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EU standard setters wade into IFRS debate

by Richard Crump

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EUROPEAN STANDARD SETTERS have joined forces to influence how the framework that underpins international accounting rules will be revised.

The UK's Financial Reporting Council has joined with the national standard setters of France (ANC), Germany (ASCG), Italy (OIC), and with European standard setters' advisory group EFRAG to influence the debate over the future of IFRS.

Global standard setter the IASB is currently revising the conceptual framework that underpins the way the it develops and rewrites accounting standards, with its

chairman Hans Hoogervorst demanding that it be treated as the board's "main deliverable" focus over the next three years.

Last month, the FRC, which hiked its levy rates to - among other things - strengthen its ability influencing the international debates on auditing and international reporting standards, said revising the conceptual framework was "critical" for the future of IFRS.

By collaborating with its European partners the FRC hopes to make sure the revised conceptual framework reflects an underlying accounting model relevant to European stakeholders.

Additionally, the standard setters have published a joint consultation paper from the standard setters, [Getting a Better Framework](#), to illustrate some of the major issues that will arise in the development of the new framework, and to encourage others within Europe to engage in its development.

"Given the vast scope of the project, and in order to facilitate obtaining input from European stakeholders in an open and proactive way, the accounting standard bodies have agreed to publish bulletins each covering a topic as well as a regular newsletter on project updates," the FRC said.

Speaking at the IASB's September board meeting, Hoogervorst said revising the framework was urgent because the board is "struggling with so many basic questions in terms of measurements".

One issue that provoked controversy was the removal of prudence from the framework to be replaced by the concept of neutrality; a decision recently described by former UK chancellor Lord Lawson as "a stupid thing to do".

Hoogervorst has argued that the basic tenets of the concept of prudence remain intact and visible throughout IFRS. According to the standard setters' consultation paper, "it remains open to question, however, whether the framework should specifically refer to prudence and what precisely prudence means".

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