



Advisory services

Services beyond the audit



Solutions for a changing accounting landscape

It's important for today's businesses to realize that auditors do much more than sign audit opinions. Maybe it's true with some firms, but at Deloitte, our accounting advisory practice offers a range of services to meet the complex and evolving accounting challenges you face on multiple fronts. These include the heightened expectations of management, investors, regulators and other stakeholders; increasingly complex financial reporting and accounting standards; transaction and transformation issues associated with mergers, acquisitions and divestitures; and a shortage of qualified finance resources and talent.

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- Apply appropriate expertise and experience to accounting and reporting matters, as needed
- Achieve greater reliability in financial reporting
- Manage risk to effectively avoid or quickly handle last minute surprises
- Accelerate your financial reporting calendar, providing investors with more timely information
- Evaluate the quality and requirements of M&A opportunities
- Enhance your ability to meet or accelerate transaction timelines
- Streamline the finance function following a transaction or restructuring

Don't place unnecessary limits on the value your auditor can provide. With Deloitte, you can leverage a full range of accounting advisory services to enhance your audit services, extend your internal capabilities and address specific issues as they arise.

Complex accounting advisory

As regulations multiply, the advanced accounting capabilities that enable strong, effective reporting are more critical than ever, but today's lean finance functions are contending with shortages of both resources and talent. In this challenging environment, it's important to leverage the right advice when addressing a range of increasingly complex accounting areas, including financial statement preparation, regulations and standards, valuation, financial instruments and transaction-related accounting. Deloitte's complex accounting and advisory team has the knowledge and experience to help in all these areas and more.

We also offer a broad range of accounting framework conversion services. While in recent years, IFRS conversion has been top-of-mind, our conversion team leverages local and global specialists in accounting, tax, valuation and finance transformation to efficiently plan and implement conversions between all types of accounting frameworks. This includes IFRS, other local GAAPs (including U.S. GAAP), PSAS and ASPE. Our experience includes large multi-national clients across a broad array of industries and sectors, as well as private companies and small to mid-sized entities. Specifically, our services include:

- Understanding the impact of accounting standards on your business (interpretation of new standards or changes to existing standards)
- Dealing with dual or multi-GAAP reporting environment requirements
- Reaching accounting positions that support high-quality financial reporting
- Understanding and practically applying financial instruments accounting
- Dealing with the complexities of tax accounting, particularly those related to deferred tax and uncertain tax positions
- Providing training in accounting and financial reporting on complex topics such as consolidation, financial instruments, revenue recognition, employee benefits, tax accounting and share-based payments



Case study

New revenue recognition requirements

A large telecommunications company with multiple business units, contract types and product offerings needed assistance in scaling the implementation effort of the proposed revenue recognition standards. The goal was to develop an early estimate of the impact the standards would have on the company's financial statements.

Applying deep industry experience, capabilities from all required areas (including IT) and a keen understanding of the IASB exposure drafts, Deloitte completed the initial revenue recognition readiness effort. This focused on pinpointing accounting, system and process issues, developing a work plan, formalizing business unit accountability, educating constituents and building support for resource needs. Additional support included the development of transaction scenarios as well as the business and functional requirements needed to support IT changes. The team also performed an extensive contract review to assess revenue recognition impacts on existing contracts.

With a new revenue recognition standard on the way from the IASB, having the resources and experience needed for successful implementation is critical.

Projects may be complex and multi-year, so a complete understanding of required work and relevant timeframes significantly simplifies and expedites the path to compliance.

Transaction advisory

Executing transactions has become significantly more complex in recent years, with regulations and requirements evolving rapidly. Deloitte helps clients navigate these complexities, specializing in M&A transactions, both buy and sell side; capital-raising activities; IPOs; high-yield debt offerings; private placement offerings in the U.S. and Canada; and secondary offerings. Our professionals are fluent in the regulatory requirements of key global markets and can assist clients with cross-border transactions and listings, as well as assessing and fulfilling their post-transaction reporting requirements.

Our transaction advisory team can help with challenges such as:

M&A due diligence support

- Assessing the impact of accounting on the quality of earnings, cash flows and asset realization
- Analyzing complex transactions and accounting policies to identify pricing-related issues and opportunities
- Managing the implications of financial reporting and disclosure

M&A integration

- Analyzing complex integration issues such as restructuring and employee compensation
- Assisting with accounting policy selection, conversions and convergence
- Consolidating and harmonizing reporting

Divestiture transactions

- Assisting with sale accounting, assets held for sale and/or discontinued operations, restructuring costs, employee terminations, stock-based compensation, etc.
- Preparing or providing assurance over carve-out and/or pro-forma financial statements
- Assisting with complex divestiture disclosure requirements

IPO readiness assessments and execution

- Assessing IPO readiness, strategic priorities and potential areas for improvement
- Preparing and executing a detailed action plan

Case study

Cross-border M&A activity

A company that filed under IFRS acquired a company that reported under U.S. GAAP, meaning a GAAP conversion project had to be undertaken and post-acquisition regulatory filings prepared.

The Deloitte project team completed the GAAP conversion in addition to preparing the pro forma financial information for inclusion in a regulatory filing. The team analyzed the variances in the accounting policies adopted by both companies and uncovered the key differences. They also provided the company's management team with the technical insight needed to fully understand the variances between IFRS and U.S. GAAP, along with practical solutions on how to approach the differences. Deloitte also shared observations and feedback with management based on its review of the prepared pro forma financial information.

With cross-border transaction specialists from all relevant countries working on the project, the client was able to execute and close on the transaction without risking or incurring any regulatory delays.

Finance

Given the limited resources available to today's finance functions and the continued broadening of their role, the need for increased efficiencies is challenging businesses around the world. Deloitte helps CFOs and finance teams become more efficient, both as individuals and as key components in the organization's larger structure. From fulfilling financial stewardship duties and working more productively with operations, to assisting in strategic decision-making, we help finance realize the full extent of its role in the modern enterprise.

Deloitte can access a full range of global experience to help you:

- Rationalize statutory reporting costs and reduce compliance risks by leveraging software solutions
- Use a focused and scalable mechanism to deliver insights on your financial reporting process, concentrating on the key value drivers and enablers specific to the organization
- Establish the finance strategy and vision and evolve the strategy as stability increases
- Design and implement changes to processes and systems
- Design and implement the future close process
- Increase the finance and business functions' focus on the close

Deloitte provides insights and solutions driven by broad and deep expertise, empowering success through efficiency of business processes, operating models and fully leveraged management information.



Case study

Reducing time to close

Deloitte was working with a company that wanted to reduce the time spent on its year-end financial reporting process by 50% and reduce the time required for the financial close and earnings release.

Our professionals undertook a full assessment of their options for meeting "fast close" requirements. After examining the overall process, the team suggested a number of reconciliation, complex accounting and judgment strategies for making the reporting effort more effective and efficient. We also suggested a software solution to increase the speed of the overall close process and helped client IT teams with related integration and automation.

As a result, the company achieved a smoother and more predictable close process; reduced overtime; freed resources to work on more important projects; and increased the speed of access to strengthened information. This not only led to a more efficient overall reporting process, but their faster close capabilities now present a positive, confident picture to stakeholders.

Actuarial and insurance

Actuaries play important roles in many areas of the financial services industry, including life insurance, property & casualty (P&C) insurance and pensions. The Deloitte actuarial and insurance practice offers a range of services that leverage financial and statistical theories to solve real business problems. These problems are typically related to the nature, timing or likelihood of future financial events and their impacts. Deloitte can leverage the largest global insurance actuarial team among the Big 4, with deep knowledge and experience in subjects such as ERM, Solvency II and IFRS 4 Phase 2. Depending on the engagement, we can also bring in Deloitte specialists from a full range of related financial advisory services. As a core competency, our team works closely with all areas of the firm. For example, it assists auditors in determining if the reserves (liabilities) shown on the balance sheet with respect to P&C insurance, life insurance and the pension plan are appropriate. Our actuarial and insurance team can also help your organization:

- Design a new pension plan or de-risk an existing one
- Ensure an appropriate value is placed on the pension liability being assumed during M&A transactions
- Develop new actuarial models for calculating reserves
- Improve efficiencies for actuarial reserve calculation processes
- Undertake a peer review of your appointed actuary's work for governance purposes
- Help develop organizational understanding and supporting systems for insurance companies preparing for IFRS 4 Phase 2 in 2018

Case study

De-risking the pension plan

A multi-national manufacturing company with a very large pension plan specifically wanted to reduce its exposure to longevity risk.

Deloitte reviewed the position of the pension plan and quantified the longevity risk based on the experience of the plan and the wider pension industry. Our analysis indicated that a longevity swap would be the best option. We provided advice on structuring the swap transaction as well as support on all aspects of the project, including modeling expertise, pricing advice, actuarial resources/guidance, regulatory insight, tax advice, accounting advice and operational due diligence. Further, our market knowledge delivered insight into industry best practices and risk management. To this end, we reviewed the plan's operational and risk policies in relation to the swap treaty, specifically the sequencing of the risk mitigation tools in the event that the swap counterparty became insolvent.

The longevity swap was entered into with a strong counterparty, reducing the longevity risk in the plan and consequently lowering the liability value. The overall review of risk and operational policies provided assurance to the regulator that the deal would retain adequate protection for the policyholder. Our analysis also provided the sponsoring company's board with comfort that the deal would not negatively impact expected future contributions.

Finance analytics

Organizations are generating and accumulating data at an unheard of pace, data that represents an important, but relatively untapped, strategic asset. Deloitte can help you improve process efficiencies to better utilize data and improve the quality and usability of outputs. Reporting and close processes remain largely manual, arduous and time consuming while information access and visibility are often poor, resulting in a risk of inconsistent or unreliable conclusions. Deloitte finance analytics professionals combine systems and data experience; strong knowledge of regulatory requirements; experience in the needs of accounting and finance functions; and a deep understanding of clients' business, process and operating environments to help develop end-to-end solutions to data-related finance challenges.

We help organizations to:

- Improve the quality of internal reporting to management through analytic and visualization techniques, enabling better insights and decision-making
- Accelerate and automate a range of finance processes, leading to a faster, more efficient close
- Organize and extract data for analysis of specific business areas and represent it visually
- Improve audit risk identification processes through close analysis of unusual data relationships

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Case study

Improving budgeting and forecasting

A department of a large regional municipality was struggling with its budgeting and forecasting process. To produce their annual operating budget for approval, the department needed to pull together 19 separate Excel files, update and reconcile each and address manually generated formula errors and data entry mistakes. Using only Excel, which lacks the deep data exploratory capabilities to conduct comparative analyses or create accurate forecasts, they were also finding it difficult to obtain the right information in a timely manner to make informed business decisions. As a result, their process was drawn out over several days, and they looked to Deloitte to develop a solution.

Following a top to bottom assessment of the department's processes and current technology, Deloitte delivered a comprehensive solution, including recommended software to help improve processes and enhance the budget reporting model. As part of the solution, Deloitte implemented the new software¹ and imported the required data, designed the master budgeting module, created customized visual reports and dashboards to drive real-time decision making, automated certain functions and trained staff on the new system.

With the solution in place, the department was able to drastically improve the efficiency of their budgeting cycle, gain comfort on the reliability of information used in the process and improve their ability to use the data to support business decisions.

1 Prohibited service for an audit client.

Contacts

Your auditor is there for you every year at audit time, but we can also become an extension of your finance function when key finance issues and challenges emerge – as an advisor only or augmenting audit services where independence guidelines permit.

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