

## Current Affairs Noticeboard

### Need for speedy advice on IFRS

A former corporate regulator has told Australian companies that they must learn to cope with delays in the provision of technical advice related to complex transactions related to the application of international standards.

PricewaterhouseCoopers partner Jan McCahey, a former chief accountant at the Australian Securities and Investments Commission, says companies may be used to receiving accounting advice fairly promptly but they need to understand that accounting firms are trying their best to ensure new accounting standards are interpreted consistently in every country.

She says Australian practices such as PwC will inevitably be consulting with their counterparts in either London or New York to determine the appropriate application of international standards to specific transactions.

'I know people prefer to have them [accounting issues] sorted out fairly quickly, but they aren't actually matters of life or death. At the end of the day it is just accounting. We might often like certainty but it's actually okay to live without it, too,' says McCahey. 'There aren't really things called accounting emergencies. People don't drop dead just because they don't get the answer.'

McCahey says the recent domestic debate surrounding the issues of stapled securities and the application of the new business combinations standard is a case in point.

Three listed entities – Westfield, Deutsche Bank and Lend Lease – have all engaged in transactions that result in mergers by stapling securities, which results in the unit holders of a stapled security having an interest in the cash flows from the cooperation of two or more businesses rather than holding shares in one.

There are differences of opinion within Australia on how the accounting standards should be applied. One view is the stapled securities are merely business combinations effected by contract alone and goodwill does not need to be recorded when the transaction proceeds.

McCahey says it is critical for people to have a common understanding as to whether such transactions come within the scope of the business combinations

accounting standard and how transactions with similar features might be treated overseas using the same standards.

'We might call a particular transaction a stapling – that might be its character – but in another country there might also be a similar kind of transaction. It might not have exactly the same features but people are going to be grappling with this issue in all sorts of locations,' says McCahey. 'We aren't that special that we are the only ones that have this problem to deal with. It is very important that we get a global view on accounting for these things.'

A further concern McCahey has is the fact there have been some murmurings about the new Financial Reporting Panel not having people from the Big Four because there is a belief they may be riddled with conflicts of interest as a result of advising corporates on the application of accounting standards.

She says that would deprive the process of the views of practitioners that have the most recent experience with international accounting standards and the way they are applied both domestically and internationally.

'You can appoint former partners of accounting firms and people from companies to the panel, but they will not necessarily have all of the recent knowledge of how the accounting literature is being interpreted internationally,' McCahey says.