
Islamic Finance Consultative Group meeting

Date	May 2024
Project	Addendum to the Exposure Draft <i>Third edition of the IFRS for SMEs Accounting Standard</i>
Topic	Seek feedback on the proposals in the Addendum Exposure Draft
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This paper has been prepared for discussion at a public meeting of the Islamic Finance Consultative Group (IFCG). This paper does not represent the views of the International Accounting Standards Board (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. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Objective of the session



Provide IFCG members with an overview of the Exposure Draft



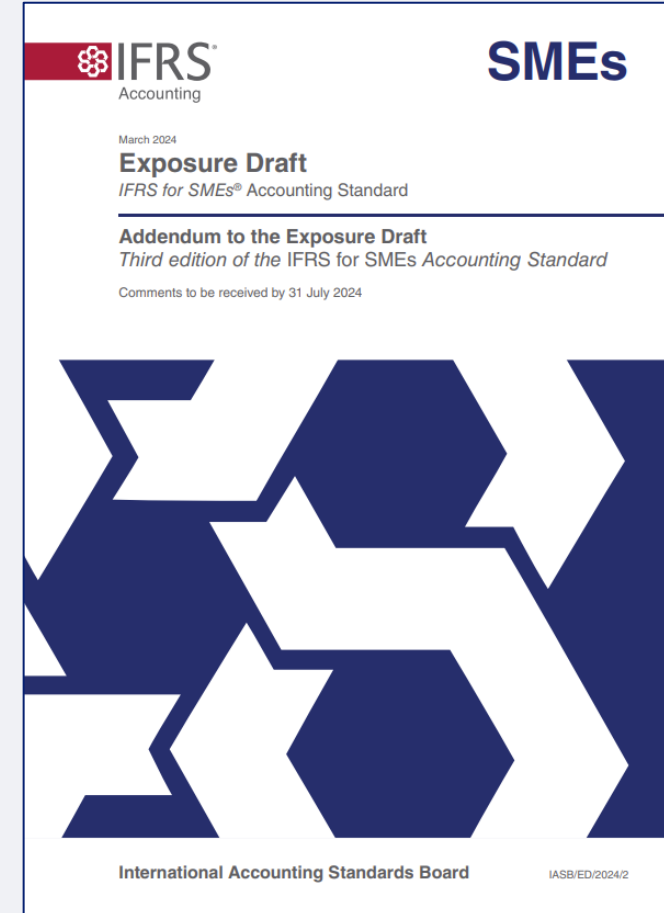
Seek IFCG members' views on the proposals

Submit a comment letter:

- Online at: <https://www.ifrs.org/projects/open-for-comment/>
- By email to: commentletters@ifrs.org



Use a [comment letter template](#)



To access the Exposure Draft, click [here](#).



Summary of the proposals

Supplier finance arrangements



The supplementary amendments would require an SME to disclose for its supplier finance arrangements:

- their terms and conditions;
- the amount of the liabilities that are part of the arrangements, disclosing separately the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities are presented in the statement of financial position;
- the range of payment due dates; and
- the type and effect of non-cash changes.

Lack of exchangeability



The supplementary amendments would require an SME to apply a consistent approach in:

- assessing whether a currency can be exchanged into another currency; and
- estimating the exchange rate to use (and the disclosures to provide) when a currency cannot be exchanged into another currency.

Who would be affected by the proposals?

Supplier finance arrangements



SME that, as a buyer, enters into one or more supplier finance arrangements (as described in the proposals), under which the SME, or its suppliers, can access financing for amounts the SME owes its suppliers.

Lack of exchangeability



SME:

- that has transactions in non-exchangeable foreign currencies;
- that has a foreign operation with a non-exchangeable functional currency; or
- whose presentation or functional currency is non-exchangeable.

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