

Thoughts on *IFRS for SMEs*

Masataka Hiraga

Aichi Gakuin University

The purpose of this study is to reveal the basic concepts which *IFRS for SMEs* is based on. *IFRS for SMEs* is a set of standards, which includes 35 sections, for entities that 1) do not have public accountability, and 2) publish general purpose financial statements for external users.

IFRS for SMEs is set forth by simplifying full IFRSs in terms of users' needs of SMEs financial statements and cost-benefit considerations. Analyzing the differences between *IFRS for SMEs* and

full IFRSs caused by the simplification, the IFRS has two features. That is the simplified recognition and measurement principles based on 1) revenue and expense view and 2) historical cost basis. However, section 2 in *IFRS for SMEs*, which is the conceptual framework of the IFRS, is grounded on the asset liability view and fair value basis.

This finding means that nature of *IFRS for SMEs* does not differ from that of full IFRSs.