



EUROPEAN COMMISSION

Internal Market and Services DG

FREE MOVEMENT OF CAPITAL, COMPANY LAW AND CORPORATE GOVERNANCE
Accounting

Subject: **Consistent IFRS application: Roundtable**

At the Accounting Regulatory Committee (ARC) meeting on 17 February, the Commission presented a new paper in which it further developed its ideas in relation to a temporary Roundtable and the contribution it could bring towards ensuring consistent application of IFRS. There was now widespread support from Member States for a Roundtable. This finalised paper takes account of comments made at this latest meeting.

ARC Members are invited to provide any further comments on this paper by 15 March. Any such comments will be taken into account when making preparations for the first Roundtable meeting in May.

The function of the Roundtable

The function of the Roundtable is to act as a simple and efficient forum for European accounting experts to identify, at an early stage, emerging and potentially problematic accounting issues in relation to consistent application. The Roundtable will thereby complete the existing European infrastructure contributing to a proper and consistent application of IFRS. The Roundtable would gather views in Member States through audit firms, standard setters and other bodies. It could then identify and group together those issues where it is felt there is a real risk of divergence and recommend which of those should be taken up by IFRIC as a matter of urgency. As such the Roundtable would also act as a filter mechanism. It should be underlined that the Roundtable will not be making any interpretations or guidance under IFRS. This is the task of IFRIC. When allowed to do so by their statutory working rules, EU national enforcers of financial information grouped within CESR/EECS will inform the Roundtable about enforcement decisions taken under the Transparency and Prospectus Directives in relation to financial reporting based on IFRS.

Member States will be regularly informed of all Roundtable deliberations, and in particular for each issue discussed, the factors determining whether or not it should be referred to IFRIC. The ARC may comment on any Roundtable document or discussion held but it shall refrain from deliberating on issues of a technical nature.

Participants

Participants should include all the key stakeholders. Representatives from IASB, CESR, EFRAG, FEE, UNICE, audit firms, National Standard Setters, preparers and the Commission should therefore all be present. However, for the Roundtable to function effectively, it is equally vital that the absolute number of participants should be kept as low as practically possible. There is clearly a need for balancing, on the one hand, the need to have a manageable number of participants and, on the other, the need to encompass the relevant stakeholders.

http://europa.eu.int/comm/internal_market/

The following composition of participants could be envisaged:

Commission (Chair + 1)	2
IASB	1
CESR (CESR-Fin)	2
EFRAG (TEG)	1
Auditors (1 FEE + 'big four')	5
National Standard Setters	3+22
Preparers (UNICE+2 rotating by sector)	3
CEBS (when concerned by the issue)	1
CEIOPS (when concerned by the issue)	1

Given their long standing traditions in accountancy practice together with their sizeable markets, National Standard Setters from France, Germany and the UK are envisaged to attend each meeting. National Standard Setters from other Member States will also receive agendas of Roundtable meetings as well as any documents and may participate in meetings provided they notify the Commission of their intention to do so sufficiently in advance. Level 3 committees (CEBS and CEIOPS) will also receive Roundtable documents and will be invited whenever the item for discussion at the meeting falls within their fields. Preparers participating on a rotating basis should be those which are directly concerned by the issue to be discussed. In order to keep the number of the participants manageable, each organisation should be represented by only one person.

Chair

The Commission, as an independent body which has regard to a variety of broader public interests, should be given the responsibility for chairing the Roundtable. This would avoid possible concerns by other Roundtable participants with specific statutory or regulatory duties, that acting as Chair could indirectly compromise their operational independence.

Output

The Roundtable is limited to informal discussion on key topics and will not develop into any form of interpretative authority or guidance as regards accounting standards. At the same time, if the Roundtable is to achieve its objective as a tool for promoting consistent IFRS application, some information on its discussions must be made public. Consequently, there is a need to balance these objectives in the level of information made public.

It is therefore suggested that 'output' should take the form of a brief, publicly available summary of the meeting by the Chair stating that discussion took place on these key issues (to specify) where common concern had been voiced and hence warranted referral to IFRIC, in particular, if diverging national or local guidance on IFRS has or is about to

be published. Publication of the meeting summary would only be made after any concerns which participants may have regarding the text have been taken into account.

Informal and temporary nature of the Roundtable

As already indicated above, the Roundtable is envisaged to be a temporary, informal facility dealing with issues of consistent application following the move to IFRS by many companies in 2005.

As there would be no formal secretariat, it would be up to each participant to prepare written papers using the resources available at home. The Commission would provide the administrative secretariat (meeting rooms, electronic circulation of documents). Where possible papers (by EFRAG, National Standard Setters, auditors, CESR) will report relevant elements. Furthermore, the organisations which participate would be responsible for meeting the travel, accommodation and any other related expenses of their respective representative.

It is envisaged that as experience in working with IFRS builds up, the frequency of meetings would decline. Communication between participants in the medium term might even develop into electronic interchanges and so further reduce the need for actual physical meetings. In any event, the functioning of the Roundtable would be reviewed after three years of existence.

First meeting

The first meeting could be held in May of this year with subsequent meetings (perhaps 3-4 a year) taking place on a needs basis. Wherever possible Roundtable meetings will be scheduled for a date preceding a forthcoming ARC meeting.