

## PRESS RELEASE

### ESMA publishes report on EU accounting enforcement in 2015

The European Securities and Markets Authority (ESMA) has published its [annual report](#) on the enforcement and regulatory activities of accounting enforcers within the European Union (EU) in 2015. ESMA continued strengthening supervisory convergence in the area of financial reporting to improve the consistency and quality across the EU, notably by issuing guidelines, publishing statements on areas of focus and coordinating enforcement decisions.

ESMA and national enforcers examined 189 listed issuers' compliance with International Financial Reporting Standards (IFRS), across 26 countries, in the areas identified by the [2014 European Common Enforcement Priorities](#). The examination resulted in enforcement action against 40 (21%) issuers with regulators finding shortcomings in the disclosure of assumptions and judgements related to the:

- recognition, measurement and disclosures of deferred tax assets arising from tax losses;
- assessment of control over an entity in the absence of majority equity interest or majority shareholding rights; and
- classification of joint arrangements.

National enforcers also reviewed the interim or annual financial statements of around 1,200 issuers, representing approximately 20% of issuers of securities listed on EU regulated markets, which led to action against 273 (25%) of those issuers examined. Enforcers found the main deficiencies were related to the presentation of financial statements, impairment of non-financial assets and accounting for financial instruments.

Steven Maijoor, ESMA Chair, said:

“2015 was the first year that ESMA’s Guidelines on Enforcement of Financial Information applied in the EU and marked an important milestone in strengthening the supervisory convergence of European accounting enforcement.



“We welcome the efforts issuers and enforcers have made to comply with ESMA’s statements and guidelines. However, we remain committed to further improving the transparency and relevance of financial information published to the market with the overall goal of contributing to market confidence and fostering investor protection.”

### **Next steps**

In 2016 accounting enforcers will review issuers’ compliance with IFRS in line with the [common enforcement priorities for 2015](#), focusing on, among other areas, the impact of the financial markets conditions on the financial statements, the statement of cash flows and related disclosures as well as the fair value measurement of non-financial assets and related disclosures.



## Notes for editors

1. [European common enforcement priorities for the 2015 annual financial statements](#)
2. [European common enforcement priorities for the 2014 annual financial statements](#)
3. [ESMA's Guidelines on Enforcement of Financial Information](#) These Guidelines became effective on 29 December 2014.
4. [Public Statement: improving the quality of disclosures in financial statements](#)
5. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets. The mission is based on the three objectives of:
  - investor protection;
  - orderly markets; and
  - financial stability.

It achieves these objectives through four activities:

1. assessing risks to investors, markets and financial stability;
  2. completing a single rulebook for EU financial markets;
  3. promoting supervisory convergence; and
  4. directly supervising specific financial entities.
6. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with NCAs and securities markets regulators, in particular the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA).
  7. The Statement on Priorities identifies topics which ESMA, together with European national enforcers, see as key areas when they examine listed companies' annual financial statements and are published in advance. The common enforcement priorities focus on recurring issues identified in the application of IFRS requirements and the current economic climate where it may pose challenges to issuers. ESMA publishes annually these common enforcement priorities for financial priorities in advance of stakeholders finalising their annual financial statements.

Further information:

### **David Cliffe**

Team Leader

Communications

Tel: +33 (0)1 58 36 43 24

Mob: +33 6 42 48 29 06

Email: [press@esma.europa.eu](mailto:press@esma.europa.eu)