

Improving your financial reporting

**Ernst & Young
Nordic Financial Accounting
Advisory Services**

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“ The G-20 showed a shared commitment to reform together and to ensure convergence of accounting standards at an international level. Therefore we need to continue work on finding the right balance between a faithful representation of a company’s financial situation and wider financial stability.”

Commissioner Michel Barnier, Single market News 2010

“ Businesses are becoming more complex as they compete for growth, expanding internationally, refining their structures and changing their business models. Changes designed to deliver better financial performance all impact financial reporting structures, tax policies and risk and control mechanisms and often call for detailed accounting advice.

Ernst & Young’s Financial Accounting Advisory Services has been set up to help clients with the specific reporting challenges they face as they seek to prosper in the new global economy.”

Finn Kinserdal, Ernst & Young Financial Accounting Advisory Services, Nordic Leader



Accounting and reporting challenges - navigating the changing landscape

As a result of the recent economic turmoil, shareholders, regulators and professional bodies are calling for more transparency in reporting. Changes to accounting standards are being introduced to provide greater clarity on the reported numbers and how they are derived.

Companies seeking to optimise their structure in new market conditions face increasing complexity in both IFRS and US GAAP accounting requirements for mergers and acquisitions, de-mergers, carve-outs and IPOs.

Meanwhile projects to bring about convergence in accounting standards are changing the requirements for reporting on financial instruments, fair value accounting, impairments and revenue recognition.

Companies undertaking IFRS conversions need to understand the business implications of accounting differences, interpretations and possible approaches to reporting while monitoring ongoing changes to the standards.

The speed and extent of the changes will have significant repercussions on financial reporting. To respond you need to fully understand and manage the impact on your business, people and reporting processes.

Financial Accounting Advisory services provide a multi-disciplinary team to help clients face complex accounting-related problems. We work with clients to assess the implications, review options, and help redesign and implement reporting processes.

How Financial Accounting Advisory Services can help you

Ernst & Young's accounting advisory professionals have gained extensive experience in the application of IFRS working with clients around the world. Depending on each client's requirements we provide a team with relevant project experience and industry knowledge. We draw on Ernst & Young's full range of skills to address the accounting, tax, regulatory and business consequences of accounting changes or complex transactions, and provide efficient and effective options.

Our services include:

1. GAAP conversion support
2. Financial due diligence
3. Transaction accounting and financial reporting advice
4. Capital markets assistance (including IPOs)
5. Improving your reporting process, efficient and fast close
6. Accounting compliance and reporting assistance
7. Dispute resolution
8. On-call financial reporting advice
9. Loaned staff arrangements
10. Training
11. Technical legal and tax impact advisory

Ongoing development of accounting standards will impact many aspects of your business operations including financial reporting compliance and the underlying information technology that supports your reporting structure. Independent support will help you identify and address the risks and challenges when accounting changes are needed.

The services available to you

GAAP conversion support

Support for GAAP conversion and implementation is provided through the development of effective transition plans with our clients.

The process includes diagnostic reviews, selection of accounting policies, full conversions and advice on specific areas during a GAAP conversion, including accounting process changes and impact on IT systems and controls.

As a first step, key issues are identified and accounting options are reviewed especially those related to the opening balance sheet. The impact on the control environment and information systems is diagnosed.

During implementation advisors will

- ▶ Support in the deployment of accounting standards throughout affiliates
- ▶ Assist in training the financial community
- ▶ Help redesign accounting plans and the adaptation of procedure manuals
- ▶ Assist in the management of two sets of accounting standards (statutory/consolidated)
- ▶ Advise on preparation of the opening balance sheet and comparative information
- ▶ Advise on the development of the first set of IFRS financial statements

Financial due diligence

When acquisitions are considered, our teams work closely with Ernst & Young's transaction

professionals to provide assistance to companies on due diligence and the accounting and financial reporting analysis of the target. This includes distributable reserves commentary, purchase accounting considerations, insight into complex transaction structures and the required GAAP conversions.

Transaction accounting and financial reporting advice

We can help in determining the appropriate purchase price allocation (PPA) accounting in connection with business combinations. We can help management in determining the opening balance sheet and the impact of the acquired have on future group operating results, liquidity and financial position in accordance with the appropriate accounting standards.

We help companies address the accounting and reporting requirements related to specific transaction issues - including IPOs, carve-outs, combined financial statements, forward-looking statements, mergers and demergers.

Capital markets assistance (including IPOs)

Advisors support companies with the preparation of financial information required in capital market transactions, including IPOs, share offerings, debt offerings and reverse takeovers. We can also assist in other areas such as financial reporting procedures (FRP), working capital reports, pro forma financial statements and profit forecast reports.

Improving your reporting process, efficient and fast close

Our team can provide a range of financial communication services related to financial statements disclosures. For example: leading practice guidance, design and help implementation of data collection and benchmarking with competitors. We also assist on regulatory communication in annual reports, and internal communication such as accounting policy manuals.

We advise on the financial statement impact and disclosure requirements of new accounting standards, including providing options for management's review and decision making.

Assistance on debt covenants helps companies evaluate the impact of the changes in accounting standards or regulatory requirements and set the appropriate strategy for reporting.

Accounting compliance and reporting assistance

We can provide accounting and financial assistance for consolidation reporting, including help in preparation.

Dispute resolution

When accounting or financial reporting disputes occur, subject matter resources support documenting client positions.

On-call financial reporting advice

When problems arise, on-call support arrangements are available to supply immediate access to technical professionals with practical experience of accounting challenges and the industry issues.

Loaned staff arrangements

In a period of transition, entities may have to address their in-house professional requirement by hiring external resources. We can loan assurance professionals to corporate accounting or finance departments to assist in various projects and help build a knowledgeable and experienced staff through internal training and recruitment.

Training

Tailor-made training covering new and amended standards and complex accounting topics can be delivered through face-to-face sessions or "software based" modules.

Technical legal and tax impact advisory

Reorganizations and restructurings can have a significant impact on the accounts of the legal entities involved. For example, if not planned with care, dividend blocks may be created, or other unintended and unfavourable consequences may arise. We help to evaluate the accounting impact of planned changes prior to companies deciding on a given structure. Adverse impacts can be identified and potentially mitigated. The service can be used post deal to assist in implementing the correct accounting treatment.

Contacts



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