

Extract from Financial Times letters page, 30th August 2004:

UK needs to push the EU on IAS 39

From Mr Richard Raeburn.

Sir, Despite the doldrums of August, the European Union has been sailing closer to a wholly unsatisfactory conclusion on adoption of IAS 39; and if the cause of international convergence in accounting - which should also mean improved corporate governance - is to flounder, the European banking sector may have much to answer for.

Like many in the UK (but not all the banks) I would like to see unequivocal adoption of IAS 39 and delivery by the International Accounting Standards Board on its promise to re-address IAS 39 in the immediate future. Sadly it is my understanding that full adoption, without opt-outs, is not on the agenda of the EU's Accounting Regulatory Committee at its early September meeting, and debate will be limited to consideration of three other ways forward.

Each of these looks like what might politely be called a compromise, with the potential to encourage "European GAAP" and therefore increasing disinterest from the US in harmonisation of US GAAP with the rest of the world.

Although very late in the day there is still an urgent need for the UK business community to push for commonsense to prevail in the EU Commission and to argue for full adoption of IAS 39, notwithstanding its admitted flaws and the real reservations many of us hold about the operation of the IASB. At the very least we should all be pushing for the EU to ensure that those far-sighted companies that wish to adopt, regardless of the Commission's stance, should not be disadvantaged in their move to international accounting standards by the EU's equivocation.

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