

EUROPÄISCHES PARLAMENT



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MITGLIED DES EUROPÄISCHEN PARLAMENTS

International Accounting Standards
Board
30 Cannon Street
GB London EC4M 6XH

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United Kingdom

Dear ladies and gentlemen,

with great interest I've read your discussion paper on the development of international accounting standards for small and middle sized enterprises.

As a deputy of the European Parliament for Lower Franconia in Bavaria/Germany I represent a large number of small and middle sized enterprises in my home region. The economy in Lower Franconia is based on these enterprises' economic power. Therefore I would like to impart our opinions on the questions concerning the "accounting standards for small and middle sized enterprises" in the discussion paper. I have the same opinions as the IASB in many domains. Nevertheless I would like to present some of our concerns.

At the moment small and middle sized enterprises aren't obliged to expose their annual accounts according to the International Financial Reporting Standards (IFRS) or International Accounting Standards (IAS). Due to the decree on application of the international accounting standards (IAS-decree) only enterprises with access to the capital market were obliged to expose their consolidated accounts after the prevailing IFRS/IAS starting January 1st 2005. Still voices are rising in order to achieve an obligation of the SMEs for an indirect implementation of international accounting.

The prevailing IFRS/IAS are yet too complex for many enterprises and make very high demands on the accountants. Furthermore the IFRS/IAS aren't geared to the SMES' final receivers'

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necessity of information; it is the investors' requirements that are predominating. Another great disadvantage can be seen in the high costs that an advisory service after a reorganisation usually implicates (e.g. necessary adjustment of the electronic data processing, a lack of professional staff).

A reorganisation of international accounting standards might be advantageous for middle sized enterprises, for example new ways of financing can be developed, better insight into the creditworthiness of enterprises can be given and the exposition of consolidated accounts can be eased for enterprises that dispose of a lot of subsidiary companies abroad. Especially the lowering of the need to report (which implies a reduction of the costs) should be the main aim within the development of the standards for SME.

Nevertheless an obligation for SME to implement the international accounting standards regarding a long-term period must not result from this development. The annual accounts that are established according to the national commandments provide in Germany (as well as in Belgium and Greece) as a basis for the calculation of the taxable income and the distribution of earnings in every particular case. An obligation for an implementation of the future IFRS on SME would result in an obligation for these SME to make an individual financial statement both according to the national decrees and to the international accounting standards. An obligatory implementation of IFRS for SME would mean a not justifiable and not target-oriented double burden. Therefore the application of IFRS on SME can only take place on a voluntary basis.

On behalf of the small and middle sized enterprises in Lower Franconia / Bavaria I would like to thank you for taking notice of our general concerns.

Sincerely yours,



Dr. Anja Weisgerber, MdEP

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