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To: AASB Mailbox
Subject: ED148

The Chairman,
AASB.

Due to a holiday in the US, I have omitted to comment on this ED before the due date. I hope you do not mind a late submission, particularly in relation to the matter of definition of "General Purpose Financial Statements". I also refer in particular to an article in the AFR dated 27th June on page 47 referring to this matter.

By way of background I represent the ICAA and CPA in an Asian forum called CAPA (Confederation of Asia Pacific Accountants). Although my comments do not come from ICAA or CPA, I suggest my experience at this forum is relevant.

Capa has resolved on a number of occasions to request the IASB and IFAC to consider the complexity of IFRS, particularly in the context of SME's. It is true that in fact the IASB is looking at preparing some modified IFRS standards for SME's, although CAPA believe these are still quite irrelevant to smaller SME's, and are looking at some simplified standards. Countries such as Malaysia and Hong Kong have progressed quite a way along the path to do this.

These standards are quite similar in concept to those prepared by ICAA for small companies.

The purpose of my comments is therefore to point out that the changes proposed to the definition of GPFS and the impact this would have on SME's runs counter to the huge momentum building world wide to limit the complexity of financial statements on SME's.

Simply put, IFRS is developed to assist the investor in the market place. Users of SME's in general look for accountability rather than investment decisions.

My submission is for the AASB to defer any suggestion of changing the definition of GPFS until there is a consensus world wide on Differential Reporting, at which time there may be standards prepared and recognised which are more relevant to the users.

For your interest, I personally propose the following;

IFRS for listed and equivalents,

Modified (simplified) IFRS for reporting entities.

A form of historic cost for non reporting entities (as per the ICAA example, and Malaysia, Hong Kong and I am sure soon to be many others).

I hope you are able to consider this despite my tardiness. I am more than happy for it to be made public, as with other more timely submissions.

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