

## Current Affairs Noticeboard

### **Companies lobby against intangibles**

Australian corporations have escalated their lobbying efforts in recent weeks by taking their appeals for relief from tougher rules on the recognition of intangible assets right up to the top political office of the land.

Companies such as Coca Cola Amatil, Channel Seven, the Ten Network and Channel Nine have started to knock on the door of the country's Prime Minister John Howard in an attempt to have the PM act on their concerns about some of the technical standards that are a part of the new suite of standards.

Coca Cola Amatil admitted in its half-year financial statements and its commentary to the marketplace that it was approaching the Federal Government to seek some action to negate the impact of the transition to international standards.

The market disclosures by CCA did not specify who within the government the company was approaching. Industry sources have confirmed the lobbying activity has not dissipated and that CCA and its compatriots are still busy lobbying the Federal Government to reverse some aspects of the move to international financial reporting standards.

According to the Bulletin of the most recent FRC meeting there are lobbying campaigns at several levels aimed at reducing what the respective groups see as onerous and inappropriate regulation as a part of the transition to international accounting standards.

'The FRC Chairman provided an update on the main issues that had been raised by various stakeholders regarding the transition to IFRS, including the preparedness of small and medium-sized companies, the treatment of intangible assets and issues associated with the funds management industry,' the Bulletin says. 'The Council is continuing to monitor implementation issues. The Council noted that many companies are well advanced in terms of the transition to IFRS and there is still adequate time for other companies to prepare for the transition to IFRS.'

Members of the FRC continued to affirm the deadline and the previous decisions of the council on the work program of the Australian Accounting Standards Board but that affirmation came only after the council discussed yet again whether the

firm deadline was appropriate given the degree of concern that had arisen from pockets of the business community.

‘However it also conveyed its support for any other appropriate initiatives that ASIC may provide such as facilitating the access by smaller companies to professional advice, to ensure a smooth transition in 2005,’ the FRC Bulletin states.

While the council was fighting persistent lobbying on the part of corporations and other organisations, including the Australian Institute of Company Directors, it was proposing the new audit board strategy be exposed for discussion and analysis of people outside the circle of the Financial Reporting Council.

In a break with tradition the FRC has decided to expose the strategy document being prepared by the audit board to garner feedback as a precursor to its making a decision on what the audit board should be doing with its standards.

‘The FRC decided that the current version of the paper, with a covering introduction to be prepared by the Secretariat in consultation with the AUASB Chairman, should be placed on the FRC website for public comment, and that further discussion should take place at the next FRC meeting in December 2004,’ the Bulletin says. ‘It is expected that this should occur by 1 October 2004 with public comment invited by 15 November 2004 enabling further discussion to take place at the next FRC meeting on 6 December 2004.’

Members of the FRC are also still considering who they can appoint as a person experienced in audit to be able to function as their independent consultant on independence issues.