

Simplifying your annual report

June 2016

AUDIT NEW ZEALAND
Māori Arotake Aotearoa

Overview

- Simplification – focus and context
- Examples of better practice
- Principles and pointers
- Case study – Orion
- Questions

Purpose of financial reporting

- Financial and non-financial information to a range of users
- Accountability
- Decision-making
- Legislative and constitutional requirements
- Comply with GAAP – increases reliability

Complexity and compliance

- Annual reports increased in size and complexity
- Regulation mandated additional disclosures
- Compliance focus
- Risk aversion by preparers and auditors

Comments on complexity

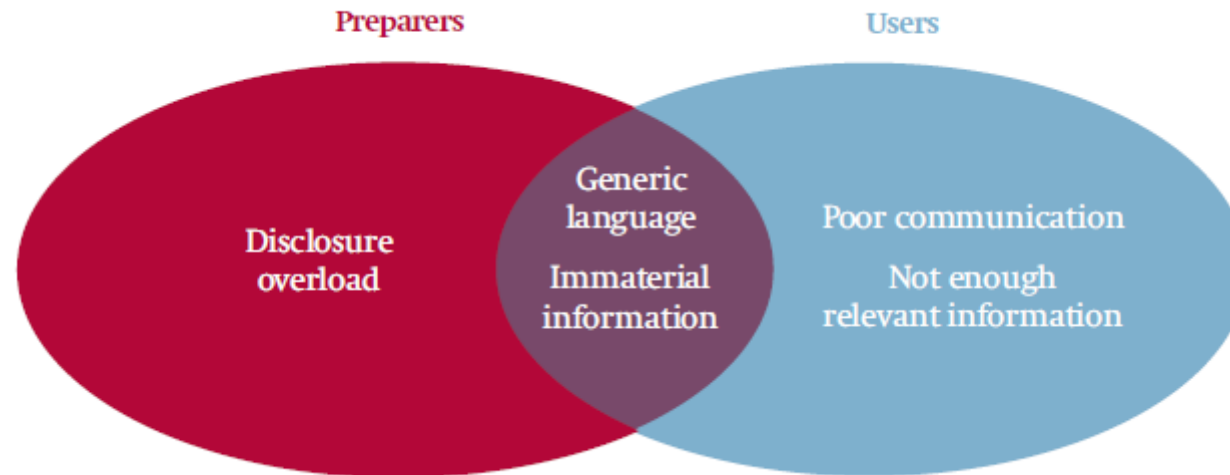
- Auditor-General – 2009 to 2016
- FMA – Nov 2014
Quality financial reporting
- CAANZ - May 2015
Noise, numbers and cut-through

 CONTROLLER-AUDITOR-GENERAL
Tekeahi e te Mana Aotake



IASB disclosure initiative

IASB forum and research findings (2013):



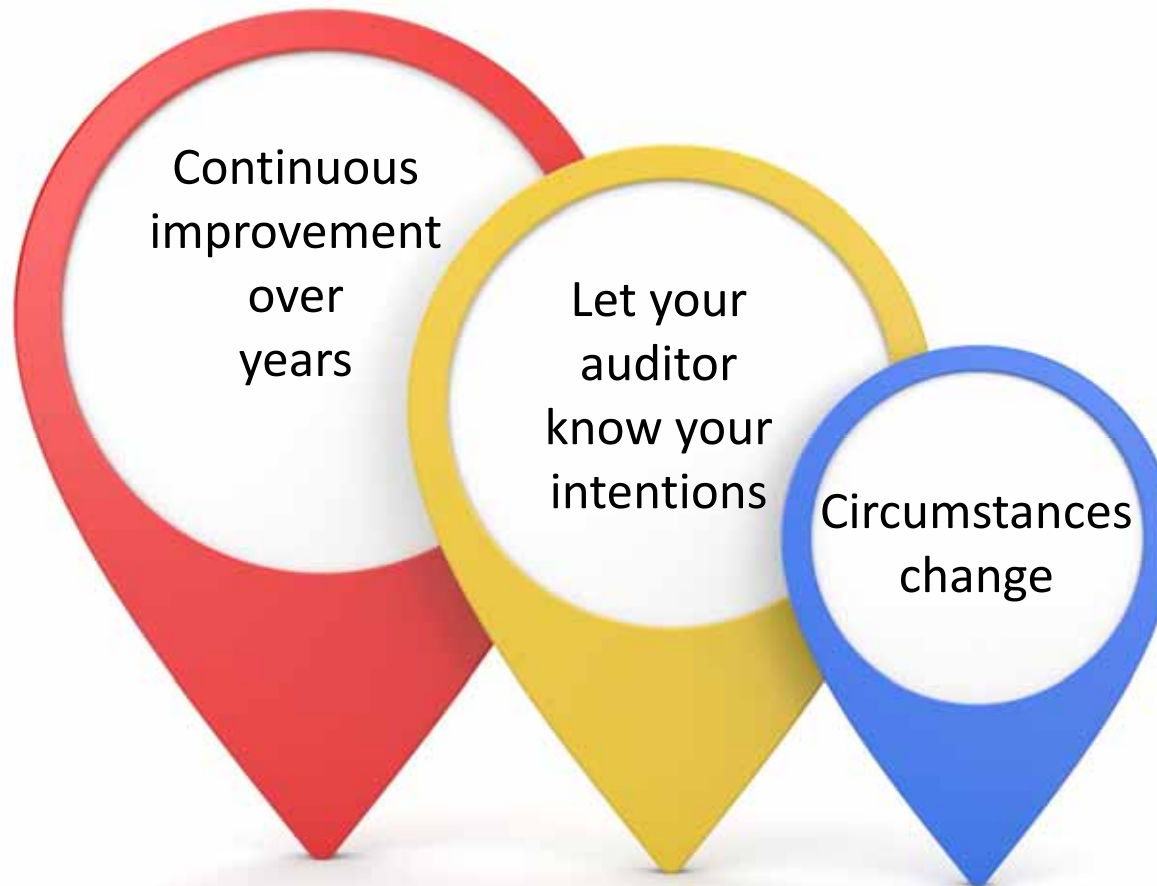
Evolving good practice

- Accounting policies – consider simplification and integration
- Good design – headings, graphics, colour, ordering
- Improve/expand important disclosures
- Reduce/remove immaterial disclosures
- Considering what's material to users

What others are doing



Some pointers



Easy wins?

- Are financial statements required at all?
- Consolidated only?
- Appropriate reporting tier?
- Notes and policies that are trivial or repeat other disclosed information?

What are we trying to achieve?

- User needs and accountability
- Shift from compliance to communication
- We will work with you



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