

## Financial Reporting Supervision role of IAASA - an update

PwC  
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Accounting Supervisory Authority

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### Disclaimer and confidentiality

#### Disclaimer

The views expressed are ours and do not necessarily reflect the views of the Board, individual Board members or the staff of IAASA

#### Section 31

- No person shall disclose, except in accordance with law, information that –
- a) is obtained in performing the functions or exercising the powers of the Supervisory Authority, and
  - b) has not otherwise come to the notice of members of the public...

Certain exemptions provided for in law



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## Presentation Outline

- Re-cap on IAASA's financial reporting supervision functions
- Overview of principal activities during 2011
- Debt/fund issuer
- EECS activities



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### Re-cap of principal activities of IAASA's FRSU

- Accounting enforcement role – review work
  - Full scope (annual and half-year reports)
  - Focussed, Follow-up and Thematic reviews
  - Overviews
  - Surveys
- Co-operation with other EU accounting enforcers
  - EECS decisions and emerging issues
  - ESMA Standards and working groups
  - Accounting enforcer requests
  - Participation in surveys of application of IFRS across EU e.g.
    - IFRS8, IFRS7, Greek debt, CESR 1 & 2 Revision Group etc
    - EECS activity report statistics
  - Queries from fellow EU enforcers, visits from other enforcers



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### Re-cap of principal activities of FRSU

- Co-operating in the development of accounting standards (ASB observer role)
- Adviser to DJEI on accounting related matters:
  - Legislative proposals
  - Interaction with ASB role on future of Irish GAAP
- Advocacy role (publications, presentations, articles, etc)
- Other matters as they arise



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### Recap on IAASA's financial reporting enforcement function

- Central Bank is the central administrative competent authority for the purposes of the Transparency Directive.
- IAASA is the independent designated competent authority for carrying out functions under Article 24(4)(h) of the Directive, i.e.  
*"... to examine that information referred to in this Directive is drawn up in accordance with the relevant reporting framework and take appropriate measures in case of discovered infringements."*



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## Debt & Fund issuers reviewed – specific issues examined

- i. Approach to review of CEF & Debt issuers
  - Debt issuers: asset backed debt, derivative linked debt and funding vehicles)
  - Close ended funds (Property lists, Equity buyout funds and other illiquid assets funds)
- ii. Thematic review & surveys
- iii. Fair value : valuation techniques: lack of transparency
- iv. IFRS7/FRS29/IAS1/TD FV & Risk disclosures: thematic to assess quality & consistency thereof
- v. Directors' judgments, assumptions and other major sources of estimation uncertainty
- vi. Other matters
  - Directors /Management report (TD, Interim FR Rules+S.13 CA1986)
  - IFRS 8 *Operating Segments*
  - Typical HY issues with debt issuers not familiar with T.D.
  - IAS 1: Changes in classification and presentation of comparative items
  - Events after the balance sheet date



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## Advocacy

- **Publications**
- **Presentations**
- **Articles in professional journals**



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## Accounting enforcement in an EU context

- Transparency Directive requires every Member State to establish an accounting enforcer
  - "Each competent authority shall have all the powers necessary for the performance of its functions. It shall at least be empowered to:  
... examine that information referred to in this Directive is drawn up in accordance with the relevant reporting framework and take appropriate measures in case of discovered infringements".
- Approximately 6,500 listed companies have been identified by EU enforcers as IFRS users and are under supervision of competent authorities



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## IAASA involvement in European accounting enforcement

- European Enforcement Co-ordination Sessions (EECS)
- EECS enforcement decision database
- ESMA publication of decisions from the database
- IAASA involvement in EECS
  - Agenda Group
  - Actions Group
  - CESR Standards 1 + 2 Revision Group
  - Materiality Group



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## Questions?



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## Contacts & Further Information

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