

Current Affairs Noticeboard

The cost of extra IFRS guidance

The International Accounting Standards Board has come under fire from the Association of Chartered Certified Accountants for its policy of forcing companies and accountants to pay extra for guidance that accompanies the standards.

When the IASB completes its standards it will provide them to standard setters under strict copyright rules that typically do not incorporate the inclusion of additional guidance nor content from the basis for conclusions.

Australia has won some concessions on the inclusion of certain aspects of guidance from the basis for conclusions that the Australian Accounting Standards Board. That does not mean that the AASB can reproduce everything in the basis for conclusions.

Subscribers to the AASB subscription service will have access to the additional material. Non-subscribers will have to pay \$44 a year to cover some copyright costs incurred by the AASB as a result of the international body's publications policy.

ACCA contrasts the IASB's publications policy, which is an attempt to ensure a steady revenue flow from publications, as being very different from that of the International Auditing & Assurance Standards Board.

'Currently, the IAASB has ensured its new auditing standards have remained free of charge, making them easily accessible, which contrasts sharply to IASB's approach. IASB's position of charging for access to its guidelines only undermines its efforts to achieve a global set of reporting standards,' says Richard Martin, the ACCA's head of financial reporting.

'We strongly urge the IASB to review its current policy now, before the issue of easy access becomes a hurdle in adopting its new financial reporting standards.'

Martin's comments follow the release of a report by the International Federation of Accountants that focuses on the effectiveness and successes of implementing international auditing and accounting standards. Authored by Peter Wong, a Hong Kong-based Deloitte partner, it sets down several key concerns about the process of adopting international financial reporting standards.

Among them is the issue of what to do with small to medium companies and their implementation issues as well as the concept of principles-based standards failing to provide accountants in general with sufficient guidance for what is appropriate accounting.

The situation for Australia, however, may be easier, according to CPA Australia's chief executive Greg Larsen, when we compare ourselves to others moving towards adoption.

'We're fortunate to have had considerable lead time for the adoption of IFRS in Australia, but there are still significant pockets within the financial reporting community that lack understanding of the new requirements,' Larsen asserts. 'We believe all levels of management, including CEOs and Boards, have a responsibility to ensure their staff are properly trained and to ensure their project plans are on schedule. We will continue to work with our members to provide as much support and training as possible in the lead up to 1 January 2005 and throughout the 2005 year.'

Larsen refers in a media statement to the lobbying from the small to medium sector on the compliance burden they face as a result of the move towards a new body of standards. CPA Australia's chief says that while the accounting body understands some companies will find it a challenge there is probably less for them to be concerned about.

'We're aware that many smaller companies in Australia are still trying to get their heads around IFRS and we understand that regulators are looking to identify if there are ways to address the difficulties experienced by this group. While this is a big issue for some small businesses, many have relatively simple accounting and would not be heavily impacted by changes in accounting standards,' Larsen says.