

STAFF PAPER

June 2012

IASB Meeting

Project	International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)		
Paper topic	Cover Paper		
CONTACT(S)	Paul Pacter (Board Advisor)	ppacter@ifrs.org	+44 (0) 20 7246 6427
	Michelle Fisher	mfisher@ifrs.org	+44 (0) 20 7246 6918

This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

Summary of Agenda Papers

1. The following papers have been prepared for the June 2012 meeting:
 - (a) IASB Agenda Paper 9: Cover paper setting out the background and the questions for the Board (this paper)
 - (b) IASB Agenda Paper 9A: Invitation to Comment (ITC)
 - (c) IASB Agenda Paper 9B: Optional response document to be provided with the ITC. Respondents may use the document to submit their comments if they wish to do so (paragraph 21 of the ITC makes reference to the optional response document).

Purpose of this paper

2. This Agenda Paper 9 asks the Board to approve for public comment the Invitation to Comment (ITC) on the comprehensive review of the *IFRS for SME* as set out in Agenda Paper 9A. This Agenda Paper 9 also provides a brief background on why an ITC has been prepared, a summary of the steps that staff and the SME Implementation Group have taken to develop the ITC, the objective of the ITC and the proposed timetable for the comprehensive review.

Background

Overview of the comprehensive review of the IFRS for SMEs

3. When the IASB issued the *IFRS for SMEs* in July 2009, it stated that it planned to undertake an initial comprehensive review of SMEs' experience in applying the *IFRS for SMEs* when two years of financial statements using the *IFRS for SMEs* have been published by a broad range of entities. During the comprehensive review, the IASB will consider whether to propose amendments to address any implementation issues identified in that review. It will also consider new and amended IFRSs that have been adopted since the IFRS was issued. Issuing an ITC will be the IASB's first step in that initial comprehensive review.

The SME Implementation Group

4. The SME Implementation Group (SMEIG) was set up as an advisory body to the IASB to support the international adoption of the *IFRS for SMEs* and monitor its implementation. In fulfilling that mission, the SMEIG has two main responsibilities:
 - to develop and publish questions and answers (Q&As) as non-mandatory guidance for implementing the *IFRS for SMEs*; and
 - to make recommendations to the IASB regarding possible amendments to the *IFRS for SMEs* as part of a comprehensive post-implementation review of the Standard.
5. The SMEIG will provide recommendations to the IASB throughout the comprehensive review of the *IFRS for SMEs* and will make recommendations to the IASB concerning possible amendments. The SMEIG have been working closely with IASB staff to develop the ITC. Details of the steps taken in developing the ITC are set out in the following paragraph (paragraph 6).

Development of the Invitation to Comment

6. The ITC was developed as follows:
- (a) The IASB staff prepared an initial draft of the ITC.
 - (b) The initial draft was sent to all SMEIG members by email for review requesting comment on all areas of the document. All 22 SMEIG members provided comments.
 - (c) Two Board members also reviewed and commented on drafts of the ITC.
 - (d) All original responses from SMEIG members were posted to the SMEIG section of the IASB's SharePoint internal database as they were received by IASB staff. All SMEIG members have access to that database and can access each other's responses. Board members can also access those responses.
 - (e) After considering comments from SMEIG members, IASB staff prepared a revised draft of the ITC. IASB staff also prepared an analysis of SMEIG comments. That analysis includes every substantive comment made by an SMEIG member and explains how staff has addressed that comment in the revised draft of the ITC.
 - (f) The analysis and revised draft of the ITC were sent to the SMEIG members. SMEIG members were asked to review the revised draft, submit any further comments they may have, and inform staff whether they approve the final draft of the ITC to be submitted to the Board.
 - (g) After incorporating the further comments from SMEIG members, IASB staff prepared the final ITC (Agenda Paper 9A). The SMEIG recommends the Board approve publishing it for public comment.

Objective of the Invitation to Comment on the IFRS for SMEs

7. The objective of the ITC is to seek public views on whether there is a need to make any amendments to the *IFRS for SMEs*, and, if so, what amendments should be made.
8. The ITC asks questions about the *IFRS for SMEs* and also encourages respondents to raise their own issues. This ITC does not contain any preliminary views of the IASB or the SMEIG.
9. Responses to this ITC will assist the SMEIG in developing its recommendations to the IASB regarding possible amendments to the *IFRS for SMEs*. Responses will also assist the IASB in developing its proposed amendments to the *IFRS for SMEs*.

Next steps

10. If the Board approves the issue of the ITC for public comment at this meeting we anticipate the following timetable for the comprehensive review.

Second quarter of 2012	Review gets under way. The IASB staff prepares an ITC incorporating suggestions by the SMEIG. SMEIG review and approve the ITC, and recommend the IASB approve issuance of the ITC for public comment. The IASB reviews and approves the ITC.
Late June or July 2012	ITC issued (posted on IASB website, with website news story and press release). The public are invited to make recommendations on possible amendments to the <i>IFRS for SMEs</i> . Minimum 120 day comment period.
30 November 2012	Comment deadline on the ITC.
First half of 2013	The SMEIG reviews the responses to the ITC and makes recommendations to the IASB on possible amendments.
First half of 2013	The IASB deliberates amendments and develops and approves an exposure draft (ED) of proposals.
Second half of 2013	The SMEIG reviews responses to the ED and makes recommendations to the IASB.
Second half of 2013	The IASB deliberates on the amendments to proposals in the ED and agrees on final revisions to the <i>IFRS for SMEs</i> .
Second half of 2013 or first half of 2014	The IASB publishes final revisions to the <i>IFRS for SMEs</i> .
Target date in 2015	Effective date of revisions.

SMEIG and staff recommendation

11. Both the SMEIG and the IASB staff recommend that the Board should issue the ITC for public comment with a comment deadline of 30 November 2012.

Question to the Board

- a. Do Board members have any questions about, or suggestions for changes to, the proposed ITC?
- b. Does the Board approve the issue of the ITC with a comment deadline of 30 November 2012?