

Union programme to support specific activities in the field of financial reporting and auditing (2014-2020)

2012/0364(COD) - 13/03/2014 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 474 votes to 28 with 72 abstentions, a legislative on the proposal for a regulation of the European Parliament and of the Council on establishing a Union programme to support specific activities in the field of financial reporting and auditing for the period of 2014-2020.

Parliament adopted its position in first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise between Parliament and Council.

Role of financial statements: the new text recalls that as well as playing a central role in ensuring that investors are equipped with important information relating to the balance sheet, the profit and loss statement and cash flow, financial statements support effective corporate governance. As well as playing a vital role in protecting shareholder and creditor interests, financial statements form the bedrock of prudential regulation.

Standard-setting: the amended text stresses that it is essential that the interests of the Union are adequately taken into account in that international standard-setting process. Those interests include the maintenance of the principle that financial statements should give a '**true and fair view**', and the concept of **prudence**, and should be reliable and understandable, comparable and relevant.

Scope: the Programme covers the implementation of Union policies in the field of financial reporting and auditing that are carried out by the **IFRS Foundation** (International Financial Reporting Standards Foundation), the European Financial Reporting Advisory Group (**EFRAG**) or the Public Interest Oversight Board (**PIOB**).

Bodies working in the field of financial reporting and auditing, which receive Union funding through the Programme, shall have a **duty of care to ensure their own independence** and that public money is used economically and efficiently, irrespective of the diverse funding streams from which they could benefit.

EFRAG will be funded for the period from 1 January 2014 to 31 December 2016.

Financing under the Programme shall be provided in the form of operating grants awarded on an annual basis. The financial envelope for the implementation of the Programme for the period 2014 to 2020 shall be **EUR 43 176 000** in current prices.

The indicative breakdown of the financial envelope laid down in paragraph 1 for the three beneficiaries shall be as follows:

- €€€€€€€ for EFRAG: EUR 9 303 000;
- €€€€€€€ for the IFRS Foundation: EUR 31 632 000
- €€€€€€€ for PIOB: EUR 2 241 000.

Evaluation: the Commission will submit report in March 2014 and then every year from 2015 before 30 June each year, on necessary **governance reforms in the area of accounting and financial information in respect of EFRAG**.

If appropriate, the Commission shall submit a legislative proposal to continue financing of EFRAG after 31 December 2016.

The IASB has initiated the review of the Conceptual Framework. Following the issue of the revised Conceptual Framework, the Commission should report to the European Parliament and to the Council on any changes that have been introduced in the Conceptual Framework and reasons thereof, with a particular focus on the concepts of prudence and reliability ensuring that a 'true and fair view', as laid down in [Directive 2013/34/EU](#), is respected. The beneficiaries should ensure the efficient and economic use of public money, including travel and related expenses.