

## 1. *IFRS for SMEs* was published: July 2009

- a. 'Good Financial Reporting Made Simple'
- b. 230 pages (full IFRSs has over 3,000 pages)
- c. Simplified IFRSs. Built on an IFRS foundation. Simplifications based on:
  1. User needs for information about short-term cash flows, liquidity, and solvency (rather than longer-term forecasts of earnings and share prices)
  2. Costs and SME capabilities
- d. Completely stand-alone
- e. Final standard was issued July 2009

## 2. Types of simplifications compared to full IFRSs

- a. Some topics in full IFRSs are omitted because they are not relevant to typical SMEs
- b. Some accounting policy options in full IFRSs are not allowed because a more simplified method is available to SMEs
- c. Simplification of many of the recognition and measurement principles that are in full IFRSs
- d. Substantially fewer disclosures
- e. Simplified redrafting

## 3. Adoptions: Over 80 countries have adopted or announced plans to do so

- a. **South America:** Argentina, Brazil, Chile, Ecuador, Guyana, Peru, Suriname, Venezuela
- b. **Caribbean:** Antigua & Barbuda, Aruba, Bahamas, Barbados, Bermuda, Cayman, Dominica, Dominican Republic, Guadeloupe, Jamaica, Montserrat, St Kitts-Nevis, St Lucia, Trinidad
- c. **Central America:** Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama
- d. **Africa:** Botswana, Egypt, Ethiopia, Ghana, Kenya, Lesotho, Malawi, Mauritius, Namibia, Nigeria, Sierra Leone, South Africa, Tanzania, Swaziland, Uganda, Zambia, Zimbabwe

- e. **Asia:** Bangladesh, Cambodia, Fiji, Hong Kong, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Tonga
- f. **Middle East:** Jordan, Lebanon, Palestine, Qatar
- g. **Eurasia:** Azerbaijan, Kyrgyzstan, Moldova, Turkey
- h. **Europe:** Bosnia, Estonia, Macedonia. Available for use in Switzerland. Planned: United Kingdom, Ireland. Others studying. Note that European Commission has consulted on the *IFRS for SMEs* (19 Member States favour MS option, 6 oppose). EC comparisons with Directives have identified just two substantive (and minor) differences.
- i. **North America:** Available for use in United States, Canada (limited use so far)

#### 4. Translations

- a. **Completed:** Albanian, Arabic, Armenian, Bosnian, Chinese (simplified), Croatian, Czech, French, Hebrew, Italian, Japanese, Kazakh, Lithuanian, Macedonian, Mongolian, Polish, Portuguese, Romanian, Russian, Serbian, Spanish, Turkish (22 languages total). Most available for free download in PDF format.
- b. **In process:** Estonian, German, Khmer, Ukrainian
- c. **Proposed or in discussion:** Bulgarian, Georgian

#### 5. Free training materials

- a. One module per section of the *IFRS for SMEs*. Already available in English, Spanish, Turkish, Russian, Arabic, with more translations to come
- b. Each module has the complete text of the section, with each paragraph annotated with commentary and numerical examples. At the end of the module are a comparison with full IFRSs, discussion of significant estimates and judgements required in applying the section, a quiz (with answers), and two case studies (with solutions)
- c. Self-study. Available for free download in PDF format. Nearly 2,000 pages of training material in all
- d. At this point 29 modules are finished and posted in English. The remaining 6 modules are drafted and at various stages of final review

#### 6. Free training workshops

- a. **Regional:** Generally 3 days x 8 classroom hours per day. 20 PowerPoint slide sets with 1,100 slides in total. Two IASB instructors. Local organiser/sponsor (often World Bank or regional development bank). PowerPoint slides are available for free download in English as well as French, Portuguese, Russian, Spanish, and Turkish.
- b. **To date:** In Argentina, Bangladesh, Barbados, Bosnia, Brazil, Cameroon, Caribbean Chile, Dubai, Egypt, Gambia, India, Kazakhstan, Kenya, Malaysia, Mongolia, Myanmar, Nordic countries, Panama, Singapore, Tanzania, Turkey, Ukraine
- c. **Upcoming:** Abu Dhabi

## 7. SME Implementation Group (SMEIG)

- a. Created by IFRS Foundation Trustees after public call for nominations. 21 members appointed August/September 2010. All members reappointed on 1 July 2012 to two-year terms ending 30 June 2014.
- b. Provide guidance on implementing the *IFRS for SMEs* via non-mandatory Q&As
  1. Terms of Reference and Operating Procedures approved by Trustees
  2. Due process: SMEIG develop consensus, draft Q&A prepared, negative clearance by IASB, exposure for public comment, revisions by the SMEIG, negative clearance by IASB, final Q&A posted
  3. Q&A status:
    - i. 50+ issues identified by constituents
    - ii. 7 final Q&A are now completed and posted (English and Spanish)
    - iii. No additional Q&As under development by the SMEIG. The IASB began a comprehensive review of the *IFRS for SMEs* in June 2012
  4. Q&As published by the SME Implementation Group are non-mandatory guidance intended to help those who use the *IFRS for SMEs* to think about specific accounting questions. They are not intended to modify in any way the application of full IFRSs
- c. Recommend to IASB needed modifications to the *IFRS for SMEs* via comprehensive reviews approximately every three years

## 8. Comprehensive review 2012-2014

- a. Scope of the review
  - i. The review includes a Request for Information (RFI) seeking public comments on whether any amendments should be made to the *IFRS for SMEs* as a result of implementation issues that have arisen or as a result of recent amendments to full IFRSs
  - ii. As part of the review, the IASB will also consider incorporating the existing Q&As into the *IFRS for SMEs* and whether the programme for issuing Q&As should be continued going forward
- b. Due process steps:
  - i. May 2012: SMEIG approved draft RFI. Sent to the Board
  - ii. June 2012: Board approved issuance of the RFI for comment. RFI does not contain any preliminary views of the SMEIG or the IASB. RFI posted on IASB website on 26 June 2012 along with an Optional Response Document in Microsoft Word format: <http://go.ifrs.org/smereview>
  - iii. 30 November 2012: Comment deadline
  - iv. Physical meeting of the SMEIG planned in 1Q 2013 to discuss comments and develop recommendations to the Board on possible amendments to the *IFRS for SMEs*
  - v. Exposure draft (target 2Q 2013)

- vi. Final revised *IFRS for SMEs* (either 4Q 2013 or 1H 2014)
- vii. Effective date of any changes earliest 2015
- c. The fact that the IASB is undertaking a comprehensive review of the *IFRS for SMEs* does not necessarily mean that significant changes will be made
- d. Staff developed the Request for Information with advice of the SMEIG. SMEIG will review comments and provide recommendations to the Board about possible amendments to the *IFRS for SMEs*. Board approved Request for Information, and will approve the Exposure Draft and any final revisions to the *IFRS for SMEs*

## 9. Monthly *IFRS for SMEs* Update newsletter and Alerts

- a. Free. Prepared by IASB staff
- b. News about adoptions, training programmes and materials, Q&As and draft Q&As, translations, with hyperlinks to download materials
- c. Over 15,000 email subscribers
- d. Subscribers also receive periodic email Alerts about other *IFRS for SMEs* news, such as new Q&As and draft Q&As

## 10. Executive briefing booklet

- a. Written for lenders, creditors, owner-managers, and others who use SME financial statements. Available for free download in PDF format.
- b. 8 pages: What is the *IFRS for SMEs*? Who is it aimed at? How does it differ from full IFRSs? Who is planning to use it? Implementation support available from the IASB. Revised March 2012

## 11. Guidance booklet on application of the *IFRS for SMEs* by micro-sized entities

- a. The IASB staff have begun developing guidance to help micro-sized entities apply the *IFRS for SMEs*. The staff will ask the SMEIG to review the draft guidance and to approve sending the final draft to the IASB for review
- b. The staff are undertaking this project because some organisations, mainly in smaller jurisdictions, have told the IASB that micro-sized entities feel that the *IFRS for SMEs* is not tailored to their needs and capabilities
- c. This issue was discussed at the 2011 World Standard Setters meeting. Participants noted that a large percentage of the 230-page SME Standard is of little, if any, relevance for a tiny company with fewer than ten employees. They felt IASB should develop and publish some type of guidance suitable for micros as a 'sub-set' of the *IFRS for SMEs*, not as a separate Standard
- d. IASB staff will do this by extracting from the *IFRS for SMEs* only those requirements that are clearly necessary for most micro-sized entities, without modifying any of the principles for recognising and measuring assets, liabilities, income, and expenses. Only the main principles relating to those requirements would be included
- e. The guidance would contain cross-references to the *IFRS for SMEs* for matters dealt with in the *IFRS for SMEs* but not in the guidance booklet

- f. In effect, this publication would be guidance on how a micro-sized entity can easily apply the *IFRS for SMEs*. The basis of presentation note and auditor's report could refer to conformity with the *IFRS for SMEs* because there is no modification

## 12. IFRS for SMEs section of IASB website

- a. Main *IFRS for SMEs* page: <http://go.ifrs.org/SMEsHome>
- b. Major enhancements earlier this year. Reorganised into the following sections:
  - i. About the *IFRS for SMEs*
  - ii. Access the *IFRS for SMEs*
  - iii. Comprehensive review 2012-2014
  - iv. SME Implementation Group
  - v. Q&As
  - vi. Training material
  - vii. Train the trainers workshops
  - viii. Update newsletter
  - ix. Presentations about the *IFRS for SMEs*
  - x. Webcasts
  - xi. Project history
  - xii. Non-English resources

## 13. Free Downloads from IASB

- a. *IFRS for SMEs* (full standard, translations): <http://go.ifrs.org/IFRSforSMEs>
- b. Training materials (35 modules, multiple languages): <http://go.ifrs.org/smetraining>
- c. PowerPoint training modules (20 PPTs, multiple languages):  
<http://go.ifrs.org/trainingppts>
- d. Board and staff presentations (multiple languages): <http://go.ifrs.org/presentations>
- e. Update newsletter: <http://go.ifrs.org/smeupdate>
- f. SMEIG members and terms of reference: <http://go.ifrs.org/smeig>
- g. Q&As: <http://www.ifrs.org/IFRS+for+SMEs/QAsSMEs.htm>
- h. Comprehensive review documents: <http://go.ifrs.org/smereview>
- i. Executive briefing booklet: <http://go.ifrs.org/SMEguide>

## 14. IFRS Foundation resources

- a. IASB member Paul Pacter chairs the SMEIG and oversees *IFRS for SMEs* implementation activities. [ppacter@ifrs.org](mailto:ppacter@ifrs.org). Board member Darrel Scott will assume this role when Paul's term ends
- b. Michelle Fisher, IASB Senior Project Manager, is responsible for all matters relating to the *IFRS for SMEs*. [mfisher@ifrs.org](mailto:mfisher@ifrs.org). Full-time, based in London