



Federation of European Accountants
Fédération des Experts comptables Européens

INFO

Standing for trust and integrity

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SME accounting standard will enhance transparency

Brussels, 9 July 2009 – FEE (Fédération des Experts comptables Européens – Federation of European Accountants) welcomes the publication today by the global standard setter, IASB, of its new standard on accounting for SMEs. FEE wishes to contribute to the debate on the role IFRS for SMEs can play in Europe.

The International Accounting Standards Board (IASB) has today published its long expected standard for Small and Medium-sized Entities (SMEs), IFRS for SMEs. This standard intends to meet user needs while balancing costs and benefits from a preparer perspective. The IASB has developed this standard in a response to simplify full IFRSs for use by non-listed entities in response to requests they received.

FEE supports high quality, global principles-based financial reporting standards for companies since these promote consistency and transparency and help companies and their advisors to respond appropriately to new developments in business practice. In that respect FEE welcomes the IFRS for SMEs. Companies including SMEs with cross-border activities, branches and subsidiaries will experience simplification in their financial reporting by being able to use one standard and accounting framework and speak thereby one accounting language in all countries concerned.

The use of IFRS for SMEs would give National Standard Setters the possibility of no longer having to produce their own standards and keeping them up to date. This may constitute a real and tangible cost reduction at national level. FEE believes that the EC Accounting Directives should not form an impediment for Member States to allow for the use of IFRS for SMEs. To the extent they might at present be considered doing so, the current revision of these Directives provides a proper opportunity to remove any of such perceived discrepancies. The market should decide on the uptake of this standard for use in Europe.

IFRS for SMEs may still be considered too complex for micro-entities; however many of the requirements will not be applicable for entities with a more simple business model. The extent to which IFRS for SMEs can be used for tax purposes remains an issue that requires further study. This will need to be resolved at individual jurisdiction level.



Hans van Damme, FEE President, observed that “Accounting is an essential facilitator for cross-border trade. In practice, there is a need for more internationally comparable and harmonised financial statements, especially for medium sized and larger non-listed companies, because of increasing cross border operations, shareholdings, mergers and acquisitions involving companies in different Member States. We call on all stakeholders including the European Commission to consider the contents of this new standard carefully in order to make a balanced decision on its possible use. FEE is willing to contribute to the debate what role the IFRS for SMEs can play in Europe”.

– ENDS –

NOTES FOR EDITORS

About the Standard

The IFRS for SMEs can be downloaded from the IASB website:

<http://www.iasb.org/IFRS+for+SMEs/IFRS+for+SMEs+and+related+material/IFRS+for+SMEs+and+related+material.htm>

About FEE

FEE (Fédération des Experts comptables Européens – Federation of European Accountants) represents 43 professional institutes of accountants and auditors from 32 European countries, including all of the 27 EU Member States.

In representing the European accountancy profession, FEE recognises the public interest. It has a combined membership of more than 500.000 professional accountants, working in different capacities in public practice, small and big firms, government and education, who all contribute to a more efficient, transparent, and sustainable European economy.

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