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International
Accounting Standards
Committee Foundation

This document is provided as a convenience to observers at IASCF meetings, to assist them in following the discussion.

INFORMATION FOR OBSERVERS

IASCF Trustees Meeting Amsterdam 7 July 2009

Agenda Paper 5B

IFRS for Small and Medium-sized Entities Post-issuance implementation of the IFRS for SMEs

Background

IASB will issue IFRS for SMEs on 9 July 2009. Jurisdictions can adopt and set their own scope of applicability and effective date. Many jurisdictions are expected to, at least, permit some or all SMEs to use the IFRS for SMEs. In the United States and some other jurisdictions, no action is required. SMEs are simply permitted to use the IFRS for SMEs if they choose, and auditors can give opinions on fairness of presentation, as soon as the IFRS for SMEs is issued.

What does the standard say about post-issuance implementation?

The Preface says the following:

- P16 The IASB expects to undertake a thorough review of SMEs' experience in applying the Standard when two years of financial statements using the Standard have been published by a broad range of entities. The Board expects to propose amendments to the Standard to address implementation issues identified in that review. It will also consider new and amended IFRSs that have been adopted since the Standard was issued.
- P17 After that initial implementation review, the IASB expects to propose amendments to the Standard by publishing an omnibus exposure draft approximately once every three years. In developing those exposure drafts, it expects to consider new and amended IFRSs that have been adopted in the previous three years as well as specific issues that have been

brought to its attention regarding possible amendments to the IFRS for Small and Medium-sized Entities. The IASB intends the three-year cycle to be a tentative plan, not a firm commitment. On occasion, it may identify a matter for which amendment of the IFRS for Small and Medium-sized Entities may need to be considered earlier than in the normal three-year cycle. Until the IFRS for Small and Medium-sized Entities is amended, any changes that the IASB may make or propose with respect to full IFRSs do not apply to the IFRS for Small and Medium-sized Entities.

P18 The IASB expects that there will be a period of at least one year between when amendments to the IFRS for Small and Medium-sized Entities are issued and the effective date of those amendments.

Key considerations in post-issuance implementation

These are:



1. Encouraging jurisdictions to adopt
2. Ensuring consistent and high quality implementation across jurisdictions and within jurisdictions
3. Addressing the pervasive implementation questions that inevitably will arise on initial adoption of the standard globally
4. Identifying and fixing lack of clarity, key omissions, and possible errors in the standard.

How to address these key considerations

Presented below is an outline.

Goal	Action steps	Timetable
Encouraging jurisdictions to adopt	Work with national standard setters and regulators: Special emphasis: <ul style="list-style-type: none"> • European Commission • IOSCO Emerging Markets • FEI • IMA • Development agencies • Regional groups including FEE, CAPA, ECSAFA 	Should begin 1 July 2009 and continue for at least two years I think it is essential to involve the NSS, to get their buy-in technical assistance. Below I propose a SMIG. A possibility to consider is whether the role of SME Implementation Group (SMIG) could be played by the National Standard-Setters (NSS).
	Provide Resources: Presentations at national and regional conferences and to	

	<p>NSS</p> <p>IASCF develop training materials (under way – see below).</p> <p>IASCF make available other tools</p>	
	<p>Ensure availability of cheap software</p> <p>Work with software developers</p> <p>Develop mechanism for income to IASCF by incorporating standard into software license.</p>	<p>Several software developers have already indicated an interest in this regard.</p> <p>While IASCF XBRL group is developing an XBRL taxonomy for IFRS for SMEs, I don't think this is going to be very useful in the short run. Rather, if XBRL group can also help software developers, I think this would be more useful.</p>
	<p>IASB Website:</p> <ul style="list-style-type: none"> • Separate section of website for IFRS for SMEs with link on home page [already agreed already by M Byatt and K Creighton] • Webcast shortly after issuance • 15-minute marketing video that is permanently on IASB website • Track adoptions of IFRS for SMEs on IASB website. <p>Develop PPT presentation explaining IFRS for SMEs and how it is simplified from full IFRS</p> <ul style="list-style-type: none"> • For use by Board and staff • Perhaps post PDF of it on website for others to use • First draft of complete PPT has already been completed. Jan Engström will use it at IASCF Conference in Milan. 	<p>We have already created an email address:</p> <p>sme@iasb.org</p> <p>that can be used to funnel enquiries, comments, questions, etc. We will put this in the press release.</p>

	<p>Promotional booklet:</p> <p>Perhaps just use the illustrative f/s in our Implementation Guidance with a 3 or 4 page introduction explaining the standard. This would show a potential adopter what they get.</p>	<p>Might be we can just make this electronic – not printed. But anyway we will have all the type set for the illustrative financial statements.</p>
	<p>Availability of Translations:</p> <p>Spanish and French should be finished by 30 September.</p>	<p>Already discussed with K Creighton. Spanish is doable by 30 Sept. Considering French.</p>
	<p>Special cover:</p> <p>“look and feel” of bound volume but include SME logo, unique colour to make clear that it is separate from full IFRSs.</p>	
	<p>Special logo*</p>	 <p>It is based on new logo for full IFRSs. Allow logo to be used, next to their financial statements, by any company that follows IFRS for SMEs in full.</p>
	<p>Promotional slogan*</p> <p>“Good financial reporting made simple”</p>	<p>IASB can use this slogan in various informal materials like training materials, promotional booklet, PPTs, etc.</p>
<p>Ensuring consistent and high quality implementation across jurisdictions and within jurisdictions</p>	<p>IASCF Training:</p> <p>IASCF develop training materials (under way)</p> <p>IASCF conduct train the trainers’ sessions globally. These should be coordinated with NSS.</p> <p>Develop other tools for IFRS for SMEs adopters.</p> <p>Examples:</p> <ul style="list-style-type: none"> • Illustrative industry financial statements for 	<p>Training materials should be finished 31 Dec 2009. Trainers’ sessions (3 days) will be 2010. These would be conducted jointly by M Wells and IASB Director of Standards for SMEs.</p>

	<ul style="list-style-type: none"> • License standard to software developers. 	
	<p>Trademarks</p> <p>Trademark the term IFRS for SMEs in Europe and USA and perhaps elsewhere.</p> <p>Trademark the logo also.</p>	Ken Creighton said he will do ASAP.

<p>Addressing the pervasive implementation questions that inevitably will arise on initial adoption of the standard globally</p>	<p>Develop a mechanism for constituents to submit issues to the IASB.</p> <p>Develop a system for publishing Q&As.</p> <p>This would be similar to the IAS 39 Implementation Guidance Q&A that were issued 1999-2000. About 250 Q&A were issued. Of those, about 100 were blended into the 2003 revision to IAS 39 and the rest remain as non-mandatory guidance.</p>	<p>we have set up a Special email address sme@iasb.org</p> <p>Develop submission form. Submitted on line. Simple thank you but no other acknowledgement.</p> <p>9 to 11 member SMIG (SME Implementation Group). IASB Director of Education as official observer.</p> <p>Staff cull and categorise each submission with recommendation</p> <p>Send in batches to SMIG.</p> <ul style="list-style-type: none"> • For each, staff prepare an analysis and recommendation: Should SMIG address and, if yes, proposed response to the question. • Those for which there is clear consensus can be posted as non-mandatory guidance. Negative clearance by the Board first. • Those for which views are divided will require further study, more detailed staff paper, communication with SMIG, and, if they cannot be resolved by email, have one or possibly two SMIG meetings a year for two years. Again, negative clearance by the Board before posting. <p>Once the comprehensive post-issuance review is started (after standard has been issued for two years), no further Q&A issued and (probably) SMIC disbanded.</p> <p>Expectation is that perhaps two dozen Q&A will be published over the two years, not hundreds.</p>
<p>Identifying and fixing lack of clarity, key omissions, and possible errors in the standard.</p>	<p>Build an inventory of issues. These will come from two sources:</p> <ul style="list-style-type: none"> • Issues submitted via the website Q&A system above • A comprehensive post-implementation review 	<p>Comprehensive post-issuance review should begin in late 2011 – after approximately two years experience with the IFRS for SMEs.</p> <p>The review will consider whether and how to incorporate, into a revised IFRS for SMEs, the published Q&As as appropriate plus, perhaps, some</p>

	involving an invitation to comment, board deliberations, exposure draft, redeliberations, final amendments to IFRS for SMEs.	submitted questions for which a Q&A was not published. The review will also consider all new and amended IFRSs issued since IFRS for SMEs was issued.
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Resources needed

One person would be Chairman of the SME Implementation Group and IASB Director of Standards for SMEs. Can be half or two-thirds-time through 30 June 2011.

SME project manager. Initially can try to do it with a half-time project manager person. Could be one-half of the time of a full-time staff person. Alternatively this could be a practice fellow from a smaller accounting firm working half time for IASB. After 30 June 2011 most likely will become full time to handle comprehensive post implementation review and amendments to standard.

SMIG will be voluntary, hopefully only one meeting a year (if needed), members pay their own costs, most work done by email.