
**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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Accounting by Micro, Small and Medium-sized entities

Richard Martin
November 2017

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 EFSA 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**



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**Questions or
comments?**

Slide 7

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Richard Martin, 12/12/2015

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Thank you

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