

16 August 2007

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

By Email: [standard@aaasb.com.au](mailto:standard@aaasb.com.au)

Dear Mr Boymal

Commerce Queensland welcomes the opportunity to comment on the International Accounting Standards Board's (IASB) *Exposure Draft of a Proposed International Financial Reporting Standard (IFRS) for Small and Medium-sized Entities* (SMEs) and the Revised Differential Reporting Regime for Australia.

Commerce Queensland is the peak representative organisation for commerce and industry in Queensland, representing the interests of 25,000 businesses and 110 Chambers of Commerce across the State. Many of those businesses will fall within the scope of the proposed IFRS for SMEs should it be introduced in Australia. As such, we have an interest in the Exposure draft and the Revised Differential Reporting Regime and would like to comment briefly on certain aspects of those proposals.

As Commerce Queensland understands matters, the AASB is proposing that the IFRS for SMEs will apply to non-publicly accountable entities which prepare general purpose financial reports, not-for-profit entities which do not exceed either of the applicable size thresholds and public sector entities which do not exceed either of the applicable size thresholds. Under the proposed arrangements, non-reporting entities will no longer have the option of using simplified financial reports which address ASIC disclosure requirements and simplified measurement and recognition requirements.

Commerce Queensland broadly supports the principles underlying the draft IFRS for SMEs, including consistency with user needs and simplicity. We do not however support the application of the draft IFRS for SMEs to non-reporting entities which are required to lodge a copy of their financial statements with ASIC. In our view, such a requirement would impose a significant compliance and cost burden on these entities (being the majority of large private companies and many non-listed public companies) and would therefore be inconsistent with the Australian Government's commitment to reduce 'red tape'. Commerce Queensland believes that the arrangements currently applying to non-reporting entities (a combination of AASB 101, AASB 107, AASB 108, AASB 1031 and AASB 1048) are more appropriate and consistent with the needs of the users of those financial statements.

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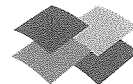
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Commerce Queensland also notes that the revenue and assets thresholds for qualifying as a small proprietary company under section 45A(2) of the *Corporations Act 2001* have recently been increased from \$10 million to \$25 million and from \$5 million to \$12.5 million respectively. While we welcome these changes, we are disappointed that, at this stage, the shareholder threshold for a proprietary company in section 54A(1) of the *Corporations Act 2001* has not been increased from 50 non-employee shareholders. Given the increased mobility of today's workforce, it is possible that some companies may find that they inadvertently breach this threshold limit (individuals may cease employment with the company but retain their shareholdings). We would therefore encourage the AASB to pursue this issue with the Australian Government, with a view to increasing the current threshold from 50 non-employee shareholders to 75 or 100 non-employee shareholders.

I trust that these comments are of assistance in your consideration of this matter.

Yours sincerely

**Paul Bidwell**

General Manager – Membership and Policy

c.c. International Accounting Standards Board

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