

## 1. The *IFRS for SMEs* Standard published July 2009, updated May 2015

- (a) Good Financial Reporting Made Simple.
- (b) 240 pages in length, including accompanying guidance in non-mandatory appendices. Approximately 10 per cent of the size of the full IFRS Standards<sup>1</sup>.
- (c) is built on a foundation of full IFRS Standards. Simplifications from full IFRS Standards are based on:
  - (i) user needs primarily for information about short-term cash flows, liquidity and solvency (rather than longer-term forecasts of earnings and share prices); and
  - (ii) cost-benefit considerations.
- (d) constitutes a stand-alone Standard.
- (e) provides simplifications compared to full IFRS Standards:
  - (i) some topics in full IFRS Standards are omitted because they are not relevant to typical SMEs;
  - (ii) many of the recognition and measurement principles in full IFRS Standards are simplified;
  - (iii) substantially fewer disclosures than in the full IFRS Standards;
  - (iv) redrafting is simplified; and
  - (v) revisions to the *IFRS for SMEs* Standard are no more frequent than once every three years.
- (f) access the Standard [here](#).

## 2. 2015 Amendments to the *IFRS for SMEs* Standard

- (a) in May 2015 the Board completed its first comprehensive review of the *IFRS for SMEs* Standard.
- (b) after consulting widely with constituents, and taking into account the fact that the *IFRS for SMEs* Standard is still a relatively new Standard, the Board issued only limited amendments. Those amendments are effective on 1 January 2017 with early application permitted.

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<sup>1</sup> The *IFRS for SMEs* Standard and full IFRS Standards have been compared excluding their Basis for Conclusions and excluding the illustrative financial statements accompanying the *IFRS for SMEs* Standard.

- (c) the most significant amendments relating to transactions commonly encountered by SMEs are:
  - (i) permitting SMEs to revalue property, plant and equipment; and
  - (ii) aligning the main recognition and measurement requirements for deferred income tax with full IFRS Standards.
- (d) other notable amendments include:
  - (i) exemptions from the following requirements when application would cause undue cost or effort:
    - (1) measurement of investments in equity instruments at fair value;
    - (2) recognising intangible assets separately in a business combination;
    - (3) offsetting income tax assets and liabilities; and
    - (4) measuring the liability to pay a non-cash dividend at the fair value of the assets to be distributed.

Additional guidance has been included to clarify that an entity must carefully weigh the expected effects of applying the exemption on the users of its financial statements against the cost or effort of complying with the requirement. An entity must also disclose its reasoning for using any of the undue cost or effort exemptions.
  - (ii) the option to use the equity method for investments in subsidiaries, associates and jointly controlled entities in separate financial statements.
  - (iii) the modification of the criteria for basic debt instruments to ensure most simple loans qualify for amortised cost measurement.
  - (iv) the requirement that if the useful life of goodwill or another intangible asset cannot be established reliably, management's best estimate is used, but must not exceed 10 years. Previously a default 10-year life was presumed.
  - (v) the requirement that investment property measured at cost less accumulated depreciation and impairment is presented separately on the face of the statement of financial position.
  - (vi) additional guidance on accounting for exploration and evaluation assets.
  - (vii) three options and two areas of guidance for first-time adopters of the *IFRS for SMEs* Standard based on amendments to full IFRS Standards issued since the *IFRS for SMEs* Standard was published.
- (e) the majority of the amendments clarify existing requirements or add supporting guidance, rather than change the underlying requirements. So, in general, the amendments are expected to improve an SME's understanding of the requirements, without having a significant effect on its financial reporting practices and financial statements.
- (f) access more information on the initial comprehensive review [here](#).

### 3. Future reviews of the *IFRS for SMEs* Standard

- (a) the Board has discussed the following as a tentative approach for future reviews of the *IFRS for SMEs* Standard:
  - (i) a comprehensive review of the *IFRS for SMEs* Standard will commence approximately two years after the effective date of the amendments to the *IFRS for SMEs* Standard resulting from a previous comprehensive review. This would allow time for SMEs to apply the amendments and for interested parties to identify and comment on any implementation issues or unintended consequences that result from those amendments. It is expected that comprehensive reviews would begin with the issuance of a Request for Information.
  - (ii) between comprehensive reviews, the Board, with input from the SME Implementation Group (SMEIG), the Board's advisory body on the *IFRS for SMEs* Standard, would decide whether there is a need for an interim review of the *IFRS for SMEs* Standard. The purpose of an interim review would be to consider any new and revised full IFRS Standards not yet incorporated and any urgent amendments that have been identified.
  - (iii) this process would mean that amendments to the *IFRS for SMEs* Standard would not typically be expected to be more frequent than approximately once every three years to provide SMEs with a stable platform.
- (b) at its meeting in October 2016, the Board considered feedback from the SME Implementation Group and, consistent with this feedback, decided not to perform an interim review of the *IFRS for SMEs* Standard in advance of the next comprehensive review. The next comprehensive review of the *IFRS for SMEs* Standard is expected to start in early 2019.

### 4. Use around the world

- (a) to assess progress toward the goal of implementing global accounting standards, the IFRS Foundation is developing profiles of application of full IFRS Standards and the *IFRS for SMEs* Standard in individual jurisdictions, and profiles of 149 jurisdictions have been posted:
  - (i) 84 jurisdictions require or permit the *IFRS for SMEs* Standard:  
Anguilla, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Belize, Bermuda, Bhutan, Bosnia and Herzegovina, Botswana, Brazil, Cambodia, Cayman Islands, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Fiji, Gambia, Georgia, Ghana, Grenada, Guatemala, Guyana, Honduras, Hong Kong, Kazakhstan, Iraq, Ireland, Israel, Jamaica, Jordan, Kenya, Kosovo, Lesotho, Liberia, Macedonia, Madagascar, Malawi, Malaysia, Maldives, Mauritius, Montserrat, Myanmar, Namibia, Nicaragua, Nigeria, Pakistan, Palestine, Panama, Peru, Philippines, Qatar, Rwanda, Saint Lucia, Saudi Arabia, Serbia, Sierra Leone, Singapore, South Africa, Sri Lanka, St Kitts and Nevis, St Vincent and the Grenadines, Suriname, Swaziland, Switzerland, Tanzania, Trinidad and Tobago, Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay, Venezuela, Yemen, Zambia, and Zimbabwe.

- (ii) a further 12 jurisdictions are currently considering requiring or permitting the *IFRS for SMEs* Standard.
- (iii) for the 84 jurisdictions that require or permit the *IFRS for SMEs* Standard:
  - (1) 4 jurisdictions require the *IFRS for SMEs* Standard for all SMEs that are not required to use full IFRS Standards.
  - (2) 56 jurisdictions give an SME a choice to use full IFRS Standards instead of the *IFRS for SMEs* Standard.
  - (3) 23 jurisdictions give an SME a choice to use either full IFRS Standards or local GAAP instead of the *IFRS for SMEs* Standard.
  - (4) 1 jurisdiction requires an SME to use local GAAP if it does not choose the *IFRS for SMEs* Standard.
- (iv) in requiring or permitting the *IFRS for SMEs* Standard, 76 of the 84 jurisdictions have made no modifications. In most of the other jurisdictions, modifications are minor. Only two jurisdictions (Ireland and United Kingdom) made significant modifications to the *IFRS for SMEs* Standard.
- (v) view the jurisdiction profiles [here](#).

## 5. Completed translations

- (a) **completed translations of the 2009 *IFRS for SMEs* Standard:** Albanian\*, Arabic, Armenian\*, Bosnian\*, Bulgarian\*, Chinese (simplified)\*, Croatian\*, Czech\*, Estonian\*, French\*, Georgian, German, Hebrew\*, Italian\*, Japanese\*, Kazakh\*, Khmer\*, Lithuanian\*, Macedonian\*, Mongolian\*, Polish\*, Portuguese\*, Romanian\*, Russian\*, Serbian, Spanish\*, Turkish\* and Ukrainian\* (28 languages).
- (b) **completed translations of the 2015 *IFRS for SMEs* Standard:** Albanian\*, Bosnian\* and Spanish\*. Further translations of the 2015 *IFRS for SMEs* Standard (the version updated for the 2015 amendments) are in progress and will be made available in due course.

\*Available for free download [here](#) (for translations not marked with an \* please see our [IFRS shop](#) for details on how to purchase a hard copy).

## 6. Free training materials

- (a) one module for each of the 35 sections of the *IFRS for SMEs* Standard. Available in Arabic, English, Russian, Spanish and Turkish.
- (b) each module has the complete text of the section, with each paragraph annotated with commentary and numerical examples. At the end of each module is a comparison with full IFRS Standards, discussion of significant estimates and judgements required in applying the section, a quiz (with answers), and two case studies (with solutions).
- (c) self-study. Available for free download in PDF format. Around 2,000 pages of training material.
- (d) the IFRS Foundation education staff are updating the training modules to reflect the 2015 amendments to the *IFRS for SMEs* Standard. The updates are expected to be completed in 2017.
- (e) access more information [here](#).

## 7. Training workshops

- (a) generally 3 days × 8 classroom hours per day. 20 sets of PowerPoint slides with 1,100 slides in total. Two IFRS Foundation instructors. Local organiser/sponsor (often World Bank, regional development bank or regional accounting organisation). PowerPoint slides are available for free download in English as well as French, Portuguese, Russian, Spanish and Turkish.
- (b) **workshops held to date:** Argentina, Armenia, Austria, Bangladesh, Barbados, Belarus, Bosnia and Herzegovina, Brazil, Cameroon, Chile, Egypt, Finland, The Gambia, Hong Kong, India, Kazakhstan, Kenya, Kosovo, Malaysia, Mongolia, Myanmar, Nigeria, Panama, Singapore, Sri Lanka, St Kitts and Nevis, Tanzania, Turkey, UAE, Ukraine and Zambia.
- (c) access more information [here](#).

## 8. Procedure for submitting implementation issues to the IFRS Foundation staff

- (a) small companies and other interested parties can submit implementation issues on the *IFRS for SMEs* Standard for consideration. Submitted issues will be dealt with by staff in one of two ways:
  - (i) staff will refer the issue for consideration by the SME Implementation Group (SMEIG) if they think the issue is likely to meet the criteria in paragraph 15 of the *Terms of Reference and Operating Procedures for the SMEIG*. For these issues the SMEIG will then consider whether to develop non-mandatory implementation guidance to address the issue in the form of questions and answers (Q&As).
  - (ii) other issues will be considered by the staff when updating our educational material or held for consideration during the next periodic review of the *IFRS for SMEs* Standard as applicable.

## 9. SME Implementation Group (SMEIG)

- (a) the SME Implementation Group (SMEIG) was created in 2010 by IFRS Foundation Trustees after public call for nominations.
- (b) currently there are 27 SMEIG members plus the Chair (Board member Darrel Scott).
- (c) the SMEIG has two main responsibilities:
  - (i) make recommendations to the Board on the need for modifications to the *IFRS for SMEs* Standard; and
  - (ii) provide guidance on implementing the *IFRS for SMEs* Standard via non-mandatory Q&As.
- (d) the SMEIG issues non-mandatory guidance in the form of Q&As. Q&As are intended to help SMEs and other *IFRS for SMEs* Standard users to think about specific accounting questions and are subject to the normal due process for educational material. Board approval is not required. There are no current Q&As.
  - (i) seven final Q&As were completed and posted during 2011 and 2012. These were deleted on issue of the 2015 amendments to the *IFRS for SMEs* Standard:

- (1) some content was included into the *IFRS for SMEs* Standard (making it mandatory).
  - (2) where relevant, remaining content was incorporated in IFRS Foundation educational material (remains non-mandatory).
- (ii) no Q&As are currently under development by the SMEIG.
- (e) Access more information [here](#).

#### 10. Free *IFRS for SMEs Update* newsletter

- (a) it is prepared by the IFRS Foundation staff, posted online and distributed to subscribers.
- (b) it provides news about the Board's SME activities, adoptions around the world, SMEIG activity, training programmes and materials, translations and other *IFRS for SMEs* news.
- (c) includes relevant hyperlinks for downloading materials.
- (d) sent to over 18,000 email subscribers.
- (e) from 2017 we will be issuing this newsletter quarterly with use of additional email alerts to provide timely updates on important *IFRS for SMEs* activities.
- (f) subscribe [here](#).

#### 11. Free downloads from the IFRS Foundation website

- (a) main *IFRS for SMEs* page: <http://go.ifrs.org/SMEsHome>
- (b) *IFRS for SMEs* Standard (full Standard, translations): <http://go.ifrs.org/IFRSforSMEs>
- (c) training materials (one module per section of the *IFRS for SMEs* Standard, multiple languages): <http://go.ifrs.org/smetraining>
- (d) PowerPoint training modules (20 PPTs, multiple languages): <http://go.ifrs.org/trainingppts>
- (e) Board and staff presentations (multiple languages): <http://go.ifrs.org/presentations>
- (f) *IFRS for SMEs Update* newsletter: <http://go.ifrs.org/smeupdate>
- (g) SME Implementation Group: <http://go.ifrs.org/SMEIG>
- (h) history of the initial comprehensive review that took place in 2012-2015: <http://go.ifrs.org/Comprehensive-Review-SMEs>
- (i) history of development of the 2009 *IFRS for SMEs* Standard: <http://www.ifrs.org/IFRS-for-SMEs/history/Pages/History.aspx>.
- (j) guidance for micro-sized entities: <http://go.ifrs.org/Guidance-for-Micro-Sized-Entities>. We are currently assessing the benefits of an electronic solution to updating the micro-sized entities guide for the 2015 amendments.
- (k) non-English SME resources: <http://go.ifrs.org/SMEs-Non-English-Resources>
- (l) use of the *IFRS for SMEs* Standard around the world: <http://go.ifrs.org/Analysis-of-SME-profiles>

**12. IFRS Foundation contacts**

- (a) Board member Darrel Scott chairs the SMEIG and oversees *IFRS for SMEs* implementation activities. [dscott@ifrs.org](mailto:dscott@ifrs.org)
- (b) Michelle Fisher, Senior Technical Manager, is responsible for all matters relating to the *IFRS for SMEs* Standard. [mfisher@ifrs.org](mailto:mfisher@ifrs.org)