

STAFF PAPER

May 2021

IASB® Meeting

Project	Second Comprehensive Review of the <i>IFRS for SMEs</i> ® Standard		
Paper topic	Cover paper		
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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*.

Introduction

1. At its March 2021 meeting, the International Accounting Standards Board (Board) tentatively decided to develop an exposure draft of amendments to the *IFRS for SMEs* Standard using the alignment approach the Board consulted on in the Request for Information *Comprehensive Review of the IFRS for SMEs Standard*, published in January 2020.
2. The alignment approach is continuing to develop the *IFRS for SMEs* Standard based on principles of IFRS Standards. Applying the principles of relevance to SMEs, simplicity and faithful representation, including the assessment of costs and benefits and feedback on the Request for Information, the Board determines whether and how to propose amendments to the *IFRS for SMEs* Standard.

Purpose of this meeting

3. As discussed at the March 2021 meeting, some Board members and SMEIG members suggested that staff obtain additional feedback directly from preparers applying the *IFRS for SMEs* Standard (or a standard based on the *IFRS for SMEs* Standard) about:
 - (a) their experience of applying the *IFRS for SMEs* Standard based on IFRS Standards; and
 - (b) the information they are regularly asked to provide to lenders and other users of their financial statements to better understand users' information need.
4. Agenda Paper 30A: *SME preparer interview feedback summary* provides the Board with a summary of the feedback received from preparers on particular aspects of applying the *IFRS for SMEs* Standard (or a standard based on the *IFRS for SMEs* Standard).
5. At this meeting the Board will start deliberating specific sections of the *IFRS for SMEs* Standard that could be aligned with IFRS Standards, amendments to IFRS Standards and IFRIC Interpretations in the scope of the review, and other topics.
6. Other agenda papers for discussion at this meeting are the following:
 - (a) Agenda Paper 30B: *Towards an Exposure Draft—2018 Conceptual Framework*; and
 - (b) Agenda Paper 30C: *Towards an Exposure Draft—IFRS 9 Financial Instruments (classification and measurement of financial assets)*. Future agenda papers will consider whether and how the Board should propose amending the *IFRS for SMEs* Standard for other topics of IFRS 9.

Next steps

7. At future Board meetings, the staff will continue to bring to the Board's attention papers for:
 - (a) each of the specific sections of the *IFRS for SMEs* Standard that could be aligned with IFRS Standards, amendments to IFRS Standards and IFRIC Interpretations (Part B of the Request for Information); and
 - (b) topics that are not addressed in the *IFRS for SMEs* Standard for which the Standard could be aligned with IFRS Standards and topics on which the Board has received feedback (Part C of the Request for Information).

Summary of tentative decisions

8. The appendix to this paper summarises the Board's tentative decisions to date. As the Board redeliberates the proposals for an exposure draft proposing amendment to the *IFRS for SMEs* Standard for new requirements that are in the scope of the review, the staff will update the table in the appendix to include the tentative decisions.

Appendix—summary of the Board’s tentative decisions

Staff condensed summary of the Board’s tentative decisions	Board meeting
<p><i>A full record of the Board’s tentative decisions on the Second Comprehensive Review of the IFRS for SMEs Standard are available from IASB Updates. All drafting in this summary is illustrative only and subject to change.</i></p>	
<p>Project plan for the second phase of the review (March 2021 Agenda Paper 30)</p>	
<p>1. The Board tentatively decided to:</p> <ul style="list-style-type: none"> • move the project from its research programme to its standard-setting work plan. • confirm that the scope of the review is as set out in the Request for Information Comprehensive Review of the <i>IFRS for SMEs</i> Standard. • work towards publishing an exposure draft, proposing amendments to the IFRS for SMEs Standard for new requirements that are in the scope of the Review. • develop proposed amendments to the <i>IFRS for SMEs</i> Standard using the approach on which the Board consulted in the Request for Information. This approach treats alignment with IFRS Standards as the starting point, and applies the principles of relevance to SMEs, simplicity and faithful representation, including the assessment of costs and benefits, in determining whether and how that alignment should take place. 	<p>March 2021</p>