

**REPORT
COMPLIANCE EVALUATION**

**SEVENTH COUNCIL DIRECTIVE
of 13 June 1983
based on the Article 54 (3) (g) of the Treaty on Consolidated Accounts
(83/349/EEC)**

December 2008

This Compliance Report is designed to evaluate the compliance of the Armenian legislation covering the Company Law with the requirements laid down in the Seventh Council Directive of 13 June 1983 (83/349/EEC) based on Article 54 (3) (g) of the Treaty on Consolidated Accounts.

This Report consists of 3 parts and an appendix

- Description of the EC Directive
- Compliance evaluation
- Conclusion.

1. Description of the EC Directive

The Seventh Council Directive of 13 June 1983 (83/349/EEC) based on Article 54 (3) (g) of the Treaty on Consolidated Accounts (hereinafter referred to as 'the Directive') is called to coordinate the national provisions of EU Member States concerning consolidated accounts. The Directive, together with the Fourth directive concerning annual accounts, belongs to the 'accounting instructions' which form the basis for the accounting of community companies.

The Directive establishes the cases for drawing up a compulsory consolidated balance sheet. The obligation to draw up a consolidated balance sheet is assigned to each parent company that is legally bound to control the activity of another (subsidiary) undertaking. The authority to control depends mainly on the majority of shares giving a voting right. However, such a right may arise also in the event of minority shareholding, provided that there is control in place. The Directive also specifies the cases for exceptions from that obligation. Therefore, this basis is used for reference to the Directive 78/660/EEC.

The Directive specifies the methods of drawing up consolidated accounts, as follows:

- consolidated accounts include the consolidated balance sheet, consolidated income and expense account and notes to accounts; these documents should give the overall picture of the assets and liabilities, financial standing as well as general company activity;
- book value of shares of consolidated companies should be offset according to the portion of equity of consolidating companies which it represents;
- it should be drawn up on the same date and through the same valuation method as accounts of the parent company are prepared.

The Directive outlines the content of the notes to accounts – the valuation methods, titles of consolidating companies, their locations, total liabilities, etc.

The Directive requires that the company that reports consolidated accounts be subject to qualification by a competent auditor.

The Directive establishes the obligation of disclosure. Namely, the consolidated accounts and audit conclusion must be published, as stipulated by the First Directive of Company Law.

In the Republic of Armenia, the aspects of consolidated accounts are governed under the Armenian Law on Joint-Stock Companies¹ and the Republic of Armenia Accounting Standard No. 27² (hereinafter referred to as ‘RAAS 27’).

2. Compliance evaluation

1. Does the Armenian legislation establish the cases for reporting the consolidated accounts by a company?

Yes. Paragraph 4(10) of RAAS 27 provides the following:

The consolidated financial statements include all undertakings that are controlled by the parent company. Control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than one half of the voting power of an undertaking unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists even when the parent company owns one half or less of the voting power of an undertaking when there is:

- a) power over more than one half of the voting rights by virtue of an agreement with other investors;
- b) power to govern the financial and operating policies of the enterprise under a statute or an agreement;
- c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body.

According to Article 1 of the Directive, a Member State shall require any undertaking governed by its national law to draw up consolidated accounts, if it:

- a) has a majority of the shareholders’ or members’ voting rights in another undertaking (a subsidiary undertaking);
- b) has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another undertaking (a subsidiary undertaking) and is at the same time a shareholder in or member of that undertaking;
- c) has the right to exercise a dominant influence over an undertaking (a subsidiary undertaking) of which it is a shareholder or member, pursuant to a contract entered into with that undertaking;

¹ AL-232-N, adopted on 25.09.2001, effective from 06.12.2001, (Republic of Armenia Official Bulletin 2001/34 (166), 06.11.2001).

² 2159-N, adopted on 09.19.2005, (Republic of Armenia Official Bulletin 2006/4 (459), 20.01.2006).

- d) is a shareholder in or member of an undertaking, and:
- a majority of the members of the administrative, management or supervisory bodies of that undertaking (a subsidiary undertaking) who have held office during the financial year, during the preceding financial year and up to the time when the consolidated accounts are drawn up, have been appointed solely as a result of the exercise of its voting rights; or
 - controls alone, pursuant to an agreement with other shareholders in or members of that undertaking (a subsidiary undertaking), a majority of shareholders' or members' voting rights in that undertaking.

Later on, Article 12(1) of the Directive specifies the cases when respective national legislations may determine an obligation to report consolidated accounts, if:

- a) that undertaking and one or more other undertakings are managed on a unified basis;
b) the administrative, management or supervisory bodies of that undertaking and of one or more other undertakings consist for the major part of the same persons in office during the financial year and until the consolidated accounts are drawn up.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

2. Does the Armenian legislation specify the details of the voting power (votes)?

No.

According to Article 2(1) of the Directive, the voting rights and the rights of appointment and removal of any other subsidiary undertaking as well as those of any person acting in his own name but on behalf of the parent undertaking or of another subsidiary undertaking must be added to those of the parent undertaking.

Article 2(2) of the Directive adds that the aforementioned rights do not include the rights attaching to shares held on behalf of a person who is neither the parent undertaking nor a subsidiary thereof; and attaching to shares held by way of security, provided that the rights in question are exercised in accordance with the instructions received and that the voting rights are exercised in the interests of the person providing the security.

Evaluation: the Armenian legal act does not comply with the requirement of the Directive.

3. Are subsidiary undertakings subject to consolidation irrespective of their location, according to the Armenian legislation?

Yes. According to Paragraph 4(9) of RAAS 27, a parent company that publishes consolidated financial statements shall consolidate all subsidiary enterprises which function both in that given country and abroad.

The Directive regularizes this aspect under its Article 3(1).

Evaluation: the Armenian legal act complies with the requirement of the Directive.

4. Is subsidiary of a subsidiary undertaking considered a subsidiary of a parent company, according to the Armenian legislation?

Yes. According to Article 7(3) of the Armenian Law on Joint-Stock Companies, if a company is a subsidiary or dependent company of another company, which in its turn is a subsidiary or dependent company of a third company or business affiliation, then the first company is recognized as subsidiary or dependent on the third company, too.

The Directive regularizes this aspect under its Article 3(2).

Evaluation: the Armenian legal act complies with the requirement of the Directive.

5. Does the Armenian legislation provide for the cases of exemption from an obligation to report consolidated accounts, if the parent company is a subsidiary undertaking in its turn?

Yes. Paragraph 3(6) of RAAS 27 provides that the parent company which is a subsidiary owned, wholly or almost wholly, by another company, need not to present reports of consolidated accounts, if there is the consent of minority shareholders (when that parent company is a subsidiary almost wholly owned by another company). Such a parent company shall disclose the reason of not reporting consolidated financial accounts as well as the basis for reflecting subsidiaries in its own (selected) financial accounts. The name and legal address of the parent company reporting consolidated financial accounts shall also be disclosed.

According to Article 7(1) of the Directive, any parent undertaking governed by its national law which is also a subsidiary undertaking of its own parent undertaking shall be exempt from the obligation to report consolidated accounts, where:

- a) that parent undertaking holds all of the shares in the exempted undertaking;
- b) that parent undertaking holds at least 90 percent of the shares, and the remaining shareholders in or members of that undertaking have approved the exemption.

Article 7(2) of the Directive specifies the conditions of exemption, as follows:

- a) the balance sheet of the exempt undertaking is consolidated into the balance sheet of another undertaking, which is a bigger one, with its balance sheet having been prepared in accordance with the balance sheet consolidation rules;
- b) accounts of the exempt undertaking have been published;
- c) the balance sheet of the exempt undertaking contains a note to the accounts indicating the name of the company's head-office and regarding the exemption from the obligation to report consolidated accounts.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

6. Does the Armenian legislation provide for conditions which may be taken in consideration in exempting from the obligation to report consolidated accounts?

According to Paragraph 3(8) of RAAS 27, a parent company which is wholly owned as a subsidiary undertaking need not to present reports of consolidated accounts when so is not required by its parent company, and when needs of other users can be better met by using consolidated financial accounts reported by its parent company. The parent company needs not to present reports of consolidated financial accounts also when it is almost wholly owned as a subsidiary undertaking and when it has the minority shareholder's consent.

Further, Paragraph 4(11) of RAAS 27 provides that a subsidiary undertaking shall be exempt from consolidation, if

- a) the control over it will be temporary because it was purchased and is maintained exclusively for disposal purposes in the near future;
- b) it operates under long-term severe limitations that materially impair the capacity of transferring the assets to the parent company.

These provisions, nevertheless, are not straightaway in line with the Directive, as, according to its Article 9, the following conditions may be considered when making exemption from the obligation to present reports of consolidated accounts:

- required additional information;
- the amount of fixed assets;
- the profit or loss for the financial year and the amount of the capital and reserves;
- the average number of persons employed during the financial year.

Evaluation: the Armenian legal act only partially complies with the requirement of the Directive.

7. Does the Armenian legislation provide for a procedure on preparation of consolidated accounts?

Yes. According to Paragraph 5(12) of RAAS 27, when preparing consolidated financial statements, the financial accounts of the parent company and of the subsidiary undertaking shall be consolidated line after line, by adding the respective items of assets, liabilities, equity, income and expense. In order for the consolidated financial accounts to present financial information for the group as a single company, the following steps below need to be made:

- a) the book value (the transferable value) of the parent company's investments in each subsidiary undertaking and the parent company's share in its equity shall be eliminated (shall be mutually offset);
- b) the share of minority shareholders in net income of subsidiary undertakings in the period under review shall be determined, and the groups revenues are adjusted so that net income due for distribution to the stakeholders of the parent company is figured out;
- c) the share of minority shareholders in net assets of subsidiary undertakings shall be determined and it shall be reflected in consolidated accounts as an item separate from the liabilities and equity of the parent company.

According to Article 16 of the Directive, consolidated accounts shall comprise the consolidated balance sheet, the consolidated profit-and-loss account and the notes on the accounts. These documents shall constitute a composite whole. Consolidated accounts shall give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included therein taken as a whole.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

8. Does the Armenian legislation require that the book value of shares of consolidated companies be offset against the proportion which they represent of capital of such consolidating companies?

Yes. Paragraph 5(12) (a) of RAAS 27 provides that the book value (the transferable value) of the parent company's investments in each subsidiary undertaking and the parent company's share in its equity shall be eliminated (shall be mutually offset).

Article 19 of the Directive establishes that the book value of shares in the capital of undertakings included in a consolidation shall be set off against the proportion which they represent of the capital and reserves of those undertakings. As such:

- the set-off shall be effected on the basis of book values as at the date on which such undertakings are included in the consolidations for the first time;
- the national legislations may require or permit set-offs on the basis of the values of identifiable assets and liabilities as at the date of acquisition of the shares or, in the event of acquisition in two or more stages, as at the date on which the undertaking became a subsidiary.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

9. Shall the amount of shares in subsidiary undertakings included in the consolidation held by another person be shown in the consolidated balance sheet as a separate item, according to the Armenian legislation?

Yes. According to Paragraph 5(12) (c) of RAAS 27, the share of minority shareholders in net assets of subsidiary undertakings shall be determined and it shall be reflected in consolidated accounts as an item separate from the liabilities and equity of the parent company. In addition, Paragraph 5(23) of RAAS 27 provides that the shares of minority shareholders shall be shown in the consolidated balance sheet as an item separate from the liabilities and equity of the parent company. The shares of minority shareholders shall also be shown in group revenues as a separate item with an appropriate heading.

This aspect has been regularized in the Directive under its Article 21.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

10. Does the Armenian Law require that income and expense of a consolidating company be wholly included in the income and expense account in the consolidation?

Yes. According to Paragraph 5(17) of RAAS 27, when preparing consolidated financial statements, the financial accounts of the parent company and of the subsidiary undertaking shall be consolidated line after line, by adding the respective items of assets, liabilities, equity, income and expense. Further, according to Paragraph 5(15) of RAAS 27, the intra-group settlement balances and intra-group operations, including proceeds from sales, expenditures and dividends, shall be wholly eliminated.

This aspect has been regularized in the Directive under its Article 22.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

11. Shall the income and expenditures pertaining to the shares in subsidiary undertakings included in the consolidation held by another person be shown in the consolidated income and expense account as a separate item, according to the Armenian legislation?

Yes. Paragraph 5(23) of RAAS 27 provides that the shares of minority shareholders shall be shown in the consolidated balance sheet as an item separate from the liabilities and equity of the parent company. The shares of minority shareholders shall also be shown in group revenues as a separate item with an appropriate heading.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

12. Should the method for drawing up consolidated accounts be the same for the consecutive fiscal years and are exceptions from this requirement possible, according to the Armenian legislation?

Yes. According to Paragraph 5(18) of RAAS 27, consolidated financial statements shall be prepared, using the same accounting policies, the same-type transactions that have taken place in similar circumstances, and when registering other events. If this is not advisable, that fact need to be disclosed, indicating the proportion of those items of consolidated financial accounts in respect of which the same accounting policy was not applied.

According to Article 25(1) of the Directive, the methods of consolidation must be applied consistently from one financial year to another. The second paragraph of the same article provides that derogations from the provisions of paragraph 1 above may be permitted provided that such derogations must be disclosed in the notes on the accounts and the reasons for them given together with an assessment of their effect on the assets, liabilities, financial standing of the undertakings.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

13. Does the Armenian legislation outline the components not included in the consolidated accounts?

Yes. According to Paragraph 5(15) of RAAS 27, the intra-group settlement balances and intra-group operations, including proceeds from sales, expenditures and dividends, shall be wholly eliminated. Unrealized profits generated on intra-group operations, which are included in the book value of assets, both fixed assets and inventories, shall be wholly eliminated. Unrealized losses generated on intra-group operations, which are excluded from the book value of assets shall also be wholly eliminated, if such costs cannot be compensated.

According to Article 26(1), the consolidation shall not include:

- debts and claims between the undertakings;
- income and expenditure relating to transactions between the undertakings.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

14. Does the Armenian Law require that a consolidated statement be prepared as at the same date on which date the annual report of the parent company has been prepared?

Yes. According to Paragraph 5(17) of RAAS 27, when preparing consolidated financial statements, the financial accounts of the parent company and of its subsidiary undertakings usually carry the same date. Where the dates of the statement do not coincide, the subsidiary

undertakings shall, normally, draw up additional statements for consolidation as at the date on which the group's financial accounts have been prepared. Where this is not possible, it will however be required for the difference not to exceed a three-month period. In such cases, the consistency principle shall apply, according to which the duration of the reporting period and any difference between the dates on which financial statements have been prepared should be maintained from a period to period.

The Directive has regularized this aspect under its Article 27(1). Further, Paragraph 2 of Article 27 allows exception from that requirement, if this is necessary in consideration of the accounts of a larger consolidating company. Such exceptions shall need to be disclosed and explicated in the notes to accounts by indicating their impact on the assets, liabilities and financial standing of the consolidated undertakings.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

15. Should any material change in the composition of consolidating companies during the fiscal year be shown in the consolidated accounts, according to the Armenian legislation?

No. The Armenian legislation does not regularize this aspect.

The Directive has regularized this aspect under its Article 28.

Evaluation: the Armenian legal act does not comply with the requirement of the Directive.

16. Should a company preparing consolidated account use the same method when preparing its own statements, and are exceptions from this requirement possible, according to the Armenian legislation?

Yes. According to Paragraph 5(18) of RAAS 27, consolidated financial statements shall be prepared, using the same accounting policies, the same-type transactions that have taken place in similar circumstances, and when registering other events. If this is not advisable, that fact need to be disclosed, indicating the proportion of those items of consolidated financial accounts in respect of which the same accounting policy was not applied.

The Directive has regularized this aspect under its Article 29(2). However, there are exceptions permitted under the Directive, which shall be disclosed in the notes on the consolidated accounts and the reasons therefor given.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

17. Where any of the companies included in the consolidated accounts manages another company of its own or in collaboration with companies not included in the consolidated accounts, shall the Armenian legislation require or permit the inclusion of that company in the consolidated accounts to the extent of participation of the company included in the consolidated accounts?

Paragraph 2(g) of RAAS, which governs the reflecting of participation in financial statements in joint ventures, establishes the proportional consolidation as an accounting and reporting method whereby the proportion of the venture in each of assets, liabilities, income and expenditure of a jointly controlled entity shall be combined with similar items in financial accounts of the venture, line after line, or it shall be shown in the financial accounts of the venture as a separate item.

This provision, however, lacks to fully reflect the requirement of the Directive, since it covers joint ventures only.

The Directive has regularized this aspect in its Article 32(1).

Evaluation: the Armenian legal act only partially complies with the requirement of the Directive.

18. Where a company included in the consolidation has a qualifying holding (as much as 20 percent and more) in another company not included in the consolidated accounts, does the Armenian legislation require that such participation be shown in the consolidated accounts as a separate item?

No. The Armenian legislation does not regularize this aspect.

The Directive has regularized this aspect in its Article 33.

Evaluation: the Armenian legal act only partially complies with the requirement of the Directive.

19. Does the Armenian legislation outline the information included in the notes to the consolidated accounts?

Paragraph 7(28) of RAAS outlines certain information subject to disclosure, as follows:

a) in consolidated financial statements a listing of significant subsidiaries including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held;

b) in consolidated financial accounts, where applicable:

- the reasons for not consolidating a subsidiary,

- the nature of the relationship between the parent company and a subsidiary of which the parent does not own, directly or indirectly through subsidiaries, more than one half of the voting power,

- the name of an enterprise in which more than one half of the voting power is owned, directly or indirectly through subsidiaries, but which, because of the absence of control, is not a subsidiary,

- the effect of the acquisition and disposal of subsidiaries on the financial standing as at the reporting date, the results for the reporting period and on the corresponding amounts for the preceding period; and

c) in the parent company's separate financial accounts, a description of the method used to account the investments in subsidiaries.

According to Article 34 of the Directive, the notes to consolidated accounts must set out information in respect of the following matters at least:

- the valuation methods applied to the various items in the consolidated accounts, and the methods employed in calculating the value adjustments;

- the names and registered offices of the undertakings included in the consolidation; the proportion of the capital held in undertakings included in the consolidation, other than the parent undertaking;
- the names and registered offices of the undertakings associated with undertakings included in the consolidation, indicating the proportion of the capital held in undertakings included in the consolidation;
- the total amount shown as owed in the consolidated balance sheet and becoming due and payable after more than five years, as well as the total amount shown as owed in the consolidated balance sheet and covered by valuable security furnished by undertakings included in the consolidation, with an indication of the nature and form of the security;
- the total amount of any financial commitments that are not included in the consolidated accounts, in so far as this information is of assistance in evaluating the financial standing of the undertakings included in the consolidation taken as a whole;
- net turnover of undertakings included in the consolidated accounts, according to business categories and geographical markets;
- the average number of persons employed during the financial year by undertakings included in the consolidation;
- the difference between the tax charged to the consolidated profit and loss account for the financial year and those for earlier financial years;
- the amount of emoluments granted to the members of the administrative, managerial and supervisory bodies of the parent undertaking during the financial year;
- the amount of advances and credits granted to the members of the administrative, managerial and supervisory bodies of the parent undertaking during the financial year, with indications of the interest rates and main conditions whatsoever.

Evaluation: the Armenian legal act only partially complies with the requirement of the Directive.

20. Does the Armenian legislation outline the information included in the consolidated accounts?

This aspect too, has only been partially regularized in accordance with Paragraph 7(28) of RAAS, in connection with the preceding issue.

According to Article 36 of the Directive, the consolidated annual report shall include at least a fair review of the development and performance of the business and of the position of the undertakings included in the consolidation, as follows:

- 1) any important events that have occurred since the end of the financial year;
- 2) the likely future development of those undertakings taken as a whole;
- 3) the activities of those undertakings taken as whole in the field of research and development;
- 4) the shares of the parent undertaking held by that undertaking itself and by subsidiary undertakings.

Evaluation: the Armenian legal act only partially complies with the requirement of the Directive.

21. Does the Armenian legislation establish that a company preparing consolidated accounts must present these to authorized persons for their being assessed?

Yes. General principles of audit applied in respect of financial accounts exist in the Republic of Armenia.

According to Article 37 of the Directive, the consolidated accounts must be audited by professional auditors.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

22. Does the Armenian legislation require that the consolidated accounts be publicly disclosed?

Yes. General principles of public disclosure applied in respect of financial accounts exist in the Republic of Armenia.

Article 38 of the Directive provides that the consolidated accounts, duly approved shall be published, as provided for under the law.

Evaluation: the Armenian legal act complies with the requirement of the Directive.

3. Conclusion

The results of review of this Compliance Report show that the Armenian legislation covering consolidated balance sheet is, by and large, in compliance with the Seventh Council Directive of 13 June 1983 (83/349/EEC) based on Article 54 (3) (g) of the Treaty on Consolidated Accounts. Notwithstanding, we find it not expedient to use the results of this report to make concrete proposals in view of the existing inconsistencies because, in the main, the Republic of Armenian Accounting Standards are not in full compliance with the internationally applicable ones.

Considering that there are plans to harmonize the Republic of Armenia Accounting Standards with the international standards, it would be meaningful to make this Compliance Report publicly available as an acknowledgement.

	Question	Yes	No	Partially	Notes
1.	Does the Armenian legislation establish the cases for reporting the consolidated accounts by a company?	√			regularized under RAAS 27 (4)10
2.	Does the Armenian legislation specify the details of the voting power (votes)?		√		
3.	Are subsidiary undertakings subject to consolidation irrespective of their location, according to the Armenian legislation?	√			regularized under RAAS 27 (4)9
4.	Is subsidiary of a subsidiary undertaking considered a subsidiary of a parent company, according to the Armenian legislation?	√			regularized under the Armenian law on Joint-Stock Companies, Article 7(3)
5.	Does the Armenian legislation provide for the cases of exemption from an obligation to report consolidated accounts, if the parent company is a subsidiary undertaking in its turn?	√			regularized under RAAS 27 (3)6
6.	Does the Armenian legislation provide for conditions which may be taken in consideration in exempting from the obligation to report consolidated accounts?			√	The conditions specified under RAAS 27 are not covering the Directive's requirements in full.
7.	Does the Armenian legislation provide for a procedure on preparation of consolidated accounts?	√			regularized under RAAS 27 (5)12
8.	Does the Armenian legislation require that the book value of shares of consolidated companies be offset against the proportion which they represent of capital of such consolidating companies?	√			regularized under RAAS 27 (5)12 (a)
9.	Shall the amount of shares in subsidiary undertakings included in the consolidation held by another person be shown in the consolidated balance sheet as a separate item, according to the Armenian legislation?	√			regularized under RAAS 27 (5)12 (c)
10.	Does the Armenian Law require that income and expense of a consolidating company be wholly included in the income and expense account in the consolidation?	√			regularized under RAAS 27 (5)17

11.	Shall the income and expenditures pertaining to the shares in subsidiary undertakings included in the consolidation held by another person be shown in the consolidated income and expense account as a separate item, according to the Armenian legislation?	√			regularized under RAAS 27 (5)23
12.	Should the method for drawing up consolidated accounts be the same for the consecutive fiscal years and are exceptions from this requirement possible, according to the Armenian legislation?	√			regularized under RAAS 27 (5)18
13.	Does the Armenian legislation outline the components not included in the consolidated accounts?	√			regularized under RAAS 27 (5)15
14.	Does the Armenian Law require that a consolidated statement be prepared as at the same date on which date the annual report of the parent company has been prepared?	√			regularized under RAAS 27 (5)17
15.	Should any material change in the composition of consolidating companies during the fiscal year be shown in the consolidated accounts, according to the Armenian legislation?		√		
16.	Should a company preparing consolidated account use the same method when preparing its own statements, and are exceptions from this requirement possible, according to the Armenian legislation?	√			regularized under RAAS 27 (5)18
17.	Where any of the companies included in the consolidated accounts manages another company of its own or in collaboration with companies not included in the consolidated accounts, shall the Armenian legislation require or permit the inclusion of that company in the consolidated accounts to the extent of participation of the company included in the consolidated accounts?			√	RAAS 28 fails to fully reflect the Directive's requirement, as it refers only to joint undertakings.
18.	Where a company included in the consolidation has a qualifying holding (as much as 20 percent and more) in		√		

	another company not included in the consolidated accounts, does the Armenian legislation require that such participation be shown in the consolidated accounts as a separate item?				
19.	Does the Armenian legislation outline the information included in the notes to the consolidated accounts?			√	The provisions under RAAS 7(28) are not covering the Directive's requirements in full.
20.	Does the Armenian legislation outline the information included in the consolidated accounts?			√	The provisions under RAAS 7(28) are not covering the Directive's requirements in full.
21.	Does the Armenian legislation establish that a company preparing consolidated accounts must present these to authorized persons for their being assessed?	√			General principles of audit applied in respect of financial accounts exist in the Republic of Armenia.
22.	Does the Armenian legislation require that the consolidated accounts be publicly disclosed?	√			General principles of audit applied in respect of financial accounts exist in the Republic of Armenia.
Total, 22 questions		15	3	4	