

Submission on ITC 39 CONSULTATION PAPER:

Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems

Phase 2: Medium-term approach (ITC 39)

ITC 39 IS NOT SUPPORTED

I do not support the Australian Accounting Standards Board's (AASB) proposals in ITC 39 as IFRS for SMEs is not allowed as an option for non-publicly accountable reporting entities. This is contrary to the policy of the International Accounting Standards Board (IASB) that produces International Financial Reporting Standards (IFRS) that Australia re-badges as Australian Accounting Standards (AASBs). For non-publicly accountable reporting entities the IASB allows IFRS for SMEs as an option and this followed by many overseas countries including the United Kingdom.

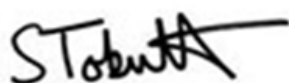
IFRS for SMEs is designed by the IASB to be a more cost effective standard compared to IFRS for non-publicly accountable reporting entities (ie generally not listed entities). I believe that it is in my clients' best interests to reduce unnecessary compliance costs and therefore its clients should have the option to adopt IFRS for SMEs and hence reduce the cost burden.

Whilst some of my non-publicly accountable entities may wish to stay with IFRS, others may not, and to deny those clients the opportunity to reduce their compliance costs, does not seem to be in the best interests of those clients, and contrary to the public interest principles that the accounting profession states is its mission.

I also question whether the AASB is in compliance with its legislative requirement to follow International Accounting Standards, and whether it complies with the Australian Government's commitment to reduce unnecessary red tape compliance costs. Whilst the AASB appears to believe that IFRS for SMEs may not be cost effective, it has provided no evidence to support this claim, it is contrary to the views of the IASB and many overseas countries that allow IFRS for SMEs as an option, and is not the AASB's decision, as it should be up to the entities and the users of their financial statements.

Please contact me if you require anything further.

Yours faithfully



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