

Deputy Director General

CommentLetters@iasb.org

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International Accounting Standards Board
30 Cannon Street
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Berne, August 3rd 2004

Accounting Standards for Small and Medium-sized Entities

Dear Mr Pacter,

Since January 1, 1996 the Swiss Federal Institute of Intellectual Property is an independent Swiss legal entity with broad financial autonomy. Since that time the Institute applies IFRS/IAS. As the Institute is a SME according the (non legal) Swiss definition we are very much interested in the development of SME-IFRS. We are therefore thankful for the opportunity to give our comments about the preliminary views on accounting standards for SMEs of the IASB.

Question 1a:

From our experience we have learnt that some standards (e.g., IAS 32 and 39, IAS 19) and the pace of ongoing revisions of IFRSs and IASs put a heavy burden on SMEs. There is an increasing difficulty for the management team, the staff of the finance department, audit committees and auditors (where mainly SMEs select outside the "big four") to cope with the increasing length/thickness and complexity of IFRSs. A simplified and reduced set of standards is more suitable for SMEs.

Question 1b:

We agree.

Question 1c:

No comment.

Question 2:

We agree.

Question 3a:

We agree but the Board should consider that many legislations define SME via quantitative criteria. Thus, the Board should also consider dropping the term "SME" and replacing it by a more appropriate one.

Question 3b:

We agree.

Question 3c:

In our view the definition of “public utility or similar entity that provides an essential public service” is not clear enough to define the application of SME-IFRS *vis-à-vis* IFRS and IPSAS. According to the guideline “Applicability of international standards on auditing to audits of financial statements of government business enterprises” of the Public Sector Committee (PSC) of the International Federation of Accountants and §9 of the IFRS Preface government business enterprises should use IFRSs/IASs. In our understanding it is not clear whether “government business enterprises” and “public utility or similar entity that provides an essential public service” are identical. We suggest to contact the PSC and to clarify the scope of IPSAS, IFRSs and SME-IFRSs.

Question 3d:

No comment.

Question 3e:

In our view such a restriction is only necessary as long as the full-IFRS application provides better results. Thus, a rigid regulation is not necessary.

Question 4:

We agree.

Question 5a:

In our view there is a third option, i.e. to cluster some IFRSs which must be followed.

Question 5b:

No comment.

Question 6:

No comment.

Question 7a:

We agree. As most countries have local GAAPs for SMEs (like Swiss GAAP FER) the Board could try to base SME-IFRSs on a common set of accounting rules in those standards.

Question 7b:

We agree.

Question 7c:

No comment.

Question 8a:

We agree. In order to achieve a wide distribution the IASB should try to minimize the costs of publication and distribution as much as possible.

Question 8b:

No comment.

Question 8c:

No comment.

Question 9:

As English is the *lingua franca* of finance and accounting the actual translation regime of IFRSs is satisfactory. Concerning SMEs, nevertheless, it must be noted that many users in not-English

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native speaking countries are not used to read English documents. For SME-IFRS there is a risk that they (have to) apply the easier to read / understand national GAAPs. Thus, the IASB should either encourage national standard setter to promote translations (like the publication of endorsed IASs/IFRSs by the EU in the Official Journal of the EU) or the SME-IFRSs themselves should request a national language version before national application.

Yours sincerely,

Dr. Christian Bock, MBL, MBA
Chief Financial Officer

cc: tk