COMMENTS UNICE COMMENTS

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CESR*'S DRAFT RECOMMENDATION FOR ADDITIONAL GUIDANCE REGARDING THE TRANSITION TO IFRS

PRELIMINARY COMMENTS

Companies' securities which are traded on a regulated market and governed by law (regulation no. 1606/2002 or member states' legislations) must prepare their consolidated financial statements in conformity with the International Accounting Standards which have been adopted by regulation no. 1725/2003 for financial years starting on 1 January 2005. UNICE welcomed regulation no. 1606/2002. UNICE agrees with CESR that the transition process is a real challenge for companies.

IASB has published IFRS 1 which has not been endorsed so far but offers recommendations for companies preparing their financial statements in conformity with International Accounting Standards for the first time. Each additional recommendation which contains more information should be considered critically. IFRS 1 offers different and sufficient assistance for the transition process. Additional assistance is not necessary.

The necessary quantified information has to be disclosed in the first month of 2006. The proposal by CESR puts forward an earlier date. If companies are able to give the information earlier they can publish it. However there should be no direct or indirect pressure on companies to provide the quantified information earlier than demanded by the IAS regulation.

UNICE also wonders why CESR is working in this field of recommendations. UNICE therefore proposes that the International Accounting Standards and the interpretations should be in the competence of the IASB. When standards are developed everyone can participate in the process, including CESR.

Answer to question 1:
Since the phase of transition from local GAAP to IFRS/IAS is a complex one, CESR should not publish binding recommendations or additional obligations for companies.

Answer to question 2:
Since there is not much time left before the 2005 deadline, we recommend no encouragement to prepare the transition as early as possible.

Answer to question 3:
See answer 2. The communication about the transition process is a market-based information tool. Companies should decide whether they communicate about the transition process. Therefore we cannot see any added value for investors.

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Answer to question 4:
See answer 3. Any additional disclosure activity is a burden on companies. We recommend that companies announce their intentions and the date of the transition. More details about the transition would probably confuse the user of the annual accounts. Furthermore the annual accounts are not the right place to explain differences between the local GAAP and International Accounting Standards.

Answer to question 5:
See answer to question 4. Furthermore the figures of 2004 are not proved by the auditor at this time. And companies have not decided yet if they will use the opportunities IAS gives them. Therefore information mentioned in question 5 cannot be given earlier.

Answer to question 6:
The implementation guidance of IAS is sufficient to determine the content and the scope of the quantified information. Other disclosures should not be envisaged. The inclusion of this information in the annual report or in the notes seems understandable.

Answer to question 7:
The positions of the Council and the committees of the European Parliament on the draft of a directive on transparency requirements differ. In general, the assessment the transparency is positive. However, one has to take into consideration that it must not be achieved through more regulation. In our opinion there is no need for quarterly information. The Commission should only regulate if there is a definite need and lack of information. A lot of companies offer quarterly information as part of their market strategy and to inform their investors. But do investors really need this additional information? Recommendations by CESR on aspects of the draft of the directive on transparency requirements are not needed at this time.

Furthermore, the first adoption of IAS demands an explanation note about the main differences as compared with the local accounting system. This explanation is usually given in the annual report or in the notes so that the user of the financial statement can understand the transition. If the first adoption of IAS is used in a quarterly report there is no information published. Therefore the quarterly and half–year reporting in 2005 should be in accordance with the well-known accounting rules.

Answer to question 8:
See answer 7.

Answer to question 9:
See answer 7.

Answer to question 10:
See answer 7. Since the transition is complex and the quarterly disclosure is already enough of a burden on companies we recommend that CESR neither encourages comparative information for the corresponding (quarterly) periods nor demands an additional explanation. Yet, we definitely agree that the first period (2003) does not require restatement if national regulations demand the presentation of financial statements over three successive periods.

Answer to question 11:
Companies should decide whether they wish to restate the comparatives figures.

Answer to question 12:
We agree that the first period (2003) is not required if national regulations demand the presentation of financial statements over three successive periods.