

## Welcome to the *IFRS for SMEs Update*

The IASB's *IFRS for SMEs Update* is a staff summary of news relating to the *International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)*. All issues of the *IFRS for SMEs Update* are available in both HTML and PDF format on the IASB's [website](#). To subscribe use the link on the right.

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If you have news about *IFRS for SMEs* activities in your jurisdiction please contact Darrel Scott and Michelle Fisher (details below)

Content of the *IFRS for SMEs*, implementation and adoption issues:

#### Darrel Scott

IASB Board Member and Chairman of SME Implementation Group  
[dscott@ifrs.org](mailto:dscott@ifrs.org)

#### Michelle Fisher

Senior Technical Manager—*IFRS for SMEs*  
[mfisher@ifrs.org](mailto:mfisher@ifrs.org)

Training material, conferences, and workshops:

#### Michael Wells

Director, IFRS Education Initiative  
[mwells@ifrs.org](mailto:mwells@ifrs.org)

Copyright and translation issues:

#### Nicole Johnson

Content Services Principal  
[njohnson@ifrs.org](mailto:njohnson@ifrs.org)

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## Guidance to assist micro-sized entities apply the *IFRS for SMEs*

In response to requests from constituents, the IASB has issued a *Guide for Micro-sized Entities Applying the IFRS for SMEs (2009)*. The Guide contains guidance both to assist micro-sized entities currently applying the *IFRS for SMEs* and to make the *IFRS for SMEs* more accessible for those considering applying it in the future. The guidance supports the *IFRS for SMEs* and does not constitute a separate Standard for micro-

sized entities.

The guidance has been developed with input from the SME Implementation Group (an advisory body to the IASB). It extracts from the *IFRS for SMEs* only those requirements that are likely to be necessary for a typical micro-sized entity, without modifying any of the principles for recognising and measuring assets, liabilities, income and expenses. In a few areas, it also contains further guidance and illustrative examples to help a micro-sized entity to apply the principles in the *IFRS for SMEs*.

The guidance contains cross-references to the *IFRS for SMEs* for matters not covered by the guidance. Consequently, having applied the guidance, an entity's notes to the financial statements and auditors report could refer to conformity with the *IFRS for SMEs* because this guidance does not modify the requirements of the *IFRS for SMEs*.

Click [here](#) to access the Guide.

## **IASB continues discussions on the comprehensive review of the *IFRS for SMEs***

The IASB met on 19 June to discuss the remaining issues in the comprehensive review of the *IFRS for SMEs*. The following issues were discussed at that meeting:

- the first draft of a revised Section 29 *Income Tax*;
- clarification of the exemption for subsidiaries acquired with the intention of sale or disposal in consolidated financial statements;
- accounting for leases with an interest rate variation clause linked to market interest rates;
- accounting for the liability component of a compound financial instrument; and
- clarification of several requirements in Section 26 *Share-based Payment*.

The staff also provided the IASB with a short summary of discussions from the IFRS Advisory Council on the scope of the *IFRS for SMEs*, how to address changes to full IFRSs during reviews of the *IFRS for SMEs* and the frequency of future reviews of the *IFRS for SMEs*.

The IASB has now completed discussing the main issues identified during the comprehensive review of the *IFRS for SMEs*. The next step will be for the IASB staff to present to the IASB and the Due Process Oversight Committee a summary of the due process steps undertaken, before preparing an Exposure Draft of the proposed amendments to the *IFRS for SMEs*.

To access the Agenda Papers and a recording of the meeting, please [click here](#). A summary of the decisions made at the meeting are available in the June 2013 [IASB Update](#).

## **IFRS Foundation charts progress towards global adoption of full IFRSs and the *IFRS for SMEs***

The IFRS Foundation has completed the first phase of an important initiative to assess the progress towards global adoption of IFRS. The G20 has called for global adoption of a single set of high quality financial reporting standards. This initiative is intended to provide a central source of information that permits interested parties to chart jurisdictional progress towards the achievement of that goal. As part of this initiative the IFRS Foundation is also looking at global adoption of the *IFRS for SMEs*.

The completion of the first phase of this project resulted in the publication of IFRS profiles for all G20 jurisdictions, as well as profiles for a further 46 jurisdictions who responded to a survey of national and regional bodies with overall responsibility for accounting standards within their jurisdiction. The profiles also include details of adoption of the *IFRS for SMEs*. The profiles are available on the [jurisdiction profiles section](#) of the IFRS website. A second phase of the project is under way and further profiles will be posted on the website during the coming months with the ultimate goal of providing profiles for most jurisdictions in the world by the end of 2013. The jurisdiction profiles were prepared by the IFRS Foundation under the direction of former IASB member and Chairman of the SME Implementation Group Paul Pacter on the basis of information from multiple sources.

Of the 66 jurisdictions that responded to the survey, 29 have adopted the *IFRS for SMEs*. It is also currently under consideration in a further 9 jurisdictions.

For the 29 jurisdictions that have adopted the *IFRS for SMEs*:

- 5 jurisdictions require the *IFRS for SMEs* for all SMEs that are not required to use full IFRS.
- 12 jurisdictions give an SME a choice to use full IFRS instead of the *IFRS for SMEs*.
- 11 jurisdictions give an SME a choice to use either full IFRS or local GAAP instead of the *IFRS for SMEs*.
- 1 jurisdiction requires an SME to use local GAAP if it does not choose the *IFRS for SMEs*.

In adopting the *IFRS for SMEs*, 24 of the 29 jurisdictions made no modifications at all to its requirements. 5 jurisdictions made modifications as follows:

- 2 jurisdictions (Argentina and Brazil) require use of the equity method to account for investments in subsidiaries in separate financial statements. The IASB currently has a project on its agenda to consider a similar amendment to full IFRS (and this will be considered for the *IFRS for SMEs* at a future review of the Standard).
- 1 jurisdiction (Hong Kong) modified Section 29 *Income Tax* to conform to the requirement of IAS 12 *Income Taxes*. The IASB is considering whether to amend the *IFRS for SMEs* in this regard as part of the comprehensive review of the *IFRS for SMEs* currently under way.
- 1 jurisdiction (Saudi Arabia) has indicated that modifications are under consideration that would be adopted before the planned effective date of the *IFRS for SMEs* in 2014, but it has not yet decided on those modifications.
- 1 jurisdiction (United Kingdom) has made several modifications in adopting the *IFRS for SMEs*. Details can be found in the United Kingdom profile.

## Arabic and Spanish-language translations of Module 19 *Business Combinations and Goodwill*

Arabic and Spanish-language translations of Module 19 *Business Combinations and Goodwill* are now available. Module 19 covers Section 19 of the *IFRS for SMEs, Business Combinations and Goodwill*, which applies to accounting for business combinations. Section 19 provides guidance on identifying the acquirer, measuring the cost of the business combination, and allocating that cost to the assets acquired and liabilities and provisions for contingent liabilities assumed. It also addresses accounting for goodwill both at the time of a business combination and subsequently.

In total, 33 modules have now been translated into both Arabic and Spanish and are available for download from the IFRS Foundation website. All modules can be accessed [here](#).

## *IFRS for SMEs* translations: status report

Here is the current status of the *IFRS for SMEs* translations that have been approved by the IFRS Foundation:

**Completed:** Albanian,\* Arabic, Armenian,\* Bosnian,\* Chinese (simplified),\* Croatian,\* Czech,\* Estonian,\* French,\* German, Hebrew,\* Italian,\* Japanese,\* Kazakh,\* Khmer,\* Lithuanian,\* Macedonian,\* Mongolian,\* Polish,\* Portuguese,\* Romanian,\* Russian,\* Serbian, Spanish,\* Turkish\* and Ukrainian.\*

**Under discussion with the IFRS Foundation:** Afrikaans, Georgian, Kyrgyz and Turkmen.

\*Available for free download [here](#) (for translations not marked with an \* please see our [webshop](#) for details on how to purchase a hard copy).

## Upcoming train the trainers workshops

For more details, click [here](#).

### South Asia

**Date:** 19-21 August 2013

**Location:** Colombo, Sri Lanka

**Instructors:** Darrel Scott (Chairman of the SME Implementation Group and IASB member) and Michael Wells (Director, IFRS Education Initiative, IASB)

**Language:** English

**Sponsoring organisations:** the Confederation of Asian and Pacific Accountants (CAPA) and the Institute of Chartered Accountants of Sri Lanka.

## Where to obtain *IFRS for SMEs* materials

- › [The Standard online](#) (available in multiple languages)
- › [The Standard in hard copy](#)
- › [Information about the SME Implementation Group](#)
- › [Information about the Request for Information: \*Comprehensive Review of the IFRS for SMEs\*](#)
- › [Information about guidance for micro-sized entities applying the \*IFRS for SMEs\*](#)
- › [Q & As](#)
- › ['Train the trainers' workshops and presentation slides](#)
- › [Training materials in PDF format](#)
- › [IASB and staff presentations about the \*IFRS for SMEs\*](#)
- › [Past copies of the \*IFRS for SMEs Update\*](#)

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