



## **MEDIA RELEASE**

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### **Better disclosure on IFRS for shareholders**

The National Institute of Accountants encourages all Australian listed companies to clearly explain the impact of adopting International Financial Reporting Standards (IFRS) to their shareholders.

Australian accounting standards require companies to explain the impact of moving to IFRS. While the disclosures prepared by listed companies for their accounts last year generally complied with the relevant standard (*AASB 1047*), the NIA believes most shareholders would have some difficulty understanding what the changes mean.

It is important that listed companies remember their financial statements are general purpose financial reports.

"A primary characteristic of general purpose financial reports must be that the users for which they are intended understand what a company has done in financial terms," NIA Technical Policy Manager Gavan Ord said.

"We urge companies to make it easier for shareholders to comprehend the impact of such important changes in accounting regulation and this means providing a more shareholder-friendly disclosure document than those written by the external audit firms.

"Customising disclosure for the specific circumstances of an entity helps investors and other readers of financial statements to understand the company's operations."

Companies such as Telstra, ANZ, Insurance Australia Group and Coca Cola Amatil have already illustrated the impact of IFRS by providing examples of the kinds of balance sheet and income statement items that will be affected.

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The NIA, one of three professionally recognised accounting bodies in Australia, also encourages companies that have not yet analysed the impact of IFRS to review this issue as soon as possible.

Small to medium-sized enterprises should take particular note of the accounting standards on impairment and property, plant and equipment. In some cases, they will need to create new asset registers to cope with the various accounting requirements emerging from those two standards.

### **About the NIA**

Representing more than 13,000 members, the NIA is recognised as a leading voice for the profession through its representation on a number of peak bodies including the Financial Reporting Council, the National Tax Liaison Group, the Superannuation Industry Liaison Group and the Small Business Forum.

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