

AXA has problems reporting

'Reporting problems faced by insurance giant AXA are no reason to delay the adoption of international accounting standards in Australia,' corporate accounting experts said yesterday.

AXA is facing changes in the way it is to account for insurance contracts when the switch in reporting occurs. However, the International Accounting Standards Board is yet to issue standards on insurance contracts that are as advanced as the present Australian standards.

AXA chairman, Rick Allert, and the company's chief executive, Les Owen, said on Wednesday there would be a lack of comparability between what is going on in Europe, the US and Australia if Australia went ahead and adopted international standards from January 2005.

The issue is a vexed one for insurers because they may be required to lower the quality of their reporting to the market as a part of the adoption process by having to use historical numbers rather than market values in some circumstances.

David Boymal, the chairman of the Australian Accounting Standards Board, said yesterday he understood AXA's position and its wish to adopt the same accounting standards as its French parent but the job of the board he leads is to set standards for Australia.

Mr Boymal said the concern AXA holds about adopting something that will change in the next few years is not a valid argument for deferral because change is a reality in accounting standard setting.

Peter Day, executive general manager of finance at AMCOR, said there is no justification in delaying the adoption of an almost complete framework just because one sector has some difficulties.

Mr Day said he had some empathy with insurers that already have a solid standard in Australia but he suggested that their issues should be dealt with separately and not be the cause of holding up the adoption of international standards in general.

'The question of whether we should defer because of Europe is irrelevant because Europe will adopt 90–95 per cent of the standards. They will debate about 5–10 per cent,' said Mr Day. 'For Australia to put the brakes on 100 per cent when 90-plus per cent of the platform is complete would be puzzling, surprising and seem to lack some logic.'

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