

PRESS RELEASE 14/02

■ ENFORCEMENT OF THE 2013 FINANCIAL INFORMATION PREPARED BY ISSUERS OF SECURITIES SUBJECT TO THE TRANSPARENCY LAW

Pursuant to the law of 11 January 2008 on transparency requirements for issuers of securities (hereafter referred to as the "Transparency Law"), the CSSF ensures that the financial information published by those issuers, in particular their consolidated and non-consolidated financial statements, is drawn up in accordance with the relevant accounting standards.

As issuers are now preparing and finalising their financial information for the 2013 fiscal year, the CSSF wants to draw the attention of those issuers who prepare their financial statements in accordance with International Financial Reporting Standards (IFRS), to various topics and issues which will be specifically monitored during its 2014 enforcement review campaign.

In that respect, the CSSF will review, among others, the following issues:

- **impairment of non-financial assets**, with a specific focus on the methods and assumptions (cash-flow projections, discount rate and other key assumptions) used to determine the recoverable amount of non-financial assets as well as on the related information provided in the financial information of issuers (description of the methods and key assumptions, analysis of the sensitivity to fluctuations of the discount rate and other key assumptions);
- **fair value measurement and disclosure**, with a specific focus on the methods and assumptions used to calculate the fair value of assets and liabilities (including financial instruments, real estate investments, and assets and liabilities revalued in the framework of a grouping of entities) for which IFRS 13 applies on a forward-looking basis to annual periods beginning on or after 1 January 2013. Moreover, the CSSF will also ensure that the qualitative and quantitative information regarding the fair value measurement required by IFRS 13 is provided by issuers in its financial information;
- **measurement and disclosure of post-employment benefit obligations**, with a particular attention to the impacts related to the application of the revised IAS 19 which applies to annual periods beginning on or after 1 January 2013 (eliminating the "corridor" approach, calculating the yield on assets by applying the discount rate used to value obligations, recognising past service costs immediately and modification on disclosure requirements). Moreover, the CSSF expects the issuers to apply a discount rate for pension obligations determined with reference to yields on corporate bonds considered to be high quality pursuant to IAS 19.83 and to the conclusions drawn by IFRS IC in July 2013 in this respect;
- **financial instruments and disclosure of related risks, particularly relevant for financial institutions**, as for previous periods, the CSSF will continue to focus on the qualitative and quantitative information provided regarding the exposure to risks related to financial instruments as well as on valuation and impairment issues related to these instruments;
- **disclosures related to significant accounting policies, judgements and estimates**. The CSSF expects the issuers to provide disclosures related to significant accounting policies, judgements and estimates which are adapted to the specific nature of the reporting entity and the environment in which it operates by avoiding "boilerplate" disclosures in its financial information;



- **new standards on consolidation (IFRS 10, 11, 12)**. They were adopted by the European Union and shall mandatorily apply at the latest as from 1 January 2014; early adoption is permitted. The CSSF will verify that the concerned issuers have respected the requirements of those standards, in particular regarding the changes in the analysis of control, the accounting treatment for joint arrangements and disclosures related to those standards;

- **other newly issued or modified standards and interpretations that are not yet effective**. The CSSF will verify that the issuers have provided an assessment of the impact, if known or reasonably estimable, of their application on the financial statements of the entity during the first application period, as required by paragraphs 30 and 31 of the standard IAS 8.

Some of these topics have been identified by ESMA, the European Securities and Markets Authority, as priorities within the scope of the supervision exercised by the national competent authorities, and have been detailed in its publication dated 11 November 2013.

Further information relating to the reviews and findings of the CSSF, resulting from its mission under Article 22(2)(h) of the Transparency Law, can be found in its annual reports, which are available on its website under the heading [Publications > Annual report](#).

Luxembourg, 8 January 2014

