

22.6/17/1

26 January 1998

**COMMISSION QUESTIONNAIRE ON SIMPLIFICATION  
OF THE FOURTH AND SEVENTH COUNCIL DIRECTIVES  
FOR SMALL AND MEDIUM-SIZED ENTERPRISES**

**UNICE RESPONSE**

**I. GENERAL COMMENTS**

As a preliminary remark, UNICE would like to reiterate that, in the field of company law, more flexible rules for SMEs are highly desirable. As stated in its position paper on the "Commission Consultation Paper on Company Law" dated 25 July 1997, there is an obvious need to simplify company law requirements for SMEs. The proposal to amend the Fourth Directive should therefore be revived with the objective of raising substantially the thresholds for abridged accounts and limited disclosure.

Thus, UNICE believes it necessary to raise the thresholds of Articles 11 and 27. However, UNICE questions the usefulness of the test, in Articles 11 and 27, of the average number of employees. Unless a direct relation exists between the number of employees and the aim of the threshold, this criterion can be counterproductive with regard to employment.

**II. REPLY TO THE COMMISSION'S QUESTIONNAIRE**

**A. *Fourth directive on annual accounts of certain types of enterprises (78/660/EEC):***

1. No, UNICE does not believe that the scope of the fourth directive according to Article 1 should be changed.
2. Yes, in UNICE's view, the present option in Article 11 allowing small companies to present an abridged balance sheet does serve its purpose.
3. This question relates to possible modification of the thresholds in Article 11.  
Regarding *accounting requirements*, it is UNICE's view that an increase of the thresholds as suggested by the Commission in Recommendation 96/280/EC would seem sufficient. The employee criterion should be deleted. [See also general comments].
4. Regarding possible introduction of some kind of qualitative criteria (e.g. the activity of the company or an independence requirement) in addition to the thresholds, UNICE believes that this should, in principle, not be necessary.

The only adjustment that might need to be made is that listed companies always be treated as large companies.

5. Yes, UNICE believes that the present option in Article 27 allowing small and medium-sized enterprises to present an abridged profit-and-loss account serves its purpose.
6. This question addresses possible modification of the thresholds in Article 27.  
In UNICE's view, the thresholds should be raised. [See also the answer to question 3 above].
7. Regarding possible introduction of some kind of qualitative criteria in addition to the thresholds, UNICE believes that this should, in principle, not be necessary. [See also the answer to question 4].
8. UNICE does not believe that SMEs should be allowed to use accounting methods different from those used by large companies. In UNICE's view, valuation rules need to be the same for all companies falling under the scope of the fourth directive.
9. Yes, in UNICE's view, the option in Article 44 to exempt small companies from certain disclosure requirements serves its purpose.
10. Yes, UNICE believes that SMEs should be required to publish their accounts.
11. Yes, UNICE believes that the option in Article 47(2) to publish an abridged balance sheet serves its purpose.
12. Yes, it is UNICE's view that the option in Article 51 to exempt small companies from the audit requirement serves its purpose. Auditing clearly has a protective function which should not be underestimated.
13. No, UNICE does not believe that the option in Article 51 to exempt small companies from the audit requirement should be extended to cover medium-sized companies.
14. At this stage, UNICE has no further suggestions for additional changes to be made in the Fourth Directive in order to reduce the burden for small and medium-sized companies.

***B. Seventh directive on consolidated accounts (83/349/EEC)***

1. Yes, UNICE believes that the option in Article 6 to exempt small and medium-sized groups from the consolidation requirement serves its purpose.
2. If Member States have not used the option to exempt small and medium-sized groups from the consolidation requirement, UNICE is of the opinion that there is no need for an option to exempt these groups from other requirements.
3. UNICE does not believe that small and medium-sized groups should be exempted from the audit requirement in Article 37.