

## **Accounting: new Commission expert group to ensure balanced advice on accounting standards**

*The European Commission has established a Standards Advice Review Group in the area of accounting to ensure objectivity and proper balance of the European Financial Reporting Advisory Group's (EFRAG) opinions. The Group will be composed of independent experts and high-level representatives from National Standard Setters whose experience and competence in accounting are widely recognised. The Group's task will be to assess whether the endorsement advice given by the EFRAG is well balanced and objective. The group will deliver its advice normally within three weeks. The final advice will be published on the Commission's website.*

Internal Market and Services Commissioner Charlie McCreevy said: "*The Standards Advice Review Group will be an important element of the EU's accounting standards architecture. By delivering independent advice on EFRAG's recommendations it will give extra assurance that the accounting standards adopted in the EU are of the highest quality.*"

The International Accounting Standards (IAS) Regulation, adopted in July 2002, requires all EU companies listed on a regulated market - such as a stock exchange - to prepare their consolidated accounts in accordance with a single set of global standards, commonly referred to as International Financial Reporting Standards (IFRS).

The International Financial Reporting Standards (IFRS) are prepared by the International Accounting Standards Board (IASB), an independent accounting standard setter. In accordance with the IAS regulation, these standards are adopted for use in the EU.

The IAS Regulation foresees the creation of an accounting technical committee to provide support and expertise to the Commission in the assessment of suitability of the IFRS for adoption in the EU.

The European Financial Reporting Advisory Group (EFRAG) which was founded by the organisations representing preparers, users and accountancy profession to provide opinions to the Commission whether the proposed standard complies with EU requirements and is suitable for adoption.

As EFRAG is a private body, it is important for the high quality, transparency and credibility of the endorsement process to establish appropriate institutional infrastructure ensuring that its endorsement advice is objective and well-balanced.

For these reasons the Commission has established a Standards Advice Review Group composed of independent experts and high level representatives from National Standard setters to serve as a body to reflect on the endorsement advice submitted by the EFRAG with a view to assessing whether its content is well-balanced and objective.

The group will deliver its advice within a short time, which should normally not be longer than three weeks from the date of receiving EFRAG's opinion. In a normal situation this time is overlapping with other endorsement procedures and hence the group's reflection shall not delay the whole endorsement process. The final advice will be published on the Commission's website.

The Commission would appoint the members of the Group from independent experts whose experience and competence in accounting, in particular in financial reporting issues, are widely recognised. The members will be appointed in a personal capacity and will advise the Commission independently of any outside influence.

The call for applications for the members of the Group will be published shortly on the below website.

More information on EU accounting policy is available at:

[http://ec.europa.eu/internal\\_market/accounting/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/index_en.htm)