

From: zargor@gil.com.au [mailto:zargor@gil.com.au]
Sent: Monday, 3 July 2006 3:29 PM
To: AASB Mailbox
Subject: Exposure Draft 148

Dear Sir/Madam,

On behalf of the firm for which I work, we 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."

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.

It has always been a basic premise of financial reporting that those public users who are not in a position to command extra details regarding an entity's financial position should have a minimum standard of information available in the annual financial statements, provided by the entity.

Conversely, those users who are in a position to command extra details (i.e. business owners and management) do not rely solely on annual financial statements and hence such information contained in these annual reports should not be as onerous as that required for public users.

To abolish the "Reporting Entity" concept would assume that all users base their financial decisions solely on information contained in the annual financial statements and force the construction of financial statements to be similar in all cases; notwithstanding the different facets each business in Australia has.

This is clearly an absurd situation and one that I cannot imagine can provide value to the thousands of SMEs in Australia, given that the only users of annual financial statements, in many cases, are the owners themselves.

From a practical perspective, the compliance cost to such SMEs, in relation to adhering to the complex disclosure requirements, should the Exposure Draft be finalised as such, would be catastrophic. To suggest that annual compliance costs would increase by 200% to 300% is not beyond the realms of reality.

In light of the above, we urge you to retain the "Reporting Entity" Concept, as it is arguably the most effective manner in which to determine the disclosure requirements of many Australian businesses.

Yours sincerely

Craig Wood