



Australian Government
Australian Accounting Standards Board

Memorandum

To:	AASB Members	Date:	28 January 2014
From:	Mitchell Bryce and Nikole Gyles	Agenda Item:	11.1 (M136)
Subject:	IFRS for SMEs – key issues for AASB submission	File:	

Action

The AASB is asked to:

- (a) consider issues discussed in Agenda Paper 11.2 regarding ED/2013/9 *Proposed amendments to IFRS for SMEs* and decide whether these issues, or any other issues, should be included in the AASB's submission to the IASB; and
- (b) decide on the process for finalising the AASB's comment letter to the IASB.

Attachments

Agenda Paper	Title
11.2	Issues Paper – ED/2013/9 <i>Proposed amendments to IFRS for SMEs</i>
11.3	Snapshot: Comprehensive review of the <i>IFRS for SMEs</i>
11.4	ED/2013/9 <i>Proposed amendments to the International Financial Reporting Standard for Small and Medium-sized Entities</i>

Overview

IFRS for SMEs was published in 2009 following the IASB's *Exposure Draft (ED) of a Proposed IFRS for Small and Medium-sized Entities* in 2007. The AASB provided comments to the IASB in regards to the extent in which the AASB would adopt the disclosure principles in *IFRS for SMEs*.

In June 2010, in contrast to the IASB, the AASB decided it would adopt the same recognition and measurement principles for Tier 2 entities as required for Tier 1 entities. Tier 2 entities would be provided with disclosure simplification, known as the differential reporting framework.

The AASB adopted RDR instead IFRS for SMEs for the following key reasons:

- (a) No additional, and often costly, training is needed to adopt RDR as opposed to *IFRS for SMEs*;
- (b) The RDR is updated at the same time as full IFRSs, so non-publicly accountable entities can avail themselves to improved IFRSs in a timely manner;

- (c) As opposed to *IFRS for SMEs*, the RDR does not limit entities in choosing accounting policies;
- (d) There are no significant costs involved in moving between RDR and full IFRSs;
- (e) As opposed to *IFRS for SMEs*, comparability between entities adopting full IFRSs and entities adopting RDR is maximised; and
- (f) RDR does not involve and significant interpretation issues, whereas, in contrast, *IFRS for SMEs* may do.

Following the implementation of *IFRS for SMEs*, the IASB issued a request for information (RFI) in 2012 as the first stage in its comprehensive review of *IFRS for SMEs*. In response to various comments received from constituents, including the AASB, the IASB released ED/2013/9 *Proposed amendments to IFRS for SMEs*, which is the topic of discussion and is attached in Agenda Paper 11.4. The comment period for IASB ED/2013/9 closes on 3 March 2014.

Overview of key issues

The key issues and questions for the Board to consider are outlined in AP 11.2.

Process for finalising comment letter

The three usual choices for finalising a submission are:

- (a) circulate draft submission to all members for comment;
- (b) circulate draft submission to a sub-committee of members appointed for the purpose;
and
- (c) leave finalisation of the submission to the Chairman.

Due to the short period between this meeting and when the submission is due, staff recommend that the submission be finalised by the Chairman out-of-session.

Question to Board members:

Does the Board agree with the staff's recommendation that the Chairman should finalise the submission out-of-session?