

From: Anthony\_Carius@pkf.com.au [mailto:Anthony\_Carius@pkf.com.au]  
Sent: Sunday, 18 June 2006 6:22 PM  
To: AASB Mailbox  
Subject: ED 148 proposed amendments

To whom this may concern,

I refer to the AASB's call for submissions on proposed amendments to ED 148.

I strongly object 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."

This would, in my opinion, present an onerous financial reporting requirement to those entities which currently prepare special purpose financial reports (SPFR).

Australia's current system of differential reporting is an important part of Australia's conceptual framework. The most important requirement of financial reporting is that it be reliable and relevant to the users of the information. The majority of entities that prepare SPFR's are small/medium sized enterprises, whose shareholders often have a close proximity to management, or who are part of management. As they are able to obtain any information they need in order to make resource allocation decisions, the additional disclosure information contained in General Purpose Financial Reports (GPFR) does not provide them, as users, with any additional relevant information for their purposes.

Likewise, the regulating body of companies in Australia, the Australian Securities and Investment Commission (ASIC), has made publicly known that Australia's system of differential reporting is adequate for their needs, provided that SPFR's, required to be lodged with ASIC, adhere to all the measurement and recognition criteria of the Australian Accounting Standards. The additional disclosure information contained in GPFR's, likewise, does not provide ASIC, as a user, with any additional relevant information for it to perform its duties as regulator.

If the proposed paragraph 7 were to be introduced it would mean in increase in compliance costs to small/medium sized enterprises that would not necessarily enhance the quality of the financial report or its usefulness to the users of this information. Please also bear in mind that changes to Australia's regulatory frameworks in taxation, financial reporting and audit have already caused small and medium sized enterprises a substantial increase in compliance costs over recent years. This proposal would be a further and unnecessary financial burden on organisations which have already spent considerable amounts of money to meet their increased compliance requirements.

If you have any questions in relation to this submission please do not hesitate to respond same.

Kind regards,

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