

Comments

Reference is made to the IFAC Exposure Draft from February 2014: Developing and Reporting Supplementary Financial Measures-Definition, Principles and Disclosures

This report on International Good Practice Guidance deals with the importance of Supplementary Financial Measures.

The Vereniging van Registercontrollers (VRC) thinks this report is a solid, extensive and useful exposition which addresses an important lack in the disclosure of financial measurements. The report is a very good and valuable initiative as it deals with the comparability, consistency and transparency of supplementary financial measures.

The VRC suggests the following to make more explicit:

Comparable

(paragraph 4.4, section F, page 9)

VRC's opinion is that comparability in time is important. It is not desirable that a supplementary financial measure is changed every year. Yearly change of the characteristics of the supplementary financial measure can indicate that the organisation aims to present a more favourable view of the performance of the organisation. Consistency in definition and calculation of a supplementary financial measure is important to present a fair view of the performance of the organisation.

It is advised that supplementary financial measures will be used for a significant period of time.

When introducing a new supplementary financial measure, comparative figures from previous periods will add value to the new measure.

Quantitative reconciliation to GAAP measure

(paragraph 5.4, page 10)

Supplementary financial measures can be (partially) derived from external information. For transparency it is worthwhile to indicate the source of these data, to give the user of the supplementary financial measure the opportunity to verify these data.

When using data from outside the organisation, generally accepted definitions should not be changed.