

PRESS RELEASE



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For immediate release

PRIVATE SECTOR ORGANISES ITSELF FOR THE ADOPTION OF IAS BY 2005 IN EUROPE: EFRAG

The Commission has recently launched its proposal for a Regulation on the application of international accounting standards, including a requirement for listed companies to use IAS by 2005. Preparers, including SMEs, users and the accountancy profession, in close cooperation with the national standard setters, launch plans for the Accounting Technical Committee, the expert level of the endorsement mechanism as proposed by the European Commission in its Proposal for a Regulation: European Financial Reporting Advisory Group – EFRAG. The aim is to have one single set of accounting standards for the European capital market that cannot only be used in Europe but worldwide: IAS.

Europe can only support IAS if it has sufficient input and influence in the development of IAS. It needs to be ensured that issues identified in Europe are fully understood and properly debated in the IASB. Therefore it is time for Europe to coordinate its views and to share its resources so as to provide input to IASB at an early stage. The proactive contribution to the work of IASB would be the main function of EFRAG. Another function of EFRAG is technical assessment of IAS and SIC Interpretations (“the actual endorsement as such” as referred to in the proposed Regulation).

FEE President, Göran Tidström, welcomes the proposed adoption of IAS within the EU but nevertheless believes that a European endorsement mechanism is important if Europe is to influence the shape of the international regime: “the main purpose of EFRAG will be to make sure that a European view is defined and fed into the IASB’s initiatives at the earliest possible stage. EFRAG will enable Europe to make contributions over time that will be ex aequo comparable to the contributions made by the US”.

The Chairman of the Accounting Harmonisation Working Group of UNICE, Jean den Hoed, stressed the importance of the involvement of the relevant European Organisations: “EFRAG should become the natural contact for the IASB in Europe and be an important player since some 7000 European listed companies will have to apply IAS from 2005 onwards. As it is expected that governments will introduce IAS for a wider range of enterprises in the following years, SMEs need also to be informed of this new process from the start”.

The nomination of candidates of the Technical Expert Group and staff of EFRAG will take place during April with appointments following soon thereafter. EFRAG should be operational during summer.

The joint proposals are supported by the following European Organisations:

Preparers: UNICE, EBF, ESBG, GEBC, and CEA

SMEs: UEAPME and EFAA

Users: FESE and EFFAS

Accountancy profession: FEE

These organisations will form the founding fathers of EFRAG.

In short:

?? European organisations welcome the adoption of IAS in Europe

?? European organisations of preparers, including SMEs, users and the accountancy profession announce the launch of EFRAG.

?? EFRAG is not only the expert level of the endorsement mechanism but it is more. EFRAG most importantly has a proactive role: European input and influence in the development of IAS.

?? EFRAG is established in close cooperation with the standard setters. Standard setting experience is important for membership of the Technical Expert Group of EFRAG.

Press Enquiries

Jean den Hoed - UNICE
 Chairman Accounting Harmonisation Working Group
 Tel. + 31 (341) 55 98 05
 Fax: + 31 (341) 56 44 20
 Email: j.hoed@wxs.nl

Jérôme Chauvin
 Tel. + 32 (2) 237 65 50
 Fax: + 32 (2) 231 14 45
 Email: j.chauvin@unice.be

UNICE:	Union of Industrial and Employers' Confederations of Europe
EBF:	European Banking Federation
ESBG:	European Savings Banks Group
GEBC:	European Association of Cooperative Banks
CEA:	European Assurance Committee
UEAPME:	European Association of Craft, Small and Medium -sized Enterprises
EFAA:	European Federation of Accountants and Auditors for SMEs
FESE:	Federation of European Securities Exchanges
EFFAS:	European Federation of Financial Analysts Societies
FEE:	European Federation of Accountants