

News release

Grant Thornton calls for immediate Australian introduction of new global IFRS accounting standard for SME's

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The new International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) will transform the way many Australian unlisted businesses prepare their accounts and needs to be adopted immediately said Grant Thornton Australia, as it welcomed the publication of the global standard by the International Accounting Standards Board (IASB).

IFRS for SMEs provides a substantially simplified set of internationally recognised accounting principles for private companies. Unlike the full IFRSs, which were developed primarily for listed companies, the new standard will benefit both businesses that operate locally and internationally, as well as sections of the government sector, and not-for-profits.

Grant Thornton Australia has advocated the adoption of IFRS for SMEs since the Australian Accounting Standards Board (AASB) first released the earlier IFRS for SMEs exposure draft (ITC 12) in May 2007. This was also reinforced by Grant Thornton's June 2009 IFRS Survey*: eighty-three per cent (83%) of respondents were in favour of a new IFRS standard for companies away from the top end of town.

Matt Adam-Smith, National Head, Audit & Assurance Services with Grant Thornton Australia, commented:

“The new standard will provide SMEs currently using full IFRS with a significant reduction in the costs of preparing financial statements. More importantly, under IFRS for SMEs, financial statements will be much easier to understand as it avoids the current complexity within the full IFRS accounting standards.”

Grant Thornton Australia also believes the new standard should be immediately released, in Australia in line with the IASB statements.

“To not allow the larger unlisted companies to use more realistic accounting standards that better suit their business operations would fly in the face of the Government's on-going commitment to reduce the cost of unnecessary business regulations, particularly for the forthcoming 2009 financial reporting period where financial statements for unlisted companies are due by 31 October 2009,” said Adam-Smith.

Statistics from an Institute of Chartered Accountants Forum in 2007, of which Grant Thornton Australia was a participant, indicated that 35% (1360) of large proprietary

companies have adopted the full IFRS, and it is these companies that would get an immediate economic benefit in switching to an IFRS for SMEs accounting regime.

"Unlisted businesses around the world who currently have to comply with full IFRS will be pleased to find that the new standard is about one tenth of the length of full IFRS and that the number of potential disclosure items will be nearer to 300 than the current 3,000," explained Adam-Smith.

At the smaller, non-reporting end of the market, Grant Thornton believes that further study of the IFRS for SMEs accounting standard is necessary and therefore supports a delayed application date of June 2012 for this sector, but with an option for earlier voluntary adoption.

"Hopefully the AASB will quickly move to allow non-listed companies the opportunity to replace the cumbersome full IFRS suite of accounting standards with the much more simplified IFRS for SMEs accounting standard for the 2009 reporting season if they so wish," concludes Adam-Smith.

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*Access the Grant Thornton 2009 IFRS Survey at
http://www.grantthornton.com.au/files/gt_ifrs_survey_0509-final.pdf

About the Grant Thornton IFRS Survey 2009

More than 200 individuals responded to the inaugural Grant Thornton Australia IFRS survey – from CFOs, Directors and Audit Chairs in ASX-listed companies, to not-for-profits, SMEs, advisors from accountancy firms and industry analysts/professional bodies. The survey was conducted online during January and February 2009 and was open to all those working in Australia with an interest in or role pertaining to IFRS compliance and financial reporting more broadly.

About Grant Thornton Australia

From market-leading services for the owners of private businesses, to audit, to insolvency and capital markets services for corporations, and to innovative taxation and wealth management services for individuals, Grant Thornton in Australia helps business owners achieve success and realise their ambitions.