

## 1. The *IFRS for SMEs* Standard (as amended 2015)

The *IFRS for SMEs* Standard (as amended 2015):

- (a) is a stand-alone Standard;
- (b) is 250 pages in length, including accompanying guidance in non-mandatory appendices;
- (c) is based on principles from IFRS Standards with simplifications tailored to small and medium-sized entities (SMEs). Simplifications from full IFRS Standards are based on:
  - (i) the needs of lenders, creditors and other users of SMEs' financial statements who are primarily interested in information about cash flows, liquidity and solvency; and
  - (ii) cost-benefit considerations.
- (d) provides simplifications of IFRS Standards by:
  - (i) omitting topics that are not relevant to entities eligible to apply the *IFRS for SMEs* Standard;
  - (ii) removing some options available in IFRS Standards;
  - (iii) simplifying recognition and measurement requirements;
  - (iv) reducing disclosures; and
  - (v) simplifying language.
- (e) can be accessed [here](#).

## 2. First Comprehensive Review of the *IFRS for SMEs* Standard

In May 2015, the International Accounting Standards Board (Board) completed its first comprehensive review of the *IFRS for SMEs* Standard.

After consulting widely and considering that the *IFRS for SMEs* Standard was still a relatively new Standard, the Board issued only limited amendments. These amendments were effective on 1 January 2017 with early application permitted.

The most significant amendments relating to transactions commonly encountered by SMEs are:

- (a) permitting SMEs to revalue property, plant and equipment;
- (b) aligning the main recognition and measurement requirements for deferred income tax with full IFRS Standards; and
- (c) aligning the main recognition and measurement requirements for exploration and evaluation assets with IFRS 6 *Exploration for and Evaluation of Mineral Resources*.

(d) Other amendments included:

(i) adding exemptions from the following requirements when application would cause undue cost or effort:

- measuring investments in equity instruments at fair value;
- recognising intangible assets separately in a business combination;
- offsetting income tax assets and liabilities; and
- 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.

(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.

More information on the first comprehensive review can be accessed [here](#).

### 3. Second Comprehensive Review of the *IFRS for SMEs* Standard

The second comprehensive review of the *IFRS for SMEs* Standard commenced October 2018 with the Emerging Economies Group discussing the possible scope of the review.

In 2019, the Board commenced discussion on the second comprehensive review establishing the framework and the scope of the review.



The scope of the second comprehensive review includes:

- (a) IFRS Standards, amendments to IFRS Standards and IFRIC Interpretations issued since the first comprehensive review of the *IFRS for SMEs* Standard;
- (b) IFRS Standards and IFRIC Interpretations issued before the first comprehensive review, but that did not result in amendments to the *IFRS for SMEs* Standard; and
- (c) general implementation experience and issues arising from the application of the *IFRS for SMEs* Standard.

The Request for Information, published in January 2020, completed the first phase of the second comprehensive review:

- (a) the objective of the Request for Information was to seek views on whether and how aligning the *IFRS for SMEs* Standard with full IFRS Standards could better serve users of financial statements prepared applying the *IFRS for SMEs* Standard without causing undue cost and effort for SMEs.
- (b) the Board discussed in detail all the questions in the Request for Information. The way the questions were expressed indicated the Board's reasoning on important issues, for instance, on aligning or not aligning the *IFRS for SMEs* Standard with full IFRS Standards. The Board did not, however, reach a preliminary view on any of these issues.
- (c) the agenda papers and summaries from the Board's discussions are publicly available on the IFRS Foundation's [website](#).

The Request for Information was set out in three parts:

- (a) Part A set out the framework the Board developed for approaching this review and asked for comments on the Board's approach.
- (b) Part B contained questions on Sections of the *IFRS for SMEs* Standard that could be aligned with IFRS Standards, amendments to IFRS Standards and IFRIC Interpretations in the scope of the review.
- (c) Part C sought views on topics not addressed in the *IFRS for SMEs* Standard and on whether, in relation to these topics, the Standard could be aligned with IFRS Standards. It also asked about topics on which the Board has received feedback.

The Request for Information was open for comment until 27 October 2020. The consultation feedback is available on the IFRS Foundation's [website](#).

The Board and SMEIG are considering the feedback on the Request for Information to assess the next step in the second comprehensive review of the *IFRS for SMEs* Standard. If the Board decides to amend the *IFRS for SMEs* Standard, it will publish an Exposure Draft.

## 4. Use around the world

To assess progress towards the goal of implementing global accounting standards, the IFRS Foundation maintains profiles of application of full IFRS Standards and the *IFRS for SMEs* Standard in individual jurisdictions. Profiles of 166 jurisdictions have been posted:

(a) eighty-six 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, Eswatini, 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, Papua New Guinea, Paraguay, 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, Switzerland, Tanzania, Trinidad & Tobago, Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay, Venezuela, Yemen, Zambia, and Zimbabwe.

(b) nine jurisdictions are currently considering the *IFRS for SMEs* Standard; and

(c) seventy-one jurisdictions have not considered or do not permit the *IFRS for SMEs* Standard.

Some jurisdictions currently use the *IFRS for SMEs* Standard as a point of reference for local accounting requirements (for example, Australia and Sweden)

Jurisdiction profiles can be viewed [here](#).

## 5. Completed translations

**Completed translations of the 2009 *IFRS for SMEs* Standard:** Albanian\*, Arabic, Armenian\*, Bosnian\*, Bulgarian\*, Chinese (simplified)\*, Croatian\*, Czech\*, Estonian\*, French\*, Georgian, Hebrew\*, Italian\*, Japanese\*, Kazakh\*, Khmer\*, Lithuanian\*, Macedonian\*, Mongolian\*, Polish\*, Portuguese (Brazil)\*, Romanian\*, Russian\*, Serbian, Spanish\*, Turkish\* and Ukrainian\* (27 languages).

**Completed translations of the 2015 *IFRS for SMEs* Standard:** Albanian\*, Arabic, Armenian, Bosnian\*, Bulgarian, Japanese\*, Mongolian\*, Portuguese (Brazil)\*, Serbian\*, Spanish\* and Ukrainian\*. 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 download [here](#) (for translations not marked with an \* please see our [IFRS shop](#) for details on how to purchase a hard copy).

## 6. Educational Modules

One module for each of the 35 Sections of the *IFRS for SMEs* Standard (2015 version) is available in English.

Each module focuses on one of the Standard's 35 Sections and gives a comprehensive overview of the Section it covers; it contains the text of the Standard enriched with practical examples that illustrate and explain the requirements simply. In addition, the modules outline differences between the *IFRS for SMEs* Standard and full IFRS Standards.

Stakeholders can test their knowledge by answering multiple-choice questions and by analysing case studies included at the end of each module. These self-assessment questions and case studies will help users to develop skills needed to account for transactions and events applying *IFRS for SMEs* Standard.

The educational modules can be accessed [here](#).

## 7. Procedure for submitting implementation and application questions to the IFRS Foundation staff

Preparers, auditors and others with an interest in financial reporting by SMEs may ask questions about the application of the *IFRS for SMEs* Standard via the IFRS Foundation's website. Staff will review each submitted question and provide an analysis of the question and seek the advice of the SME Implementation Group (SMEIG). The analysis may include a recommendation on:

- (a) whether, based on the criteria for educational material, to respond with a Q&A; and
- (b) if the recommendation is to develop a Q&A, the staff's recommended answer.

During each of the Board's reviews of the *IFRS for SMEs* Standard, SMEIG Q&As will be incorporated into the *IFRS for SMEs* Standard, into the *IFRS for SMEs* modules or withdrawn, as appropriate. The existing Q&As will then be deleted from the IFRS Foundation website.

## 8. SME Implementation Group (SMEIG)

In July 2009, the Trustees of the IFRS Foundation approved the establishment of the SME Implementation Group (SMEIG).

Currently there are 29 SMEIG members, three observers plus the Chair (Board member Jianqiao Lu).

The SMEIG has two main responsibilities:

- (a) to consider questions on the implementation and application of the *IFRS for SMEs* Standard, decide which questions merit published educational material based on the set criteria and develop Q&As. Q&As are educational materials, which are publicly available on a timely basis.
- (b) to consider the need to amend the *IFRS for SMEs* Standard and make recommendations to the Board on:
  - (i) issues on the implementation and application of the *IFRS for SMEs* Standard that cannot be addressed by Q&As; and
  - (ii) new and amended IFRS Standards that have been approved since the *IFRS for SMEs* Standard was issued or last amended.

All SMEIG Q&As can be accessed [here](#).

## 9. The *IFRS for SMEs* quarterly newsletter:

- (a) is prepared by the IFRS Foundation staff and posted on the IFRS Foundation website;
- (b) provides news about the SME activities (including updates on the second comprehensive review), adoption around the world, SMEIG activity and materials, translations and other *IFRS for SMEs* news;
- (c) includes relevant hyperlinks for downloading materials; and
- (d) can be accessed [here](#).

## 10. Free downloads from the IFRS Foundation website

The main *IFRS for SMEs* page can be accessed [here](#).

*IFRS for SMEs* Standard translations can be accessed [here](#).

Information on the second comprehensive review of the *IFRS for SMEs* Standard can be accessed [here](#).

The *IFRS for SMEs* modules can be accessed [here](#).

SMEIG Q&As can be accessed [here](#).

*IFRS for SMEs* newsletters can be accessed [here](#).

Information on the SMEIG can be accessed [here](#).

History of the first comprehensive review of the *IFRS for SMEs* Standard can be accessed [here](#).

### Get in touch

If you would like to discuss the information in this Fact Sheet, please contact the SME team, which is responsible for all matters relating to the *IFRS for SMEs* Standard, at [sme@ifrs.org](mailto:sme@ifrs.org).

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