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To: AASB Mailbox
Subject: Amendment to the " Reporting Entity" Concept

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."

I 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.

A lack of foresight at this juncture will see a future where every Government department administering a piece of legislation applying to both Bodies Corporate and otherwise will integrate into their reporting framework, "General Purpose" financial Statements.

While the Government is actively seeking to cut out the Red Tape that is holding back small & medium business in this country they will allow regulatory bodies with no real world perceptions to choke small & medium business with mandatory regulations related to the preparation of financial statements.

One simple example is the confusion where as part of the integration of Insurance brokers into the Corporations Law, ASIC has a preference to insist that General Purpose financial statements be prepared for Financial Services Licensees.

Already burdened by mandatory internal financial viability controls and effective personal liability for all borrowings, small corporate brokers are asked to prepare accounts equivalent to their listed or funds seeking bigger competitors.

Accounts that are not going to be reviewed by anybody external to the owners.

It is no wonder that the management of small & medium business questions the cost benefit of actually being in business as against, remaining employed or unemployed.

The reporting entity concept is important to be maintained and clearly directed to ensure that it is not diminished to the detriment of Australian small & medium business.

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