

## INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS ON IFRS 18 Presentation and Disclosure in Financial Statements

**Once filled in, this form should be submitted by 26 March 2025 using the 'Comment publication link' available at the bottom of the respective news item. All open consultations can be found on EFRAG's website: [Open consultations: express your views](#).**

EFRAG has been asked by the European Commission to provide it with advice and supporting material on IFRS 18 *Presentation and Disclosure in Financial Statements* ('IFRS 18'). In order to do so, EFRAG has been carrying out an assessment of IFRS 18 against the technical criteria for endorsement set out in Regulation (EC) No 1606/2002 and has also been assessing the costs and benefits that would arise from its implementation in the European Union (the EU) and European Economic Area (EEA).

A summary of IFRS 18 is set out in Appendix 1 of the accompanying *Draft Letter to the European Commission* regarding endorsement of IFRS 18.

Before finalising its assessment, EFRAG would welcome your views on the issues set out below. Please note that all responses received will be placed on the public record, unless the respondent requests confidentiality. In the interests of transparency, EFRAG will wish to discuss the responses it receives in a public meeting, so it is preferable that all responses can be published.

**EFRAG's initial assessments, summarised in this questionnaire, will be updated for comments received from constituents when EFRAG is in the process of finalising its *Letter to the European Commission* regarding endorsement of IFRS 18.**

### Your details

1 Please provide the following details:

- (a) Your name or, if you are responding on behalf of an organisation or company, its name:

- (b) Are you a:

Preparer  User  Other (please specify)

- (c) Please provide a short description of your activity:

- (d) Country where you are located:

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- (e) Contact details, including e-mail address:

**EFRAG's initial assessment with respect to the technical criteria for endorsement**

- 2 EFRAG's initial assessment of IFRS 18 is that it meets the technical criteria for endorsement. In other words, IFRS 18 is not contrary to the principle of true and fair view and meets the criteria of understandability, relevance, reliability, comparability and lead to prudent accounting. In its assessment, EFRAG has identified topics for which some stakeholders expressed concerns or provided mixed views in terms of relevance, reliability, comparability and understandability. However, none of them prevents IFRS 18 from meeting each of the criteria and from delivering prudent accounting. EFRAG's reasoning is set out in Appendix 2 of the accompanying *Draft Letter to the European Commission* regarding endorsement of IFRS 18.

- (a) Do you agree with this assessment?

Yes       No

If you do not agree, please provide your arguments and what you believe the implications of this could be for EFRAG's endorsement advice.

- (b) Are there any issues that are not mentioned in Appendix 2 of the accompanying Draft Letter to the European Commission regarding endorsement of IFRS 18 that you believe EFRAG should take into account in its technical evaluation of IFRS 18? If there are, what are those issues and why do you believe they are relevant to the evaluation?

**The European public good**

- 3 In its assessment of the impact of IFRS 18 on the European public good, EFRAG has considered a number of issues that are addressed in Appendix 3 of the accompanying *Draft Letter to the European Commission* regarding endorsement of IFRS 18.

*Improvement in financial reporting*

- 4 EFRAG has identified that in assessing whether the endorsement of IFRS 18 is conducive to the European public good it should consider whether IFRS 18 is an improvement over current

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requirements across the areas which have been subject to changes (see paragraphs 3 to 12 of Appendix 3 of the accompanying Draft Letter to the European Commission). To summarise, EFRAG's initial assessment is that IFRS 18 is likely to improve the quality of financial reporting.

Do you agree with the assessment?

Yes       No

If you do not agree, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

*Costs and benefits*

- 5 EFRAG is also assessing the costs and benefits that are likely to arise for preparers and for users on implementation of IFRS 18 in the EU, both in year one and in subsequent years. Some initial work has been carried out, and the responses to this invitation to comment will be used to complete the assessment.

The results of the initial assessment of costs and benefits are set out in paragraphs 13 to 161 of Appendix 3 of the accompanying *Draft Letter to the European Commission* regarding endorsement of IFRS 18. To summarise, EFRAG's initial assessment is that IFRS 18 has impact on the presentation of financial information of each entity. The analysis performed revealed that entities will incur implementation costs, but ongoing costs will be relatively low. EFRAG's overall assessment is that the benefits from IFRS 18 will more than outweigh the resulting costs.

Do you agree with this assessment?

Yes       No

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

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*Other factors*

6 EFRAG has identified a number of other factors that could be considered in assessing whether the endorsement of IFRS 18 is conducive to the European public good (see Appendix 3, paragraphs 162 to 205). For understanding the potential effects to the European economy, and particularly the effect on competitiveness, a comparison between the requirements under IFRS 18 and US GAAP has been conducted. EFRAG preliminarily assessed that the issues raised by stakeholders bringing improved requirements under IFRS 18, are similar to those observed in the US. Even though IFRS 18 is expected to address these issues and lead to improved quality of financial reporting, some of these may still persist in the US, considering the current US-GAAP and SEC regulation requirements. Moreover, a number of provisions included in both IFRS 18 and US GAAP / SEC regulation are subject to management's judgement and the effects of these requirements will depend on how entities apply them in practice. However, based on the analysis performed, EFRAG has not identified circumstances in which IFRS 18 could have any adverse effect to the European economy, including financial stability and economic growth

Do you agree with the assessment of these factors?

Yes       No

If you do not agree, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

Do you agree that there are no other factors to consider in assessing whether the endorsement of the Amendments is conducive to the European public good?

Yes       No

If you do not agree, please identify the factors, provide your views on these factors and indicate how this could affect EFRAG's endorsement advice.

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*Overall assessment with respect to the European public good*

- 7 EFRAG has initially concluded that endorsement of IFRS 18 would be conducive to the European public good (see paragraph 206 of Appendix 3 of the accompanying *Draft Letter to the European Commission*).

Do you agree with this conclusion?

Yes       No

If you do not agree, please explain your reasons.