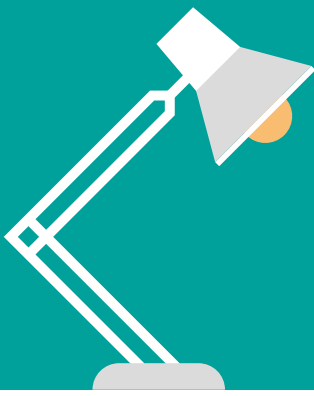




**ANNUAL
REVIEW
2014**



ABOUT EFRAG

EFRAG, the European Financial Reporting Advisory Group, was established in 2001 with the encouragement of the European Commission to provide input into the development of IFRS issued by the IASB and to provide the European Commission with technical expertise and advice on accounting matters.

EFRAG is a private sector body established in conformity with Belgian law. The Members of EFRAG - collectively known as “EFRAG Member Organisations” - are European Stakeholder Organisations and National Organisations having knowledge and interest in the development of IFRS and how they contribute to the efficiency of capital markets.

EFRAG’s role as advisor to the European Commission is formalised in a Working Arrangement which states that *“EFRAG will provide advice to the European Commission on all issues relating to the application of IFRS in the EU. In close consultation with the European Commission, EFRAG will participate in the early phases of debate on all issues related to the standard-setting process”*. As a result, EFRAG’s activities are aimed at ensuring that European views on the development of financial reporting are properly and clearly articulated in the international standard-setting process, so that ultimately IFRS can be endorsed in Europe to the satisfaction of European Stakeholders. Following the implementation of the “Maystadt recommendations” in 2014, EFRAG’s activities include assessments of whether the IFRS proposals/requirements are conducive to the European public good. This includes the interaction with economic concerns such as financial stability and growth.

Since 2010, EFRAG is a combined publicly and privately funded organisation working in the European public interest. It is funded by its Member Organisations and the European Commission. The positions of EFRAG and the contents of EFRAG publications are the sole responsibility of EFRAG and can under no circumstances be regarded as reflecting the position of the European Union.

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 based on a consensus-based decision-making process with the objective of Europe speaking with one voice.

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

The composition of the EFRAG Board makes EFRAG the legitimate European voice in the development of IFRS.

The EFRAG Board (16 Members) comprises in equal numbers representatives of European Stakeholder Organisations and National Standard Setters and is led by a President 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 EFRAG Technical Expert Group (EFRAG TEG) comprises 16 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, Françoise Flores, whose services are paid by EFRAG.

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 sectorial or national interests.

The EFRAG Technical Expert Group 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 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 Technical Expert Group. 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 by 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 has established an open and transparent due process, which allows and encourages European constituents to provide input for the consideration of EFRAG.

The EFRAG Board and the EFRAG Technical Expert Group operate similarly.

EFRAG achieves transparency mainly by:

- 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 preliminary positions, with an open call for comments, regardless of whether these relate to due process documents issued by the IFRS Foundation, the IASB or the draft endorsement advice to support the European endorsement process;
- Publishing all comment letters received on EFRAG draft positions and publishing EFRAG final positions, including

presentation of the basis for the EFRAG Technical Expert Group'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 for comments 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, during EFRAG's due process period, 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 on the other by EFRAG's due process. It is of crucial importance to the success and credibility of EFRAG. EFRAG is accountable to the public at large and the European institutions through its open and transparent due process; including public consultation on its publications; transparency of EFRAG's work; public meetings of the EFRAG Technical Expert Group, EFRAG Board, EFRAG Board public agenda papers and open nomination processes. EFRAG publishes every year an extensive Annual Review discussing its activities and presenting financials of the past year. 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 enjoys a constructive relationship with the IASB in many ways: EFRAG welcomes IASB members and staff as observers to the EFRAG Technical Expert Group's 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 European National Standard Setters; and EFRAG and IASB Chairs meet privately on a regular basis.

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 IFRS development. EFRAG also participates in the World Standard Setters meeting. EFRAG is a member of the IFRS Advisory Council.

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

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

The EFRAG secretariat provides support for all activities of EFRAG.



THE NEW EFRAG – REFORMING ON SOLID GROUND



EFRAG WOULD LIKE TO THANK HANS VAN DAMME ...

Acting Chairman of the former EFRAG Supervisory Board

... for leading the effort of reforming EFRAG, supported by the Members of the EFRAG Supervisory Board and its ad hoc task force.

EFRAG is also very grateful for the devoted involvement of Hans van Damme since the early days of EFRAG in his numerous functions as a Member of the EFRAG Supervisory Board: Chairman of the Audit and Budget Committee, deputy Chairman of the Nominating Committee and Vice-Chairman in the period 2010-2012 during which Pedro Solbes chaired the EFRAG Supervisory Board.

2014 will be remembered for EFRAG as the year of the Maystadt reform

In November 2013, Philippe Maystadt, adviser of Commissioner Barnier, issued his report providing recommendations on how to enhance the European Union's influence on international accounting standards. Those recommendations received wide support from the Member States and the European Parliament. Therefore EFRAG undertook to implement them swiftly. The new governance structure became effective on 31 October 2014 with the appointment of the EFRAG Board and EFRAG TEG taking up its advisory role.

Increased legitimacy as the voice of Europe in accounting

The new structure responds to calls to develop a more cohesive process for Europe's engagement with the IASB and increased involvement with National Standard Setters throughout that process. One of the main changes is that the EFRAG Board, which is fully representative of European interests, will decide on all EFRAG positions. EFRAG's mandate is widened to include economic policy and strategic considerations, whereas the 2006 working arrangement with the European Commission limited EFRAG's remit to technical assessments. The new EFRAG makes Europe more influential by giving Europe more cohesion in its participation in the IFRS standard-setting process. With the new EFRAG, Europe should be well equipped to meet challenges ahead.



Why was there a need to reform EFRAG?

National Standard Setters have become increasingly involved in EFRAG's activities as a result of earlier reforms. However, the National Standard Setters were not fully integrated in EFRAG and continued to call for a more balanced and representative structure.

In addition, the ARC (Accounting Regulatory Committee) raised concerns that the legitimate representation of Europe (in the form of the ARC) was only involved at the endorsement stage. ARC was also concerned that public policy considerations were not sufficiently taken into account and recognised that EFRAG in its current form was not equipped for this task.

Furthermore, the European Commission, supported by ECOFIN, wanted to promote greater cohesiveness in the messages that various European stakeholders were sending to the IASB. Progress in this area would not be achieved unless those key stakeholders were directly involved in EFRAG's decision making, rather than only being contributors to EFRAG's due process.



EFRAG Supervisory Board

As a response to these developments, in March 2013, the European Commission appointed Philippe Maystadt as special adviser to Commissioner Barnier with the mission to reinforce the European Union's contribution to IFRS and to improve the governance of the EU bodies in the field of financial reporting (EFRAG and ARC). Philippe Maystadt published his recommendations in November 2013. His report recommended changes in the governance of EFRAG, to provide EFRAG with the capability of serving a widened mandate and to bring increased legitimacy to EFRAG's positions.

What are the main changes compared to the former structure?

EFRAG's principal role and activities continue to be aimed at ensuring that European views on the development of financial reporting are properly and clearly articulated in the international standard-setting process. The objective is that the resulting standards are fit for Europe



EFRAG Board

without change. However, with EFRAG's widened mandate, its participation in the standard-setting process and advice on endorsement of IFRS will now also be based on supplementary assessments of the IFRS proposals/requirements being conducive to the European public good. This includes the interaction with economic policy such as financial stability and economic growth.

EFRAG's governance model had hardly changed since the establishment of EFRAG in 2001: a Supervisory Board that exercised oversight and organised the financing of EFRAG and a core group of

independent technical experts, EFRAG TEG, deciding on technical positions. The new structure is fundamentally different. The different stakeholders (preparers, auditors, regulators, investors, National Standard Setters) are not only consulted as part of the EFRAG due process but take the final decisions as full members of the EFRAG Board. The relationship with ARC and the European Parliament will be enhanced and preliminary steps have been taken in this respect.

This makes EFRAG a fully representative and all-inclusive organisation, strongly enhancing EFRAG's legitimacy and promoting cohesiveness among various European stakeholders. The EFRAG Board is responsible for all EFRAG positions with the objective of Europe speaking with one voice, facilitated by a consensus-based decision-making process in the EFRAG Board. EFRAG TEG continues to have a central role in providing technical advice.

Milestones

On 16 June 2014, EFRAG and its Member Organisations have taken an important step in implementing the Maystadt recommendations by approving in the EFRAG General Assembly meeting the new EFRAG Statutes and EFRAG Internal rules that set out the requirements of the new governance structure which came into force on 31 October 2014.

The EFRAG Statutes and EFRAG Internal Rules reflect the Maystadt recommendations as closely as feasible and supplement them, in the same spirit, in areas where the Maystadt report has remained either silent or high level. The new EFRAG Statutes allow for the extended membership of EFRAG, specify the financing commitments and include the new decision-making responsibilities of the EFRAG Board. The EFRAG Statutes embrace the consensus principle but specify fallback procedures in case consensus cannot be reached. The new EFRAG Internal Rules address the nomination, composition and responsibilities of the new EFRAG Board and its committees, as well as the advisory role of EFRAG TEG and the EFRAG Consultative Forum of Standard Setters (EFRAG CFSS)

as a consultative body to the EFRAG Board and EFRAG TEG.

On 31 October, the EFRAG Board Members, including the acting EFRAG Board President Roger Marshall, were appointed by the EFRAG General Assembly. See page 27 for the list of EFRAG Board Members.

The composition of the new EFRAG Board - including European Stakeholder Organisations and National Standard Setters' representatives and involving the European Commission, the European Supervisory Authorities and the European Central Bank (ECB) in an observer capacity - strongly enhances EFRAG's legitimacy. The European Supervisory Authorities and the ECB declined full membership in the EFRAG Board, unlike what was recommended in the Maystadt report. Continuity is ensured with all members having occupied positions in the EFRAG organisation or been associated to its technical groups since the early days.

As part of the Regulation on the financing of the IASB, EFRAG and IOB, as published in the Official Journal on 3 April 2014, the European Commission reported to the European Parliament and the Council in a report published on 2 July 2014 and concluded that overall EFRAG has made promising progress in implementing the reforms following the key recommendations in the Maystadt report. From 2015 onwards, the European Commission will have to provide an annual report on the activity of EFRAG.

Membership

At the start of the new governance structure EFRAG welcomed nine new members: one European Stakeholder Organisation, EFFAS (the European Federation of Financial Analysts Societies) and eight National Organisations - namely Denmark, France, Germany, Italy, Luxembourg, Netherlands, Sweden and the UK. See page 25 for the full list of EFRAG Members.

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EFRAG'S OBJECTIVES

1

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

2

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

3

Advising the European Commission on the acceptability of International Financial Reporting Standards (IFRS) for endorsement for use in Europe in the consolidated accounts of all listed companies.



STATEMENT OF THE ACTING EFRAG BOARD PRESIDENT



I have been privileged to serve as acting President since the formation of the new EFRAG in November 2014.

In its previous form, EFRAG was already providing robust technical advice to the European Commission through its independent Technical Expert Group. It was also carrying out significant technical work aimed at influencing the IASB to develop high quality standards suitable for use in Europe. It was hoped however that the new EFRAG would add additional strengths to its previous role by:

- *Becoming a representative organisation, drawing its legitimacy from the inclusion on the Board of a wide range of stakeholders as well as through the quality of its work and its due process.*
- *Considering public policy aspects of accounting at all stages of the development of accounting standards.*

I am pleased to say that in its first few months EFRAG is well on the way to achieving both of these ambitions.

Representative organisation

The new Board is drawn from a wide range of stakeholders. It also has the active and valuable participation of observers comprising senior officials of the Commission, the European Supervisory Authorities and the European Central Bank. Early Board meetings have been conducted in a collegiate manner, with consensus-based decisions, and my feeling is that the various stakeholders are increasingly willing to work together to develop common European views. EFRAG's role is to coordinate this process; it is not to impose its view on stakeholders but to help to build consensus. I am sure that progress will continue to be made in combining the inputs of our stakeholders into common European views which all can support.

At the same time, we have continued to benefit from the expert advice of EFRAG TEG. The roles of EFRAG TEG and the EFRAG Board are different but complementary and the relationship appears to be working well. We recently called for candidates to fill upcoming TEG vacancies caused by retirements; we received a significant number of very high quality applications and found it difficult to choose between them. EFRAG TEG has also benefited from the membership of technical directors of the larger standard setters.

Public policy

As the new Board was formed, EFRAG was already at a late stage at formulating its endorsement advice on the new Revenue Recognition Standard and was about to be requested to provide its advice on IFRS 9, the new wide ranging Financial Instruments standard. We have therefore had to formulate initial views on how best to incorporate public good considerations into our work; we will consult our stakeholders about this aspect in more detail later this year. We will also consider whether we need to reconsider our mix of skills. In future, we expect to consider public good throughout our consideration of the

development of a standard rather than near or after its finalisation.

I would like in particular to acknowledge the very helpful input our observers have made to our public policy considerations.

2015/16 work programme

The first few months of the new EFRAG have been very busy in establishing the new organisation and considering the major new standards referred to above. I would like to thank Françoise Flores, Patricia McBride, Saskia Slomp and other staff for coping admirably with these significant pressures. In addition, we must pay tribute to Philippe Maystadt for his work in providing a blueprint for the new organisation and to Hans van Damme and the rest of the previous Supervisory Board for their efforts in bringing this to reality.

The Board have been considering our longer term strategy. Whilst we expect to continue to spend significant time on proposed new standards, particularly IFRS 9 but also insurance and leases, we expect to refocus on proactive work aimed at the future development of standards. We also expect to spend time on the draft Conceptual Framework; in conjunction with other European stakeholders we appear to have been successful in our efforts to reintroduce important concepts of prudence and stewardship to the Framework but wait to see whether the detail is acceptable.

Prudence and stewardship are both very important concepts in Europe. We consider them fully in our endorsement advice and will seek to ensure that new standards give them due weight.

In closing, I would like to thank my Board colleagues and their sponsoring organisations for giving me their support and for making the first few months of the new EFRAG successful.

REPORT OF THE EFRAG TEG CHAIRMAN AND CEO



Françoise Flores

End of 2013, the report of Philippe Maystadt, special adviser to the European Commission, was issued and outlined the reform that EFRAG would undergo in 2014. While widening the mandate of EFRAG and enhancing its legitimacy as the Voice of Europe in Financial Reporting, the reform was meant to build on the well acknowledged technical credibility acquired progressively throughout the first 13 years of EFRAG's existence. As a result, it was essential that the reform would not disrupt EFRAG's technical work. To that end it was critical that the EFRAG Technical Expert Group and EFRAG technical staff teams, with the support of all EFRAG's working groups, and in cooperation with all National Standard Setters in Europe, would keep intact their enthusiasm and dedication to serving the objectives of EFRAG.

That is what they did. And remarkably well as this report outlines.

Contributing to new active projects on the IASB agenda

2014 brought to the IASB's agenda heavy weight projects – Accounting for Dynamic Risk Management, Reporting the Financial Effects of Rate-Regulation and undertaking the Post Implementation Review of all requirements that emerged in 2007 from Business Combinations phase 2. All three projects required a lot of interaction with European stakeholders, either to understand how hedging strategies are implemented in practice or the diversity in rate-regulation in Europe, or to hear from the practical experience acquired in the most recent years in business combination accounting.

To assess IASB's proposals on Accounting for Dynamic Risk Management, EFRAG had started in 2013 a full series of educational sessions provided by those in charge of asset-liability and risk management in major European banks and also in some corporates and insurance companies. This came in addition to the expert advice provided by both the Financial Instruments and Insurance Accounting Working Groups. A wide consensus emerged in Europe to commend the IASB's thorough analysis of banks' portfolio hedging strategies, however re-affirm that the missing piece in the IFRS 9 jigsaw is some portfolio hedge accounting that best aligns with risk

management practices, is consistent with IFRS 9 accounting model and can be applied beyond the banking sector. The IASB has elaborated a success recipe with the IFRS 9 general hedge accounting that is widely praised. It should follow the same recipe for what we cannot stop calling its "Macro-hedging" project.

EFRAG drew its understanding of the potential economic effects of rate-regulation from its specialist working group who started to operate in July 2013 and of the needs of investors in that sector thanks to a wide outreach effort to investors and their advisors that ran throughout 2014. Based on these invaluable insights, EFRAG was in a position to support the main directions in the Discussion Paper, highlighting that the revenue requirement had a pivotal role to play in determining whether the rate-regulation mechanism was giving rise to assets and liabilities that could be candidates for recognition. EFRAG is now ready to consider the IASB's proposals.

In assessing the effectiveness of the latest requirements for business combination accounting, EFRAG built on various outreach efforts, however in particular on in-depth interviews of both preparers and investors. In its proactive efforts EFRAG had already started to consider, in joint efforts with the Japanese and Italian Standard Setters, how the subsequent accounting

of goodwill could be improved and whether amortisation of goodwill should be re-instated, on the basis of a Discussion Paper authored by a Research Group. After its first outreach efforts to users, EFRAG had heard of their concerns with the loss of information due to the accounting of all acquired assets and liabilities at fair value. On this basis EFRAG issued a discussion paper on "Presenting the reversal of step-ups" as part of its Short Discussion Series. The post-implementation review identified a series of other concerns that practitioners have with the current business combination accounting requirements and has raised expectations that the IASB will consider how to improve them. The main finding of the review is that users require more relevant information on whether a business combination generates the benefits that were expected at inception. Any improvement should therefore have as objective to best serve that need, eliminate any unnecessary complexity that only works in theory, and be practical.

Considering major new IFRS for endorsement in the EU

The IASB completed two of its long standing major projects, Revenue Recognition and Financial Instruments, with the publication in 2014 of IFRS 15 and IFRS 9. As a result, both came as obvious candidates

for endorsement in the EU. Three years ago, EFRAG had been a vibrant promoter of having the IASB take more time in the finalisation of these major standards that were, back in 2011, far from being in a state that Europe could accept. In accordance with the recommendations in the Maystadt report, the endorsement advice process started for EFRAG, under the leadership of the European Commission, by hearing the requests that representatives of Member States in the Accounting Regulatory Committee (ARC) might have on each of the new standards. In both cases, ARC Members were pleased with the field tests that EFRAG had led in coordination with the four major National Standard Setters in Europe, and considered that no more than follow-up actions were required. After its publication, the new accounting standard on Revenue Recognition did not stir any concern on its expected outcomes and the EFRAG Board was able to reach consensus on its positive endorsement advice in February 2015, on the basis of a due process that had started before the EFRAG reform was implemented.

By the end of 2014, EFRAG received a detailed request of endorsement advice for IFRS 9 prepared by the European Commission on the basis of input received from ARC Members, and this endorsement advice features as one of the major achievements expected from the EFRAG Board in 2015.

Monitoring the finalisation of the Lease and Insurance projects

The two other major projects that have kept the IASB busy in the last decade have also been in their finalisation stage in 2014, however with still quite a lot of ground to cover. EFRAG has therefore

been quite active monitoring the IASB's progress, missing no opportunity to help the IASB come as close as possible to European expectations on both projects. The Accounting Standards Advisory Forum (ASAF) has proven a useful forum to bring input to the IASB re-deliberations and the EFRAG Insurance Accounting Working Group has continued playing the master piece role in EFRAG's contribution to the IASB Insurance project, thanks to the expert advice they provide to EFRAG.

Understanding the needs of users

In EFRAG's outreach efforts on the post-implementation review of IFRS 3, the investors outnumbered preparers in their willingness to participate in EFRAG's due process! This was as yet unheard of in EFRAG's experience and reflects EFRAG's fruitful efforts in reaching out to users of financial reporting for the last three years. Such successes owe a lot to EFRAG's cooperation with EFFAS, the European Federation of Financial Analysts, who has proven quite proactive in helping financial analysts develop influence on the development of financial reporting. EFRAG is pleased to express its warmful thanks to EFFAS leadership for the success of this cooperation. EFRAG and EFFAS organised jointly in 2014 no less than four round-tables discussing the contribution of investors to the standard-setting process, business combination accounting practices, the IASB's proposals on "Macro-hedging" and Rate-Regulation. The IASB participated in all four events. This came in addition to a wide range of various events and outreach initiatives that are reported in more detail in this annual review.

Transitioning to the new governance arrangements

For the third year in a row, the EFRAG Secretariat has spent significant efforts supporting the definition of new governance arrangements for EFRAG. June 16 was an important date when the new Statutes and Internal Rules were approved, for the first time in many years, reflecting agreement by all stakeholders involved. This comes as a major success for Europe. When the reform was finally implemented end of October, new work flows and processes had to be implemented in order to serve the purposes of both the EFRAG Technical Expert Group, of which activities are virtually unchanged, and the EFRAG Board that are completely new territory. Everyone in the EFRAG secretariat has dedicated time, skills and energy to best support EFRAG in those times of transition and change, and help make EFRAG's reform successful. I am happy to express here my very high appreciation for the work of a truly wonderful team!





EXERCISING THOUGHT LEADERSHIP

In developing its proactive efforts in 2014, EFRAG had set as objectives to bring to completion as many projects as possible so as to give the EFRAG Board the opportunity to set new directions immediately after the implementation of the reform and to more directly interact with the IASB's Research agenda. As a result EFRAG completed its project on IFRS in separate financial statements that it ran in coordination with the Dutch, Italian and Spanish Standard Setters. It also published jointly with the Japanese and the Italian standard setter the discussion paper authored by a team composed of Tomo Sekiguchi (ASBJ), Tommaso Fabi and Marco Mattei (OIC) and Filippo Poli (EFRAG) that considered whether amortisation of goodwill should be re-instated and what improvements could be brought to the impairment of goodwill and the disclosures thereof. EFRAG also lead other shorter-term efforts, including looking into possible improvements in the presentation of reversal of step-ups and into alternative accounting for levies that would trigger more satisfactory outcomes. Finally, EFRAG issued a discussion paper on the "Classification of Claims" so as to best frame the difficult discussion lying ahead on the distinction to make between debt and equity.

IFRS in separate financial statements

With many Member States in the European Union authorising or requiring the use of IFRS in separate financial statements, Europe holds stakes in having IFRS meet specific users' needs and be compatible with the legal environment that remains intrinsically linked to statutory accounts. EFRAG-DASB-ICAC-OIC discussion paper was well supported by respondents, notably in the identification of where specific standard-setting efforts were needed.

Should goodwill still not be amortised?

The subsequent accounting for goodwill remains quite a hot and controversial topic. Without much of a surprise, responses to EFRAG-ASBJ-OIC paper showed diversity of views, with a majority of users keeping a preference for the impairment-only approach despite the limited usefulness they currently find in the information provided. Many investors show interest in understanding whether business combinations generate the returns that were expected at inception, information that is necessary to get insights into the main value drivers of the entity and make management accountable for major –and often –costly transactions.

Presenting reversals of step-ups

EFRAG's discussion paper looked into various possibilities of improving the information provided to users on the reversal of step-ups. Even though the issue was one of the first users had highlighted at the outset of EFRAG's efforts in the IFRS 3 post-implementation review, the discussion did not attract a lot of interest and those who responded to EFRAG's consultation indicated a preference for the status quo, i.e. leaving materiality drive the

disclosures that are needed to provide users with relevant insights into the group overall profitability.

Solving the accounting for levies

As IFRIC 21 "Levies" was first developed and subsequently endorsed in the EU, its requirements kept raising high controversy and dissatisfaction, in particular because of its effects on interim accounts, the relevance of which relies on disclosures. Soon the message started to pass around that a revision of IAS 37 was necessary to avoid similar outcomes. EFRAG was not convinced that this was the case and therefore issued a discussion paper considering various alternatives that could help solve the issue. None of these alternatives is straightforward, as the main difficulty remains in how to deal with what are in essence "non-exchange" transactions. No doubt this is a subject that the IASB will have to deal in the future.

Classification of claims

In commenting on the IASB's discussion paper on the revision of the conceptual framework EFRAG had recommended the IASB not to consider the debt-equity distinction from a conceptual stand-point only, rather to best inform its conceptual thinking by leading a standard-level project in parallel. To contribute to the IASB's efforts EFRAG thought that it would be helpful to first consider what objectives could/should drive the distinction between debt and equity and then clearly identify what decisions had to be made. This was also meant to open up the discussion to as many constituents as possible, helping the understanding of the main stakes in what remains a highly complex issue. The discussion paper being

educative in nature, it was not designed to lead to conclusions at this stage. However a majority of respondents indicated that they considered that the IAS 32 model was the place to start, showing great support for the current binary distinction in which liabilities are positively defined and equity is the accounting residual.



SPECIAL TRIBUTE TO HANS SCHOENI!

EFRAG would like to warmly thank Hans Schoeni for the numerous years he dedicated to EFRAG, providing his expertise to developing IFRS as EFRAG TEG Member and, since early 2013, as EFRAG Acting Research Director.

The whole EFRAG team will definitely miss his easygoing and pedagogical approach, as well as his sense of consensus building that has proven to be so constructive, either in EFRAG TEG discussions or in the proactive work undertaken with National Standard Setters in Europe. However, EFRAG will continue to benefit from Hans' widely acknowledged expertise in insurance accounting as Hans is committed to continue chairing the EFRAG Insurance Accounting Working Group until EFRAG has provided endorsement advice to the European Commission on the revised IFRS 4!

EFRAG would like to thank Pieter Dekker for his 4-year outstanding contribution to the technical work of EFRAG and his dedication to the EFRAG staff!



EFRAG has welcome Patricia McBride as its new Technical Director in May 2014. Patricia has held several positions on the standard-setting scene overseas and shows tremendous expertise in the field of accounting standards.

BRINGING THE EUROPEAN VIEW IN THE IASB STANDARD-SETTING PROCESS

IFRS 3 Post Implementation Review

In assessing the effectiveness of the latest requirements for business combination accounting, EFRAG built on various outreach efforts, however in particular on in-depth interviews of both preparers and investors. EFRAG's findings happen to be fully consistent with the results of the IASB post-implementation review overall. The main areas where standard-setting efforts are required are the definition of a business that tends to be overly broad and the difference with a group of assets difficult to make; the subsequent accounting for goodwill that suffers shortcomings and where divergences of views appear among proponents of amortization and impairment on the one-hand, and supporters of the impairment-only approach on the other; the lack of usefulness of certain customer-related intangibles of which identification and valuation process tend to be both burdensome and costly and that users tend to disregard completely; the impairment model that lacks a principle-based and more entity-specific approach. Constituents also question the relevance of certain gains and losses on profit or loss, stemming from step acquisition accounting, the subsequent accounting for contingent payments or the measurement at inception of intangibles that will be fully

written off on day 2. Overall the clear and distinct message received from users is that they need better understanding of whether business combinations deliver the promises they held at inception. A challenge lies ahead for all those involved, in defining in a practical way remedies that help provide users with the information they need while removing or reducing complexities and costs that do not bring useful information. EFRAG, in cooperation with the Japanese and the Italian Standard Setters, has taken steps to help meeting this challenge. The scope of its activities in this area may have to be broadened in the future.

Accounting for dynamic risk management

Despite the thorough analysis by the IASB of banks' risk management practices and its willingness to develop new thinking, EFRAG was not in a position to welcome the proposals in the IASB Discussion Paper as the major breakthrough that was needed in open portfolio hedge accounting.

EFRAG did not think that revaluing all portfolios that are dynamically managed, regardless of whether or not they have been risk mitigated through hedging, is decision-useful. This would, in EFRAG's

view, form an overlay to the amortised cost measurement attribute for most financial instruments in the banking book thereby changing the most decision-useful information attribute for these financial instruments. Thanks to a wide outreach effort, EFRAG was also able to conclude that the portfolio revaluation approach when applied to a more restrictive scope would remain quite challenging from an operational standpoint and it was unlikely it would fulfil the needs of the insurance and commodity sectors.

EFRAG expects that the IASB will continue developing a hedge accounting solution in accordance with the original objective, which is to address the accounting mismatch caused by fair valuing hedging derivatives and measuring hedged items at amortised cost. It is of high importance to EFRAG that the future open portfolio hedge accounting model is consistent with IFRS 9 in general and the general hedge accounting model therein in particular.

Reporting the financial effects of rate-regulated activities

Considering IASB's Discussion Paper on how to reflect the effects of rate-regulated activities was not the first encounter of EFRAG with rate-regulated activities. In 2009, EFRAG had already commented on



EFRAG would like to thank Nicolas de Paillerets and Bill Hicks for their excellent contributions as Members of the EFRAG Technical Expert Group.

Nicolas de Paillerets



Bill Hicks

In 2015, a major rotation will take place within the EFRAG Technical Expert Group. On this occasion, EFRAG would like to thank Gabi Ebbers, Araceli Mora, Joanna Frykowska and Andreas Barckow for their outstanding contributions to the work of EFRAG TEG and their commitment.



Gabi Ebbers
EFRAG TEG Member



Araceli Mora
EFRAG TEG Member



Joanna Frykowska
EFRAG TEG Member

the first set of proposals the IASB had published with the objective of fulfilling specific requests of its North American constituents. The Discussion Paper that was issued in 2014 is a positive response to EFRAG's recommendation to consider the issue more widely in a standard-setting effort that would be open to all existing forms of rate-regulation and hence bring into its scope the European rate-regulated industry.

EFRAG considered important to assess the IASB's proposal in a fresh state of mind. The key driver for EFRAG's thinking had to be how to best serve users' needs. EFRAG therefore undertook a wide outreach effort to investors and their advisors that started long before and was finalised after the EFRAG draft comment letter was open to public consultation. EFRAG also learnt a lot from its specialised working group on the underlying economics of rate-regulation.

EFRAG's preliminary assessment of the IASB's proposals was rather positive, EFRAG agreeing broadly with the definition of "defined rate regulation" and identifying the enforceable rights and obligations arising from the revenue requirement as possible candidates for recognition. By the end of 2014, EFRAG was still awaiting comments by constituents and the EFRAG Board had welcomed EFRAG's preliminary conclusions.

Leases

EFRAG's final comment letter to the IASB expressing some significant concerns, EFRAG had a strong interest in monitoring the re-deliberations by the IASB and the

FASB that were started early 2014.

EFRAG's objective was to continuously assess progress made in the Boards' decision-making process so as to be in a position to provide input and guidance, hence helping the IASB to eliminate or reduce the most critical causes of concern of many European constituents. EFRAG therefore focused its efforts on changes made to the definition of a lease and on simplifications brought to the proposals to improve the cost-benefit trade-off. A third issue for concern arose, when it became apparent that the IASB and FASB had decided to diverge in their lessee accounting model. The concern was all the greater that the FASB finalised a model that had never been exposed.

All this lead EFRAG and the Standard Setters of France, Germany, Italy and the UK to launch a first survey among European preparers in January to assess possible simplifications to the proposals. A report was published in April. This survey was followed by a second one, launched in July to both preparers and users, to ask for suggestions on how to make a robust distinction between leases and service arrangements, and their views on the alternative accounting models for lessees supported by the IASB and the FASB. A report thereof was published in September.

In parallel the EFRAG Staff developed a paper to trigger further discussion of the definition of a lease in the ASAF meeting held in September.

These supplementary efforts have not had any direct influence on the final decisions made by the IASB. Time will come in 2015 when the EFRAG Board has to consider the

final IFRS lease standard for endorsement in the EU.

Insurance accounting

EFRAG's comment letter on the 2013 Insurance contract exposure-draft had provided support to the basic principles of an alternative approach for the accounting for insurance contracts with participating features, highlighting however that significant efforts were required to develop this approach into future possible accounting requirements. As most of EFRAG's recommendations on the general insurance contract accounting model were followed, it came as natural that EFRAG's efforts concentrated in 2014 on the development of the alternative proposal.

EFRAG did so with the help of its remarkably active Insurance Accounting Working Group (EFRAG IAWG) who met no less than nine times in 2014. Members - who include preparers, auditors, users and academics, all specialised in insurance - generally reached consensus on the main recommendations to make to EFRAG TEG,



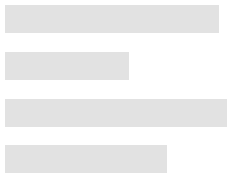
Heinz Hense



Ambrogio Virgilio



Andreas Barckow
EFRAG TEG Member



holding here and there divergent views on details. It is worth noting that IASB Members, who take particular interest in insurance accounting, often participate in the EFRAG IAWG meetings that represent a very valuable outreach resource to them.

EFRAG hopes that its efforts combined to all of those involved will help the IASB reach conclusions in 2015 that can be deemed satisfactory in Europe, so that it comes as close as possible to finalising the long awaited Insurance Contract IFRS standard in 2015.

Other projects

EFRAG continues to comment every IASB proposal and monitor all IASB standard-setting efforts, notably in order to actively contribute to the ASAF discussions. This annual review is not designed to report on each and every subject, rather to concentrate on the projects in which

EFRAG has had the greatest achievements, in which the IASB has progressed significantly, or that rank quite high in European priorities. A complete list of EFRAG's publications is provided as an appendix to this report. There are however two narrow-scope issues that are worth reporting upon, to illustrate that small amendments can trigger a lot of controversy and should therefore not escape from attention. These two issues relate to the measurement at fair value of quoted investments in subsidiaries, joint ventures and associates and to the clarifications brought to the consolidation and equity accounting requirements on how the consolidation (equity method) exemption should apply when investment entities are ultimate or intermediate parents.

Measuring quoted investments in Subsidiaries, Joint Ventures and Associates at fair value

The amendment proposed by the IASB would lead to measure at fair value quoted investments in subsidiaries, joint ventures and associates on the basis of the quoted price per share, disregarding that the relevant unit of account would be the investment as a whole. The debate showed that all EFRAG User Panel members were unanimous in supporting the IASB proposal, giving precedence to the need for a reliable measurement over the need for relevance, whereas for all other constituents relevance should trump. We will have

to follow the IASB's decision-making process on this issue in 2015.

Investment entities: clarifying the consolidation exemption

This amendment did not seem to have any other objective than to clarify how the consolidation exemption should apply when investment entities are involved as ultimate or intermediate parents. The controversy it triggered can come as a surprise when the consolidation exemption on the one hand, and the investment entity group accounting on the other, were both approved in Europe without encountering resistance. The discussion highlighted that the Accounting Directive(s) had been transposed in different Member States differently so that the adoption of the consolidation exemption and the clarification thereof might trigger different outcomes in whether the option to not consolidate was a valid option or not. One thing the amendment makes clear is that the group accounts of an investment entity are not consolidated financial statements, as consolidated financial statements can only be produced as the result of applying consolidation procedures. It therefore seems that there might be the need for further clarifications to be brought to the requirements applicable in Europe.



Phil Aspin

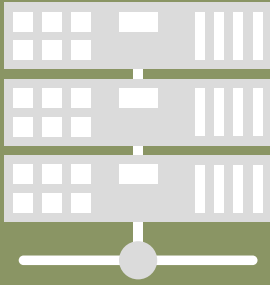


Geert Ewalts



Andrew Spooner

EFRAG is further pleased to welcome new EFRAG TEG Members: Heinz Hense (industry), Ambrogio Virgilio (auditor), Phil Aspin (industry) and Geert Ewalts (insurance specialist) as of 1 April 2015; and Andrew Spooner (auditor) as of 1 June 2015.



BETTER UNDERSTANDING INVESTORS' NEEDS

We need the input of users – investors 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 associated the investor and analyst community in its 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 remains a real challenge, not only for EFRAG but for all involved in the standard-setting process. We know that users have difficulties to dedicate time and efforts to the standard-setting process. Therefore, together with the users, the IASB 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 has developed special efforts to obtain the input of investors and other capital providers when it first established its User Panel in 2006, and when launching its specific outreach effort to users in 2011, noting that obtaining additional user input through a wider user outreach was essential.

In 2014, EFRAG has given a boost to the development of supplementary efforts to reach out in various ways directly to users. These outreach events have taken place in cooperation and coordination with the IASB and, wherever possible, with other European organisations and National Standard Setters, for which all user input

is essential. The idea is to implement the principle of "shared due process" introduced in 2011 by EFRAG and which is particularly relevant when dealing with users. In doing so, constituents are no longer separately solicited by various organisations asking for their views on the same subject and any discrepancy in what different organisations learn from relevant groups is avoided.

The EFRAG User Panel

The EFRAG User Panel comprises users from different European countries, including banking (sell-side) analysts, institutional investors (buy-side), academics, corporate analysts and representatives of retail shareholders. In 2014, the EFRAG User Panel welcomed Hilary Eastman - nominated by CRUF (The Corporate Reporting Users Forum), and Ian Sealy - nominated by the CFA Society UK - as new members.

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 members of the Panel provide on a regular basis input to EFRAG TEG on the most important and topical issues of relevance to users. This gives EFRAG TEG insight in the various user needs in addition to the views provided by Serge Pattyn, the EFRAG TEG Member with a user background.

User outreach

In 2014, 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, EFFAS FAC, the Eumedion Audit Committee and Pensions Europe Working Group on Accounting);



EFRAG User Panel



Jesús Lopez
EFFAS Chairman
ACIIA Deputy Chairman



Hans Buysse
EFRAG Board Member
Partner Syncap Belgium

EFRAG would like to thank its partners on user outreach initiatives:

- **Surveys based on user interviews:** in 2014, EFRAG and EFFAS conducted interviews with 40 users on the post-implementation review of IFRS 3. The interviews considered fifteen case studies taken from published IFRS financial statements of companies that have undertaken a business combination and analysed the disclosures reported by the companies. The final report formed part of the input EFRAG provided to the IASB on their Post-Implementation Review IFRS 3; we interviewed 19 users on rate-regulated activities and their input was used for EFRAG's Final Comment Letter on the IASB Discussion Paper Reporting the Financial Effects of Rate Regulation; and 16 users provided written responses to the user survey that EFRAG and the National Standard Setters from France, Germany, Italy and the UK carried out as part of the additional public consultation on the IASB lease project, notably on the difference in approach with the FASB.
- **User outreach events:** EFRAG has been running four outreach events 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 a series of topical issues in financial reporting.

The first event on 1 April 2014 addressed the *Post-Implementation review of IFRS 3 Business Combinations*. The second event, a high level roundtable, took place on 25 June 2014 and discussed the current use of financial reporting by investors, the interaction between financial reporting and long-term investing, giving directions

for and assessing financial reporting standards, confidence in financial reporting and *investor influence on standard setting*. The third event of 7 July 2014 had as objective to make macro-hedging reporting in the financial statements more accessible to users by providing both education and practical insight and addressed the IASB Discussion Paper *Accounting for Dynamic Risk Management: A Portfolio Revaluation Approach to Macro Hedging*. The fourth event took place on 18 December 2014 and addressed rate-regulated activities under the title *"Is there anything missing from the balance sheet?"* Summary reports on all these events have been published on the EFRAG website.

- The **EFRAG-ICAS sponsored Pan-European academic study on professional equity investors' information usage** has benefited from the user network database in finding users that are willing to participate in an interview discussing a fictional case study. With help of the user organisations, we have also been able to find new users that were

willing to participate in the study. It is very encouraging that some 90 users are participating. The results of the study will form input to EFRAG's comment letter on the ED Conceptual Framework. The study itself will be published in the second half of 2015.

- These initiatives have allowed to increase our **network database of users** who expressed an interest in some form of involvement in the IFRS 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 in establishing contacts with analysts. This user network, which we have been building up since 2013, will facilitate our future outreach initiatives.

EFRAG will continue to enhance its efforts in 2015 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.



PROVIDING ENDORSEMENT ADVICE

IFRS 15: Revenue Recognition

At the time IFRS 15 was issued, the implementation of the EFRAG reform was still a number of months away. The European Commission decided that the EFRAG endorsement advice process should be started and the public consultation take place on the basis of tentative conclusions determined under the old governance arrangements. Consequently EFRAG issued a draft endorsement advice letter and a cost-benefit analysis that both reflected positive assessments of the new standard. IFRS 15 addressed many of the recommendations made by EFRAG during its due process. Where the recommendations have not been fully followed, EFRAG assessed that the outcome was still leading to relevant, reliable comparable and understandable information. EFRAG also assessed whether, and if so how, IFRS 15 addressed issues raised by participants in the EFRAG successive field tests at the time the standard was being developed. EFRAG was satisfied with the results of its assessment. Finally, at the request expressed by some ARC members, EFRAG invited assessment of whether the effective date set by the IASB raised any concerns in the implementation phase.

The public consultation was launched with the aim of gathering feedback early 2015 so as to best support the EFRAG Board in providing EFRAG endorsement advice to the European Commission without delay.

IFRS 9: Accounting for financial instruments

Of all financial reporting standards that may one day be published, IFRS 9 is most probably among the few that have the greatest possible economic consequences. Widening the EFRAG mandate to provide endorsement advice taking into account all criteria in the IAS Regulation, including whether IFRS are conducive to the European public good, could therefore not be more timely.

Following receipt of the detailed request for advice sent by the European Commission in December 2014, the EFRAG Board established its work plan, considering all specific assessments it would need to carry out to be able to document and justify its endorsement advice. According to that work plan, a draft endorsement advice is expected to be published for consultation end of April 2015 and the final endorsement advice should follow in the course of the summer.

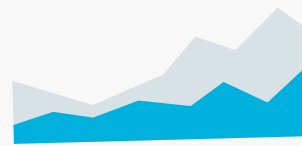
PUBLICATIONS 01 JANUARY 2014 – 6 JANUARY 2015



	DRAFT COMMENT LETTER	FINAL COMMENT LETTER	DRAFT ENDORSE- MENT ADVICE	FINAL ENDORSE- MENT ADVICE
IFRS / IAS				
IFRS 9 Financial Instruments <i>IFRS 9 published on 24-07-2014</i>				
Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging <i>Discussion Paper issued on 17-4-14 with comment deadline of 17-10-2014</i>	01-07-2014	30-10-2014		
Accounting for Acquisitions of Interests in Joint Operations (Amendment to IFRS 11) <i>ED issued on 13-12-2012 with comment deadline of 23-4-2013. Amendments issued 6-5-2014</i>	29-01-2013	17-04-2013	16-06-2014	24-07-2014
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Proposed Amendments to IFRS 10 and IAS 28) <i>ED issued on 13-12-2012 with comment deadline of 23-4-2013. Amendments issued 11-09-2014</i>	30-01-2013	15-04-2013		
Clarification of Acceptable Methods of Depreciation and Amortisation (Proposed Amendments to IAS 16 and IAS 38) <i>ED issued on 4-12-2012 with comment deadline of 02-4-2012. Amendments issued 12-5-2014</i>	14-12-2012	10-04-2013	17-06-2014	24-07-2014
Defined Benefit Plans: Employee Contributions (Proposed amendments to IAS 19) <i>ED issued on 25-3-2013 with comment deadline of 25-7-2013. Amendments issued 21-11-2013</i>	29-04-2013	17-07-2013	22-12-2013	30-01-2014
Annual improvements project (2010-2012 Cycle) <i>ED issued on 03-5-2012 with comment deadline of 05-9-2012. Annual improvements published on 12-12-2013</i>	08-06-2012	11-09-2012	31-01-2014	12-03-2014
Annual improvements for IFRSs (2011-2013 Cycle) <i>ED issued on 20-11-2012 with comment deadline of 18-2-2013. Annual improvements published on 12-12-2013</i>	19-12-2012	19-02-2013	31-01-2014	12-03-2014
Annual improvements for IFRSs (2012-2014 Cycle) <i>ED issued on 11-12-2013 with comment deadline of 13-3-2014. Annual improvements published on 25-09-2014</i>	08-01-2014	12-03-2014	24-10-2014	
IFRS 14: Regulatory Deferral Accounts (interim standard) <i>ED issued on 25-4-2013 with comment dead-line of 4-9-2013. IFRS 14 published on 30-1-2014</i>	24-05-2013	10-09-2013		
Insurance Contracts <i>Revised ED issued on 20-6-2013 with comment deadline of 25-10-2013</i>	05-08-2013	18-11-2013		
Leases <i>Revised ED issued on 16-5-2013 with comment deadline of 13-9-2013</i>	08-07-2013	15-10-2013		



IFRS / IAS	DRAFT COMMENT LETTER	FINAL COMMENT LETTER	DRAFT ENDORSEMENT ADVICE	FINAL ENDORSEMENT ADVICE
Revenue from Contracts with Customers <i>Revised ED issued on 14-11-2011 with comment deadline of 13-3-2012. IFRS 15 issued 28-05-2014</i>	20-01-2012	25-04-2012	15-10-2014	
Agriculture: Bearer Plants <i>ED issued on 26-6-2013 with comment deadline of 28-10-2013. Amendments to IAS 16 and IAS 41 issued 30-6-2014</i>	17-07-2013	28-10-2013	23-07-2014	19-09-2014
A Review of the Conceptual Framework for Financial Reporting <i>Discussion Paper issued on 18-7-13 with comment deadline of 14-1-2014</i>	26-9-2013	03-02-2014		
IFRS for SMEs <i>ED issued on 03-10-2013 with comment deadline of 3-3-2014</i>	31-10-2013	04-03-2014		
Equity Method in Separate Financial Statements <i>ED issued on 02-12-2013 with comment deadline of 03-02-2014. Amendments issued 12-08-2014</i>	09-01-2014	11-02-2014	23-10-2014	19-12-2014
Post Implementation Review: IFRS 3 Business Combinations <i>Request for information- submissions to be received by 30-05-2014</i>	-	24-06-2014		
Amendments to IAS 1: Disclosure Initiative <i>ED issued on 25-03-2014 with comment deadline of 23-07-2014. Amendments issued 18-12-2014</i>	11-04-2014	22-07-2014		
Investment Entities: Applying the Consolidation Exception <i>ED issued on 11-06-2014 with comment deadline of 15-09-2014. Amendments issued 18-12-2014</i>	21-07-2014	01-10-2014		
Recognition of Deferred Tax Assets for Unrealised Losses (Proposed Amendments to IAS 12) <i>ED issued on 20-08-2014 with comment deadline of 18-12-2014</i>	12-09-2014			
Reporting the Financial Effects of Rate Regulation <i>Discussion Paper issued on 17-9-14 with comment deadline of 15-1-2015</i>	27-10-2014			
Measuring Quoted Investments in Subsidiaries, Joint Ventures and Associates at Fair Value (Proposed amendments to IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36 and Illustrative Examples for IFRS 13) <i>ED issued on 16-09-2014 with comment deadline of 16-01-2015</i>	29-10-2014			
Classification and Measurement of Share-based Payment Transactions (Proposed amendments to IFRS 2) <i>ED issued on 25-11-2014 with comment deadline of 25-03-2015</i>	16-12-2014			
Amendments to IAS 7: Disclosure Initiative <i>ED issued on 18-12-2014 with comment deadline of 17-04-2015</i>				
Count 2014	9	8	8	7





OTHER PUBLICATIONS	DATE
EFRAG's Comment Letter on IOSCO's Proposed Statement on non-GAAP Financial Measures	13-10-2014
EFRAG Short Discussion Series paper on presentation of reversal of acquisition step-ups	10-09-2014
EFRAG and the National Standard Setters of Spain, Italy and the Netherlands publish a Discussion Paper on 'Separate Financial Statements'	01-09-2014
EFRAG paper in the EFRAG Short Discussion Series - Levies: what would have to be changed in IFRS for a different accounting outcome?	14-08-2014
EFRAG in association with ASBJ and OIC Discussion Paper 'Should Goodwill still not be Amortised?'	22-07-2014
EFRAG Discussion Paper "Classification of Claims"	09-07-2014
EFRAG draft letter to enhance IFRS quality control	06-06-2014
EFRAG Final letter to enhance IFRS quality control	30-09-2014
EFRAG in association with the standards setters from France, Germany, Italy and the UK report that summarises the findings from a limited survey on the proposed simplifications to the accounting for lessees under IASB's Exposure Draft Leases	14-04-2014
EFRAG letter to the IASB expressing concern prior to publication of amendments to IAS 28	28-03-2014
EFRAG Final Comment Letter on ESMA's Consultation Paper Guidelines on Alternative Performance Measures	12-5-2014
EFRAG Draft Comment Letter on ESMA's Consultation Paper Guidelines on Alternative Performance Measures	26-03-2014
EFRAG letter to the IASB regarding the accounting for Interests in Joint Operations structured through a separate vehicle in separate financial statements	28-02-2014
EFRAG and the National Standard Setters of France, Germany, Italy and the United Kingdom Bulletin on complexity in relation to the revision of the IFRS Conceptual Framework	10-02-2014
EFRAG paper in the EFRAG Short Discussion Series: The Equity Method: a measurement basis or one-line consolidation?	17-01-2014
EFRAG paper in the EFRAG Short Discussion Series: The use of information by capital providers- Implications for Standard setting.	17-01-2014
Count 2014	16



FIELD WORK	DATE
OUTREACH	10
EFRAG, EFFAS, ABAF and the IASB summary of their user outreach event held on 7 July on Macro hedging	23-10-2014
EFRAG in association with the standards setters from France, Germany, Italy and the UK's publish a feedback report on the additional public consultation and outreach event on the IASB ED Leases	15-10-2014
EFRAG, ACIIA, EFFAS, ABAF and the IASB summary of their user event held on 25 June: Investors and advisers what role can you play in ensuring quality financial reporting?	05-09-2014
EFRAG, EFFAS and ABAF summary of their user outreach event held in Brussels on 1 April 2014 as part of the Post-implementation Review of IFRS 3	13-06-2014
EFRAG and the Dutch Accounting Standards Board (DASB) summary of their joint outreach event held in Amsterdam on the IASB Discussion Paper A Review of the Conceptual Framework for Financial Reporting	13-03-2014
EFRAG and the Polish Accounting Standards Committee (KSR) summary of their joint outreach event held in Warsaw on the IASB Discussion Paper A Review of the Conceptual Framework for Financial Reporting	06-03-2014
EFRAG and the Confederation of Danish Industry (DI) and FSR – Danish Auditors (FSR) summary of their joint outreach event held in Copenhagen on the IASB Discussion Paper A Review of the Conceptual Framework for Financial Reporting	03-03-2014
EFRAG and the Accounting Standards Committee of Germany (ASCG) summary of their joint outreach event held in Frankfurt on the IASB Discussion Paper A Review of the Conceptual Framework for Financial Reporting	18-02-2014
EFRAG and the Lithuanian Authority of Audit and Accounting (AAT) summary of their joint outreach event on the IASB Discussion Paper A Review of the Conceptual Framework for Financial Reporting held in Vilnius	28-01-2014
EFRAG and AFRAC summary of their joint outreach event on the IASB Discussion Paper A Review of the Conceptual Framework for Financial Reporting held in Vienna	24-01-2014
<i>Field-Tests</i>	1
EFRAG's report on the findings from the field-test on the revised IASB ED Insurance Contracts	15-01-2014
<i>Feedback statements</i>	12
EFRAG feedback statement on EFRAG Letter to the IASB on enhancement of IASB quality control procedures	29-10-2014
EFRAG's feedback statement on the IASB's ED/2014/2 Investment Entities: Applying the Consolidation Exception (Proposed Amendments to IFRS 10 and IAS 28)	09-10-2014
Feedback statement on EFRAG Short Discussion Series Paper The Equity Method: a measure-ment basis or one-line consolidation?	10-09-2014
EFRAG and EFFAS feedback statement on The Role of the Business Model in Financial Statements Research Paper	04-09-2014
EFRAG feedback statement on the IASB's ED/2014/1 Disclosure Initiative (Proposed Amendments to IAS 1)	27-08-2014
EFRAG and EFFAS feedback statement on input received during outreach activities conducted with European users on the Post-implementation Review of IFRS 3 Business Combinations	24-06-2014
EFRAG and EFFAS feedback statement on input received during outreach activities conducted with European preparers on the Post-implementation Review of IFRS 3 Business Combinations	24-06-2014
EFRAG feedback statement on the IASB's ED/2013/11 Annual Improvements to IFRSs 2012-2014 Cycle	09-04-2014
EFRAG feedback statement on the IASB's ED/2013/9 Proposed Amendments to the IFRS for SMEs	03-04-2014
EFRAG feedback statement on the IASB's ED/2013/1 A Review of the Conceptual Framework for Financial Reporting	13-03-2014
EFRAG feedback statement on the IASB's ED/2013/10 Equity Method in Separate Financial Standards	28-02-2014
EFRAG feedback statement on the revised IASB ED Insurance Contracts	07-01-2014
<i>Count 2014</i>	23

LETTERS ISSUED	32
Draft Comment Letters	9
Final Comment Letters	8
Draft Endorsement Letters	8
Final Endorsement Letters	7
Other publications	16
Field work	23
Feedback Statements	12
Others	11
Grand total 2014	71



GOVERNANCE REPORT

During 2014, EFRAG prepared and implemented its new governance structure following the recommendations of Philippe Maystadt in his report of November 2013. The new governance structure became effective on 31 October 2014. The EFRAG Board, responsible for all EFRAG positions and decisions from 31 October onwards, had its first meeting in November. In the first ten months of 2014, EFRAG operated under its former governance arrangements, the Supervisory Board being responsible for the reform of EFRAG and providing general oversight while EFRAG TEG continued to define all EFRAG positions.

In the first three quarters of 2014, the EFRAG Supervisory Board continued to be largely occupied with two main issues: the implementation of the Maystadt recommendations and the funding and financial situation of EFRAG, notably in relation to the 2014-2020 Financing Regulation for the European Commission contribution to the funding of the IFRS Foundation, EFRAG and the PIOB. In the last months of 2014, the focus moved to making the new governance structure operational.

Maystadt reform

In its meeting of 16 June 2014, the EFRAG General Assembly approved the revised EFRAG Statutes and Internal Rules implementing the Maystadt Recommendations. It admitted eight new members, with an effective date of 31 October 2014. The new EFRAG Board, including the Acting President of the EFRAG Board, was appointed by the EFRAG General Assembly on 31 October. Pending the nomination of the President of the EFRAG Board by the European Commission (after consultation with the European Parliament and the Council of Ministers), and subsequent appointment by EFRAG General Assembly,

the new governance structure became fully operational in the last two months of 2014.

EFRAG financial position

Given delays in the formal approval of the Financing Regulation, and knock-on effects on EFRAG's grant agreement with the European Commission, close monitoring of EFRAG's financial position continued to be a concern in the first seven months of 2014.

Former governance structure (until 31 October 2014)

EFRAG Supervisory Board (EFRAG SB)

The EFRAG SB met in February, May and September. In addition, it held four conference calls during the period January-April 2014.

The EFRAG SB approved the audited financial statements of 2013 for submission to the EFRAG General Assembly; closely monitored the financial position and the cash flow projections of EFRAG, and assessed its going concern assumption, following delay in the European Commission funding for 2014. It further reconfirmed the new composition of EFRAG TEG from 1 April 2014, following the unexpected resignation of two EFRAG TEG members; and very importantly carried out the Maystadt reform.



Saskia Slomp,
Director, Governance & Admin

In its last meeting in September, the EFRAG SB prepared the EFRAG General Assemblies of 31 October making the transition to the new governance structure; considered the financial situation and the year to date forecast; made first preparations for the 2015 budget; and signed a collective resignation resolution effective from 31 October 2014. The EFRAG General Assembly discharged the EFRAG SB from its responsibilities in its 31 October meeting.

The EFRAG SB developed a Draft Comment Letter to the IASB with proposals to enhance the IFRS quality control process. The Draft Comment letter was issued for public consultation in June and a final letter sent to the IASB was issued at the end of September. EFRAG called on the IASB to enhance its quality control procedures prior to finalisation of a standard or a major amendment to a standard and has encouraged by its constituents - renewed the recommendation that public fatal flaw reviews should take place.

In addition to its Nominating Committee and Audit and Budget Committee, the EFRAG SB operated an ad-hoc task force to support the EFRAG reform, so as to facilitate its decision-making process.

EFRAG Nominating Committee (EFRAG NC)

Given that the new governance structure would only be effective as per 31 October, the EFRAG NC provided the maximum preparation in relation to the EFRAG TEG nomination and rotation process. In anticipation of the new governance structure, the EFRAG NC had been extended with representatives from the French and German National Standard Setters. The EFRAG NC submitted its report with recommendations to the EFRAG Board, after the EFRAG Board started to operate in

November 2014. Thanks to this process, appointments to EFRAG TEG were decided in November, including the appointment of the Technical Directors of the German, Italian and UK NSS from 1st December 2014. The 1st April 2015 EFRAG TEG rotation was nevertheless incomplete, as the EFRAG NC had not identified enough suitable candidates to fill all preparer positions.

EFRAG Audit and Budget Committee (EFRAG ABC)

The EFRAG ABC reviewed the audited 2013 financial statements and the results of the audit in preparation of the February EFRAG SB meetings. In September, it considered EFRAG's financial position as of 31 July and 2014 forecast. It also considered a first outline of the 2015 budget.

Special EFRAG Supervisory Board Task Force on EFRAG reform implementing recommendations in the Maystadt report

The task force operated in the first six months of 2014, meeting with high frequency internally and with the EFRAG Member Organisations, National Funding Mechanisms, the National Standard Setters from France, Germany, Italy and the United Kingdom, and the National Standard Setters from the other EEA countries. The task force was instrumental in supporting and facilitating the implementation process of the Maystadt recommendations. EFRAG thanks its members for their efforts and substantial time dedicated to EFRAG.

EFRAG General Assembly

The EFRAG General Assembly in its old composition had three formal meetings in 2014. It approved, as part of its ordinary duties, the full legal set of audited 2013 financial statements established in accordance with Belgian GAAP and other legislation. The other meetings were intended to support the progress and completion of EFRAG's reform, including giving discharge to the EFRAG Supervisory Board resigning collectively as of 31st October. In its 16 June 2014 meeting, the EFRAG General Assembly approved the revised EFRAG Statutes and Internal Rules and admitted eight new members. It established, together with the future EFRAG members, a temporary EFRAG General Assembly Nominating Committee to support and facilitate the nomination and selection process of EFRAG Board members.

EFRAG General Assembly Nominating Committee (EFRAG GA NC)

The role of the EFRAG GA NC includes facilitating the nomination process and ensuring a proper background and geographical balance on the EFRAG Board. The EFRAG GA NC submitted its report and recommendations for EFRAG Board appointment to the EFRAG General Assembly in its new composition for consideration in its meeting of 31 October.

All candidates nominated and recommended for appointment by the EFRAG GA NC to the EFRAG Board signed a declaration confirming their commitment to act in the European public interest before being appointed to the EFRAG Board on 31 October.

In addition, the EFRAG GA NC agreed draft terms of reference for the EFRAG GA NC under the new governance structure for consideration by the EFRAG General Assembly, and started to work on a conflict of interest policy for the EFRAG Board.

New governance structure (as of 31 October 2014) EFRAG Board

The EFRAG Board started meeting on a monthly basis and accordingly held two meetings in November and December. The Board operates a Nominating Committee, an Audit and Budget Committee and a Remuneration Committee: these committees were established in the first meeting of the EFRAG Board in November and prepare deliberations and decisions made by the EFRAG Board.

In support to the governance of EFRAG, the EFRAG Board considered the EFRAG NC recommendations and decided on appointments to EFRAG TEG. It agreed to start the process of fulfilling two vacancies, one identified as a result of the work of the EFRAG NC (see above) and the other arising from the appointment of Andreas Barckow as President of the German National Standard Setter. The EFRAG Board agreed on the EFRAG representation on the IFRS Advisory Council and approved the 2015 EFRAG Budget and work plan, noting that some updates might however be necessary once it would have defined EFRAG's strategy. The EFRAG Board agreed EFRAG's contribution to the IFRS Foundation ASAF review.

Beyond these governance matters, the EFRAG Board discussed what

supplementary assessments it should make to match the demands of a widened EFRAG mandate, as its immediate work plan included providing endorsement advice on two major final IFRS: IFRS 15 Revenue Recognition and IFRS 9 *Financial Instruments*.

EFRAG Board Nominating Committee (EFRAG Board NC)

The EFRAG Board NC has the same responsibility as its predecessor, the EFRAG NC, i.e. to recommend candidates for the EFRAG TEG rotation process. It started work following the decision of the EFRAG Board to fill two vacancies in EFRAG TEG. The EFRAG NC also reviewed and updated its terms of reference.

EFRAG Board Audit and Budget Committee (EFRAG Board ABC)

The EFRAG Board ABC discussed the 2015 budget. It agreed the routine to monitor EFRAG's financials during the year. It received an educational session on the European Commission grant agreement process and conditions, which play a central role in EFRAG's financial position. It held an initial discussion on the liability of board members in an AISBL, in accordance with Belgian law.

EFRAG General Assembly

The EFRAG General Assembly in its new composition (with European Stakeholder Organisations and National Organisations chapters) had one formal meeting on 31 October 2014. In this meeting, the EFRAG General Assembly admitted Denmark as a new member immediately effective and appointed the members of the EFRAG Board including the Acting President of the EFRAG Board. The EFRAG General Assembly also considered the terms of reference of the EFRAG GA NC and confirmed the composition of the EFRAG GA NC for one year. Furthermore, the EFRAG General Assembly received a progress report on the development of an EFRAG Board Conflict of Interest Policy and a Data Protection Policy. The EFRAG General Assembly approved the 2015 budget in its January 2015 meeting.

FINANCIAL HIGHLIGHTS

ABBREVIATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2014

INCOME STATEMENT	2014 000 EUR	2013 000 EUR
Contributions		
European Stakeholder Organisations	765	800
National Organisations ¹	1,548	1,445
European Commission	2,543	2,389
<i>Contributions in kind</i>	1,098	1,496
TOTAL CONTRIBUTIONS	5,954	6,130
Operating expenses		
Human resources	-3,536	-3,573
Building	-337	-363
Travel	-50	-93
Special events	0	-23
Publications	-38	-31
Meetings	-43	-61
Other costs	-273	-298
Expenses in kind	-1,098	-1,496
TOTAL OPERATING EXPENSES	-5,375	-5,938
Operating profit or loss	579	192
Financial Result	10	-26
Adjustments on prior years	27	-945
NET PROFIT OR LOSS	616	-779

BALANCE SHEET	31/12/2014 000 EUR	31/12/2013 000 EUR
Tangible Assets	97	159
Office Guarantee	115	114
Total Fixed Assets	212	273
Accounts Receivable	454	120
Current Investments	350	340
Cash	2,254	1,585
Deferred Charges and Accrued Income	7	27
Total Current Assets	3,065	2,072
TOTAL ASSETS	3,277	2,345
Equity: Accumulated surplus	2,134	1,518
Liabilities		
• Leasing Debt	1	5
• Accounts Payable	423	238
• Taxes, Remuneration and Social Security	475	407
• Rent Accrual	69	89
• FRC 2014 contribution	175	88
TOTAL EQUITY & LIABILITIES	3,277	2,345

¹ On 16 June, with an effective date of 31 October 2014, the National Funding Mechanism have become full members of EFRAG and are called National Organisations in the new governance structure.



The financial highlights are based on statutory financial statements audited by BDO, Belgium, who issued an unqualified audit report on those statements on 2 February 2015.

CONTRIBUTIONS AND EXPENSES IN KIND

Contributions in kind 2014	000 EUR
Time and travel contributions	
<i>EFRAG Technical Expert Group</i>	612
<i>Other Groups and Panels</i>	486
TOTAL CONTRIBUTIONS IN KIND	1098

ACCOUNTS RECEIVABLE

Accounts receivable as of 31/12/2014	2014 000 EUR	2013 000 EUR
BUSINESSEUROPE		5
European Commission Contribution	452	64
Other debtors	2	51
TOTAL ACCOUNTS RECEIVABLE	454	120

The European Commission contribution is the remaining part of the grant and will be paid after approval of the final report, including the audited financial statements.

NOTES

Extraordinary loss in 2013 / Level of reserves

Following an on-the-spot check by the European Commission in late 2012 to determine whether EFRAG had complied with all the conditions of the grant agreement for 2011, the European Commission asked EFRAG in early June to provide information on a service contract in place since 1 April 2010. The European Commission inquiry resulted in denying the eligibility of the service contract under the EC grant agreement. As a result, the 2012 maximum EU contribution amounted to 2,168 k€, 354 k€ lower than the amount claimed by EFRAG. The European Commission claimed reimbursement of 604 k€ related to the amounts paid to EFRAG in 2010 and 2011. This ineligibility applied also to the service contract for the first seven months of 2013, since corrective action had been taken by EFRAG as of 1 August 2013 to meet eligibility criteria. This represents a reduction of the 2013 grant to be received by EFRAG of 205 k€. EFRAG has reported an extraordinary loss of 945 k€ related to the period 2010-2012. The total effect of the ineligibility of the service contract from 2010 to 31 July 2013 had hence resulted in a total loss of 1.2 M€ in 2013, i.e. half of EFRAG's

reserves. Thanks to EFRAG generating operating surpluses both in 2013 and 2014, EFRAG's reserves by the end of 2014 have increased again, being inferior to their level at the end of 2012 by less than 200k€.

Change in the guaranteed return on EFRAG's pension fund

The Belgian law requires that contributions paid on behalf of employees by their employers be guaranteed a minimum return of 3.25%. Until 31st December 2012, Delta Lloyd was providing this level of guarantee on all contributions paid by ERAG on behalf of its employees. However, pension funds in Belgium have indicated that the current market conditions do not allow for maintaining this level of guaranteed return. Delta Lloyd has provided a reduced guarantee of 2% on contributions paid from 1st January 2013, and has announced a further reduction down to 1.5% from 2015 onwards. All contributions paid before the date from which the reduction applies continue to benefit from the guarantee that was granted at the time they were paid. The result of those changes creates for EFRAG a liability (i.e. to make up for the difference in return between 2 and 3.25% for all contributions paid between 1st January 2013 and 31st December 2014. EFRAG had

undertaken to run an actuarial valuation of this liability end of 2013 to determine its materiality. The results of this valuation showed that the incurred liability was not material end of 2013 and would not be material end of 2014. Discussions have taken place at political level, both pension funds and employers requesting a change in the law to better reflect the reality of current market conditions. However, no change has taken place yet.

New taxation on certain investments

In 2013, the Belgian authorities have decided to apply a new tax retroactively to gains realised on investments. Since 2003, EFRAG has invested in some medium-term investments (250 k€ nominal investment) on which it accrued, as of 31st December 2014, 128 k€ income. EFRAG has accounted for a tax liability of 25 M€ of the resulting accrued income as of 31st December 2014, i.e. 32 k€ tax liability, resulting in a net accrued income of 96 k€. It is not yet clear whether EFRAG, that is totally tax exempt, falls into the scope of this new tax. At the closing date, this had not yet been determined with certainty and this is the reason why the tax liability continues being accounted for.

FINANCIAL STRUCTURE OF EFRAG

Since 2010, EFRAG has had a three-tier funding model, whereby public sector funding by the European Commission was designed to match private sector contributions by EFRAG Member Organisations and funding by National Funding Mechanisms. 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 EFRAG Members in the new governance structure 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 and the Council of Ministers, 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. In 2014, EFRAG welcomed amongst its members that had not contributed to the EFRAG funding before or had stopped doing so: EFFAS (European Federation of Financial Analysts Societies) as European Stakeholder Organisation, and the National Standard Setters from the Netherlands and Luxembourg and the Danish funding mechanism as National Organisations. It also noted that the

Norwegian regulator had decided to stop funding EFRAG, at least on a temporary basis. By the end of 2014, no decision to resume funding EFRAG had been made.

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 (Supervisory) Board, the Working Groups and Advisory Panels.

FROM 31.10.2014, THE EFRAG MEMBER ORGANISATIONS ARE

EUROPEAN STAKEHOLDER ORGANISATIONS	NATIONAL ORGANISATIONS
FEE (Federation of European Accountants)	Grouping of six Danish Organisations
BUSINESSEUROPE (European Business Federations)	Autorité des Normes comptables (ANC - France)
EBF (European Banking Federation)	Accounting Standards Committee of Germany (DRSC/ASCG)
ESBG (European Savings and Retail Banking Group)	Organismo Italiano di Contabilità (OIC)
EACB (European Association of Co-operative Banks)	Commission des Normes comptables (CNC - Luxembourg)
EFAA (European Federation of Accountants and Auditors for SMEs)	Dutch Accounting Standards Board (DASB)
EFFAS (European Federation of Financial Analysts Societies)	The Association of the Generally Accepted Principles in the Securities Market (Sweden)
Insurance Europe (European (re)Insurance Federation)	Financial Reporting Council (FRC - UK)

THE BREAKDOWN OF CONTRIBUTIONS IS AS FOLLOWS

CONTRIBUTIONS	AMOUNT IN 1000 EURO 2014	AMOUNT IN 1000 EURO 2013
European Stakeholder Organisations		
FEE	300	300
BUSINESSEUROPE	125	175*
INSURANCE EUROPE	75	75
EBF	75	75
ESBG	75	75
EACB	75	75
EFAA	25	25
EFFAS	15	0
<i>Total</i>	765	800
National Organisations		
France	350	350
Germany	350	350
UK	350	350
Italy	290	170**
Sweden	100	100
Norway	0	75
Denmark	50	50
Netherlands	50	0
Luxembourg	8	0
<i>Total</i>	1,548	1,445
European Commission	2,543	2,389
TOTAL CONTRIBUTIONS	4,856	4,634

* Including 50 K euro ad hoc funding provided by ACTEO (France) in 2013.

** the Italian contribution in 2013 also amounted to 290K€ when taking into account the secondment of a full time project manager to EFRAG free of charge.



APPENDICES AS OF 31 DECEMBER 2014

EFRAG BOARD

Roger Marshall
Chairman FRC AC (UK) - Acting President



Chairman ANC
(until the appointment: Michel Barbet-Massin)¹
(France)

Hans Buysse
nominated by EFFAS



Angelo Casó
Chairman OIC (Italy)

Stig Enevoldsen
Member DASC (Denmark)



Gérard Gil
nominated by EBF, ESBG, EACB

Jorge Gil Lozano
nominated by EBF, ESBG, EACB



Benoit Jaspard
nominated by Insurance Europe

Liesel Knorr²
Chairman ASCG (Germany)



Erlend Kvaal
Chairman NASB (Norway)

Patrice Marteau
nominated by BUSINESSEUROPE



Claes Norberg³
nominated by BUSINESSEUROPE

Laurence Rivat
nominated by FEE



Peter Sampers⁴
Incoming Chairman DASB (Netherlands)

Anders Ullberg
Chairman SFRB (Sweden)



Mark Vaessen
nominated by FEE

The European Commission, the European Supervisory Authorities and the European Central Bank participate in the EFRAG Board as observers.

¹ Early March 2015, Patrick de Cambourg was appointed Chairman of the ANC.

² On 1 March 2015, Andreas Barckow took the role over from Liesel Knorr at the head of the ASCG.

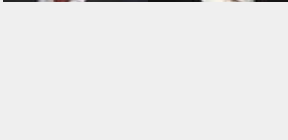
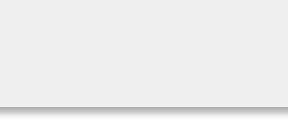
³ On 20 January 2015, Claes Norberg was appointed Acting Vice-President of the EFRAG Board by the EFRAG General Assembly.

⁴ On 1 January 2015, Peter Sampers officially took office as DASB Chairman.

EFRAG TECHNICAL EXPERT GROUP

Françoise Flores (France)

EFRAG Chairman

**Mike Ashley (United Kingdom)**Vice-Chair of EFRAG TEG
Former Audit Partner KPMG**Andreas Barckow (Germany)**Partner, Deloitte & Touche
Head German IFRS Centre of Excellence**Christian Chiarasini**Former Partner
EY**Gabi Ebbers (Germany)**Team Leader MD&A Group Financial
and Regulatory Reporting
Allianz SE**Joanna Frykowska (Poland)**Executive Director
EY Poland**Nicklas Grip (Sweden)**Senior Vice-president
Handelsbanken**Araceli Mora (Spain)**Professor
University of Valencia**Serge Pattyn (Belgium)**Partner
Emerio**Andrea Toselli (Italy)**Partner
Leader of National
Technical Department PwCCOUNTRY
LIAISON ➤**Anthony Appleton**Technical Director
FRC Accounting Council (FRC AC)
UK**Tommaso Fabi**Technical Director
Organismo Italiano di Contabilità (OIC)
Italy**Sven Morich**Technical Director
Accounting Standards Committee
of Germany (ASCG) - Germany



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); Hugh Francis – Preparer (Aviva); Fabrice Guenoun* – Preparer (GEMA); John Instance* – Actuary (Financial Reporting Council); Susanne Kanngiesser – Preparer (Allianz); Joachim Kölschbach – Auditor (KPMG); Jasper Kolsters – Auditor (EY); Jacques Le Douit* – Preparer (AXA); Malin Löfbom - Industry (mutual, Skandia); Francesco Nagari* – Auditor (Deloitte); Richard Olswang - Actuary (Prudential); Jean-Michel Pinton – Preparer (CNP Assurances); Fanny Pouget - Industry (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.

* left the group at the end of 2014



EFRAG IAWG

EFRAG FINANCIAL INSTRUMENTS WORKING GROUP (EFRAG FIWG)

Mike Ashley - Working Group Chairman – EFRAG TEG Member and Vice Chair – former Auditor (KPMG); David Bradbery – Preparer (UBS Investment Bank); Riccardo Bua Odetti – Auditor (PwC); Tommaso Fabi (OIC); Pierre-Henri Damotte – Preparer (Société Générale); Chiara Del Prete – Preparer (UniCredit); Karin Dohm – Banking (Deutsche Bank); Gunther Gebhardt – Academic (Goethe University Frankfurt); Laure Guegan – Auditor (EY); Vincent Guillard – Auditor (Mazars); Terry Harding – Auditor (KPMG); Armin Hausmann – Preparer (Novartis International); Ratislav Kovacic – Banking (Banca Comerciala Romana); Selma Marte – Banking (BNP Paribas); Charlotte Pissaridou – Banking (Goldman Sachs); Delphine Vliegen – Industry (EPIC SNCF); Yvonne Wiehagen-Knopke – Preparer (DZ Bank AG).

Representatives of the European Commission, the European Securities and Markets Authority (ESMA), the International Swaps and Derivatives Association (ISDA), the European Investment Bank (EIB) and the European Banking Authority (EBA) are invited to participate as observers.



EFRAG FIWG

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 - Atlantia; Thomas Carlier - Deloitte Belgium; (corresponding Member); Emmanuel Fraser - National Grid; Cosimo Guarini - Terna; Lieve Kerckhof - Elia Group; Laura López Sotomayor - Ferrovial; Markus Lotz - 50Hertz Transmission; Pascale Mourvillier – professional adviser, former GDF Suez; Javier Parada - Deloitte Spain ; Javier Pastor Zuazaga - Iberdrola; Christophe Patrier - Deloitte France (corresponding Member); Thomas Possert - Energie Steiermark; Michael Reuther - PwC Germany; Per Timmermann – PwC Denmark; Katja van der Kuij – PwC Netherlands; Gerard van Santen - EY Netherlands; Magali Viandier – EDF.

Representatives of the European Commission are invited to participate as observers.



EFRAG RRAWG

EFRAG USER PANEL

Françoise Flores - User Panel Chairman, EFRAG TEG Chairman; Carsten Zielke - User Panel Vice-Chair, EFRAG TEG Observer (Zielke Research Consult); Jean-Baptiste Bellon - Financial Analyst (Trapeza Conseil); Jella Benner-Heinacher - Vice-President of Better Finance, Deputy Chief Managing Director (DSW); Martijn Bos - Policy Advisor Accounting & Audit (Eumedion); Hilary Eastman - CRUF; Javier de Frutos - Independent Accounting and Financial Reporting Analyst; Jacques de Greling - Senior Equity Analyst (Natixis); Sue Harding Independent Accounting and Financial Reporting Analyst; Felipe Herranz Martin - Spanish Accounting and Business Administration Association (AECA); Dennis Jullens - Lecturer and Researcher, Valuation and Accounting (Rotterdam School of Management, Erasmus University); Thomas Justinussen - Chief Analyst (Danskebank); Benedikt Köster - Deutsche Post AG, Chairman Pensions Europe Working Group on Accounting; Peter Malmqvist - Financial Analyst (Malmqvist EQR AB); Ivano Francesco Mattei - Financial Analyst (Banco Popolare); Luca D'Onofrio - Senior Manager (Bip Group); Vincent Papa - Director, Financial Reporting Policy EMEA (CFA Institute); Serge Pattyn - Partner (Emerio), EFRAG TEG Member; Ian Sealy, Fund Manager Neptune Investment Management; Jérôme Vial - Managing Director (CPM Advisory); Jed Wrigley - Fund Manager, Director of Accounting & Valuation (Fidelity International).

Representatives of the European Commission and the IASB are granted observer seats. In addition, representatives from other organisations are sometimes invited to observe the Panel meetings.



EFRAG USER PANEL

EFRAG CONSULTATIVE FORUM OF STANDARD SETTERS

AFRAC Austrian Standard Setter; CNC Luxembourg Standard Setter; CMF Accounting and Auditing Department of Czech Ministry of Finance; Croatian Financial Reporting Standards Board (CFRSB); CNC - Comissão de Normalização Contabilística; Portuguese Standard Setter; CNC - Commission des Normes Comptables, Belgian Standard Setter; ANC - Autorité des normes comptables, French Standard Setter; DRSC - German Standard Setter; EASB - Estonian Accounting Standards Board; KILA - Finnish Accounting Board, Ministry of Employment and Economy - Finnish Standard Setter; FER - Swiss Standard Setter; SFRB - Swedish Financial Reporting Board, Swedish Standard Setter; DASC - Danish Standard Setter; GMEF - Greek Ministry of Economy and Finance; AAA - Lithuanian Standard Setter; ICAC - Spanish Standard Setter; ICPAC - Cyprus Standard Setter; LMF - Latvian Ministry of Finance; NASB - Norwegian Standard Setter; OIC Organismo italiano di Contabilità - Italian Standard Setter; KSR Accounting Standards Committee, Polish Ministry of Finance; Rj Dutch Standard Setter DASB; TASB- Turkish Standard Setter, FRC - Financial Reporting Council, UK Standard Setter; MFSR - Slovak Ministry of Finance; MIA - Maltese Standard Setter; MOFB - Bulgarian Standard Setter; MOPF - Romanian Ministry of Public Finance; SIR - Slovenian Standard Setter.



EFRAG CFSS

EFRAG PARTICIPANTS IN IFRS FOUNDATION / IASB ADVISORY GROUPS

IFRS Advisory Council	Françoise Flores (EFRAG TEG Chairman)/member status ⁴
Effects Analysis Consultative Group	Pieter Dekker (former EFRAG Technical Director)/member status
Consultative Group for Rate Regulation	Bill Hicks (former EFRAG TEG Member)/observer

The IASB working group on Effect Analysis completed its work in 2014.

⁴ The membership term of Françoise Flores ended in December 2014. Since then, Roger Marshall, Acting President of the EFRAG Board, is representing EFRAG until the EFRAG President is formally appointed.

EFRAG SECRETARIAT

Françoise Flores	TEG Chairman and CEO
Patricia McBride	Technical Director
Filippo Poli	Research Director
Saskia Slomp	Director
Nathalie Saintmard	Communication Manager
Isabel Batista	Senior Technical Manager
Sebastian Harushimana	Senior Technical Manager
Hocine Kebli	Senior Technical Manager
Rasmus Sommer	Senior Technical Manager
Giorgio Acunzo	Technical Manager (seconded)
Filipe Alves	Technical Manager
Didier Andries	Technical Manager
David Martin	Technical Manager (seconded)
Sapna Heeralall	Technical Manager
Ralitza Ilieva	Technical Manager
Alejandro Saenz	Technical Manager (seconded)
Benjamin Reilly	Technical Manager
Robert Stojek	Technical Manager
Martin Svitek	Technical Manager
Aurélie Diela	Payroll and Finance Officer (outsourced)
Neha Mehra	Office Administrator
James Lambert	Office Administrator



EFRAG receives financial support from the European Union - DG Financial Stability, Financial Services and Capital Markets Union. The contents of this document is the sole responsibility of EFRAG and can under no circumstances be regarded as reflecting the position of the European Union.

A stylized illustration of a cityscape in shades of blue, green, and orange. It includes various buildings, a Ferris wheel, and trees. The background is a dark blue gradient with several yellow stars scattered across it.

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