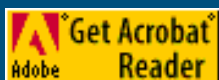


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Global Accountancy Profession Urges Standard Setters and Regulators to Focus on Unique Needs of Small and Medium Enterprises

(New York/April 06, 2006) -- At a meeting held recently in London, more than 30 chief executives of accountancy bodies and regional accountancy organizations around the world expressed support for appropriate, simplified guidance being developed for small and medium entities. They also agreed that a major challenge for the accountancy profession is ensuring that requirements for financial information and assurance are appropriate for both large and small entities in both developed and developing countries. The requirements should be straightforward, clear and brief as possible.

Recognizing that international standards that are right for a large public company may be burdensome for a small enterprise, the International Federation of Accountants (IFAC), together with its member bodies, is urging standard setters and regulators to consider the unique needs of small and medium enterprises (SMEs) in developing their rules and regulations.

"We believe the goals of standard setters like the International Accounting Standards Board (IASB) and the International Auditing and Assurance Standards Board (IAASB) should be to develop succinct, relevant and understandable guidance that eases the compliance burden on SMEs and ensures that benefits exceed costs," states IFAC President Graham Ward. "This essentially means that the costs of preparing, auditing and disseminating financial statements should be proportionate to the information needs of the financial statement users."

IFAC expressed these views in its comments on the IASB Discussion Paper, *Preliminary Views on Accounting Standards for Small and Medium-Sized Entities*.

"Concerns over the high costs of complying with full International Financial Reporting Standards have prompted many countries, particularly those with developing economies, to look at alternatives to international standards or to delegate standard setting to organizations that may not be appropriate for such a role," emphasizes IFAC Chief Executive Ian Ball. "Such actions are not in the public interest and, therefore, it is critical that standard setters be conscious of the effect of compliance costs on small and medium entities."

With SMEs representing 95.77 percent of the businesses in the European Union, over 97 percent of the total companies in the Asia Pacific region, and 99.7 percent of all United States employers, the issue needs to be addressed urgently. The issue is at the forefront of the agendas of IFAC's Developing Nations and Small and Medium Practices (SMP) Committees and is a matter of concern to IFAC's Professional Accountants in Business Committee. The Developing Nations and SMP Committees provide regular input to both the IASB and IAASB to ensure that the SME perspective is considered during the development of international accounting and auditing standards.

IFAC is the worldwide organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. Its current membership consists of over 160 professional accountancy bodies in 120 countries, representing more than 2.5 million accountants in public practice, education, government service, industry and commerce. IFAC, through its independent standard-setting boards, sets international standards on ethics, education, and public sector accounting. It also issues guidance to encourage high-quality performance by professional accountants in business.

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