

STAFF PAPER

December 2019

IASB® Meeting

Project	Comprehensive review of the <i>IFRS for SMEs</i>® Standard		
Paper topic	Cross referencing of the Board's tentative decisions to the Draft Request for Information		
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (Board) and does not represent the views of the Board or any individual member of the Board. Comments on the application of IFRS® Standards or the *IFRS for SMEs*® Standard do not purport to set out acceptable or unacceptable application of IFRS Standards or the *IFRS for SMEs*® Standard. Technical decisions are made in public and reported in IASB® *Update*.

Purpose

1. This paper cross references the Board's tentative decisions during the Board meetings April 2019 – October 2019 to the Draft Request for Information.

Staff condensed summary of the Board's tentative decisions	Board meeting	Draft RFI Reference
<p><i>A full record of the Board's tentative decisions on the 2019 Comprehensive Review of the IFRS for SMEs Standard are available from the February 2019–October 2019 IASB Updates. All drafting in this summary is illustrative only and subject to change.</i></p>		
<p>Project plan (March 2019 Agenda Paper 30)</p>		
<p>1. The Board established the proposed project timeline for the 2019 Comprehensive Review of the <i>IFRS for SMEs</i> Standard (2019 Review).</p> <p>2. The Board tentatively decided that the Request for Information should specifically request views on whether and, if so, how the <i>IFRS for SMEs</i> Standard should be updated to take account of new and amended IFRS Standards not currently incorporated into the <i>IFRS for SMEs</i> Standard.</p>	<p>February 2019</p>	<p>[Refer: Introduction paragraphs 3 and 11]</p>
<p>Scope of the <i>IFRS for SMEs</i> Standard (September 2019 Agenda Paper 30A)</p>		
<p>3. The Board decided not to seek views in the request for information to be published as part of the 2019 Review (request for information) on adjusting the scope of the <i>IFRS for SMEs</i> Standard to include some publicly accountable entities.</p>	<p>September 2019</p>	<p>[Refer: Introduction paragraph 16 Appendix B, paragraphs B7—B13]</p>
<p>Alignment principles to be applied when considering whether and how the <i>IFRS for SMEs</i> Standard should be updated for new and amended full IFRS Standards (March 2019 Agenda Paper 30) and May 2019 Agenda Paper 30A)</p>		
<p>4. The Board tentatively decided that the Request for Information to be issued as part of the 2019 Review should request views on whether and, if so, how the <i>IFRS for SMEs</i> Standard should be aligned with new and amended IFRS Standards not currently incorporated into the <i>IFRS for SMEs</i> Standard.</p> <p>5. In deciding whether and how the <i>IFRS for SMEs</i> Standard should be aligned with new and amended IFRS Standards not currently incorporated into the <i>IFRS for SMEs</i> Standard the Board would apply three principles:</p> <ol style="list-style-type: none"> a. relevance to SMEs; b. simplicity; and c. faithful representation. 	<p>March 2019 May 2019</p>	<p>[Refer: Part A paragraphs 29—41, G1A, G1B, G2 and G3]</p>

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2018 Conceptual Framework for Financial Reporting (2018 Conceptual Framework) (March 2019 Agenda Paper 30)			
6. The Board tentatively decided that the Request for Information to be issued as part of the 2019 Review should request views on aligning Section 2 <i>Concepts and Pervasive Principles</i> of the <i>IFRS for SMEs</i> Standard with the 2018 <i>Conceptual Framework</i> .		March 2019	[Refer: Part B S1]
Aligning the <i>IFRS for SMEs</i> Standard with new and amended IFRS Standards not incorporated in the <i>IFRS for SMEs</i> Standard.			
IAS 19 Employee Benefits (September 2019 Agenda Paper 30B)	7. The Board decided to seek views on: <ul style="list-style-type: none"> a. retaining the current requirements in paragraph 28.24 of the <i>IFRS for SMEs</i> Standard on the accounting policy election for actuarial gains and losses. b. not aligning the <i>IFRS for SMEs</i> Standard with paragraph 127 of IAS 19 with regard to the determination of remeasurements of the net defined benefit liability or asset. c. aligning the recognition requirements for termination benefits in paragraph 28.34 of the <i>IFRS for SMEs</i> Standard with those in IAS 19. Eight of 14 Board members agreed and five disagreed with this decision. [Refer: Part B S8 and Appendix B paragraph B78] d. current practice and application issues relating to the use of the simplifications permitted in paragraph 28.19 of the <i>IFRS for SMEs</i> Standard under the 'undue cost or effort' exemption. [Refer: Part C N3] e. not aligning Section 28 of the <i>IFRS for SMEs</i> Standard with the other amendments made to IAS 19 in 2011. 	September 2019	[Refer: Part B S8, Part C N3 and Appendix B paragraphs B75—B78]
Previous Board decisions—IAS 23 Borrowing Costs (September 2019 Agenda Paper 30B)	8. The Board decided not to seek views on whether and how to align the <i>IFRS for SMEs</i> Standard with IAS 23 <i>Borrowing Costs</i> .	September 2019	

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<p>IFRS 3 Business Combinations (July 2019 Agenda Paper 30A)</p> <p>9. The Board tentatively decided that, in the Request for Information, it will seek views on aligning the <i>IFRS for SMEs</i> Standard with IFRS 3. The Board tentatively decided to seek views on whether to:</p> <ul style="list-style-type: none"> f. introduce requirements for step acquisitions into the <i>IFRS for SMEs</i> Standard; [Refer: Part B S5A and Appendix B paragraph B60] g. align such requirements with IFRS 3, if introduced; [Refer: Part B S5A and Appendix B paragraph B61] h. recognise acquisition-related costs as an expense at the time of the acquisition; [Refer: Part B S5B; Appendix B paragraphs B62(a) and B66(a)] i. require that contingent consideration be measured at fair value on initial recognition; [Refer: Part B S5B; Appendix B paragraph B62(b)] j. extend the undue cost or effort exemption to apply to the fair value measurement of the contingent consideration; and [Refer: Part B S5B] k. align the definition of a business. [Refer: Part B S5C] <p>10. The Board tentatively decided it will clarify, in the Request for Information, that it does not intend to amend the requirements in the <i>IFRS for SMEs</i> Standard to: [Refer: Appendix B paragraphs B63—B64]</p> <ul style="list-style-type: none"> a. introduce the option to measure non-controlling interests at fair value; b. change the recognition criteria for recognising an intangible asset acquired in a business combination; c. clarify that an assembled workforce must not be recognised; and d. to provide additional guidance in relation to reacquired rights. 	<p>July 2019</p>	<p>[Refer: Part B S5A, S5B, S5C and Appendix B paragraphs B55—B66]</p>
<p>IFRS 9 Financial Instruments (June 2019 Agenda Paper 30C)</p> <p>11. The Board tentatively decided to seek views, in the Request for Information, on aligning the <i>IFRS for SMEs</i> Standard with IFRS 9 and, in particular, on:</p> <ul style="list-style-type: none"> a. introducing principles for the classification and measurement of financial assets based on contractual cash flows. [Refer: Part B S3A and Appendix B paragraphs B30—B34] b. not amending the requirements of the <i>IFRS for SMEs</i> Standard for: <ul style="list-style-type: none"> i. the introduction of the fair value through other comprehensive income option for equity instruments; [Refer: Appendix B paragraph B32(a)] ii. the initial recognition of financial instruments at the transaction price; iii. financial liabilities and own credit; [Refer: Appendix B paragraph B46] and 	<p>June 2019</p>	<p>[Refer: Part B S3A, S3B, S3C, S3D and Appendix B paragraphs B27—B49]</p>

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<ul style="list-style-type: none"> iv. derecognition principles; [Refer: Appendix B paragraph B47] c. the need for requirements on hedge accounting for entities applying the <i>IFRS for SMEs</i> Standard and, subject to clarifying those needs, on retaining the current requirements for hedge accounting in Section 12 <i>Other Financial Instrument Issues</i>; [Refer: Part B S3C] d. aligning the <i>IFRS for SMEs</i> Standard with the simplified approach in IFRS 9 for the impairment of financial assets; [Refer: Part B S3B and Appendix B paragraphs B35—B37] e. the need for the fall back to IAS 39 <i>Financial Instruments: Recognition and Measurement</i> or IFRS 9 for entities applying the <i>IFRS for SMEs</i> Standard; and subject to clarifying the need for the fall back [Refer: Part B S3D] f. on changing the fall back to IAS 39 to a fall back to IFRS 9 if the <i>IFRS for SMEs</i> Standard is aligned with IFRS 9. [Refer: Part B S3D] 		
<p>IFRS 10 Consolidated Financial Statements (July 2019 Agenda Paper 30B)</p> <ul style="list-style-type: none"> 12. The Board tentatively decided that, in the Request for Information, it will seek views on aligning the <i>IFRS for SMEs</i> Standard with IFRS 10. The Board tentatively decided to seek views on: <ul style="list-style-type: none"> a. aligning the definition of control in Section 9 of the <i>IFRS for SMEs</i> Standard with IFRS 10; [Refer: Appendix B paragraphs B18—B24] and g. retaining the presumption that an entity controls an investee if it has direct power over that investee solely from voting rights. [Refer: Part B S2A and Appendix B paragraphs B23—24] 13. The Board tentatively decided it will clarify in the Request for Information that it does not intend to introduce an exception in the <i>IFRS for SMEs</i> Standard for the accounting for investment entities. [Refer: Part B S2B and Appendix B paragraphs B25—B26] 	July 2019	[Refer: Part B S2A, S2B and Appendix B paragraphs B15—B24]
<p>IFRS 11 Joint Arrangements (October 2019 Agenda Paper 30A)</p> <ul style="list-style-type: none"> 14. The Board tentatively decided to seek views in the request for information to be published as part of the 2019 Review on whether and how to align Section 15 with IFRS 11. In particular, the Board will seek views on: <ul style="list-style-type: none"> a. applying the same definition of 'control' in full IFRS Standards and the <i>IFRS for SMEs</i> Standard. All 14 Board members agreed with this decision. b. aligning the definition of 'joint control' in Section 15 with the definition in IFRS 11. Twelve of 14 Board members agreed and two disagreed with this decision. c. retaining the accounting requirements of Section 15. Twelve of 14 Board members agreed and two disagreed with this decision. 	October 2019	[Refer: Part B S4 and Appendix B paragraph B50—B54]

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<p>IFRS 13 Fair Value Measurement (June 2019 Agenda Paper 30B)</p>	<p>15. The Board tentatively decided to seek views, in the Request for Information, on aligning the <i>IFRS for SMEs</i> Standard with IFRS 13 and, in particular, on:</p> <ul style="list-style-type: none"> a. aligning the definition of fair value in the <i>IFRS for SMEs</i> Standard with IFRS 13; [Refer: Part B S9(a) and Appendix B paragraph B81] b. aligning the guidance on fair value measurement in the <i>IFRS for SMEs</i> Standard with IFRS 13 so the fair value hierarchy incorporates the principles of the IFRS 13 fair value hierarchy, and also includes examples that illustrate application of the hierarchy; [Refer: Part B S9(b) and S9(c)] c. moving the general disclosure requirements to a single location, alongside the guidance for fair value measurement, and on moving the guidance relating to amortised cost; and [Refer: Part B S9(d) and Appendix B paragraph B83] d. moving the guidance for fair value measurement in the <i>IFRS for SMEs</i> Standard to Section 2 <i>Concepts and Pervasive Principles</i>. [Refer: Part B S9(d) and Appendix B paragraph B82] <p>16. The Board tentatively decided not to seek views in the Request for Information on requiring the level in the hierarchy at which fair value measurements are made to be disclosed.</p>	<p>June 2019</p> <p>[Refer: Part B S9 and Appendix B paragraphs B79—B83]</p>
<p>IFRS 14 Regulatory Deferral Accounts (June 2019 Agenda Paper 30D)</p>	<p>17. The Board tentatively decided to seek views, in the Request for Information, on not aligning the <i>IFRS for SMEs</i> Standard with IFRS 14.</p>	<p>June 2019</p> <p>[Refer: Part C N1]</p>
<p>IFRS 15 Revenue from Contracts with Customers (July 2019 Agenda Paper 30D)</p>	<p>18. The Board tentatively decided to seek views, in the Request for Information, on three approaches to aligning the <i>IFRS for SMEs</i> Standard with IFRS 15. Specifically, the Board tentatively decided to seek views on:</p> <ul style="list-style-type: none"> a. the three alternative approaches to be set out in the Request for Information: [Refer: Part B S7A] <ul style="list-style-type: none"> i. Alternative 1—modifying Section 23 of the <i>IFRS for SMEs</i> Standard to remove the clear differences in outcomes from applying Section 23 and IFRS 15, without a wholesale reworking of Section 23; [Refer: Appendix B paragraph B74] ii. Alternative 2—fully rewriting Section 23 to reflect the principles and language used in IFRS 15; and iii. Alternative 3—omitting amendments to Section 23 from the 2019 Review. b. identifying Alternative 1 as its preferred approach to alignment. 	<p>July 2019</p> <p>[Refer: Part B S7A, S7B and Appendix B paragraphs D73—D74]</p>

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	<p>c. whether to provide transition relief, if the Board proceeds to an exposure draft using Alternative 1 or Alternative 2, by permitting an entity to continue its current revenue accounting treatment for any contracts already in progress at the transition date or scheduled to be completed within a set time after the transition date. [Refer: Part B S7B]</p>		
<p>IFRS 16 Leases (June 2019 Agenda Paper 30E)</p>	<p>19. The Board tentatively decided to seek views, in the Request for Information, on aligning the <i>IFRS for SMEs</i> Standard with IFRS 16 and, in particular, on:</p> <p>a. simplifications to the requirements in IFRS 16, namely:</p> <ul style="list-style-type: none"> i. introducing recognition exemptions for leases of 12 months or less (short-term leases) and leases of low-value assets; ii. exempting entities from the requirement to separate lease components from any associated non-lease components; and iii. simplifying measurement requirements for some variable lease payments, and for optional payments, such as those relating to extension options. <p>b. additional simplifications, namely:</p> <ul style="list-style-type: none"> i. removing the quantitative threshold for low value assets and introducing a list of examples to assist entities identifying such assets, and on whether the Board should retain the US\$5,000 threshold for leases of low-value assets; ii. providing additional relief to assist entities with identifying the discount rate to be applied when determining the liability; [Refer: Appendix B paragraph B71(a)] iii. providing additional relief to assist entities with determining and reassessing the lease term; [Refer: Appendix B paragraph B71(b)] iv. simplifying the requirements for subsequent measurement (reassessment) of lease liability; [Refer: Appendix B paragraph B71(c)] and v. retaining the existing finance lease disclosures applying the <i>IFRS for SMEs</i> Standard. [Refer: Appendix B paragraph B71(d)] 	<p>June 2019</p>	<p>[Refer: Part B S6 and Appendix B paragraphs B67—B72]</p>

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Questions and answers developed by the SME Implementation Group (September 2019 Agenda Paper 30B)	20. The Board decided to seek views on: <ol style="list-style-type: none"> a. incorporating into the IFRS for SMEs Standard questions and answers developed by the SME Implementation Group; b. adding the definition of financial guarantee contracts from IFRS 9 Financial Instruments to the IFRS for SMEs Standard; and c. aligning with IFRS 9 the requirements for financial guarantee contracts issued by an entity. 	September 2019	[Refer: Part B S3E and Appendix B paragraphs B38—B45]
Cryptocurrency (September 2019 Agenda Paper 30E)	21. The Board decided to seek views on whether holdings of cryptocurrency and issuances of cryptoassets are widespread and material among entities eligible to apply the <i>IFRS for SMEs</i> Standard. [Refer: Part C N2] 22. The Board decided not to seek views: <ol style="list-style-type: none"> a. on possible alternative approaches to the accounting for cryptocurrency in the <i>IFRS for SMEs</i> Standard. b. on amending Section 34 of the <i>IFRS for SMEs</i> Standard to include requirements on the accounting for cryptocurrency. c. on whether mining and staking activities are widespread and material among entities eligible to apply the <i>IFRS for SMEs</i> Standard. 	September 2019	[Refer: Part C N2 and Appendix B paragraphs B85—B87]
Amendments to IFRS Standards and IFRIC Interpretations (July 2019 Agenda Paper 30E)	23. The Board reviewed staff recommendations for aligning the <i>IFRS for SMEs</i> Standard with IFRIC Interpretations and amendments to IFRS Standards not incorporated in the <i>IFRS for SMEs</i> Standard. The Board tentatively decided to seek views on these recommendations in the Request for Information. The staff recommended that the Board seek views, in the Request for Information, on aligning the <i>IFRS for SMEs</i> Standard with the following IFRIC Interpretations and amendments to IFRS Standards modified to reflect the needs of users of SMEs' financial statements: [Refer: Part B S10(a) and S10(c)] <ol style="list-style-type: none"> a. <i>Definition of Material</i> (Amendments to IAS 1 and IAS 8); [Refer: Appendix A Table A1] b. <i>Disclosure Initiative</i> (Amendments to IAS 7); [Refer: Appendix A Table A1] c. <i>*Annual Improvements to IFRS Standards 2011–2013 Cycle</i> (IAS 40); [Refer: Appendix A Table A3] d. <i>Transfers of Investment Property</i> (Amendments to IAS 40); [Refer: Appendix A Table A1] 	July 2019	

Staff condensed summary of the Board's tentative decisions	Board meeting	Draft RFI Reference
<p>e. <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> (Amendments to IAS 16 and IAS 38); [Refer: Appendix A Table A1]</p> <p>f. <i>Annual Improvements to IFRSs 2010–2012 Cycle</i> (IFRS 2); [Refer: Appendix A Table A1]</p> <p>g. <i>Classification and Measurement of Share-based Payment Transactions</i> (Amendments to IFRS 2); [Refer: Appendix A Table A1]</p> <p>h. <i>*IFRIC 23 Uncertainty over Income Tax Treatments</i>; [Refer: Appendix A Table A3]</p> <p>i. <i>*Recognition of Deferred Tax Assets for Unrealised Losses</i> (Amendments to IAS 12); [Refer: Appendix A Table A3]</p> <p>j. <i>Agriculture: Bearer Plants</i> (Amendments to IAS 16 and IAS 41); [Refer: Appendix A Table A1]</p> <p>k. <i>*IFRIC 21 Levies</i>; [Refer: Appendix A Table A3] and</p> <p>l. <i>*IFRIC 22 Foreign Currency Transactions and Advance Consideration</i>. [Refer: Appendix A Table A3]</p> <p>Note: * IFRIC Interpretations and amendments to IFRS Standards on which the Board is seeking further information on whether to align the <i>IFRS for SMEs</i> Standard. [Refer: Part B S10(c) and Appendix A Table A3]</p> <p>24. The Board reviewed staff recommendations for not aligning the <i>IFRS for SMEs</i> Standard with amendments to IFRS Standards not incorporated in the <i>IFRS for SMEs</i> Standard. The Board tentatively decided to seek views on these recommendations in the Request for Information. The staff recommended that the Board seek views, in the Request for Information, on not aligning the <i>IFRS for SMEs</i> Standard with the following amendments to IFRS Standards: [Refer: Part B S10(b)]</p> <p>a. <i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>; [Refer: Appendix A Table A2]</p> <p>b. <i>Disclosure Initiative</i> (Amendments to IAS 1); [Refer: Appendix A Table A2]</p> <p>c. <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i> (Amendments to IFRS 10, IFRS 11 and IFRS 12); [Refer: Appendix A Table A2]</p> <p>d. <i>Annual Improvements to IFRS Standards 2014–2016 Cycle</i> (IFRS 12); [Refer: Appendix A Table A2]</p> <p>e. <i>Annual Improvements to IFRS Standards 2012–2014 Cycle</i> (IFRS 7); [Refer: Appendix A Table A2]</p> <p>f. <i>Novation of Derivatives and Continuation of Hedge Accounting</i>; [Refer: Appendix A Table A2]</p>		

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	<p><i>g. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28); [Refer: Appendix A Table A2]</i></p> <p><i>h. Annual Improvements to IFRS Standards 2010-2012 Cycle (IAS 38); [Refer: Appendix A Table A2]</i></p> <p><i>i. Effective Date of IFRS 15; [Refer: Appendix A Table A2]</i></p> <p><i>j. Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36); [Refer: Appendix A Table A2]</i></p> <p><i>k. Defined Benefit Plans: Employee Contributions (Amendments to IAS 19); [Refer: Appendix A Table A2]</i></p> <p><i>l. Annual Improvements to IFRS Standards 2015–2017 Cycle (IAS 12); [Refer: Appendix A Table A2]</i></p> <p><i>m. Annual Improvements to IFRS Standards 2011–2013 Cycle (IFRS 1); and [Refer: Appendix A Table A2]</i></p> <p><i>n. Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 1). [Refer: Appendix A Table A2]</i></p>		