

STAFF PAPER

January 2022

SME Implementation Group meeting

Project	Second Comprehensive Review of the <i>IFRS for SMEs</i> [®] Standard	
Paper topic	Cover note	
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This paper has been prepared for discussion at a public meeting of the SME Implementation Group. The views expressed in this paper do not represent the views of the International Accounting Standards Board (IASB) or any individual member of the IASB. 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. The SME Implementation Group (SMEIG) met in February 2021 and September 2021 to discuss the feedback on topics in the Request for Information *Comprehensive Review of the IFRS for SMEs Standard* (Request for Information) and develop recommendations enabling the International Accounting Standards Board (IASB) to decide the direction for these topics.
2. The staff are continuing to consult the SMEIG for recommendations on how to address specific matters on which the IASB sought views in the Request for Information and ways forward for specific topics following IASB's tentative decisions in the last quarter of 2021.

Objective of this meeting

3. The purpose of this meeting is to:
 - (a) discuss the feedback on topics in the scope of the second comprehensive review that were not discussed at the SMEIG meetings in 2021 and ways forward for specific topics following IASB's tentative decisions; and
 - (b) ask SMEIG members to develop recommendations that will enable the IASB to decide the direction for these topics.

4. The staff will also update SMEIG members about the project developments since the September 2021 SMEIG meeting.

Agenda Papers for this meeting

5. The papers for this meeting discuss the following topics:
 - (a) *SMEIG Agenda Paper 1: Cover note* (this paper) provides background information and sets out the objective of this meeting.
 - (b) *SMEIG Agenda Paper 2: Definition of a business and reacquired rights in IFRS 3 Business Combinations* discusses the rebuttable presumption for the assessment of a business and guidance on reacquired rights in Section 19 *Business Combinations and Goodwill* of the *IFRS for SMEs* Standard. The paper asks for SMEIG members views on staff preliminary thoughts included in the paper.
 - (c) *SMEIG Agenda Paper 3: Simplifications to IFRS 15 Revenue from Contracts with Customers* illustrates the approaches to identifying the requirements in IFRS 15 that could be simplified when aligning Section 23 *Revenue* of the *IFRS for SMEs* Standard with IFRS 15 and asks for SMEIG members views on these simplifications.
 - (d) *SMEIG Agenda Paper 4: Cryptocurrency* summarises the feedback from the Request for Information on whether holdings of cryptocurrency and issues of cryptoassets are prevalent among entities eligible to apply the *IFRS for SMEs* Standard and asks for SMEIG members views on staff preliminary thoughts included in the paper.
 - (e) *SMEIG Agenda Paper 5: Other topics—recognition and measurement of development costs* explores possible approaches to amend the recognition and measurement for development costs in the *IFRS for SMEs* Standard following the IASB’s tentative decision at its November 2021 meeting. The paper asks for SMEIG members views on these approaches.
 - (f) *SMEIG Agenda Paper 6: Update on recent IASB decisions* summarises the developments and tentative decisions to date on the Comprehensive Review

of the *IFRS for SMEs* Standard project and asks for SMEIG members comments, if any.

SMEIG recommendations

6. The staff seek the recommendations of the SMEIG on the aspects discussed in Agenda Papers 2–5. In addition, the staff ask for comments from the SMEIG, if any, on the project developments and tentative decisions to date discussed in Agenda Paper 6.
7. The staff will:
 - (a) prepare a first draft of the SMEIG report based on discussions at the SMEIG meeting and circulate the draft report to SMEIG members; and
 - (b) indicate in the report general consensus among SMEIG members, and the members' reasons for agreement as well as divergent views and arguments put forward on matters that lack consensus.
8. The staff plan to report the SMEIG recommendations to the IASB when presenting the staff analysis for the topics discussed at the SMEIG meeting.

Next steps

9. The IASB will continue to deliberate specific sections of the *IFRS for SMEs* Standard that could be aligned with new requirements in IFRS Standards in the scope of the review and other topics on which the IASB has received feedback, considering the SMEIG recommendations (refer to Agenda Paper 6 for further details about the project next steps).
10. The staff will continue to consult the SMEIG when needed.