

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG TEG-CFSS. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG Board or EFRAG TEG-CFSS. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG Board, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

## **Primary Financial Statements Cover Note**

### **Objective**

- 1 The objective of the session is to provide EFRAG TEG members an overview on EFRAG outreach activities and field-testing.
- 2 In the July and beginning of September 2020 the EFRAG Secretariat presented a summary of the key messages obtained from EFRAG outreach activities (*05-02 - Primary Financial Statements - Summary of Feedback Received by topic - EFRAG TEG 20-07-02.pdf* and *05-02 - Primary Financial Statements - Update - EFRAG TEG 20-09-02.pdf*).
- 3 The summary reports published so far have been uploaded as agenda papers. EFRAG TEG will receive a list of Summary reports that are still outstanding at the EFRAG TEG meeting and therefore have at least the complete information about outreach events.

### **Agenda Papers**

- 4 In addition to this cover note, agenda papers for this session are:
  - (a) Agenda paper 03-02 – Overview of comments received
  - (b) Agenda paper 03-03 – Summary Report - Outreach - EFRAG FSR DI IASB - 14 May 2020
  - (c) Agenda paper 03-04 – Summary Report - Outreach - EFRAG EFFAS BVFA-ABAF - 19-26 May 2020
  - (d) Agenda paper 03-05 - Summary Report - Outreach - EFRAG NASB NFF IASB - 17 June 2020
  - (e) Agenda paper 03-06 - Summary Report - Workshop - Corporates - 7 July 2020
  - (f) Agenda paper 03-07 - Summary Report - Workshop - Corporates - 7 July 2020 - Appendix 1
  - (g) Agenda paper 03-08 - Summary Report - Workshop - Financial Institutions - 7 July 2020
  - (h) Agenda paper 03-09 - Summary Report - Workshop - Financial Institutions - 7 July 2020 - Appendix 1
  - (i) Agenda paper 03-10 - Summary Report - Workshop - 24 August 2020
  - (j) Agenda paper 03-11 - Summary Report - Workshop - 24 August 2020 - Appendix 1
  - (k) Agenda paper 03-12 – Results of the pooling questions

## Background

- 5 The IASB has undertaken this project in response to concerns from investors about the comparability and transparency of companies' performance reporting.
- 6 In December 2019, the IASB published the Exposure Draft [General Presentation and Disclosure](#) (the ED) where it includes proposals to improve how information is communicated in the financial statements, with a focus on the statement of profit or loss.
- 7 The ultimate objective is to replace IAS 1 *Presentation of Financial Statements* with a new Standard that would comprise new requirements on presentation and disclosures in the financial statements and requirements brought forward from IAS 1 with only limited changes to the wording. It also sets out proposed amendments to other IFRS Standards.
- 8 The IASB expects that the proposals in this ED will affect all entities that apply IFRS Standards, including financial institutions. However, the effect of these proposals will vary between entities depending on their current practice.
- 9 EFRAG's early and extensive involvement enabled us to publish our [Draft Comment Letter](#) (EFRAG DCL) in February 2020, only two months after the publication of the IASB's ED. The comment period deadline is 28 September 2020.

## EFRAG Outreach activities

- 10 After the publication of its draft comment letter, EFRAG embarked on a programme of outreach events, field-testing and stakeholder meetings in partnership with other organisations, including with the IASB.
- 11 In light of the concerns surrounding covid-19 and the restrictive measures from European governments, EFRAG transformed all its usual physical outreach activities into a series of webinars and online workshops.

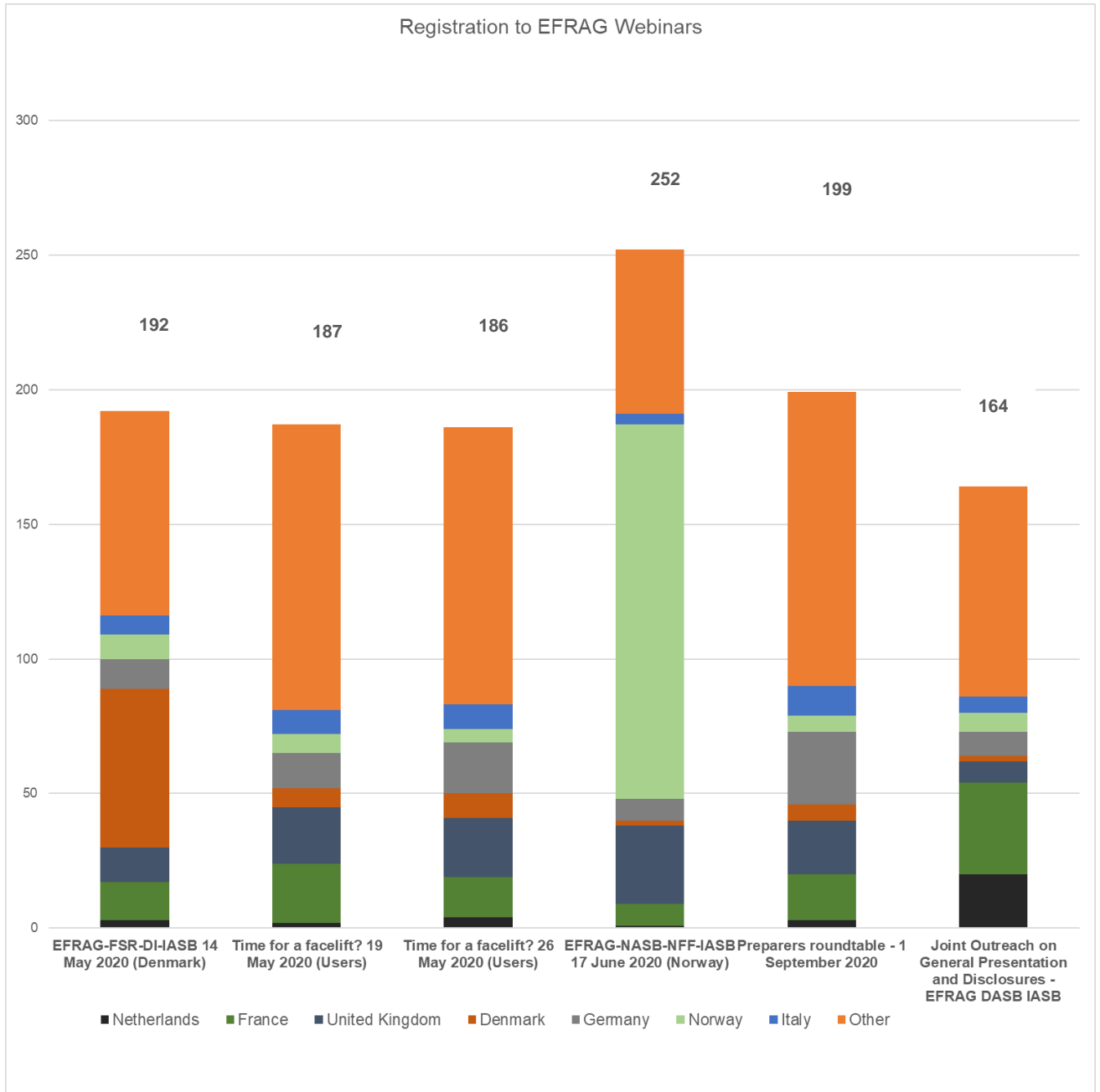
### Outreach events

- 12 The objective of the outreach events was to energise the debate around the project *Primary Financial Statements* (particularly considering the limitations due to Covid19), gather input from constituents and help the preparation of EFRAG's comment letter to the IASB that reflects the full breadth of European views.
- 13 EFRAG organised and participated in the following outreach events (summary reports have been uploaded as background reading):
  - (a) *Input on the IASBs Exposure Draft General Presentation and Disclosures*: Online joint outreach event hosted by EFRAG, FSR – Danish Auditors, the Confederation of Danish Industry (DI) and the IASB (14 May 2020). For more details, please click [here](#).
  - (b) *Time for a facelift? A new look for the income statement (Presentation)*: Online users joint outreach event hosted by EFRAG, EFFAS, BVFA/ABAF and the IASB (19 May 2020). For more details,, please click [here](#).
  - (c) *Time for a facelift? A new look for the income statement (Disclosures)*: Online users joint outreach event hosted by EFRAG, EFFAS, BVFA/ABAF and the IASB (26 May 2020). For more details,, please click [here](#).
  - (d) *Changing the Income Statement – Norwegian perspectives*: Online joint outreach event hosted by EFRAG, NASB, the NFF and the IASB (17 June 2020). For more details,, please click [here](#).

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- (e) Outreach event on PFS with Accounting Standards Committee of Germany (ASCG) on 7 September and 11 September 2020. For more details please click [here](#).
- (f) Joint outreach event PFS with Dutch Accounting Standards Board (DASB) on 16 September 2020. For more details please click [here](#).

14 Below we can find a graph with the level of registrations to the webinars, which did not decrease over time.



15 In addition to the webinars, the EFRAG Secretariat participated in closed discussions of working group meetings of different organisations such as:

European Securities and Markets Authority (ESMA)	The Corporate Reporting Users' Forum (CRUF)
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Accountancy Europe (AE)	European Federation of Accountants and Auditors for SMEs (EFAA)
European Federation of Financial Analysts Societies (EFFAS)	UK FRC
French Standard Setter (ANC)	European Banking Association (EBA)
European Central Bank (ECB)	European Pharmaceutical Companies

- 16 Finally, the EFRAG Secretariat discussed this project with the EFRAG Insurance Accounting Working Group (IAWG), the EFRAG Financial Instruments Working Group (FIWG), the EFRAG Academic Panel and EFRAG User Panel.

*Field-testing*

- 17 On 6 March 2020, EFRAG, in close coordination with European NSS and the IASB, launched a field-testing of the IASB's proposals included in the ED.
- 18 The purpose of the field-testing was to identify potential implementation and application concerns, to determine whether there is a need for additional guidance, and to estimate the effort required to implement and apply the proposals.
- 19 EFRAG organised the following workshops (summary reports have been uploaded as background reading):
- (a) **Field-Test Workshop on 7 July** with preparers of financial statements – corporates. For more details, please click [here](#).
  - (b) **Field-test workshop on 7 July** with preparers of financial statements – Financial Institutions. For more details, please click [here](#).
  - (c) **Field-test workshop on 24 August** with preparers of financial statements – Financial Institutions and Corporates. For the summary report, please see EFRAG Website).
- 20 Finally, to collect input from the community of interested preparers that under the present circumstances were unable to participate in the field-tests, EFRAG organised an online event on 1 September 2020 focused on preparers:
- (a) **EFRAG online joint outreach event with BusinessEurope: Preparers Round-table** – online joint outreach event hosted by EFRAG, BusinessEurope and the IASB (1 September 2020): For more details, please click [here](#). The Summary report will be finalised within short notice.