

Exposure Draft

Third edition of the IFRS for SMEs Accounting Standard

September 2022

Optional Response Document

Invitation to comment

The International Accounting Standards Board (IASB) invites comments on Exposure Draft *Third edition of the IFRS for SMEs Accounting Standard*, particularly on questions 1–15 in the Invitation to Comment on the Exposure Draft. Comments are most helpful if they:

- (a) respond to the questions as stated;
- (b) specify the paragraph(s) to which they relate;
- (c) contain a clear rationale;
- (d) identify any wording in the proposals that is difficult to translate; and
- (e) include any alternative approach the IASB should consider, if applicable.

Instructions for completion

The IASB has published this separate Microsoft Word[®] document for respondents to use for submitting their comments, if they wish.

This document presents all of the questions in the Invitation to Comment on the Exposure Draft in a table with spaces for responses.

Respondents are encouraged to complete this document electronically. Many respondents will find this the easiest way to submit their comments and making submissions in this form will also help ease the analysis of the answers. However, respondents are not required to use this document and responses will be accepted in all formats.

Respondents need not comment on all questions in the Invitation to Comment.

Comments to be received by **7 March 2023**

Name of Respondent: George Crowell, CPA

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Jurisdiction: Virginia, United States of America

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Ref	Question	Response (Please give clear reasoning to support your response)
Questions for respondents—Scope of the Standard		
1	<p>Question 1—Definition of public accountability</p> <p>Respondents to the Exposure Draft <i>Subsidiaries without Public Accountability: Disclosures</i>, published in July 2021, expressed some concerns about applying the definition of public accountability. The description of ‘public accountability’ in the Exposure Draft <i>Subsidiaries without Public Accountability: Disclosures</i> comprises the definition and supporting guidance in paragraphs 1.3–1.4 of the <i>IFRS for SMEs</i> Accounting Standard (Standard).</p> <p>In response to this feedback, the IASB is proposing to amend paragraph 1.3(b) 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 in paragraph 1.3(b). To assist an understanding of the basis for the definition of public accountability, the IASB is also proposing to clarify that an entity with these characteristics would usually have public accountability:</p> <ul style="list-style-type: none"> (a) there is both a high degree of outside interest in the entity and a broad group of users of the entity’s financial statements (existing and potential investors, lenders and other creditors) who have a direct financial interest in or substantial claim against the entity. (b) the users in (a) depend primarily on external financial reporting as their means of obtaining financial information about the entity. These users need financial information about the entity but lack the power to demand the information for themselves. <p>Paragraphs BC11–BC19 of the Basis for Conclusions on the Exposure Draft explain the IASB’s rationale for clarifying the definition of public accountability in Section 1. The IASB expects that the amendments to paragraphs 1.3 and 1.3A of Section 1 will add clarity, without changing the intended scope of the Standard.</p>	

Ref	Question	Response <i>(Please give clear reasoning to support your response)</i>
1(i)	Do you agree that the amendments will add clarity without changing the intended scope of the Standard? If you do not agree, which types of entities do you believe would be newly scoped in or scoped out?	Yes. We believe the criteria is sufficiently clear and understood.
1(ii)	Do you agree with the proposal to clarify the definition of public accountability? If you do not agree with the proposal, please explain what you suggest instead and why.	Yes. However, the addition of paragraph 1:3 A includes certain terms that are not specifically defined in IFRS for SMEs and might create confusion or its inconsistent application, e.g., “high degree” and “substantial.”

Ref	Question	Response (Please give clear reasoning to support your response)
Questions for respondents—Proposal to amend the Standard		
2	<p>Question 2—Revised Section 2 <i>Concepts and Pervasive Principles</i></p> <p>The IASB in its Request for Information asked for views on aligning Section 2 <i>Concepts and Pervasive Principles</i> with the <i>Conceptual Framework for Financial Reporting</i>, issued in 2018. In the Request for Information, the IASB noted that the 1989 <i>Framework for the Preparation and Presentation of Financial Statements</i> (1989 <i>Framework</i>) had provided the foundations of the Standard.</p> <p>Based on feedback on the Request for Information, the IASB is proposing to revise Section 2 to align it with the 2018 <i>Conceptual Framework for Financial Reporting</i>.</p> <p>The IASB is proposing that Section 18 <i>Intangible Assets other than Goodwill</i> and Section 21 <i>Provisions and Contingencies</i> continue to use the definitions of an asset and of a liability from the previous version of Section 2, which was based on the 1989 <i>Framework</i>, to avoid unintended consequences arising from revising the definitions of an asset and of a liability.</p> <p>Paragraphs BC38–BC51 of the Basis for Conclusions on the Exposure Draft explain the IASB’s rationale for the revisions proposed for Section 2.</p>	
2(i)	Do you have comments or suggestions on the revised Section 2? Please explain the reasons for your suggestions.	No.
2(ii)	Do you agree that Section 18 and Section 21 should continue to use the definition of an asset and of a liability from the previous version of Section 2 (based on the 1989 Framework)?	Yes. It is appropriate to align Section 2 with the 2018 Conceptual Framework for Financial Reporting in order to avoid unintended confusion or consequences.

Ref	Question	Response (Please give clear reasoning to support your response)
3	<p>Question 3—Proposed amendments to the definition of control in Section 9 <i>Consolidated and Separate Financial Statements</i></p> <p>The IASB in its Request for Information asked for views on aligning the definition of control in Section 9 <i>Consolidated and Separate Financial Statements</i> with the definition in IFRS 10 <i>Consolidated Financial Statements</i> and using that definition as the single basis for consolidation (control model) to facilitate greater consistency between financial statements prepared applying the Standard.</p> <p>Respondents to the Request for Information were in favour of the alignment, and the IASB is proposing amendments to align Section 9 with IFRS 10, introducing control as the single basis for consolidation that applies to all entities.</p> <p>The IASB is proposing to retain the rebuttable presumption that control exists when an investor owns more than a majority of the voting rights of an investee. The rebuttable presumption is a simplification of the control model.</p> <p>Paragraphs BC52–BC62 of the Basis for Conclusions on the Exposure Draft explain the IASB’s rationale for aligning the definition of ‘control’ in Section 9 with IFRS 10 and introducing a control model as the single basis for consolidation.</p>	
	<p>Do you agree with the IASB’s proposal to retain the rebuttable presumption as a simplification of the definition of control? If not, please explain why you do not agree with this simplification.</p>	<p>Yes. Ownership of the majority of voting rights is an appropriate proxy for control, as long as voting rights are in fact the primary mechanism by which control is obtained.</p>

Ref	Question	Response (Please give clear reasoning to support your response)
4	<p>Question 4—Proposed amendments to impairment of financial assets in Section 11 <i>Basic Financial Instruments</i> (renamed <i>Financial Instruments</i>)</p> <p>The IASB in its Request for Information asked for views on replacing the incurred loss model for the impairment of financial assets in Section 11 <i>Basic Financial Instruments</i> with an expected credit loss model aligned with the simplified approach in IFRS 9 <i>Financial Instruments</i>. Feedback suggested that the simplified approach in IFRS 9 would be complex for SMEs to apply and would not result in substantial changes in the amount of impairment for the types of financial assets held by typical SMEs, namely short-term trade receivables.</p> <p>The IASB anticipates that an expected credit loss model would provide relevant information for users of financial statements when SMEs hold longer-term financial assets. Consequently, the IASB is proposing to:</p> <ul style="list-style-type: none"> (a) retain the incurred loss model for trade receivables and contract assets in the scope of the revised Section 23 <i>Revenue from Contracts with Customers</i>; (b) require an expected credit loss model for all other financial assets measured at amortised cost, aligned with the simplified approach in IFRS 9; and (c) retain the requirements in Section 11 for impairment of equity instruments measured at cost. <p>Paragraphs BC72–BC80 of the Basis for Conclusions on the Exposure Draft explain the IASB’s rationale for introducing an expected credit loss model for only some financial assets.</p>	
4(i)	<p>Do you agree with the proposal to introduce an expected credit loss model for <i>only some</i> financial assets? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.</p>	<p>No. The incurred loss model should be maintained. The proposal of a mixed measurement model that applies two different expected credit loss requirements for receivables is overly complex for SMEs and could result in the inconsistent application.</p>
4(ii)	<p>Do you agree that the proposal strikes the right balance in deciding which financial assets should be in the scope of the expected credit loss model, considering the costs for SMEs and benefits for users of SMEs’ financial statements?</p>	<p>As discussed in 4(i) above, the incurred loss model should be maintained. A carve out for typical financial assets that are measured at amortized cost would not appear to add any incremental value.</p>

Ref	Question	Response (Please give clear reasoning to support your response)
5	<p>Question 5—Proposal for a new Section 12 <i>Fair Value Measurement</i></p> <p>The IASB in its Request for Information asked for views on aligning the Standard with IFRS 13 <i>Fair Value Measurement</i> and introducing illustrative examples into the Standard. This alignment would not amend the requirements for when to use fair value measurement.</p> <p>Respondents to the Request for Information favoured aligning the Standard with the definition of fair value in IFRS 13 to provide clarity and enhance comparability between financial statements prepared applying the Standard. The IASB is proposing that the requirements on measuring fair value and related disclosure requirements be consolidated in a new Section 12 <i>Fair Value Measurement</i>.</p> <p>Paragraphs BC108–BC118 of the Basis for Conclusions on the Exposure Draft explain the IASB’s rationale for this proposal.</p>	
	<p>Do you have comments or suggestions on the new Section 12? Please explain the reasons for your suggestions.</p>	<p>We agree with the addition of Section 12 to provide clarity and improve consistency with IFRS 13.</p>

Ref	Question	Response (Please give clear reasoning to support your response)
6	<p>Question 6—Proposed amendments to Section 15 <i>Investments in Joint Ventures</i> (renamed <i>Joint Arrangements</i>)</p> <p>The IASB in its Request for Information asked for views on aligning the definition of joint control with IFRS 11 <i>Joint Arrangements</i>, while retaining the three classifications of joint arrangements in Section 15 <i>Investments in Joint Ventures</i> (jointly controlled operations, jointly controlled assets and jointly controlled entities).</p> <p>Respondents to the Request for Information favoured aligning the definition of joint control. However, respondents expressed mixed views on whether to align the classification and measurement requirements with IFRS 11 or to retain the Section 15 classification and measurement requirements.</p> <p>The IASB is proposing to align the definition of joint control and retain the Section 15 classification and measurement requirements as set out in the Request for Information.</p> <p>Paragraphs BC119–BC127 of the Basis for Conclusions on the Exposure Draft explain the IASB’s rationale for these proposals.</p>	
6(i)	<p>Do you agree with the IASB’s proposal to align the definition of joint control and retain the classification of a joint arrangement as jointly controlled assets, a jointly controlled operation, or a jointly controlled entity, and the measurement requirements for these classifications? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.</p>	<p>Yes. We agree with the alignment of the definition of joint control with IFRS 11 Joint Arrangements, and maintaining the existing classification and measurement requirements of Section 15. This simplifies the requirements of IFRS 11 while maintaining substantial congruency between Section 15 and IFRS 11.</p>
	<p>The IASB is also proposing amendments 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 the jointly controlled asset.</p> <p>Paragraphs BC128–BC129 of the Basis for Conclusions on the Exposure Draft explain the IASB’s rationale for this proposal.</p>	
6(ii)	<p>Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.</p>	<p>Yes. It would result in appropriate alignment between Section 15 and IFRS 11.</p>

Ref	Question	Response (Please give clear reasoning to support your response)
7	<p>Question 7—Proposed amendments to Section 15 <i>Investments in Joint Ventures</i> (renamed <i>Joint Arrangements</i>)</p> <p>Based on the feedback to the Request for Information, the IASB is proposing to align Section 19 <i>Business Combinations and Goodwill</i> with the acquisition method of accounting in IFRS 3 <i>Business Combinations</i>* by:</p> <ul style="list-style-type: none"> (a) adding requirements and guidance for a new entity formed in a business combination; (b) updating the references when recognising the identifiable assets acquired and liabilities assumed in a business combination to refer to the definitions of an asset and a liability in the revised Section 2 <i>Concepts and Pervasive Principles</i>; (c) clarifying that an acquirer cannot recognise a contingency that is not a liability; (d) requiring recognition of acquisition-related costs as an expense; (e) requiring measurement of contingent consideration at fair value if the fair value can be measured reliably without undue cost or effort; and (f) adding requirements for an acquisition achieved in stages (step acquisitions). <p>For other aspects of the acquisition method of accounting, the IASB is proposing to retain the requirements in Section 19. The IASB is of the view that:</p> <ul style="list-style-type: none"> (a) the guidance in IFRS 3 on reacquired rights is unlikely to be relevant to entities applying the Standard; (b) restricting the measurement of non-controlling interest in the acquiree to the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets (and not introducing the fair value option) is an appropriate simplification; and (c) retaining recognition criteria for intangible assets acquired in a business combination balances the costs and benefits of separate recognition of these items because goodwill recognised in a business combination is amortised. <p>Paragraphs BC130–BC183 of the Basis for Conclusions on the Exposure Draft further explain the IASB's rationale for these proposals.</p> <p>Paragraph BC177 of the Basis for Conclusions on the Exposure Draft explains that there were mixed views on whether step acquisitions are relevant to SMEs. The IASB is asking for views on adding requirements for step acquisitions and on the proposed requirements themselves. Asking for views on whether to add requirements allows stakeholders to evaluate the proposals when responding to the Invitation to Comment.</p> <p>* IFRS 3 refers to the IFRS 3 (2008) version, including subsequent amendments to IFRS 3.</p>	

Ref	Question	Response <i>(Please give clear reasoning to support your response)</i>
7(i)	Do you agree with the proposal to introduce requirements for the accounting for step acquisitions? If your answer is yes, do you agree with the proposed requirements in the Exposure Draft? If you disagree with the proposal, please explain why and give your alternative suggestion.	Yes. Although these transactions are unusual for SMEs, the requirements will provide appropriate guidance for consistent reporting thereof.
7(ii)	Do you agree that the IASB's proposals appropriately simplify the measurement of non-controlling interests by excluding the option to measure them at fair value? If your answer is no, please explain your reasons.	Yes. Most SMEs seem to acquire entities that do not have shares that are listed in a public market and, therefore, do not have a readily determined market value. Removing this option will decrease complexity and increase financial reporting comparability.
7(iii)	Do you have any further comments or suggestions on the proposed amendments to Section 19? Please explain the reasons for your suggestions.	No – not at this time

Ref	Question	Response (Please give clear reasoning to support your response)
8	<p>Question 8—Revised Section 23 <i>Revenue</i> (renamed <i>Revenue from Contracts with Customers</i>)</p> <p>The IASB in its Request for Information asked for views on possible approaches to aligning Section 23 <i>Revenue</i> with IFRS 15 <i>Revenue from Contracts with Customers</i>. Respondents favoured this alignment without identifying a preferred approach.</p> <p>Consequently, the IASB is proposing to revise Section 23 to align it with the principles and language used in IFRS 15. The revised requirements are based on the five-step model in IFRS 15, with simplifications that retain the basic principles in IFRS 15 for recognising revenue.</p> <p>Paragraphs BC184–BC193 of the Basis for Conclusions on the Exposure Draft further explain the IASB’s rationale for this proposal and the proposed simplifications of the IFRS 15 requirements.</p>	
8(i)	<p>Do you agree that the revised Section 23 would be appropriate for SMEs and users of their financial statements? If not, what modifications—for example, further simplifications or additional guidance—do you suggest and why?</p>	<p>Yes. We believe that aligning Section 23 with IFRS 15 is appropriate. However, it would be prudent to defer this modification until after the post implementation review (PIR) of IFRS 15 is completed.</p>
	<p>Determining whether a good or service promised to a customer is distinct can involve judgement. To assist entities in making this assessment, the IASB is proposing to simplify the requirements in paragraphs 27–29 of IFRS 15 by:</p> <ul style="list-style-type: none"> (a) specifying that a good or service that an SME regularly sells separately is capable of being distinct (see paragraph 23.21 of the Exposure Draft); (b) expressing the criterion in paragraph 27(b) of IFRS 15 in simpler language and reflecting the objective of the criterion by focusing on whether a good or service is an input used to produce a combined item or items transferred to the customer (see paragraphs 23.20(b) and 23.23 of the Exposure Draft); and (c) including examples that illustrate the factors supporting that criterion (see paragraph 23.23(a)–(c) of the Exposure Draft). 	
8(ii)	<p>Do you believe the guidance is appropriate and adequate for entities to make the assessment of whether a good or service is distinct? If not, is there any guidance that could be removed or additional guidance that is needed</p>	<p>Yes. The guidance is sufficiently clear.</p>

Ref	Question	Response (Please give clear reasoning to support your response)
9	<p>Question 9–Proposed amendments to Section 28 <i>Employee Benefits</i></p> <p>The IASB in its Request for Information asked for views on applying paragraph 28.19 of the Standard, that is the measurement simplifications for defined benefit obligations.</p> <p>The feedback identified challenges when applying paragraph 28.19, resulting in diversity of application. However, the feedback also provided evidence that only a few entities apply paragraph 28.19. Therefore, the IASB is proposing to delete paragraph 28.19. Paragraphs BC197–BC203 of the Basis for Conclusions on the Exposure Draft explain the IASB’s rationale for this proposal.</p>	
9(i)	<p>Do you agree that only a few entities apply the measurement simplifications for defined benefits? Therefore, do you agree with the IASB’s proposal to delete paragraph 28.19?</p>	<p>No. The measurement simplifications from paragraph 28.19 are useful for SMEs.</p>
	<p>Alternatively, if you do not agree with deleting paragraph 28.19, should the IASB clarify the paragraph by:</p> <ul style="list-style-type: none"> (a) stating that an entity may apply any, or all, of the simplifications permitted by paragraph 28.19 when measuring a defined benefit obligation; and (b) explaining that when an entity applies paragraph 28.19(b), examples of future service of current employees (assumes closure of the plan for existing and any new employees) that can be ignored include: <ul style="list-style-type: none"> (i) the probability of employees’ not meeting the vesting conditions when the vesting conditions relate to future service (future turnover rate); and (ii) the effects of a benefit formula that gives employees greater benefits for later years of service. 	
9(ii)	<p>If you disagree with the proposal in 9(i), do you agree that this alternative approach clarifies paragraph 28.19?</p>	<p>The alternative approach clarifies paragraph 28.19. It might be useful to provided examples of the application.</p>

Ref	Question	Response <i>(Please give clear reasoning to support your response)</i>
10	Question 10—Transition The IASB, in paragraphs A2–A39 of the Exposure Draft, sets out limited relief from retrospective application for those proposed amendments for which the IASB thought the costs of retrospective application would exceed the benefits.	
	Do you agree with the proposed transition requirements for the amendments to the IFRS for SMEs Accounting Standard? Why or why not? If not, please explain what you suggest instead and why.	Yes. The proposed transition requirements strike a good balance of the cost/benefit for retrospective application.
11	Question 11—Other proposed amendments Table A1, included in the Introduction to the Exposure Draft, summarises the proposals for amending sections of the Standard not included in questions 2–10.	
	Do you have any comments on these other proposed amendments in the Exposure Draft?	No - not at this time

Ref	Question	Response (Please give clear reasoning to support your response)
Questions for respondents—Whether further action is required		
12	<p>Question 12—Section 20 <i>Leases</i> and IFRS 16 <i>Leases</i></p> <p>The IASB in its Request for Information asked for views on aligning Section 20 <i>Leases</i> with IFRS 16 <i>Leases</i> by simplifying some of the recognition and measurement requirements, the disclosure requirements and the language of IFRS 16.</p> <p>Feedback on the Request for Information was mixed. Stakeholders suggested the IASB assess the costs and benefits of aligning the Standard with IFRS 16, even with the simplifications, and obtain more information about the experience of entities that apply IFRS 16.</p> <p>The IASB decided not to propose amendments to Section 20 at this time and to consider amending the Standard to align it with IFRS 16 during a future review of the Standard. Therefore, the Exposure Draft does not propose amendments to Section 20. In making this decision the IASB placed greater emphasis on cost–benefit considerations and prioritised timing—that is, to obtain more information on entities’ experience of applying IFRS 16.</p> <p>The IASB is asking for further information on cost–benefit considerations, particularly on whether:</p> <ul style="list-style-type: none"> (a) aligning Section 20 with IFRS 16 at this time imposes a workload on SMEs disproportionate to the benefit to users of their financial statements—specifically, considering: <ul style="list-style-type: none"> (i) the implementation costs that preparers of financial statements could incur; (ii) the costs that users of financial statements could incur when information is unavailable; and (iii) the improvement to financial reporting that would be realised from recognising the lessee’s right to use an underlying asset (and the lessee’s obligation to make lease payments) in the statement of financial position. (b) introducing possible simplifications—for example, for determining the discount rate and the subsequent measurement of the lease liability (reassessment)—could help to simplify the requirements and reduce the cost of implementing an amended Section 20 (aligned with IFRS 16) without reducing the usefulness of the reported information. <p>Paragraphs BC230–BC246 of the Basis for Conclusions on the Exposure Draft further explain the IASB’s rationale for not proposing amendments to Section 20 at this time and instead for considering amending the Standard to align it with IFRS 16 during a future review of the Standard.</p>	

Ref	Question	Response <i>(Please give clear reasoning to support your response)</i>
	<p>Do you agree with the IASB’s decision to consider amending the Standard to align it with IFRS 16 in a future review of the Standard? In responding to this question, please comment on the cost–benefit considerations in paragraphs (a) and (b) of Question 12.</p>	<p>Yes. We believe that the Standard should align with IFRS 16, but agree that it is prudent to defer this proposal until a post implementation review (PIR) of IFRS 16 is completed in order to ensure congruence in both accounting requirements.</p> <p>Some possible areas for simplification are already addressed in US GAAP under Section 842 Leases ,e.g.</p> <ul style="list-style-type: none"> • reduced frequency for remeasurements. • use of a risk-free rate as the discount rate.

Ref	Question	Response (Please give clear reasoning to support your response)
13	<p>Question 13—Recognition and measurement requirements for development costs</p> <p>The Standard requires all development costs to be recognised as expenses, whereas IAS 38 <i>Intangible Assets</i> requires the recognition of intangible assets arising from development costs that meet specified criteria. This simplification in the Standard was made for cost–benefit reasons. However, feedback on this comprehensive review questioned this cost–benefit decision. Therefore, the IASB is seeking views on whether it should amend the Standard to align it with IAS 38, including views on the costs and benefits of doing so.</p> <p>Paragraphs BC253–BC257 of the Basis for Conclusions on the Exposure Draft further explain the IASB’s rationale.</p> <p>The entity would be required to demonstrate all of the criteria in paragraphs 57(a)–(f) of IAS 38, that is:</p> <ul style="list-style-type: none"> (a) the technical feasibility of completing the intangible asset so that it will be ready for use or sale; (b) its intention to complete the intangible asset and use or sell it; (c) its ability to use or sell the intangible asset; (d) how the intangible asset will generate probable future economic benefits; (e) the availability of adequate technical, financial and other financial resources to complete the development and to use or sell the intangible asset; and (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development. 	
	<p>What are your views on the costs and benefits, and the effects on users, of introducing an accounting policy option that permits an SME to recognise intangible assets arising from development costs that meet the criteria in paragraphs 57(a)–(f) of IAS 38?</p>	<p>We agree with the addition of an accounting policy to permit SMEs to capitalize certain development costs as intangible assets if the requirements of IAS 38 paragraphs (a)–(f) are met. It is appropriate to allow the more complex option since the entities can choose to apply or not apply the option.</p>

Ref	Question	Response (Please give clear reasoning to support your response)
Questions for respondents—Full IFRS Accounting Standards in the scope of this review for which the IASB is not proposing to align the Standard		
14	<p>Question 14—Requirement to offset equity instruments</p> <p>Paragraph 22.7(a) of the Standard states that if equity instruments are issued before an entity receives cash or other resources, the amount receivable is presented as an offset to equity in the statement of financial position, instead of being presented as an asset. Feedback from the first comprehensive review suggested that this requirement may conflict with local legislation. Stakeholders provided similar feedback during this second comprehensive review, suggesting that the IASB remove the requirement in paragraph 22.7(a) because it diverges from full IFRS Accounting Standards, which include no similar requirement for equity instruments.</p>	
	What are your views on removing paragraph 22.7(a)?	We agree with the removal of paragraph 22.7, primarily because it is not an existing requirement in full IFRS accounting standards. Any change should be proposed and, if appropriate, implemented concurrently with existing IFRS requirements.

Ref	Question	Response (Please give clear reasoning to support your response)
Questions for respondents—Updating the paragraph numbers of the <i>IFRS for SMEs</i> Accounting Standard		
15	<p>Question 15—Updating the paragraph numbers of the <i>IFRS for SMEs</i> Accounting Standard</p> <p>The proposed amendments to the requirements in the <i>IFRS for SMEs</i> Accounting Standard include the addition of new paragraphs and the deletion of existing paragraphs. A new paragraph is numbered in continuation from a previous paragraph. A deleted paragraph retains the paragraph number.</p> <p>Sometimes, the addition or deletion of paragraphs within a section may complicate the readability of the Standard (for example, Section 19 <i>Business Combinations and Goodwill</i>). As an alternative, a section may be revised, with paragraphs renumbered to show only requirements that would still be applicable, without a placeholder for deleted paragraphs (for example, Section 2 <i>Concepts and Pervasive Principles</i>).</p>	

Ref	Question	Response <i>(Please give clear reasoning to support your response)</i>
	What are your views on the approach taken to retain or amend paragraph numbers in each section of the Exposure Draft?	We agree with either of the proposed approaches, as long as it is applied consistently.

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