Staff paper

Agenda reference: 30F

IASB® meeting

Date	**July 2024**
Project	**Second Comprehensive Review of the *IFRS for SMEs®* Accounting Standard**
Topic	**Due process**
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Purpose of this paper

1. The purpose of this paper is to:

   (a) ask the International Accounting Standards Board (IASB) to decide on the effective date of the third edition of the *IFRS for SMEs* Accounting Standard (the Standard);

   (b) explain the steps in the IFRS Foundation Due Process Handbook (the *Due Process Handbook*) that the IASB has taken in updating and amending the Standard;

   (c) ask the IASB's permission to begin the process for balloting the Standard; and

   (d) ask if any IASB member plans to dissent from the amendments in the Standard.

2. Paragraph 6.22 of the *Due Process Handbook* requires that when the IASB has reached general agreement on the technical matters in the project and has considered the likely effects of the new [amended] IFRS Accounting Standard, the staff presents a paper to the IASB:

(a) summarising the steps that the IASB has taken in developing the Standard, including a summary of when the IASB discussed this project in public meetings, public hearings held, outreach activities and meetings of consultative groups;

(b) if applicable, reaffirming why the IASB has decided that it was not necessary to have a consultative group or to have conducted fieldwork; and

(c) assessing whether the proposals can be finalised or whether they should be re-exposed.

3. In this paper, the term SMEs refers to entities that are eligible to apply the *IFRS for SMEs* Accounting Standard.

Structure of the paper

4. The paper is structured as follows:

(a) background to this comprehensive review (paragraphs 5–32);

(b) effective date (paragraphs 33–41);

(c) due process and permission to ballot (paragraphs 42–54); and

(d) appendices to this paper:

(i) Appendix A—IASB tentative decisions to date on developing the third edition of the *IFRS for SMEs* Accounting Standard;

(ii) Appendix B—meetings of the IASB and its consultative bodies since publication of the Exposure Draft; and

(iii) Appendix C—due process steps.

Background to this comprehensive review

5. The IASB developed the Standard based on full IFRS Accounting Standards (subject to assessment of users' information needs and cost–benefit considerations). In 2009, the IASB issued the first edition of the Standard. The IASB maintains the Standard through periodic review and proposes amendments to the Standard by publishing an omnibus exposure draft. In developing these exposure drafts, it considers new and amended IFRS Accounting Standards as well as issues brought to the IASB's attention regarding the application of the Standard.

6. In 2015, the IASB completed its first comprehensive review of the Standard. The IASB issued 2015 *Amendments to the IFRS for SMEs*, and the second edition of the Standard became effective from 1 January 2017.

7. In 2019, the IASB commenced its second comprehensive review of the Standard, in line with the objective of commencing a comprehensive review approximately two years after the effective date of the amendments to the Standard resulting from the previous comprehensive review (see paragraphs P16–P18 of the *Preface to the* IFRS for SMEs). During, but separate from, this second comprehensive review the IASB also amended the Standard to introduce requirements (and exceptions) related to *International Tax Reform—Pillar Two Model Rules*.

Request for information phase

8. In January 2020, the IASB published Request for Information *Comprehensive Review of the* IFRS for SMEs *Standard* (Request for Information) as a first step in its second comprehensive review. The objective of the Request for Information was to seek views on whether and, if so, how aligning the Standard with new and amended full IFRS Accounting Standards in the scope of the review could better serve users of financial statements prepared applying the Standard without undue cost or effort for SMEs.

9. The starting point in the second comprehensive review was to consider aligning with full IFRS Accounting Standards, with judgement applied in determining whether and how that alignment should take place (the alignment approach) because the Standard was developed based on full IFRS Accounting Standards (see paragraph 5). In considering whether and how the Standard should be aligned with IFRS Accounting Standards in the scope of this review, the IASB decided to apply three principles (the alignment principles):

   (a) relevance to SMEs;

   (b) simplicity; and

   (c) faithful representation.

10. The Request for Information has three parts and sought views about:

    (a) Part A—the framework the IASB developed for the second comprehensive review;

    (b) Part B—sections of the Standard that could be aligned with new and amended full IFRS Accounting Standards in the scope of the review; and

    (c) Part C—topics that were:

        (i) omitted from the second edition of the Standard and whether, in relation to these topics, the Standard could be aligned with full IFRS Accounting Standards; and

        (ii) related to the application of the Standard.

11. The Request for Information was open for comment for 270 days (extended from the original 180-day comment period because of the covid-19 pandemic and more than the minimum 60-day comment period in the then 2013 edition of the *Due Process Handbook*). Feedback from stakeholders was gathered from:

    (a) 15 virtual individual and group meetings in over 90 jurisdictions in Africa, Americas, Asia-Oceania and Europe (over 2,000 stakeholders were engaged);

    (b) 66 comment letters;

(c) 30 completed online surveys (the survey replicated the questions included in the Request for Information);

(d) 54 completed user surveys (the survey included 13 questions focused on the needs of users of SMEs' financial statements); and

(e) 11 interviews with users of SMEs' financial statements.

12. Overall, stakeholders agreed with continuing to base the Standard on full IFRS Accounting Standards. Some respondents queried whether the alignment principles appropriately assessed the costs and benefits of any possible amendment to the Standard, considering the limited resources and capabilities of SMEs. In response, the IASB noted that, in applying the principle of relevance for SMEs, it would only propose amendments to the Standard if it assessed that the requirement in full IFRS Accounting Standards would make a difference to users of SMEs' financial statements. This assessment would be part of the cost–benefit considerations.

13. After considering the feedback on the Request for Information and the recommendations of the SME Implementation Group (SMEIG), the IASB proposed amendments to the Standard set out in the Exposure Draft *Third Edition of the* IFRS for SMEs *Accounting Standard* (the Exposure Draft) applying the alignment approach described in paragraph 9.

Scope of the second comprehensive review

14. In developing the proposals in the Exposure Draft, the IASB considered:

(a) requirements in full IFRS Accounting Standards issued:

(i) since the first review; and

(ii) before the first review that did not result in amendments to the Standard in 2015; and

(b) other topics brought to the IASB's attention, such as the application of the measurement simplifications for defined benefit obligations and measurement of development costs.

15. In this review, the IASB considered new and amended IFRS Accounting Standards and IFRIC Interpretations with an effective date on or before 1 January 2019. However, the IASB decided to extend the scope of the second comprehensive review for the following recent amendments to full IFRS Accounting Standards which were deemed relevant to SMEs:[1]

    (a) *Definition of Material* (Amendments to IAS 1 and IAS 8) (issued on 31 October 2018 and effective from 1 January 2020); and

    (b) *Definition of a Business* (Amendments to IFRS 3) (issued on 22 October 2018 and effective from 1 January 2020).

16. In October 2023 the IASB decided to include in the scope of the review and published an addendum to the Exposure Draft (see paragraphs 27–28):

    (a) *Supplier finance arrangements* (Amendments to IAS 7 and IFRS 7) (issued on 25 May 2023 and effective from 1 January 2024); and

    (b) *Lack of exchangeability* (Amendments to IAS 21) (issued on 15 August 2023 and effective from 1 January 2025).

Exposure draft phase

17. In September 2022, the IASB published the Exposure Draft using the alignment approach. The Exposure Draft was open for comment for 180 days (more than the minimum 120-day comment period required in the *Due Process Handbook*), which ended on 7 March 2023. The IASB had received feedback on its approach to the review (the alignment approach) and whether, and if so, how to align the Standard with individual IFRS Accounting Standards through extensive outreach during the comment period on the Request for Information. This enabled a more targeted approach to obtaining feedback on the Exposure Draft. In particular, the Exposure Draft asked specific questions about the issues that had been more contentious in developing the Exposure Draft. Furthermore, an overview of the proposals in the

[1] The alignment of the Standard with the amendments to full IFRS Accounting Standard introduced by *Supplier Finance Arrangements* and *Lack of Exchangeability* was consulted through an addendum to the Exposure Draft (see paragraph 27).

Exposure Draft was provided to the Accounting Standards Advisory Forum (ASAF), SMEIG, Islamic Finance Consultative Group, Emerging Economies Group and to national standard-setters at the 2022 World Standard-setters Conference.

18. In addition, to further support the gathering of feedback during the consultation period of the Exposure Draft the following resources were made available on the IFRS Foundation website:

(a) a comment letter template that sets out all the questions in the Invitation to Comment on the Exposure Draft to facilitate responses to the Exposure Draft;

(b) a newsletter that explains how the proposals in the Exposure Draft responds to user feedback;

(c) an extract from the Exposure Draft on Section 19 *Business Combinations and Goodwill* without mark-up to facilitate readability of the IASB's proposals in Section 19; and

(d) webcasts on the following topics:

(i) overview of the proposals in the Exposure Draft; and

(ii) proposals for financial instruments in the Exposure Draft.

Outreach and fieldwork

19. Feedback from stakeholders was gathered from 70 comment letters and 31 outreach events. Additional feedback was gathered from fieldwork (see paragraphs 20 and 25).

20. Fieldwork was undertaken on the revised Section 23 *Revenue* (renamed *Revenue from Contracts with Customers*) of which 31 responses on the questionnaire were received and 24 meetings were held with fieldwork participants. The objective of the fieldwork was:

(a) to obtain feedback on whether the requirements in the proposed revised Section 23 were clear and understandable; and

(b) to understand if preparers of SMEs' financial statements can make the judgements that would be necessary to apply the requirements in the proposed revised Section 23.

21. The feedback and evidence gathered from the comment letters and fieldwork were considered by the IASB in making its decisions during redeliberation.

Redeliberation

22. Taking into consideration the feedback on the Exposure Draft, the IASB set out a plan for amending the Standard. Overall, there was a general support on the proposed amendments to the Standard. Specifically:

(a) almost all respondents supported the proposal to align Section 2 *Concepts and Pervasive Principles* with the 2018 *Conceptual Framework for Financial Reporting* (*2018 Conceptual Framework*).

(b) most respondents supported the retention of the simplification to the definition of control, that control is presumed to exist when a parent owns more than half of the voting power of an entity.

(c) almost all respondents supported the new Section 12 *Fair Value Measurement* on fair value measurement.

(d) almost all respondents supported the proposed requirements on step acquisitions in Section 19 *Business Combinations and Goodwill*.

(e) most respondents supported aligning Section 23 with IFRS 15 *Revenue from Contracts with Customers*. Most stakeholders suggested changes to the proposed requirements to make them easier for SMEs to understand and apply.

(f) most stakeholders supported not aligning Section 20 *Leases* with IFRS 16 *Leases* at this time.

23. Some respondents raised concerns on the following aspects of the proposals:

    (a) there was mixed feedback on the proposal to clarify the definition of public accountability and many respondents (large minority) expressed concern that the proposed amendments are subjective.

    (b) most respondents disagreed with the proposals to require an expected credit loss (ECL) model based on the simplified approach in IFRS 9 *Financial Instruments* for some financial assets measured at amortised cost. Most of these respondents supported retaining the incurred loss model for all financial assets measured at amortised cost (see paragraph 25).

    (c) many respondents (a small majority) disagreed with the proposal to delete paragraph 28.19 of the Standard, which provides measurement simplifications for defined benefit obligations.

24. The IASB redeliberated the proposals and discussed the feedback in the Exposure Draft (including feedback obtained from fieldwork) in 11 meetings between June 2023 and July 2024. In response to feedback, the IASB confirmed the proposals in the Exposure Draft but made the following main changes to its proposals by:

    (a) withdrawing the proposal to describe the characteristics of an entity that has public accountability.

    (b) drafting the requirements in the revised Section 2, new Section 12 *Fair Value Measurement* and revised Section 23 *Revenue from Contracts with Customers* using plainer language.

    (c) changing other proposed requirements in the revised Section 23 by either simplifying the requirements further (for example, the requirements for accounting for warranties and costs to obtain a contract) or removing the simplification, so the requirements in the revised Section 23 and IFRS 15 are more aligned (for example, contract modifications and principal versus agent considerations).

(d) retaining paragraph 28.19 that allows measurement simplifications for defined benefit obligations. The IASB also clarified how the simplifications should be applied.

(e) changing some of the proposed disclosure requirements by considering the IASB's decision on IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

25. The IASB undertook additional fieldwork on its proposal to introduce an ECL model based on the simplified approach in IFRS 9. In January 2024 the IASB tentatively decided to narrow the scope of SMEs that would be required to apply the simplified ECL model. The objective of the fieldwork was to identify:

(a) whether SMEs can determine if they provide financing to customers as one of their primary businesses and the cost of making this determination; and

(b) the costs and benefits of applying an ECL model based on the simplified approach in IFRS 9 for this sub-group of SMEs.

29 responses on the questionnaire were received and 20 meetings were held with fieldwork participants.

26. All decisions with regards to the amendments to the Standard were taken during IASB meetings. Appendix A of this paper provides a summary of IASB's tentative decisions and Table B1 of Appendix B sets out a list of IASB meetings with topics that were discussed. The discussions at this month's meeting are expected to complete the IASB's redeliberations of the proposals in the Exposure Draft and complete the redeliberations during this second comprehensive review, subject to redeliberation of the proposals in the addendum to the Exposure Draft.

Addendum to the Exposure Draft

27. In March 2024, the IASB published the Addendum to the Exposure Draft *Third Edition of the* IFRS for SMEs *Accounting Standard* (Addendum Exposure Draft). The Addendum Exposure Draft was developed following the IASB's October 2023 decision to propose amendments to the Standard to align with the requirements in full IFRS Accounting Standards on supplier finance arrangements and lack of exchangeability.

28. The IASB aims to complete its redeliberations of the proposals in the Addendum Exposure Draft before it issues the third edition of the Standard. The Addendum Exposure Draft is a separate project on the IASB's workplan. In a future meeting, the staff will update the analysis of the due process steps in this paper when the IASB completes the redeliberations of the proposals after considering the feedback on the Addendum Exposure Draft.

Consulting with IFRS Advisory Council and other IASB's consultative bodies

29. The IASB is required to update the IFRS Advisory Council on its technical programme and major projects as part of its due process (paragraph 3.54 of the *Due Process Handbook*). Since the end of the consultation period of the Exposure Draft, the IFRS Advisory Council has been updated in October 2022, April 2023, November 2023 and April 2024.

30. In July 2022, the ASAF were updated about the project and the proposals in the Exposure Draft.

SMEIG meetings

31. The SMEIG advises the IASB on implementing and applying the Standard. It makes recommendations to the IASB throughout this comprehensive review of the Standard. The SMEIG's recommendations were summarised in reports published on the IFRS Foundation website and were considered by the IASB in making its decisions.

32. At every stage of the project, the SMEIG provided advice to the IASB. During the period of redeliberations of the proposals in the Exposure Draft, IASB members and staff consulted with the SMEIG in two meetings (July 2023 and December 2023). Another meeting will be held with the SMEIG in September 2024. The staff also regularly consulted with the SMEIG via email when developing staff papers for the IASB's redeliberations.

Effective date

33. In the introduction text and the Basis for Conclusions on the Exposure Draft, the IASB stated that the effective date of the third edition of the Standard should be a minimum of two years from the date the Standard is issued, with early application permitted. The IASB expects to issue the third edition of the Standard in Q1 2025 which would mean the effective date would need to be after Q1 2027.

34. Paragraph 6.35 of the *Due Process Handbook* notes:

> … The mandatory effective date is set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems and those applying the Standards have sufficient time to prepare for the new requirements.

35. Respondents to the Exposure Draft did not comment on how the IASB should set the effective date of the third edition of the Standard.

Staff analysis

Transition period of major IFRS Accounting Standards with which the Standard has been aligned

36. In the third edition of the Standard, the IASB has decided to align aspects of the Standard with major new IFRS Accounting Standards, including *2018 Conceptual Framework*, IFRS 3 *Business Combinations* (2008), IFRS 9 (classification, and potentially impairment for a subset of SMEs), IFRS 10 *Consolidated Financial Statements*, IFRS 13 *Fair Value Measurement* and IFRS 15. The period between the date of issue and their effective date are:
    (a) *2018 Conceptual Framework*—21 months (issued 29 March 2018, effective 1 January 2020);
    (b) IFRS 3 (2008)—17 months (issued 31 January 2008, effective 1 July 2009);
    (c) IFRS 9—more than 8 months (issued 21 April 2017, effective 1 January 2018);
    (d) IFRS 10—almost 20 months (issued 12 May 2011, effective 1 January 2013);
    (e) IFRS 13— almost 20 months (issued 12 May 2011, effective 1 January 2013); and
    (f) IFRS 15—almost 28 months (issued 11 September 2015, effective 1 January 2018).

37. Among the six, IFRS 15 is greater than the two years (or 24 months) transition period suggested in the Basis for Conclusions on the Exposure Draft. The staff think that considering that most SMEs will have less complex transactions compared to entities applying IFRS 15, a shorter transition period for SMEs could be justified. Furthermore, Section 23 in the third edition of the Standard simplifies the requirements in IFRS 15.

Changes introduced by the amendments to the Standard

38. SMEs often have limited resources compared to entities applying full IFRS Accounting Standards. Furthermore, SMEs will need to implement all of the amendments during this comprehensive review at the same time, whereas the new IFRS Accounting Standards discussed above were issued and effective in phases. Nevertheless, while there are many amendments during this second comprehensive review the actual changes to the financial reporting of typical SMEs are unlikely to be significant (see paragraph 39). Furthermore, the changes made by the IASB to the proposals in the Exposure Draft are limited (see paragraph 24), meaning that stakeholders will already be aware of the main changes in this review. Therefore, the staff do not think a longer period from the date of issuing the third edition of the Standard to the effective date is needed (for brevity, this will be referred to in the succeeding paragraphs as 'issue date and effective date').

39. If finalised, the following are major amendments to the Standard:

(a) Section 2 was aligned with the *2018 Conceptual Framework* and feedback was supportive. The requirements in Section 2 would be drafted using a plainer language to facilitate application. Given the comprehensive requirements in the Standard, few SMEs are likely to develop an accounting policy applying Section 2 and Section 10 *Accounting Policies, Estimates and Errors*.

(b) the new Section 12 will bring together all the requirements on fair value measurement. Despite this, the requirements will not change 'when' fair value measurement should be used. The new Section 12 includes more clarification on how to apply fair value measurement but is unlikely to have a significant effect on straightforward fair value measurements.

(c) Section 23 was revised to align with IFRS 15 and feedback was supportive. In response to feedback, the IASB further simplified the proposed requirements. The staff observed that the revised Section 23 will result in changes to the accounting for only some revenue transactions for some SMEs. Revised Section 23 is expected to have limited changes in the amount and timing of revenue recognised. In addition, SMEs will have to make systems and operational changes to apply the requirements in Section 23.

(d) the changes on the proposed disclosure requirements were not substantive to warrant a longer period between the issue date and effective date.

40. On the other hand, the staff observes that the IASB is expected to decide in this meeting whether, and if so, how to introduce an ECL model based on the simplified approach in IFRS 9 to a subset of SMEs. The staff acknowledge that if the IASB decided to proceed with introducing an ECL model for this subset of SMEs, a longer period between issue date and effective date may be warranted for them. Nevertheless, the staff observed that the IASB is only considering to introduce an ECL model based on the simplified approach in IFRS 9 which is less complex than the general approach described in IFRS 9[2]. The staff thinks that the population of SMEs that will be affected by this requirement (if the IASB was to proceed) is small, and that the greater population of SMEs will not be affected as they will continue to apply an incurred loss model.

Staff recommendation

41. Considering paragraphs 36–40, the staff recommend an effective date of 1 January 2027 if the IASB issue the third edition of the Standard in Q1 2025. This would provide a transition period of about 21 months from the end of Q1 2025. This is about three months shorter than what was proposed in the Exposure Draft but the staff think this is sufficient for translation of the Standard and for SMEs to prepare to apply the amendments to the Standard. This is because most of the major changes to the Standard will have limited effect for many (if not most) SMEs who will apply the Standard and there are limited changes to the proposals in the Exposure Draft. An effective date from the beginning of the year is also desirable given that it is common for SMEs to have a calendar year accounting period.

[2] For example, the simplified approach requires an entity to measure loss allowance at an amount equal to lifetime expected credit losses. As such, an SME does not need to determine if there is a significant increase in credit risk which is required under the general approach.

Question to the IASB

Question to the IASB—effective date	
1.	Does the IASB agree that the staff recommendation in paragraph 41 of this paper?

Due process and permission to ballot

Background

42. The *Due Process Handbook* outlines the following mandatory and optional due process steps prior to issuing an IFRS Standard (see paragraphs 3.44–3.45 of the *Due Process Handbook* or Appendix C of this paper). The relevant mandatory and optional due process steps can be summarised in Tables 1 and 2 below.

Table 1—Mandatory due process steps (paragraph 3.44 of the Due Process Handbook)

	Mandatory due process steps (minimum safeguards)	Paragraph reference
(a)	Debating any proposals in public meetings	22–26
(b)	Exposing for public comment a draft of any proposed new IFRS Accounting Standard with minimum comment periods	17
(c)	Considering in a timely manner comment letters received on the proposals	24, 26
(d)	Considering whether the proposals should be exposed again	50–54
(e)	Consulting the ASAF and the IFRS Advisory Council	29–30

Table 2—Optional due process steps (paragraph 3.45 of the Due Process Handbook)

	Optional due process steps ('comply or explain' steps)	Paragraph reference
(a)	Publishing a discussion document for major projects (for example, a discussion paper) before an exposure draft is developed	8–16, 44(a)
(b)	Establishing consultative groups or other types of specialist advisory groups for major projects	31–32, 44(b)
(c)	Holding public hearings	45
(d)	Undertaking fieldwork	20, 25, 44(c)

43. Appendix C of this paper provides further detail on the due process steps taken in developing the third edition of the Standard.

Optional due process steps

44. The IASB undertook the following optional due process steps in the project:

    (a) instead of publishing a discussion paper, an RFI was published to seek views on whether and, if so, how to align the Standard with new and amended full IFRS Accounting Standards (see paragraphs 8–16).

    (b) the SMEIG is the IASB's principal consultative body for the Standard. The IASB and the staff have engaged the SMEIG at every stage of the project (see paragraphs 31–32).

    (c) in finalising the requirements in the revised Section 23 and in considering whether to introduce an ECL model in the Standard, IASB members and the staff undertook fieldwork (see paragraphs 20 and 25).

45. The IASB did not undertake public hearings. Nevertheless, as noted in paragraphs 17–19, the project and its proposals were discussed with various stakeholders (including at the World Standard-setters conference) and with SMEIG. Table B2 of Appendix B sets out a list of meetings with consultative bodies with topics that were discussed).

Effects analysis

46. The alignment approach that the IASB applied in developing the amendments in the Standard considered costs and benefits. Using the alignment approach the IASB only amended the Standard if a new requirement in full IFRS Accounting Standards is relevant to users of SMEs' financial statements (that is, it provides improved information to users). In assessing costs and benefits of amending the Standard the IASB takes into consideration the limited resources of SMEs and the information needs of users of SMEs' financial statements, mainly lenders.

47. The IASB will include in the Project Summary and Feedback Statement an analysis of the expected effects of each major amendment in the Standard. The IASB will review this analysis as part of the balloting process.

Permission to begin the balloting process and intention to dissent

48. Subject to the outstanding due process on the proposals in the addendum Exposure Draft, in the staff view paragraphs 42–47 of this paper demonstrates the IASB has undertaken sufficient activities to satisfy the mandatory due process steps set out in the *Due Process Handbook*, as well as considering optional due process steps. Accordingly, if the IASB agrees with the staff view it is recommended that the IASB start the balloting process for the third edition of the Standard.

49. In accordance with paragraph 6.23 of the *Due Process Handbook*, the staff would like to ask whether any IASB member intends to dissent from the issuance of the third edition of the Standard.

Considering re-exposure

50. Paragraph 6.25 of the *Due Process Handbook* sets out the criteria to be considered by the IASB with regard to re-exposure:

    (a) identifies substantial issues that emerged during the comment period on the exposure draft and that it had not previously considered;

    (b) assesses the evidence that it has considered;

    (c) determines whether it has sufficiently understood the issues, implications and likely effects of the new requirements and actively sought the views of interested parties; and

    (d) considers whether the various viewpoints were appropriately aired in the exposure draft and adequately discussed and reviewed in the basis for conclusions.

51. Paragraph 6.26 of the *Due Process Handbook* also states:

> It is inevitable that the final proposals will include changes from those originally proposed. The fact that there are changes does not compel the Board to re-expose the proposals. The Board needs to consider whether the revised proposals include any fundamental changes on which respondents have not had the opportunity to comment because they were not contemplated or discussed in the basis for conclusions accompanying the exposure draft. The Board also needs to consider whether it will learn anything new by re-exposing the proposals. If the Board is satisfied that the revised proposals respond to the feedback received and that it is unlikely that re-exposure will reveal any new concerns, it should proceed to finalise the proposed requirements.

52. Paragraph 24 of this paper highlights the main changes the IASB made to the proposals in the Exposure Draft. All the IASB's decisions considered stakeholders' feedback (including those from SMEIG). Various viewpoints, which were often opposing, were assessed and analysed together by the IASB in making those decisions.

53. Depending on the IASB's decision on Agenda Paper 30B *Impairment of financial assets—impairment model* of this meeting either the proposal in the Exposure Draft to introduce an ECL model based on the simplified approach in IFRS 9 will be withdrawn; or the scope of SMEs that would be required to apply the simplified ECL model will be narrowed. Paragraph 25 of this paper explains the IASB has undertaken additional work on this topic to assess the effects of possible changes to its proposals.

54. In the staff's view, none of the revisions referred to in paragraphs 52–53 of this paper fundamentally change the proposals in the Exposure Draft sufficiently to warrant re-exposure. As noted in the paper, the IASB in making these revisions has taken into consideration feedback on the proposals; feedback from further field-testing and sought the advice of the SMEIG. It is therefore unlikely that re-exposure will reveal any new concerns. Consequently, the staff do not think it is necessary to re-expose the proposals.

Questions to the IASB

Questions to the IASB—due process
Subject to finalising the due process steps for the Addendum Exposure Draft:
2. *Due process*—Is the IASB satisfied that all the mandatory due process steps have been met in the Project (paragraphs 42–47)?
3. *Dissent*—Does any IASB member intend to dissent from the publication of the third edition of the Standard? If so, on what grounds (paragraph 49)?
4. *Re-exposure*—Does the IASB agree with the staff recommendation not to re-expose the proposals in the Exposure Draft as revised by IASB's tentative decisions (paragraphs 50–54)?
5. *Permission to begin the balloting process*—Does the IASB grant staff permission to begin the balloting process for the third edition of the Standard (paragraph 48)?

Appendix A—IASB tentative decisions to date on developing the third edition of the *IFRS for SMEs* Accounting Standard

Month	Decision
June 2023	*Definition of public accountability* The IASB tentatively decided: (a) to confirm the proposed amendment to paragraph 1.3(b) of the *IFRS for SMEs Accounting Standard* (the Standard) 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. (b) to withdraw paragraph 1.3A of the Exposure Draft from the Standard, and not include it in the educational modules for the Standard and Basis for Conclusions on the Standard. (c) to explain in the Basis for Conclusions on the Standard its reasoning for deciding against further clarifying the role of local legislative and regulatory authorities in jurisdictions in the Preface to the Standard. (d) to consider whether other suggestions for guidance on the definition of public accountability should be covered in the educational modules supporting the Standard.
September 2023	*Project plan* The IASB discussed the project plan for the third phase of the second comprehensive review in the light of feedback on the Exposure Draft. The IASB tentatively decided: (a) to confirm the scope of the review and alignment approach as set out in the Exposure Draft. This approach treats alignment with IFRS Accounting Standards as the starting point, and applies the principles of relevance to SMEs, simplicity and faithful representation, including the assessment of costs and benefits, in determining whether and how that alignment should take place. (b) to continue to develop amendments to the *IFRS for SMEs* Accounting Standard by applying the alignment approach to IFRS Accounting Standards. *Approach to providing educational material on the Standard*

Month	Decision
	The IASB decided to either update the *IFRS for SMEs* educational modules that support the second edition of the Standard, or provide similar comprehensive educational material on the third edition. *Impairment of financial assets* The IASB tentatively decided that the problem it addressed in introducing the expected credit loss model in IFRS 9 does not meet its principle of relevance to SMEs because the population of entities eligible to apply the *IFRS for SMEs Accounting* Standard that have significant exposure to credit risk is expected to be small. IASB members acknowledged that a small sub-group of SMEs, such as non-bank lenders, might have significant exposure to credit risk. The IASB asked the staff to research alternatives that would seek to recognise expected credit losses for this sub-group of entities.
October 2023	*Revenue from Contracts with Customers* The IASB tentatively decided to revise Section 23 of the Standard to reflect the principles in IFRS 15 *Revenue from Contracts with Customers.* *Simplification of the control model in Section 9 Consolidated and Separate Financial Statements* The IASB tentatively decided to clarify how an entity applies the rebuttable presumption in paragraph 9.5 of the Standard. *Recognition of development costs* The IASB tentatively decided to retain the requirements in the Standard for recognising development costs. *Recognition of borrowing costs* The IASB tentatively decided to retain the requirements in the Standard for recognising borrowing costs. *Recent amendments to full IFRS Accounting Standards* The IASB tentatively decided to expose for public comment a proposal to align the Standard with:

Month	Decision
	(c) Supplier Finance Arrangements, which amended IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*; and (d) Lack of Exchangeability, which amended IAS 21 *The Effects of Changes in Foreign Exchange Rates.*
November 2023	*Investments in Joint Arrangements* The IASB tentatively decided: (a) to align the definition of 'joint control' in Section 15 *Investments in Joint Ventures* of the Standard with the definition in IFRS 11 *Joint Arrangements*. (b) to retain the classification and measurement requirements for jointly controlled assets, jointly controlled operations and jointly controlled entities in Section 15. (c) 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 jointly controlled asset. *Simplification in paragraph 28.19* The IASB tentatively decided: (a) to retain paragraph 28.19 of the Standard. (b) to clarify that an entity applying paragraph 28.19 measures its obligation from the defined benefit plan at the current termination amount, assuming all the entity's employees terminate their employment at the reporting date. (c) to specify that an entity applying paragraph 28.19 measures the current termination amount of its obligation from the defined benefit plan on an undiscounted basis. (d) to require that an entity applying paragraph 28.19 discloses its basis for determining the current termination amount of its obligation from the defined benefit plan.

Month	Decision
December 2023	*Fair value measurement* The IASB tentatively decided: (a) to finalise the proposals in the Exposure Draft to introduce a new Section 12 *Fair Value Measurement* without significant changes to the overall content proposed for that section; (b) to consider respondents' drafting suggestions and whether plainer language can be used to express requirements in Section 12; (c) to omit the proposed appendix to Section 12, and instead to include its examples in separate educational material; and (d) to consider respondents' suggestions for additional guidance and illustrative examples when updating the separate educational material. *Investment entities* The IASB tentatively decided not to add requirements for investment entities to Section 9 *Consolidated and Separate Financial Statements* of the Standard. *Requirement to offset equity instruments* Paragraph 22.7(a) of the Standard requires that if equity instruments are issued before an entity receives the cash or other resources, the entity shall present the amount receivable as an offset to equity in its statement of financial position, not as an asset. The IASB tentatively decided to retain this paragraph in the Standard but to provide relief from applying this requirement if it conflicts with legislation in an entity's jurisdiction.
January 2024	*Reconciliation for liabilities arising from financing activities* The IASB tentatively decided to finalise the proposal in the Exposure Draft to require SMEs to disclose a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. *Agriculture Bearer Plants* The IASB tentatively decided to finalise the proposals for bearer plants in the Exposure Draft. However, the IASB tentatively decided to clarify that Section 34 *Specialised Activities* of the *IFRS for SMEs* Accounting Standard does not apply to bearer plants that can be measured separately, on initial recognition and on an ongoing basis, from the produce on them without undue cost or effort.

Month	Decision
	Impairment of financial assets The IASB tentatively decided that, for a small population of SMEs with significant exposure to credit risk: (a) the relevance principle of the IASB's alignment approach is satisfied. (b) the population be defined as SMEs that provide financing to customers as one of their primary businesses. (c) the population be required to apply an expected credit loss model. Given these three tentative decisions, the IASB also tentatively decided: (a) to require SMEs that do not provide financing to customers as one of their primary businesses to continue to use the incurred loss model to measure the impairment of their financial assets. (b) to require SMEs that provide financing to customers as one of their primary businesses to apply an expected credit loss model, aligned with the simplified approach in IFRS 9 *Financial Instruments*, to measure the impairment of their financial assets. *Leases* The IASB tentatively decided to consider aligning the *IFRS for SMEs* Accounting Standard with IFRS 16 *Leases* at the next comprehensive review of the *IFRS for SMEs* Accounting Standard.
February 2024	*Consolidated and Separate Financial Statements* The IASB tentatively decided: (a) to delete paragraph 9.23(b) of the Standard, which requires an SME to disclose the basis for concluding that control exists when the parent does not own more than half of the voting power in the other entity; and (b) to add to paragraph 8.6 of the Standard examples of the types of judgements that management might make in the process of applying the SME's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

	Business Combinations and Goodwill The IASB tentatively decided to proceed with the amendments to Section 19 of the Standard proposed in the Exposure Draft, including: (a) introducing requirements for an acquisition achieved in stages (step acquisition) as set out in IFRS 3 *Business Combinations*; (b) not introducing the fair value option for measuring non-controlling interests in the acquiree; and (c) not including the application guidance in paragraphs B36 and B53 of IFRS 3 on reacquired rights arising from pre-existing relationships. The IASB also tentatively decided: (a) to relocate the Illustrative Examples in Appendix B of Section 19 proposed in the Exposure Draft to separate educational modules; and (b) to consider suggestions for additional guidance and illustrative examples when updating the separate educational modules. *Revenue from Contracts with Customers—Redeliberation topics* The IASB tentatively decided: (a) to withdraw the proposed option for an SME to account for a contract modification as a separate contract if: (i) the modification increases the scope of the existing contract because of additional goods or services promised that are distinct from those in the existing contract; and (ii) the modification increases the price of the existing contract by an amount of consideration that reflects the entity's stand-alone selling price of the additional goods or services and any appropriate adjustments to that price to reflect the circumstances of that contract; (b) to withdraw the proposal to require an SME to account for an option as a separate promise if it provides a material right to the customer and the effect of doing so is significant to the individual contract; and (c) to withdraw the proposal to require an SME to recognise as an asset the incremental costs of obtaining a contract with a customer if the SME expects to recover those costs. Instead, the IASB tentatively decided to require an SME:

Month	Decision
	(a) to account for a contract modification as a separate contract if: (i) the modification increases the scope of the existing contract because of additional goods or services promised that are distinct from those in the existing contract; and (ii) the modification increases the price of the existing contract by an amount of consideration that reflects the entity's stand-alone selling price of the additional goods or services and any appropriate adjustments to that price to reflect the circumstances of that contract; (b) to account for an option that provides a material right to the customer as a separate performance obligation if the SME can do so without undue cost or effort; and (c) to recognise the costs of obtaining a contract with a customer as an expense when incurred. The IASB tentatively decided to confirm its proposals to require an SME: (a) to identify each promise to transfer a distinct good or service, or bundle of goods or services; and (b) to include an amount of variable consideration in the transaction price only to the extent that it is highly probable that this amount will become due when the uncertainty associated with the variable consideration is resolved. The IASB tentatively decided: (a) to include the term 'barter' in the description of non-cash consideration in the Standard; (b) to include separately in the Standard: (i) the requirement for an SME to measure the fair value of non-cash consideration; and (ii) the exemption from the requirement to measure the fair value of non-cash consideration; (c) not to include guidance on methods for estimating stand-alone selling prices in the Standard, but to include this guidance in educational material on the Standard; and (d) to combine the requirement for an SME to allocate variable consideration with the requirement for an SME to allocate discounts in the Standard.

Month	Decision
March 2024	*Revenue from Contracts with Customers—Redeliberation topics* The IASB tentatively decided: (a) to withdraw the proposal that if any of the circumstances in paragraph 23.38(a)–(c) of the Exposure Draft apply, the SME is a principal; and (b) to withdraw the proposal to require an SME to account for a warranty as a separate promise if: (i) the customer has the option to purchase the warranty separately; or (ii) the warranty, or part of the warranty, provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications. Instead, the IASB tentatively decided to require an SME: (a) to apply the requirements based on the principle and indicators of control in IFRS 15 *Revenue from Contracts with Customers* to determine whether the SME is a principal or agent; and (b) to account for a warranty as a separate promise only if the customer has the option to purchase the warranty separately. The IASB tentatively decided: (a) to require an SME that is evaluating whether a customer obtains control of an asset to consider any agreement to repurchase the asset; (b) to specify in the *IFRS for SMEs* Accounting Standard that a customer does not obtain control of an asset if an SME has an obligation or a right to repurchase the asset; (c) to include no requirements specifying how an SME accounts for repurchase agreements that arise from contracts with customers in the *IFRS for SMEs* Accounting Standard; (d) to withdraw the proposed requirements for accounting for unexercised rights in paragraphs 23.119–23.120 of the Exposure Draft; (e) to confirm its proposal to require an SME to present contract assets and receivables separately; and (f) to confirm its proposal to require an SME to apply the criteria in paragraph 23.78(a), (c) and (d) of the Exposure Draft to determine whether the SME satisfies a promise over time or at a point in time.

	Revenue from Contracts with Customers—Additional and alternative simplifications The IASB tentatively decided to use the term 'collectability', instead of 'customer's credit risk', to describe the requirement for an SME to estimate the recoverable amount of assets recognised from the costs incurred to fulfil a contract with a customer. *Other issues raised by respondents to the Exposure Draft (Question 11 of the Exposure Draft)* The IASB tentatively decided: (a) to finalise paragraph 30.8A in the Exposure Draft, which clarifies the requirements for transactions that include payment or receipt of advance consideration in a foreign currency, and to clarify in this paragraph that: (i) an SME generally recognises a non-monetary asset or non-monetary liability; and (ii) an SME that makes multiple payments or receipts in advance is required to determine a date of the transaction for each payment or receipt. (b) to align the requirements for offsetting income tax assets and liabilities in Section 29 Income Tax of the *IFRS for SMEs* Accounting Standard with those in paragraphs 71 and 74 of IAS 12 *Income Taxes*. (c) to clarify in paragraph 28.17 of the *IFRS for SMEs* Accounting Standard that an SME is required to assess the depth of the market for high-quality corporate bonds at a currency level. (d) to clarify the requirement in proposed paragraph 26.14A of the Exposure Draft by explaining that the cumulative amount ultimately recognised for goods or services received as consideration for cash-settled share-based payments equals the amount of cash paid. *Concepts and Pervasive Principles* The IASB tentatively decided to proceed with the proposals in Section 2 *Concepts and Pervasive Principles* of the Exposure Draft and to make changes to these proposals only to improve drafting.

Month	Decision
	Updating the paragraph numbers of the IFRS for SMEs *Accounting Standard* The IASB tentatively decided to renumber paragraphs for sections that will be revised and to retain the original paragraph numbers for sections with few amendments.
April 2024	*Revenue from Contracts with Customers—Disclosure requirements* The IASB tentatively decided to withdraw its proposal to require an SME to disclose revenue disaggregated into categories, showing separately, as a minimum, revenue arising from: (a) the sale of goods; (b) the rendering of services; (c) royalties; (d) commissions; and (e) any other significant types of revenue from contracts with customers. Instead, the IASB tentatively decided to include in the proposed revised Section 23 of the *IFRS for SMEs* Accounting Standard: (a) a requirement that an SME disclose revenue disaggregated into categories that depict its financial performance; and (b) examples of disaggregation categories that might be appropriate for SMEs to use. The IASB tentatively decided to confirm its proposals to require an SME to disclose: (a) the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers; (b) revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period; and (c) the closing balances of assets recognised from the costs incurred to fulfil a contract with a customer, by main category of asset. The IASB tentatively decided to withdraw its proposals to require an SME: (a) to disclose revenue recognised in the reporting period from promises satisfied or partially satisfied in previous periods;

Month	Decision
	(b) to disclose the amount of amortisation and any impairment losses recognised in the reporting period from assets recognised from the costs incurred to fulfil a contract with a customer; and (c) to provide a quantitative or qualitative explanation of the significance of unsatisfied promises and when they are expected to be satisfied. The IASB tentatively decided to require an SME: (a) to disclose a description of the nature of the goods or services that the SME has promised to transfer to customers, highlighting any promises to arrange for another party to transfer goods or services to the customer; and (b) to explain the judgements that had a significant effect on the amounts the SME recognised in its financial statements that it made when: (i) determining the transaction price; and (ii) allocating the transaction price to the promises identified in the contract. The IASB tentatively decided to amend paragraph 4.11(b) of the Standard to remove the requirement for an SME to subclassify trade and other receivables to show separately receivables arising from accrued income not yet billed. *Fair Value Measurement—Use of plainer language* The IASB tentatively decided: (a) to consider whether plainer language can be used in the new and revised sections of the third edition of the Standard; and (b) to include in the proposed new Section 12 of the Standard the definition of 'highest and best use' used in IFRS 13 *Fair Value Measurement*. *Intragroup issued financial guarantee contracts* The IASB tentatively decided it would explore measuring intragroup financial guarantee contracts issued for nil consideration by applying Section 21 *Provisions and Contingencies*.

<table>
<tr><th>Month</th><th>Decision</th></tr>
<tr><td>May 2024</td><td>
Proposed revised Section 23 Revenue from Contracts with Customers—Other matters raised in feedback
The IASB tentatively decided:
(a) to change the requirement proposed in paragraph 23.14(a)(ii) of the Exposure Draft to match paragraph 21(a)(ii) of IFRS 15;
(b) not to add the first sentence of paragraph 19 of IFRS 15 to the revised Section 23 proposed in the Exposure Draft;
(c) to specify in the revised Section 23 that an SME accounts for a contract with renewal options based on the contract’s expected term for only the purpose of allocating the transaction price;
(d) to change the requirements proposed in paragraph 23.11 of the Exposure Draft to match the last sentence of paragraph 11 of IFRS 15;
(e) to change the requirements proposed in paragraph 23.42 of the Exposure Draft to match paragraph 49 of IFRS 15; and
(f) to change the requirement proposed in paragraph 23.110 of the Exposure Draft to match the first sentence of paragraph 99 of IFRS 15.
The IASB also tentatively decided to change the requirements for accounting for refund liabilities proposed in the Exposure Draft to use the same level of confidence (highly probable) used in the requirements for accounting for variable consideration and sale with a right of return.
Proposed revised Section 23—Length and language
The IASB tentatively decided to add to the revised Section 23 the notion of a transformative relationship, as explained in paragraph BC116K of the Basis for Conclusions on IFRS 15.
Section 9—Other matter raised in feedback
The IASB tentatively decided to confirm its proposed amendment in the Exposure Draft that would require an SME to disclose the portion of the gain or loss resulting from the measurement of any investment retained in a former subsidiary at its fair value at the date when control is lost.
</td></tr>
</table>

Month	Decision
	Disclosure requirements—IFRS for SMEs Accounting Standard and IFRS 19 Subsidiaries without Public Accountability: Disclosures The IASB tentatively decided: (a) to add a requirement to Section 11 for an SME to disclose a maturity analysis for financial liabilities (based on paragraph 39 of IFRS 7); (b) to withdraw paragraph 6.3A of the Exposure Draft, which proposed to require an SME to disclose dividends paid (in aggregate or per share) separately for ordinary shares and other shares; (c) to add a requirement for an SME to disclose (based on paragraph 137 of IAS 1 *Presentation of Financial Statements*): (i) the amount of dividends proposed or declared before the financial statements were authorised for issue, but not recognised as a distribution to owners during the period, and the related amount per share; and (ii) the amount of any cumulative preference dividends not recognised; and (d) to add a requirement to Section 28 Employee Benefits for an SME to disclose expected contributions to a defined benefit plan for the next annual reporting period (based on paragraph 147(b) of IAS 19 *Employee Benefits*). *Transition to the Third edition of the* IFRS for SMEs *Accounting Standard* The IASB tentatively decided: (a) to proceed with the transition requirements proposed in the Exposure Draft. (b) to add a relief from retrospective application for SMEs applying the amended paragraph 28.19 in Section 28. An SME applying the relief would not be required to adjust the carrying amount of assets covered by other sections of the Standard for changes in employee benefit costs that were included in the carrying amount before the date of initial application.

Appendix B—meetings of the IASB and its consultative bodies since publication of the Exposure Draft (from September 2022)

Table B1—IASB meetings since publication of the Exposure Draft

Time	Topic discussed
June 2023	• Feedback on the Exposure Draft • Proposed clarification to the definition of public accountability
September 2023	• Project plan and project direction • Characteristics of the entities that apply the Standard • Approach to providing education material on the Standard • Findings from the fieldwork on the proposed revised revenue requirements • Proposals for impairment of financial assets—direction on alternative approaches to address feedback
October 2023	• Proposed revised requirements for revenue • Simplification of the control model • Recognition of development costs • Recognition of borrowing costs • Recent amendments to full IFRS Accounting Standards
November 2023	• Proposal to align Section 15 (proposed to be renamed Joint Arrangements) with IFRS 11 *Joint Arrangements* • Proposal to remove the simplification for measuring the obligation and the related cost of defined benefit plans in paragraph 28.19 of the Standard
December 2023	• Proposal to introduce a new Section 12 • Comments on the requirements for investment entities • Proposal to remove paragraph 22.7(a) of the Standard which requires offsetting on unpaid issued equity instruments
January 2024	• Proposal to disclose a reconciliation for liabilities arising from financing activities • Proposal to align the Standard with *Agriculture: Bearer Plants* (Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* • Proposals for impairment of financial assets • Comments on amending the Standard to align it with IFRS 16 *Leases*
February 2024	• Proposal on guidance on application of the control model • Proposal on disclosure requirements for the rebuttable presumption that control exists when the investor owns directly or

	indirectly through subsidiaries a majority of the voting rights of an investee. • Proposal to align Section 19 with the acquisition method of accounting in IFRS 3 • Proposed revised Section 23—Redeliberation topics
March 2024	• Proposed revised Section 23—Redeliberation topics • Proposed revised Section 23—Additional and alternative simplifications • Other issues raised • Proposals to reflect the principles of the *Conceptual Framework for Financial Reporting* in Section 2 • Updating the paragraph numbers of the third edition of the Standard
April 2024	• Proposed revised Section 23—Disclosure requirements • Proposed new Section 12—Use of plainer language • Proposals for intragroup issued financial guarantee contracts
May 2024	• Proposed revised Section 23—Other matters raised in feedback • Proposed revised Section 23—Length and language • Section 9 other matter raised in feedback • Considering the differences in disclosure requirements in the Standard and those in IFRS 19 • Transition to the third edition of the Standard

Table B2—Meetings with consultative bodies since publication of the Exposure Draft

Time	Topic discussed
SME Implementation Group	
October 2022	• Overview of the Exposure Draft • Guidance on how to approach questions in the Invitation to Comment on the Exposure Draft
July 2023	• Feedback on the Exposure Draft • Findings from the fieldwork on the proposed revised revenue requirements
December 2023	• Proposed revised Section 23 • Addendum to the Exposure Draft • Impairment of financial assets—credit risk survey • Lack of Exchangeability and Supplier Finance Arrangements
Emerging Economies Group	
December 2022	• Overview of the Exposure Draft
Islamic Finance Consultative Group	
November 2022	• Overview of the Exposure Draft
March 2024	• Overview of the Addendum Exposure Draft

Appendix C—due process steps

C1. The table below shows how the IASB has complied with the due process steps to date, as required to finalise an IFRS Accounting Standard in accordance with the *Due Process Handbook*.

Step	***Required/Optional***	***Actions***
Consideration of information gathered during consultation		
The IASB posts all of the comment letters that are received in relation to the Exposure Draft on the project pages.	Required	The IASB received 70 comments letters. The staff, together with IASB members, engaged in 31 outreach events with various types of stakeholders. The comment letters to the Exposure Draft can be accessed here. A summary of feedback from comment letters and outreach events was presented to and discussed by the IASB in June 2023. See Agenda Paper 30A *Feedback from comment letters on Exposure Draft—Proposed amendments to the* IFRS for SMEs *Accounting Standard*, Agenda Paper 30B *Feedback from comment letters on Exposure Draft—Topics for which amendments were not proposed* and Agenda Paper 30C *Outreach feedback summary* of the June 2023 IASB meeting.
Round-tables between external participants and members of the IASB.	Optional	
IASB meetings are held in public, with papers being available for observers. All decisions are made in public sessions.	Required	Since the end of the consultation period, the IASB has discussed the feedback and redeliberated the proposals in the Exposure Draft in 11 meetings. All decisions with regards to the amendments to the Standard were taken during these meetings. The project page on the IFRS Foundation website contains a full description with up-to-date information. Papers for the meetings were posted before each meeting and a summary of each meeting was included in IASB *Update*. Appendix B of this paper provides a list of these meetings and topics discussed. A list of IASB meetings held in the development of the Exposure Draft can be found in Appendix B of Agenda Paper 30D *Due process and permission to begin the balloting process* of the June 2022 IASB meeting.
Analysis of likely effects of the forthcoming	Required	The IASB will include in the Project Summary and Feedback Statement an expected effects of each major amendments in the Standard. The IASB will

Step	***Required/Optional***	***Actions***
Standard or major amendment, for example, costs or on-going associated costs.		review this analysis as part of the balloting process (see paragraphs 46–47 of this paper).
Email alerts are issued to registered recipients.	Optional	Interested parties have been notified when updates to the project website have been made using the News section of the project page and subscriber email alerts.
Outreach meetings to promote debate and hear views on proposals that are published for public comment.	Optional	31 outreach events were held during the consultation period of the Exposure Draft. A summary of feedback from outreach events were presented to and discussed by the IASB in June 2023. See Agenda Paper 30C *Outreach feedback summary* of the June 2023 IASB meeting. During the consultation period and redeliberation of the proposals, the IASB and the staff have regularly engaged with the SMEIG (see paragraphs 31–32 of this paper). Appendix B of this paper provides a list of these meetings and topics discussed. IASB member and the staff also performed fieldwork (see paragraphs 20 and 25 of this paper).
Regional discussion forums are organised with national standard-setters and the IASB.	Optional	
Finalisation		
Due process steps are reviewed by the IASB.	Required	This paper asks the IASB to review the due process steps taken and whether the IASB is satisfied that it has complied with all the applicable requirements. This paper will be provided to the DPOC and will also be considered at a future meeting when the DPOC undertakes a ‘life-cycle’ review of the due process for the project.
Need for re-exposure of a Standard is considered.	Required	The staff think that the revisions to the Exposure Draft respond to the feedback received and do not think that re-exposure would reveal any new information. In this paper the staff provides its rationale for recommending that the IASB does not re-expose the proposed standard for another round of public comment (see paragraphs 50–54 of this paper).
The IASB sets an effective date for the Standard, considering the need for effective implementation, generally providing at least a year.	Required	The staff has recommended an effective date for the third edition of the Standard for the IASB to decide (see paragraphs 33–41 of this paper).
Drafting		
The Translations team has been	Required	This step will be completed toward the end of the project.

Step	*Required/Optional*	*Actions*
included in the review process.		
The XBRL team has been included in the review process.	Required	This step will be completed toward the end of the project.
The Editorial team has been included in the review process.	Optional	The Editorial team will review the third edition of the Standard in different stages of the balloting process. The staff intend to send a draft of the third edition of the Standard to external parties, including the SMEIG, for review. This process allows external parties to review and report back to the staff on the clarity and understandability of the draft, mainly with editorial comments. The external review process does not grant external parties the opportunity to question the IASB's technical decisions.
Draft for editorial review has been made available external reviewers and the comments have been collected and considered by the IASB.	Optional	A draft of the third edition of the Standard will be made available for external editorial review, including the SMEIG.
Draft for editorial review has been posted on the project website.	Optional	There is no plan to post a draft of the third edition of the Standard on the project website.
Publication		
Press release to announce final Standard.	Required	This step will be completed toward the end of the project. The project team will work with the Communications team to plan and prepare a press release for the third edition of the Standard.
A Feedback Statement is provided, which provides high level executive summaries of the Standard and explains how the IASB has responded to the comments received.	Required	A Feedback Statement will be prepared and reviewed together with the third edition of the Standard.
Podcast to provide interested parties with high level updates or other useful information about the Standard.	Optional	Updates about the project were provided in some of the IASB podcasts produced by the IFRS Foundation after each IASB meeting.

Step	*Required/Optional*	*Actions*
Standard is published.	Required	The third edition of the Standard will be made available on the IFRS Foundation website when published. The DPOC will be informed when the third edition of the Standard is published.

Extracts from the Due Process Handbook

Minimum safeguards

…

3.44 The due process steps that are mandatory include:

(a) debating any proposals in one or more public meetings;

(b) exposing for public comment a draft of any proposed new IFRS Standard, proposed amendment to a Standard or proposed IFRIC Interpretation—with minimum comment periods;

(c) considering in a timely manner comment letters received on the proposals;

(d) considering whether the proposals should be exposed again;

(e) consulting the Accounting Standards Advisory Forum (ASAF) and the IFRS Advisory Council (Advisory Council) on the work plan, major projects, project proposals and work priorities; and

(f) deciding in a public Board meeting whether to ratify an Interpretation.

'Comply or explain' steps

3.45 Other steps specified in the Constitution are not mandatory. They include:

(a) publishing a discussion document for major projects (for example, a discussion paper) before an exposure draft is developed;

(b) establishing consultative groups or other types of specialist advisory groups for major projects;

(c) holding public hearings; and

(d) undertaking fieldwork.

3.46 If the Board decides not to undertake those non-mandatory steps, it informs the DPOC of its decision and reasons for not undertaking the steps.