

## **Group of 100 and Campbell lobby IASB on adoption**

The Group of 100 and Senator Ian Campbell, the parliamentary secretary to the Federal Treasurer, have sought a reprieve from the first-time application rules that would require companies to off-load assets that fail to meet the recognition and measurement criteria in existing international accounting pronouncements.

A letter has gone from the offices of Senator Campbell to Sir David Tweedie, the chairman of the International Accounting Standards Board, asking for the first-time adoption criteria to be reconsidered.

It is understood the Senator has outlined the concerns some Australian companies have with the impact of first-time adoption on their balance sheets. The existence of correspondence to Sir David and the fact it raises the matter of asset balances in financial statements relating to identifiable intangible assets was confirmed by Senator Campbell's office in the past fortnight.

First-time adoption requirements embedded in the first-time adoption standard, known as IFRS 1, mean that all of the numbers in a company's financial statements must be calculated and presented in accordance with the relevant international accounting standards.

The letter from the Senator on the first-time adoption standard is the second to be sent to the IASB on the issue of the potential adverse impact of the first-time adoption criteria.

The Group of 100 set down its concerns to Sir David some months ago on the same issue. Companies such as News Corporation and Coca-Cola Amatil are among those that will be affected by the impact of first-time adoption. Not all of their intangible assets will remain on balance sheet as a result of having to implement the intangible assets standard, known as IAS 38, for the first time.

It is understood some companies may face the situation where they have negative equity as a result of stripping assets off balance sheeting in order to comply with the first-time adoption criteria.

The fact this issued has resurfaced should be of no surprise to anybody. Ernst & Young and Deloitte Touche Tohmatsu analysed the potential impacts of IAS 38 back when that standard was issued by the then IASC in 1998.

Ernst & Young's analysis indicated some Australian companies would be in danger of losing significant parts of their asset base if IAS 38 was introduced in this country.