

## ACCA URGES THE FRC TO GET IT RIGHT FIRST TIME FOR SMALL BUSINESSES

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Micro entities need a separate financial reporting standard, says ACCA (the Association of Chartered Certified Accountants) in its response to Financial Reporting Council exposure drafts regarding financial reporting standards for micro and small businesses.

The first exposure draft supports a standalone reporting standard for micro businesses, separate to FRS 102 which covers accounting and reporting requirements for unlisted entities.

ACCA believes, however, that it would be helpful for the content of the standard to be less closely linked to FRS 102. A separate table of derivations would be useful for businesses that will be, or are growing, and so are likely to be required to apply FRS 102 in the future. ACCA also believes that for the sake of a common reporting platform, a standard is needed that will be available to unincorporated micro businesses and LLPs as well as limited companies.

In response to FRC's second consultation, ACCA supports the withdrawal of the Financial Reporting Standard for Smaller Entities (FRSSE) and its replacement for small businesses by accounting based on FRS 102. However, the standard should be made more user friendly by applying the 'think small first' principle especially to the disclosure requirements.

Richard Martin, ACCA head of corporate reporting, said: 'The ultimate aim of financial reporting standards should be to ensure a true and fair view for small and micro businesses. Both of these exposure drafts raise new questions about the meaning of the true and fair view, whether that what is required in the case of small or presumed in the case of micros. So the FRC needs to provide new guidance on the issue to help achieve that. The number of such businesses means that they are crucial to growing the economy, so care needs to be taken in establishing standards which are suitable for them – not lengthy, but clear and concise.'

To read the full consultation responses, go to the 'Related Links' section, left of this article.

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### Notes to Editors

### About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. It offers business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

ACCA supports its 170,000 members and 436,000 students in 180 countries, helping them to develop successful careers in accounting and business, with the skills required by employers. ACCA works through a network of 92 offices and centres and more than 8,500 Approved Employers worldwide, who provide high standards of employee learning and development. Through its public interest remit, ACCA promotes appropriate regulation of accounting and conduct relevant research to ensure accountancy continues to grow in reputation and influence.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. It believes that accountants bring value to economies in all stages of development and seek to develop capacity in the profession and encourage the adoption of global standards. ACCA's core values are aligned to the needs of employers in all sectors and it ensures that through its range of qualifications, it prepares accountants for business. ACCA seeks to open up the profession to people of all backgrounds and remove artificial barriers, innovating its qualifications and delivery to meet the diverse needs of trainee professionals and their employers.



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