



Fédération des Experts
Comptables Européens

Press Release

Ref : PR55

For immediate use: 20 January 2005

European Accountants Highlight Impact of New EU Emissions Trading Scheme

Brussels, 20 January 2005: "The European Union Greenhouse Gas Emissions Trading Scheme (EU ETS), which commenced operation on 1 January 2005, is a major part of Europe's strategy to comply with the United Nations' climate change strategy, the Kyoto Protocol. The European accountancy profession's latest publication, entitled, '**FEE Alert: Emissions Trading**' considers the financial reporting and auditing issues, impacting upon the financial statements, arising from the new scheme," stated David Devlin, President of FEE, the representative organisation of the European accountancy profession at the launch of new publication which is available free-of-charge from the FEE website.

"The EU ETS foresees the use of third party verifiers who are engaged by the company to report on annual emissions data supplied to government. Early and effective liaison between the company, its verifier and its auditor is important to ensure that the verification and necessary assurance, required to audit the financial statements, are achieved in the most efficient and effective way," added Lars-Olle Larsson, Chairman of the FEE Sustainability Assurance Group.

The EU ETS has been established by an EC Directive and is a mandatory scheme covering up to 15,000 installations. Installations covered by the scheme are allowed to emit greenhouse gases (GHG) only if they have a permit under which they are required to monitor and report emissions. 'Installation' is the technical term for the emitting plant or facility. A company may operate more than one installation. The permit is accompanied by emissions allowances, which are restricted and so place an upper limit ('cap') on each year's allowed emissions, denominated in tonnes of carbon dioxide.

"The need to establish fair value of emissions trading allowances is important for financial reporting purposes, both at the time of recognition of allowances granted and for the measurement of the provision necessary for emissions during the year. Establishing fair value in an immature market may reveal recognition and measurement issues that have not previously arisen," forewarned David Devlin, FEE President.

Ends

For more information contact:

Derek McGlynn

Head of Communications

Tel: + 32 2 285 40 85

Fax: + 32 2 231 11 12

Email: derek_mcglynn@fee.be

Notes for Editors:

1. The publication **FEE Alert Emissions Trading** can be downloaded free-of-charge from the FEE website (<http://www.fee.be>) or copies may be ordered from Sylvie Romancide (Fax: + 32 2 231 11 12, Email: Sylvie_Romancide@fee.be).
2. FEE is a leading player in the Sustainability debate. Relevant publications include: Call for Action - Assurance for Sustainability (2004); Benefits of Sustainability Assurance (2003); Fact Sheet on Greenhouse Gasses and the Accountancy Profession (2002); and the Discussion Paper Providing Assurance on Sustainability Reports (2002). All of these publications can be downloaded free-of-charge from the FEE website (<http://www.fee.be>).
3. Comments on the paper are welcome and should be submitted to Corinne Soubies (Corinne_Soubies@fee.be) in the FEE Secretariat.
4. The **Fédération des Experts Comptables Européens** (FEE) is the representative organisation for the accountancy profession in Europe. FEE's membership consists of 44 professional institutes of accountants from 32 countries. FEE member bodies are present in all 25 member states of the European Union and three member countries of EFTA. FEE member bodies represent more than 500,000 accountants in Europe. Roughly 45% of these accountants work in public practice, providing a wide range of services to clients. The other 55% work in various capacities in industry, commerce, government and education.