

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Directive	2002/0112(COD) Procedure completed
Insurance undertakings: annual and consolidated accounts and standards IAS (amend. Directives 78/660, 83/349, 91/674/EEC)	
Subject 2.50.05 Insurance, pension funds 3.45.03 Financial management of undertakings, business loans, accounting	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	JURI Legal Affairs and Internal Market		20/06/2002
		PPE-DE THYSSEN Marianne	
	Committee for opinion	Rapporteur for opinion	Appointed
	ECON Economic and Monetary Affairs		26/08/2002
		PSE PÉREZ ROYO Fernando	
Council of the European Union	Council configuration	Meeting	Date
	Education, Youth, Culture and Sport	2503	05/05/2003
	Competitiveness (Internal Market, Industry, Research and Space)	2451	30/09/2002
European Commission	Commission DG Financial Stability, Financial Services and Capital Markets Union	Commissioner	

Key events			
29/05/2002	Committee referral announced in Parliament, 1st reading		
09/07/2002	Legislative proposal published	COM(2002)0259	Summary
30/09/2002	Debate in Council	2451	
03/12/2002	Vote in committee, 1st reading		Summary
03/12/2002	Committee report tabled for plenary, 1st reading	A5-0432/2002	
14/01/2003	Decision by Parliament, 1st reading	T5-0001/2003	Summary
05/05/2003	Act adopted by Council after Parliament's 1st reading		

18/06/2003	Final act signed		
18/06/2003	End of procedure in Parliament		
17/07/2003	Final act published in Official Journal		

Technical information

Procedure reference	2002/0112(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	EC Treaty (after Amsterdam) EC 044
Stage reached in procedure	Procedure completed

Documentation gateway

Legislative proposal	COM(2002)0259 OJ C 227 24.09.2002, p. 0336 E	09/07/2002	EC	Summary
Committee report tabled for plenary, 1st reading/single reading	A5-0432/2002	03/12/2002	EP	
Text adopted by Parliament, 1st reading/single reading	T5-0001/2003 OJ C 038 12.02.2004, p. 0015-0065 E	14/01/2003	EP	Summary
Economic and Social Committee: opinion, report	CES0091/2003 OJ C 085 08.04.2003, p. 0140-0144	22/01/2003	ESC	

Additional information

European Commission	EUR-Lex
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Final act

Directive 2003/51 OJ L 178 17.07.2003, p. 0016-0022 Summary
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Insurance undertakings: annual and consolidated accounts and standards IAS (amend. Directives 78/660, 83/349, 91/674/EEC)

PURPOSE: To remove inconsistencies between EU Accounting legislation and the International Accounting Standard (IAS). **CONTENT:** A deadline of 2005 was set for the implementation of the Commission's Financial Services Action Plan following the Lisbon European Council. Within this context, the European Commission has sought to ensure that EU listed companies should be required to prepare their consolidated accounts in accordance with a single set of accounting standards, namely the International Accounting Standard (IAS) as from 2005. An EU Regulation on the implementation of the IAS is currently under negotiation. A majority of EU listed companies favour the introduction of the IAS on the grounds that it will improve marketability, cross-border mergers and acquisitions, shareholder dialogue and finance raising. Current EU legislation relies on four Accounting Directives - some dating back 23 years. They will continue to be the basis of accounting legislation for entities which do not prepare their annual or consolidated accounts in accordance with IAS provisions. Numerous studies have been prepared which indicate that, in many respects, the Accounting Directives remain consistent with current accounting theory and practice. However, in certain limited areas, their requirements are incompatible with IAS. This situation is unacceptable for two reasons. Firstly, if the Accounting Directives are to play an important role in the mechanism for adopting IAS under the proposed IAS Regulation, they must reflect current accounting developments. In this respect, the Directives should be structured so as to accommodate and to be consistent with future incremental developments within IAS. Thus, for example, it should not be necessary to consider amendment of the Directives each time a new IAS is proposed. Secondly, there must be a level playing field between companies which apply IAS and those which do not. Such a position is necessary to enable a smooth transition when companies seek a public listing. The objective of this proposal are threefold: - To remove all existing conflicts between the Accounting Directives and IAS. - To ensure that optional accounting treatments currently available under IAS are available to EU companies which continue to have the Accounting Directives as the basis of their accounting legislation. - To update the

fundamental structure of the Accounting Directives so that they provide a framework for financial reporting this is both consistent with modern practice and flexible enough to allow for future developments in IAS. The proposed changes will remove all inconsistencies between the existing Accounting Directives. Since the legislation is to be in place by 2005, the Commission considers it extremely important the proposed legislation be adopted as soon as possible.?

Insurance undertakings: annual and consolidated accounts and standards IAS (amend. Directives 78/660, 83/349, 91/674/EEC)

The committee adopted the report by Marianne THYSSEN (EPP-ED, B) broadly approving the proposal (codecision procedure, 1st reading), subject to a number of amendments designed to widen the scope of the draft directive and make it more coherent, more transparent and hence more effective. The committee proposed that the new directive should also cover the Bank Account Directive (86/635/EEC), which was not included in the Commission proposal, arguing that this was essential for the modernisation of EU accounting legislation. With regard to Directives 78/660/EEC and 83/349/EEC, it wanted a company's annual report to include a description of the principal risks and uncertainties it faced. The committee also said that, where this was necessary for an understanding of a company's development, performance or position, the relevant analysis should include both financial and non-financial key performance indicators, including information relating to environmental and employee matters. On Directive 91/674/EEC, the committee adopted an amendment seeking to abolish the special accounting regime currently in place for Lloyd's, saying that Lloyd's and Lloyd's syndicates should follow the normal rules of the Insurance Accounts Directive. Finally, the committee called for 1 January 2005 to be the latest date for Member States to comply with the directive, so that it could take effect at the same time as the IAS Regulation. ?

Insurance undertakings: annual and consolidated accounts and standards IAS (amend. Directives 78/660, 83/349, 91/674/EEC)

The European Parliament adopted certain amendments to the draft directive, based on the report drafted by Marianne THYSSEN (EPP-ED, Belgium). (Please refer to the summary dated 03/12/02.)?

Insurance undertakings: annual and consolidated accounts and standards IAS (amend. Directives 78/660, 83/349, 91/674/EEC)

PURPOSE : To remove inconsistencies between EU Accounting legislation and the International Accounting Standard (IAS). **COMMUNITY MEASURE :** Directive 2003/51/EC of the European Parliament and of the Council amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies, banks and other financial institutions and insurance undertakings. **CONTENT :** This Directive seeks to remove all existing conflicts between the Accounting Directives listed above and IAS. It also seeks to ensure that optional accounting treatments currently available under IAS are available to EU companies which continue to have the Accounting Directives as the basis of their accounting legislation. The IAS Regulation introduced the requirement that, from 2005 onwards, all listed companies prepare their consolidated accounts in accordance with IAS adopted for application within the Community. It also provided an option for Member States to permit or require the application of adopted IAS in the preparation of annual accounts and to permit or require the application of adopted IAS by unlisted companies. The annual and consolidated accounts of undertakings covered by Directives 78/660/EEC and 83/349/EEC which are not prepared in accordance with the IAS Regulation will continue to have those Directives as the primary source of their Community accounting requirements. This directive ensures that there is a level playing field exists between Community companies which apply IAS and those which do not. In addition: - Member States will be able to modify the presentation of the profit and loss account and balance sheet in accordance with international developments, as expressed through standards issued by the International Accounting Standards Board (IASB); - Member States will be able to permit or require the application of revaluations and of fair value in accordance with international developments, as expressed through standards issued by the IASB; - the annual report must include at least a fair review of the development and performance of the company's business and of its position, together with a description of the principal risks and uncertainties that it faces. The review must be a balanced and comprehensive analysis of the development and performance of the company's business and of its position, consistent with the size and complexity of the business. The analysis must include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters; - Member States may choose to exempt certain companies from the obligation above in so far as it relates to non-financial information; - there are specific requirements relating to the obligations of statutory auditors; - insurance undertakings may also be allowed to use fair-value accounting as expressed through appropriate standards issued by the IASB. **DATE OF TRANSPOSITION :** 01/01/05. **ENTRY INTO FORCE :** 17/07/03.?