Federation of European Accountants
Fédération des Experts comptables Européens

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14 December 2012

Ref.: FRP/PRJ/TSI/IDS

Dear Chairman,

Re: IASB Request for information: Comprehensive review of the IFRS for SMEs

FEE (the Federation of European Accountants) is pleased to provide you below with its comments in relation to the IASB Request for information: Comprehensive review of the IFRS for SMEs ("the Review").

Purpose of the IFRSs for SMEs

The Review poses a number of detailed questions regarding the future direction of the IFRS for SMEs. In our view to answer these questions effectively, it would be first important to clearly establish the purpose of the standard, whether it is to remain a stand-alone GAAP or become a framework on which national standards can be developed.

The heart of the question is determining whether IFRS for SMEs should be kept as simple as possible or should be kept as close as possible to full IFRS since these two objectives will not always be aligned. As full IFRS continues to evolve, it will become more and more important to have clear principles upon which to rely to determine whether (and if so, when) similar changes should be incorporated in IFRS for SMEs. It is therefore important to clearly establish a hierarchy of the criteria used to determine how IFRS for SMEs should evolve. Once this is established, the necessary changes to the standard can be more thoughtfully determined.

While IFRS for SMEs is not currently used in Europe, certain jurisdictions are evaluating whether (and how) to incorporate IFRS for SMEs within their national GAAPs.

Therefore, we believe that the first step would be a high level review covering the objectives of the IFRS for SMEs and the type of companies one should have in mind when applying the standard before detailed questions can be effectively answered. In the meantime, our responses are set with the view that IFRS for SMEs could provide individual jurisdictions that wish to modify/complement their national GAAP, a comprehensive framework consistent with IFRS without all of the complexities and sophistication of full IFRSs and its extensive disclosure requirements.

Scope of the IFRS for SMEs

As IFRS for SME's stands, we believe that the scope requirements rightly restrict use by publicly traded entities as these entities clearly have a high level of public accountability. The standard was not designed with the needs of the users of publicly accountable entity accounts in mind, and therefore it is deficient for this purpose.

However, it is important that the issue of scope is addressed within the standard. To make it more effective, rather than simply stating the restriction, the standard could be improved by explaining why its scope is restricted and where it is deficient for publicly accountable entities. This would help jurisdictions deciding upon the accounting standards that should be applied locally and factors they should have in mind when deciding upon their reporting regime for publicly accountable entities.

Retention of the three-year review cycle

One of the most welcome aspects of the standard is the stable platform resulting from the fact that changes are limited to a three-year timetable. We believe that it is important to retain this three-year review cycle to ease the adoption and the application of the standards.

Also with this restriction in mind, there should be no attempt to anticipate any forthcoming changes in full IFRS such that the IFRS for SMEs can remain as stable as possible. In principle, publicly accountable entities should apply the changes first so that their experience applying the new/amended standards can inform the Board in its assessment of whether to roll them out into the IFRS for SMEs.

Consistency with full IFRS

There is clearly a benefit from maintaining the IFRS for SMEs consistent with full IFRS, but in some cases this might conflict with the need to keep the standard as simple as possible. In considering such decisions, it would be useful if the purpose and objectives of the standard were clearly defined, such that these issues can be dealt with efficiently and consistently.

Given that the purpose of the standards is not clearly defined, we have based our answers to the detailed questions in the Review on the followings:

While we are supportive of maintaining consistency with the recognition and measurement principles in full IFRS, it is also important to keep IFRS for SMEs as simple as possible and relevant for SMEs. Since simpler guidance and ease of application will be a significant concern for many SMEs, it is essential that any changes to the standard that are considered are drafted with the needs of SMEs in mind.

We also support a stable platform which means that changes to full IFRS should not be automatically copied into the IFRS for SMEs. Accordingly, a set of objectives should be established to define what the IFRS for SMEs is to achieve. These objectives could be used to assess whether changes to full IFRS should be considered for inclusion in IFRS for SMEs.

To this end, we also consider that the IFRS for SMEs should not be amended to reflect complex and significant changes in full IFRSs before those changes are effective. Rather, the suitability of a significant new standard should be assessed for incorporation into the IFRS for SMEs once a track record of its application under full IFRSs is established. The post-implementation review of the new standard may provide an opportunity to make this assessment.

Furthermore in assessing the suitability of a full IFRS standard for incorporation into the IFRS for SMEs, the Board should take into account the costs and the capabilities of SMEs to prepare financial information before moving to any more complex model. More importantly, care should always be taken to ensure that additional complexity is not introduced unless it is justified by a thorough analysis of cost-benefit considerations on a case-by-case basis as well as for enhancing consistency with users' needs.

Introduction of options

There are a number of areas where the IFRS for SMEs has achieved simplification by either specifying a more straight-forward recognition or measurement technique than full IFRS or by eliminating full IFRS options. For some of these items the Review asks whether the IFRS for SMEs approach should be modified to offer greater consistency with full IFRS.

The answer very much depends on how the purpose and objectives of the standard are defined. In some respects, there is merit in keeping the standard as simple as possible by restricting options and in other respects, it may well be preferable that options are restored.

For instance, in some countries there is support for a simple version of the standard excluding all the options since they are considered to be representing unnecessary burdens. While in other countries, there is a need for options in IFRS for SMEs to align it with full IFRS since they believe that this enhances the informational value of the financial statements to the users; for example by allowing for an option to revalue property, plant and equipment.

This is a fundamental aspect to be addressed in establishing clear objective for IFRS for SMEs since it is linked to the sometimes contradictory objectives of having a simple framework vs. having principles that are consistent with IFRS for SMEs. In evaluating the appropriateness of introducing certain of the options offered by IFRS for SMEs, it should be considered whether options could be chosen on a one-by-one basis or should be grouped (for example, an entity choosing the fair value model for property, plant and equipment would also be expected to choose the option to capitalise borrowing cost and to follow the fair value measurements requirements of IFRS 13). Additionally, it should be considered whether some of the options would not also trigger the need for more complex accounting requirements (such as those in IAS 12 and IAS 36).

In answering the detailed questions in the Review, where an option is proposed to be reinstated, we consider that once a set of objectives for the IFRS for SMEs is established, it will be easier to determine whether the standard should be revised regarding the introduction of options.

Our responses to the detailed questions are included in the Appendix.

For further information on this letter, please contact Tibor Siska, Project Manager, at the FEE Secretariat on +32 2 285 40 74 or via email at tibor.siska@fee.be.

Yours sincerely,

Philip Johnson
President

APPENDIX

Part A: Specific questions on Sections 1-35 of the *IFRS for SMEs*

Ref	Question		Comments
S1	**Use by publicly traded entities (Section 1)** The *IFRS for SMEs* currently prohibits an entity whose debt or equity instruments are traded in a public market from using the *IFRS for SMEs* (paragraph 1.3(a)). The IASB concluded that all entities that choose to enter a public securities market become publicly accountable and, therefore, should use full IFRSs. Some interested parties believe that governments and regulatory authorities in each individual jurisdiction should decide whether some publicly traded entities should be eligible to use the *IFRS for SMEs* on the basis of their assessment of the public interest, the needs of investors in their jurisdiction and the capabilities of those publicly traded companies to implement full IFRSs. **Are the scope requirements of the *IFRS for SMEs* currently too restrictive for publicly traded entities?** (a) No—do not change the current requirements. Continue to prohibit an entity whose debt or equity instruments trade in a public market from using the *IFRS for SMEs*. (b) Yes—revise the scope of the *IFRS for SMEs* to permit each jurisdiction to decide whether entities whose debt or equity instruments are traded in a public market should be permitted or required to use the *IFRS for SMEs*. (c) Other—please explain. Please provide reasoning to support your choice (a), (b) or (c).	**A**	We agree with option “a”. As IFRS for SME’s stands, the scope rightly restricts use by publicly traded entities as these entities clearly have a high level of public accountability. As IFRS for SMEs has not been designed for use by entities with public accountability, it is difficult to consider that it could meet all the needs of the users of these financial statements, in particular because many disclosures have been omitted from IFRS for SMEs when compared with full IFRS. However, it should be noted that it is for governments and local regulatory authorities to decide upon the accounting standards that should be applied in their jurisdiction as well as to define public accountability. It would therefore be possible for a jurisdiction to adopt a local regime which is largely identical to IFRS for SMEs as long as it is in conformity with the EU Accounting Directives. Therefore, the scope exclusion may have limited effect in practice. However, it would be helpful to add explanatory material to the standard addressing why the standard is unsuitable for publicly accountable entities and highlighting where it is deficient. This would help jurisdictions to decide what factors they should have in mind when deciding upon the reporting regime for publicly accountable entities.
S2	**Use by financial institutions (Section 1)** The *IFRS for SMEs* currently prohibits financial institutions and other entities that hold assets for a broad group of outsiders as one of their primary businesses from using the *IFRS for SMEs* (paragraph 1.3(b)). The IASB concluded that standing ready to take and hold funds from a broad group of	**A**	We agree with option “a”. For the reasons explained above, we do not support changing the scope of the IFRS for SMEs.

	outsiders makes those entities publicly accountable and, therefore, they should use full IFRSs. In every jurisdiction financial institutions are subject to regulation. In some jurisdictions, financial institutions such as credit unions and micro banks are very small. Some believe that governments and regulatory authorities in each individual jurisdiction should decide whether some financial institutions should be eligible to use the *IFRS for SMEs* on the basis of their assessment of the public interest, the needs of investors in their jurisdiction and the capabilities of those financial institutions to implement full IFRSs. **Are the scope requirements of the *IFRS for SMEs* currently too restrictive for financial institutions and similar entities?** (a) No—do not change the current requirements. Continue to prohibit all financial institutions and other entities that hold assets for a broad group of outsiders as one of their primary businesses from using the *IFRS for SMEs*. (b) Yes—revise the scope of the *IFRS for SMEs* to permit each jurisdiction to decide whether any financial institutions and other entities that hold assets for a broad group of outsiders as one of their primary businesses should be permitted or required to use the *IFRS for SMEs*. (c) Other—please explain. Please provide reasoning to support your choice of (a), (b) or (c).		
S3	**Clarification of use by not-for-profit entities (Section 1)** The *IFRS for SMEs* is silent on whether not-for-profit (NFP) entities (e.g. charities) are eligible to use the *IFRS for SMEs*. Some interested parties have asked whether soliciting and accepting contributions would automatically make an NFP entity publicly accountable. The *IFRS for SMEs* specifically identifies only two types of entities that have public accountability and,	**C**	We agree with option “c”. We agree that IFRS for SMEs should remain silent on not-for-profit entities. We understand from the IFRS Foundation in their Report *IFRSs as the Global Standards: Setting a Strategy for the Foundation’s Second*

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	therefore, are not eligible to use the *IFRS for SMEs*: • those that have issued debt or equity securities in public capital markets; and • those that hold assets for a broad group of outsiders as one of their primary businesses. **Should the *IFRS for SMEs* be revised to clarify whether an NFP entity is eligible to use it?** (a) Yes—clarify that soliciting and accepting contributions does not automatically make an NFP entity publicly accountable. An NFP entity can use the *IFRS for SMEs* if it otherwise qualifies under Section 1. (b) Yes—clarify that soliciting and accepting contributions will automatically make an NFP entity publicly accountable. As a consequence, an NFP entity cannot use the *IFRS for SMEs*. (c) No—do not revise the *IFRS for SMEs* for this issue. (d) Other—please explain. Please provide reasoning to support your choice of (a), (b), (c) or (d).		*Decade,* issued in February 2012, the IFRS Foundation Trustees concluded that "[i]n the short term, the primary focus of the IFRS Foundation and the IASB should remain on developing standards for for-profit corporate entities (i.e., publicly traded entities, other public interest entities, SMEs)" (Principle A4, page 12). The Trustees believe that the next Constitution Review commencing in less than three years' time will provide a timely opportunity to consider any expansion of scope (page 13). In our response to the IFRS Foundation Trustees strategic review, we supported the Trustees' recommendation that the primary focus of the IFRS Foundation and the IASB should remain on developing standards for private sector entities. However, we also called for a broader discussion worldwide on the role and use of IFRSs (including IFRS for SMEs). Therefore, until the next Constitution Review, we think that the IFRS for SMEs should not be revised to clarify applicability to NFP entities.
S4	**Consideration of recent changes to the consolidation guidance in full IFRSs (Section 9)** The *IFRS for SMEs* establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. This is consistent with the current approach in full IFRSs. Recently, full IFRSs on this topic have been updated by IFRS 10 *Consolidated Financial Statements*, which replaced IAS 27 *Consolidated and Separate Financial Statements* (2008). IFRS 10 includes additional guidance on applying the control principle in a number of situations, with the intention of avoiding divergence in practice. The guidance will generally affect borderline cases where it is difficult to establish if an entity has control (ie, most straightforward parent-subsidiary relationships will not be affected). Additional	**C**	We agree with option "c". Even though we recognise that the definition of control is a key element of financial reporting and that it would be helpful to use consistent terminology between the two sets of standards**,** we are unsure that the IFRS for SMEs should be considered for amendments to reflect changes in full IFRSs as complex and significant as the revised requirements on consolidation included in IFRS 10 before those changes are effective. Rather, the suitability of a significant new standard should be assessed for incorporation into the *IFRS for SMEs* once a track record

	guidance is provided in IFRS 10 for: • agency relationships, where one entity legally appoints another to act on its behalf. This guidance is particularly relevant to investment managers that make decisions on behalf of investors. Fund managers and entities that hold assets for a broad group of outsiders as a primary business are generally outside the scope of the *IFRS for SMEs*. • control with less than a majority of the voting rights, sometimes called 'de facto control' (this principle is already addressed in paragraph 9.5 of the *IFRS for SMEs* but in less detail than in IFRS 10). • assessing control where potential voting rights exist, such as options, rights or conversion features that, if exercised, give the holder additional voting rights (this principle is already addressed in paragraph 9.6 of the *IFRS for SMEs* but in less detail than in IFRS 10). The changes above will generally mean that more judgement needs to be applied in borderline cases and where more complex relationships exist. **Should the changes outlined above be considered, but modified as appropriate to reflect the needs of users of SME financial statements and cost-benefit considerations?** (a) No—do not change the current requirements. Continue to use the current definition of control and the guidance on its application in Section 9. They are appropriate for SMEs, and SMEs have been able to implement the definition and guidance without problems. (b) Yes—revise the *IFRS for SMEs* to reflect the main changes from IFRS 10 outlined above (modified as appropriate for SMEs). (c) Other—please explain.		of its application under full IFRSs has been established. The post-implementation review of the new standard may provide an opportunity to make this assessment. Furthermore, care should be taken that amendments proposed to IFRS for SMEs are justified by a thorough analysis of cost-benefit considerations on a case-by-case basis as well as for enhancing consistency with user's needs. Please refer to our cover letter for our views on this matter.
S5	**Use of recognition and measurement provisions in full IFRSs for financial instruments (Section 11)** The *IFRS for SMEs* currently permits entities to choose to apply either (paragraph 11.2):	**B**	We agree with option "b". We believe that entities should have the option of following the recognition and measurement provisions of IFRS 9 as the reasons for including an option to use full IFRSs for financial instruments laid out in paragraph BC106 of basis of conclusions to the IFRS for SMEs remain

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	• the provisions of both Sections 11 and 12 in full; or • the recognition and measurement provisions of IAS 39 *Financial Instruments: Recognition and Measurement* and the disclosure requirements of Sections 11 and 12. In paragraph BC106 of the Basis for Conclusions issued with the *IFRS for SMEs*, the IASB lists its reasons for providing SMEs with the option to use IAS 39. This is the only time that the *IFRS for SMEs* specifically permits the use of full IFRSs. One of the main reasons for this option is that the IASB concluded that SMEs should be permitted to have the same accounting policy options as in IAS 39, pending completion of its comprehensive financial instruments project to replace IAS 39. That decision is explained in more detail in paragraph BC106. IAS 39 will be replaced by IFRS 9 *Financial Instruments*. Any amendments to the *IFRS for SMEs* from this comprehensive review would most probably be effective at a similar time to the effective date of IFRS 9. The *IFRS for SMEs* refers specifically to IAS 39. SMEs are not permitted to apply IFRS 9. **How should the current option to use IAS 39 in the *IFRS for SMEs* be updated once IFRS 9 has become effective?** (a) There should be no option to use the recognition and measurement provisions in either IAS 39 or IFRS 9. All SMEs must follow the financial instrument requirements in Sections 11 and 12 in full. (b) Allow entities the option of following the recognition and measurement provisions of IFRS 9 (with the disclosure requirements of Sections 11 and 12). (c) Other—please explain.		valid. In addition, we also think that consideration should be given whether there is any need to change Section 11 and 12 once a track record of the application of IFRS 9 has been established. However, some jurisdictions are of the view that there should be no option to use the recognition and measurement provisions in either IAS 39 or IFRS 9.
S6	**Guidance on fair value measurement for financial and non-financial items (Section 11 and other sections)** Paragraphs 11.27–11.32 of the *IFRS for SMEs* contain guidance on fair value measurement. Those paragraphs are written within the context of financial	**C**	We agree with option “c”. It would seem sensible for the principles underpinning fair value measurement in the IFRS for SMEs to be consistent with full IFRS as

	instruments. However, several other sections of the *IFRS for SMEs* make reference to them, for example, fair value model for associates and jointly controlled entities (Sections 14 and 15), investment property (Section 16) and fair value of pension plan assets (Section 28). In addition, several other sections refer to fair value although they do not specifically refer to the guidance in Section 11. There is some other guidance about fair value elsewhere in the *IFRS for SMEs*, for example, guidance on fair value less costs to sell in paragraph 27.14. Recently the guidance on fair value in full IFRSs has been consolidated and comprehensively updated by IFRS 13 *Fair Value Measurement*. Some of the main changes are: • an emphasis that fair value is a market-based measurement (not an entity-specific measurement); • an amendment to the definition of fair value to focus on an exit price (fair value is defined in IFRS 13 as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”); and • more specific guidance on determining fair value, including assessing the highest and best use of non-financial assets and identifying the principal market. The guidance on fair value in Section 11 is based on the guidance on fair value in IAS 39. The IAS 39 guidance on fair value has been replaced by IFRS 13. In straightforward cases, applying the IFRS 13 guidance on fair value would have no impact on the way fair value measurements are made under the IFRS for SMEs. However, if the new guidance was to be incorporated into the IFRS for SMEs, SMEs would need to re-evaluate their methods for determining fair value amounts to confirm that this is the case (particularly for non-financial assets) and use greater judgement in assessing what data market participants would use when pricing an asset or liability.		far as practicable. However, care should be taken to ensure that additional complexity is not introduced. Therefore, if the existing model appears to work well for SMEs, the Board should avoid over-complication. As mentioned above, we question the appropriateness of considering amendments to the IFRS for SMEs to reflect changes in full IFRSs as complex and significant as the revised requirements on fair value measurement of IFRS 13 before those changes are effective. Rather, the suitability of a significant new standard should be assessed for incorporation into the IFRS for SMEs once a track record of its application under full IFRSs has been established. The post-implementation review of the new standard may provide an opportunity to make this assessment. Furthermore, care should be taken that amendments proposed to IFRS for SMEs are justified by a thorough analysis of cost-benefit considerations on a case-by-case basis as well as for enhancing consistency with user’s needs.

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<td>Should the fair value guidance in Section 11 be expanded to reflect the principles in IFRS 13, modified as appropriate to reflect the needs of users of SME financial statements and the specific circumstances of SMEs (for example, it would take into account their often more limited access to markets, valuation expertise, and other cost-benefit considerations)?

(a) No—do not change the current requirements. The guidance for fair value measurement in paragraphs 11.27–11.32 is sufficient for financial and non-financial items.

(b) Yes—the guidance for fair value measurement in Section 11 is not sufficient. Revise the IFRS for SMEs to incorporate those aspects of the fair value guidance in IFRS 13 that are important for SMEs, modified as appropriate for SMEs (including the appropriate disclosures).

(c) Other—please explain.

Please provide reasoning to support your choice of (a), (b) or (c).

Note: an alternative is to create a separate section in the IFRS for SMEs to deal with guidance on fair value that would be applicable to the entire IFRS for SMEs, rather than leaving such guidance in Section 11. This is covered in the following question (question S7).</td>
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<td>S7</td>
<td>Positioning of fair value guidance in the Standard (Section 11)

As noted in question S6, several sections of the IFRS for SMEs (covering both financial and non-financial items) make reference to the fair value guidance in Section 11.

Should the guidance be moved into a separate section? The benefit would be to make clear that the guidance is applicable to all references to fair value in the IFRS for SMEs, not just to financial instruments.

(a) No—do not move the guidance. It is sufficient to have the fair value measurement guidance in Section 11.</td>
<td>A</td>
<td>We agree with option “a”.

We do not believe that it is necessary to move this guidance into a separate section given that Section 11 already makes clear that the guidance applies to other sections covering financial and non-financial items.

On the other hand, we would not object to moving the guidance from Section 11 into a separate section as long as the guidance is straightforward and easy to apply by the SME users of the standard.</td>
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	(b) Yes—move the guidance from Section 11 into a separate section on fair value measurement. (c) Other—please explain. Please provide reasoning to support your choice of (a), (b) or (c). **Note:** please answer this question regardless of your answer to question S6.		
S8	**Consideration of recent changes to accounting for joint ventures in full IFRSs (Section 15)** Recently, the requirements for joint ventures in full IFRSs have been updated by the issue of IFRS 11 *Joint Arrangements*, which replaced IAS 31 *Interests in Joint Ventures*. A key change resulting from IFRS 11 is to classify and account for a joint arrangement on the basis of the parties' rights and obligations under the arrangement. Previously under IAS 31, the structure of the arrangement was the main determinant of the accounting (i.e. establishment of a corporation, partnership or other entity was required to account for the arrangement as a jointly-controlled entity). In line with this, IFRS 11 changes the definitions and terminology and classifies arrangements as either joint operations or joint ventures. Section 15 is based on IAS 31 except that Section 15 (like IFRS 11) does not permit proportionate consolidation for joint ventures, which had been permitted by IAS 31. Like IAS 31, Section 15 classifies arrangements as jointly controlled operations, jointly controlled assets or jointly controlled entities. If the changes under IFRS 11 described above were adopted in Section 15, in most cases, jointly controlled assets and jointly controlled operations would become joint operations, and jointly controlled entities would become joint ventures. Consequently, there would be no change to the way they are accounted for under Section 15. However, it is possible that, as a result of the changes, an investment that previously met the definition of a jointly controlled entity would become a joint operation. This is because the existence of a separate legal vehicle is no longer the main factor in classification.	**C**	We agree with option "c". As mentioned above, we are of the opinion that the IFRS for SMEs should not be considered for amendments to reflect changes in full IFRSs as complex and significant as the revised requirements on accounting for joint arrangements included in IFRS 11 before those changes are effective. Rather, the suitability of a significant new standard should be assessed for incorporation into the IFRS for SMEs once a track record of its application under full IFRSs is established. The post-implementation review of the new standard may provide an opportunity to make this assessment. Furthermore, care should be taken that amendments proposed to IFRS for SMEs are justified by a thorough analysis of cost-benefit considerations on a case-by-case basis as well as for enhancing consistency with user's needs.

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	Should the changes above to joint venture accounting in full IFRSs be reflected in the *IFRS for SMEs*, modified as appropriate to reflect the needs of users of SME financial statements and cost-benefit considerations? (a) No—do not change the current requirements. Continue to classify arrangements as jointly controlled assets, jointly controlled operations and jointly controlled entities (this terminology and classification is based on IAS 31 *Interests in Joint Ventures*). The existing Section 15 is appropriate for SMEs, and SMEs have been able to implement it without problems. (b) Yes—revise the *IFRS for SMEs* so that arrangements are classified as joint ventures or joint operations on the basis of the parties' rights and obligations under the arrangement (terminology and classification based on IFRS 11 *Joint Arrangements*, modified as appropriate for SMEs). (c) Other—please explain. Please provide reasoning to support your choice of (a), (b) or (c). **Note:** this would not change the accounting options available for jointly-controlled entities meeting the criteria to be joint ventures (i.e. cost model, equity method and fair value model).		
S9	**Revaluation of property, plant and equipment (Section 17)** The *IFRS for SMEs* currently prohibits the revaluation of property, plant and equipment (PPE). Instead, all items of PPE must be measured at cost less any accumulated depreciation and any accumulated impairment losses (cost-depreciation-impairment model—paragraph 17.15). Revaluation of PPE was one of the complex accounting policy options in full IFRSs that the IASB eliminated in the interest of comparability and simplification of the *IFRS for SMEs*.	**A**	We agree with option "a". We do not believe that the decision to simplify the accounting for property, plant and equipment by excluding the option of revaluation from the IFRS for SMEs should be reversed without clear evidence that introducing the complexities of that model (for example, the interaction of revaluation with requirements for impairment and depreciation) into the IFRS for SMEs is necessary. Some jurisdictions would support option "c".

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	In full IFRSs, IAS 16 *Property, Plant and Equipment* allows entities to choose a revaluation model, rather than the cost-depreciation-impairment model, for entire classes of PPE. In accordance with the revaluation model in IAS 16, after recognition as an asset, an item of PPE whose fair value can be measured reliably is carried at a revalued amount—its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation increases are recognised in other comprehensive income and are accumulated in equity under the heading of 'revaluation surplus' (unless an increase reverses a previous revaluation decrease recognised in profit or loss for the same asset). Revaluation decreases that are in excess of prior increases are recognised in profit or loss. Revaluations must be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. **Should an option to use the revaluation model for PPE be added to the *IFRS for SMEs*?** (a) No—do not change the current requirements. Continue to require the cost-depreciation-impairment model with no option to revalue items of PPE. (b) Yes—revise the *IFRS for SMEs* to permit an entity to choose, for each major class of PPE, whether to apply the cost-depreciation-impairment model or the revaluation model (the approach in IAS 16). (c) Other—please explain.		They would support introducing an option for the revaluation of property, plant and equipment, as they believe that for certain entities, the costs and consequences (e.g. deferred tax, impairment and other disclosure requirements) of retaining such an option are unlikely to outweigh the significant informational benefits to be gained from its inclusion. For those businesses that own properties, it might useful to be able to reflect an up-to-date valuation of their asset base. However, as indicated in our cover letter, if options are introduced in IFRS for SMEs, consideration should be given as to whether the decision to choose one of the options available should not also trigger the need to adopt other options in conjunction and also to follow more complex requirements in terms of impairment, fair value measurement or deferred income tax accounting (for example). If this is the case, boxed sections could be included in the standard presenting the relevant options (and their consequences). In implementing the standard, jurisdictions can then choose whether to allow the application of these additional boxed sections.
S10	**Capitalisation of development costs (Section 18)** The *IFRS for SMEs* currently requires that all research and development costs be charged to expense when incurred unless they form part of the cost of another asset that meets the recognition criteria in the *IFRS for SMEs* (paragraph 18.14). The IASB reached that decision because many preparers and auditors of SME financial statements said that SMEs do not have the resources to assess whether a project is commercially viable on an ongoing basis. Bank lending officers told the IASB that information about capitalised development costs is of little benefit to them, and that they disregard those	**A**	We agree with option "a". As stated in paragraphs BC113 and BC120 of the basis of conclusion to the IFRS for SMEs, the IASB introduced this simplification of the requirements of full IFRSs as a result of concerns over the cost-benefit implications of requiring capitalisation of these items. This request for information does not provide any evidence or rationale suggesting that these concerns are no longer valid. We believe that reversal of the IASB's decisions to include simpler

	costs in making lending decisions. In full IFRSs, IAS 38 *Intangible Assets* requires that all research and some development costs must be charged to expense, but development costs incurred after the entity is able to demonstrate that the development has produced an asset with future economic benefits should be capitalised. IAS 38.57 lists certain criteria that must be met for this to be the case. IAS 38.57 states "An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following: • the technical feasibility of completing the intangible asset so that it will be available for use or sale. • its intention to complete the intangible asset and use or sell it. • its ability to use or sell the intangible asset. • how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset. • the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. • its ability to measure reliably the expenditure attributable to the intangible asset during its development." **Should the *IFRS for SMEs* be changed to require capitalisation of development costs meeting criteria for capitalisation (on the basis of on the criteria in IAS 38)?** (a) No—do not change the current requirements. Continue to charge all development costs to expense. (b) Yes—revise the *IFRS for SMEs* to require capitalisation of development costs meeting the criteria for capitalisation (the approach in IAS 38). (c) Other—please explain. Please provide reasoning to support your choice of (a), (b) or (c).		requirements in the IFRS for SMEs than are included in full IFRSs should only be considered where there is clear evidence that this is necessary. Some jurisdictions would agree with option (c), for the reasons provided in response to question S9.

Part A: Specific questions on Sections 1-35 of the *IFRS for SMEs*

S11	**Amortisation period for goodwill and other intangible assets (Section 18)** Paragraph 18.21 requires an entity to amortise an intangible asset on a systematic basis over its useful life. This requirement applies to goodwill as well as to other intangible assets (see paragraph 19.23(a)). Paragraph 18.20 states "If an entity is unable to make a reliable estimate of the useful life of an intangible asset, the life shall be presumed to be ten years." Some interested parties have said that, in some cases, although the management of the entity is unable to estimate the useful life reliably, management's judgement is that the useful life is considerably shorter than ten years. **Should paragraph 18.20 be modified to state: "If an entity is unable to make a reliable estimate of the useful life of an intangible asset, the life shall be presumed to be ten years unless a shorter period can be justified"?** (a) No—do not change the current requirements. Retain the presumption of ten years if an entity is unable to make a reliable estimate of the useful life of an intangible asset (including goodwill). (b) Yes—modify paragraph 18.20 to establish a presumption of ten years that can be overridden if a shorter period can be justified. (c) Other—please explain.	**B**	We agree with option "b". We agree that paragraph 18.20 should be amended to introduce more flexibility to accommodate different circumstances when determining the useful life of intangible assets.
S12	**Consideration of changes to accounting for business combinations in full IFRSs (Section 19)** The *IFRS for SMEs* accounts for all business combinations by applying the purchase method. This is similar to the 'acquisition method' approach currently applied in full IFRSs. Section 19 of the *IFRS for SMEs* is generally based on the 2004 version of IFRS 3 *Business Combinations*. IFRS 3 was revised in 2008, which was near the time of the release of the *IFRS for SMEs*. IFRS 3 (2008) addressed deficiencies in the previous version of IFRS 3 without changing the basic accounting; it also promoted international convergence of accounting standards. The main changes introduced by IFRS 3 (2008) that could be considered for	**A**	We agree with option "a". Again, we do not believe that the IFRS for SMEs should be considered for amendments to reflect changes in full IFRSs as complex and significant as the revised requirements on fair value measurement for contingent considerations and for piecemeal acquisitions included in IFRS 3 before those changes are effective. Rather, the suitability of significant amendments made in full IFRSs should be assessed for incorporation into the IFRS for SMEs once a track record of its application under full IFRSs emerges. The post-implementation review of the new standard may provide an opportunity to make this assessment.

	incorporation in the *IFRS for SMEs* are: • A focus on what is given as consideration to the seller, rather than what is spent in order to acquire the entity. As a consequence, acquisition-related costs are recognised as an expense rather than treated as part of the business combination (for example, advisory, valuation and other professional and administrative fees). • Contingent consideration is recognised at fair value (without regard to probability) and then subsequently accounted for as a financial instrument instead of as an adjustment to the cost of the business combination. • Determining goodwill requires remeasurement to fair value of any existing interest in the acquired company and measurement of any non-controlling interest in the acquired company. **Should Section 19 be amended to incorporate the above changes, modified as appropriate to reflect the needs of users of SME financial statements and cost-benefit considerations?** (a) No—do not change the current requirements. The current approach in Section 19 (based on IFRS 3 (2004)) is suitable for SMEs, and SMEs have been able to implement it without problems. (b) Yes—revise the *IFRS for SMEs* to incorporate the main changes introduced by IFRS 3 (2008), as outlined above and modified for SMEs. (c) Other—please explain.		Furthermore, care should be taken that amendments proposed to IFRS for SMEs are justified by a thorough analysis of cost-benefit considerations on a case-by-case basis as well as for enhancing consistency with user's needs.
S13	**Presentation of share subscriptions receivable (Section 22)** Paragraph 22.7(a) requires that subscriptions receivable, and similar receivables that arise when equity instruments are issued before the entity receives the cash for those instruments, must be offset against equity in the statement of financial position, not presented as an asset. Some interested parties have told the IASB that their national laws regard the equity as having been issued and require the presentation of the related receivable as an asset.	**D**	We agree with option "d". We do not believe that it is necessary for IFRS for SMEs to stipulate the treatment of subscriptions receivable and similar receivables upon which the full IFRS is silent. The presentation of such an item as an asset should be based on whether it meets the definition of asset and satisfies the recognition criteria. Therefore, we believe that paragraph 22.7 should be deleted and IFRS for SMEs should remain silent on this issue.

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	Should paragraph 22.7(a) be amended either to permit or require the presentation of the receivable as an asset? (a) No—do not change the current requirements. Continue to present the subscription receivable as an offset to equity. (b) Yes—change paragraph 22.7(a) to require that the subscription receivable is presented as an asset. (c) Yes—add an additional option to paragraph 22.7(a) to permit the subscription receivable to be presented as an asset, ie the entity would have a choice whether to present it as an asset or as an offset to equity. (d) Other—please explain. Please provide reasoning to support your choice of (a), (b), (c) or (d).		
S14	**Capitalisation of borrowing costs on qualifying assets (Section 25)** The *IFRS for SMEs* currently requires all borrowing costs to be recognised as an expense when incurred (paragraph 25.2). The IASB decided not to require capitalisation of any borrowing costs for cost-benefit reasons, particularly because of the complexity of identifying qualifying assets and calculating the amount of borrowing costs eligible for capitalisation. IAS 23 *Borrowing Costs* requires that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (ie an asset that necessarily takes a substantial period of time to get ready for use or sale) must be capitalised as part of the cost of that asset, and all other borrowing costs must be recognised as an expense when incurred. **Should Section 25 of the *IFRS for SMEs* be changed so that SMEs are required to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, with all other borrowing costs recognised as an expense when incurred?** (a) No—do not change the current requirements. Continue to require all borrowing costs to be recognised as an expense when incurred.	**A**	We agree with option “a”. Similar to the capitalisation of development costs, the Board has chosen with good reason not to permit capitalisation of any borrowing costs for cost-benefit reasons and because this is significantly simpler than the approach taken in full IFRS. We believe that reversal of the IASB’s decisions to include simpler requirements in the *IFRS for SMEs* than are included in full IFRSs should only be considered where there is clear evidence that this is necessary. Some jurisdictions would agree with option “c” for the reasons stated in our response to question S9 and those explained in our cover letter.

	(b) Yes—revise the *IFRS for SMEs* to require capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (IAS 23 approach). (c) Other—please explain. Please provide reasoning to support your choice of (a), (b) or (c).		
S15	**Presentation of actuarial gains or losses (Section 28)** In accordance with the *IFRS for SMEs*, an entity is required to recognise all actuarial gains and losses in the period in which they occur, either in profit or loss or in other comprehensive income as an accounting policy election (paragraph 28.24). Recently, the requirements in full IFRSs have been updated by the issue of IAS 19 *Employee Benefits* (revised 2011). A key change as a result of the 2011 revisions to IAS 19 is that all actuarial gains and losses must be recognised in other comprehensive income in the period in which they arise. Previously, under full IFRSs, actuarial gains and losses could be recognised either in other comprehensive income or in profit or loss as an accounting policy election (and under the latter option there were a number of permitted methods for the timing of the recognition in profit or loss). Section 28 is based on IAS 19 before the 2011 revisions, modified as appropriate to reflect the needs of users of SME financial statements and cost-benefit considerations. Removing the option for SMEs to recognise actuarial gains and losses in profit or loss would improve comparability between SMEs without adding any complexity. **Should the option to recognise actuarial gains and losses in profit or loss be removed from paragraph 28.24?** (a) No—do not change the current requirements. Continue to allow an entity to recognise actuarial gains and losses either in profit or loss or in other comprehensive income as an accounting policy election. (b) Yes—revise the *IFRS for SMEs* so that an entity is required to	**C**	We agree with option "c". The current option in IFRS for SMEs appears to offer a simpler accounting treatment for actuarial gains and losses compared to full IFRS. When considering amendments to IFRS for SMEs, care should be taken to ensure that additional complexity is not introduced. Therefore, if the existing model appears to work well for SMEs, the Board should not introduce changes unless there is clear evidence that it is necessary.

	recognise all actuarial gains and losses in other comprehensive income (i.e. removal of profit or loss option in paragraph 28.24). (c) Other—please explain. **Note:** IAS 19 (revised 2011) made a number of other changes to full IFRSs. However, because Section 28 was simplified from the previous version of IAS 19 to reflect the needs of users of SME financial statements and cost-benefit considerations, the changes made to full IFRSs do not directly relate to the requirements in Section 28.		
S16	**Approach for accounting for deferred income taxes (Section 29)** Section 29 of the *IFRS for SMEs* currently requires that deferred income taxes must be recognised using the temporary difference method. This is also the fundamental approach required by full IFRSs (IAS 12 *Income Taxes*). Some hold the view that SMEs should recognise deferred income taxes and that the temporary difference method is appropriate. Others hold the view that while SMEs should recognise deferred income taxes, the temporary difference method (which bases deferred taxes on differences between the tax basis of an asset or liability and its carrying amount) is too complex for SMEs. They propose replacing the temporary difference method with the timing difference method (which bases deferred taxes on differences between when an item of income or expense is recognised for tax purposes and when it is recognised in profit or loss). Others hold the view that SMEs should recognise deferred taxes only for timing differences that are expected to reverse in the near future (sometimes called the 'liability method'). And still others hold the view that SMEs should not recognise any deferred taxes at all (sometimes called the 'taxes payable method'). **Should SMEs recognise deferred income taxes and, if so, how should they be recognised?** (a) Yes—SMEs should recognise deferred income taxes using the temporary difference method (the approach currently used in both the *IFRS for SMEs* and full IFRSs). (b) Yes—SMEs should recognise deferred income taxes using the timing		We do not have any preference with respect to the proposed answers. EFRAG's Discussion Paper Improving the Financial Reporting of Income Tax has attempted to evaluate different methods of accounting for income tax with the aim to provide helpful considerations to IASB about potential improvements to the current accounting standards. In our response to this DP, we highlighted that it would be difficult to conclude that there is only one method which would address all the criticisms about the usefulness of the information provided by the existing tax standard, without introducing exceptions to the key principles applied. Therefore, we stressed that it would important for EFRAG to continue with its efforts and undertake more extensive field testing such that the future development of the standard can be based upon a definitive assessment of what the users are looking for and which can be justified on a cost benefit basis.

Part A: Specific questions on Sections 1-35 of the *IFRS for SMEs*

	difference method. (c) Yes—SMEs should recognise deferred income taxes using the liability method. (d) No—SMEs should not recognise deferred income taxes at all (ie they should use the taxes payable method), although some related disclosures should be required. (e) Other—please explain. Please provide reasoning to support your choice of (a), (b), (c), (d) or (e).		
S17	**Consideration of IAS 12 exemptions from recognising deferred taxes and other differences under IAS 12 (Section 29)** In answering this question, please assume that SMEs will continue to recognise deferred income taxes using the temporary difference method (see discussion in question S16). Section 29 is based on the IASB's March 2009 exposure draft *Income Tax*. At the time the *IFRS for SMEs* was issued, that exposure draft was expected to amend IAS 12 *Income Taxes* by eliminating some exemptions from recognising deferred taxes and simplifying the accounting in other areas. The IASB eliminated the exemptions when developing Section 29 and made the other changes in the interest of simplifying the *IFRS for SMEs*. Some interested parties who are familiar with IAS 12 say that Section 29 does not noticeably simplify IAS 12 and that the removal of the IAS 12 exemptions results in more deferred tax calculations being required. Because the March 2009 exposure draft was not finalised, some question whether the differences between Section 29 and IAS 12 are now justified. **Should Section 29 be revised to conform it to IAS 12, modified as appropriate to reflect the needs of the users of SME financial statements?** (a) No—do not change the overall approach in Section 29. (b) Yes—revise Section 29 to conform it to the current IAS 12 (modified	**B**	We agree with option "b". Since Section 29 was based on the March 2009 exposure draft which has not been finalised in the full IFRS as described below in the question S17, we suggest reverting back to IAS 12 on this issue.

Part A: Specific questions on Sections 1-35 of the *IFRS for SMEs*

	as appropriate for SMEs). (c) Other—please explain. Please provide reasoning to support your choice of (a), (b) or (c).		
S18	**Rebuttable presumption that investment property at fair value is recovered through sale (Section 29)** In answering this question, please also assume that SMEs will continue to recognise deferred income taxes using the temporary difference method (see discussion in question S16). In December 2010, the IASB amended IAS 12 to introduce a rebuttable presumption that the carrying amount of investment property measured at fair value will be recovered entirely through sale. The amendment to IAS 12 was issued because, without specific plans for the disposal of the investment property, it can be difficult and subjective to estimate how much of the carrying amount of the investment property will be recovered through cash flows from rental income and how much of it will be recovered through cash flows from selling the asset. Paragraph 29.20 currently states: “The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of the related assets and liabilities.” **Should Section 29 be revised to incorporate a similar exemption from paragraph 29.20 for investment property at fair value?** (a) No—do not change the current requirements. Do not add an exemption in paragraph 29.20 for investment property measured at fair value. (b) Yes—revise Section 29 to incorporate the exemption for investment property at fair value (the approach in IAS 12).	**A**	We agree with option “a”. Since the suggested change is too narrow and does not represent significant simplification, we do not believe that adding this exemption in IFRS for SMEs is urgent. However, to address minor simplifications like this, it would be worthwhile to consider introducing an improvement project for IFRS for SMEs as part of the three-year review cycle.

Part A: Specific questions on Sections 1-35 of the *IFRS for SMEs*

	(c) Other—please explain. Please provide reasoning to support your choice of (a), (b) or (c). **Note:** please answer this question regardless of your answer to questions S16 and S17 above.		
S19	**Inclusion of additional topics in the *IFRS for SMEs*** The IASB intended that the 35 sections in the *IFRS for SMEs* would cover the kinds of transactions, events and conditions that are typically encountered by most SMEs. The IASB also provided guidance on how an entity's management should exercise judgement in developing an accounting policy in cases where the *IFRS for SMEs* does not specifically address a topic (see paragraphs 10.4–10.6). **Are there any topics that are not specifically addressed in the *IFRS for SMEs* that you think should be covered (ie where the general guidance in paragraphs 10.4–10.6 is not sufficient)?** (a) No. (b) Yes (please state the topic and reasoning for your response). **Note:** this question is asking about topics that are not currently addressed by the *IFRS for SMEs*. It is not asking which areas of the *IFRS for SMEs* require additional guidance. If you think more guidance should be added for a topic already covered by the *IFRS for SMEs*, please provide your comments in response to question S20.	**A**	We are not aware of any additional issues.
S20	**Opportunity to add your own specific issues** Are there any additional issues that you would like to bring to the IASB's attention on specific requirements in the sections of the *IFRS for SMEs*? (a) No. (b) Yes (please state your issues, identify the section(s) to which they relate, provide references to paragraphs in the *IFRS for SMEs* where applicable and provide separate reasoning for each issue).	**A**	

Part B: General questions

Ref	General Questions		Comments
G1	**Consideration of minor improvements to full IFRSs** The *IFRS for SMEs* was developed from full IFRSs but tailored for SMEs. As a result, the *IFRS for SMEs* uses identical wording to full IFRSs in many places. The IASB makes ongoing changes to full IFRSs as part of its Annual Improvements project as well as during other projects. Such amendments may clarify guidance and wording, modify definitions or make other relatively minor amendments to full IFRSs to address unintended consequences, conflicts or oversights. For more information, the IASB web pages on its Annual Improvements project can be accessed on the following link: http://go.ifrs.org/AI Some believe that because those changes are intended to improve requirements, they should naturally be incorporated in the *IFRS for SMEs* where they are relevant. Others note that each small change to the *IFRS for SMEs* would unnecessarily increase the reporting burden for SMEs because SMEs would have to assess whether each individual change will affect its current accounting policies. Those who hold that view concluded that, although the *IFRS for SMEs* was based on full IFRSs, it is now a separate Standard and does not need to reflect relatively minor changes in full IFRSs. **How should the IASB deal with such minor improvements, where the *IFRS for SMEs* is based on old wording from full IFRSs?** (a) Where changes are intended to improve requirements in full IFRSs and there are similar wordings and requirements in the *IFRS for SMEs*, they should be incorporated in the (three-yearly) omnibus exposure draft of changes to the *IFRS for SMEs*.	**C**	We agree with option “c”. We believe that it is important to keep the three-year review cycle in order to maintain a stable platform for the IFRS for SMES. The Board should also consider introducing an improvement project process for IFRS for SMEs as part of the three-year review cycle. Care would however be exercised to ensure that “minor” amendments made to the IFRS for SMES do not unnecessarily complicate the standard.

Part B: General questions

Ref	General Questions		Comments
	(b) Changes should only be made where there is a known problem for SMEs, ie there should be a rebuttable presumption that changes should not be incorporated in the *IFRS for SMEs*. (c) The IASB should develop criteria for assessing how any such improvements should be incorporated (please give your suggestions for the criteria to be used). (d) Other—please explain.		
G2	**Further need for Q&As** One of the key responsibilities of the SMEIG has been to consider implementation questions raised by users of the *IFRS for SMEs* and to develop proposed non-mandatory guidance in the form of questions and answers (Q&As). These Q&As are intended to help those who use the *IFRS for SMEs* to think about specific accounting questions. The SMEIG Q&A programme has been limited. Only seven final Q&A have been published. Three of those seven deal with eligibility to use the *IFRS for SMEs*. No additional Q&As are currently under development by the SMEIG. Some people are of the view that, while the Q&A programme was useful when the *IFRS for SMEs* was first issued so that implementation questions arising in the early years of application around the world could be dealt with, it is no longer needed. Any new issues that arise in the future can be addressed in other ways, for example through education material or by future three-yearly updates to the *IFRS for SMEs*. Many who hold this view think that an ongoing programme of issuing Q&As is inconsistent with the principle-based approach in the *IFRS for SMEs*, is burdensome because Q&As are perceived to add another set of rules on top of the *IFRS for SMEs*, and has the potential to create unnecessary conflict with full IFRSs if issues overlap with issues in full IFRSs.	**B**	We agree with option “b”. We do not believe that it is necessary to continue with the Q&A programme. It might have been useful when the standards were first introduced but now there is a risk that this programme may create rules that over time make the IFRS for SMEs more prescriptive. It would be more appropriate to address issues that may arise in the future as part of an annual improvement project or during the three-year review cycle. Therefore, we think that the programme should be terminated.

Part B: General questions

Ref	General Questions		Comments
	Others, however, believe that the volume of Q&As issued so far is not excessive and that the non-mandatory guidance is helpful, and not a burden, especially to smaller organisations and in smaller jurisdictions that have limited resources to assist their constituents in implementing the *IFRS for SMEs*. Furthermore, in general, the Q&As released so far provide guidance on considerations when applying judgement, rather than creating rules. **Do you believe that the current, limited programme for developing Q&As should continue after this comprehensive review is completed?** (a) Yes—the current Q&A programme should be continued. (b) No—the current Q&A programme has served its purpose and should not be continued. (c) Other—please explain.		
G3	**Treatment of existing Q&As** As noted in question G2, there are seven final Q&As for the *IFRS for SMEs*. This comprehensive review provides an opportunity for the guidance in those Q&As to be incorporated into the *IFRS for SMEs* and for the Q&As to be deleted. Non-mandatory guidance from the Q&As will become mandatory if it is included as requirements in the *IFRS for SMEs*. In addition, any guidance may need to be incorporated in the *IFRS for SMEs* in a reduced format or may even be omitted altogether (if the IASB deems that the guidance is no longer applicable after the Standard is updated or that the guidance is better suited for inclusion in training material). The IASB would also have to decide whether any parts of the guidance that are not incorporated into the *IFRS for SMEs* should be retained in some fashion, for example, as an addition to the Basis for Conclusions accompanying the *IFRS for SMEs* or as part of the training material on the *IFRS for SMEs*.	**A**	We agree with option “a”. Where necessary the existing Q&As should be incorporated into the standard in a systematic way based on clear criteria and by following due process. Based on the outcome of such a review, they should either be deleted or included in the training material (or in the appropriate guidance) for the reasons set out in our answer to G2 above.

Part B: General questions

Ref	General Questions		Comments
	An alternative approach would be to continue to retain the Q&As separately where they remain relevant to the updated *IFRS for SMEs*. Under this approach there would be no need to reduce the guidance in the Q&As, but the guidance may need to be updated because of changes to the *IFRS for SMEs* resulting from the comprehensive review. **Should the Q&As be incorporated into the *IFRS for SMEs*?** (a) Yes—the seven final Q&As should be incorporated as explained above, and deleted. (b) No—the seven final Q&As should be retained as guidance separate from the *IFRS for SMEs*. (c) Other—please explain. Please provide reasoning to support your choice of (a), (b) or (c).		
G4	**Training material** The IFRS Foundation has developed comprehensive free-to-download self-study training material to support the implementation of the *IFRS for SMEs*. These are available on our website: http://go.ifrs.org/smetraining. In addition to your views on the questions we have raised about the *IFRS for SMEs*, we welcome any comments you may have about the training material, including any suggestions you may have on how we can improve it. **Do you have any comments on the IFRS Foundation's *IFRS for SMEs* training material available on the link above?** (a) No. (b) Yes (please provide your comments).	**B**	In our view, the training material published is generally helpful and should be retained and maintained up-to-date. However it should not be interpreted as guidance. Therefore, we recommend that its statute be clarified so that it is not perceived as representing interpretation guidance.

Part B: General questions

Ref	General Questions		Comments
G5	**Opportunity to add any further general issues** Are there any additional issues you would like to bring to the IASB's attention relating to the *IFRS for SMEs*? (a) No. (b) Yes (please state your issues and provide separate reasoning for each).	**A**	We do not have additional issues at this stage.
G6	**Use of *IFRS for SMEs* in your jurisdiction** This question contains four sub-questions. The purpose of the questions is to give us some information about the use of the *IFRS for SMEs* in the jurisdictions of those responding to this Request for Information. **1 What is your country/jurisdiction?** **2 Is the *IFRS for SMEs* currently used in your country/jurisdiction?** (a) Yes, widely used by a majority of our SMEs. (b) Yes, used by some but not a majority of our SMEs. (c) No, not widely used by our SMEs. (d) Other (please explain). **3 If the *IFRS for SMEs* is used in your country/jurisdiction, in your judgement what have been the principal benefits of the *IFRS for SMEs*?** (Please give details of any benefits.) **4 If the *IFRS for SMEs* is used in your country/jurisdiction, in your judgement what have been the principal practical problems in implementing the *IFRS for SMEs*?**		FEE represents 45 professional institutes of accountants and auditors from 33 European countries, including all of the 27 European Union (EU) Member States. This response was submitted on behalf of the European accountancy profession which do not intend to comment on any question from an individual country perspective. Therefore, this question is considered not applicable to us. We however note that while IFRS for SMEs is not currently used in Europe, certain jurisdictions in Europe are evaluating whether (and how) to use IFRS for SMEs as the basis for developing national GAAPs.