DOI 10.2478/vjes-2024-0004

Varying Levels of Financial and Non-Financial Information Disclosure in the European Union - FSE and BSE Analysis

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ABSTRACT

This study investigates the varying levels of financial and non-financial information disclosure among firms in the European Union, specifically focusing on the Frankfurt Stock Exchange (FSE) and Bucharest Stock Exchange (BSE). The research uses comprehensive datasets to evaluate the extent and quality of disclosures, assessing their compliance with EU directives and international standards. The analysis incorporates a quantitative method to provide a nuanced understanding of disclosure practices. Key findings highlight significant disparities in disclosure levels between FSEs and BSEs, driven by differences in regulatory environments, market pressures, and organizational characteristics.

The study concludes with recommendations for policymakers and corporate managers to enhance transparency and promote uniform disclosure standards across the EU.

Keywords : *financial information, non-financial information, financial analysis, EU, financial markets.*

JEL Classification: M4

1. Introduction and Background

Until the end of the 19th century and the beginning of the 20th century, there was no international coordination in the financial accounting field. However, much has changed since World War II, and this trend of change continues to this day. Globally, the emergence of new concepts such as the "knowledge economy" (a concept popularized by Peter Drucker in his book "The Age of Discontent" (1969)) led to the complete transformation of the industrial economy. Such vital changes have significantly impacted the management of businesses, the economic environment, and the ever-changing regulations. Corporate governance crises and debates about CEO roles and salaries highlight the need for new management principles. In a financial market economy, companies are influenced by constantly changing financial instruments and variables like interest rates and exchange rates, even if they don't have full access to capital markets.

The historical evolution of financial analysis can be divided into 3 stages (Hoarau, 2008). The first stage spans from the early 19th century until 1945 (Zeff, 2013). During this period, the focus of financial analysis and reporting was primarily on evaluating and rating risks related to liquidity. From 1880 to 1930 in Europe, the financial system was characterized by limited industrialization. Bank loans emerged primarily aimed at financing operational activities like ensuring the stock of raw materials and finished goods (Vernimmen, 2021). Operating loans were granted based on solid guarantees to minimize the risk for the lender and the company. Bankers initially relied on business equity to assess financial stability but realized it was insufficient. Uncertainty about equity value in liquidation, challenges in evaluating collateral, and complex operational interdependencies led to the need for a more comprehensive approach.

Since 1953, listed companies in Europe have been required to publish their financial statements. This regulation provides financial analysts with all the necessary information for their analyses, leading to the emergence of the profession of *"financial analyst"*. The third period, known as the "financialization" era, began in 1985 and lasted until the early 21st century. During this time, there was a growing emphasis on the profitability of capital invested by present or future shareholders in the capital market economy. Financial reporting focused on the company's performance and indicators of "value creation." However, at the start of the 21st century, due to a lack of confidence in financial information stemming from accounting and financial scandals in 2001-2002, the evaluation of company performance shifted to consider sustainable development, the knowledge society, and the social and environmental dimensions, in addition to the economic dimension.

Financial reporting and analysis track a company's financial policies to assess goal achievement and measure compliance with emerging constraints. These processes have become more stable and structured over the past thirty years (Thomas, 2011). The factors underlying these developments have had an impact on:

- Enterprises are increasingly internationalizing, leading to the need for techniques to compare financial-accounting statements across different countries. Privatizations and mergers are accelerating, and the introduction of the Euro and IAS/IFRS rules allows for comparisons within the EU and beyond. Credit policy constraints, inflation, changes in interest rates, and exchange rates can exacerbate financial problems for businesses.
- The development of large-scale investments in the banking system has forced banks and large financial institutions to develop more sophisticated methods of analysis. The notion of liquidity becomes insufficient in the case of long-term commitments, as the profitability of investments is staggered over several years.
- The development of new financing methods prompts deeper reflection on financial commitments and capital costs.
- The development of financial markets has enriched financial analysis related to asset gains.
- Using micro informatics makes it easier and faster to apply complex financial computing methods (Peyrard, 1988).

2. Literature Review

In 2005, Germany decided to implement International Financial Reporting Standards (IFRS) to prepare consolidated financial statements by all companies trading securities in regulated markets (Christensen, et al., 2015). This adoption was a significant move aimed at enhancing the transparency and comparability of financial reporting in the country. It's worth noting that German Accounting Standards, which are rooted in a code-law tradition and have an insider orientation, are generally perceived to be of lower quality than IFRS. This perception is based on the belief that IFRS provides a more comprehensive and globally recognized framework for financial reporting, thus promoting greater consistency and transparency in financial statements (Ombati & Shukla, 2018). In the past decade, researchers in accounting and economics have produced numerous articles examining the economic impact of IFRS adoption (Christensen & Nikolaev, 2013). Many highlight significant economic benefits, and it is widely expected that these benefits will outweigh any potential disadvantages. This area of research has direct policy implications, so it is important for researchers to draw conclusions based on evidence and to reference previous work. Researchers from various countries have identified numerous expected benefits of system innovation (Armitstead, 2013), including improved market efficiency (PriceWaterHouseCoopers, 2006). However, it's important to note that these benefits are only expectations, not well-established facts or practical results. Between these benefits, we mention:

1. An extensive analysis of IFRS's benefits for equity and capital markets reveals that increased transparency in financial statements enhances information quality and reduces risk for shareholders and other users (Leukhardt, et al., 2022). These benefits may include providing more detailed financial information or indirectly reducing costs and enhancing information credibility.
2. A widely accepted potential benefit of IFRS adoption is reduced capital costs for public companies (Vernimmen, 2021). The reasoning behind this is that if more information becomes available to investors, their investments will be perceived to be less risky, and consequently, investors will require a lower return from their investments. From a social welfare perspective, the expected outcome would increase wealth due to increased capital valuation.
3. Bartov asserts that the adoption of IFRS has the potential to enhance corporate governance through multiple avenues (Bartov, 2005). First, providing managers with timelier and more accurate information will improve decision-making (Cerqueira, 2014). Secondly, increasing the transparency of managers' actions and their consequences could improve oversight by boards, investors, analysts, rating agencies, the press, etc. Third, enabling cross-border mergers, both actual and potential, could enhance competition for managing the firm.
4. The adoption of IFRS was expected to decrease the costs associated with cross-border contracting for suppliers, labor, customers, lenders, and investors, and to increase the volume of international transactions in all markets where public corporations are involved. From a social welfare standpoint, this expected outcome would enhance the efficiency of markets.

Many authors have analyzed Germany's situation and have identified possible disadvantages of adopting IFRS, including the following:

- There is a cost associated with conversion, mainly one-time expenses (Bartov, 2005).
- The requirements are more intricate and complex overall (Haller, et al., 2009).
- Compliance with IFRS may pose "hidden" dangers such as data capture, resource burden, possible system changes, and embedded derivatives (Ombati & Shukla, 2018).

- Some companies may find that IFRS will present their results less favorably than German standards.
- Potential effects that may arise in relation to banking covenants.
- Using IFRS may lead to more ups and downs in results because it relies more on fair value (Christensen & Nikolaev, 2013).

In Romania, the adoption of IFRS has brought about significant and transformative changes in both the conceptual and substantive aspects of accounting and financial statement evaluation. These changes have greatly impacted the interpretation of financial information, which is crucial for financial analysis. Financial reporting, in conjunction with financial analysis, serves to interpret and elucidate the numbers into the language of accounting (Burlaud, 2015). The most critical step in Romanian accounting was the compliance phase (Albu & al., 2011), caused by the EU's accession in 2007. Banks and listed entities in Romania must follow EU requirements for applying IFRS in consolidated financial statements. Past studies have shown that implementing IAS/IFRS can be complex, with companies adopting different practices over time.

During the initial phase of IAS implementation (2001–2005), it was anticipated that over 1,700 entities would adhere to IAS's national regulations, but only 10% of them were listed on the BSE. The lack of knowledgeable users and limited understanding of IAS led to challenges in implementation and a low level of compliance (Ionaşcu I, 2011). Ionaşcu et al. (2011) found that during this period, companies with foreign ownership prepared two sets of financial statements, one under national regulations and one under IAS as issued by the International Accounting Standards. As such, Ionaşcu et al. (2011) found that the first IAS/IFRS adoption for a sample of listed entities spans from 1994 to 2010. Some entities applied international standards before being listed, while others did not comply with this requirement, even if included in national regulations.

Albu & al. (Albu & Albu, 2014) cited Girbina, who found that only 53.84% of the 2010 financial statements of entities listed in the first tier of the Bucharest Stock Exchange were published under IFRS. Except for some companies applying IFRS for individual purposes, the others represent cases of non-compliance. Moreover, Albu & al (Albu & Albu, 2014) investigate this variety of practices more thoroughly and suggest that entities employ various strategies to respond to IFRS application, given the interplay between actors. Therefore, they found that responses range from passive compliance to active resistance and manipulation.

Implementing IFRS in Romania improves financial reporting and transparency, beyond compliance issues. As such, Ionaşcu et al. (Ionaşcu I, 2011) found that the most crucial impact of IFRS is increasing the comparability of accounting information at the international level. The most crucial benefit is the relevant information provided to investors (PriceWaterHouseCoopers, 2006). The essential benefit companies perceive is better reported, more transparent, and comparable information.

Another study with different results than the ones above is Dennis Taylor (Taylor, 2009). The article studied the impact of IFRS adoption on the accounting quality of listed companies in the UK, Hong Kong, and Singapore. The author found little evidence to suggest that IFRS financial statements bring more value than those prepared under local GAAPs, despite the harmonization of accounting standards within a country. To the question posed by Pilcher and Dean (Pilcher & Dean, 2009): Does IFRS reporting add value to management or local government? the answer, based on interviews with various Australian board executives, appears to be negative.

3. Epistemological Position and Research Methodology

The particular interest in international accounting normalization and the quality of accounting information has been generated by the globalization process as a trend of the contemporary economy, resulting from ICT development, removing traditional barriers, and integrating markets into a global market. Globalization has generated and continues to generate several new qualitative elements that call into question the current system of global economic order, namely the concept of state-nation (Vasilopoulou & Talving, 2020). Our approach goes beyond the global impact of IFRS on financial reporting by comparing information from stock exchanges in Germany and Romania. Germany is considered the fourth wealthiest economy in 2019, while Romania is ranked 36th in the same analysis.[1].

The inextricable links between the quality of accounting information and the relevance of the recommendations of the analysis in the decision-making process, especially in the economic context shaken by the effects of a pandemic that has increased the need for research in a variety of fields, has revealed new topics and new concerns, stemming from the problems faced and facing humanity. This is an additional justification for our research field, especially for researchers and specialists.

Analyzing the literature in the complex field of financial reporting, we not only find an interest in understanding and seeking an answer to the question "Why do rich economies invest more money in reporting infrastructures?". Thus we have noted a similarity in the theoretical and practical approaches in the field. In consideration of the intricacy of the selected theme, our deliberations prompted the formulation of two subsidiary inquiries:

1. ***What are the key components of financial communication within the framework of IAS/IFRS?***
2. ***To what extent does a nation's economic prosperity impact financial disclosure and the accuracy of information presented?***

When formulating the hypothesis, we began by considering the reference elements and specific financial reporting requirements. We also took into account the need for consistent information across different countries. We chose to do this because European Union legislation has consistently leaned towards aligning European accounting standards with IAS/IFRS. Additionally, there's a growing trend of aligning FASB requirements with IASB requirements.

H1: The conceptual framework and IFRS lead to conceptual and methodological changes, directly affecting the approach and content of financial reporting.

H2: Financial reporting comparability should not vary from country to country if they have adopted IFRS.

The research methodology is designed to provide guidance, especially for analyzing problems or data samples to create an appropriate solution or assess the comparability of two platforms. The research method used in the quantitative study sample was based on a longitudinal study that consists of 44 companies listed on BSE and FSE. We initially used Quota sampling as our sampling frame (Stephenson, 1979). There are differing opinions on its accuracy. Moser and Stuart found that, on average, a quota sample needs to be almost two times larger than a random sample to achieve the same standard error (Moser, 1953).

[1] *The Top 25 Economies in the World available. Ranking the Richest Countries in the World at https://www.inv esto pedia.com accessed on Mai 2021- according to this article in 2019, Germany is the richest European country situated on the 4th position - 1. United States; 2. China; 3. Japan; 4. Germany; 5. India; 6. United Kingdom; 7. France; 8. Italy; 9. Brazil; 10. Canada*

However, Corlett claims that the quota sample has almost the same accuracy as the random sample (Corlett, 1996).

In order to calculate the sample size, we utilized the following formula:

$$n = \frac{t^2 * p * q}{e^2}$$

Where:
n – sample size;
t – Guarantee coefficient associated probability of research results;
p – the non-percentage weight of components characterized by an attribute of the sample;
q – the non-percentage weight of the sample components, which are characterized by an attribute obtained by the equation: q = (1 – p);
e – margin of error.

Under a confidence level of 0.05 and a completion rate of 55%, a margin of error of ± 5%, for a p-value of 0.50, the sample size has become:

$$n = \frac{t^2 * p * q}{e^2} = \frac{(0{,}55)^2 * 0{,}75 * 0{,}25}{(0.05)^2} = \frac{0{,}056719}{0.0025} = 22.68$$

Sample size from BSE after eliminating financial groups, Sif/s, and banks – 23 companies.
Sample size from FSE after eliminating financial groups, Sif/s, and banks – 23 companies.

Our study aims to understand if there is a difference between the financial reporting of a multinational company on BSE, Romania, and other companies listed on FSE, Germany. There is a long line of literature that theoretically and empirically assesses specific factors related to the level of transparency or quality of information, and we already analyzed various authors in our research. Therefore, while analyzing and observing the literature, we estimate a model based on Albu's model (Albu & Albu, 2014) or Ionascu (Ionaşcu I, 2011) on the following dimensions and variables on assessing the quality of financial disclosure and its variations:

1. Accessible General Information on quality of information available on the firm's website, the used language (English), the quality of documents, up to date information and so on for year 2022. For each variable, we used 0 for information not disclosed and 1 for appropriate disclosed information. This score is calculated as the average of the scores of each item specified above.
2. Accessible firm information on:
   - Firm size is measured by total sales in millions of RON, allowing for direct comparisons of firm size across different countries on a global scale.
   - Industry – we assess with one the production and extractive industry and 0 others.
   - The number of personnel (1 for an interval with the highest number of employees; 0,5 for companies with a medium no. of employees; 0 for companies within a small interval of employees).
3. Accessible Financial Information – the level of financial disclosure and choose three financial indicators important for users according to IFRS (Wiehle, 2005) and should be available in each company's annual report: profitability – EBIT; Liquidity – Equity ratio; Corporate valuation – Earnings per share.
4. Accessible non-financial information – the level of non-financial disclosure. Annual reports contain integrated reporting, CSR, and data on environmental impact.
5. Assessment of quality of information disclosed through the IFRS conceptual framework.

We assess fundamental characteristics – Relevance and Faithful Representation and enhancing characteristics such as Intelligibility, Comparability, Verifiability and Opportunity. This is not an easy task keeping the scores for each characteristic. Therefore, we considered 0 – for the lowest characteristics according to online information and 1 for the best presentation regarding each company.

4. Empirical Results

The practices on the two stock exchanges are clearly different, even though both require the use of IFRS for financial disclosure. A quick look at the websites of 44 sample entities revealed that 81% of BSE websites and almost 100% of FSE websites (97.60%) were accessible. In our analysis of the availability of annual reports in English, we found that BSE has some catching up to do. There is a nearly 53% difference in the availability of annual reports in English and a 39% difference in up-to-date financial information.

Table 1.

Comparative Statistics for General information regarding accessibility of information on BSE vs. FSE

Descriptive Stat.	*Website availability*		*Annual reports in English*		*Up to date financial information*	
	BSE	FSE	BSE	FSE	BSE	FSE
Mean	0,818	0,976	0,455	0,973	0,591	0,968
Stand. Dev.	0,395	0,044	0,510	0,055	0,503	0,065
Kurtosis	1,250	-0,276	-2,168	3,502	-2,037	2,631
Skewness	-1,773	-1,327	0,196	-1,993	-0,397	-1,924

(Analyze made with Excel by authors)

The standard deviation measures the spread of values in a sample. In our case, FSE values range from 0.04 to 0.06, while BSE values vary from 0.3 to 0.51, indicating a wider spread for BSE. The adoption of IFRS in Germany reflects a shift towards a valuation-oriented accounting and reporting philosophy, which is debated due to the diverse institutional settings of the affected firms. This cross-country study shows significant differences in financial disclosure under IFRS accounting, with valuation as the primary focus, and suggests that cultural factors and contractual considerations contribute to these differences.

Table 2.

Summary of comparative statistics for General information regarding firm's size on BSE vs. FSE

Descriptive Stat.	**Industry**		**Turnover**		**No. of employees**	
	BSE	FSE	BSE/ €	FSE/Mil. €	BSE	FSE
Mean	0,909	0,636	2.473.878,296	95,987	2.043,000	163.200,500
Med.	1,000	0,500	459.465,032	96,895	1.363,000	100.984,000
Stand. Dev.	0,294	0,384	4.988.989,666	63,080	2.532,812	166.422,231
Kurtosis	8,085	-1,042	8,087	0,745	10,901	3,204
Sum	20,000	14,000	54.425.322,514	2.111,710	44.946,000	3.590.411,000

(Analyze made with Excel by authors)

The results showed that 90,9 % of firms are from the productivity sector (20 entities), and 63,60% are from FSE. There is a difference of 30% between the two stock exchanges in terms of entity Industry. Even though the one from Romania is more towards the productive sector, we can conclude that the ones from telecommunication and the commercial sector are coming from behind and becoming important worldwide. There is a big difference in terms of turnover because the major entity from BSE is OMV, with over 19 million euros turnover, while on FSE, the biggest has over 265 million euros turnover. In terms of a number of employees, clearly, the numbers from FSE are significantly higher. We see that the number of employees, clearly on BSE, represents 3% from the one from FSE (54 million vs. 2111 million).

The third analysis concerns the profitability of the entity. Our first remark is that 90% of entities from FSE had these indicators available compared to the ones on BVB, which were mostly unavailable and needed to be calculated manually. Due to the firm's size, net profit clearly shows big differences, even though the indicators are calculated in different currencies. The equity ratio mean is very low for BVB and has a high of 56% for FSE and 86% for BVB.

Table 3.

Summary of comparative statistics for Profitability ratios on BSE vs. FSE

Descriptive Stat.	Net profit		Equity ratio%		EPS €	
	BSE/ ron	FSE/ mil. €	BSE	FSE	BSE	FSE
Mean	49.304.653,07	6.457,611	0,5242	35,327	1,028	1,488
Median	31.765.993,50	4.158,500	0,5345	32,250	0,05	2,445
Stand. Dev.	789.133.812,38	6.841,261	0,2519	12,652	3,941	5,594
Kurtosis	16,42	-0,020	-0,5757	-0,326	7,913	2,946
Skewness	3,90	0,995	-0,4371	-0,195	1,900	-0,093
Minimum	-352.730.468,00	-2.009,000	0,0000	9,000	-7,55	-10,780
Maximum	3.563.589.092,00	20.187,000	0,8600	56,000	14,86	16,600
Sum	5.423.511.838	142.067,445	11,533	777,19	22,616	32,730

(Analyze made with Excel by authors)

The EPS are both available firstly on the sites of the stock exchanges being considered one of the most important indicators of profitability for an investor, still the mean shows some values quit identical BSE-1,028 euro and on FSE – 1,488 euro, a high kurtosis and a positive skewness for BVB. So, we conclude that our entities may be comparable in terms of EPS for investors.

Table 1.

Summary of comparative statistics for non-financial reporting on BSE vs. FSE

Descriptive Stat.	*Integrated reporting*		*CSR data*		*Environm.*	
	BSE	*FSE*	*BSE*	*FSE*	*BSE*	*FSE*
Mean	0,045	0,727	0,500	0,968	0,455	0,945
Stand. Dev.	0,213	0,456	0,512	0,048	0,510	0,213
Kurtosis	23,000	-0,887	-2,211	-1,436	-2,168	21,046
Skewness	4,690	-1,097	0,000	-0,839	0,196	-4,552
Mini.	0,000	0,000	0,000	0,900	0,000	0,000

Maxi.	1,000	1,000	1,000	1,000	1,000	20,800
Sum	1,000	16,000	11,000	21,300	10,000	23,000

(Analyze made with Excel by authors)

We conclude that less than 50% of entities specified one of the three non-financial aspects. These are just the most significant ones. Of course, multitudes of non-financial indicators may be analyzed but were not in our interest. Still, comparing the two samples we admit that the companies from BSE are not doing their best in this matter, and non-financial corporate reporting can be a real opportunity to increase the degree of qualitative characteristics under IFRS. As seen in Table 4, the skewness (it characterizes the degree of asymmetry of a distribution around its mean) indicates a favorable skewness distribution of 4,690 for integrated reporting, which means the asymmetric tail extends toward more positive values. A skewness of 0 indicates a perfect symmetry, the case of CSR data. Comparing the results with the FSE sample shows that skewness is more negative than positive.

The summary statistics from Table 5 demonstrate the disparity in disclosing information related to qualitative characteristics that are highly important under IFRS. The results indicate a mean of 50% less for BSE than FSE. This is primarily due to the fact that entities under BSE report a significantly smaller quantity of information compared to those under FSE. It's important to note that a more significant quantity does not necessarily equate to higher quality, but we examined some information that was never disclosed under BSE.

Table 5.

Summary of comparative statistics for qualitative charact. on BSE vs. FSE

Desc. stat	Q1		Q2		Q3		Q4		Q5		Q6	
	BSE	FSE	BSE	FSE	BSE	FSE	BSE	FSE	BSE	FSE	BSE	FSE
Mean	0,41	0,91	0,44	0,90	0,49	0,86	0,499	0,99	0,34	0,95	0,30	0,87
Stand.Er.	0,06	0,02	0,06	0,02	0,07	0,03	0,065	0,00	0,03	0,01	0,04	0,01
Stand.Dev.	0,28	0,10	0,31	0,12	0,35	0,17	0,303	0,02	0,18	0,05	0,20	0,08
Kurtosis	-1,22	-2,03	2,68	3,72	-0,24	-1,73	-0,98	8,08	-1,03	-2,03	0,79	-1,31
Skewness	0,62	-0,39	1,38	-1,83	0,69	-0,51	0,184	-3,05	0,45	-0,39	1,243	0,46
Sum	9,10	20,20	9,70	19,80	10,88	19,00	10,97	21,80	7,66	21,10	6,65	19,3

(Analyze made with Excel by authors)

5. Conclusions

The challenges of implementing IFRS for financial disclosure are significant because these standards are meant to be used globally. In recent decades, there has been a focus on making accounting standards setters independent of government and industry interests. This means that there is no global government oversight of the organization that sets international financial reporting standards or enforces IFRS in as many countries as possible. As a result, there is also no overall coherent representation of the users interested in financial statements whose information IFRS must cover. While IFRS aims to meet investors' information needs, some criticize this guidance because of the neutrality required for accounting standards. However, responses to this criticism support the efforts made by

IFRS worldwide to meet the needs of investors and to incentivize individual jurisdictions to adopt and apply IFRS.

We reviewed studies from Romania and Germany on the impact of adopting IFRS on financial reporting. Our research focuses on changes induced by IFRS in two different countries and its effects on economic and non-financial performance reporting. The originality of our approach lies, beyond the global approach of IFRS's impacts on financial reporting, in comparing the information reported on two opposed stock exchanges in Germany (considered the forts wealthiest economy in 2019) and Romania (ranked 36 in the same analysis). The interconnectedness between the quality of accounting information and the significance of the analysis recommendations in the decision-making process is particularly crucial in the current economic landscape, which has been impacted by the effects of a pandemic. This has heightened the need for research across various fields, uncovering new topics and concerns. These emerging issues are further justification for our research, particularly for researchers and specialists. As we delve into the extensive literature on financial reporting, we not only aim to comprehend why affluent economies allocate more resources to reporting infrastructures, but also observe a convergence of theoretical and practical approaches in this domain.

Conclusions on the validation of hypotheses

Since the field is quite broad and complex we will treat the conclusions correlated with the assumptions established from the beginning of the process.

H1. The conceptual framework and IFRS induce conceptual and methodological changes, directly and indirectly impacting the approach and content of financial reporting.

- we have followed the evolution of concepts and main trends in financial reporting in order to establish a relevant analysis framework for the development of scientific approach;

- by analysing the factors underlying the financial evolution towards the adoption of IFRS, we argued that within the conceptual framework, the IASB has induced conceptual and methodological changes with a direct/indirect impact on the approach and content of financial reporting.

We conclude that the changes are there, visible but still not enough to say that the financial and nonfinancial disclosure is comparable across countries and different cultures

H2. The comparability of financial reporting should not differ from country to country if they have adopted IFRS.

Assessing a business's performance from the outside can be challenging, particularly when interpreting financial statements. It's important to measure results accurately and not rely on random indicators. The lack of standardization in financial indicators can lead to misleading results. Additionally, IFRS does not prioritize the selection of the most important indicators, leading to discrepancies in reported data.

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