

PRESS RELEASE

ESMA sets enforcement priorities for listed companies' financial statements

The European Securities and Markets Authority (ESMA) has published its [Public Statement](#) on European Common Enforcement Priorities (Priorities) for 2014. These Priorities identify topics which ESMA, together with European national enforcers, see as a key focus of their examinations of listed companies' financial statements.

The common enforcement priorities encompass the following topics:

1. Preparation and presentation of consolidated financial statements and related disclosures;
2. Financial reporting by entities which have joint arrangements and related disclosures; and
3. Recognition and measurement of deferred tax assets.

These topics are important, as they either introduce significant changes to accounting practices following the implementation of new standards, or because the current economic environment poses particular challenges to issuers in the application of certain IFRS requirements, notably when forecasting future taxable profits in periods of low economic growth.

Steven Maijoor, ESMA Chair, said:

“The aim of the common enforcement priorities is to achieve a high level of harmonisation in enforcement and to contribute to consistency in the application of IFRS across the EU.

“In view of the impact of new standards on financial information, ESMA believes that listed companies and their auditors should pay particular attention in the areas of consolidated financial statements, joint arrangements and valuation of deferred tax assets when preparing and auditing their 2014 IFRS financial statements.

“This will contribute to ensuring the relevance and reliability of financial information provided to investors, and ultimately contributes to the proper functioning of Europe's capital markets.”

Furthermore, the Public Statement highlights two areas that should be considered in the preparation of the 2014 financial statements. ESMA and the national enforcers expect EU listed banks to provide relevant information in relation to material impacts resulting from the European Central Bank's Comprehensive Assessment of the banking sector and on any



changes in the level of regulatory capital required. In addition, ESMA considers that findings included in the 2013 ESMA Report on comparability of financial statements of financial institutions continue to be of high relevance for the 2014 annual reports.

The Public Statement also encourages listed companies to provide entity-specific disclosures, relevant to their performance and financial situation at the end of the period presented. ESMA believes that the early involvement and commitment of senior management in this respect is vital to ensure that listed companies give relevant and reliable information to investors.

Application will be monitored and supervised

ESMA and European national enforcers will monitor and supervise the application of the IFRS requirements outlined in the Priorities, with national authorities incorporating them into their reviews and taking corrective actions where appropriate. ESMA will collect data on how European listed entities have applied the Priorities and will publish its findings in early 2016.



Notes for editors

1. [2014/1309 ESMA Public Statement - European common enforcement priorities for 2014 financial statements](#)
2. [2014/1293 ESMA Guidelines on enforcement of financial information](#)
3. [2013/1664 ESMA Review of Accounting Practices - Comparability of IFRS Financial Statements of Financial Institutions in Europe](#)
4. ESMA is an independent EU Authority that was established on 1 January 2011 and works closely with the other European Supervisory Authorities responsible for banking (EBA), and insurance and occupational pensions (EIOPA), and the European Systemic Risk Board (ESRB).
5. ESMA's mission is to enhance the protection of investors and promote stable and well-functioning financial markets in the European Union (EU). As an independent institution, ESMA achieves this aim by building a single rule book for EU financial markets and ensuring its consistent application across the EU. ESMA contributes to the regulation of financial services firms with a pan-European reach, either through direct supervision or through the active co-ordination of national supervisory activity.

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