

EU FINANCIAL REPORTING

Stig Enevoldsen

Chairman

Scheveningen - 07. September 2007

EUROPE AND ACCOUNTING

Two lines of accounting requirements

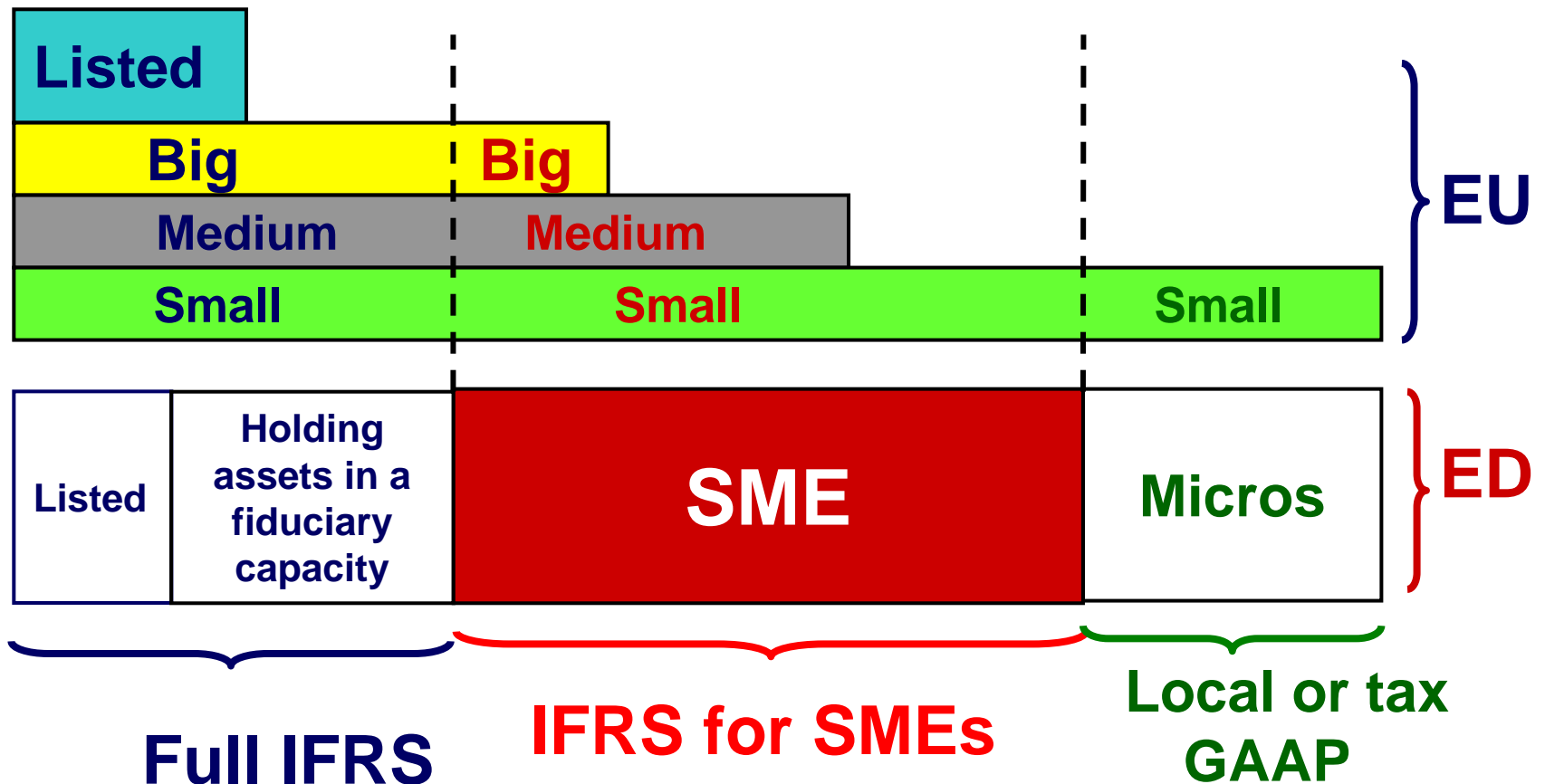
1) Directives for SME'S

2) IFRS for listed companies

SME Accounting – 2 trends:

- 1) Draft IFRS for SME'S
- 2) Simplifications and decrease of administrative burdens for SME'S

WHAT IS SME ?



SME Proposal

- IASB has issued an Exposure Draft

**EFRAG issued
Draft Comment Letter**

**Good proposal, but it can still be
improved for use in Europe**

SME Proposal – EFRAG views

EFRAG supports an SME standard

Final standard should be fully stand alone

“IFRS for SMEs” is not the right label.

Should reflect the special user needs for SME accounts.

Further simplifications for recognition and measurement are needed.

The IASB should not impose restrictions on who can claim to comply with the standard

SME Proposal – EFRAG views

Most options should also be available for SME'S.

There should only be one way of calculating current values

Amortization of all intangible assets including goodwill should be reintroduced.

The equity/liability split should be changed for SME'S

Financial assets and liabilities should not have fair value as the default measurement attribute.

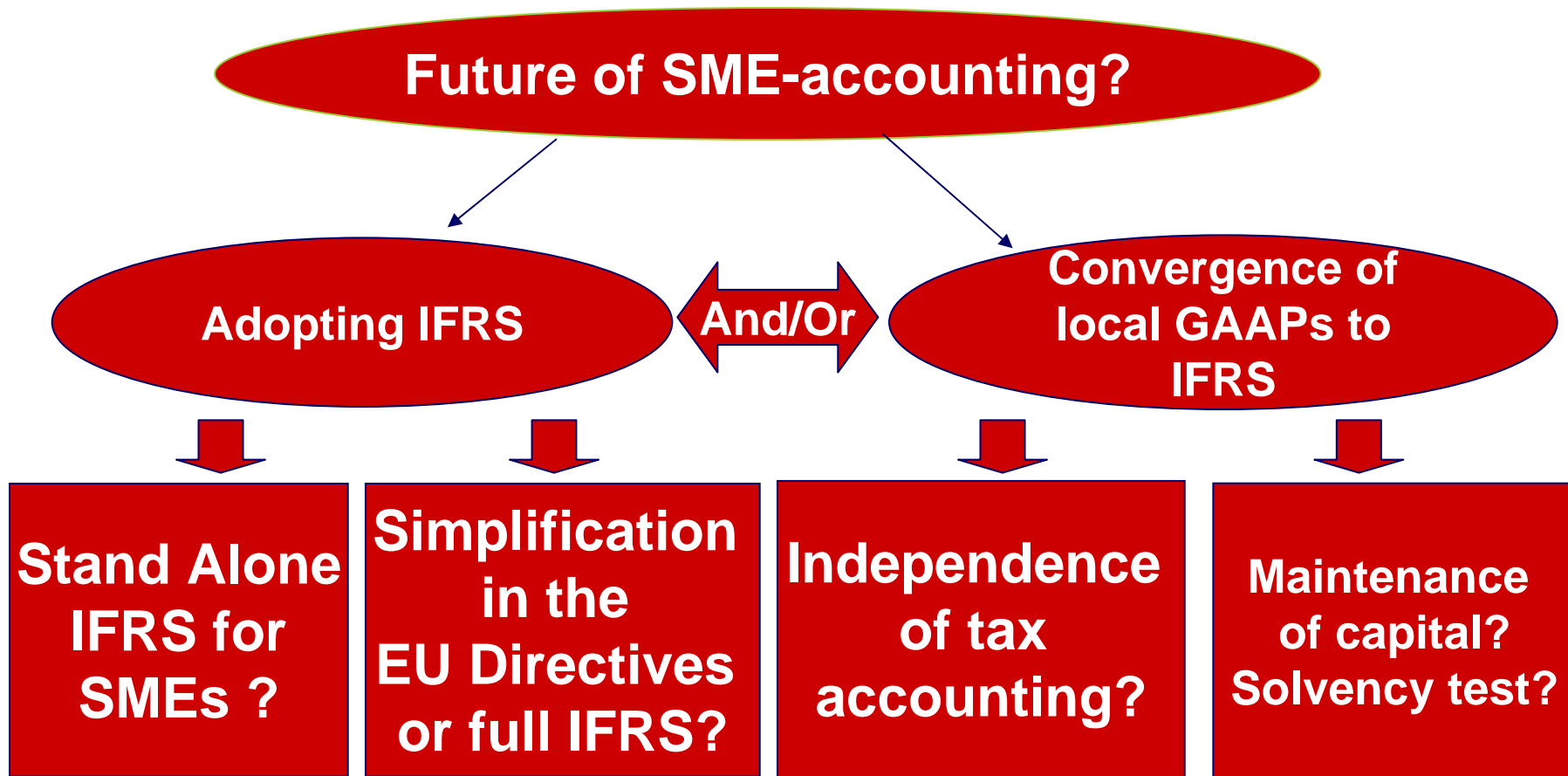
EU Commission proposal on simplifications

Simplification proposals by EC

Remember:

The directives have been implemented differently in all member states

Alternative Scenarios



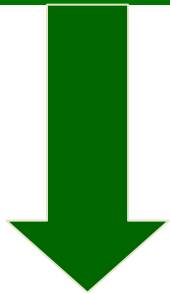
Accounting and Listed Companies



REGULATION

EC Regulation

Endorsed IFRS



To be used

Not endorsed



Not to be used?

ENDORSED by ARC:

- All IASs and IFRS except IAS 39
- IFRIC 1 - 11
- IAS 39 carved-out and FV Option

NOT ENDORSED BY ARC:

- **IFRIC 12**
- **Amendments to IAS 23 Borrowing costs**

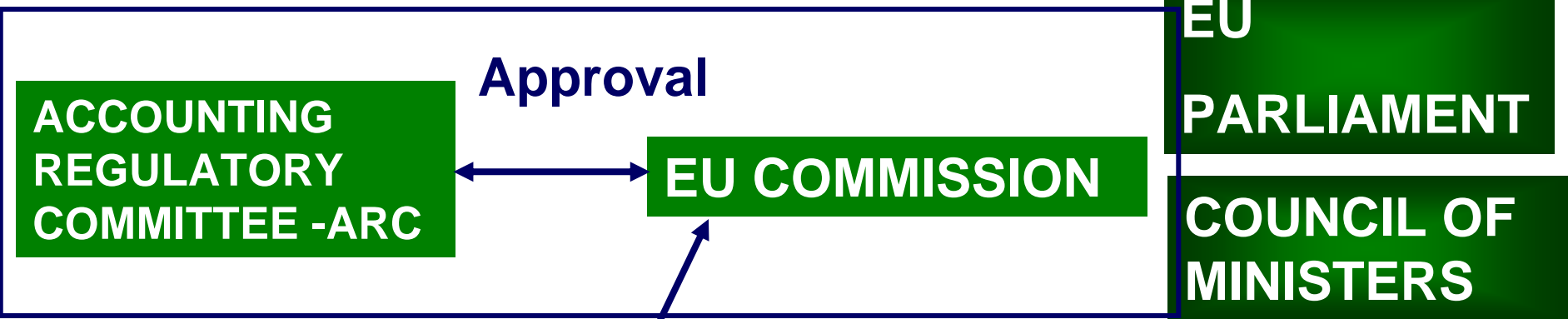
NOT in OFFICIAL JOURNAL:

- **IFRS 8 Segments**
- **IFRIC 12**
- **Amendments to IAS 23 Borrowing costs**

EU Structure

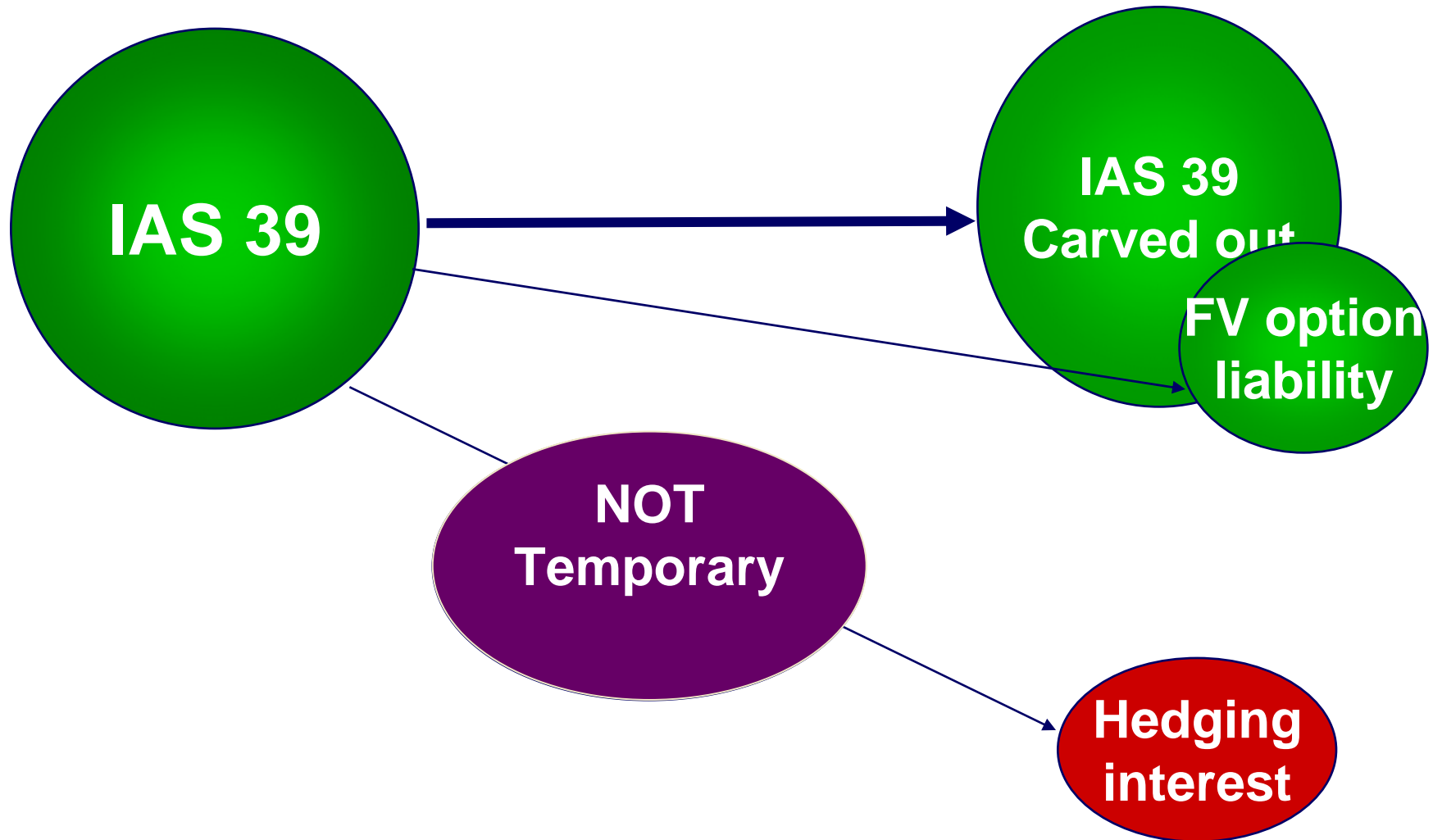


More important



IFRS/IFRIC

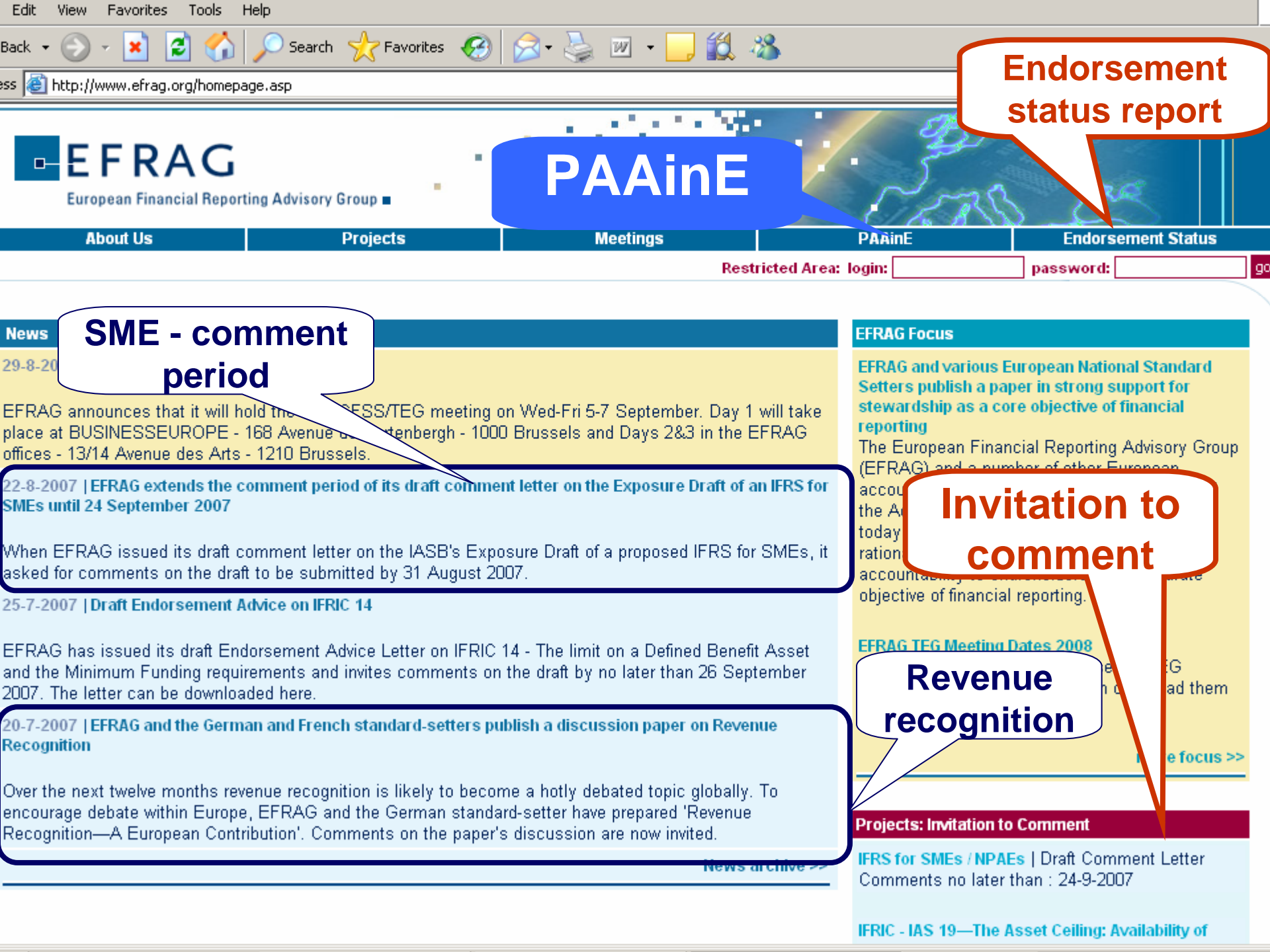
IAS 39 CARVE OUT





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Endorsement status report

PAAinE

SME - comment period

Invitation to comment

Revenue recognition

News

29-8-2007

EFRAG announces that it will hold the IASB/TEG meeting on Wed-Fri 5-7 September. Day 1 will take place at BUSINESSEUROPE - 168 Avenue de la Woluwe - 1050 Brussels and Days 2&3 in the EFRAG offices - 13/14 Avenue des Arts - 1210 Brussels.

22-8-2007 | EFRAG extends the comment period of its draft comment letter on the Exposure Draft of an IFRS for SMEs until 24 September 2007

When EFRAG issued its draft comment letter on the IASB's Exposure Draft of a proposed IFRS for SMEs, it asked for comments on the draft to be submitted by 31 August 2007.

25-7-2007 | Draft Endorsement Advice on IFRIC 14

EFRAG has issued its draft Endorsement Advice Letter on IFRIC 14 - The limit on a Defined Benefit Asset and the Minimum Funding requirements and invites comments on the draft by no later than 26 September 2007. The letter can be downloaded here.

20-7-2007 | EFRAG and the German and French standard-setters publish a discussion paper on Revenue Recognition

Over the next twelve months revenue recognition is likely to become a hotly debated topic globally. To encourage debate within Europe, EFRAG and the German standard-setter have prepared 'Revenue Recognition—A European Contribution'. Comments on the paper's discussion are now invited.

EFRAG Focus

EFRAG and various European National Standard Setters publish a paper in strong support for stewardship as a core objective of financial reporting

The European Financial Reporting Advisory Group (EFRAG) and a number of other European accounting standard-setters have published a paper today that calls for stewardship to be a core objective of financial reporting.

EFRAG TEG Meeting Dates 2008

TEG Meeting Dates 2008

Projects: Invitation to Comment

IFRS for SMEs / NPAEs | Draft Comment Letter
Comments no later than : 24-9-2007

IFRIC - IAS 19—The Asset Ceiling: Availability of

EFRAG – has open due process

DRAFTS FOR COMMENT NOW:

Draft endorsement advice

IFRIC 14 and 13 (soon)

ED IFRS for SME'S,

DIFRIC 21, DIFRIC 22

The EU endorsement status report

Position as at 09 July 2007

[Revisions to previous version of this schedule are marked in bold]

IASB documents not yet endorsed

	Has EFRAG issued its endorsement advice?	Has the ARC voted on it?	When might endorsement be expected?*
STANDARDS			
IFRS 8 'OPERATING SEGMENTS' (Issued 30 November 2006)	✓	✓	Not before September 2007 and probably a bit later.
INTERPRETATIONS			
IFRIC 12 'SERVICE CONCESSION ARRANGEMENTS' (Issued 30 November 2006)	✓	×. No decision has as yet been taken as to when the ARC will be asked to vote on IFRIC 12.	Not yet clear
IFRIC 13 'CUSTOMER LOYALTY PROGRAMMES' (Issued 28 June 2007)	×. It is expected that EFRAG will issue its endorsement advice in September /	Not yet clear	Not yet clear

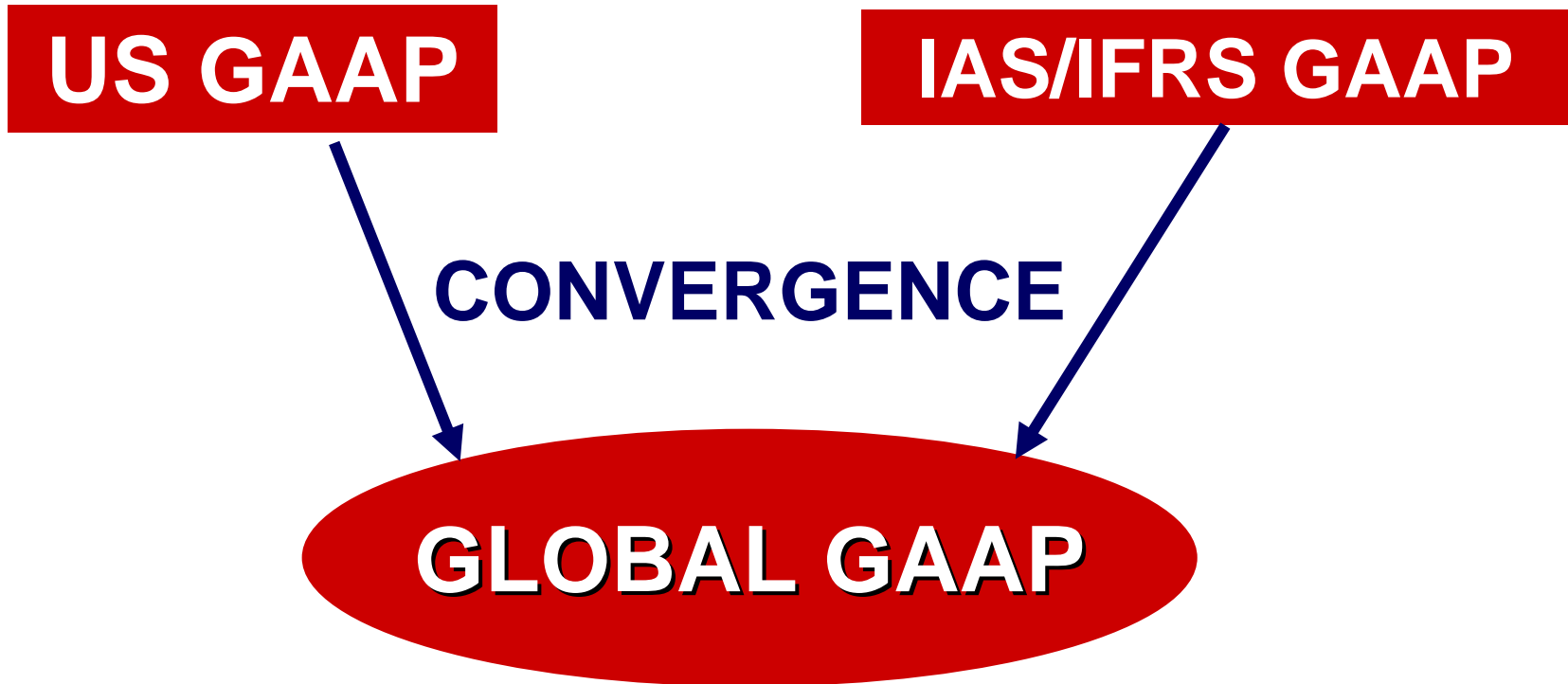
IFRS 8 is a problem

CONTROVERSIAL??

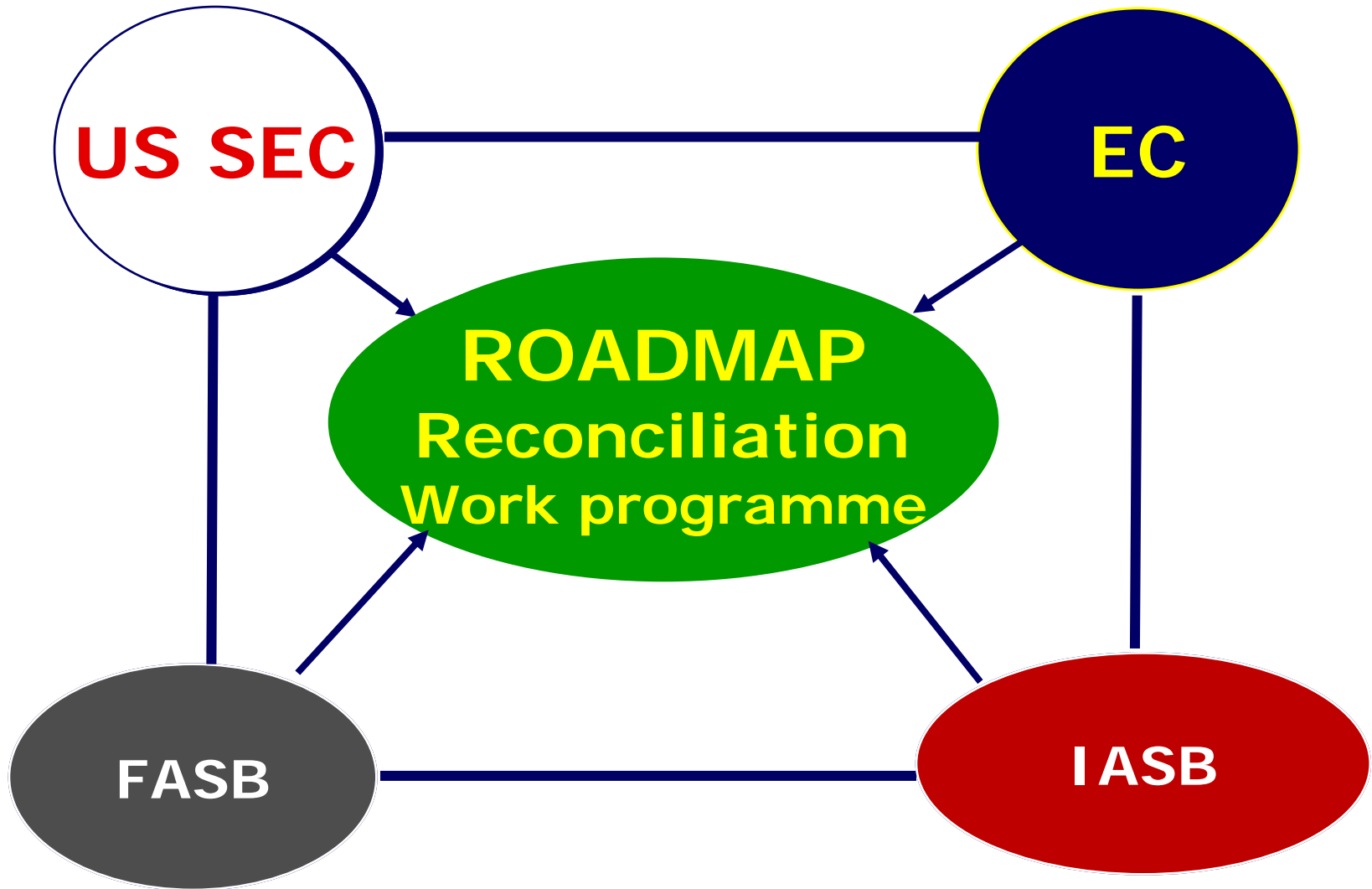
IFRS 8 SEGMENTS
IFRIC 12 SERVICE CONCESSIONS
IAS 23 BORROWING COSTS
BUSINESS COMBINATIONS

Global Accounting

Convergence



CONVERGENCE

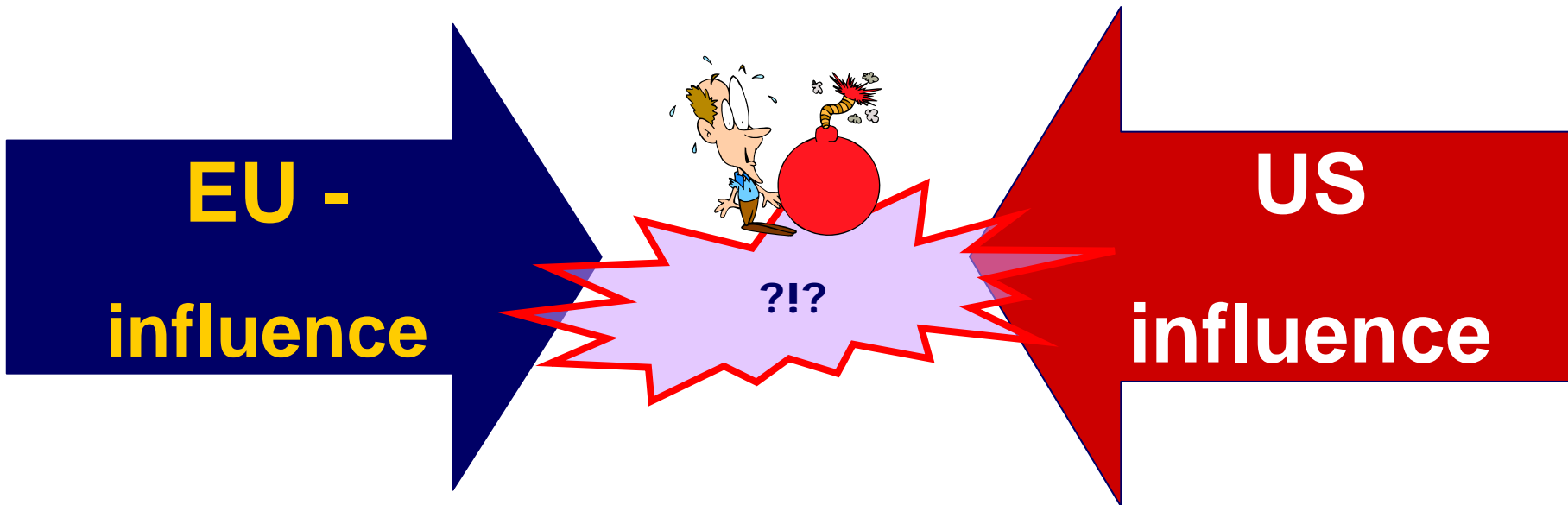


Reconciliation

Proposing Release issued to removed the reconciliation requirement

Concepts Release issued on wheter to allow US companies to use IFRS

Global Accounting





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Main objectives:

- **Proactive contribution to the IASB and IFRIC**
- **Endorsement advice - EU Commission**
- **European coordination**
- **Stimulate thought leadership**

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Working Arrangement:

EFRAG advisor to the EU Commission on all issues on application of IFRS in EU

Specifically on

- **Endorsement advice**
- **Proactive input to IASB/IFRIC**

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Working Arrangement: (consequences)

**EFRAG now invited by IASB to have pre-meetings
on convergence issues**

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Proactive Accounting Activities in Europe

PAAinE!

OBJECTIVES:

- Partnership with National standard setters
- High quality proactive input to IASB(+FASB)
- More consistent messages to IASB
- Create debates in Europe
- Involvement in the convergence work
- Monitor work of IASB & FASB
- Thought leadership
- Better utilisation of European resources

PAAinE - projects

Revenue Recognition

Framework

Pensions

Equity/ liability split

Performance Reporting



European Financial Reporting Advisory Group ■



Conseil national de la Comptabilité

Pro-active Accounting Activities in Europe

■ PAAinE



DISCUSSION PAPER

ELEMENTS OF THE FRAMEWORK DEBATE

THE CONCEPTUAL FRAMEWORK
Starting from the right place?

October 2006

Pro-active Accounting Activities in Europe

■ **PAAinE**



DISCUSSION PAPER 2

THE PERFORMANCE REPORTING DEBATE

**What (if anything) is wrong with
the good old income statement?**

November 2006



PRO-ACTIVE ACCOUNTING ACTIVITIES IN EUROPE

PAAinE

STEWARDSHIP/ACCOUNTABILITY AS AN OBJECTIVE OF FINANCIAL REPORTING

A comment on the IASB/FASB Conceptual Framework Project





European Financial Reporting Advisory Group ■



DRSC

PAAinE

PRO-ACTIVE ACCOUNTING ACTIVITIES IN EUROPE

**DISCUSSION PAPER
JUNE 2007**

3

REVENUE RECOGNITION



www.IASPLUS.com



Monday, 3 September 2007

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- Publications
- IFRS Publications
- IFRS in your Pocket 2007
- IFRS Statements and Assurance/Compliance Checklists
- Deloitte Comment Letters
- Compare IFRSs-Local GAAP



SOURCES

- News by Month
- Reference Materials
- Statistics Database
- IFRS in Europe
- Web-based IFRS Updates
- Country/Region Use of IFRS
- IFRS Auditing Standards
- Public Sector Standards
- International Standards

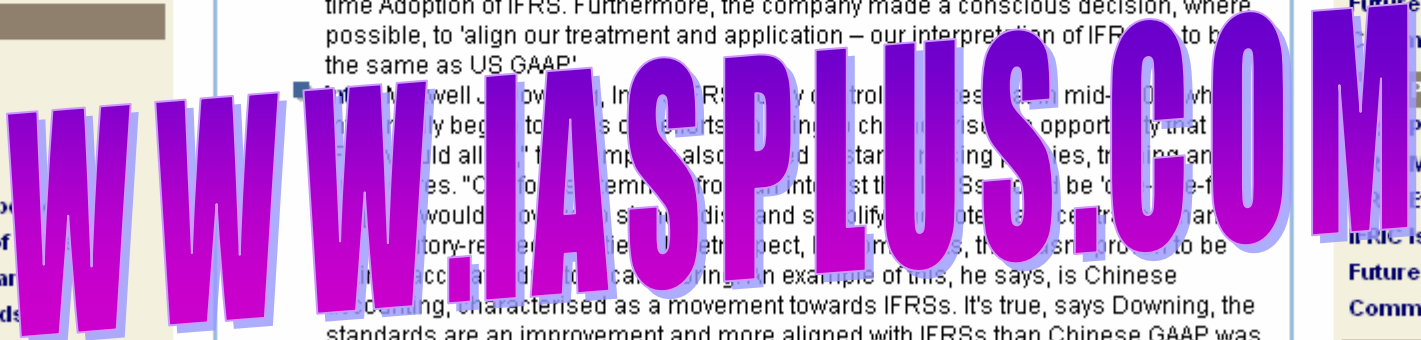
International accounting news. Comprehensive. Timely. Free.

3 September 2007: Accounting Without Borders: Has Its Time Come?

fei An article in the September 2007 issue of *Financial Executive* magazine discusses how three leading companies whose primary financial statements are in United States GAAP are being affected by the growing use of International Financial Reporting Standards around the world. The three companies are IBM Corp., Credit Suisse Group, and Intel Corp. We have posted the article **Accounting Without Borders: Has Its Time Come?** (PDF 1,114k) by Ellen M. Heffes and Cheryl de Mesa Graziano with the kind permission of *Financial Executive* magazine. Excerpts:

- **IBM.** Though application is currently concentrated in areas where it is mandatory, IBM is looking to IFRSs to facilitate more streamlined accounting operations and standardised accounting policy in countries where IFRS adoption is optional.
- **Credit Suisse.** To reduce operational risk, Credit Suisse is applying 'full-fledged IFRSs; we're not taking any shortcuts.' That is, the company is applying the full set of standards, rather than considering the 13 IFRS exemptions permitted by IFRS 1 First-time Adoption of IFRS. Furthermore, the company made a conscious decision, where possible, to 'align our treatment and application – our interpretation of IFRS – to be the same as US GAAP.'

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 ...ly began to... its... much... opportunity that...
 ...ld all... the... also... d... star... ing... times, trading an...
 ...es. "C... to... em... from... int... the... S... be... to... e-f...
 ...would... o... s... and... s... o... te... s... ce... tr... ar...
 ...tory-re... e... le... t... r... e... t... m... s, the... s... n... p... ro... to be...
 ...acc... and... lo... c... ar... in... example of this, he says, is Chinese...
 ...counting, characterised as a movement towards IFRSs. It's true, says Downing, the...
 ...standards are an improvement and more aligned with IFRSs than Chinese GAAP was...
 ...in the past. "But they're only generally aligned to IFRS," he says. "And, we're finding...
 ...this to be fairly common around the world."



IASB STRUCTURE

- What Is the IASB?
- Structure Diagram
- IASC Foundation
- IASB Members
- IASB Photos
- IASB Due Process
- IASB Contact Details
- Advisory Council
- Interpretations Committee
- Constitution
- IASB Chronology

IASB PROJECTS AND MEETINGS

- IASB Projects/Timetable
- IASB Meeting Notes
- IASB Effective Dates
- Next Meeting Agenda
- Future Meeting Dates
- Comment Deadlines

PROJECTS AND MEETINGS

- Projects
- Meeting Notes
- Effective Dates
- IFRS Issues Not Added
- Future Meeting Dates
- Comment Deadlines

IASB LINKS

- Go to IASB Website
- eIFRS
- Press Releases

EFRAG

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