

fasttrack

Financial Accounting-Standards & Technical

Grant Thornton 

Financial reporting changes, now and into the future...

Welcome to the September edition of Fasttrack. In this edition we look at the following issues:

- AASB 8 Operating Segments
- ASX amended Corporate Governance Principles
- Update on Grant Thornton submissions on SME reporting
- Release of an amended IAS 1 and implications for 30 June 2007 reporting and
- Reminder on Foreign Controlled Small Pty Co Exemptions.

AASB 8 Operating Segments

The Australian Accounting Standards Board (AASB) has recently released AASB 8 Operating Segments. AASB 8 is applicable to annual reporting periods beginning on or after 1 January 2009 with early adoption permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2009. Once adopted, AASB 8 will replace AASB 114 Segment Reporting.

Whilst mandatory adoption of AASB 8 is not required for a number of years it is important that organisations consider AASB 8 now for two key reasons:

1. It may be beneficial for some organisations to adopt AASB 8 early and not segment report at all as the new AASB 8 only applies to publicly accountable for profit entities (generally listed companies); and
2. AASB 8 proposes to significantly change the way we segment report, based on how segmental reporting is used internally. Given that some of this information may be sensitive, companies need to act now to consider if internal reporting should be changed!

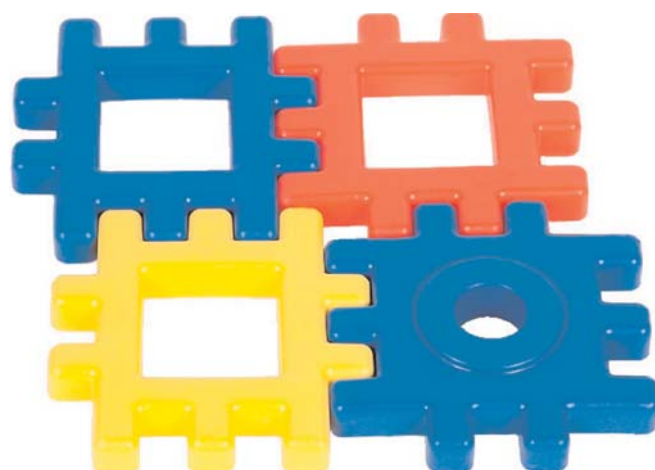
For more information on early adoption and details of the new regime, [click here](#)

ASX amended Corporate Governance Principles

The Australian Stock Exchange (ASX) Corporate Governance Council (the Council) has recently released revised corporate governance principles and recommendations. The revised Corporate Governance Principles and Recommendations will be effective from the first financial year commencing on or after 1 January 2008.

The Corporate Governance Principles and Recommendations were primarily revised to remove duplication and to provide clarification for business and other users of disclosed information, however the Council has maintained the 'if not/why not' approach, steering away from a prescriptive environment. There are now eight principles and twenty-six recommendations.

For a detailed overview of the key changes to the Principles and Recommendations, [click here](#).



Release of an amended IAS 1 presentation of financial statements (amended) and implications for 30 June 2007 reporting

AS 1 was amended by the IASB in August 2007 and will be applicable for financial reporting periods commencing as from 1 January 2009. However as detailed in July 2007's FastTrack, there is a requirement in the Australian Accounting Policies AASB 108 that requires disclosure of new or amended Accounting Standards where they have not yet been adopted, but will have a material impact on the financial report when they are adopted. Draft wording that could be considered for 30 June Financial Statements is available. It is expected that the AASB will shortly amend the equivalent Australian Accounting Standard AASB 101.

To review the draft wording, [click here](#).

Update on Grant Thornton submissions on SME reporting

Grant Thornton has made two submissions on SME Financial Reporting. The first submission was made to the Government on its discussion paper 'Financial Reporting by Unlisted Public Companies', which recommended a size thresholds test to relieve smaller sized unlisted public companies from the requirement to prepare Corporations Act financial reports. Grant Thornton supported the proposals to exempt small unlisted public companies that had revenues of less than \$1 million from being required by the Corporations Act to prepare and file audited financial reports with ASIC. It is expected that Government reform on this issue may be proceeded with for the 30 June 2008 reporting period.

The second submission was to the AASB on its Invitation to Comment on the IASB's IFRS for SMEs Draft Accounting Standard. As detailed in earlier FastTracks, Grant Thornton supports the adoption of an IFRS for SMEs Accounting Standard for those reporting entities that are unlisted, as the current Accounting Standards are biased to the Listed Capital Markets. However Grant Thornton, along with a record 66 submissions from other constituents, opposed the AASB's proposal that would require all companies that are required to prepare Financial Reports to adopt IFRS for SMEs. Grant Thornton continues to support the current third tier of financial reporting where Non-Reporting Entities are able to adopt simplified recognition and measurement requirements along with basic transaction disclosures for such companies. Any reform by the AASB is at least 2 years away, so expect on-going discussion on this issue.

Reminder to lodge form 384 for relief from financial reporting for small proprietary companies that are foreign controlled

As detailed in the July 2007 FastTrack, Small Foreign Controlled Proprietary Companies are relieved from preparing and having audited Financial Statements if a Form 384 is lodged with ASIC. This normally has to be done before the start of the financial year but due to the late June 2007 increase in the Large Proprietary size thresholds, ASIC has extended the time of lodgement of the Form 384 until 31 October 2007 for both 2007 and 2008 financial statements.



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