

Update on the IFRS for SMEs

1. Published: July 2009

- a. 'Good Financial Reporting Made Simple'
- b. 230 pages (full IFRSs are 3,000+)
- c. Simplified IFRSs. Built on an IFRS foundation. Simplifications based on:
 1. User needs for information about short-term cash flows, liquidity, and solvency (rather than longer-term forecasts of earnings and share prices)
 2. Costs and SME capabilities
- d. Completely stand-alone
- e. Final standard was issued July 2009

2. Adoptions: 73 countries have adopted or announced plans to do so

- a. **South America:** Argentina, Brazil, Chile, Guyana, Peru, Suriname, Venezuela
- b. **Caribbean:** Antigua & Barbuda, Aruba, Bermuda, Bahamas, Barbados, Cayman, Dominica, Dominican Republic, Guadeloupe, Jamaica, Montserrat, St Kitts-Nevis, St Lucia, Trinidad
- c. **Central America:** Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama
- d. **Africa:** South Africa, Botswana, Egypt, Ethiopia, Ghana, Kenya, Lesotho, Malawi, Mauritius, Namibia, Nigeria, Sierra Leone, Tanzania, Swaziland, Uganda, Zimbabwe
- e. **Asia:** Cambodia, Fiji, Hong Kong, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka
- f. **Middle East:** Jordan, Lebanon, Palestine, Qatar
- g. **Eurasia:** Azerbaijan, Kyrgyzstan, Moldova, Turkey
- h. **Europe:** Available for use in Switzerland. Planned: United Kingdom, Ireland, Denmark, Latvia. Others studying. Note that European Commission is currently consulting on the IFRS for SMEs.
- i. **North America:** Available for use in United States, Canada

3. Translations

- a. **Completed:** Arabic, Armenian, Chinese, Czech, French, Italian, Lithuanian, Portuguese, Romanian, Russian, Spanish, Turkish
- b. **In process:** Hebrew, Japanese, Kazakh, Khmer, Macedonian, Mongolian, Polish, Serbian, Ukrainian
- c. **Proposed or in discussion:** Albanian, Bulgarian

4. Free training materials

- a. One module per Section of the IFRS for SMEs. Already available in English, Spanish, Turkish, Russian, Arabic, with more translations to come.
- b. Each module has the complete text of the Section, with each paragraph annotated with commentary and numerical examples. At the end of the module are a comparison with full IFRSs, discussion of significant estimates and judgements required in applying the section, a quiz (with answers), and two case studies (with solutions).
- c. Self-study. Free download in PDF format.
- d. IFRS Foundation Education Initiative had hoped for all 35 modules by 31 Dec 2009. At this point 27 finished, remainder drafted and plan to finish by end of 2011.

5. Free training workshops

- a. **Regional:** 3 days x 8 classroom hours per day, 20 PowerPoint sets, IASB instructors
- b. **To date:** In Malaysia, India, Tanzania, Egypt, Brazil, Panama, Nordic countries, Caribbean, Singapore, Kazakhstan, Turkey, Gambia
- c. **Upcoming:** French West Africa, Argentina, Dubai, Nairobi, Barbados

6. SME Implementation Group

- a. Created by IFRS Foundation Trustees, public call for nominations, 21 members appointed Sept 2010
- b. Publish implementation Q&As – non-mandatory implementation guidance
 1. Terms of Reference and Operating Procedures approved by Trustees
 2. Due process: SMEIG develop consensus, draft Q&A negative clearance by IASB, exposure for public comment, revisions by SMEIG, negative clearance by IASB, final Q&A posted
 3. Status: 50+ issues identified. 1 Q&A completed. 4 additional drafts exposed for public comment. 7 additional under development by SMEIG.
 4. Focus of initial Q&As is who is eligible to use the IFRS for SMEs.
 5. Avoid Q&A where same issue is unresolved under full IFRSs
 - i. The only current exception is guidance on what is a public market, to prevent ineligible companies from using the IFRS for SMEs
- c. Recommend to IASB needed modifications
 1. Get underway 1H or 2H 2012 (timing will depend on completion of major projects on full IFRSs such as revenue and leases)
 2. Due process steps: Invitation to comment, then exposure draft, then revised IFRS for SMEs
 3. Two reasons for modifications: New/revised IFRSs and implementation questions
 4. SMEIG in charge. Board will approve ED and final revised IFRS for SMEs.
- d. SMEIG operates entirely by email, though when comprehensive review of IFRS for SMEs gets underway may need to meet once or twice

7. Free monthly IFRS for SMEs Update newsletter and Alerts

- a. Free. Prepared by IASB staff

- b. News about adoptions, training programmes and materials, Q&As and draft Q&As, translations, with hyperlinks to download materials
- c. 9,950 email subscribers
- d. Subscribers also receive periodic email Alerts about other IFRS for SMEs news, such as new Q&As and draft Q&As

8. Executive briefing booklet published

- a. Written for lenders, creditors, owner-managers, and others who use SME financial statements
- b. 8 pages: What is the IFRS for SMEs? Who is it aimed at? How does it differ from full IFRSs? Who is planning to use it? Implementation support available from the IASB.
- c. Download here: <http://www.ifrs.org/IFRS+for+SMEs/IFRS+for+SMEs.htm>
- d. Also in printed form

9. IFRS for SMEs section of IASB website

- a. Main IFRS for SMEs page: <http://www.ifrs.org/IFRS+for+SMEs/IFRS+for+SMEs.htm>
- b. Major enhancements earlier this year. Reorganised into the following sections:
 - 1. About the IFRS for SMEs
 - 2. Access the IFRS for SMEs
 - 3. SME Implementation Group
 - 4. Q & As
 - 5. Training material
 - 6. Train the Trainers Workshops
 - 7. Update Newsletter
 - 8. Presentations about the IFRS for SMEs
 - 9. Webcasts
 - 10. Project History
 - 11. Non-English Resources

10. Free Downloads from IASB

- a. IFRS for SMEs (full standard, translations): <http://go.ifrs.org/IFRSforSMEs>
- b. Training materials (35 modules, multiple languages): <http://go.ifrs.org/smetraining>
- c. PowerPoint training modules (20 PPTs, multiple languages): <http://go.ifrs.org/trainingppts>
- d. Board and staff presentations (multiple languages): <http://go.ifrs.org/presentations>
- e. Update newsletter: <http://go.ifrs.org/smeupdate>
- f. SME Implementation Group members and terms of reference: <http://go.ifrs.org/smeig>
- g. Q&As: <http://www.ifrs.org/IFRS+for+SMEs/Q+and+A+IFRS+for+SMEs.htm>

11. IFRS Foundation resources

- a. IASB member Paul Pacter chairs SMEIG and oversees IFRS for SMEs implementation activities

- b. We have half-time staff person now (Michelle Fisher, seconded from Deloitte under the IASB Practice Fellow programme)
- c. Probably will need to go to one full time (or two half-time) during 2012 for the comprehensive review. The second half-time person might be a loan from IASB research staff or another secondee.

12. Issues – Trustee ideas welcome, but no Trustee action needed at this point

- a. Status in the European Union
 - 1. November 2009: EU invitation to comment on IFRS for SMEs in Europe
 - 2. June 2010 report on consultation: 19 countries supported permitting. But because several large EU countries do not support, the EC has not acted.
 - 3. EFRAG identified 6 differences with Directives (out of thousands of issues). ARC said only 2 of the 6 are significant.
- b. Status in USA:
 - 1. Promotion of adoptions in USA (available for use now). Lots of interest.
 - 2. Blue Ribbon Panel has recommended that USA develop their own standard setter and standards.
- c. Promotion of adoption in those developed countries that are undecided: might include Korea, Taiwan, Colombia, Switzerland, several eastern Europe countries
- d. Large countries that have said ‘no’ for now: Australia, Canada, China, India, Japan, Mexico. How to promote?
- e. 3-day train the trainer workshops are winding down by end of 2011. We plan to create webcasts of all 24 hours of training, for people to self-study on-line. We already have the first two hours finished and posted. Computer bandwidth is an issue. World Bank has posted the training webcasts on their website.