Panel 1: International Financial Reporting Standards (IFRS) – Initial Experiences

Lars Østergaard

Director
Danish Financial Supervisory Authority, Denmark
Initial Experiences with IFRS
An enforcer’s point of view

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Director
Danish Financial Supervisory Authority

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The European Perspective

• EU Regulation on IFRS
  – consolidated accounts of listed companies
  – 1 January 2005

• CESR – Coordinator of Enforcement
  – CESR-Fin and its subcommittees
  – CESR Standard No. 1 on Enforcement
    • investor protection
    • detect infringements
    • take appropriate action
    • not a standard setter

• CESR Standard No. 2 on Coordination of Enforcement
  – Enforcers Data Base
  – European Enforcers Coordination Sessions
European Enforcers Coordination Sessions

• raison d’être
  – discussion of decisions taken
    • ex ante as well as post
    • positive as well as negative decisions
    • influence on future decisions
  – discussion of emerging issues
  – exchange of experiences on enforcement of IFRS

• meetings
  – 10 meetings a year
  – all enforcers requested to participate
  – discussed 46 decisions and 40 emerging issues

• different traditions of enforcement
First experiences with IFRS

• still early days
  – enforcers are at the end of the pipeline except for pre-clearances

• different national GAAPS
  – rules based vs principles based
  – varying degrees of differences from IFRS

• CESR is going to issue a report on first experiences

• the transition to IFRS difficult, but manageable
The Danish perspective

- Danish GAAP for financial companies “IFRS-compatible”
  - less options
- used to the use of fair values
- fair values give more relevant information
- more difficult to enforce
  - more judgemental aspects
  - disclosure on measurement models and assumptions is of essence
Danish perspective

• more influence on the standards from the users of financial statements

• less options (explicit as well as implicit)

• supportive of the fair value project

• more application guidance?
Danish perspective

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