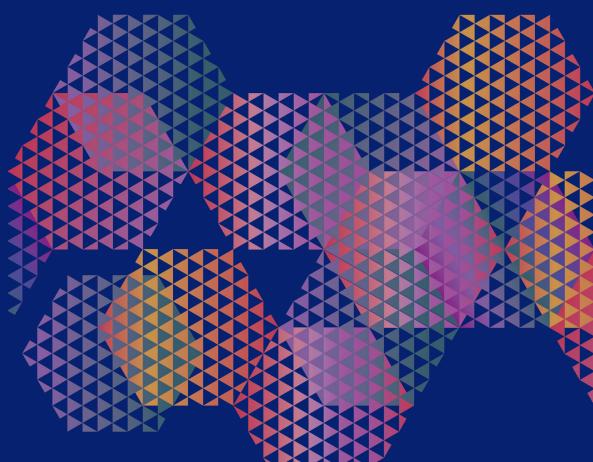


# Overview of the third edition of the *IFRS for SMEs*Accounting Standard

# IFRS for SMEs

Accounting Standard



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# IFRS for SMEs® Accounting Standard

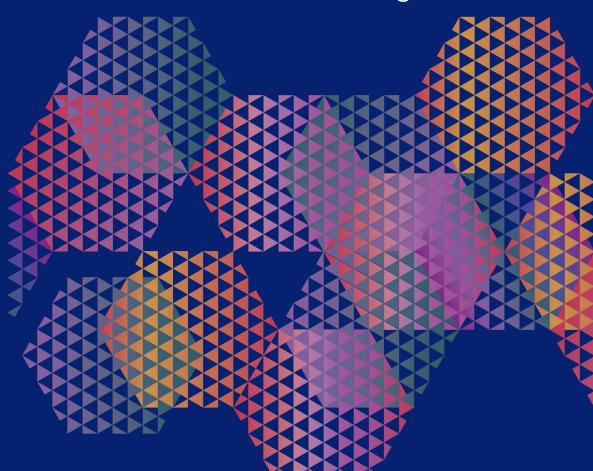
#### Contents

- 1 Background to the IFRS for SMEs Accounting Standard
- 2 Background to the second comprehensive review
- 3 Overview of main changes to the IFRS for SMEs Accounting Standard



# Background to the *IFRS for SMEs* Accounting Standard

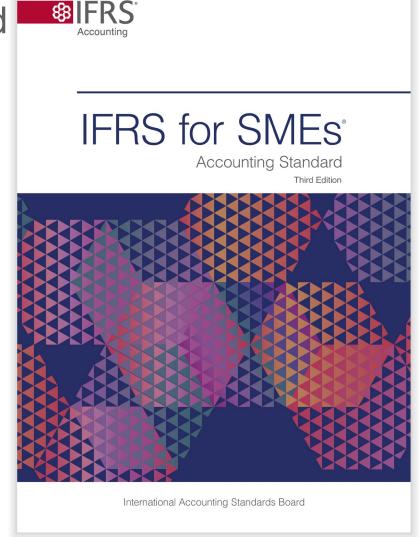
# IFRS for SMEs®





### The IFRS for SMEs Accounting Standard

- A single Standard based on full IFRS Accounting Standards
- Tailored for entities without public accountability that publish general purpose financial statements
- Focuses on the information needs of lenders and other users of SMEs' financial statements





Accounting Standard

## Adoption of the IFRS for SMEs Accounting Standard



85 of 168 jurisdictions require or permit use of the *IFRS for SMEs*Accounting Standard (August 2024)

IFRS for SMEs Accounting Standard is required or permitted



Accounting Standard

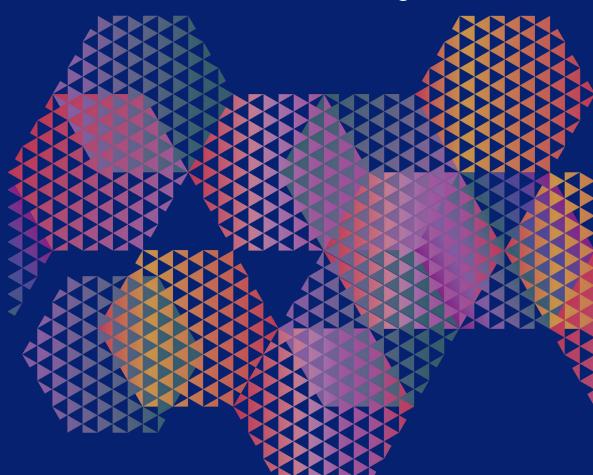
## History of the IFRS for SMEs Accounting Standard

First edition	2009	IFRS for SMEs Accounting Standard issued and immediately effective					
Second edition	2015	Amendments from the first review issued	2017	Amendments from the first review effective			
Amendments	2023	Pillar Two Model Rules amendments issued	2023	Pillar Two Model Rules amendments effective			
Third edition	2025	Third edition of the <i>IFRS for SMEs</i> Accounting Standard issued	2027	Third edition of the <i>IFRS for SMEs</i> Accounting Standard  effective			



Background to the second comprehensive review

# IFRS for SMEs®





Accounting Standard

## Timeline of the second comprehensive review





Accounting Standard

#### Stakeholder feedback and IASB discussions

**12** IASB meetings

Request for Information		<b>Exposure Draft</b>		Addendum Exposure Draft		Finalisation	
66	Comment letters	70	Comment letters	35	Comment letters	1	Consultative group meeting
14	Stakeholder engagement events	28	Stakeholder engagement events	2	Consultative group meetings		Fieldwork on introducing expected credit loss model  • questionnaire responses  • meetings
6	Consultative group meetings	6	Consultative group meetings	2	IASB meetings		
54	Survey responses		Fieldwork on new Section 23 Revenue	-			
13	User interviews		from Contracts with			13	IASB meetings
9	IASB meetings	31 24	<ul><li>Customers</li><li>questionnaire responses</li><li>meetings</li></ul>				



## Scope of the second comprehensive review

Requirements in full IFRS Accounting Standards issued:

 since the first review that had an effective date on or before 1 January 2019

Scope

 before the first review that did not result in amendments to the Standard in 2015

B Other topics brought to the IASB's attention relating to the Standard



Accounting Standard

## Scope of the second comprehensive review (continued)

	The Conceptual Framework	IFRS 13 <i>Fair value</i> <i>measurement</i>	Other amendments to IFRS Accounting Standards and IFRIC Interpretations
	IFRS 3 Business Combinations	IFRS 14 Regulatory Deferral Accounts	
Standards in scope	IFRS 9 <i>Financial</i> <i>Instruments</i>	IFRS 15 Revenue from	
	IFRS 10 Consolidated Financial Statements	Contracts with Customers	
	IFRS 11 Joint Arrangements	IFRS 16 <i>Leases</i>	



Accounting Standard

## Framework for the second comprehensive review

Relevance to SMEs

Is the topic relevant to SMEs?

Can the requirements of full IFRS Accounting Standards be simplified?

Faithful representation

Do the outcomes faithfully represent the substance of the transaction?



Accounting Standard

#### Costs and benefits

Keeping the Standard simple for SMEs and useful to users of SMEs' financial statements

In assessing the costs and benefits of amending the Standard, the IASB considers:

Limited resources of SMEs





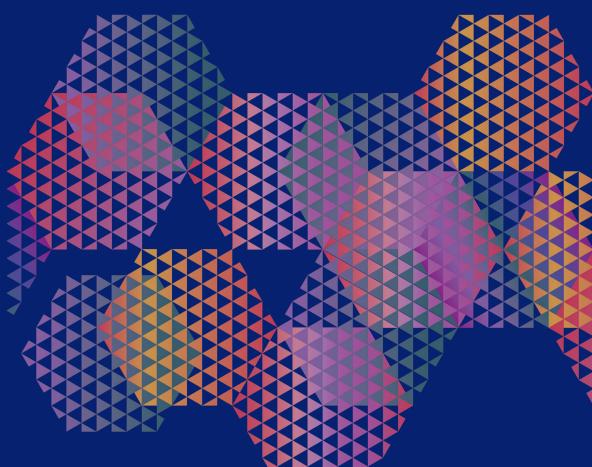
Information needs of users of SMEs' financial statements (mainly lenders)





# Overview of main changes to the *IFRS for SMEs*Accounting Standard

## IFRS for SMEs®





Accounting Standard

#### Main changes to the IFRS for SMEs Accounting Standard



Section 2 Concepts and Pervasive Principles



Section 9 Consolidated and Separate Financial Statements



Section 11 Financial Instruments (previously Basic Financial Instruments)



Section 12 Fair Value Measurement (a new section)



Section 19 Business Combinations and Goodwill



Section 23 Revenue from Contracts with Customers (previously Revenue)



Accounting Standard

### Effective date and transition requirements

#### **Effective date**

The third edition of the *IFRS for SMEs* Accounting Standard is
effective for annual periods
beginning on or after 1 January
2027. Earlier application is permitted.

#### **Transition requirements**

SMEs are required to apply the amended and revised sections in the third edition of the Standard retrospectively.

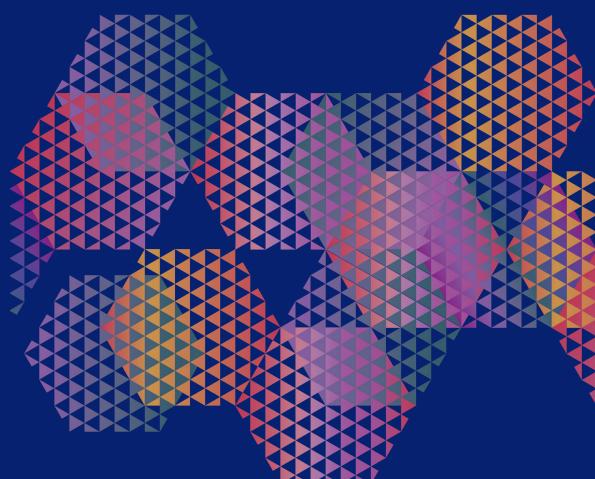
Some relief from retrospective application is available, for example:

- Section 9 Consolidated and Separate Financial Statements;
- Section 12 Fair Value Measurement;
- Section 19 Business Combinations and Goodwill; and
- Section 23 Revenue from Contracts with Customers.



## Supporting materials

# IFRS for SMEs®

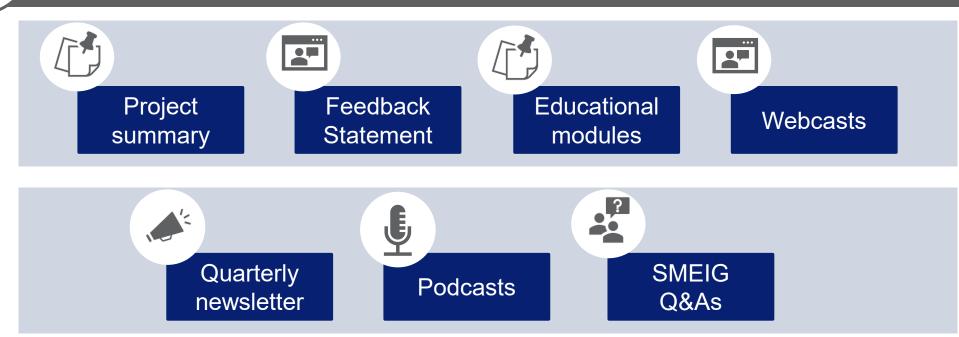




# IFRS for SMEs® Accounting Standard

#### Resources available on the IFRS Foundation's website

https://www.ifrs.org/supporting-implementation/2025-ifrs-for-smes-supporting-materials/





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