

Brussels, 27 February 2006

## **Accounting: Commissioner McCreevy welcomes work programme for convergence between EU and US standards**

*Charlie McCreevy, European Commissioner for Internal Market and Services, has welcomed the publication of a Memorandum of Understanding between the United States Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) that outlines a work programme for convergence between US Generally Accepted Accounting Practices (GAAP) and International Financial Reporting Standards (IFRS). This convergence programme is an important step in bringing about mutual recognition of accounting standards between the EU and the US, and reflects comments made by Committee of European Securities Regulators (CESR) concerning equivalence between GAAP and IFRS. The convergence work covers those areas that the Securities Exchange Commission (SEC) has identified in its Roadmap as important for lifting the GAAP reconciliation requirement in 2009, at the latest.*

Commissioner McCreevy said: *"I welcome this joint work programme, which balances amendments to current standards with longer-term considerations, while rightly focusing on areas where there is a clear business case for improved accounting standards. It is crucial that business in the EU is afforded a period of stability to get used to the new standards which have been applicable since 1 January 2005. I am pleased that the work programme also underlines the need for consistent interpretation and timely guidance on application of standards. Now we need to make sure that the work programme is reviewed regularly and that companies, auditors and market participants are given every opportunity to contribute to this process."*

### **Interpretation and application of standards**

Consistent interpretation and application of standards will be needed in order to facilitate a smooth transition for the 8,000 listed EU companies that have to apply IFRS. To this end, the IASB will continue to reinforce its International Financial Reporting Interpretations Committee (IFRIC) group to provide interpretations where necessary. Furthermore, the Commission will initiate a Roundtable on consistent application comprising key stakeholders in this process.

### **Consultation**

Certain projects in the work programme concern complex and controversial accounting areas (for example performance reporting, business combinations and fair valuation). These areas have a particular need for wide consultation at an early stage in the preparation process in order to take the concerns of business into account.

### **Further projects on the IASB work agenda**

The Commission also attaches importance to a number of projects on the IASB work agenda that are not included in the convergence programme. Such projects concern work on e.g. emission rights, service concession arrangements and financial instruments for interest margin hedging.

### **Progress review**

Over the coming months the Commissioner and his staff will regularly meet with the IASB to review progress under the work programme.

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

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