

Exposure draft of a proposed **IFRS for Small and Medium –sized Entities** (comments to be received by 1 Oct 2007, International Accounting Standards Board)

Invitation to Comments

**Question 1**-Stand-alone document

The stand alone document policy seems to be right one. I do not see needs for inclusion other transactions. I want to highlight that it is not only the size of 50 employees that is important in thinking a typical small firm usage. For example operations of a firm in a business line with high tech R&D orientation, could have many exceptions in its operations and therefore it is advisable to present instructions in a fairly covering way.

**Q2**-Recognition and measurement simplifications that the Board adopted.

I do not see any other needs for simplifications.

**Q3**-Recognition and measurement simplifications that the Board considered but did not adopted

BC95-BC96 I think the requirement of CF statement should be considered once again. If for example some of the accounting (accrual) policies followed are unclear, CG could help remarkably in that kind of situations. I think this is a very fundamental issue in order to get at least some very reliable and unidimensional figures from a firm.

BC97 I suppose lenders concerns should be honored here.

BC98 Due to stated reasons I believe the information is needed in financial statements. Requiring this information could also cause managers and corporate governance team to think systematically and carefully the remuneration policy of a firm.

BC100 Provisions should be considered once more to be included in the financial statements in line with the users' opinion.

BC101 in any case users need to have a complete picture of the total remuneration package of a firm, see my comments above for BC98.

BC104 agree with the Board's judgement, that consolidated statements are essential for users when two or more entities operate as a single economic entity.

**Q4**-Whether all accounting policy options in full IFRSs should be available to SMEs

I agree with the Board on this.

**Q5-Borrowing costs**

SMEs can choose either the expense model or the capitalization model.

**Q6-Topics not addressed in the proposed IFRS for SMEs**

I agree with the Board on this.

**Q7-General referral to full IFRSs**

I believe the requirements are appropriate.

**Q8-Adequacy of guidance**

I believe the guidance is already ok.

**Q9-Adequacy of disclosures**

At least no more requirements policy is advisable.

**Q10-Transition guidance**

Basically the guidance seems to be ok. However, especially because we are talking about transition phase, it should be clearly stated also in the guidance pages when it is allowed and proper to use term, say, IFRS for the financial statements. It is highly important that, say, all the IFRS statements that are claimed to be statements actually are totally in conformity with the standards.

**Q11-Maintenance of the IFRS for SMEs**

The maintaining plan sounds fine. It is important to inform clearly where the updated information and necessary trails are accessible.

**Submitted By: Mr hannu juhani**