

INTRODUCING EFRAG



EFRAG

European Financial Reporting Advisory Group

OUR MISSION

EFRAG – European Financial Reporting Advisory Group – is a private association established in 2001 with the encouragement of the European Commission to serve the public interest. Its member organisations have an interest in the development of International Financial Reporting Standards (IFRS) and how they contribute to the efficiency of capital markets.

EFRAG's mission is to serve the European public interest by developing and promoting European views in the field of financial reporting and ensuring these views are properly considered in the IASB standard-setting process and in related international debates. EFRAG ultimately provides advice to the European Commission on whether newly issued or revised IFRS meet the criteria in the IAS Regulation for endorsement for use in the EU, including whether endorsement would be conducive to the European public good.



CORE EFRAG ACTIVITIES

UPSTREAM INFLUENCE

Recognised for its thought leadership, EFRAG's proactive research contributes to the future shape of international financial reporting.

IMPROVING IFRS

EFRAG consults and provides the European view on financial reporting to the IASB from early-stage standard-setting activity through to the post-implementation review of existing standards.

ENDORSEMENT ADVICE

EFRAG advises the European Commission on whether newly issued or revised IFRS meet the criteria for use in Europe.

IMPORTANCE OF IFRS FOR EUROPE

Since 2005, listed companies - typically Europe's biggest companies and largest employers - have been required to apply IFRS in their consolidated accounts. Some Member States also allow or require non-listed companies to report using IFRS and the use of IFRS in the individual accounts of listed companies. More than 100 jurisdictions around the world now use IFRS.

Europe has opted for IFRS as a way to deliver:

- ▶ more efficient capital markets due to increased transparency and comparability of financial statements;
- ▶ increased value for investors due to better quality information and enhanced comparability; and
- ▶ improved access to global capital for European companies.

EFRAG's role is to ensure that International Financial Reporting Standards are responsive to European needs and concerns.

A EUROPEAN VOICE

EFRAG consults publicly with all stakeholders that have an interest in financial reporting to develop evidence-based understanding about specific European circumstances. This enables EFRAG to speak convincingly, clearly and consistently, and be recognised as the European voice of financial reporting.

EFRAG interacts with a diverse community that includes public and private sector organisations, international, European and national organisations, political, supervisory and regulatory authorities, and representatives of preparers and users of IFRS, the accountancy profession, National Standard Setters and others.

EFRAG's legitimacy is built on transparency, governance, due process - including field tests, impact analyses and outreach events - public accountability and thought leadership.

EUROPEAN PUBLIC GOOD

In addition to advising on whether IFRS meet technical endorsement criteria - which involves assessing whether a standard provides relevant, reliable, comparable and understandable information - **EFRAG considers whether application of the standard would be conducive to the European public good.**

The European public good analysis can vary according to each standard, but will typically include an impact analysis that considers the potential effects on the European economy, including financial stability, economic growth and competitiveness, as well as the potential effects on the stakeholders directly concerned by the standard and on SMEs. A cost-benefit analysis is also part of the process.

EFRAG's work ensures that the real world concerns of European stakeholders are at the heart of the standard-setting process.

MEMBER ORGANISATIONS

EFRAG member organisations support and contribute to the organisation’s public interest mission. EFRAG is funded by its member organisations and the European Union. Participants in EFRAG bodies such as the EFRAG Board, the EFRAG Technical Expert Group (TEG) and its working groups and advisory panels give their time voluntarily to EFRAG. Member organisations are responsible for the governance of EFRAG.

EUROPEAN STAKEHOLDER ORGANISATIONS

Accountancy Europe
BUSINESSEUROPE
European Association of Co-operative Banks (EACB)
European Banking Federation (EBF)
European Federation of Accountants and Auditors for SMEs (EFAA)
European Federation of Financial Analysts Societies (EFFAS)
European Savings and Retail Banking Group (ESBG)
Insurance Europe

NATIONAL ORGANISATIONS

Grouping of five Danish organisations
Autorité des normes comptables (ANC) - France
Accounting Standards Committee of Germany (ASCG)
Organismo Italiano di Contabilità (OIC) - Italy
Commission des normes comptables (CNC) - Luxembourg
Dutch Accounting Standards Board (DASB)
Instituto de Contabilidad y Auditoría de Cuentas (ICAC) - Spain
The Association for Generally Accepted Principles in the Securities Market - Sweden
Financial Reporting Council (FRC) - UK

The European Commission, the ECB and the European Supervisory Authorities (EBA, EIOPA and ESMA) are observers with speaking rights on the EFRAG Board, EFRAG TEG and supporting working groups and advisory panels.

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