current rules for small, medium and large companies (Q4), the agreement on current criteria for company categories (Q7), and the agreement on current thresholds for company categories (Q8).

We report a clear prevalence of favorable opinions (66%), without registering any significant difference across both Country groups (Table 15) and category (Table 16) respondents.

Table 15 Group C3 questions (degree of satisfaction for current rules)—results by Country group

Q4–Q7–Q8	German-speaking	Latin	Anglo-Nordic	European Union	Total
Yes	46	55	38	17	156
No	29	28	16	8	81
Total	75	83	54	25	237
% yes	61	66	70	68	66

Table 16 Group C3 questions (degree of satisfaction for current rules)—results by category

Q4–Q7–Q8	Preparers	Users	Accountants and auditors	Public authorities	Total
Yes	35	18	62	41	156
No	26	9	29	17	81
Total	61	27	91	58	237
% yes	57	67	68	71	66

6 The Review of the Accounting Directives: The Following Phases

6.1 The European Commission Proposal

As already noted in Sect. 2, the responses to the Questionnaire are commented on by the European Commission in its Summary Report (European Commission 2009b). However, the Report does not specify results based on Country Group reclassification. The classification detailed by single Country is included only in the annexes, even though it is not commented on in the Summary Report. The annexes also report the data based on the distinction between lobbyist and EU wide organizations, a classification not relevant for our purposes. The classification using the categories of respondents (preparers, users, public authorities, accountants and auditors, others) is included only in the annexes too, while in the Summary Report only partial comments for some questions can be found.

In any case, the European Commission finds considerable support by the majority of respondents for the concentration of basic principles in one dedicated section (Q1), the creation of a bottom-up approach (Q3), the requirement of cash-based information (Q12) and minimum layout of the cash-flow statement (Q13), the development of one XBRL taxonomy at the EU level (Q21), the reduction of the number of available balance sheet and profit and loss account layouts (Q23), the provision of only a minimum structure for the balance sheet and the profit and loss account (Q24), the modernization and simplification in the area valuation rules (Q32), the integration of the Seventh Directive into the Fourth directive (Q34), the need for amendments or modernization of the Seventh Directive (Q35) and the need to streamline the terminology of the Directives (Q36).

Concerning the other issues, the European Commission registers mainly opinions opposed to the reduction of the number of company categories (Q9), the removal of prescriptive formats for the balance sheet and the profit and loss account (Q22), the elimination of the requirement for annual reports for medium companies (Q11) and the exemption for small companies from the requirement to publish accounts (Q17). Finally, controversial results emerge as regards the introduction of the option for small companies to prepare only abridged accounts (Q18) and the elimination of the separate line items for extraordinary effects (Q27).

In the light of the above-described results, it is interesting to compare the answers received by the European Commission to the consequent proposal for a new Accounting Directive presented in 2011 by the same Commission (European Commission 2011a), in order to test whether and to what extent the needs emerging from the public consultations have been taken into account.

This proposal is accompanied by separate documents concerning the impact assessment of a number of review policy options (European Commission 2011b, c). Having compared five broad policy options—from the baseline scenario (no change) to the repeal of the Directives—the preferred one is a revision through a new Directive replacing the existing Fourth and Seventh Directives (European

Commission 2011c). The Commission justifies this choice as the most reasonable option to achieve the objectives of the Review, having regard to the necessity and proportionality of EU legislation, the timeline and its acceptability to stakeholders (European Commission 2011b).

Then the Commission examines the impact assessment of a subset of options for the revision of the Directives within the context of the preferred broad approach (European Commission 2011b, p. 3). In particular, reducing information given in notes by small companies and maximizing harmonization across the European Union are considered the best options to ensure that the Review objectives are met with potential high acceptability (European Commission 2011c).

However, it seems that the number of amendments included in the proposal is limited compared to the demand for several changes shared by a large majority of respondents, mainly as regards simplification and reduction of administrative burdens. Indeed, considering all the closed questions raised by the European Commission, the accepted requests of change only concern the concentration of basic principles in one dedicated section (Q1), the reduction of the number of available layouts (Q23), the elimination of the separate line items for extraordinary effects (Q27), although introducing a new requirement to disclose them separately within the profit and loss accounts with an explanatory note, and the amendments regarding the creation of one Accounting Directive (Q34 and Q35).

We observe that the creation of a bottom-up approach (Q3) is partially accepted, only with reference to notes to the financial statements. As a consequence, small undertakings will have a more limited disclosure regime, when compared to current Directives, even though new requirements to disclose post-balance sheet events and related party transactions in the notes are introduced for all companies.

There is only a limited acceptance for the proposal of simplification of valuation rules (Q32). In particular, a general principle of materiality is introduced, so recognition, measurement, presentation and disclosure in financial statements should be subject to materiality constraints. However, in our opinion, this new principle could lead to additional problems in terms of comparability, since quantitative thresholds are not fixed and determining materiality will remain a company's primary responsibility. A requirement to show the economic reality of a transaction in the financial statements, and not just its legal form, is also introduced as a general principle as well. LIFO valuation method is not permitted for stocks and fungibles, and national options allowing replacement cost accounting and inflation methods have been removed.

The shared proposal to streamline the terminology of the Directives (Q36) has turned into a replacement of only three terms ("company" with "undertaking", "accounts" with "financial statements" and "annual report" with "management report"). As concerns the closed questions with proposed changes (Groups A, B1, B2, C1 and C2), Table 17 compares respondents' orientation with the European Commission proposal.

Having regard to the European Commission Questionnaire structure and to the classification of the issues proposed in our analysis, we can synthesize some points as follows:

Table 17 Closed questions with proposed changes—respondents' orientation and European Commission proposal

Topic	Question No.	Group (see Table 1)	Respondents' orientation	European Commission proposal
Agreement on requiring cash-based information	12	A	All favorable to the proposed changes	Change not accepted
Agreement on requiring a minimum layout of the cash-flow statement	13			Change not accepted
Creation of a bottom-up approach	3	B1	Mixed: Latin and users strongly contrary while Anglo-Nordic and preparers more favorable to the proposed changes	Change partially accepted
Agreement on option for small companies to prepare only abridged accounts	18			Change not accepted
Agreement on keeping prescriptive formats for the balance sheet and the p&l account	22			Change not accepted
Agreement on providing for only a minimum structure for balance sheet and p&l account	24			Change not accepted
Agreement on eliminating the requirement for annual reports for medium companies	11	B2	Mixed: Latin and users strongly contrary while German-speaking and preparers more favorable to the proposed changes	Change not accepted
Agreement on exempting small companies from the requirement to publish accounts	17			Change not accepted
Agreement on removing the separate line items for extraordinary effects	27			Change accepted
Approval of a reduction of the number of company categories	9	C1	Mixed: German-speaking and users contrary while Latin and preparers more favorable to the proposed changes	Change not accepted
Agreement on developing one XBRL taxonomy at the EU level	21			Change not accepted
Agreement on reducing the number of available layouts	23			Change accepted
Concentration of basic principles in one dedicated section	1	C2	All favorable to the proposed changes	Change accepted

(continued)

Table 17 (continued)

Topic	Question No.	Group (see Table 1)	Respondents' orientation	European Commission proposal
Agreement on potential for modernization and simplification in the area valuation rules	32			Change partially accepted
Agreement on integrating the 7th Directive into the 4th Directive	34			Change accepted
Agreement with the need for amendments or modernization of the 7th Directive	35			Change accepted
Agreement with the need to streamline the terminology of the Directives	36			Change partially accepted

- the proposals included in Group A ('information strengthening') questions, despite wide support by the majority of respondents, have not been accepted;
- in front of significantly different results across respondent classes, the proposals considered in Group B1 ('broader information freedom') questions have not been adopted either, if we exclude only a partial introduction of the bottom-up approach (Q3), so supporting the opinion of Latin respondents and users, strongly opposed to those changes;
- also the Group B2 ('elimination of information requirements') proposals, distinguished by the prevalence of favorable answers by preparers, on the one hand, and by the strong opposition of users on the other have not been allowed, except the partial change concerning the disclosure of the extraordinary effects (Q27);
- with reference to Group C1 ('reduction of alternative options or categories'), only the proposal of a reduction of the number of available balance sheet and profit and loss account layouts has been accepted (Q23), in line with the clear prevalence of negative answers coming only from German respondents and users;
- as regards Group C2 ('amendment of directive format'), the majority of the proposals of change, in particular those included in the macro-topic 'Creating One Accounting Directive' (Q34, Q35 and Q36), have been adopted, according to the wide consensus among all the respondent classes.

In summary, it seems that several needs emerging from the public consultation have not been adequately considered by the Commission. In spite of large support by respondents, the new Accounting Directive has adopted proposals only with reference to some issues (included in Group C2 questions), but not as regards other shared suggestions (included in Group A questions). Moreover, in front of strong and significant differences among respondent classes (in particular, see Group B1 and B2 questions), we remark that the European Commission decisions in fact have promoted users' positions, so supporting the 'user primacy' traditional principle (Gaa 1986).

Importantly, the European Summary Report specifies that the results of the public consultation do not commit the Commission to future action (European Commission 2009b), thereby raising doubts about the significance and the effective role of such initiatives.

6.2 *The Amendments to the European Commission Text and the Adoption of the New Accounting Directive*

To outline a complete picture of the history of the Accounting Directives review, it is worth considering also subsequent amendments to the Commission proposal moved by the Council and the European Parliament. During the years 2012 and 2013 the new Accounting Directive was discussed at numerous meetings by the Council and its preparatory bodies and at various informal trilogues with the European Parliament: on April 2013 a conclusive agreement was reached and the final compromise text was approved (Council of the European Union 2013), though the amendments directly related to the items considered by the European Commission Questionnaire are limited.

Finally, in June 2013 the new Accounting Directive 2013/34/EU was adopted by the European Parliament and the Council of the European Union (European Parliament and Council 2013). In particular, it was decided:

- to mitigate some effects of the materiality principle. In particular, it is specified that even if a single item might be considered to be immaterial, immaterial items of a similar nature might be considered altogether material. In addition, Member States should be allowed to limit the mandatory application of the principle of materiality to presentation and disclosure, so excluding recognition, measurement and consolidation in the financial statements. In any case, the materiality principle shall not affect any national obligation to keep complete records showing business transactions and financial position (European Parliament and Council 2013, preamble no. 17);
- to reintroduce the possibility for Member States to choose between alternative layouts for the presentation of the balance sheet (European Parliament and Council 2013, art. 10 and art. 11);
- to reintroduce the LIFO valuation method, contrary with IAS/IFRS provisions (European Parliament and Council 2013, art. 12, para. 9);
- to eliminate the requirement to disclose extraordinary effects separately within the profit and loss accounts, while it is confirmed the introduction in the notes to the financial statements of the new explanatory note on the amount and nature of individual items of income or expenditure which are of exceptional size or incidence (European Parliament and Council 2013, art. 16, para. 1, lett. F);

- to exempt small companies from additional mandatory disclosures in the notes, mainly with reference to post-balance sheet events and related party transactions, although Member States may require that small undertakings shall disclose such information as required (European Parliament and Council 2013, art. 16 para. 2 and art. 17);
- to include in the same text a number of exemptions and further simplifications for micro entities (temporarily considered by the European Commission in a separate review), containing the exemption from a general publication requirement of annual accounts (provided that balance sheet information is duly filed, in accordance with national law, with at least one designated competent authority and that the information is transmitted to the business register, so that a copy should be obtainable upon application).

As concerns the closed questions with proposed changes, Table 18—which extends the analysis presented in a previous study (Quagli et al. 2015)—summarizes the main changes to the European Accounting Directives proposed in the 2011 European Commission draft, the main changes approved by the European Parliament and the Council in the 2013 final text, and the changes derived from the 2012 European Directive on micro-entities.

7 Conclusion

The significant differences among Countries theorized by the international accounting literature (Nobes 1983, 2006) are confirmed by our findings: national accounting culture and economic features are determinants in affecting groups' perception of financial reporting proposed changes (Fontes et al. 2016) and so differentiating answers on the basis, respectively, of German-speaking, Latin and Anglo-Nordic respondents. These differences particularly emerge with reference to the strongest proposals, concerning the elimination of significant disclosure and publication requirements, supported only by German-speaking respondents. On the other hand, Anglo-Nordic Countries agree on increasing simplification options and information freedom, whilst Latin Countries are more oriented towards a rule-based approach.

As an element of progress, the findings also confirm our hypotheses founded on the impact of respondent categories: results show a significant diversity, in the predicted sense, among preparers, users, accountants and auditors, public authorities. In particular, our results highlight more appreciation by preparers for a significant reduction of mandatory disclosure with respect to users and public authorities.

Certainly, there is a confirmation of weak participation of users as noted in other previous studies concerning the IFRS for SMEs setting process (Paoloni 2006; Schiebel 2008; Quagli and Paoloni 2012). Nevertheless, according to the classic 'user primacy' principle, user perspective seems to be preferred in the process of accounting directives review.

Table 18 Main changes in the European Accounting Directive (EAD) concerning closed questions with proposed changes

Topic	Q	Main changes in the EAD proposed in the European Commission draft of October 25, 2011 (COM[2011] 684)	Main changes in the EAD approved by the European Parliament and the Council (Directive 2013/34/EU of June 26, 2013)	Changes in the EAD derived from the Directive 2012/6/EU of May 14, 2012 on micro-entities
Cash-flow information	12 13	No change proposed	No change approved	–
Bottom-up approach	3	Partial creation of a bottom-up approach only with reference to the notes to the financial statements, introducing a more limited disclosure regime for firms other than medium-size and large ones; however, introduction of new requirements to disclose post-balance sheet events and related party transactions for all undertakings	Partial creation of a bottom-up approach only with reference to the notes to the financial statements, introducing a more limited disclosure regime for firms other than medium-size and large ones; however, introduction of new requirements to disclose post-balance sheet events and related party transactions for all undertakings except for small ones (if not introduced by Member States)	Changes not derived from the Directive 2012/6/EU
Abridged accounts	18	No change proposed	Possibility for Member States only to require micro-entities to draw up only abridged financial statements	Changes derived from the Directive 2012/6/EU
Financial statements formats	22	No change proposed	No change approved	–
Financial statements structure	24	No change proposed	No change approved	–
Elements of annual accounts	11	–	Possibility for Member States only to exempt micro-entities from the obligation to prepare the notes to the financial statements and the management report, provided that limited information is disclosed at the foot of the balance sheet; possibility for Member	Changes derived from the Directive 2012/6/EU

(continued)

Table 18 (continued)

Topic	Q	Main changes in the EAD proposed in the European Commission draft of October 25, 2011 (COM[2011] 684)	Main changes in the EAD approved by the European Parliament and the Council (Directive 2013/34/EU of June 26, 2013)	Changes in the EAD derived from the Directive 2012/6/EU of May 14, 2012 on micro-entities
			States to permit micro-entities to draw up only an abridged balance sheet and only an abridged profit and loss account	
Publication requirements	17	–	Possibility for Member States only to exempt micro-entities from the obligation to publish annual financial statements, provided that the balance sheet information contained therein is duly filed, in accordance with national law, with at least one competent authority designated by the Member State concerned	Changes derived from the Directive 2012/6/EU
Extraordinary effects	27	Elimination of the separate line items for extraordinary effects, although introducing a new requirement to disclose them separately within the profit and loss accounts with an explanatory note	Elimination of the separate line items for extraordinary effects, although introducing a new explanatory note	Changes not derived from the Directive 2012/6/EU
Company categories reduction	9	No change proposed	No change approved; on the contrary, creation of the micro-entity category	Changes derived from the Directive 2012/6/EU
XBRL taxonomy	21	No change proposed	No change approved	–
Financial statements layouts	23	Reduction of the number of available balance sheet layouts (one instead of two layouts) and profit and loss account layouts (two instead of four layouts)	Reduction of the number of available layouts of profit and loss account (two instead of four layouts); reintroduction of two alternative balance sheet layouts	Changes not derived from the Directive 2012/6/EU

(continued)

Table 18 (continued)

Topic	Q	Main changes in the EAD proposed in the European Commission draft of October 25, 2011 (COM[2011] 684)	Main changes in the EAD approved by the European Parliament and the Council (Directive 2013/34/EU of June 26, 2013)	Changes in the EAD derived from the Directive 2012/6/EU of May 14, 2012 on micro-entities
Basic principles	1	Concentration of basic principles in one dedicated section	Concentration of basic principles in one dedicated section	Changes not derived from the Directive 2012/6/EU
Valuation rules	32	Introduction of a general principle of materiality, as regards recognition, measurement, presentation and disclosure in financial statements; introduction of a new requirement to show the economic reality of a transaction in the financial statements, and not just its legal form; elimination of LIFO valuation method; removal of national options allowing replacement cost accounting and inflation methods	Mitigation of some effects of the materiality principle, e.g. as concerns the possibility for Member States to limit the mandatory application of the new principle to presentation and disclosure in financial statements; possibility for Member States to exempt undertakings from the new requirement to show the economic reality of a transaction in the financial statements; reintroduction of LIFO valuation method; removal of national options allowing replacement cost accounting and inflation methods	Changes not derived from the Directive 2012/6/EU
Structure	34 35	Creation of a single Accounting Directive replacing the existing 4th and 7th Directives	Creation of a single Accounting Directive replacing the existing 4th and 7th Directives	Changes not derived from the Directive 2012/6/EU
Terminology	36	Replacement of very few terms in order to streamline the terminology of the previous Directives	Replacement of very few terms in order to streamline the terminology of the previous Directives	Changes not derived from the Directive 2012/6/EU

With regard to methodological issues, this research has some limitations. First, it should be noted that in an open questionnaire—as with reference to any survey that allows respondents to decide whether to participate—there is a risk of self-selection bias of the respondents. Second, the number of respondents is not particularly high (equal to 107), although the whole number of analyzed answers (equal to 2675) is significant. Finally, the same weight has been attributed to associations representing a large number of respondents and single entities, though this is similar to previous related studies (Quagli and Paoloni 2012; Quagli et al. 2015).

To sum up, in our opinion, the proposal for a new accounting directive, presented in 2011 by the European Commission, as well as the final text definitively approved in 2013 by the European Parliament and the Council of the European Union, seems not to consider adequately important needs emerging from the Questionnaire, so that such public consultations could appear, in some respects, as a ritual process. In actual fact, the project to simplify accounting rules and reduce the administrative burdens, mainly for small enterprises, looks partially unrealized, also considering that some changes in the European Accounting Directive derive from the Directive on the annual accounts of the previously created micro-entity category (European Parliament and Council 2012).

In addition, also looking at the consequent processes for internalizing the European Accounting Directive in national regulations and the different way each Member State accepted and transposed it by July 2015 (Di Pietra 2017; Collis et al. 2017; Le Manh 2017; Fülbier et al. 2017), it should be noted that international comparability of financial statements remains a significant issue, as this Directive includes several important options (Alexander 2015), emerging from our analysis, that have continued to allow Member States to adapt it (Collis et al. 2017) in accordance with persistent national accounting traditions.

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