

# IFRS for SMEs Update

From the International Accounting Standards Board



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## Welcome to the IFRS for SMEs Update

The IASB's IFRS for SMEs Update is a staff summary of news relating to the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). We intend to publish this Update at least monthly. All issues of the IFRS for SMEs Update are available in both HTML and PDF format on the IASB's [website](#). To subscribe use the link on the right, see on the right hand side for more information about how to do so.

### Content

- SMEIG terms of reference and operating procedures released
- Nominations invited for SMEIG members
- AICPA IFRS for SMEs-US GAAP Comparison Tool
- Recent adoptions of the IFRS for SMEs
- IFRS for SMEs train the trainers workshop in Tanzania 11-13 May
- Where to obtain IFRS for SMEs materials

### Contact us

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## SMEIG terms of reference and operating procedures released

The Terms of Reference and Operating Procedures for the new SME Implementation Group (SMEIG) have been posted on the IASB's website. The SMEIG will have two main responsibilities:

- To consider implementation questions raised by users of the IFRS for SMEs, decide which ones merit published implementation guidance, reach a consensus on what that guidance should be, develop proposed guidance in the form of questions and answers (Q&As) that would be made publicly available to interested parties on a timely basis, and request the IASB to review the Q&As before issuance. The Q&As are intended to be non-mandatory guidance that will help those who use the IFRS for SMEs to think about specific accounting questions.
- To consider, and make recommendations to the IASB on, the need to amend the IFRS for SMEs:
  - i. for implementation issues that cannot be addressed by Q&As; and
  - ii. for new and amended IFRSs that have been adopted since the IFRS for SMEs was issued or last amended.

[Go to the top of this page](#)

## Nominations invited for SMEIG members

On 18 March 2010, the Trustees of the IFRS Foundation issued a [Press Release](#) inviting nominations

of suitable candidates for membership of the SMEIG. Nominations are due by 30 April 2010.

The SMEIG will have between approximately 12 and 20 members appointed by the IASCF Trustees. Members serve on a voluntary, non-compensated basis. The Trustees have appointed Paul Pacter (the IASB's Director of Standards for SMEs) as the Chairman of the SMEIG. The SMEIG will conduct its work via email correspondence.

For further details and membership specifications, see <http://go.iasb.org/SMEIG>.

[Go to the top of this page](#)

## AICPA IFRS for SMEs-US GAAP Comparison Tool

The American Institute of CPAs (AICPA) staff have developed an IFRS for SMEs–US GAAP Comparison Tool, which is being added to collaboratively by those who use the tool. AICPA technical staff monitor and review the additions. Here is an excerpt of the AICPA's description:

The purpose of this Wiki is to provide a detailed and comprehensive comparison of the International Accounting Standards Board's International Financial Reporting Standard for Small-and Medium-Sized Entities ('IFRS for SMEs') with corresponding requirements of United States generally accepted accounting principles ('US GAAP'). But this is more than just a comparison resource, it is a Wiki. That means it is a collaborative, ongoing work in progress for anyone to contribute and use.

You can access the AICPA IFRS for SMEs – US GAAP Comparison Tool at <http://wiki.ifrs.com/>

[Go to the top of this page](#)

## Recent adoptions of the IFRS for SMEs

We try to keep track of jurisdictions that have adopted, or are planning to adopt, the IFRS for SMEs. Our list currently includes 60 jurisdictions. In a future Update we will include a summary. Meanwhile, in the past few weeks we have become aware of the following adoptions:

**Argentina.** On 19 March 2010, the Federación Argentina de Consejos Profesionales de Ciencias Económicas (the national professional accounting body in Argentina) issued an exposure draft proposing to adopt the IFRS for SMEs as an option for all entities not required to use full IFRSs. The SME exposure draft proposes that those private entities should also be permitted to use accounting standards that the Federation has issued or may issue in the future. Full IFRSs will be required in Argentina for all companies that publicly offer equity or debt securities starting in 2012, with an option to use IFRSs in 2011 or, in some cases, 2010.

**Brazil.** In December 2009, the Brazilian Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis, or CPC) adopted a Portuguese version of the IFRS for SMEs as an option for SMEs in Brazil. By Resolution 1255 of 2009, the CPC's SME standard was endorsed by the Brazilian Federal Accounting Council (Conselho Federal de Contabilidade, or CFC), the national professional body. The standard is a temporary and unofficial translation of the IFRS for SMEs that is available on the CPC website pending completion of the official translation by the IFRS Foundation. It is anticipated that auditors will be able to report that financial statements that comply with the CPC's SME standard are in conformity with the IFRS for SMEs because there are no substantive differences between the unofficial Portuguese translation and the IFRS for SMEs. The estimated number of SMEs in Brazil (January 2009) was 5.9 million, representing 99 per cent of Brazilian enterprises. While many of them are expected to continue to follow a very simple accounting system permitted under the Brazilian SMEs law, many others are expected to switch to the Brazilian IFRS for SMEs equivalent. For example, the Brazilian National Development Bank (Banco Nacional de Desenvolvimento Econômico e Social, or BNDES) is expected to encourage or even require all of its borrowers (approximately 250,000 SMEs) to use the new standard.

**Costa Rica.** The Costa Rican Institute of Certified Public Accountants Colegio de Contadores Públicos de Costa Rica is, by law, the accounting standard setter in Costa Rica. Currently, all companies follow IFRSs with the exception of some regulated entities (banks and finance entities, stockbrokers, and

pension funds), which follow accounting policies adopted by the regulators. The Institute has adopted the IFRS for SMEs, to be effective for financial years beginning 1 January 2010. However, the Institute is still deliberating which entities will qualify as SMEs, and are therefore eligible to use the IFRS for SMEs.

**Dominican Republic.** In the Dominican Republic, the Instituto de Contadores Publicos Autorizados de la Republica Dominicana (Institute of CPAs of the Dominican Republic, or ICPARD) has had the legal power to establish accounting standards in accordance with article 31 of Law 479-08 since July 2009. In February 2010 the ICPARD adopted two resolutions:

- Listed companies. Resolution 001 requires the use of full IFRSs for companies whose shares are quoted on the Stock Exchange of the Dominican Republic starting in 2014 (some individual IFRSs will be mandatory starting in 2010).
- Other companies. Resolution 002 requires the use of the IFRS for SMEs for all companies whose shares are not quoted on the stock exchange (other than government-regulated companies). The resolution provides for a two-step implementation of the IFRS for SMEs, requiring some sections as mandatory starting in 2010, while the remaining sections become mandatory in 2014. In addition, the resolution allows unlisted companies that currently prepare financial statements in accordance with US GAAP to continue to do so up to 2014, when they will need to switch to the IFRS for SMEs. If the IFRSs for SMEs does not address an accounting question, Resolution 002 requires companies to follow full IFRSs and then US GAAP.

**Namibia.** By Resolution of its Council, the Institute of Chartered Accountants of Namibia has adopted the IFRS for SMEs for use in Namibia for financial statements authorised for issue after 17 February 2010. Applicability is as follows:

1. The Council of the Institute has decided that the IFRS for SMEs may be applied by: a 'public company' or a 'private company', as defined in the Companies Act, 1973, if it does not have public accountability as defined in Section 1 of the IFRS for SMEs.
2. For entities other than companies where the founding document or other regulation requires compliance with a 'fair presentation framework' as contemplated by the International Federation of Accountants ('IFAC') the IFRS for SMEs may be applied, if the entity does not have public accountability as defined in Section 1 of the IFRS for SMEs, except in the circumstances described in 4 below.
3. For entities where legal provisions or other regulations require compliance with a specific financial reporting framework (other than the IFRS for SMEs), such an entity may not apply the IFRS for SMEs even if it does not have public accountability as defined in Section 1 of the Statement of IFRS for SMEs.
4. For entities whose financial reporting framework is not set out by legal provisions, the founding statement or other regulations, if such an entity does not have public accountability, as defined in Section 1 of the Statement of IFRS for SMEs, it should assess whether it is appropriate to apply the IFRS for SMEs.

**Philippines.** The IFRS for SMEs has been adopted in the Republic of the Philippines effective 1 January 2010. It is known as the Philippine Financial Reporting Standard for SMEs (PFRS for SMEs). In the Philippines, listed companies, large unlisted companies, financial institutions, and public utilities are all required to use full PFRSs, which are nearly identical to full IFRSs. The PFRS for SMEs must be used by any other entity that has total assets of between P3,000,000 and P350,000,000 (US\$70,000 to \$8,000,000) or total liabilities of between P3 million and P250 million (US\$70,000 to \$5,500,000). Entities below those thresholds (so-called 'micro entities') may use the PFRS for SMEs or 'another acceptable basis of accounting'.

Please send information about adoption (and plans for adoption) of the IFRS for SMEs to Paul Pacter, IASB Director of Standards for SMEs: [ppacter@iasb.org](mailto:ppacter@iasb.org).

[Go to the top of this page](#)

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**IFRS for SMEs train the trainers workshop in Tanzania 11-13 May**

An IFRS for SMEs train the trainers workshop will be held in Dar es Salaam, Tanzania on 11-13 May 2010. The workshop is jointly sponsored by the IFRS Foundation and the Eastern Central and Southern African Federation of Accountants ([ECSAFA](#)).

You can download more information about the workshop [here](#).

[Go to the top of this page](#)

## Where to obtain IFRS for SMEs materials

- **The standard online**  
(English, Spanish, Italian and Romanian)
- **The standard in hard copy**
- **Presentations at 'Train the Trainers' Workshops**
- **Training materials in PDF format**
- **Past issues of the IFRS for SMEs Update**

[Go to the top of this page](#)

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