

Doing Business In Australia: Illustration Of A Class Exercise

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ABSTRACT

In this paper, the authors will discuss the current regulations and culture of Australia as an educational tool for an ex-patriot hoping either to locate a business there or obtain more insight into doing business in the country.

Keywords: Australian business practices, doing business in, Australia

INTRODUCTION

Australia itself is similar to many other economies in that it has maintained a relatively strong economy and is a welcome home for many international business and ex-patriots. Indeed in a recent poll by Fortune Magazine, Australia was among the three friendliest countries in the world to foreign workers (2009). Its strong ties with the United States go beyond strategic economics and military alliances and into fundamental cultural similarities. Prospective growth of the country seems good although the current economic downturn of the U.S. has increased the volatility of Australian business and markets because of great reliance on American imports and the strength, or lack thereof, of the U.S. dollar.

BRIEF HISTORY OF AUSTRALIA

Australia is very different from many developed nations, in that it still has partially allowed the preservation of its oldest native culture, the Aborigines. The Aboriginal population is thought to have arrived in Australia from Southeast Asia in approximately 38,000 BC, or nearly 40,000 years before the first Europeans arrived in the 1600s. No other formal claims were made to the territory until 1770 when Captain James Cook took possession of the land in the name of Great Britain. Thereafter, six colonies were created through the late 18th and 19th centuries followed by the establishment of the Commonwealth of Australia in 1901 as a dominion of the United Kingdom. The Statute of Westminster in 1931 formally ended constitutional links between Australia and the United Kingdom, interestingly however the statute wasn't adopted until 1942.¹ World War II brought an informal alliance between Australia and the United States. Following WWII, the Australian government instigated a mass immigration to the country, as it was felt the low population was at least a partial cause for the near invasion from Japanese forces. People from the U.K. and many Southern and Central Europeans flooded into Australia partially causing the economic boom seen after the war had ended. Despite this migration Australia has a relatively small population in comparison to its geographic size, estimated at 20,600,856. Since 1951, Australia has been a formal military ally of the U.S. and openly has nuclear weapon capabilities.

Natural Resources

The abundant natural resources of Australia, in both agricultural and mineral resources, including the Australian gold rush of the 1850s and the discovery of nickel in the 1950s has allowed for rapid development in both agricultural and manufacturing industries. The close geographical proximity of Australia to Asia (as it is said to be in the Asia-Pacific region) has greatly influenced trading between China, Japan and themselves.²

¹ <https://www.cia.gov/library/publications/the-world-factbook/geos/as.html>

² <https://www.cia.gov/library/publications/the-world-factbook/geos/as.html>

Geography

The continent of Australia is comprised of six states: New South Wales, Queensland, South Australia, Victoria, Western Australia, and Tasmania, which combine to form a land mass slightly smaller than the continental United States. The capital of Australia is Canberra and its largest city is Sydney.

Educational System

The education system in Australia is excellent with 99% of both men and women being able to read and write by age fifteen. School is required for children between the ages of six and fifteen. From ages fifteen to eighteen the schooling requirement is regulated by the state in which the child resides.

Transportation System

Australia's infrastructure is well developed with various modes of transportation including Kingsford Smith International Airport in Sydney and 9 other national airports. Pipelines for crude oil, petroleum products, natural gas and water constitute the nations pipeline infrastructure. Although inland waterways are not a significant means of commercial transport, many ports and harbors exist including the world's largest port, Port Lincoln.

Telecommunications Systems

The telecommunications sector of Australia's infrastructure is also very comparable to other well developed nations. As of 2006 there were 9.94 million main line telephones and 19.76 million mobile cellular phones in operation. Internet usage was slower to develop than in the U.S. with less than 10% of its population connected in 2006 though the number of users is now growing rapidly.

Legal System

The legal system of Australia is based on English common law, and the government is a federal parliamentary democracy. The Australian government is separated into three arms (branches) including the Legislature (Commonwealth Parliament), the Executive, whose power is exercisable by the Governor-General, the Prime Minister, and Ministers and their departments, and the Judiciary Branch (the High Court of Australia and subsidiary Federal courts).³

Intellectual Property Rights

Australia's intellectual and industrial property rights are exceptional, although piracy has continued to be a problem and has not been reduced at the rate of Europe, China or the United States. The institution of the Australia-U.S. Free Trade Agreement calls for state-of-the-art protection for U.S. trademarks, copyrights, patents and trade secrets.

Environmental Protection

The Environmental Protection and Biodiversity Conservation Act of 1999 (EPBC Act) is Australia's key piece of environmental legislation. The Australian Government's Department of the Environment, Water, Heritage and the Arts administers and enforces the EPBC Act. The governmental agency has jurisdiction over: world heritage sites, national heritage places, wetlands of international importance, nationally threatened species and ecological communities, migratory species, commonwealth marine areas, and nuclear actions.⁴ All proposals that may impact the environment in Australia (in any of these seven areas) must first be vetted by the Department of the Environment, Water, Heritage and the Arts. Upon referral, the proposal is opened to public comment. These

³ <https://www.cia.gov/library/publications/the-world-factbook/geos/as.html>

⁴ www.wwf.org.au/epbc

comments are considered by the Minister or his/her delegate in making the decision to allow or disallow the proposal.

World Trade Statistics

Australia is a member of the WTO and plays a significant role in global trade. In 2007 Australia's exports totalled A\$217.6 billion, while imports totalled A\$236.5 billion a trade deficit of A\$18.9 billion. Exports increased by 3.8% and imports by 7% from the year 2006 to 2007. Australia's leading exports are its services sector (A\$48.402 billion), followed by fuels (A\$38.276 billion), minerals (A\$36.087 billion) and finally the so-called elaborately transformed manufacturers (ETM) (A\$29.570 billion). The leading imports for Australia are by far ETMs totalling A\$130.28 billion, which constitute 56% of all imports. The import of services, however, is Australia's second largest import at A\$46 billion.

Trading partners of Australia include: various countries in Africa, the Americas, East Asia (China, Japan, Korea, Taiwan, Indonesia, Malaysia, Philippines, Singapore, and Thailand), countries of the European Union, Saudi Arabia, New Zealand, and India. Australia's exports go primarily to East Asia, with Japan as the front-running purchaser of Australian goods at nearly A\$32 billion. Australia's total amounts of exports to all of Europe are less than its exports to Japan at A\$22.3 billion. East Asia constitutes 58% of Australia's exports, while the Americas constitute 8% and Europe 13%. Imports to Australia were lead by China at A\$29 billion and the United States at A\$23.678 billion.⁵

Along with the Free Trade Agreement Australia has with the U.S., Australia also has Free Trade Agreements with, Singapore and Thailand. FTA negotiations and considerations are also being undertaken with Japan, China, ASEAN, Chile, Golf Cooperation Council, India, Korea, and Malaysia.

Australian Stock Exchanges

The Australian Securities Market (ASX) is the country's primary exchange. The ASX was founded with the merger of the Australian Stock Exchange and the Sydney Futures Exchange in 2006. There were 2014 stocks listed on the ASX (in April 2007) and a total market capitalization of A\$1.39 trillion. The ASX "co-regulates" with the Australian Securities and Investments Commission (ASIC).⁶

Listing Stock on the Australian Exchange

A company's stock listing on the ASX a company will fall into one of three categories; ASX Listing, ASX Debt Listing, or ASX Foreign Exempt Listing. While a complete listing of all regulations is beyond the scope of this paper, the general requirements for all are intended to provide both a fair and well informed market for securities and market for international securities (<http://www.asx.com.au/ListingRules/chapters/Introduction.htm>).

FOREIGN EXEMPT LISTING

A Foreign Exempt Listing is only required to comply with the accounting rules of its overseas home exchange and to release information to ASX that is released to its overseas home exchange. To be categorized as a Foreign Exempt Listing the company must meet the following requirements:

1. The entity must be a foreign entity and must have as its overseas home exchange a stock exchange or market which is a member of the Federation Internationale des Bourses de Valeurs (FIBV)
2. The entity must be subject to the listing rules (or their equivalent) of its overseas home exchange.

⁵ "Part 2: Report on Performance" The Australia Department of the Treasury. 2007

⁶ www.asx.com.au

3. ASX must be satisfied that the entity complies with the listing rules of its overseas home exchange.
4. The entity must give ASX a copy of its last annual report and any subsequent interim report; and agree to give ASX, after admission to the official list, additional copies of those documents as specified in Appendix 1C as required by ASX
5. If the entity has a certified subregister for quoted securities, it must establish in Australia and Australian securities register (or subregister).
6. The entity must apply for and be granted permission for quotation of securities that are in the class for which it seeks quotation.
7. The entity must satisfy the profit test or the net tangible assets test in rules 1.12 and 1.13.
8. There must be at least 1,000 holders each having a parcel of securities that are in the class for which it seeks quotation with a value of at least \$500.
9. If the entity is a foreign company, it must be registered as a foreign company under the Corporations Act.
10. If the entity is a trust, the following rules apply:
 - a.) It must appoint an agent for service of process in Australia
 - b.) No one must be under an obligation to buy-back units in the trust or to allow a security holder to withdraw from the trust.
11. The entity must appoint a person to be responsible for communication with ASX in relation to listing rule matters.
12. The entity must do the following:
 - a) Agree with ASX in writing that documents may be given to ASX and authenticated electronically.
 - b.) Establish the facilities required for the entity to give documents to ASX electronically.

The profit test includes that the entity must be a going concern, their operating profit before income tax for each of the last 3 full financial years must have been at least A\$200 million and must be derived from the entity's ordinary activities, accounts for the last three full financial years must have been prepared and audited to standards acceptable to ASX (acceptable standards are that of IAS and International Standards on Auditing). To meet the net tangible assets test, an entity admitted as an ASX Foreign Exempt Listing must have net tangible assets at the time of admission of at least A\$2 billion.⁷

FINANCIAL ACCOUNTING REQUIREMENTS FOR LISTED COMPANIES

To get a better understanding of the financial environment in Australia, we will now provide a discussion of the financial disclosure differences between Australian international financial reporting Standards (AIFRS), U.S. GAAP and International Financial Reporting Standards (IFRS). Please see Exhibit 1 for more detailed information about the differences between these reporting standards. Australia now accepts IFRS for domestic reporting requirements in a fashion similar to the countries of the European Union (since 2005) and Canada (in 2011).

History of financial disclosure

The accounting history of Australia is young yet it is ahead of the United States when it comes to participation in international accounting standards. Accounting standards are set by the Australian Accounting Standards Board (AASB). The standard setting process was reorganized though in 1999 through the Corporate Law Economic Reform Program Act which created the Financial Reporting Council (FRC) to oversee the actions of the AASB. Although the FRC does not create standards, its oversight was meant to help give the AASB more direction in its policy setting for both public and private companies.

⁷ www.asx.com.au

Cost Convention

AIFRS, IFRS and U.S. GAAP all have similar recognition criteria. They all require costs to be included in the cost of the asset if future economic benefits are probable and can be reliably measured. None of the three standards allow start up costs, general administrative, overhead, or regular maintenance to be capitalized.

Accrual Method of Accounting

The accrual method of accounting is used in AIFRS, U.S. GAAP and IFRS except with regard to the statement of cash flows.

Going Concern

For both AIFRS and IFRS when an entity is not seen as a going concern, assets are to be recorded at their realizable values and liabilities at the amount which they are expected to be settled. This treatment is nearly identical to that of U.S. GAAP, in that when a company is seen as no longer being a going concern the liquidation accounting method must be implemented.

Required Financial Statements

Under U.S. GAAP, IFRS and AIFRS required financial statements include and income statement, balance sheet, other comprehensive income for U.S. GAAP or statement of recognized income and expense (SORIE) for IFRS, statement of cash flows and accompanying notes to the financial statements.

Consolidated Accounts and Methods of Consolidation

Similarities between IFRS, U.S. GAAP and AIFRS with relation to consolidation include that the determination of whether or not subsidiaries are consolidated by the parent company is based on control. Also, uniform accounting policies are used for all of the entities within a group, except in U.S. GAAP a subsidiary in a specialized industry may retain their specialized accounting policies in consolidation. The difference in determining control lies in *potential* voting rights. U.S. GAAP does not consider the potential voting rights of the parent company while IFRS and AAS do. In U.S. GAAP preparation of consolidated financial statements is required while in IFRS it is only generally required, though there is limited exemption if the parent company is itself a wholly-owned or partially owned subsidiary.

Treatment of Goodwill

Goodwill is now treated the same, except with regard to negative goodwill, between IFRS, U.S. GAAP and AIFRS. Goodwill is recognized at the time of the purchase and represents the excess of the purchase price over the acquirer's interest in the fair value of the identifiable net assets acquired. Goodwill is also subject to annual impairment tests. U.S. GAAP allocates negative goodwill on a pro rata basis to reduce the carrying amount of certain acquired assets with any excess recognized as an extraordinary gain. The IFRS and AAS recognize negative goodwill immediately as income after they reassess the purchase price allocation.

Method of Accounting for: Joint venture

U.S. GAAP generally accounts for joint ventures using the equity method of accounting with the limited exception of unincorporated entities operating in certain industries which may follow proportionate consolidation. IFRS and AIFRS permit either the proportionate consolidation method or the equity method of accounting for joint ventures.

Treatment of Exchange differences:

Exchange differences are reported in equity under each GAAP and the standards also permit hedging of that net investment with exchange differences from the hedging instrument offsetting the translation amounts reported in equity. One major difference between U.S. GAAP and IFRS and AIFRS is that of the translation of functional currency of foreign operations in a hyperinflationary economy. U.S. GAAP states that local functional currency financial statements are re-measured as if the functional currency was the reporting currency while IFRS and AIFRS use a general price index and then translated to the reporting currency at the current rate.

Accounting Changes

U.S. GAAP, IFRS and AIFRS all treat accounting changes in depreciation method, residual value and useful economic life as a change in accounting estimate requiring prospective treatment. This prospective treatment is also used with accounting policy changes.

Segment Reporting

Segment reporting is very different between U.S. GAAP and IFRS, in that it is only minimally required in the U.S.. In the U.S. limited geographical segment disclosures are required if amounts were not already disclosed in the operating segment disclosures. IFRS, on the other hand requires that the entity must identify either their business or geographic segments as the primary format and the other as secondary. The secondary segment has fewer disclosure requirements than the primary.

Property Plant and Equipment

Although the definition of property plant and equipment is extremely similar between AIFRS, IFRS and U.S. GAAP, treatment is fairly different. In the U.S. property plant and equipment are required to be reported at their historical cost while in IFRS and AIFRS property undergoes periodic revaluations and plant and equipment are allowed to undergo UPWARD revaluations.

Intangibles

Similarities of intangibles between IFRS, AIFRS and U.S. GAAP include that it shares the same definition of a non-monetary asset without physical substance, and to be recorded there must be probable future economic benefits and costs that can be reliably measured. Intangible assets are also amortized over their useful life in all standards unless the life is considered to be indefinite with the exception of goodwill never being amortized. Differences arise in development costs, advertising costs and revaluation.

In development costs under U.S. GAAP are expensed as incurred except in the case of computer software developed for external use whose costs are capitalized once they are considered to be technologically feasible. In the case of software developed for internal use, however, only costs incurred during the application development stage may be capitalized. Under IFRS and AIFRS *all* development costs are capitalized when technical and economic feasibility can be demonstrated.

Under U.S. GAAP advertising and promotional costs are allowed to be expensed either when the expense occurs *or* when the advertising takes place for the first time. Under IFRS and AIFRS advertising and promotional costs are expensed as incurred only.

Revaluation to fair value of intangible assets is not permitted under U.S. GAAP, while AIFRS and IFRS allow this treatment although it is a relatively uncommon practice.

Leases

The first particular difference between U.S. GAAP and IFRS is that U.S. GAAP allows the lease of land and building to be considered jointly if the value of the land represents less than 25% of the total fair value of the lease. IFRS and AIFRS do not have the 25% test and land and building are always considered separately.

The second difference is that U.S. GAAP allows a gain or loss to be amortized over the lease term in the event that the seller does not relinquish more than a minor part of the right to use the asset whereas IFRS and AIFRS would have you recognize the gain or loss immediately.

Inventories

Differences in inventory methods include costing methods, measurement and reversal of inventory write-downs. Under U.S. GAAP, LIFO is an acceptable costing method whereas under IFRS and AIFRS it is not. The measurement of inventory under U.S. GAAP is that it is carried at the lower of cost or market whereas in IFRS and AIFRS it is carried at the lower of cost or net realizable value (this amount may not be or may not be fair value). Reversals of write downs of inventory cannot be reversed under U.S. GAAP but in IFRS and AIFRS these previously recognized impairment losses are reversed, up to the amount of the original impairment loss when the reasons for the impairment no longer exist.

Contingencies

The only difference in contingencies between U.S. GAAP, IFRS and AIFRS is that under U.S. GAAP there is no provision allowing for reduced disclosure requirements of contingent liabilities. Under IFRS and AIFRS reduced disclosure is permitted if it would be severely prejudice to an entity's position in a dispute with another party to a contingent liability.

CONCLUSION

The motivation of this paper was to provide the reader a sense of the business environment in Australia. The authors have discussed the economic and political environment to provide a broad brush picture of the landscape for readers and potential investors in either businesses within or the exchanges of Australia.

AUTHOR INFORMATION

Presha E. Neidermeyer, Ph.D., CPA is an Associate Professor of Accounting in West Virginia University's College of Business and Economics. Her research specialty focuses on emerging issues in accounting including culture and international financial reporting. She has is the co-editor of *Work, Life and Family Imbalance: How to Level the Playing Field* and is co-author of the forthcoming book, *Use What You Have: Resolving the HIV/AIDS Pandemic* from Xlibris Publishing.

Andrew Lacasse is a 2008 graduate of West Virginia University's College of Business and Economics. Andrew is presently working for the Internal Revenue Service and is continuing his education with WVU. He enjoys outdoor recreation in the mountains of WV when he is not at work or in class.

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EXHIBIT 1

Accounting Comparisons among U.S. GAAP, IFRS and AIFRS			
Accounting Subject	Australian Accounting Standards	International Financial Reporting Standards	U.S. Generally Accepted Accounting Principles
Cost Convention	Requires all costs to be included in the cost of the asset if future economic benefits are probable and can be reliably measured.	Requires all costs to be included in the cost of the asset if future economic benefits are probable and can be reliably measured.	Requires all costs to be included in the cost of the asset if future economic benefits are probable and can be reliably measured.
	Start up costs, general administrative, overhead or regular maintenance expense cannot be capitalized.	Start up costs, general administrative, overhead or regular maintenance expense cannot be capitalized.	Start up costs, general administrative, overhead or regular maintenance expense cannot be capitalized.
Accrual	Accrual method of accounting is used except with regard to the statement of cash flows.	Accrual method of accounting is used except with regard to the statement of cash flows.	Accrual method of accounting is used except with regard to the statement of cash flows.
Going Concern	When the entity is not seen as a going concern, assets are to be recorded at their realizable values and liabilities at the amount which they are expected to be settled.	When the entity is not seen as a going concern, assets are to be recorded at their realizable values and liabilities at the amount which they are expected to be settled.	The auditor must establish whether the business audited has the ability to continue not to exceed one year beyond the date of the FS being audited. If the entity is no longer a going concern, the liquidation method of accounting is to be used.
Required Financial Statements	Balance Sheet Statement of Cash Flows Profit and loss statement	Balance Sheet Statement of Cash Flows Profit and loss statement	Balance Sheet Statement of Changes in Shareholders Equity Statement of Cash flows Statement of profit and loss
Consolidated Accounts and Methods of Consolidation	Uniform accounting policies between entities.	Uniform accounting policies between entities.	Uniform accounting policies between entities except a subsidiary in a specialized industry may retain their specialized accounting policies in consolidation.
	Considers parent's ownership of the subsidiary, their voting rights as well as their potential voting rights.	Considers parent's ownership of the subsidiary, their voting rights as well as their potential voting rights.	Does not consider potential voting rights.
	Consolidated financial statements generally required with limited exemption of parent companies if they themselves are wholly or partially owned subsidiaries.	Consolidated financial statements generally required with limited exemption of parent companies if they themselves are wholly or partially owned subsidiaries.	Consolidated financial statements always required for parent companies with controlling interest in subsidiary companies.
Treatment of Goodwill	Recognized at the time of purchase and represents the excess of the purchase price over the fair value of the assets obtained.	Recognized at the time of purchase and represents the excess of the purchase price over the fair value of the assets obtained.	Recognized at the time of purchase and represents the excess of the purchase price over the fair value of the assets obtained.
	Subject to Impairment tests.	Subject to Impairment tests.	Subject to Impairment tests.

	Recognize negative goodwill immediately as income after reassessing the purchase price allocation.	Recognize negative goodwill immediately as income after reassessing the purchase price allocation.	Allocate negative goodwill on a pro rata basis to reducing the carrying amounts of acquired assets with excess recognized as an extraordinary gain.
Method of Accounting for Joint Ventures	Permits the proportionate consolidation method or equity method in accounting for joint ventures.	Permits the proportionate consolidation method or equity method in accounting for joint ventures.	Requires equity method of accounting with the limited exception of unincorporated entities operating in certain industries that may follow the proportionate method of accounting.
Treatment in Exchange Differences	Exchange differences reported in Equity.	Exchange differences reported in Equity.	Exchange differences reported in Equity.
	Permits hedging of the net investment with exchange differences from the hedging instrument offsetting the translation amounts reported in equity	Permits hedging of the net investment with exchange differences from the hedging instrument offsetting the translation amounts reported in equity	Permits hedging of the net investment with exchange differences from the hedging instrument offsetting the translation amounts reported in equity
Treatment of Inflation in foreign currency	Uses a general price index and then translates to the reporting currency at the current rate.	Uses a general price index and then translates to the reporting currency at the current rate.	Local functional currency financial statements are re-measured as if the functional currency was the reporting currency.
Accounting Changes:	Uses prospective treatment for changes in depreciation method, residual value, useful economic life and accounting policy changes.	Uses prospective treatment for changes in depreciation method, residual value, useful economic life and accounting policy changes.	Uses prospective treatment for changes in depreciation method, residual value, useful economic life and accounting policy changes.
Segment Reporting	Must report geographic and business segments one chosen as the primary format and one as the secondary.	Must report geographic and business segments one chosen as the primary format and one as the secondary.	Limited requirements for geographical disclosure in that, if amounts were not already disclosed in the operating segment disclosures they must be reported geographically.
PP&E: Revaluation	PP&E undergoes periodic revaluation.	PP&E undergoes periodic revaluation.	PP&E reported at their historical cost.
Intangibles	Intangibles are considered to be non-monetary assets without physical substance and are recorded only if it is probable that there will be future economic benefits and costs that can be reliably measured.	Intangibles are considered to be non-monetary assets without physical substance and are recorded only if it is probable that there will be future economic benefits and costs that can be reliably measured.	Intangibles are considered to be non-monetary assets without physical substance and are recorded only if it is probable that there will be future economic benefits and costs that can be reliably measured.
	Amortized over their useful life in all standards unless the life is considered to be indefinite with the exception of goodwill never being amortized.	Amortized over their useful life in all standards unless the life is considered to be indefinite with the exception of goodwill never being amortized.	Amortized over their useful life in all standards unless the life is considered to be indefinite with the exception of goodwill never being amortized.

	All development costs are capitalized once technical and economic feasibility can be demonstrated.	All development costs are capitalized once technical and economic feasibility can be demonstrated.	Development costs are expensed as incurred except in the case of computer software developed for external use whose costs are capitalized once they are considered to be technologically feasible. Software developed for internal use costs incurred during the development stage may be capitalized.
	Advertising and promotional costs are expensed as incurred only.	Advertising and promotional costs are expensed as incurred only.	Advertising and promotional costs are allowed to be expensed either when the expense occurs or when the advertising takes place for the first time.
	Revaluation to fair value is permitted in certain circumstances.	Revaluation to fair value is permitted in certain circumstances.	Revaluation is not permitted under any circumstances.
Leases	The lease of land and building are always considered separately.	The lease of land and building are always considered separately.	Allows the lease of land and building to be considered jointly if the value of the land represents less than 25% of the total fair value of the lease.
	Must recognize gain or loss immediately.	Must recognize gain or loss immediately.	Gain or loss may be amortized over the lease term in the event that the seller does not relinquish more than a minor part of the right to use the asset.
Inventories	LIFO is not permitted.	LIFO is not permitted.	LIFO or FIFO may be used.
	Carried at lower of cost or net realizable value (this may or may not be fair value).	Carried at lower of cost or net realizable value (this may or may not be fair value).	Carried at lower of cost or market.
	Previously recognized impairments can be reversed up to the amount of the original impairment loss.	Previously recognized impairments can be reversed up to the amount of the original impairment loss.	Reversals of write downs of inventory cannot be reversed.
Contingencies	Reduced disclosure is permitted if it would be severely prejudice to an entity's position in a dispute with another party to a contingent liability.	Reduced disclosure is permitted if it would be severely prejudice to an entity's position in a dispute with another party to a contingent liability.	No provision allowing for reduced disclosure requirements of contingent liabilities. All contingent liabilities must be disclosed.