

GOVERNMENT RESPONSE

**TO RECOMMENDATIONS OF THE
PARLIAMENTARY JOINT COMMITTEE ON
CORPORATIONS & FINANCIAL SERVICES:**

*Australian Accounting Standards
tabled in compliance with the
Corporations Act 2001 in the Senate
on 30 August 2004 and
16 November 2004*

GOVERNMENT RESPONSE TO RECOMMENDATIONS OF THE PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

BACKGROUND

On 2 December 2004, the Parliamentary Joint Committee on Corporations and Financial Services (the Committee) resolved to inquire into the Australian Accounting Standards tabled in compliance with the *Corporations Act 2001* in the Senate on 30 August 2004 and 16 November 2004. The Committee considered:

- whether the proposed standards are consistent with the *Corporations Act 2001* and its regulations (as required under s.334(1) of the Act);
- whether the proposed standards will act in furtherance of the objectives of the Act; and
- any related matter.

On 10 February 2005, the Committee tabled the report of its inquiry into Australian Accounting Standards. The report made two recommendations. The Government's response to the Committee's recommendations is outlined below.

RECOMMENDATION 1

The Committee recommends that small and medium enterprises be permitted an additional month to report to ASIC for that enterprise's first reporting year under the new accounting standards.

Response

The Government accepts this recommendation and notes that its implementation has been effected by ASIC relief and changes to the ASX Listing Rules.

ASX has amended its Listing Rules to extend the lodging date for giving half year reports and preliminary final report to the ASX from two months to 75 days. The extension relates only to reporting periods ending on or after 30 June 2005 and before 1 December 2006 and will apply in circumstances where the entity has adopted Australian equivalent International Financial Reporting Standards during the reporting period.

ASIC has granted Class Order relief [CO 05/0637] that allows unlisted entities an additional month to distribute financial reports to members and to lodge financial reports with ASIC. The relief applies to half-years and financial years commencing from 1 January 2005 to 31 December 2005. This will cover the reporting period in which Australian equivalent International Financial Reporting Standards are adopted.

RECOMMENDATION 2

The Committee recommends that the Senate and House of Representatives do not disallow the Australian Accounting Standards tabled on 30 August 2004 and 16 November 2004.

Response

The Government accepts this recommendation.