

**THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF SOUTH AFRICA {ICPA (SA)}**

**formerly known as THE INSTITUTE OF COMMERCIAL AND FINANCIAL ACCOUNTANTS OF SOUTHERN AFRICA**

**PRELIMINARY VIEWS ON ACCOUNTING STANDARDS FOR SMALL AND MEDIUM-SIZED ENTITIES.**

**COMMENTS**

**Issue 1:** The ICPA (SA) is in agreement with Preliminary view 1.2 and 1.3.

**Question 1a:** No, the Board should develop a separate set of financial reporting standards. Let us call these standards Limited Purpose Financial Reporting Standards (LPFRS).

In the case of SMEs, the users of LPFRS are the owners, Revenue Services and anyone else entitled to it in terms of an act. Lenders will often be users.

Of importance is the cost benefit constraint. The benefits that are derived from information should exceed the cost of providing the information.

**Question 1b:** Yes

**Question 1c:** Yes

**Issue 2:** Agree

**Question 2:** Yes

**Issue 3:** The ICPA (SA) agrees that there should not be a size test, but that public accountability should be the overriding characteristic as per Preliminary View 3.2. and 3.3.

Preliminary View 3.4: Agree

Preliminary View 3.5: Agree

Preliminary View 3.6: Agree

**Question 3a:** Yes

**Question 3b:** Yes

***Question 3c:*** Yes

***Question 3d:*** Yes

***Question 3e:*** Yes

**Issue 4:** Agree

**Issue 5:**

***Question 5a & b:*** The SME should be permitted to revert to an IRRS on a standard-by-standard approach and should be clearly disclosed. To revert to individual principles will be costly and may create confusion.

**Issue 6:** Agree

**Issue 7:**

***Question 7a:*** Agree

***Question 7b:*** Agree

***Question 7c:*** Agree

**Issue 8:**

***Question 8a:*** Do not agree. All IASB Standards should be in one volume. Preference should be given to including them in separate sections of each IFRS. Asterisks with interpretations can be used to indicate on an IASB those principles that apply for a SME.

***Question 8b:*** Agree

***Question 8c:*** Agree.

***Question 9:*** No