

IFRS for SMEs Update

From the IFRS Foundation



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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.

Content

IASB continues its redeliberations of the proposals in the Exposure Draft
IFRS for SMEs 'train the trainers' workshop in Nigeria
Upcoming 'train the trainers' workshops
IFRS for SMEs translations: status report
Where to obtain *IFRS for SMEs* materials

Contact us

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

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IASB continues its redeliberations of the proposals in the Exposure Draft

The IASB met on 19 November to discuss the remaining issues raised by respondents on the changes proposed by the Exposure Draft *Proposed amendments to the IFRS for SMEs* (the 'ED').

After considering the remaining issues raised by respondents, the IASB tentatively decided to make the following changes to the proposals in the ED (taken from the **November 2014 IASB Update**):

- in Section 29 *Income Taxes*:
 - to align the criteria for assessing the probability that taxable profit will be available against which unused tax losses or credits can be utilised so that they are the same as the criteria in paragraph 36 of IAS 12 *Income Tax*;
 - to add the requirement in paragraph 41C of IAS 12 that the presumption that the carrying amount of investment property will be recovered through sale is rebutted if the property is depreciable and held within a business model that will consume substantially all of the economic benefits of the investment over time;
 - to move guidance on 'substantively enacted' from the Glossary into the body of Section 29 to avoid defining a term in full IFRSs; and
 - to redraft paragraph 29.29 to clarify the use of the 'undue cost or effort' exemption for offsetting deferred tax assets and liabilities.
- for each undue cost or effort exemption in the *IFRS for SMEs*, to require that an SME should disclose when it has used the exemption and disclose its reasoning for doing so;
- to clarify the criterion for basic financial instruments in paragraph 11.9(a)(iv) through clearer drafting and the addition of examples;
- to align the main recognition and measurement requirements for exploration and evaluation assets with IFRS 6 *Exploration for and Evaluation of Mineral Resources*;
- to add guidance on how to account for a subsidiary that was acquired with the intention of sale or disposal within one year if the subsidiary is not sold or disposed of within that timeframe;
- to add guidance on when a price in a binding sale agreement may be a good estimate of fair value;
- to require investment property measured under the cost model to be presented separately from investment property measured under the fair value model on the face of the statement of financial position;
- to permit the exemption in paragraph 70 of IAS 16 *Property, Plant and Equipment* that an entity may use the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed, if it is not practicable for that entity to determine the carrying amount of a part of an item of property, plant and equipment that has been replaced;
- to add an undue cost or effort exemption from the requirement to measure the liability to pay a non cash dividend at the fair value of the non-cash assets to be distributed;
- to state more clearly when financial instruments are not measured at their transaction price in paragraph 11.13; and
- not to modify the definition of a financial liability as proposed in the ED to incorporate IAS 32 (2009 amendment) *Classification of Rights Issues*.

Paragraph 11.2 of the *IFRS for SMEs* permits an entity to apply the recognition and measurement provisions of IAS 39 *Financial Instruments: Recognition and Measurement* and the disclosure requirements of Sections 11 and 12, instead of Sections 11 and 12 in full. The ED did not propose to modify that requirement. Consequently, the IASB tentatively decided that it would post the latest version of IAS 39, not updated by IFRS 9 *Financial Instruments*, to the SME project pages on the IASB website. The updated version of the *IFRS for SMEs* would refer to this location.

Transition provisions

The IASB tentatively decided to modify the ED proposal so that the forthcoming amendments to the *IFRS for SMEs* should be applied retrospectively as follows:

- if it is impracticable for an entity to apply any of the amendments to Sections 2–34 retrospectively, the entity shall apply those requirements in the earliest period for which it is practicable to do so; and
- an entity may elect to apply the amendments to Section 29 prospectively as of the beginning of the annual period in which the amendments are initially applied.

Next Steps

At the next meeting the IASB will review the due process steps taken so far in this initial review of the *IFRS for SMEs* and decide whether the staff can begin the balloting process for the final amendments to the *IFRS for SMEs*.

Some respondents and SMEIG members raised general issues about the *IFRS for SMEs* that go beyond the scope of the comprehensive review; for example, regarding supporting the implementation of the *IFRS for SMEs* and improving engagement with stakeholders. The IASB will discuss these issues in early 2015 together with comments raised in response to Question 7 in the ED about the procedures surrounding future reviews of the *IFRS for SMEs*.

To access the Agenda Papers and a recording of the November 2014 meeting, please [click here](#).

***IFRS for SMEs* ‘train the trainers’ workshop in Nigeria**

On 25–27 November 2014 the IFRS Foundation held a three-day workshop in Lagos, Nigeria, to train the trainers on the *IFRS for SMEs*. The IFRS Foundation instructors were Darrel Scott (Chairman of the SMEIG and IASB member) and Michael Wells (Director, IFRS Education Initiative, IASB). The event was sponsored by The Financial Reporting Council of Nigeria (FRC), but was co-hosted by the Association of Accountancy Bodies in West Africa (ABWA) and the Federal Ministry of Industry, Trade and Investment (FMITI). The 200 participants came mainly from Nigeria with some participants from Cameroon, Niger, Republic of Benin, Ghana and The Gambia.

More information about past workshops, including free downloads of the Microsoft PowerPoint® slides used in the workshops, can be found [here](#).

Upcoming ‘train the trainers’ workshop

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

The Middle East and North Africa

Date: 12 February 2015

Location: Abu Dhabi, UAE

Instructors: Michael Wells (Director, IFRS Education Initiative, IASB)

Language: English

Sponsoring organisations: The International Arab Society of Certified Accountants (IASCA) in co-operation with UAE Accountants & Auditors Association

***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*, Bulgarian*, Chinese (simplified)*, Croatian*, Czech*, Estonian*, French*, Georgian, German, Hebrew*, Italian*, Japanese*, Kazakh*, Khmer*, Lithuanian*, Macedonian*, Mongolian*, Polish*, Portuguese*, Romanian*, Russian*, Serbian, Spanish*, Turkish* and Ukrainian*.

In progress: Azeri 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).

Where to obtain *IFRS for SMEs* materials

- › [The Standard online](#) (available in multiple languages)
- › [The Standard in hard copy](#)
- › [Information about the SMEIG](#)
- › [Information about the Comprehensive Review of the *IFRS for SMEs*](#)
- › [Information about guidance for micro-sized entities applying the *IFRS for SMEs*](#)
- › [The Exposure Draft of proposed amendments to 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***

[Go to the top of this page](#)

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