

Endorsement of International Accounting Standards

Following the entry into force on 11th September 2002 of the Regulation on International Accounting Standards (adopted in June 2002 – see [IP/02/827](#)), the next step towards the application of IAS by listed companies in the EU from 2005 onwards is the endorsement of those IAS already in existence. This was envisaged to occur before the end of 2002 and must be based on high quality translations. Such translations will, however, only be available early in 2003. The IAS Regulation is a key measure in the Financial Services Action Plan, on which significant progress has been made in the last few weeks (see [IP/02/1785](#)).

Listed companies should already be preparing for the changeover to IAS. To assist the consistent application of IAS across the EU, IAS translations into all official Community languages are being prepared and will be made available via their publication in the EU's Official Journal. It is important that these translations are of high quality and endorsement must await their availability. Once this process has been completed, the Commission will decide upon endorsement as soon as possible, i.e. in Spring 2003.

The IAS Regulation requires listed companies, including banks and insurance companies, to prepare their consolidated accounts in accordance with endorsed International Accounting Standards (IAS) from 2005 onwards.

To ensure appropriate political oversight, the Regulation establishes a new EU mechanism to assess IAS adopted by the International Accounting Standards Board (IASB), the international accounting standard-setting organisation based in London, to give them legal endorsement for use within the EU. On the basis of the opinion of the newly established Accounting Regulatory Committee - composed of representatives of the Member States, and considering the technical advice of EFRAG, the Commission will take decisions to endorse IAS.

In the interim, the Commission is actively working, with the Accounting Regulatory Committee, on the examination of existing International Accounting Standards.