



Accounting Standards Board

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www.frc.org.uk/asb



Françoise Flores
Chair
European Financial Reporting Advisory Group
35 Square de Meeûs
B-1000 Brussels
Belgium

Email: commentletter@efrag.org

22 March 2011

Dear Françoise

Use of IFRS for SMEs in parent's separate financial statements

I am writing the ASB staff response to EFRAG's draft comment letter addressing the on question and answer 'Use of IFRS for SMEs in parent's separate financial statements'.

I attach a copy of my response to the IASB which supports the proposed draft question & answer. I have suggested that the basis for conclusions should refer to the requirements of paragraph 3.3 the IFRS for SMEs, which requires an entity to make an explicit and unreserved statement of compliance with the IFRS for SMEs.

In relation to paragraph 11 and 12 of the EFRAG draft comment letter I do not think that paragraph 9.2 is applicable in the situation being addressed because, as noted in paragraph 2 of the question and answer, the group is required to present consolidated financial statements in accordance with full IFRS. It would therefore appear is the circumstance being address national law overrules the requirements of the IFRS for SMEs.

If you would like to discuss these comments above, please do not hesitate to contact me.

Yours sincerely

M. Sansom.

Michelle Sansom
Project Director, ASB
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Paul Pacter
Chairman of the SME Implementation Group
IASB
30 Cannon Street
London, EC4M 6XH

16 March 2011

Dear Paul

I am writing an ASB staff response to the draft question and answer 'Use of the IFRS for SMEs in parent's separate financial statements' (Draft Q&A 2011/1).

As you are aware the Accounting Standards Board (ASB) has issued an exposure draft proposing to implement an amended version of the IFRS for SMEs as the accounting standard applicable for those entities that do not have public accountability and are not small in the UK and Republic of Ireland.

In relation to the proposed question and answer we support the proposed answer, but suggest that the basis for conclusions also refers to the requirements of paragraph 3.3 of the IFRS for SMEs:

Compliance with the IFRS for SMEs

3.3 An entity whose financial statements comply with the IFRS for SMEs shall make an explicit and unreserved statement of such compliance in the notes. Financial statements shall not be described as complying with the IFRS for SMEs unless they comply with all the requirements of this IFRS.

We consider that it is important that the basis for preparation of the financial statements is clearly disclosed. In the circumstances that the parent entity and group present financial statements in accordance with two different sets of accounting standards this disclosure is of particular relevance.

Should you have any questions please do not hesitate to contact me.

Yours sincerely

M. Sansom.

Michelle Sansom
Project Director

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