

## THE CNMV PUBLISHES THE ANNUAL SUPERVISORY REPORT ON THE ANNUAL ACCOUNTS OF ISSUING COMPANIES

16 March 2023

- Particular attention will be paid to matters related to climate, the Russian invasion of Ukraine and the current macroeconomic environment, when supervising the 2022 annual accounts.
- The breakdowns regarding the material assumptions, considerations and uncertainties issuers face will also be reviewed, together with the way in which inflation and the rise in interest rates have been taken into account when performing the impairment tests.
- In financial reports submitted in the European Single Electronic Format (ESEF) during 2023, the CNMV expects issuers to pay special attention to block tagging, a major addition that is already in force.

Today, the Spanish National Securities Market Commission (CNMV) published the [“Supervisory report by the CNMV on the annual financial reports and main areas for review of the annual accounts for the following financial year. 2021”](#). The document describes the supervisory work carried out by the regulatory body in 2022 in relation to the 2021 annual accounts, submitted by securities issuers. It also includes certain priority areas for supervision envisaged by the CNMV for the 2022 annual accounts.

The CNMV has received audited annual financial reports – individual and consolidated – for 2021, corresponding to 136 securities issuers.

### **Reservations and emphasis of matter paragraphs**

The percentage of issuer audit reports with a favourable opinion stood at 97.1%. No Ibex-35 company presented any opinion with qualifications.

In relation to 2021, 12 issuers included some type of emphasis of matter paragraph (26 issuers in 2020), of which 9 highlighted one or more uncertainties (21 issuers in 2020). Issuers including doubts concerning business continuity fell noticeably down to 7 (from 14 in 2020), while

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issuers revealing uncertainties deriving from the impact of COVID-19 decreased by a lesser extent to 1 (6 in 2020).

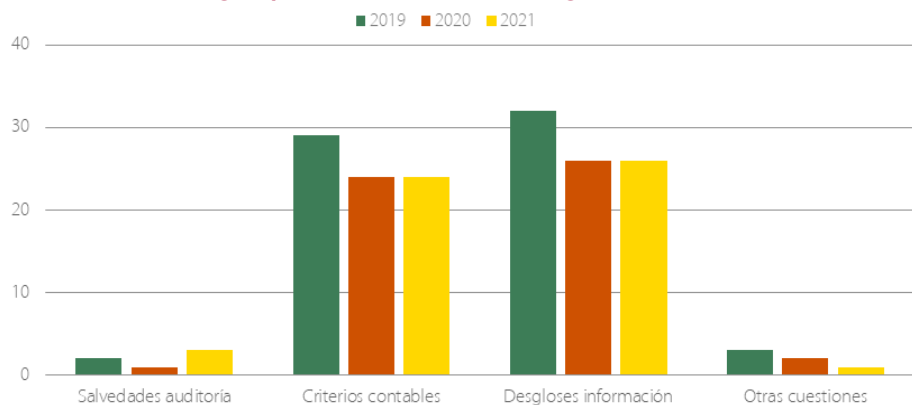
### Supervision of financial information

The report explains the review work carried out by the CNMV on the 2021 annual accounts of securities issuers. All reports received are subject to a formal review of compliance with current regulatory requirements.

In addition, a substantive review is performed, in greater depth, on a limited number of audited annual accounts. During 2021, requests were issued to six companies, regarding formal matters, and to 27 companies for one or more of the following reasons:

- Provision of additional information on issues related to recognition and valuation accounting policies (24 companies);
- A more detailed breakdown of the information provided in the annual financial report (26 companies).

#### Reasons for issuing requests to issuers (excluding FT and FAB)<sup>1</sup>



Source: CNMV

<sup>1</sup> The requests include those submitted to issuers subject to a formal and substantive review, without taking into account those relating to the NFS, APMs or those relating to delays in the delivery of financial information.

Different recommendations were made to 22 companies for their consideration in future annual accounts.

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As a result of the supervision carried out by the CNMV, one issuer reformulated its annual accounts and three issuers restated the figures corresponding to 31 December 2021 in subsequent financial reports.

### Special analyses carried out in 2022

The CNMV performed a detailed analysis of the following during 2022:

- The accounting records of the adjustments derived from that stated in Article 22 of Spanish Royal Decree 413/2014, regulating the production of electricity from renewable energy sources, cogeneration and waste.

In this regard, additional information was requested from all the companies affected by the aforementioned regulation that were subject to a substantive reviews and from one issuer subject to a formal review.

- The coherence between the financial information and the non-financial statement (NFS) regarding environmental issues, including the description of the risks to which the companies are exposed, together with their consideration when performing the impairment tests and the calculation of the losses expected through credit risk.

It was requested from 34.6% of the companies as a result of this analysis.

- Submission of the financial reports in the ESEF the first year its application is compulsory, thus contacting 25 issuers to inform them about incidents detected.

In general, an improvement can be seen with regard to reports voluntarily submitted in electronic format the previous year, 2020.

In reports in the ESEF received in 2022, the CNMV expects issuers to pay special attention to block tagging, a compulsory major addition in financial years commencing from 1 January 2022 onwards.

### Supervision plan for the 2022 annual accounts

It should be noted that, in view of their relevance, ESMA and EU national supervisors will pay special attention to certain priority areas

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when supervising and assessing the application of the relevant requirements.

ESMA's common enforcement priorities for financial information are related to:

- Climate-related matters;
- The Russian invasion of Ukraine; and
- The macroeconomic environment.

Likewise, other areas European supervisors will pay special attention to Alternative Performance Measure (APM) identification and reconciliation, and to block tagging in financial reports submitted in the ESEF.

In addition, the CNMV has decided to include, as additional priorities, a more detailed analysis of:

- The breakdowns regarding the material assumptions, considerations and uncertainties issuers face in the current macroeconomic scenario; and
- How inflation and the rise in interest rates have been taken into account to determine the discount rates applied in the non-financial asset impairment tests and, where applicable, the extent to which their development during the financial year was considered as an indication to update the impairment tests carried out before the end of the financial year.

Similarly, any other specific issues that are relevant regarding any listed company subject to the CNMV's supervision will also be reviewed.

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