

International
Accounting Standards Board
30 Cannon Street
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United Kingdom

Our ref : RJ-IASB 428 D
Date : Amsterdam, 28th November 2012
Direct dial: Tel.: (+31) 20 301 0391
Re : Response on the Request for Information Comprehensive Review of the IFRS for SMEs

Dear members of the International Accounting Standards Board,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond on the Request for Information Comprehensive Review of the IFRS for SMEs.

We take the opportunity to respond to your request for information because in our opinion IFRS for SME as amended along the lines of our comments will largely facilitate non-listed internationally operating companies or subsidiaries of listed companies that apply full IFRS in their consolidated accounts to apply IFRS for SME in practice. We believe the IFRS for SMEs should:

- be drafted in a way that no conflicts occur with the requirements of the (future) EU Accounting Directive(s). In this way a possibility for application of IFRS for SMEs under the (future) EU accounting requirements will be created;
- be consistent with full IFRS regarding recognition and measurement requirements. Alignment of those requirements will improve comparability between listed and unlisted entities and it would generally make financial statements more understandable if the figures reported under different standards would be similar. Furthermore we believe this would make the IFRS for SMEs more attractive for application by subsidiaries of listed companies for statutory reporting purposes and contribute to reduction of cost for these companies because of reduced disclosure requirements compared to full IFRS; and
- take into account the different needs for users of financial statements of non-listed internationally operating companies or subsidiaries of listed companies that apply full IFRS (disclosures) in their consolidated accounts.

This view requires in general to take into account basic assumptions that:

- more options regarding recognition and measurement should be available;

- changes to full IFRS regarding recognition and measurement should be reflected in the IFRS for SMEs, at least as an option; and
- disclosure requirements are limited to what is useful for the users of financial statements of the types of companies mentioned above.

In our answers to a number of the detailed questions we will refer to these basic assumptions. Furthermore we draw attention to our answers regarding accounting for acquisitions (question S12), for pensions (question S15) and for uncertain tax positions (question S17):

- we feel that the changes in IFRS 3 as revised, are too complicated for a major part of the SMEs. However, some SME's, specifically subsidiaries of listed entities, will prefer to apply the recognition and measurement principles of IFRS 3 as revised. We are in favour not to change the current requirements in the IFRS for SMEs but to add an option to apply the recognition and measurement principles of IFRS 3 as revised;
- We believe the approach in Section 28 of the IFRS for SMEs (derived from IAS 19) for pension accounting does not always result in relevant information for the users of the financial statements of SMEs. As an option we are in favor of a liability approach consistent with Section 21 of the IFRS for SMEs respectively IAS 37;
- We believe it was a flaw decision to derive the accounting for income taxes from an exposure draft that never became effective and is very different from IFRS. We strongly feel that the accounting for income taxes in the IFRS for SMEs should be similar to the accounting for income taxes under IAS 12, except for the requirement to measure deferred taxes at nominal value (undiscounted). We believe measurement at present value (discounted) should be allowed in order to be able to fairly present deferred tax assets and liabilities. Furthermore we emphasize that accounting for uncertain tax positions should be aligned with full IFRS.

Of course we would be happy to discuss our reaction with you.

Yours sincerely,

A handwritten signature in black ink, consisting of a vertical line on the left, a loop at the bottom, and a long horizontal stroke extending to the right.

Hans de Munnik
Chairman Dutch Accounting Standards Board