IASB publishes IFRS for SMEs

The International Accounting Standards Board (IASB) issued today an International Financial Reporting Standard (IFRS) designed for use by small and medium-sized entities (SMEs), which are estimated to represent more than 95 per cent of all companies.¹ The standard is a result of a five-year development process with extensive consultation of SMEs worldwide.

The IFRS for SMEs is a self-contained standard of about 230 pages tailored for the needs and capabilities of smaller businesses. Many of the principles in full IFRSs for recognising and measuring assets, liabilities, income and expenses have been simplified, topics not relevant to SMEs have been omitted, and the number of required disclosures has been significantly reduced. To further reduce the reporting burden for SMEs revisions to the IFRS will be limited to once every three years.

Benefits

The IFRS for SMEs responds to strong international demand from both developed and emerging economies for a rigorous and common set of accounting standards for smaller and medium-sized businesses that is much simpler than full IFRSs. In particular, the IFRS for SMEs will:

- provide improved comparability for users of accounts
- enhance the overall confidence in the accounts of SMEs, and
- reduce the significant costs involved of maintaining standards on a national basis.

The IFRS for SMEs will also provide a platform for growing businesses that are preparing to enter public capital markets, where application of full IFRSs is required.

¹ Data from OECD Compendium 2004
The *IFRS for SMEs* is separate from full IFRSs and is therefore available for any jurisdiction to adopt whether or not it has adopted the full IFRSs. It is also for each jurisdiction to determine which entities should use the standard. It is effective immediately on issue.

**Rigorous development**

In developing the *IFRS for SMEs* the IASB consulted extensively worldwide. A 40-member Working Group of SME experts advised the IASB on the structure and content of the IFRS at various stages in its development. The exposure draft of the IFRS, published in 2007, was translated into five languages to assist SMEs in responding to the proposals. More than 50 round-table meetings and seminars were held to receive direct feedback, and the draft IFRS was field-tested by over 100 small companies in 20 countries. As a result, further simplifications have been achieved in the final document.

Paul Pacter, Director of Standards for SMEs for the IASB, has agreed to lead a group to support international adoption of the standard. Further details of this group will be announced shortly.

**Global education initiative**

To support the implementation of the *IFRS for SMEs* the IASC Foundation is developing comprehensive training material. The Foundation is also working with international development agencies to provide instructors for regional workshops to ‘train the trainers’ in the use of the training material, particularly within developing and emerging economies. The training material will be published in a number of languages. The English-language material will be downloadable free of charge from the IASB’s website in late 2009.

The complete *IFRS for SMEs* (together with the basis for conclusions, illustrative financial statements, and a presentation and disclosure checklist) can be downloaded free of charge from [http://go.iasb.org/IFRSforSMEs](http://go.iasb.org/IFRSforSMEs) from today.

Introducing the *IFRS for SMEs*, Sir David Tweedie, IASB Chairman, said:

> The publication of IFRS for SMEs is a major breakthrough for companies throughout the world. For the first time, SMEs will have a common high quality and internationally respected set of accounting requirements. We believe the benefits will be felt in both developed and emerging economies.
I thank Paul Pacter for his tireless efforts in leading the project, as well as the hundreds of people and SMEs worldwide who have assisted in the development of the IFRS.

Commenting on the announcement, Paul Pacter, Director of Standards for SMEs, said:

The *IFRS for SMEs* will provide businesses with a passport to raise capital on a national or an international basis.

**END**

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**Notes for editors**
A fact sheet about the *IFRS for SMEs* accompanies this press release. It can also be downloaded from the new *IFRS for SMEs* page on the IASB website at [http://go.iasb.org/IFRSforSMEs](http://go.iasb.org/IFRSforSMEs).

Printed copies of the *IFRS for SMEs* (ISBN 978-1-907026-16-4 SET) will be available shortly, at £20 plus shipping, from:

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**About the IASB**
The IASB was established in 2001 and is the standard-setting body of the International Accounting Standards Committee (IASC) Foundation, an independent private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. The IASB has 15 full-time members, who are drawn from ten countries and have a variety of professional backgrounds. By 2012 it will be
expanded to 16 members. Members are appointed by and accountable to the Trustees of the IASC Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience. In their work the Trustees are accountable to a Monitoring Board of public authorities.