

OPPORTUNITIES AND LIMITATIONS OF IAS/IFRS FOR SMES

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Abstract: *Lately, Internationalization has been involving not only large enterprises but also small and medium sized businesses, which are numerous in Italy and in Europe. With the increasing recourse to international trade, it has become necessary to use a financial and economic communication based on a series of accounting regulations that could be generally accepted and understandable to a vast audience of stakeholders. The implementation of international accounting principles for small and medium sized enterprises definitely represents an accounting revolution, and the achievement of an important goal. Because of the new competitive atmosphere, enterprises, even small ones, cannot remain confined to domestic markets anymore, but they must aim to their own internationalization, which has become a must not only in order to acquire new market shares, but also to defend those already acquired. The IAS/IFRS standards and particularly those meant for SMEs make income statement and results reached by national companies comparable to those of the companies that operate in the global market and offer a more transparent type of information. The IFRS standards for SMEs derive from full IFRS standards with some simplifications, with the objective to promote the harmonization of accounts. The aim of this work is to highlight the numerous opportunities offered to SMEs during the homologation process, such as the possibility to access credit or investment capitals, since they are recognized an advantage at international level. However, we will dwell on the limitations posed by IFRS, such as the application related difficulties caused by the different purposes, recipients and evaluation criteria contained in the national set of rules (particularly in Italy).*

Keywords: *IAS/IFRS, small and medium enterprise, framework, opportunities and limitations.*

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