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Q&A Report

IFRS Public Policy Update: What Does the Future Hold?

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1. **How are these accounting standards helpful for developing and under-developed countries?**

   While IFRSs are designed for entities in developed capital markets, the IASB has also issued the IFRS for SMEs. SMEs, in this context, are "companies without public accountability". Companies with public accountability include all entities with debt or equity instruments listed (or in the process of being listed) on a recognized exchange or over-the-counter market (including local or regional markets) or entities holding assets in a fiduciary capacity for a broad group of outsiders as its primary business. Thus, all publicly-listed entities, banks, insurance companies and mutual funds, unit trusts, and pension funds will be considered to have public accountability.

   If an entity does not have public accountability, it may use the IFRS for SMEs. The IASB sees the IFRS for SMEs as a way of assisting smaller entities in developed economies and entities in developing and transition economies to adopt an international financial reporting standard that does not present the same challenges as "full IFRSs".

   The IFRS for SMEs is a comprehensive basis of financial reporting, based on IFRSs, which can be used in the preparation and presentation of financial statements. With very few exceptions, the recognition and measurement rules in the IFRS for SMEs are the same as those in IFRSs, but the presentation and disclosure requirements are much less onerous. While IFRSs are often subject to frequent amendment, the IFRS for SMEs is updated less frequently and the IASB has initially suggested that it be maintained on a three-year cycle.

   The IFRS for SMEs is already in use in Argentina, Panama, Singapore, South Africa, several countries in Africa, nations in the Caribbean, and the Middle East.

   The IFRS for SMEs, together with a great deal of education and training materials, is available for free from the IASB:
   http://www.ifrs.org/IFRS+for+SMEs/IFRS+for+SMEs+and+related+material.htm

2. **Could a delay in the finalization of the major projects cause a delay in the SEC's decision?**

   At this point in time, we do not expect the delay in the finalization of the major projects to cause a delay in the SEC's decision. The SEC is focusing on the convergence process itself to make sure it is working effectively rather than the timetable for the issuance of the final standards. That being said, it is possible that the SEC could delay their decision to next year. We will know more in the coming months.

3. **What is the likelihood the Boards will re-expose the proposals on their major projects?**

   It is difficult to say with any certainty, but the Boards delayed their timing for issuance of the final standards in part so they can reach out to constituents on the tentative decisions to ensure the proposals are operational and represent an improvement to financial reporting. Therefore, it appears likely that there will be some opportunities for constituents to comment on the tentative decisions reached by the Boards. However, the Boards will not make this decision until they have substantially completed their redeliberations.

