



9 September 2022

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

INVITATION TO COMMENT ON THE IASB EXPOSURE DRAFT
Third edition of the IFRS for SMEs Accounting Standard

Comments to be received by 16 January 2023

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the IASB Exposure Draft *Third edition of the IFRS for SMEs Accounting Standard* (Exposure Draft). The Exposure Draft, together with a Snapshot providing a high-level summary of the requirements and Questions and Answers, is available on the Institute's website:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Open-for-comment-documents/fred>

The IASB's proposals include updating the principles of the Standard to align to those of *The Conceptual Framework for Financial Reporting* issued in 2018 and simplified requirements based on IFRS 13 *Fair Value Measurement* and IFRS 15 *Revenue from Contracts with Customers*.

The IASB is also proposing to update the Standard for new requirements in IFRS 3 *Business Combinations*, IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements*. The proposed updates include other improvements made to full IFRS Accounting Standards since the second edition of *IFRS for SMEs Accounting Standard* was published in 2015.

The proposals reflect feedback on the Request for Information published in 2020 as part of its Second Comprehensive Review of the Standard and the advice from the IASB's SME Implementation Group. Stakeholders provided input on the framework for updating the Standard together with their views on whether and how the IASB should propose amendments to the Standard.

The FRSC invites your comments on the proposals as set out in the Exposure Draft by **16 January 2023** to allow your comments to be considered in developing its response to the IASB. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.