



June 2008

## National Executive

### **G100/FRC Workshop ‘IFRS Experience in Australia’**

The G100, in conjunction with the FRC, will host a workshop on 11 August on the IFRS experience in Australia with Sir David Tweedie – IASB Chairman. As part of this process a questionnaire was sent to G100 member organisations in May seeking information for the preparatory workshop held on 12 June. This is a significant initiative for which it is extremely important to obtain member feedback for input to the process. (A reminder was sent to members on 16 June).

Issues identified at the preparatory workshop included hedge accounting and financial instruments, the volume and detail of disclosures, the potential volatility of earnings and inconsistencies between standards.

Your feedback is essential for the completion of papers to be presented to Sir David Tweedie and to support proposals for resolving the issues.

### **Red-tape Reduction**

National Executive is seeking feedback from members of examples of red-tape where removal or streamlining would contribute to a reduction in business costs. Examples already provided relate to different regimes for payroll, workers’ compensation and other State taxes, the taxation treatment and paper requirements for intragroup transactions and withholding taxes.

Members are encouraged to provide the Secretariat with examples of issues affecting the CFO function. Please use this link when responding: [g100@group100.com.au](mailto:g100@group100.com.au)

## Events

### **Emissions Trading Roundtables**

National Executive held roundtables for CFOs in Sydney and Melbourne. Expert speakers from KPMG explained the current proposals and their implications. Further roundtables will be held later in the year.

### **IASB/IFRIC Luncheon**

The National President hosted a Luncheon with Bob Garnett (IASB member and IFRIC Chairman) and Warren McGregor (IASB member) and CFOs on 28 May 2008. Discussion focussed on experience with implementing IFRSs and emphasised the importance of identifying information useful to investors rather than extending the volume and detail of disclosures and the value of narrative information.

## Coming Events

Please diarise the following dates. Further information will be advised in due course.

### **23 July**

Dinner with Queensland members  
Sofitel Hotel, Brisbane

### **17 September**

Dinner with Melbourne members  
Hilton Hotel, Melbourne

### **G100 Congress**

Westin Hotel, Sydney

### **25 November**

7.00pm Congress Dinner

### **26 November**

8.45am–4.00pm  
Congress Presentations

## **Dinner with the Tax Commissioner**

Michael D'Ascenzo, Commissioner for Taxation, addressed members at a dinner in Sydney on 28 May 2008 on "A Spirit of Engagement". A copy of his presentation is on the G100 website. Major issues discussed included:

- annual compliance arrangements for large corporates and the key underlying principles; and
- the development of a framework for understanding and developing expertise on complex mergers and acquisitions.

## **Annual General Meeting**

The Group of 100 AGM will be held at the Sofitel Hotel, Brisbane at 9 a.m. on Thursday, 24 July 2008. Notice of the meeting and nomination forms for election to National Executive will be sent to members shortly.

## **Other issues**

### **Business Coalition for Tax Reform (BCTR)**

The G100 has accepted an invitation to join the BCTR. National Executive believes that CFOs can bring an important perspective to the activities of the BCTR and is pleased that Michael Johnston, CFO – Consolidated Press Holdings, has agreed to be the G100 representative.

### **Accounting Skills Shortage**

Representatives of CPA Australia and the ICAA made a presentation to the National Executive on strategies to tackle the accounting skills shortage and discussed:

- responses to the long-term shortage which is expected to continue, particularly in Australia;
- programs and campaigns to increase supply of accountants e.g. skilled migration; and
- maintenance of quality and standards in course offerings and accreditation.

### **Corporate Governance**

The ASX has released an analysis of corporate governance disclosures in 2007 annual reports ([www.asx.com.au](http://www.asx.com.au)). The analysis indicates high reporting levels for all recommendations and continuing improvement in corporate governance reporting. The revised 'Corporate Governance Principles and Recommendations' come into effect on 1 January 2008.

### **Standard Business Reporting**

The G100 is represented on the SBR program's Business Advisory Forum which is designed to advise on SBR processes and activities. The SBR is a multi-agency initiative with the objective of simplifying business-to-government reporting. ([www.sbr.gov.au](http://www.sbr.gov.au))

SBR will simplify financial reporting requirements by:

- Making forms easier to understand
- Using accounting and record-keeping software to automatically pre-fill forms
- Introducing a single secure way to interact with participating agencies.

The SBR program will make extensive use of XBRL which is a software language which labels financial and other data with codes from standard lists (taxonomies) to facilitate location and analysis of information.

### **XBRL**

The SEC has indicated that it may soon commence phasing-in a mandate on the submission of financial reports using the XBRL format in 2008 which would impact foreign issuers in 2009.

## Rethinking the AGM

Proposals for reform of the AGM process have been issued by Chartered Secretaries Australia. The proposals include:

- separation of deliberative and decision-making functions;
- create different rules for different types of entities (listed/unlisted);
- extend statutory time for holding an AGM; and
- encouraging committee chairmen and directors standing for re-election to respond to shareholder questions.

Comments are requested by 2 July 2008. The report is available at [www.csaust.com](http://www.csaust.com).

Members are requested to send their comments on the proposals to the Secretariat [g100@group100.com.au](mailto:g100@group100.com.au).

## Accounting Standards

### Consolidations

The IASB has amended IAS 27 'Consolidated and Separate Financial Statements' and IFRS 1 'First-time Adoption of International Financial Reporting Standards'. The main changes which, in part, are a response to issues raised in Australia, are:

- a requirement that a new parent in a group reorganisation measure the cost of investment in the previous parent at the carrying amount of its share of the equity;
- replacing the description of the cost method with a requirement to recognise dividends as income in the investor's separate financial statements.

It is expected that the AASB will adopt these amendments shortly.

### IASB Conceptual Framework

The IASB and FASB joint project on an improved conceptual framework has released the following documents for comment before 29 September 2008:

- an ED on the objectives of financial reporting and the qualitative characteristics of financial information; and
- a Discussion Paper on preliminary views on the reporting entity concept.

### Annual Improvements

The IASB has issued 'Improvements to IFRSs' (May 2008) effective from 1 January 2009 which contains minor amendments to many Standards. It is expected that the AASB will adopt these amendments shortly.

### ASIC Surveillance

ASIC has indicated that the issues it will target in its 2008 surveillance program include:

- reverse acquisitions, common control transactions and dividend payments;
- information affected by current market conditions such as determination of fair values, impairments, classification of liabilities, off-balance sheet transactions and financial instruments;
- revaluation/amortisation of intangible assets;
- share-based payments; and
- disclosure of alternative profit and EPS measures and misleading sub-totals.

### KMP Disclosures

The AASB has issued AASB 2008-4 'Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities'. AASB 2008-4 exempts disclosing entities that are companies that are required to disclose individual KMP information in the remuneration report from complying with the equivalent KMP disclosures in AASB 124 'Related Party Disclosures' (paragraphs Aus25.2 to Aus25.7.2).

In its submission to the AASB on ED 162 the G100 argued that a high priority should be given to removing the remaining Aus paragraphs from AASB 124.

### **Financial Instruments**

The G100 has formed a joint working party with the Finance & Treasury Association to develop submissions on the IASB's Discussion Papers on 'Reducing Complexity in Reporting Financial Instruments' and 'Financial Instruments with Characteristics of Equity'.

Members who have comments on the proposals in the Discussion Papers are requested to contact the Secretariat [g100@group100.com.au](mailto:g100@group100.com.au).

### **Post-employment Benefits**

A working party has been formed to develop a submission on the IASB Discussion Paper 'Preliminary Views on Amendments to IAS 19 Employee Benefits'. Members who have comments on the proposals in the Discussion Paper are requested to contact the Secretariat [g100@group100.com.au](mailto:g100@group100.com.au).

### **AASB Consultative Group**

The G100 participated in the AASB Consultative Group meeting on 21 May 2008. The main issues discussed from a G100 perspective related to reform of requirements relating to parent entity financial statements and accounting for emissions trading.

## **Publications**

Members will have received copies of "**Sustainability Reporting – A Guide**" prepared by the G100 in conjunction with KPMG and "**Reporting to Shareholders: Good Practice Guide**" prepared by the G100 in conjunction with Ernst & Young.

Copies of these Guides may be downloaded from the G100 website [www.group100.com.au](http://www.group100.com.au)

The G100 and Deloitte are currently preparing a Guide to the Implementation of Principle 7 of the Corporate Governance Council. Copies will be circulated to the membership.