Par	Requirement in ED-IFRS for SMEs	Remarks by GASB
5.10	Entities classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefit expense.	The additional disclosures required when a classification of expenses by function is used are not shown in the Illustrative financial statements, “Alternative 1 – illustrating the classification of expenses by function” and therefore should be added to the illustration.
8.8	If an entity is subject to externally imposed capital requirements, it shall disclose the nature of those requirements and how they are managed, including whether the requirements have been compiled with.	It appears sufficient to only disclose the existence of externally imposed capital requirements and, if applicable, whether the entity sees any risk of non-compliance with the requirement.
11.45	When an entity has pledged financial assets as collateral for liabilities or contingent liabilities, it shall disclose: (a) the carrying amount of the financial assets pledged as collateral; and <u>(b) the terms and conditions relating to its pledge.</u>	From a cost/benefit point of view this disclosure could be reduced to (a). SMEs could be released from the requirement to describe terms and conditions relating to its pledge.
11.46	For loans payable recognised at the reporting date, an entity shall disclose: (a) details of any defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable; (b) the carrying amount of the loans payable in default at the reporting date; and (c) whether the default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue.	While these are important information, SMEs should be allowed to give less detailed information. It seems appropriate to disclose (a) and (b), but maybe less detailed information could be sufficient in (a). E.g. only disclosing the fact (default) and the carrying amount of the loans payable. Moreover, if the default was already remedied by the entity (e.g. by renegotiation), the entity should not have to disclose any of these information as the situation has been already resolved and the new loan arrangement is disclosed.
11.47	If, during the period, there were breaches of loan agreement terms other than those described in para. 11.46, an entity shall disclose the same information as is required by para. 11.46 if those breaches permitted the lender to demand accelerated repayment (unless the breaches were remedied, or the terms of the loan were renegotiated, on or before the reporting date).	See the argumentation in 11.46.

Par	Requirement in ED-IFRS for SMEs	Remarks by GASB
12.21e)	An entity shall disclose the amount of any reversal of any impairment recognised in the period in accordance with paragraph 12.18 [impairment of inventories] and paragraph 26.4 [reversal of impairment of inventories], and a description of the circumstances or events that led to such reversal	It could be argued that it would be sufficient to include material amounts of reversals, or delete the requirement to describe the circumstances or events that led to the reversal as this is overall very burdensome for the SME and is not justifiable from the cost/benefit point of view. Moreover, the GASB suggests to rather include this requirement within par. 5.7.
12.21f)	An entity shall disclose the carrying amount of inventories pledged as security for liabilities.	It should be clarified that this does not include the disclosure of the carrying amount of each inventory position, but only a total amount of inventories pledged as security for liabilities.
13.5 and 13.8	If the equity method is used to measure an investment in associates: The investor shall also make the disclosures required by IAS 28. However 13.8 already explicitly requires disclosures for investments in associates accounted for by the equity method (share of the profit or loss of such associates, the carrying amount, and its share of any discontinued operations of such associates).	The GASB does not support the application of the equity method, but recommends the deletion of all options. Nevertheless, if the IASB decides to keep this method, it appears sufficient to have disclosure requirements in the SME standard as addressed in par. 13.8. Additional disclosures (of IAS 28) do not seem necessary.
13.8	For investments in associates accounted for by the equity method, an investor shall disclose separately […] its share of any discontinued operations of such associates.	This disclosure should only be required if the disposal has a material effect on the future earnings situation of the company. Otherwise, the last clause should be eliminated as it is overly burdensome for SMEs to obtain this information, particularly if the investee is a non-public entity that does not report under IFRS.
18.23d)	For each business combination that was effected during the period (…), the acquirer shall disclose the following: (d) the cost of the combination and a description of the components of that cost, including any costs directly attributable to the combination.	We believe that this disclosure requirement should be eliminated. SMEs often do not go through due diligences and are therefore not able to allocate the components of the costs. Instead the goodwill conveys much of the information. Furthermore, due to the lower number of such transactions expected for SMES the respective disclosures tend to be less aggregated than for larger entities. Therefore the degree of detail is relatively higher, which is not adequate for SMEs.

Par	Requirement in ED-IFRS for SMEs	Remarks by GASB
18.23 (e) – (i)	For each business combination that was effected during the period (…), the acquirer shall disclose the following: (e) details of any operations the entity has decided to dispose of as a result of the combination. (f) the amounts recognised at the acquisition date for each class of the acquirees's assets, liabilities and contingent liabilities, including goodwill. (g) the amount of any excess recognised in profit or loss in accordance with 18.22, and the line item in the income statement in which the excess is recognised. (h) a description of the factors that contributed to a cost that results in the recognition of goodwill – a description of each intangible asset that was not recognised separately from goodwill and an explanation of why the intangible asset's fair value could not be measured reliably – or a description of the nature of any excess recognised in profit or loss in accordance with paragraph 18.22 (i) the amount of the acquiree's profit or loss since the acquisition date included in the acquirer's profit or loss for the period, unless disclosure would be impracticable.	The number and detail of the information to be disclosed for each business combination will severely constrain SMEs. Simplifications should therefore be provided for SMEs. In our view SMEs should be required to describe any major effects, if any, resulting from all acquisitions during the reporting period and not for each business combination. Such aggregated disclosures and descriptions may cover the items currently included in 18.23 (e) – (i). Furthermore, 18.23 (f) should completely be deleted for SMEs.
18.24	For each business combination effected after the end of the reporting period but before the financial statements are authorised for issue: same as 18.23, unless such disclosure would be impracticable.	The disclosure requirement should only include a disclosure about the fact that such business combination was carried out. Furthermore, the company should not be required to disclose the information on each business combination after the end of the reporting period, but – if applicable – on all business combinations combined. Further information are comprehensible only if those business combinations have a material effect on the financial position of the company.
22.28 (b) and (c)	An entity shall disclose: (b) the amount of each significant category of revenue recognised during the period, including revenue arising from: (i) the sale of goods; (ii) the rendering of services; (iii) interest;	This disclosure requirement should – like IAS 18.35 (b) and (c) refer to "significant" categories of revenue to decrease the burden on SMEs. Furthermore, like in 22.1 the subcategories could be divided into sale of goods, rendering of services and others.

Par	Requirement in ED-IFRS for SMEs	Remarks by GASB
	(iv) royalties; (v) dividends; and (c) the amount of revenue arising from exchange of goods or services included in each significant category of revenue.	
25.8	An entity shall disclose a description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement, …	The requirement should be limited to share-based payment arrangements that exist at the end of the reporting period. The information value of all arrangements that existed at any time during the reporting period does not outweigh the cost of providing the information. However, if there are short term share-based payment arrangements (begin and ended within the reporting period), this should be reported on.
27.37	An entity shall disclose the total cost of defined contribution plans for the period and their amounts (a) recognised in profit or loss as an expense and (b) included in the cost of an asset.	The requirements of this paragraph exceeds those of IAS 19.49, which does not seem adequate for SMEs. It is sufficient if SMEs disclose the amount recognised as an expense for defined contribution plans. Moreover, the benefit of this disclosure with regard to the capitalized amount is questionable.
27.38 (b)	the entity's accounting policy for recognising actuarial gains and losses and the amount of actuarial gains and losses recognised during the period;	ED-IFRS for SMEs does not provide any accounting policy option. Therefore, this disclosure requirement needs to be deleted.
27.38 (a)	… a general description of the type of plan, including funding policy	The requirement of this paragraph exceed those of IAS 19.120A (b), which does not seem adequate for SMEs. Accordingly, the requirement to disclose the funding policy should be eliminated. Otherwise provide the reasoning why SMEs should provide such disclosure and public companies (following full IFRS) not.
27.40 / 27.41	For each category of other long-term benefits …. / For each category of termination benefits that ….	Eliminate this requirement as IAS 19.131 / IAS 19.141 et seq. do not require additional information about other long-term benefits / about termination benefits.

Par	Requirement in ED-IFRS for SMEs	Remarks by GASB
		Otherwise provide the reasoning why SMEs should provide such disclosure and public companies (following full IFRS) not.
28.29 (b)	An entity shall disclose the following separately: (b) a numerical reconciliation between tax expense (income) as recognised and tax expense (income) that would be expected by multiplying profit by the applicable tax rate(s), with each significant difference disclosed separately.	From a cost/benefit point of view these disclosures seem to be dispensable. This reconciliation is very burdensome and cost-intensive for SMEs, while at the same time it does not significantly add to the forward looking analysis of the future tax burden. If this information is still to be seen as indispensable an “explanatory reconciliation”, instead of a numerical reconciliation might be less burdensome for SMEs.
33.5 – 33.6	Disclosure of key management personnel compensation.	SMEs are often run by only one or few managers. Therefore the information given is of higher sensitivity as users of the SME financial statements can directly conclude the compensation of that one manager. Therefore, the GASB suggests requiring this information only if there are more than one key management personnel.