
UNCTAD-ISAR and IFRS Foundation joint workshop

Tuesday, 5th October 2013
Room XVIII, Palais des Nations, Geneva

Accounting and financial reporting needs of SMEs

Workshop material:

Lessons Learned from the implementations of the IFRS for SMEs

Presented by

Paul Thompson
International Federation of Accountants

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Lessons learned from the implementation of the *IFRS for SMEs*

Paul Thompson

Deputy Director, SME and SMP Affairs

UNCTAD-ISAR and IFRS Foundation
Joint Forum: Accounting for SMEs

Geneva, Switzerland

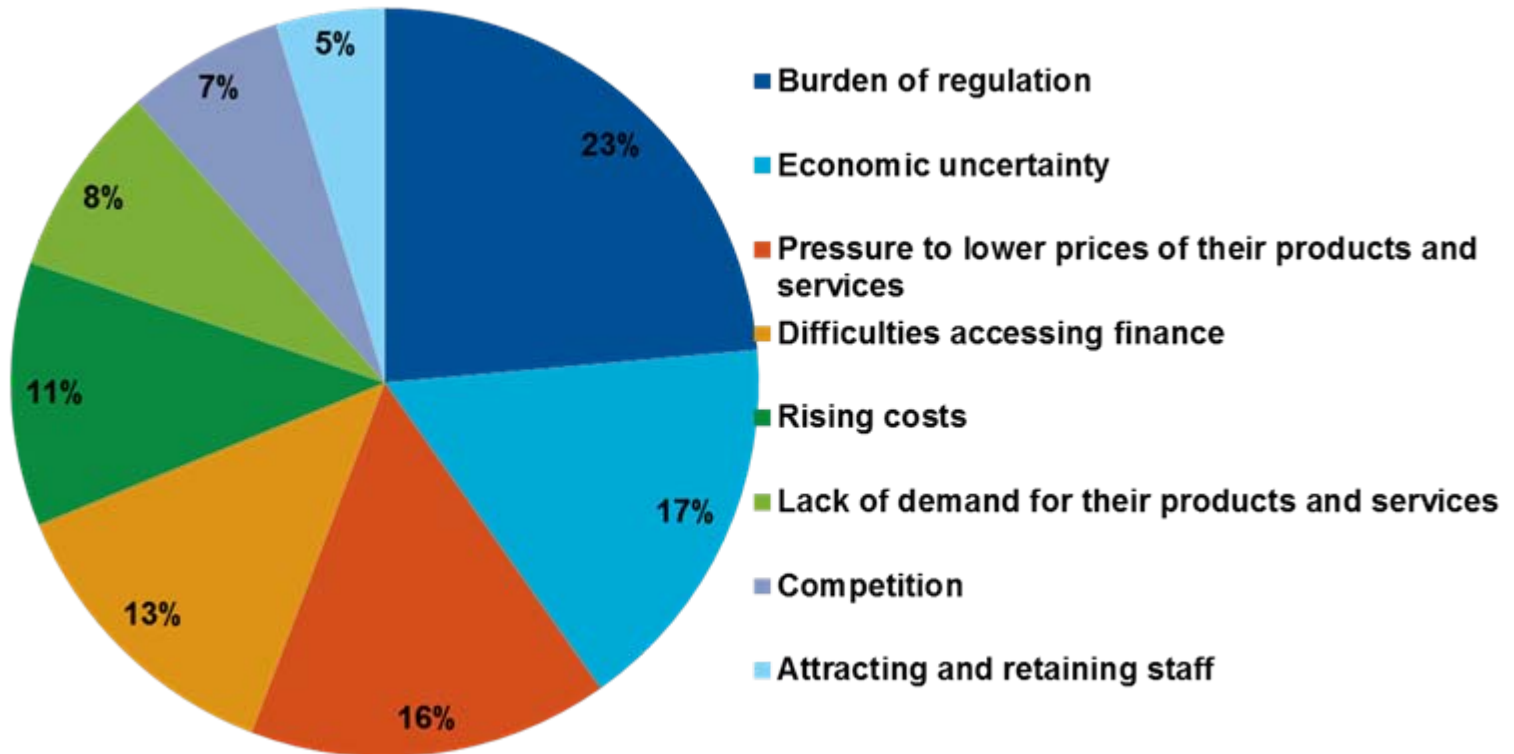
November 5, 2013

Agenda

- Challenges Facing SMEs
- Statement of Membership Obligation (SMO) 7
- Experiences from Member Bodies
- References

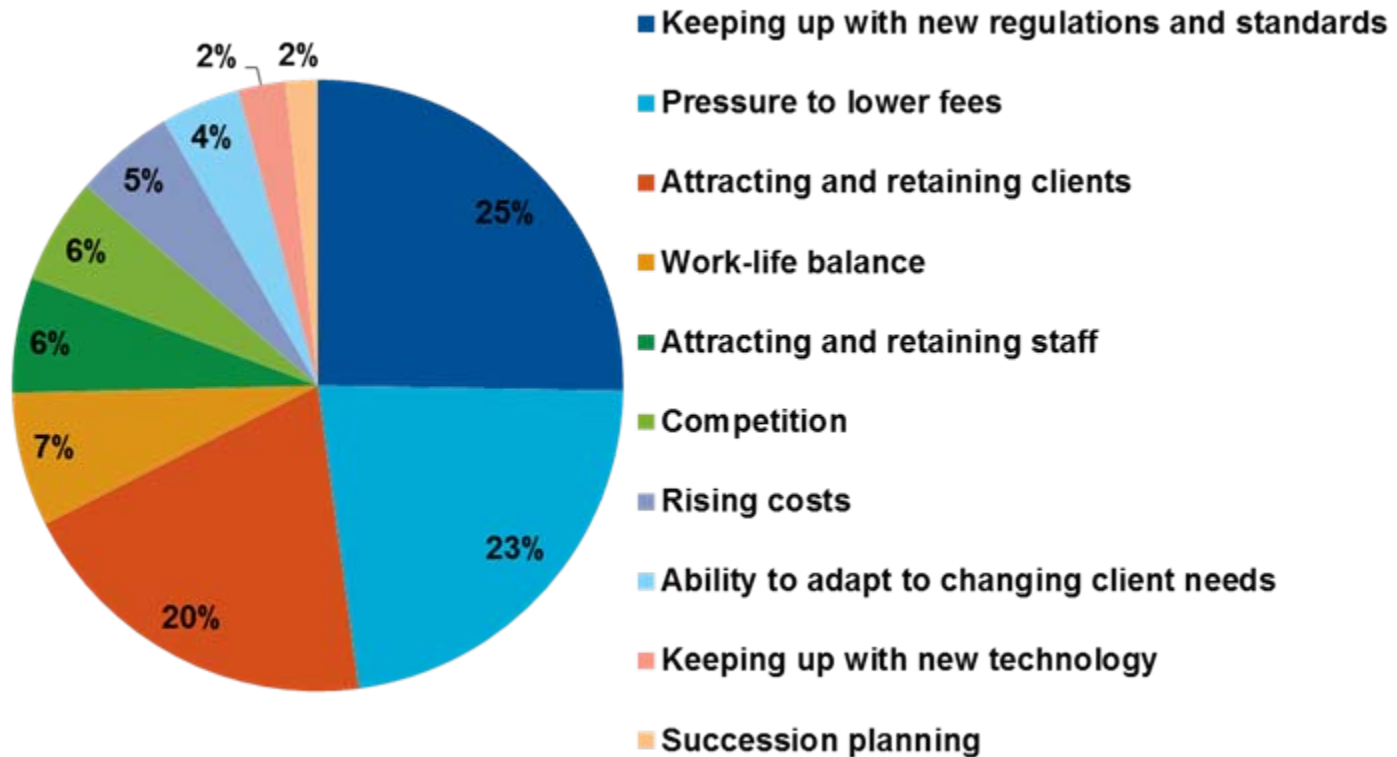
Challenges Facing SMEs – IFAC SMP Quick Poll I

- What is the biggest challenge faced by your small- and medium-sized entity (SME) clients?



Challenges Facing SMEs – IFAC SMP Quick Poll II

- What is the biggest challenge your practice is facing right now?



Challenges Facing SMEs – IFAC SMP Quick Poll III

- Other insights
 - Pace of change is aspect of standards and regulation posing greatest challenge for SMEs and SMPs
 - Tax is type of standards and regulation posing greatest challenge for SMEs & SMPs (financial reporting 3rd)
 - Micro-entity financial reporting ranking 20th of 22 most pressing issues facing the profession in 2013
- Conclusion
 - SMEs and SMPs struggle to efficiently implement standards

Statement of Membership Obligation (SMO) 7

- *Requires* IFAC member bodies to adopt and implement the IFRSs for at least public interest entities
- *Encourages* responsible parties to consider the use of *IFRS for SMEs* for non-public interest entities
- Rationale
 - Variation in nature of economies and accounting tradition
 - Flexibility to do what is best suited to particular jurisdiction

Experiences from Member Bodies

- SMEs place much reliance on their accounting firm
- Biggest challenge is human capital constraints
 - Education and training is key
 - Software can mitigate
- IFRS Foundation material and workshops well received
- SME financial statements often not subject to assurance
 - Unable to determine extent and quality of implementation
- Need for stable platform
- Options facilitate easier adoption

References

- IFAC SMP Committee website: <http://www.ifac.org/smp>
- IFAC SMP Twitter: https://www.twitter.com/IFAC_SMP **(please follow us)**
- IFAC SMP eNews: <https://www.ifac.org/login?register> **(please subscribe)**
- IFAC SMP Community:
http://www.linkedin.com/groups?home=&gid=4542841&trk=anet_ug_hm **(please join us)**
- IFACnet: <http://ifacnet.com/>
- IFAC SMP Quick Poll: Mid-Year 2013: <http://www.ifac.org/publications-resources/ifac-smp-quick-poll-mid-year-2013> **(please take Nov/Dec 2013 poll)**
- Resources and tools (all) at <http://www.ifac.org/about-ifac/small-and-medium-practices-committee/smp-resources-and-tools> and links to implementation resources at <https://delicious.com/#ifacsmpcommittee/Implementation>
- IFAC Translations and Permissions: <http://www.ifac.org/about-ifac/translations-permissions>
- SMOs 1-7 (Revised): <http://www.ifac.org/publications-resources/statements-membership-obligations-smos-1-7-revised>
- IFAC Response to IFRS for SMEs Request for Information:
<http://www.ifac.org/publications-resources/ifac-response-ifrs-smes>