



Federation of European Accountants
Fédération des Experts comptables Européens

FEE Communiqué

October 2009

FEE Executive and Council met on 6 and 7 October 2009 under the chairmanship of President Hans van Damme.

DISCUSSION WITH IFAC PRESIDENT ROBERT BUNTING

The FEE Council devoted a large part of its meeting to a presentation of IFAC President followed by a fruitful exchange of views. Bob Bunting indicated that the crisis also provides an unprecedented opportunity for the accountancy profession. He emphasised the need for the profession to speak with one voice, which includes encouraging Member Bodies to repeat common messages at national or regional levels. In his presentation he recalled the eight recommendations of IFAC for the G20. SME/SMP issues were also prominent in the discussion. Mr Bunting said: "We also know and appreciate FEE's work and support of SMEs and SMPs through the Working Party, including its task force on issues related to ISAs for SMEs". He also referred to a global survey on banks lending to SMEs recently released by IFAC and *The Banker* magazine (FT group) that highlights the critical role of accountants in supporting both SMEs and lenders.

FINANCIAL REPORTING

Vice-President Petr Kriz updated Executive and Council on developments after the G-20 meeting and IASB proposals on financial instruments and provisioning and the EC proposals on countercyclical buffering. President Hans van Damme reported on EFRAG developments and IASCF Constitution Review. He also provided an update on the possible introduction of a Member State option to exempt micro-entities of the Accounting Directives and the overhaul of the Fourth and Seventh Directives and forthcoming EC consultation on the role of IFRS for SMEs in the EU.

Council received a report on a joint EFRAG/FEE paper on "Impairment of Financial Assets – The expected Loss Model". Delegation was given to the Executive to finalise this paper so that it can be published end of October or beginning of November.

The Executive approved a comment letter to EFRAG on fair value measurement.

SMEs – SMPs

The Executive discussed the preparation of the FEE SME/SMP Congress which will take place in Venice on 15-16 April 2010.

AUDITING

The Deputy-President updated Council on the EC public Consultation on Adoption of ISAs to which FEE responded in due course. He drew attention to the IAASB staff paper on “Applying ISAs proportionately with the size and complexity of an entity” and the draft UK-APB Practice Note on Smaller Entity Audit Documentation. A report was provided on the draft EC Decision on adequacy of certain competent authorities of third countries and the letter of Commissioner McCreevy to the US-PCAOB explaining why the US is not listed among the recognised bodies.

Council also discussed three IOSCO consultation papers related to (i) transparency, (ii) communication (audit reports) and (iii) ownership structures of audit firms. It was found important that FEE contributes to these consultations. On ownership, the FEE submission will be in line with that of the previous EC consultation that raised broadly the same issues and on audit reports, it will be in line with previous FEE positions on this subject matter.

PUBLIC SECTOR

The Cypriot Member Body of FEE, ICPAC and the FEE Public Sector Committee organise a seminar “Challenges of Accrual Accounting in the Public Sector” in Cyprus on 23 March. The Executive approved a comment letter to IPSASB on improvement to International Public Sector Accounting Standards.

COMPANY LAW AND CORPORATE GOVERNANCE

The Chairman of the Working Party, Erich Kandler presented a follow up report on the FEE Discussion Paper on Assurance on Corporate Governance Statements. The Council expressed satisfaction that all issues had been resolved and approved the principle, direction and main contents of the paper. An informal consultation with IAASB is ongoing after which the Executive will be in a position to formally finalise the Discussion Paper.

The Executive approved a comment letter to UK-FRC/ICAEW on the Second Consultation Paper on Audit Firms Governance.

ETHICS

Council welcomed a presentation by Michael Niehues, Chairman of the Ethics Working Party, on the new IESBA Code of Ethics for Professional Accountants. It approved a project to update the FEE comparison (2004) between this code and the EC Directive and Recommendation on auditors’ independence.

This Communiqué is intended for the sole benefit of FEE Member Bodies. It is not an official record of the meeting or of the decisions taken and has not been approved by the Executive. The agenda and the minutes of the meeting can be found on FEE Extranet as soon as they are available. For further information, please contact the FEE Secretariat.