

## **Company directors pressure FRC**

The Australian Institute of Company Directors is joining a finance executives' pressure group in an attempt to dissuade the Financial Reporting Council from keeping to the deadline for adopting international accounting standards.

Members of the FRC, which is the body that oversees the setting of accounting standards, reaffirmed their initial view that Australian companies should adopt international accounting standards from January 2005.

That reaffirmation has sparked an attempt from the Group of 100 — a body representing top finance executives — and the AICD to attempt to pressure the FRC to alter their decision.

Both pressure groups are arguing that the council should wait until the European Union has endorsed the controversial standards on financial instruments before it forces all companies to comply with accounting standards issued by the International Accounting Standards Board. They are also arguing for a 12-month deferral for practicability reasons and that some companies may have little time to prepare.

Both bodies are hoping to reverse the decision by the April 23 meeting, at which the FRC is expected to finalise the Australian commitment.

News of the AICD's move to involve itself in the deferral campaign comes after the recent visit of IASB chairman, Sir David Tweedie. Sir David reassured the Australian oversight body that the international standard setter is confident of having all of its documents endorsed by the European Union.

It also comes after a swell of support from the Big Four accounting firms and Paul Volcker, the chief of the International Accounting Standards Board's board, following the FRC decision to maintain its tough stance on adopting international accounting standards.

PricewaterhouseCoopers' head of assurance and business advisory services, Mark Johnson, said in a PwC client newsletter that Australia had to make the move to international accounting standards to be seen as a global leader.

"If Australia is to be seen in the forefront of the global reform movement, Australian standards must be upgraded to adequately address a wide range of issues and to reach recognised best practice," Mr Johnson said.

"Presently there is a risk that companies may comply with Australian GAAP without their reports reflecting their true financial position, in such areas as pensions, financial instruments, intangible assets, robust asset impairment testing and investment properties, international standards provide the solution."

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.