

31 January 2011

EFRAG AND THE UK ASB ISSUE A DISCUSSION PAPER: ‘CONSIDERING THE EFFECTS OF ACCOUNTING STANDARDS’

The European Financial Reporting Advisory Group (EFRAG) and the Accounting Standards Board (UK ASB) of the FRC have published today a Discussion Paper, ‘Considering the Effects of Accounting Standards’. The Discussion Paper results from a project developed by EFRAG and the UK ASB jointly, as part of EFRAG’s proactive agenda.

The objective of the project is to contribute to improving the way in which accounting standard setters develop and implement standards. The proposals subject to discussion call on standard setters to consider the effects of accounting standards throughout their due process, from start to finish. Feedback from the consultation process will be used to assess support for the proposals and enhance them, so that they can form the basis of possible improvements to the International Standards Board’s (IASB) due process.

The issue of whether and how standard setters should take account of the wider effects, or consequences, of the accounting standards they develop has been a subject of debate for decades, without satisfactory resolution. The issue has received more attention in recent years with public policy makers around the world increasingly challenging the lack of evidence to support new accounting standards and to assess the effectiveness of those that have been implemented. This has led to the inclusion of a requirement for an analysis of the anticipated effects of a new IFRS or a major amendment to an IFRS in the ‘Due Process Handbook for the IASB’ (October 2008 version). Whilst acknowledging the progress that has been made by the IASB, the challenge remains as to how to best implement that requirement systematically in their due process. The Discussion Paper is an important step in addressing that challenge.

The Discussion Paper is open for comment until 31 August, 2011 and can be downloaded, together with a summarized presentation of the proposals subject to discussion, from the EFRAG website www.efrag.org.

31 January 2011

Notes for Editors:

Note for editors:

1. *About EFRAG (www.efrag.org)*

EFRAG, the European Financial Reporting Advisory Group, was set up principally for the purpose of:

- Providing pro-active advice to IASB (the International Accounting Standards Board);
- Advising the European Commission on the acceptability of International Financial Reporting Standards (IFRS) for endorsement for use in Europe in the consolidated accounts of all listed companies;
- Stimulating, coordinating and carrying out proactive accounting activities;
- Advising the European Commission on any resulting changes to be made to the accounting directives and related topics.

2. *About FRC and UK ASB*

The Financial Reporting Council (FRC) is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment.

The role of the ASB is to oversee the financial reporting requirements for UK entities. This is done by maintaining and improving UK Financial Reporting Standards (FRS) and influencing the development of international standards. The ASB achieves this by collaborating with accounting standard-setters from other countries and the International Accounting Standards Board (IASB).

3. *Discussion paper*

The Discussion Paper can be downloaded, free of charge, from the EFRAG website <http://www.efrag.org/>

4. *Press enquiries*

Press enquiries should be directed to Nathalie Saintmard (EFRAG Communications Manager) on +32-(0)2 210 4407.