Financial Reporting Standards Application by Small and Medium Sized Enterprises (SMEs) In Jordan: An Exploratory Study

Shamsi S. Bawaneh¹, Tamara I. Abzakh²

Abstract

This research highlights the financial reporting mechanism carried by Small and Medium sized Enterprises (SMEs) in Jordan. This study defines the financial reporting standards used by SMEs in Jordan, users of SMEs financial reports, and uses of financial information and reports of SMEs in Jordan. The study covers the concept of International Financial Reporting Standards (IFRS), and focuses on the IFRS for SMEs and the financial reporting standards application in Jordan will real-life evidence from an exchange company. The exchange company is in compliance with all regulations and policies imposed by law in Jordan. In addition, the exchange company preferences regarding the use of the financial reports and statements, is similar to the interests and preferences of other SMEs, according to the information presented in the literature review from previous researches. The results show that the exchange company is using the International Financial Reporting Standards according to the regulations and policies imposed by Jordanian law, as the International Financial Reporting Standards for SMEs are in consideration and not implemented yet. This study uses a case-study (qualitative) method to examine the real-case of the financial reporting mechanism being implemented by an exchange company in Jordan, Ma’moun Al-Sadat and Sons Exchange Company. The research provides a basis for further research. Qualitative and quantitative studies could be conducted in the future to verify the findings of the study.

Keywords: Financial Reporting, Financial Reporting Standards, SMEs, Exchange Companies, Entrepreneurship, Small Business, Case Study, Jordan.

1. Introduction

With more complex developments in financial reporting standards in the modern business in 21st century, SMEs are facing challenges in financial reporting. Owners of SMEs have limited financial theoretical basis and expertise. These enterprises need simpler financial reporting standards in order for them to be able to develop accurate financial statements and reports that will fulfill the needs of its users. Therefore, many financial reporting standards have been designed and developed for SMEs to solve the problem (QFinance, 2014).

Problem Statement

A lot of research papers are conducted for the financial reporting for large corporations, where the mechanism, regulations, and techniques are well known for these corporations as they are in demand for this by law and the focus by auditors and large auditing firms. While there is less concentration on small and medium sized enterprises and the financial standards they are following to report their financial activities worldwide; in Jordan, neither researches nor studies have been conducted on this topic.

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Purpose of the Study

The purpose of this qualitative, case study was to determine the reporting standards SMEs in Jordan should follow and whether they are following these standards or not. In addition, to determine the way they perform their financial reporting, and the users and uses of the financial information reports and statements.

Significance of the Study

This study will enhance the picture and knowledge of financial standards implementation by SMEs in Jordan, and a better understanding of their needs and perception regarding this issue.

Research Question

1) What does the law in Jordan state regarding the financial reporting standards implementation by small and medium sized enterprises?
2) What kind of financial standards SMEs in Jordan follow?
3) How do SMEs in Jordan perform their financial reporting?

The remainder of this study is divided into five sections. The next section presents a theoretical background of this study. Section three provides a literature review. The fourth section presents the research methodology and describes the research method adapted. The fifth section presents the results and the analysis followed by the conclusion and recommendations section.

2. Theoretical Background

According to International Accounting Standards Board (IASB), the objective of financial statements is to provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions.

In most countries, there is a legal requirement that many, and in some cases all, entities prepare financial statements in accordance with a nationally recognized set of accounting standards and submit the statements to the government. Beside the government, the financial information may also be made available to other interested parties such as creditors, suppliers, and employees (Feltham, 2013).

In the UK, the Corporate Report identifies seven user groups of corporate financial reports, including the equity investors, loan creditors, employees, analyst-advisors, business contacts, the government and the public (Marriott and Marriott, 2006). The needs of the users are vital in the establishment of the accounting standards because the standards determine the form and content of financial statements (Feltham, 2013).

International Financial Reporting Standards

Accounting is considered as the “language of business" and the consequence of variations in national accounting standards, is the “confusion of language” requiring investors to be able to understand “different financial languages”. Understanding different national accounting principles has become more substantive due to economic globalization, the emergence of global financial markets, changes in international monetary systems, and the growth in multinational enterprises (MNEs). This growing need for improved global conveyance of financial information created a demand for the harmonization of global accounting standards.

"A response to demand began in 1973 when a group of nine nations, including the United States, formed the International Accounting Standards Committee (IASC) as an independent organization with a stated purpose to develop, publish, and promote accounting standards in order to improve and harmonization global accounting standards. Between 1973 and 2001, the IASC developed 34 IAS; however, an administrative reorganization transferred the responsibility to the IASC Foundation, which included a new standards development board known as the IASB. While the IASB formally adopted the 34 IAS, all subsequently issued IASB standards carry the designation of IFRS in order to differentiate between the actions of the previous IASC and the new authority of the IASB" (Feltham, 2013, P. 17).
With the global acceptance and adoption of international standards, full IFRS replaced many national (Generally Accepted Accounting Principles) GAAPs. In some cases a convergence of US GAAP as promulgated by the US Financial Accounting Standards Board (FASB) and IFRS as promulgated by IASB is continued to be a high priority on the agendas of both FASB and IASB. However, the convergence process is designed to address only the most significant differences and/or areas that the Boards have identified as having the greatest need for improvement (Ernst & Young, 2012, Feltham, 2013).

“The two sets of standards are generally more alike than different for most commonly encountered transactions, with IFRS being largely, but not entirely, grounded in the same basic principles as US GAAP. The general principles and conceptual framework are often the same or similar in both sets of standards, leading to similar accounting results.” The existence of any differences depends on a variety of specific factors, including the nature of the entity, the details of the transactions, interpretation of the more general IFRS principles, industry practices and accounting policy elections where US GAAP and IFRS offer a choice (Ernst & Young, 2012).

Financial Reporting Standards for Small and Medium Sized Enterprises

Small and medium sized enterprises comprise the vast majority of incorporated enterprises. And while not participating in the public capital market, these private SMEs are still important in the local, national, and global economies (Feltham, 2013). SMEs are also the main source of wealth creation and employment of economies (Son, et al., 2006). Whilst a transparent financial reporting regime is essential for large listed companies, it is also just as important for SMCs to compete, to access financial sources and to find partners for their growth and development, therefore, quality financial statements are critical to the operational success of private entities.

Financial reporting requirements can impose a significant burden on smaller Enterprises, and therefore many countries exempt them from statutory audit and subject them to differential reporting requirements (Sian and Roberts, 2009). It is interesting to note that since there is no statutory requirement for public disclosure for small company financial information, the number of users of small company financial reports is perceived to be limited (Son, et al., 2006).

Standards are not always appropriate for medium and smaller entities as the output is aimed at a different set of users with different needs. Hence, there has been a growing interest in the provision of financial information by small business entities. In the UK, regulation has taken the form of the Financial Reporting Standard for Small Enterprises (FRSSE) and internationally United Nations Committee on Trade and Development (UNCTAD) has issued its own reporting guidelines for small enterprises ahead of the International Accounting Standards Board’s standard on the subject (Sian and Roberts, 2009).

FRSSE

In the UK, smaller incorporated enterprises are governed by the Accounting Standards Board’s (ASB’s) Financial Reporting Standard for Smaller Enterprises, a simpler and less onerous set of reporting rules (Sian and Roberts, 2009). The FRSSE is a long and complex document running to over 200 pages aimed primarily at meeting the needs of the larger end of the spectrum of small companies. It is essentially a cut-down version of accounting standards for large companies; often simply exempting small enterprises from disclosure rules for complex transactions that are not of relevance to them. It is therefore perhaps not surprising that there appears to be “a general rejection of the FRSSE and even the use of accounting standards for the smaller companies (Sian and Roberts, 2009).

IFRS for SMEs

The International Accounting Standard Board published the International Financial Reporting Standard for Small- and Medium-sized Entities (IFRS for SMEs) as a means to address the financial reporting needs of private entities by providing a simpler version of full International Financial Reporting Standards (IFRS). The development of this stand-alone, set of accounting standards for nonpublic entities was in response to international demand from both developed and emerging economies. IFRS for SMEs should be considered
an acceptable set of standards for the preparation of quality financial statements by private entities (for details, see Feltham, 2013).

**UNCTAD**

Committee on Trade and Development has produced two sets of guideline for small enterprises, one for small or micro owner-managed entities (level 3) and another for larger SMEs (level 2) (Sian and Roberts, 2009). UNCTAD has also been working in this area for some time and have produced differential guidelines: for the larger or level 2 SMEs they adopt an approach similar to that of the ASB, although the recommendations are far shorter (72 pages) and less complex, and for the smallest (level 3 entities) the proposals cover only 20 pages. The required qualitative characteristics, elements and recognition criteria for accrual based historical cost systems are consistent with but generally simplified versions of those included in the IASB Framework (Sian and Roberts, 2009).

**SFEDI**

The Small Firms Enterprise Development Initiative (SFEDI) has produced Business Enterprise Standards which can be used to help someone start up business and write a successful business plan. The standards can be used as checklists of what needs to be done and understood, as well as for learning and benchmarking once the plan is being put into place (Stoke and Wilson, 2010). There are 68 Standards which can be worked through (see Appendix 1).

3. Literature Review

The review of reporting standards for SMEs literature began with a search of literature found in academic and professional databases provided by Princess Sumaya University for Technology electronic library. The database searches included Emerald, Pro Quest, Credo Reference, and EBSCO host.

The search was limited to articles from within the last 10 years and the following key terms were used in the search: Financial Reporting and enterprises, financial reporting by small and medium sized enterprises, IFRS, IFRS for SMEs. Searches for IFRS for SMEs literature also include the organizational websites of the IFRS and Ernst and Young LLP. The review of the literature for this study will be explained as follows: the Necessity of Financial Reporting Standards for SMEs and the Necessity of IFRS for SMEs followed by their applications in Jordan.

**Necessity of Financial Reporting Standards for SMEs**

Although the importance of SMCs in national economic development is fully recognized (Bawaneh, 2012), their financial reporting practices have been largely ignored (Son, et al., 2006). The IASB argued that not addressing the accounting needs of SMEs would be ignoring”99” percent of all entities in virtually all jurisdictions (Feltham, 2013).

SMEs face significant challenges such as limited business skills and an inadequate and underdeveloped institutional infrastructure. More importantly, SMEs lack a transparent reporting regime, which is essential to help them access more financial resources for their growth and development (Son, et al., 2006). This implies that any accounting guidelines produced for SMEs must be simple and easy to understand (Sian and Roberts, 2009).

SMEs are required to share the same reporting regulations with large companies. It can be argued that accounting activities, especially in SMEs, are more concerned with legal compliance than economic relevance. Therefore, SMEs have become notorious for having poor or even no accounting records. Consequently, the users of their financial information are unable to assess risks and future returns and this can create funding problems, competitive disadvantages and higher failure rates (Son, et al., 2006).

Moreover, the users of Large public entities' financial statement generally have greater focus on the entity’s future growth potential and the long-term financial position while users of private entities’ financial information commonly prefer short-term cash flows, liquidity, and balance sheet strength. The combination
of the difference in user’s need and the cost-burden of complex accounting standards contributed to the demand for the development of a set of international standards for SMEs and nonpublic entities (Feltham, 2013).

**Necessity of IFRS for SMEs**

Motivated by the differences in users’ needs and the argument that benefits of global financial reporting standards are not limited to public companies, the IASB developed the IFRS for SMEs to reduce the financial reporting burden of SME's and private entities. The simplified version of full IFRS provides relief from the complexity of full IFRS accounting procedures and reduction in disclosure requirements, which should lead to improvement in the overall quality of private entity reporting in many jurisdictions (Feltham, 2013).

Moreover, while many SMEs are active in global commerce; the preparation of the internationally compatible financial statements could assist in lending decisions, loan monitoring, establishing international vendor credit, and the development of other international business relationships. The use of a single-set of SME accounting standards would allow for the development of a uniform credit rating system and encourage venture capital firms to provide funding to SMEs (Feltham, 2013).

In an effort to improve accounting practices and enter the global markets, many small or developing countries adopted full IFRS for all entities, thereby creating a situation where the smallest of entities must comply with highly complex accounting regulations. This “pushing down” of complicated standards to SMEs is not only occurring through nations adopting full IFRS, but also through convergence of the national GAAPs with IFRS (Feltham, 2013).

From the prior research, it is not always clear who the key users of financial statements of SMEs are. Generally, the main users of the financial statements were found to be the owners themselves, the Inland Revenue and banks entities and other creditors (Sian and Roberts, 2009). The most important user was seen to be owner-managers, followed fairly closely by the tax authorities. Banks are key sources of finance for small enterprises and financial statements play an important role in their lending decisions. Enterprises sent annual accounts to their bankers, who appeared to utilize the information, contained in the Income Statement and the notes, Banks additionally often demand “expanded financial statement information such as forecasts (Sian and Roberts, 2009). Both internal and external stakeholders frequently look to financial statements as a source of decision-making information (Feltham, 2013).

**Owner-Managers’ Use of Financial Reports and Other Information**

The most important use of financial reports was seen as being backward looking or confirmatory, rather than forward looking for planning or decision making. For example the annual statements were mainly used to compare income and costs with past periods or for a confirmatory. The most common useful information resources were bank statements and annual reports; the information used most commonly on a monthly basis is bank reconciliation statement information, however, the cash flow statement, the Balance Sheet and the Income Statement were nearly as popular (Sian and Roberts, 2009).

**How it is done**

A lack of financial awareness has resulted in many owner-managers turning to accountants to provide accounting services, such as the preparation of accounts and financial statements, the provision of tax or VAT information, or even to run the accounting system. Few SME owners are able to understand the contents of statutory accounts and they rely on their accountant to explain the details to them. Accountants (and auditors) often prepare (and audit) these financial statements and are, therefore, in a privileged position when it comes to advising small enterprises on internal management planning, decision making, control and future strategy (Sian and Roberts, 2009).

**Applicability to Micro entities**

The IASB argued that the IFRS for SMEs was an appropriate standard for any entity required or elected to publish general purpose financial statements for external users regardless of its size. Therefore, users of
the SME standard would include micro entities, generally described as entities with 10 or fewer employees, as well as large private companies (Feltham, 2013).

Another opinion is that IFRS for SMEs are more appropriate for larger entities; therefore, there should be recognition of micro entities as a distinct and less complex accounting standards category that has different financial informational needs. Even though the IASB developed IFRS for SMEs to better meet the needs for small and medium sized, nonpublic entities, the UN also contended that the standards may not be appropriate for smaller enterprises. The UN recommended the development of a third-tier or level of financial standards for micro entities that would use “a simplified accruals-based accounting, closely linked to cash transactions”.

In contrast, some argue that IFRS for SMEs is suitable for micro entities that prepare general-purpose financial statements. While the IFRS for SMEs may provide guidance for transaction or circumstances that are generally inapplicable to micro entities, that this should not cause any unnecessary burden (Feltham, 2013).

Financial Reporting in Jordan

Jordan is a small sized country located in Western Asia with a population of 6 and a half million (Jordan Department of Statistics, 2013).

According to the Jordan Department of Statistics, the Kingdom is home to more than 100,000 small- to medium-sized companies, representing more than 90% of the total number of companies operating in the country today (Start-up Boost, 2013). The jurisdiction of Jordan made a public commitment in support of moving towards a single set of high quality global accounting standards, the IFRS (IFRS, 2014, p. 1).

Support for IFRS is stated in the Jordanian Companies Law. Article No. 183 of the Companies Law requires that “A Public Shareholding Company shall organize its accounts and keep its registers and books in accordance with the recognized international accounting and auditing standards.”

Regulations issued by the Jordanian Securities Commission, the Central Bank of Jordan, and Jordanian Insurance Commission all require IFRS for regulated companies under their jurisdiction (IFRS, 2014, p. 1)

a) The jurisdiction’s status of adoption:

IFRS are required for the financial statements of all companies whose securities are traded in a public market.

Article 14 of that regulation requires: “The international accounting standards issued by the Board of International Accounting Standards are hereby adopted whereby all the parties subject to the Commission’s monitoring shall prepare their financial statements consistently therewith.” (IFRS, 2014, p. 2).

Regulations issued by the Central Bank of Jordan (for financial institutions) and by the Jordanian Insurance Commission (for insurance companies) require IFRS for regulated companies under their jurisdiction. (IFRS, 2014, p. 2)

From 1997 onwards, upon the issuance of Companies Law no.22 for the year 1997, Jordan started to fully adopt the full version of IASs without amendments (IFRS, 2014, p. 2)

b) Extent of IFRS Application

Domestic companies whose securities trade in a public market either required or permitted to use IFRS in their consolidated financial statement.

IFRS as issued by the IASB are required. That applies to ALL domestic companies whose securities trade in a public market (IFRS, 2014)

IFRS are also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market. For instance, are IFRS required or permitted in separate company financial statements of companies whose securities trade in a public market (IFRS, 2014).

“Jordanian Companies Law requires all public shareholding companies, general partnerships, limited partnerships, limited liability companies, private shareholding companies, and foreign companies operating in Jordan to prepare annual audited financial statements in accordance with “internationally recognized
accounting and auditing principles”. Companies whose securities trade in a public market (“public shareholding companies”) are regulated by the Jordanian Securities Commission, which requires full adoption of IFRS. Similarly, financial institutions regulated by the Central Bank of Jordan and insurance companies regulated by the Jordanian Insurance Commission must use full IFRS. All other companies may use full IFRS or they may use the IFRS for SMEs.” (IFRS, 2014, p. 3)

c) **Foreign companies whose debt or equity securities trade in a public market in the jurisdiction:**

All foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS in their consolidated financial statements (IFRS, 2014, p. 3)

d) **IFRS Endorsement**

IFRS as issued by the IASB are required for domestic companies. The Jordanian Securities Commission and other government authorities have eliminated several options permitted in IFRS (see below). However, the financial statements of all companies can still be in full compliance with IFRS.

“The Jordanian Securities Commission, the Central Bank of Jordan and the Jordanian Insurance Commission require the cost-depreciation-impairment model for all property, plant, and equipment, intangible assets, and investment property. The revaluation model in IAS 16 Property, Plant and Equipment and in IAS 38 Intangible Assets and the fair value through profit or loss model in IAS 40 Investment Property are not permitted. The revaluation and fair value accounting policy options were eliminated in 2007 because active markets did not exist in Jordan for property and intangibles. Elimination of the options is regarded as temporary and may be cancelled if the regulators’ concerns are mitigated in the coming years.” (IFRS, 2014, p.4)

The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with IFRS. The auditor's report and/or the basis of preparation footnote do not allow for ‘dual reporting’ (conformity with both IFRS and the jurisdiction’s GAAP) (IFRS, 2014, p. 3)

IFRS incorporated into law or regulations, IFRSs are not individually adopted. However, IFRS are endorsed because the Companies Law and regulations issued under that law and other laws require IFRS. (IFRS, 2014, p.4)

e) **Translation of IFRS**

The IFRS Foundation coordinates the publication of an annual bound volume of IFRSs in Arabic. The translation follows the official IFRS Foundation translation process. (IFRS, 2014, p.4)

f) **Application of the IFRS for SMEs**

The jurisdiction has not adopted the IFRS for SMEs for at least some SMEs. The adoption of the IFRS for SMEs under consideration “Adoption of the IFRS for SMEs is under discussion between the National Assembly (the legislatives body in Jordan) and the Jordanian Association of CPAs. However, as explained below, SMEs are currently permitted to use the IFRS for SMEs even though it has not been formally adopted.”(IFRS, 2014, p.4)

Jordanian Companies Law requires all public shareholding companies, general partnerships, limited partnerships, limited liability companies, private shareholding companies, and foreign companies operating in Jordan to prepare annual audited financial statements in accordance with “internationally recognized accounting and auditing principles”. Full IFRS is required by regulation for public shareholding companies regulated by the Jordanian Securities Commission, for financial institutions regulated by the Central Bank of Jordan, and for insurance companies regulated by the Jordanian Insurance Commission. Other companies may use full IFRS or they may use the IFRS for SMEs even though the IFRS for SMEs has not yet been formally adopted. (IFRS, 2014, p.5)

4. Methodology

As noted in the literature review section, this study began with a databases search. This study adopts a qualitative research method (Bawaneh, 2011; Hopper & Powell, 1985; Scapens, 1990; Yin, 1984). The qualitative case study approach was a rationale choice of research to achieve an initial insight regarding the
real situation of the financial standards used by exchange companies in Jordan, considering these entities as small and medium-sized enterprises. In addition, Interviews were carried out with managers and financial director, accountants and external accountants and auditors to determine the standards used in financial reporting, how it is performed, the uses of financial reports, and their perceptions on different issues related to financial reporting as following:

- The requirements stated by the Jordanian companies law regarding the use of financial reporting standards for SMEs, and the implementation of these standards by the exchange company:
  - Who is the legal entity responsible for the control and supervision of your financial activities and performance?
  - What does the law require regarding the use of financial reporting standards by small and medium financial entities (exchange companies) in Jordan?
  - What financial reporting standards does your company follow? International or national standards? General standards or standards for SMEs?

- How financial reporting is facilitated and performed by the exchange company:
  - How many workers with financial duties do you have in your company? And what are they responsible for?
  - Do you turn for external accountants to perform certain work? If yes, why, how many times a year and for what?

- The uses of the Financial outputs (Reports and financial statements) by the exchange company:
  - What are the outputs of your financial system (Reports and Statements)?
  - Who are the users of your financial outputs (Banks, Investors, Tax Authorities, Managers, Government)?
  - What are the uses of your financial system (Decision making, companies’ financial position, compare past performance with recent performance, future planning and forecasting, for legal and tax purposes, or for investment and fund purposes)?

- Users perceptions:
  - Owners and Managers: What is the level of your accounting and financial expertise? Do you believe that having good financial knowledge will affect your performance and enhance your ability in decision making depending on financial information?
  - Accountants: What is your opinion regarding the use of financial reporting standards, do you prefer the use of general standards or the use of financial reporting standards for SMEs, and do you believe that using international standards is a better alternative for SMEs nowadays?

5. Results and Analysis

This study reports the findings of an investigative study that presents the reporting standards being used and applied by exchange companies in Jordan, and analysis of users’ perceptions and uses of financial information extracted from the financial reports. The study is performed under the form of case study and observation, in addition of semi-structured interviews conducted with users of financial information of the exchange company.

The results of the study is as follows:

- The legal entity responsible to control and supervise the financial activities and performance of exchange companies in Jordan is The Central Bank of Jordan.
• Regarding the use of financial reporting standards by small and medium financial entities (exchange companies) in Jordan, the law requires following IFRS. And exchange companies in Jordan are following IFRS to report their financial activities.

• The exchange company has two workers with financial duties. The first employee is an accountant responsible for the daily cash calculations and internal reporting, where the second employee is the financial manager and he is responsible for the conducting monthly financial reports, mid-year financial reports and financial reports at the end of the year. (P.S. The financial manager is a part time employee, and he works for an hour every day).

• Company’s financial records, reports, and financial statements are audited by an external auditor (An owner of a small auditing company). The auditor revise these financial records at the end of each year to make sure it is in compliance with Central Bank regulations and then the records are sent to the Central Bank of Jordan.

• The uses of company’s financial system outputs of are listed below according to their importance in a descending order:
  • To recognize the financial position of the company.
  • To follow the regulations and policies.
  • For investment opportunities (for bankers and investors).
  • For taxing purposes.

• The financial manager prefer to use general financial reporting standards (used also by large companies) over financial reporting standards for SMEs, he also believe that using international standards is a better alternative for SMEs especially nowadays with high impact of globalization.

6. Conclusion and Recommendations

The study found that many factors in the business environment which affect the births and deaths of small firms but which are to some extent beyond the control of the owner-managers. It is a combination of these less controllable, external factors together with the more controllable, internal factors, arising from the personal attributes, technical skills, strategic management competencies and behaviors of the owner-manager. A finding of this study as well as a review of research into the management problems faced by young, small firms (Crome, 1991; Jones, 2003; Levie and Hart, 2009) revealed that they experience problems particularly in the areas of marketing, accounting and finance and the management of people.

The study concludes that the main users of the financial reports are Management, Government agencies & Central Bank of Jordan, Banks and investors, and tax authorities. The management uses the reports to determine the financial position of the company (past and future preferences), these reports are also reviews by banks and investors for funding purposes, and by tax authorities to determine the tax amount required by the company at the end of each year.

Moreover, this study can conclude from the analysis above that the exchange company is in compliance with all regulations and policies imposed by law in Jordan. In addition, the exchange company preferences regarding the use of the financial reports and statements, is similar to the interests and preferences of other SMEs, according to the information presented in the literature review from previous researches. Since, the study focuses on the financial reporting standards and information of one exchange company in Jordan, the generalizability of the research findings is restricted. The research provides a basis for further research. Qualitative and quantitative studies could be conducted in the future to verify findings of this study.
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## Appendix 1 Business Enterprise Standards

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<td>Check the likely success of a business idea</td>
<td>Find innovative ways to improve your business</td>
<td>Sub-contract work for your business</td>
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<td>Define the product or service of your business</td>
<td>Build relationships to build your business</td>
<td>Make sure people in your business can do their work</td>
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<td>Plan where your business is going</td>
<td>Choose a legal format that suits your business</td>
<td>Develop people’s skills for your business</td>
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<td>Carry out a review of your business</td>
<td>Keep up to date with current legislation affecting your business</td>
<td>Deal with workplace problems or disputes</td>
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<td>Carry out the plans for your business</td>
<td>Develop procedures to control risks to health and safety</td>
<td>Change job roles and handle redundancy</td>
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<td>Make changes to improve your business</td>
<td>Conduct an assessment of risks in the workplace</td>
<td>Set up a stakeholder pension scheme</td>
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<td>Improve the quality of product or services</td>
<td>Assess the environmental impact of your business</td>
<td>Check what customers need from your business</td>
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<td>Plan the exit strategy from your business</td>
<td>Decide on the financial needs of your business</td>
<td>Plan how to let your customers know about your products or services</td>
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<td>Evaluate an existing business opportunity</td>
<td>Set and monitor financial targets for your business</td>
<td>Plan how you will sell your products or services</td>
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<td>Set and monitor financial targets for your business</td>
<td>Plan how you will sell your products or services</td>
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<td>Get support for a creative business idea</td>
<td>Keep financial records for your business</td>
<td>Advertise your products or services</td>
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<td>Monitor the social performance of a social enterprise</td>
<td>Manage cash flow in your business</td>
<td>Sell your products or services</td>
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<td>Decide on a business location</td>
<td>Get customers to pay on time</td>
<td>Explore overseas markets for your business</td>
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<td>Choose a business premises</td>
<td>Invest capital in your business</td>
<td>Sell your products or services on the internet</td>
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<td>Contract for a business premises</td>
<td>Get finance for your business</td>
<td>Develop a website for your business</td>
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<td>Create the infrastructure your business needs</td>
<td>Monitor borrowing for your business</td>
<td>Bid for work for your business</td>
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<td>Undertake freelance work</td>
<td>Carry out the banking for your business</td>
<td>Make presentations about your business</td>
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<td>Identify needs and suppliers for your business</td>
<td>Prepare wages</td>
<td>Decide how you will treat your business customers</td>
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<td>Monitor the quality and use of supplies and equipment in your business</td>
<td>VAT registration and returns</td>
<td>Deliver a good service to customers</td>
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<td>Achieve the goals for your business</td>
<td>Review the skills your business needs</td>
<td>Explore your own business motives</td>
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<td>Win and keep customers</td>
<td>Plan what people your business needs</td>
<td>Check your ability to run your business</td>
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<tr>
<td>Make deals to take your business forward</td>
<td>Recruit people for your business</td>
<td>Improve your business skills</td>
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<tr>
<td>Seek advice and help for your business</td>
<td>Delegate work to others in your business</td>
<td>Work with a board in a social enterprise</td>
</tr>
<tr>
<td>Manage time in your business</td>
<td>Improve relationships with stakeholders in a social enterprise</td>
<td></td>
</tr>
</tbody>
</table>

Source: SFEDI Business Enterprise Standards [www.sfedi.co.uk](http://www.sfedi.co.uk)