



IPEC-ICAZ SEMINAR

Emerging Accounting Related Issues Presentation

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Agenda

- ▶ Introduction
- ▶ Types of Reports
- ▶ Issues of Regulatory Concern
- ▶ Emerging Issues
- ▶ Way Forward

Introduction – Importance Reporting

- ▶ Reporting is a tool that provides **useful** information that is relevant to stakeholders i.e. an effective communication between companies their stakeholders
- ▶ Financial Reporting by IPEC regulated must therefore provide relevant and understandable.
- ▶ The information provided should be comparable for the same category of entities
- ▶ Reporting must be transparent – true and fair concept

Types of Reporting

- ▶ **Financial Reporting** through audited accounts the reports are done in accordance with on IFRS
- ▶ Regulatory Reporting is for supervisory purposes with financial reporting forming the basis of the same.
- ▶ **Regulatory reporting** is in form of returns designed to provide relevant information on the financial institutions' risk exposures, as well as their capital and liquidity positions
- ▶ This calls for different treatment of certain items e.g. non-admissibility of some assets for capital purpose

Issues of Regulatory Concern

- ▶ Reporting has been obscured by the following issues
 - Delay in recognising impairments – premium debtors
 - Case of pension contribution arrears
 - Revaluations (fair value)
 - Insider loans and SPVS

Emerging Issues

- ▶ Financial Statements finalised before finalisation of actuarial review – chicken and egg issue
- ▶ Pressure on regulatory entities to meet the increased minimum capital requirements
- ▶ Suitability of assets being injected as capital – investment guidelines
- ▶ Take on and take off balances from one period to another
- ▶ audited versus quarterly balances

- ▶ Liquidity challenges, failure to pay claims timely, prescribed assets failure to remit timely brokers
- ▶ SPVs – mixing of insurance basis with non-insurance business (ICOPs) versus accounting treatment
- ▶ Capital Adequacy Issues – Roadmap capital should be able to be called upon in need no window addressing capital

Way Forward

- ▶ Capital Adequacy Issues Self Assessment
- ▶ Audit of broker trustee accounts
- ▶ True and Fair Reporting