

From: cheryl [mailto:cheryl@proactivebiz.com.au]
Sent: Friday, 23 June 2006 8:49 AM
To: AASB Mailbox
Subject: ED148

Dear Standards Board

Re the proposals outlined in ED148, assuming I am reading them correctly:

My firm strongly objects to the proposed amendment as set out in paragraph 7 which states: "General purpose financial statements include those that are presented separately or within other public documents such as a regulatory filing or reporting to shareholders."

We believe that the existing application requirement of only 'reporting entities' needing to apply all of the AASB Standards, should remain applicable. The Reporting Entity Concept is a superior differential system that appropriately reflects the costs and benefits of financial reporting in Australia, and any change to the Reporting Entity Concept would not be in the best interests of the Australian economy.

My firm deals almost exclusively with non-reporting entities and I have found that the preparation of fully "complying" accounts for the majority of our small business clients is a waste of time and money - the owners don't understand them, the banks don't want them, and quite honestly, the only party who makes money out of the process is the accounting practice. Our larger clients often prepare mainly compliant accounts - but very few of our non-reporting entities prepare, for example, cash flow statements. In every case where the bank, or some external party, requires accounts we determine what they require and ensure a set of accounts is prepared that satisfies this. The cost of preparing fully compliant accounts for, as an example, a company with \$600,000 turnover, mum and dad shareholders, which operates MYOB or a similar package would generally far outweigh any benefits received by such preparation. Also, such a company usually has relatively simple systems, and can, from a tax point, use the STS - this adds a further layer of confusion to very small companies.

I could keep adding to this, but my point is - the current system works from where we sit - is there really any need to change it?

Regards

Cheryl Barrett
CA