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Australia

Deloitte welcomes FRC go-ahead on international accounting standards

Published: 05/4/04

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Big Four professional services firm Deloitte has welcomed the decision of Australia's Financial Reporting Council to retain the 2005 start date for international accounting standards.

"Keeping the 2005 start date will ensure that Australia remains at the forefront of global accounting trends," Deloitte Partner Bruce Porter said.

"This decision will be particularly welcomed by global companies operating from and in Australia who want to move towards International Financial Reporting Standards (IFRS) as soon as possible to gain the maximum advantage.

"It's clarified the position for corporate Australia, and it's now incumbent on the Australian Accounting Standards Board to get the job finished as soon as possible.

"We would encourage the AASB to now complete the full suite of standards."

The FRC originally announced in 2002 that Australia would move to IAS standards from 2005. This timetable was designed to coincide with the transition to the same standards in Europe.

With comparatives requiring restatement from as early as the beginning of this year and some IAS standards not finalised, particularly on financial instruments, there had been a significant push by some groups for deferral of the mandatory start date. The FRC was not persuaded by these arguments and chose to stay with the original timetable.

However, Mr Porter warned that the short timeframe for moving to IAS standards would present significant challenges.

"The amount of effort required to move to IAS standards should not be underestimated. There remains a concern that some entities may not have invested enough resources to date on IAS standards, especially unlisted entities or those anticipating a deferral of the date," he said.

"The quantum and significance of many of the adjustments needed means that preparations should be well under way.

"Now that the uncertainty over the start date is behind us, we must move quickly to be ready for 2005," Mr Porter said.

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Page Last Updated: 05 April 2004

Source: Deloitte Touche Tohmatsu - Australia (English)

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