# USE OF INTERNATIONAL ACCOUNTING STANDARDS IN THE FINANCIAL STATEMENTS OF SMALL AND MEDIUM-SIZED ENTERPRISES: A STUDY APPLIED IN THE STATE OF PERNAMBUCO

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**Summary:** The present study aims to analyze the financial statements of SMEs, identifying if there is no demonstration (s) treated by NBC T 19.41, and to perform a critical analysis of the accountants' perception regarding the use of this standard. For this, a sample with 10 (ten) SMEs from the State of Pernambuco was used. A documentary analysis was carried out, whose material was made available by a newspaper of great circulation in the state of Pernambuco. The sample selection, therefore, was based on convenience criteria. The work took place with a qualitative approach. The results showed that, the statements of SMEs in Pernambuco are partially compliant with the standard, and that, although there is no requirement regarding the preparation of all these statements for companies of this size, their statements are now more reliable and transparent, so companies contribute to better market relations. When a critical analysis was carried out regarding the use of this standard by accountants who work with SMEs, it was observed in the literature that a good part of accounting professionals do not have in-depth knowledge about NBC T 19.41. Perhaps this is because Brazilian SMEs do not demand accounting reports with the level of sophistication defined in this standard.

**Key words:** Accounting Convergence. IFRS. NBC T 19.41. Small and Medium Enterprises.

## 1. INTRODUCTION

The convergence process of the International Accounting Standards was introduced in Brazil through laws 11.638 / 2007 and 11.941 / 2009, and, in turn, deals with the standardization of the accounting statements of Brazilian entities to international standards, whose objective is to enable the comparison of these statements with the statements of the

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other countries that adopt this measure. In this perspective, the IASB (*International Accounting Standards Board)*, the regulatory body for international accounting standards, in charge of the global convergence process(ANTUNES et al., 2012).

When talking about accounting convergence for Small and Medium Enterprises (SMEs), it is possible to notice the interest of researchers in identifying how, in practice, this process is happening. This process was applied from 2010, through theCFC Resolution No. 1,255 / 2009, which approved NBC T 19.41 - Accounting for Small and Medium Enterprises, which presents the form of preparation of the financial statements for SMEs as well as the statements that are required.

In addition to the IFRS convergence process, another issue that, although not mandatory for some entities, but which, once adopted, presents a greater level of credibility, is the publication of these statements that, in addition to presenting transparency, allows for the granting credit and assessment of the power of payment by banks and other companies, third parties.

NBC T 19.41, provides for its application in Brazil, to private limited companies, even if they are required to publish their financial statements, in addition to limited companies and other commercial companies, as long as they do not comply with Law No. 11,638 / 2007, applied large society. In this perspective, the present study aims to analyze the financial statements of Small and Medium Enterprises in Pernambuco, identifying if there is no demonstration (s) treated by NBC T 19.41, and to perform a critical analysis of the accountants' perception regarding the use of this standard .

The present research is exploratory, because, although there are notable studies in the accounting literature that deal with SMEs, studies that aim to verify the applicability of this standard in the State of Pernambuco, have not been located so far (2016), thus, the work is justified due to the fact that SMEs are responsible for the biggest economic movement in the country, since most companies in Brazil are classified as of these sizes.

To analyze the data, a documentary research was carried out which, for Silva and Grigolo (2002), uses materials that have not yet received any in-depth analysis, characterizing it as qualitative and, using the deductive method, which is a technique based on clarifying ideas through chain reasoning. For this, a sample of 10 (ten) companies was used, whose selection occurred through publications in a newspaper of great circulation in the State of Pernambuco, the Official Gazette of the State of Pernambuco.

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In structural terms, the work is divided into five sections, subdivided as follows: (1) the introduction, where there is an opening of the subject and how the theme will be addressed; (2) the theoretical framework, presenting a discussion of the representativeness of SMEs, the process of convergence of standards, their application and previous studies on the perception of accountants in relation to IFRS applied to SMEs; (3) how the research was developed and the materials collected and used; (4) the results achieved with the research; (5) the conclusion of the discussions incurred.

## 2. LITERATURE REVIEW

### 2.1 Participation of Small and Medium Enterprises in the Economy of Brazil

Small and Medium Enterprises (SMEs) have a large representation in the country's economy, as they represent 99% of companies and 52% of employment. Together, they make up the majority of the legal population and in Brazil, they are legally, socially and morally protected. In this sense, the Federal Constitution, through its art. 146, II, d, c / c art. 1 of Complementary Law 123/2006, states that this type of enterprise, characterized by its economic and financial fragility, demands greater attention from the population and, mainly from the State, in order for them to survive in the face of the natural competition of the capitalist world in which you live. Thus, the attention to which this discussion refers, is in the sense of protecting, facilitating and benefiting all activities related to registration with public agencies, access to credits,

The classification of micro, small and medium-sized companies is very confusing. In this perspective, Chér (1991) says that there are several parameters for the definition of small and medium-sized companies, most of them within the same country, as is the case in Brazil. It is worth mentioning that there is a difficulty in classifying mainly medium-sized companies, something also evidenced by Lima (2001). In this way, they can be classified according to the number of employees and annual gross revenue. As this study will only deal with SMEs, only the numbers will be presented for the entities that fall into these types. Therefore, table 1 shows the classification of SMEs by the number of employees, and these data are presented by Sebrae and Southern Common Market (Mercosur).

Table 01- Classification of companies based on the number of employees.

| COMPANY SIZE | CLASSIFICATION FACTOR | SUBDIVISION | SMALL BUSINESS | MEDIUM COMPANY |
|---|---|---|---|---|
| SEBRAE | Busy People and Gross Revenue | Industry and Construction | From 20 to 99 | 100 to 499 |

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| | | Trade and services | 10 to 49 | 50 to 99 |
|---|---|---|---|---|
| Mercosur | Busy People and Gross Revenue | Industry | 11 to 40 | 41 to 200 |
| | | Trade and services | From 6 to 30 | 31 to 80 |

Source: Extracted from the SEBRAE website.

As previously discussed in Table 1, SMEs are classified both by the number of employees and by annual sales. Therefore, LC 123/2006, BNDES, Sebrae and Mercosul, based on annual sales, classify these companies according to table 2.

**Table 02** - Qualification of SMEs.

| NORMATIVE AGENT | QUALIFICATION FACTOR | SUBDIVISION | SMALL BUSINESS | MEDIUM COMPANY |
|---|---|---|---|---|
| LC 123/2006 | Gross Revenue | - | From R $ 360,000.01 to R $ 3,600,000.00 | Not applicable. |
| BNDES | Gross Revenue | - | Above R $ 2.4 million to R $ 16 million | Above R $ 16 million to R $ 90 million |
| SEBRAE | Busy People and Gross Revenue | Industry and Construction | From R $ 360,000.01 to R $ 3,600,000.00 | It does not classify.[6] |
| | | Trade and Service | From R $ 360,000.01 to R $ 3,600,000.00 | |
| Mercosur | Busy People and Gross Revenue | Industry | Up to $ 3.5 million | Up to $ 20 million |
| | | Trade and Services | Up to $ 1.5 million | Up to $ 7 million |

Source: Adapted from Anjos (2009), from LC 123/2006; BNDS (2015); SEBRAE (2015); Mercosul GMC Resolution No. 90/93.

For Caneca (2008), companies of this size have become increasingly important within the national economy and stand out, mainly, for being responsible for generating employment and income in the country. According to data from Sebrae (2014), Micro, Small and Medium Enterprises make up 99% of the formal establishments in Brazil, which also includes SMEs. Small businesses represent 27% of the national Gross Domestic Product (GDP) and, explains that: "in absolute values, the production generated by micro and small companies has quadrupled in ten years, jumping from R $ 144 billion in 2001 to R $ 599 billion in 2011, in values at the time". Then, in view of these data, it is possible to observe the representation that these companies have.

## 2.2 International Accounting Standards Convergence Process for Brazilian Small and Medium Enterprises

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[6] Sebrae's classification on Medium Business was not found based on annual revenue / revenue.

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Accounting is as old as primitive man. In the beginning, it did not have the systematization and standardization existing today, and its development has been happening since prehistory, due to the fact that man feels the need to control his wealth. Even in times when the currency did not yet exist, the man or the head of his village needed to have control over his assets and even today, there is a need to use accounting practices in any and all entities that have assets (BUESA , 2010).

According to Botinha and Lemes (2013), the issue of IFRS for SMEs, prepared by the IASB, has the objective of simplification. Simplification occurs through the reduction of disclosures, language, omission of some topics that may bring irrelevance to SMEs, ways of measuring and other information that may present subjectivities of the complete IFRS.

A similar discussion was brought up by Neag (2010), who states that, due to the fact that SMEs present an important position in the world economy, the accounting information now provided must also have this same important role. In the business environment, when it comes to the application of IFRS to SMEs, there is a comparison between the cost of such disclosure and the benefit that such disclosure can bring, on the other hand, the author considers that IFRS for SMEs is still complex for micro entities.

SMEs have long adopted controls through mandatory processes, such as SPED (Public Digital Bookkeeping System), and now there is also a need for companies to adapt their accounting practices to the international accounting standard, IFRS (International Financial Reporting Standards - International Accounting Standards). IFRS emerged to meet users' demand for more reliable financial information, this action seeks to standardize and concentrate the process of producing standards, always guiding the convergence of Brazilian accounting to international standards (ASSIS, BOTINHA, SIRLEY, 2013).

## 3.3 Implementation of IFRS in Brazilian SMEs and Presentation of Financial Statements

With the approval of NBC T 19.41, Brazilian SMEs began to prepare the financial statements following the international standard as of the 2010 financial year. However, it was seen that there is resistance regarding its application, since the standard does not provide for punishment, if is not applied and the tax law does not oblige its use, therefore, most end up following the law.

The financial statements refer to reports produced by data acquired from accounting. The countless accounting procedures that take place in each period are organized and

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submitted to show, for example, the company's equity situation at a given moment, or to demonstrate what were the changes that occurred in its net equity from one year to the next, or even to unfold the steps that led the company to achieve a certain result (OLIVEIRA et al., 2010).

According to the standard, the financial statements that must be prepared by the entities are: Balance Sheet (BP), at the end of the period; Income Statement (DR), for the reporting period; Statement of Comprehensive Income (DRA), for the reporting period; Statement of Changes in Stockholders' Equity (DMPL), for the reporting period; Statement of Cash Flows (DFC), for the reporting period and; the Explanatory Notes, comprising the summary of significant accounting policies and other explanatory information.

The standard also points out that, if the only changes in Shareholders' Equity during the periods for which the financial statements are presented derive from the result, profit distribution, correction of errors from previous periods and changes in accounting policies, the entity may submit a single Statement of Accumulated Profit or Loss (DLPA) in place of DRA and DMPL. And also in case the entity does not have any item of comprehensive income, for any of the periods for which the statements are presented, there is no need to present the DRA, only the DR. The financial statements and explanatory notes of the entities must be presented clearly, and must distinguish them from other information contained in the same document. Therefore, table 3,

**Table 3** - Financial statements for SMEs.

| DEMONSTRATION | DEFITION |
|---|---|
| Balance Sheet | Accounting statement that shows qualitatively and quantitatively the equity and financial situation of the entity on a given date, divided into assets, liabilities and shareholders' equity. Where you can view origin and applications, the entity's wealth. |
| Results report | Statement that presents all items of income and expense recognized in the period, except for those that are recognized in comprehensive income. |
| Comprehensive Income Statement | Evidence of the change that occurs in shareholders' equity during a period resulting from transactions and other events, entities must present their comprehensive income for the period in two statements - the statement of income for the year and the statement of comprehensive income, in order to present vertical summary the result obtained in relation to the set of operations carried out in a given period. |
| Statement of Changes in Equity | It shows the movement of the accounts that make up the shareholders' equity, during the fiscal year, including the formation and use of reserves not derived from profit. |
| Statement of Cash Flows | It shows the inflows and outflows of cash and cash equivalents during the calculation period, showing separately the changes in operating, investing and financing activities. |
| Explanatory Notes | They provide additional information necessary to clarify the entity's equity situation, describing in detail some items contained in the disclosed financial statements. Indicating in each item of the financial statements, the reference in which the explanatory note for that item will be found. |

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Such statements, once prepared, improved the quality of information that managers may be receiving and presenting to users, whether creditors, shareholders or other users, as they are able to bring comparability of financial statements more clearly, thus facilitating the taking of decisions on loans, financing and investment by SMEs.

## 2.3 Previous Studies on the accountants' perception of the use of NBC T 19.41

The accounting and preparation of the financial statements of Brazilian SMEs are mostly done by accounting firms, as this type of entity does not have the obligation to have an accountant on its staff, making outsourcing the service more viable. . Thus, it is evident that the main responsible for the application or not of NBC T 19.41, are the accounting offices. In view of this exposure, this module will present studies that try to highlight the perception of accountants regarding the use of the standard applied to MSEs.

In order to carry out a study with the objective of researching which accounting services are being offered by accounting professionals who serve small and medium companies, that is, to identify the degree of use of international accounting standards for small and medium companies " IFRS for SME ", in Brazil, adopted by Technical Standard 19.41, Alves et al. (2013), made an interview with 32 accounting offices in the city of Recife-PE. The results showed that the standards were not yet used and that some of the professionals interviewed did not have knowledge about the changes generated by the accounting convergence process. Another result found in the research, is that the majority of professionals included in the referred study,

Still within this view, Jesus et al. (2015), carried out a study in order to investigate the perception of accountants in the municipality of Juazeiro-Bahia, in relation to the convergence of international accounting standards for SMEs, whose name is given by IFRS. As a result, the respondent accountants found that the IFRS applied to SMEs has content that is difficult to understand, but that its adoption would improve the quality of accounting information prepared by companies of this size in this region. Regarding the mandatory nature of some statements for companies of this size, most accountants demonstrated that they did not know and did not adopt the IFRS PMEs for the companies in which they provide services.

In order to verify the perception of accounting professionals regarding the adoption of IFRS by small and medium-sized companies in the state of Santa Catarina, in view of the incipience of the topic in the international scope of convergence of accounting practices, Beck

et al. (2014), conducted a survey by sending a questionnaire to accounting professionals working in the offices of Vale do Itajaí (region of the state of Santa Catarina). The survey result verified the degree of importance attributed by accountants to aspects related to the adoption of IFRS PME. It is worth mentioning the ability to learn, think, interpret and build reasoning and for multidisciplinary knowledge, two competences that were very well accepted by the respondents, but that do not exist without scientific improvement. Lastly,

Continuing the studies of accountants' perception of the standards applied to SMEs, for which, it is noted the application in several states and municipalities in Brazil, Menezes et al. (2013), with the objective of verifying the perception of accountants who work in Campina Grande - PB on the convergence of small and medium-sized companies' accounting to international standards, applied a questionnaire to 40 accountants. The results showed that the respondents are not totally unaware of the current process of convergence of Brazilian accounting to international standards, therefore, the applicability of accounting procedures according to the Technical Pronouncement for small and medium-sized companies has occurred when the practices coincide with those that, in general , were being carried out.

Another study that is also worth mentioning is the dissertation by Morais (2012), which aimed toto analyze the perception of accountants in the State of Mato Grosso about continuing professional education in IFRS for SMEs. Therefore, a questionnaire was applied to accountants of active accounting services companies in the State of Mato Grosso, obtaining a total of 302 responses. The result of the study showed a positive effect in relation to continuing education IFRS for SMEs, in addition to recognizing the possibility of improving professional performance, as well as greater employability and income.

In view of this discussion, it is suggested that the importance of the applicability of the highlighted standard should be emphasized during the training of these professionals, whether in undergraduate, graduate, continuing education. In this perspective,the study by Costa and Paulo (2014), aimed to identify in the perception of master's and doctoral students in accounting sciences, what knowledge and skills are necessary for an accounting professional to be able to apply the IFRS standards for small and medium-sized companies. As a result, it was found that most respondents demonstrate that knowledge in accounting theory, business ethics and international accounting are important for the accounting professional. In addition, they also indicated the need to understand the responsibilities of the IASB, CPC[7], CFC[8],

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[7] Accounting Pronouncements Committee.
[8] Federal Accounting Council.

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RFB[9] and CVM[10], who has a good capacity for analysis and synthesis, and who participates in continuing education programs. It was also found that, although the vast majority of respondents do not have a high level of knowledge about the IFRS applicable to small and medium-sized companies, they consider it important to adopt international standards in SMEs.

A study similar to that of Costa and Paulo (2014) was carried out by Mazzioni (2016), which aimed to assess the adoption of international accounting standards for small and medium-sized companies through the perception of Bachelor of Science in Accounting, whose analysis was made through a questionnaire. The results showed that most of the interviewees claimed to have adopted procedures such as recoverability, impairment, preparation of the Cash Flow Statement. In addition, they reported that, in order to obtain more relevant accounting information, there is a need to train employees and better understand customer activities, that is, these are the main impacts caused by the adoption of CPC PME, however , there is a shortage of trained professionals to apply this standard.

Discussing the accountants' perception of this standard also leads us to understand the level of understanding that these professionals have about it. Thus, Pedroza and Cavalcante (2014), carried out a study with the objective of investigating the level of understanding of accountants in the State of Paraíba in relation to the IFRS for SMEs. It was indicated that the items related to the Recognition of Construction Contract Revenue, Recognition of sales revenue and understanding of the SME concept under IFRS were considered the most difficult items of the test. Another result pointed out is thatthe items that most discriminated against the skilled individual from the unskilled individual were those related to the recognition of lease, subsequent measurement of fixed assets and impairment loss and subsequent measurement of inventories. In general, it appears that the knowledge about the standard is not satisfactory to those demanded by IFRS.

At the international level, Albu and Albu (2010), conducted a survey to address issues regarding the implementation of IFRS for SMEs in Romania. To this end, a review of the relevant literature was carried out in order to discuss the problems with the standard conceptual basis, such as the concept of SME and the needs of users, and also, to identify possible distortions in the application of IFRS for SMEs in the referred parents. Therefore, the analysis of Romania's current regulation (OMFP 1752) versus IFRS (for SMEs) showed that

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[9] Brazil's federal revenue.
[10] Securities and Exchange Commission.

there are still many inconsistencies at the conceptual and normative level, something that is more emphasized in practice, observed during the interviews.

Uyar and Gungormus (2013), carried out a study with the objective of investigating the basic knowledge and perceptions of accountants about IFRS for SMEs. Thus, the main results suggest that the interviewees are not highly informed about the omission of topics that deal with IFRS for SMEs. Therefore, their knowledge of the IFRS assessment methods / concepts for SMEs is at a moderate level. The inadequacy of the training of accounting professionals and the lack of training programs organized by professional bodies are considered the most serious obstacles to the application of the standard.

In this discussion, there is resistance at the national and international levels, both by SMEs and by accountants to use the SME rules, as a result of many times, not favoring them. However, it should be noted that there are also many positive points, among which are: increased comparability (very important for companies that have other companies in different locations), ability to raise funds abroad, as the statements and reports will be standardized internationally, facilitating understanding by foreign funders.

## 3. METHODOLOGY

The present research is exploratory, because, although studies in the accounting literature dealing with SMEs are notable, researches that aim to verify the applicability of this standard in the State of Pernambuco, were not found. As NBC T 19.41 became valid as of 2010, for the purposes of this research, financial statements for 2014 were used, that is, after a few years of publication of the standard. It is also a qualitative research, as an analysis of the observed documents was carried out.

To analyze the data, a documentary research was made, which, for Silva and Grigolo (2002), uses materials that have not yet received any in-depth analysis, characterizing it as quali-quantitative and, using the deductive method , which is a technique based on clarifying ideas through chain reasoning. The analysis parameter was NBC T 19.41, and the statements mentioned in item 3.17 of this standard were verified in the selected companies.

For this, a sample with 10 (ten) companies was used, whose selection occurred through publications in the Official Gazette of the State of Pernambuco, whose materials were provided by such newspaper for convenience and the choices of the entities were made by random criteria, being selected the SMEs shown in table 4, which presents companies ordered

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in alphabetical order, and with information on the total assets, used as a proxy for the size of the companies.

| No. | NAMES OF SMES | SIZE TOTAL ASSETS (In R $) | |
|---|---|---|---|
| | | 2014 | 2013 |
| 1 | Avanti Participacoes S / A | 11,109. 619 | 11,176,870 |
| 2 | Pirapama Industrial Company | 16,891,073 | 17,464,576 |
| 3 | Companhia de Tecidos Paulista | 9,540,063 | 10,291,444 |
| 4 | Daccord S / A | 2,324 | Not obtained.[11] |
| 5 | Delta Participacoes S / A | 33,268,074 | 34,366,700 |
| 6 | Sphere 5 Technology and Payments S / A | 46,390.63 | 2,127,541.42 |
| 7 | Mercosur Alliance S / A | 2,417,898.12 | 2,947,003.25 |
| 8 | Qualta Resort Empreendimentos Imobiliários S / A | 39,438 | 39,410 |
| 9 | TC Participações e Empreendimentos S / A | 11,850,543 | 11,804,380 |
| 10 | Usina União e Indústria S / A | 158,892,517 | 141,246,154 |

Source: Prepared by the authors from the Official Gazette of Pernambuco (2015).

After analyzing the documents and verifying the sets of statements prepared by these entities, a survey was made using Microsoft's Excel tool, informing each statement prepared and not elaborated by entity, to subsequently carry out an analysis and discussion as to what can be observed confronting with previous studies.

## 4. RESULTS

In this research, it was found that all entities in the sample prepared the Balance Sheet and Income Statement, however, none of the SMEs selected to be part of the sample, prepared the DRA. As it is a demonstration with specific items and not always obtained by the entities, including because they are SMEs, the failure to prepare the said statement may have resulted from the non-need, something that is discussed by Gimenez (2012), who informs the following items for comprehensive income: (a) effects of correction of errors and changes in accounting policies presented as retrospective adjustments from previous periods; (b) gains and losses arising from the conversion of financial statements; (c) actuarial gains and losses; (d) changes in fair hedge values. So, such items,

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[11] It was not possible to obtain the total value of the 2013 assets of the company Delta Participações S / A, as it was not presented in the documents found for this research.

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In view of this exposure, table 5 is presented, which contains a summary of the statements that were and were not prepared by each entity.

**Table 5** - Financial statements prepared and not prepared by SMEs.

| COMPANY | BP[12] | DR[13] | DRA[14] | DMPL[15] | DFC[16] | HUH[17] |
|---|---|---|---|---|---|---|
| Avanti Participacoes S / A | x | x | | x | x | |
| Pirapama Industrial Company | x | x | | x | x | |
| Companhia de Tecidos Paulista | x | x | | x | x | |
| Daccord S / A | x | x | | x | | |
| Delta Participacoes S / A | x | x | | x | x | |
| Sphere 5 Technology and Payments S / A | x | x | | | x | x |
| Mercosur Alliance S / A | x | x | | | | |
| Qualta Resort Empreendimentos Imobiliários S / A | x | x | | x | x | |
| TC Participações e Empreendimentos S / A | x | x | | x | x | |
| Usina União e Indústria S / A | x | x | | x | x | |

Source: Prepared by the authors from the Official Gazette of Pernambuco (2015).

Analyzing table 5, it can be seen that the DMPL was not prepared by only two of the entities studied, as well as the DFC. On the other hand, it is noted that only one entity, presented its explanatory notes in the publication of the set of financial statements, but that some of them put some observations in relation, at the end of the statements.

Among the entities that sought to justify the absence of the explanatory notes, are: the entity Avanti Participações S / A, which did not publish, only commented that such documents are part of the set of financial statements. Companhia Industrial Pirapama and TC Participações e Empreendimentos S / A reported that the explanatory notes were not published in the newspaper, but that they are available at the company's headquarters. The entity Sphere 5 Technology and Payments S / A, reported that the explanatory notes and other financial statements that have not been published, are also available at the company's headquarters. The entity Usina União e Indústria S / A presents only one note, informing the legal basis used for the preparation of the financial statements, and the other information is available at the company's headquarters.

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[12] Balance Sheet.
[13] Results report.
[14] Statement of Comprehensive Income.
[15] Statement of Changes in Stockholders' Equity.
[16] Statement of Cash Flows.
[17] Explanatory Notes.

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In the present study, it appears that the DMPL and DFC were prepared by 80% of the SMEs participating in the sample. Half of the sample prepared / released explanatory notes to the financial statements. What can also be observed is that, of the five entities that prepared the explanatory notes, four of them disclosed only a small part of the content of the same, followed by the information that the complete notes are at the headquarters of these entities.

## 4.1 CRITICAL ANALYSIS

Confronting the results obtained with previous studies discussed in this study, it is observed that in theresearch by Alves et al. (2013), Jesus et al. (2015), Beck et al. (2014) and Menezes et al. (2013), there is a certain resistance on the part of accountants, in the sense of knowing and applying this standard. On the other hand, Morais (2012) already presents a more positive result in relation to this issue, since the interviewed accountants presented a view that knowledge of this standard can bring good results, knowledge that can also be obtained through education continued.

In view of this evidence, the importance of teaching this standard in the training of these professionals is emphasized. The study by Costa and Paulo (2014) verified the perception of master's and doctoral students in accounting sciences regarding theknowledge and skills that are necessary for an accounting professional to be able to apply IFRS standards for small and medium-sized companies. The need to understand accounting theory, business ethics and international accounting was evidenced, in addition to understanding the attributions of the following bodies: IASB, CPC, CFC, RFB and CVM. Also emphasizing the importance of continuing education.

When it comes to applying content covered in the standard, Mazzioni (2016) evidenced in his research that accounting graduates adopt procedures such as recoverability, impairment, preparation of the Cash Flow Statement. An important point would be the training of professionals working in the area to better understand the activities of clients, for whom they provide the accounting service.

Still regarding the application of the contents of the standard applied to SMEs, the research by Pedroza and Cavalcante (2014), indicated that the items related to the Recognition of Construction Contracts, Recognition of sales revenue and Understanding of the concept of SME according to IFRS were considered the most difficult items of the test. OThe items that most discriminated against the skilled individual from the unskilled individual were those

related to Lease recognition, Subsequent measurement of property, plant and equipment and Impairment loss and Subsequent measurement of inventories.

At the international level Albu and Albu (2010), conducted a survey to address issues regarding the implementation of IFRS for SMEs in Romania. The analysis of Romania's current regulation (OMFP 1752) when compared with IFRS for SMEs, showed that there are still many inconsistencies at the conceptual and normative level, something that is more emphasized in practice.

Finally, Uyar and Gungormus (2013), in a research carried out, showed that the interviewees are not highly informed about the omission of topics that deal with IFRS for SMEs. Thus, their knowledge of the IFRS assessment methods / concepts for SMEs takes place at a moderate level. Thus, this fact is due to the inadequacy of the training of accounting professionals and the lack of training programs organized by professional bodies.

Aligning the results of this study with the light of the literature presented, it is noted that the fact that there is no greater applicability of the accounting standard for SMEs, is mainly due to the lack of knowledge of the professionals themselves when using it and the importance that they bring when used.


## 5. CONCLUSION

The present study aimed to analyze the financial statements of SMEs, identifying if there is no demonstration (s) addressed by NBC T 19.41, and perform a critical analysis of the accountants' perception regarding the use of this standard. For that, 10 SMEs from the state of Pernambuco were selected, where, according to the availability of the material, a sample selection was made at random.

 After analyzing the compliance of SMEs in the State of Pernambuco with the requirements of NBC T 19.41 - Accounting for Small and Medium Enterprises, with regard to the financial statements required by this standard, it is estimated that, despite being a standard with almost seven years of approval, it is used infrequently.

The main results pointed out that the DRA was not prepared by any of the analyzed SMEs, since such a demonstration shows items that, in most cases, are unnecessary for SMEs. Therefore, it is concluded with this result that the CFC requires a demonstration that is outside the reality of most entities of this size.

It was also observed that the main financial statements, the Balance Sheet and the Income Statement, were prepared by the entire sample. It should be noted that such statements

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are essential to make it possible to analyze any and all entities, as they represent the entities' equity, financial, economic and operational situation.

When a critical analysis was carried out regarding the use of this standard by accountants who work with SMEs, it was observed in the literature that a good part of accounting professionals do not have a thorough knowledge of NBC T 19.41. Perhaps this is because Brazilian SMEs do not demand sophisticated level accounting reports defined in this standard. In view of this result, it is suggested to carry out further studies aimed at understanding the demand for accounting information by these companies, to recommend changes in NBC T 19.41.

Within this scenario, it can be concluded that SMEs in the State of Pernambuco present themselves partially in accordance with the requirements of NBC T 19.41, regarding the preparation of the financial statements required by the standard.

It should be noted that the results of this research are limited to only a sample of SMEs in the city of Recife / PE. For future research, it is suggested to analyze the set of SME statements from other municipalities in the State of Pernambuco, in order to expand the research and verify if the entities are actually preparing such statements, a research that could be extended to other states country and outline a profile of how the standard was received by accountants who work with SMEs in Brazil.

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