

## What is EuroSox<sup>®</sup>

### ***Can the EU directives, deliver Governance, Risk and Compliance reforms to achieve significant bottom-line improvements?***

The EU directives commonly referred to as EuroSox<sup>®</sup> comes in to force from 2008/9. Implementing the directives, can be a strategic opportunity to control the regulatory parameters of the company.

The accounting directive focuses on four key revisions to enhance confidence in financial reporting by companies:

1. Board members are collectively responsible for financial statements and key non-financial information
2. Making transactions with related parties more transparent
3. Provide full information on off-balance-sheet arrangements, including qualified special-purpose vehicles (QSPE)
4. Issue an annual corporate governance statement

The links to the principal EuroSox<sup>®</sup> directives are as follows:

[General Link to Accounting Directives](#)

[4th directive 78/660/EEC](#) - Annual Accounts of specific type of companies

[7th directive 83/349/EEC](#) - Consolidated accounts

[8th directive 84/253/EEC](#) - Auditor and audit committee requirements

**A synopsis of the responsibilities and requirements of the 3 directives are:**

1. Assure effective corporate governance, internal controls and risk management
2. Measures that safeguard shareholders' investments
3. Increased Financial disclosure requirements
4. Establish audit committees
5. Improved corporate governance standards and codex.

**Conclusion:** Even the smallest Governance, Risk and Compliance enhancements, collectively taken, can achieve significant bottom-line improvements. Board members have also realised the importance to safeguard the trust of the international investor. The Investors on the other hand, are willing to pay a premium for effective risk management in the companies they would invest in.

***Other documents in this series: EuroSox Introduction, Organising a EuroSox Project, EuroSox IT to-do list, Audit Standards for EuroSox & How to Organize an Internal Controls Project.***