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Ref	Question	Response (*Please give clear reasoning to support your response*)
Questions for respondents—Scope of the Standard		
1	**Question 1—Definition of public accountability** Respondents to the Exposure Draft *Subsidiaries without Public Accountability: Disclosures*, published in July 2021, expressed some concerns about applying the definition of public accountability. The description of 'public accountability' in the Exposure Draft *Subsidiaries without Public Accountability: Disclosures* comprises the definition and supporting guidance in paragraphs 1.3–1.4 of the *IFRS for SMEs* Accounting Standard (Standard). In response to this feedback, the IASB is proposing to amend paragraph 1.3(b) to list banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks as examples of entities that often meet the second criterion of public accountability in paragraph 1.3(b). To assist an understanding of the basis for the definition of public accountability, the IASB is also proposing to clarify that an entity with these characteristics would usually have public accountability: (a) there is both a high degree of outside interest in the entity and a broad group of users of the entity's financial statements (existing and potential investors, lenders and other creditors) who have a direct financial interest in or substantial claim against the entity. (b) the users in (a) depend primarily on external financial reporting as their means of obtaining financial information about the entity. These users need financial information about the entity but lack the power to demand the information for themselves. Paragraphs BC11–BC19 of the Basis for Conclusions on the Exposure Draft explain the IASB's rationale for clarifying the definition of public accountability in Section 1. The IASB expects that the amendments to paragraphs 1.3 and 1.3A of Section 1 will add clarity, without changing the intended scope of the Standard.	

Ref	Question	Response (*Please give clear reasoning to support your response*)
1(i)	**Do you agree that the amendments will add clarity without changing the intended scope of the Standard? If you do not agree, which types of entities do you believe would be newly scoped in or scoped out?**	**We agree that the amendments will add clarity without changing the intended scope of the Standard.**
1(ii)	**Do you agree with the proposal to clarify the definition of public accountability? If you do not agree with the proposal, please explain what you suggest instead and why.**	**We generally agree with the proposal to clarify the definition of public accountability. However, there are some concerns that the additional language will not add clarity as the terms "high degree of outside interest" and "substantial financial interest" could be viewed as both vague and difficult to apply in practice.** **In addition, we are aware that in many jurisdictions certain entities are deemed as publicly accountable for differential financial reporting purposes. We therefore encourage the IASB to review the implementation experience of those countries that have fully or partially adopted the IFRS for SMEs as the lists of 'deemed as publicly accountable' entities in each jurisdiction may allow the identification of other common features of public accountability which may assist in further expanding the implementation guidance in applying this concept. It may also be helpful if the IASB included commentary in paragraphs BC11-BC19 of the Basis for Conclusions that it expects jurisdictions applying the IFRS for SMEs to make their own decisions as to its specific applicability. This would clarify to all users that whilst**

Ref	Question	Response (*Please give clear reasoning to support your response*)
		the aim of the IFRS for SMEs is international comparability, this may be impacted by jurisdictional issues. **One point that may require clarification is whether the characteristics of an entity that would usually have public accountability (new paragraph 1.3A) covers entities that hold assets as fiduciaries.** **In addition, consideration may also be needed on the relationship between paragraph 1.3A(a) and (b) and whether both (a) and (b) are required.**

Ref	Question	Response *(Please give clear reasoning to support your response)*
Questions for respondents—Proposal to amend the Standard		
2	**Question 2—Revised Section 2 *Concepts and Pervasive Principles*** The IASB in its Request for Information asked for views on aligning Section 2 *Concepts and Pervasive Principles* with the *Conceptual Framework for Financial Reporting*, issued in 2018. In the Request for Information, the IASB noted that the 1989 *Framework for the Preparation and Presentation of Financial Statements* (1989 *Framework*) had provided the foundations of the Standard. Based on feedback on the Request for Information, the IASB is proposing to revise Section 2 to align it with the 2018 *Conceptual Framework for Financial Reporting*. The IASB is proposing that Section 18 *Intangible Assets other than Goodwill* and Section 21 *Provisions and Contingencies* continue to use the definitions of an asset and of a liability from the previous version of Section 2, which was based on the 1989 *Framework*, to avoid unintended consequences arising from revising the definitions of an asset and of a liability. Paragraphs BC38–BC51 of the Basis for Conclusions on the Exposure Draft explain the IASB's rationale for the revisions proposed for Section 2.	
2(i)	**Do you have comments or suggestions on the revised Section 2? Please explain the reasons for your suggestions.**	**We support the revision of Section 2 to align it with the 2018 *Conceptual Framework for Financial Reporting*. We believe it is critical to maintain the concept of 'undue cost or effort' and related exemptions as this is part of the foundation (simplicity) on which IFRS for SMEs has been developed and is a contributing reason why it is attractive to SMEs across the world.** **We have a few comments on Section 2 for consideration:**

Ref	Question	Response *(Please give clear reasoning to support your response)*
		• **Concern that the recognition criteria as described in para. 5.7 of the 2018 Conceptual Framework is not as clear in the proposed ED, specifically the language on relevance and faithful representation in para. 2.69, 2.71 and 2.73 and the relationship between their qualitative characteristics.** • **Para. 2.105 is difficult to understand without any examples. Paragraph 6.55 of the 2018 Conceptual Framework illustrates that property, plant and equipment and inventory indirectly generate future cash flows and that historical cost measurement provides relevant information.**
2(ii)	**Do you agree that Section 18 and Section 21 should continue to use the definition of an asset and of a liability from the previous version of Section 2 (based on the 1989 Framework)?**	**Overall, we agree that Section 18 *Intangible Assets other than Goodwill* and Section 21 *Provisions and Contingencies* should continue to use the definitions of an asset and of a liability from the previous version of Section 2.** **There are some concerns that the proposals will require SMEs to deal with two separate definitions of assets and liabilities - one based on the previous definition that will apply to Section 18 and Section 21 and another definition for all other assets and liabilities that is aligned with the definition in the 2018 Conceptual Framework. This may therefore require additional**

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		guidance material. However, there is overall support for retaining the old definitions as the corresponding definitions in IAS 38, *Intangible Assets* and IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* remain unchanged. **We believe that the definitions of asset and liability should be described in the main body of the standard, not in a footnote (e.g., Section 18, footnote 3 pg.163).**
3	**Question 3—Proposed amendments to the definition of control in Section 9 *Consolidated and Separate Financial Statements*** The IASB in its Request for Information asked for views on aligning the definition of control in Section 9 *Consolidated and Separate Financial Statements* with the definition in IFRS 10 *Consolidated Financial Statements* and using that definition as the single basis for consolidation (control model) to facilitate greater consistency between financial statements prepared applying the Standard. Respondents to the Request for Information were in favour of the alignment, and the IASB is proposing amendments to align Section 9 with IFRS 10, introducing control as the single basis for consolidation that applies to all entities. The IASB is proposing to retain the rebuttable presumption that control exists when an investor owns more than a majority of the voting rights of an investee. The rebuttable presumption is a simplification of the control model. Paragraphs BC52–BC62 of the Basis for Conclusions on the Exposure Draft explain the IASB's rationale for aligning the definition of 'control' in Section 9 with IFRS 10 and introducing a control model as the single basis for consolidation.	

Ref	Question	Response *(Please give clear reasoning to support your response)*
	Do you agree with the IASB's proposal to retain the rebuttable presumption as a simplification of the definition of control? If not, please explain why you do not agree with this simplification.	**We agree with the proposal to retain the rebuttable presumption that control is presumed to exist when an investor owns a majority of the voting rights of an investee.** **The simplification is helpful because in SMEs, in general, 50% shareholding/voting rights results in control. It is, accordingly, appropriate to retain the rebuttable presumption as a simplification (which can be rebutted provided that sufficient evidence is available to support that rebuttal).**
4	**Question 4—Proposed amendments to impairment of financial assets in Section 11 *Basic Financial Instruments* (renamed *Financial Instruments*)** The IASB in its Request for Information asked for views on replacing the incurred loss model for the impairment of financial assets in Section 11 *Basic Financial Instruments* with an expected credit loss model aligned with the simplified approach in IFRS 9 *Financial Instruments*. Feedback suggested that the simplified approach in IFRS 9 would be complex for SMEs to apply and would not result in substantial changes in the amount of impairment for the types of financial assets held by typical SMEs, namely short-term trade receivables. The IASB anticipates that an expected credit loss model would provide relevant information for users of financial statements when SMEs hold longer-term financial assets. Consequently, the IASB is proposing to: (a) retain the incurred loss model for trade receivables and contract assets in the scope of the revised Section 23 *Revenue from Contracts with Customers*; (b) require an expected credit loss model for all other financial assets measured at amortised cost, aligned with the simplified approach in IFRS 9; and (c) retain the requirements in Section 11 for impairment of equity instruments measured at cost. Paragraphs BC72–BC80 of the Basis for Conclusions on the Exposure Draft explain the IASB's rationale for introducing an expected credit loss model for only some financial assets.	

Ref	Question	Response *(Please give clear reasoning to support your response)*
4(i)	**Do you agree with the proposal to introduce an expected credit loss model for *only some* financial assets? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.**	**In our response to the RFI we stated that the Board should wait for the completion of the post-implementation review of IFRS 9 so that it is in a better position to understand the practical issues with the incurred credit loss model that have arisen and make a proper assessment of the costs vs benefits in an SME environment.** **We received mixed responses on the proposal to introduce an expected credit loss model for only some financial assets.** **For some the different approach from current IFRS 9 is considered overly complex and likely to impose undue costs on SMEs. In particular, there are concerns about the practical difficulties in:** • **ascertaining the historical credit loss rates on these receivables which are often one-off in nature;** • **identifying and obtaining relevant forward-looking information that is reasonable and supportable; and** • **identifying possible outcomes including their probability and corresponding weight for formulating multiple forward-looking scenarios.** **For others, it is considered that the majority of financial assets in SMEs are likely to be short-term (e.g., trade receivables) and therefore using the incurred loss model for these financial assets**

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		would not place unnecessary burden on SMEs, while the financial assets that are held for longer term would be exposed to more uncertainty and therefore the expected credit loss model would provide relevant information to users.
4(ii)	**Do you agree that the proposal strikes the right balance in deciding which financial assets should be in the scope of the expected credit loss model, considering the costs for SMEs and benefits for users of SMEs' financial statements?**	**We are unsure whether the proposal strikes the right balance as we received some feedback that the incurred loss model should be maintained exclusively. Some SMPs consider that the cost and complexity involved in applying the expected credit loss model is disproportionate to the benefit to users of financial statements as they may not have a strong demand for credit loss information provided under this model. Having two impairment models on debt instruments may also add complexity and not meet the principle of simplicity.** **If the IASB were to go ahead with the proposals, it is suggested that it:** • **clarifies the considerations for SMEs in assessing the "undue cost or effort" of obtaining reasonable and supportable information for measuring expected credit loss model, given the model is more costly for SMEs to apply; and**

Ref	Question	Response *(Please give clear reasoning to support your response)*
		• **provides guidance or examples on the practical expedients that SMEs can apply in measuring expected credit loss model (paragraph 11.26E of the ED).**
5	**Question 5—Proposal for a new Section 12 *Fair Value Measurement*** The IASB in its Request for Information asked for views on aligning the Standard with IFRS 13 *Fair Value Measurement* and introducing illustrative examples into the Standard. This alignment would not amend the requirements for when to use fair value measurement. Respondents to the Request for Information favoured aligning the Standard with the definition of fair value in IFRS 13 to provide clarity and enhance comparability between financial statements prepared applying the Standard. The IASB is proposing that the requirements on measuring fair value and related disclosure requirements be consolidated in a new Section 12 *Fair Value Measurement*. Paragraphs BC108–BC118 of the Basis for Conclusions on the Exposure Draft explain the IASB's rationale for this proposal.	
	Do you have comments or suggestions on the new Section 12? Please explain the reasons for your suggestions.	**We support the proposal to put all requirements relating to fair value measurement within one section and agree that the wording of the new Section 12 clearly sets out the fundamental principles that are inherent in IFRS 13 *Fair Value* and so should provide a clear and consistent basis that will support the application of the fair value concept by SMEs.** **However, we believe the IFRS for SMEs will need to be supported by SME specific guidance on matters such as highest and best use, exit value and market participants assumptions to ensure it is consistently applied. Further consideration could also be given to if disclosure by levels is necessary for SMEs in terms of cost and benefit.**

Ref	Question	Response *(Please give clear reasoning to support your response)*
6	**Question 6—Proposed amendments to Section 15 *Investments in Joint Ventures* (renamed *Joint Arrangements*)** The IASB in its Request for Information asked for views on aligning the definition of joint control with IFRS 11 *Joint Arrangements*, while retaining the three classifications of joint arrangements in Section 15 *Investments in Joint Ventures* (jointly controlled operations, jointly controlled assets and jointly controlled entities). Respondents to the Request for Information favoured aligning the definition of joint control. However, respondents expressed mixed views on whether to align the classification and measurement requirements with IFRS 11 or to retain the Section 15 classification and measurement requirements. The IASB is proposing to align the definition of joint control and retain the Section 15 classification and measurement requirements as set out in the Request for Information. Paragraphs BC119–BC127 of the Basis for Conclusions on the Exposure Draft explain the IASB's rationale for these proposals.	
6(i)	**Do you agree with the IASB's proposal to align the definition of joint control and retain the classification of a joint arrangement as jointly controlled assets, a jointly controlled operation, or a jointly controlled entity, and the measurement requirements for these classifications? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.**	**We agree with the proposal to align the definition of joint control and retain the classification of a joint arrangement as jointly controlled assets, a jointly controlled operation, or a jointly controlled entity and the measurement requirements for these classifications.** **Control is important concept and retaining the old definition would have made the standards complicated and confusing in practice.**
	The IASB is also proposing amendments to align Section 15 with the requirements of paragraph 23 of IFRS 11, so that a party to a jointly controlled operation or a jointly controlled asset that does not have joint control of those arrangements would account for its interest according to the classification of that jointly controlled operation or the jointly controlled asset. Paragraphs BC128–BC129 of the Basis for Conclusions on the Exposure Draft explain the IASB's rationale for this proposal.	

Ref	Question	Response *(Please give clear reasoning to support your response)*
6(ii)	**Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.**	**We agree with the proposal. If Section 15 is consistent with paragraph 23 of IFRS 11, the accounting would faithfully represent the rights and obligations of a party arising from a joint arrangement.**

Ref	Question	Response *(Please give clear reasoning to support your response)*
7	**Question 7—Proposed amendments to Section 15 *Investments in Joint Ventures* (renamed *Joint Arrangements*)** Based on the feedback to the Request for Information, the IASB is proposing to align Section 19 *Business Combinations and Goodwill* with the acquisition method of accounting in IFRS 3 *Business Combinations** by: (a) adding requirements and guidance for a new entity formed in a business combination; (b) updating the references when recognising the identifiable assets acquired and liabilities assumed in a business combination to refer to the definitions of an asset and a liability in the revised Section 2 *Concepts and Pervasive Principles*; (c) clarifying that an acquirer cannot recognise a contingency that is not a liability; (d) requiring recognition of acquisition-related costs as an expense; (e) requiring measurement of contingent consideration at fair value if the fair value can be measured reliably without undue cost or effort; and (f) adding requirements for an acquisition achieved in stages (step acquisitions). For other aspects of the acquisition method of accounting, the IASB is proposing to retain the requirements in Section 19. The IASB is of the view that: (a) the guidance in IFRS 3 on reacquired rights is unlikely to be relevant to entities applying the Standard; (b) restricting the measurement of non-controlling interest in the acquiree to the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets (and not introducing the fair value option) is an appropriate simplification; and (c) retaining recognition criteria for intangible assets acquired in a business combination balances the costs and benefits of separate recognition of these items because goodwill recognised in a business combination is amortised. Paragraphs BC130–BC183 of the Basis for Conclusions on the Exposure Draft further explain the IASB's rationale for these proposals. Paragraph BC177 of the Basis for Conclusions on the Exposure Draft explains that there were mixed views on whether step acquisitions are relevant to SMEs. The IASB is asking for views on adding requirements for step acquisitions and on the proposed requirements themselves. Asking for views on whether to add requirements allows stakeholders to evaluate the proposals when responding to the Invitation to Comment. * IFRS 3 refers to the IFRS 3 (2008) version, including subsequent amendments to IFRS 3.	

Ref	Question	Response *(Please give clear reasoning to support your response)*
7(i)	**Do you agree with the proposal to introduce requirements for the accounting for step acquisitions? If your answer is yes, do you agree with the proposed requirements in the Exposure Draft? If you disagree with the proposal, please explain why and give your alternative suggestion.**	**It is noted that step acquisitions are not common in SMEs in all jurisdictions. In general, we agree with the proposal to introduce requirements for the accounting for step acquisitions as it would be expected to increase comparability and provide users of financial statements with better quality information. However, as it is a gain that is not supported by cash flows, further research may be helpful on whether it is necessary information for users of financial statements of SMEs.**
7(ii)	**Do you agree that the IASB's proposals appropriately simplify the measurement of non-controlling interests by excluding the option to measure them at fair value? If your answer is no, please explain your reasons.**	**We agree that the IASB's proposals appropriately simplify the measurement of non-controlling interests by excluding the option to measure them at fair value. The costs of measuring non-controlling interests at fair value outweigh the benefits for SMEs.**
7(iii)	**Do you have any further comments or suggestions on the proposed amendments to Section 19? Please explain the reasons for your suggestions.**	**No further comments.**

Ref	Question	Response *(Please give clear reasoning to support your response)*
8	**Question 8—Revised Section 23 *Revenue* (renamed *Revenue from Contracts with Customers*)** The IASB in its Request for Information asked for views on possible approaches to aligning Section 23 *Revenue* with IFRS 15 *Revenue from Contracts with Customers*. Respondents favoured this alignment without identifying a preferred approach. Consequently, the IASB is proposing to revise Section 23 to align it with the principles and language used in IFRS 15. The revised requirements are based on the five-step model in IFRS 15, with simplifications that retain the basic principles in IFRS 15 for recognising revenue. Paragraphs BC184–BC193 of the Basis for Conclusions on the Exposure Draft further explain the IASB's rationale for this proposal and the proposed simplifications of the IFRS 15 requirements.	

8(i)	**Do you agree that the revised Section 23 would be appropriate for SMEs and users of their financial statements? If not, what modifications—for example, further simplifications or additional guidance—do you suggest and why?**	**In our response to the RFI we expressed a preference for not making amendments to Section 23 as part of this comprehensive review because the post-implementation review has not been undertaken for IFRS 15 and we did not consider there was a pressing need for SMEs that required being addressed.** **On the basis that the IASB will continue moving forward with revising Section 23, we generally agree that the proposals would be appropriate for SMEs and users of their financial statements but suggest consideration of the following points:** • **Certain proposed simplified requirements of IFRS 15, for example warranty or options to purchase additional goods or services, involved the evaluation of whether the financial impact is "significant to the contract" in order to determine the accounting treatment (Paragraphs 23.27 and 23.35 of the ED). It is suggested that the IASB provides examples to illustrate how the "significant" concept should be applied in those cases.** • **The ED has reframed the principle for principal versus agent considerations and the criteria for revenue recognition over time in IFRS 15 in order to make the requirements simpler for SMEs to apply (Paragraphs 23.38 and 23.78 of the ED). There is concern that such approach may unintentionally result in different accounting outcomes from full IFRSs in certain situations, and hence it is suggested that the IASB**

		clarifies whether the principles and requirements on the above two areas are the same under the ED and IFRS 15. • **There is concern about using 'promises' instead of 'performance obligations' as used in IFRS 15. 'Performance obligations' is a key concept in IFRS 15 and if the intended content is the same as IFRS 15, the terminology should be aligned. The concept is included as a requirement in Section 23 – ED para. 23.17. Changing the terminology would be likely to confuse stakeholders.** • **As a constraint on the estimate of variable consideration, using the simplification of *"only to the extent that it is highly probable that this amount will become due"* in ED para. 23.46 may not appropriately restate *"only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur"* in IFRS 15 paragraph 56.** • **Further simplification of the standards, including:** o **Contract modifications: If the addition of goods or services resulting from a contract modification is immaterial to the existing contract, either method of para. 23.14(a) or 23.14(b) or 23.15 may be applied in accounting for the contract modification as it would not**

		significantly impair the comparability of the financial statements. ○ Recognize revenue when the entity satisfied a promise: When some goods or service included in the contract are immaterial from the perspective of the contract with the customer to permit that it may not be assessed whether they are separate promises for those goods or services (para. 23.16 and 23.20) as it would not significantly impair the comparability of the financial statements. ○ Allocation based on stand-alone selling prices: When the stand-alone price of goods or services underlying the promise cannot be directly observed and the goods or services are incidental to other goods or services in the contract which they are immaterial, the residual approach in para. 23.66 (c) would be applied to estimate the stand-alone selling price of the goods or services as it would not significantly impair the comparability of the financial statements. ○ Identify the promises in the contract and price allocation: If both (a) and (b) below are met, multiple contracts are not combined and treated

Ref	Question	Response *(Please give clear reasoning to support your response)*
		as a promise the nature of the goods or services to be transferred to the customer specified in each contract, and revenue can be recognized according to the monetary amount of the goods or services specified in the individual contract. If the conditions (a) and (b) are met it would not be considered that there would be a material difference between monetary amounts that would been obtained under para. 23.12, 23.16 or 23.61. **a) Individual contracts with customers are recognized as substantial units of transactions that reflect the actual nature of transactions agreed upon by the parties.** **b) The monetary amount of goods or services in an individual contract with a customer is reasonably specified so that such amount is not significantly different from the stand-alone selling price.**

Ref	Question	Response *(Please give clear reasoning to support your response)*
	Determining whether a good or service promised to a customer is distinct can involve judgement. To assist entities in making this assessment, the IASB is proposing to simplify the requirements in paragraphs 27–29 of IFRS 15 by: (a) specifying that a good or service that an SME regularly sells separately is capable of being distinct (see paragraph 23.21 of the Exposure Draft); (b) expressing the criterion in paragraph 27(b) of IFRS 15 in simpler language and reflecting the objective of the criterion by focusing on whether a good or service is an input used to produce a combined item or items transferred to the customer (see paragraphs 23.20(b) and 23.23 of the Exposure Draft); and (c) including examples that illustrate the factors supporting that criterion (see paragraph 23.23(a)–(c) of the Exposure Draft).	
8(ii)	**Do you believe the guidance is appropriate and adequate for entities to make the assessment of whether a good or service is distinct? If not, is there any guidance that could be removed or additional guidance that is needed**	**In general, we believe the guidance is appropriate and adequate for entities to make the assessment of whether a good or service is distinct, subject to the following point:** • **There are concerns about the clarity of some of the language in para. 23.23 and whether it is adequately aligned with IFRS 15.29. Specifically, the use of 'rather than' compared to 'or, instead' in IFRS 15.29.**
9	**Question 9–Proposed amendments to Section 28 *Employee Benefits*** The IASB in its Request for Information asked for views on applying paragraph 28.19 of the Standard, that is the measurement simplifications for defined benefit obligations. The feedback identified challenges when applying paragraph 28.19, resulting in diversity of application. However, the feedback also provided evidence that only a few entities apply paragraph 28.19. Therefore, the IASB is proposing to delete paragraph 28.19. Paragraphs BC197–BC203 of the Basis for Conclusions on the Exposure Draft explain the IASB's rationale for this proposal.	
9(i)	**Do you agree that only a few entities apply the measurement simplifications for defined benefits? Therefore, do you agree with the IASB's proposal to delete paragraph 28.19?**	**We generally agree that only a few entities apply the measurement but believe it should not be deleted.**

Ref	Question	Response *(Please give clear reasoning to support your response)*
	Alternatively, if you do not agree with deleting paragraph 28.19, should the IASB clarify the paragraph by: (a) stating that an entity may apply any, or all, of the simplifications permitted by paragraph 28.19 when measuring a defined benefit obligation; and (b) explaining that when an entity applies paragraph 28.19(b), examples of future service of current employees (assumes closure of the plan for existing and any new employees) that can be ignored include: (i) the probability of employees' not meeting the vesting conditions when the vesting conditions relate to future service (future turnover rate); and (ii) the effects of a benefit formula that gives employees greater benefits for later years of service.	
9(ii)	**If you disagree with the proposal in 9(i), do you agree that this alternative approach clarifies paragraph 28.19?**	**We agree that this alternative approach clarifies paragraph 28.19.**

Ref	Question	Response (*Please give clear reasoning to support your response*)
10	**Question 10—Transition** The IASB, in paragraphs A2–A39 of the Exposure Draft, sets out limited relief from retrospective application for those proposed amendments for which the IASB thought the costs of retrospective application would exceed the benefits.	
	Do you agree with the proposed transition requirements for the amendments to the *IFRS for SMEs* Accounting Standard? Why or why not? If not, please explain what you suggest instead and why.	**We agree with the proposed transition requirements for the amendments to the *IFRS for SMEs* Accounting Standard which set out certain relief from retrospective application of certain proposed amendments considering the cost/benefit principle.**
11	**Question 11—Other proposed amendments** Table A1, included in the Introduction to the Exposure Draft, summarises the proposals for amending sections of the Standard not included in questions 2–10.	
	Do you have any comments on these other proposed amendments in the Exposure Draft?	**Consideration may be needed for whether it is necessary to align with IAS 1 for:** • **Although "an entity normally presents the notes in the following order" according to Section 8 para 8.4, the December 2014 amendments to IAS 1 Presentation of Financial Statements removed 'normally' and the order is just an example.** • **Although "share of the other comprehensive income of associates and jointly controlled entities accounted for by the equity method" in section 5 paragraph 5.5(h), as IAS**

		1 paragraph 82A, it is not stipulated to distinguish between items that will not be reclassified to profit or loss after the fact and items that will be reclassified to profit or loss after the fact.

Ref	Question	Response *(Please give clear reasoning to support your response)*
Questions for respondents—Whether further action is required		
12	**Question 12—Section 20 *Leases* and IFRS 16 *Leases*** The IASB in its Request for Information asked for views on aligning Section 20 *Leases* with IFRS 16 *Leases* by simplifying some of the recognition and measurement requirements, the disclosure requirements and the language of IFRS 16. Feedback on the Request for Information was mixed. Stakeholders suggested the IASB assess the costs and benefits of aligning the Standard with IFRS 16, even with the simplifications, and obtain more information about the experience of entities that apply IFRS 16. The IASB decided not to propose amendments to Section 20 at this time and to consider amending the Standard to align it with IFRS 16 during a future review of the Standard. Therefore, the Exposure Draft does not propose amendments to Section 20. In making this decision the IASB placed greater emphasis on cost–benefit considerations and prioritised timing—that is, to obtain more information on entities' experience of applying IFRS 16. The IASB is asking for further information on cost–benefit considerations, particularly on whether: (a) aligning Section 20 with IFRS 16 at this time imposes a workload on SMEs disproportionate to the benefit to users of their financial statements—specifically, considering: (i) the implementation costs that preparers of financial statements could incur; (ii) the costs that users of financial statements could incur when information is unavailable; and (iii) the improvement to financial reporting that would be realised from recognising the lessee's right to use an underlying asset (and the lessee's obligation to make lease payments) in the statement of financial position. (b) introducing possible simplifications—for example, for determining the discount rate and the subsequent measurement of the lease liability (reassessment)—could help to simplify the requirements and reduce the cost of implementing an amended Section 20 (aligned with IFRS 16) without reducing the usefulness of the reported information. Paragraphs BC230–BC246 of the Basis for Conclusions on the Exposure Draft further explain the IASB's rationale for not proposing amendments to Section 20 at this time and instead for considering amending the Standard to align it with IFRS 16 during a future review of the Standard.	

Ref	Question	Response *(Please give clear reasoning to support your response)*
	Do you agree with the IASB's decision to consider amending the Standard to align it with IFRS 16 in a future review of the Standard? In responding to this question, please comment on the cost–benefit considerations in paragraphs (a) and (b) of Question 12.	**We agree with the IASB's decision to consider amending the Standard to align it with IFRS 16 in a future review of the standard. We received some feedback that having two different accounting methodologies will be confusing for users of financial statements, but given the relatively recent effective date of January 1, 2019, we believe that it is important to not consider alignment until after the post-implementation review of IFRS 16 has been completed.** **It would also be appropriate for the IASB to further investigate the experiences of companies applying IFRS 16 and understand the challenges to identify simplifications required for lease accounting for SMEs. Anecdotal feedback indicates that the costs of implementing IFRS 16 in the SME sector substantially outweighs the benefits that preparers and users achieve from these requirements.** **The stability of IFRS for SMEs is also very important and the IASB needs to avoid making changes too frequently.**

Ref	Question	Response *(Please give clear reasoning to support your response)*
13	**Question 13—Recognition and measurement requirements for development costs** The Standard requires all development costs to be recognised as expenses, whereas IAS 38 *Intangible Assets* requires the recognition of intangible assets arising from development costs that meet specified criteria. This simplification in the Standard was made for cost–benefit reasons. However, feedback on this comprehensive review questioned this cost–benefit decision. Therefore, the IASB is seeking views on whether it should amend the Standard to align it with IAS 38, including views on the costs and benefits of doing so. Paragraphs BC253–BC257 of the Basis for Conclusions on the Exposure Draft further explain the IASB's rationale. The entity would be required to demonstrate all of the criteria in paragraphs 57(a)–(f) of IAS 38, that is: (a) the technical feasibility of completing the intangible asset so that it will be ready for use or sale; (b) its intention to complete the intangible asset and use or sell it; (c) its ability to use or sell the intangible asset; (d) how the intangible asset will generate probable future economic benefits; (e) the availability of adequate technical, financial and other financial resources to complete the development and to use or sell the intangible asset; and (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.	
	What are your views on the costs and benefits, and the effects on users, of introducing an accounting policy option that permits an SME to recognise intangible assets arising from development costs that meet the criteria in paragraphs 57(a)–(f) of IAS 38?	**We agree with the accounting policy option permitting SMEs to recognize intangible assets arising from development costs that meet specified criteria. For many early-stage companies these are significant assets, and it does not make sense to not allow them to recognise such an asset. In general, we believe that such companies will have the ability to account accurately for such assets and consider issues such as amortisation and impairment. If this is provided as an accounting choice, then entities that do**

Ref	Question	Response *(Please give clear reasoning to support your response)*
		not wish to incur the cost or have the expertise to do so will not be required to account in this way.

Ref	Question	Response *(Please give clear reasoning to support your response)*
Questions for respondents—Full IFRS Accounting Standards in the scope of this review for which the IASB is not proposing to align the Standard		
14	**Question 14—Requirement to offset equity instruments** Paragraph 22.7(a) of the Standard states that if equity instruments are issued before an entity receives cash or other resources, the amount receivable is presented as an offset to equity in the statement of financial position, instead of being presented as an asset. Feedback from the first comprehensive review suggested that this requirement may conflict with local legislation. Stakeholders provided similar feedback during this second comprehensive review, suggesting that the IASB remove the requirement in paragraph 22.7(a) because it diverges from full IFRS Accounting Standards, which include no similar requirement for equity instruments.	
	What are your views on removing paragraph 22.7(a)?	**We support the removal of paragraph 22.7(a).**

Ref	Question	Response *(Please give clear reasoning to support your response)*
Questions for respondents——Updating the paragraph numbers of the *IFRS for SMEs* Accounting Standard		

Ref	Question	Response *(Please give clear reasoning to support your response)*
15	**Question 15—Updating the paragraph numbers of the *IFRS for SMEs* Accounting Standard** The proposed amendments to the requirements in the *IFRS for SMEs* Accounting Standard include the addition of new paragraphs and the deletion of existing paragraphs. A new paragraph is numbered in continuation from a previous paragraph. A deleted paragraph retains the paragraph number. Sometimes, the addition or deletion of paragraphs within a section may complicate the readability of the Standard (for example, Section 19 *Business Combinations and Goodwill*). As an alternative, a section may be revised, with paragraphs renumbered to show only requirements that would still be applicable, without a placeholder for deleted paragraphs (for example, Section 2 *Concepts and Pervasive Principles*).	
	What are your views on the approach taken to retain or amend paragraph numbers in each section of the Exposure Draft?	**In general, we agree with the approach taken to retain or amend paragraph numbers in each section of the Exposure Draft. Section 2 *Concepts and Pervasive Principles* requires a complete revision to align with the 2018 conceptual framework, so it is acceptable to change to a new section number. For section 19 *Business Combinations and Goodwill*, we suggest that the proposed current paragraph numbers should be retained, and a new paragraph added so that the revised paragraphs can be identified.**