



Mr Charlie McCreevy  
Member of the European Commission  
200 Rue de la Loi  
B-1049 Bruxelles

26 April 2007

Dear Commissioner,

RE: EUROPEAN ROUND TABLE ON CONSISTENT APPLICATION OF IFRS

I would like to respond to the concerns you have raised about the work of the Round Table in your letter dated January 10 of this year.

The European business community is very supportive of the efforts undertaken by the European Commission in order to promote IFRS as equivalent to US GAAP. Beyond the review that the SEC has undertaken of European IFRS filings, the European business community believes it is in the best interest of European financial markets that IFRS are applied on a reasonably consistent basis throughout Europe and elsewhere.

We have welcomed the European Commission initiative to organise the European Round Table on Consistent Application of IFRS in order to support needs for interpretations identified in Europe that would not otherwise be considered by IFRIC or would not be considered fast enough. There are several reasons however which can explain why issues are no longer submitted for review.

European issuers have already gone through the experience of implementing IFRS in their 2005 accounts and their knowledge and understanding of IFRS is growing. They are experiencing the benefit of exercising judgement in the application of IFRS and value the principles-based approach on which IFRS are increasingly based.

You are fully aware of the concerns that the issuance of wordings for rejection by the IFRIC has raised in IFRIC's constituency. You are also aware that these concerns were ignored while the Handbook for the IFRIC due process was being finalised. More than 100 wordings for rejection have been issued since IFRIC started this procedure and many of them introduce supplementary guidance that, although not mandatory, has to be seriously considered by issuers. This supplementary guidance is not up to the quality standards that are expected from the international standard setter. It tends to

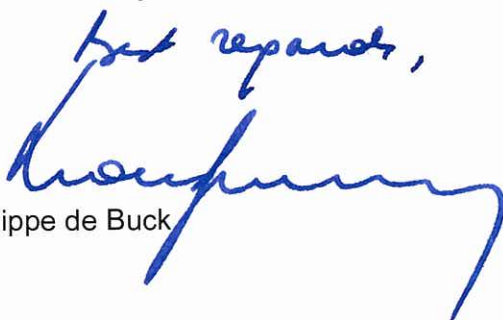
introduce some rules-based approach to IFRS and should therefore be avoided. They do not necessarily contribute to the necessary consistency in the application of IFRS, rather they may lead to some form of blind uniformity and may reduce the quality of financial reporting in the long run. In addition, they are often used by auditors to solve divergences of views that they may have with their clients, as the auditing profession has so far heavily influenced IFRIC's agenda decisions and IFRIC more generally.

The decisions made recently by the IASCF, i.e. to increase the number of preparers on the IFRIC and to have all agenda decision recommendations prepared in an open IFRIC meeting, might in the future alleviate the concerns expressed above. We also hope that the IFRIC improves the quality of its wordings for rejection after taking into account the dissatisfaction widely expressed, although the recommendation to give proper status to that supplementary guidance has not been followed.

Until such improvements have materialised, it is our understanding that companies are hesitant to ask IFRIC to address practical application issues to ensure the quality of financial reporting under IFRS. One of the next tasks of the European Round Table for Consistent Application of IFRS could be to ensure that the necessary improvements do indeed materialise.

Should you wish to discuss this further, please do not hesitate to contact us.

Yours sincerely,

*Best regards,*  
  
Philippe de Buck