

Financial Reporting News

ESMA publishes report on EU accounting enforcement in 2021

The European Securities and Markets Authority (ESMA) has published its report "2021 Corporate reporting enforcement and regulatory activities".

ESMA's Report aims to assist companies, Audit Committees and their auditors to further improve future financial and non-financial reports, by assessing how companies comply with International Financial Reporting Standards (IFRS) and non-financial reporting obligations and adhere to ESMA's recommendations.

The Report, with the objective of protecting investors, provides an overview of the activities carried out by ESMA and EU national enforcers on financial and non-financial information.

European accounting enforcement highlights in 2021

- 711 examinations of financial statements drawn up under IFRS, covering approximately 17% of issuers listed on EU regulated markets. The examinations led to enforcement actions against 250 companies in order to address material departures from IFRS, representing an action rate of 40%.
- 537 management reports were examined to assess whether or not the presentation and disclosure of alternative performance measures

(APMs) complied with ESMA's APM Guidelines, covering 13% of all IFRS listed issuers in the EU. Based on these examinations, enforcement actions were taken in relation to 97 issuers, constituting an action rate of 18%.

- European accounting enforcers examined non-financial statements of 711 companies, 36% of the total estimated number of companies required to publish a non-financial statement, to assess disclosures in non-financial statements. Related enforcement actions against 72 issuers represented an action rate of 10%.

The majority of the enforcement actions concerned disclosures to be corrected in the future financial statements.

IAASA is an active participant in the ESMA-sponsored European Enforcers' Co-ordination Sessions (EECS). The objective of EECS is to co-ordinate European enforcement activities in order to increase convergence amongst European national accounting enforcers and contribute to fostering investor confidence.

ESMA's report can be accessed here.

Source: www.iaasa.ie

Webinars on the ISSB's exposure drafts

The International Sustainability Standards Board (ISSB) held two live webinars for all stakeholders on its proposed standards on general sustainability-related disclosures and climate-related disclosures.

These webinars provide an overview of the proposals and give participants an opportunity to ask questions. ISSB Vice-Chair Sue Lloyd was joined by technical staff for both sessions.

For the convenience of stakeholders in different time zones, there were two sessions of the webinar; the same content was covered in each.

Webinar A took place on Thursday, 28 April 2022 at 9:00 BST / 10:00 CET / 17:00 JST.

Webinar B took place on Thursday, 28 April 2022 at 12:00 EDT / 17:00 BST.

The agenda for both sessions was as follows:

- Welcome and introductions
- Introduction to the exposure drafts
- General sustainability-related disclosures requirements overview
- Climate-related disclosures requirements overview
- How to respond to the exposure drafts
- Q&A
- Closing remarks

Recordings of both webinars are available below. The slides from the PowerPoints are available here.

The deadline for comments on the consultations is 29 July 2022.

Source: www.ifrs.org

IFAC Continues to Advocate for Convergence in Global Sustainability Disclosure

As the global voice of the accountancy profession, IFAC has supported a global system for delivering consistent, comparable and assurable sustainability information. Such disclosure must become a core component of the corporate reporting ecosystem that helps stakeholders assess objectives and progress towards addressing the climate crisis and other important environmental, social, and governance matters. European Sustainability Reporting Standards can play an important part in aligning global and jurisdictional-specific goals.

IFAC supports the view that sustainability disclosure requirements should be developed to capture and measure what really matters and to facilitate adoption and implementation in an internationally compatible manner. Alignment between global and jurisdiction-specific requirements, to the extent possible, is key for companies who operate across national borders, who compete for capital globally, and who are working towards a more sustainable future.

IFAC CEO Kevin Dancy said "Collectively, we have an historic opportunity to embrace equivalency and interoperability in

sustainability initiatives around the world, to leverage the work of existing high-quality sustainability frameworks, and to avoid costly regulatory fragmentation and complexity. Toward this end, IFAC strongly supports the ISSB's recently announced working group that will establish dialogue for enhanced compatibility between the ISSB's recent exposure drafts and ongoing jurisdictional initiatives like that of the European Union."

The European Commission's ambitious Corporate Sustainability Reporting Directive seeks to put sustainability-related reporting on the same footing as traditional financial reporting—addressing what sustainability information must be reported and requiring its assurance, among other important elements that can enhance corporate reporting. We hope this important work ultimately contributes to—and amplifies the impact of—an emerging global sustainability disclosure system.

Learn more about IFAC's support for a global approach to sustainability-related disclosure on the IFAC website.

Source: www.ifac.org