



14 June 2006

Professor David Boymal  
Chairman  
Australian Accounting Standards Board  
PO Box 204  
COLLINS STREET WEST VIC 8007

Dear Professor Boymal

**INVITATION TO COMMENT ON EXPOSURE DRAFT 148 – PROPOSED AMENDMENTS TO  
AASB 101 PRESENTATION OF FINANCIAL STATEMENTS: A REVISED PRESENTATION**

Webb Audit welcomes the opportunity to provide comment on the Exposure Draft contained in ED 148 "Proposed Amendments to AASB 101 Presentation of Financial Statements: A Revised Presentation".

Webb Audit is a Registered Audit Company based in Melbourne servicing the audit and assurance services requirements of private, public and listed companies in Australia and not-for profit associations which will directly be affected by the proposed changes in this ED. Accordingly, we have considered the specific matters for comment raised by the AASB in the ED and the various changes proposed from IAS 1 and we present these in the following annexure to this letter.

While we are broadly supportive of the proposed changes to AASB 101, we strongly recommend that the AASB reconsider the definition of "general purpose financial statements" [GPFS] in the definitions section of the ED due to the likely consequence that entities which are currently preparing special purpose financial reports for lodgement in accordance with s292 of the Corporations Act in Australia would be forced under this revised standard to prepare GPFS instead which would significantly increase the compliance costs and disclosure requirements of, in particular, many family owned businesses and not-for-profit entities without any beneficial result to the community or the entities preparing the financial reports.

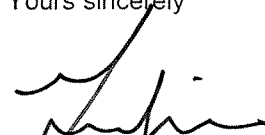
Family owned businesses and the not-for-profit sector generally do not have access to the resources of large entities which currently prepare GPFS; even if they had the necessary skills and experience for preparing the extensive measurement and disclosures requirements of all the AASB's, there would be considerable objection from these sectors of the economy on the basis of the extra costs to be incurred, pressure arising from timing of preparation and lodgement of the GPFS and lack of discernable benefits from such compliance.



We strongly recommend that application of the revised AASB 101 should be limited to reporting entities in accordance with the existing requirements in Australia. Furthermore, we recommend that the AASB should consult with entities in the family owned business sector and the not-for-profit sector directly impacted by these proposed changes before finalising revisions to the standard.

We would be pleased to discuss further our general response above or the specific responses in the annexure to this letter with you; you can contact me by telephone on 9822 8686 or via email ([jluckins@webbgroup.com.au](mailto:jluckins@webbgroup.com.au)).

Yours sincerely



**Jeffrey Luckins**  
Director

cc. International Accounting Standards Board



## **ANNEXURE – SPECIFIC MATTERS FOR COMMENT**

### **INVITATION TO COMMENT ON EXPSOURE DRAFT 148 – PROPOSED AMENDMENTS TO AASB 101 PRESENTATION OF FINANCIAL STATEMENTS: A REVISED PRESENTATION**

#### **(a) ADDITIONS & DELETIONS TO EXISTING AASB 101**

##### **(i) AUSTRALIAN TEXT PROPOSED TO BE RETAINED – SECTION A**

We are generally supportive of the proposed retention of text for AASB101 on the basis that most of these items for retention relate specifically to disclosure matters which historically have been required in Australia such as the English language to be applied in financial reports and the requirement to provide a “true and fair view”.

##### **(ii) AUSTRALIAN TEXT PROPOSED NOT TO BE INCLUDED – SECTION B**

We are generally supportive of the proposed non-inclusion of certain text for AASB101.

##### **(iii) DELETION IN THE EXISTING AASB 101 PROPOSED FOR REINSTATEMENT – SECTION C**

We are generally supportive of the deletion to be made by the AASB in the existing AASB101 in relation to fair presentation that is proposed to be reinstated.

##### **(iv) DELETIONS IN THE EXISTING AASB 101 NOT PROPOSED FOR REINSTATEMENT – SECTION D**

We are generally supportive of the deletions to be made by the AASB in the existing AASB101 that are proposed not to be reinstated.



## **ANNEXURE – SPECIFIC MATTERS FOR COMMENT** (CONTINUED)

### **INVITATION TO COMMENT ON EXPOSURE DRAFT 148 – PROPOSED AMENDMENTS TO AASB 101 PRESENTATION OF FINANCIAL STATEMENTS: A REVISED PRESENTATION**

#### **(b) NEW DEFINITION OF “GENERAL PURPOSE FINANCE REPORT”**

We strongly recommend that the AASB reconsider the definition of “general purpose financial statements” [GPFS] in the definitions section of the ED due to the likely consequence that entities which are currently preparing special purpose financial reports for lodgement in accordance with s292 of the Corporations Act in Australia would be forced under this revised standard to prepare GPFS instead which would significantly increase the compliance costs and disclosure requirements of, in particular, many family owned businesses and not-for-profit entities without any beneficial result to the community or the entities preparing the financial reports.

Family owned businesses and the not-for-profit sector generally do not have access to the resources of large entities which currently prepare GPFS; even if they had the necessary skills and experience for preparing the extensive measurement and disclosures requirements of all the AASB’s, there would be considerable objection from these sectors of the economy on the basis of the extra costs to be incurred, pressure arising from timing of preparation and lodgement of the GPFS and lack of discernable benefits from such compliance.

We strongly recommend that application of the revised AASB 101 should be limited to reporting entities in accordance with the existing requirements in Australia. Furthermore, we recommend that the AASB should consult with entities in the family owned business sector and the not-for-profit sector directly impacted by these proposed changes before finalising revisions to the standard.

#### **(c) PROPOSAL FOR ADDITIONAL COMPARATIVE STATEMENT OF FINANCIAL POSITION INFORMATION**

We are supportive of the proposal for additional comparative statement of financial position information for reporting entities to assist users of these statements with their understanding of the current period’s financial statements.

#### **(d) PUBLIC SECTOR ENTITY ISSUES ARISING FROM THE PROPOSED CHANGES**

We do not envisage any particular issues arising from the proposed changes for public sector entities noting that public sector entities generally have sufficient resources available to implement these changes.



**ANNEXURE – SPECIFIC MATTERS FOR COMMENT** (CONTINUED)

**INVITATION TO COMMENT ON EXPSOURE DRAFT 148 – PROPOSED AMENDMENTS TO AASB 101 PRESENTATION OF FINANCIAL STATEMENTS: A REVISED PRESENTATION**

**(e) REGULATORY OR OTHER ISSUES ARISING FROM IMPLEMENTATION FOR NOT-FOR-PROFIT ENTITIES OR PUBLIC SECTOR ENTITIES**

Refer to our responses at (b) and (d).

**(f) IN THE BEST INTERESTS OF THE AUSTRALIAN ECONOMY**

While we are broadly supportive of the proposed changes to AASB 101, we query whether changes to the definition of “general purpose financial statements” [GPFS] in the definitions section of the ED will adversely affect the competitiveness of large private Australian companies currently reporting as “special purpose financial reports” [SPFR] against similar sized businesses from other nations? Given the requirements of s292 of the Corporations Act in Australia to force large private Australian businesses to report annually to ASIC, it is possible that the extra disclosure requirements (of all Australian Accounting Standards) may provide relatively sensitive commercial information to similar sized competitors internationally which will not be subject to the same level of external financial reporting disclosure. Accordingly, the AASB should consider whether this will be the case or not?