



Federation of European Accountants
Fédération des Experts comptables Européens

Annual Review 2 0 0 7



PROFESSIONALISM
COMPETENCE

INTEGRITY

OBJECTIVITY

INDEPENDENCE

CONFIDENTIALITY

1987 FEE 2007

Standing for trust and integrity

CONTENTS

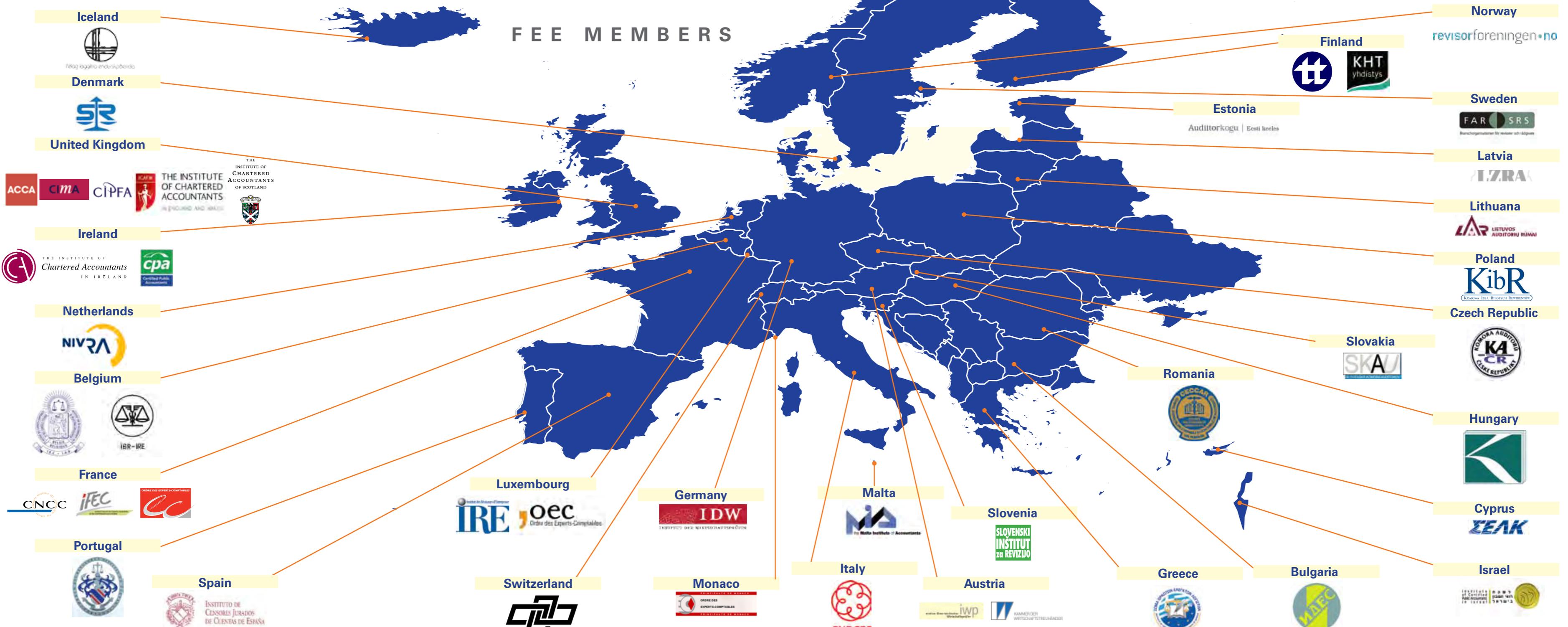
About FEE :

FEE MEMBERS	2
FUNDAMENTAL VALUES AND PRINCIPLES OF THE ACCOUNTANCY PROFESSION	4
SOME ACTIVITIES OF THE ACCOUNTANCY PROFESSION	6
INTRODUCING FEE	8
GOVERNANCE	9
GENERAL ASSEMBLY	10
COUNCIL	11
EXECUTIVE	12
FEE SECRETARIAT	13
WORKING PARTIES	14

Activity Report :

MESSAGE FROM THE PRESIDENT	16
MESSAGE FROM THE CEO	17
EVENTS	18
PUBLICATIONS	19
FINANCIAL INFORMATION	20
Financial Reporting.....	22
Capital Markets	23
Accounting.....	24
Banks	25
Insurance	26
Auditing.....	27
Taxation	29
Public Sector.....	30
SME/SMP.....	31
Company Law and Corporate Governance.....	32
Ethics	33
Qualification and Market Access	34
Sustainability Policy Group and Sustainability Working Party	35

FEE MEMBERS



FUNDAMENTAL VALUES AND PRINCIPLES OF THE ACCOUNTANCY PROFESSION

▲ Integrity

“Being straightforward and honest in professional and business relationships; fair dealing and truthfulness; not being associated with information that contains materially false or misleading statement or information furnished recklessly.”

▲ Objectivity

“Not allowing bias, conflict of interest or undue influence of others to compromise or override professional or business judgements, and therefore avoiding situations that lead to impairing objectivity.”

▲ Independence

“In assurance engagements, requirement for members of assurance teams and, when applicable, network firms, to be independent of their assurance clients; independence of mind and appearance that allows acting with integrity, exercising objectivity and professional scepticism.”

▲ Professional Behaviour

“Duty to comply with relevant laws and regulations and avoid any action that may bring discredit on the profession; not bringing the profession into disrepute through exaggerated marketing or self-promotion, or disparaging references to work of others.”

▲ Competence and Due Care

“Ensuring professional services based on current developments in practice, legislation and techniques; acting diligently, in accordance with applicable standards; continuing duty to maintain professional knowledge and skills.”

▲ Confidentiality

“Duty not to disclose information acquired as a result of professional or business relationships to third parties without proper and specific authority; not using such information for personal advantage or that of third parties.”

Source: Handbook of International Auditing, Assurance, and Ethics Pronouncements, 2008.
International Federation of Accountants, New York, NY, 10017, USA

SOME ACTIVITIES OF THE ACCOUNTANCY PROFESSION

Activities of qualified accountants in public practice, business and government are increasingly varied. They include well known activities such as preparation of financial information, tax services, statutory audit, as well as many innovative services in the areas of sustainability, strategy and management consultancy. They provide value to entrepreneurs, large and small corporations, shareholders, governments, administrations and other public sector organisations, non-governmental organisations and charities. In this last instance, accountants also work pro bono in line with their commitment to the public interest.

Today's globalised market economy cannot perform on the basis of poor or partial information. Trade and prosperity grow on transparency, reliability and trust: accounting and auditing are cost efficient ways of providing the foundations of a thriving economy.

The services provided by accountants help foster entrepreneurship, facilitate jobs and wealth creation and contribute to improving corporate governance and development. When providing services, qualified accountants work in their clients' and stakeholders' best interests, as well as in the public interest in accordance with the values of the profession.



Audit and other assurance services:

statutory audit of historical financial statements (private and public sector), audit of contributions in kind, voluntary audit, forensic audits, operational audits, reports on internal controls...

Accounting:

maintenance of financial records and preparation of financial information, consulting on accounting procedures, design and implementation of accounting systems and related internal controls ...

Tax:

preparing tax returns, evaluating the tax implications of an operation, assistance in negotiations with the taxation authorities and in courts...

Financial services:

business valuation, financial due diligence, investment analysis, financial planning, debt restructuring and recapitalisation, trusteeship...

Administrative and human resources engagements:

payroll preparation, preparation of employment contracts, relations with social security institutions, recruitment...

Consultancy:

strategy and management, information technology...

Legal Services:

preparation of legal documents, support to the general assembly, advice on company law, regulated insolvency services...

Sustainability:

reporting advice on the provision of reliable information to stakeholders on environmental, social and economic performance of organisations, assurance engagement in relation to sustainability matters...



INTRODUCING FEE

FEE is the "Fédération des Experts comptables Européens" (Federation of European Accountants). It is an international non profit organisation based in Brussels and governed by Belgian Law (AISBL), officially recognised by a Royal Decree of the Belgian King published on 20 January, 1987.

FEE represents 43 professional institutes of accountants and auditors from 32 European countries, including all of the 27 EU Member States.

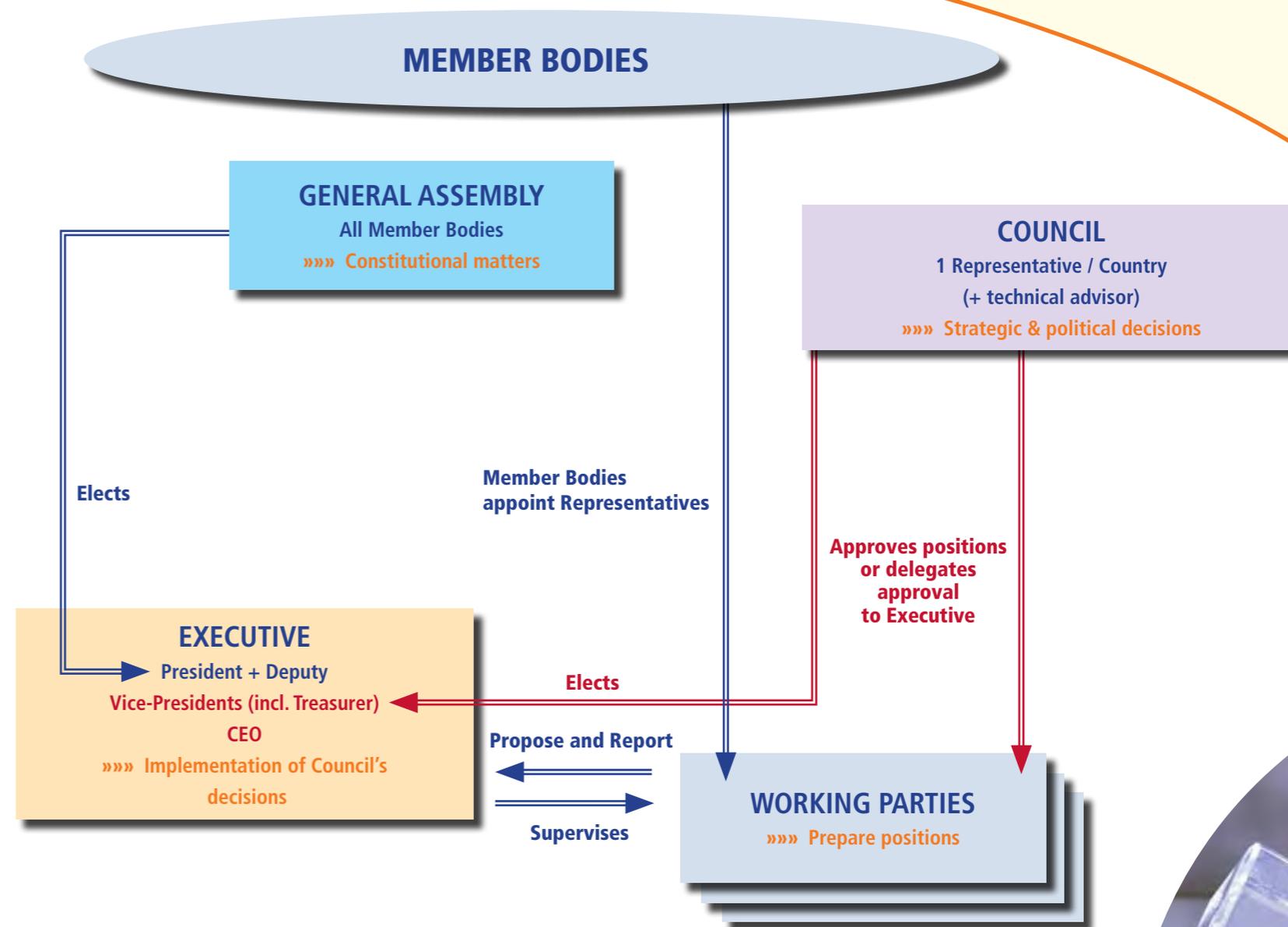
In representing the European accountancy profession, FEE recognises the public interest. It has a combined membership of more than 500.000 qualified accountants, working in different capacities in public practice, small and big firms, government and education, who all contribute to a more efficient, transparent, and sustainable European economy.

FEE represents the European accountancy profession toward the EU institutions and other international organisations. It is a regional organisation, member of IFAC, the International Federation of Accountants.

One of FEE's main objectives is monitoring and contributing to professional, regulatory and public policy developments relating to its fields of interest and expertise. It coordinates cooperation between its Member Bodies, ensures their timely information and offers leadership in representing the profession.

For the past 20 years FEE has supported progress and constant adaptation of the profession to an ever rapidly changing world, while continuously promoting the fundamental values of the profession – integrity, objectivity, independence, professionalism, competence and confidentiality. Over these years, qualified accountants are proud to have contributed to making the Internal Market a reality for consumers and business, both for the listed entities and for millions of small and medium sized enterprises that qualified accountants assist daily.

This day-to-day involvement of practitioners in fieldwork also nurtures the feedback that FEE provides to European policymakers through a constructive dialogue, thus contributing to making policies more efficient and practicable. FEE will continue to represent qualified accountants from all European countries, all sectors and all firms, and help them cooperate, reflect and innovate to fulfil market needs and serve the public interest.



GENERAL ASSEMBLY

The General Assembly consists of all the Member Bodies of the Federation. It adopts decisions on constitutional matters, membership or issues referred to it by Council, elects the President and Deputy President, approves the level of expenditures and annual accounts.

The General Assembly receives the report of the Council presented by the President and the report of the Treasurer during its biennial meeting. The last General Assembly having been held in December 2006, the next one will take place on 18 December 2008.



Above, FEE General Assembly; Bottom left, from left to right: Jacques Potdevin, FEE Deputy President at the time, Olivier Boutellis-Taft, CEO, David Devlin, President, Charlie McCreevy, European Commissioner, Fermin Del Valle, IFAC President, Ian Ball IFAC CEO; bottom right: Charlie McCreevy addresses the Assembly.

COUNCIL

FEE is managed by a Council which consists of one representative appointed by each country of which at least one professional body is an ordinary member of the Federation. The Council usually holds four meetings a year during which strategic decisions are adopted, in principle, by simple majority; in practice however, the Federation manages to operate on a consensual basis.

The Council makes recommendations on constitutional matters, membership and expenditure; it adopts internal rules and appoints Vice-Presidents. It is alone authorised to formulate the positions of the Federation and delegates the implementation and practical application of these positions to the Executive. It approves all official FEE positions and documents and decides the creation or dissolution of Working Parties.



The FEE Council in 2007

EXECUTIVE

The Executive is composed of the President, the Deputy President (both elected for a two-year term by the General Assembly), Vice-Presidents (elected by the Council) and the Chief Executive Officer who is a statutory member of the Executive.

The Executive is responsible for the implementation of the decisions taken by the Council as well as for the day-to-day management of FEE. It may take all necessary action to implement and apply Council decisions, including approval of FEE positions within the scope of Council's delegation. It also prepares the Council's agenda, the FEE budget and annual accounts, and the annual action plan. The Executive usually meets on a monthly basis.

The Chief Executive is placed under the authority of the Council. He is responsible for developing, promoting and managing the Federation. He assists the Council in achieving its strategy, provides advice and support to the President, the Council and the General Assembly.

Except for specific delegations of powers, the Federation is validly represented in legal matters and vis-à-vis third parties by the Chief Executive or by the President. The President decides on the extent of the CEO's powers in financial matters.



Jacques Potdevin
President



Hans van Damme
Deputy President



José Maria Bové
Vice-President



Torben Haaning
Vice-President



Philip Johnson
Vice-President



André Killesse
Vice-President



Klaus-Günter Klein
Vice-President



Petr Kriz
*Vice-President
Treasurer*



Stefano Marchese
Vice-President



Oliver Boutellis-Taft
Chief Executive

FEE SECRETARIAT

FEE's output and achievements would never be possible without the Secretariat. The Secretariat is composed of a team of 13, representing 10 European nationalities and covering all relevant fields of expertise such as financial and business reporting, auditing and practice regulation, corporate governance, sustainability, taxation and European public affairs.

The team carries out the diverse day-to-day work of FEE. It supports and advises the governing bodies of FEE, services and administers the activities of the Working Parties, conducts research activities, monitors developments. The Secretariat represents FEE at meetings, conferences and hearings and contributes to the development and enhancement of contacts with its various stakeholders.



Oliver Boutellis-Taft
Chief Executive
Henri Oliver
Secretary General



Saskia Slomp
Technical Director



Hilde Blomme
*Director of Practice
Regulation*



Corinne Soubies
Project Manager



Leyre Fuertes
Project Manager



Petra Weymüller
Project Manager



Natacha Rajakovic
*Communication
and Public Affairs
Manager*



Sabine Leurart
Office Manager



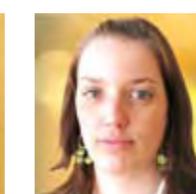
Sylvie Romancide
Project Officer



Loraine Diamond
Logistics Officer



Stephanie Haesbrouck
Project Officer



Madlen Brauer
Project Officer



Ana Tavares
*Administrative
Assistant*

WORKING PARTIES

Working Parties are essential to maintain the robust link enjoyed by FEE with practitioners from all areas of practice across Europe and enhance cooperation amongst Member Bodies. Thanks to the involvement of over 1500 volunteers from 32 countries FEE work and views are deeply rooted in the realities of European citizens and markets.

Working Parties provide FEE Governing Bodies with feedback from the field, they usually prepare the Council's positions and may propose actions in this respect. They are set up by Council and act under Executive's guidance and supervision. Some of the working parties continue their activities over a long period due to the characteristic of the subject matter. Member Bodies are encouraged to appoint competent, active and available representatives to the Working Parties



Hans van Damme

Financial Reporting Policy Group
page 22



Jan Buisman

Capital Markets
page 23



Mireille Berthelot

Accounting
page 24



Petr Kriz

Banks
page 25



Gerd Geib

Insurance
page 26



Philip Johnson

Auditing
page 27



Stefano Marchese

Direct Tax
page 29



Stephen Dale

Indirect Tax
page 29



Caroline Mawhood

Public Sector
page 30



José Maria Bové

SME/SMP
page 31



Erich Kandler

Company Law and Corporate Governance
page 32



Michael Niehues

Ethics
page 33



André Killesse

Qualification and Market Access
page 34



Paul Druckman

Sustainability Policy Group
page 35



Nancy Kamp

Sustainability
page 35



MESSAGE OF THE PRESIDENT, Jacques Potdevin

2007 was a year of key achievements with a significant step forward in the recognition of IFRS as the global accounting standards and the United States decision to exempt foreign issuers preparing financial statements in accordance with IFRS, from preparing a reconciliation statement with US-GAAP. This is a major accomplishment for Europe with the full support of FEE.

Against this new background, **it is important to enhance the position and influence of the European Financial Reporting Advisory Group (EFRAG)** as the voice of Europe on the global scene. FEE, together with its public and private partners, will continue to work on improving cooperation of all European stakeholders within EFRAG.

In 2007, **simplification also provided us with another example of what I would call the 'regulatory paradox'**. Crises usually end up in governments adding restrictive regulation to ensure "this never happens again". Proper balance in regulation is always a challenge. A reactive approach to public policymaking increases compliance costs and has a negative impact on entrepreneurship, as well as 'intrapreneurship'. In turn, voices (often the same) soon argue for simplification.

In 1978, harmonising financial reporting was viewed as the cornerstone of the internal market, a step forward in good management and better understanding between trading partners in the EU. Additional requirements were added to answer specific issues concerning governance, risk management, related parties' transactions, etc. **Today, the need to simplify has become critical and should be approached through a robust and sound methodology, based on factual evidence and stakeholders' experience.** However, some prefer launching anathema on burdensome regulations they created and set artificial reduction targets of 25% that they claim to attain through quick fixes. They advocate relaxing publication requirements and higher thresholds for exempting companies from rules that were designed to protect the public interest and foster the internal market. Are transparency, sound accounting and smaller companies no longer useful for the internal market?

In most Member States, **the transposition of the statutory audit Directive was and is a key focus** requiring new provisions in many domains including standards, oversights and education. The cost of compliance will be heavy and it is not surprising that certain associations of smaller audit firms seriously consider avoiding falling under the network definition. Certain Member States see some professional firms leaving the audit market. **Impact on audit quality, choice on the audit market and the sustainability of the profession should always be taken into account.**

Impact assessment is the appropriate answer to strike the right balance. However, high quality and neutral cost-benefit analysis are difficult to perform under heavy political pressure. It is therefore important that FEE and its Member Bodies proactively contribute to informing the decision making process. This constituted a substantial and reasonably successful part of our work in 2007.

As shown by this report, FEE's focus on financial reporting and auditing, in particular the very successful Conference on Audit Regulation and the publication of a major paper "Selected Issues Relating to Financial Statement Audits", **did not reduce our activities in areas such as ethics, sustainability, taxation, company law and corporate governance.** I would also like to emphasise our paper on "Internal Market for Services and the Accountancy Profession – Qualification and Recognition" and the publication of the discussion paper "Compliance with Laws and Regulations: Audits and Assurance Engagements in the Public Sector", launched by Commission Vice-President Siim Kallas in FEE offices.

I cannot forget the events co-organised with our Member Bodies: the SME/SMP Congress with NIVRA and NOvAA, and the two FEE Leaders' events with IDW and with ACCA. Such opportunities demonstrate that beyond the diversity of situations **we are united in responding to common challenges.**



MESSAGE FROM THE CEO, Olivier Boutellis-Taft

After slightly more than one year as the CEO of FEE, the feeling is one of overwhelming appreciation and enthusiasm. Appreciation for the support of the Executive and the trust of the Council, as well as for the welcome of the Team working for FEE whom I commend for its outstanding performance, both in terms of output and quality. Enthusiasm, because this year's work has borne fruit across many areas and because **I am convinced that the future holds many opportunities for the accountancy profession.**

The pace of change has accelerated; free markets now dominate the world economy. Greater freedom has increased innovation, opportunities – and complexity. Globalisation has stepped up, pressing policymakers around the world to cooperate on regulatory matters while enhancing their respective competitiveness. Stakeholders have imposed their agenda on companies and governments. As a result, **the demand for transparency, reliability and business ethics has never been greater.**

All this is good news for the accountancy profession whose raison d'être is to respond to such demands. However, this optimism does not minimise the challenges, as no opportunity is ever fulfilled without work.

The 2007 EU-US Summit and the activity in the European Parliament illustrate the importance of **accounting matters that are now being addressed at the highest political level.** We are convinced that the contribution made by FEE helps ensure that accounting standards and audit regulation, to take just two topical examples, are not hijacked for purely political purposes or are discussed with an insufficient understanding of the complex technical matters at stake and their far reaching consequences, often impacting on the public interest.

Regulatory cooperation and convergence of standards will undoubtedly remain high on the agenda. Europe has paved the way for global accounting standards; it must now take the lead for international standards in auditing and prevent its Member States from further fragmenting the audit market with uncoordinated or diverging ethical standards.

While the internal market is often too quickly taken for granted, accountants in business know all too well the remaining barriers they face daily, notably in taxation, but also due to poor implementation of EU legislation by the Member States and their tendency to add excessive requirements. SMEs are the first victims of diverging or uncoordinated national approaches which exclude them from the internal market. On the other hand, **accountants in public practice are still subject to fragmented jurisdiction-specific regulatory frameworks** and nonetheless have to serve internationally integrated business and global stakeholders. More work is needed on these fronts.

At the turn of the century, **some claimed IT developments and the challenges of sustainability were over hyped; it is now clear that they were under hyped.** It is time to take full account of the far reaching consequences of the spread of the knowledge-based economy and of the sustainability challenge. The potential of technologies, such as XBRL to reduce administrative requirements, will have to be better exploited and their impact in the areas of financial reporting and assurance better assessed. The relevance of regulatory approaches based on concepts such as size and location (which matter less and less) will have to be reconsidered.

To succeed in this ever changing environment, FEE has to continue federating all Member Bodies from East to West and North to South, and from all segments of the profession, large and small firms, business and public sector. It has to continue to inform policymakers with high-quality technical analysis and robust factual research and engage in a broader dialogue with all stakeholders now that today's debate has reached the high level political stage. **Beyond demonstrating the value added by the profession, FEE must help it review its value proposition and innovate.** We have been very busy doing so and I am confident we are on the right track.



Events

- 1 Launching of Discussion Paper "Compliance with Laws and Regulations: Audits and Assurance Engagements in the Public Sector", 6 December 2007 with Vice-President of the European Commission in charge of Administration, Audit and Anti-fraud Siim Kallas
- 2, 3, 4, 5 FEE Audit Regulation Conference, 27 November 2007
 - PCAOB Chairman Mark Olson, FEE President Jacques Potdevin and European Commissioner for the Internal Market and Services Charlie McGreevy
 - FEE Vice President and Chairman of the Auditing Working Party, Philip Johnson
 - EC Director DG Internal Market Pierre Delsaux, Vice-President of the Swiss Oversight Body Thomas Rufer, and KPMG LLP UK Technical Audit Partner Myles Thompson
 - FEE President Jacques Potdevin opening the Conference
- 6,7,8 FEE 20th Anniversary Celebration, 11 December 2007
 - Former FEE President David Devlin, FEE President Jacques Potdevin and former IFAC President René Ricol
 - Former FEE Presidents Hélène Bon and Edouard Salustro
 - Former FEE President David Devlin, Managing Director of the Institute of the State Authorized Public Accountants of Denmark Uffe Conrad, UK Assistant Auditor General Caroline Mawhood and FEE Director Hilde Blomme
- 9,10 NIVRA NOvAA FEE SME/SMP Congress, 6 - 7 September 2007
 - Plenary Session
 - Chairman of Royal association MKB Netherlands Loek Hermans, FEE President Jacques Potdevin and EC Director DG Internal Market Pierre Delsaux
- 11 International SKAU Conference in the Slovak Republic, 17 September 2007
 - Milan Poloncák of the Slovak Chamber of Auditors (SKAU), SKAU President Ivan Bošela, FEE President Jacques Potdevin, Ms. Viera Laszová and Ms. Anna Baštinová,
- 12 FEE Leaders Forum ACCA, 1 June 2007, FEE CEO Olivier Boutellis-Taft, ACCA President Gillian Ball and ACCA Chief Executive Allan Blewit

Publications

- Position Paper "Selected Issues Relating to Financial Statement Audits – Inherent Limitations, Reasonable Assurance, Professional Judgment and its Documentation, and Enforceability of Auditing Standards" (unabridged and abridged versions)
- Position paper "Quality Assurance Arrangements Across Europe"
- Position Paper "Survey on the Interest and Royalties Directive and its Implementation"
- Discussion Paper "Continuous Professional Education in the European Accountancy Profession - A Survey of Current Practices"
- Discussion Paper "Compliance with Laws and Regulations: Audits and Assurance Engagements in the Public Sector"
- Position Paper "Accrual Accounting in the Public Sector"
- Discussion paper "Alternatives to Capital Maintenance Regimes"
- Survey on the Network Firm Definitions Across Europe
- Internal Market for Services and the Accountancy Profession: Qualifications and Recognition

In addition, FEE published 80 comment letters relating to a wide variety of issues within its domains of expertise as well as 14 press releases.

FINANCIAL INFORMATION

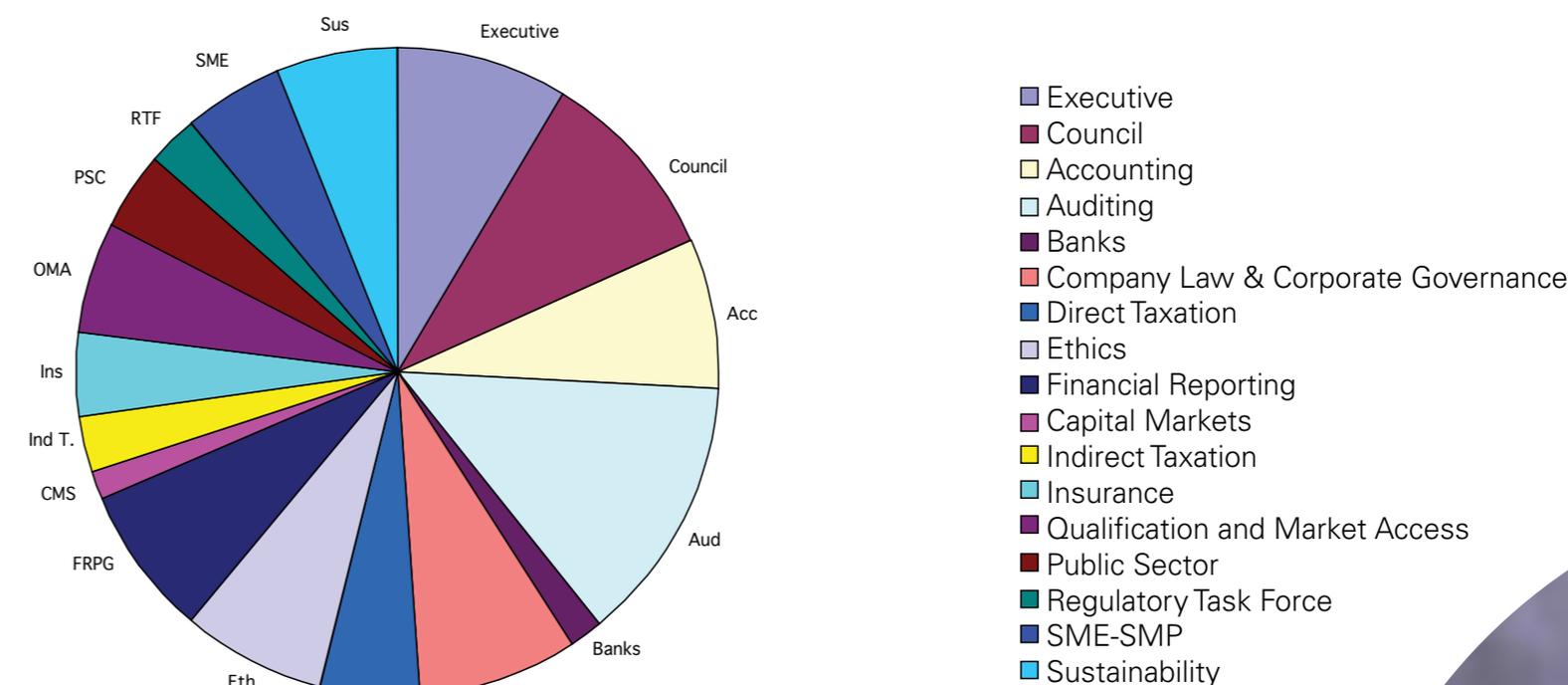
Income and Expenditures for the year ended 31/12/2007 (Euros)

ACTIVITIES	2007	2006
INCOME		
Member body contributions	2.739.603	2.445.910
Contributions received on behalf of EFRAG	450.000	300.000
Publications (sales)	796	1.254
Royalties and other income	16.174	7.619
Total income	3.206.573	2.754.783
EXPENDITURES		
Personnel costs	1.803.610	1.625.013
Office occupancy	227.945	236.268
Communications	49.538	46.427
Office supplies	19.652	26.654
Office maintenance	27.247	26.439
Library and subscriptions	9.002	6.901
Hospitality	88.513	87.532
20 th Anniversary of FEE	31.321	0
Travel and subsistence	173.990	147.206
Contributions to other organisations	34.062	32.079
Contribution to EFRAG	450.000	300.000
Equipment rental and maintenance	46.855	35.060
Publications	40.643	43.049
Other expenses	77.116	92.946
Total cash expenditures	3.079.494	2.705.574
Results from Activities	127.079	49.209
Financial results	51.352	24.404
Non cash expenditures	-94.832	-79.789
Results of the year	83.599	- 6.176

The auditor, TCLM, represented by Mr. Jean-François Cats, delivered an unmodified report on the annual accounts.

The full version of the annual accounts and the auditor's report are made available separately to the Member Bodies.

Number of Hours dedicated to FEE by Representatives in Working Parties



The volunteers from our different Member Bodies spent a total of more than 8.000 hours working in FEE. Estimated at an average of 200 €/hour, this would mean a total value of more than € 1.600.000.

Financial Reporting Policy Group

Chair: Hans van Damme

With recent developments, including the dropping of the reconciliation statement between International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles in the United States (US GAAP), Europe is facing a new financial reporting environment which is even more globally oriented. Reflection is needed on the European financial reporting structure in order to achieve sufficient influence with the International Accounting Standards Board (IASB) at an early stage and to provide a counterbalance to the United States. This can only be achieved with a greater emphasis on proactive work. The European Commission (EC), the European Financial Reporting Advisory Group (EFRAG) and the National Standard Setters are hence considering the enhancement of EFRAG in order to meet these needs. The Financial Reporting Policy Group monitors and discusses these issues in order to provide input to the EFRAG Supervisory Board and EFRAG Enhancement Task Force. In addition, the Group contributes to the work of the Committee of European Securities Regulators (CESR).

The Group coordinates FEE work in the financial reporting area, including coordination between the Accounting, Insurance and Banks, as well as the Company Law and Corporate Governance Working Parties and the Capital Markets Group by participation of their Chairs in the FRPG. The Group provides support to FEE representatives on EFRAG Supervisory Board. In 2006, a separate Capital Markets Group was established.

Key achievements in 2007 included:

- Coordination and creation of the FEE reaction on the EC Simplification project and the EC Consultative Communication on Simplification of company law, audit and accounting;
- Coordination and communication of FEE reaction on the IASB Exposure Draft on the proposed IFRS for SMEs. This included the FEE contribution to the joint EFRAG/FEE Group on IFRS for SMEs, through which FEE has directly influenced the contents of the draft EFRAG letter to the IASB;
- Coordination of FEE positions on issues such as the IASB Discussion Paper on Fair Value Measurement, the IASB Discussion Paper on Preliminary Views on Insurance Contracts, the EC impact study on IFRS 8 (Operating Segments), and issues related to the IAS 39 (Financial Instruments: Recognition and Measurement), IASB Exposure Draft and Carve-Out;
- Reflecting on and contributing to developments on the international and European financial reporting scene, including: commenting on the Securities Exchange Commission (SEC) proposed rule on Acceptance of Foreign Private Issuers of Financial Statements, prepared in accordance with IFRS without reconciliation to US GAAP and contribution to EC comments; commenting on SEC concept release on allowing US Issuers to prepare financial statements in accordance with IFRS and contributing to the IFRS branding debate with a survey on IFRS branding to be published in 2008;
- EC Roundtable on Consistent Application of IFRS within the EU: contributions on various issues, including the development of more detailed papers such as for example on IFRIC Rejection Notes and on Regulatory Liabilities;
- Contacts with IASB and IASCF: Participation of Gilbert Gélard, IASB member, in the June FRPG meeting. The Third European Coordination meeting with IASCF Trustees was held in January 2008.

Capital Markets Group

Chair: Jan Buisman

The Capital Markets Group addresses issues arising from capital markets legislation, including enforcement issues in the areas of financial reporting and prospectuses. In addition to producing its own publications and studies, the Group is active in the European debate, representing the European accountancy profession in the dialogue with regulators. It contributes to the legislation, guidance and other measures related to the Prospectus Directive (concerning documentation mandatory for any listed company that provides details about an investment offering to the public and that an investor needs to make an informed investment decision). This of course includes the Regulation applicable since 1 July 2005, and the development of the relevant auditing and assurance standards. The Group works under the umbrella of the Financial Reporting Policy Group.

European Commission (EC) and Committee of European Securities Regulators (CESR) activities were the key focus areas of the Group in 2007, and it was successful in convincing these organisations that additional guidance for complex financial histories was needed.

The Group continued working on the Prospectus and Transparency Directives, providing comments on and attending CESR consultations. A survey was developed to follow up the work of Member Bodies on audit guidance and comfort letters. In addition, the Group provided input to the Auditing Working Party on ISAs and the Financial Reporting Policy Group.

Accounting Working Party

Chair: Mireille Berthelot

The Working Party deals with financial reporting related issues with a focus on accounting. It contributes to the work of the European Financial Reporting Advisory Group (EFRAG), the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) with its comment letters on all relevant IASB pronouncements and related EFRAG comment letters. The Working Party also works on issues relating to the Accounting Directives, the IAS Regulation and the European Commission (EC) Simplification Project.

In 2007, the Working Party's activities included a detailed discussions on all IASB Discussion Papers and Exposure Drafts published in 2007, all draft interpretations issued by IFRIC during the year, all the related EFRAG draft comment letters and all Pro-active Accounting Activities in Europe (PAAinE) discussion papers published, resulting in the preparation of FEE comment letters to EFRAG, the IASB and to IFRIC. The Working Party also contributed to the EC endorsement process by providing EFRAG with comment letters on their draft endorsement advice letters. In addition, it was actively involved in the impact assessment of IFRS 8 carried out at the request of the EC in 2007 and made a significant contribution to other Working Parties or to the IASB and EC projects in 2007, including the EC Project on Simplification.

Key achievements in 2007 included:

- Leading contribution to FEE comment letters to EFRAG, the IASB and IFRIC, as a result of detailed discussions on all papers published in 2007. Main topics included the Conceptual Framework, Fair Value Measurements, PAAinE projects and IASB Exposure Drafts on various pronouncements (for instance on Joint Arrangements) and the proposed amendments to existing IFRS such as IFRS 1 first-time adoption of IFRS, IAS 24 Related Party Disclosures, IAS 39 Financial Instruments and on improvements to IFRS. The main work on IFRIC draft interpretations related to IFRIC D21 Real Estate Sales and IFRIC D22 Hedges of Net Investment in a Foreign Operation;
- Actively contributing to comment letters on topics geared by other Working Parties or jointly managed with other Working Parties, for example the IASB Discussion Paper on Insurance Contracts and the proposed Exposure Draft IFRS for SMEs;
- Providing advice on EC endorsement issues. Main topics included the adoption of IAS 23 Borrowing Costs, IFRIC 12 Service Concessions Arrangements, IFRS 8 Operating Segments, IFRIC 14 on IAS 19 Employee Benefits, IFRIC 13 on Customer Loyalty Programmes and of IAS 1 Presentation of Financial Statements;
- The Chair represented FEE in the IASB roundtables on measurement and provisions.

Banks Working Party

Chair: Petr Kriz

The Working Party deals with banking issues with a focus on accounting, supervisory and auditing aspects affecting the banking sector. It monitors and provides input to the work of the Committee of European Banking Supervisors (CEBS) in relation to the implementation of the proposed Capital Requirements Directive and the work of the Basel Committee on Basel II.

In 2007, the Working Party's activities included detailed discussions on relevant International Accounting Standards Board (IASB) Discussion Papers and Exposure Drafts published in 2007, as well as on the related European Financial Reporting Advisory Board (EFRAG) draft comment letters issued.

Key achievements in 2007 included:

- FEE's comment letters to EFRAG, the International Accounting Standards Board (IASB) and to International Financial Reporting Interpretations Committee (IFRIC), as a result of detailed discussions on relevant IASB Discussion Papers and Exposure Drafts published in 2007, such as the various pronouncements in relation to IAS 39, Fair value, Insurance Contracts and Improvements and on the related EFRAG draft comment letters issued;
- Contribution to the terms of reference for the process of auditing compliance with the Third Party Code of Conduct (Code of Conduct on Clearing and Settlement);
- Continued co-operation with the European Banking Federation (EBF), including monitoring and discussion of the IAS 39 carve-out removal possibilities and started a dialogue with the CEBS;
- Actively contributed to comment letters on topics geared by other Working Parties or jointly managed with other Working Parties, for example the IASB Discussion Paper on Fair Value Measurement, the Exposure Draft on IAS 39 regarding partial hedging, the Pro-active Accounting Activities in Europe (PAAinE) Discussion Paper 3 on Revenue Recognition, the IASB Exposure Draft on Proposed Improvements to International Financial Reporting Standards and the IASB Discussion Paper on Insurance Contracts.

Insurance Working Party

Chair: Gerd Geib

The Working Party deals with insurance issues with a focus on accounting, supervisory and auditing aspects affecting the insurance sector. It monitors and provides input to the development of the European Commission (EC) reform of the supervisory system ("Solvency II") through contacts with the EC and with the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS).

Key achievements in 2007 included:

- IASB project on Insurance Contracts Phase II: with its project on Insurance Contracts Phase II, the IASB is aiming at a comprehensive standard on accounting for insurance contracts. In May 2007, the IASB issued a Discussion Paper summarising the preliminary views developed over the last couple of years. The Insurance Working Party examined the Discussion Paper and the relating EFRAG Draft Comment Letter, also considering the developments in other related projects, for example Revenue Recognition and Framework. The Working Party developed comment letters to the IASB and the European Financial Reporting Advisory group (EFRAG) on the IASB Discussion Paper on Insurance Contracts, and contributed to several of the other FEE comment letters in areas of relevance to the insurance sector;
- Solvency II: Another project of importance for the insurance industry is the reform of the supervisory system ("Solvency II"). Highlights in this respect have been the realisation of the Quantitative Impact Study ("QIS") 3 by CEIOPS and the publication of a draft Framework-Directive. The Working Party continued to follow closely these developments and participated actively in both official and unofficial hearings and meetings;
- The Working Party actively contributed to comment letters on topics geared by other Working Parties, for example the IASB Discussion Paper on Fair Value Measurement, the Pro-active Accounting Activities in Europe (PAAinE) Discussion Paper 3 on Revenue Recognition and the IASB Exposure Draft on Proposed Improvements to International Financial Reporting Standards.

Auditing Working Party

Chair: Philip Johnson

The Working Party addresses policy issues arising from developments in auditing and assurance. In addition to producing its own publications and studies, the Working Party is an active participant in the global dialogue with the International Auditing and Assurance Standards Board (IAASB) on International Standards on Auditing (ISAs) and other assurance standards, contributing to the ongoing development of the global auditing and assurance standards and to the relevant initiatives at European level.

2007 has been a year of hard work to react to the International Auditing and Assurance Standards Board (IAASB) Clarity Project of its International Standards on Auditing (ISA's).

Other key activities in 2007 included:

- Providing input to the European Commission (EC) in relation to all the projects undertaken by the Auditing Unit of DG Internal Market and Services and the wider debate related to auditing.
- Participating in guest capacity in the meetings of the EC European Group of Auditor Oversight Bodies (EGAOB) and making presentations on the issues related to financial statement audits and quality assurance.
- Working on the development of an EC Recommendation on external quality assurance for statutory auditors and audit firms auditing public interest entities, which is workable in all EU Member States.
- Facilitating two meetings of the European Auditing Standard Setters, offering the opportunity to enter into a dialogue with the IAASB, the EC and other interested stakeholders like the Committee of European Securities Regulators (CESR) on audit related topics.
- Hosting a second high level Conference in Brussels on 27 November 2007, which addressed key issues in audit regulation in the EU and the cooperation with third countries in this respect. FEE was delighted to welcome contributions from Commissioner McCreevy and US Public Company Accounting Oversight Board (PCAOB) Chairman Mark Olson. The Conference offered an opportunity to start a dialogue with the PCAOB on the implementation of Rule 4012 on the inspection of registered public accounting firms outside of the US, on which the PCAOB subsequently issued a policy statement.

A substantial amount of FEE work in the area of auditing is performed through Groups of experts within the Working Party. The action plans of the Groups on IAASB Exposure Drafts, on Audit Certificates and on Inherent Limitations are prepared and discussed separately. However, the FEE Auditing Working Party is involved in the work of these Groups by providing direction and comments to and monitoring, supervising, and approving of their activities and output.

These Groups are:

- Auditing Group on IAASB Exposure Drafts.
- Auditing Group on Inherent Limitations of an Audit.
- Auditing Group on Quality Assurance.
- Auditing Group on Audit Certificates (together with the FEE Public Sector Working Party).
- Auditing Group on Reporting on Internal Control.
- Auditing Group on (Anti) Money Laundering.
- Group on Assurance on Corporate Governance Statements (together with the FEE Company Law and Corporate Governance Working Party).

Auditing Group on IAASB Exposure Drafts

The work of this Group is largely dictated by the activities and timing of the International Auditing and Assurance Standards Board (IAASB) and the related Consultative Advisory Group (CAG) meetings, and by the issuance of IAASB Exposure Drafts on redrafted and/or revised International Standards on Auditing (ISAs) and other assurance standards. Redrafted ISAs are ISAs which undergo a rewrite as part of the IAASB Clarity Project. Revised ISAs are ISAs which are fundamentally altered to better reflect current audit practice and conformed to the Clarity approach.

In 2007, FEE commented on all 24 IAASB Exposure Drafts (including the IAASB 2009-2011 Strategy), which meant commenting on 13 redrafted ISAs and one International Standard on Quality Control (ISQCs) and on 9 revised and redrafted ISAs, an unprecedented level of activity. It also included commenting on ISA 200, the overarching standard to conduct an ISA audit.

These 24 comment letters are not only submitted to the IAASB as the FEE response to its Clarity Project consultations, but also form the basis for other activities of the Auditing Working Party for:

- participation in the three IAASB Consultative Advisory Group meetings of 2007, contributing to the development of truly international auditing standards in the widest public interest;
- active contributions to the EC ISA Subgroup of the EGAOB, which provides input to the EC for its representation and comments to the IAASB in relation to the Clarity Project.

Auditing Group on Inherent Limitations of an Audit

The Group drafted two papers, a full one and an abridged one, on "Selected Issues Relating to Financial Statement Audits – Inherent Limitations, Reasonable Assurance, Professional Judgment and its Documentation and Enforceability of Auditing Standards", aimed at helping regulators, users, preparers and other stakeholders to understand some of the concepts which form the basis of an audit.

This is particularly important as the Statutory Audit Directive required that the EC moves towards the adoption of ISAs, which demand auditors to obtain reasonable assurance as the basis for their opinions. Such assurance cannot be specified in any quantitative sense by standards, but is a matter of professional judgement. Following discussions with the EC Services, explaining the meaning of the phrase 'inherent limitations of an audit', whether the application of professional judgement is one of these inherent limitations or a strength of the audit process and whether the application of professional judgement prevents effective regulation of audits, was therefore of vital importance.

Group on Audit Certificates

The Group's main objective is to provide guidance to the European Commission Directorates General (DGs) (DG Research, DG Information Society and Media, DG Energy and transport, DG Enterprise and Industry and DG Budget) in relation to the auditor's involvement with European Commission grant claims under the Seventh Framework Programme (FP7). It should be noted that FP7 is a seven-year programme, starting in 2008, under which 50 billion Euro will be distributed in grants, every Euro of which has to form the basis of some sort of auditor's 'certification'.

The Group comprises representatives of the FEE Auditing Working Party and Public Sector Committee, as well as specialists on the subject from institutes and audit firms.

Key achievements in 2007 included:

- Providing comments to the EC on its proposed Terms of Reference for auditors' agreed-upon procedures engagements in respect of FP7 grant beneficiaries' statements on cost-allocation methodology and cost-reimbursement statements;
- Contacts with the European Commission (DG Budget, DG Research and/or Information Society and Media);
- Preparation of FEE comments following the EC's publication of its final Terms of Reference, on some remaining issues in relation to the auditor's duty of care and related liability and access by the EC Court of Auditors to auditors' working papers;
- Exchange of views with the EC on a draft Glossary of Terms and on draft Guidance Notes on the performance of agreed-upon procedures engagements in respect of FP7 cost-allocation methodology and cost-reimbursement statements.

Taxation

In a number of countries, accountants provide taxation services to their clients. FEE, therefore needs to closely follow developments in all tax legislation across Europe. In addition, Value Added Tax is an EU tax and has a significant impact on financial reporting used by Administrations in their review of the collection and control of the tax. Indirect taxation issues are, as a consequence, also closely monitored by FEE. Two Working Parties are in charge of these topics.

Direct Taxation Working Party

Chair: Stefano Marchese

Indirect Taxation Working Party

Chair: Stephen Dale

The **Direct Tax Working Party** deals with company taxation and other direct tax issues at European and international level. It closely monitors the work of the European Commission and the European Court of Justice (ECJ) and contributes to the debate by developing FEE Comment letters. In 2007, the Direct Taxation Working Party also engaged with the Organisation for Economic Cooperation and Development (OECD).

Key achievements of the Direct Tax Working Party in 2007 included:

- Survey on the Interest and Royalties Directive and its Implementation;
- Comment letter on the OECD Tax Intermediaries Study;
- The fact that the Chairman of the Working Party was required to attend to the Expert Group on the Savings Directive as the only representative of the tax profession is the evidence of the visibility obtained by FEE toward the Commission in the tax field;
- Contributing comments on the Common Consolidated Corporate Tax Base (CCCTB) in meetings of the European Commission's CCCTB Group.

The **Indirect Tax Working Party** deals with EC policy initiatives and pre-empts EU policy changes, analyses ECJ decisions, European legislation impacting national case law, work of the European Parliament, work of Member States' tax administrations and activities of the OECD in the indirect tax field.

Key achievements of the Indirect Tax Working Party in 2007 included:

- Comment Letter on the PricewaterhouseCoopers Study on the Economic Effects of the VAT Exemption for Financial and Insurance Services;
- Regular meetings with EC DG Taxation and Customs Union;
- Preparatory work for FEE's Comment Letter on EC draft proposals; regarding Council Directive regarding the common system of value added tax in insurance and financial matters;
- Participation at FEE SME Congress through a workshop on "Tax compliance" for small businesses;
- Participation in the organisation and presentation at the Romanian Institute Tax Conference in May 2007.

Public Sector Working Party

Chair: Caroline Mawhood

The Working Party addresses notably financial reporting, accounting, auditing and governance issues relevant to public sector accountants, auditors and other stakeholders interested in public sector activities but also more public sector specific issues such as regularity and legality and budgeting. The term "public sector" refers not only to national, regional or local government but also to related government entities. At the international level the Working Party works actively with the International Federation of Accountants (IFAC), the International Public Sector Accounting Standards Board (IPSASB) and with CIGAR (Comparative International Governmental Accounting Research – a network of academics). At the European level, the Working Party works on issues such as accrual accounting, new public management and legality and regularity and will organise a joint conferences with the European Commission (EC) on the subject of accrual accounting.

The Working Party cooperates with the Auditing Working Party in form of a joint Group on Audit Certificates on EC Grants (FP7) and contributes to the Auditing Working Party Group on ISAs. The Auditing Working Party is consulted on papers published by the Working Party which address public sector assurance.

In 2007, the Working Party focused on the increasing involvement of the private sector, private sector standards and private sector auditors in the public sector accounting and public sector assurance provision, trends which concern the move towards accrual accounting but also show an awareness gap on the regularity and legality aspect, typical for the public sector accounting and related assurance. The work of the IPSASB constituted another key driver for the Working Party's activities.

Key achievements in 2007 included:

- Development and publication of a Discussion Paper on "Compliance with Laws and Regulations: Audits and Assurance Engagements in the Public Sector"; organisation of the related launching event with EC Vice-President Siim Kallas and Mike Hathorn, Chairman of the IFAC IPSASB;
- The Working Party has actively contributed to the Group on Audit Certificates on EC Government Grants (FP 7 Group) in the detailed work and notably in the senior contacts with the EC (DG Budget);
- Enhanced contacts with external organisations including the European Commission at the level of the College (Commissioners Kallas and Grybauskaitė) and of the Services (DG Budget, Director and Deputy Director General), the European Court of Auditors, CIGAR - a network of academics interested in cross-national aspects of public sector budgeting, accounting, financial reporting and auditing - and IPSASB;
- Start of project on public corporate governance and accountability;
- Survey on Audit of Financial Statements set up under accrual accounting in the public sector, the results of which are now being compiled.

SME/SMP Working Party

Chair: José Maria Bové

The Working Party addresses issues related to Small and Medium Sized Entities and Small and Medium Sized Practitioners (SMEs and SMPs). It identifies issues of interest and undertakes proactive projects of relevance to SMEs and SMPs. The Working Party organises European Congress for SME/SMP Accountants. It closely monitors the work programme of the European Commission and provides support to SMPs and SMEs by publishing practical information on topical subjects.

The Chairman and members of the WP are very active in participating as speakers in seminars and congresses being organised by Member bodies and other organisations, thus giving a large exposure of FEE activities to different stakeholders.

In 2007, key drivers for the Working Party's activities were the European Commission's agenda, in particular the Simplification Project and the Fifth Roundtable of Bankers and SMEs.

Key achievements in 2007 included:

- The third SME/SMP European Congress 2007, "New Opportunities for SMPs and SMEs: Transparency, Finance and Simplification" in Scheveningen on 6 and 7 September 2007;
- Conducting structured interviews with chief executives or senior staff members of international accounting organisations and practices and turning the results of the interviews in a paper on Transnational Organisations and Practices within the Accountancy Profession to be published beginning of 2008. This is the most extensive study to date on the structure, governance and operational characteristics of 30 leading accountancy organisations operating in Europe;
- Contribution to and participation in the Fifth EC Roundtable between banks and SMEs on Transparency, Mezzanine Finance and Securitisation;
- Participation in the Joint EFRAG/FEE Group on IFRS for SMEs and development of the FEE position on the Exposure Draft IFRS for SMEs and the EC Simplification Project;
- Providing input from a European SME/SMP perspective to the IFAC SMP Committee Rapid Response Teams and to the FEE Auditing Working Party Group on ISAs and other IAASB pronouncements.

Company Law and Corporate Governance Working Party

Chair: Erich Kandler

The Working Party monitors European and international level pronouncements in relation to corporate governance and company law and also seeks to pro-actively influence the debate on current issues in its field by developing discussion papers on company law and governance issues needing to be addressed. It cooperates closely with the Financial Reporting Policy Group, the Accounting Working Party and the SME/SMP Working Party for the FEE reaction on the European Commission (EC) Consultative Communication on Simplification on company law aspects. The Auditing Working Party is represented on the Group on Assurance of Corporate Governance Statements. The Chairman is a member of the Financial Reporting Policy Group.

The Working Party operates the Group on Capital Maintenance, the Group on Assurance of Corporate Governance Statements and a Group on Audit Committees.

In 2007, the key focus of the Working Party was the European Commission agenda, notably amendments to the Fourth and Seventh Directives which introduced a corporate governance statement for listed companies and the related questions about assurance provision, the new Statutory Audit Directive which introduced the requirement for public interest entities to have an audit committee (function), as well as the EC Simplification Project, with emphasis on possible changes to the capital maintenance regime.

Key achievements in 2007 included:

- Finalisation and publication of the Discussion Paper on Alternatives to Capital Maintenance Regimes at the end of September 2007 after extensive work in the Group on Capital Maintenance as well as in the main Working Party. The FEE Discussion Paper was published well in time before the deadline of the EC consultation on simplification and the publication of the study commissioned by the EC on capital maintenance systems. The Discussion Paper aims at delivering a contribution to the debate whether alternatives to the capital maintenance system should be introduced and which alternatives may be considered;
- Reaction on the company law part of the EC Consultative Communication on Simplification, including discussions at several stages with the EC;
- Monitoring of initiatives by the European Corporate Governance Forum, EC Advisory Group of non governmental experts on corporate governance and company law and the European Corporate Governance Institute (ECGI); Regular attendance of conferences organised by the EC Presidency and ECGI and maintaining good working contacts with ECGI and The European Confederation of Directors' Associations EcoDa.

Ethics Working Party

Chair: Michael Niehues

The reform of auditor independence standards has been high on the agenda over the last few years. FEE fully supports a global, principles-based Ethics Code which is composed of independence standards, supplemented by appropriate guidance and, where threats to independence are so high that safeguards cannot reduce them to an acceptable level, restrictions and prohibitions. Such a principle-based ethical code is the only one which can be applied globally in all situations, even when taking into account jurisdiction-specific differences.

The Ethics Working Party addresses policy issues arising from developments in independence and ethics. It actively participates in the global dialogue with the International Ethics Standards Board of Accountants (IESBA) and the International Federation of Accountants (IFAC) by contributing to the ongoing development of the global ethics and independence standards, and to the relevant initiatives at European level.

During 2007, the Working Party commented extensively on the important process of updating of the IFAC Independence Code of Ethics for Professional Accountants and provided continuous input to the IESBA's Exposure Drafts on this issue. It contributed to the work of FEE in relation to the implementation of the Statutory Audit Directive, in order to promote consistent application of those provisions relating to ethics and independence.

Key achievements in 2007 included:

- Submission of two comment letters to IESBA on Exposure Drafts on Section 290 of the Code of Ethics - Independence - Audit Review Engagements and Section 291 of the Code of Ethics - Independence - Other Assurance Engagements. The first letter focused on the substantial tightening of the Code as far as the structure, scope, applicability to public interest entities and non-public interest entities of its independence section is concerned as well as the provision of non-assurance services to audit clients. The second letter commented on the strengthening of the requirements in relation to the provision of internal audit services to audit clients, the relative size of fees and contingent fees;
- Producing a Survey on "Network Firms Definitions Across Europe", regarding the current network firm definitions used in all 27 EU Member States, Norway and Switzerland. The analysis of responses focused on the current differences with the Directive and IFAC Code of Ethics network firm definition and the practical implementation issues encountered;
- Comment Letter to IESBA on Exposure Draft Strategic and Operational Plan 2008-2009. Once the independence standards in the IFAC Code of Ethics are updated, FEE called for a pause both in revising independence standards and issuing new sections in the independence standards, feeling it is important to create a stable platform of a set of up-to-date independence standards in order to ensure consistent and timely implementation. Additionally, FEE indicated that there might be a renewed need to focus on ethical requirements and the fundamental principles of professional ethics including integrity, objectivity, and professional competence, due care, confidentiality and professional behaviour. These principles are gaining in importance in the current professional, regulatory and business world as ethical values are not necessarily any longer instilled in general education and thus behaviour.

Qualification and Market Access Working Party

Chair: André Killesse

In 2007, this Working Party, previously called Liberalisation – Qualification, was renamed Qualification and Market Access Working Party to better reflect the substance of the issues it deals with; these include issues linked to education, qualification and free movement of accountants and auditors in Europe, in accordance with one of the essential principles of the European Treaties: free movement of persons throughout the internal market. In addition, the Working Party follows the international agenda, the activities of the World Trade Organisation (WTO) and the General Agreement on Trade in Services (GATS).

The Working Party cooperates closely with the Education Group and the Auditing Working Party. The Education Group, composed of education specialists of FEE Member Bodies, contributes to the ongoing developments of education standards by the International Federation of Accountants (IFAC).

In 2007, the Working Party mainly focused on the implementation of European Commission Directives on Recognition of Professional Qualifications, including aspects in the Directive on statutory audit and the Directive on Services in the Internal Market.

Key achievements in 2007 included:

- Publication of the FEE paper on “Internal Market for Services and the Accountancy Profession: Qualification and Recognition”. The paper highlights specific provisions relevant to the profession, both in the statutory audit sphere and in the broad range of activities undertaken by the profession. In doing so, it emphasises the different arrangements for these two spheres. Overall, the main objective of the Paper is to clarify FEE’s view on how the new legislation should operate in practice;
- Follow up of implementation of the EU Directive on Statutory Audit concerning two specific issues:
 - ownership of audit firms, which was also in two studies commissioned by the EC (OXERA Report);
 - requirement for the approved auditor to have an infrastructure in the Member States where the audit entity has its head offices.

Sustainability Policy Group

Chair: Paul Druckman

In recent years, attention for sustainability issues and non-financial reporting throughout the business world, especially in the public domain and with global enterprises, indicated a need for the profession to become increasingly active in this area. The accountancy profession, with its overall understanding of the business environment and relevant regulations, taxation and markets, is well placed to take leading roles in addressing new reporting issues and related assurance processes.

As restructured in order to play a more active and prominent role, FEE’s sustainability activities are carried by the Sustainability Policy Group which deals with policy and strategic issues, the Sustainability Advisory Panel which engages with stakeholders at strategic level and the Sustainability Working Party that carries out the project work.

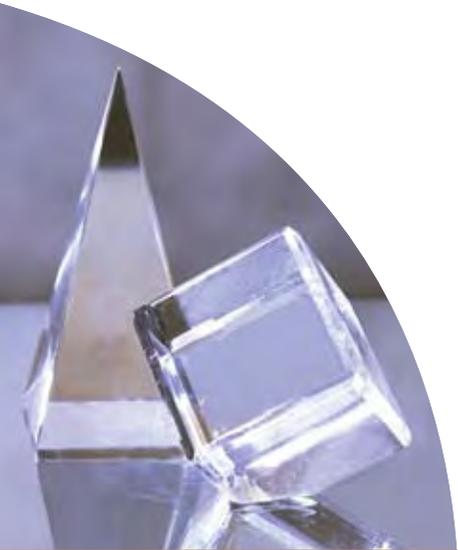
The Group main work in 2007 was to create and organise the new structure with participating members and groups, understanding of who does what, appointment of the Sustainability Advisory Panel (SAP) chair (David Devlin) and agree on its strategy and initial projects. The Working Party conducted a survey on the implementation of article 46 of the Modernisation Directive, which requires disclosure in the Directors’ report of non-financial information (including environmental and social aspects) relevant to an understanding of the performance of the business.

The drivers of the Working Parties’ work were the rapid growth of the Global Reporting Initiative (GRI) and publication of the GRI Guidelines 3 (G3), as well as the increased activity of Accountability (AA), notably the revision of the AA 1000 Assurance standard in the absence of a specific international sustainability assurance standard.

Sustainability Working Party

Chair: Nancy Kamp

Visit our website
www.fee.be



1987 FEE 2007

Standing for trust and integrity



Avenue d'Auderghem 22-28
B - 1040 Bruxelles
Belgium

Tel : +32 2 285 40 85
Fax : +32 2 231 11 12

E-mail : secretariat@fee.be

Visit our website

www.fee.be