

**External financing, information disclosure and the timeliness of annual  
shareholder meetings and financial statement filings in Belgium (\*)**

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## **External financing, information disclosure and the timeliness of annual shareholder meetings and financial statement filings in Belgium**

### **Abstract**

This paper analyses how financial characteristics and institutional factors affect the timeliness of financial reporting in Belgium. The analysis is based on a sample of 1892 non-financial Belgian companies for 1996. The contribution of this paper is to investigate how external financing affects the timeliness of financial reporting of closely held companies in continental Europe. Moreover, we investigate to what extent the determinants of the timeliness of the annual financial statement affect the timeliness of the annual shareholder meeting.

We find evidence of a relationship between financial characteristics and the timeliness of the financial statements. Large companies, listed companies, companies with financial debt (especially bank loans), and companies with a low debt ratio, high liquid reserves and high investment tend to file their annual statements faster. Moreover, companies reporting an extraordinary profit also file their annual statements faster. Loss making companies and companies with high debt ratios and low investments wait longer to call the annual shareholder meeting. These results are consistent with the hypothesis that the more companies are confronted with outside users of the financial statements, the faster they file their financial statements. Companies in bad financial health delay financial reporting.

# **External financing, information disclosure and the timeliness of annual shareholder meetings and financial statement filings in Belgium**

## **1. Introduction**

It is generally agreed that the timeliness of financial statements is a key determinant of their usefulness. Delays in releasing financial statements may increase the uncertainty about the decisions for which the financial statements provide information. While the financial statements are not the only source of information, other sources might be less reliable or more costly to the user. Moreover, delays might allow some investors to acquire private predisclosure information, which they can exploit at the expense of less informed investors. A recent report by consulting company McKinsey, which surveyed the opinion of 200 institutional investors worldwide, concluded that accounting disclosure featured the highest in the factors that impact an investment decision, and that “more timely, broad disclosure” should take priority (Corcoran, 2002).

This paper examines the timeliness of financial reporting in Belgium, and analyses how financial characteristics as well as institutional factors affect the date of filing of the financial statements. According to the Belgian accounting legislation, the annual shareholder meeting has to take place within a period of 6 months after the fiscal year ending, and the company has to file the annual financial statements with the Belgian National Bank (BNB) within one month from that meeting. We measure the timeliness of financial reporting by the number of days it takes companies to file their financial statement with the BNB. We also examine how long it takes companies to call their

annual shareholder meeting, and investigate the compliance with the legal requirements. Our analysis is based on a sample of 1892 non-financial Belgian companies for 1996.

While several studies have investigated the determinants of the timeliness of financial reporting for companies listed on a stock exchange, this paper focuses on the role of financial reporting in providing timely information for private companies. Indeed, 97.4% of the companies in our sample are not listed. Capital markets play only a very limited role in the financing of Belgian companies: the most important external sources of corporate finance in Belgium are loans provided by banks and *affiliated* companies (Deloof, 1998). Therefore, the contribution of this paper is to provide an insight of how external financing affects the timeliness of financial reporting of closely held companies in a continental European country. Moreover, we investigate to what extent the determinants of the timeliness of the annual financial statement also affect the timeliness of the annual shareholder meeting.

We find evidence of a relationship between financial characteristics and the timeliness of the financial statements. Large companies, companies listed on the Brussels Stock Exchange, companies with financial debt (bank loans), and companies with a low debt ratio, high liquid reserves and high investment tend to file their annual statements faster. Moreover, companies reporting an extraordinary profit also file their annual statements faster. Loss making companies and companies with high debt ratios and low investment wait longer to call the annual shareholder meeting. These results are consistent with the hypothesis that companies delay bad news (financial distress measured by liquid reserves, debt ratio and negative net income) while good news (extraordinary profit)

travels fast. Moreover, external financing (bank loans, listing on stock exchange) increases the speed at which the annual statements are filed.

We also find that companies who reported late in 1995 tend to repeat this in 1996 : there is a strong relationship between the filing lag of 1995 and that of 1996, and between the shareholder meeting lag of 1995 and that of 1996. Companies that are affiliated to other companies (proxied by intragroup loans) also tend to be later. This could be explained by consolidation obligations.

The paper proceeds as follows. In the next section the determinants of the timeliness of annual shareholder meetings and financial statement filings are discussed. In section 3 the sample and the variables used in the empirical analysis are presented. The results of the empirical analysis are discussed in section 4. Section 5 concludes.

## **2. The timeliness of financial reporting**

We propose three hypotheses concerning the determinants of the timeliness of financial reporting. The first hypothesis deals with the importance of the financial statements as a source of information for external users, the second with the nature of the news that is being reported (good or bad) and the third with the complexity of the company.

### **2.1. Financial statements as a source of information for external users**

Since external users often cannot get the financial information by other means than the financial statements they will pressure the company toward early filing of the financial statements. We can therefore hypothesise:

*H1: The more a company is confronted with outside users of its financial statements, the earlier it will file its financial statements.*

While creditors will be unlikely to rely only on public information, it can be assumed that for them financial statements are a significant source of information. *Companies with loans outstanding* may therefore face greater external pressure to report faster than other companies.

It can also be assumed that *listed companies* have more ‘outsider’ shareholders than private companies. We therefore expect listed companies to report faster than private companies.

*Company size* may also be a proxy for the importance of the financial statements in providing timely information for outside users. Large companies have more external providers of funds and therefore face greater external pressure than small companies to report early<sup>2</sup>. Many empirical studies do indeed find a positive relationship between company size and the timeliness of financial reporting for listed companies (e.g. Dyer and McHugh, 1975; Givoly and Palmon, 1982; Bamber et al., 1993; Owusu-Hansa, 2000).

Finally, providing timely information might be more important for *highly indebted companies* than for companies with low debt levels. High gearing increases the probability of a company's failure, and gives shareholders an incentive to invest suboptimally (see for example Brealey and Myers, 2003). This might induce the company's creditors to require the company to report fast, in order to assess the company's financial performance and investment policy (Owusu-Ansah, 2000).

## **2.2. Good news is advanced, bad news is delayed: the financial statements as a tool for managers**

There are several reasons why managers might manipulate the timing of news. In general there might be a tendency to advance good news and to delay bad news. Managers may delay bad news because they have a 'natural desire' to defer any repercussions from shareholders; the company might want to complete current negotiations and contracts in the best possible light; there might be time consuming attempts to 'correct' the financial statement through accounting manipulations (Givoly and Palmon, 1982). We therefore hypothesise:

*H2: Companies in bad financial health will file their financial statements later than companies in good financial health.*

Several empirical studies indeed find evidence that companies in bad financial health and companies that have bad news to announce wait longer to report their results (e.g. Dyer and McHugh, 1975; Givoly and Palmon, 1982; Lawrence, 1983, Whittred and

Zimmer, 1984; Chambers and Penman, 1984; Bamber et al., 1993; Alford et al., 1994; Owusu-Ansah, 2000). We therefore expect *companies experiencing a loss* and *companies with low liquid reserves* to wait longer to report their results.

We also include *gearing* as a measure of financial health. It can be expected that highly indebted companies have more bad news to report than companies with low gearing. Moreover, if the company fails, the company's auditor might be sued, which may induce him to perform more audit work on highly indebted companies, in order to improve his defense against possible legal actions (Owusu-Ansah, 2000). This suggests a positive relationship between gearing and the timeliness of financial reporting. Note that this contradicts the hypothesis that creditors of highly indebted companies will require companies to report faster.

Since by definition extraordinary results are not expected, an extraordinary profit can be seen as good news, which the company might want to advance, while an extraordinary loss is bad news, which the company might want to delay. As a result, we expect that companies that make an *extraordinary profit* report faster, while companies with an *extraordinary loss* might delay reporting.

### **2.3. Complexity**

The time lag between the end of the financial year and the finalisation of the financial statements may also depend on the complexity of the accounting and audit work. Therefore, our third hypothesis is:



*H3: Companies with complex financial transactions will file their financial statements later than companies with straight-forward accounting and auditing problems.*

*Large investments and acquisitions* might delay financial reporting, because the auditors need more time to investigate the company. Some of the auditor's tests and examinations used in previous years might not be adequate anymore, lengthening the audit period (Givoly and Palmon, 1982).

*The occurrence of an extraordinary profit or loss* might also be associated with slower financial reporting. Extraordinary items arise from unusual, nonrecurring events that are not part of the company's normal operations, and are likely to require additional investigation and audit work, resulting in a longer reporting lag (Bamber et al., 1993; Owusu-Ansah, 2000). Note that this contradicts the reasoning followed in the preceding paragraph where we expect companies with extraordinary profit to accelerate their filing.

#### **2.4. Timeliness of financial reporting**

We measure the timeliness of financial reporting in three different ways. First, we investigate how long it takes companies to file their financial statement with the BNB. Second, we examine how long it takes companies to call their annual shareholder meeting (where the financial statement has to be approved). According to the Belgian accounting legislation, the annual shareholder meeting has to take place within a period

of 6 months after the financial year ending, and the company has to file the annual financial statements with the BNB within one month after that meeting. Third, we investigate to what extent Belgian companies violate these rulings, and estimate the determinants of whether or not a company files its financial statement too late. Table 1 summarises for each hypothesis the expected relationships with the filing, the shareholder meeting lag and the violation of rulings.

\*\*\*Table 1 about here \*\*\*

### **3. Sample and variables**

#### **3.1. Sample**

The sample is based on a database provided by the National Bank of Belgium, that consists of financial statements of the 2000 largest Belgian companies. It was constructed as follows. We started with the 1917 companies for which a financial statement was available for the financial years 1995 and 1996. We removed 5 companies for which the shareholder meeting lag and/or the filing lag (cf. supra) was negative (3 companies) or longer than 2 years (2 companies)<sup>3</sup>. The companies with the 1% outlying upper values for the debt ratio were also left out. Thus a sample of 1892 companies was obtained.

#### **3.2. Construction of the variables**

The filing lag is the number of days between the end of the fiscal year and the date of filing of the annual financial statement with the Belgian National Bank. In order to make a comparison across companies easier, we assume every month of the year to consist of 30 days. The shareholder meeting lag is the number of days between the end of the fiscal year and the date of the shareholder meeting. Violation of the filing ruling is measured by a dummy variable which equals 1 if the company does not file its financial statements within 1 month after the date of the annual shareholder meeting. Violation of the shareholder meeting ruling is measured by a dummy variable which equals 1 if the shareholder meeting lag is longer than 6 months.

The importance of the financial statement as a source of information for outside users is first measured by a dummy variable which equals 1 if the firm has long term financial debt outstanding. Since long term financial debt can either be subordinated debt, bonds, financing leases, bank loans or 'other' loans we repeat the analysis and we define for each individual debt category a dummy variable which equals 1 if the firm this type of debt is reported by the firm. We also define a dummy variable which equals 1 if the firm is listed on the Brussels stock exchange. Size is measured by the natural logarithm of total assets (expressed in 1,000 Belgian Francs - BEF; 40.3399 BEF= 1€).

To be able to analyse whether managers use the timing of financial statements to delay bad news and advance good news a liquid reserves variable, which is cash plus short-term cash investments divided by total assets, and a dummy variable, which equals 1 for loss making companies, are included as measures of the financial health of the

companies. Loss making companies are all companies with a negative net income. Gearing is measured by total debt divided by total assets.

To account for complexity we include a dummy variable which equals 1 if the firm reports an extraordinary profit or loss, and a fixed investment variable, which is all new fixed investment (including acquisitions) divided by total assets.

Finally, it has to be taken into account that industry affiliation might influence the time it takes companies their financial statement. In order to check for industry influence, 9 NACE-code based industry dummies are included in the regressions<sup>4</sup>.

### **3.3. Descriptive statistics**

\*\*\* Figure 1 about here \*\*\*

Figure 1 shows the distribution of the 1996 shareholder meeting lag and the 1996 filing lag. It can be seen that only a limited number of companies violate the shareholder meeting ruling (a maximum acceptable lag of 180 days). This is confirmed by the descriptive statistics in Table 2 and Table 3. The average shareholder meeting lag is 141 days (median is 143 days) (Table 2), and only 2.4% of the sample companies violate the shareholder meeting ruling (Table 3). The average filing lag is 179 days (median is 174 days). Interestingly, no less than 38.2% of the companies violate the filing rule. These

results indicate that companies find it more important not to violate the shareholder meeting rule than not to violate the filing rule.

\*\*\* Table 2 and Table 3 about here \*\*\*

63.1% of the sample companies has long term financial debt: 24.2% has financing leases, 39.7% has long term bank loans and 22.7% has so called 'long term other loans'. Deloof (1998) finds that the 'other loans' are mostly loans from affiliated companies. Only 2.9% of the companies have bonds, which confirms the very limited role of capital markets in Belgian corporate finance. Moreover, only 49 companies (2.6% of the sample) are listed on the Brussels stock exchange.

21.7% of the sample companies reported a loss in 1996; 43.4% reported an extraordinary profit and 35.4% an extraordinary loss. The average debt ratio of the sample companies is 0.66 (median is 0.70). Liquid reserves constitute on average 10% of total assets (median is 4%), and the average ratio of new fixed investments to total assets is 0.06 (median is 0.03).

## **4. Empirical results**

### **4.1. Univariate analysis**

Table 4 presents Pearson correlation coefficients for all variables considered. Correlations between the measures of the timeliness of financial reporting and the

assumed determinants of the timeliness of financial reporting are weak. The strongest correlations we find are the ones between the debt ratio and the shareholder meeting lag (0.103) and the filing lag (0.151). There is a correlation of -0.109 between financial debt and the violation of the filing ruling dummy.

\*\*\* Table 4 about here \*\*\*

## **4.2. Multivariate analysis**

Next, we use regression analysis to investigate the determinants of the timeliness of financial reporting. The estimation method is ordinary least squares, and standard errors are calculated using White's correction for heteroscedasticity. All regressions include industry dummies, based on the NACE-code, for which results are not reported.

\*\*\* Table 5 about here \*\*\*

### **4.2.1. Determinants of the filing lag**

We first estimate the determinants of the 1996 *filing* lag. We include the 1995 filing lag, because we suspect that the filing lag is strongly autocorrelated (regression (1)). The results are presented in Table 5. The 1995 filing lag is indeed an important determinant of the 1996 filing lag: the coefficient is very large (0.58) and very significant ( $p = 0.000$ ). The filing lag is significantly smaller for larger companies and companies with financial debt, which is consistent with the hypothesis that these companies face greater

external pressure to report early (H1). Being listed on the Brussels stock exchange does not seem to affect the filing lag. However, if the size variable is left out of the regression, the negative stock exchange coefficient becomes significant at the 10% level (regression (2)).

We also find that companies with high debt ratios wait longer to file their financial statement. This result is inconsistent with the hypothesis that highly indebted companies are pressured to report faster, but it is in line with the hypothesis that companies in bad health delay reporting of bad news (H2). However, this second hypothesis is not confirmed by the 'loss' and 'liquid reserves' coefficients: both have the predicted sign but are not significant.

We hypothesised that large investments and extraordinary results are associated with slower financial reporting (H3). This is not confirmed by regression (1): the extraordinary profit/loss coefficient is not significant, and the fixed investment coefficient is significantly *negative* ( $p=0.016$ ), which implies that companies with high investments call their shareholder meeting faster than companies with low investments. A possible explanation could be that companies with high investments face greater pressure from shareholders and creditors to report early.

In regression (3), we re-estimate the determinants of the filing lag without the 1995 filing lag. Excluding the 1995 filing lag dramatically decreases the explanatory power of the regressions: while the adjusted  $R^2$  of regression (1) is 0.36, the adjusted  $R^2$  of regression (3) is only 0.05<sup>5</sup>. In this regression, the liquid reserves coefficient is negative

and significant ( $p = 0.004$ ), which confirms the hypothesis that companies in good health report faster.

In summary, the results for the filing lag are partially consistent with H1 and H2, but not with H3.

#### **4.2.2. Determinants of the shareholder meeting lag**

Next, we estimate the determinants of the 1996 *shareholder meeting* lag (regressions (4) and (5) in Table 5). Regression (4) includes the 1995 shareholder meeting lag, which is strongly correlated with the 1996 shareholder meeting lag. The results do not confirm the hypothesis that external financing affects the timeliness of the shareholder meeting (H1): the coefficients of the natural logarithm of size, the ‘financial debt’ dummy, and the ‘stock exchange listing’ dummy are insignificant. The hypothesis that companies in bad health delay the shareholder meeting (H2) is partially confirmed: loss making companies and companies with a high debt ratio ( $p=0.089$ ) indeed wait longer to call the shareholder meeting, but the amount of liquid reserves does not affect the shareholder meeting lag. Consistent with the results for the filing lag, the shareholder meeting lag decreases with the amount of fixed investment (H3).

Regression (5) estimates the determinants of the 1996 shareholder meeting lag without the 1995 shareholder meeting lag. Compared to regression (4), the coefficients of the loss and debt ratio variables are much higher in regression (5), but the fixed investment coefficient is not significant anymore.



### 4.2.3. Type of debt and extraordinary profit versus extraordinary loss

We further investigate the influence of debt financing on the timeliness of financial reporting by including dummy variables in the regressions which equal 1 if the company reports long term subordinated debt, bonds, financing leases, bank loans or ‘other’ loans, and 0 otherwise. We also include a dummy variable which equals 1 if the company reports an extraordinary profit, and a dummy variable which equals 1 if the company reports an extraordinary loss. Extraordinary profits can be seen as good news, which companies may want to advance, while extraordinary losses are bad news, which companies may want to delay (cf. H2). The results of the regressions are presented in Table 6.

\*\*\* Table 6 about here \*\*\*

We hypothesise that companies with loans outstanding face greater external pressure to report faster than other companies. In regressions (6) and (7), it is found that the presence of long term subordinated debt, financing leases and ‘other’ loans does not affect the timeliness of the shareholder meeting, but companies with bank loans do indeed file their financial statements faster. The presence of bank loans reduces the filing lag of the sample companies with 5 days. A result in regression (6) which may seem remarkable is the positive and significant (at the 10% level) bonds coefficient. This would suggest that companies that have issued bond wait *longer* to file their financial statement. However, it should be noted that only 2.9% of the sample

companies have issued bonds. The bonds dummy variable probably proxies for some other effect.

In regressions (8) and (9), it is also found that companies with ‘other’ loans wait *longer* to call their shareholder meeting. A possible explanation is that for companies with intragroup loans, the shareholder meeting is delayed because of time consuming consolidation obligations. In this regression the coefficient for bank loans is not significantly different from zero.

The occurrence of an extraordinary loss affects neither the shareholder meeting lag nor the filing lag, but companies with an extraordinary profit file their financial statement significantly faster than other companies: the extraordinary profit coefficient is significant at the 10% level in regression (6) (including the 1995 filing lag) and is significant at the 5% level in regression (7) (excluding the 1995 filing lag). So, in line with H2, it seems that companies like to report good news fast.

#### **4.2.4. Determinants of violation of the statutory filing requirements**

Finally, the determinants of violation of the statutory filing requirements are investigated by estimating a Logit-model<sup>6</sup>. The dependent variable in this model is a dummy variable which equals 1 if the company files its 1996 financial statements later than required by the Belgian accounting legislation (i.e. 1 month after the shareholders' meeting), and 0 otherwise. 38.2% of the 1892 companies in the sample filed their 1996 financial statements too late (cf. Table 3). The explanatory variables are the same as in

regressions (6) and (7). The results of regressions (10) and (11), which are presented in Table 7, confirm our earlier results. Larger companies and companies with bank loans violate the filing requirement less often than other companies (H1). In these regressions the stock exchange listing coefficient is also significant ( $p = 0.035$  in regression 10 and  $p = 0.093$  in regression 11) (also H1). On the other hand, according to regression (11) a high debt ratio increases the likelihood of violation of the filing requirements (H2).

\*\*\* Table 7 about here \*\*\*

## **5. Conclusions**

In this paper we analyse the influence of the importance of the financial statements as a source of information and the complexity of the companies' financial transactions on the timeliness of the financial statements.

For a large sample of Belgian companies, we find evidence of a relationship between financial characteristics of the company and the timeliness of the financial statements.

Large companies, companies listed on the Stock Exchange, companies with financial debt, and companies with a low debt ratio, high liquid reserves and high investment tend to file their annual statements faster. Especially companies with long term bank loans are faster in filing their financial statements. These results are consistent with the hypothesis that the more companies are confronted with outside users of the financial statements, the faster they file their financial statements.

Companies reporting an extraordinary profit file their annual statements faster, which indicates that they use timing as a policy instrument. We find no evidence of companies experiencing an extraordinary loss delaying the filing of the financial statements. Neither do our results confirm the hypothesis that the complexity of the financial transactions (measured by the amount of investments and extraordinary items) delays filing. On the contrary, we find evidence that more investments lead to faster reporting.

Our investigation of the timeliness of the annual shareholder meeting suggests that loss making companies and companies with high debt ratios and low investment wait longer to call the shareholder meeting, which is consistent with our findings on the filing lag.

Finally, our results indicate that large companies, companies with high debt levels, companies with bank loans and listed companies have a lower probability of violating the maximum of 30 days between the shareholder meeting and the filing of the financial statements with the BNB.

Combined, our results indicate that the timeliness of financial reporting by closely-held companies in continental Europe is to some extent affected by the same factors as the timeliness of financial reporting by listed companies in the Anglo-Saxon countries. However, it is clear that further research in this area is needed to confirm the results of this study.

## Notes

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<sup>2</sup> A negative relationship between size and the timeliness of financial reporting could also be caused by other factors. Large companies tend to have strong internal control systems, which allows auditors to spend less time on compliance tests. Moreover, large companies have more accounting staff and more sophisticated accounting information systems, which might enable them to report faster.

<sup>3</sup> These outliers are most probably due to reporting errors.

<sup>4</sup> The NACE industrial classification serves the same purpose as the well known SIC classification, and has been established for industry taxonomy within the European Union. For details, see Eurostat (1985).

<sup>5</sup> F-tests show that all the regressions in this paper are significant at the 0.1% level (results not reported)

<sup>6</sup> We do not investigate the determinants of violation of the shareholder meeting requirements because only 2.4% of the companies in the sample violate these requirements (cf. Table 3).

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**Table 1**

Expected relationship with the filing lag, the shareholder meeting lag  
and violation of rulings

	H1	H2	H3
	Information for outside users	Good/bad news is advanced/delayed	Complexity of reporting
Company size	-		
Financial debt (yes/no)	-		
Stock exchange listing (yes/no)	-		
Loss (yes/no)		+	
Gearing	-	+	
Liquid reserves		-	
Level of investments			+
Extraordinary profit		-	+
Extraordinary loss		+	+



**Table 2**  
Descriptive statistics - 1892 Belgian non-financial companies in 1996

	Mean	St. dev.	Minimum	Median	Maximum
Shareholder meeting lag	140.57	28.77	27	143	350
Filing lag	179.11	47.11	58	174	622
Total assets (x 1,000 BEF)	4,769,304	14,939,473	1,666	1,244,672	296,801,210
Debt ratio	0.66	0.26	$0.4 \cdot 10^{-3}$	0.70	1.56
Liquid reserves	0.10	0.15	0	0.04	0.98
Fixed investment	0.06	0.12	0	0.03	1.45

Notes: the shareholder meeting lag is the number of days between the end of the financial year and the date of the shareholder meeting; the filing lag is the number of days between the end of the financial year and the date of filing of the annual financial statement with the BNB; total assets is expressed in 1,000 BEF; the debt ratio = total debt / total assets; the liquid reserves variable = liquid reserves / total assets; the fixed investment variable = new fixed investment / total assets.

**Table 3**  
 Descriptive statistics – 1/0 dummy variables  
 1892 Belgian non-financial companies in 1996

	# of companies (% of total sample)
Violation of shareholder meeting ruling	46 (2.4%)
Violation of filing ruling	722 (38.2%)
LT Financial debt	1193 (63.1%)
LT Subordinated debt	104 (5.5%)
LT Bonds	54 (2.9%)
LT Financing leases	458 (24.2%)
LT Bank loans	751 (39.7%)
LT Other loans	429 (22.7%)
Stock exchange listing	49 (2.6%)
Loss	410 (21.7%)
Extraordinary profit/loss	1491 (78.8%)
Extraordinary profit	822 (43.4%)
Extraordinary loss	669 (35.4%)

Notes: ‘violation of shareholder meeting ruling’ = 1 if the shareholder meeting lag > 6 months; ‘violation of filing ruling’ = 1 if (filing lag - shareholder meeting lag) > 30 days; the debt dummy variables equal 1 if these items are nonzero in the balance sheet of the firm; ‘stock exchange listing’ = 1 if the firm is listed on the Brussels stock exchange; ‘loss’ = 1 if net income < 0; ‘extraordinary profit/loss’ = 1 if (extraordinary income – extraordinary charges) ≠ 0; ‘Extraordinary profit’ = 1 if (extraordinary income – extraordinary charges) > 0; ‘Extraordinary loss’ = 1 if (extraordinary income – extraordinary charges) < 0.

**Table 4**

Pearson correlation coefficients - 1892 Belgian Non-Financial Companies in 1996

	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
Shareholder meeting lag (A)	0.554	0.472	-0.061	-0.036	0.050	-0.011	0.098	0.103	-0.058	-0.002	0.006
Filing lag (B)	1	0.276	0.466	-0.080	-0.058	-0.054	0.057	0.151	-0.055	-0.068	-0.049
Violation of shareholder meeting ruling (C)		1	0.031	-0.013	0.014	-0.026	0.042	0.067	-0.017	-0.018	-0.010
Violation of filing ruling (D)			1	-0.085	-0.109	-0.087	0.012	0.079	-0.003	-0.047	0.059
Total assets (E)				1	0.097	0.309	-0.067	-0.113	-0.050	0.034	-0.002
Financial debt (F)					1	0.056	0.054	0.165	-0.205	0.161	0.131
Stock Exchange listing (G)						1	-0.013	-0.100	0.014	0.067	0.036
Loss (H)							1	0.150	-0.054	0.049	0.088
Debt ratio (I)								1	-0.230	-0.005	-0.013
Liquid reserves (J)									1	-0.113	-0.049
Fixed investment (K)										1	0.108
Extraordinary profit/loss (L)											1

Notes: the shareholder meeting lag is the number of days between the end of the financial year and the date of the shareholder meeting; the filing lag is the number of days between the end of the financial year and the date of filing of the annual financial statement with the BNB; 'violation of shareholder meeting ruling' = 1 if the shareholder meeting lag > 6 months; 'violation of filing ruling' = 1 if (shareholder meeting lag - filing lag) > 1 month; total assets is expressed in 1,000 BEF; 'financial debt' = 1 if the firm has financial debt; 'stock exchange listing' = 1 if the firm is listed on the Brussels stock exchange; 'loss' = 1 if net income < 0; the debt ratio = total debt / total assets; the liquid reserves variable = liquid reserves / total assets; the fixed investment variable = new fixed investment / total assets; 'Extraordinary profit/loss' = 1 if (extraordinary income – extraordinary charges) ≠ 0.

**Table 5**

OLS-estimation of the determinants of the shareholder meeting lag and the filing lag –  
 1892 Belgian non-financial companies in 1996 (p-values robust for heteroscedasticity in parentheses)

Dependent variable	Filing lag			Shareholder meeting lag	
	(1)	(2)	(3)	(4)	(5)
Intercept	89.61*** (0.000)	64.26*** (0.000)	223.47*** (0.000)	27.95*** (0.001)	142.41*** (0.000)
1995 shareholder meeting lag	-	-	-	0.78*** (0.000)	-
1995 filing lag	0.58*** (0.000)	0.59*** (0.000)	-	-	-
Ln(total assets)	-1.90*** (0.002)	-	-4.11*** (0.000)	-0.02 (0.951)	-0.70 (0.223)
Financial debt	-4.62** (0.028)	-5.55*** (0.008)	-5.28** (0.036)	1.20 (0.241)	1.64 (0.291)
Stock exchange listing	-3.27 (0.386)	-6.14* (0.088)	-0.84 (0.837)	0.47 (0.681)	0.74 (0.805)
Loss	0.56 (0.802)	1.22 (0.583)	3.32 (0.209)	2.13* (0.086)	5.46*** (0.001)
Debt ratio	15.52*** (0.000)	15.68*** (0.000)	23.61*** (0.000)	3.60* (0.089)	8.58** (0.010)
Liquid reserves	-7.40 (0.151)	-5.17 (0.304)	-19.99*** (0.004)	-1.72 (0.529)	-6.98 (0.139)
Fixed investment	-26.70** (0.016)	-28.30** (0.011)	-21.39*** (0.001)	-6.91** (0.050)	-4.08 (0.443)
Extraordinary profit/loss	-1.68 (0.443)	-1.80 (0.414)	-4.03 (0.158)	-0.55 (0.587)	-0.75 (0.661)
Adjusted R <sup>2</sup>	0.36	0.35	0.05	0.59	0.02

Notes: All regressions include 9 industry dummies (results not reported). The shareholder meeting lag is the number of days between the end of the financial year and the date of the shareholder meeting; the filing lag is the number of days between the end of the financial year and the date of filing of the annual financial statement with the BNB; total assets is expressed in 1,000 BEF; 'financial debt' = 1 if the firm has financial debt; 'stock exchange listing' = 1 if the firm is listed on the Brussels stock exchange; 'loss' = 1 if net income < 0; the debt ratio = total debt / total assets; the liquid reserves variable = liquid reserves / total assets; the fixed investment variable = new fixed investment / total assets; 'Extraordinary profit/loss' = 1 if (extraordinary income – extraordinary charges) ≠ 0.

**Table 6**

OLS-estimation of the determinants of the shareholder meeting lag and the filing lag -  
1892 Belgian non-financial companies in 1996 (p-values robust for heteroscedasticity in parentheses)

Dependent variable:	Filing lag		Shareholder meeting lag	
	(6)	(7)	(8)	(9)
Intercept	93.35*** (0.000)	227.19*** (0.000)	30.91*** (0.000)	148.05*** (0.000)
1995 shareholder meeting lag	-	-	0.78*** (0.000)	-
1995 filing lag	0.58*** (0.000)	-	-	-
Ln(total assets)	-2.26*** (0.001)	-4.44*** (0.000)	-0.22 (0.472)	-1.00* (0.094)
LT Subordinated debt	-5.09 (0.231)	-0.34 (0.943)	-1.76 (0.299)	0.29 (0.926)
LT Bonds	9.83** (0.079)	5.28 (0.437)	5.84 (0.305)	2.98 (0.608)
LT Financing leases	0.38 (0.850)	0.90 (0.699)	-0.42 (0.674)	1.56 (0.298)
LT Bank loans	-5.00*** (0.004)	-6.26*** (0.003)	-0.69 (0.460)	-1.84 (0.186)
LT Other loans	0.94 (0.639)	0.31 (0.899)	3.26*** (0.006)	4.27** (0.020)
Stock exchange listing	-5.72 (0.189)	-1.95 (0.690)	-1.27 (0.563)	-0.20 (0.956)
Loss	-0.22 (0.921)	2.15 (0.428)	2.15* (0.087)	4.98*** (0.004)
Debt ratio	14.98*** (0.000)	22.61*** (0.000)	3.62* (0.081)	8.26** (0.011)
Liquid reserves	-7.36 (0.155)	-20.18*** (0.003)	-2.03 (0.465)	-7.62 (0.109)
Fixed investment	-27.27** (0.013)	-21.38*** (0.001)	-7.13** (0.044)	-3.86 (0.467)
Extraordinary profit	-4.17* (0.070)	-6.65** (0.028)	-1.01 (0.348)	-1.79 (0.326)
Extraordinary loss	0.69 (0.787)	-1.37 (0.666)	-0.23 (0.849)	0.14 (0.939)
Adjusted R <sup>2</sup>	0.36	0.05	0.59	0.02

Notes: All regressions include 9 industry dummies (results not reported). The shareholder meeting lag is the number of days between the end of the financial year and the date of the shareholder meeting; the filing lag is the number of days between the end of the financial year and the date of filing of the annual financial statement with the BNB; total assets is expressed in 1,000 BEF; the debt variables equal 1 if these items are nonzero in the balance sheet of the firm; 'stock exchange listing' = 1 if the firm is listed on the Brussels stock exchange; 'loss' = 1 if net income < 0; the debt ratio = total debt / total assets; the liquid reserves variable = liquid reserves / total assets; the fixed investment variable = new fixed investment / total assets; 'Extraordinary profit' = 1 if (extraordinary income - extraordinary charges) > 0; 'Extraordinary loss' = 1 if (extraordinary income - extraordinary charges) < 0.

**Table 7**

Logit-estimation of the determinants of violation of the statutory filing requirements -  
1892 Belgian non-financial companies in 1996 (p-values robust for heteroscedasticity in  
parentheses)

Dependent variable:	Violation: yes=1/no=0	
	(10)	(11)
Intercept	2.90*** (0.007)	4.13*** (0.000)
Violation of the statutory filing requirements in 1995	1.89*** (0.000)	-
Ln(total assets)	-0.21*** (0.000)	-0.23*** (0.000)
LT Subordinated debt	-0.09 (0.703)	-0.05 (0.814)
LT Bonds	-0.38 (0.349)	0.39 (0.289)
LT Financing leases	-0.04 (0.781)	-0.03 (0.780)
LT Bank loans	-0.28** (0.018)	-0.26** (0.014)
LT Other loans	-0.004 (0.979)	-0.04 (0.731)
Stock exchange listing	-1.05** (0.035)	-0.77* (0.093)
Loss	0.03 (0.842)	0.05 (0.661)
Debt ratio	0.24 (0.305)	0.46** (0.030)
Liquid reserves	-0.34 (0.373)	-0.47 (0.179)
Fixed investment	-0.006 (0.990)	-0.16 (0.714)
Extraordinary profit	-0.22 (0.125)	-0.21 (0.121)
Extraordinary loss	-0.06 (0.704)	-0.12 (0.369)
Log of likelihood function	-1035.68	- 1196.01

Notes: All regressions include 9 industry dummies (results not reported). Total assets is expressed in 1,000 BEF; the debt variables equal 1 if these items are nonzero in the balance sheet of the firm; 'stock exchange listing' = 1 if the firm is listed on the Brussels stock exchange; 'loss' = 1 if net income < 0; the debt ratio = total debt / total assets; the liquid reserves variable = liquid reserves / total assets; the fixed investment variable = new fixed investment / total assets; 'Extraordinary profit' = 1 if (extraordinary income - extraordinary charges) > 0; 'Extraordinary loss' = 1 if (extraordinary income - extraordinary charges) < 0.

**Figure 1**

Distribution of the shareholder meeting lag and the filing lag

