

## WHAT SHOULD GO INTO PUBLISHED FINANCIAL ACCOUNTS?

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As investment analysts the members of this Institute are without doubt the principal *readers* of published financial accounts.

If we see published financial accounts as communication between the people who *write* accounts and the people who *read* accounts then it is appropriate we take an active role in determining the format of accounts. In fact, if we leave it entirely to the people who *write* the accounts to determine what should, and what should not, appear in published accounts we could be regarded as negligent.

This brings us to the question of Current Cost Accounting. Undoubtedly there are many *writers* of accounts who would like to see C.C.A. die for lack of interest.

The Accounting Bodies are endeavouring with all their professional skill to improve the format of published financial statements. They do this so that *readers* will be better informed about the financial position of the *writers*. If we as *readers* do not support their endeavours, who will?

It is my job to represent The Securities Institute at the C.C.A. Steering Group. We meet on the first Monday of the month alternately in Melbourne and Sydney. Accountants are well represented and many other bodies participate, including the A.A.S.E., the Australian Bankers' Association, The Life Offices' Association of Australia, the Australian Mining Industry Council, the Institute of Directors, the Associated Chambers of Manufactures in Australia, and a number of other industry groups.

It seems to me that The Securities Institute of Australia has a special role to play in the introduction of C.C.A. The accountants need our help. They are endeavouring to improve the quality of information provided by industry, and they are finding the going tough. The changes they are endeavouring to introduce are complex, and individual companies are reluctant to provide

the necessary information. The various Governments involved are reluctant to move far in advance of accepted community views, and the A.A.S.E. is similarly reluctant to move. The Accounting Bodies might reasonably turn to our Institute for support in their endeavours.

As I said at the start of this article, we are the principal *readers* of accounts. It is about time we, as a body, thanked the accountants for their endeavours and pledged our support. This is a vital question of policy. Those who respond to this plea by arguing about some aspect of the proposed C.C.A. package miss the point. In the process of developing the Current Cost Accounting Standard there is plenty of scope for us to argue the case for, and against, various proposed methods of handling particular issues. But let us do that within a commitment to support C.C.A.

Recently the question of the Institute's commitment to C.C.A. was discussed by the Divisional Councils in New South Wales and Victoria. The Victorian Divisional Council is happy to commit the Institute to support C.C.A., the New South Wales Division is conscious of the diversity of views within the membership and is reluctant to support C.C.A. until there is evidence that the membership as a whole are willing to support such a commitment.

The accountants need our support. If we as a body are to give such support how do we do it? In the first instance, I hope this article will stimulate discussion by the Divisional Councils in the smaller states, and that we might proceed to formulate a policy at the next Federal Council meeting. In addition I hope that those members who support the development of better financial reporting will take an active interest in the issue and will make their views known to the council members in their state. It is my view that it is now time for The Securities Institute of Australia to recognize the efforts of the Accounting Bodies and give them our support in principle.