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Accounting standards: Commission and European Financial Reporting Advisory Group (EFRAG) agree future working relationship

The European Commission and the European Financial Reporting Advisory Group (EFRAG), which is composed of accounting experts from the private sector in several Member States and provides the Commission with advice on the technical soundness of new accounting standards, have agreed their future working relationship. In particular, EFRAG will continue to provide the Commission with advice on the endorsement and interpretation of International Financial Reporting Standards (IFRS). It will also provide opinions on the development and improvement of the standards and on how to implement them effectively. In addition, EFRAG is expected to participate in the early phases of debates on new and upcoming issues in the area of accounting standards.

Internal Market and Services Commissioner Charlie McCreevy said: "I am very pleased that the working arrangement between EFRAG and the Commission has now been formalised. In this crucial phase of IFRS implementation, there is an obvious need to have an effective framework in place that supports our work on the endorsement of accounting standards. This is important not just for listed companies, but for all European businesses."

The specifics of the agreement are set out in the document 'Working arrangement between European Commission and EFRAG', which was signed by Alexander Schaub, Director General for Internal Market and Services, and Göran Tidström, Chairman of EFRAG's Supervisory Board.

Possible High Level Group to review EFRAG opinions

There is a need to be able to demonstrate to stakeholders that EFRAG's opinions to the Commission in the endorsement process are objective and well-balanced. For this reason, the Commission is considering creating a separate small group of independent financial reporting experts to review EFRAG's opinions from these perspectives. These experts will not be involved in EFRAG's work. Preliminary ideas for the creation of the High Level Group will be discussed with Member States shortly.

About EFRAG

EFRAG is an independent private body which provides, at the Commission's request, advice on the technical soundness of new accounting standards. It is composed of academics, analysts, auditors, industry representatives and users.

More information on EFRAG is available at:

<http://www.efrag.org/>

More information on accounting standards in the EU is available at:

http://europa.eu.int/comm/internal_market/accounting/index_en.htm