

Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 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 (Text with EEA relevance)

CHAPTER 4

NOTES TO THE FINANCIAL STATEMENTS

Article 15

General provisions concerning the notes to the financial statements

Where notes to the balance sheet and profit and loss account are presented in accordance with this Chapter, the notes shall be presented in the order in which items are presented in the balance sheet and in the profit and loss account.

Article 16

Content of the notes to the financial statements relating to all undertakings

1 In the notes to the financial statements all undertakings shall, in addition to the information required under other provisions of this Directive, disclose information in respect of the following:

- a accounting policies adopted;
- b where fixed assets are measured at revalued amounts, a table showing:
 - (i) movements in the revaluation reserve in the financial year, with an explanation of the tax treatment of items therein, and
 - (ii) the carrying amount in the balance sheet that would have been recognised had the fixed assets not been revalued;
- c where financial instruments and/or assets other than financial instruments are measured at fair value:
 - (i) the significant assumptions underlying the valuation models and techniques where fair values have been determined in accordance with point (b) of Article 8(7),
 - (ii) for each category of financial instrument or asset other than financial instruments, the fair value, the changes in value included directly in the profit and loss account and changes included in fair value reserves,
 - (iii) for each class of derivative financial instrument, information about the extent and the nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows, and
 - (iv) a table showing movements in fair value reserves during the financial year;

Status: EU Directives are being published on this site to aid cross referencing from UK legislation. After IP completion day (31 December 2020 11pm) no further amendments will be applied to this version.

- d the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions and affiliated or associated undertakings shall be disclosed separately;
- e 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;
- f the amount and nature of individual items of income or expenditure which are of exceptional size or incidence;
- g amounts owed by the undertaking becoming due and payable after more than five years, as well as the undertaking's entire debts covered by valuable security furnished by the undertaking, with an indication of the nature and form of the security; and
- h the average number of employees during the financial year.

2 Member States may require mutatis mutandis that small undertakings are to disclose information as required in points (a), (m), (p), (q) and (r) of Article 17(1).

For the purposes of applying the first subparagraph, the information required in point (p) of Article 17(1) shall be limited to the nature and business purpose of the arrangements referred to in that point.

For the purposes of applying the first subparagraph, the disclosure of the information required in point (r) of Article 17(1) shall be limited to transactions entered into with the parties listed in the fourth subparagraph of that point.

3 Member States shall not require disclosure for small undertakings beyond what is required or permitted by this Article.

Article 17

Additional disclosures for medium-sized and large undertakings and public-interest entities

1 In the notes to the financial statements, medium-sized and large undertakings and public-interest entities shall, in addition to the information required under Article 16 and any other provisions of this Directive, disclose information in respect of the following matters:

- a for the various fixed asset items:
 - (i) the purchase price or production cost or, where an alternative basis of measurement has been followed, the fair value or revalued amount at the beginning and end of the financial year,
 - (ii) additions, disposals and transfers during the financial year,
 - (iii) the accumulated value adjustments at the beginning and end of the financial year,
 - (iv) value adjustments charged during the financial year,
 - (v) movements in accumulated value adjustments in respect of additions, disposals and transfers during the financial year, and

- (vi) where interest is capitalised in accordance with Article 12(8), the amount capitalised during the financial year.
- b if fixed or current assets are the subject of value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them;
- c where financial instruments are measured at purchase price or production cost:
 - (i) for each class of derivative financial instrument:
 - the fair value of the instruments, if such a value can be determined by any of the methods prescribed in point (a) of Article 8(7), and
 - information about the extent and nature of the instruments,
 - (ii) for financial fixed assets carried at an amount in excess of their fair value:
 - the book value and the fair value of either the individual assets or appropriate groupings of those individual assets, and
 - the reasons for not reducing the book value, including the nature of the evidence underlying the assumption that the book value will be recovered;
- d the amount of the emoluments granted in respect of, the financial year to the members of administrative, managerial and supervisory bodies by reason of their responsibilities and any commitments arising or entered into in respect of retirement pensions of former members of those bodies, with an indication of the total for each category of body.

Member States may waive the requirement to disclose such information where its disclosure would make it possible to identify the financial position of a specific member of such a body;

- e the average number of employees during the financial year, broken down by categories and, if they are not disclosed separately in the profit and loss account, the staff costs relating to the financial year, broken down between wages and salaries, social security costs and pension costs;
- f 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;
- g the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in his own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by the undertaking.

Member States may allow the information required to be disclosed by the first subparagraph of this point to take the form of a statement filed in accordance with Article 3(1) and (3) of Directive 2009/101/EC; the filing of such a statement shall be disclosed in the notes to the financial statements. Member States may also allow that information to be omitted when its nature is such that it would be seriously prejudicial to any of the undertakings to which it relates. Member States may make such omissions subject to prior administrative or judicial authorisation. Any such omission shall be disclosed in the notes to the financial statements;

- h the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital, without prejudice as far as the amount of that capital is concerned

Status: EU Directives are being published on this site to aid cross referencing from UK legislation. After IP completion day (31 December 2020 11pm) no further amendments will be applied to this version.

- to point (e) of Article 2 of Directive 2009/101/EC or to points (c) and (d) of Article 2 of Directive 2012/30/EU;
- i where there is more than one class of shares, the number and the nominal value or, in the absence of a nominal value, the accounting par value for each class;
 - j the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer;
 - k the name, the head or registered office and the legal form of each of the undertakings of which the undertaking is a member having unlimited liability;
 - l the name and registered office of the undertaking which draws up the consolidated financial statements of the largest body of undertakings of which the undertaking forms part as a subsidiary undertaking;
 - m the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest body of undertakings of which the undertaking forms part as a subsidiary undertaking and which is also included in the body of undertakings referred to in point (l);
 - n the place where copies of the consolidated financial statements referred to in points (l) and (m) may be obtained, provided that they are available;
 - o the proposed appropriation of profit or treatment of loss, or where applicable, the appropriation of the profit or treatment of the loss;
 - p 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 and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking;
 - q 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
 - r 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. Information about individual transactions may be aggregated according to their nature except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of 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.

Member States may permit that transactions entered into between one or more members of a group be not disclosed, provided that subsidiaries which are party to the transaction are wholly owned by such a member.

Member States may permit that a medium-sized undertaking limit the disclosure of transactions with related parties to transactions entered into with:

- (i) owners holding a participating interest in the undertaking;
- (ii) undertakings in which the undertaking itself has a participating interest; and
- (iii) members of the administrative, management or supervisory bodies of the undertaking.

2 Member States shall not be required to apply point (g) of paragraph 1 to an undertaking which is a parent undertaking governed by their national laws in the following cases:

- a where the undertaking in which that parent undertaking holds a participating interest for the purposes of point (g) of paragraph 1 is included in consolidated financial statements drawn up by that parent undertaking, or in the consolidated financial statements of a larger body of undertakings as referred to in Article 23(4);
- b where that participating interest has been dealt with by that parent undertaking in its annual financial statements in accordance with Article 9(7), or in the consolidated financial statements drawn up by that parent undertaking in accordance with Article 27(1) to (8).

Article 18

Additional disclosures for large undertakings and public-interest entities

1 In the notes to the financial statements, large undertakings and public-interest entities shall, in addition to the information required under Articles 16 and 17 and any other provisions of this Directive, disclose information in respect of the following matters:

- a the net turnover broken down by categories of activity and into geographical markets, in so far as those categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services are organised; and
- b the total fees for the financial year charged by each statutory auditor or audit firm for the statutory audit of the annual financial statements, and the total fees charged by each statutory auditor or audit firm for other assurance services, for tax advisory services and for other non-audit services.

2 Member States may allow the information referred to in point (a) of paragraph 1 to be omitted where the disclosure of that information would be seriously prejudicial to the undertaking. Member States may make such omissions subject to prior administrative or judicial authorisation. Any such omission shall be disclosed in the notes to the financial statements.

3 Member States may provide that point (b) of paragraph 1 is not to apply to the annual financial statements of an undertaking where that undertaking is included within the consolidated financial statements required to be drawn up under Article 22, provided that such information is given in the notes to the consolidated financial statements.