



Messages from IAASA's Financial Reporting Supervision Unit

Presentation to PricewaterhouseCoopers

Financial Reporting Supervision

Overview of presentation

- Functions and Structure – where does FRSU fit in?
- IAASA Examination Types & The Examination Process
- International context - ESMA
- Observations from 2017 examinations underway
- Possible enforcement priorities for 2017 financial statements
- Common pitfalls
- Confidentiality & disclaimer – the small print:

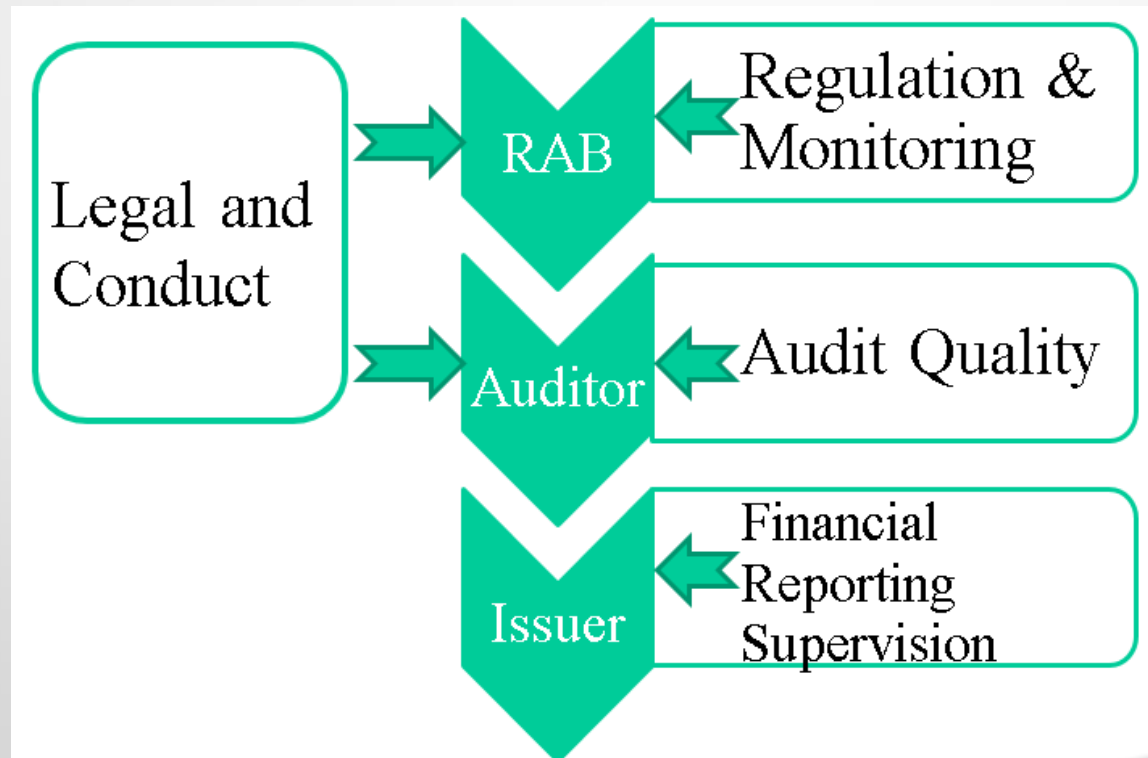
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- comes into IAASA's possession by virtue of performing any of its functions, and
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Disclaimer – the views expressed are my own and do not necessarily reflect the views of the Authority, Board or the staff of IAASA

Functions and Structure

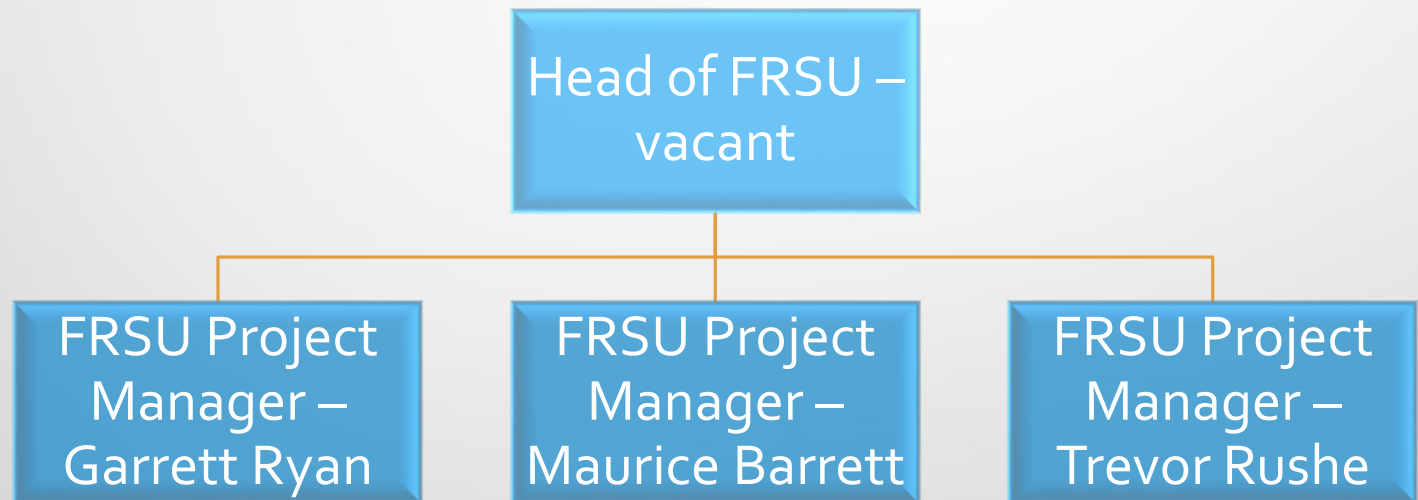
Where IAASA fits into the protection of investors and capital markets ...



Functions of FRSU

1. Accounting enforcer for Ireland
2. Liaising with other EU countries' accounting enforcers through ESMA
3. Co-operating in the development of accounting standards
4. Assisting the Board to discharge its functions as an advisor to the Minister on accounting related matters
5. Advocacy

Structure of Financial Reporting Supervision



Transparency Directive

Issuer constituency as at 30 June 2017

Equity

30 

Debt

64 

Closed-ended Funds

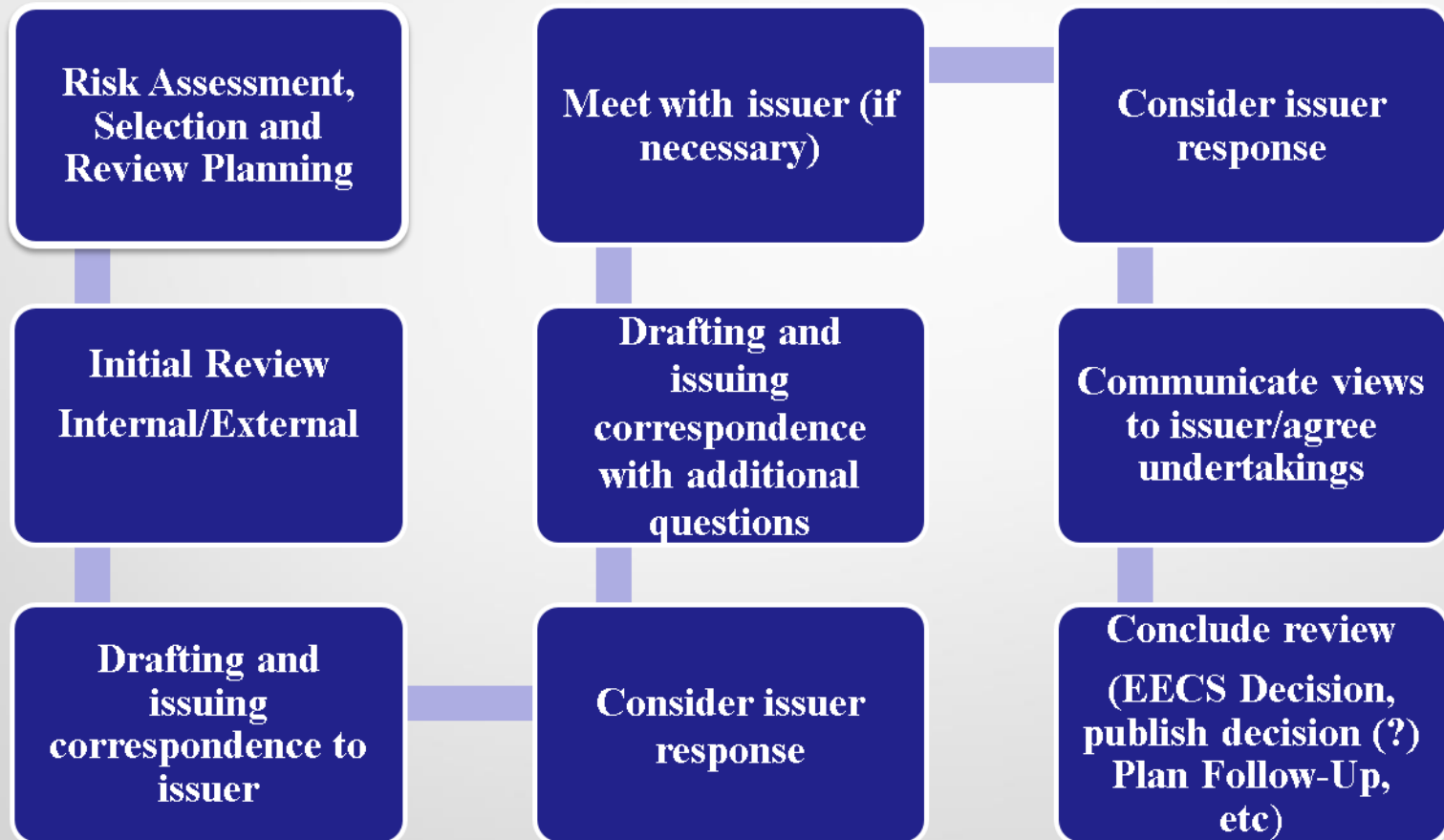
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FRSU – Examination Types

- Unlimited scope examinations (based on risk selection and random selection) ★
- Focussed examinations
- Follow-up examinations
- Thematic examinations
- Surveys

IAASA/FRSU

The Examination Process



International context

ESMA's growing influence on IAASA

- Annual ESMA Common Enforcement Priorities
- ESMA "Guidelines on Enforcement of Financial Information"
- ESMA "Guidelines on Alternative Performance Measures"
- Peer reviews
- Topical surveys
- ESMA report on annual enforcement activity
- EECS activities

International context

IAASA's influence in Europe

- Active EECS participation - Emerging Issues & Decisions (EECS & Database)
- EECS Agenda Group Member
- Member of ESMA/CRSC sub-groups
 - i. IAS 12 Deferred Tax Assets;
 - ii. IFRS 13 Review of Fair Value Measurement & disclosures in IFRS;
 - iii. Accounting by Financial Institutions.
- Publications
- IASB & IFRS IC periodic meetings

Observations from IAASA's 2017 examinations underway...

- Uncertain tax positions
- Transition to New IFRS Standards (IFRS 9, IFRS 15, IFRS 16, IFRS 17)
- ESMA's APM Guidelines
- IFRS 13 Fair value measurement
- Impairment testing
- Other matters...

Observations from 2017 examinations underway ... other matters continued

(IFRS 2) Share based Payments		Debt modifications (derecognition)		IFRS 3 Business Combinations
	Provisions (IAS 37)		Discount rates	
IFRS 10 Consolidated Financial Statements		(IAS 7) Statement of Cash Flow		F.I.C.E.

Possible enforcement priorities for 2017 financial statements

- New IFRSs (transition disclosures):
 - IFRS 9 *Financial Instruments*
 - IFRS 15 *Revenue from Contracts with Customers*
 - IFRS 16 *Leases*
- IFRS 3 (recognition and measurement related issues)
- Reconciliation of liabilities arising from financing activities in IAS 7 *Statement of Cash Flows* (the net debt reconciliation)
- Specific considerations related to Brexit
- Possible IAASA publications: IAASA Observations document, IAASA Decisions, IAASA thematics on (1) Primary financial statements, (2) APMs, (3) Impairment testing, (4) EPS, (5) Impact of the New standards.
- Further themes arising ...to be decided!

Common pitfalls

- Consistency of APMs with IFRS - transparency, prominence and reconciliations (front-end v. IFRS primary statements and notes)
- Presentation of primary financial statements - tabular presentation, exceptional/non-recurring items inside/outside operating profits, APMs inside/outside the financial statements
- New accounting standards – focus on transition impacts and disclosures
- IFRS 13 fair value measurement & disclosure:
- Impairment testing
- Avoid boilerplate disclosures
- IFRS 3 – focus on underlying recognition and measurement issues
- Specific considerations related to Brexit
- Uncertain tax positions/Tax Reporting



Questions?

Look out for:

IAASA 2017 Observations Document and IAASA publications
of Financial Reporting decisions at <https://www.iaasa.ie/>

THANKYOU