

Report of AOSSG Survey on the *IFRS for SMEs* Accounting Standard

[30 October 2024]

WORKING GROUP ON IFRS for SMEs

This Report presents the responses received from the Survey on the Application of the IFRS for SMEs Standard in the Asia-Oceania Region up to 30 October 2024. The issues may not be exhaustive, and may not have taken into account developments since 30 October 2024.

LEAD MEMBER

Malaysian Accounting Standards Board (MASB)

MEMBERS

Financial Reporting Council Bangladesh
Ministry of Economy and Finance of Cambodia
The Indonesian Institute of Accountants
CA Maldives
Nepal Accounting Standards Board
Institute of Chartered Accountants of Pakistan
Association of Syrian Certified Accountants
The Institute of Chartered Accountants of Sri Lanka

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Executive Summary

The IASB maintains the *IFRS for SMEs Accounting Standard* through periodic reviews. In September 2022, the International Accounting Standards Board (IASB) published the Exposure Draft *Third edition of the IFRS for SMEs Accounting Standard* as part of its Second Comprehensive Review of the Standard. The Exposure Draft proposed amendments to the *IFRS for SMEs Accounting Standard* to reflect improvements that have been made in full IFRS Accounting Standards while keeping the Standard simple.

The finalised *Third edition of the IFRS for SMEs Accounting Standard* will improve information provided to users of SME financial statements while maintaining the simplicity of the Standard for SMEs. The IASB expects to publish the *Third edition of the IFRS for SMEs Accounting Standard* in the first quarter of 2025, with an effective date of annual reporting periods beginning on or after 1 January 2027.

Following this, MASB as the AOSSG Working Group Leader on *IFRS for SMEs*, conducted a Survey to assess the status of application of *IFRS for SMEs Accounting Standard* among AOSSG members and their plan, if any, to adopt the upcoming *Third edition of the IFRS for SMEs Accounting Standard*.

PART I: Introduction and purpose

1. In October 2024, MASB carried out a Survey on the upcoming *Third edition of the IFRS for SMEs Accounting Standard*.
2. The objective of this Report is to provide a status update of the application of *IFRS for SMEs Accounting Standard* among AOSSG member-jurisdictions.
3. In 2019, the IASB undertook a Second Comprehensive Review of the *IFRS for SMEs Accounting Standard*, which was first published in 2009 and revised in 2015.

As part of the first phase of the Second Comprehensive Review, the IASB published a Request for Information: *Comprehensive Review of the IFRS for SMEs Standard* with the objective of seeking stakeholders' views on whether and, if so, how the *IFRS for SMEs Accounting Standard* should be aligned with the full IFRS Accounting Standards.

In September 2022, after having considered the response to the Second Comprehensive Review and advice of the SME Implementation Group, the IASB published Exposure Draft *Third edition of the IFRS for SMEs Accounting Standard*, proposing amendments to the *IFRS for SMEs Accounting Standard*. In developing the Exposure Draft, the IASB has applied the principles of relevance, simplicity and faithful representation, including the assessment of costs and benefits to decide whether and, if so, how to align it with full IFRS Accounting Standards while keeping the Standard as simple as possible and cost-effective for the eligible companies.

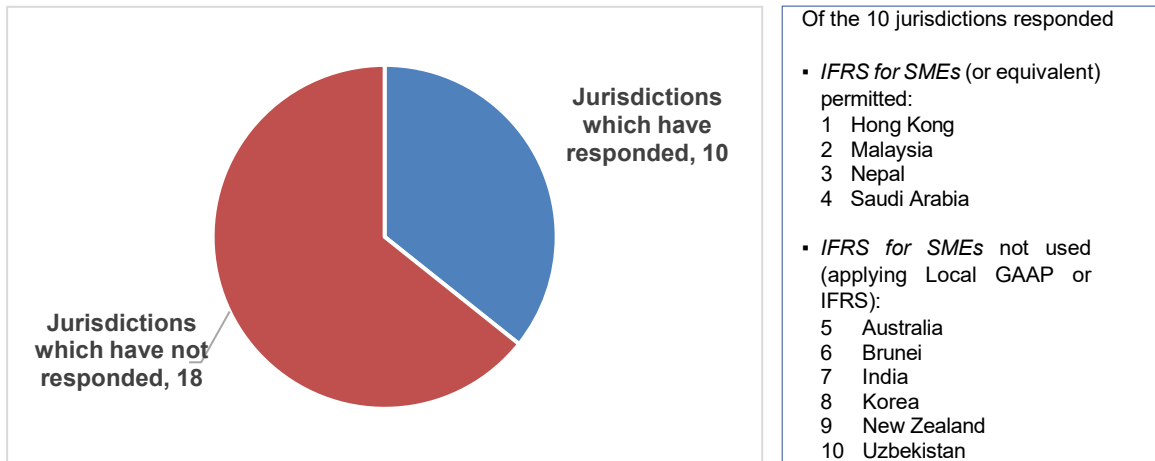
The IASB expects to publish the *Third edition of the IFRS for SMEs Accounting Standard* in the first quarter of 2025.

4. AOSSG consists of 28 member-jurisdictions, some of which are in different status with regard to *IFRS for SME Accounting Standard* adoption or convergence while some others have no plan to adopt the Standard. In this regard, the Survey sought input from the AOSSG member-jurisdictions:
 - (a) on the accounting framework being used for application by non-public interest entities (non-PIE) in their jurisdictions;
 - (b) on their plan, if any, to adopt the upcoming *Third edition of the IFRS for SMEs Accounting Standard* for application by the non-PIE;
 - (c) that have decided not to adopt the *IFRS for SMEs Accounting Standard* and their reasons for doing so; and
 - (d) on how the AOSSG IFRS for SMEs WG can assist if the jurisdiction plans to adopt the upcoming *Third edition of the IFRS for SMEs Accounting Standard* for application by the non-PIE.

5. The Survey was developed by the AOSSG IFRS for SMEs WG comprising members from Bangladesh, Cambodia, Indonesia, Malaysia, Maldives, Nepal, Pakistan, Sri Lanka and Syria. The *IFRS for SMEs* Accounting Standard (or equivalent) is being used in the AOSSG WG jurisdictions except for Bangladesh and Syria.
6. The Survey comprises the following sections:
 - (i) Section 1 relates to the general information of the member-jurisdiction;
 - (ii) Section 2 relates to the regulation, use of accounting framework in the member-jurisdiction and comprises questions on the *IFRS for SMEs* Accounting Standard
 - (iii) Section 3 relates to how can AOSSG WG help its member-jurisdictions in their implementation journey of the *IFRS for SMEs* Accounting Standard.

PART II: Feedback summary

7. 10 of the 28 AOSSG members completed the Survey. Four of the 10 respondents have adopted the *IFRS for SMEs* Accounting Standard or equivalent Standard. Six respondents, Australia, Brunei, India, Korea, New Zealand and Uzbekistan, have not adopted the *IFRS for SMEs* Accounting Standard or Standards equivalent to the *IFRS for SMEs*.



8. The feedback from the Survey that are summarised in this Report are in relation to:
- What is the accounting framework being used for non-public interest entities (non-PIE) in your jurisdiction? Is the application of the Standard(s) mandatory or optional?
 - If you are using IFRS Accounting Standard and/or *IFRS for SMEs* Accounting Standard, is there any plan to adopt the upcoming *Third edition of the IFRS for SMEs Accounting Standard* for application by the non-PIE?
 - If you are using modified *IFRS for SMEs* Accounting Standard,
 - what are the modifications being made and why?
 - any plan to adopt the upcoming *Third edition of the IFRS for SMEs Accounting Standard* for application by the non-PIE?
 - would the modifications to your existing Standard be carried forward or be removed when the upcoming *Third edition of the IFRS for SMEs Accounting Standard* is adopted?
 - If you are using local GAAP, is there any plan to adopt the upcoming *Third edition of the IFRS for SMEs Accounting Standard* for application by the non-PIE? If no, what are the reasons for not using *IFRS for SMEs* Accounting Standard?
 - In what ways can the AOSSG SME Working Group assist you if you plan to adopt the upcoming *Third edition of the IFRS for SMEs Accounting Standard* for application by the non-PIE?

What is the accounting framework being used for non-public interest entities (non-PIE) in your jurisdiction?

9. The feedback from respondents on the different accounting framework are summarised below:

- (a) IFRS Accounting Standards (Hong Kong, Malaysia, Nepal)
- (b) *IFRS for SMEs* Accounting Standard (Hong Kong, Nepal, Saudi Arabia¹)
- (c) modified *IFRS for SMEs* Accounting Standard (Malaysia)
- (d) local GAAP (Australia, Brunei, India, Korea, New Zealand and Uzbekistan)

10. Respondents' responses on the adoption of different accounting framework are as follows.

| AOSSG member | Accounting Framework being used | Mandatory or optional? |
|--------------|--|--|
| Australia | <p>The AASB has used the disclosure requirements from the <i>IFRS for SMEs</i> Accounting Standard as a basis for developing a separate disclosure Standard for entities that are required to comply with Australian Accounting Standards but do not have public accountability (Tier 2 entities).</p> <p>This Standard is AASB 1060 General Purpose Financial Statements – Simplified Disclosure Requirements for For-Profit and Not-for-Profit Tier 2 Entities. However, the required disclosures in this Standard have been updated for certain disclosure requirements that were added to IFRS since 2020.</p> | <p>Optional</p> <p>Entities that are required to comply with Australian Accounting Standards but do not have public accountability (Tier 2 entities) can elect to apply either the AASB 1060 or the full Australian Accounting Standards that are consistent with full IFRS Standards.</p> |
| Brunei | Non-public accountable entities in Brunei Darussalam which include SMEs are required to adopt Brunei Darussalam Accounting Standards (BDAS) issued by BDASC effective 1st January 2018. | Mandatory |
| India | Local GAAP | <p>Mandatory</p> <p>However, the standards provide certain exemptions and relaxations for small and medium-sized entities.</p> |
| Korea | Unlisted companies that are subject to external audit are required to use Korean GAAP (which is Accounting Standards for Non-Public Entities) unless they choose to use full IFRS Accounting Standards. | Optional |

¹ Based on the Survey form received from Saudi Arabia, it only indicated the plan to adopt the upcoming *Third edition of the IFRS for SMEs Accounting Standard* for application by the non-PIE.

| AOSSG member | Accounting Framework being used | Mandatory or optional? |
|--------------|---|------------------------|
| | Also, unlisted companies other than those subject to external audit are required to use Korean GAAP for SME (which is SME standards*) unless they choose to use full IFRS Accounting Standards or Korean GAAP (which is Accounting Standards for Non-Public Entities). | |
| Hong Kong | <p>Under the Hong Kong Companies Ordinance (HKCO), a company (including non-PIE) incorporated in Hong Kong may choose to report under either</p> <p>(a) HKFRS Accounting Standards (which is the equivalent of the IFRS Accounting Standards),</p> <p>(b) HKFRS for Private Entities (which is the equivalent of the IFRS for SMEs Accounting Standard), or</p> <p>(c) Hong Kong Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard (SME-FRF & SME-FRS, i.e. local GAAP) if it satisfies the criteria set out in the HKCO.</p> | Optional |
| Malaysia | <p>Private entities shall comply with either the Malaysian Private Entities Reporting Standard (MPERS) in its entirety; or Malaysian Financial Reporting Standards (MFRS) in their entirety.</p> <p>MPERS is substantively equivalent to the IFRS for SMEs Accounting Standard issued by the IASB except for the requirements for property development activities plus some terminology changes.</p> <p>On property development activities, specific guidance has been included in Section 34 <i>Specialised Activities</i> and consequently, Example 12 on Agreements for the Construction of Real Estate contained in the Appendix to Section 23 <i>Revenue</i> has been removed; and on terminology, all references to 'SMEs' and 'public accountability' in Sections 1-35 have been replaced by the term 'private entities'.</p> <p>MFRSs are identical to IFRS Accounting Standards. Financial statements that assert compliance with MFRSs are also required to assert compliance with IFRS Accounting Standards.</p> | Optional |
| Nepal | <p>For non-public interest entities we have:</p> <ol style="list-style-type: none"> 1. Nepal Financial Reporting Standards for Small and Medium-sized Entities (NFRS for SMEs 2017) 2. Nepal Accounting Standards for Medium-sized | Mandatory |

| AOSSG member | Accounting Framework being used | Mandatory or optional? |
|--------------|---|---|
| | Entities (NAS for MEs 2018) 3. Nepal Accounting Standards for Not for Profit Organizations (NAS for NPOs 2018) SMEs and MEs are determined based on the size of the turnover, balance sheet total, borrowings and assets held at fiduciary capacity. | |
| New Zealand | Modified <i>IFRS for SMEs</i> Accounting Standard (Reduced disclosure Regime using IFRS) | Mandatory (IFRS with reduced disclosures) |
| Uzbekistan | Uzbekistan's adoption of National Accounting Standards for SMEs, based on the core principles of IFRS Accounting Standards, has brought numerous advantages to the country's economic and business landscape. These benefits are particularly valuable for enhancing transparency, attracting investment, and aligning with global financial practices. However, the upcoming <i>Third edition of the IFRS for SMEs Accounting Standard</i> may not be necessary be adopted in Uzbekistan, as the country already experiences many of the same advantages under its current system. | Mandatory |

If you are using IFRS Accounting Standard and/or IFRS for SMEs Accounting Standard, is there any plan to adopt the upcoming third edition of the IFRS for SMEs Accounting Standard for application by the non-PIE?

Respondents: Hong Kong, Malaysia, Nepal and Saudi Arabia

11. The four respondents, Hong Kong, Malaysia, Nepal and Saudi Arabia have plan to adopt the upcoming *Third edition of the IFRS for SMEs Accounting Standard* when it is issued.

- Hong Kong – the adoption will be subject to further staff analysis and approval by its Financial Reporting Standards Committee.
- Malaysia – the *Third edition of the IFRS for SMEs Accounting Standard* will be reviewed and subject to the Board's deliberation on whether it would be adopted as is basis or including the current modifications.
- Nepal – there is a plan to update its NFRS for SMEs 2017 to align with the *Third edition of the IFRS for SMEs Accounting Standard*. The update does not introduce any changes to the core principles outlined in *IFRS for SMEs Accounting Standard*, but it will include a modification to the definition of SMEs to facilitate the implementation in Nepal. This modification is expected to be carried forward because it has separate standards specifically for micro entities. Nepal is also planning for the full adoption (with no modification) of the IFRS Accounting Standards, including *IFRS for SMEs Accounting Standard* in near future.

If you are using modified IFRS for SMEs Accounting Standard,

- (i) what are the modifications being made and why?***
- (ii) any plan to adopt the upcoming third edition of the IFRS for SMEs Accounting Standard for application by the non-PIE?***
- (iii) would the modifications to your existing Standard be carried forward or be removed when the upcoming third edition of the IFRS for SMEs Accounting Standard is adopted?***

Respondent: Malaysia

12. In Malaysia, the MPERS is substantively equivalent to the *IFRS for SMEs Accounting Standard*, other than modifications related to Section 1 and Section 34.

Section 1 has been modified to prescribe the applicability of the MPERS in the Malaysian context. In this regard, all references to “SMEs” and “public accountability” in Sections 1-35 have been replaced by the term “private entities” and deleted respectively. The scope applicability will be carried forward to the updated Standard to be in-line with the two set accounting frameworks issued by MASB which are largely categorised as private entities or non-private entities.

On property development activities, specific guidance on the recognition of revenue over time has been included in Section 34 *Specialised Activities* of MPERS. Subject to further review, this will probably not be carried forward to the updated Standard because Section 23 will be aligned with IFRS 15 *Revenue from Contracts with Customers*, that provides guidance on revenue recognition either over time or at a point in time.

If you are using local GAAP, is there any plan to adopt the upcoming Third edition of the IFRS for SMEs Accounting Standard for application by the non-PIE? If no, what are the reasons for not using IFRS for SMEs Accounting Standard?

Respondents: Australia, Brunei, India, Korea, New Zealand and Uzbekistan

13. All of the respondents indicated no plan to adopt the upcoming *Third edition of the IFRS for SMEs Accounting Standard*, with some provided the following reasons:

- Australia – The AASB re-evaluated the suitability of the *IFRS for SMEs Accounting Standard* for the Tier 2 GPFS framework in Australia and confirmed that the full *IFRS for SMEs Accounting Standard* continues not to be a preferred option for Tier 2 entities in Australia. AASB plans to conduct post-implementation review of AASB 1060 which will also consider changes to the *IFRS for SMEs Accounting Standard* arising from the second comprehensive review of the Standard. The changes to the *IFRS for SMEs Accounting Standard* will be considered by the AASB Board. The AASB Board will decide whether any changes to AASB 1060 are required at the end of 2025.
- Uzbekistan – There is no plan for the adoption as the current accounting framework which has incorporated IFRS principles is working as intended. Also, the introduction of a new accounting standard could incur additional costs and complexity to the small businesses that may not have the sufficient resources or expertise in place for the change.

- New Zealand – Currently, there is no plan to adopt the upcoming *Third edition of the IFRS for SMEs Accounting Standard* because the RDR is working as intended. If it were to make any changes, the macro-economic impact would need to be considered.

In what ways can the AOSSG SME Working Group assist you if you plan to adopt the upcoming third edition of the IFRS for SMEs Accounting Standard for application by the non-PIE?

Respondents: Hong Kong, Malaysia, Nepal

14. Hong Kong, Malaysia and Nepal suggested the AOSSG to coordinate with the IASB to organise webinars / roadshows / outreaches discussing the key features of the upcoming *Third edition of the IFRS for SMEs Accounting Standard*. Additionally, Nepal suggested that the Working Group could assist by initiating collaborative research to identify implementation challenges specific to each jurisdiction.

Conclusion

Six of the AOSSG member jurisdictions who responded to the Survey that have neither adopted nor planned to adopt the *IFRS for SMEs Accounting Standards*, including the Third Edition, due to various factors, such as local standards have already fulfilled the information needs of stakeholders and is working as intended, the cost and complexity of implementation and etc.

Appendix for reference

Appendix 1

Update on the Status of Adoption of *IFRS for SMEs Accounting Standard* in AOSSG Member-jurisdictions

Appendix 1

Application of *IFRS for SMEs*[®] Accounting Standard in AOSSG 28-member jurisdictions

Date: 30th October 2024

Application of IFRS for SMEs[®] Accounting Standard in AOSSG 28-member jurisdictions¹

| Jurisdiction | SMEs | | | | |
|--------------------------------------|---|--|---|---|--|
| | IFRS for SMEs Accounting Standard under consideration | IFRS for SMEs Accounting Standard with modifications | IFRS for SMEs Accounting Standard permitted | SMEs not required to use full IFRS Accounting Standards are required to use IFRS for SMEs Accounting Standard | IFRS for SMEs Accounting Standard not used |
| Australia* | | | | | X Note2 |
| Bangladesh@ | X | | | | X |
| Brunei | | | | | X Note3 |
| Cambodia@ | | | X Note4 | | |
| China* | | | | | X Note5 |
| Dubai International Financial Centre | | | X Note6 | | |
| Hong Kong | | | X Note7 | | |
| India* | | | | | X Note8 |
| Indonesia@ | | X Note9 | | | |
| Iraq | | | | | X Note10 |
| Japan* | | | | | X Note11 |
| Kazakhstan | | | X Note12 | | |
| Korea | | | | | X Note13 |
| Macao | | | | | X Note14 |
| Malaysia*@ | | X Note15 | | | |
| Maldives | | | | X | |
| Mongolia | X Note16 | | | | X |
| Nepal@ | | | X Note17 | | |
| New Zealand | | | | | X Note18 |
| Pakistan*@ | | | | X Note19 | |
| Philippines | | | X Note20 | | |
| Saudi Arabia | | | | X Note21 | |
| Singapore* | | | X Note22 | | |
| Sri Lanka@ | | | X Note23 | | |
| Syria@ | | | | | X Note24 |
| Thailand | | | | | X Note25 |
| Uzbekistan | | | | | X Note26 |
| Vietnam | | | | | X Note27 |
| Total | 2 | 2 | 8 | 3 | 15 |

@ Members of AOSSG IFRS for SMEs Working Group

* An individual from the jurisdiction is a member of IASB SME Implementation Group

Note:

- 1 This Table was updated on 30 October 2024 based on email confirmation from AOSSG member jurisdictions. The Table was first prepared based on: (1) information provided by AOSSG IFRS for SMEs Working Group members in July 2017 and subsequently updated in October 2022; and (2) the jurisdictional profiles (*'Use of IFRS Accounting Standards by Jurisdiction'*) available at IASB webpage.
- 2 The AASB recently re-evaluated the suitability of the *IFRS for SMEs* Accounting Standard for the Tier 2 GPFS framework in Australia and confirmed that the full *IFRS for SMEs* Accounting Standard continues not to be a preferred option for Tier 2 entities in Australia. However, the AASB has used the disclosure requirements from the *IFRS for SMEs* Accounting Standard as a basis for developing a new, separate disclosure Standard for entities that are required to comply with Australian Accounting Standards but do not have public accountability (Tier 2 entities). This Standard is AASB 1060 General Purpose Financial Statements – Simplified Disclosure Requirements for For-Profit and Not-for-Profit Tier 2 Entities (March 2020). Tier 2 entities must comply with all recognition and measurement requirements in the Australian Accounting Standards but have simplified disclosure requirements (if they elect to comply with Tier 2 requirements rather than Tier 1). The AASB is monitoring the IASB's Subsidiaries without public accountability project and may consider adopting any resulting IFRS Accounting Standard in due course. Also, the AASB is currently revisiting the financial reporting framework for smaller not-for-profit private sector entities (a new tier, Tier 3) and the AASB had regard to the *IFRS for SMEs* Accounting Standard, amongst other frameworks, when considering proposals of simplified requirements.
- 3 Non-public accountable entities in Brunei Darussalam which include SMEs are required to adopt Brunei Darussalam Accounting Standards (BDAS) issued by BDASC effective 1st January 2018.
- 4 *IFRS for SMEs* Accounting Standard is adopted word-for-word as Cambodian International Financial Reporting Standards for Small and Medium Enterprises (CIFRS for SMEs). CIFRS for SMEs was effective from 1 January 2010, with early adoption permitted from 2009. CIFRS for SMEs is permitted for non-publicly accountable entities such as, specialised banks, microfinance institutions, leasing companies, trading companies, and rural credit institutions that are not taking deposit.
- 5 China used the *IFRS for SMEs* Accounting Standard as an important reference when developing the Chinese Accounting Standard for Small Entities.
- 6 Regulated entities in Prudential Category 3B, Category 3C or Category 4, which does not hold or control Client Assets or Insurance Monies; and are not authorised under its license to carry on the Financial Service of Operating an Alternative Trading System are permitted to use *IFRS for SMEs* Accounting Standard.
- 7 An SME (as defined in the *IFRS for SMEs* Accounting Standard) may choose to report under (a) HKFRS (which is the equivalent of the IFRS Accounting Standards), (b) IFRS Accounting Standards as issued by the IASB Board (if the SME is incorporated outside Hong Kong), (c) the HKFRS for Private Entities, which is the equivalent of the *IFRS for SMEs* Accounting Standard, or (d) the Hong Kong Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard (SME-FRF & SME-FRS) if it satisfies the criteria set out in the Hong Kong Companies Ordinance.
- 8 SMEs use national standards.
- 9 Non-Public Accountable Entities (NPAEs) shall comply with the Indonesian Financial Accounting Standard for NPAEs (SAK ETAP). In 2009, SAK ETAP is developed using the Exposure Draft (ED) *IFRS for SMEs* Accounting Standard as one point of reference. DSAK IAI has issued Indonesian Financial Accounting Standards for Private Entities (SAK Entitas Privat (EP)) which is developed based on *IFRS for SMEs* Accounting Standard. SAK EP is effective 1 January 2025 (earlier application is permitted) and will supersede SAK ETAP.
- 10 SMEs use National Accounting Standards.
- 11 Nevertheless, *IFRS for SMEs* Accounting Standard has been translated into Japanese.

- 12 Medium-sized business enterprises and state enterprises are required to use either full IFRS Accounting Standards or the *IFRS for SMEs* Accounting Standard. Small enterprises must choose between full IFRS Accounting Standards, the *IFRS for SMEs* Accounting Standard, and a national standard.
- 13 Unlisted companies that are subject to external audit are required to use Korean GAAP (which is Accounting Standards for Non-Public Entities) unless they choose to use full IFRS Accounting Standards. Also, unlisted companies other than those subject to external audit are required to use Korean GAAP for SME (which is Accounting Standards for SME) unless they choose to use full IFRS Accounting Standards or Korean GAAP (which is Accounting Standards for Non-Public Entities).
- 14 There is already a set of accounting standards for micro and mini businesses in Macao. The Professional Committee of Accountant deems it is not appropriate to have too many tiers of accounting standards in Macao.
- 15 Private entities shall comply with either the Malaysian Private Entities Reporting Standard (MPERS) in its entirety; or Malaysian Financial Reporting Standards (MFRS) in their entirety.

MPERS is substantively equivalent to the *IFRS for SMEs* Accounting Standard issued by the IASB except for the requirements for property development activities plus some terminology changes. On property development activities, specific guidance has been included in Section 34 Specialised Activities and consequently, Example 12 on Agreements for the Construction of Real Estate contained in the Appendix to Section 23 Revenue has been removed; and on terminology, all references to 'SMEs' and 'public accountability' in Sections 1-35 have been replaced by the term 'private entities'.

MFRSs are identical to IFRS Accounting Standards. Financial statements that assert compliance with MFRSs are also required to assert compliance with IFRS Accounting Standards.

- 16 The Ministry of Finance is working on amendments to Accounting Law that will include classification of entities. The Ministry of Finance states that once the classification is established, they will legislate the adoption of the *IFRS for SMEs* Accounting Standard.
- 17 SMEs may choose (a) IFRS Accounting Standards adopted as Nepal Financial Reporting Standards or (b) the existing Nepal Accounting Standards with certain exemptions and simplifications for SMEs. The existing Nepal Accounting Standards will continue to be available to such entities until July 16, 2023. The NFRSs for SMEs has been developed and approved by ASB Nepal and its implementation has been pronounced by Institute of Chartered Accountants of Nepal making it effective from July 17, 2023. However, ASB Nepal has already initiated detailed review of NFRS for SME which are under voluntary application now, based on the international practices and preparers/ users' feedback.
- 18 Non-publicly accountable entities or non-large for-profit public sector entities that are required by law to prepare general purpose financial statements may use the Reduced Disclosure Regime (RDR) issued by the XRB, rather than applying full IFRS equivalent accounting standards. RDR applies the same recognition and measurement requirements as in IFRS Accounting Standards, but with reduced disclosures based in part on the disclosures used in *IFRS for SMEs* Accounting Standard. Most small and medium-sized for-profit entities do not have a statutory requirement to prepare financial statements in accordance with GAAP in New Zealand.
- 19 *IFRS for SMEs* Accounting Standard issued by the IASB has been adopted under the Companies Act. All medium-sized companies (MSCs) that are not publicly accountable and meet specified criteria (criteria for determining the size of a company is provided in the Companies Act, 2017) are required to use the *IFRS for SMEs* Accounting Standard. The MSCs can also elect to apply IFRS Accounting Standards.

Under the Companies Act, small-sized entities (based on the specified criteria) are required to follow Revised Accounting and Financial Reporting Standard for Small-sized Entities (this standard has been developed by ICAP and notified by the Securities and Exchange Commission of Pakistan under the Companies Act). However, small-sized entities can also elect to use IFRS Accounting Standards or *IFRS for SMEs* Accounting Standard.

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- 20 As defined and set out in the Philippine Revised Regulation Code Rule 68, All SMEs that meet specified criteria must use the PFRS for SMEs unless they fall under the exemption and elect to use full PFRS. Other entities can fall under “Small entities” or “Micro entities”. Small entities shall use as their financial reporting framework the PFRS for Small Entities while Micro entities that meet specified criteria shall have the option to use as their financial reporting framework either the income tax basis or PFRS for Small Entities.
- 21 SOCPA has endorsed the *IFRS for SMEs Accounting Standard* to be effective in 2018 for use by all non-publicly accountable entities. Entities would be permitted to elect early adoption in 2017. SOCPA has added some disclosures to the *IFRS for SMEs Accounting Standard* but not otherwise modifying the *IFRS for SMEs Accounting Standard*.
- 22 An entity is eligible to use the SFRS for Small Entities if it is not publicly accountable, publishes general purpose financial statements for external users, and meets the definition of a 'small entity'. They may use full SFRS or, if they receive permission from ACRA, they may use full IFRS Accounting Standards. The only differences between the Singapore version of the IFRS for SMEs (known as the SFRS for Small Entities) and the *IFRS for SMEs Accounting Standard* are not all Singapore companies that meet the IASB's definition of SMEs are eligible to use the SFRS for Small Entities; and the Accompanying Note to the Singapore equivalent of IFRIC 15 is an integral part of the SFRS for Small Entities. This guidance is intended to be consistent with the requirements of IFRIC 15.
- 23 All entities that are covered under section 1.2 of SLFRS for SMEs excluding Specified Business Enterprises (SBEs) in Sri Lanka [except SBEs above defined size thresholds] are permitted to apply SLFRS for SMEs which is in line with the *IFRS for SMEs Accounting Standard*.
- 24 SMEs are not generally required to prepare general purpose financial statements. Those that do may use full IFRS Accounting Standards.
- 25 Non-Public Accountable Entities (NPAEs) shall comply with Thai Financial Reporting Standard for NPAEs (TFRS for NPAEs) which is modified from IFRS version 2009 and *IFRS for SMEs Accounting Standard* with simplification for NPAEs in Thailand context. Thailand does still not adopt *IFRS for SMEs Accounting Standard*.
- 26 Uzbekistan's adoption of National Accounting Standards for SMEs, based on the core principles of IFRS Accounting Standards, has brought numerous advantages to the country's economic and business landscape. These benefits are particularly valuable for enhancing transparency, attracting investment, and aligning with global financial practices. However, the upcoming *Third edition of the IFRS for SMEs Accounting Standard* may not be necessarily be adopted in Uzbekistan, as the country already experiences many of the same advantages under its current system.
- 27 Vietnam has an accounting interpretation for SME and Micro Small Enterprises, not to apply IFRS for SME.