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Disclosures in Events After the Balance Sheet Date: A Study of Selected Italian Companies

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The main goal of the research is to analyse the level and nature of disclosures required by International Accounting Standards (IAS) 10 "Events after the balance sheet date". In addition, IAS 10 has been applied to the consolidated financial statements (2010) of companies listed in the FTSE consumer goods macrosector of the Italian Stock Exchange. The research was conducted on several levels: theoretical, empirical and communicative. The principal findings of the research are twofold. The minimum informational content required by IAS 10 is quite analytical and complete, both from the definition of the characteristics of the "events after the balance sheet date", as well as their recognition, measurement and additional required disclosures. The minimum content required by IAS 10 concerning disclosures was respected in the financial statements of the sample in three out of four informational categories, showing companies' great attention to providing disclosures.

JEL Classification: M41 – Accounting.

1. Introduction

The first objective of this research is to analyse the level and nature of disclosures required by International Accounting Standards (IAS) 10 "Events after the balance sheet date", developed by the International Accounting Standards Board (IASB).

In addition, the second objective of the work is the application of IAS 10 to the consolidated financial statements (2010) of companies listed in the FTSE consumer goods macrosector of the Italian Stock Exchange. This macrosector consists of some sectors

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that are important for the Italian economy (such as products for home and person, fashion, automotive and components, and food), resulting a large interest among stakeholders in financial statement disclosures.

The purpose is to quantify the extent of these disclosures. This quantification is carried out by:
a) obtaining analytic results: analytic results were elaborated, based on the presence of some “information categories” in the financial statements of the sample. These “information categories” are required by IAS 10 as a minimum content of disclosures;
b) considering disclosure indicators: to quantify the extent of disclosures in the financial statements.

The motivation for this study is related to the observation of how a company’s economic-financial communication process is conducted in a transparent way. The disclosures could improve the transparency of financial statements towards stakeholders. In addition, “events after the balance sheet date” are particularly interesting administrative events: indeed, some of them may require adjustment of the financial statement in order to reflect their effect on the company’s financial position and operating result.

The research findings differ from previous studies at the empirical level. Indeed, the research focused on the disclosures required by IAS 10 in a representative sample, composed of Italian large-sized private companies listed in the FTSE of the Italian Stock Market operating in the consumer goods macrosector. This macrosector consists of sectors that are important for the Italian economy, such as: products for home and person, fashion, automotive and components, and food. Therefore, the interest expressed by stakeholders in the financial statement disclosures is remarkable. In addition, the sample may be considered as sufficiently representative in terms of numerousness and capitalisation of the companies. In fact, the sample represents about 25% of all the listed non-financial companies of the Italian Stock Market, and their capitalisation is about 14% of the capitalisation of all the listed non-financial companies of the Italian Stock Market (as of 31 May 2012).

This research is organised into the following sections: first of all, we analyse the literature concerning interpretation and application of the international accounting standards to financial statements, paying particular attention to aspects of "events after the balance sheet date". After a description of the methodology used in the research, the research results are presented. Conclusions, including the implications and limitations of the research, complement the work.

2. Literature Review

International business literature has produced a number of studies and research works concerning interpretation and application of the international accounting standards to financial statements (Epstein, Mirza & Walton 2006; Mirza, Holt & Orrell 2007; Mirza, Holt & Knorr 2011). Also, the Italian literature includes a large number of studies in terms of interpretation (Giaccari 2005; Teodori & Veneziani 2006; Quagli, Avallone & Ramassa 2006) and overall application of the rules established by the IASB for the implementation of financial statements (PricewaterhouseCoopers 2005; Organismo Italiano Contabilità 2008).

Much of the existing literature on international accounting has focused on aspects of "events after the balance sheet date" according to IAS 10 (Epstein, Mirza & Walton 2006; Giussani, Nava & Portalupi 2010; Giacosa 2010; Pozzoli & Iori 2011). These studies focus on aspects of definition, recognition, measurement and mandatory disclosures on the topic.

In a global context, companies need to adopt wide-ranging, detailed disclosure for all of their stakeholders (Foster 1986; Weetman 1999). The huge number of parties with whom companies must conduct dialogue, the different types of messages they must convey, and the simultaneous need to guarantee and strengthen the level of system unity, require integrated communication management, both internally (i.e. between the various functional areas), and with reference to the business system. Disclosures may increase an efficient and effective economic-financial communication, and the corresponding company's credibility (Coda 1991).

Financial statements are an instrument of the economic-financial communication process of a company (Weetman 1999; Meigs et al. 2001), and a tool for demonstrating how the company is performing and facilitating decision making for stakeholders (Baginski & Hassell 2004; Helfert 2004). The information produced by financial statements improves the relationship of trust between the company and its stakeholders (Eccles et al., 2001), also through the use of the Internet as a tool for communication (Salvioni & Teodori 2003; Quagli & Teodori, 2005).

The economic-financial communication process is of fundamental importance when a company needs to turn to the capital markets (Bevis 1965; Choi 1973): indeed, a company has to produce lots of documentation about to its state of health and credit rating. From this point of view, accounting rules are a key factor in the representation of business events. These common rules concerning representation of business management are contained in the IAS (otherwise known as the IFRS).

The problem statement has not been answered by past studies, in terms of the empirical level. Indeed, previous studies have not focused on the disclosures required by IAS 10 in a representative Italian sample. On the contrary, this research quantifies the disclosures in a considerable sample, which is thought to be sufficiently representative in terms of numerousness and capitalisation of the companies (as explained in the Introduction section). In addition, this sample is related to sectors that are important for the Italian economy.

3. Research Methodology

The research was conducted on several levels:
a) The theoretical level, with the purpose of analysing the existing literature on “events after the balance sheet date” required by IAS 10;

b) The empirical level, to verify the presence of the disclosures in the financial statements of the companies in the sample;
c) The communicative level, which aims to analyse the extent of these disclosures.

In order to meet the research objectives, the study focuses on the following core research questions:
a) RQ1: what are the disclosures required by IAS 10 to facilitate true and correct reporting of the company's situation?
b) RQ2: how can the extent of these disclosures in the consolidated financial statements of the sample be quantified?

On the basis of these research questions, the following hypotheses have been developed:
a) H1: the requirements of IAS 10 about disclosures are analytic, complete and well articulated regarding the impact on the economic-financial situation of the company. It favours a clear and complete understanding of financial statements by the stakeholders. H1 is paired with RQ1.
b) H2: the extent of the disclosures in the consolidated financial statements of the sample may be quantified by unweighted and weighted indexes, thereby achieving near-homogeneity within the results obtained. H2 is paired with RQ2.

The research is organised into the following phases:
a) PHASE 1: this concerns both an analysis of IAS 10, with the latest updates formulated by the IASB and assimilated by the European Directives, and a study of the existing national and international literature on the topic;
b) PHASE 2: this concerns the identification of a "reference model" to apply to the sample, having as its subject the disclosures required by IAS 10;
c) PHASE 3: this includes empirical application of the "reference model" elaborated in phase 2 to the financial statements of the sample. The sample is composed of 45 Italian, large-sized private companies listed in the FTSE of the Italian stock market, and operating in the consumer goods macrosector (Appendix 1). FTSE is one of the main benchmark indexes of the Italian stock market. The sample represents about 25% of all the listed non-financial companies of the Italian stock market, and their capitalisation is

about 14% of the capitalisation of all the listed non-financial companies of the Italian stock market (as of 31 May 2012). The sample has been chosen due to the presence, in the consumer goods macrosector, of important sectors in the Italian economy, such as: products for home and person, fashion, automotive and components, and food. This analysis did not focus on behavioural differences in disclosures between companies in the sample according to some criteria (for example, size and revenues): indeed, the purpose of the work is to quantify the extent of disclosures required by IAS 10 in the financial statements, without behavioural differences in relation to the size of companies. No interviews were conducted, because the financial statement is the only document to be analysed in compliance with the objective of the research;

d) PHASE 4: this focuses on elaboration of the analytic results concerning the presence of the information categories in the financial statements; and elaboration of concise results concerning the extent of disclosures, thanks to the application of the disclosure indicators to the analytic results.

The study period being analysed is 2010, using consolidated financial statements.

Concerning PHASE 2, the “reference model” was built using the following steps:

a) identification of “informational categories” (Patton 1987) required by IAS 10 as a minimum content of the disclosures. This minimum content is identified in phase 1. The total number of “informational categories” is roughly four;

b) elaboration of two indexes of disclosure scoring systems (Choi 1973; Robb, Single & Zarzeski 2001; Beattie, McInnes and Fearnley 2004) to quantify the extent and the level of the disclosures in the financial statements (Ball & Foster 1982; Ahmed & Courtis, 1999). Despite the difficulty in measuring the disclosures of the financial statement (Marston & Shrives 1991), the indicators-of-disclosure scoring system permits an indirect (and sometimes subjective) quantification of the extent of disclosures (Gray, Kouhy & Lavers 1995; Hossain 2008). The use of unweighted or weighted indexes that are applied to disclosures within the financial statements leads to small or irrelevant differences in the results

(Choi 1973; Coombs & Tayib 1998). In this research, the use of both indicators has the purpose of reducing subjectivity with regards to the results produced by the analyses. These indicators include the following:

b1) an unweighted index: all of the variables of the index have the same weight. A score of 1 is assigned to the variable when the corresponding information is present in the financial statements; a score of 0 is assigned if the information is not present (Cooke 1991 and 1992; Raffournier 1995). The total disclosure score (TDS) of each company is measured as follows (see Table 1):

$$TDSc = 1/m \sum_{i=1}^{m} di$$

where:
c = considered company
m = number of informational categories looked for in the disclosures (in the present study, the number of informational categories is 4)
d_i = 1 (if the information is present); 0 (if the information is not present)

b2) a weighted index: the variables of the index have different weights, concerning the relevance of the information corresponding to each variable (Singhvi & Desai 1971; Buzby 1975, Botosan 1997). A score greater than 0 but less than 1 is assigned to each variable if the corresponding information is present in the financial statements or, alternatively, a score of 0 is assigned if the information is not present (Barrett 1977; Marston 1986). The variables were weighed in relation to their relevance in the financial statement, and divided into the following categories:
- "Company-based" variables (CBV): these variables depend on company willingness to provide the information on the financial statements. They are classified according to their importance to the disclosures in the following manner: variables with medium relevance (MR); and variables with high relevance (HR), to which a score was assigned that was double that of those of medium importance;
- "No company-based" variables (NCBV): these variables depend on the typology of events that occur after the balance sheet date and on the corresponding classification of such events by IAS 10. The corresponding information has great relevance, because it updates disclosures in the light of the new information.

The weighted index measures the total disclosures score (TDS) of each company, as follows:

$$TDS_c = 2/10 \times D + 1/10 \times O + 3/10 \times T + 4/10 \times U$$

where:

c = considered company
D = date of authorisation for issue of the financial statement
O = organ of the company who gave the authorisation for issue of the financial statement
T = indication of the typology of “events after the balance sheet date” (“adjusting events after the balance sheet date” or “non-adjusting events after the balance sheet date”)
U = presence of updated disclosures about “events after the balance sheet date”

Table 1 – The Disclosures-Scoring System in the Unweighted and Weighted Method

Variable	*Unweighted*	*Weighted*	
	Value of every variable	Source	Weight of every variable
Date of authorisation for issue of the financial statement	1/4	CBV with HR	2/10
Organ of the company who gave the authorisation for issue of the financial statement	1/4	CBV with MR	1/10
Indication of the typology of “events after the balance sheet date” (“adjusting events after the balance sheet date” or “non-adjusting events after the balance sheet date”)	1/4	NCBV	3/10
Presence of updated disclosures about “events after the balance sheet date”	1/4	CBV with HR	4/10
Total	1		1

c) pre-analysis of the research model and processing of a final “reference model”: the research model identified above was tested on 25 financial statements of the sample. Focusing on the information targeted by the research and reworking some aspects of the original reference model, a definitive reference model has been defined:

The sample was selected for the following reasons. Firstly, the companies in the sample operate in sectors that are important for the Italian economy, such as: products for home and person, fashion, automotive and components, and food. Secondly, the sample may be considered sufficient in terms of numerousness and capitalisation of the companies. Indeed, this sample represents about 25% of all the listed non-financial companies of the Italian Stock Market, and their capitalisation is about 14% of the capitalisation of all the listed non-financial companies of the Italian Stock Market (as of 31 May 2012).

The approach shared in this study takes inspiration from the basic principles of Grounded Theory (Glaser & Strauss 1967): observation and theorisation proceed side by side and are engaged in a process of circularity. The theory is formalised in successive steps on the basis of the analysis of the acquired information; it continuously influences the modalities of data collection through analysis of sample information.

4. Findings

The main results produced by the research are detailed below and can be broadly summarised as follows:
a) the level and nature of disclosures required by IAS 10 (according to *RQ1*);
b) the quantification of the disclosures (according to *RQ2*).

4.1 The Level and Nature of Disclosures Required by IAS 10

To answer RQ1, the requirements of IAS 10 should be summarised as follows:
a) definitions of “events after the balance sheet date”;
b) recognition and measurement;
c) additional disclosures.

The analysis of the minimum content required by IAS 10 demonstrates the validity of H1. Indeed, this minimum informational content is analytical and complete, in terms of both the definition of the characteristics of the "events after the balance sheet date", as well as their recognition, measurement and additional required disclosures. The production of these disclosures is part of the economic-financial communication towards stakeholders.

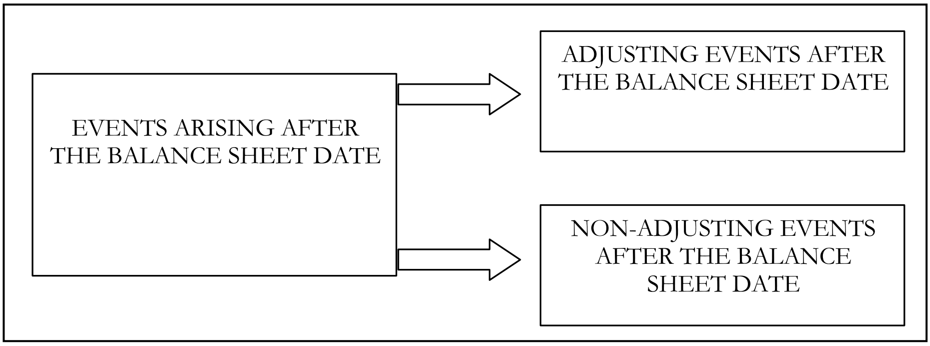
4.1.1 Definitions of "Events After the Balance Sheet Date"

IAS 10 regulates situations in which companies must adjust the financial statement to take account of events occurring between the balance sheet date and the date of authorisation for issue. "Events after the balance sheet date" are those that take place between the balance sheet date and the date of authorisation for issue, even if those events occur after the public announcement of profit or of other selected financial information.

4.1.2 Recognition and Measurement

With reference to the criterion for adjustment of the financial statement, "events after the balance sheet date" can be classified into the following types (see Figure 1):
a) "adjusting events after the balance sheet date";
b) "non-adjusting events after the balance sheet date".

Figure 1 Classification of Events in Relation to Adjustment of the Financial Statement



The “adjusting events after the balance sheet date” item includes events that are connected with situations already existing at the balance sheet date, but which manifest themselves or become known between the balance sheet date and the date of authorisation for issue. These events require adjustment of the financial statement, as they are connected with situations already existing at the close of the accounting period, in order to reflect their effect on the company’s financial position and operating result. An entity shall adjust the amounts recognised in its financial statements or enter new items not previously recorded. IAS 10 illustrates some examples of “adjusting events” arising between the balance sheet date and the date of authorisation for issue:

a) settlement, after the balance sheet date, of a court case (see Example 1);

b) identification, after the balance sheet date, of impairment of an asset at the balance sheet date, or of the need to adjust the amount of a previously recognised impairment loss for that asset.

EXAMPLE 1

The balance sheet date is 31/12/Year 1. It is issued on 25/03/Year 2 by the board of directors.

During Year 1, the company has a court case in progress which ends in January of Year 2.

The settlement of the court case represents an “event after the balance sheet date” which must be taken into account upon issuance of the financial statement as of 31/12/Year 1, since it occurs between 31/12/Year 1 and

25/03/Year 2, and is connected with situations already existing as of 31/12/Year 1.

The “non-adjusting events after the balance sheet date” are those that arise between the balance sheet date and the date of authorisation for issue, but which are not connected with conditions already existing at the balance sheet date. Therefore, since they relate to situations that have arisen after the balance sheet date, such events do not entail adjustment of the financial statement. Non-disclosure in relation to the above events could affect the decisions of the financial statement users. Therefore, with reference to all significant categories of “non-adjusting events after the balance sheet date”, the company must indicate in the Notes to the Consolidated Financial Statement:
a) the nature of the event;
b) an estimate of the effects on the financial statement or a statement that such an estimate cannot be made.

Some examples of “non-adjusting events after the balance sheet date” are illustrated below:
a) decline in market value of an asset occurring between the balance sheet date and the date of authorisation for issue;
b) the destruction of production plants due to natural disaster or fire (see Example 2).

EXAMPLE 2
Between the balance sheet date and the date of authorisation for issue, a production plant is destroyed by a natural disaster. This event is not connected with any situation already existing at the balance sheet date, and, therefore, the financial statement is not adjusted to take account of the event.

4.1.3 Additional Disclosures

IAS 10 requires additional disclosures concerning events occurring after the balance sheet date. This disclosure is designed to enable the users of the financial statement to make correct evaluations and make appropriate decisions. IAS 10 requires the following additional disclosure:

a) date of authorisation for issue of the financial statement: indication of this date is important, as the balance sheet does not reflect the events occurring after this date. The date coincides with that on which the board of directors or the management board authorised issuance of the last financial statement;
b) the company organ who gave that authorisation;
c) updating of disclosure referring to “adjusting events after the balance sheet date”: if an entity receives, between the balance sheet date and the date of authorisation for issue, information about conditions that existed at the balance sheet date, it shall update disclosures that relate to those conditions in light of the new information. This need to update the explanatory notes, and also concerns information not affecting the values recognised in the financial statement;
d) updating of disclosure referring to “non-adjusting events after the balance sheet date”: non-disclosure relative to said events could influence users’ decisions that have been made on the basis of the financial statements. Accordingly, an entity shall disclose in the Notes to the Consolidated Financial Statement the nature of the event, and an estimate of its financial effect (or a statement that such an estimate cannot be made).

4.2 Quantification of the Disclosures

To answer RQ2, the sample analysed consists of the 2010 financial statements of the companies listed on the Italian regulated markets belonging to FTSE in the consumer goods macrosector. The sample consists of 45 companies.

The consolidated financial statement presents information about the “events after the balance sheet date” in the Directors’ Report and in the Notes to the Consolidated Financial Statement. The number of companies which, in 2010, had “events after the balance sheet date” is equal to 37 – that is more than 82% of the companies of the sample (see Table 2). All of these companies provided this information in the Directors’ Report.

Table 2 The Presence of Events After the Balance Sheet Date In 2010

	Number	Percentage
Yes	37	82%
No	8	18%
Total financial statements analysed	*45*	*100%*

With regards to the companies that, in 2010, did not have "events after the balance sheet date" (eight companies), about 75% provided a specific indication in the Directors' Report (see Table 3). The remainder (25%) did not provide a specific indication of this in the Directors' Report.

Table 3 The Indication of the Absence of Events After The Balance Sheet Date in 2010

	Number	Percentage
Yes (in the Directors' Report)	6	75%
No	2	25%
Total financial statements analysed	*8*	*100%*

In the scope of the present work, only the companies which, in 2010, did have "events after the balance sheet date" are considered (37 companies).

Next, the presence of the minimum informational content to be inserted in the disclosures was verified:
a) the date of authorisation for issue of the financial statement;
b) the organ of the company who gave the authorisation for issue of the financial statement;
c) updating of disclosure referring to "adjusting events after the balance sheet date";
d) updating of disclosure referring to "non-adjusting events after the balance sheet date".

According to RQ2, it emerged that it is possible to quantify the extent of disclosures via these correlated steps:
1) analytic results: these depend on the presence of the "informational categories" in the financial statements;

2) disclosure indicators: two disclosure indicators have been applied to the above analytic results. The purpose of this is to quantify the extent of the disclosures in the financial statements.

4.2.1 The Analytic Results

The analytic results are derived from the presence of each "informational category" required by IAS 10 on the subject of disclosures.

a) The date of authorisation for issue of the financial statement
All of the companies that had "events after the balance sheet date" supplied this information (see Table 4).

Table 4 The Presence of the Date of Authorisation for Issue of the Financial Statement

	Number	Percentage
Yes	37	100%
No	0	0%
Total financial statements analysed	*37*	*100%*

b) The organ of the company who gave the authorisation for issue of the financial statement
All of the companies that had "events after the balance sheet date" supplied this information (see Table 5).

Table 5 The Presence of the Organ of the Company Who Gave the Authorisation for Issue of the Financial Statement

	Number	Percentage
Yes	37	100%
No	0	0%
Total financial statements analysed	*37*	*100%*

c) Updated disclosure referring to "adjusting events after the balance sheet date"
The number of companies which, in 2010, had an "adjusting events after the balance sheet date" is equal to 1 – about 2.7% of the companies of the sample. This company supplied the updated

disclosure referring to "adjusting events after the balance sheet date" (see Table 6).

Table 6 The Presence of Updated Disclosures Referring to "Adjusting Events After the Balance Sheet Date"

	Number	Percentage
Yes	1	100%
No	0	0%
Total financial statements analysed	*37*	*100%*

This event is due to an identification, after the balance sheet date, of the impairment of an asset at the balance sheet date. The financial statements provide a very in-depth account of the matter: they contain an update of disclosures that relate to conditions existing at the balance sheet date in the light of the new information.

d) Updated disclosures referring to "non-adjusting events after the balance sheet date"

The number of companies which, in 2010, had "non-adjusting events after the balance sheet date" is equal to 36 – more than 97% of the companies in the sample. All of these companies provided additional disclosures about the nature of the event (100%); only 75% of these companies provided an estimate of its financial effect (or a statement that such an estimate cannot be made) (see Table 7).

Table 7 The Presence of Updating of Disclosures Referring to "Non-Adjusting Events After the Balance Sheet Date"

	Number	Percentage
a) The nature of the event has been indicated		
Yes	36	100%
No	0	0%
b) The estimate of its financial effect (or a statement that such an estimate cannot be made) has been indicated	27	75%
Yes	27	75%
No	9	25%
Total financial statements analysed	*37*	*100%*

4.2.2 The Disclosure Indicators

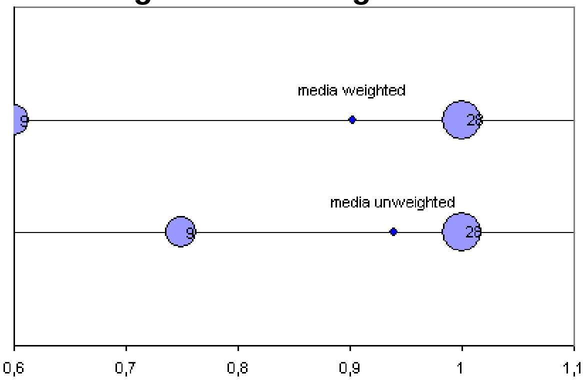
The concise quantification of the disclosures derives from the application of two disclosure indicators (unweighted and weighted) to the analytic results illustrated in section 4.2.1 (see Table 8).

Table 8 Disclosure Scores For Unweighted and Weighted Index

Variable	Unweighted	Weighted
Mean	0.939	0.903
Median	1	1
Mode	1	1
Range (minimum score 0; maximum score 1)	0.75 - 1	0.6 - 1
Standard deviation	0.107	0.172

The graphical representation of these results is as follows (Figure 2):

Figure 2 Graphical Representation of These Results for Unweighted and Weighted Indexes



In the unweighted index, the mean company disclosures score is about 0.939: about 76% of the companies in the sample achieved a score of 1, and 23% reached a score of 0.75; therefore, the median score and the mode score are about 1. In the weighted index, the mean company disclosures score is about 0.903: about 76% of the companies had a score of 1 and 23% had a score of 0.6; the median score and the mode score are about 1.

The companies that did not obtain the maximum score in both indexes did not provide an estimate of the financial effect (or a statement that such an estimate cannot be made) about the "non-adjusting events after the balance sheet date".

The comparison between the indexes' results highlights the homogeneity of the evaluation of disclosures by the indicators. This consideration is in line with previous studies on the subject (Choi 1973; Coombs & Tayib 1998). In any case, it is possible to identify some small differences. With reference to the unweighted index, the mean score is higher, because the various informational categories required by IAS 10 are not weighed – as the mean among the scores is higher, their variability is lower; i.e. the scores tend to be closer to their mean. With reference to the weighted method, the mean score is lower, since the lack of disclosures is linked to the informational category with a great weight (an estimate of the financial effect, or a statement that such an estimate cannot be made about the "non-adjusting events after the balance sheet date"); it follows that the scores of the various companies have greater variability among them.

The validity of *H2* has been demonstrated from the above quantification of the disclosures: the extent of the disclosures in financial statements can be quantified through unweighted and weighted indexes, which produce quite homogeneous results.

5. Conclusions

This research provides knowledge of the level and nature of disclosures required by IAS 10, via analysis of both the international and national literature, and a study of the updates to the regulations established by the IASB.

The problems arising from application of the above international accounting standard to the sample have also been analysed. The minimum informational content required by IAS 10 is quite analytical and complete, in terms of both the definition of the characteristics of the "events after the balance sheet date", and their recognition, measurement and additional required disclosures. Therefore, the analysis of the minimum content required by IAS 10 demonstrates the validity of H1.

The minimum content required by IAS 10 concerning disclosures was respected by the companies in the sample in three out of four informational categories, showing their great attention to providing disclosures. Conversely, with regard to the estimate of the financial effect, or a statement that such an estimate cannot be made about the "non-adjusting events after the balance sheet date", only 75% of the companies respected the stipulations of IAS 10.

The extent of the disclosures in a financial statements can be quantified through unweighted and weighted indexes, which produce quite homogeneous results. The validity of H2 has been demonstrated by the above quantification of the disclosures.

This research has theoretical and practical value. Theoretically speaking, the results identify the requirements of IAS 10 in terms of a definition of the characteristics of the “events after the balance sheet date”, as well as their recognition, measurement and additional required disclosures. With reference to practical value, the research may be useful to stakeholders in their evaluation of the extent of the disclosures provided in the financial statements, regarding the impact of the “events after the balance sheet date” on economic and financial situations. The topic is interesting, because “events after the balance sheet date” are those which may require adjustment of the financial statement, in order to reflect their effect on the company’s financial position and operating result.

This study also contributes to the literature on the topic at the empirical level. It has verified and quantified the extent of financial statement disclosures required by IAS 10 in a representative sample. Indeed, this sample is composed of Italian, large-sized private companies listed in the Italian stock market FTSE operating in the consumer goods macrosector. This macrosector consists of some important sectors for the Italian economy, resulting in a growth in stakeholders’ interest in financial statement disclosures. In addition, the sample may be considered sufficiently representative in terms of numerousness and capitalisation of the companies.

Empirical analysis of the application of IAS 10 to the 2010 financial statements of those groups listed in the Italian stock market FTSE consumer goods sector is a starting point. It would be interesting to increase the sample of listed Italian companies, comparing the disclosures in different sectors, or considering listed companies from others European countries in the sample, in order to compare the completeness of the data gathered.

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Appendix 1 - The Companies of the Sample

Company	Sector
Aeffe	Products for home and person and fashion sector
Antichi Pellettieri	Products for home and person and fashion sector
Arena	Food sector
B&C Speakers	Products for home and person and fashion sector
Basicnet	Products for home and person and fashion sector
Benetton Group	Products for home and person and fashion sector
Bialetti Industrie	Products for home and person and fashion sector
Bonifiche Ferraresi	Food sector
Brembo	Automotive and components sector
Caleffi	Products for home and person and fashion sector
Campari	Food sector
Centrale del latte di Torino	Food sector
Cobra	Automotive and components sector
Cogeme Set	Automotive and components sector
Crespi	Products for home and person and fashion sector
Csp International Industrie Calze	Products for home and person and fashion sector
De’Longhi	Products for home and person and fashion sector
Digital Bros	Products for home and person and fashion sector
Elica	Products for home and person and fashion sector
Emak	Products for home and person and fashion sector
Enervit	Food sector
Fiat	Automotive and components sector
Geox	Products for home and person and fashion sector
Immsi	Automotive and components sector
Indesit Company	Products for home and person and fashion sector
La Doria	Food sector
Landi Renzo	Automotive and components sector
Le Buone Società	Products for home and person and fashion sector
Luxottica Group	Products for home and person and fashion sector
Marcolin	Products for home and person and fashion sector
Parmalat	Food sector
Piaggio	Automotive and components sector
Pininfarina	Automotive and components sector
Piquadro	Products for home and person and fashion sector
Pirelli E C.	Automotive and components sector
Poltrona Frau	Products for home and person and fashion sector
Ratti	Products for home and person and fashion sector
Richard-Ginori 1735	Products for home and person and fashion sector
Rosss	Products for home and person and fashion sector
Safilo Group	Products for home and person and fashion sector
Salvatore Ferragamo	Products for home and person and fashion sector
Sogefi	Automotive and components sector
Stefanel	Products for home and person and fashion sector
Tod’s	Products for home and person and fashion sector
Zucchi	Products for home and person and fashion sector