

Accounting Standards Board

ASB Welcomes IASB's International Financial Reporting Standard Exposure Draft for Small and Medium-Sized Entities

ASB PN 304

15 February 2007

The Accounting Standards Board (ASB) welcomes the publication by the International Standards Board (IASB) of an Exposure Draft on an International Financial Reporting Standard (IFRS) for Small and Medium-sized Entities (IFRS for SMEs).

The IASB plans to develop an IFRS tailored to meet the needs of – and intended for use only by – SMEs, which are defined in the ED as entities that (1) do not have public accountability and (2) publish general purpose financial statements for external users.

The IASB is developing the IFRS for SMEs to:

- I provide high quality, understandable and enforceable accounting standards suitable for SMEs globally;
- I reduce the financial reporting burden on SMEs that want to use global standards; and
- I meet the needs of users of SME financial statements.

The Exposure Draft invites comments to 12 questions to be submitted to the IASB in writing so as to be received no later than 1 October 2007.

The ASB is currently defining its strategy and approach to this Exposure Draft. The Board is minded to issue the ED of IFRS for SMEs for consultation with an accompanying ASB invitation to comment (ITC) giving an insight into the Board's initial views on the Exposure Draft and potential implications for UK and Irish entities. The ITC would also set out with any additional questions the ASB considers appropriate. The ITC would also aim to provide an analysis of the significant differences between the existing FRSE and the proposed IFRS for SMEs.

The ASB also acknowledges that UK constituents need to consider the impact of the IFRS for SMEs on the future application of reporting requirements for UK companies. The proposed ASB ITC will address this matter and will seek UK constituents' views on this important issue.

In welcoming the Exposure Draft, the ASB Chairman Ian Mackintosh said:

“The ASB has long awaited this Exposure Draft and welcomes the IASB's objectives in developing these proposals. We will be carefully considering the proposals and seeking to engage constituents in the UK and Ireland on them. In particular, we will be considering the implications of the proposals for the future direction of reporting requirements for UK companies.

The ASB encourages UK and Irish constituents to comment both to our forthcoming consultation and directly to the IASB. The IASB has asked for comments on the Exposure Draft by 1 October 2007. The ASB plans to publish its formal comments by the same date after considering UK constituents feedback to their proposed consultation paper on the IFRS for SMEs Exposure Draft. “

Notes to Editors

1. The ASB is an operating body of the Financial Reporting Council (FRC), the UK's independent regulator responsible for promoting confidence in corporate reporting and governance. Its functions are exercised principally by its operating bodies (the ASB, the Auditing Practices Board, the Board for Actuarial Standards, the Financial Reporting Review Panel, the Professional Oversight Board and the Accountancy Investigation and Discipline Board) and by the Council. The Committee on Corporate Governance, whose members are drawn from the Council, assists it in its work on corporate governance.
2. The main role of the ASB is to issue accounting standards. The ASB collaborates with accounting standard-setters from other countries and the International Accounting Standards Board (IASB) both in order to influence the development of international standards and in order to ensure that its standards are developed with due regard to international developments.
3. The ASB has up to ten Board members, of whom two (the Chairman and the Technical Director) are full-time, and the remainder, who represent a variety of interests, are part-time.
4. The IASB ED was issued on 15 February 2007. From 26 February, copies of the ED will be available for downloading, free of charge, from the IASB website at: www.iasb.org. Printed copies of the ED will be

available shortly, at £18.00, from the IASC Foundation Publications Department. E-mail: publications@iasb.org.

5. Press enquiries should be addressed to Ian Mackintosh (Chairman) on 020 7492 2434, David Loweth (Technical Director) on 020 7492 2420 or Peter Godsall (Project Director) 020 7492 2426.