

ESMA calls for transparency on COVID-19 effects in half-yearly financial reports

The Public Statement provides recommendations on areas of focus identified by ESMA and highlights:

- the importance of providing relevant and reliable information, which may require issuers to make use of the time allowed by national law to publish half-yearly financial reports while not unduly delaying the timing of publication;
- the importance of updating the information included in the latest annual accounts to adequately inform stakeholders of the impacts of COVID-19, in particular in relation to significant uncertainties and risks, going concern, impairment of non-financial assets and presentation in the statement of profit or loss; and
- the need for entity-specific information on the past and expected future impact of COVID-19 on the strategic orientation and targets, operations, performance of issuers as well as any mitigating actions put in place to address the effects of the pandemic.

The Public Statement is also applicable to financial statements in other interim periods when IAS 34 *Interim Financial Reporting* is applied. It calls on the management, administrative and supervisory bodies, including audit committees, of issuers and, where applicable, their auditors, to take due consideration of the recommendations included within the statement. ESMA further emphasises the role of audit committees in promoting high-quality half-yearly financial reports at this difficult junction in time.

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 examinations and taking corrective actions where appropriate. ESMA will collect data on how EU listed entities have applied the recommendations and will take into account those findings, amongst other considerations, in setting the enforcement priorities for the annual financial statements for the year 2020. These findings will be reported on in ESMA's Report on the 2020 enforcement activities.