



## STAFF PAPER

February 2019

### IASB® meeting

Project	IFRS for SMEs Standard	
Paper topic	Project plan for the comprehensive review of the <i>IFRS for SMEs</i> ® Standard	
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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 do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in the IASB® *Update*.

### Purpose of this paper

1. At this meeting we are seeking Board members views on:
  - (a) the proposed project timetable for the 2019 Review of the *IFRS for SMEs* Standard (2019 Review);
  - (b) the focus of the Request for Information; and
  - (c) proposed topics for the Board to discuss in developing the Request for Information.
2. A presentation on the background to the *IFRS for SMEs* Standard is set out at Agenda Paper 30A. The background will not be presented at the Board meeting, however Board members will have an opportunity to ask questions.

### Structure of the paper

3. This paper is set out as follows:
  - (a) background to the 2019 Review—paragraphs 5–8;
  - (b) proposed project timetable—paragraph 9;
  - (c) focus of a Request for Information—paragraphs 10–15; and
  - (d) topics for the Board to discuss in developing the Request for Information—paragraphs 16–17.
4. We also include two appendices:
  - (a) Appendix 1—Timeline for the 2019 Review of the *IFRS for SMEs* Standard; and
  - (b) Appendix 2—New and revised IFRS Standards since the first comprehensive review of the IFRS for SMEs Standard.

### Background to the 2019 Review

5. In accordance with paragraph P16 of the *IFRS for SMEs* Standard, the Board is committed to reviewing the *IFRS for SMEs* Standard not more frequently than once every three years.
6. The first comprehensive review of the *IFRS for SMEs* Standard commenced in 2012 (2012 Review), culminating in the publication of the *2015 Amendments to the IFRS for SMEs* which became effective 1 January 2017.
7. As part of the 2012 Review, the Board decided subsequent reviews of the *IFRS for SMEs* Standard should commence two years after the effective date of the amendments from the previous review (*IFRS for SMEs Basis for Conclusions* Paragraph BC264(a))—in this instance, after 1 January 2019.

8. We are proposing the 2019 Review has 3 phases:
- (a) Phase 1– developing and issuing a Request for Information
  - (b) Phase 2 – analysing feedback and issuing an Exposure Draft; and
  - (c) Phase 3 – analysing of feedback from the Exposure Draft and issuing amendments to the *IFRS for SMEs* Standard.

**Proposed project timetable**

9. The following table sets out a proposed timetable, further information is set out in Appendix 1 of this paper.

**Table 1: Proposed timetable for the 2019 Review**

Year	Month	Activity
2019	<b>Phase 1</b>	
	February–May	<b>Board discussions</b> • developing Request for Information.
	July	<b>Request for Information issued</b>
	November	<b>Request for Information comment deadline</b>
2020	<b>Phase 2</b>	
	January – December	<b>Board discussions</b> • feedback on the Request for Information; • decision to proceed; • developing Exposure Draft; and • balloting.
2021	January	<b>Board discussions</b> • balloting
	February	<b>Exposure Draft issued</b>
	June	<b>Exposure Draft comment deadline</b>
	<b>Phase 3</b>	
	July – December	<b>Board discussions</b> • feedback on the Exposure Draft; • decision to proceed; and • developing amendments to <i>IFRS for SMEs</i> Standard
2022	January – February	<b>Board discussions</b> • balloting
	May	<b>IFRS for SMEs Standard—2022 version issued</b>

## Focus of the Request for Information

10. The objective of the Request for Information is to provide the Board with evidence to enable it to decide if, and how, to develop an Exposure Draft of amendments to the *IFRS for SMEs* Standard.
11. As part of the 2019 Review, the Board will need to consider whether the *IFRS for SMEs* Standard should be updated for IFRS Standards and amendments not currently incorporated in the *IFRS for SMEs* Standard. These include:
  - (a) IFRS Standards and amendments issued after commencement of the 2012 Review (see Appendix 2 of this paper).
  - (b) IFRS Standards and amendments issued before commencement of the 2012 Review but not yet incorporated into the *IFRS for SMEs* Standard, including IFRS 3 *Business Combinations*, IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*.
12. Consequently, the Board has a significant number of IFRS Standards and amendments to consider incorporating into the *IFRS for SMEs* Standard as part of the 2019 Review. In view of this we propose that the 2019 Request for Information be strategically focused on obtaining views on whether and how to incorporate IFRS Standards and amendments into the *IFRS for SMEs* Standard.
13. Developing a strategically focused Request for Information should provide the Board with feedback on which to make informed decisions in developing a possible Exposure Draft for amendments to the *IFRS for SMEs* Standard.
14. We believe that a strategically focused Request for Information will be effective in managing the Board's time. That focus will allow the Board to seek views on the incorporation of IFRS Standards and amendments before investing time and resources on drafting proposed amendments to the *IFRS for SMEs* Standard that may not proceed to an Exposure Draft.

15. The SME Implementation Group (SMEIG) played a significant role in the 2012 Review, and we would expect the same in the 2019 Review. We will provide the SMEIG with copies of Board papers and request feedback to assist the Board in developing the Request for Information.

### **Topics for the Board to discuss in developing the Request for Information**

16. The objective of discussions with the Board in the first half of 2019 is to define the questions that will be asked in the Request for Information.
17. The staff expect to bring the following papers to the Board:

#### **March 2019**

- (a) the scope of the *IFRS for SMEs* Standard—should the Board amend the scope of the *IFRS for SMEs* Standard?
- (b) the relationship between the *IFRS for SMEs* Standard and IFRS Standards—what should be the key principles in deciding whether to, and if so how to, incorporate IFRS Standards into the *IFRS for SMEs* Standard?

#### **April 2019**

- (c) IFRS Standards—should the Board update the *IFRS for SMEs* Standard for IFRS Standards not currently incorporated (including IFRS 9—IFRS 16)?
- (d) amendments to IFRS Standards— should the Board update the *IFRS for SMEs* Standard for amendments to IFRS Standards not currently incorporated (including changes to the definition of a business and the definition of materiality)?

## May 2019

- (e) other matters related to the *IFRS for SMEs* Standard:
- i. review of differences between IFRS Standards and the *IFRS for SMEs* Standard, for example, differences in the capitalisation of development costs.
  - ii. specific SME matters not covered by IFRS Standards, for example, crowd funding or cryptocurrencies.

## Questions for the Board

### Questions for the Board

1. Does the Board agree with the project timeline proposed in Table 1? [Paragraph 9]
2. Does the Board agree that the Request for Information should be strategically focused on obtaining views on if, and how, to incorporate IFRS Standards into the *IFRS for SMEs* Standard? [Paragraph 12]
3. Does the Board agree with the proposed topics to be discussed at future Board meetings? [Paragraph 17]

### Appendix 1—Timeline for the 2019 Review of the *IFRS for SMEs* Standard

Year	Month	Activity
2019	<b>Phase 1</b>	
	February	<b>Board discussions</b> <ul style="list-style-type: none"> <li>• developing the Request for Information.</li> </ul> <b>Research</b> <ul style="list-style-type: none"> <li>• compiling academic relevant academic research.</li> </ul>
	March	<b>Board discussions</b> <ul style="list-style-type: none"> <li>• the scope of the <i>IFRS for SMEs</i> Standard; and</li> <li>• the relationship between the <i>IFRS for SMEs</i> Standard and IFRS Standards.</li> </ul> <b>Outreach</b> <ul style="list-style-type: none"> <li>• Advisory Council—public accountability; and</li> <li>• International Forum of Accounting Standard Setters —public accountability.</li> </ul>
	April	<b>Board discussions</b> <ul style="list-style-type: none"> <li>• new IFRS Standards; and</li> <li>• amendments to IFRS Standards.</li> </ul>
	May	<b>Board discussions</b> <ul style="list-style-type: none"> <li>• other matters related to the <i>IFRS for SMEs</i> Standard; and</li> <li>• specific SME matters not covered by IFRS Standards.</li> </ul>
	July	<b>Board discussions</b> <ul style="list-style-type: none"> <li>• Request for Information approval</li> </ul> <b>Request for Information issued</b>
	Aug.–October	<b>Outreach</b> <ul style="list-style-type: none"> <li>• including World Standard-setters and Emerging Economies Group;</li> <li>• raising awareness about Request for Information; and</li> <li>• gathering feedback.</li> </ul>
	November	<b>Request for Information comment deadline</b>

Year	Month	Activity
2020	<b>Phase 2</b>	
	January	<b>Board discussions</b> <ul style="list-style-type: none"> <li>• feedback on the Request for Information.</li> </ul>
	February	<b>SMEIG meeting</b> <ul style="list-style-type: none"> <li>• face-to-face meeting to discuss feedback.</li> </ul>
	Mar. - November	<b>Board discussions</b> <ul style="list-style-type: none"> <li>• decision to proceed;</li> <li>• developing Exposure Draft; and</li> <li>• balloting.</li> </ul> <b>Outreach</b> <ul style="list-style-type: none"> <li>• Advisory Council—project update.</li> </ul>
	December	<b>Balloting</b>
2021	January	<b>Balloting</b>
	February	<b>Exposure Draft issued</b>
	Mar. - May	<b>Outreach</b> <ul style="list-style-type: none"> <li>• raising awareness about Exposure Draft; and</li> <li>• gathering feedback.</li> </ul>
	June	<b>Exposure Draft comment deadline</b>
	<b>Phase 3</b>	
	July	<b>Board discussions</b> <ul style="list-style-type: none"> <li>• feedback on the Exposure Draft.</li> </ul>
	Sept – December	<b>Board discussions</b> <ul style="list-style-type: none"> <li>• developing amendments to <i>IFRS for SMEs</i> Standard.</li> </ul>
2022	January – February	<b>Board discussions</b> <ul style="list-style-type: none"> <li>• balloting.</li> </ul>
	May	<b><i>IFRS for SMEs</i> Standard—2022 version issued</b>



**Appendix 2—New and revised IFRS Standards since the first comprehensive review of the IFRS for SMEs Standard**

SME section	IFRS Standard or Amendments	Issue date
No Equivalent Section	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>	20 May 2013
	<i>IFRS 14 Regulatory Deferral Accounts</i>	30 January 2014
Section 2 <i>Concepts and Pervasive Principles</i>	<i>Conceptual Framework for Financial Reporting</i>	01 March 2018
Section 3 <i>Financial Statement Presentation</i>	<i>Definition of Material</i>	01 October 2018
	<i>Disclosure Initiative</i>	18 December 2014
Section 7 <i>Statement of Cash Flows</i>	<i>Disclosure Initiative</i>	29 January 2016
Section 9 <i>Consolidated and Separate Financial Statements</i>	<i>Equity Method in Separate Financial Statements</i>	12 August 2014
	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	11 September 2014
Section 10 <i>Accounting Policies, Estimates and Errors</i>	<i>Definition of Material</i>	01 October 2018
Section 11 <i>Basic Financial Instruments</i>	<i>Annual Improvements to IFRSs 2011–2013 Cycle (fair value measurement - IFRS 13)</i>	12 December 2013
	<i>IFRS 9 Financial Instruments</i>	29 July 2014
	<i>Prepayment Features with Negative Compensation</i>	01 October 2017
&	<i>IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)</i>	20 November 2013
Section 12 <i>Other Financial Instrument Issues</i>	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>	27 June 2013
	<i>Prepayment Features with Negative Compensation</i>	01 October 2017

SME section	IFRS Standard or Amendments	Issue date
Section 14 <i>Investments in Associates</i>	<i>Long-term Interests in Associates and Joint Ventures</i>	01 October 2017
	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	11 September 2014
Section 15 <i>Investments in Joint Ventures</i>	<i>Accounting for Acquisitions of Interests in Joint Operations</i>	06 May 2014
	<i>Annual Improvements to IFRS Standards 2015–2017 Cycle</i>	01 December 2017
Section 16 <i>Investment Property</i>	<i>Annual Improvements to IFRS Standards 2011–2013 Cycle</i>	12 December 2013
	<i>Transfers of Investment Property</i>	08 December 2016
Section 17 <i>Property, plant and Equipment</i>	<i>Annual Improvements to IFRS Standards 2010-2012 Cycle</i>	11 December 2013
	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	12 May 2014
Section 18 <i>Intangible Assets other than Goodwill</i>	<i>Annual Improvements to IFRS Standards 2010-2012 Cycle</i>	11 December 2013
	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	12 May 2014
Section 19 <i>Business Combinations and Goodwill</i>	<i>Annual Improvements to IFRS Standards 2015–2017 Cycle</i>	01 December 2017
	<i>Annual Improvements to IFRS Standards 2010 - 2012 Cycle</i>	11 December 2013
	<i>Annual Improvements to IFRS Standards 2011–2013 Cycle</i>	12 December 2013
	<i>Definition of Business</i>	01 October 2018
Section 20 <i>Leases</i>	IFRS 16 <i>Leases</i>	13 January 2016
Section 21 <i>Provisions and Contingencies</i>	IFRIC 21 <i>Levies</i>	20 May 2013
Section 23 <i>Revenue</i>	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>	11 April 2016
	IFRS 15 <i>Revenue from Contracts with Customers</i>	28 May 2014
Section 25 <i>Borrowing Costs</i>	<i>Annual Improvements to IFRS Standards 2015–2017 Cycle</i>	01 December 2017

SME section	IFRS Standard or Amendments	Issue date
Section 26 <i>Share-Based Payment</i>	<i>Annual Improvements to IFRS Standards 2010–2012 Cycle</i>	11 December 2013
	<i>Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)</i>	21 June 2016
	<i>Group Cash-settled Share-based Payment Transactions (IFRS 2 amendments)</i>	18 June 2009
Section 27 <i>Impairment of Assets</i>	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>	29 May 2013
Section 28 <i>Employee Benefits</i>	<i>Defined Benefit Plans: Employee Contributions</i>	21 November 2013
	<i>Plan Amendment, Curtailment or Settlement</i>	01 February 2018
	<i>Annual Improvements to IFRS Standard 2012–2014 Cycle</i>	25 September 2014
Section 29 <i>Income Tax</i>	<i>Annual Improvements to IFRS Standards 2015–2017 Cycle</i>	01 December 2017
	<i>IFRIC 23: Uncertainty over Income Tax Treatments</i>	01 June 2017
	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	19 January 2016
Section 30 <i>Foreign Currency Translation</i>	<i>IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration</i>	08 December 2016
Section 33 <i>Related Party Disclosures</i>	<i>Annual Improvements to IFRS Standards 2010–2012 Cycle</i>	11 December 2013
Section 34 <i>Specialised Activities</i>	<i>Agriculture: Bearer Plants</i>	30 June 2014
Section 35 <i>Transition to the IFRS for SMEs Standard</i>	<i>Annual Improvements to IFRS Standards 2011–2013 Cycle</i>	12 December 2013