

“Advantages of Preparing the Financial Statement Based on IFRS for SMEs on the Lebanese Entities: A case Study of Lebanese Small and Medium Enterprises”

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Abstract:

This study aimed to analyse the advantages of using IFRS for SMEs for Lebanese entities used by issued by the International Accounting Standards Board (IASB). This study analyses the Lebanese enterprises are applying the general accounting principal for tax purposes noting the Lebanese law allow them to present the financial statement as per the IFRS and IFRS for SMEs. This study is developed based on the thesis “The Impact of International Financial Reporting Standards for Small and Medium-sized Enterprises on the Financial Statements of Lebanese Companies.” Showing the advantages of applying full IFRS as a model when needed. The study examined the benefits of applying these full sets of standards to facilitate the entrance to the global markets and demonstrated:

- The advantage of presenting financial statement in accordance with IFRS for SME's.
- Implementing these models in Lebanese SMEs that implement International Financial Reporting Standards (IFRS for SMEs) as for first time adoption.
- Increase the knowledge and skills of the financial statement preparer for Small and medium Company to prepare the financial statement

Finally, the study recommended several measures that, if adopted, would contribute to fully implementing International Financial Reporting Standards for small and medium entities in their financial reports in the future and help SMEs in Lebanon grow and survive.

Keywords: Future Prospects, International Financial Reporting Standards, SMEs, Growth and Survival

Introduction

The research develops the method used to detect the of IFRS for SMEs as a model of small and medium companies in Lebanon and explained the concept of these companies and the criteria that distinguish them from large companies.

It also defines of IFRS for SMEs as a model, causes, stages, components, steps of implementation,

In addition, it presents the outputs of the accounting system for these companies in Lebanon and the financial statements (income statement, balance sheet, cash flow statement and notes to financial statements) The Effect of the IFRS for SMEs on the Financial Statements.

The research focused on a practical case study highlighting the rules used for measuring on the Financial Statements full IFRS for SMEs the indicators and results that clarify reading and understanding these indicators to contribute to administrative decision-making.

Problematic the study:

Lebanon is a country in the midst of growth (2018, but currently the country is going through an economic crisis), but its economy is primarily focused on small and medium entities. These entities are mainly family run business that does not apply corporate governance. The majority of them are established as entities with limited liabilities (SARL) or as joint stock companies (SAL). The families running these entities usually refuse to delegate the main management tasks to anyone outside the family. What's more, they refuse to have foreign investors with them, and they try to maintain a percentage of 51% with the person who established the entity.

It is clear as day that large companies rely on International Financial Reporting Standards full IFRS with the intention of attracting local and foreign investors, and applying transparency during the publication of their financial statements; thus allowing owners and shareholders to assess their financial position and to make appropriate decisions to enhance the position of their company on the market. On the other hand, small and medium entities are characterized by the centralization and the personalization of the management, which revolves around one person, the owner who also assumes the role of manager and shareholder all at once.

The aforementioned problem leads us to the following questions concerning the study:

1. Does the current financial reporting framework, applied by the Lebanese SMEs, reflect the true image of the financial reports?
2. Are the current methods used to prepare the financial reports in accordance with the IFRS for SMEs?
3. Does the Lebanese accounting code meet all the needs of IFRS for SMEs?
4. Does the preparer of the financial statements have the qualifications and skills required in order to prepare financial statements in accordance with international standards of IFRS for SMEs?
5. Does difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities

Hypnotizes study

H1-There is not related between the current financial reporting standard and the IFRS for SMEs?

H2-There is not the full IFRS will help IFRS SME's in Lebanon on mitigating it in-order to continue it's going concern.

H3-There are not pre-detection the Lebanese accounting code meet all the needs of IFRS for SMEs.

H4- There are not of the financial statements have the qualifications and skills required in order to prepare financial statements in accordance with of IFRS for SMEs

H5- There is not difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities **Objective of the study:**

The aims of this study are the following:

- The definition characteristics of SME's, its legal and theoretical organization.
- The definition IFRS for SMEs.
- The rules of the financial statements in accordance with IFRS for SMEs.

The importance of the study

The importance of this study is the following:

Scientific importance

- The definition characteristics of full IFRS SME's, its legal and theoretical organization.
- The rules of presenting the financial statements with full IFRS SME's
- The standards help entities, of various types and branches; present their financial reports fairly with IFRS for SMEs;
- The standards create a consistent accounting system worldwide for the entities, which can help them reach the international market, and even become international firms;

Limits of the study

- Subject framework: applying full IFRS models and the effect of the IFRS for SMEs
- Period framework: Between in 2022 and 2025.
- Geographic framework: case study to The Small and medium entities applying full IFRS for SME's and operating in city Beirut

List of abbreviations

- SME's: Small and medium enterprises
- Full IFRS: International financial reposting standards
- IAS: International accounting standards
- IFRS for SME's: International accounting standards for small and medium enterprises
- IASB: International Accounting Standard Board
- OECD: The Organization for Economic Co-operation and Development
- EUR: European Union regulation
- USA: United State of America
- LFE: Lebanon of entrepreneur the methodology of the study
- PCGL: Plan computable general Lebanon
- SPSS: Statiscial Package for Social Science

Research methodology

The descriptive approach is adopted by using books, journals and previous studies in the composition of secondary data; and a field study will be based on A case study of a Lebanese in city Beirut enterprises adopting full IFRS for SME's and applying

Contents of the study

This study starts with an introduction that presents the importance, the purpose and the problematic of this study additionally to two parts as below;

- First Previous Articles and theoretical part.

That presents the general overview of the IFRS SME's adoption on the Companies in Lebanon and the definition of the concept.

- The Second part related to field study

An explanation of the methodology used in this study for the adoption of the IFRS for SME's on Lebanese Companies in city of Beirut. The quantitative method, of the financial statements of these companies. Additionally, study will present a conclusion section with important recommendation section with important recommendation.

Part One: Previous Articles and Theoretical Part

Introduction

Several reasons would allow someone to study SMEs especially its significant economic role that play in any underdevelopment country. To begin, SMEs has become an imperative concentration for many studies and researchers due to its important role in the Socio-economic development. In addition, a considerable progress has been attained in the last decades in advancing theoretical knowledge on SMEs.

This part will treat Previous Articles and the definition of SMEs, and the concept as follows:

1. Previous Articles

- Article 1:** Ghicuki, J. et al (2014): Challenges Facing Micro and Small Companies in Accessing Credit Facilities in Kangemi Harambee Market in Nairobi City Country, Kenya
- Article 2:** Abdesamed, K.H. & Wahab, K.A.(2014) : Financing of small and medium enterprises. Determinants of Bank Loan Application (2014)
- Article 3:** Haroun, R. & Ibrahim, K. (2016): Islamic Financing in Mitigating Access to Financing problems of SMEs: a Survey Analysis)
- Article 4:** Chalhoub, M.S. (2011): Culture, Management Practices and the Entrepreneurial Performance of Small and Medium Enterprises: Applications and Empirical study in the Middle East

Table1.1 -1: Previous Studies Articles

Point of Comparison	Article 1	Article 2	Article 3	Article4
Purpose	Determine the challenges facing SMEs in accessing credit facilities.	Determine the factors that affect SME to apply for a bank Loan, and develop bank loan model based on applicability	Investigating the feasibility of Islamic financing schemes in providing Financial aids o SMEs,	Propose a theoretical framework on SME Managerial practices and test it empirically.
Job Creation and economic Growth	SMEs are Lifeblood of most economies, since they are considered as a key driver of economic and social development	SMEs are considered as the engine of the economic growth since they are a huge portion of the economic pie both in the developed and the developing markets and in terms of employment and sustainability as well as Economic growth.	The role of SMEs is crucial in the economy and the labor market of any country.	SMEs play an important role in economic Growth.
Findings	Business Risks influences the accessibility to credit facilities. Followed but cost of credit and level of collateral. In addition, the Funders' Management sees the application of International Financial Reporting Standards when preparing	The Educational Background, the firm size, collaterals and loans with interest were found negatively related to SME owner tendency to apply for bank loans. In addition, the Funders' Management sees the application of International Financial Reporting Standards when	Lack of collateral ranked as the main obstacle, Islamic financing Modes and Schemes like (mudarabah, Murabaha, Musharaka and Ijara are preferred by SMEs owners since they have the salient features. In addition, the Funders' Management sees the application of International Financial Reporting Standards when preparing financial statements. In addition, the Funders' Management	Culture, Management System, Equity through fairness and compensation and entrepreneurial Marketing are found positively related with the business performance. In addition, the Funders' Management sees the application of International Financial Reporting Standards when

	financial statements.	preparing financial statements.	sees the application of International Financial Reporting Standards when preparing financial statements.	preparing financial statements.
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Source: Prepared by the Author

1.1. Small and Medium Companies definition

As per Georgia state university indicate that more than 55 definitions for the SME's used worldwide, this number of definitions is due to the difference in the criteria's adopted by the authorities (Government, agencies...) to the small and medium Companies.

That why the researcher will create a definition based on a mixture of definition worldwide to define the SME's in Lebanon. This definition will be used later to identify the population used in the practical parts.

1.1.1. Definition as per European Union

The Organization for Economic Co-operation and Development (OECD) consider the Small and Medium Companies (SME's) as independent firms with a few employee numbers, this number might change according to the country of residency. The upper limit worldwide is 500 employees, as per the United State. According to the European Union regulation Companies are considered SME's if they are operating with less than 250 employees. Small Companies are considered less than 50 employees, while the micro-Companies are those operating with five to ten employees.

Other considerations can be used to define SME's according to the OECD; financial assets are one of them. An enterprise operating with turnover less than 40 Million Euro yearly or a balance sheet less than 27 million Euros is considered as SME's in Europe (OECD.2020, (EUR)2022)

1.1.2. Definition as per International Accounting Standard Board (IASB)

The International Accounting Standard Board IASB defines SME's as an entity not publicly accountable and publishes general purposes financial statements for external users. The IASB is taking into consideration the users of the financial statements, disregarding the number of employees or the financial assets of the entity in contradiction to the OECD.

An entity is considered publicly accountable if one of the following conditions is applied:

- The enterprise has debts or equity instruments traded on public market.
- The enterprise holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. (IASB 2022)

1.1.3. Definition as per Lebanese regulation

The Lebanese regulation didn't define the SME's. However, according to the Lebanese central bank SME's is Companies operating with less than 15 million LBP for the annual turnover, in the same time Kafalat define SME's as Companies operating with less than 40 employees. Both definitions are valid, we should elaborate more.

Furthermore, the ministry of economy and trade tried to solve this problem by classing the Lebanese entities into homogenies categories. In general, all entities with less than 10 employees and a turnover with less than 500 LBP million is considered as micro enterprises. Entities with less than 50 employees and 5 billion LBP is considered as small entities. Finally, entities with less than 100 employees and 25 billion LBP are considered as medium entities. As per this definition the SMEs in Lebanon will represent 93 to 95 % of Companies in the country.

All classification noted above are used by the ministry of economy and trade without being officially published as a law in Lebanon by this ministry.

Finally, there is no unique definition for the SME's worldwide it's due to the following reasons:

- The definition is a directly related to the market size in which the SME's operate.
- It differs among various markets and economic sectors in different countries.
- The definition can be considered as a function of time, because it should be permanently changed to cope with the continuous economic and business developments characterizing our world nowadays especially globalization.

According to all the above, since the study is related to the Lebanese market the definition created for the SME's will be applied on the Lebanese SME's. The definition will be a mixture of the international requirement published by the IASB and adapted to the Lebanese market as per Kafalat and Lebanese central Bank.

In conclusion an entity is considered as SMEs in Lebanon, should apply the IFRS for SME's if the entire following requirement will be met. (Lebanese regulation 2020)

- Entity not publicly accountable.
- The entity operating with less than 15 million of LBP as an annual turnover.
- The entity operating with less than 40 employees.

1.2. Current situation of the SME's in Lebanon

The biggest threat for SME's is to define how to enter the market in a way to resist and growth. Using the right strategies, SME's can prove them; develop their resources and competencies in order to lead the market. Large Companies are facing difficulties in employing the right talented people in order to work with, while SME's are facing challenges in attracting financial resources and brand equities.

1.2.1. Lebanese government contribution

In Lebanon the Ministry of economy and trade are actively working on helping the Lebanese SME. The Ministry of economy and trade is supporting many programs and creates organizations in order to make differences in the market.

a- Lebanon of entrepreneur (LFE):

Lunched in 2013 in collaboration with Lebanese diaspora organizations "Lebnet", and SEAL to create the development of the technology startup ecosystem in Lebanon. In collaboration with all the IT local system provider in Lebanon LFE is trying to align objectives while tapping into Lebanese expatriates' expertise and network. LFE target group was the SME's and the university. LFE targeted the universities in order to reach the young talented people that should be helped in the future. LFE is providing the supports for researches and developments requested by the SME's; this support can be from a financial perspective or from technical one. The most important services provided by LFE is preparing, review and lobby for legislation that support the SME's growth.

b- Arab net

Founded in 2009 the Arab Net aimed to grow to mobile tech sector in the MENA "Middle East and North Africa" region and Arab world. Arab Net is simulating the growth of Arab digital knowledge and support the creating of new job role and opportunities of the talented youth. ArabNet has the role to organize workshop conferences and forums in order to increase the network relationship of the operating SME's and job seeker in the same field.

c- Centre for Innovation and Technology Innovation Voucher Project (CIT)

The Centre for Innovation and Technology (CIT) is a division of the Industrial Research Institute (IRI), established to secure sustained support and innovation to the manufacturing industry. The project main operation is to matching academia with industrial SME's, preparing trainings and helping to access research funding. Thus the target group for this project was local SME's and universities and the research institutions.

d- Kafalat SAL

Supported by the European Union and World Bank, Kafalat SAL helps Small and Medium entities in Lebanon on their financial plans. Kafalat SAL main operation is to help SME's seeking for financial assistance through loan guarantees. After reviewing feasibility studies and/or business plan.

Kafalat provide guarantees for Lebanese banks on loans accorded with Lebanese SME's under Kafalat program. (Kafalat2022)

1.2.2. Lebanese market for SME's

As per Mr. Jhonny Matta, head of market researcher at ministry of trade and economy, Small and Medium entities represents 95 % of the total economy market in Lebanon. Thus, 50 % of Lebanese working population is employed in an SME's. Besides, 60 % of worldwide Companies are classified under SME section and 40 % of the Gross Domestic Product GDP is affected by SME's operation.

In Lebanon 57% of SME's are operating in the retail sector and 12 % are manufacturing companies. A startup and tech enterprise represents 3% of the total SME's in Lebanon. With all the effort provided by the ministry of economy and trade, the percentage of Startup and innovative Companies is still minimal.

Status concentration in wholesale, retail and repairs

As per listing loan guaranteed published by Kafalat SAL during 2018 Specialized Techniques has the smallest weight of guaranties provided by Kafalat SAL. Thus Specialized Techniques sector is one of the most important sectors nowadays since it's related to all networking and smartphone app operation in the world.

Kafalat Sal provided 6.951 million of LBP for the craft industry from 2016 to 2018, 7.829 million of LPB for the Specialized Techniques, in parallel 81.710 million of LBP are spent on the agricultural sectors 67.805 million of LBP on the tourism sector and 100,657 millions of LBPs of the industrial sector.

1.3. Importance of the SME to the economy

SME plays an important role in the economic development of a country. Their role in terms of production, employment generation, contribution to exports & facilitating equitable distribution of income is very critical. The SMEs broadly consists of:

- The traditional cottage & household industries such as village industries, handicrafts, and coir industries.
- Modern SMEs.

The traditional village and cottage industries as distinguished from modern SMEs are mostly unorganized and located in rural areas and semi urban areas. They normally do not use power operated machines/appliances & use relatively lower levels

of investment & technology. But they provide part time employment to a very large number of poorer sections of the society. They also supply essential products for mass consumption & exports.

The modern SMEs are mostly defined in terms of the size of investment & labour force. The industries (Development & Regulation) define, SMEs having less than 50 workers with the aid of power or less than 50 workers with the aid of power. Government is extending various steps towards SMEs. In addition, the SMEs has been supported and encouraged by various government policies for infrastructure support, technology up-gradation, preferential access to credit, preferential policy support, etc.

Specific Contributions of Small-Scale Sector:

- The contribution of Small-scale sector to the manufacturing sector and GDP is significant in terms of its share in total value added.
- Small scale sector performs to the manufacturing sector and GDP is significant in terms of its share in total value added.
- SMEs can play a role in mitigating the problem of imbalance in the balance of payment accounts through its export promotion.
- While the large-scale industries are expected to increase the inequities of income and concentration of wealth, SMEs are expected to help widespread equal distribution of income and wealth.
- Small sector may provide opportunities to many capable and potential entrepreneurs who are deprived of appropriate opportunities.
- It can help to release scarce capital towards productive use.
- SMEs can reap the benefits of lean production and can find new cost.

Lebanon has fertile lands and benefits from a moderate climate and abundant water resources. However, the agricultural sector is under-developed, only contributes 5.3% of the GDP, and employs 13% of the workforce (World Bank, 2019). Key agricultural products include fruits (mainly apples, oranges, bananas and grapes, but also significantly olives) which account for around 30% of total agricultural production, and vegetables (such as potatoes, tomatoes and maize) which account for more than 60% of total production.

Industry accounts for 12.8% of GDP and employs 22% of the workforce. It is dominated by the manufacturing of agricultural products, metals, minerals, furniture and other manufactured goods. There are over 4,700 industrial firms in Lebanon with 26% industries manufacturing agri-food products, followed by construction materials (12%) and chemical products (8%). Services are the dominant sector of Lebanese economy, representing 75.9% of the country's GDP and employing slightly less than two-thirds of the workforce (64%). The banking sector was traditionally the mainstay of the economy, but it is going through a major crisis, the country facing an imminent risk of default. Banking activity, even when it was sustained and lucrative, did not constitute real support for the private sector since most of the liquidity coming from banks is used to finance public debt. Tourism accounts for almost 20% of GDP and employs around 18% of the active population. The sector currently suffers from the serious economic and political crisis that the country is going through.

However, the country is undergoing one of its worst political and economic crisis. A study by InfoPro Research, a local economics consultancy based in Beirut, found that one fifth of companies have ceased or suspended their operations since the beginning of 2019, half of which have shut down in the first five months of 2020.

At the end of 2019 Lebanon is facing compounded crises starting by an economic and financial crisis, followed by COVID-19 pandemics, and lastly the explosion at the Port of Beirut.

In October 2019, the economy plunged into a financial crisis brought about by a sudden stop in capital inflows, which precipitated systemic failures across the banking sector and debt sector, as well as effecting the exchange rate. Subsequently, on March 7, 2020, the Government defaulted on the redemption of a US\$1.2 billion Eurobond, marking Lebanon's first-ever sovereign default. Then, on March 18th 2019, the Government declared a State of General Mobilization, imposing a lockdown to counter COVID-19 that included the closure of the borders (air, sea, and land) and of public and private institutions. Lastly, on August 4, 2020, a massive explosion rocked the Port of Beirut, destroying much of the port and severely damaging dense residential and commercial areas within a 1- to 2-mile radius of it.

Beyond the human tragedy, the economic impact of the explosion has implications at the national level, despite the explosion's geographical concentration. This adds to long-term structural vulnerabilities that include low-grade infrastructure -a dysfunctional electricity sector, water supply shortages, inadequate solid waste and wastewater management—public financial mismanagement, large macroeconomic imbalances, and deteriorating social indicators.

Immediately after the Port of Beirut explosion, the World Bank Group (WBG), in cooperation with the United Nations (UN) and the European Union (EU), launched a Rapid Damage and Needs Assessment (RDNA) to estimate the impact on the population, physical assets, infrastructure, and service delivery.

The RDNA followed a “whole of Lebanon approach” by engaging the public authorities, institutions, and civil society organizations concerned. The assessment found that the value of damage from the explosion was in the range of US\$3.8 to 4.6 billion, with losses to financial flows of US\$2.9 to US\$3.5 billion.

The impact is particularly severe in key sectors vital for growth, including finance, housing, tourism, and commerce. Through to the end of 2021, the costs of recovery and reconstruction are expected to total US\$1.8 to \$2.2 billion. Apart from losses in economic activity, Lebanon can expect lower fiscal revenues, higher inflation, and a further rise in poverty. Trade disruptions are also possible, which would raise transaction costs and further impede growth. The RDNA recommends a framework for Reform, Recovery, and Reconstruction (the '3Rs') to build back a better Lebanon, one based on principles of transparency, inclusion, and accountability. The 3Rs' framework combines people-centered interventions with structural reforms that include macroeconomic stabilization and ensuring human security, and reforms to governance mechanisms and the private-sector's operating environment.

Building a better Lebanon will require swift and decisive action, particularly on reform. In the immediate term, Lebanon needs to adopt and implement a credible, comprehensive, and coordinated macro-financial stability strategy, within a medium-term macro-fiscal framework.

This strategy would be based on:

- A debt restructuring program aimed at achieving debt sustainability over the medium-term;
- A comprehensive restructuring of the financial sector toward regaining the solvency of the banking sector;
- A new monetary policy framework aimed at regaining confidence in the exchange rate and its stability;
- A phased fiscal adjustment aimed at regaining confidence in fiscal policy;
- Growth enhancing reforms;
- Enhanced social protection.
- Adopting international accounting standards to regulate accounts for small and medium-sized Companies(SMEs) with the aim of attracting foreign investment to finance these companies
- Using modern techniques to measure the risk of financial failure

1.4 SMEs' Financial Statement Users

Users of the financial statement for SMEs can be divided into two sections: the internal and the external financial statement users. According to the definition of the IFRS for SMEs, the company applying this financial framework is a company with non-high public profile, and is not obliged to publish its annual financial statement.

1.4.1 Internal Financial Users

A- Top Management:

Top management for SMEs are generally the shareholders, or the shareholders' representative. Top management use the financial statement of the SMEs in order to track the financial performance of the entity, and to make the right decisions when executing orders and managing the entity.

B- Employee:

Employees are highly interested in the financial position of the entity they are working for. The employees' interest is related to them wanting to have stability in their future, which in itself directly relies upon the financial position of the entity that they are working for.

1.4.2 External Financials Users

A- Banks and Loan Borrowers:

Creditors and banks are an essential source of funding for this type of business since they ensure the funds, and therefore, a level of solvency and liquidity crucial for the continuity of the activity of the company. But all these sums paid by creditors and banks are never free, as they expect reimbursement in the form of interest, on top of the borrowed amount. This is why before making the loan, and during the period of indebtedness, these external actors seek to check whether or not they will be repaid. To do this, they regularly examine the financial situation of the company, through the financial statements issued by the latter (the most popular in this case being the balance sheet and cash flow).

B- The government:

Since the government is interested by the profitability of the company, coming in the form of tax collection at the end of each year, the former will be considered an external user of the financial statement.

C- Foreign suppliers:

In general, suppliers are interested in the financial statement of the entity (classed as client for the suppliers). Local suppliers can know the financial performance of the entity as per the market trends or through the local authorities of the country. Hence, foreign suppliers are more interested in the financial statement, because they rely on it before supplying their client. This interest is related to the credit risk assessment and the liquidity of the entity to keep their proper money safe.

His country faces many social issues, in addition to macroeconomic and political challenges. The massive influx of Syrian refugees (equating to about 25% of the country's population), has shaken the country's demographic balance and labor market. It has also put pressure on the costs of rent, infrastructure and on the supply of public services (water and electricity). The waste crisis, which begun in 2015, is yet to be resolved as garbage continues to pile up along the Mediterranean Sea. Unemployment has skyrocketed following the inflow of Syrian refugees, that are competing with Lebanese workers in the informal sector, and could affect over a quarter of the workforce. More than 89% of refugees live under the poverty line

1.5 Current economic situation

Lebanese economic growth, which has been slowing since 2011 following the Arab springs, the Syrian conflict and internal political tensions, experienced a sharp deterioration in 2019; economic difficulties mixed with a political crisis and nourishing virulent social demands. As shown in the table below, estimated at -1.9% in 2018, GDP growth amounted to -6.5% in 2019 and should decrease even further to an estimated -12% in 2020, due to the outbreak of COVID-19 according to the updated IMF forecasts from the 14th of April 2020. It is to be noted that since 2020, no official data were published.

The traditional engines of growth in Lebanon (real estate, construction and tourism) have stalled and the banking sector, which has so far been praised for its resilience, has proven to be vulnerable, revealing worrying prospects for growth.

Table 1-2 : Comparison for the main indicators in Lebanon from 2018 to 2020

Main indicators	2018	2019	2020
GDP (billions of USD)	54.96	52.52	18.73
GDP (constant prices, annual % change)	-1.9e	-6.9	-25
GDP per capita (USD)	8	7	2
General Government Balance (in % of GDP)	-16.4	-12.7	-12.8
General Government Gross Debt (in % of GDP)	154.9	174.5	171.7
Inflation rate (%)	4.6	2.9	85.5
Current account (b/illions USD)	-15.51	-14.42	-3.06
Current account (in % of GDP)	-28.2	-27.4	-16.3

Source: IMF – World Economic Outlook Database, October 2020

Lebanon has been blessed with a moderate climate, very fertile lands and plentiful water resources. However, as of 2019, the agricultural sector is very much under-developed, employing only 12% of the work force and contributing to about 3% of the GDP. As per the most recent published statistics by Investment Development Authority of Lebanon, the main agricultural products consist of vegetables (tomatoes, potatoes, corn...) which represent 60% of the total agricultural production, and also fruit (olives, apples, oranges...) which roughly account for 30% of the total agricultural production.

The industrial sector plays a more significant role in the Lebanese economy as it accounts for 13% of the GDP and it provides jobs for over 22% of the workforce (refer to table 2). This sector is mainly focused on the manufacturing of metals, minerals, agricultural products, furniture... In Lebanon, there are close to 5000 industrial firms (4700+ to be exact), with the majority (26%) manufacturing agro-food products; other note-worthy products being manufactured by these industrial firms are construction materials (12%) and chemical products (8%). (Economic Report 2020)

On a more important note, the sector that plays the biggest role in Lebanon's economy in the services sector, as it employs almost two-thirds, about 64% of the workforce (refer to table 2) and it accounts for 87% of the GDP. Traditionally, the banking sector would be the backbone of the economy; however, Lebanon is going through anything but traditional circumstances, as it faces an imminent risk of default. Even when banking activity was still lucrative and sustained, it did not really provide meaningful support for the private sector, mainly due to the fact that most of the liquidity coming from banks gets used as a source of finance for public debt. Normally, tourism would roughly employ 18% of the workforce, while also accounting for 20% of the GDP; but this sector is currently greatly suffering from Lebanon's political and economic crises.

Table1-3 the workforce

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	13.4	22.3	64.3
Value Added (in % of GDP)	5.3	12.8	75.9
Value Added (Annual % Change)	29.1	-0.1	-5.0

Source: World Bank, Latest Available Data. Because of rounding, the sum of the percentages may be smaller/greater than 100%.

1.6 IFRS for SMEs

A large number of Companies are not interested in applying the full IFRS, since their needs differ from publicly interest ones, and because applying these standards can prove to be quite costly. The IASB has developed a new framework different to the previous once, but this new framework is only applicable for small and medium entities so that they can enhance the quality of their financial statements.

The following information will outline the launch of the standard, display its scope, give a general overview of it, as well as detail how this standard perceives financial statements

1.6.1 History

Due to the financial crises that have occurred before the year 2000, and given the fact that the primary reason for these crises was the application of different accounting frameworks all over the world, therefore causing major misunderstandings between multinational firms and foreign investors; the IASB decided to launch the set of International Financial Reporting Standards to reduce divergence from the different accounting frameworks, and try to create a unique accounting language to be applied by all the entitles worldwide. Back in 2003, the IASB updated the set of standards to mitigate the problems faced by the entities as they were applying the first set.

Starting with the year 2000, IASC was informing the recently set up IASB about the existence of a “demand” for international accounting standards for SMEs.

In 2001, IASB had already started working on this new idea by initiating a project that would develop such standards. For this reason, it set up a work group with the intent of counseling the board on problems, alternatives and potential solutions.

In July of 2005, the IASB Foundation reformulated the objectives presented in the Statues of the Foundation. It added an objective according to which, the IASB itself would have to take into account the special needs of small and medium-sized entities during its standardization activity. Therefore, the objectives of the IASC Foundation currently are:

- to develop, in the sake of public interest, a single set of high quality, understandable and enforceable global accounting standards that require high quality, transparent and comparable information in financial statements and other types of financial reporting, to help participants in the world's capital markets and help other users make economic decisions;
- to promote the rigorous application and use of those standards;
- to fulfill the objectives associated with (a) and (b),
- to appropriately take account of the special needs of small and medium-sized entities and emerging economies;
- to realize the convergence of national accounting standards with International Accounting Standards, as well as the convergence of International Financial Reporting Standards with high quality solutions.

1.6.2 Users of the Standard

As mentioned in the history section, the definitions and frameworks have some differences between each country. IASB decides to solve this problem by creating a unique definition for SME; this definition will be used all over the world in order to classify the entity as a small and medium entity, or a big entity.

As per IFRS for SMEs, “A Company is considered publicly accountable if the Company has debts or equity instruments traded on the public market. Or, if Company holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.” The definition insists that if the company has a high public profile, then it will no longer be within scope of this standard, thus this standard can no longer be applied to it.

1.6.3 Overview

IFRS for SMEs is made up of 346 Pages, 35 sections, and 300 technical points, that are illustrated by theme, updated every 3 or 4 years so that small and medium entities can stay up to date with the full set of IFRS.

The conceptual framework, published by IASB, is not a standard related to any accounting treatment as it does not involve a normative modality in terms of evaluation or information to be provided. Nothing in this context replaces a specific international accounting standard. Rather, the conceptual framework seeks to specify general accounting ideas and to also specify the concepts that form a support and a starting point for the preparation and presentation of financial statements for use by external users.

The IFRS standard for SMEs replaces the conceptual framework of full IFRS with section 2 “Concepts and pervasive principles”, in order to adapt with small entities and their needs. By comparing the conceptual framework of full IFRS to section 2 of IFRS for SMEs, we find that both documents interpret approximately the same key points. However, the major difference between both documents is that the conceptual framework is far more developed than section 2 of the IFRS for SMEs. This difference is normal since the conceptual framework will be treating wide accounting treatments, and will then need the IFRS for SMEs.

The main subtitles treated by both documents are:

- The objective of the financial statements: The objective of the financial statements for the SMEs is to provide the necessary information for their users. That information pretty much sums up the financial position, performance and cash flow of the entity.
- The qualitative characteristics of financial information provided in the financial statement: The qualitative characteristics of financial statements listed in the standard are:
 - Understandability
 - Relevance
 - Materiality
 - Reliability
 - Substance over form
 - Prudence
 - Completeness
 - Comparability
 - Timeliness
 - Balance between benefit and cost
- The accountability and evaluation of the nature of the information that is to be provided;
- The capital accounts and their interoperation.

The IFRS for SMEs is composed of 35 sections, each section representing a special topic related to the financial reporting:

- Section 1: Definition and framework of SMEs
- Section 2: Principles and concepts
- Section 3: Financial statement presentation and disclosure
- Section 4 to 8: These sections represent the financial statement presentation templates. They cover the Balance sheet, Income statements, cash flow and statements of change in equity.
- Section 4: Statement of Financial Position
- Section 5: Statement of Comprehensive Income and Income Statement
- Section 6: Statement of Changes in Equity and Statement of Income and Retained Earnings
- Section 7: Statement of Cash Flow
- Section 8: Notes to the Financial Statements
- Section 9: Consolidated and separated financial statements
- Section 10: Accounting policies estimates and error
- Section 11 and 12: relative to financial instruments (Assets and Liabilities) as per the following:
 - Section 11: Basic financial instruments
 - Section 12: Other subjects related to the financial instruments
- Sections 14, 15 and 33: Intercompany transactions and disclosing year end balances
- Section 13 and sections 16 to 29: Related to all balance sheet accounts and treatments
- Section 13: Inventory
- Section: 16: Investments
- Section 17: Fixed assets

- Section 18: Intangible fixed assets and goodwill
- Section 19: Business combinations and goodwill
- Section 20: Lease contract
- Section 21: Provision
- Section 22: Liabilities and capital
- Section 23: Other income
- Section 24: Government Grants
- Section 25: Borrowing Costs
- Section 26: Share-based Payment
- Section 27: Impairment of assets
- Section 28: Employee Benefits
- Section 29: Income Taxes
- Section 30, 32 and 35: Related to special transaction such as Hyperinflation, Forex transactions, subsequent events and disclosures, special activities.
- Section 30: Foreign Currency Translation
- Section 31: Hyperinflation
- Section 32: Events After the Reporting Period
- Section 33: Related Party Disclosures
- Section 34: Specialized Activities
- Section 35: First Year adoption of IFRS for SMEs

The main differences between IFRS for SMEs and full IFRS are not only related to the formality and presentation of the financial statement. IFRS for SMEs, as previously noted, is designing a framework for specific users. Financial users of SMEs are the shareholders and simultaneously are the directors as well, that's why most of the information provided by Full IFRS is not applicable in the IFRS for SMEs reporting framework. Preparing the financial statement in accordance with IFRS for SMEs, will provide the initial information needed to have the financial decisions by the directors or/and shareholders of the company

1.6.4 The conceptual framework

The IFRS for SMEs has its own conceptual framework, which differs from the conceptual framework of full IFRS. The most important point for this framework is the fair presentation of financial statements. The conceptual framework of IFRS for SMEs, consists of maintaining the essential financial information that may affect the users of the financial information decision. In addition to the aforementioned information, the conceptual framework insists on the golden role of the financial statement preparation, which is "the going concern" role; it will affect the balance sheet, income statement, changes in equity and the notes for 12 reporting periods after the publishing of the financial statement.

The principle qualitative characteristics are noted below:

- **Understandability:**

The financial information provided should be easily transmitted to the reader of the financial statement. Adding unnecessary or complex information to the financial statement is strictly prohibited by this reporting framework. The reader has the right to understand all information present in the financial statement, for all disclosures.

- **Relevance:**

Information used in the financial statement should be logical, appropriate and consistent across all of the financial periods.

- **Materiality:**

The materiality is value of financial information that become significant above a certain amount. This value will be determined in accordance with the acceptable risk used and the value of the information data during the preparation of the financial information.

- **Reliability:**

Information is reliable when it's presented fairly, without any material misstatement due to fraud or error.

- **Substance over form:**

Ensure that financial statements provide a complete, relevant and accurate picture of transactions and events.

- **Prudence:**

Implementing the accounting system on a conservative basis, in order to assure the continuity of the entity.

- **Completeness:**

Information provided by the financial statement should be complete. There shouldn't be a case of omission of material related to the financial statement, the disclosure, error or fraud.

- **Comparability:**

Comparable financial statements ought to be prepared while taking into consideration common or similar factors. For example, a financial statement issued for SMEs in Lebanon can be compared to a financial statement issued for different SMEs in Syria, while taking into consideration reporting periods and other small economic factors. Both financial statements should be consistent.

1.6.5 Balance between benefit and cost, undue cost or effort:

Presenting the financial information fairly is important to the company, but this must be done while taking into consideration the undue cost or effect that will be added to reach the ultimate quality of information to be provided.

1.6.6 The financial statements

The financial statement is the image of the entity for a certain moment in time, and it is of crucial importance to the decision maker. It allows him to make the proper decisions, and to have a vision for the future of the entity based on the actuality and on the significance of the information provided by such documents.

The financial statements are composed of four irreplaceable statements. As per section 2 of the standard, the financial statement should contain at the very least the following:

- Balance sheet on the reporting date representing the Assets, Liabilities and Equity of the entity on this date (Reporting Date).
- Income Statement or the statement of profit and loss that represents the gains or losses of the company for the period of reporting
- Cash flow statements representing the movement of cash during the reporting period
- Statement of changes in equity
- The notes to the financial statement that represent the disclosures and the additional information related to all the above section.

The IFRS for SMEs allows the use of historical cost or fair value model. The standard develops on each section a model that is allowed to be used by the companies, while taking into consideration the cost of this model and its impact on the financial statement. In addition, the entity is obliged to prepare all of the financial statements (except for the cash flow) in accordance with the accrual basis.

1.6.6.1 Statement of comprehensive income

The company is presenting the Statement of profit or loss of a certain period, at the end of the current period. Thus, the company will not classify any expenses or income as long or short term, since the balances related to statement of profit and loss should be related to one reporting period only.

Balances are classified according to the nature and extent of income and expenses, and the results are the differences between the Income and Expenses balances.

An entity shall present its total comprehensive income for a period either:

- (a) in a single statement of comprehensive income, in which case the statement of comprehensive income presents all items of income and expense recognized in the period.
- (b) Or, in two statements (an income statement, and a statement of comprehensive income). In which case, the income statement presents all items of income and expense recognized in the period, except for the items that are recognized in total comprehensive income outside profit or loss, as permitted or required by this IFRS.

As a minimum, an entity shall include, in the statement of comprehensive income, line items that present the following amounts for the period:

- (a) revenue
- (b) Finance costs.
- (c) Share of the profit or loss of investments in associates (see Section 14 “Investments in Associates”) and jointly controlled entities (see Section 15 “Investments in Joint Ventures”) accounted for by using the equity method.
- (d) tax expense, excluding tax allocated to items (e), (g) and (h) below.
- (e) a single amount comprising the total of
 - (i) the post-tax profit or loss of a discontinued operation, and
 - (ii) The post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the net assets constituting the discontinued operation.
- (f) Profit or loss (if an entity has no items of other comprehensive income, this line need not be presented).
- (g) each item of other comprehensive income classified by nature (excluding amounts in (h))
- (h) Share of the other comprehensive income of associates and jointly controlled entities accounted for by the equity method.
- (i) Total comprehensive income (if an entity has no items of other comprehensive income, it may use another term for this line such as profit or loss).

Statement of profit or loss is key tools for users of the financial statement.

Thus, the standard also allows the company to prepare the statement of comprehensive income and retained earnings, but doesn't force it to be presented in the set of the financial statement. This statement can show the income statement calculation, and its effect on the equity related to the owners.

1.6.6.2 Significant elements

IFRS for SMEs require additional disclosure related to balances, and especially for profit and loss accounts, in order to avoid any omission that can lead to material misstatement.

For example:

- Construction cost
- Depreciation and amortization methods and rates
- Provision roles
- Gain or loss on fixed assets sales
- Postponing activities

Moreover, a section of extraordinary accounts is strictly prohibited for SMEs. As per the IASB, SMEs don't have the power to perform extraordinary transactions, such as swapping and other extraordinary transactions that companies can do.

1.7 Statement in equity

The statement of equity charges is the conclusion of equity charges during the reporting period. This statement is affected by opening balances Income statement, dividend distribution, increase in capital, adjustment of prior year income statements if any and any other changes in the shareholders right.

This statement is related to the shareholders' right in the company and its changes. The shareholders are highly interested in this statement, because it allows them to know their position and their right in the company. In addition, this statement shows the cumulated losses or profits, and compares them to the capital of the company.

An entity shall present, in the statement of income and retained earnings, the following items: Statement of Comprehensive Income and Income Statement: retained earnings at the beginning of the reporting period.

- (a) Dividends declared and paid or payable during the period.
- (b) Restatements of retained earnings for corrections of prior period errors.
- (c) Restatements of retained earnings for changes in accounting policy.
- (d) Retained earnings at the end of the reporting period.

1.8 Statement of cash flow

The statement of cash flow must differentiate between the cash flow of operating activity, the cash flow of investing activity and the cash flow of financing activity (IFRS for SMEs 7.1, full IFRS IAS 7.10). The purpose of this is to enable the user of the statement to evaluate the impact of the entity's activities on the financial position (IFRS for SMEs 7.1, full IFRS IAS 7.11). This is an essential aspect for both the readers of the financial statements of SMEs, and the users of the full IFRS. Additionally, both methods (the full IFRS and the IFRS for SMEs) give the user the choice to use either the direct method of presenting the cash flows, or the indirect method of presenting the cash flows (IFRS for SMEs 7.7, full IFRS IAS1 7.18). The cash flow statement shows the reader of the financial statement how cash is generated from the different activities of the company. This flow represents the changes in cash during the reporting period. Cash flow activities are divided into 3 categories:

- Operational activities that show the cash generated or used in the daily operation:
 - (a) the indirect method, whereby profit or loss is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows, or
 - (b) The direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.
- Investing activities related to the acquisition or disposal of fixed assets.
- Financial activities related to capital addition or loans that will be financing the company's activities.

a. Interest and dividends

An entity shall present, in a separate manner, cash flows from interest and dividends received and paid. The entity shall classify cash flows consistently from period to period as operating, investing or financing activities.

b. Income tax

An entity shall present separately cash flows arising from income tax and shall classify them as cash flows from operating activities, unless they can be specifically identified with financing and investing activities. When tax cash flows are allocated over more than one class of activities, the entity shall disclose the total amount of taxes paid.

c. Non-cash transactions

An entity shall exclude from the statement of cash flows, investing and financing transactions that do not require the use of cash or cash equivalents. An entity shall disclose such transactions elsewhere in the financial statements, in a manner that provides all of the relevant information about these investing and financing activities.

d. Components of cash and cash equivalents

An entity shall present the components of cash and cash equivalents, and shall also present a reconciliation of the amounts presented in the statement of cash flows to the equivalent items presented in the statement of financial position. However, an entity is not required to present this reconciliation if the amount of cash and cash equivalents, reported in the statement of cash flows, is identical to the amount similarly described in the statement of financial position.

e. Other disclosures

An entity shall disclose, together with a commentary by management. The amount of significant cash and cash equivalent balances held by the entity, that is not available for use by this entity. Cash and cash equivalents held by an entity may not be available for use by the entity because of foreign exchange controls or legal restrictions (among other reasons).

Cash flow is presented through a direct or an indirect method, and the differences between both methods is starting the preparation of the cash flow from the income statements or operational accounts by starting by the changing operational activities to reach at the end the cash and cash equivalent amounts. Both methods will reach the same conclusion but it's the matter of presentation that will be adopted by the company's management according to the needs of the financial statements users.

1.9 Notes to the financial statements

The notes for the financial statement are an important part of that statement. They represent some accounting policies and disclosure related to the company. In addition, the notes to the financial statement clarify the derogation, and explain the complex transaction related to the company.

Notes to the financial statement are narrative paragraphs describing the company and its operation. These notes also add clarification over the financial statement balances, and disclose all the requirement related to IFRS for SMEs. In order to avoid the omission of any important data, all balances should have an appropriate disclosure in the notes to the financial statement.

- The note to the financial statement should have a minimum set of information such as the following:
- Disclosing that the financial statement is prepared in accordance with IFRS for SMEs, and no departure from this standard has been made, without any exception. If any departure from IFRS for SMEs has been made, then the financial statement will not be considered prepared in accordance with IFRS for SMEs, even if this departure has a non-material effect on the financials.
- The accounting policies used by the company.
- The estimate methods used by the company.
- The details and significant explanation not mentioned in the other parts of the financial statements.
- Changes in accounting policies or estimated method used during the period, or any changes done from the previous financial penetrations. The effects of these changes on the financial statement and on the performance of the company should also be disclosed.
- In case the company or the directors have any problem in finding any estimation or accounting policy, related to any transaction during the preparation of the financial statement, they should refer to another method of judgment within the acceptable framework of IFRS for SMEs. the IASB published the methods of derogation, and steps to follow in order to mitigate this problem.
- The IASB defines many sources to determine the best source as per the company's requirement, in order to meet the estimates and policies noted below:
- The detailed subject and complementary paragraph that will describe some general and similar situations illustrated by the IFRS for SMEs.

Second part related to field study

The chapter Procedures and methodology

2. Introduction

The goal of research is to identify and analyze the application of the IFRS standard on the quality of financial reporting for the growth of the SME's. In addition, we have discussed previously all the relevant literature and academic backstage review. In this chapter, it will precede in methodology in the matter of research method, data collection tools and main hypotheses enables to reach scientific results that reflect the truth and confirm the hypotheses of research.

2.1 Methodology used

This section is addressing the methodology implemented in the research. Quantitative method was used in order to collect data from accountants, auditors working with one of the following company (KPMG, EY, PWC and Deloitte) 80 questionnaires to auditors Or an accountant were distributed to these companies, with 20 questionnaires for each company.,

And 20 questionnaires were distributed to auditors Or an accountant in Beirut working with local companies, Data analysis was conducted using the SPSS statistical tool to get the results and validate hypotheses in a scientifically accurate way. In order to achieve the objectives of our study and to collect the opinions of our sample, a questionnaire was designed and tested to collect quantitative data and obtain information to tackle the following:

- Define and identify the characteristics of SME's;
- Assess the accounting techniques needs of SME's in Lebanon in order to prepare financial statement;
- Evaluate the existing usage in case of any of IFRS for SME's;
- Evaluate the IFRS for SME's application on the financial statement on the Lebanese SME's;

The questionnaire was used because it is easy to be managed and distributed and be quantitatively analyzed later by using specialized software. Overall, 100 participant's responders to the survey were received.

To maximize response rates, a pre-notification letter was distributed, encouraging participation

2.2 Hypnotizes study

H1-There is no relation between the current financial reporting standard and the IFRS for SMEs?

H2-There is no relation between the full IFRS and the going concern for the Lebanese Companies.

H3-There is no relation between the current Lebanese financial statement and the needs of the Lebanese Small and Medium Companies users.

H4- There are no proper resources that have the qualifications and skills required to prepare the financial statements for the Lebanese Companies in accordance with of IFRS for SMEs

H5- There is not difficulties are applying the IFRS for SMEs in Lebanese small and medium entities

2.3 Characteristics of the sample

A purposive sample was selected and distributed as follows:

Table 2.1: Sample characteristics

Study sample	Description	Number	Percentage
Position	Accountant	30	30%
	Audit Manager	15	15%
	Audit Partner	5	5%
	Junior Auditor	20	20%
	Senior Auditor	30	30%
	Total	100	100%
Educational level	PhD.	10	10%
	Master degree	40	40%
	Bachelor degree	35	35%
	CPA/LACPA	15	15%
	Total	100	100%
Years of experience	0à5 Years	40	40%
	6à10 Years	45	45%
	10+ Years	15	15%
	Total	100	100%

Prepared by the author

The sample consists of 100 individuals and divided as per the below:

- 30 accountants with a percentage of 30% of our sample.
- 15 Audit Manager Equivalent to 15%
- 5 Audit Partner Equivalents to 5%.
- 20 Junior Auditors represent 20% of our sample,
- And finally Senior Auditors represent 30% of the sample.

The sample was distributed to (10%) PhD holders, in addition 40% of people chosen for this study was master's degree holders or equivalent, the population holding bachelor's degree represent 35% and the CPA/LACPA represent 15%. The table shows that 40% of respondents have less than 5 years of experience, 45% have experience between 6 to 10 years, 15 % and most of the research sample has more than 10 years of experience.

2.4 Survey Background

A pilot survey was a purposive sample was selected and distributed who had a long-extended experience in the accounting and audit field. Notes and complaints were provided and discussed and the questions were modified to discard misunderstanding. The sample represented the goal of the survey. Finally, the questionnaire was well designed and efficient in order to collect data required which serve the objective of this study.

Our questionnaire consists of six scales of measurement:

- The relation between the current financial report frame work in Lebanon and the true image of the financial reports issued by SME's.
- The difference between the current preparation methods of the financial statement in Lebanon and the International Financial Reporting Standard for SME's.
- The relation between need for the IFRS for SMEs to update the current Lebanese accounting code.
- The relation between the preparer of the financial statements skills in Lebanon and the international requirement of the financial statements.
- The relation between the preparer of the financial statements and difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities

In order to determine how to answer each part of our questionnaire we estimated the responses of our sample on each question, to understand their situation. In addition, a weighted average was calculated for each question to understand the average sample's consent.

To calculate the weighted average, a coefficient has been given for each level of response such as:

(Strongly agree = 5; Agree = 4; Neither = 3; Disagree = 2; Strongly disagree = 1),

The range of this weighted average will be between 1 and 5.

The length of each range or interval is calculated as follows:

The length of the period $(5-1) = 4$

The length of each interval $(4/5) = 0.8$

We add 0.8 to each weight of the Likert scale starting with the smallest number 1, and the result of the calculation is in the following table:

Table 2.2: The range, degree and weight of each response modality of the Likert scale used

Scale	Strongly disagree	Disagree	Neither	Agree	Strongly agree
Weight	1	2	3	4	5
Range	1-1.8	1.8-2.6	2.6-3.4	3.4-4.2	4.2-5
weighted average	20-36	36-52	52-68	68-84	84-100

Prepared by the author

The evaluation procedure is as follows:

When the weighted average is between 20-36, we can estimate that the individuals of our sample are Strongly disagree

When the weighted average is between 36-52, we can estimate that the individuals of our sample are disagree.

When the weighted average is between 52-68, we can estimate that the individuals of our sample are neither.

When the weighted average is between 68-84, we can estimate that the individuals of our sample are in agreement.

When the weighted average is between 84-100, we can estimate that the individuals of our sample are Totally in agreement.

2.5 Survey reliability and validity

2.5.1 Survey validity

Measuring the internal validity and reliability of the survey is an essential step before moving into the different statistical tests to verify the hypotheses of research assumed above. In fact, the first step is to ensure the quality of the measurement scales either in terms of their design (validity) or in terms of their application (reliability) (Evrard, Pras, & Roux, 2009). Concerning the measurement of the validity of a scale, it makes it possible to verify to what extent the chosen measuring instruments "make it possible to apprehend as best as possible the phenomenon that one seeks to measure" (Evrard, Pras, & Roux, 2009). We therefore try to ensure that the chosen indicator measures what we are trying to measure. In other words, the validity criteria will make it possible to check if we have chosen the right measurement tool for our research.

Among the different forms of validity, the "convergent validity" is the one that interests us more particularly in the context of this study. It is in fact to check if the items that are supposed to measure the same phenomenon are correlated with each other.

This step consists of verifying whether the analyzed data is well correlated with one another and can lead to principal component analysis. This verification is possible due to two tools, which are the analysis of the correlation matrix between the items of a construct and the tests of KMO and Bartlett (Hair, Tatham, & Blackwell, 1998).

Table2. 3: Validity measurement of the variable: The relation between the current financial report frame work in Lebanon and the true image of the financial reports issued by SME's

Variable	item	Correlation Matrix						KMO[1] and Bartlett test	
		q1	q2	q3	q4	q5	q6	Value	P
The relation between the current financial report frame work in Lebanon and the true image of the financial reports issued by SME's	q1	1	0.087	.604**	.443**	.540**	.568**	0.865	0
	q2	0.087	1	0.008	-0.011	0.076	.167*		
	q3	.604**	0.008	1	.644**	.666**	.722**		
	q4	.443**	-0.011	.644**	1	.633**	.619**		
	q5	.540**	0.076	.666**	.633**	1	.747**		
	q6	.568**	.167*	.722**	.619**	.747**	1		

Prepared by the author

Table 2. 4: Validity measurement the variable the difference between the current preparation methods of the financial statement in Lebanon and the International Financial Reporting Standard for SME's.

Variable	Item	Correlation Matrix						KMO[1] and Bartlett test	
		q7	q8	q9	q10	q11	q12	Value	P
The difference between the current preparation methods of the financial statement in Lebanon and the International Financial Reporting Standard for SME's.	q7	1	-0.029	0.014	0.105	.203*	-.214**	0.620	0
	q8	-0.029	1	.660**	-.0028	-0.012	.393**		
	q9	0.014	.660**	1	0.079	-0.018	.370**		
	q10	0.105	-0.028	0.079	1	0.1	0.039		
	q11	.203*	-0.012	-0.018	0.1	1	0.056		
	q12	-.214**	.393**	.370**	0.039	0.056	1		

Prepared by the author

Table 2. 5: Validity measurement the variable: The differences between methods the Lebanese accounting code meet all the needs of IFRS for SMEs

Variable	Item	Correlation Matrix						KMO[1] and Bartlett test	
		q13	q14	q15	q16	q17	q18	Value	P
The difference between methods the full IFRS will help the financial statement in Lebanon for SME's.	q13	1	.406**	0.009	.427**	.487**	.275**	0.635	0
	q14	.406**	1	-.209**	.280**	.312**	.205**		
	q15	0.009	-.209**	1	-.219**	-0.117	-0.074		
	q16	.427**	.280**	-.219**	1	.480**	.344**		
	q17	.487**	.312**	-0.117	.480**	1	.582**		
	q18	.275**	.205**	-0.074	.344**	.582**	1		

Prepared by the author

Table2.6: Validity measurement of the variable: The SME's update skills required in order to prepare financial statements in accordance with of IFRS for SMEs

Variable	Item	Correlation Matrix						KMO[1] and Bartlett test	
		q19	q20	q21	q22	q23	q24	Value	P
The need for The SME's update skills required in order to prepare financial statements in accordance with of IFRS for SMEs	q19	1	.626**	0.025	0.086	0.075	0.016	0.735	0
	q20	.626**	1	0.14	0.054	0.088	0.01		
	q21	0.025	0.14	1	.392**	.433**	.541**		
	q22	0.086	0.054	.392**	1	.494**	.461**		
	q23	0.075	0.088	.433**	.494**	1	.771**		
	q24	0.016	0.01	.541**	.461**	.771**	1		

Prepared by the author

Table2.7: Validity measurement of the variable: Difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities

Variable	Item	Correlation Matrix						KMO[1] and Bartlett test	
		q25	q26	q27	q28	q29	q30	Value	P
Difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities	q25	1	.565**	0.085	.156*	.317**	.429**	0.610	0
	q26	.565**	1	-0.067	.215**	.183*	.190*		
	q27	0.085	-0.067	1	-.375**	0.049	0.041		
	q28	.156*	.215**	-.375**	1	0.042	0.153		
	q29	.317**	.183*	0.049	0.042	1	.622**		
	q30	.429**	.190*	0.041	0.153	.622**	1		

Prepared by the author

Examining the results obtained for the coefficient of "KMO and Bartlett's test" in the tables above,

Those tables show two tests that indicate the suitability of the data for structure detection. The Kaiser-Meyer-Olkin Measure (KMO) is a statistic that indicates the proportion of variance in the variables that might be caused by underlying factors. High values (close to 1.0) generally indicate that a principal component analysis may be useful with our data. If the value is less than 0.50, the results of the factor analysis probably won't be very useful.

Bartlett's test tests the hypothesis that the correlation matrix is an identity matrix, which would indicate that the variables are unrelated and therefore unsuitable for structure detection. Small values (less than 0.05) of the significance level indicate that a principal component analysis may be useful with our data.

On the other hand, the results obtained for the coefficient of "KMO and Bartlett test", allowing to eliminate the interference between the different constructs (Stalfors & Nykvist, 2011), the value of KMO statistic vary between a minimum value of 0.610 and a maximum value 0.865 and a p.value for Bartlett test ($p = 0.000$) as shown in the tables above. Thus, a strong correlation between the different items of all the constructs of the questionnaire is justified.

2.5.2 Principal Component Analysis (PCA)

Principal component analysis (PCA) is a classic method adopted in different research and used to measure the internal validity of a measurement tool. It consists, as several researchers explain, of moving from a very large number of initial variables to a small number of new variables obtained by grouping the former. This new grouping will be the new main component or the new dimension of a scale.

The following approach is then implemented:

Extract the items whose alpha is <0.6 . The method of knowing whether to leave the one-dimensional factor or whether to divide it to have a multidimensional factor is to take the cumulative variance explained above 70%. If the explained variance is less than 70%, we examine the eigenvalue curve (elbow test).

So, by using this method, we can know the number of dimensions and if we will have more than one dimension, we have to rename them.

Finally, knowing by using this method the items corresponding to each dimension

2.5.3 Extraction of items and resizing:

We will use the PCA to resize the parts of the questionnaire.

The first section: “The relation between the current financial report frame work in Lebanon and the true image of the financial reports issued by SME’s” is composed of questions q1 – q6

According to table of communalities we have retained all the items of this section because the value $\alpha > 0.6$, and we observed that we have two dimensions for this variable (explained variance $< 70\%$).

The second section: “The difference between the current preparation methods of the financial statement in Lebanon and the International Financial Reporting Standard for SME’s”.

According to table of communalities we have deleted q10 q11 q12 (the alpha values are all less than 0.6). We have two dimensions for this variable.

The third section: “The differences between methods the Lebanese accounting code meet all the needs of IFRS for SMEs

According to table of communalities we have deleted q14 q18 (the alpha values these 2 items are less than 0.6). We have two dimensions for this variable.

The fourth section: “The SME’s update skills required in order to prepare financial statements in accordance with of IFRS for SMEs, consists of q19 q20 q21 q22 q23 q24. According to table of communalities we have deleted q21 q22 (the alpha values are all less than 0.6). We have two dimensions for this variable.

The fifth section: Difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities is composed of questions q24 – q30, nothing was deleted because the alpha values are all greater than 0.6 according to the table of communalities. We have 3 dimensions for this variable

2.5.4 Survey reliability

The reliability (or the fidelity) of a measuring tool is defined by the degree of reproducibility of the results when the same instrument is again applied under identical conditions. That is to say, if we measure the same phenomenon several times under the same conditions and applying the same measuring instrument, we must always obtain the same result (Evrard, Pras, & Roux, 2009).

Table 2.8: Evaluation of the psychometric qualities of the scales- Calculation of Cronbach’s alpha.

Scale	N of Items	Cronbach's Alpha
Scale1, dim 1	5	0.889
Scale2, dim 2	2	0.794
Scale3, dim 1	3	0.722
Scale4, dim 1	2	0.765
Scale4, dim 2	2	0.87
Scale5, dim 1	2	0.721
Scale5, dim 2	2	0.643
Scale5, dim 3	2	0.753

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Each of the scales that make up the survey was found to have an acceptable reliability (defined as a Cronbach’s alpha greater than or equal to 0.6).

For the scale1, dim 2, scale2, dim 1, and scale3, dim 2, these scales consist of one variable per scale. So for these items we cannot run the Cronbach Alpha to verify the reliability of these items. So we selected a sample of 15 individuals from our sample and asked them about these items again one month later, and we realized that there was a strong correlation in the sample answers between the two dates

2.6 Data Analysis

The data will be organized, tabulated and analyzed by using descriptive and inferential statistics as follows.

- Descriptive statistics:** include frequency distributions according to the types of variable.
- Inferential statistics:** Analytical analyses will be conducted. A statistician may be consulted as needed.

2.6.1. Data Processing

This study used Excel and SPSS to perform the statistical analysis. Descriptive statistics of the demographic characteristics of respondents, and the average percentage of positive responses on the survey were computed. The data was coded and entered to Excel and then converted to SPSS for further analysis. Many steps were preceded by data analysis. Data was cleaned, coded, manipulated to be ready for describing data and analysis outputs.

The statistical tests were used to answer the hypotheses of the study are:

- Percentages and frequencies to describe the sample
- Weighted average of each question of scale.
- KMO and Bartlett Test to check if the analyzed data are well correlated with each other.
- Principal Component Analysis (PCA) to measure the internal validity of the questionnaire.
- Cronbach Alpha test to see the fidelity of the survey dimensions.

The 1 sample sign test is to compare the total number of observations less than or greater than the hypothesized value. The one sample sign test is also considered as non-parametric version of one sample t test.

2.6.2 Limitations of the study

In every study, when a researcher decides to do a survey, regardless of how the survey is conducted, he must be bearing in mind that there are limitations to survey.

Limitations are the obstacles and events that confront a study which are out of the researcher control. This is one of the reasons why we do not use the words “prove” and “disprove” and we consider only our results as findings. Studies are limited by an exact place and specific time. The study is limited to the Accountants and Auditors who are working in the following company (KPMG, EY, PWC and Deloitte), and with local companies, at the time of data collection.

2.6.3 Verification of the hypothesis

To be able to validate the hypotheses it is necessary to transform the items of each dimension into one which is the mean of these items.

First, note that all distributions look plausible. Since $n = 100$ for each variable, we don't have any missing values. The distributions are not normal according to the previous test. This violates the normality assumption required by t-tests so we probably shouldn't run those.

A sign test for one median is often used instead of a one sample t-test when the latter's assumptions aren't met by the data. The most common scenario is analyzing a variable which doesn't seem normally distributed.

The questionnaire consists of six scales rated on the degree of response by 100 people. They used a percent scale running from 1 (totally disagree) through 5 (totally agree). We estimate the relation is good if at least 50% of some target population rate it 68) neutral rate) or higher.

Now, the score that divides the 50% lowest from the 50% highest scores is known as the median. In other words, 50% of the population scoring 68 or higher is equivalent to our null hypothesis that the population median is equal 68 for each scale, is equivalent to 50% of the population scoring above 68 and 50% below 68. And SPSS does include a test for a single proportion (a percentage divided by 100) known as the binomial test. We'll therefore just use binomial tests for evaluating if the proportion of respondents rating each scale above or below 68 is equal to 0.50.

The easy way to go here is to recode the data values: values smaller than the hypothesized population median are recoded into a minus (-) sign. Values larger than this median get a plus (+) sign. It's these plus and minus signs that give the sign test its name. Values equal to the median are excluded from analysis so we'll specify them as missing values

Table 2.9 : Analyzing are variables Excel and SPSS

Section	Dimension	Mean	Median
The relation between the current financial report frame work in Lebanon and the true image of the financial reports issued by SME's	scale1D1	39	40
the difference between the current preparation methods of the financial statement in Lebanon and the International Financial Reporting Standard for SME's	scale2D2	41	44
The differences between methods the Lebanese accounting code meet all the needs of IFRS for SMEs	scale3D1	51	50
	scale3D2	31.75	25
	scale4D1	39.49	37.5

The SME's update skills required in order to prepare financial statements in accordance with of IFRS for SMEs			scale4D2		24.38	25
Difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities			scale5D1		47.67	50
			scale5D2		40.68	31.25
			scale5D3		52.38	50
Binomial Test		Category	N	Observed Prop.	Test Prop.	Exact Sig. (2-tailed)
Scale1, dim 1	Group 1	below median	55	55%	50%	0.183
	Group 2	above median	45	45%		
	Total		100	100%		
scale1, dim 2	Group 1	below median	95	95%	50%	0
	Group 2	above median	5	5%		
	Total		100	100%		
Scale2, D1	Group 1	below median	29	29%	50%	0
	Group 2	above median	71	71%		
	Total		100	100%		
Scale2, D2	Group 1	below median	54	54%	50%	0.19
	Group 2	above median	46	46%		
	Total		100	100%		
Scale3, D1	Group 1	below median	16	16%	50%	0
	Group 2	above median	84	84%		
	Total		100	100%		
Scale3, D2	Group 1	below median	79	79%	50%	0
	Group 2	above median	21	21%		
	Total		100	100%		
Scale4, D1	Group 1	below median	59	59%	50%	0.014
	Group 2	above median	41	41%		
	Total		100	100%		
Scale4,D2	Group 1	below median	95	95%	50%	0
	Group 2	above median	5	5%		
	Total		100	100%		
Scale5, D1	Group 1	below median	19	19%	50%	0
	Group 2	above median	81	81%		
	Total		100	100%		
Scale5, D2	Group 1	below median	50	50%	50%	0.15
	Group 2	above median	50	50%		
	Total		100	100%		
Scale5, D3	Group 1	below median	14	14%	50%	0
	Group 2	above median	84	84%		
	Total		100	100%		
	Kolmogorov-Smirnov		Shapiro-Wilk			

Tests of Normality	Statistic	Df	Sig.	Statistic	Df	Sig.
scale1D1	0.12	100	0	0.955	100	0
scale1D2	0.345	100	0	0.738	100	0
scale2D1	0.269	100	0	0.854	100	0
scale2D2	0.146	100	0	0.95	100	0
scale3D1	0.231	100	0	0.913	100	0
scale3D2	0.307	100	0	0.853	100	0
scale4D1	0.15	100	0	0.945	100	0
scale4D2	0.316	100	0	0.795	100	0
scale5D1	0.252	100	0	0.821	100	0
scale5D2	0.299	100	0	0.859	100	0
scale5D3	0.215	100	0	0.914	100	0

Prepared by the author

3. Results related to five Hypotheses and Conclusion:

3.1 Results related to five Hypotheses

- Hypothesis three H1:

Results of the dimension: The relation between the current financial report frame work in Lebanon and the true image of the financial reports issued by SME's, is composed of questions q1 – q6

According to PCA analysis, we observed that have dimensions for this section

- N: 45 out of 100 cases score higher than 40;
- The observed proportion is $(45/100) = 0.45$ or 45%.
- The hypothesized test proportion is 0.50. (It means that median=40)

p (denoted as "Exact Significance (2-tailed)") = 0.183: the probability of finding our sample result is roughly 29% if the population proportion really is 50%. We generally reject our null hypothesis if $p < 0.05$ so our binomial test does not refuse the hypothesis that our population median is 40.

There is no statistically significant relation between the current financial report frame work and the true image of the financial reports issued by SME's.

Thus, there populations strongly agree that The Lebanese General Accounting Plan need additional updated and changes.

- Hypothesis three H2:

Results of the dimension the difference between the current preparation methods of the financial statement in Lebanon and the International Financial Reporting Standard for SME's Second dimension: It consists of the following items:

The Lebanese SME's directors know what the full IFRS for SME's is

Is composed of questions q7 – q12

- N: 46 out of 100 cases score lower than 44;
- The observed proportion is $(46/100) = 0.46$ or 46%.
- The hypothesized test proportion is 0.50. (It means that median=44)

p (denoted as "Exact Significance (2-tailed)") = 0.19: the probability of finding our sample result is 30.4% if the population proportion really is 50%.

The binomial test does not refuse the hypothesis that the population median is 44 Since $p > 0.05$ ($P=0.19$). we accept the null hypothesis, the proportion of respondents rating "The difference between the current preparation methods of the financial statements and the International Financial Reporting Standard for SME's", above or below 44 is equal to 0.50. (50%).

- Hypothesis three (H3)

H3: There is no statistically significant the differences between methods the Lebanese accounting code meet all the needs of IFRS for SMEs

Results of the dimension: It consists of the following items: methods the Lebanese accounting code meet all the needs of IFRS for SMEs

Is composed of questions q13 – q18

- N: 84 out of 100 cases score higher than 50;
- The observed proportion is $(84 / 100 = 0.84$ or 84%.
- The hypothesized test proportion is 0.50. (it means that median=50)

p (denoted as “Exact Significance (1-tailed)”) = 0.000: the probability of finding our sample result is 0% if the population proportion really is 50%. Since $p < 0.05$, we reject the null hypothesis: the population median is not 50 but -presumably- much higher.

Thus, The SME's update skills required in order to prepare financial statements in accordance with of IFRS for SMEs Result of the second dimension: The IFRS for SME's is an unwanted for the Lebanese Entity.

- Hypothesis three (H4)

There is no statistically significant The SME's update skills required in order to prepare financial statements in accordance with of IFRS for SMEs financial report frame work in Lebanon and the true image of the financial reports issued by SME's needs of the SME's.

The relation between Thus, The SME's update skills required in order to prepare financial statements in accordance with of IFRS for SMEs

Result of the second dimension: The IFRS for SME's is an unwanted for the Lebanese Entity.

Results of the dimension: It consists of the following items:

is composed of questions q19 – q24

- N: 41 out of 100 cases score lower than 37.5;
- The observed proportion is $(41 / 160 =) 0.41$ or 41%.
- The hypothesized test proportion is 0.50. (it means that median=37.5) Since $p < 0.05$, we reject the null hypothesis: the population median is not 37.5 but -presumably- much higher.

Thus, SME's update skills required in order to prepare financial statements in accordance with of IFRS for SMEs

Result of the second dimension: The IFRS for SME's is an unwanted for the Lebanese Entity it is The SME's update skills required.

- Hypothesis three (H5)

There are no statistically significant Difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities

According to the PCA analysis, we have dimensions of this section:

Result of the dimension: it consists from the following items: Difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities

is composed of questions q25 – q30

In our result, we got 81 out of 100 (81%) have a rate above the median (50), with significant p.value = 0.000 < 0.05,

The difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities

The p value of this section is equal 0.000 > 0.05, which means the proportion of our sample that have rate above the median is equal to that below the median, there is no significant difference between the two proportions, thus according to this result, conclude that there is a statistically significant Difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities

3.2 Conclusion and suggestions

It is incontestable that the SME's in Lebanon are threatened in many factor, like the lack of regulations, the bad economy, the instability of the political situation, etc. However, the primary threat is the absence of a clear definition of this type of companies. This lack of definition generates a confusion between companies from different sizes, and all companies are consequently treated with same laws and rules. Unlike most of the countries that rely on the SME's in their economies, the Lebanese companies do not benefit from any special regulation or treatment that facilitates their function. Although there is no clear official definition of the SME's in Lebanon, and as per the study, a Lebanese company is considered to be an SME if all the below criteria are met:

- The entity is not publicly accountable,
- The entity is operating with less than 15 million LBP as annual turnover,
- The entity is operating with less than 40 employees.

Therefore, there is an absolute need for the Lebanese regulator to clearly identify the criteria based on which Lebanese companies' sizes are defined. This definition will lead to specialized laws and regulations for the SME's. In normal circumstances, the SME's can bring more foreign investments; enhance the competition and the performance. In our current situation, the SME's will allow an upturn of the economic situation, since the Lebanese economy is based on this type of entities.

Being founded on the prelisted conditions above, the majority of the Lebanese companies are classified as SME's. Thus, the majority of the Lebanese companies are basing their accounting on the Lebanese accounting system, considered outdated

and inharmonious with the accounting needs of such companies. All the accountants admit that the financial statements prepared based on the Lebanese accounting system are not fairly presented. Hence, a new weakness that prevents the Lebanese companies to compete with other foreign companies, or to bring new investments. Consequently, it is an urgent need to evolve the current Lebanese accountant system so it fulfills the SME's needs. However, it is undeniable that such a project requires a lot of time, a lot of accounting expertise and the issuance of new laws, beside training the accountants and modifying the accounting systems in the SME's.

Referring to all the previously discussed, the most convenient way to ensure an appropriate update of the Lebanese accounting system, as our study clearly stated, is by applying IFRS for SME's. This application will enhance the quality of the financial statements. The quality of financial statements will be enhanced due to the international framework factor, since as per IASB, the standard will reflect the true image of the financial statements and it is acceptable worldwide. Companies reporting in accordance with IFRS for SME's will benefit from a light and understandable reporting framework worldwide. In consequence, the Lebanese companies will be subject to international investment and they will be able to compete on the international market.

All companies, including those who are not obliged to publish their financial statements to the external users, can benefit from this framework and prepare their financial statements in accordance with IFRS for SME's.

In Lebanon, as per the study and questionnaire testing the application of IFRS for SME's, we are able to state the below fragilities to the immediate application of the standard:

- The Lebanese companies are not prepared to transpose to this reporting framework due to the lack of personnel expertise and the incapability to replace the existing accounting systems;
- The Lebanese accountants and auditors are not qualified and trained to prepare and review the financials in accordance with the international framework and to audit them, Exceptionally for some big four companies (KPMG, EY, Deloitte, and PWC);
- The Lebanese government represented by the legislator did not take any new measure to enhance the quality of the financial reporting standards applied in Lebanon. It is to be noted that the last improvement on the Lebanese accounting standards goes back to 2001 (way back before the issuance of the IFRS for SME's that was announced

3.3 As a conclusion the study suggests the following:

1. It is a top priority for the Lebanese authorities to issue a new law defining the criteria for the companies' size classification;
2. The application of IFRS was issued by the Lebanese regulator by a circular instead of an article amending the law. Noting that changing the law or creating a law article will be more powerful than a circular. Accordingly, the regulator should issue at least an article for this or to create a full project to apply the international framework as per Saudi Arabia since this will be more effective.
3. Obliging LACPA and other non-governmental organization to prepare new licenses for members related to the international framework in addition to an obligation of continues training for the members as done in Saudi Arabia.
4. The researcher prefers to apply a full project in order to change the full reporting Lebanese framework to be in line with the international one. Noting that such project will need a lot of time and commitment. The benefits of changing the Lebanese reporting framework for the long run will be the following:
 - Lebanese company of all sizes will comply automatically with the international reporting framework.
 - Lebanese accountant will be obliged to enhance their qualifications and knowledge since this will be a market needs.
 - Lebanese university will be changing their curriculum to match with the market needs and the Lebanese law and of the IFRS for SME's that was announced.

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C- Annex

Table2. 3: Validity measurement of the variable: The relation between the current financial report frame work in Lebanon and the true image of the financial reports issued by SME's

Variable	item	Correlation Matrix						KMO[1] and Bartlett test	
		q1	q2	q3	q4	q5	q6	Value	P
The relation between the current financial report frame work in Lebanon and the true image of the financial reports issued by SME's	q1	1	0.087	.604**	.443**	.540**	.568**	0.865	0
	q2	0.087	1	0.008	-0.011	0.076	.167*		
	q3	.604**	0.008	1	.644**	.666**	.722**		
	q4	.443**	-0.011	.644**	1	.633**	.619**		
	q5	.540**	0.076	.666**	.633**	1	.747**		
	q6	.568**	.167*	.722**	.619**	.747**	1		

Prepared by the author

Table 2. 4: Validity measurement the variable the difference between the current preparation methods of the financial statement in Lebanon and the International Financial Reporting Standard for SME's.

Variable	Item	Correlation Matrix						KMO[1] and Bartlett test	
		q7	q8	q9	q10	q11	q12	Value	P
The difference between the current preparation methods of the financial statement in Lebanon and the International Financial Reporting Standard for SME's.	q7	1	-0.029	0.014	0.105	.203*	-.214**	0.620	0
	q8	-0.029	1	.660**	-.0028	-0.012	.393**		
	q9	0.014	.660**	1	0.079	-0.018	.370**		
	q10	0.105	-0.028	0.079	1	0.1	0.039		
	q11	.203*	-0.012	-0.018	0.1	1	0.056		
	q12	-.214**	.393**	.370**	0.039	0.056	1		

Prepared by the author

Table 2. 5: Validity measurement the variable: The differences between methods the Lebanese accounting code meet all the needs of IFRS for SMEs

Variable	Item	Correlation Matrix	KMO[1] and Bartlett test
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The difference between methods the full IFRS will help the financial statement in Lebanon for SME's.		q13	q14	q15	q16	q17	q18	Value	P
	q13	1	.406**	0.009	.427**	.487**	.275**	0.635	0
	q14	.406**	1	-.209**	.280**	.312**	.205**		
	q15	0.009	-.209**	1	-.219**	-0.117	-0.074		
	q16	.427**	.280**	-.219**	1	.480**	.344**		
	q17	.487**	.312**	-0.117	.480**	1	.582**		
	q18	.275**	.205**	-0.074	.344**	.582**	1		

Prepared by the author

Table2.6: Validity measurement of the variable: The SME's update skills required in order to prepare financial statements in accordance with of IFRS for SMEs

Variable	Item	Correlation Matrix						KMO[1] and Bartlett test	
The need for The SME's update skills required in order to prepare financial statements in accordance with of IFRS for SMEs		q19	q20	q21	q22	q23	q24	Value	P
	q19	1	.626**	0.025	0.086	0.075	0.016	0.735	0
	q20	.626**	1	0.14	0.054	0.088	0.01		
	q21	0.025	0.14	1	.392**	.433**	.541**		
	q22	0.086	0.054	.392**	1	.494**	.461**		
	q23	0.075	0.088	.433**	.494**	1	.771**		
	q24	0.016	0.01	.541**	.461**	.771**	1		

Prepared by the author

Table2.7: Validity measurement of the variable: Difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities

Variable	Item	Correlation Matrix						KMO[1] and Bartlett test	
Difficulties are facing in applying the IFRS for SMEs in Lebanese small and medium entities		q25	q26	q27	q28	q29	q30	Value	P
	q25	1	.565**	0.085	.156*	.317**	.429**	0.610	0
	q26	.565**	1	-0.067	.215**	.183*	.190*		
	q27	0.085	-0.067	1	-.375**	0.049	0.041		
	q28	.156*	.215**	-.375**	1	0.042	0.153		
	q29	.317**	.183*	0.049	0.042	1	.622**		
	q30	.429**	.190*	0.041	0.153	.622**	1		

مزايا إعداد القوائم المالية وفقاً للمعايير الدولية لإعداد التقارير المالية للشركات الصغيرة والمتوسطة على الكيانات اللبنانية: (دراسة حالة للشركات الصغيرة والمتوسطة اللبنانية)

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الملخص:

هدفت هذه الدراسة إلى تحليل مزايا استخدام المعايير الدولية لإعداد التقارير المالية للشركات الصغيرة والمتوسطة، الصادرة عن مجلس معايير المحاسبة الدولية (IASB)، على المؤسسات اللبنانية. تحلل هذه الدراسة تطبيق الشركات اللبنانية لمبدأ المحاسبة العامة لأغراض

ضريبية، علماً بأن القانون اللبناني يسمح لها بتقديم البيانات المالية وفقاً للمعايير الدولية لإعداد التقارير المالية (IFRS) وللشركات الصغيرة والمتوسطة. أعدت هذه الدراسة بناءً على أطروحة "أثر المعايير الدولية لإعداد التقارير المالية للشركات الصغيرة والمتوسطة على البيانات المالية للشركات اللبنانية"، موضحةً مزايا تطبيق المعايير الدولية لإعداد التقارير المالية كاملةً كنموذج عند الحاجة. تناولت الدراسة فوائد تطبيق هذه المجموعات الكاملة من المعايير لتسهيل دخول الأسواق العالمية، وأظهرت مايلي:

- ميزة عرض البيانات المالية وفقاً للمعايير الدولية لإعداد التقارير المالية للشركات الصغيرة والمتوسطة.
 - تطبيق هذه النماذج في الشركات الصغيرة والمتوسطة اللبنانية التي تطبق المعايير الدولية لإعداد التقارير المالية (IFRS) للشركات الصغيرة والمتوسطة) عند اعتمادها لأول مرة.
 - تعزيز معارف ومهارات مُعدّي البيانات المالية للشركات الصغيرة والمتوسطة في إعدادها.
- وأخيراً، أوصت الدراسة بعدة إجراءات من شأنها، في حال اعتمادها، أن تُسهم في التطبيق الكامل للمعايير الدولية لإعداد التقارير المالية للشركات الصغيرة والمتوسطة في تقاريرها المالية مستقبلاً، ومساعدة الشركات الصغيرة والمتوسطة في لبنان على النمو والاستمرار.
- الكلمات المفتاحية:** الآفاق المستقبلية، المعايير الدولية لإعداد التقارير المالية، الشركات الصغيرة والمتوسطة، النمو والاستمرار.