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**International
Accounting Standards
Board**

This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.

These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

Board Meeting: September 2007, London

Project: IFRS for Small and Medium-sized Entities

Subject: Possible Deferral of the Comment Letter Deadline

Background

1. The deadline for comments on the exposure draft (ED) of a proposed IFRS for SMEs is 1 October 2007. The ED was issued 15 February 2007. The comment period of over seven months was the longest ever for an ED. Spanish, French, and German translations were issued in April, May, and June, respectively.
2. In June 2007, the staff launched a programme for field testing the proposals in the ED. The questionnaire was posted to the IASB's website in English on 20 June and in Spanish and French on 30 June. We asked field test participants to respond by 31 October 2007.
3. The staff are working with a number of organisations around the world to coordinate the field tests. While it is difficult to have a precise number at this point, we estimate that between 75 and 100 SMEs are participating. We have particularly encouraged participation by very small entities and entities from developing countries. In many cases, a national professional organisation or national standard setter is assisting the field test companies.
4. Field test companies have been asked to provide background information about the company, submit their most recent annual financial statements under their existing accounting framework, prepare financial statements in accordance with the proposed IFRS for SMEs for the same financial year, and respond to a series

- of questions designed to identify any specific problems the company encountered in applying the ED.
5. We have received requests from a number of organisations that are assisting field test companies to extend the deadline for both the field test submissions and for the letters of comment from field test participants and those working with field test participants, preferably to 30 November 2007 for two reasons:
 - a. Responding to the field tests is taking more time than anticipated. In some cases, due to July/August holidays, work on the field tests did not begin until September. In several countries that have statutory half-yearly reporting requirements, August and September are particularly busy periods.
 - b. The field test questionnaire reminded field test participants that “It is not a goal of the field testing process to elicit the opinions of field testers on the proposals [in the ED]. Field testers are encouraged to provide those views to the IASB in their comment letters on the exposure draft.” Nonetheless, field test participants and those working with field test participants have said that implementation problems or other matters that arise during the field testing could influence the comments they want to include in their comment letters on the ED. Therefore they want to finish their comment letters after completing the field test work.
 6. Staff’s plan for the project is to begin analysing the letters of comment in October 2007 and to begin analysing the field test responses in November 2007. Our goal is to present those analyses to the Board during the first quarter of 2008, with recommendations for possible changes to the ED.
 7. At the same time, staff is sympathetic to the requests to extend the comment deadline, particularly from entities participating in the field tests and those organisations assisting such entities. Staff believes that a deadline of 30 November 2007 for submitting comments could help encourage more field test participants and more complete responses to the ED, particularly from small entities and those in developing countries. Even if the deadline is postponed to 30 November 2007, staff believes that the target of getting analyses to the Board in first quarter 2008 can be achieved.

Staff Recommendation

8. Staff supports extending the deadline for comments on the proposed IFRS for SMEs to 30 November 2007. Staff recommends that in announcing the extension of the comment deadline, the Board indicate that it decided to extend the deadline primarily to allow entities participating in the field tests and those assisting such entities more time to prepare their comments on the exposure draft. Therefore, the Board strongly encourages entities and organisations that are not involved in the field testing to submit their comments on the exposure draft by the original 1 October 2007 deadline.

Issue for the Board

Does the Board concur with the staff recommendation to extend the deadline for commenting on the exposure draft of a proposed IFRS for SMEs to 30 November 2007?