AAT RESPONSE TO THE ACCOUNTING STANDARDS BOARD CONSULTATION ON THE FINANCIAL REPORTING EXPOSURE DRAFTS 46, 47 AND 48 "THE FUTURE OF UK GAAP"

The Association of Accounting Technicians (AAT) is pleased to comment on the Accounting Standards Board's (ASB) Financial Reporting Exposure Drafts 46, 47 and 48 "The Future of UK GAAP" issued in January 2012. The AAT is a registered charity one of whose object clauses is to advance public education and promote the study of the practice, theory and techniques of accountancy and the prevention of crime and promotion of the sound administration of the law.

The AAT is a global organisation and enjoys a total membership in excess of 119,000 worldwide, which is made up of over 49,900 full and fellow members. The balance consists of student and affiliate members.

Of the full and fellow members there are approximately 3,600 Members in practice providing accountancy and taxation services to individuals, not-for-profit organisations and the full range of business types. Whilst members permeate all levels and sectors of the market they are most active in the Small and Medium Sized Entity market.

INTRODUCTION

The AAT has previously provided comments on the ASB's earlier Consultation Paper on "The Future of UK GAAP" in January 2010 and on the Financial Reporting Exposure Drafts 43 and 44 on "The Future of Financial Reporting in the UK and the Republic of Ireland" in March 2011. Our comments now focus on the implications of the changes in approach proposed by the ASB which are reflected in the current Exposure Drafts.

GENERAL COMMENTS

Before providing responses to the specific questions raised by the ASB we would wish to make comment on our concerns generally which arise from the main change of direction reflected in FREDS 46, 47 and 48.

We previously fully supported the introduction of the FRSME for Tier 2 entities, although expressed concerns as to the definitions of Tier 1 and Tier 3 entities, in that we considered that the definition of "Public Accountable" for Tier 1 entities should be extended and the size limit for Tier 3 entities should be significantly lowered. Fundamentally, we considered that there is little difference in the levels of disclosures required by the FRSME and FRSSE. Larger Tier 3 entities could apply the FRSME with no greater burdens than applying the FRSSE but smaller Tier 3 entities could obtain benefits from a reduced level of disclosure requirements.

The differences between the proposed FRS102 and the IFRS for SME's appear principally to reflect five issues:

i) The removal of the need for "Publicly Accountable" entities to apply the full IFRS if not otherwise required to apply them and the consequent need to provide Standards for "Public Benefit" entities which are not required to apply the full IFRS (including Defined Benefit Plans, Heritage Assets, Insurance Institutions and Financial Institutions.

ii) The need to comply with UK Company Law.

iii) The treatment of Taxation.

iv) Permitting the use of cost or revaluation models for Property, Plant and Equipment and Intangible Assets (other than Goodwill) and permitting the capitalisation of costs of internally generated Intangible Assets (other than Goodwill).

v) Extending disclosure requirements for Statements of Comprehensive Income and Income Statements and the exclusion of certain entities from the need to present Statements of Cash Flows.

In addition, there are matters of clarification, which while being useful to preparers and users of financial statements, do not in themselves justify an alternative FRS and could be dealt with by issuing guidance notes to supplement the IFRS for SME`s.

Firstly, we fully support the concept of all Standards being contained in one document and we commend the logical approach to setting out the disclosure requirements used in FRS48.

Our concerns primarily flow from the public perception and the potential threats to the credibility of the proposed FRS`s created by the change of direction and the justification given for the changes to FREDS 43, 44 and 45. The previous recognition of "Publicly Accountable" entities needing to account fully and transparently for their activities provided a strong message to the public at large of full and proper accountability. At a time when corrupt use of the public's monies has caused so much concern and has shaken public confidence, it is important to address those concerns by transparent accounting where appropriate. The rejection of the principles of the IFRS for SME's in this respect must weaken credibility of the ASB as a setter of Standards which meet users needs. The message presented by Part One of the FRED is that only listed entities need to disclose fully in accordance with the IFRS, whereas the public generally have as much interest in seeing full disclosures by other "Publicly Accountable" entities. In particular, the justification for downgrading the importance of "Publicly Accountable" entities appears to be on the basis of representations made by such bodies themselves. This is possibly seen as the poachers setting the rules for the gamekeepers to follow and we fear indicates to the world at large that the ASB is responding to self interests rather than public interests. We would suggest that any move to give disclosure concessions to “Publicly Accountable” entities should be based only on such which do not compromise the needs of users.

“Publicly Accountable” entities, by the nature of their activities must expect to be accountable as fully as is practicable. Users of their financial statements will require a level of disclosure at least compared to that required of “Publicly Accountable” listed entities. Users of financial statements of Publicly Accountable Entities are likely to be concerned not only with the numbers disclosed, but the basis on which those numbers are calculated, particularly where subjective opinions have been applied by management, as well as needing to understand the philosophies and attitudes adopted by management. Users need to be able to fully understand the stewardship of funds either provided from public resources or required to be applied for public benefit purposes. The cost benefits of “Publicly Accountable” entities financial statements have to be a different measure to that of other entities given that the needs and expectations of users is higher. Corruption in the management of “Publicly Accountable” entities is likely to have a more serious impact that in other entities. The only concessions on disclosure levels should be for the smallest of such entities on the basis that they do not have the resources to provide full disclosure and by their nature their activities are likely to be restricted to either narrow specialist activities or to a local geographical area so that users of their financial statements are likely to have access to additional information from other sources. These reduced reporting requirements for the smallest “Publicly Accountable” entities should possibly be in line with the limits which we have suggested previously as, say, for those entities with turnover under £2 million and less than 25 employees.

Taking the principal further, we consider that the users’ needs for disclosures should be the primary driver of all accounting requirements for all financial statements, with “cost benefits” being a secondary consideration only (and the “benefits” element being the benefits to users not preparers).

Furthermore, it is our view that the IFRS definition of “Public Accountability” should encompass other entities which should be considered publicly accountable such as public service providers, users of significant public funds (such as government grant recipients) and not for profit entities funded by public donations (whether in money or in kind) as well as entities which are major employers, have a significant impact on the environment, or have a majority share of a particular market.

The proposal to remove “Publicly Accountable” entities from the need to apply full IFRS and to incorporate them into the proposed FRS102 has resulted in an “annexe” to the proposed FRED 48 specifically relating to various “Public Benefit” entities. This arises from the fact that the needs of users of “Public Benefit” entities are different from those of profit seeking entities and highlights that such do no fit well within the framework of the proposed FRS102.

The IASB has determined that “Publicly Accountable” entities must be fully accountable and that FRED 48 places the ASB in direct conflict with the IASB. The consequent additional burden on those not otherwise required to apply the full IFRS is not a justification for allowing exemption from full disclosures.

The previous ASB proposals were moving towards a stated objective of achieving convergence with IFRS, reducing duplicated efforts of the ASB and IASB, both as standard setters and in terms of maintenance, and easing burdens on preparers and users, but these objectives appear to be lost by the introduction of FRS102.

QUESTION 1

The ASB is setting out the proposals in this revised FRED following a prolonged period of consultation. The ASB considers that the proposals in FREDs 46 to FRED 48 achieve its project objective :

To enable users of accounts to receive high-quality, understandable financial reporting proportionate to the size and complexity of the entity and users' information needs.

Do you agree?

From the project objective as stated above, it is to be expected that subject to size and complexity of the entity concerned the needs of users are the prime objective, not the needs of preparers, and that the cost benefits should be a secondary consideration. We believe that users' needs should be the overriding concern when setting Standards.

Paragraph 9 of the Introduction to FRED 48 states that FRS102 is intended to be applied by entities that are described as "Small and Medium Sized" "Private" or "Non-publicly Accountable" but this intention appears to be contradicted by the contents of the FRED which follow, which include requirements applicable to "Publicly Accountable" entities and "Large" entities not required to apply the full IFRS.

At first sight the objective that "the preference for consistent financial reporting must be balanced with costs to preparers" is acceptable but when looking at FRED 48 in the context of IFRS for SME's it must be recognised that the IFRS for SME's is itself a "simplified" IFRS which has been designed to provide that balance, but the introduction of further variations contained in FRED 48 is only an alternative to the IFRS for SME`s (Not a simplification) and adds to the cost for preparers, particularly those involved in international activities.

Cost savings should not be a primary motivation of any changes to Accounting Standards but a secondary benefit if achievable without compromising the needs of users. The omission of certain necessary information on the grounds of the cost of presentation is not an acceptable concept.

As far as reporting proportionate to the size and complexity of the entity are concerned, we consider that relative to the size of an entity the greatest burdens of cost and compliance fall on entities which are not large enough to have in-house accounting expertise. In particular, it is difficult for entities without in-house accounting expertise to grasp and apply the principles of “Fair Value” accounting. Such entities have to buy-in external assistance with related costs at professional rates, and even with the benefit of applying the FRSSE, are obliged to make disclosures which are not proportionate to the size or complexity of the entity. We have previously suggested that such entities might well be those with turnover up to £2 million and 25 employees. We consider this to be an appropriate limit for “Smaller” entities and such entities could benefit from a substantially simplified IFRS for SME’s. Our proposals would bring more medium sized entities within the scope of FRED 48 than is proposed by the ASB.

The effect of the introduction of FRS 102 is that the requirements for “Smaller” entities will not change. They will still have the option of applying the FRSSE but while larger entities will benefit from reduced disclosure requirements, “Smaller” entities who have limited accounting resources will obtain no benefits from the proposals, even though the ASB’s stated objective is to produce Standards proportionate to the size and complexity of the entity and users needs.

One of the objectives of the proposed FRS 102 is stated as having the potential to reduce the cost of capital for UK entities. However, a lack of relevant disclosures in financial statements can lead potential lenders and investors to take a conservative approach when evaluating risks with the consequence of reduced access or increased costs of capital.

QUESTION 2

The ASB has decided to seek views on whether:

As proposed in FRED 47

A qualifying entity that is a financial institution should not be exempt from any of the disclosure requirements in either IFRS 7 or IFRS 13; or

Alternatively

A qualifying entity that is a financial institution should be exempt in its individual accounts from all of IFRS 7 except for paragraphs 6, 7, 9(b), 16, 27A, 31, 33, 36, 37, 38, 39, 4 and 41 and from paragraphs 92-99 of IFRS 13 (all disclosure requirements except the disclosure objectives).

Which alternative do you prefer and why?

The full IFRS applied to “Publicly Accountable” entities provides the public not only with full financial information but also additional information disclosed in notes to the statements to facilitate a deeper understanding of the entity, particularly management attitudes and its decision making process. On a similar basis, disclosures which should be made by “Financial Institutions” should comply with the full IFRS to be effective. The additional disclosures for “Financial Institutions” proposed in FRED 48 does not deal adequately with this situation but adds unnecessarily to the document and creates problems of comparisons between international “Financial Institutions”.

It is our firm belief that “Financial Institutions” by the nature of their activities should be considered “Publicly Accountable” and as such should be required to apply the full IFRS, so we support the view that there should not be any exceptions from any of the disclosure requirements in either IFRS 7 or IFRS 13.

QUESTION 3 Do you agree with the proposed scope for the areas cross-referenced to EU-adopted IFRS as set out in section 1 of FRED 48? If not, please state what changes you prefer and why.

We agree with the proposed scope set out in section 1 of FRED 48 subject to our views that the FRSSE is not appropriate for "Smaller" entities, there being insufficient differentiation between its disclosure requirements and those of FRED 48 (and also the IFRS for SME's). As referred to in the response to Question 1 above, we would wish to see a much simplified Standard applicable to entities which are not large enough to have in-house accounting expertise.

QUESTION 4 Do you agree with the definition of a financial institution? If not, please provide your reasons and suggest how the definition might be improved.

We are in agreement with the definition provided for a "Financial Institution" except to the extent that it may not be broad enough to encompass entities whose activities include the lending of money on a commercial basis which do not fall within the requirements of the Financial Services and Markets Act 2000.

QUESTION 5

In relation to the proposals for specialist activities, the ASB would welcome views on:

(a) Whether and, if so, why the proposals for agriculture activities are considered unduly arduous? What alternatives should be proposed?

(b) Whether the proposals for service concession arrangements are sufficient to meet the needs of preparers?

a) For SME's engaged in agricultural activities, the use of fair value disclosures of its biological assets can be complex, hypothetical and give a distorted effect to results disclosed, particularly where the activities of the entity concerned are carried out on a pre-planned cyclical basis. Fair values can fluctuate wildly over the period that biological assets are held and will also vary according to the stage reached in the development of the biological asset.

Usually, agricultural activities are similar to those for long term contracts except that the final realisation price is not known until disposal. Consequently, such assets should in principle be valued at the lower of cost or net realisable value, with an appropriate apportionment of overall profits earned to date where these can be prudently evaluated.

Firstly, taking arable farming activities, growing crops have no fair value prior to harvest and then not until a contract for sale has been agreed. Both the yield and selling price of the harvest cannot be known with any reasonable degree of accuracy until that time. At any point of time prior to that, the most realistic basis of valuation of growing crops is cost alone, but reduced where the situation is known that ultimate realisations will be less than cost (probably close to harvest date when minimum yields and selling prices are known).

Secondly, livestock activities which are undertaken with a view to “adding value” over a period of time face similar problems of fair valuation concepts as for arable farming. Even though there may be an identifiable market value at any balance sheet date, that value is irrelevant if the livestock held will not be sold until a predetermined future point of time.

Thirdly, dairy farming activities should require dairy livestock to be valued on the same principles as fixed assets generally, as should be the case in other situations where livestock are held as fixed assets for the benefits of by-products (such as fleece wool production).

Consequently, the fair value model applied to biological assets can only be expected to provide a realistic representation of results when the ultimate realisable value is known.

Taking a practical approach to the disclosure of biological assets, we would favour the removal of the “fair value” option from FRED 48.

b) We are strongly of the view that entities operating service concession arrangements involving public service activities or government funding should not be eligible to apply FRED 48 (or the IFRS for SME`s) but should be considered “Publicly Accountable” and required to apply the full IFRS.

For those entities not applying the full IFRS we are concerned at the prospects of applying fair value accounting concepts so as to create an intangible asset which possibly has no open market value (in that disposal would only be sought where the arrangement proves to be onerous) even though the intangible assets may be written off over the life of the concession. This proposal appears to be in conflict with the basic principles of matching revenues to costs. Again the principles of a concession contract should be applied in a similar manner to long term contracts generally, when there would be no expectation of creating a fair value intangible asset when a long term contract is created, but with profits being prudently recognised as they arise over the life of the contract.

QUESTION 6

The ASB is requesting comments on the proposals for the financial statements of retirement benefit plans, including:

(a) Do you consider that the proposals provide sufficient guidance?

(b) Do you agree with the proposed disclosures about the liability to pay pension benefits?

Retirement benefit plans excluding those where all the beneficiaries are trustees are a prime example of entities which by their nature have to be considered "Publicly Accountable" and where the credibility of FRED 48 is threatened by stating they are not required to comply with the full IFRS.

For the benefit of convergence we consider that in principle, EU adopted IFRS should be applied for retirement benefit plans, although we acknowledge that legal requirements in the UK would require guidance and modifications in applying EU adopted IFRS. Also for the benefits of convergence, it is necessary for the ASB to endeavour to influence legislation changes necessary to bring statutory disclosure requirements closer to those of the EU adopted IFRS.

If necessary the ASB should issue guidance as a supplement to the IFRS rather than add to the content of FRED 48 unnecessarily. The Impact Assessment in the FRED states that there are 9,406 Pension Funds affected by the proposals but this number cannot be comprehensive and cannot include the huge number of “private” funds (such as “Self Administered”) which while not requiring audits, require accounts to be prepared in conformity with Accounting Standards.

However, if separate disclosure requirements are to be included in FRS 102, we support the Alternative View as regards requirements which will provide greater benefits to users of deferred benefits schemes.

QUESTION 7 Do you consider that the related party disclosure requirements in section 33 of FRED 48 are sufficient to meet the needs of preparers and users?

It is our opinion that the Related Party disclosures in any set of financial statements, and in particular those of “Non-listed” entities provide users with the most important information to enable an understanding of results and financial position and the policies and attitudes of the entity’s management as regards the use of the entity’s funds.

Related Party disclosures need to be as full as is practical rather than depleted. Materiality should be the only consideration for concessions on disclosures.

Section 33.1A stated that the Related Party disclosures are not required for entities within a wholly owned group and we consider that this would result in a serious deficiency in disclosures required by the users of financial statements, particularly those of the subsidiary companies concerned in such a situation. For example it is not uncommon for wholly owned subsidiaries to shift profits to a parent or fellow subsidiaries by management charges or alternatively for management services to be provided within a group at subsidised rates. A supplier to the entity cannot evaluate the results achieved without knowledge of such transactions.

Section 33.4 of FRED 48 provides that two entities under common significant influence are not to be considered related, but we consider that transactions between such entities should be disclosed as they may reflect transactions which are not made on a fully arms length basis. Transactions between entities under a common influence can also conceal transactions ultimately involving the person exerting the common influence and which should be disclosed to users of the financial statements of both entities involved.

QUESTION 8

Do you agree with the effective date? If not, what alternative date would you prefer and why?

In order to maximise the benefits to be attained from any new Accounting Standards we believe that compulsory introduction from the earliest practical date is desirable. Given that the Exposure Drafts give an option for earlier adoption than 1 January 2015, it is acknowledged that an earlier date is possible, and we would suggest that the adoption date should be fixed for all entities as 1 January 2014 so as to minimise the period over which unavoidable transitional issues which will arise. The issue of a Statement by the end of 2012 will enable entities to prepare for the introduction throughout 2013 on a “real time” basis with consistency and comparability being in place generally for all entities financial statements year ends of 31 December 2014 onwards.

QUESTION 9

Do you support the alternative view, or any individual aspect of it?

We are supportive of the Alternative View as regards "users information needs" being the overriding objective of financial statements subject only to cost benefits constraints and in this respect the "benefits" should be measured against users' needs rather than preparers' needs.

We also support the view that the IFRS for SME's should replace current FRS but that, as explained elsewhere, that any amendments to the IFRS for SME's should be minimal in the cause of consistency and reduced complexity, even if this necessitates compromise on aspects which might not be considered ideal.

The concept of using notes to financial statements to provide information on assets and liabilities which are based on some degree of subjective valuation is also attractive as meeting users needs more simply than users needing to understand complex accounting policies, particularly for "Smaller" entities. Such an approach also facilitates transparency, giving users the ability to understand the factors underlying the financial statements. An example of this approach is the benefit available to users from fully detailed Related Party notes.

If there is to be an FRS which is significantly different to the IFRS for SME's, we would support the Alternative View as regards the proposals for financial institutions, defined benefit pension schemes, deferred tax and equity settled share-based payments meeting the needs of users better than the proposals included in FRED 48. We also believe this alternative approach will be easier for preparers to apply.

OTHER COMMENTS

Apart from matters raised in the specific questions, we would also wish to comment on a number of other issues arising from FRED 46, 47 and 48.

1. The proposals to permit Subsidiary entities to enjoy reduced disclosure requirements places users of the individual accounts of Subsidiaries at a disadvantage. Where disclosures relating to Subsidiary entities are required for the Parent's financial statements, there is no reason why they should not also be made in the Subsidiary's financial statements as there would be no cost savings from the reduced disclosure.

   We question the need stated in the FRED for "efficiency within groups". Group structures are generally set up to take advantage of statutory and tax benefits of legally individual entities. There is a need for significant changes to company law to enable creditors and investors in subsidiaries to have the protection of the entire group before accounting concessions could be appropriate. We can see no justification for seeking to reduce the financial statements preparation costs for Subsidiary entities as compared to standalone entities. We consider that those reduced disclosures can only be justified in circumstances where there are safeguards for users, such as full cross-guarantees given by the Parent entity so that creditors and lenders can look to the Parent's financial statements as being of over-riding relevance to them.

2. The proposal to create a new FRS rather than adopting the IFRS for SME`s (with minor variations to meet local requirements) fails to gain the substantial benefits which have been previously identified by ASB, including:-
   i) Moving closer to convergence of Standards internationally rather than the possibility of further divergence in the future.

ii) Enabling the ASB to reduce its workload and responsibilities for preparing and, in particular, maintenance and updating of Standards.

iii) Enabling the ASB to provide an oversight of IFRS to influence future developments of such.

iv) Enabling the ASB to influence UK legislation with a view to intended convergence.

v) Reducing the volume of technical material which has to be learnt by preparers of accounts and more particularly, avoiding confusion arising from similar but different detailed disclosure requirements arising from the existence of the full IFRS, the EU IFRS, the IFRSME and the proposed FRS102.

vi) Improving mobility and reducing the training costs of those involved in the preparation of financial statements.

vii) Facilitating the movement from UK FRS to IFRS should any entity wish to do so.

3. The ASB should issue supplementary guidance to the IFRS for SME`s in respect of “Financial Institutions” and “Insurance Institutions” so as to avoid the need to add unnecessary content to FRS102.

4. There is an urgent need to replace the FRSSE with a more suitable simplified Standard for “Smaller” entities, our opinion being that the level of disclosure requirements of the FRSSE are not sufficiently different to those in the proposed FRS 102 to give preparers a real benefit by opting for the FRSSE.

   In addition, the proposals to raise UK audit thresholds in line with the UK will result in a substantial number of entities being eligible to apply FRSSE instead of the proposed FRS102 but obtaining no real benefits from a reduced burden of disclosures. We consider that the limits for small companies should be reduced, so that more entities fall within the scope of IFRS for SME's (or FRED 48) and to allow the FRSSE to be replaced by a much simpler framework of disclosure, reflecting the criteria that such entities probably would not be large enough to have in-house accounting expertise. On the basis of the statistics provided in the Impact Assessment, ignoring entities which should be "Publicly Accountable" and those applying the FRSSE, there are only 40,000 entities to which the FRED 48 is likely to apply, a comparatively small number in comparison to the learning needs of the users and preparers involved in such entities and a further reason for lowering the FRSSE limits to encompass more entities within the FRS for SME's (Or FRED 48) and to simplify the FRSSE further. It would appear that if UK "Smaller" entity thresholds were raised in line with EU limits, possibly 70% or more of all entities would be eligible to opt out of FRS102. Excluding entities required to apply the full IFRS, there would then be probably less than 25% of all entities applying FRS102.

The requirements to urgently replace the FRSSE could be obviated if the EU produces proposals for such in the near future, although we would anticipate that any EU proposals which would replace the FRSSE would still not be appropriate for "Smaller" entities.

5. If a separate FRS for use in the UK is to be published, it would be more user friendly to use UK terminology, for example, the use of the term "Income Tax" in relation to business taxes can be confusing for users of UK financial statements.

CONCLUSION

Our comments on the proposals contained in FRED`s 46, 47 and 48 can be summarised as follows:-

1. The exclusion of “Publicly Accountable” entities from the need to apply full IFRS is a retrograde step as regards the needs of users of such financial statements, the expectations of the public, the credibility of the ASB as a standard setter and the credibility of FRS 102 as appropriate standards. No reasoned argument is provided in the FRED for such an exclusion.

2. The consequent need to accommodate “Public Benefit” entities within FRS 102 adds unnecessarily to the Standard.

3. The needs of users of financial statements are paramount as regards disclosures which are deemed to be essential and any evaluation of cost benefits should relate to benefits to users, except for “Smaller” entities where the needs of preparers need to be balanced with those of users.

4. The ASB will lose the opportunity to move towards international convergence of Standards, to reduce the workload of setting and updating Standards, and to take the initiative in influencing desirable changes to UK and EU legislation and International Standards, providing necessary guidance on the application of Standards within the UK.

5. The number of entities eligible to apply the IFRS for SME’s (or FRS 102) should be increased by lowering the size threshold with “Smaller” entities able to apply simplified reporting standards in place of the FRSSE, which we consider to be an unnecessary burden on the smallest entities. The FRSSE is not sufficiently different to FRS102 to be an appropriate Standard for “Smaller” entities, needing to be simplified for preparers to benefit. Proportionate to their size, those “Smaller” entities which do not have in house accounting expertise face the greatest burdens in complying with Standards and would

benefit significantly from Standards being appropriate with their needs which could flow from changes to the limits defining a “Smaller” entity.

6. Reductions in disclosures of related party transactions result in the risk of users being deprived of essential information. Similarly reductions in disclosures in wholly owned subsidiary entities financial statements result in the risk of uses being deprived of essential information.

7. Fair value accounting concepts are generally not appropriate to apply to biological assets.

8. Internally generated intangible assets in service concession entities is not appropriate and not consistent with the treatment of such in other entities.

9. The effective date should be the earliest possible date to minimise the transitional period.

10. The alternative view is broadly acceptable.

Overall we are concerned that the ASB is seen to be supporting reduced disclosures by “Publicly Accountable” entities in conflict with internationally accepted principles and is missing the opportunity to facilitate improvements in the quality of compliance in financial reporting, especially in “Smaller” entities. At the same time, there is a missed opportunity to reduce the costs of reporting for “Smaller” entities, recognising constraints on the levels of accounting skills readily available and affordable to such entities.

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AAT past president

APRIL 2012