



European Federation of Accountants and Auditors for SMEs

European Financial Reporting Advisory Group (EFRAG)
35 Square de Meeûs
B-1000 BRUSSELS
Brussels, 30 September 2011

Dear Sir

EFAA response to EFRAG Comment letter on IASB ED *Improvements to IFRSs*

The European Federation of Accountants and Auditors for SMEs (“EFAA”) represents accountants and auditors providing professional services primarily to small and medium-sized entities (“SMEs”) both within the European Union and Europe as a whole. Constituents are mainly small practitioners (“SMPs”), including a significant number of sole practitioners. EFAA’s members, therefore, are SMEs themselves, and provide a range of professional services (e.g. audit, accounting, bookkeeping, and tax and business advice) to SMEs.

EFAA, the European Federation of Accountants and Auditors for SMEs, is pleased to comment on the discussion paper ‘Considering the effects of accounting standards’

IAS 1 changes to paragraph 9 (now 9A and 9B)

The change in the wording focuses on a change in the identification of the users of financial statements and states that the objective of financial statements is now only to provide financial information to existing and potential investors, lenders and other creditors. It no longer makes reference to the fact that the information is provided to enable a range of users to make economic decisions.

We believe that the stewardship function is the cornerstone of financial reporting for (but not limited to) unlisted companies. Therefore it is our view that this function should be retained and the wide range of users should still be referred to so removing the focus on investors and creditors and aligning with the preamble to the EU accounting directives.

We further wonder whether this change is inconsistent with the present moves of the IASB to differentiate P&L and OCI items which cannot be attributed to management performance.

IAS 16 Property, Plant and Equipment – Clarification of accounting for servicing equipment

We support EFRAG’s opinion on the clarification of the accounting treatment for servicing equipment but we wonder whether in most cases this would be accounted for as a prepaid expense rather than as inventory.



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I trust that the above is comprehensive but should you have any questions on our comments, please do not hesitate to contact me.

Yours faithfully,

Federico Diomeda
Chief Executive Office