

STAFF PAPER

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IASB® meeting

Project	Second Comprehensive Review of the <i>IFRS for SMEs</i>® Standard
Paper topic	Towards an Exposure Draft—aligning disclosure requirements with IFRS Accounting Standards

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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Accounting Standards or the *IFRS for SMEs*® Standard. The IASB's technical decisions are made in public and are reported in the IASB® *Update*.

Introduction

1. This paper discusses the approach to aligning the disclosure requirements in the *IFRS for SMEs* Standard with IFRS Accounting Standards.
2. In this paper, the term SMEs refers to small and medium-sized entities that are eligible to apply the *IFRS for SMEs* Standard.

Purpose of the paper

3. The purpose of this paper is to ask the International Accounting Standards Board (IASB) whether and, if so, how to propose amendments to the disclosure requirements in the *IFRS for SMEs* Standard to align with IFRS Accounting Standards.¹

¹ That is, after considering all of the tentative decisions made by the IASB in this comprehensive review of the *IFRS for SMEs* Standard, applying the alignment approach.

Staff recommendation

4. The staff recommend that, as part of the second comprehensive review, the IASB apply the following approach to develop proposals to update the disclosure requirements in the *IFRS for SMEs* Standard:
- (a) **retain unchanged** the disclosure requirements in the sections of the *IFRS for SMEs* Standard for which the IASB has tentatively decided not to propose amendments to the recognition and measurement requirements.
 - (b) **align** disclosure requirements with the proposals in the Exposure Draft *Subsidiaries without Public Accountability: Disclosures* (Exposure Draft) in the sections of the *IFRS for SMEs* Standard for which the IASB has tentatively decided to propose alignment of recognition and measurement requirements with IFRS Accounting Standards.
 - (c) **partially align** disclosure requirements with the proposals in the Exposure Draft in the sections of the *IFRS for SMEs* Standard for which the IASB has tentatively decided to propose partial alignment of recognition and measurement requirements with IFRS Accounting Standards. Partial alignment means the IASB would:
 - (i) retain unchanged those disclosure requirements within the section of the *IFRS for SMEs* Standard for which the IASB has tentatively decided not to align the recognition and measurement requirements with IFRS Accounting Standards.
 - (ii) align those disclosure requirements with the proposals in the Exposure Draft for which the IASB has tentatively decided to align the recognition and measurement requirements with IFRS Accounting Standards.
 - (iii) simplify those disclosure requirements in IFRS Accounting Standards applying paragraph BC157 of the Basis for Conclusions on the *IFRS for SMEs* Standard, within the section of the *IFRS for SMEs* Standard for which the IASB has tentatively decided to simplify the recognition and measurement requirements in IFRS Accounting Standards.

Structure of the paper

5. This paper is structured as follows:
 - (a) background (paragraphs 9–12 of this paper);
 - (b) staff analysis (paragraphs 13–31 of this paper);
 - (c) question for the IASB; and
 - (d) next steps (paragraphs 32–34 of this paper).
6. Appendix A to this paper sets out how the disclosure requirements in the *IFRS for SMEs* Standard were developed.
7. Appendix B to this paper sets out how the disclosure requirements proposed in the Exposure Draft were developed.
8. Appendix C to this paper illustrates the staff’s recommended approach to amending the disclosure requirements in the *IFRS for SMEs* Standard.

Background

9. The IASB developed the disclosure requirements in the *IFRS for SMEs* Standard from the disclosure requirements in IFRS Accounting Standards, by assessing users’ needs and applying the principles set out in paragraph BC157 of the Basis for Conclusions on the *IFRS for SMEs* Standard (paragraph BC157).
10. In July 2021, the IASB published the Exposure Draft that sets out the IASB’s proposals for a new IFRS Accounting Standard that would permit eligible subsidiaries to apply IFRS Accounting Standards recognition, measurement and presentation requirements with reduced disclosure requirements in their financial statements.
11. At its October 2019 meeting, the IASB agreed the approach to developing the disclosure requirements proposed in the Exposure Draft:²
 - (a) when there is no recognition and measurement difference between the *IFRS for SMEs* Standard and the IFRS Accounting Standards, the IASB used the

² See [AP31 of the October 2019 IASB meeting](#) and the [IASB Update October 2019](#).

disclosure requirements in the *IFRS for SMEs* Standard but updated them to align terms, language with IFRS Accounting Standards; and

- (b) when recognition and measurement requirements differ, the IASB used the disclosure requirements in IFRS Accounting Standards but tailored them by applying the principles it used in considering users' needs in the *IFRS for SMEs* Standard—paragraph BC157.³

12. When developing the Exposure Draft, the IASB used the disclosure requirements in the *IFRS for SMEs* Standard because these disclosure requirements are substantially reduced from IFRS Accounting Standards.⁴ By using the disclosures requirements in the *IFRS for SMEs* Standard the IASB could rely on the work it had completed when developing the *IFRS for SMEs* Standard and was therefore not 'reinventing the wheel'.

Staff analysis

13. This section of the paper presents the staff analysis that supports aligning the disclosure requirements in the *IFRS for SMEs* Standard with the disclosure requirements in the Exposure Draft:
- (a) approach to amending the disclosure requirements in the *IFRS for SMEs* Standard (paragraphs 14–15 of this paper);
 - (b) developing the disclosure requirements (paragraphs 16–29 of this paper); and
 - (c) maintaining the disclosure requirements (paragraphs 30–31 of this paper).

Approach to amending the disclosure requirements in the IFRS for SMEs Standard

14. As set out in paragraph 4 of this paper, the staff think the IASB could propose amendments to the disclosure requirements in the *IFRS for SMEs* Standard applying the following approach:

³ See paragraph BC23 of the Basis for Conclusions on the Exposure Draft *Subsidiaries without Public Accountability: Disclosures*

⁴ See paragraphs BC156–BC158 of the Basis for Conclusions on the *IFRS for SMEs* Standard.

- (a) **retain unchanged** the disclosure requirements in the sections of the *IFRS for SMEs* Standard for which the IASB has tentatively decided not to propose amendments to the recognition and measurement requirements (for example, *IAS 2 Inventories* and *IFRS 16 Leases*).
 - (b) **align** disclosure requirements with the proposals in the Exposure Draft in the sections of the *IFRS for SMEs* Standard for which the IASB has tentatively decided to align the recognition and measurement requirements with IFRS Accounting Standards (for example, *IFRS 13 Fair Value Measurement*).
 - (c) **partially align** disclosure requirements with the proposals in the Exposure Draft for which the IASB has tentatively decided to propose partial alignment of recognition and measurement with IFRS Accounting Standards (for example, *IFRS 3 Business Combinations*). Using the example of *IFRS 3*, partial alignment means the IASB would:
 - (i) retain unchanged those disclosure requirements within Section 19 *Business Combinations and Goodwill* of the *IFRS for SMEs* Standard for which the IASB has tentatively decided not to align the recognition and measurement requirements with IFRS Accounting Standards.
 - (ii) align those disclosure requirements with the proposals in the Exposure Draft within Section 19 of the *IFRS for SMEs* Standard for which the IASB has tentatively decided to align the recognition and measurement requirements with IFRS Accounting Standards.
 - (iii) simplify those disclosure requirements in IFRS Accounting Standards applying paragraph BC157, within the Section 19 of the *IFRS for SMEs* Standard for which the IASB has tentatively decided to simplify the recognition and measurement requirements in IFRS Accounting Standards.
15. Appendix C to this paper illustrates the approach to amending the disclosure requirements in the *IFRS for SMEs* Standard.

Developing the disclosure requirements

Developing the disclosure requirements in the IFRS for SMEs Standard

16. The *IFRS for SMEs* Standard is based on the principles in IFRS Accounting Standards reflecting the needs of users of SMEs' financial statements and cost-benefit considerations. The cost-benefit trade-off is assessed in relation to the users' information needs of an entity's financial statements.^{5 6} In developing the *IFRS for SMEs* Standard, the IASB excluded disclosure requirements in IFRS Accounting Standards for reasons set out in paragraph BC156 of the Basis for Conclusions on the *IFRS for SMEs* Standard (see Appendix A to this paper). The disclosure requirements were then developed from the disclosure requirements in IFRS Accounting Standards by applying the principles in paragraph BC157 of the Basis for Conclusions on the *IFRS for SMEs* Standard.
17. As part of the outreach on the *Request for Information Comprehensive Review of the IFRS for SMEs Standard*, interviews were conducted with users of SME financial statements and feedback was obtained via an online survey designed for users. Both the interviews and online survey asked for views on the principles in paragraph BC157. Most users, who provided feedback via interviews and the online survey, agreed the principles in paragraph BC157 continue to be appropriate for setting disclosure requirements.⁷
18. Consequently, the staff believe there is no evidence to suggest the IASB needs to amend the principles in paragraph BC157 and that the principles continue to provide an appropriate basis for setting the disclosure requirements of the *IFRS for SMEs* Standard.⁸

⁵ See [Agenda Paper 31 Research results—what we have heard of the September 2019 IASB meeting](#).

⁶ See paragraphs BC44–BC47 of the Basis for Conclusions on the *IFRS for SMEs* Standard.

⁷ See [Agenda Paper 5: User survey and user interview feedback summary of the February 2021 SMEIG meeting](#).

⁸ The Australian Accounting Standards Board has also developed its reduced disclosure requirements based on the disclosure requirements of the *IFRS for SMEs* Standard, for further discussion see [AP31 of the October 2019 IASB meeting](#). [AP31 of the December 2019 IASB meeting](#) also mentioned that *IFRS for SMEs* Standard disclosures have been demonstrated to have right balance between cost to preparers and benefits to users.

Developing the disclosure requirements in the Exposure Draft

19. In developing the Exposure Draft, paragraph BC8 of the Basis for Conclusions on the Exposure Draft explains the IASB’s objective of the *Subsidiaries that are SMEs* research project—that is to develop proposals to permit subsidiaries without public accountability to apply the recognition and measurement requirements in IFRS Accounting Standards, with reduced disclosure requirements developed from the disclosure requirements in the *IFRS for SMEs* Standard.

20. In adding the *Subsidiaries that are SMEs* research project to its research pipeline, as part of the IASB Work Plan 2017–2021, the IASB said:

The Board [IASB] intends to assess whether it is feasible to permit subsidiaries that are small and medium-sized enterprises (SMEs) to use the recognition and measurement requirements in IFRS Standards [IFRS Accounting Standards] and the disclosure requirements in the *IFRS for SMEs* Standard.

21. Paragraphs BC4–BC7 of the Basis for Conclusions on the Exposure Draft explain that the IASB:
 - (a) recognised that subsidiaries without public accountability are eligible to apply the *IFRS for SMEs* Standard;
 - (b) concluded that, based on the research phase results, it could feasibly develop an IFRS Accounting Standard using the disclosure requirements in the *IFRS for SMEs* Standard with only minimal tailoring;
 - (c) satisfied itself that, in the absence of recognition and measurement differences between the *IFRS for SMEs* Standard and IFRS Accounting Standards, the disclosure requirements in the *IFRS for SMEs* Standard are sufficient to meet the users’ information needs of the subsidiaries’ financial statements; and
 - (d) satisfied itself that using the disclosure requirements in the *IFRS for SMEs* Standard as the basis for the disclosure requirements would reduce the work that stakeholders and the IASB would need to do—ie most cost efficient way.

Linkage between the disclosure requirements in the IFRS for SMEs Standard and the Exposure Draft

22. In developing the disclosure requirements in both the *IFRS for SMEs* Standard and the Exposure Draft the IASB:
- (a) used the disclosure requirements from the IFRS Accounting Standards when recognition and measurement requirements are the same; and
 - (b) applied paragraph BC157 to tailor the disclosure requirements in IFRS Accounting Standards to meet the information needs of users of entities that do not have public accountability when recognition and measurement requirements are different.

IFRS Accounting Standard as the starting point

23. As stated in paragraph 19 of this paper, the staff think that just as the *IFRS for SMEs* Standard was the starting point for developing the Exposure Draft, the Exposure Draft can now be used as the starting point to update the disclosure requirements in the *IFRS for SMEs* Standard. This is because to develop the proposed disclosure requirements in the Exposure Draft, the IASB applied the same principles it applied when it developed the disclosure requirements in the *IFRS for SMEs* Standard (see paragraph 22(b) of this paper).

Meeting users' needs and cost-benefit consideration

24. The application of paragraph BC157, as the principle to develop the disclosure requirements in both the *IFRS for SMEs* Standard and the Exposure Draft, reflects the IASB's view that the disclosure requirements developed applying paragraph BC157 are suitable to fulfil users' information needs of both:
- (a) subsidiaries without public accountability (that is, those entities eligible to apply the Exposure Draft or the *IFRS for SMEs* Standard) financial statements; and

- (b) entities without public accountability (that is, those entities eligible to the *IFRS for SMEs* Standard) financial statements.
25. Additionally, the IASB’s approach in developing the disclosure requirements proposed in the Exposure Draft did not include consideration that a user of subsidiary’s financial statements could leverage information from the parent’s consolidated financial statements; rather the IASB strictly applied the principles in paragraph BC157.⁹
26. Accordingly, the staff think the IASB can be satisfied that the disclosure requirements proposed in the Exposure Draft are responsive to the information needs of users of SMEs financial statements when recognition and measurement requirements are aligned between the *IFRS for SMEs* Standard and IFRS Accounting Standards.
27. Further, the staff note that applying of paragraph BC157 to develop the disclosure requirements in the Exposure Draft the IASB has considered the balance between costs and benefits of these disclosures. This is because the principles in paragraph BC157 include cost-benefit considerations.¹⁰

Conclusion

28. The staff think the IASB can leverage the work it has already completed in developing the disclosure requirements proposed in the Exposure Draft in updating the disclosure requirements in the *IFRS for SMEs* Standard. This is because applying the principles in paragraph BC157 to the disclosure requirements in IFRS Accounting Standards for sections of the *IFRS for SMEs* Standard which the IASB tentatively decided to align with IFRS Accounting Standards as part of this comprehensive review (such as aligning with IFRS 13) would lead to disclosure requirements identical to those proposed in the Exposure Draft. The IASB will only need to update the terms, language and paragraph references for the *IFRS for SMEs* Standard.
29. If the IASB does not agree to use the disclosures proposed in the Exposure Draft to propose amendments to the disclosure requirements in the *IFRS for SMEs* Standard for

⁹ See paragraph BC22 of the Basis for Conclusions on the Exposure Draft *Subsidiaries without Public Accountability: Disclosures*

¹⁰ See paragraph BC156(d) of the Basis for Conclusions on the *IFRS for SMEs* Standard.

which the IASB has tentatively decided to align with IFRS Accounting Standards, the IASB would be redoing the work it has already completed in the developing the disclosures proposed in the Exposure Draft.

Maintaining the disclosure requirements

30. As mentioned in paragraph BC91 of the Basis for Conclusions on the Exposure Draft, if the IASB's proposals in the Exposure Draft proceed to an IFRS Accounting Standard, the IASB will need to update the new IFRS Accounting Standard *Subsidiaries without Public Accountability: Disclosures* for any new or amended disclosure requirements arising from new IFRS Accounting Standards or amendments to IFRS Accounting Standards. The IASB is proposing, in the Exposure Draft, that in the future it would propose amendments to the new IFRS Accounting Standard *Subsidiaries without Public Accountability: Disclosures* simultaneously to publishing an Exposure Draft of a new IFRS Accounting Standard or amendment to the disclosure requirements of an IFRS Accounting Standard.
31. If the IASB agrees with the staff recommendation, in future comprehensive reviews of the *IFRS for SMEs* Standard the disclosure requirements would be aligned with the future IFRS Accounting Standard *Subsidiaries without Public Accountability: Disclosures* using the approach recommended in paragraph 4 of this paper, subject to recognition and measurement differences. This would enable the IASB to realise synergies between the two Standards as well as saving time and resources in developing disclosure requirements in the *IFRS for SMEs* Standard.

Question for the IASB

Question for the IASB

Does the IASB agree with the staff recommendation to apply the approach in paragraph 4 of this paper to develop proposals to update the disclosure requirements in the *IFRS for SMEs* Standard?

Next steps

32. If the IASB agrees with the staff recommendation, the staff will develop possible amendments to the disclosure requirements of the *IFRS for SMEs* Standard for inclusion in the exposure draft of proposed amendments to the *IFRS for SMEs* Standard, following the approach set out in paragraph 4 of this paper. In doing so, the staff will assess the need to bring any papers at a IASB future meeting recommending any exceptions to the approach set out in paragraph 4 of this paper.
33. Any paper will not discuss any update to the disclosure requirements of the *IFRS for SMEs* Standard related to minor amendments because the staff have not identified any significant implications of those minor amendments on the disclosure requirements of the *IFRS for SMEs* Standard. Minor amendments refer to amendments to update the language, terms and paragraph references in the Exposure Draft including editorial amendments.
34. Moreover, as the IASB considers stakeholders' feedback on the Exposure Draft, the staff note that the IASB may decide to revise the disclosure requirements proposed in the Exposure Draft for inclusion in the new IFRS Accounting Standard *Subsidiaries without Public Accountability: Disclosures*.¹¹ Applying the approach recommended in paragraph 4 of this paper, the IASB would need to also revise the disclosure requirements proposed in the *IFRS for SMEs* Standard to align with the new IFRS Accounting Standard as part of this comprehensive review—that is likely to be done after the exposure draft proposing amendments to the *IFRS for SMEs* Standard is published and before the final amendments to the *IFRS for SMEs* Standard are issued.

¹¹ The deadline for submitting comments on the Exposure Draft was 31 January 2022.

Appendix A—IASB’s rationale in developing the disclosure requirements for *IFRS for SMEs* Standard

A1. The IASB’s rationale in developing the disclosure requirements for *IFRS for SMEs* Standard is set out in paragraphs BC156–BC157 of the Basis of Conclusion on the *IFRS for SMEs* Standard:

- BC156 The disclosure requirements in the *IFRS for SMEs* [Standard] are substantially reduced when compared with the disclosure requirements in full IFRSs [IFRS Accounting Standards]. The reasons for the reductions are of four principal types:
- (a) Some disclosures are not included because they relate to topics covered in IFRSs [IFRS Accounting Standards] that are omitted from the *IFRS for SMEs* [Standard].
 - (b) Some disclosures are not included because they relate to recognition and measurement principles in full IFRSs [IFRS Accounting Standards] that have been replaced by simplifications in the *IFRS for SMEs* [Standard].
 - (c) Some disclosures are not included because they relate to options in full IFRSs [IFRS Accounting Standards] that are not included in the *IFRS for SMEs* [Standard].
 - (d) Some disclosures are not included on the basis of users’ needs or cost-benefit considerations.
- BC157 Assessing disclosures on the basis of users’ needs was not easy, because users of financial statements tend to favour more, rather than fewer, disclosures. The Board [IASB] was guided by the following broad principles:
- (a) Users of the financial statements of SMEs are particularly interested in information about short-term cash flows and about obligations, commitments or contingencies, whether or not recognised as liabilities. Disclosures in full IFRSs [IFRS Accounting Standards] that provide this sort of information are necessary for SMEs as well.
 - (b) Users of the financial statements of SMEs are particularly interested in information about liquidity and solvency. Disclosures in full IFRSs [IFRS Accounting Standards] that provide this sort of information are necessary for SMEs as well.
 - (c) Information on measurement uncertainties is important for SMEs.
 - (d) Information about an entity’s accounting policy choices is

important for SMEs.

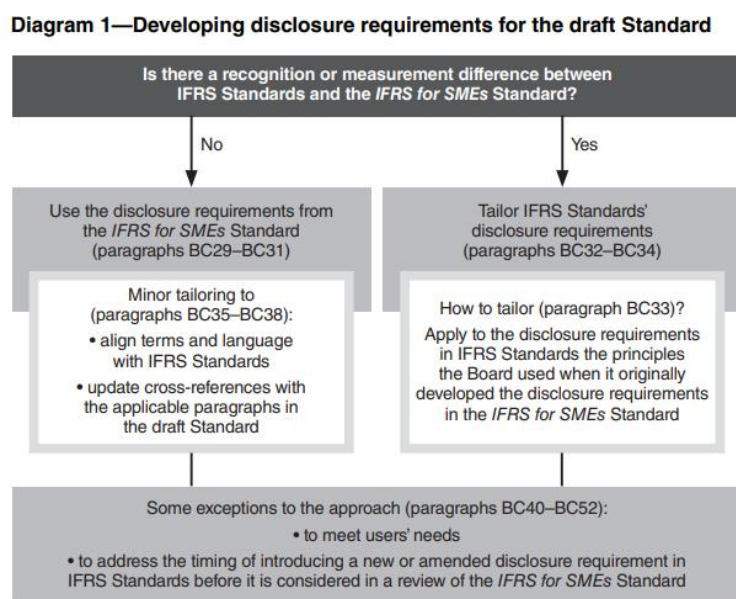
- (e) Disaggregations of amounts presented in SMEs' financial statements are important for an understanding of those statements.
- (f) Some disclosures in full IFRSs [IFRS Accounting Standards] are more relevant to investment decisions in public capital markets than to the transactions and other events and conditions encountered by typical SMEs.

Appendix B—IASB’s rationale in developing the disclosure requirements proposed in the Exposure Draft *Subsidiaries without Public Accountability: Disclosures*

Developing the disclosure requirements

- B1. Paragraphs B2–B13 of this paper reproduces paragraphs BC23–BC34 of the Basis for Conclusions on the Exposure Draft *Subsidiaries without Public Accountability: Disclosures*.
- B2. The IASB concluded it would develop disclosure requirements for the draft Standard based on the disclosure requirements in the *IFRS for SMEs* Standard and apply the principles it used for setting disclosure requirements in the *IFRS for SMEs* Standard. The IASB would apply the principles when it needs to tailor the disclosure requirements for the draft Standard when a recognition and measurement difference arises between the *IFRS for SMEs* Standard and IFRS Accounting Standards.
- B3. In developing the *IFRS for SMEs* Standard, the IASB excluded disclosure requirements in IFRS Accounting Standards that:
- (a) relate to a topic omitted from the *IFRS for SMEs* Standard—for example, non-current assets held for sale;
 - (b) relate to an option omitted from the *IFRS for SMEs* Standard—for example, the optional revaluation model in IAS 38 *Intangible Assets*;
 - (c) relate to recognition and measurement principles that have been simplified in the *IFRS for SMEs* Standard—for example, that Standard requires all borrowing costs to be recognised as expenses whereas IAS 23 *Borrowing Costs* requires some to be capitalised; or
 - (d) are unnecessary to meet users’ needs or for cost–benefit considerations.
- B4. As can be seen in paragraph B3, some disclosure requirements are omitted because of recognition or measurement differences between the *IFRS for SMEs* Standard and IFRS Accounting Standards.
- B5. As a consequence of the recognition or measurement differences and because a subsidiary applying the draft Standard would be applying the recognition and measurement requirements in IFRS Accounting Standards, some tailoring of the disclosure requirements in the *IFRS for SMEs* Standard is necessary.
- B6. Minor tailoring to the disclosure requirements in the *IFRS for SMEs* Standard is also necessary in the absence of recognition and measurement differences .
- B7. The IASB’s approach in developing the disclosure requirements for the draft Standard is summarised in Diagram 1.

Diagram 1—Developing disclosure requirements for the draft Standard



When recognition and measurement requirements are the same in the *IFRS for SMEs Standard* and IFRS Accounting Standards

- B8. The IASB concluded that when there is no recognition or measurement difference, the disclosure requirements in the *IFRS for SMEs Standard* should be used in the draft Standard subject to minor tailoring. Subsidiaries eligible to apply the draft Standard are also eligible to apply the *IFRS for SMEs Standard*. The IASB assessed users’ needs and cost–benefit considerations when developing or updating the *IFRS for SMEs Standard*. This assessment of users’ needs and cost–benefits equally applies to subsidiaries eligible to apply the draft Standard.
- B9. Disclosure requirements on a topic can differ between IFRS Accounting Standards and the *IFRS for SMEs Standard* even when the recognition and measurement requirements on that topic are the same. For example, the IASB decided to exclude disclosure requirements from the *IFRS for SMEs Standard* for cost–benefit reasons or because they were unnecessary for meeting users’ needs (see paragraph B3(d)).
- B10. Differences between the disclosure requirements in IFRS Accounting Standards and the *IFRS for SMEs Standard* can also arise because of differences in the timing of when new or amended disclosure requirements are introduced to these Standards. In agreeing the approach for developing the disclosure requirements, the IASB decided not to add to the draft Standard disclosure requirements that arose from differences in timing, because the requirements for subsidiaries that are SMEs applying the draft Standard should not be more extensive than the requirements for SMEs applying the *IFRS for SMEs Standard* when there is no recognition or measurement difference. However, after reviewing the outcome of this approach, the IASB decided in some limited cases to propose—including in the draft Standard—some recent improvements to disclosure requirements in IFRS Accounting Standards.

When recognition and measurement requirements differ between the *IFRS for SMEs* Standard and IFRS Accounting Standards

- B11. The IASB concluded that it would be inappropriate to use the disclosure requirements in the *IFRS for SMEs* Standard without tailoring when recognition and measurement differences exist. As a result, the IASB needed to tailor the disclosure requirements for:
- (a) topics or options omitted from the *IFRS for SMEs* Standard (see paragraph B3(a)–(b)). For example, the IASB needed to add disclosure requirements for entities applying the revaluation model in IAS 38 as the *IFRS for SMEs* Standard does not include that accounting policy option and hence includes no related disclosure requirements.
 - (b) recognition or measurement requirements in IFRS Accounting Standards that are simplified for the *IFRS for SMEs* Standard. For example, Section 28 *Employee Benefits* of the *IFRS for SMEs* Standard contains a simplified method for measuring defined benefit obligations when an SME is unable, without undue cost or effort, to use the projected unit credit method. Section 28 also requires some disclosures by an entity that has used the simplified method. This method is unavailable to entities applying IFRS Accounting Standards, and so the IASB excluded the related disclosure requirements when developing the draft Standard.
- B12. To determine the proposed disclosure requirements for topics or accounting policy options omitted from the *IFRS for SMEs* Standard, the IASB started with the disclosure requirements for that topic or accounting policy option in IFRS Accounting Standards. The IASB then applied the same principles it used when developing the disclosure requirements in the *IFRS for SMEs* Standard discussed in paragraph BC157 of its Basis for Conclusions.
- B13. The final reason for excluding disclosure requirements from the *IFRS for SMEs* Standard arises from an assessment of the needs of users of the financial statements (see paragraph B3), using the principles explained in paragraph BC157 of the Basis for Conclusions on the *IFRS for SMEs* Standard.

Appendix C—Approach to amending the disclosure requirements in the *IFRS for SMEs* Standard

