

PRESS RELEASE

Listed issuers must focus on new IFRS standards in 2017 annual financial reports

The European Securities and Markets Authority (ESMA) today published the priorities to be considered by listed companies, and their auditors, when preparing and auditing their 2017 financial statements. These priorities are set out in the annual Public Statement on European Common Enforcement Priorities (Statement), through which ESMA promotes the consistent application of the International Financial Reporting Standards (IFRS).

Reflecting both the relevance of the change introduced by the new accounting standards and issues identified in the course of the enforcement activities, the 2017 enforcement priorities encompass:

- **Disclosure of the expected impact of the implementation of major new standards in the period of their initial application:** ESMA stresses the need for high-quality implementation of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* and for enhancing the communication of their expected impact. The importance of improving disclosures in this area is also supported by a fact-finding exercise conducted by ESMA and that accompanies the Statement.
- **Specific issues relating to IFRS 3 *Business Combinations* and IAS 7 *Statement of Cash Flows*:** ESMA reminds issuers of the continued relevance of issues already highlighted in its [2014 Report on IFRS 3](#). Regarding IAS 7, ESMA reminds issuers of the importance of specific disclosure aspects.

In addition, this year's priorities emphasise the importance of measurement and disclosure of non-performing loans by credit institutions, the ongoing relevance of the fair presentation of financial performance and the disclosure on the impact of Brexit. ESMA also highlights that the 2017 year-end will be the first time that the requirements of the amended Accounting Directive to disclose non-financial and diversity information will become applicable for certain large groups and undertakings.

Steven Maijoor, Chair, said:

“This year’s enforcement priorities focus on new standards which are about to come into force and will introduce significant change to financial statements. ESMA expects that issuers affected by these changes will provide entity-specific quantitative and qualitative disclosures about the application of the new standards and in particular financial institutions for IFRS 9 and corporates for IFRS 15.

Investors increasingly value information on social and environmental impacts of issuers’ activities. Consequently, ESMA highlights that both financial and non-financial reporting requirements are essential to support sustainable and long-term investment decision-making in Europe”.

Next steps

ESMA and European national enforcers will monitor and supervise the application of the IFRS requirements as well as any other relevant provisions outlined in the Statement, 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 ESMA will report on findings regarding these priorities in its Report on the 2017 enforcement activities.

Notes for editors

- [Results of the fact-finding exercise on disclosure of the impact of the new accounting standards in the 2016 annual and 2017 interim IFRS financial statements \(ESMA32-63-364\)](#)
- [ESMA's 2017 Common Enforcement priorities \(ESMA32-63-340\)](#)
- [ESMA's 2016 Common Enforcement priorities \(ESMA/2016/1528\)](#)
- [ESMA Guidelines on enforcement of financial information \(ESMA/2014/1293\)](#)
- [ESMA Guidelines on Alternative Performance Measures \(ESMA/2015/1057\)](#)
- ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- assessing risks to investors, markets and financial stability;
- completing a single rulebook for EU financial markets;
- promoting supervisory convergence; and
- directly supervising specific financial entities.
- ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

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