







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 –
- is obtained in performing the functions or exercising the powers of the Supervisory Authority, and
 - has not otherwise come to the notice of members of the public...

Certain exemptions are provided for in law



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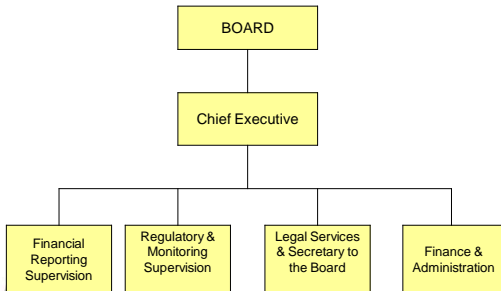
IAASA's Financial Reporting Supervision Unit



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IAASA - Organisation Structure



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Principal Functions of IAASA's Financial Reporting Supervision Unit

- Accounting enforcer for Ireland
- Liaising with other EU countries' accounting enforcers through ESMA
- Co-operating in the development of accounting standards and practice notes
- Assisting the Board to discharge its functions as an advisor to the Minister on accounting related matters



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IAASA's accounting enforcement function

- IAASA's role under Article 24(4)(h) of the Transparency Directive
 - *“...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.”*
- What is home member state for TD purposes?
- Central Bank is the central administrative competent authority



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Review constituency as at 31 December 2013

Category	Number of issuers in category	Half-yearly financial reports issued per annum	Annual financial reports issued per annum	Total no. of periodic financial reports per annum
Equity	25	25	25*	50
Funds	28	28	28*	56
Debt*	91	50	91*	141
Total	144	103	144	247

* Certain debt issuers are exempt from the requirement to make public half-yearly financial reports for a period of 10 years



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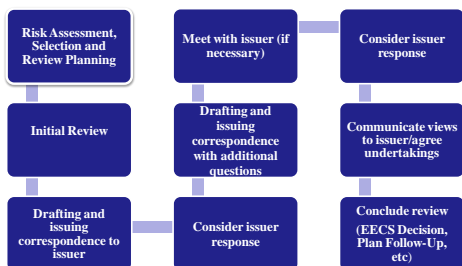
Categories of examinations

- Full scope examinations (based on risk assessment criteria)
- Focussed examinations
- Follow-up examinations
- Thematic examinations
- Topical surveys

Examinations undertaken in 2013

	2013				2012
	Equity	Fund	Debt	Total	Total
Examinations of annual financial reports	16	2	10	28	29
Examinations of half-yearly financial reports	1	2	1	4	2
Thematic examinations:					
disclosure of KMP compensation	24	-	-	24	-
presentation of the Income Statement by equity issuers	10	-	-	10	-
IAS 19 discount rates measurement and disclosure	20	-	-	20	-
half-yearly reports (IAS 34)	-	-	-	-	10
Alternative Performance Measures (APMs)	-	-	-	-	20
ESMA topical surveys:					
IAS 19	5	-	-	5	27
IAS 36	5	-	-	5	10
IAS 37	5	-	-	5	-

What a typical full scope review entails



Accounting enforcement in an EU context



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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”.
- Over 6,000 listed companies have been identified by EU enforcers as IFRS users and are under the supervision of accounting enforcers



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ESMA and European enforcement coordination

EECS

- a forum of 38 members from 29 countries in which national enforcers exchange views and experience relating to enforcement of IFRS
- direct supervision of financial statements is carried out at national level, as required by the Transparency Directive
- ESMA mandatory Guidelines on enforcement under revision.

Objectives of EECS

- to promote consistency amongst enforcers in decisions taken when reviewing IFRS financial statements
- to contribute to the harmonization of the application of IFRS in EEA



ESMA and European enforcement coordination

EECS main activities

- EECS provides a tool to foster ex-ante and ex-post coordination on enforcement decisions
- Analysis and discussion of individual IFRS decisions and emerging issues brought by NCA
- Identification of issues which are not covered by IFRS or which may be affected by conflicting interpretations for referral to the IASB and IFRS IC
- Identification of common enforcement priorities in Europe
- Exchange of views and experiences on methods for supervising the financial information of companies offering publicly securities and/or having these securities listed on an EEA regulated market



ESMA and European enforcement coordination

EECS main activity (cont.)

- EECS meeting are held 8 times a year since 2005
- EECS has 2 meetings a year with representatives of the IFRS IC
- Enforcement decisions are entered into a European database, which is available for consultation by NCA. Decisions are discussed in the EECS meetings.

Temporary working groups on

- Review of accounting practices (sovereign bonds, financial institutions, IAS 36 implementation etc)
- Guidelines on enforcement,
- Guidelines on APMs
- Materiality



IAASA involvement at EECS

- Active contributors at EECS meetings
- Submission of many decisions to the EECS enforcement decision database
- ESMA publication of decisions from the database
- IAASA involvement in EECS/ESMA working groups
 - Chairing Materiality Group
 - Agenda Group
 - Actions Group
 - Enforcement Standards Revision Group



IAASA interactions with IASB

- Accounting for uncertain tax positions
- Current/non-current classification of liabilities – IAS 1.69(d) – “*unconditional right*”
- IFRS 8 amendment – aggregation criteria
- Deferred tax assets – forecast period
- Classification of puttable instruments – liability v. equity
- Income Statement presentation



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Some issues arising during 2014 reviews



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Some trends based on 2014 examinations – equity issuers

- Every case is different but some common trends ...
 - IS presentation
 - current –v- non-current classification
 - APMs
 - deferred taxation – recognition of DTAs
 - recognition and measurement of UTPs
 - impairment assumptions – VIU calculations and disaggregation of disclosures
 - Banks – forbearance measures, DTAs, measurement of impairment provisions (CBI / EBA)
- Thematics for 2014
 - IAS 1 (IS format, exceptional items ‘operating profit’)
 - IAS 7 – presentation of CFS
 - Updated Alternative Performance Measures (‘APMs’ / ‘KPIs’)



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Some trends based on 2014 examinations– Debt/Fund issuers

- Still many issues with some issuers
- No evidence of any “cross over” lessons learned
- Preparation, re-auditing and re-publication of Debt issuer’s annual financial report
- Engagement with industry associations



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Looking forward to 2015



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Looking to 2015 – IAASA priorities

- Recoverable amounts of CGUs – VIU & assumptions
- Deferred tax assets – forecast period
- UTPs – recognition, measurement and disclosures incl. accounting policy
- APMs – IAASA recommendations
- IFRS 10 *et seq* – Control
- IAS 1



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Looking to 2015 – IAASA priorities (cont.)

- IAS 7 – thematic follow-up
- Impairments and forbearance and disclosures
- IFRS 8 amendments
- Review of actions taken



IAASA publications

Observations documents – 2013, 2012, 2011, 2010, 2009, 2008 and 2014 imminent

Information Notes:

- Disclosure requirements of the Takeover Bids Directive
- Financial reporting considerations relevant to the making of distributions

Thematics:

- Application of IAS 7 by Irish equity issuers
- Application of IAS 1 by Irish equity issuers
- Disclosure of key management personnel compensation by Irish equity issuers
- Alternative Performance Measures (2012)
- The quality of selected debt and fund issuers' fair value and risk disclosures
- Half-yearly financial reports

Guide – Financial reporting requirements of the EU Transparency Directive

Annual Reports – 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006



Questions?



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