

26 June 2006

The Chairman
Australian Accounting Standards Board
PO Box 204
COLLINS ST WEST VIC 8007

Dear Sir

Re: ED 148: Proposed Amendments to AASB 101 *Presentation of Financial Statements: A Revised Presentation*

Moore Stephens appreciates the opportunity to lodge a submission on the Proposed Amendments to AASB 101 *Presentation of Financial Statements: A Revised Presentation* ("ED148").

Moore Stephens has been a strong advocate of the adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS) in Australia. We agree that adoption of AIFRS is vital to Australia's long-term financial reporting interests. We wish however to voice our objection to a component of the proposed amendments to AASB 101: *Presentation of Financial Statements*.

Under the amendments contained in ED 148, a general purpose financial report has been defined as followed:

"General purpose financial statements include those that are presented separately or within other public documents such as a regulatory filing or report to shareholders."

We understand that should this amendment proceed, it will result in all companies lodging accounts with the Australian Securities and Investments Commission (ASIC) being required to prepare general purpose financial statements. This will require adoption of the recognition, measurement and disclosure requirements of AIFRS in its entirety.

It is our submission that the ramifications of this proposal would have detrimental consequences for the Australian business community. Costs incurred by companies currently classified as special purpose would increase significantly. This increase in costs would result from higher audit fees, as well as increased compliance costs to ensure that such companies have the necessary staff and resources to operate within a general purpose financial reporting framework.

The benefit to such organisations from the adoption of these recommendations is highly dubious. As a well-established second tier chartered accounting firm, Moore Stephens provides accounting and audit services to numerous organisations that make use of the differential reporting requirements. It is our view that such organisations will, for the most part, obtain little benefit from falling under the jurisdiction of a financial reporting regime that is primarily focussed on addressing the needs of companies operating within a public capital market framework.

In conclusion, it is our submission that adoption of the reporting requirement provisions contained in ED 148 would not serve the best interests of the Australian business community.

Yours faithfully



Kevin W Neville
Managing Partner
MOORE STEPHENS