

Mr Hans Hoogervorst
Chairman of the
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

23 January 2014

540/602

Dear Mr Hoogervorst

Re.: IASB Exposure Draft 2013/9 'IFRS for SMEs - Proposed amendments to the International Financial Reporting Standard for Small and Medium-sized Entities'

The IDW appreciates the opportunity to comment on the *IASB Exposure Draft 2013/9 'IFRS for SMEs - Proposed amendments to the International Financial Reporting Standard for Small and Medium-sized Entities'*. Notwithstanding the fact that the *IFRS for SMEs* is not currently applied in Germany, we would like to contribute to the development of the *IFRS for SMEs*.

We welcome the IASB's objective of a standalone, stable and simplified set of accounting principles for entities (without public accountability) that typically have less complex transactions and limited resources. In our view, the Exposure Draft is generally in line with this objective. In particular, we support the decisions of the IASB

- to include only changes in new or revised IFRSs that are relevant to SMEs, provide additional clarity and (in most cases) a simplification, and/or fix known or expected problems or diversity in practice,
- not to incorporate the five new or revised IFRSs (IFRS 3, IFRS 10, IFRS 11, IFRS 13 and IAS 19 (2011)) that could result in significant changes to the *IFRS for SMEs*,
- not to permit complex accounting policy options.

Furthermore, we share the IASB's preference for removing the fallback to *full IFRSs* for financial instruments once IFRS 9 is finalised.

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Moreover, the IDW agrees with the proposals to amend *Section 29 Income Tax* in order to align it with the main principles pertaining to the recognition and measurement of deferred taxes in IAS 12. In our view, the IASB should not base the requirements of the *IFRS for SMEs* on proposals in Exposure Drafts concerning *full IFRSs*.

Whilst we generally concur with the principles set out in paragraph 30 of the Basis for Conclusions describing how the IASB intends to deal with new and revised IFRSs during future reviews of the *IFRS for SMEs*, we are still of the opinion that the Board should not only wait until new or revised IFRSs have been published, but rather wait until the Post-implementation Reviews have been completed and the IASB is in a position to fully assess the practical impacts. Potentially the Board may have to react to unforeseeable problems, which may result in short-term adjustments to IFRSs. This applies in particular to the new standards on consolidation (IFRS 10, IFRS 11) and to IFRS 13: The narrow-scope amendments to these standards recently announced are a case in point. In order to avoid multiple adjustments to the *IFRS for SMEs* resulting from the premature incorporation of new standards, the IASB should take the time and wait until the respective Post-implementation Reviews have been finalised.

Not only is there a need for stability of the *IFRS for SMEs* during the initial comprehensive review, but a stable platform should also be aimed for in future reviews. Changing the requirements of the standard too frequently makes the *IFRS for SMEs* less attractive.

We would be pleased to answer any questions that you may have or discuss any aspect of this letter.

Yours sincerely

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