

John Church
Unit 12, Northwood
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Lindfield NSW 2070

The Chairman
Australian Accounting Standards Board.
PO Box 204
Collins Street West
Victoria 8007
Australia.

Dear Sir,

I am writing this as a submission to comment on part only of your exposure draft ED 238.

My main interest is in small religious Charities which are corporations and the clear attempt by the AASB to impose additional redtape on this group. This may in fact be a breach of our Constitution.i.e discriminating on the basis of religion. It has also been suggested that your actions will be in breach of Australian Human Rights Commission Act by applying separate standards for some religions and not others.

I make the following further observations:

1.The AASB has refused to recognise Charities and merely puts them in with not for profits We have a separate Charities Act your refusal to discuss and why you ignore it is puzzling. History records that charities existed well before any accounting standards were ever designed or contemplated.

I submit that the AASB should recognise this and design a standard for those charities that are caught by your provisions and not others that only have to comply with the ACNC .

It is clearly an attempt by the AASB to apply its requirements selectively.

One of the common criticisms today is of unnecessary additional redtape your approach clearly is evidence of this additional burden without any justification.

The aim of standards should be simplicity and clarity yet I note that this is contrary to your policy which I may quote to you

Conceptual Framework of Financial Reporting 2010

QC32 Financial reports are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently.... At times, even well-informed and they add at times even well informed diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena .

Such an aim or principle I find disturbing for charities as the principle purposes should be to provide all recipients of the information to have an intelligible clear set of accounts. Your attitude seems to be totally contrary to the concepts advanced in the Charities Act. Yet nowhere have you made any attempt to explain this. I understand that your approach is totally different but you refuse to justify this let alone explain this in clear and simple terms. Your

clear aim should be to provide stakeholder information in a clear form appropriate for the reader and should include sufficient detail while whilst being easy to read.

2. In your general approach to Standards you talk about a “principle based approach” yet this is clearly not an effective approach as has been evidenced by your continually changing views and use and definition of words (we now have an optional extra of profit and loss allowed to be used which you had banned several years ago). This cannot give a lay person confidence in the AASB.

There has been no evidence of your body examining its approach to these issues following the recent GFC and one could suggest that they did not help or even exacerbated the GFC.

3. I would further submit if a corporation had its auditor as a member of its Board your principles do not permit this yet this is a practice that you allow for yourself but not others. Could you please explain? One would think for integrity public policy and principle reasons this should not be permitted for a body that is a standard setter.

4. I also note that you are proposing “service reporting requirements” for certain corporations yet those that are religious within the ACNC Act do not have to comply with these proposed requirements (which you have been talking about since I think 1997). This will create a discriminatory approach to some religions. I believe that you have an obligation to explain why you are adopting this selective approach and whether you have the Constitutional power to set discriminatory standards on the basis of religion or structure. I look forward to receiving your considered legal advice on this issue.

4. I started reviewing your paper and the first Implementation Example.
I find it is vague and not clear.

You have failed to define “Religious Organisation” is it incorporated association or unincorporated or a basic religious charity or created by Statute or a corporation limited by guarantee or even a coporation?

It is pointless to comment further on the further discussion that you have provided as there is not clear statement on what you mean by the terminology “religious organisation”.

I believe that the AASB should move away from vague and uncertain, ambiguous principles which is your stated approach which lead to subjective interpretations and for Charities clearly set out accounting standards that are appropriate and proper for the members and donors and they are not required to resort *at times even well informed diligent users (i.e. members and donors) may need to seek the aid of an adviser to understand information about complex economic phenomena*. I would submit that your approach is contrary to good public policy let alone for the public good.

I look forward to receiving your considered reply.

Yours Faithfully,



John Church
29th June, 2013