

6 December 2018  
Kate O'Rourke  
Principal Adviser  
Corporations Policy Unit  
Consumer and Corporations Division  
The Treasury  
Level 5, 100 Market Street  
SYDNEY NSW 2000

Via Email: [reportingthresholds@treasury.gov.au](mailto:reportingthresholds@treasury.gov.au)

Cc:

**Reducing the financial reporting burden by increasing the thresholds for large proprietary companies – <https://treasury.gov.au/consultation/c2018-t342318/>**

Dear Kate,

I am pleased to provide Treasury with my views on the proposals for reducing the financial reporting burden by increasing the thresholds for large proprietary companies.

This submission reflects my position as a consultant to business including Not-for-Profits (NFPs), and their own advisers including accountants and auditors.

I support the proposals however I believe that they should be expanded as follows:

- (a) The thresholds should be increased to Consolidated Revenues of \$100 million, and Consolidated Assets of \$50 million. This is needed for two reasons:
  - (i) The introduction of accounting standard AASB 16 Leases will bring on to the Balance Sheet significant operating leases as assets and hence the impact of just changing the thresholds will not have the government's desired impact of reducing the cost compliance burden for smaller companies (SMEs).
  - (ii) The Australian Accounting Standards Board's (AASB) proposals to eliminate the non-reporting entity concept (ITC 39) will add to the cost burden of smaller companies. At the \$100 million Consolidated revenue level, such companies would generally not be seen to be SMEs, instead being larger, more economically significant companies, even with the impact of AASB 16.
- (b) The thresholds for Companies Limited by Guarantee of \$250,000 in consolidated revenues also need to be amended, and as with proprietary companies, the Threshold I believe should be set at \$1 million. The impact of AASB 15 and AASB 1058 Revenues will bring on to the Financial Statements gifts and donations that presently are not recorded by most Companies Limited by Guarantee and in particular charities. The Australian Charities and Not-for-Profits Commission (ACNC) will therefore need to increase its current threshold limit.
- (c) These proposals should be able to be applied for the 30 June 2019 financial year and not be delayed till 1 July 2019.

I have copied this submission to the Treasurer, the Prime Minister and the ACNC so that they are aware of the support that this proposed legislation will provide to SMEs, and also outlying my and others concerns over the AASB's proposals for increasing the cost compliance burden on SMEs. A copy of my ITC 39 submission is also attached for your information.

If you require any further information or comment, please contact me.

A handwritten signature in black ink, appearing to read 'Keith Reilly', with a stylized flourish at the end.

Keith Reilly  
Financial Reporting Adviser

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