



香港華人會計師公會
The Society of Chinese Accountants & Auditors



24 August 2020

The Chairman
Financial Reporting Standard Committee
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

Dear Sir,

Invitation to comment on IASB request for information:
Comprehensive Review of The IFRS for SMEs Standard

We, The Society of Chinese Accountants and Auditors ('SCAA') and Accountancy Caring Alliance ('ACA'), would like to provide our views on the captioned subject which are based on the feedbacks of questionnaires from participants of a forum that was jointly held by us on 12 August 2020 as follows:

Q1 Whether the IFRS for SMEs (HKFRS for Private Entities) commonly used by your companies or your clients?

We received around 62% (805 out of 1304) of the responded feedback that they are not commonly using the IFRS for SMEs.

Q2 If Q1. is yes, do you aware the reasons why those companies choose to use the IFRS for SMEs (HKFRS for Private Entities) instead of the SME-FRS or the IFRSs/HKFRSs?

Regarding these reasons, please refer to the questionnaire summary as attached in Appendix 1. .



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Q3 In your view, should the IFRS for SMEs Standard be aligned with full IFRS Standards?

(Refer to Question G1A, Part A of IASB Request for Information)

We received around 74% (969 out of 1302) of the responded feedback on disagreeing that the IFRS for SMEs Standard should be aligned with full IFRS Standards.

Q4 What extent of alignment of the IFRS for SMEs Standard with full IFRS Standards do you consider most useful?

(Refer to Question G1B, Part A of IASB Request for Information)

We received around 45% (576 out of 1283) of the responded feedback on considering that the alignment of principles only should be most useful while around 41% (521 out of 1283) of the feedback considering that the alignment of both principles and important definition as most useful.

Q5 As mentioned in paragraphs 32 to 37 of the Request For Information, three alignment principles would be applied: (a) relevance to SMEs; (b) simplicity; and (c) faithfully representation. In your view, do these principles provide a framework to assist in determining whether and how the IFRS for SMEs Standard should be aligned with IFRS Standards?

(Refer to Question G2, Part A of IASB Request for Information)

We received around 76% (983 out of 1289) of the responded feedback on agreeing that the above principles are useful.

Q6 Three possible dates for when to consider alignment are discussed in the Request for Information (paragraphs 38 to 40). Which, if any, of these possible dates do you prefer? Those IFRS Standards, amendments to IFRS Standards or IFRIC interpretations.

(Refer to Question G3, Part A of IASB Request for Information)



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We received around 56% (723 out of 1292) of the responded feedback on preferring the date, “Effective and on which the post-implementation review was completed before the publication date of the Request for Information”.

Q7 Section 2 of the IFRS for SMEs includes the concept of “Undue cost or effort”. Should the existing concept of “Undue cost or effort” be retained?
(Refer to Question S1(c), Part B of IASB Request for Information)

We received around 89% (1156 out of 1299) of responded feedback on agreeing that this concept should be retained.

Q8 Aligning Section 23 Revenue of the IFRS for SMEs Standard with IFRS 15 Revenue from Contracts with Customers – B73 to B74 of Appendix B of IASB Request for Information, IASB is seeking views on the merits of three possible approaches to aligning Section 23 with IFRS 15. Which one do you prefer?
(Refer to Question S7, Part B of IASB Request for Information)

We received around 45% (581 out of 1291) of the responded feedback on preferring, “Modifying Section 23 only to remove the clear differences in outcome from applying Section 23 or IFRS 15, without wholly reworking Section 23” while around 42% (545 out of 1291) of the feedbacks deciding not to make amendments to Section 23 as part of this comprehensive review.

Q9 Aligning Section 20 Leases of the IFRS for SMEs Standard with IFRS 16 Leases - B67 to B72 of Appendix B of IASB Request for information, IASB is seeking views on aligning Section with IFRS 16 with simplifications. Do you agree with the alignment simplification?
(Refer to Question 6, Part B of IASB Request for Information)

We received over 64% (814 out of 1265) of the responded feedback on agreeing with the alignment simplifications. However, we have received many instant comments during our forum that IFRS 16 Lease should not be aligned with the IFRS for SMEs Standard. Please refer also to the written comments from our participants as stated in Q9 of Appendix 1.



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Q10 Aligning Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument issues of the IFRS for SMEs Standard with IFRS 9 Financial Instruments – B27 to B49 of Appendix B of IASB Request for Information.

Classification and measurement of financial assets

(Refer to Question S3 & S3A, Part B of IASB Request for Information)

- Simplifying the classification and measurement of financial assets
- Supplementing list of examples in Section 11

Do you agree with the above proposals?

We received around 79% (1015 out of 1285) of the responded feedback on agreeing with the above proposals.

Impairment of financial assets

(Refer to Question S3B, Part B of IASB Request for Information)

Replacing the incurred loss model in Section 11 for the impairment of financial assets with the simplified approach in IFRS 9.

Do you agree with the above proposal?

We received around 79% (1028 out of 1288) of the responded feedback on agreeing with the above proposal.

Using recognition and measurement requirements in the IFRS Standards for financial instruments

(Refer to Question S3D, Part B of IASB Request for Information)

The existing IFRS for SMEs Standard allows entities to have two options.

1. Are you aware of these options?

We received around 65% (840 out of 1288) of the responded feedback on being aware of these options.



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2. Do you agree with the changing the reference to IAS 39 to permit an entity to apply the recognition and measurement requirements of IFRS 9 and the disclosure requirement of Sections 11 and 12?

We received around 76% (966 out of 1279) of the responded feedback on agreeing with the changing.

A detailed summary of the feedback on questionnaires of the forum participants is attached in Appendix 1 for your kind reference.

SCAA is an incorporated body of professional accountants in Hong Kong established since 1913. There were less than a hundred members 50 years ago and about half thousand members 10 years ago. Nowadays, SCAA has over 1,000 ordinary members who are practicing accountants and representing a significant number of practicing firms of accountants, most of which are small and medium sized, in Hong Kong.

ACA has been launched by ADF during the Coronavirus outbreak and has got supports from over 100 accountants and accountancy entities, including The Society of Chinese Accountants and Auditors, Hong Kong Business Accountants Association, and Finance and Accounting Professional Committee of The Hong Kong Chinese Enterprise Association. ACA works together with the accounting profession and aims at projecting positive attitude and energy into the profession and the community through various activities and voluntary work, and actively supporting and voicing out for the basic level and disadvantaged groups.

Should you wish to further discuss the issues in more details, please do not hesitate to contact SCAA at 2869 6680 or ACA at 2811 8776.

Yours faithfully,

Lam Chi Yuen, Nelson
Executive Chairman
Accountancy Caring Alliance

Wong Chun Sek, Edmund
President
The Society of Chinese Accountants & Auditors

Questionnaire Summary of Comprehensive Review of The IFRS for SMEs Standard

Enrolment: 1,332

Respondents: 1,311

Respondent Rate: 98.4%

Q1 Whether the IFRS for SMEs (HKFRS for Private Entities) commonly used by your companies or your clients?

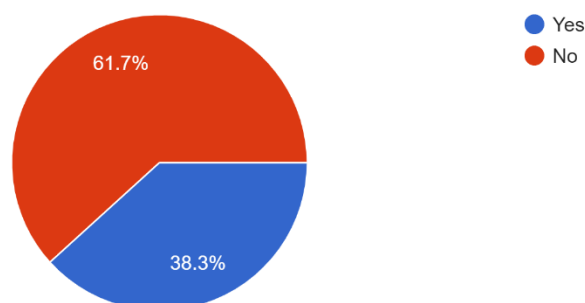
Yes

No

Yes	499
No	805
Total	1304

Whether the IFRS for SMEs (HKFRS for Private Entities) commonly used by your companies or your clients?

1,304 則回應



Q2 If Q1. is yes, do you aware the reasons why those companies choose to use the IFRS for SMEs (HKFRS for Private Entities) instead of the SME-FRS or the IFRSs/ HKFRSs?

1. Simple
2. Less disclosure
3. Client did not like using full Gaap
4. Some of my clients are the insurance co. They are statutory required to apply HKFRS or HKFRS for PE.
5. cost saving
6. HKFRSs are changed too much and are not easy for the client to handle.
7. Consistency with PRC subsidies, but simplify with full gaap
8. Comply with highest standards

9. part of a consolidated group
10. align with IFRS
11. Easier for SMEs to handle
12. HKFRS for PE can give true and fair view
13. It is internationally accepted
14. Client's circumstances
15. Co has FI measured at fair value but only cost model under SME & HKFRSs is very complicated.
16. More commonly use and higher recognition
17. Companies incorporated oversea
18. Size test cannot meet SME-FRS
19. A group of charitable organisations total turnover over 25 million, so they could not use SME-FRS, they choose to use HKFRS for PE
20. Cannot apply for SME-FRS as both sales and assets are over HK\$100M or HK\$200M
21. Mainly for Listing Rules requirement
22. Some companies do not qualify to use SME-FRS
23. To have an option for simplifying disclosures and differential treatment with HKFRS
24. Client requirements
25. prefer a true and fair opinion
26. More simple and no need to disclose much information
27. Be consistent
28. Client request
29. More detail disclosure at audit report
30. No reporting exemption
31. yes, mainly due to not eligible for using SME-FRS and of coz not preferring to use HKFRSs if having other options
32. have subsidiaries and associates
33. More disclosure to enhance users' understanding
34. Co. Size
35. Provide more confidence and comfort the user of financial info
36. More information than SME-FRS but simple than IFRS
37. Normally due to less requirement on disclosure
38. for banker accept more disclosure
39. simple disclosure and fit for SMEs
40. required under HKCO
41. Small audit procedure & cheaper audit fee

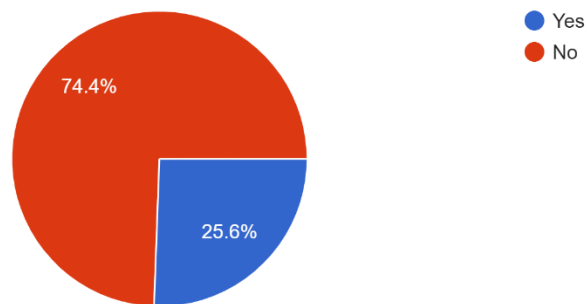
Q3 In your view, should the IFRS for SMEs Standard be aligned with full IFRS Standards?

- Yes
- No

Yes	333
No	969
Total	1302

Q3. In your view, should the IFRS for SMEs Standard be aligned with full IFRS Standards?

1,302 則回應



Please explain why you are suggesting the IFRS for SMEs Standard should or should not be aligned with full IFRS Standards.

1. Too complicated for SME an. Not realistic to SME to adopt
2. Consistency
3. For SMEs flexibility should be provided to provide relieve to organizations without full scale financial reporting team / resources
4. Cost and benefit
5. For SMEs, it should have a simplified standard to follow in order to save cost in preparing the report.
6. Easy to understand
7. Avoid obtain too many information
8. IFRS for SME is more appropriate for SME business to use
9. SMEs is differentiate and should not to follow full IFRS and not fit.
10. Should be simplified for SMEs
11. same standard more easlier for investors to understand
12. it should not be aligned with IFRS standards because the IFS SME is simplified reporting standard and it is also time consumed to apply full IFRS standarsa
13. There are no grounds to have another one if there is no difference.
14. Relevant usage
15. It seems there are two accounting standards for SME. It should make it simple. Only a standard for SME is enough.
16. Full standard amends too often; client don't understand
17. Too costly for preparing the financial report.
18. Should align some standards only
19. More simplify is ok for large size but unlisted compaines
20. Full IFRS is too complicated for SME
21. Standards should be designed suitable for SMEs
22. The number of transactions or operation models are different
23. More confusion if different standards updated in same time. Spend less time to study the updated standard
24. Standardised globally is world trend
25. Should b aligned as won't let client has choice on accounting treatment !
26. Some standards are so complicated for small companies, e.g. IFRS 16

27. Different level of expectation
28. SME companies are small simple
29. Risk level different
30. To avoid developments on different direction
31. To leverage the economic burden of SMEs over the accounting stuff.
32. SME usually is a small organization and no need to have more instruction
33. Full IFRS is more strict to follow
34. SMEs don't have much resource to disclose fully
35. Financial performance and information are accountable and comparable regardless of IFRS for SMEs or full IFRS apply
36. only to reduce disclosure requirement
37. full IFRS too complicated for SME clients business structure
38. Give a full picture of whole company
39. SMEs may not have such resources to handle
40. Most SME's operation is simple. Fair value measurement is meaningless to private companies as it is not seeking for public money.
41. Same rationale and principles
42. It should not be aligned with full IFRS Standards to provide a choice for users
43. The IFRS for SMEs Standard is used by millions of companies
44. Due to the financial environment nowadays, all company should follow the Full IFRS Standards in order to foresee the future business and predict some non disclosed information.
45. The scale of organizations are different.
46. PE should be simpler than full IFRS
47. there is no need to change the accounting standard when SME become big
48. Full IFRS is not easy to be understood by accounting manager of most SMEs clients, & it is time & cost consuming.
49. SME normally without strong internal control / resource to have all standard up-to date
50. Consistent and can be transferable
51. Full IFRS is not useful for SME, especially not cost effective
52. If use full gaap, no need to use IFRS for SMEs
53. It is too costly and time-consuming to apply full IFRS Standards for SMEs.
54. heavy disclosure burden relief
55. It could provide a simplified way for SME to prepare the financial statements
56. Full IFRS may not applicable to SMEs

Q4 What extent of alignment of the IFRS for SMEs Standard with full IFRS Standards do you consider most useful?

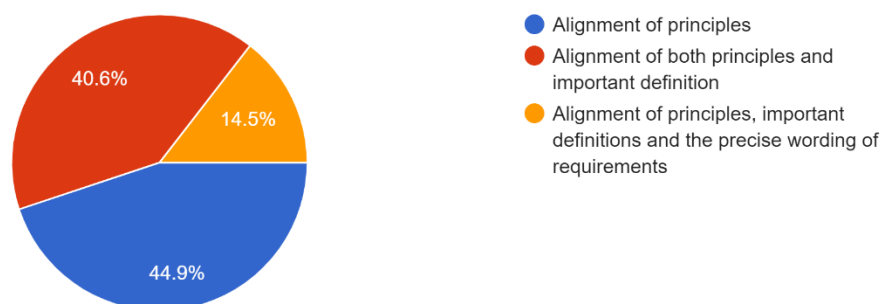
- Alignment of principles**
- Alignment of both principles and important definition**
- Alignment of principles, important definitions and the precise wording of requirements**

Alignment of principles	576
Alignment of both principles and important definition	521

Alignment of principles, important definitions and the precise wording of requirements	186
Total	1283

Q4. What extent of alignment of the IFRS for SMEs Standard with full IFRS Standards do you consider most useful?

1,283 則回應



Comments, if any.

1. This is to ensure the financial statements of all the companies are prepared on the same basis.
2. Pls confirm my enrolment for your free CPD as our partner has asked me to prepare an draft audit Programme for SME of his firm according to what my supervisor told me. Difficult if not impossible and I hope this CPD may help.
3. Standards should be principally the same across reporting frameworks
4. should take into account hk related aspects
5. Full IFRS Standards is not useful for SMEs client, existing SMEs Standard is enough
6. Need apply principles which can be understand by all common users
7. It's hard to define the meaning of "important definition".
8. Make it as simple and easy use as possible.
9. Align on principles already sufficient! Difficult to define what is important definition.
10. should cater for simplified reporting of SMEs nature
11. If strict alignment with full FRS, I think applying alignment of principles is sufficient
12. in fact, i consider no realignment necessary
13. Learn for 1 set of standards can save time for learning 2
14. Simplified approach need without too much cost
15. What's the point of having separate standard of IFRS for SMEs if alignment full alignment?
16. This is a half way measure which allows bringing the standard up to current standards while retaining its original purposes
17. Alignment would make IFRS for SMEs become not easy to apply.
18. it is the spirit rather than the words matters
19. More alignment to full IFRS Standards helps practitioners increase fee opportunities. Though lots of SME clients won't understand or care about what is IFRS 15 / 16 etc., we as accountants then have a value to advise. It is just a matter of time and how the changes can be handled smoothly.

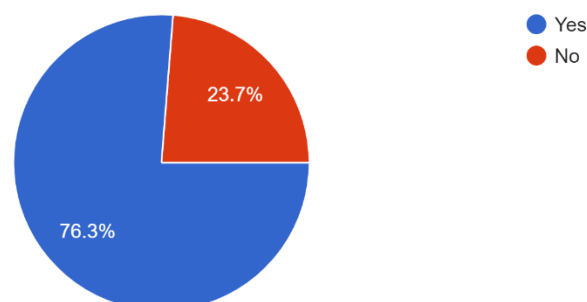
20. I don't think there is a need for alignment. The users (e.g. shareholders, bankers) should directly ask for a financial statement prepared under IFRS if they want. I think more than 90% of the readers don't understand what is IFRS! The IFRS for SME is better to in line with the common knowledge of the general public because they are the users.
21. Readers have different level of accounting education and understanding. Financial statements should provide information that they are understanding. Basic principles is sufficient.
22. The less alignment would be the best to save the world's resources.
23. Need to clarify the scope of important definition
24. I do not agree alignment at all, but if it must be, the above is my choice but what is important definition should be careful examined
25. Since the above question do not give us another choice, I actually think there should have no alignment of principles. List companies and private companies are different concept, so does the principle applied.
26. Ask yourself the question: What benefits the SMEs finally gain from this activity?
27. Easy for understanding. Small size companies might not have experienced professional to prepare the accounts.
28. Alignment of principles only provides a flexible and cost saving ways for the preparation of financial statements for SMEs.

Q5 As mentioned in paragraphs 32 to 37 of the RFI, three alignment principles would be applied: (a) relevance to SMEs; (b) simplicity; and (c) faithfully representation. In your view, do these principles provide a framework to assist in determining whether and how the IFRS for SMEs Standard should be aligned with full IFRS Standards?

- Yes
- No

Yes	983
No	306
Total	1289

As mentioned in paragraphs 32 to 37 of the RFI, three alignment principals would be applied: (a) relevance to SMEs; (b) simplicity; and (c) faithfull...tandard should be aligned with full IFRS Standards?
1,289 則回應



Comments, if any.

1. SMEs Standard is required in Hong Kong for we required the SME to issue audited financial statements.
2. more costly and timely
3. Full IFRS Standards is not useful for SMEs client, existing SMEs Standard is enough
4. Faithfully representation should be in an ordinary businessmen's understanding but not in the eyes of professional accountants. Otherwise, it would like IFRS, which could only be understood by accounting professionals who has acquired comprehensive knowledge in IFRS but not by owners of private business. A simplified version of IFRS would not serve the need of owners of private business.
5. IFRS SME is easy to prepare the FS
6. This Q assume alignment is chosen
7. but better keep no change
8. Keep simplicity
9. But not for aligning with full IFRS
10. Principals: yes
11. Full IFRS: no
12. agree (a) relevance to SMEs; (b) simplicity; and (c) faithfully representation, but not aligned with full IFRS
13. But should not align to full IFRS standards
14. good principals; no need further alignments
15. it provide guidance to simplify the alignment of full IFRS
16. Aligned three principals, not means aligned with full IFRS standard
17. SMEs should remains to its simplicity to fit for simple business model
18. complicated to applicable
19. agree with the (a)(b)(c) disagree with the alignment with IFRS
20. IFRS for SMEs should remains simplicity
21. As frequently change in IFRS
22. too less indication
23. The IFRS for SMEs Standard should not be aligned with full IFRS Standards.
24. I do not agree with alignment with full IFRS, but the 3 principals mentioned above are reasonable and sound right.
25. Conflict with the above principles if alignment
26. Be pragmatic and sensible
27. Agree the three alignment principals only. Not agree the Standard be aligned with full IFRS
28. Keep SMEs simple
29. What benefits the SMEs finally gain from this activity?
30. partial apply IFRS Standards (Simplicity version)
31. It's not clearly to outline the framework

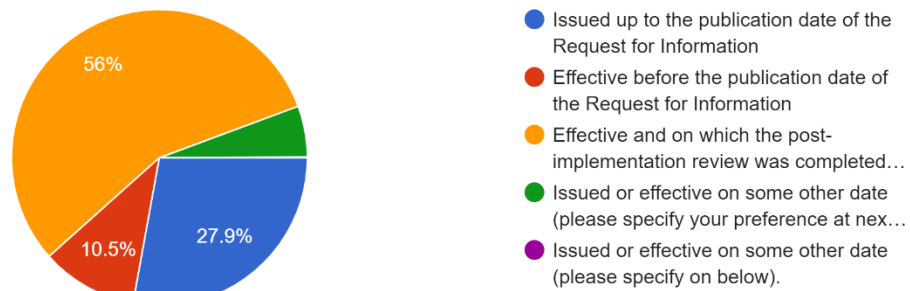
Q6 Three possible dates for when to consider alignment are discussed in the RFI (paragraphs 38 to 40). Which, if any, of these possible dates do you prefer? Those IFRS Standards, amendments to IFRS Standards or IFRIC Interpretations

- Issued up to the publication date of the Request for Information
- Effective before the publication date of the Request for Information

- Effective and on which the post-implementation review was completed before the publication date of the Request for Information**
- Issued or effective on some other date (please specify your preference below)**

Issued up to the publication date of the Request for Information	361
Effective before the publication date of the Request for Information	136
Effective and on which the post-implementation review was completed before the publication date of the Request for Information	723
Issued or effective on some other date	72
Total	1292

Three possible dates for when to consider alignment are discussed in the RFI (paragraphs 38 to 40). Which, if any, of these possible dates do you ...ndments to IFRS Standards or IFRIC Interpretations
1,292 則回應



Q6 (Cont'd) Please specify issued or effective on some other date

1. Effective and on which the post-implementation review was completed after the publication date of the Request for Information
2. 2 years after the new standard amendment effective
3. 3 years later
4. After the RFI date
5. YE 31.3.2022
6. 1.1.2023
7. Half year after issuing
8. 3 months more after effective date
9. Depends on topic by topic
10. after RFI and with final consent to avoid further changes or amendments in the standards
11. After all effective date
12. The date in line with HK SME-FRF
13. publication date
14. Year end date of that entity
15. as late as possible

16. At least one year after implementation
17. Any of such review should be for reference only and not for consideration for alignment.
18. A date that is sufficient for SME clients and practitioners to make changes.
19. 1/1/2021
20. 2022
21. 5 to 10 years after post-implementation review
22. Effective on some other date
23. The implementation poses considerable questions, especially for IFRS 9, IFRS 15 and IFRS 16, such as estimates, expected credit loss model, contract modification and extractions and identification of leases, just mention a few. These topics introduce further new uncertainties to the accounting community. Both IASB and FASB established a joint Transition Resource Group (TRG) as a public forum for preparers, auditors and users to share implementation experience and discuss issues submitted to the TRG. IASB and FASB adopt different approaches and there are many differences and opinions. Up to the present, implementation issues are still emerging, at this infant stage, it would be unwise to introduce these new standards to IFRS for SME as it would result to endless revisions in future, giving a heavy burden to the accountants and auditors who have to report the financial statements under for IFRS-SME.

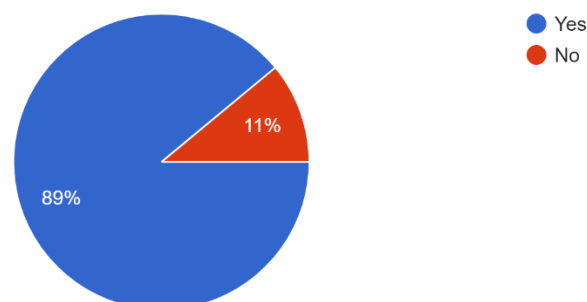
Q7 Section 2 of the IFRS for SMEs includes the concept of “Undue cost or effort”, a concept that is made available to an entity applying the IFRS for SMEs in specified circumstances. IASB is seeking views on retaining this concept because it provides a mechanism IASB can use to balance the costs and benefits of the requirements of the IFRS for SMEs

Should the existing concept of “Undue cost or effort” be retained?

- Yes
- No

Yes	1156
No	143
Total	1299

Should the existing concept of “Undue cost or effort” be retained?
1,299 則回應



Comments, if any.

1. Explicit exemptions should be provided for SME
2. It provides a mechanism IASB can use to balance the costs and benefits of the requirements of the IFRS for SMEs
3. I have been severe been criticise and tested by my partners as from my former Big 4 background that have to worked in a SMP is painful that even new fresh grad can finished job fast as they just used the audit program of 2011 and I stick to 2016's APM that that even used the BRIGHT - A - LIGHT example also takes time.
4. For simplicity
5. should align with full IFRS on concepts
6. cost already obtained
7. A MUST, should be selected by Director or shareholder
8. Full IFRS Standards is not useful for SMEs client, existing SMEs Standard is enough
9. SME users have limited resources therefore undue cost or effort is important
10. especially the cash flow forecast for valuation is time-consuming and not provide much value for FS readers and SME, and ordinary staff may not competent to do the forecast
11. To be unique and applicable for SME.
12. no harm doing that.
13. Save cost
14. It can allow companies not to spend too much time and cost in order to fulfil the requirements of reporting standards.
15. it is a reality so long as it would not distort the true and fairness of the report
16. Auditors apply "Undue cost or effort " should give reasonable ground when making their own judgment, also client should present sufficient evidence
17. more flexibility, back door
18. The concept is too vague in real life applications.
19. Fundamental concept which cannot be dispensed with
20. the usefulness of accounts should be weighted against agency costs
21. It is a realistic reason for SME entities.
22. Difficult to measure and define undue cost
23. Should keep everything for SME simple and easy to apply.
24. More flexible by the financial statement preparer
25. Applied for Hk environment
26. Consistency wiht IFRS
27. It can be an alternative to SME clients
28. Undue cost or effort is always the problem in the real world, I can't see why this concept should not be retained.
29. The concept of "undue cost or effect" seems to be beneficial to the entities adopt IFRS-SME, but it may be a trap for the auditors as there should be strong agreement between the clients and the auditors, and professional "Judgement" (?) is required for the justification for applying this concept. It would be feasible for IFRS-SME to give clear interpretation within the IFRS-SME as to where, when and how this concept can be applied without leading the auditors being punished by HKICPA for improper use of this concept.

Q8. Aligning Section 23 Revenue of the IFRS for SMEs Standard with IFRS 15 Revenue from Contracts with Customers (B73 to B74 of Appendix B of the RFI)

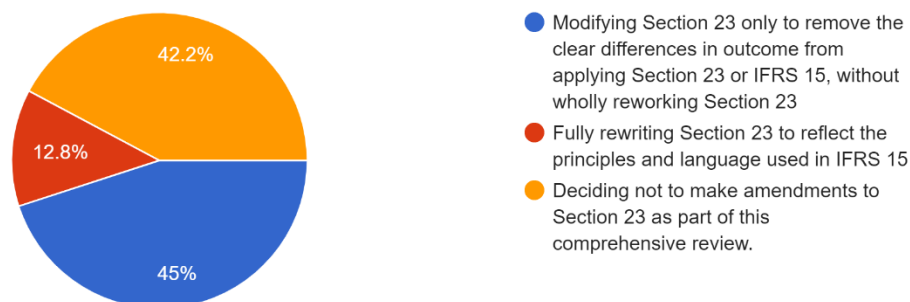
IASB is seeking views on the merits of three possible approaches to aligning Section 23 with IFRS 15. Which one do you prefer?

- Modifying Section 23 only to remove the clear differences in outcome from applying Section 23 or IFRS 15, without wholly reworking Section 23**
- Fully rewriting Section 23 to reflect the principles and language used in IFRS 15**
- Deciding not to make amendments to Section 23 as part of this comprehensive review.**

Modifying Section 23 only to remove the clear differences in outcome from applying Section 23 or IFRS 15, without wholly reworking Section 23	581
Fully rewriting Section 23 to reflect the principles and language used in IFRS 15	165
Deciding not to make amendments to Section 23 as part of this comprehensive review.	545
Total	1291

IASB is seeking views on the merits of three possible approaches to aligning Section 23 with IFRS 15. Which one do you prefer?

1,291 則回應



Comments, if any.

1. It is focused revision
2. It's already no easy to get through the changes. Any more changes simply creating unstable base for financial reporting and thus more difficulties in comparing like with like for financial statements reported. (ie creating statements cannot be easy understand for their readers.)
3. Full IFRS Standards is not useful for SMEs client, existing SMEs Standard is enough
4. As SME client with construction works are relatively small in value and may not be licenced under Type C licence holder in PWD
5. Later to change
6. too complex, not meaningful for small companies.

7. The economic environment is worse for SME to make such adjustment to more complicated reporting standard.
8. SME client is too difficult to understand the IFRS 15 and IFRS 15 insignificantly recognize the revenue to SME
9. To be simple, easy understanding and applicable for SME.
10. Too complicated for IFRS 15, please keep simple
11. As SMEs are not public interest entity, it should apply simplified and layman understandable approach
12. the standard fit SMEs should not fully relied on Full IFRS, which violate "simplicity" principle
13. update is good, but stay simply is very important
14. No amendment to the existing section
15. change as little as possible
16. Some area in IFRS 15 was too complicated and time consuming
17. Whilst maintaining the simplicity for SME reporting, I think there is a need to align SME revenue recognition with IFRS 15 for consistency sake.
18. Include certain relief or exemption for business with relatively lower revenue
19. Do not agree to aligning Section 23 with IFRS 15.
20. IFRS 15 is too complicated for SME. Recommend not the review at this stage.

Q9 Aligning Section 20 Leases of the IFRS for SMEs Standard with IFRS 16 Leases (B67 to B72 of Appendix B of the RFI)

IASB is seeking views on aligning Section with IFRS 16, with simplifications, as follows:

- (a) simplifying recognition and measurement requirements in respect of matters such as variable lease payments, determining the discount rate and the term of the lease;
- (b) retaining the disclosure requirements of Section 20; and
- (c) simplifying the language of the Standard.

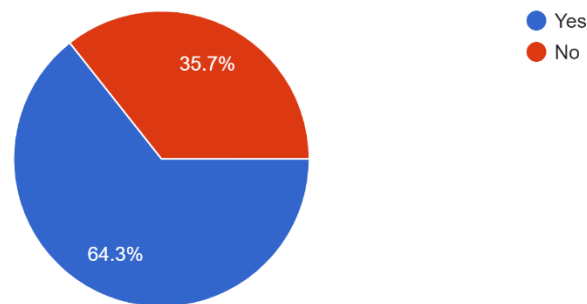
Do you agree with the above alignment simplifications?

- Yes
- No

Yes	814
No	451
Total	1265

Do you agree with the above alignment simplifications?

1,265 則回應



Comments, if any.

1. Most of the clients do not understand IFRS 16.
2. No alignments needed
3. meaningless, useless
4. Not suggest to alignment of 2 standards
5. Make the standard application simply is a key
6. IFRS 16 basically quite redundant for most of the private companies, the financial impact is not material for most of the companies as to the bottom line or net assets but involves a lot of valuation and audit costs
7. Should Not apply IFRS 16 in SME
8. IFRS 16 is unreasonable, why we have to follow?
9. Full IFRS Standards is not useful for SMEs client, existing SMEs Standard is enough
10. More careful consideration is required to align IRS 16 with SME usage and understanding.
11. IFRS 16 is too complicated for SME client so only simplifying the standard is not enough. SME client does not understand the principle behind.
12. small companies cannot determine discount rate
13. Not answer as there is no need to change
14. We need simplified accounting treatment
15. My opinion is no change but seems no option!
16. maintain current standards. too complex for small companies and useless for financial statements user
17. This Alignment kills the use and value of IFRS for SME
18. Please just keep it unchanged. It is because the change is no meaningful to client.
19. Prefer no change. 1) If is not easy for readers to understand the underlying principle for the lease to capitalize as assets on the financial statements, and actually it is no value upon realization/deregistration of the company; 2) Auditor asking for the fair value of the interest rate from valuer and increase company's cost whenever renewal of the lease; 3) need to re-calculate the value whenever there is modification which is increasing workload but without appreciation from management for the work which is just a waste of time and not providing any value to the Company.

Q10 Aligning Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument issues of the IFRS for SMEs Standard with IFRS 9 Financial Instruments (Please refer to B27 to B49 of Appendix B of the RFI)

Classification and measurement of financial assets

Simplify the classification and measurement of financial assets by (a) removing the requirement to determine how financial assets should be classified and measured on the basis of the entity's business model for managing the financial assets (b) removing the option to present change in fair value of an investment in equity instrument in other comprehensive income.

Supplementing list of examples in Section 11 with a principal based on their contractual cash flow characteristics to cover the circumstances in which a financial asset does not match the characteristics described in any of the examples.

Do you agree with the above?

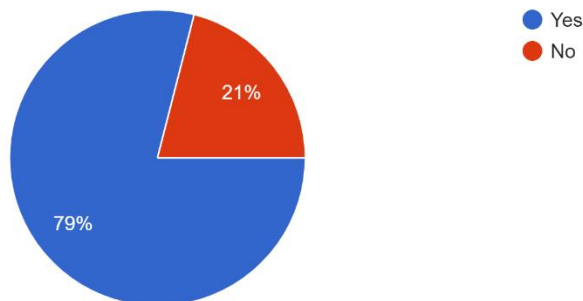
Yes

No

Yes	1015
No	270
Total	1285

Do you agree with the above?

1,285 則回應



Comments, if any.

1. Only agree to provide list of examples
2. It simplifies the clumsy and costly accounting standard application in financial assets. The current financial assets IFRS is a "shame and joke". It is an ineffective and costly accounting standards and creates a lot uncertainties and assumptions.
3. No familiar with this part. Not sure.
4. Too complicated
5. Cost less impairment is the best
6. Full IFRS Standards is not useful for SMEs client, existing SMEs Standard is enough
7. SMEs standards must be simplified
8. Client does not know or have no resources to prepare or does not know how to prepare business model or future cash flow
9. Just keep it unchange

10. No alignment with IFRS 16.
11. cost model only and note the market value.
12. more options render more flexibility to CPA in practice
13. Do not suggest the ECL to be aligned
14. To put SME standard as simple as possible
15. the compliance of above is too hard for the SME
16. I think substance of financial instruments more important than accounting form
17. yes only agreed for simple alignment and no credit loss
18. Need regulations to guidelines
19. IFRS 9 Financial Instruments is complicated
20. Keep the standard simple and easy to understand
21. depart from alignment and make reference to HK SME-FRS
22. Deciding not to make amendments
23. SME should want simple treatment (cost recognition and measurement is the best)
24. The need to change if there is no default in the current standard
25. Before clarification to the models adopted in IAS 39 and IFRS 9 are educated to the accounting community, the adoption to may give rise to confusion, problems and difficulties instead of benefits.
26. In my point of view, financial asset disclosure should not be included in SMEs Standard.

Q10 (Cont'd). Aligning Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument issues of the IFRS for SMEs Standard with IFRS 9 Financial Instruments (Please refer to B27 to B49 of Appendix B of the RFI)

Impairment of financial assets

Replacing the incurred loss model in Section 11 for the impairment of financial assets with the simplified approach in IFRS 9 i.e. allowance to be measured at an amount equal to lifetime expected credit losses.

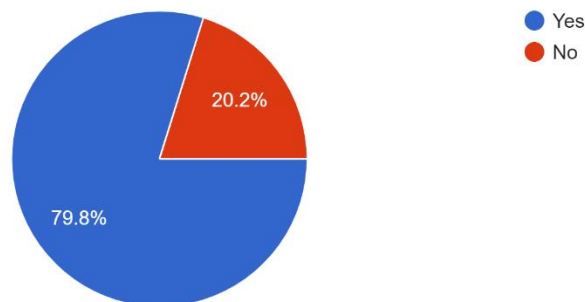
Do you agree with the above?

- Yes
- No

Yes	1028
No	260
Total	1288

Do you agree with the above?

1,288 則回應



Comments, if any.

1. Keep the rules
2. Still very difficult for SMEs to apply
3. Be simple, cost control
4. Too complicated
5. Full IFRS Standards is not useful for SMEs client, existing SMEs Standard is enough
6. incurred loss model is more simple
7. As the credit period in PRC is exceptionally long, therefore expected credit loss is not applicable
8. prefer incurred loss model
9. no expected credit loss
10. Difficult to measure expected credit loss
11. More flexibility
12. the time for audit work for SMEs would dramatically increase as well as SMEs accounting staff workload increase
13. I do not agree with aligning with IFRS 9 especially for expected credit loss concept, but I have no choice, then, simplified approach is better.
14. Indifference, so long as assessment methodology is simple and direct
15. Keep the incurred loss model, avoid increasing judgmental area
16. depart from alignment and make reference to HK SME-FRS
17. Retained Section 11 without aligning
18. Less is more
19. the existing concept of impairment is already a simple concept.
20. The application of simplified approach using a provision matrix involving adjusting historical loss rates with forward looking information. Give illustrations for implementation.
21. very costly for running ECL system for a SMEs company

Q10 (Cont'd). Aligning Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument issues of the IFRS for SMEs Standard with IFRS 9 Financial Instruments (Please refer to B27 to B49 of Appendix B of the RFI)

Using recognition and measurement requirements in the IFRS standards for financial instruments

The existing IFRS for SMEs Standard allows entities to opt to apply either (a) the requirements of both Sections 11 and 12 in full OR (b) the recognition and measurement requirements of IAS 39 and the disclosure requirements of Sections 11 and 12.

1. Are you aware of the above option?

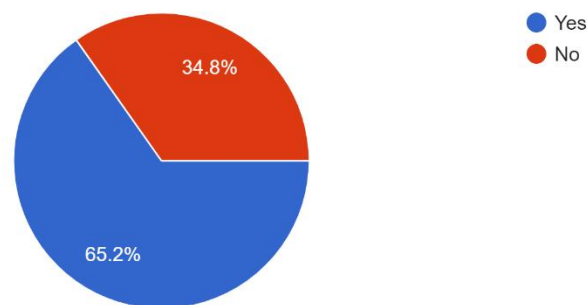
Yes

No

Yes	840
No	448
Total	1288

Are you aware of the above option?

1,288 則回應



2. Do you agree with the changing the reference to IAS 39 to permit an entity to apply the recognition and measurement requirements of IFRS 9 and the disclosure requirements of Sections 11 and 12?

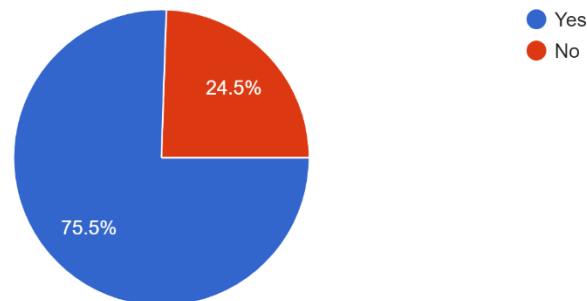
Yes

No

Yes	966
No	313
Total	1279

Do you agree with the changing the reference to IAS 39 to permit an entity to apply the recognition and measurement requirements of IFRS ...e disclosure requirements of Sections 11 and 12?

1,279 則回應



Comments, if any.

1. No need to give too many options for SME. Simple and straight forward are the keys.
2. Full IFRS Standards is not useful for SMEs client, existing SMEs Standard is enough
3. To be flexible for SME.
4. an additional option is fine
5. Again keeping simple of SME standard is very important
6. It's not to make our colleagues' lives harder.
7. additional option is ok
8. Simplicity is the most critical factor
9. depart from alignment and make reference to HK SME-FRS
10. Cost measurement is the best
11. Unless IFRS 9 itself is simple and clear, otherwise, IAS 39 should be kept.
12. IFRS 9 is the most complicated standard, education to the accounting community is required before moving from old standard to the new standard.
13. Just increase the undue cost or effort for a SMEs standard user