

## STAFF PAPER

September 2019

## IASB® Meeting

<b>Project</b>	<b>Comprehensive review of the <i>IFRS for SMEs</i>® Standard</b>		
<b>Paper topic</b>	<b>Cover paper</b>		
CONTACT(S)	Michelle Sansom	<a href="mailto:msansom@ifrs.org">msansom@ifrs.org</a>	+44 (0) 20 7246 6963
	Yousouf Hansye	<a href="mailto:ykhansye@ifrs.org">ykhansye@ifrs.org</a>	+44 (0) 20 7246 6470
	Nkumbulo Mabaso	<a href="mailto:nmabaso@ifrs.org">nmabaso@ifrs.org</a>	+44 (0) 20 7246 6419
	Marissa d’Auvergne	<a href="mailto:mdauvergne@ifrs.org">mdauvergne@ifrs.org</a>	+44 (0) 20 7246 6965

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*.

## Overview

1. The International Accounting Standards Board (Board) has progressed in its deliberation of the 2019 Comprehensive Review of the *IFRS for SMEs* Standard (2019 Review). The Board has tentatively decided:
  - (a) to issue a Request for Information as phase one of the 2019 Review<sup>1</sup>; and
  - (b) its approach to determining whether and how to align the *IFRS for SMEs* Standard with new and amended IFRS Standards<sup>2</sup>.
2. The objective of this meeting is for the Board to decide whether the Request for Information, that will be issued as part of the 2019 Review, should seek views on the following:
  - (a) the scope of the *IFRS for SMEs* Standard (see ***Agenda Paper 30A***);
  - (b) whether and how the requirements of the *IFRS for SMEs* Standard should be aligned with:

<sup>1</sup> See [February 2019 Agenda Paper 30](#)

<sup>2</sup> See [March 2019 Agenda Paper 30A](#)

The International Accounting Standards Board is the independent standard-setting body of the IFRS Foundation, a not-for-profit corporation promoting the adoption of IFRS Standards. For more information visit [www.ifrs.org](http://www.ifrs.org).

- i. IAS 19 *Employee Benefits* (see **Agenda Paper 30B**);
  - ii. IAS 23 *Borrowing Costs* (see **Agenda Paper 30D**);
  - iii. IFRS 11 *Joint Arrangements* (see **Agenda Paper 30F**);
- (c) whether and how the requirements of the *IFRS for SMEs* Standard should be amended to account for cryptocurrencies (see **Agenda Paper 30E**); and
- (d) whether and how the Q&A on *Accounting for financial guarantee contracts in individual or separate financial statements of issuer* (Q&A 2017/12.1) should be incorporated into the *IFRS for SMEs* Standard (see **Agenda Paper 30C**).

### Agenda papers for this meeting

3. This cover paper accompanies the following agenda papers:
- (a) **Agenda Paper 30A** Scope of the *IFRS for SMEs* Standard;
  - (b) **Agenda Paper 30B** New IFRS Standards—IAS 19 *Employee Benefits*;
  - (c) **Agenda Paper 30C** Questions and answers developed by the SME Implementation Group (SMEIG Q&A);
  - (d) **Agenda Paper 30D** Previous Board decisions—IAS 23 *Borrowing Costs*;
  - (e) **Agenda Paper 30E** Cryptocurrency;
  - (f) **Agenda Paper 30F** Previous Board decisions—IFRS 11 *Joint Arrangements*;
  - (g) **Agenda Paper 30G** Summary of the Board’s tentative decisions.

### Draft Q&A on the *IFRS for SMEs* Standard

4. The SMEIG, which assists the Board in supporting the application of the *IFRS for SMEs* Standard has published a draft Q&A on *Application of the undue cost or effort exemption for investment property on transition to the IFRS for SMEs Standard*. The

draft Q&A was published in August 2019 and is open for comment until 7 October 2019.

5. The draft Q&A is the second to be published since the initial comprehensive review of the *IFRS for SMEs* Standard, completed in May 2015. The first draft Q&A is discussed at ***Agenda Paper 30C*** of this meeting.
6. The draft Q&A responds to a question from stakeholders about the application of the undue cost or effort exemption for investment property on the date of transition to the *IFRS for SMEs* Standard. The draft Q&A concludes that additional cost or effort due to the lapse of time between the date of transition and the date of preparing the first *IFRS for SMEs* financial statements is not considered.

### **Next Steps**

7. At the next meeting the staff plan to bring the following topics to the Board:
  - (a) *IFRS 12 Disclosure of Interests in Other Entities*; and
  - (b) Sweep issues (development costs).
8. The staff expect that the Request for Information will be issued in Q4 of 2019.