

# EUROPEAN PARLIAMENT

2004



2009

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## **MOTION FOR A RESOLUTION**

pursuant to Rule 81 of the Rules of Procedure

by Pervenche Berès

on the draft Commission regulation amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards: International Financial Reporting Standard (IFRS) 8 concerning disclosure of operating segments

**European Parliament resolution on the draft Commission regulation amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards: International Financial Reporting Standard (IFRS) 8 concerning disclosure of operating segments**

*The European Parliament,*

- having regard to European Parliament and Council Regulation 1606/2002,
- having regard to the draft Commission regulation amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards: International Financial Reporting Standard (IFRS) 8 concerning disclosure of operating segments,
- having regard to Article 8 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission<sup>1</sup>,
- having regard to Council Decision 2006/512/EC of 17 July 2006 amending Decision 1999/468/EC<sup>2</sup>,
- having regard to the European Parliament resolution<sup>3</sup> on the accounting standards used by third country issuers and their equivalence to IFRS setting out the conditions under which the EU has accepted the convergence and equivalence process between the IFRS as adopted by the EU and US GAAP,
- having regard to the plenary debate of 25 April 2007 during which it was decided to adjourn the vote on the motion for resolution regarding International Financial Reporting Standard (IFRS) 8 because the Commission services agreed to carry out an impact study and to present this to the Economic and Monetary Affairs Committee on 10 September; having regard to that convergence is not a one-sided process where one party simply copies the financial reporting standards of the other party; having regard to that convergence of financial reporting standards must make it possible to produce higher quality financial statements,
- having regard to the Commission services "Endorsement of IFRS 8 Operating Segments - Analysis of Potential Effects - Report" of 10 September 2007;
- having regard to Rule 81 of its Rules of Procedure,

A. whereas for the consolidated accounts of listed EU companies the European Union has

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<sup>1</sup> OJ L 184, 17.7.1999, p. 23.

<sup>2</sup> OJ L 200, 22.7.2006, p. 11.

<sup>3</sup> European Parliament resolution on the accounting standards used by third country issuers and their equivalence to IFRS as mentioned in the draft implementing measures of the Prospectus Directive and the Transparency Directive (draft Commission regulation amending Regulation (EC) No 809/2004 as regards the accounting standards in accordance with which historical information contained in prospectuses is drawn up, and draft Commission decision on the use by third country issuers of securities of information prepared under internationally accepted accounting standards) - P6\_TA-PROV(2006)0436

decided to apply international accounting standards; whereas these accounting standards are incorporated into EU law through comitology,

- B. whereas segmental reporting according to the business model being pursued is important for understanding financial statements, including appropriate geographical information,
- C. whereas segmental disclosure must be comparable,
- D. whereas all listed EU companies, irrespective of size, should follow EU law, including IFRS as endorsed by the EU,
- E. whereas the Commission was committed to carry out an assessment of the impact of IFRS 8,
  1. Notes that the Commission's proposal to endorse IFRS 8 incorporates US SFAS 131 into EU law, which implies that listed EU companies will be permitted to disclose segmental information following the "through the eyes of management approach",
  2. Notes that the concept "Chief Operating Decision Maker" could be seen as a function, and as such can fit the concept of board having collective responsibility as set out in European law,
  3. Requests the Commission to follow closely the application of IFRS 8 and to report back to the European Parliament no later than 2011, inter alia regarding reporting of geographical segments, segment profit or loss, use of non-IFRS measures; underlines that if the Commission discovers deficiencies in the application of IFRS 8 it has a duty to rectify such deficiencies,
  4. Stresses that the Commission in all cases should follow its own principles of better regulation, in particular regarding international accounting standards the Commission must ensure and support that impact assessments are carried out at the earliest stages in the development of any international accounting standard or interpretation; underlines that such impact assessments must incorporate quantitative information,
  5. Requests the Commission to ensure through appropriate Corporate Social Responsibility guidelines that companies act as responsible citizens,
  6. Stresses the importance of appropriate enforcement of accounting standards,
  7. Instructs its President to forward this resolution to the Council and Commission, and the parliaments and governments of the Member States.