EFRAG ANNUAL REVIEW 2015
EFRA, the European Financial Reporting Advisory Group, was established in 2001 with the encouragement of the European Commission to serve the public interest by providing input into the development of International Financial Reporting Standards (IFRS) issued by the IASB and by providing the European Commission with technical expertise and advice on accounting matters.

EFRA’s mission is to develop and promote European views in a thought leadership role and to ensure that they are properly taken into account in the IASB standard-setting process. EFRAG hears all views and considers specific circumstances originating in Europe and synthesises these to speak convincingly, clearly and consistently, as the European voice in financial reporting. EFRAG’s legitimacy is built on its governance, due process and public accountability. EFRAG carries out its assessments of IFRS throughout the standard-setting process. It ultimately provides advice to the European Commission as to whether IFRS meet the IAS Regulation endorsement criteria for use in Europe. This assessment includes whether endorsing newly issued or revised IFRS would be conducive to the European public good.

EFRA’s mission is carried out with the sole objective of serving the European public interest.

EFRA’s governance structure
EFRA is a not-for-profit association established in conformity with Belgian private sector law. The Members of EFRAG - collectively known as “EFRAG Member Organisations” - are European Stakeholder Organisations and National Organisations that have knowledge of and interest in the development of IFRS and how they contribute to the efficiency of capital markets.

The EFRAG Member Organisations form the EFRAG General Assembly which is competent to appoint the President and members of the EFRAG Board, to approve EFRAG’s audited financial statements and the yearly budget and to modify, when necessary, the EFRAG Statutes and Internal Rules.

The EFRAG Board is responsible for all EFRAG positions, which are determined using a consensus-based decision-making process with the objective of Europe speaking with one voice.

The EFRAG Board takes all its decisions after having considered the expert advice provided by the EFRAG Technical Expert Group (EFRAG TEG) and after having heard from the Accounting Regulatory Committee (ARC) and having considered the wider economic perspective. EFRAG TEG recommends technical positions independently, assisted by its ad hoc working groups and advisory panels, after having given due consideration to all input received through EFRAG’s due process.

The EFRAG Board (sixteen members) comprises in equal numbers representatives of European Stakeholder Organisations and National Standard Setters and is led by a President of the EFRAG Board nominated by the European Commission, after having heard the European Parliament and the Council of Ministers. EFRAG Board members devote their time free of charge, except for the President’s part-time remuneration which is included in the EFRAG budget. The current Acting EFRAG Board President is not remunerated.

The EFRAG TEG comprises sixteen voting members, selected from a range of professional and geographical backgrounds throughout Europe. Four EFRAG TEG members are nominated by the National Standard Setters of France, Germany, Italy and the UK and act as a strong liaison between EFRAG TEG and their national constituencies. EFRAG TEG members devote 30% to 50% of their time – free of charge – to EFRAG, except for the EFRAG TEG Chairman and CEO, whose services are paid by EFRAG.

The European Commission, European Supervisory Authorities (EBA, EIOPA and ESMA) and the European Central Bank (ECB) are official observers on the EFRAG Board and EFRAG TEG.

All activities of EFRAG are supported by the EFRAG Secretariat.

Aiming for balanced, well-informed and independent technical positions
EFRAG TEG is composed of a mix of preparers, auditors, users of financial statements and academics, to ensure its deliberations and conclusions are independent and not unduly influenced by any interest group or constituency. Members of the EFRAG TEG are required to act in the European public interest and not to consider themselves as representing sectoral or national interests. This also applies to EFRAG TEG members nominated by National Standard Setters.

The EFRAG TEG benefits from expert advice in specialist areas provided by EFRAG working groups, such as the EFRAG Financial Instruments Working Group, the EFRAG Insurance Accounting Working Group, and the EFRAG Rate-Regulated Activities Working Group. Essential to the work of EFRAG is input received from the EFRAG User Panel. The purpose of the Panel is to provide broad input from users to the EFRAG TEG. EFRAG also works closely with all National Standard Setters in Europe, meeting with them every three months in the Consultative Forum of Standard Setters (EFRAG CFSS), and working with them and the IASB to organise and conduct public hearings and field tests in accordance with EFRAG’s field work policy.
Transparency and due process characterise the work of EFRAG

EFRAG runs an open and transparent due process, which allows and encourages European constituents to provide input for the consideration of EFRAG.

EFRAG achieves transparency and independence mainly by:

- Issuing public calls for nominations for membership in the EFRAG Board, EFRAG TEG and all other working groups;
- Holding all discussions in public meetings, publishing meeting agendas and summaries on the EFRAG website as well as EFRAG Board papers related to the public sessions;
- Seeking early input from National Standard Setters in Europe and EFRAG working groups;
- Publishing EFRAG draft responses to due process documents issued by the IFRS Foundation or the IASB and draft endorsement advice to support the European endorsement process, with an open call for comments;
- Publishing all comment letters received on EFRAG draft positions and publishing EFRAG final positions, including presentation of the basis for the EFRAG’s conclusions for the endorsement advice and reasoned positions for comments to the IASB;
- Publishing feedback statements to report on how EFRAG reached its final positions;
- Issuing an invitation to comment on all discussion papers and short discussion series papers published as part of EFRAG’s proactive work;
- Organising outreach events, field tests and special surveys to assess the effects of proposed standards, in cooperation with the National Standard Setters in Europe and in coordination with the IASB, followed by the publication of feedback statements;
- Organising specific user outreach events and special surveys, interviews and other outreach initiatives to obtain input from a wide variety of users.

Several of these events are organised with user organisations and in cooperation with the IASB. Summary reports or feedback statements are published following the outreach events.

Public accountability

Public accountability is ensured on the one hand by EFRAG’s governance and how it reports on its activities, and on the other by EFRAG’s due process. EFRAG is accountable to the public at large and the European institutions through its open and transparent due process and procedures. EFRAG publishes an Annual Review discussing its activities and presenting financials for the past year. The funding by the European Commission brings enhanced scrutiny of EFRAG’s activities and expenses, including the publication of audited annual accounts and detailed activity reports to the European Commission.

Building strong influence beyond the borders of Europe

EFRAG is a member of the European delegation to the IASB Accounting Standards Advisory Forum (ASAF), a member of the International Forum of Accounting Standard Setters (IFASS) and has bilateral relationships with regional or national groups interested and involved in the development of IFRS. EFRAG also participates in the World Standard Setters meeting. EFRAG is a member of the IFRS Advisory Council. Although EFRAG’s draft comment letters reflect a preliminary European perspective, they are widely acknowledged as attracting interest way beyond Europe.

Furthermore, EFRAG enjoys a constructive direct relationship with the IASB: EFRAG welcomes IASB members and staff as observers to EFRAG TEG and working group meetings; EFRAG staff cooperates with the IASB staff on a frequent basis; the IASB participates in outreach events and field-testing organised by EFRAG in partnership with National Standard Setters in Europe; and the EFRAG TEG and IASB Chairs meet privately on a regular basis.

EFRAG maintains contact with the European Commission directly and also through the Commission’s role as an observer in EFRAG meetings.

EFRAG’s role as advisor to the European Commission is formalised in Working Arrangements between the EC and EFRAG since 2006. In June 2016 the new Working Arrangements have been signed taking into account revised structure and context following the implementation of the Maystadt recommendations.

Following the implementation of the “Maystadt recommendations” in 2014, EFRAG’s activities include assessments of whether IFRS are conducive to the European public good. This includes the interaction with economic concerns such as financial stability and growth. The Maystadt reforms have enabled EFRAG to further enhance European influence through greater cohesion and legitimacy in its participation in the IFRS standard-setting process.

EFRAG is an official observer at the Accounting Regulatory Committee (ARC). The European Commission attends EFRAG meetings in an observer capacity.

EFRAG is from time to time invited to exchange views with the ECON Permanent IFRS Team.

EFRAG’s funding

EFRAG’s funding originates from both the public sector (the European Commission) and the private sector (EFRAG Member Organisations). Funding by the European Commission is granted through yearly grant agreements. Funding by the Member Organisations includes both contributions in cash (provided to EFRAG in accordance with EFRAG’s bylaws) and in kind (membership of various groups – EFRAG Board, EFRAG TEG and their committees, working parties and advisory panels). Both the EFRAG Board President and EFRAG TEG Chairman and CEO are employees of EFRAG and are compensated for their services to the organisation. The current Acting EFRAG Board President is not remunerated.

About EFRAG

EFRAG is a Private Law Foundation created in 2005. EFRAG is an independent and non-profit organisation  and is accountable to the public at large and the European institutions through its open and transparent due process and procedures. A member of the International Forum of Accounting Standard Setters (IFASS), EFRAG is a member of the IAFSS’ European Subgroup (IFASS-EMS). EFRAG also participates in the World Standard Setters meeting. EFRAG is a member of the IFRS Advisory Council. EFRAG’s draft comment letters reflect a preliminary European perspective, they are widely acknowledged as attracting interest way beyond Europe.

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EFRAG’s OBJECTIVES

Ensuring full participation of European stakeholders in the debate supporting the development of IFRS and expressing European views throughout the IASB standard-setting process.

Engaging European stakeholders in the analysis of and debate on emerging financial reporting issues by stimulating, coordinating and carrying out proactive accounting activities.

Advising the European Commission on the endorsement of IFRS for use in Europe.
STATEMENT
BY THE ACTING
EFRAG BOARD PRESIDENT

ROGER MARSHALL

2015 was the first full year for the new EFRAG and it has been a very busy year. We have been heavily involved in providing endorsement advice to the European Commission on IFRS 15, the revenue recognition standard, and on IFRS 9, the financial instruments standard. We have actively engaged in the debate on the IASB’s revised Conceptual Framework. We have contributed extensively to the solution to the problem of IFRS 9 becoming effective before a revised standard for insurance companies. These are only the highlights of a significant number of projects ranging from initial research to providing endorsement advice to the European Commission on a finalised IFRS standard.

In carrying out these activities we have benefitted from a collegiate and engaged Board, engaged and helpful Observers, an active and high quality Technical Expert Group and close cooperation with our stakeholders. Most importantly however we have been well served by our staff, who have worked hard under heavy pressure to deliver consistently high quality work. Our Chief Executive and EFRAG TEG Chairman, Francoise Flores, completed her 6 year term at the end of March 2016. She has contributed greatly to EFRAG and to international accounting over that period and we wish her well for the future. We welcome her successor, Andrew Watchman.

I noted in my 2015 report that we would be looking in more detail at how best to incorporate European public good considerations into our work. We have developed our thinking during the year in close consultation with the European Commission and look forward to applying this in our advice to the European Commission on the new leasing standard, IFRS 16. Different standards will require different skills to carry out effects analyses and rather than try to maintain all these capabilities in house we expect to benefit from outside experts where possible.

At the end of 2015 we carried out our first Board effectiveness review. Whilst the results were largely positive there were a number of areas identified for improvement. One was our interaction with our Observers, where we have implemented better processes for articulating in our advice their positions where one or more Observers disagree with that of the Board. Another issue, which we were already aware of, was the underrepresentation of users on the Board and the lack of geographic and gender diversity. We can only deal with this matter when the Board comes up for renewal in late 2017 but our stakeholders are already aware of these issues.

I was not expecting to write a 2016 report as I had hoped that a permanent President would have taken over long ago. Unfortunately Wolf Klinz, the successful candidate for this role, could not take up this position in May 2015 due to ill health. The European Commission, who are responsible for identifying a successor, subject to Parliamentary approval, have nominated Jean-Paul Gauzès as his successor and we look forward to welcoming him at the end of this process.

Roger Marshall
2015 has been the first full year EFRAG has operated under the governance arrangements implemented following Philippe Maystadt’s recommendations. Whilst EFRAG TEG’s activities remain virtually unchanged and continue to provide a robust basis for all EFRAG’s positions, assessments, proposals aiming at high quality financial reporting, the EFRAG Secretariat has had to significantly adapt its working processes to support two core groups, EFRAG TEG and the EFRAG Board, support a whole range of activities specifically led by the EFRAG Board and in particular EFRAG’s assessment of whether IFRS are conducive to the European public good. I am happy to report that these significant efforts have contributed to the success of the reform to date.

EFRAG had learned long ago that users generally resent successive changes in financial reporting that require to adapt databases and disrupt trends. This had come loud and clear in response to an IASB’s request for views in 2010 testing whether the effective dates of IASB’s main projects (including the financial instruments and insurance contracts projects) should be aligned or staggered. Users had been promoters of the big-bang solution. Likewise users specialised in the insurance industry who were interviewed by EFRAG in 2015 on whether the insurance industry should benefit by a temporary exemption from IFRS 9 expressed in their vast majority a preference for having the implementation dates of the two standards aligned in practice. Their view matched the position of insurance preparers who wished to avoid the burden and cost of managing the reduction of accounting mismatches in two successive stages, first adapting the implementation of IFRS 9 to their current insurance contracts accounting practice, second revising it to adjust to the accounting under the new insurance contracts standard. EFRAG heard also views opposing any form of exemption, however the vast majority were not from the insurance sector. With the benefit of all this input EFRAG TEG put forward recommendations to the EFRAG Board that have proven a good basis for consensus.

Technical discussions in EFRAG TEG

Technical discussions have concentrated on a few main projects, including the revised IFRS Conceptual Framework, the future Insurance Contracts standard and the conditions of implementation of IFRS 9 in the insurance industry. EFRAG TEG and EFRAG CFSS discussions have also contributed to EFRAG interacting in discussions at the ASAF on a variety of projects conducted by the IASB, ranging from the IASB Disclosure Initiative to the Equity Method and accounting for Rate-Regulated Activities.

Contributing to the revision of the IFRS Conceptual Framework

As we all know the revision of the IFRS Conceptual Framework has been ranking very high for many years in what Europe expects the IASB to deliver. Outreach events were organised in no less than eleven European countries, reflecting the high level of interest of European stakeholders in the IASB’s proposals and EFRAG’s public consultation paper. Comment letters were received from a full range of stakeholders, 10% of which originated from user organisations. To be in tune with European expectations, which have proven to be quite cohesive, the IASB should finalise the revision of the Conceptual Framework in a timely manner. Timeliness should however not be at the expense of clarifications on how useful information necessarily encompasses information necessary for the assessment of stewardship and on how the concept of prudence should apply. Nor should timeliness stop the IASB from expanding the measurement and performance reporting guidance, so as to better channel future standard-setting decisions. Recommendations set by EFRAG in these areas may be quite helpful in making the revision of the Conceptual Framework successful from a European perspective.

The future Insurance Contracts standard and conditions of implementation of IFRS 9 in the insurance industry

EFRAG TEG has monitored the deliberations of the IASB designing the future insurance contracts standard very closely, largely thanks to the invaluable input of its Insurance Accounting Working Group (IAWG) and to the significant and successful efforts of a staff team that was totally re-built following some turn over in EFRAG’s staff. The IASB has benefitted from the work carried out at EFRAG in this area, using EFRAG IAWG meetings as a regular and fruitful outreach experience.

Discussions of EFRAG’s endorsement advice on IFRS 9 led to a very lively debate within the same circles of whether investors in the insurance industry and the industry itself should benefit by a temporary exemption of IFRS 9 until the future insurance contracts standard would become effective.
Other discussions

After EFRAG released its final comment letter on Rate-Regulated Activities in January 2015, EFRAG TEG and the EFRAG Secretariat have continued to monitor and help provide input to the IASB team, both from staff to staff and in ASAF meetings. Hopefully these efforts will materialise at some point in the future in a robust model that will address the shortcomings of the status quo that EFRAG, with input from users, analysed in response to the IASB discussion paper.

Responding to EFRAG's recommendations, the IASB decided in 2015 to address the difficulties in implementation of the equity method holistically rather than making piecemeal amendments. A few discussions at ASAF have also been helpful in reaching this decision. In December 2015, EFRAG contributed to the ASAF discussions with a proposed scope for the project, arguing that this qualified as a maintenance rather than as a research project.

Finally EFRAG monitored very closely IASB's progress on their “Disclosure Initiative”, a project that Europe had identified in 2011 having the same level of high priority as the revision of the Conceptual Framework. The opportunities for EFRAG's input have however remained limited to a few amendments that have been considered helpful, and to the Draft Materiality Practice Statement of which objective and format gained support however that was assessed as in need for heavy rewriting.

Supporting EFRAG's assessments of whether IFRS meet all endorsement criteria in the IAS Regulation

One of Philippe Maystadt’s important recommendations was to entrust EFRAG with the assessment of whether IFRS were conducive to the European public good. Until the reform, EFRAG's assessments were limited to an analysis of whether new IFRS were meeting the technical criteria in the IAS Regulation, i.e. whether a new IFRS would lead to relevant, reliable, comparable and understandable financial reporting and not be contrary to the true and fair view principle. Assessing whether an IFRS would be conducive to the European public good was therefore totally new territory.

Supporting the EFRAG Board’s analysis on whether IFRS 9 should be recommended for endorsement was therefore a new challenge for the EFRAG Secretariat that was very well supported by EFRAG TEG and its Financial Instruments and Insurance Accounting Working Groups, beyond the scope of analyses that were carried out so far. Many supplementary aspects that are considered from a European public good perspective are linked to analyses from a financial reporting perspective: whether the IFRS will trigger improvement in financial reporting, whether the new IFRS is likely to put European listed companies at a disadvantage on the capital markets, how changes will affect financial reporting in a way that may influence behaviours of economic agents. Furthermore the EFRAG Board entering into office and the European Commission being best informed by its assessment of the effects of the IAS Regulation questioned how certain conclusions in the technical assessment of the standard had been reached or certain argumentations had been articulated. Gauging whether the new IFRS would lead to prudent accounting and explaining how the conclusion that it was not contrary to the true and fair view was reached have been valuable improvements arising from this questioning.

Developing EFRAG’s impact assessment capability

In reflecting on what strategy EFRAG should implement going forward, the EFRAG Board identified that it was critical for EFRAG to support its endorsement advices by solid impact assessments as envisaged in the Maystadt report. Such impact assessments should be largely based on quantitative data. However, EFRAG's endorsement advice on IFRS 9 shows that it is difficult and sometimes even not possible despite all efforts in field testing to obtain quantitative data when companies are not sufficiently advanced with the implementation of the standard. EFRAG needs to build its impact assessment capability further. To meet this objective, EFRAG decided at the end of 2015 to learn from best practices at European and National level and to use in 2016 the forthcoming endorsement advice of the Leases standard as a pilot case. In doing so EFRAG will work in close coordination with National Standard Setters so as to make best use of existing resources at national level and make best use of public funding.
Report by the EFRAG TEG Chairman and CEO

I am finalising this report after six years spent serving EFRAG, first as EFRAG Chairman, then as EFRAG TEG Chairman and CEO. I assess EFRAG as an invaluable asset for Europe in its contributions to the development of IFRS that meet European needs, in a way that truly serves the public interest. The reform has undoubtedly enhanced cohesion in Europe and EFRAG’s capabilities. A lot more will be achieved in the years to come. EFRAG TEG and the EFRAG Secretariat should be praised for having faithfully supported and served the objectives of the reform, making necessary changes in their practice and adjusting to their new status. Congratulations should go to the EFRAG Board for providing sound directions for change, setting high ambitions and being supportive on the way to meeting them, and for taking responsibility for the organisation with enthusiasm and dedication.

I thank my fellow EFRAG TEG members and the former EFRAG TEG members for their cooperation and valuable and intensive discussions during the twelve years of my involvement in EFRAG. In particular I want to thank Mike Ashley for his eleven years of invaluable contribution to EFRAG, of which six years were as EFRAG TEG Vice-Chairman. Mike chaired the EFRAG Financial Instruments Working Group (FIWG) during ten years, bringing the FIWG’s expert advice to EFRAG TEG during IFRS 9 development and endorsement process.

I would like to thank Roger Marshall very warmly for his excellent leadership, Patricia McBride, Filippo Poli, Nathalie Saintmard and Saskia Slomp for forming a very strong management team that makes change happen, and every member in the EFRAG Secretariat for another year of high quality work.

I wish to everyone involved in the future all the best, and in particular to Andrew Watchman who I welcome as my successor.

Françoise Flores

Developing a new website

To support its public accountability and visibility, EFRAG decided at the end of 2014 to revamp its website and more generally the IT infrastructure supporting it. After fifteen years of contribution to the development of IFRS, EFRAG has accumulated an important resource of technical analyses, comments, views from various stakeholders in Europe, including its own outputs in the form of publications. The new website will give access to this important resource more easily and comprehensively and should therefore be of help to the academic community and other interested parties. Internally the change in IT system provides a more collaborative environment and is expected to generate efficiency gains. The project has been an important project for the EFRAG Secretariat in 2015. Nathalie Saintmard, Rasmus Sommer, Filipe Alves, Robert Stojek, Neha Mehra and Sara Alvarez Garcia should be praised for the accomplishment for enabling the new website to go live in April 2016.

Andrew Watchman was appointed in December 2015 by the EFRAG Board as the new EFRAG TEG Chairman and CEO for a three-year term from April 2016 (renewable once).

Andrew has over twenty-eight years of experience in financial reporting and audit and was formerly the Global Head of IFRS for Grant Thornton. Andrew was a member of the IFRS Interpretations Committee till he joined EFRAG.

Andrew’s experience will be invaluable in helping EFRAG to continue to meet its twin mission of providing a strong European voice in the development of IFRS and providing high quality endorsement advice to the European Commission.

EFRAG TEG Chairman and CEO, Andrew Watchman commented:

"I am proud and excited to be appointed as CEO of EFRAG and Chairman of the Technical Expert Group. EFRAG’s role is pivotal in ensuring the continued success of the IFRS project in Europe. I am looking forward to building on the outstanding work of Françoise and her team.”
2015 has not been a year of high activity on the proactive front and this is due to a variety of phenomena. A specific effort had been carried out in 2014 to welcome the EFRAG Board with as little work-in-progress as possible, so that the EFRAG Board when entering into office would have the possibility to allocate EFRAG resources for proactive work to the priorities it would then define. The first step for the EFRAG Board was to reflect on EFRAG’s strategy. First projects launched by the EFRAG Board emerged in the second half of 2015. Furthermore it was time for the IASB to launch in 2015 a second agenda consultation and quite timely for EFRAG to do so in parallel for its own proactive agenda. Results of these public consultations would only be available in 2016 and represent a major input in how to set priorities for EFRAG’s proactive work.

Professional investors and the decision usefulness of financial reporting

In 2014 EFRAG and ICAS decided to sponsor an academic research aiming at gathering direct evidence of how financial statements are used by investors and their advisors, in order to best inform their contributions to the revision of the IFRS Conceptual Framework undertaken by the IASB. The Research has involved up to 90 user participants in interviews led by an academic team on the basis of a test case. The Research was finalised in the course of 2015 and the final report published in March 2016. The findings of the study helped EFRAG to reaffirm that the income statement has a major role to play and that stewardship should be acknowledged as a distinct objective of financial reporting in its comment letter in response to the IASB’s proposals for a revised Conceptual Framework.

Other proactive contributions to the Revision of the Conceptual Framework

European constituents had considered that the revision of the IFRS Conceptual Framework should be the opportunity to provide some robust basis for the reporting of financial performance and in particular for the possible distinction between Profit or Loss (P/L) and Other Comprehensive Income (OCI). In order to stimulate debate EFRAG prepared a bulletin in the Getting a better Conceptual Framework series in parallel with the IASB’s public consultation on the revised Conceptual Framework. Whilst a number of proposals in the paper were supported by European constituents, EFRAG’s due process confirmed once more what had been observed in the past, i.e. that support for a distinction between P/L and OCI is strongly correlated to past financial reporting practice in Member States. Areas of agreement have however put EFRAG in the position to make further proposals on measurement and need for disaggregation of elements of performance.

Statement of cash flows for financial institutions

At the time EFRAG had consulted on the IASB’s project on the Presentation of Financial Statements, there had been claims that the relevance of the cash flow statement as required by IAS 7 Statement of Cash Flows is limited when applied to financial institutions such as commercial banks and insurance companies, due to the particular nature of their business activities.

EFRAG has therefore issued a discussion paper as part of its Short Discussion Series in order to stimulate discussion on this issue, in order to contribute to the IASB Research activities on Primary Financial Statements. In the paper EFRAG considers various alternative possibilities to the existing requirements. EFRAG’s public consultation runs into 2016 and analysis of comments received will take place then.
Goodwill impairment and amortisation
After having considered comments received on the Discussion Paper issued in 2014 jointly with the ASBJ and the OIC (National Standard Setters of, respectively, Japan and Italy), EFRAG and its partners agreed to continue work on the topic, focusing on two issues: whether amortisation of goodwill should be reinstated (and if so how its useful life should be assessed); and how to improve and simplify requirements for the impairment test in IAS 36 Impairment of Assets. All developments have been shared with the IASB, including discussions in the Accounting Standard Advisory Forum (ASAF) in the course of the year. Further work on the subject is intended to be conducted in close cooperation with the IASB.

Accounting implications of low and negative interest rates
The current economic environment makes financial reporting more sensitive to changes in interest rates than ever. The EFRAG Board decided to consider implications of low and negative interest rates for accounting.

EFRAG has considered specific issues on the accounting for financial instruments when rates become negative. EFRAG noted that those issues had mostly been addressed by the IFRS Interpretations Committee and therefore a separate public consultation by EFRAG would not be very effective. The outcome of the internal discussions has been communicated to the IASB and the related effort discontinued.

EFRAG has also started considering the effects of low interest rates and easily concluded that high sensitivity to low interest rates was an economic phenomenon that ought to be depicted. However EFRAG did not exclude that some possible shortcomings in IFRS financial reporting requirements might exacerbate the phenomenon. If this is found to be the case, some limited improvements may have to be considered.

Accounting for pension obligations
Recent trends in pensions and decreasing returns due to the low interest environment have crystallised concerns about some of the IFRS financial reporting requirements for pension obligations. In particular hybrid plans, i.e. plans which are basically defined contribution plans but that incorporate some defined benefit component, have become more and more common in Europe. The first step of work for EFRAG is to gauge the significance of the phenomenon and of its impacts on financial reporting.
Contribute to the revision of the IFRS Conceptual Framework

Contribute to the revision of the IFRS Conceptual Framework has been one of the major projects that has kept EFRAG very active in 2015. EFRAG issued a Document for Public Consultation in July 2015, whilst the EFRAG Board decided to discuss main considerations throughout the public consultation period. EFRAG’s due process, which included outreach events in no less than eleven European cities, confirmed the interest that Europe has in the IFRS Conceptual Framework and wide consensus on the issues. It was therefore easy for EFRAG to conclude that the Exposure Draft had the potential for bringing significant improvement. However, EFRAG expressed the following concerns:

- It is not clear how prudence would be reflected in future Standards;
- The trade-off between providing relevant information and faithfully-represented information (or reliable information) is not addressed and measurement uncertainty is limited to faithful representation (or reliability);
- The guidance on how measurement bases should be selected in future Standards and amendments to current Standards does not provide the clarity that is deemed necessary;
- No conceptual basis is provided for reporting items in OCI.

Furthermore, although EFRAG was generally supportive of the new definitions of assets and liabilities proposed in the Exposure Draft, EFRAG launched a questionnaire on the proposed definitions in October 2015 in order to test how they might apply in practice. EFRAG will provide separate comments to the IASB resulting from the questionnaire in 2016.
IASB research project Equity Method of Accounting

Over the years, the IFRS Interpretations Committee has received numerous requests to clarify various aspects of accounting under the equity method in IAS 28 Investments in Associates and Joint Ventures. The IASB has considered these requests by proposing narrow-scope amendments to IAS 28 with the aim of reducing diversity in practice.

When responding to the IASB’s different proposals to amend the equity method in IAS 28, EFRAG and other constituents expressed support for the IASB’s efforts to address diversity, but expressed concerns that the proposed solutions were potentially inconsistent with each other. In this context, EFRAG published a short discussion paper which explored whether characterising the equity method in a particular way could be helpful in having a basis upon which to solve the application issues that arise. Further analysis was usefully conducted by the Korean National Standard Setter (KASB).

The IASB is currently considering the equity method of accounting under its research agenda to address application problems arising from the equity method requirements set out in IAS 28. In particular, the IASB’s decision to defer indefinitely the Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (published in September 2014) and to look at the amendments more comprehensively addresses EFRAG’s request to take a holistic view of the issues before introducing additional narrow-scope changes to IFRS.

EFRAG discussions, primarily within EFRAG TEG and EFRAG CFSS, aimed at providing input to the ASAF discussions throughout the year, including consideration of a number of potential simplifications to the equity method of accounting proposed by the IASB staff. EFRAG’s position remains that there was no need to reconsider the use of the equity method and that the IASB should focus on bringing solutions to the issues encountered in practice.

In order to help provide direction to scope the IASB’s project, EFRAG presented a paper at the December 2015 ASAF meeting. Both the IASB and ASAF members welcomed EFRAG’s contribution to the project. The discussion continues to demonstrate however a lack of consensus around the table as to whether the equity method should be reconsidered.

Monitoring the finalisation of the IASB Insurance project

Re-deliberations in the Insurance project have continued throughout 2015. In February 2016 the IASB finally gave a green light to its project team to start drafting the final standard. EFRAG has continued to make its best efforts to help the IASB reach final conclusions that would be as close as possible to European expectations. Throughout the year EFRAG TEG has received expert advice from its Insurance Accounting Working Group so as to best understand the possible options on main issues. The outcome of the IASB’s deliberations when considered broadly seem to be acceptable from a financial reporting perspective. However in this project, even more than others, “the devil may be in the details”. The drafting of the standard will therefore play a considerable role in ensuring that the final requirements are understandable, can be applied on a consistent basis and be operational at a reasonable cost. In 2016 EFRAG, assisted by the Insurance Accounting Working Group, intends to take the opportunity of the wide fatal flaw review that the IASB intends to perform to help reach a high quality final outcome. In the meanwhile EFRAG hopes that sufficient coordination with the IASB and the European Commission will take place so that assessments as to whether the final standard is conducive to the European public good can be anticipated as much as possible.

Contributing to the Disclosure Initiative

Improving the quality and relevance of IFRS disclosures has been a priority for Europe for many years. It is therefore important for EFRAG to contribute to every stage in the Disclosure Initiative launched by the IASB. The few amendments that have been proposed and finalised have proven helpful and uncontroversial; however everyone is still awaiting the changes that will make the difference. EFRAG was therefore pleased to consider the proposed Practice Statement on Materiality. The effort is largely welcome, however some doubts exist as to whether the publication of such a document will be very effective in practice. In any event EFRAG and its constituents concurred that the draft statement needed a major rewrite, focusing on providing pragmatic guidance on the assessments which cause the greatest difficulties in practice.

Helping the IASB progress the Rate-Regulated Activities project

After EFRAG had published its comment letter in response to the IASB’s Discussion Paper on Accounting for Rate-Regulated Activities, EFRAG’s communication with the IASB has been limited to participation in ASAF discussions on the topic and regular staff to staff exchanges. EFRAG supported a few decisions made by the IASB, including the decision to consider a revenue approach and the need to gather more real-life examples of existing regulations. EFRAG considered that it was too early to decide whether the next IASB output should be another discussion paper or an exposure draft. The EFRAG Rate-Regulated Activities Working Group has again been instrumental in bringing real-life examples to be tested from a revenue approach perspective.
Providing endorsement advice

IFRS 15 Revenue from Contracts with Customers

In the first quarter of 2015 EFRAG finished its positive endorsement advice on IFRS 15. IFRS 15 addressed many of the recommendations EFRAG made during its due process. Where EFRAG’s recommendations were not fully followed, EFRAG assessed that the outcome was still leading to relevant, reliable, comparable and understandable information. EFRAG also was satisfied that IFRS 15 addresses issues raised by participants in the successive EFRAG field tests at the time the standard was being developed. In the public consultation on the draft endorsement advice, at the request of ARC members EFRAG specifically asked whether it would be possible to implement IFRS 15 by the effective date of 1 January 2017. EFRAG recommended in its endorsement advice that IFRS 15 should be adopted “with the effective date set by the IASB”. This meant that if the IASB should at a future point of time decide to delay the effective date, this deferred effective date would also apply in Europe. In the middle of 2015 the IASB decided to defer the effective of IFRS 15 to 1 January 2018.

IFRS 9 Financial Instruments

Towards the end of 2014 EFRAG received, in accordance with the Maystadt recommendations, a detailed request for endorsement of IFRS 9 prepared on the basis of input by ARC members. This was the first full scale experience since EFRAG has been entrusted with the assessment of whether an IFRS is conducive to the European public good. Whilst EFRAG’s usual assessment of whether an IFRS meets the qualitative characteristics of relevance, reliability, comparability and understandability and is not contrary to the true and fair view principle remain critical for endorsement, a series of new and supplementary assessments were to be conducted in the determination of EFRAG’s endorsement advice.

In line with the objectives of the IAS Regulation, which has aimed at enhancing the functioning of capital markets through increased transparency and comparability in financial reporting, the first supplementary analysis was of whether IFRS 9 would bring improvements in financial reporting at a reasonable cost. Beyond this first supplementary analysis, an assessment was carried out of: whether IFRS 9 could have negative effects on European companies’ ability to enjoy a level playing field on international capital markets; whether the use of fair value was appropriate; the possible impacts of IFRS 9 on issuer and investor behaviours; and whether those impacts, in particular in relation to the impairment model, could have an adverse effect on economic growth or financial stability. EFRAG received invaluable advice and input from the European Supervisory Authorities and the European Central Bank. EFRAG’s detailed assessment included in its positive endorsement advice was welcomed by the European Commission and ARC members as reflecting thorough analysis and balanced views.

In accordance with its field work policy, EFRAG conducted a series of field tests on the possible effects during the development of IFRS 9. Very limited quantitative data were gathered at the time and it seemed that obtaining such data was impractical at the proposal stage. Also, during the development of EFRAG’s endorsement advice, obtaining quantitative data when entities were not sufficiently advanced with the implementation of IFRS 9 turned out to be difficult, if not impossible. In addition, the EBA advised that no reliable quantification could be expected at the time of preparing the endorsement advice. EFRAG reviewed various IFRS 9-related studies that had been published by others, however none provided the insights that EFRAG was looking for. EFRAG had thus to base its endorsement advice largely on a qualitative impact analysis.

Informed by a specific outreach to users specialised in the insurance sector and after having received data from the insurance industry, EFRAG concluded that IFRS 9 met all the endorsement criteria in the IAS Regulation except for the impact on the insurance industry of implementing IFRS 9 before the forthcoming insurance contracts standard. Before IFRS 9 was finalised in 2014 EFRAG, among others, had called for an alignment of the effective dates of IFRS 9 and the future insurance contracts standard for the insurance industry. Raising the issue again during the development of its endorsement advice, EFRAG was successful in convincing the IASB to address the issue. The IASB issued an Exposure Draft Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts in December 2015 proposing solutions including the temporary exemption from applying IFRS 9 by insurance undertakings meeting certain criteria. These amendments are expected to be finalised in the second half of 2016.

At the request of the European Commission EFRAG provided a supplement to its endorsement advice explaining how EFRAG had reached its assessment that IFRS 9 was not contrary to the true and fair view principle. EFRAG explained that first the IFRS was assessed on a stand-alone basis as to whether it met the qualitative characteristics of the IAS Regulation and led to prudent accounting. Then EFRAG made an assessment of the interaction of the new IFRS with existing IFRS to ensure that no distortion or omission would result from
such interaction. Finally EFRAG considered IFRS as a whole, including the IFRS under assessment, to ensure that an issuer would be required to disclose all information necessary so that the resulting financial statements would meet the true and fair view principle.

**Looking ahead to future endorsement advices: the forthcoming endorsement advice on IFRS 16 Leases**

As envisaged in the Maystadt recommendations and following the request of the European Commission, EFRAG will continue to build its impact assessment capability to support the assessment of whether new IFRS are conducive to the European public good. EFRAG has decided to draw from best impact assessment practices at European and National levels and to use the endorsement advice of IFRS 16 as a pilot case. EFRAG intends, in line with its field work policy, to coordinate with National Standard Setters in order to aggregate data collected at national level. This is one of the benefits of having National Standard Setters fully integrated in EFRAG.

Early in 2015 EFRAG decided to coordinate with the IASB to consider the scope of the effects analysis that the IASB intended to conduct on IFRS 16. This analysis was expected to reflect the recommendations made by the IASB’s international working group advising on an effects study methodology. Following EFRAG’s recommendation, the IASB decided to assess the differences in financial reporting outcomes and in implementation costs of the forthcoming IFRS 16 and of its US GAAP equivalent, to evaluate the effects of the change in standard on bank covenants and to consider the possible effects of the standard on the leasing industry and on SMEs’ access to finance. In the meanwhile EFRAG, together with the IASB and the National Standard Setters of France, Germany, Italy, Lithuania and the UK, launched a survey among European lenders and constituents to gather evidence on how loan covenants are defined and assess the potential effect of the new Standard.

EFRAG expects to receive the European Commission’s formal request for endorsement advice on IFRS 16 in mid-2016, after the Commission has consulted with the ARC. EFRAG will then be in a position to design the scope of the assessments it intends to perform to inform its conclusions.
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1 The IASB published several Exposure Drafts (Classification and Measurement, Expected Credit Losses, Hedge Accounting or Fair Value Option for Financial Liabilities among others) that were finally integrated into IFRS 9 Financial Instruments. Although EFRAG responded to the Exposure Drafts, the corresponding dates are not included in the table above.
### IFRS / IAS

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**Count 2015**: 18
Publications and activities in 2015

July 2015

Getting a Better Framework
PROFIT OR LOSS Versus OCI

Bulletin

EFRAG Short Discussion Series
THE STATEMENT OF CASH FLOWS
ISSUES FOR FINANCIAL INSTITUTIONS

EFRAG’s 2015 proactive agenda consultations
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We need the input of users – investors, their advisors and other capital providers – to help improve global financial reporting

Investors are the primary users of financial statements: having a thorough understanding of their needs is essential to the development of high quality IFRS and to EFRAG’s positions and input in contributing to the development of IFRS. Over time EFRAG has increasingly involved the investor and analyst community in our work: we need investors and analysts to tell us what is working well in the financial reporting topics under discussion, and where there are opportunities for improvement.

However, obtaining input from the investment community continues to be a real challenge, not only for EFRAG but for all involved in the financial reporting standard-setting process. We know that users have difficulties to dedicate time to the standard-setting process. Therefore, together with user organisations, the IASB, National Standard Setters and other organisations, we are seeking ways to get them involved more easily and contribute to the development of EFRAG’s activities and positions.

EFRAG made special efforts to obtain the input of investors, their advisors and other capital providers when it first established its User Panel in 2006, and when launching its specific outreach effort to users in late 2011, noting that obtaining additional user input through a wider user outreach was critical.

In 2015 EFRAG remained very active in reaching out to users. Outreach events took place in cooperation and coordination with the IASB and, wherever possible, with other European and National user organisations and National Standard Setters. The idea is to follow a “shared due process” model, so that constituents are not separately solicited by various organisations asking for their views on the same subject. This model was introduced in 2011 by EFRAG and is particularly relevant when reaching out to users.

The EFRAG User Panel

The EFRAG User Panel compromises users from different European countries, including banking (sell-side) analysts, institutional investors (buy-side), academics, corporate analysts and representatives of retail shareholders. In 2015, the EFRAG User Panel welcomed Sam Holland - nominated by CRUF (The Corporate Reporting Users Forum) - and Norbert Seeger - nominated by the Pensions Europe - and Marie-Pascale Peltre – nominated by SFAS - as new members. EFRAG thanks Jean-Baptiste Bellon, who decided to retire from the EFRAG User Panel, for his longstanding contribution to EFRAG since the start of the Panel in 2006.

EFRAG learns from its User Panel how financial reporting information is used by investors, academics and analysts, feeding into the development of high quality financial reporting under IFRS. The Panel provides regular input to EFRAG TEG on the issues that are most important and topical for users. This gives EFRAG TEG insight in the various user needs in addition to the views provided by Serge Pattyn, the EFRAG TEG Member and Carsten Zieble, EFRAG TEG observer with user backgrounds.

User outreach

In 2015, building on earlier contacts and entering into new initiatives, EFRAG has enhanced its outreach to users in cooperation with the IASB and, wherever possible with other European organisations and National Standard Setters.

- EFRAG welcomed presentations and participation in various committee meetings of user organisations and seminars in which financial reporting issues are discussed (CFA Institute, CRUF (including the European CRUF meetings launched in 2015 and the 10th anniversary celebration), EFFAS Financial Accounting Commission and the Eumedion Audit Committee).
• **Surveys based on user interviews:** in 2015, EFRAG conducted an individual insurance specialist user outreach on the potential deferral of IFRS 9 for insurers involving 28 insurance analysts from all over Europe on the possible impact of having different effective dates for IFRS 9 and the new insurance contracts standard. The IASB and some National Standard Setters observed the interviews. The input showed that a large majority of users favoured the deferral of IFRS 9’s effective date for the insurance sector. This input was very important in EFRAG’s endorsement advice on IFRS 9.

• **User outreach events:** EFRAG has been running a European outreach event in partnership with EFFAS (The European Federation of Financial Analysts Societies), ABAF (the Belgian member of EFFAS) and the IASB, aimed at gathering input from the user community on specific aspects of the IASB’s Exposure Draft on the revised Conceptual Framework. A first national event as spin-off of the European outreach event was held in Milan organised by EFRAG, EFFAS and AIAF (the Italian member of EFFAS) and the IASB addressing the same theme.

• The EFRAG - ICAS sponsored Pan European academic study on professional investors and the decision usefulness of financial reporting was finalised in 2015 and published in March 2016. Users out of EFRAG’s user network have been interviewed for the study. In total some 90 users have been interviewed for the study.

• The various initiatives have allowed EFRAG to increase our network database of users who expressed an interest in some form of involvement in standard-setting activities and EFRAG’s work. Also, our joint presence with the IASB since 2013 at the annual CAGE (Consumer Analyst Group Europe) conferences has helped us to gain visibility from the consumer analyst community and gave us access to a few analysts who expressed an interest in financial reporting. CAGE contacts have been instrumental in finding analysts for the interviews for the academic study and the interviews with analysts covering the insurance industry on the interaction of IFRS 9 and the future insurance contracts standard. This user network, which we have been building up since 2013, will facilitate our future outreach initiatives.

**User Organisations Coordination**

Since March 2015 the EFRAG Secretariat facilitates the User Organisations Coordination meetings and conference calls to support Hans Buysse, the EFRAG Board member nominated by EFFAS. The meetings and conference calls provide user input on main issues to be discussed in forthcoming EFRAG Board meetings. All user organisations with an interest in financial reporting (Better Finance, CFA Institute and CFA UK Society, CRUF, EFAMA, EFFAS, FESE and Pensions Europe) are invited to participate in the User Organisations Coordination.

EFRAG will continue to enhance its efforts in 2016 and hopes to further increase investor and analyst involvement in its activities. Involving European users in various ways and understanding their needs helps EFRAG in providing input to the development of IFRS from a European perspective.
“Collaborating with EFRAG and the IASB provides a different perspective of financial issues that generate a distinctive insight for analysts and investors research works. Moreover, the participation in different committees creates an intellectual incentive that contributes to a better understanding of financial reporting and benefits the investment decision process.”

JAVIER DE FRUTOS
Chairman EFFAS
Financial Accounting Commission (FAC)

“Users - analysts, investors and lenders - need to understand the fundamental principles that underlie financial reporting. They are only able to make well considered decisions if they understand the grammar of the financial reporting language. The EFRAG User Panel is an excellent forum that allows users to discuss financial reporting. It allows them also to keep in touch with the fast developing world of IFRS.”

SERGE PATTYN
EFRAG TEG Member

“It is frustrating to hear from some investment professionals that they don’t look at financial reports. Sure, you need to understand the IFRS requirements to be able to interpret the results. But once you get to this step, your analysis will be very founded and help you to predict more precisely future results and cash flows. The EFRAG User Panel can get you to that level.”

CARSTEN ZIELKE
Managing Director, Zielke Research Consult GmbH
Vice-Chairman of EFRAG User Panel

“To co-operate with other analysts, with the EFRAG and with the IASB in the user panels, has sharpened my thinking in accounting and valuation. We normally discuss important and meaningful aspects of accounting, items that frequently show up in my daily work as an equity analyst.”

PETER MALMQVIST
Co-Chair CMAC
Chairman Swedish Society for Financial Analysts
“Both the CMAC and the EFRAG User Panel provide an invaluable opportunity for users of financial statements to refine their understanding and to also influence key updates to accounting standards. This occurs via their dialogue with both the International Accounting Standards Board and the EFRAG Technical Expert Group and with the technical staff. There really is a two-way interaction by which users influence standard setting while the standard setters also have a chance to understand the practical application of financial reporting information and to pick the brains of those involved in the committees on how to reach out more effectively to users.”

VINCENT PAPA
Director,
Financial Reporting Policy
CFA Institute

“Experienced users tend to develop valuable insights on what kind of reporting really matters, or what kind of reporting would matter. Without user input, standard setters can only guess what users need, or only rely on feedback from companies and auditors. The Capital Markets Advisory Committee to the IASB and EFRAG’s User Panel both are platforms that allow for user perspectives to be taken into account in the standard-setting process. I encourage interested investors to contribute to these intellectually rewarding platforms for exchange of thoughts.”

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Policy Advisor
Reporting & Audit,
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If you are an IFRS-trained professional, joining EFRAG could be an exciting and career-enhancing opportunity. We’re interested in people with experience in IFRS – whether gained in a standard-setting environment or in business or practice – and a desire to make a difference to how it develops in future. EFRAG offers opportunities to join us as an employee, on secondment (for example from an audit firm, financial institution, or a commercial company) or to work under contract as a part-time service provider.

Entities and organisations seconding their staff to EFRAG go for a win-win deal: they increase the IFRS expertise of their financial reporting team while contributing to EFRAG’s work serving the European public interest. EFRAG gives financial reporting professionals the opportunity to work in an inspiring workplace where they can develop their technical expertise in a multi-cultural environment and a cooperative atmosphere.

Working at EFRAG can also be part of a longer term career in standard-setting. We offer unique opportunities to develop the full range of technical, professional and personal skills involved in standard-setting, along with deep expertise in specific topics and sectors.

Joining EFRAG represents a unique opportunity to acquire detailed knowledge and understanding of IFRS that are being developed by the IASB and which are due ultimately to be implemented by European companies.

EFRAG’s former staff is now active in a wide range of professional activities with audit firms, companies, banks, standard setters and authorities. What they have all in common is their knowledge, expertise and experience in financial reporting and IFRS gained as part of the EFRAG team.

CURRENT STAFF

When working for EFRAG it is necessary to understand the views of the various European stakeholders. At EFRAG you do not only learn what future financial reporting standards will require, you also learn the reasons for the requirements.

RASMUS SOMMER
SENIOR TECHNICAL MANAGER

At EFRAG I had the opportunity to partake in the due process of improving global financial reporting and ensuring that IFRS Standards are fit for use in Europe. In this process I had the chance to engage with financial reporting experts, discuss the challenges faced by preparers and investors and work with academics. All this increased not only my knowledge on IFRS but also on how it is developed and applied in Europe.

FILIPE CAMILO ALVES
ADVANCED TECHNICAL MANAGER
I joined EFRAG directly from audit in March 2012 to further my knowledge of IFRS and to develop my technical career. By the time I left three years later, I had worked on a variety of projects including the endorsement of IFRS 9, written a discussion paper and contributed to other proactive activities. I also met and worked with some of the most important and influential IFRS thinkers and developed a network of contacts across the globe. Joining EFRAG was the first and biggest step in my technical career and it has provided an invaluable platform to build on. I cannot recommend highly enough joining EFRAG.

BENJAMIN REILLY, 
FINANCIAL ACCOUNTING MANAGER, 
GLOBAL ACCOUNTING POLICY HSBC HOLDINGS

I joined EFRAG in May 2010 and have been part of the EFRAG team for almost 5 years. EFRAG provided me with the opportunity to meet very interesting people in the accounting profession and also be part of the most challenging but interesting discussions in the financial reporting field. I liked that I was challenged in the financial reporting discussions from all sides, starting from EFRAG Technical Managers, EFRAG TEG members, Standard Setters (even outside the EU), IASB Staff, users and all constituents interested in the accounting developments. All those challenges rewarded me as they developed my pro-active thinking in financial reporting and I still keep up to date on the accounting developments through reading EFRAG papers in my current job and am still listening to the continuously challenging but interesting accounting discussions.

RALITZA ILIEVA, 
ACCOUNTING & EXTERNAL REPORTING EXPERT AT F. HOFFMANN-LA ROCHE

Having the opportunity to have our people collaborate with EFRAG on a secondment basis provide us with a great opportunity to be close to the European accounting standard setting process and also provide the possibility of a high level interaction with Companies throughout Europe enabling an unique view of different perspectives in relation to accounting standards implementation. This experience helps our people to enhance significantly their technical skills as they are able to understand what are in the backstage of each standard and most of the potential impact scenarios and, consequently, it also enable us to provide some meaningful advice to our clients in our country.

CLÉBER H. BERETTA CUSTÓDIO, 
PARTNER, IFRS CENTRE OF EXCELLENCE LEADER, DELOITTE SPAIN
After eight months working for EFRAG I have to say that this experience has exceeded all my initial expectations. I not only found very talented professionals, but also a strong organization with deep and rooted relationship with the main European constituents as national standard setters, regulators, auditors, companies and users. In addition, the regular day-to-day work is developed with great respect and acknowledgement for the European institutions and what they represent on behalf of all EU citizens. I am very proud to be able to say that I am a member of an organisation like this and it is a fact that when I return to my Company in Spain all these new skills and knowledge that EFRAG is providing will help me and people around me to improve and to be better, both technically and organisationally.

Working for EFRAG for 2 years was an amazing experience. Both personally and professionally I felt at home. Great community, great atmosphere to work and better people. At EFRAG things are done with enthusiasm.

EY Belgium supports the secondment of our technical IFRS staff to EFRAG. By doing so, we actively contribute to the European voice of IFRS and leverage on the IFRS network of EFRAG within Europe. Such secondment also seamlessly integrates with our tagline of “building a better working world”. EY believes in bringing support to public interest organisations such as EFRAG, that serve better functioning of capital markets. It is valuable for EY that our people who are seconded to EFRAG contribute to EFRAG’s activities and mission. On a personal level our people perceive these secondments as a logical next step in their career progression within our national and global IFRS organization, as well as a tremendous platform in developing their personal and relationship skills. We value the relationship with EFRAG and look forward in continuing this relationship for many years to come.

I joined EFRAG to observe closely technical developments in key areas of IFRS, engage with (European) stakeholders and have a better understanding of the European endorsement process. For me EFRAG demonstrates every day the benefits of European cooperation.
GOVERNANCE REPORT

SASKIA SLOMP

EFRAG Director, Governance & Admin

2015 is the first full year that EFRAG has operated under its new governance structure developed on the basis of Philippe Maystadt’s recommendations and implemented on 31 October 2014.

EFRAG Board

The EFRAG Board is responsible for all EFRAG positions as well as all governance and finance matters and other administrative tasks as specified in the EFRAG bylaws. The EFRAG Board meets on a monthly basis. The Board operates an Audit and Budget Committee, a Nominating Committee and a Remuneration Committee. These committees prepare deliberations and decisions made by the EFRAG Board.

EFRAG financial position

The EFRAG Board closely monitored EFRAG’s financial position so that EFRAG could give input to the European Commission for the extension of the Finance Regulation for EFRAG for the years 2017 to 2020. EFRAG reported to the European Commission on completion of the governance reform for the European Commission’s report to the European Parliament and Council under the Finance Regulation. The EFRAG Board approved the 2016 EFRAG Budget and work plan for submission to the EFRAG General Assembly.

EFRAG strategy

The EFRAG Board started its strategy discussion in January and examined various strategic issues during the first half of 2015 which resulted in an internal EFRAG strategy document and EFRAG’s public mission statement.

Submissions to the IFRS Foundation

In January the EFRAG Board approved the EFRAG letter on the IFRS Foundation’s Review of the Accounting Standards Advisory Forum (ASAF). EFRAG commended ASAF for its success as an effective multilateral and representative discussion forum in which Regional Groups and National Standard Setters from across the world can actively contribute to the IASB standard-setting process. EFRAG would promote a more prominent role for ASAF including the formal and permanent recognition as advisor of the IASB in the IASB’s due process.

EFRAG consulted on the IFRS Foundation 2015 Request for Views Trustee’s Review of Structure and Effectiveness, focusing on relevance of IFRS and consistent application of IFRS. EFRAG issued its final comment letter and related feedback statement in December. Our main messages included:

• Post-implementation Reviews should be regarded as a useful tool in IASB’s Research activities, helping identify what works and what is in need for improvement in current practice, regardless of the date at which a standard has been issued;
• Trustees should examine and reconsider the effectiveness of its due process oversight.

The European Commission responded to the Request for Views in relation to IFRS Foundation governance and financing issues.

Furthermore, EFRAG started in 2015 its consultation on the IFRS Foundation Trustees Invitation to Comment IFRS Taxonomy Due Process addressing the proposed enhanced due process for the development and maintenance of the IFRS Taxonomy. EFRAG focused on the proposals to give the IASB a role in reviewing and approving the content of the IFRS Taxonomy. EFRAG supports the Trustees’ statement that Taxonomy considerations should not dictate the standard-setting process.

2 Should IFRS be more European? Philippe Maystadt, Special Advisor to the European Commission, November 2013
**Governance**

In support to the governance of EFRAG, the EFRAG Board considered the EFRAG Board Nomination Committee recommendations and decided on a series of appointments to EFRAG TEG, some effective in 2015 and others from April 2016. The Board appointed the new EFRAG TEG Chairman and CEO Andrew Watchman as successor of Francoise Flores per 1 April 2016. In addition the Board appointed Nicklas Grip as EFRAG TEG Vice-Chairman from 1 April 2016.

The EFRAG Board agreed the EFRAG Secretariat Conflict of Interests policy and EFRAG’s Human Resources Policy.

The EFRAG Board approved the IT systems development and new EFRAG website following a proposal by the EFRAG Board Audit and Budget Committee.

**EFRAG Board self-performance and effectiveness review**

According to the EFRAG Internal Rules the EFRAG Board shall perform its own performance review annually and report to the EFRAG General Assembly. In the last quarter of 2015 a questionnaire covering a mixture of strategic, governance and operational issues, was circulated to EFRAG Board members, official observers and management. At the recommendation of the EFRAG General Assembly wider stakeholder input was sought by asking the EFRAG Member Organisations to provide general feedback on the performance and effectiveness of the EFRAG Board in order to provide a more complete and balanced picture.

The first review shows that on balance the new governance structure works well. As far as can be assessed after one year of operation and taking into account the issues that are still in development, promising steps have been taken towards Europe speaking with one voice and the enhanced credibility of EFRAG. This is however subject to further consideration being given to the role and status of the official observers (ESAs and ECB) in the EFRAG Board consensus building decision making model. Further development is needed on the European public good assessment, as part of the extension of EFRAG’s mandate since the governance reform.

**EFRAG Board Nominating Committee (EFRAG Board NC)**

The role of the committee is to recommend candidates for the yearly EFRAG TEG rotation process. The committee dealt this year with two rotation processes for EFRAG TEG: an additional call for candidates was for the 31 March 2015 rotation for the two vacant seats; and the 2016 EFRAG TEG rotation including the rotation of EFRAG TEG Chairmanship/CEO and the EFRAG TEG Vice-Chairman. The EFRAG Board NC also reviewed and updated its terms of reference.

**EFRAG Board Audit and Budget Committee (EFRAG Board ABC)**

The EFRAG Board ABC prepares recommendations for the EFRAG Board on the various financial aspects. The committee reviewed the 2014 financial statements, discussed the level of cash position that should trigger special attention, reviewed the July 2015 interim closing and discussed the 2016 budget. It made recommendations as to the level of funding that EFRAG should request from the European Commission for the 2017-2020 period and as to EFRAG’s Reserves policy. The committee agreed a proposal for a Directors and Officers Liability insurance.

**EFRAG Board Remuneration Committee (EFRAG Board RC)**

EFRAG Board RC agreed its terms of reference, reviewed EFRAG’s remuneration policy, confirmed the independence of the EFRAG TEG Chairman/CEO, reviewed and approved the EFRAG TEG Chairman/CEO’s compensation proposals for 2015 and made recommendations to the EFRAG Board on the compensation package of the incoming EFRAG TEG Chairman/CEO.

**EFRAG General Assembly**

The EFRAG General Assembly approved the appointment of Claes Norberg as Acting EFRAG Board Vice-President until the EFRAG Board President is appointed. The EFRAG General Assembly agreed two EFRAG Board replacements. The Assembly approved the 2014 audited financial statements for filing with the Belgian National Bank and the 2016 budget and work plan as proposed by the EFRAG Board. The Assembly confirmed the composition of the EFRAG General Assembly Nominating Committee and approved the committee’s terms of reference. The Assembly approved the EFRAG Board Conflict of Interest Policy.

**EFRAG General Assembly Nominating Committee**

The EFRAG General Assembly Nominating Committee agreed on conflict of interest policies for the EFRAG Board and EFRAG Secretariat as well as on the terms of reference of the committee for submission to the EFRAG General Assembly. The committee made recommendations to the EFRAG General Assembly on the replacements on the EFRAG Board and overlooked the EFRAG Board performance and effectiveness review process.
## ABBREVIATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015

### INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>2015 000 EUR</th>
<th>2014 000 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Stakeholder Organisations</td>
<td>765</td>
<td>765</td>
</tr>
<tr>
<td>National Organisations¹</td>
<td>1,550</td>
<td>1,548</td>
</tr>
<tr>
<td>European Commission</td>
<td>2,386</td>
<td>2,543</td>
</tr>
<tr>
<td>Contributions in kind</td>
<td>1,381</td>
<td>1,098</td>
</tr>
<tr>
<td><strong>TOTAL CONTRIBUTIONS</strong></td>
<td><strong>6,082</strong></td>
<td><strong>5,954</strong></td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resources</td>
<td>-3,255</td>
<td>-3,536</td>
</tr>
<tr>
<td>Building</td>
<td>-342</td>
<td>-337</td>
</tr>
<tr>
<td>Travel</td>
<td>-36</td>
<td>-50</td>
</tr>
<tr>
<td>Special events</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Publications</td>
<td>-17</td>
<td>-38</td>
</tr>
<tr>
<td>Meetings</td>
<td>-40</td>
<td>-43</td>
</tr>
<tr>
<td>Other costs</td>
<td>-353</td>
<td>-273</td>
</tr>
<tr>
<td>Expenses in kind</td>
<td>-1,381</td>
<td>-1,098</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>-5,424</strong></td>
<td><strong>-5,375</strong></td>
</tr>
<tr>
<td>Operating profit or loss</td>
<td>658</td>
<td>579</td>
</tr>
<tr>
<td>Financial Result</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Adjustments on prior years</td>
<td>74</td>
<td>27</td>
</tr>
<tr>
<td><strong>NET PROFIT OR LOSS</strong></td>
<td><strong>732</strong></td>
<td><strong>616</strong></td>
</tr>
</tbody>
</table>

### BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th>31/12/2015 000 EUR</th>
<th>31/12/2014 000 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible Assets</td>
<td>60</td>
<td>97</td>
</tr>
<tr>
<td>Office Guarantee</td>
<td>115</td>
<td>115</td>
</tr>
<tr>
<td>Total Fixed Assets</td>
<td>175</td>
<td>212</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>1</td>
<td>454</td>
</tr>
<tr>
<td>Current Investments</td>
<td>375</td>
<td>350</td>
</tr>
<tr>
<td>Cash</td>
<td>3,272</td>
<td>2,254</td>
</tr>
<tr>
<td>Deferred Charges and Accrued Income</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>3,656</td>
<td>3,065</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>3,831</strong></td>
<td><strong>3,277</strong></td>
</tr>
<tr>
<td>Equity: Accumulated surplus</td>
<td>2,866</td>
<td>2,134</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Leasing Debt</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>• Accounts Payable</td>
<td>425</td>
<td>423</td>
</tr>
<tr>
<td>• Taxes, Remuneration and Social Security</td>
<td>457</td>
<td>475</td>
</tr>
<tr>
<td>• Rent Accrual</td>
<td>53</td>
<td>69</td>
</tr>
<tr>
<td>• FRC 2014 contribution</td>
<td>0</td>
<td>175</td>
</tr>
<tr>
<td>• Other accruals</td>
<td>28</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY &amp; LIABILITIES</strong></td>
<td><strong>3,831</strong></td>
<td><strong>3,277</strong></td>
</tr>
</tbody>
</table>

The financial highlights are based on statutory financial statements audited by BDO, Belgium, who issued an unqualified audit report on those statements on 3 February 2016.
Change in the guaranteed return on EFRAG’s pension fund

The Belgian law has required that contributions paid on behalf of employees by their employers be guaranteed a minimum return of 3.25% until 31st December 2015. Until 31st December 2012, Delta Lloyd was providing this level of guarantee on all contributions paid by EFRAG on behalf of its employees. However pension funds in Belgium indicated that the current market conditions did not allow maintain this level of guaranteed return. Delta Lloyd has provided a reduced guarantee of 2% on contributions paid in 2013 and 2014, and a further reduced guarantee of 1.5% in 2015. A change in law is about to be enacted that reduces the minimum guarantee down to 1.75% from 1st January 2016. This makes EFRAG’s liability towards its employees certain for the years 2013-2015, and will increase that liability further in 2016 and beyond as Delta Lloyd has announced that the minimum guarantee in the pension fund would be once again decreased in 2016 down to 1%. Consequently EFRAG has accrued this liability of 20k€ as end of December 2015, on the basis of an estimate of amounts due by the end of December 2015, without taking into account any future contributions into the future.

New taxation on certain investments

In 2013 the Belgian authorities have decided to apply a new tax retroactively to gains realized on investments. Since 2003 EFRAG has invested in some medium term investments (250k€ nominal investment) on which it had accrued as of 31st December 2014 128k€ income. EFRAG has accounted for a tax liability of 25% of the resulting accrued income as of 31st December 2013, i.e. 31k€ tax liability, resulting in a net accrued income of 96k€. In the course of 2015 EFRAG has obtained confirmation that its tax exemption included this new tax. Accordingly as of 31st December 2015 EFRAG has ceased to accrue for it, generating an extraordinary income of 31k€. This extraordinary income is not part of the operating expenses on which the EC grant is based. The extraordinary income resulting from ceasing the accrual has no impact on the EC grant amount.
FINANCIAL STRUCTURE OF EFRAG

In the governance reform implementing the Maystadt Recommendations in 2014, EFRAG remained a combined publicly and privately funded organisation working in the European public interest. The public sector funding by the European Commission was designed to match private sector contributions by EFRAG Member Organisations.

The EFRAG Members are the European Stakeholder Organisations and the National Organisations. The National Organisations have various structures in different countries, meeting their national requirements and best fitting national circumstances. Their contribution is expected to be based on the country GDP. Supported by the European Commission the Council and the European Parliament, EFRAG continues seeking to broaden its basis of National Organisations. Also the Maystadt report called for a broadening of the national funding basis to make EFRAG more representative of the European countries.

The EFRAG financial structure hence combines private and public funding and gives EFRAG the appropriate credibility and standing without impairing its independence.

In addition to cash funding, EFRAG receives contributions in kind provided by the members of EFRAG TEG (with exception of the Chairman), the EFRAG Board, the Working Groups and Advisory Panels. Also during the whole of 2015 EFRAG had an Acting EFRAG Board President awaiting the nomination of the EFRAG Board President by the European Commission after consultation with the Council and the European Parliament who was not compensated by EFRAG for the time provided to EFRAG.

FROM 31.10.2014, THE EFRAG MEMBER ORGANISATIONS ARE:

<table>
<thead>
<tr>
<th>EUROPEAN STAKEHOLDER ORGANISATIONS</th>
<th>NATIONAL ORGANISATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FEE</strong> (Federation of European Accountants)</td>
<td>Grouping of six Danish Organisations</td>
</tr>
<tr>
<td><strong>BUSINESSEUROPE</strong> (European Business Federations)</td>
<td>Autorité des Normes comptables <em>(ANC</em> - France) (mandated by MEDEF - AFEP - Middlenext - OEC and CNCC)</td>
</tr>
<tr>
<td><strong>EBF</strong> (European Banking Federation)</td>
<td>Accounting Standards Committee of Germany <em>(DRSC/ASCG)</em></td>
</tr>
<tr>
<td><strong>ESBG</strong> (European Savings and Retail Banking Group)</td>
<td>Organismo Italiano di Contabilità <em>(OIC)</em></td>
</tr>
<tr>
<td><strong>EACB</strong> (European Association of Co-operative Banks)</td>
<td>Commission des Normes comptables <em>(CNC</em> - Luxembourg)</td>
</tr>
<tr>
<td><strong>EFAA</strong> (European Federation of Accountants and Auditors for SMES)</td>
<td>Dutch Accounting Standards Board <em>(DASB)</em></td>
</tr>
<tr>
<td><strong>EFFAS</strong> (European Federation of Financial Analysts Societies)</td>
<td>The Association of the Generally Accepted Principles in the Securities Market <em>(Sweden)</em></td>
</tr>
<tr>
<td><strong>Insurance Europe</strong> (European (re)Insurance Federation)</td>
<td>Financial Reporting Council <em>(FRC</em> - UK)*</td>
</tr>
</tbody>
</table>
THE BREAKDOWN OF CONTRIBUTIONS IS AS FOLLOWS:

<table>
<thead>
<tr>
<th>CONTRIBUTIONS</th>
<th>2015 000 EURO</th>
<th>2014 000 EURO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>European Stakeholder Organisations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FEE</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>BUSINESSEUROPE</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td>INSURANCE EUROPE</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>EBF</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>ESBG</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>EACB</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>EFAA</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>EFFAS</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>765</td>
<td>765</td>
</tr>
<tr>
<td><strong>National Organisations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>Germany</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>UK</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>Italy</td>
<td>290</td>
<td>290</td>
</tr>
<tr>
<td>Sweden</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Denmark</td>
<td>45</td>
<td>50</td>
</tr>
<tr>
<td>Netherlands</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,550</td>
<td>1,548</td>
</tr>
<tr>
<td><strong>European Commission</strong></td>
<td>2,386</td>
<td>2,543</td>
</tr>
<tr>
<td><strong>TOTAL CONTRIBUTIONS</strong></td>
<td><strong>4,701</strong></td>
<td><strong>4,856</strong></td>
</tr>
</tbody>
</table>
The European Commission, the European Supervisory Authorities and the European Central Bank participate in the EFRAG Board as official observers.

1 Erlend Kvaal was a member of the EFRAG Board until March 2015.
2 Until March 2015 when Patrick de Cambourg was appointed Chairman of the ANC, the ANC Board seat was held by Michel Barbet-Massin.
3 On 1 March 2015, Andreas Barckow succeeded Liesel Knorr as President of the ASCG.
4 Alphonse Kugeler was appointed as EFRAG Board member in June 2015.
The European Commission, the European Supervisory Authorities and the European Central Bank participate in EFRAG TEG as official observers.
EFRAG INSURANCE ACCOUNTING WORKING GROUP (EFRAG IAWG)

Hans Schoen - Working Group Chairman (Former EFRAG TEG Member and Former Audit Partner, KPMG); Vanessa Casalegno - Preparer (BNP Paribas); Alexander Dollhopf - Actuary (Cavendi Management Consulting); Luca D’Onofrio - User (Bip Group); Geert Ewals - EFRAG TEG Member; Hugh Francis - Preparer (Aviva); Susanne Kanngiesser - Preparer (Allianz); Joachim Kölschbach - Auditor (KPMG); Jasper Kolsters - Auditor (EY); Malin Löfbom - Preparer (mutual, Skandia); Richard Olswang - Actuary (Prudential); Jean-Michel Pinton - Preparer (CNP Assurances); Fanny Pouget - Preparer (AXA); Sabrina Pucci - Academic (University of Rome); Thomas Ringsted - Auditor and Actuary (Deloitte); Massimo Tosoni - Preparer (Generali); Gail Tucker - Auditor (PwC); Carsten Zielke - User (EFRAG User Panel vice-Chair, EFRAG TEG Observer).

The European Commission and the European Insurance and Occupational Pensions Authority (EIOPA), the International Credit Insurance & Surety Association (ICISA), the European Securities and Markets Authority (ESMA), Insurance Europe, the Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE), and the reinsurance industry have been granted observer status.

EFRAG FINANCIAL INSTRUMENTS WORKING GROUP (EFRAG FIWG)

Mike Ashley - Working Group Chairman, Vice-chair of EFRAG TEG, Non-executive Director; David Bradbery - Banking (Barclays); Riccardo Bua Odetti - Auditor (PwC); Pierre-Henri Damotte - Banking (Société Générale); Chiara Del Prete - Banking (UniCredit); Karin Dohm - Banking (Deutsche Bank); Günther Gebhardt - EFRAG TEG member; Laure Guegan - Auditor (EY); Vincent Guillard - Auditor (Mazars); Armin Hausmann - Preparer (Novartis International); Ratislav Kovacik - Banking (Banca Comerciala Romana); Selma Marte - Banking (BNP Paribas); Charlotte Pissaridou - Banking (Goldman Sachs); Delphine Vliegen - Preparer (EPIC SNCF); Yvonne Wiehagen-Knopke - Banking (DZ Bank AG).

The European Investment Bank (EIB), the International Swaps and Derivatives Association (ISDA), the European Commission, the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) have been granted observer status.

1 Terry Harding (auditor, KPMG) member up to 30 September 2015.
2 David Bradbery member up to 1 January 2016.
3 Günther Gebhardt member up to 1 January 2016.
EFRAG RATE-REGULATED ACTIVITIES WORKING GROUP (EFRAG RRAWG)

Bill Hicks - Chairman of the Working Group / former EFRAG TEG Member; Anne Azzola - Morgan Stanley; Nicola Bruno - Atlantis; Thomas Carlier - Deloitte Belgium; (corresponding Member); Emmanuel Fraser - National Grid PLC; Cosimo Guarini - Terna Spa; Thierry James - Centrica PLC; Lieve Kerckhof - Elia Group; Laura López Sotomayor - Ferrovial SA; Markus Lotz - 50Hertz Transmission GmbH; Pascale Mourvillier - Professional adviser, PAM Expertise; Javier Parada - Deloitte Spain; Javier Pastor Zuazaga - Iberdrola SA; Christophe Patrier - Deloitte France (corresponding Member); Thomas Possert - Energie Steiermark AG; Michael Reuther - PwC Germany; Per Timmermann - PwC Denmark; Katja van der Kuij-Groenberg - PwC Netherlands; Gerard van Santen - EY Netherlands; Magali Viandier - EDF.

The European Commission has been granted observer status.

EFRAG USER PANEL

Françoise Flores - User Panel Chairman, EFRAG TEG Chairman; Carsten Zielke - User Panel Vice-Chair, EFRAG TEG Observer (Zielke Research Consult); Martijn Bos - Policy Advisor Accounting & Audit (Eumedion); Luca D’Onofrio - Senior Manager (Bip Group); Hilary Eastman - CRUF; Javier de Frutos - Independent Accounting & Financial Reporting Analyst; Jacques de Greling - Senior Equity Analyst (Natixis); Sue Harding - Independent Accounting and Financial Reporting Analyst; Felipe Herranz Martin - Senior Lecturer in Accounting IUM and Board member Spanish Accounting and Business Administration Association (AECA); Sam Holland - Senior Director, Accounting Officer, Standard & Poor’s; Dennis Jullens - Lecturer and Researcher, Valuation & Accounting (Rotterdam School of Management, Erasmus University); Thomas Justinussen - Chief Analyst (Danskebank); Peter Malmqvist - Financial Analyst (Malmqvist EQR AB); Vincent Papa - Director, Financial Reporting Policy EMEA (CFA Institute); Serge Pattyn - Independent Financial Analyst, EFRAG TEG Member; Marie-Pascale Peltre - Independent Financial Analyst; Ian Sealy - Fund Manager Neptune Investment Management; Norbert Seegers - Pensions Europe; Jérôme Vial - Managing Director (CPM Advisory); Jed Wrigley - Fund Manager, Director of Accounting & Valuation (Fidelity International).

1 Jean-Baptiste Bellon (financial analyst: Trameza Conseil), member since the establishment of the EFRAG User Panel in 2006 up to August 2015; Jella Benner-Heinacher, Vice-President of Better Finance, Deputy Chief Managing Director (DSW) member up to February 2015.
EFRAG CONSULTATIVE FORUM OF STANDARD SETTERS (EFRAG CFSS)


Observers: FER - Swiss Standard Setter; TASB - Turkish Standard Setter
EFRAG SECRETARIAT AS OF 31 DECEMBER 2015

Françoise Flores  EFRAG TEG Chairman and CEO
Patricia McBride  Technical Director
Filippo Poli  Research Director
Saskia Slomp  Director, Governance & Admin
Nathalie Saintmard  Communication Manager

Isabel Batista  Senior Technical Manager
Hocine Kebli  Senior Technical Manager
Rasmus Sommer  Senior Technical Manager
Giorgio Acunzo  Technical Manager (seconded by PwC Italy)
Filipe Alves  Technical Manager
Didier Andries  Technical Manager
Joseba Estomba Lecuona  Technical Manager (seconded by Deloitte Spain)
Sapna Heeralall  Technical Manager
Ioana Kiss  Technical Manager
Robert Stojek  Technical Manager
Martin Svitek  Technical Manager
Vincent van Caloen  Technical Manager (seconded by EY Belgium)
Aurélie Diela  Accounting Officer (outsourced)
Neha Mehra  HR & Executive Support Officer
Thérèse Mac An Aichinnigh  Office Administrator
Sara García Álvarez  Office Administrator
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