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MOTION FOR A RESOLUTION

pursuant to Rule 81 of the Rules of Procedure

by the Committee on Economic and Monetary Affairs

on the draft Commission regulation amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards: International Financial Reporting Standard (IFRS) 8 concerning disclosure of operating segments
(C6-0000/0000)

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European Parliament resolution on the draft Commission regulation amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards: International Financial Reporting Standard (IFRS) 8 concerning disclosure of operating segments (C6-0000/0000)

The European Parliament,

- having regard to European Parliament and Council Regulation 1606/2002,
 - having regard to the draft Commission regulation amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards: International Financial Reporting Standard (IFRS) 8 concerning disclosure of operating segments (C6 0000/0000),
 - having regard to Article 8 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission¹,
 - having regard to Council Decision 2006/512/EC of 17 July 2006 amending Decision 1999/468/EC²,
 - having regard to Rule 81 of its Rules of Procedure,
- A. whereas for the consolidated accounts of listed EU companies the European Union has decided to apply international accounting standards; whereas these accounting standards are incorporated into EU law through comitology under the regulatory procedure with scrutiny,
- B. whereas, within the process of convergence between IFRS and US GAAP, the IASB has proposed to replace the IAS14 with the IFRS 8,
1. Is concerned about the Commission's proposal to endorse IFRS 8 through which it intends to incorporate US SFAS 131 into EU law and thus impose it on the listed EU companies;
 2. Points out that such endorsement of IFRS 8 would imply moving from a regime which clearly defines how listed EU companies should define and report on segments to an approach that permits management itself to define operating segments as management finds suitable and which furthermore requires a lower level of disclosure and could thus lead to a lack of consistency in reporting;
 3. Believes that the adopted standard should include a defined measure of segment profit or

¹ OJ L 184, 17.7.1999, p. 23.

² OJ L 200, 22.7.2006, p. 11.

loss, as IAS 14 does;

4. Highlights that the IFRS 8 standard, which does not require companies to use IFRS measures in their disclosure about operating segments, may have a negative impact on the comparability of financial information and thus may pose difficulties for users (e.g. investors);
5. Is concerned that the Commission is proposing, contrary to the principles of better regulation, to import into EU law an alien standard without having conducted any impact assessment;
6. Expresses its concerns about the impact that such a move would have for the EU prepares and users of financial statements and stresses the urgent need to conduct such an impact assessment;
7. Calls on the Commission to urgently carry out an in-depth impact assessment before endorsing the standard;
8. Stresses that, should the Commission fail to do so, Parliament will carry out its own impact assessment;
9. Instructs its President to forward this resolution to the Council and Commission, and the parliaments and governments of the Member States.