



Accounting advisory services on IFRS

Accounting Advisory Services

In today's rapidly changing regulatory climate it is increasingly difficult for companies to keep up with the new reporting requirements. Now that the IFRS are accepted accounting standards in more than 100 countries, it is more important than ever before that companies receive up-to-date advice on the upcoming changes to reporting requirements and the potential effects on their business.

Many of our clients ask for assistance in applying current and amended regulatory and reporting standards since they sometimes do not have the internal resources and experience required to track the given changes and implement them.

The professionals in the KPMG Accounting Advisory Group have extensive and up-to-date knowledge on the various accounting standards, including the IFRS.

The KPMG Accounting Advisory Group provides advice on the changes to accounting standards, new guidelines and their impacts on financial reporting. We have significant experience in providing advice on implementation requirements and approaches needed to manage the changes derived from the new prescriptions, and assist our clients in understanding the possible effects of the likely accounting changes and the business decisions that may crop up.

We provide advice on the following wide range of complex accounting issues: financial instruments, hedge accounting, business combinations, consolidation, securitisation, leasing, joint ventures, share-based payments, impairment tests and revenue recognition, including settlements related to software developments.

The main services we offer are as follows:

Advice on how to treat complex accounting issues relating to significant individual transactions under IFRS

We help in understanding a complex or unique transaction or a new business arrangement as well as designing related accounting entries, identifying pros and cons in connection with the alternatives for accounting treatment.

We respond to questions on compiling cash flow statements

Preparing a cash flow statement can be troublesome when compiling group reporting packages or the full IFRS financial statements. Issues that often arise when preparing cash flow statements include:

- presentation of year-end FX differences
- presentation of hedging transactions
- presentation of deferred tax
- treatment of business acquisitions and disposals within the group
- treatment of mergers and acquisitions
- presentation of changes in equity
- treatment of differences arising on conversion to presentation currency
- treatment of non-cash items.

Our staff provide assistance in treating individual, specific or general items in the cash flow statement within the framework of advisory services, consultations or training. If need be, we can offer help in preparing the entire cash flow statement and in defining the necessary data in systems.

Assistance in compiling and completing group reporting packages

We recommend our services especially to those companies with smaller accounting departments, where it is difficult to prepare the complex group reporting packages in time due to lack of human resources and/ or strict deadlines. These group reporting packages, usually based on IFRS, are compiled according to the group accounting policy of the parent company.

Our staff possess the appropriate professional skills and know-how for understanding these complex group reporting packages and they are able to provide assistance in determining the relevant figures.

Advice related to deferred tax calculations

Deferred tax calculations arise in connection with IFRS financial statements and group reporting packages, but they can also appear in Hungarian consolidated financial statements, and therefore expertise in deferred tax systems and related rules is vital, as are aids that can be used in practice. Deferred tax is a complex field and consequently its calculation can be a source of significant errors; unravelling these errors takes a great deal of time.

We help in calculating deferred tax at the level of individual companies and at group level, in drafting calculation frameworks for computing deferred tax and in defining data requirements; furthermore we can help with the presentation of notes, or, if required, the disclosures prescribed by the standard. We can arrange professional consultations on individual items of deferred tax, the effective tax rate reconciliation and the treatment of specific items (investment, development allowances, film subsidies, etc.), whilst if required we can organise training for staff on issues of deferred tax.

Responding to specific practical issues under IFRS in the financial sector (banks, insurance companies)

Based on our experience questions that arise in this sector mainly regard the accounting of financial instruments, such as calculating amortised cost, portfolio based impairment, accounting of derivatives and hedge accounting.

Our staff have numerous years of audit and advisory experience in the financial sector, and they continuously monitor the changes to IFRS and evaluate the potential effect of the amendments. As a result they are able to provide assistance in interpretation of currently effective standards and their implementation in practice and can also support the company in preparation of new standards' adaptation (i.e. IFRS 9).

Contact

We will be delighted to provide more information on our IFRS advisory services either in a presentation or in person. Please feel free to contact our accounting advisory team with any enquiries:

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