



## EUROPEAN COMMISSION

### **The European Commission adopts report on use of International Financial Reporting Standards in the EU**

Brussels, 18 June 2015

The European Commission has today adopted a report on the evaluation of its Regulation on the application of International Financial Reporting Standards ([IFRS](#)) which have been applicable to the consolidated financial statements of listed companies in the European Union since 2005.

The adoption of IFRS in the European Union was designed to improve the efficiency of EU capital markets by increasing the transparency and comparability of financial statements. IFRS are international accounting standards developed by a private organisation (the [IFRS Foundation](#)) and used by companies in more than 100 countries to prepare their financial statements.

The Commission's evaluation of the [IAS Regulation](#) assesses whether:

- the Regulation achieved its objective in an efficient and effective manner;
- the criteria that all new IFRS should meet to become EU law are appropriate and whether the process for adoption of standards works properly;
- the governance structure of the bodies developing the standards and advising the Commission is appropriate.

The evaluation attracted a high level of interest from a variety of stakeholders and their input provided useful evidence for the Commission.

The key findings showed that IFRS was successful in creating a common accounting language for capital markets. Companies were mostly positive about their experience of using IFRS and in most cases, benefits outweighed costs. Investors also largely supported IFRS for improving the transparency and comparability of financial statements. Most stakeholders considered that the process through which IFRS become part of EU law works well. Importantly, the recent reform of the European Financial Reporting Advisory Group ([EFRAG](#)), which is the technical advisor to the Commission in this field, will strengthen the EU voice in the international standard-setting process.

The report identifies room for improvement in some areas. The collaboration between actors in the endorsement process could be enhanced to improve timeliness and to allow for a more holistic consideration of standards with other aspects of EU law. IFRS issued by the IASB need to be endorsed by the Commission. An endorsement process remains necessary to ensure that the standards developed by a private body meet certain criteria and are fit for the European economy before becoming part of EU law. Procedures could also be simplified in order to reduce their complexity for companies.

This evaluation is part of the Commission's broader review of existing regulation, known as the Regulatory Fitness and Performance Programme ([REFIT](#)), a programme to make EU law simpler and to reduce regulatory costs, thus contributing to a clear, stable and predictable regulatory framework supporting growth and jobs.

The results of the European Commission's evaluation will be presented at a conference, hosted by the Latvian Presidency, which will be held in Riga on 25 June 2015.

#### **For more information:**

[http://ec.europa.eu/finance/accounting/ias-evaluation/index\\_en.htm](http://ec.europa.eu/finance/accounting/ias-evaluation/index_en.htm)