



International Accounting Standards Board®

# Press Release

For immediate release

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## **IASB PUBLISHES DISCUSSION PAPER ON STANDARDS FOR SMEs**

The International Accounting Standards Board (IASB) published today a Discussion Paper on its proposal to develop a separate set of international accounting standards for small and medium-sized entities (SMEs). The Discussion Paper sets out the IASB's preliminary views on aspects of the proposal and invites comments on them by 24 September 2004.

The Discussion Paper does not include proposals for specific financial reporting standards for SMEs. That will come later. Instead, the Discussion Paper focuses on the Board's approach to the project.

Introducing the Discussion Paper, Sir David Tweedie, IASB Chairman, said:

In most countries, many or even all entities have a legal obligation to prepare financial statements that conform to a required set of accounting principles that are generally accepted in that country. Those statutory financial statements are normally filed with a government agency and are available to creditors, suppliers, employees, government and others. The great majority of those entities are small or medium-sized entities—no matter how you define 'small' or 'medium-sized'. Few countries require those entities to prepare financial statements that comply with the full requirements of the IASB's standards developed primarily for use in international capital markets. Consequently the IASB is looking for ways to simplify its standards for use by SMEs. At the same time, it will take care to adhere to the basic concepts that underlie those standards.

To assist in the development of its proposals, the IASB has set up an advisory panel whose members can provide views and comments on specific issues. Also, because a number of the IASB's preliminary views on standards for SMEs require an assessment of the needs of users of financial statements of SMEs, an informal user advisory group has been set up.

The IASB's primary means of publishing proposals for Standards is by electronic format through the IASB's subscriber Website. Subscribers are able to access the Discussion Paper published today through "online services". Those wishing to subscribe should contact:

IASCF Publications Department, 30 Cannon Street, London EC4M 6XH,  
United Kingdom. Tel: +44 (0)20 7332 2730, Fax: +44 (0)20 7332 2749,  
email:publications@iasb.org Web: www.iasb.org.

Printed copies of the Discussion Paper *Preliminary Views on Accounting Standards for Small and Medium-sized Entities* (ISBN 1-904230-63-6) are available, at £10 each including postage, from IASCF Publications Department.

From 5 July, the text of the Discussion Paper will be available freely from the IASB's Website.

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**Press enquiries:**

Sir David Tweedie, Chairman, IASB,  
telephone: +44 (0)20 7246 6410, email: <mailto:dtweedie@iasb.org>

Thomas Jones, Vice-Chairman, IASB  
telephone: +44 (0)20 7246 6410, email: [tjones@iasb.org](mailto:tjones@iasb.org)

Paul Pacter, Director—Small and Medium-sized Entities, IASB,  
telephone: telephone: +44 (0)20 7246 6410, email: [ppacter@iasb.org](mailto:ppacter@iasb.org)

***NOTES TO EDITORS***

**Issues raised in the IASB's Discussion Paper on Standards for SMEs**

1. Should the IASB develop special financial reporting standards for SMEs?
2. What should be the objectives of a set of financial reporting standards for SMEs?
3. For which entities would IASB Standards for SMEs be intended?
4. If IASB Standards for SMEs do not address a particular accounting recognition or measurement issue confronting an entity, how should that entity resolve the issue?
5. May an entity using IASB Standards for SMEs elect to follow a treatment permitted in an IFRS that differs from the treatment in the related IASB Standard for SMEs?
6. How should the Board approach the development of IASB Standards for SMEs? To what extent should the foundation of SME standards be the concepts and principles and related mandatory guidance in IFRSs?

7. If IASB Standards for SMEs are built on the concepts and principles and related mandatory guidance in full IFRSs, what should be the basis for modifying those concepts and principles for SMEs?
8. In what format should IASB Standards for SMEs be published?

### **Views of national standard-setters about an IASB project on SMEs**

National standard-setters around the world strongly support an IASB initiative. In September 2003, the IASB hosted a meeting of 40 of the world's national accounting standard-setters. In preparation for that meeting the IASB surveyed them about standards for SMEs. With near unanimity, the 30 standard-setters that responded said that the IASB should develop global standards for SMEs. And nearly all indicated that their own national accounting requirements, in one way or another, already provided exemptions or simplifications for SMEs. The IASB has developed a list of some 25 disclosure and presentation simplifications and another 25 recognition and measurement simplifications already in place at the national level for SMEs in those 30 countries. IFRSs already provide several—such as exemption of unlisted companies from providing segment information and earnings per share data.

Of the 30 countries that responded to the survey, 29 said that IASB standards for SMEs should include disclosure and presentation simplifications. And 24 of the 30 said that recognition and measurement simplifications are needed as well.

### **What is the IASB's timetable?**

The IASB envisages the following steps:

1. The IASB will publish a single exposure draft of the 'SME versions' of all existing IFRSs (including IASs and Interpretations), rather than separate exposure drafts of individual IASB Standards for SMEs.
2. Subsequently, the IASB will issue a volume containing the definitive 'SME versions' of all IFRSs (including IASs and Interpretations), with a single effective date.
3. Thereafter, concurrently with each exposure draft of an IFRS and each draft Interpretation, and most likely as part of those documents, the IASB will propose the related IASB Standard or Interpretation for SMEs. The effective dates of the new or revised IASB Standards for SMEs would probably be the same as the effective date of the new or revised IFRSs (including Interpretations).
4. The timing of the first step above will depend on, among other things, the responses to the Discussion Paper and decisions on possible field testing by SMEs of the IASB's proposed standards for SMEs.

### **About the IASB**

The IASB, based in London, began operations in 2001. It is funded by contributions collected by its Trustees, the IASC Foundation, from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations. The 14 IASB members (12 of whom are full-time) reside in nine countries and have a variety of professional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality,

global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB cooperates with national accounting standard-setters to achieve convergence in accounting standards around the world.