

IASB will show no leniency

Australian companies are being warned to not expect any leniency from the corporate regulator when tough international accounting standards are introduced from January 2005, the Australian Securities and Investments Commission told an accounting industry conference earlier this week.

Professor Berna Collier, an ASIC commissioner, said the Commission has been asked whether it would consider providing relief related to requirements in international accounting standards when the reporting requirements changes.

She told an audience at an IBC conference on audit and accounting held in Sydney the Commission does not intend giving relief modifying application dates of the new standards.

The international accounting standards are due to apply for financial years beginning on or after 1 January 2005 with the first batch of companies affected by the transition from Australian to international accounting pronouncements being those that have their balance date on December 31, 2005.

These companies would need to be ready to calculate comparative figures for their accounts by January 2004.

“Some members of the accounting profession have asked whether ASIC will enforce compliance with the new accounting standards in the first year of application. The answer is that those standards will be the law and ASIC intends to enforce them,” Professor Collier said.

“ASIC does not intend to give relief modifying the application date given the advance notice of the new requirements, the need for consistent and comparable reporting by companies and that relief would undermine the objective of adopting international requirements.”

Professor Collier said the suite of international accounting standards that will be introduced by January 2005 included a stringent standard specifying conditions for when companies are able to have intangible assets on their balance sheets.

She said that standard would preclude the recognition of brand names and mastheads and may result in significant changes in the reported financial position and financial performance of some companies.

This article was supplied by Tom Ravlic. Tom Ravlic is a financial journalist who has spent the past seven years covering the accounting profession, accounting and audit standard setting and corporate governance. His work has appeared in various publications including *Business Review Weekly*, *Personal Investment* (now *Personal Investor*), *The Age*, *CFO Magazine*, the *Australian CPA*, the *Company Director Journal* and the newsletters of the internationally renowned Lafferty Group. In addition to his freelance commitment to a wide range of publications, Tom has recently accepted an appointment to be editor of *Chartac Accountancy News*, published by Melbourne-based publisher Crown Content.