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

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> Richard Martin November 2017

Think Ahead

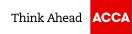
ACCA

European accounting regime for MSMEs

	assets	turnover	employees
Medium	Up to €20m	Up to €40m	250
Small	€4m to €6m	€8m to €12m	50
Micro	Up to €700k	Up to €350k	10

MSME accounting in Europe

- EU rules only for limited liability companies
- Medium Directive base plus what ever else national systems require
- Audit required
- Small Directive base but restricted disclosures
- Audit only in some member states
- Micro optional, but very brief accounts and no note disclosures
- Preparation of financial statements required, publication can exclude P&L



MSME accounting – some common themes

- Separate reporting systems for SMEs widely accepted
- IFRS for SMEs is a common base, but not everywhere
- Separate micro regime less common
- EU system, MAM for ASEAN, SMEGA level 3
- Reporting on public record and accounting
- Tax requirements for accounting

MSME accounting – some common themes

- Burden of preparation and transparency
- Simplifications in accounting and in disclosures
- Proportionate business, resources and user needs
- Advantages of alignment of accounting in a country
- Trickle down study by EFAA of 5 countries
- Difference from key IFRS treatments
 - Medium 28%
 - Small 37%
 - Micro 43%

MSME accounting – some common themes

- Financial inclusion is an issue but not everywhere
- Micro regime can help
- Financial literacy
- Preparation by accountants or by proprietors?
- International perspectives not standards, but guides
- Information and studies comparisons, rationale in different countries

Questions or comments?

RM3

RM3 Richard Martin, 12/12/2015

