



Fédération des Experts
Comptables Européens

Press Release

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EUROPEAN PUBLIC SECTOR SIGNALS MOVE TO INTERNATIONAL STANDARDS

Brussels, 27 September 2004: International Public Sector Accounting Standards (IPSASs) are essential to the development and strengthening of financial reporting by governments - that was the conclusion of a high-level conference organised jointly by the European Commission and FEE, the representative body of the European accountancy profession.

"Across Europe the public sector is responsible for about 40% of GDP. Hence, as the public sector moves from cash-based reporting to the introduction of accruals accounting, robust standards oriented to the circumstances of the public sector are essential. The International Federation of Accountants (IFAC) has developed a set of high quality standards to allow sound financial reporting by governments," said FEE President David Devlin, speaking at today's conference.

FEE, the European Federation of Accountants, which represents more than 500,000 accountants in Europe, has been a long time supporter of the move to accruals accounting. The key benefit is more transparent and meaningful financial information about the operations and financial performance of government and other public sector organisations.

Cash-based accounting has significant weaknesses, not least because information about assets and liabilities is frequently very limited and there is the lack of an effective balance sheet. Accruals brings to account commitments to spend rather than waiting until the bills are paid, as in cash accounting.

Supporting the move towards IPSASs, Mr. Brian Gray, Deputy Director General, and Chief Financial Officer of the European Commission, advocated closer co-operation between the profession and the public sector, noting, "private sector techniques properly adapted have much to offer the public sector. In turn the accountancy profession has much to learn from the complexity of the public sector- in particular the public sector's focus on stewardship and accountability."

Member states are at different stages of implementing accruals accounting and reporting in the public sector. The European Commission and other EU institutions are working towards its adoption in 2005. The purpose of the conference was to discuss issues raised by adopting accruals accounting and reporting; to share ways of overcoming potential problems, and to review the progress achieved in different member states.

Commitment from the political leadership is an important factor in the successful introduction of accruals based reporting. FEE welcomes Budget Commissioner Schreyer participation at today's conference, organised by the Commission with assistance from FEE. By giving the keynote address, the Commissioner is clearly demonstrating the importance attached to accruals reporting at the highest political level," added Caroline Mawhood, FEE Public Sector Committee Chairman.

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Notes for Editors:

1. For more information about the conference *Accruals Accounting in the Public Sector - Progress and Achievements* visit: <http://www.fee.be/secretariat/PSC%20Conference.htm>
2. The **Fédération des Experts Comptables Européens** (FEE) is the representative organisation for the accountancy profession in Europe. FEE's membership consists of 41 professional institutes of accountants from 29 countries. FEE member bodies represent more than 500,000 accountants in Europe. Roughly 45% of these accountants work in public practice, providing a wide range of services to clients. The other 55% work in various capacities in industry, commerce, government, the wider public sector and education.