



IFRS SME in practice

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IFRS SME

- - a lot of paperwork?

or

- - an opportunity to have uniform guidelines in international business?

Anthura

Our products and locations:

- Anthurium – production in the Netherlands
- Phalaenopsis – production in Germany
- since 2006 started in China with production of Anthuriums and Bromeliads

Our main products



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Our business

- Creating new varieties
- Selling young plants worldwide

Priorities:

- Quality of plant material
- Capital intensive business
- Living product

Special accounting principle issues

- Research and development
- Valuation of plant materials
- Deferred tax on fixed assets and plant materials
- Recognition of royalties
- (of course pension accounting)

These issues and IFRS

Research and development – IFRS section 17

- Two options:
 - Expense model
 - Capitalisation model

Reference is made to IAS 38

Plant valuation

- IFRS section 12 inventories does not apply to agricultural products.
reference is made to IAS 41
- NL – cost of stock taking into account the risks of living materials
- DE – cost of inventories for products which are to be harvest
- CN – total costs of stock no deductions
- IFRS – fair value less costs of sell

Deferred taxes – section 28

- Because of difference on valuation on fixed assets and plants
- NL/IFRS: the same principles – an entity shall measure deferred tax liabilities and related tax expense at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date (28.21).
- DE: tax-related financial statements (small company)
- CN: tax-related financial statements (small company)

Royalty recognition

- Dutch: general revenue recognition
- IFRS- section 22: mentioned special royalty recognition: royalties shall be recognised on an accrual basis in accordance with the substance of the relevant agreement.
- Example: Royalty for 5 years growing, paid by delivery of the plants

Common practice in SME

- many e-mails about the reporting
- difficulties with the language
- difficulties with the differences between the local regulations and company standards
- the amount of cash is clear but all the other financial information need to be explained or calculated on the same base

IFRS SME provides:

- Uniform and clear regulations
- Reference can be made to specific articles
- Both parties understanding the issue
- Both parties can read in their own language

IFRS SME

- International business needs international regulations for financial reporting

IFRS SME could be useful

Choices

- Adopting IFRS SME

or

- Explaining Dutch GAAP in Germany and China

Easy choice