Australia lobbies IASB

The Australian Government is lobbying the International Accounting Standards Board to reconsider an accounting standard that requires companies to write off internally generated brand names when Australia adopts international accounting standards.

Senator Ian Campbell, the parliamentary secretary to the Treasurer, has recently written to Sir David Tweedie, the IASB chairman, setting down some of the transitional issues Australian companies are facing in adopting international accounting standards.

That letter will be the subject of discussions between Sir David and Senator Campbell when the IASB chief visits Australia next month.

A spokesman for Senator Campbell told *The Age* yesterday the government believes the move to adopt international accounting standards is the right one for the Australian economy, but that some transitional issues had been raised with the government. 'One of those is the carrying value of identifiable assets', the spokesman said.

Another impact of concern to corporations is that change in accounting numbers resulting from the implementation of international standards may affect a company's compliance with tax laws, particularly tax rules dealing with thin capitalisation.

The impact of the rules on first-time adoption will be greater on those companies that have off balance sheet derivatives that would be made visible for the first time, and entities such as media companies that have internally recognised intangible assets like brand names and mastheads that may disappear.

Under the current rules on adopting international accounting standards for the first time, all numbers in a corporation's balance sheet will need to be reported in accordance with the international standards.

The purpose of the stringent adoption requirements is to ensure companies stating they have adopted IASB pronouncements for the first time have actually fulfilled the requirements of all the standards.

Any watering down of the adoption requirements would mean that Australian companies would not be able to hold their financial statements out to be fully compliant with standards issued by the IASB.

News of the Senator's approach to the IASB for an amendment of the stringent adoption rules comes at a time when European banks — assisted by lobbying from politicians such as French president Jacques Chirac — are resisting more transparent reporting of their financial affairs.

French financial institutions and insurers, for example, have attacked the international board for proposing they account for transactions using more contemporary values than numbers based on historical records.

French opposition to the standards on financial instruments has led to the non-endorsement of two international accounting standards by the European Commission dealing with those areas of accounting and disclosure.

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.