

**From:** Weston Ryan [mailto:WestonR@einfelds.com.au]  
**Sent:** Monday, 3 September 2007 11:45 AM  
**To:** AASB Mailbox  
**Subject:** Invitation to Comment (ITC 12) - IFRS for SMEs Exposure Draft (ED)

Members of the AASB,

Einfeld Symonds Vince is a 9 partner, Sydney-based accounting firm with more \$10M in fees. Our client base is weighted heavily towards small to medium enterprises most of which are closely held entities.

In the interests of our clients, we strongly object to the proposal that abolishes the Reporting Entity Concept and instead compels any entity (whether public, private or not-for-profit) that is required to lodge financial reports on a public register (e.g. ASIC, Associations Act) to prepare 'general purpose financial reports'. This is a major change in the financial reporting requirements in Australia and adds significantly to the compliance burden without a compensating benefit to the users of the accounts.

In our opinion, the current Reporting Entity requirements result in a proven and effective differential reporting system that appropriately reflects the balance between the costs and benefits of financial reporting in Australia.

A number of our clients are required to prepare Corporations Act financial reports for a variety of reasons. For most of those clients, the benefits of harmonised international accounting standards are not relevant and the users who are signing off the accounts often have limited comprehension of contents of general purpose financial reports.

The AASB's proposed application of the IFRS for SMEs Framework:

- (a) is contrary to the Government's policy of reducing Red Tape (Simpler Regulatory legislation);and
- (b) is inconsistent with the IASB's application of the IFRS for SMEs ED that only applies to Reporting Entities which are producing 'general purpose financial reports' for which the IFRS for SMEs Framework is designed for.

If the AASB is not prepared to retain the Reporting Entity Concept so that those Non-Reporting Entities can continue to produce financial reports tailored to their requirements, we put it to the Financial Reporting Council to issue a Directive to the AASB for retention of the reporting entity concept.

Yours faithfully  
Einfeld Symonds Vince

Weston Ryan  
Partner

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