

Brussels, 29th September 2003

Financial reporting: Commission adopts Regulation endorsing International Accounting Standards

The European Commission has adopted a Regulation endorsing International Accounting Standards (IASs), including related interpretations (SICs), and therefore confirming the requirement for their compulsory use from 2005 under the terms of the general IAS Regulation adopted by the European Parliament and the Council in 2002 (see [IP/02/827](#), [IP/01/200](#), [MEMO/01/40](#)). The Commission's adoption of this implementing Regulation follows the Accounting Regulatory Committee's unanimous endorsement of IASs in July. It includes all existing IASs and SICs, except for IASs 32 and 39 and related SICs 5, 16 and 17. IAS 32 and 39, which deal with the accounting and disclosure of financial instruments, are not included because they are currently in the process of being revised by the International Accounting Standards Board (IASB), in co-operation with European accounting experts.

Internal Market Commissioner Frits Bolkestein said: "Adoption by the Commission of this Regulation, endorsing most of the existing International Accounting Standards and publishing them in the EU's official languages, will help the 7000 or so listed EU companies affected to get ready for 2005, when their consolidated accounts will have to be in line with IAS. That will put an end to the current Tower of Babel in financial reporting, improve competition and transparency and make the free movement of capital much easier. Meanwhile I encourage the IASB and interested parties to conclude their dialogue on IASs 32 and 39, so that the Commission will then be in a position to consider these standards too, in time for 2005."

The 2002 IAS Regulation adopted by the Council and the European Parliament requires listed companies, including banks and insurance companies, to prepare their consolidated accounts in accordance with International Accounting Standards (IASs) from 2005 onwards). But before the IASs become legally binding under the Regulation, they must first be endorsed by the Commission, after consulting Member States in the Accounting Regulatory Committee and receiving the views of EFRAG, the European Financial Reporting Advisory Group, a group composed of accounting experts from the private sector. This endorsement is precisely what the Commission has now done, in the case of all IASs except 32 and 39, with the adoption of this latest Regulation.

Member States have the option of extending the requirements of the IAS Regulation to unlisted companies and to the production of individual accounts. Unlike Directives, EU Regulations have the force of law without requiring implementation into national legislation.

To contribute towards the consistent application of IASs across the EU, the endorsed IAS will shortly be published in the official EU languages in the Official Journal of the EU. The first endorsement process was delayed in order to produce high quality translations (see [IP/02/1967](#)). In total, there are at present 34 existing IASs (incl. IASs 32 and 39) and 31 existing SICs (including SICs 5, 16 and 17), which cover about 1,500 pages.

The IASB issued on 21st August an Exposure Draft concerning the macro-hedging provisions of IAS 39 for comments by mid-November. It is the IASB's intention to publish IAS 32 by the end of this year and finalise IAS 39 by March 2004 at the latest. The Commission will consider both standards for endorsement as soon as they are available.