
SME Implementation Group

Date **3 September 2024**

Contacts **sme@ifrs.org**

This document summarises a meeting of the SME Implementation Group.

SME Implementation Group members in attendance

| Region | Members |
|--------------|-----------------------------|
| Africa | Blaise Colyvas |
| Africa | Ayodele Ojo |
| Africa | Kwabena Situ |
| Africa | Leana Van Der Merwe |
| Asia-Oceania | Qi Chang |
| Asia-Oceania | Fridrich Housa |
| Asia-Oceania | Pramod Jain |
| Asia-Oceania | Eng Kian Lee |
| Asia-Oceania | Danny Tan |
| Asia-Oceania | Saif Ullah |
| Europe | Elaine Conway |
| Europe | José M. Hinojal |
| Europe | Eva Sundberg |
| The Americas | Nancy Aragón Granja |
| The Americas | Wilfred Au |
| The Americas | Omar Alberto Benítez Aníbal |
| The Americas | Cecília Geron |
| The Americas | Gabriel Gaitán León |
| The Americas | Andrea St. Rose |
| The Americas | Edson Teixeira |

| Region | Members |
|----------|----------------------|
| Others | Hironori Okada |
| Observer | Jean-Philippe Rabine |
| Observer | Karen Sanderson |

Purpose of this meeting

1. This document summarises the virtual SME Implementation Group (SMEIG) meeting held on 3 September 2024, chaired by Jianqiao Lu, International Accounting Standards Board (IASB) member and Chair of the SMEIG. More information about the SMEIG can be found on the [IFRS Foundation's website](#).
2. The SMEIG provided advice to the IASB on:
 - (a) possible implementation issues and jurisdictional implementation plans for the forthcoming third edition of the *IFRS for SMEs Accounting Standard*;
 - (b) how the IASB should address the feedback on the Addendum to the Exposure Draft *Third Edition of the IFRS for SMEs Accounting Standard (Addendum Exposure Draft)*; and
 - (c) the proposals in the Exposure Draft *Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19 'catch-up' Exposure Draft)*.
3. The agenda papers for the meeting are available on the [IFRS Foundation's website](#). In this meeting summary, 'SMEs' refers to entities that are eligible to apply the *IFRS for SMEs Accounting Standard* (the Standard).

Overview of the amendments in the third edition of the Standard

4. The staff provided an overview of the amendments in the third edition of the Standard and asked SMEIG members to comment on jurisdictional implementation plans and topics that might cause implementation difficulties.
5. Some SMEIG members noted they had plans to host training or provide other educational activities in their jurisdictions or regions.
6. Some SMEIG members identified topics in the forthcoming third edition of the Standard that will require implementation plans given the extent of change and for which educational material will be important. The topic most often cited was implementing the revised Section 23 *Revenue from Contracts with Customers*.
7. Two SMEIG members noted that SMEs might have concerns about the IASB's decision not to provide an option to recognise development costs or borrowing costs as assets.

Feedback on the Addendum Exposure Draft

8. SMEIG members were provided with a summary of the feedback on the Addendum Exposure Draft and asked for their views on the staff's preliminary suggestions on how the IASB should address that feedback.
9. A few SMEIG members commented on the staff recommendations relating to paragraph 7.19C(b)(ii) of the Addendum Exposure Draft. They agreed that an undue cost or effort exemption would not be operable and suggested that the IASB either remove the proposed disclosure in that paragraph entirely or permit, but not require, the proposed disclosure. SMEIG members said an impracticable exemption would be a higher hurdle for SME preparers than an undue cost or effort exemption. However, they agreed including an impracticable exemption would strike an appropriate balance between meeting user information needs and providing appropriate relief for SMEs.
10. A SMEIG member said that users of SMEs' financial statements find information about overall liquidity (which could be ascertained from a maturity analysis of the SME's financial liabilities) more useful than the detailed information that SMEs would be required to disclose in accordance with the proposed paragraph 7.19C(b)(iii). This SMEIG member suggested making the undue cost or effort exemption applicable to this requirement, to decrease the potential burden on smaller SMEs.
11. A SMEIG member suggested that the IASB consider including the application guidance for lack of exchangeability in the main body of Section 30 *Foreign Currency Translation* instead of in an appendix to Section 30.

Overview of the IFRS 19 'catch-up' Exposure Draft

12. SMEIG members were provided with an overview of the proposed amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures* in the IFRS 19 'catch-up' Exposure Draft and asked for their views on those proposals.
13. Comments made by SMEIG members:
 - (a) a SMEIG member observed that the financial statements of subsidiaries eligible to apply IFRS 19 have similar users as the financial statements of SMEs. This SMEIG member said that although there are many similarities, there are some differences between the proposed reduced disclosures in IFRS 19 and the proposed disclosure requirements in the Addendum Exposure Draft. For example, the disclosure requirement relating to the risks to which the entity is exposed because the currency is not exchangeable is not proposed in the Addendum Exposure Draft. This SMEIG member also said that market risk disclosures related to financial instruments are generally not required in IFRS 19 and asked for clarification on the reason for retaining this disclosure in IFRS 19.
 - (b) a SMEIG member asked for clarification on how the definition of and disclosures required for management-defined performance measures in IFRS 18 *Presentation and Disclosure in Financial Statements* apply to subsidiaries applying IFRS 19.
 - (c) a few SMEIG members asked for clarification on whether the IASB is proposing to reduce the disclosure requirements related to changes in contractual cash flows.