

European enforcers to focus on new IFRSs and non-financial information in issuers' 2018 annual reports

The 2018 enforcement priorities for IFRS financial statements, reflecting the relevance and magnitude of the change introduced by new reporting standards, and taking into account issues identified by NCAs through their enforcement activities, are:

- the application of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*, for the first-time in the 2018 IFRS financial statements; and
- disclosure on the implementation and expected impact of IFRS 16 *Leases* coming into force in 2019.

In addition, the statement highlights the requirements to disclose non-financial information, with a focus on environmental matters, and specific aspects of ESMA's Guidelines on Alternative Performance Measures.

Steven Maijoor, Chair, said:

"This year's enforcement priorities focus on the new standards that are applied for the first time in annual financial statements: IFRS 15 and IFRS 9. These standards have introduced significant changes for the financial statements of many issuers, and ESMA expects them to provide sufficient level of transparency on the application of the new standards. In particular, issuers should focus on the application and recognised impact of the new accounting models for revenue recognition and for impairment of financial assets.

"Non-financial reporting, most notably on environmental matters, is gaining momentum in Europe, as part of a broader EU initiative to achieve a more sustainable financial system. To serve this purpose investors and the public need high-quality disclosures."

2018 Enforcement Priorities

The enforcement priorities for IFRS financial statements in 2018 are:

- Specific issues relating to the application of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*: Issuers should in particular focus on identification and satisfaction of performance obligations, disaggregation of revenue and the disclosure of significant judgements related to recognition of revenue. For credit institutions, ESMA highlights the application of the new expected credit loss model (ECL) and, in particular, careful consideration and disclosure of significant inputs used in the assessment of a significant increase of credit risk and in the determination of ECL;

- Disclosure of the expected impact of the implementation of IFRS 16 Leases: The publication of financial statements will happen after the entry into effect of IFRS 16 and all issuers should be in a position to disclose the expected impact. Issuers that will be significantly impacted are also encouraged to consider what information would enable analysts and other users to update their models.

In addition to these common enforcement priorities, ESMA highlights specific requirements relating to the sections of the annual financial report other than the financial statements (such as management reports and non-financial statements). These include specific requirements on:

- the disclosures of non-financial information, and notably those related to environmental and climate change-related matters; and
- the application of the ESMA Guidelines on Alternative Performance Measures (APMs).

Finally, ESMA highlights the importance of disclosures analysing the possible impacts of the decision of the United Kingdom to leave the European Union.

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 2019 enforcement activities.

Discours du Président Jean-Claude Juncker au Musée du Bardo

Single-use plastic items such as plates, cutlery, straws, balloon sticks or cotton buds, will be banned in the EU under plans adopted on Wednesday. These products, which make up over 70% of marine litter, will be banned from the EU market from 2021, under draft plans approved by Parliament.

Speech by Gabriel Bernardino, Chairman of EIOPA, at the International Conference on Insurance Regulation of the German Insurance Association in Berlin

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Results of the Q4 2018 ECB Survey of Professional Forecasters



EUROPEAN CENTRAL BANK
EUROSYSTEM

PRESS RELEASE

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- HICP inflation expectations unchanged for 2018, 2019 and 2020; longer-term expectations stable at 1.9%
- Real GDP growth expectations revised down for 2018 and 2019, but unchanged for 2020
- Unemployment rate expectations revised down for 2018, 2019 and 2020

Respondents to the ECB Survey of Professional Forecasters (SPF) for the fourth quarter of 2018 reported point forecasts for annual HICP inflation averaging 1.7% for each of 2018, 2019 and 2020. These results are unchanged from the previous (Q3 2018) survey round. Average longer-term inflation expectations (which, like all other longer-term expectations in this SPF, referred to 2023) remained stable at 1.9%.

SPF respondents' expectations for growth in euro area real GDP averaged 2.0%, 1.8% and 1.6% for 2018, 2019 and 2020, respectively. This represents downward revisions of 0.2 percentage points for 2018 and 0.1 percentage point for 2019, but no change for 2020. Average longer-term expectations for real GDP growth remained unchanged at 1.6%.

Unemployment rate expectations were revised slightly down by 0.1 percentage point for each of the years 2018, 2019 and 2020 to stand at 8.2%, 7.8% and 7.5%, respectively. Average longer-term expectations for the unemployment rate remained unchanged at 7.5%.

Table: Results of the ECB Survey of Professional Forecasters for Q4 2018
(annual percentage changes, unless otherwise indicated)

Survey horizon	2018	2019	2020	Longer term (1)
HICP inflation				
SPF Q4 2018	1.7	1.7	1.7	1.9
<i>Previous SPF (Q3 2018)</i>	1.7	1.7	1.7	1.9
HICP inflation excluding food and energy				
SPF Q4 2018	1.1	1.4	1.7	1.8
<i>Previous SPF (Q3 2018)</i>	1.2	1.5	1.7	1.8
Real GDP growth				
SPF Q4 2018	2.0	1.8	1.6	1.6
<i>Previous SPF (Q3 2018)</i>	2.2	1.9	1.6	1.6
Unemployment rate (2)				
SPF Q4 2018	8.2	7.8	7.5	7.5
<i>Previous SPF (Q3 2018)</i>	8.3	7.9	7.6	7.5

1) Longer-term expectations refer to 2023.

2) As a percentage of the labour force.

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Notes:

- The SPF is conducted on a quarterly basis and gathers expectations for the rates of inflation, real GDP growth and unemployment in the euro area for several horizons, together with a quantitative assessment of the uncertainty surrounding them. The participants in the survey are experts affiliated with financial or non-financial institutions based within the European Union. The survey results do not represent the views of the ECB's decision-making bodies or its staff. The next Eurosystem staff macroeconomic projections will be published on 13 December 2018.
- Since 2015 the results of the SPF have been published on the ECB's website. For surveys prior to the first quarter of 2015, see the ECB's Monthly Bulletin (2002-14: Q1 – February, Q2 – May, Q3 – August, Q4 – November).
- The SPF for the fourth quarter of 2018 was conducted between 1 and 5 October. The number of responses was 54.
- The SPF report and data are available via the [SPF webpage](#) and via the ECB's [Statistical Data Warehouse](#).

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