
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)**

34th SESSION

1 - 3 November 2017

Room XVII, Palais des Nations, Geneva

Friday, 3 November 2017

Afternoon Session

**Agenda item 5 (b). Accounting and Reporting by MSMEs as
a means towards financial inclusion**

Presented by

Lim Ju May

Deputy Director

Institute of Singapore Chartered Accountants

*This material has been reproduced in the language and form as it was provided.
The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.*

Accounting and reporting by small and medium-sized enterprises as means towards financial inclusion

- Micro-Accounting Model (MAM)

UNCTAD, International Standards of Accounting and Reporting –
34th Session

Contents

- How MAM compares with full IFRS and IFRS for SMEs
- Accounting framework landscape
- What is MAM?
- Objective of MAM
- Overarching principles of MAM
- Key simplifications in MAM
- Benefits of MAM

How MAM compares with full IFRS and IFRS for SMEs

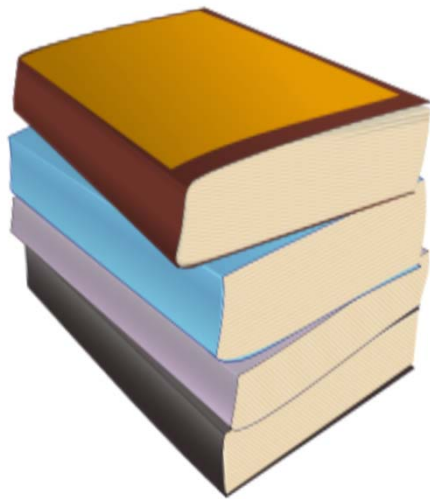
Full IFRS

vs

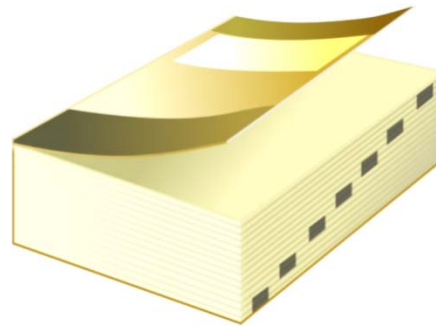
IFRS for SMEs

vs

MAM



About 1,500 pages

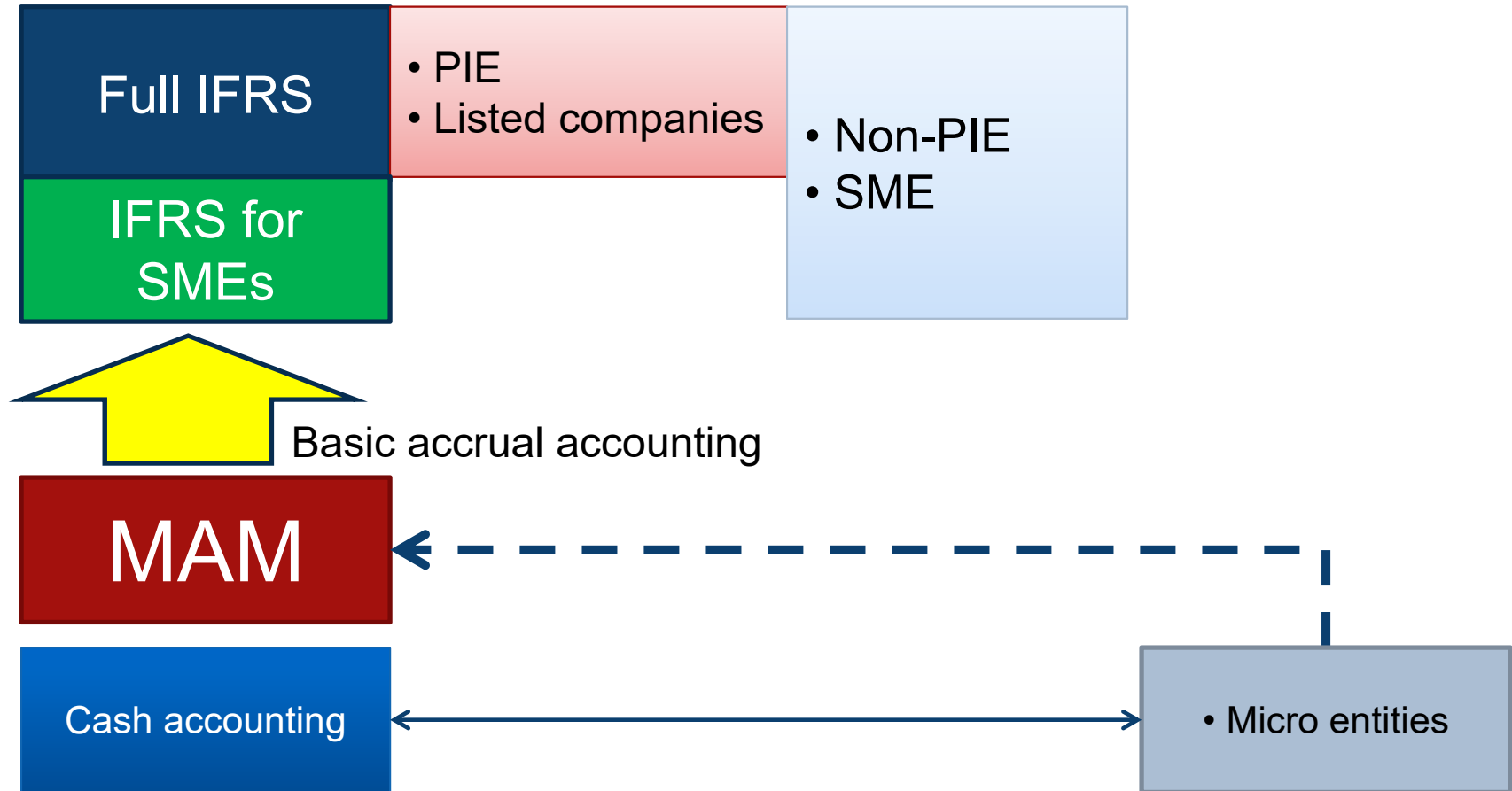


About 250 pages



About 80 pages

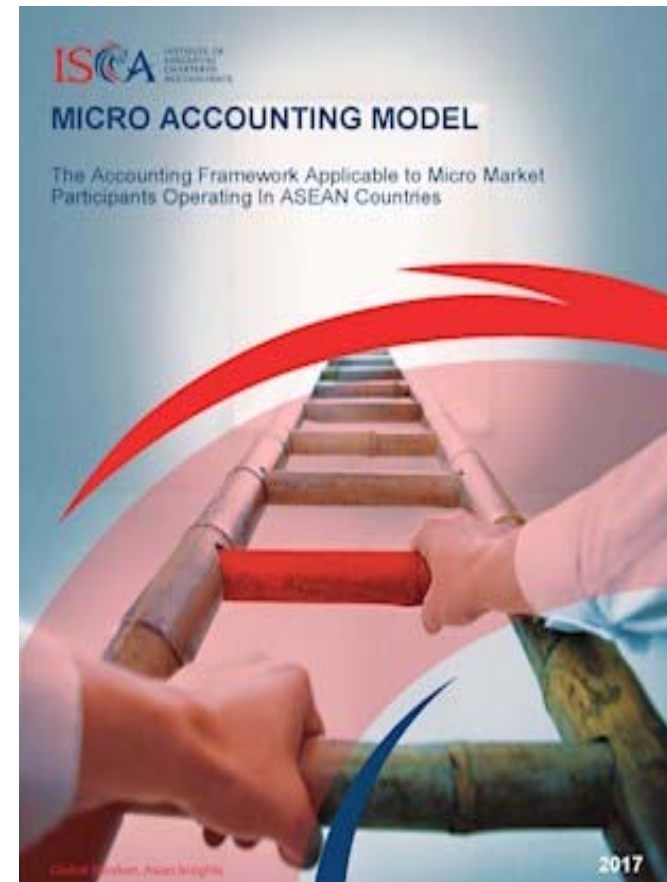
Accounting framework landscape



- PIE – Public interest entities
- SME – Small medium enterprises
- Micro entities – sole proprietor businesses with no public accountability, exempted from audit, not required to comply with any stipulated accounting standard framework

What is MAM?

- A self-contained financial reporting framework
 - ✓ Contains significant simplifications
 - ✓ Includes a set of illustrative financial statements
 - ✓ Includes reconciliations to IFRS and IFRS for SMEs
- Principles based, intuitive & understandable – encourages use of judgment



Objective of MAM

- To facilitate micro businesses operating in ASEAN to make a transition from cash accounting to the most basic form of accrual accounting
- To prepare consistent and reliable financial information about the financial position and performance of the business, appropriate to/for the size and complexity of micro-entities and users' information needs

Overarching Principles

Acc'g Treatment

Benefits >
Implementation cost

Recognition

Minimise
complexities

Measurement

Minimise estimation &
judgment

MAM Financial Statements

Understandability

Relevance

Reliability

Comparability

Qualitative Characteristics

Key simplifications in MAM

1. Reduced disclosures

- Disclosure of accounting policies required only for policies subject to choice, those that had changed in the period or those which require application of judgment/assumptions
- Other explanatory notes provided when their disclosure provide relevant information to users of financial statements

2. Financial assets & liabilities

- Simplified definition of financial assets & liabilities

Excludes contracts that will be settled in the micro-entity's own equity instruments even if the micro-entity is obliged to receive/deliver a variable number of its own equity instruments.

- Simplified definition of equity

2. Financial assets & liabilities (cont'd)

- Simplified measurement (e.g. initial recognition at cost, time value of money not considered and any deferred payments/settlements beyond normal credit terms are not present valued)

3. Non-financial assets

- No requirement for assessment of impairment

4. No requirement for revenue to be measured at fair value

5. All borrowing costs to be expensed

6. No requirement for recognition of deferred tax

7. Foreign currency translation – to determine reporting currency instead of functional currency

Thank You



[fb.com/ISCA.Official](https://www.facebook.com/ISCA.Official)



<http://www.linkedin.com/company/institute-of-singapore-chartered-accountants-isca->



[@ISCA_Official](https://twitter.com/ISCA_Official)

Important disclaimer

This Presentation (the Presentation) has been prepared by ISCA for the exclusive use of the recipients to whom it is addressed.

Each recipient agrees that it will not permit any third party to, copy, reproduce or distribute to others this Presentation, in whole or in part, at any time without the prior written consent of ISCA, and that it will keep confidential all information contained herein not already in the public domain.

The Preparers expressly disclaim any and all liability for representations or warranties, expressed or implied, contained in, or for omissions from, this Presentation or any other written or oral communication transmitted to any interested party in connection with this Presentation so far as is permitted by law. In particular, but without limitation, no representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any projections, estimates, forecasts, analyses or forward looking statements contained in this Presentation which involve by their nature a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied in this Presentation.

In furnishing this Presentation, the Preparers reserve the right to amend or replace this Presentation at any time and undertake no obligation to update any of the information contained in the Presentation or to correct any inaccuracies that may become apparent.

This Presentation shall remain the property of ISCA.