



May 2009

## National Executive

### Annual General Meeting

The G100 Annual General Meeting will be held on Thursday, 29 July 2009 at CPA Australia Offices, at 12.30 p.m. Details of the AGM, including nomination forms for National Executive, will be sent to members in due course.

### Meeting in Canberra

The National Executive will hold its 28 May meeting in Canberra. This will enable National Executive to meet with key Ministers and public servants to discuss G100 views on a range of issues including taxation reform, corporations law and deregulation.

### AFR Roundtable

The article on the G100/AFR Roundtable was published on 23 February 2009. Discussion included the G100's policies on taxation reform, emissions trading, reform of dividend rules and parent entity accounts.

### Fee Initiative

National Executive has decided that in view of the impact of the financial crisis it will provide a form of fee relief in respect of the next financial year. Details of this initiative will be sent to members shortly.

### Disclosures Project

As previously advised, following an invitation from Sir David Tweedie, the G100 and PwC are preparing recommendations on a set of principles to be applied by the standard setter when determining the disclosures required by an Accounting Standard. The principles focus on whether the disclosure requirements provide information that is relevant to meet the needs of shareholders and other users, the materiality of the information required and the balancing of disclosure requirements and potential commercial risks to the entity.

### Corporate Executive Board

Members would have received the 2009 Quarterly Report by the CEB dealing with CFO issues. The G100 has arranged for circulation of these reports on a quarterly basis.

## DIARY DATES

### Executive Meetings

28 May – Canberra  
29 July – Melbourne  
29 September – Brisbane  
10 December – Sydney

### Member Activities

**27 May** Dinner with Ministers and Senior public servants in Canberra

Carbon Trading roundtables in Melbourne and Sydney

**3 & 10 June** "Reporting the Future" luncheons for CFOs in Melbourne and Sydney

**28 July** Dinner in Melbourne with Senator Nick Sherry

Details will be advised separately

## Standard Business Reporting

Implementation of SBR for financial reporting is scheduled for 2010 on a voluntary basis. SBR conducts regular workshops on project developments seeking feedback from entities streamlining forms etc and will hold free conferences in Sydney on 26-27 May and Melbourne on 29 May 2009. Members are encouraged to visit the website [www.sbr.gov.au](http://www.sbr.gov.au) to keep abreast of developments in the project including registration for the conferences.

The SBR project will be launched in July 2010 and is expected to reduce the costs of reporting financial information to government by simplifying and streamlining business to government reporting by using accounting and record keeping software based on XBRL to complete returns and interact online with participating agencies. Reporting areas affected include business activity statements, tax returns, payroll tax and annual financial reports.

## Executive Remuneration

The Productivity Commission which is undertaking a review of executive remuneration has published an issues paper “*Regulation of Director and Executive Remuneration in Australia*” ([www.pc.gov.au](http://www.pc.gov.au)). The review is to make recommendations on how the existing framework governing remuneration practices in Australia could be improved.

Submissions are required by 29 May 2009 and members are encouraged to provide feedback on the proposals to the G100 Secretariat to assist in developing a G100 submission.

## Taxation

### Henry Tax Review

The G100’s second submission to the [Review of the Australian Tax System](#) is on the website. This submission seeks to emphasise the proposals made in the initial submission about international tax competitiveness, maintaining simplicity and certainty in the tax law and introducing robust governance processes for the ATO. The submission will be supplemented by the results of the brief questionnaire which was recently sent to members.

## Global Financial Crisis

### Corporate Funding

The G100 has written to the Treasurer outlining the pending funding shortfall for companies in the context of the effective withdrawal from the Australian market by some foreign banks and the general limited availability of credit on reasonable terms.

## Carbon Trading

### Emissions Reporting

The Group of 100, in conjunction with KPMG, will soon publish “*A Guide for CFOs – Managing Financial Impacts and Reporting of Carbon Emissions*”. A copy will be mailed to members. Roundtables for CFOs will be conducted in Melbourne and Sydney to discuss issues addressed in the Guide.

### Emissions Trading – IASB Actions

At its March meeting the IASB reached the following tentative positions:

- emission allowances received as a grant from government should be recognised as assets and measured at fair value;
- a liability is recognised for the obligation to reduce emissions below the allowance (cap) which is recognised at the fair value of allowances received.

Members will be kept informed of the status of the IASB’s further deliberations.

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## Accounting Standards

### Lease Accounting

**Members should be alert to the potential significance of the proposals on debt covenants, thin capitalisation, measures of return on assets and capital**

The IASB/FASB issued a Discussion Paper ([www.iasb.org](http://www.iasb.org) or [www.aasb.gov.au](http://www.aasb.gov.au)) containing proposals which, if adopted, will have significant changes on accounting for leases. The Boards propose that lease accounting be based on the principle that all leases give rise to a liability for future rental payments and assets (right to use the leased asset) that should be recognised in an entity's statement of financial position. As such the present method of accounting for operating leases would be eliminated.

The G100 has formed a Working Group to develop a submission to the IASB.

### Financial Instruments

The IASB and FASB have agreed to accelerate their project dealing with a comprehensive review on accounting for financial instruments. This is consistent with the G20 communiqué which called on standard setters to work urgently with supervisors and regulators to improve standards on valuation and provisioning and achieve a single set of high quality global accounting standards and to take action by the end of 2009 to:

- reduce the complexity of accounting standards for financial instruments;
- strengthen accounting recognition of loan-loss provisions by incorporating a broader range of credit information;
- improve accounting standards for provisioning, off-balance sheet exposures and valuation uncertainty; and
- working with supervisors to achieve clarity and consistency in the application of valuation standards internationally.

### IAS 12 'Income Taxes'

The IASB has released an ED proposing amendments to IAS 12 by removing most of the exceptions and simplifying the application of the Standard. The ED is available at [www.iasb.org](http://www.iasb.org) and [www.aasb.gov](http://www.aasb.gov). Comments are requested by 31 July and members are requested to provide the G100 Secretariat with input to the submission.

### Derecognition

The IASB has issued an ED proposing amendments to IAS 39 and IFRS 7 to improve the derecognition requirements for financial instruments and to enhance disclosure requirements to enable users to make a better assessment of risks where an entity has an ongoing involvement with an asset. This is especially applicable in respect of off-balance sheet activities and structures. Comments are requested by 31 July and members are requested to provide the [G100 Secretariat](#) with input to the submission.

### Revenue Recognition

**The proposals have the potential to significantly impact the pattern of revenue recognition by entities engaged in activities where a percentage of completion method (construction activities, service contracts) is applied and where unrealised changes in values are recognised as revenue (agriculture, investment property).**

Submissions on the IASB Discussion Paper "*Preliminary Views on Revenue Recognition in Contracts with Customers*" are due to the IASB by 19 June 2009. The basis of the proposals is for a single contract-based asset-liability model where revenue is recognised based on increases in contract assets or decreases in contract liabilities.

## Submissions

Copies of the following recent submissions are available on our website ([www.group100.com.au](http://www.group100.com.au)):

- Presentation of Financial Statements – IASB
- ED 10 Consolidated Financial Statements – IASB
- Review of the IASCF Constitution – IASC
- Financial Crisis Advisory Group (FCAG)
- Initial Accounting for Internally Generated Intangible Assets – National Standard Setters Group
- Facilitating Equity Capital Raising – ASIC