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## AASB Chairman Announces Year 2005 Target Achieved

The Chairman of the AASB, David Boymal announces that yesterday the AASB formally made the entire 31 March 2004 suite of international accounting standards into Australian Accounting Standards, thus effectively introducing international accounting standards into Australian law for all companies and other entities for reporting periods commencing on or after 1 January 2005.

Professor Boymal said:

“As well as being the most significant en-bloc change to financial reporting that we have ever experienced in Australia, and the principles-based form of the new standards heralds in a new era of accounting education, accounting regulation and the exercise of professional judgement by directors and auditors.

The next responsibility of the AASB and its international counterparts is to ensure that the principles-based approach does not result in unacceptable diversity in financial reporting. Both the AASB and the IASB must therefore now be prepared to issue authoritative interpretations of the new standards on a timely basis whenever unacceptable diversity is seen to be occurring.

Companies are now able to quantify the financial effects of the new requirements upon their organisations and then evaluate whether they will have a need to renegotiate a variety of contracts such as trust deeds, negative pledges and other debt covenants, employment and bonus arrangements and other arrangements dependent upon financial results.”

Professor Boymal also said that an outstanding problem concerning extractive industry accounting has now been resolved. He stated that:

“I have been informed by the International Accounting Standards Board that at a recent IASB meeting it decided to fully grandfather national GAAPs, such as Australia’s existing area of interest method of accounting for exploration costs, for both producers and explorers, until such time as the IASB completes a comprehensive extractive industry international accounting standard. As soon as the IASB has incorporated this decision into its standards, the AASB will produce an Australian equivalent so as to allow extractive industry entities to take advantage of the grandfathering in their 2005 transition.

It is unfortunate that this decision was not made in time to be included in the 31 March suite of standards, but nevertheless it is pleasing that the IASB has heeded the AASB’s concerns over this problem and has provided a solution.”

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