

Rikets tilstand - regnskapsnyheter

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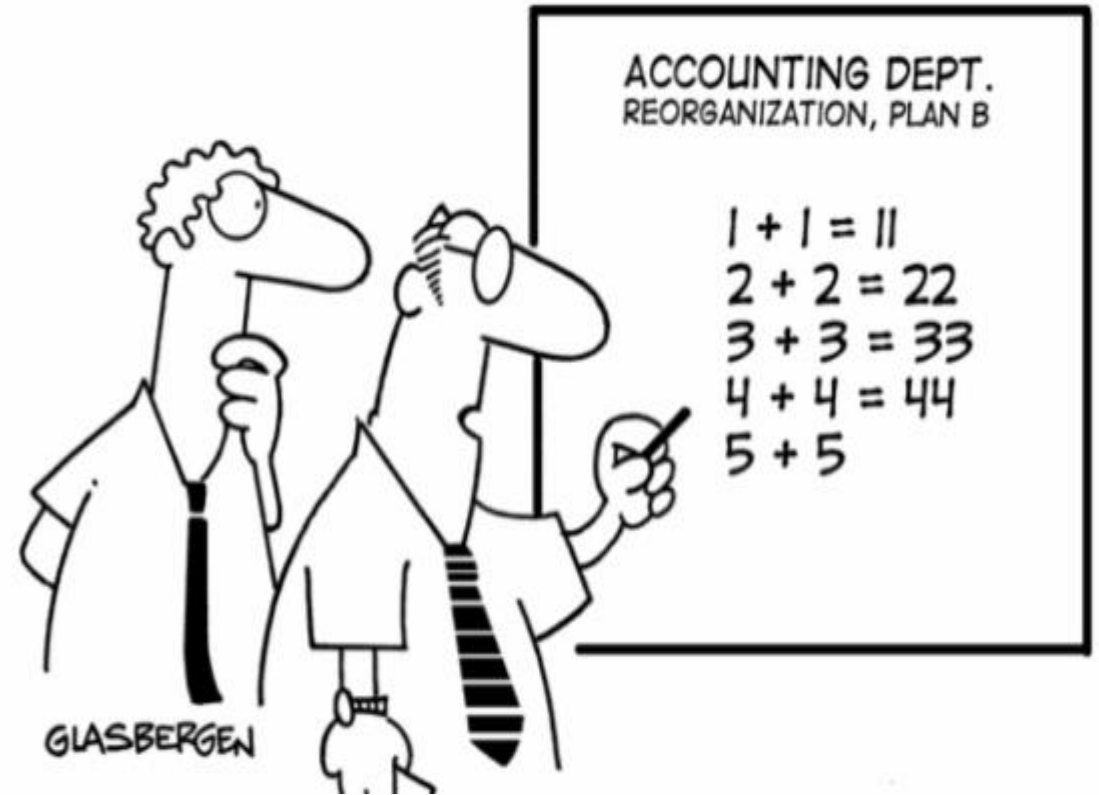
20. januar 2021

■ ■ NORSKE
■ ■ FINANSANALYTIKERES
■ ■ FORENING

Agenda

- Oversikt – the Big Picture
- IBOR
- IFRS 17
- Better Communication in Financial Reporting
- Reverse factoring – IFRIC IC
- Observert praksis
- NGAAP – hva skjer ?

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IASB Work plan

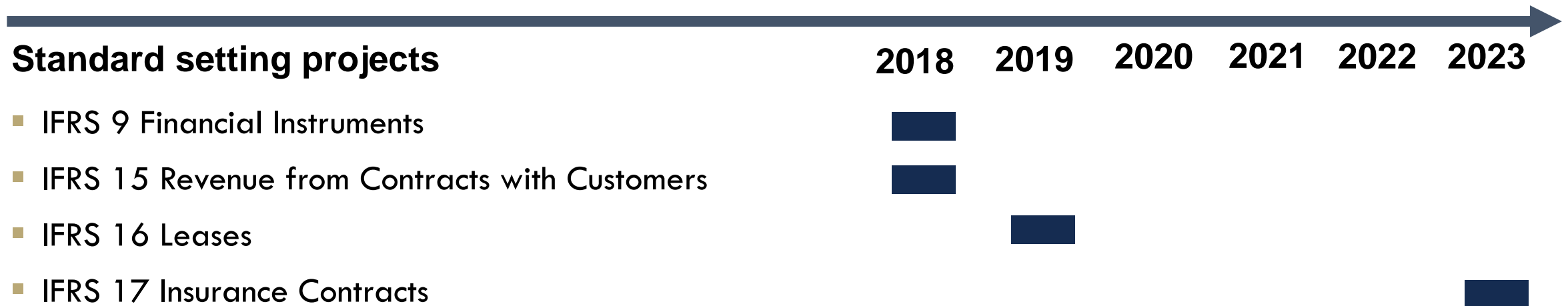


Research Projects		Next milestone	2021	2022	2023
■ Business Combinations under Common Control	■ DP feedback		■		
■ Equity Method	■ Decide direction				
■ Extractive Activities	■ Decide direction		■		
■ Goodwill and Impairment	■ DP feedback		■		
Standard setting projects					
■ FI with characteristics of equity	■ Exposure draft				
■ Management Commentary	■ Exposure draft		■		
■ Primary Financial Statements	■ Decide direction				

Jf Teodor sitt foredrag senere i dag

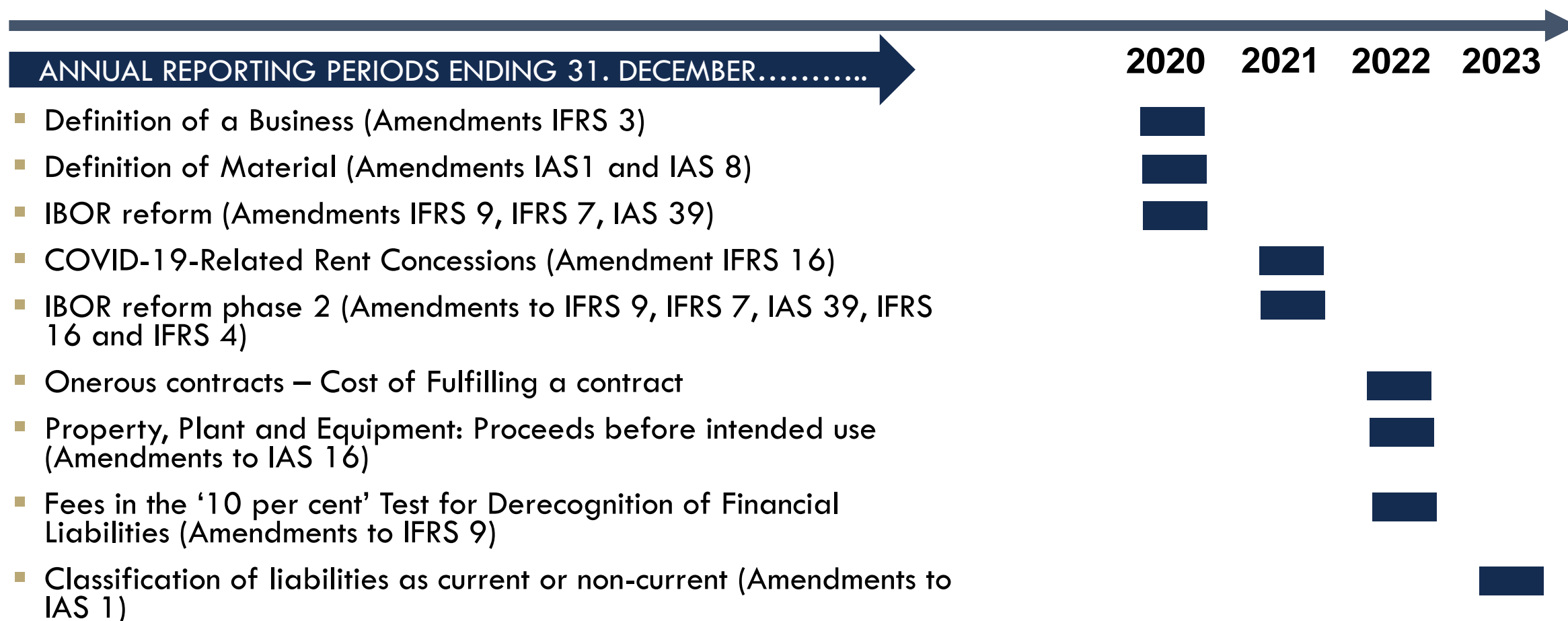


IASB Completed Standard setting projects



Vi er inne i en periode hvor det ikke kommer nye «tunge» regnskapsstandarder. IFRS 17 Forsikringskontrakter kommer i 2023 (blitt utsatt flere ganger). IASB arbeider med «maintenance» og behov for justeringer som oppstår etter at standardene er tatt i bruk.

IASB Other Completed projects



IBOR reform

Many companies use benchmark interest rates – e.g. in their loan instruments, lease contracts and in hedge accounting. The replacement of some of these rates with alternative benchmark rates is expected to be mostly complete by the end of 2021.

- Phase 1: Amend IFRS 9, IAS 39 and IFRS 7
- The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.
- Disclosures
- Amendments are mandatory and effective from 1 January 2020.
- Phase 2: Amend IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16
- Focus on financial reporting issues arising following the implementation of IBOR reform.
- Apply retrospectively from 1.1.2021 with earlier application permitted.
 - Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

IBOR reform

The amendments in phase 2 relate to:

- **Changes to contractual cash flows**

a company will not have to derecognise or adjust the carrying amount of financial instruments at amortised cost (incl. IFRS 16) for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

- **Hedge Accounting**

a company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and

- **Disclosures**

a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

IBOR REFORM

Nordea

The IBOR reform

The IBOR transition is a global reform with significant impact on the financial industry. It will affect a large variety of financial services and thus individuals, companies and institutions. The transition will influence products, market liquidity, risk management, data and technology infrastructure as well as financials and the balance sheet. IBORs are embedded in a vast range of financial instruments including loans, mortgages, bonds, trading product and derivative contracts.

Current expectations are that some IBORs will be replaced, while others may continue to exist but with a reformed methodology. There is currently uncertainty as to the timing and the methods of transition for the different IBORs and whether some existing benchmarks will continue to be supported. EONIA (for EUR) as well as LIBOR for e.g. USD, GBP and CHF will cease to exist after 2021, while EURIBOR and the Nordic IBORs at the moment are expected to be published beyond 2021 in reformed formats. The uncertainties are expected to remain until the relevant contracts are all transitioned into new IBORs.



It is expected that the London Inter-bank Offered Rate (LIBOR) will be discontinued and replaced with alternative reference rates by the end of 2021. Equinor is exposed to LIBOR on interest rate derivatives contracts, floating rate bonds, loan agreements and facilities, among others, the majority of which, Equinor believes, provide for alternative reference rates or calculation methods upon LIBOR discontinuation. Equinor is following this transition closely

Nordea has established an IBOR Transition Programme sponsored by the CFO and Group Treasurer to prepare and coordinate Group-wide efforts to manage the operational impacts and financial risks caused by the transition from existing IBOR rates to alternative near risk-free rates. An IBOR Transition Office is responsible for the Group-wide coordination of transition activities and reports to a Steering Committee with participation from senior management in Business Areas and Group Functions to ensure a centralised Nordea strategy and senior management steering and oversight. Business Areas and Group Functions are responsible for, and drive, the execution of changes required for a successful transition to alternative near risk-free rates.

As explained in Note G1, Nordea has early adopted the amendments to IFRS 7 and IAS 39 and is applying the relief for the year-end reporting. In the table below, nominal amounts of the hedging derivatives in scope for the relief are disclosed.

Hedging derivatives with floating leg

31 Dec 2019, EURm	Total nominal amounts
CIBOR	9,122
STIBOR	17,810
NIBOR	12,767
EURIBOR	56,964
LIBOR	24,694
Other	22
Total	121,379



Statkraft has established a project to assess the potential economic and accounting consequences of the transition from IBORs to ARR which is expected to take place in 2021. At the current stage it is too early to draw any conclusions about the potential consequences.

IFRS 17 FORSIKRINGSKONTRAKTER

It's all getting too complicated, says industry

The insurance industry is going to become more complex and costlier to operate in as a result of the new International Financial Reporting Standard (IFRS 17), according to a whopping 97% of senior UK insurance professionals.

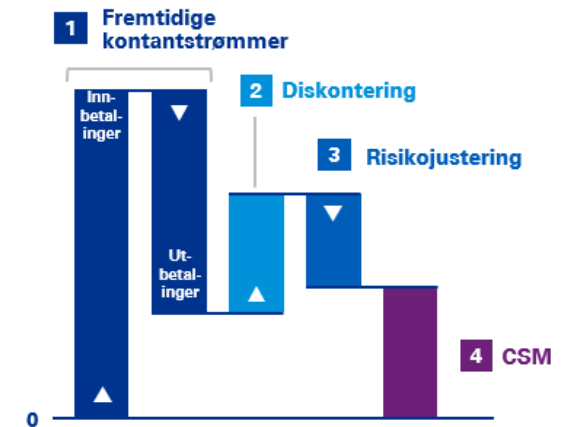
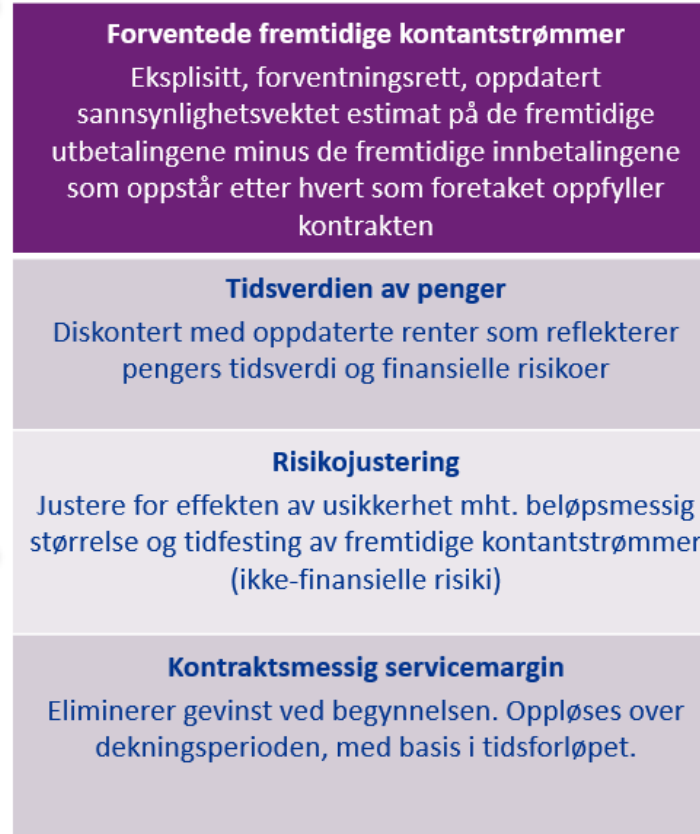
IFRS 17 will fundamentally change the face of accounting, demanding greater detail in financial analysis and increased co-operation between actuarial and accounting departments. Under the regulation, insurance companies will have to report in greater depth on how insurance contracts affect their financial position.

But while the consensus in the industry is that IFRS 17, which becomes effective in 2021, will add to an already complex landscape, the overwhelming majority say it will also be a force for good.

Ninety two per cent (92%) believe the new standard will improve financial transparency, and 84% expect it to deliver additional benefits beyond compliance, according to new research from analytics firm SAS.

Målemodell Byggeklossmodell

Kontantstrømmer for å oppfylle kontrakten



IFRS 17 og IFRS 9

De fleste store forsikringselskaper i Europa har utsatt implementering av IFRS 9 i påvente av at IFRS 17 skal implementeres. Det gjelder også Storebrand og Gjensidige

STOREBRAND ANNUAL REPORT 2019

Financial instruments - IFRS 9

IFRS 9 Financial Instruments replaces the current IAS 39, and was generally applicable from 1 January 2018. However, for insurance-dominated groups and companies, IFRS 4 allows for either the implementation of IFRS 9 to be deferred (deferral approach) or to enter the differences between IAS 39 and IFRS 9 through other comprehensive income (overlay approach) until implementation of IFRS 17. The Storebrand Group qualifies for temporary deferral of IFRS 9 because over 90 per cent of the Group's total liabilities as of 31 December 2015 were linked to the insurance businesses. For the Storebrand Group, IFRS 9 will be implemented together with IFRS 17, which is expected to be applicable from 1 January 2022.

Storebrand is working on preparing for implementation of IFRS 17, including assessing the effects implementation of IFRS 17 will have for Storebrand's consolidated financial statements.

Gjensidige Forsikring ASA

Endringer i IFRS 4 Anvendelse av IFRS 9 Finansielle instrumenter sammen med IFRS 4 Forsikringskontrakter (2016)

Endringene i IFRS 4 tillater foretak som overveiende driver forsikringsvirksomhet mulighet til å utsette ikrafttredelsesdatoen for IFRS 9 til 1. januar 2021. Effekten av en slik utsettelse er at de berørte enheter kan fortsette å rapportere i henhold til gjeldende standard, IAS 39 Finansielle instrumenter.

Gjensidige er et forsikringsforetak og har derfor besluttet å benytte seg av dette unntaket.

Better communication in financial reporting



Financial statements

Primary Financial Statements

Primary Financial Statements

Exploring potential targeted improvements to the structure and content of primary financial statements, focusing on the statement of financial performance and the statement of cash flows.

Exposure draft issued in December 2019

Ongoing

Materiality Judgements on Accounting Policies

Developing guidance and examples to help entities apply materiality judgements to accounting policy disclosure.

Exposure draft issued in August 2019

Disclosure Initiative

Amendments to IAS 1 Presentation of Financial Statement

Encouraging management to apply professional judgement in determining what information to disclose in their financial statements.

Effective 1 January 2016

Completed

IFRS Practice Statement 2 Making Materiality Judgements

Facilitating management's judgements on applying the materiality concept to the financial statements. It builds on the Amendments to IAS 1.

Non-mandatory practice statement effective since issue in September 2017

Amendments to IAS 1 and IAS 8 Definition of Material

Refining the definition of materiality and clarifying its characteristics.

Effective 1 January 2020

Principles of Disclosure (PoD)

Identifying disclosure issues and developing a set of principles for disclosure in IFRS Standards to address them.

Project summary issued March 2019

Outside financial statements

IFRS Practice Statement 1 Management commentary

Exploring ways to update this guidance to support more rigorous management commentary.

Exposure draft expected in Q2 2021

Standards-level Review of Disclosures

Identifying targeted improvements to disclosure requirements in existing IFRS Standards and developing guidance to the International Accounting Standards Board to use when drafting disclosure requirements in new or revised IFRS standards.

Exposure draft expected in Q1 2021.

Amendments to IAS 7 Statement Cash Flows

Requiring new disclosure that help users evaluate changes in liabilities arising from financing activities

Effective 1 January 2017

Primary Financial Statements

NYTT RESULTATREGNSKAP



Subtotals in the statement of profit or loss

7

Revenue	347,000
Other income	3,800
Changes in inventories of finished goods and work in progress	3,000
Raw materials used	(146,000)
Employee benefits	(107,000)
Depreciation	(37,000)
Amortisation	(12,500)
Professional fees and other expenses	(10,030)
Operating profit	41,270
Share of profit or loss of integral associates and joint ventures	(600)
Operating profit and income and expenses from integral associates and joint ventures	40,670
Share of profit or loss of non-integral associates and joint ventures	3,380
Dividend income	3,550
Profit before financing and income tax	47,600
Expenses from financing activities	(3,800)
Unwinding of discount on pension liabilities and provisions	(3,000)
Profit before tax	40,800
Income tax	(7,200)
Profit for the year	33,600

Operating

Integral associates
and joint ventures

Investing

Financing



Kun ledelsesdefinerte resultatmål i regnskapet



Management performance measures (MPMs)

Disclosure in the notes of subtotals of income and expenses that:

Are used in public communications **outside financial statements**

Complement totals or subtotals specified by IFRS Standards

Communicate **management's view** of an aspect of an entity's financial performance

Accompanied by disclosures in a **single note to enhance transparency**

The Board is proposing not to define EBITDA

- The Board could not identify a single underpinning concept.
- Not used in some industries.
- Calculation is diverse in practice.

The Board is proposing to define 'operating profit before depreciation and amortisation'

- Would be allowed but not required to be reported.
- If used, no MPM disclosures would be required for this measure.
- The Board has not labelled it 'EBITDA' because its content does not match what the acronym 'EBITDA' stands for.

Reverse factoring/SCF - eksempel

Consolidated Balance Sheet

	Note	2019	2018
Current liabilities			
Debt to credit institutions	2, 11, 18, 21	381,539	733,583
Short-term leasing liabilities	2, 6, 11, 18, 21	140,733	14,604
Trade payables	11, 18	1,305,050	1,194,760

Consolidated Statement of Cash Flow

Change in trade receivables		-89,095	-112,152
Change in trade payables		41,329	-54,215
Change in other time-limited items		108,087	70,837

Financing of trade payables

The Group has entered into an agreement with the company's feed suppliers to extend the credit given on feed orders. The feed supplier has agreed the discounting of the trade payable with the Group's bank. The liability springs from supply agreements containing provisions for variable credit times, and the terms obtained from the bank are not materially different from the terms which could have been obtained from the feed suppliers. As a result, the liability is classified as a trade payable, and the change is included in operating activities in the statement of cash flow. As at 31 December 2019, the Group owed its bank NOK 695.3 million in connection with this type of financing. The corresponding figure as at 31 December 2018 was NOK 697.9 million.

- Eksempel fra selskap på Oslo Børs
- Bankgjeld som presenteres som leverandørgjeld og fremgår ikke av «Interest Bearing Debt»

Reverse factoring/SCF



IFRIC Update December 2020

Committee's agenda decisions

- Supply Chain Financing Arrangements—Reverse Factoring—Agenda Paper 4

- IFRIC konkluderte med at «the principles and requirements in IFRS Standards provide an adequate basis for an entity to determine the presentation of liabilities that are part of reverse factoring arrangements, the presentation of the related cash flows, and the information to disclose in the notes».

Consequently, the Committee decided not to add a standard-setting project on these matters to the work plan.

KFI mener

- Trade Financing er rentebærende gjeld som tas opp for å betale leverandører.
- Den bør fremstilles som netto rentebærende gjeld
- Rentene bør regnes som rentekostnad ikke driftskostnad
- Selskapene bør tydelig si fra om Reverse Factoring og lignende arrangementer, så analytikerne selv kan vurdere hvordan de vil klassifisere gjelden
- Sjekk payables for kommentarer som den fra BT (tidligere slide). Men ikke sikkert at selskapet kommenterer dette.
- Alternativt: Se på total nettogjeld, ikke NIBD?

Reverse factoring/SCF



□ Presentasjon

- Presenteres som leverandørgjeld dersom
 - Representerer en forpliktelse til å betale for varer eller tjenester
 - Er fakturert fra eller avtalt (formally agreed) med leverandøren og
 - Er en del av arbeidskapitalen som benyttes i «normal operating cycle»
- Presenteres separat dersom det anses «relevant to an understanding of the entity's financial position»
 - Faktorer som bør trekkes inn inkluderer **hvorvidt det gis ekstra sikkerhet til långiver** som ellers ikke ville blitt gitt og
 - Hvorvidt vilkårene for forpliktelsene som følger av ordningen avviker fra (differ from) vilkår til øvrig leverandørgjeld

□ Kontantstrøm

- Presenteres som operasjonell kontantstrøm hvis den relaterte forpliktelsen anses å være en del av arbeidskapitalen (jf momenter ovenfor)
- Presenteres som finansiering i kontantstrømoppstillingen hvis forpliktelsen anses/vurderes å være et lån

□ Noteopplysninger

- Likviditetsrisiko – finansieringsaktiviteter mv

An entity applies judgment in determining whether to provide additional disclosures in the notes about the effect of reverse factoring arrangements on its financial position, financial performance and cash flows.

Observert praksis



- ❑ Flere praksisundersøkelser som viser at det er rom for forbedring mht «disclosure requirements» i nye standarder (IFRS 9, IFRS15 og IFRS 16)
 - For lite innsikt i vurderinger samt for lite selskapsspesifikke opplysninger
- ❑ IFRS 16 og NIBD
 - Ikke alltid like lett å se hvordan dette er håndtert – praksis varierer

NIBD

Net Interest-Bearing Debt (NIBD) consists of interest-bearing liabilities less cash and cash equivalents.

The Group risk of default and financial strength is measured by the net interest-bearing debt. It shows the Group's financial position and leverage. As cash and cash equivalents can be used to repay debt, this measurement shows the net overall financial position of the Group.

MEUR

	2019	2018
Interest-bearing loans and borrowings	270.5	269.4
Interest-bearing lease liabilities	92.2	0.0
Other short-term financial liabilities, interest-bearing	23.8	0.1
Cash and cash equivalents	(25.2)	(59.2)
Net Interest-Bearing Debt	361.3	210.2

Eksempel 1: Inklusiv IFRS 16 forpliktelse

Eksempel 2: Delvis

line The lease liabilities are classified as long-term and short-term. In addition, the lease liabilities are divided into (1) lease liabilities to credit institutions and (2) lease liabilities to others. Only the lease liabilities to credit institutions are included in the calculation of the alternative performance measurements for net interest-bearing debt (NIBD). A more detailed explanation of this

Eksempel 3: Eksklusiv IFRS 16 forpliktelse

Tidligere har leieforpliktelser bokført i henhold til IAS 17 inngått i konsernets beregning av netto rentebærende gjeld. Etter implementering av IFRS 16 med virkning fra 1.1.2019 inngår ikke leieforpliktelsen i konsernets beregning av netto rentebærende gjeld.

NGAAP i stabilt sideleie?



OT.PROP. 66 LS

- Departementet gir ingen klare føringer for fremtidens standardsetting
- Ingen klare signaler om internasjonal harmonisering
- Lite føringer for hvordan arbeidet med norske regnskapsstandarder skal foregå
- Potensielt mange ulike forskjeller mellom NGAAP og IFRS

HVORFOR BØR
JEG TENKE PÅ
DETTE ?

- Mange unoterte selskaper som bruker NGAAP
- Flere børsnoterte bruker fremdeles NGAAP i selskapsregnskaper
- Euronext Growth (jf. foredrag senere i dag) – flere selskaper som bruker NGAAP (eksklusiv banker på EG er det mer enn 50 % av selskapene som benytter NGAAP som regnskapspråk)

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