



April 2008

Coming Events

Dinner with Commissioner for Taxation

28 May 2008, at the Hilton Hotel, Sydney. 6.30 for 6.45 p.m.

Emissions Trading Schemes - Roundtables

Thought Leadership Roundtables for CFOs on proposals for ETS will be held in Melbourne (12 May), Sydney (13 May).

G100 National Congress

The Congress dinner will be held on 25 November and Congress presentations will be made on 26 November at the Westin Hotel, Sydney

Member Feedback

Consistent with the outcomes of consultation with CFOs the National Executive has:

- undertaken to be more active in respect of taxation issues. It now seeks feedback from members on those aspects of taxation that CFOs wish to see addressed including both direct and indirect taxes; and
- in respect of red-tape reduction is seeking feedback from CFOs on those regulatory issues that are affecting the CFO function.

Please provide your feedback to g100@group100.com.au.

Recent Events

Presentation by Senator Nick Sherry

Senator Sherry, Minister for Superannuation and Corporate Law, spoke at a G100 dinner in Sydney on 'Good Financial Reporting: Getting the Balance Right'. Issues addressed included:

- improving the relevance of financial reports and reviewing the disclosures made in the directors' report;
- responding to the heightened community awareness of environmental and corporate social responsibility issues;
- ensuring transparency and accountability with respect to executive remuneration packages – issues relate to processes and linking to performance and not seeking to intervene in setting levels;
- the importance of a sound corporate governance regime that does not act as a impediment to corporate decision making and wealth creation; and
- proposals for relief in respect of parent entity financial statements and disclosures.

- Senator Sherry also stressed the importance of stakeholder consultation and participation in the development and discussion of corporate law proposals.

Women in Finance Seminar

The Group of 100 in conjunction with the ICAA held a second successful seminar in Melbourne on career planning and development for women in finance. Significant ‘takeaways’ from the seminar included:

- the importance of setting career objectives and strategies early;
- to ensure clarity in establishing a life/work balance to avoid unnecessary stress;
- the value of identifying a mentor with the ‘right chemistry’;
- a willingness to take risks and seizing opportunities as they arise;
- the importance of ensuring that CVs are factually correct, concise and relevant.

National Executive

Work Program and Priorities

At its April meeting, National Executive agreed its work program and priorities for 2008-09. The following were identified in consultation with CFOs of member organisations:

- Complete guidance documents on sustainability reporting (for issue early May 2008); reporting to shareholders (for issue mid May) and complying with ASX Principle 7 (for issue late May).
- Carbon/Emissions Trading
- Parent Entity Financial Statements
- Solvency Test for Dividends
- Red-tape Reduction
- Corporate Taxation Issues

(Tony Reeves, National President, discusses the G100 Work Program in an interview in CFO Magazine – April 2008).

Communication with members

National Executive agreed on a program to enhance communication with members to obtain their views and feedback on G100 activities and to encourage greater participation by:

- Regular consultation and discussions between National Executive members and CFOs. This would be achieved through each National Executive member establishing and maintaining direct contact with a group of CFOs;
- Upgrading the periodical Members’ Update; and
- Developing and publishing a program of CFO member activities including the dinners which coincide with National Executive meetings.

Correspondence

National Executive has written to the:

- FRC, proposing that it was now an appropriate time to undertake a post-implementation review of the adoption of IFRSs;

- Assistant Treasurer, supporting a review of the proposed change in the tax consolidation rules, in particular, those relating to scrip-for-scrip takeover transactions; and
- ASIC Chief Accountant, regarding recognition of the Australian adoption of IFRSs under the European Union's "equivalence mechanism".

Business Coalition for Tax Reform

As part of seeking a greater role in taxation issues affecting CFOs and engagement with tax bodies, the G100 has sought membership of this body.

Parent Entity Financial Statements

National Executive continues to advance its views in seeking relief from the requirements to present a full set of parent entity financial statements and is engaging Senator Sherry, ASIC, the Treasury and other bodies in this process. Senator Sherry informed the G100 that the Government's Consultation Paper on Corporations Law issues is likely to contain proposals to relieve the burden on companies of preparing full sets of parent entity financial statements but would propose disclosure of key parent entity information.

Parent entity reporting and G100 involvement is also discussed in a current PwC publication (www.pwc.com/au/ifrs).

Standard Business Reporting (SBR)

The Government's SBR program has the objective of reducing the regulatory reporting burden on business by standardising and reducing the communication between business and government. (www.sbr.gov.au). This is to be achieved through collaboration across multiple agencies (ASIC, APRA, ATO, ABS, SROs), beginning with financial reporting.

G100 is a member of the SBR Advisory Forum which is designed to improve the liaison between businesses, industry groups and professional bodies and the SBR project. Members will be informed of key developments.

Accounting Standards

Key Management Personnel Disclosures

The AASB will issue an exposure draft proposing that disclosing entities that are companies be exempted from complying with the KMP disclosures in AASB 124 'Related Party Disclosures' (paragraphs Aus25.2 to Aus25.7.2) where equivalent information is included in the remuneration report. The amendments will be in place before 30 June 2008.

Note: The G100 submission, while supporting the proposed amendments, will recommend that the AASB act to remove other Australia-specific disclosures from AASB 124.

Post-employment Benefits

The IASB issued a Discussion Paper (DP) 'Preliminary Views on Amendments to IAS 19 Employee Benefits' which is the first step in a fundamental review of accounting for post-employment benefits. The DP principally focuses on issues relating to pensions including:

- the elimination of options to avoid or defer recognising deficits or surpluses in defined benefit pension plans;
- classification of pension promises as either defined benefit or contributions-based;
- presentation of defined benefit liabilities; and
- presentation of components of post-employment benefit costs in comprehensive income.

Comments are requested by 26 September 2008.

The G100 has formed a Working Group to develop a submission on the DP. Members interested in participating in the Working Group and/or providing comments on the proposals, should contact the Secretariat. g100@group100.com.au

Financial Instruments with Characteristics of Equity

The IASB has issued a DP as part of a modified joint project with the FASB. The DP is the first stage of a project to improve and simplify the requirements in IAS 32 ‘Financial Instruments: Presentation’ in response to criticisms that the principles in IAS 32 are difficult to apply and the application of those principles can result in an inappropriate classification of some financial instruments. Comments are requested by 5 September 2008.

The IASB DP incorporates an FASB DP which describes the approaches to distinguish equity instruments and non-equity instruments – basic ownership, ownership-settlement and reassessed expected outcomes. The IASB DP explains some of the implications of the three approaches such as:

- significantly fewer instruments would be classified as equity under the basic ownership approach than under IAS 32
- the ownership-settlement approach provides outcomes consistent with classification under IAS 32 and would result in fewer derivative instruments being classified as equity.

Reducing Complexity in Reporting Financial Instruments

The IASB has issued a DP ‘Reducing Complexity in Reporting Financial Instruments’ which examines the main causes of complexity in IFRSs (alternatives, brightlines and exceptions). The DP concludes that the long-term solution is a single measurement principle for all financial instruments and explains why fair value seems to be the most appropriate measure. The DP discusses possible alternative approaches that could improve and simplify measurement and hedge accounting requirements including:

- reducing the number of categories of financial instruments in IAS 39;
- replacing existing IAS 39 measurement requirements with a fair value principle and include some approach exceptions;
- simplifying hedge accounting.

A Working Group has been formed to develop submissions on the above two DPs. Members who wish to participate are requested to contact the Secretariat. Comments are requested by 19 September 2008. g100@group100.com.au

IFRIC Submissions

G100 submissions on IFRIC Draft Interpretations D23 ‘Distributions of non-cash assets to owners’ and D24 ‘Customer contributions’ will be posted on the website shortly.