POLICY BRIEFING

4 November 2011

INTERNATIONAL FINANCIAL REPORTING STANDARDS

KEY MESSAGES

1. International Financial Reporting Standards (IFRS) should promote the quality, comparability and transparency of financial reporting by companies by focusing on a capital-market-oriented, evidence-based approach. This requires an appropriate consultation process.

2. IFRS should help capital market participants make economic decisions for growth and jobs by providing high quality, transparent and comparable information in financial statements and other financial reporting.

3. There should be mutual recognition between EU rules and US and other sets of third country rules.

WHAT DOES BUSINESSEUROPE AIM FOR?

- Achieving convergence between different reporting standards used by third countries. This process should not jeopardise the high-quality nature of IFRS.
- The IFRS Foundation's Constitution to explicitly refer to reporting entities as users of financial information whilst setting out that their interests are taken into account without privileging those of other users.
- Support the work and structure of the European Financial Reporting Advisory Group (EFRAG).
- The IASB to remain independent but its governance improved by involving the Trustees more in the agenda-setting process.

KEY FACTS AND FIGURES

Since 1 January 2005, companies listed on a regulated market of any EU Member State have to use IFRS as adopted by the EU for preparing their consolidated financial statements.
All major economies have established time lines to converge with or adopt IFRSs in the near future.