The regulatory framework of accounting and accounting standard-setting bodies in the European Union member states

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Abstract

One of the principal features of accounting in the 21st century is harmonisation and stanardisation. Regulation of the European Parliament and European Council No. 1606/2002 harmonizes financial reporting for certain companies in the EU. However, national accounting principles are of great importance for financial reporting. The main purpose of this research was to investigate the application of generally accepted accounting principles, the regulatory accounting framework and the standard-setting bodies of EU member states. The analysis of these accounting issues was conducted with respect to all 28 EU member states. The results indicate that EU member states regulate their principal accounting issues through separate accounting acts or implement those issues in companies acts. Some EU member states do not have national accounting standards, the national accounting principles being incorporated in companies acts and accounting acts. Nevertheless, national accounting standard-setting bodies are governmental organisations in almost half the member states.

Keywords: accounting regulatory framework, accounting standard-setting bodies, the EU member states

1 INTRODUCTION

The European Union is a union of 28 member states that operate in a common political and economic environment. Although there is an intention that European legislation should he harmonised and that some legal instruments should be **uniformly implemented** across the EU, the *acquis communautaire* nevertheless admits national specifics and gives a certain freedom to the member states in making decisions on some normative issues. When it comes to accounting, there are certain binding legal acts in the form of regulations, directives and decisions. However, the European Union recognizes recommendations and opinions as non-legally binding instruments (EU, 2010). The most famous accounting regulation is the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting standards (European Parliament, European Council, 2002). The most applicable accounting directives are the Fourth Council Directive of 24 July 1978 on the annual accounts of certain types of companies and the Seventh Council Directive of 13 June 1983 on consolidated accounts. However, as a result of the EU's adjustment to modern changes in financial reporting standards, the Fourth and Seventh Directives were repealed. The new Accounting Directive 2013/34/EU entered into force on 20 July 2013 with a two year period for the incorporation of the new accounting principles into the EU member states' national regulatory frameworks. The main goal of EU accounting legislation is to prescribe the basic accounting principles, valuation methods and the forms of financial statements at a general level allowing the member states to decide between several prescribed EU approaches. However, the only strongly unified part of accounting is the part relating to the consolidated financial statements of companies whose securities are quoted or about to be quoted on the EU market. This has been achieved in such a way that all companies whose securities are admitted to trading on a regulated market of any member state have to prepare their consolidated financial statements under IFRS. Besides, each member state can decide on its own binding rules regarding the application of financial reporting standards to other companies. The main goal of the paper is to analyse the regulatory framework of accounting, the application of national accounting standards in the European Union and to investigate the basic features of accounting standard-setting organisations in the EU member states.

2 THEORETICAL BACKGROUND AND RESEARCH QUESTIONS

2.1 LEGAL REGULATION OF ACCOUNTING ISSUES

An accounting system of a certain country is determined by its national accounting framework, professional associations, the application of IFRS and/or national accounting standards. Although the principal feature of accounting in the 21st century is the harmonisation of accounting; still, there are many national specifics in the accounting field that differ from country to country. A national accounting framework plays a key role in, for example, determining the major rules of keeping accounting records, defining charts of accounts, preparing annual accounts and the application of national and international accounting standards. Choi and Meek (2005) stress that "the classification is fundamental to understanding and analysing why and how national accounting systems differ". There are many factors that have an influence on accounting systems. The sources of finance, legal system, financial markets, taxation, inflation and accounting development level have been recognised as main factors of influence. Aerts and Walton (2013) emphasize the importance of local cultural differences, where "some countries prefer legal regulation where others like codes of best practice". In order to examine the form of legal act which deals with basic accounting items in the EU member states, the research question was formed: *What comprises the regulatory framework of accounting in the majority of EU member states: an Accounting Act or a Companies Act?*

2.2 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Generally accepted accounting principles (GAAP) are "accounting principles that have substantial authoritative support" (Gibson, 2001) GAAP are minimal commonly accepted accounting requirements in the form of conventions, principles, rules and procedures. The most famous GAAP is the US GAAP. However, each country has its own national generally accepted principles, either in the form of national accounting standards or some other form (law, rules, etc.). Since every country has its own national specifics in the accounting field, globalisation trends have caused the need for accounting harmonisation. Four broad approaches to reducing international diversity in accounting practice are identified in the literature (Jorissen et al., 2006):

a) full global harmonisation,
b) harmonization of accounting policies with those of another jurisdiction issued by an international standard-setting body or the domestic standards of another country,

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c) substantial commonality, in which the requirements of domestic standards overlap with standards issued by an international standard-setting body, but not driven to full compliance, in which the IAS form the minimum requirement for domestic standards,
d) internationalization by which domestic standards are determined in the light of international practice, which is subject to innovation and improvement through cooperation and collaboration among standard setters.

Related to the abovementioned trends, International Financial Reporting Standards (IFRS) have become a very important and world-known set of accounting standards. IFRS is "a single set of accounting standards, developed and maintained by the IASB with the intention of those standards being capable of being applied on a globally consistent basis – by developed, emerging and developing economies – thus providing investors and other users of financial statements with the ability to compare the financial performance of publicly listed companies on a like-for-like basis with their international peers. IFRS are now mandated for use by more than 100 countries" (IASB, 2015).

Taking into consideration the importance of IFRS, several approaches to the implementation of generally accepted accounting principles in national legislation can also be noticed through theory. These are (Žager, Mamić Sačer, Sever, Žager, 2008):
- "IFRS implementation for all subjects,
- the exemption of full application of IFRS or national accounting standards for the purpose of small and medium-sized entities (SMEs),
- the direct application of certain IFRS or national accounting standards for the purpose of small and medium-sized entities,
- the exclusive implementation of national accounting standards for all subjects or only for SMEs,
- the direct application of IFRS for SME for the purpose of small and medium-sized entities, and
- the application of national generally accepted accounting principles for all or some entities."

Regulation (EC) No. 1606/2002 is important for the implementation of generally accepted accounting principles in the EU member states' legislations. According to the Regulation all the companies whose securities are admitted to trading on a regulated market of any member state have to prepare their consolidated financial statements under IFRS. However, beside such binding IFRS application, the EU member states can expand IFRS application on non-listed companies and individual financial statements. Based on those findings the goal of the paper was to research the most common approach to the implementation of generally accepted accounting principles in the EU member states' national legislations, so a second research question was posed as follows: *Does every EU member state have its own national accounting principles in the form of accounting standards?*

2.3 ACCOUNTING STANDARD-SETTING BODIES

A standard setting body or similar organisation is vital for accounting standards application in a certain national accounting system since its goals are related to the development, implementation and continuous improvement of accounting standards. Also, national standard-setting bodies participate in the development of global accounting standards. Aerts and Walton (2013, p.15) distinguish several types of accounting regulatory body:

- government – for economic management,
- government – for tax purposes,
- stock exchange,
- private sector body,
- professional accountants, and
- specialist industry organizations.

The importance of national standard-setting bodies is recognized by the Association of Chartered Certified Accountants which conducted a survey of nine national jurisdictions: Australia, Canada, China, Hong Kong, Malaysia, Pakistan, Singapore, South Africa, UK and Ireland (ACCA, 2010). Research on accounting standard-setting bodies in Europe was conducted during 2000 (Fédération des Experts Comptables Européens, 2000). Since these two research projects do not include all EU member states, the paper deals with all 28 EU member states and tests whether government or professional accounting associations are most common standard-setters. So, the third research question developed is: *Do the governments of the EU member states have an important role in accounting standard-setting processes?* To answer this question it is necessary to research whether accounting standard-setting bodies or similar organisations in charge of accounting principles' development in the EU member states are formed as a governmental body or whether a government has a great influence on accounting standards.

3 DATA COLLECTION AND RESEARCH RESULTS

3.1 FIRST RESEARCH QUESTION

In order to be able to answer the first research question, an analysis of the regulatory framework of accounting was conducted. The legal act that includes provisions on accounting documents, accounting records, the form and content of basic financial statements, applicable accounting standards and similar accounting issues was investigated with respect to all EU member states. The research results are presented in table 1.

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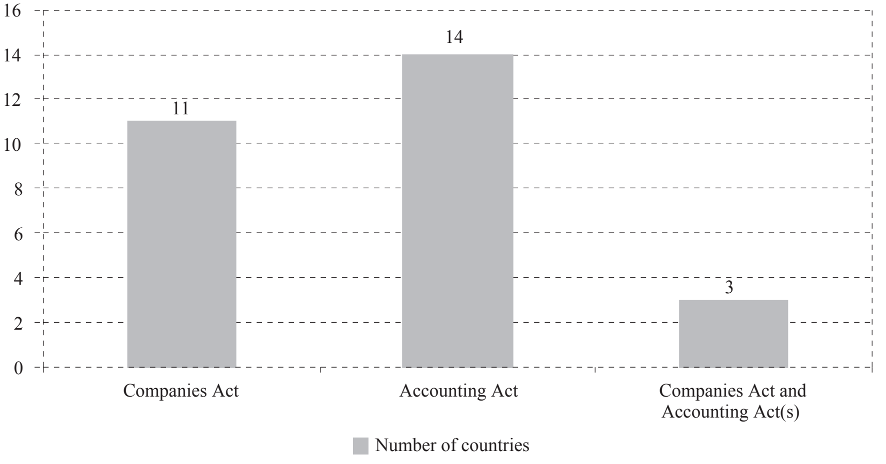
Table 1
Legal accounting framework in the EU member states

Country	Legal accounting framework
Austria	Commercial Code (Unternehmensgesetzbuch, UGB)
Belgium	Belgian Companies Code, Royal Decrees on the accounting of companies, on the annual accounts of enterprise, on minimum chart of accounts the Accounting Law
Bulgaria	Accountancy Act, Bulgarian Financial Reporting Standards for Small and Medium-sized Enterprises
Croatia	Accounting act, Decree on the structure and content of financial statements
Cyprus	Cyprus Company Law
Czech R.	Accounting Act
Denmark	Danish Financial Statements Act, Danish Bookkeeping Act
Estonia	Accounting Act
Finland	Accounting Act, Accounting Ordinance
France	French Commercial Code, The general and sectorial accounting prescripts
Germany	*German* Commercial Code- Handelsgesetzbuch (HGB), German Accounting Law Modernisation Act – Bilanzrechtsmodernisierungsgesetz (BilMoG)
Greece	Annual Financial Statements, Consolidated Financial Statements and Relevant Documents for Specific Legal Entities Law[1]
Hungary	Accounting Law
Ireland	Companies Acts[2]
Italy	Italian Civil Code, Tax Law
Latvia	Law on Accounting and Annual Accounts Law
Lithuania	Law on Accounting and Law on Financial Statements
Luxembourg	Commercial Law, Law on the Commercial Companies
Malta	The Companies Act, Accountancy Profession Act (General Accounting Principles for Smaller Entities in 2009)
Netherlands	Dutch Civil Code
Poland	Accounting Act
Portugal	Portuguese Corporate Income Tax Code, Decree-Law, Commercial Code, Companies Code
Romania	Accounting Law, Orders of the Ministry of Public Finance
Slovakia	Accounting Law, Decrees on Accounting
Slovenia	Companies Act
Spain	Commercial Code, General Accounting Plan and General Accounting Plan for Small and Medium-sized Enterprises
Sweden	Annual Accounting Act, the Book-keeping Act
United Kingdom	Companies Act

[1] Until 1st of January 2015 the Greek General Chart of Accounts, the Greek Code of Books and Records (CBR), the Codified Company Law. On November 20, 2014 a law was passed through the Parliament introducing new Greek GAAP as shall be applied for fiscal years beginning from 1st of January 2015. Existing Greek GAAP (P.D. 1123/1980) are abolished. More available at: EY (2014) and Delloite (2015).
[2] New Irish GAAP (FRS 100, FRS 101 and FRS 102) is effective for accounting periods beginning on or after 1st January 2015 (PWC, 2013).

Figure 1

Companies Act vs. Accounting Act in the EU member states



A thorough analysis of the results indicates that 14 member states (Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Sweden) regulate accounting issues by accounting and similar acts. It can be noticed that countries use the terms: Accounting Act, Accounting Law, Accountancy Act, and Law on Accounting interchangeably. There are member states for which some accounting issues are, beside by Accounting Act, regulated by additional acts, e.g. the Annual Accounts Law (Latvia), Law on Financial Statements (Lithuania, Denmark), the Decree on the structure and content of financial statements (Croatia), Annual Accounting Act and the Bookkeeping Act (Sweden). Eleven EU member states (Austria, Cyprus, France, Ireland, Italy, Luxembourg, Netherland, Portugal, Slovenia, Spain and the United Kingdom) use the Commercial Code (Companies Act) as a legal framework for accounting and financial reporting. For the purpose of analysis, the terms Commercial Code, Companies Code, Companies Act, Company Law and Commercial Law are used interchangeably. There are three countries (Belgium, Germany and Malta) that apply a Companies Act and an Accounting Act for regulation of accounting issues, these cases suggesting that Companies Act is still the most important act for accounting regulation. Bearing this in mind, it can be concluded that half of the countries apply a Companies Act (11 plus 3 countries) and the other half an Accounting Act for accounting regulation.

3.2 SECOND RESEARCH QUESTION

Generally accepted accounting principles are *a network of conventions, rules, guidelines, and procedures developed by accounting practitioners and standards setters* (Revsine, Collins, Johnson and Mittelstaedt, 2012, p.17). As Revsine et al. point out, the goal of GAAP is to ensure that "a company's financial statements clearly represent its economic condition and performance". This paper investigates whether the majority of EU member states have their own national accounting principles in the form of accounting standards, so research into the form of national generally accepted accounting principles was conducted. The analysis was performed according to the information on accounting systems of the EU member states published through national professional institutions' web sites, the IASB analysis of jurisdictional profiles and scientific papers on national accounting systems.

Table 2

Generally accepted accounting principles in the EU member states

Country	Generally accepted accounting principles
Austria	Grundsätze ordnungsmäßiger Buchführung, GoB as a part of Austrian Commercial Code
Belgium	Belgian Companies Code, Royal Decrees on the accounting of companies, on the annual accounts of enterprise, on minimum chart of accounts, the Accounting Law
Bulgaria	Bulgarian Financial Reporting Standards for SME, the National Chart of Accounts
Croatia	Croatian Financial Reporting Standards
Cyprus	IFRS for all
Czech R.	Czech Accounting Standards
Denmark	Danish GAAP are a part of Danish Bookkeeping Act
Estonia	Estonian Accounting Standards
Finland	Finnish Accounting Standards
France	French GAAP – Commercial Code, Plan Comptable Général (PCG) and the general and sectorial accounting prescripts
Germany	German GAAP – *German* Commercial Code – Handelsgesetzbuch (HGB), German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz – BilMoG), German Accounting Standards
Greece	Greek Generally Accepted Accounting Principles – Greek Accounting Standards as a part of new Annual Financial Statements, Consolidated Financial Statements and Relevant Documents for Specific Legal Entities Law
Hungary	Hungarian GAAP – i.e. Accounting Law
Ireland	New Irish GAAP: FRS 100 – Application of Financial Reporting Requirements; FRS 101 – Reduced Disclosure Framework; and FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland
Italy	Italian Accounting Standards
Latvia	Latvian Accounting Standards
Lithuania	Business Accounting Standards
Luxembourg	Luxembourg GAAP – Luxembourg Commercial Law, The amended Law on Commercial Companies of 10 August 1915 (consolidated accounts), the Law on the Commercial and Companies Register and on the Accounting Records and the Annual Accounts of Undertakings of 19 December 2002 (annual accounts)
Malta	General Accounting Principles for Smaller Entities in 2009
Netherlands	Book 2 of the Dutch Civil Code combined with fiscal valuations; Dutch Accounting Standards for small legal entities; Dutch Accounting Standards for medium sized and large legal entities

Country	Generally accepted accounting principles
Poland	Polish Accounting Standards
Portugal	Normas Contabilísticas e de Relato Financeiro (accounting standards Financial Reporting) Code of Accounts; Accounting standards and Financial Reporting for small entities (NCRF-PE)
Romania	Romanian Accounting Standards (two tier – for smaller companies and other)
Slovakia	Slovak GAAP – Accounting Law, Decrees on Accounting
Slovenia	Slovenian Accounting Standards
Spain	General Accounting Plan and General Accounting Plan for Small and Medium-sized Enterprises
Sweden	Standards K3 for large companies whose securities are not traded in a regulated market, standards K2 for small companies whose securities are not traded in a regulated market and standards K1 for companies with revenue below SEK 3 million
United Kingdom	UK GAAP – Companies Act and Financial Reporting Standards (100,101,102), Financial Reporting Standard for Smaller Entities – FRSSE, the Micro-Entities' Accounts Regulations

The results from table 2 are summarized according to the common features found in the setting of national accounting principles. As figure 2 shows, generally accepted accounting principles are usually in the form of national accounting standards (in 18 countries: Bulgaria, Croatia, Czech Republic, Estonia, Finland, Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Sweden and United Kingdom). Seven EU countries prescribe the application of national accounting principles as a part of a Companies Act, Law on Accounting or similar legal acts. These are Austria, Belgium, Denmark, France, Hungary, Luxembourg and Slovakia. Only Cyprus does not have its own national accounting standards since IFRS is applicable to all companies. Besides, it is necessary to analyse the cases of Germany and Greece. German generally accepted accounting principles are related to the principles from the Companies Act and the German Accounting Law Modernisation Act. However, Germany has German Accounting Standards too, but these Standards issued by Deutches Rechnungslegungs Standards Committee (DRSC) is supposed to apply to those companies that prepare consolidated financial statements and do not trade on organised EU markets. Although Greek Generally Accepted Accounting Principles are formed as Greek Accounting Standards, they are a part of the law (Annual Financial Statements, Consolidated Financial Statements and Relevant Documents for Specific Legal Entities Law).

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FIGURE 2

The application of national accounting principles in the EU member states

3.3 THIRD RESEARCH QUESTION

The accounting standard-setting body or similar organisation in charge of generally accepted accounting principles (standards) can be private or governmental organisations. A private accounting organisation is usually established as a professional body. The most famous professional standard-setting bodies are IASB (International Accounting Standards Board) and American FASB (Financial Accounting Standards Board). On the other hand, there are many governmental organisations which establish accounting and financial reporting rules. The aim of the paper was to investigate whether the majority of accounting standard-setting bodies or similar organisation in charge of the development of accounting principles in the EU member states is formed as a governmental body or whether a government has a great influence on accounting standards. To achieve this goal, research into accounting standard-setting bodies or similar organisations in the EU member states was conducted. The main research results are presented in table 3.

TABLE 3

Accounting standard-setting bodies or similar organisations in the EU member states

Country	Accounting standard-setting body or similar organisation	Private/governmental
Austria	Austrian Financial Reporting and Auditing Committee (AFRAC)	*AFRAC is the **privately** organised standard-setting body for financial reporting and auditing standards. However, the members of the AFRAC are several Austrian **Federal Ministries** and a number of public institutions* (AFRAC, 2015).
Belgium	Belgian Accounting Standards Board	The Belgian Accounting Standards Board is an autonomous advisory committee which **advises the Government and Parliament** on financial accounting (National Bank of Belgium, 2015).

Country	Accounting standard-setting body or similar organisation	Private/governmental
Bulgaria	Institute of Certified Public Accountants (ICPA)	ICPA is a national **independent, self-sustained professional legal organization** (ICPA, 2012).
Croatia	Croatian Financial Standards Reporting Committee (CFSRC)	CFSRC is a professional committee established by Accounting Act on a proposal of Ministry of Finance and Croatian Parliament to prepare and publish Croatian Financial Reporting Standards and to report annually about its work to the Croatian **Government**. The Committee is financed by state budget and provisions (Accounting Act, 2007).
Cyprus	The Institute of Certified Public Accountants of Cyprus (ICPAC)	ICPAC *is* ***a private*** *company limited by guarantee recognised by the Council of Ministers as the official accounting body in Cyprus* (OECD, 2013).
Czech R.	Ministry of Finance of the Czech Republic	The Ministry of Finance is the central **government** body, among others, responsible for accounting standards (Ministerstvo financi Česke republiky, 2010).
Denmark	Institute of Public Accountants in Denmark and The Danish Accounting Standards Committee (DASC)	The Danish Accounting Standards Committee (DASC) *is a* ***private*** *body established by the FSR to issue technical standards and guidelines on the preparation of financial statements* (FEE, 2000).
Estonia	The Estonian Accounting Standards Board (EASB)	The Board was established by the **Government** of the Republic (EV Raamatupidamise Toimkond, 2003).
Finland	Ministry of Employment and the Economy	Finish Accounting Board is a **public** body, **operating under the Ministry** of Trade and Industry, involving representatives of different interest groups (FEE, 2000).
France	Accounting Standards Authority (ANC)	Funding is provided by the **Ministry** of Economy, Finance, Industry and Employment, supplemented by **contributions from the private sector** (IFRS, 2015, p.1). Its various bodies include members coming from all quarters of the French economy: small and large businesses, bankers and investors, large and other auditing firms, regulators and supervisors (ANC, 2015).
Germany	The Accounting Standards Committee of Germany (ASCG)	ASCG was established as national standardisation organisation recognised as a **private** accounting committee and commits to provide an independent accounting body (the committees) (DRSC, 2015).
Greece	National Accounting Council	In 2003 ELTE – Committee of Accounting Standardisation and Auditing was established (Law 3148/03). *This Committee* ***reports to the Minister*** *of Finance and National Economy and deals, among others, with accounting regulation implementation guidance. Its activities are carried out by the Board of Accounting Standardisation and the Board of Audit Quality* (Tsalavoutas, 2009).
Hungary	The Hungarian Accounting Standards Board; Ministry for National Economy	*The Hungarian Accounting Standards Board was established to take over the responsibility for setting Hungarian Accounting Standards (HAS) from the Ministry of Finance. Its establishment reflects the desire of the Ministry of Finance for accounting standards to be developed by the* ***accounting and auditing professions*** *rather than by government* (Csebfalvi, 2012).
Ireland	Institute of Chartered Accountants	Chartered Accountants Ireland is *a membership body representing 23,000 influential members throughout the globe* (Chartered Accountants Ireland, 2015).

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Country	**Accounting standard-setting body or similar organisation**	**Private/governmental**
Italy	Italian Accounting Organisation (OIC)	*The OIC was formed to establish a National Standard Setter that would be appropriately representative and would voice national opinions on accounting matters.* The OIC is **independent of government** (Organismo Italiano di Contabilità, 2015).
Latvia	Ministry of Finance of the Republic of Latvia and Latvian Association of Certified Auditors (LACA)	***The Ministry of Finance*** *works out and implements the accounting policy that includes principles, methods, rules, practices etc.* (Ministry of Finance Republic of Latvia, 2015). LACA is *an **independent professional** corporation that do activities of developing and submitting to legislative institutions recommendations in the field of bookkeeping standards* (Latvian Association of Certified Auditors, 2015).
Lithuania	Audit and Accounting Authority	*The Authority of Audit and Accounting was established by the **Ministry of Finance** and other limited and unlimited liability legal entities. On July 1, 2007, the Ministry of Finance took over the power and the obligations of other partners* (the Authority of Audit and Accounting, 2013).
Luxembourg	Luxembourg Accounting Standards Board (CNC)	*The board is **independent body** whose member organizations are representatives of stakeholders from both the private and the public sector. CNC is placed under the **administrative supervision of the Ministry of Justice*** (IFRS, 2015).
Malta	Malta Institute of Accountants, Accountancy Board	*According to Accountancy Profession Act, the Minister of Finance, the Economy and Investment, on the recommendation of the Accountancy Board (a **government agency**), makes the accounting regulation. The Malta Institute of Accountants (MIA) is the voice of **the accountancy profession** in Malta providing professional guidance, technical support and continuing professional education to over 2,000 accountants* (The Malta Institute of Accountants, 2015; IFRS, 2015).
Netherlands	The Foundation for Annual Reporting Dutch Accounting Standards Board	*The Foundation for Annual Reporting coordinates the activities of the Dutch Accounting Standards Board (DASB).* *The Foundation for Annual Reporting also ensures adequate funding of the DASB.* *The Foundation's objectives are set forth as follows in its Constitution: The objective of the Foundation is to foster quality in external reporting, particularly in the annual accounts, of legal entities and other organizations in the Netherlands; It seeks to achieve this objective: (a) by publishing authoritative statements and recommendations on external reporting; (b) by issuing opinions on external reporting requirements to the government and to other regulatory bodies, either of its own accord or in responses to requests* (Raad Voor de Jaarverslaggeving, 2015).
Poland	Accounting Standards Committee – As a part of Ministry of Finance	**Governmental.**

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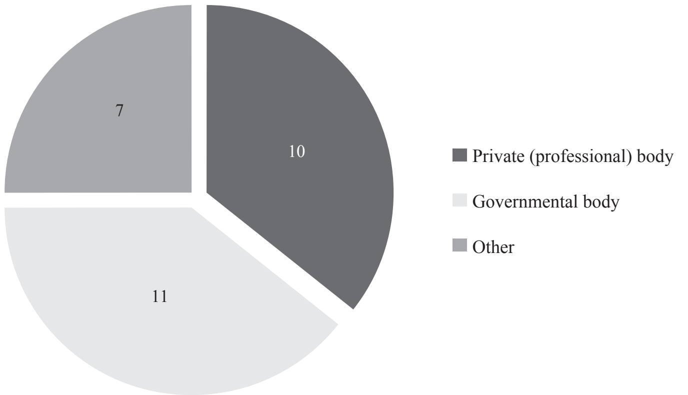
Country	**Accounting standard-setting body or similar organisation**	**Private/governmental**
Portugal	Committee on Accounting Standards (CNC)	Committee functions within the Ministry of Finance of Portugal and is the standard setter – **governmental** (IFRS, 2015).
Romania	Body of Expert and Licensed Accountants of Romania, The Ministry of Economics and Finance	**Governmental** *The MEF has established a Council of Accounting and Financial Reporting to advise MEF on the development of Romanian Accounting Standards* (IFRS, 2015).
Slovakia	Slovak Parliament and the Ministry of Finance	**Governmental.**
Slovenia	Slovenian Institute of Auditors (SIR)	The Companies Act (ZGD-1) *requires that Slovenian Accounting Standards are developed by SIR with approval of Minister of Finance and Minister of Economic Development and Technology* (IFRS, 2015).
Spain	Institute of Accounting and Auditing (ICAC)	*ICAC was set up as an agency of the Ministry of the Economy and Finance. The ICAC is responsible for issuing mandatory accounting standards* (Cañibano and Ucieda, 2005).
Sweden	The Swedish Accounting Standards Board (BFN) Swedish Financial Reporting Board (RFR) Swedish Financial Supervisory Authority	BFN (*The Swedish Accounting Standards Board) is a* ***governmental body*** *that has statutory authority to develop generally accepted accounting principles in Sweden. The BFN has authority to issue accounting standards and other guidance for companies other than financial companies. Finansinspektionen (The Swedish Financial Supervisory Authority) is responsible for issuing standards required for financial companies. The BFN has delegated to the RFR* ***(a private sector body)*** *the authority to develop standards. BFN issues general advice and information material on accounting matters and accounting practices. Finansinspektionen (The Swedish Financial Supervisory Authority) is responsible for issuing standards required for financial companies* (BFN, 2015).
United Kingdom	Financial Reporting Council	**Private (**Financial Reporting Council, 2014).

The features of the main accounting standard-setting bodies of all EU member states were analysed and the results indicate that ten accounting standard-setting bodies are private professional organisations (Austria, Bulgaria, Cyprus, Denmark, Germany, Hungary, Ireland, Italy, Netherlands and United Kingdom). In eleven countries (Croatia, Czech Republic, Estonia, Greece, Lithuania, Luxembourg, Poland, Portugal, Romania, Slovakia and Spain) organisations responsible for the establishment of national accounting and financial reporting rules are governmental organisations, ministries or government-established and financed bodies in charge of setting accounting principles. Specific approaches to standard-setting are recognised in seven countries (Belgium, Finland, France, Latvia, Malta, Slovenia and Sweden). The Belgian standard-setting board is an advisory body of the government, while the Finnish and French cases indicate a strong governmental role but the bodies responsible for accounting rules setting involve the representatives of different interest groups. Some countries, such as Latvia and

Malta, have two organisations: professional and governmental. However, professional organisations make recommendations or provide professional guidance. Slovenian Accounting Standards developed by Slovenian Institute of Auditors have to be approved by Minister of Finance and Minister of Economic Development and Technology. Finally, the Swedish case is specific because a governmental organisation responsible for accounting principles development has delegated this role to a private sector body.

Figure 3

Government involvement in accounting standard-setting bodies in the EU member states



4 CONCLUSION

The European Union is a union of 28 member states and their accounting systems are in some respects very similar, while in some others, every state keeps its own national specifics. The EU regulatory framework of accounting, in the form of accounting directives and regulations, harmonises some parts of accounting and financial reporting, such as basic accounting principles, valuation methods and the forms of financial statements. Regulation (EC) No. 1606/2002 prescribes the obligatory application of IFRS for the purpose of the presentation of the consolidated financial statements of all the companies whose securities are admitted to trading on a regulated market of any member state. Besides, national regulators have a right to prescribe national generally accepted accounting principles. The main goal of the research was to investigate the form of national GAAP, legal acts governing accounting and to find out the level of governmental influence in the standard-setting process. For the purpose of this study, the EU member states' national accounting systems were examined. According to the research results, it can be concluded that a half of the EU member states regulate accounting issues through an Accounting Act (or similar law) and the other half through a Companies Act. When it comes to the form of national GAAP, the results indicate that 18 EU member states use national accounting standards, while seven countries establish accounting and financial reporting rules through other legal acts (such as Companies Act, Law on accounting, etc.). The last research question was to explore whether the majority of accounting standard-setting bodies or similar organisations in charge of accounting principles' development in the EU member states are formed as governmental bodies or whether governments have a great influence on accounting standards. The research results show that ten member states have private professional standard-setting bodies while the standard-setting bodies of eleven member states are governmental bodies. However, a further seven countries reveal specific approaches to the setting of standards. In some countries, professional and governmental bodies are jointly in charge of the establishment of accounting and financial reporting principles.

To conclude, globalisation trends have had an impact on the harmonisation trends in accounting. The EU accounting directives and regulations are aimed at integrating and unifying some basic accounting principles for the EU member states. Still, there is much national specificity which can be recognised in the differing forms of national accounting systems.

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