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Primary Financial Statements Cover Note

Objective

- 1 The objective of the session is to receive feedback (also by providing written feedback by 22 September 2023) from members on laws and regulations in their jurisdiction that require entities to provide comparative information for more than one comparative period in order to prepare for the upcoming ASAF meeting on 28 September 2023.
- 2 This session includes the following agenda papers:
 - (a) This cover note provides:
 - (i) A description of the expected timeline of the IASB's project Primary Financial Statements;
 - (ii) An overview of the transition requirements; and
 - (iii) The EFRAG Secretariat preliminary analysis of the topic.
 - (b) Agenda paper 09-02 (ASAF Agenda Paper) provides an overview of the transition requirements and includes an example of transition for entities required to present two comparative periods.

Background

- 3 In [July 2023](#), the IASB has confirmed that the IASB has complied with the applicable due process requirements and has undertaken sufficient consultation and analysis to begin for balloting of the new Standard. The IASB is expected to discuss sweep issues that arise in the drafting process during a future meeting in Q4 2023 to complete the balloting process and issue the new Standard in the first half of 2024.
- 4 During that meeting, the IASB tentatively decided to require an entity to apply IFRS 18 for annual periods beginning on or after 1 January 2027 retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- 5 The IASB also confirmed that in the first year of application, an entity shall present each of the headings and subtotals required by IFRS 18 in condensed financial statements provided in interim financial reports.
- 6 Considering the effective date and the publication date of the standard in the first half of 2024, entities will have more than one year until the beginning of the comparative period. However, in some jurisdictions entities are required to present two comparative periods, which allows for less than a year until the start of the earliest comparative period.
- 7 The IASB is considering whether transitional relief would be needed for those entities that need to present comparative information of two periods.

- 8 The transitional relief will be in line with the relief that is provided in other IFRS Accounting Standards which:
- (a) permits but does not require an entity to present adjusted comparative information and related disclosures for earlier periods than the annual period immediately preceding the date of initial application of the Standard; and
 - (b) requires entities to:
 - (i) clearly identify any information provided that has not been adjusted; and
 - (ii) state that any information that has not been adjusted has been prepared on a different basis and explain that basis.

EFRAG Secretariat analysis

- 9 The EFRAG Secretariat is not aware of any jurisdictions in the EU that require entities to present more than one comparative period, including at the first application of a new standard.
- 10 The EFRAG Secretariat empathises with entities that need to present more than one comparative period and supports the IASB's efforts in exploring whether transitional relief would be needed for these entities.
- 11 However, the EFRAG Secretariat is requesting your (written) feedback on whether there are European jurisdictions that have such requirements, and whether there are European entities that are operating or listed in other jurisdictions and will be affected by requirements to present more than one comparative period. For written feedback, the EFRAG Secretariat appreciates your input by the **close of business on 22 September 2023**.

Questions for EFRAG FR TEG-CFSS

- 12 Are there any laws or regulations in your jurisdiction that require entities to provide comparative information for more than one comparative period in their financial statements?
- 13 Do those laws or regulations permit an entity to provide only one year of comparative information when a new IFRS Accounting Standard is applied?
- 14 Are EFRAG FR TEG-CFSS members aware of the extent to which European entities operating or listed in other jurisdictions are affected by requirements to present more than one comparative period? If yes, do EFRAG FR TEG-CFSS members consider that transitional relief would be needed?

Next steps

- 15 The EFRAG Secretariat will summarise the input received from EFRAG FR TEG-CFSS members and will continue to monitor the IASB's discussions.

Agenda Papers

- 16 In addition to this cover note, the agenda paper 09-02 – *Project update and comparative information* has been provided for the session.