

# STAFF PAPER

July 2019

## IASB® Meeting

<b>Project</b>	<b>Comprehensive review of the <i>IFRS for SMEs</i>® Standard</b>		
<b>Paper topic</b>	<b>IFRIC Interpretations and amendments to IFRS Standards</b>		
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards or the *IFRS for SMEs*® Standard do not purport to set out acceptable or unacceptable application of IFRS Standards or the *IFRS for SMEs*® Standard. Technical decisions are made in public and reported in IASB® *Update*.

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## Purpose

1. At this meeting we are asking Board members if the Request for Information that will be issued as part of the 2019 Comprehensive Review of the *IFRS for SMEs* Standard (2019 Review) should seek views on whether and how the requirements of the *IFRS for SMEs* Standard should be aligned with IFRIC Interpretations and some of the amendments to IFRS Standards issued after the 2012 Comprehensive Review of the *IFRS for SMEs* Standard (2012 Review) commenced.
2. The objective of the Request for Information is to obtain evidence that will assist the Board in deciding whether and how to develop an Exposure Draft of amendments to the *IFRS for SMEs* Standard.

## Summary of staff recommendations

3. The staff recommends the Board seek views in the Request for Information on whether and how the *IFRS for SMEs* Standard could be aligned with the IFRIC Interpretations and amendments to IFRS Standards listed in Table 1 of Appendix A of this paper.
4. The staff also recommends the Board clarifies in the Request for Information that it does not intend to align the *IFRS for SMEs* Standard with the IFRIC Interpretations and amendments to IFRS Standards listed in Table 2 of Appendix A of this paper.

## Structure of this paper

5. This paper is structured as follows:

- (a) background (paragraphs 6–7);
- (b) approach to alignment (paragraphs 8–11);
- (c) question for the Board; and
- (d) Appendix A—Tables:

Table 1: IFRIC Interpretations and amendments to IFRS Standards — alignment recommended;

Table 2: IFRIC Interpretations and amendments to IFRS Standards — alignment not recommended;

Table 3: Amendments to IFRS Standards that will be considered together with the Standards they amend; and

Table 4: Amendments to IFRS Standards considered during the 2012 Review and already incorporated in the *IFRS for SMEs* Standard.

## Background

6. The Board issued IFRIC Interpretations and amendments to IFRS Standards from 1 January 2012 to 31 December 2018. These amendments clarify guidance and wording, modify definitions or make other relatively minor amendments to IFRS Standards to address unintended consequences, conflicts or oversights (for example, as part of the Board’s Annual Improvements). These amendments could affect requirements in the *IFRS for SMEs* Standard.

7. The staff has considered each IFRIC Interpretation and amendments to IFRS Standards individually to assess whether the Board should seek views in the Request for Information on alignment.

## Approach to alignment

8. In assessing whether to align the *IFRS for SMEs* Standard with IFRIC Interpretations and amendments to the IFRS Standards within the scope of the 2019 Review, the staff developed recommendations using the following approach:
- (a) following the principles previously agreed by the Board during the 2012 Review<sup>1</sup>, namely:
    - (i) each new and revised full IFRS Standard should be considered individually on a case-by-case basis to decide whether and how its requirements should be incorporated into the *IFRS for SMEs* Standard.
    - (ii) new and revised full IFRS Standards should not be considered until they have been issued. However, it would generally not be necessary to wait until their Post-implementation Reviews were complete.
    - (iii) minor changes/annual improvements to full IFRS Standards should also be considered on a case-by-case basis.
    - (iv) changes to the *IFRS for SMEs* Standard could be considered at the same time that new and revised full IFRS Standards are issued. However, the *IFRS for SMEs* Standard would only be updated for those changes at the next periodic review of the *IFRS for SMEs* Standard, in order to provide a stable platform for SMEs.
  - (b) considering the alignment principles;<sup>2</sup> and
  - (c) analysing the reasons given by members of the Small and Medium-sized Entities Implementation Group (SMEIG) for and against aligning the *IFRS for SMEs* Standard with IFRIC Interpretations and amendments to IFRS Standards in response to a questionnaire sent to SMEIG.

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<sup>1</sup> *IFRS for SMEs* Standard paragraph BC188.

<sup>2</sup> See Agenda paper 30A from the May 2019 Board meeting (<https://www.ifrs.org/-/media/feature/meetings/2019/may/iasb/ap30a-smes-review.pdf>)

9. The staff considers this approach is fair and balanced, given the number of IFRIC Interpretations and amendments to IFRS Standards the Board agreed<sup>3</sup> to include in the scope of the 2019 Review.
  
10. Fifty-two amendments (including IFRIC Interpretations) fall within the scope of the 2019 Review. Applying the approach outlined in paragraph 8, the staff categorised and considered these amendments. The staff’s analysis is set out in the following tables in Appendix A:
  - (a) Table 1— one IFRIC Interpretation and 10 amendments to IFRS Standards for which the staff recommends alignment;
  - (b) Table 2— two IFRIC Interpretations and 19 amendments to IFRS Standards for which the staff does not recommend alignment;
  - (c) Table 3—14 amendments to IFRS Standards that will be considered together with the Standards they amend; and
  - (d) Table 4—6 amendments to IFRS Standards that were considered during the 2012 Review and are already incorporated in the *IFRS for SMEs* Standard.
  
11. The staff anticipates that this approach to determining the amendments (if any) with which to align the *IFRS for SMEs* Standard will not be burdensome for respondents to the Request for Information.

**Question for the Board**

Board members are asked if they agree with the recommendations to seek views in the Request for Information on:

- (a) aligning the *IFRS for SMEs* Standard with the IFRIC Interpretations and amendments to IFRS Standards listed in Table 1 of Appendix A?
- (b) not aligning the *IFRS for SMEs* Standard with the IFRIC Interpretations and amendments to IFRS Standards listed in Table 2 of Appendix A?

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<sup>3</sup> See Agenda paper 30 from the February 2019 Board meeting (<https://www.ifrs.org/-/media/feature/meetings/2019/february/iasb/sme-standard-review-and-update/ap30-ifrs-for-smes-project-plan.pdf>).

The current paper considers some amendments to IFRS Standards not included in Appendix 2 of Agenda Paper 30 from the February 2019 Board meeting.

## Appendix A—Tables

*Table 1: IFRIC Interpretations and amendments to IFRS Standards —alignment recommended*

The staff recommends that the Board seek views in the Request for Information on aligning the *IFRS for SMEs* Standard with the following IFRIC Interpretations and amendments to IFRS Standards and, modified to reflect the needs of users of SMEs’ financial statements:

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
<b>Section 3</b> <b>Financial Statement Presentation</b>	<i>Definition of Material</i> (Amendments to IAS 1 and IAS 8)	January 2020	Clarify and align the definition of ‘material’ across all IFRS Standard.	This amendment is outside the scope of the 2019 Review because the effective date is in 2020. However, staff proposes the Board seeks views on alignment because the amendments to the definition of materiality improve understandability. Alignment will not alter the concept of materiality in the <i>IFRS for SMEs</i> Standard. SMEIG members supported aligning the <i>IFRS for SMEs</i> Standard with this amendment, noting that the greater clarity is helpful, the guidance will simplify the application of materiality and the <i>IFRS for SMEs</i> Standard should be consistent with full IFRS Standard.

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
<b>Section 7 Statement of Cash Flows</b>	<i>Disclosure Initiative</i> (Amendments to IAS 7)	January 2017	These amendments require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	<p>Staff recommends that the Board seeks views on including this disclosure in the <i>IFRS for SMEs</i> Standard.</p> <p>The disclosure provides users of financial statements with an improved understanding of an entity’s financing, and cash flows from financing activities. This is in line with principles agreed by the Board on disclosure simplification. Users of the financial statements of SMEs are particularly interested in information about liquidity and solvency. Disclosures in full IFRS Standards that provide this sort of information are necessary for SMEs as well (<i>IFRS for SMEs</i> Standard paragraph BC157(b)).</p> <p>The SMEIG argued that the amendment is not complex, and the disclosure is relevant to creditors.</p>

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
<b>Section 16 Investment Property</b>	<i>Annual Improvements to IFRS Standards 2011–2013 Cycle (IAS 40)</i>	July 2014	<b>Interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property</b> - clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 <i>Business Combinations</i> and investment property as defined in IAS 40 <i>Investment Property</i> requires the separate application of both Standards independently of each other.	Staff is not aware whether this amendment is relevant to SMEs and recommends that the Board consult on the need for guidance on this topic.
<b>Section 16 Investment Property</b>	<i>Transfers of Investment Property (Amendments to IAS 40)</i>	January 2018	Clarifies that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property.	Several SMEIG members considered that the <i>IFRS for SMEs</i> Standard should be aligned because the amendment is a useful clarification and is not a complex amendment. Staff concurs and recommends that the Board seeks views on aligning the <i>IFRS for SMEs</i> Standard with the amendment.

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
<b>Section 17</b> <b>Property, plant and Equipment</b>	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> (Amendments to IAS 16 and IAS 38)	July 2016	Clarifies that the use of <b>revenue-based methods to calculate the depreciation of an asset</b> is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.	Several SMEIG members considered that the <i>IFRS for SMEs</i> Standard should be aligned because the amendment is a useful clarification and is not a complex amendment. Staff concurs and recommends that the Board seeks views on aligning the <i>IFRS for SMEs</i> Standard with the amendment.
<b>Section 18</b> <b>Intangible Assets other than Goodwill</b>	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> (Amendments to IAS 16 and IAS 38)	July 2016	Clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	Several SMEIG members considered that this amendment should be incorporated into the <i>IFRS for SMEs</i> Standard because it is a useful clarification and is not a complex amendment. Staff concur and recommend the Board seeks views on aligning the <i>IFRS for SMEs</i> Standard.
<b>Section 26</b> <b>Share-Based Payment</b>	<i>Annual Improvements to IFRS Standards 2010–2012 Cycle</i> (IFRS 2)	July 2014	<b>Definition of vesting condition</b> - Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were part of the definition of 'vesting condition' before).	The clarification to the definition of 'vesting conditions' in IFRS 2 was to ensure the consistent classification of conditions attached to a share-based payments. The Board decided to separate the definitions of performance condition and service condition from the definition of vesting condition to make the



IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
				description of each condition clearer. Staff recommends the <i>IFRS for SMEs</i> Standard to be aligned with this amendment as it will assist preparers.
<b>Section 26 Share-Based Payment</b>	<i>Classification and Measurement of Share-based Payment Transactions</i> (Amendments to IFRS 2)	January 2018	Clarifies the accounting for: (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	With regard to the clarifications in the previous column, the staff proposes: (a) alignment because paragraph 26.14 of the <i>IFRS for SMEs</i> Standard requires measurement at fair value and is silent about the effect of vesting conditions. This amendment would allow some vesting conditions not to be reflected at fair value, which would simplify the accounting for entities applying the <i>IFRS for SMEs</i> Standard. If an SME excludes non-market vesting conditions without the amendment then, strictly, it might be argued that they are not complying with the Standard. (b) alignment because the amendment provides an exception on cost-benefit grounds. Therefore, staff believes such relief should be included in the <i>IFRS for SMEs</i> Standard as it would be unfair for

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
				the <i>IFRS for SMEs</i> Standard be more difficult to apply than full IFRS Standards. (c) that the Board does not align the Standard with the amendment because the <i>IFRS for SMEs</i> Standard does not include guidance on this topic.
<b>Section 29 <i>Income Tax</i></b>	IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	January 2019	IFRIC 23 adds to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in the accounting for income taxes.	Staff recommends the Board seeks views on the need for guidance on this topic.  On balance SMEIG members supported aligning the IFRS for SMEs Standard with IFRIC 23. SMEIG members comments included that the amendment facilitates application of Section 29 by clarifying how to deal with uncertainty in the application of a tax law and the issue is likely to be applicable to SMEs.

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
<b>Section 29 Income Tax</b>	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	January 2017	<p>The amendments clarify that:</p> <p>(a) unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.</p> <p>(b) the carrying amount of an asset does not limit the estimation of probable future taxable profits.</p> <p>(c) estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.</p> <p>(d) an entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.</p>	<p>Staff recommends the Board seeks views on the need for guidance on these topics. Staff thinks this specific detailed guidance is not needed in the <i>IFRS for SMEs</i> Standard but recommends seeking views on this matter.</p>

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
<b>Section 34 Specialised Activities</b>	<i>Agriculture: Bearer Plants</i> (Amendments to IAS 16 and IAS 41)	January 2016	Requires bearer plants such as grape vines, rubber trees and oil palms be accounted for in the same way as property, plant and equipment in IAS 16 <i>Property, Plant and Equipment</i> , because their operation is similar to that of manufacturing.	<p>This amendment is a simplification and addresses concerns about the cost, complexity and practical difficulties of fair value measurements of bearer biological assets in the absence of markets for these assets. This amendment also addresses concerns about the volatility that arises from recognising changes in the fair value less costs to sell in profit or loss. Entities applying the <i>IFRS for SMEs</i> Standard should be able to obtain the same relief as entities applying full IFRS Standards.</p> <p>SMEIG members support aligning the <i>IFRS for SMEs</i> Standard arguing broadly that the amendment is an important issue for many users of <i>IFRS for SMEs</i> Standard. Staff concurs with the SMEIG and recommend that the Board seeks views on alignment.</p> <p>Two SMEIG members think the amendment should be simplified by not requiring the bifurcation of the fruits or produce growing on the bearer plants.</p>

*Table 2: IFRIC Interpretations and amendments to IFRS Standards —alignment not recommended*

Staff is of the view the Board should seek views in the Request for Information that the *IFRS for SMEs* Standard should not be aligned with the following IFRIC Interpretations and amendments to IFRS Standards:

<b>IFRS for SME section</b>	<b>IFRIC or Amendments</b>	<b>Effective date</b>	<b>Overview</b>	<b>Staff reasoning</b>
<b>No Equivalent Section</b>	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>	January 2018	Addresses implementing IFRS 9 <i>Financial Instruments</i> before implementing IFRS 17 <i>Insurance Contracts</i> .	Not applicable to entities applying the <i>IFRS for SMEs</i> Standard.
<b>Section 3 Financial Statement Presentation</b>	<i>Annual Improvements 2009–2011 Cycle (IAS 1)</i>	January 2013	Clarification of the requirements for comparative information.	Paragraph 3.14 of the <i>IFRS for SMEs</i> Standard already includes requirements for the disclosure of comparative information.
<b>Section 3 Financial Statement Presentation</b>	<i>Disclosure Initiative (Amendments to IAS 1)</i>	January 2016	Clarifies IAS 1 requirements relating to materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in	The <i>IFRS for SMEs</i> Standard includes simplified drafting and simplified language with less detail than full IFRS Standards, therefore the amendments to IAS 1 would not transpose to the <i>IFRS for SMEs</i> Standard. Three SMEIG members provided this reason for not aligning the <i>IFRS for SMEs</i> Standard with the amendments. The staff does not recommend that the Board seek views on aligning

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
			the financial disclosures.	Sections 3–6 of the <i>IFRS for SMEs</i> Standard (which address financial statement presentation) as part of the 2019 Review, but recommends waiting until completion of the project on Primary Financial Statements.
<b>Section 9</b> <b>Consolidated and Separate Financial Statements</b>	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i> (Amendments to IFRS 10, IFRS 11 and IFRS 12)	January 2013	The amendments provide additional transition relief in IFRS 10, IFRS 11 <i>Joint Arrangements</i> and IFRS 12 <i>Disclosure of Interests in Other Entities</i> , limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied.	Not relevant as this transition relief relates to full IFRS Standards.
<b>Section 9</b> <b>Consolidated and Separate Financial Statements</b>	<i>Annual Improvements to IFRS Standards 2014–2016 Cycle</i> (IFRS 12)	January 2012	Clarifies the scope of IFRS 12 by specifying that the disclosure requirements in the Standard, except for those in paragraphs B10–B16, apply to an entity’s interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in	Assets held for sale are not addressed in the <i>IFRS for SMEs</i> Standard.

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
			accordance with IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> .	
<b>Section 11</b> <b>Basic</b> <b>Financial</b> <b>Instruments &amp;</b> <b>Section 12</b> <b>Other</b> <b>Financial</b> <b>Instrument</b> <b>Issues</b>	<i>Annual Improvements to IFRS Standards 2012–2014 Cycle</i> (IFRS 7)	January 2016	Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.	The <i>IFRS for SMEs</i> Standard does not include guidance on servicing contracts and does not address interim financial reporting.
<b>Section 11</b> <b>Basic</b> <b>Financial</b> <b>Instruments &amp;</b> <b>Section 12</b> <b>Other</b> <b>Financial</b> <b>Instrument</b> <b>Issues</b>	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>	June 2013	The narrow-scope amendments permitted hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).	Addressed a specific circumstance which is now resolved.

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
<b>Section 14</b> <i>Investments in Associates</i>	<i>Annual Improvements to IFRS Standards 2014–2016 Cycle</i> (IAS 28)	January 2018	Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.	Not relevant. The <i>IFRS for SMEs</i> Standard already permits the fair value model to account for investments in associates (paragraph 14.4(c)).
<b>Section 14</b> <i>Investments in Associates</i>	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to IFRS 10 and IAS 28)	Indefinitely deferred	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	This amendment is outside the scope of the 2019 Review because the effective date is indefinitely deferred.
<b>Section 15</b> <i>Investments in Joint Ventures</i>	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i> (Amendments to IFRS 10, IFRS 11 and IFRS 12)	January 2013	Provides additional transition relief in IFRS 10, IFRS 11 and IFRS 12 by “limiting the requirement to provide adjusted comparative information to only the preceding comparative period”.	Not relevant as this transition relief relates to full IFRS Standards.



IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
<b>Section 18</b> <i>Intangible Assets other than Goodwill</i>	<i>Annual Improvements to IFRS Standards 2010-2012 Cycle</i> (IAS 38)	July 2014	<b>Revaluation method—proportionate restatement of accumulated amortisation</b> - clarifies that when an intangible asset is revalued, the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount.	This amendment is not applicable to entities applying the <i>IFRS for SMEs</i> Standard because there is no revaluation model in Section 18.
<b>Section 21</b> <i>Provisions and Contingencies</i>	IFRIC 21 <i>Levies</i>	January 2014	IFRIC 21 is an interpretation of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> . IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.	Staff does not recommend aligning the <i>IFRS for SMEs</i> Standard with IFRIC 21.  On balance, SMEIG members do not support aligning the <i>IFRS for SMEs</i> Standard with IFRIC 21. SMEIG members reasons include that the Interpretation is less relevant to SMEs and therefore has limited practical impact on most SMEs. Furthermore, some SMEIG members consider applying the revised Conceptual Framework a different interpretation could be made.

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
				<p>However, some SMEIG members support alignment as they consider government levies are relevant to SMEs and the IFRIC 21 will help SMEs appropriately apply the <i>IFRS for SMEs</i> Standard.</p> <p>The Board has tentatively decided to seek views on aligning Section 2 of the <i>IFRS for SMEs</i> Standard with the <i>Conceptual Framework</i>. Some consider an inconsistency may arise between the <i>Conceptual Framework</i> and IAS 37, as interpreted by IFRIC 21. Applying IFRIC 21, the event that gives rise to a liability for a levy is the activity that triggers payment of the levy. In contrast, applying the liability definition and supporting concepts in the <i>Conceptual Framework</i>, the event that gives rise to a liability for a levy could be an earlier activity if:</p> <p>(a) that earlier activity means the entity may have to pay a levy that it would not otherwise have had to pay;</p>

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
				and (b) the entity has no practical ability to avoid the later activity that triggers payment of the levy.
<b>Section 23 Revenue</b>	<i>Effective Date of IFRS 15</i>	January 2018	Defers the effective date from 1 January 2017 to 1 January 2018.	Change effective date of IFRS 15 - not applicable.
<b>Section 27 Impairment of Assets</b>	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>	January 2014	When developing IFRS 13, the Board amended IAS 36 to require disclosures about the recoverable amount of impaired assets. The amendments clarify that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.	<p>Staff do not recommends adding this disclosure to Section 27 of the <i>IFRS for SMEs</i> Standard because the Standard requires substantially fewer disclosures than full IFRS Standards. Not adding the disclosure is consistent with the principles agreed by the Board on disclosure simplification whereby some disclosures are not included on the basis of user's needs or cost-benefit considerations (<i>IFRS for SMEs</i> Standard paragraph BC156(d)).</p> <p>The SMEIG members did not support aligning the <i>IFRS for SMEs</i> Standard; arguing that the amendment is not</p>

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
				relevant for SMEs because fair value less cost of disposal is rare, and inclusion is inconsistent with the principle of fewer disclosures than full IFRS Standards.
<b>Section 28 Employee Benefits</b>	<i>Defined Benefit Plans: Employee Contributions</i>	July 2014	Simplifies the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.	The <i>IFRS for SMEs</i> Standard does not include guidance on actuarial assumptions and provides some measurement simplifications for the projected unit credit method.
<b>Section 28 Employee Benefits</b>	<i>Plan Amendment, Curtailment or Settlement</i>	January 2019	Provides that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.	Staff does not recommend aligning the <i>IFRS for SMEs</i> Standard for these amendments. This level of detail is not required in the Standard. Staff's view is that the main amendments are already captured by paragraph 28.21.
<b>Section 28 Employee Benefits</b>	<i>Annual Improvements to IFRS Standard 2012–2014 Cycle (IAS 19)</i>	January 2016	<b>Discount rate</b> - Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).	Staff does not recommends including this amendment because this clarification is already included in the <i>IFRS for SMEs</i> Standard (paragraph 28.17).

IFRS for SME section	IFRIC or Amendments	Effective date	Overview	Staff reasoning
<b>Section 29 Income Tax</b>	<i>Annual Improvements to IFRS Standards 2015–2017 Cycle (IAS 12)</i>	January 2019	The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends. The amendment does this by moving the former paragraph 52B away from paragraph 52A (which applies only when there are different tax rates for distributed and undistributed profits).	The <i>IFRS for SMEs</i> Standard does not include the principle in IAS 12 to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised. Therefore, this amendment is not relevant.
<b>Section 30 Foreign Currency Translation</b>	<i>IFRIC 22 Foreign Currency Transactions and Advance Consideration</i>	January 2018	Clarifies the date of the transaction on the derecognition of a non-monetary item when the related income, expense or asset is recognised.	Staff does not recommend the <i>IFRS for SMEs</i> Standard include this level of detail.
<b>Section 35 Transition to the IFRS for SMEs Standard</b>	<i>Annual Improvements to IFRS Standards 2011–2013 Cycle (IFRS 1)</i>		<b>Meaning of ‘effective IFRSs’.</b>	This amendment is not applicable to entities applying the <i>IFRS for SMEs</i> Standard.
<b>Section 35 Transition to the IFRS for SMEs Standard</b>	<i>Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 1)</i>	January 2018	Deleted the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.	This amendment is not applicable to entities applying the <i>IFRS for SMEs</i> Standard.

*Table 3: Amendments to IFRS Standards that will be considered together with the Standards they amend*

<b>IFR for SME section</b>	<b>Amendments</b>	<b>Effective date</b>	<b>Overview</b>	<b>Staff comment</b>
<b>Section 9 Consolidated and Separate Financial Statements</b>	<i>Investment Entities</i> (Amendments to IFRS 10, IFRS 12 and IAS 27)	January 2014	The amendments provide an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them.	Addressed in Agenda Paper 30B, July 2019 Board meeting.
<b>Section 9 Consolidated and Separate Financial Statements</b>	<i>Investment Entities: Applying the Consolidation Exception</i> (Amendments to IFRS 10, IFRS 12 and IAS 28)	January 2016	The narrow-scope amendments introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.	Addressed in Agenda Paper 30B, July 2019 Board meeting.
<b>Section 11 Basic Financial Instruments &amp; Section 12 Other Financial Instrument Issues</b>	<i>Annual Improvements to IFRSs 2010–2012 Cycle</i> (IFRS 13)	July 2014	<b>Short-term receivables and payables</b> - Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.	Addressed with in Agenda Paper 30B, June 2019 Board meeting.

IFR for SME section	Amendments	Effective date	Overview	Staff comment
<b>Section 11 Basic Financial Instruments &amp; Section 12 Other Financial Instrument Issues</b>	<i>Annual Improvements to IFRSs 2011–2013 Cycle (IFRS 13)</i>	July 2014	<b>Scope of paragraph 52 (portfolio exception)</b> - Clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32.	Addressed in Agenda Paper 30B, June 2019 Board meeting.
<b>Section 11 Basic Financial Instruments &amp; Section 12 Other Financial Instrument Issues</b>	<i>Prepayment Features with Negative Compensation</i>	January 2019	Amended the requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.	Addressed in Agenda Paper 30C, June 2019 Board meeting.
<b>Section 14 Investments in Associates</b>	<i>Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)</i>	January 2019	Clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9.	Will be addressed by staff during the drafting stage of the project.

IFR for SME section	Amendments	Effective date	Overview	Staff comment
<b>Section 15 Investments in Joint Ventures</b>	<i>Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)</i>	January 2016	Adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.	Will be addressed by staff during the drafting stage of the project.
<b>Section 15 Investments in Joint Ventures</b>	<i>Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)</i>	January 2019	Clarifies that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9.	Will be addressed by staff during the drafting stage of the project.
<b>Section 15 Investments in Joint Ventures</b>	<i>Annual Improvements to IFRS Standards 2015–2017 Cycle (IFRS 11)</i>	January 2019	The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.	Will be addressed by staff during the drafting stage of the project.
<b>Section 19 Business Combination s and Goodwill</b>	<i>Annual Improvements to IFRS Standards 2010–2012 Cycle (IFRS 3)</i>	July 2014	<b>Accounting for contingent consideration in a business combination</b> - clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.	Will be addressed by staff during the drafting stage of the project.
<b>Section 19 Business Combination s and Goodwill</b>	<i>Annual Improvements to IFRS Standards 2011–2013 Cycle (IFRS 3)</i>	July 2014	<b>Scope exceptions for joint ventures</b> - clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.	Will be addressed by staff during the drafting stage of the project.



IFR for SME section	Amendments	Effective date	Overview	Staff comment
<b>Section 19 Business Combinations and Goodwill</b>	<i>Annual Improvements to IFRS Standards 2015–2017 Cycle (IFRS 3)</i>	January 2019	<b>Obtaining control of a joint operation</b> - clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.	Dealt with in Agenda Paper 30A, July 2019 Board meeting.
<b>Section 23 Revenue</b>	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>	January 2018	Addresses three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provides some transition relief for modified contracts and completed contracts.	Addressed in Agenda Paper 30D, July 2019 Board meeting.
<b>Section 25 Borrowing Costs</b>	<i>Annual Improvements to IFRS Standards 2015–2017 Cycle (IAS 23)</i>	January 2019	<b>Borrowing costs</b> - Clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	The Board will consider at a future board meeting the alignment of borrowing costs as part of the 2019 Review.

*Table 4: Amendments to IFRS Standards considered during the 2012 Review and already incorporated in the IFRS for SMEs Standard*

<b>IFRS for SME section</b>	<b>Amendments</b>	<b>Effective date</b>	<b>Overview of amendments</b>	<b>Staff comment</b>
<b>Section 9 Consolidated and Separate Financial Statements</b>	<i>Equity Method in Separate Financial Statements</i> (Amendments to IAS 27)	January 2016	The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.	This amendment was incorporated into the <i>IFRS for SMEs Standard</i> by the <i>2015 Amendments to the IFRS for SMEs</i> (paragraph 9.26 & BC176(d)).
<b>Section 17 Property, plant and Equipment</b>	<i>Annual Improvements 2009–2011 Cycle</i> (IAS 16)	January 2013	Classification of servicing equipment.	This amendment was incorporated into the <i>IFRS for SMEs Standard</i> in the <i>2015 Amendments to the IFRS for SMEs</i> (paragraph 17.5 & BC205).
<b>Section 22 Liabilities and Equity</b>	<i>Annual Improvements 2009–2011 Cycle</i> (IAS 32)	January 2013	Clarifies that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 <i>Income Taxes</i> .	This amendment was incorporated into the <i>IFRS for SMEs Standard</i> in the <i>2015 Amendments to the IFRS for SMEs</i> (paragraph 22.17 & paragraph BC204(b)).
<b>Section 33 Related Party Disclosures</b>	<i>Annual Improvements to IFRS Standards 2010–2012 Cycle</i> (IAS 24)	July 2014	Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.	This amendment was incorporated into the <i>IFRS for SMEs Standard</i> in the <i>2015 Amendments to the IFRS for SMEs</i> (paragraph 33.2 & paragraph BC176(i)).

IFRS for SME section	Amendments	Effective date	Overview of amendments	Staff comment
<b>Section 35</b> <i>Transition to the IFRS for SMEs Standard</i>	<i>Government Loans</i> (Amendments to IFRS 1)	January 2013	Clarifies the accounting for loans received from governments at a below market rate of interest, gives first-time adopters of IFRS Standards relief from full retrospective application of IFRS Standards when accounting for these loans on transition.	This amendment was incorporated into the <i>IFRS for SMEs Standard</i> in the <i>2015 Amendments to the IFRS for SMEs</i> (paragraph 35.9(f) & paragraph BC201).
<b>Section 35</b> <i>Transition to the IFRS for SMEs Standard</i>	<i>Annual Improvements 2009–2011 Cycle</i> (IFRS 1)	January 2013	<ul style="list-style-type: none"> <li>• Permits the repeated application of IFRS 1.</li> <li>• Borrowing costs relating to qualifying assets for which the commencement date for capitalisation is before the date of transition to IFRS Standards.</li> </ul>	This amendment was incorporated into the <i>IFRS for SMEs Standard</i> in the <i>2015 Amendments to the IFRS for SMEs</i> (paragraph 35.12A & paragraph BC204).