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**III WG ON IFRS IMPACT AND
CBSO DATABASES**

Document n° 4

Annex 6

**Items in the IFRS SME Disclosure Checklist not considered in the IFRS
SME format**

European Committee of Central Balance Sheet Data Offices (ECCBSO)

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I. INTRODUCTION

Enclosed with the main text of the standard, a Disclosure Checklist was issued by IASB, containing all the disclosures required by IFRS SME. In the creation of the IFRS SME format, the Disclosure Checklist has been considered as well. The following table explains the reasons why some of the disclosures in the Disclosure Checklist have not been included in the IFRS SME format.

II. ITEMS IN THE IFRS SME DISCLOSURE CHECKLIST NOT CONSIDERED IN THE IFRS SME FORMAT

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
3.5	<p>When an entity departs from a requirement of this IFRS in accordance with paragraph 3.4, it shall disclose the following:</p> <p>(a) that management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows.</p> <p>(b) that it has complied with the IFRS for SMEs, except that it has departed from a particular requirement to achieve a fair presentation.</p> <p>(c) the nature of the departure, including the treatment that the IFRS for SMEs would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in Section 2, and the treatment adopted.</p>	<p>The departure of IFRS SME is deemed to appear very rarely in financial statements.</p>
3.6	<p>When an entity has departed from a requirement of this IFRS in a prior period, and that departure affects the amounts recognised in the financial statements for the current period, it shall make the disclosures set out in paragraph 3.5(c).</p>	<p>The departure of IFRS SME is deemed to appear very rarely in financial statements.</p>
3.7	<p>In the extremely rare circumstances when management concludes that compliance with a requirement in this IFRS would be so misleading that it would conflict with the objective of financial statements of SMEs set out in Section</p>	<p>These circumstances will happen very rarely.</p>

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	<p>2, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing the following:</p> <p>(a) the nature of the requirement in this IFRS, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in Section 2.</p> <p>(b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation.</p>	
3.10	<p>An entity shall present a complete set of financial statements (including comparative information—see paragraph 3.14) at least annually. When the end of an entity's reporting period changes and the annual financial statements are presented for a period longer or shorter than one year, the entity shall disclose the following:</p> <p>(a) that fact.</p> <p>(b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation.</p> <p>(c) the fact that comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.</p>	<p>As the date of the beginning and of the end of the reporting period are already required by the IFRS SME format, no further information is needed according to the III WG opinion.</p>
3.12	<p>When the presentation or classification of items in the financial statements is changed, an entity shall reclassify comparative amounts unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose the following:</p> <p>(a) the nature of the reclassification.</p> <p>(b) the amount of each item or class of items that is reclassified.</p> <p>(c) the reason for the reclassification.</p>	<p>This information is mainly of qualitative nature, very vague and non-recurrent.</p>
3.13	<p>If it is impracticable to reclassify comparative amounts, an entity shall disclose why reclassification was not practicable.</p>	<p>This information is mainly of qualitative</p>

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
		nature and will happen very rarely.
3.15	An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial.	This paragraph does not explicitly require any information to be disclosed.
3.19	If an entity has no items of other comprehensive income in any of the periods for which financial statements are presented, it may present only an income statement, or it may present a statement of comprehensive income in which the 'bottom line' is labelled 'profit or loss'.	This paragraph does not explicitly require any information to be disclosed.
3.21	In a complete set of financial statements, an entity shall present each financial statement with equal prominence.	This paragraph does not explicitly require any information to be disclosed.
3.25	This IFRS does not address presentation of segment information, earnings per share, or interim financial reports by a small or medium-sized entity. An entity making such disclosures shall describe the basis for preparing and presenting the information.	This paragraph does not explicitly require any information to be disclosed.
4.3	An entity shall present additional line items, headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.	This paragraph does not explicitly require any information to be disclosed.
4.9	This IFRS does not prescribe the sequence or format in which items are to be presented. Paragraph 4.2 simply provides a list of items that are sufficiently different in nature or function to warrant separate presentation in the statement of financial position. In addition: (a) line items are included when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position, and (b) the descriptions used and the sequencing of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide	This paragraph does not explicitly require any information to be disclosed.

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	information that is relevant to an understanding of the entity's financial position.	
4.12	An entity with share capital shall disclose the following, either in the statement of financial position or in the notes: (...) (b) a description of each reserve within equity.	This information is mainly qualitative and does not provide much value to the IFRS SME format.
4.13	An entity without share capital, such as a partnership or trust, shall disclose information equivalent to that required by paragraph 4.12(a), showing changes during the period in each category of equity, and the rights, preferences and restrictions attaching to each category of equity.	The situation mentioned is expected to happen very rarely.
5.2	An entity shall present its total comprehensive income for a period either: (a) in a single statement of comprehensive income, in which case the statement of comprehensive income presents all items of income and expense recognised in the period, or (b) in two statements—an income statement and a statement of comprehensive income—in which case the income statement presents all items of income and expense recognised in the period except those that are recognised in total comprehensive income outside profit or loss as permitted or required by this IFRS.	This paragraph does not explicitly require any information to be disclosed.
5.8	Under this IFRS, the effects of corrections of errors and changes in accounting policies are presented as retrospective adjustments of prior periods rather than as part of profit or loss in the period in which they arise (see Section 10).	This paragraph does not explicitly require any information to be disclosed.
5.10	An entity shall not present or describe any items of income and expense as 'extraordinary items' in the statement of comprehensive income (or in the income statement, if presented) or in the notes.	This paragraph does not explicitly require any information to be disclosed; it refers to information not to be disclosed.
7.18	An entity shall exclude from the statement of cash flows investing and financing transactions that do not require the	This paragraph does not explicitly require

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	use of cash or cash equivalents. An entity shall disclose such transactions elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.	any information to be disclosed; it refers to information not to be disclosed.
7.21	An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity. Cash and cash equivalents held by an entity may not be available for use by the entity because of, among other reasons, foreign exchange controls or legal restrictions.	Cash and cash equivalents not available for use by the entity are expected not to be found often enough in SME as to include them in the format.
8.2	The notes shall: (a) present information about the basis of preparation of the financial statements and the specific accounting policies used, in accordance with paragraphs 8.5 and 8.6; (b) disclose the information required by this IFRS that is not presented elsewhere in the financial statements; and (c) provide information that is not presented elsewhere in the financial statements but is relevant to an understanding of any of them.	This paragraph does not explicitly require any information but provides a general description of the information to be disclosed in the notes.
8.3	An entity shall, as far as practicable, present the notes in a systematic manner. An entity shall cross-reference each item in the financial statements to any related information in the notes.	This paragraph does not explicitly require any information to be disclosed.
8.4	An entity normally presents the notes in the following order: (a) a statement that the financial statements have been prepared in compliance with the IFRS for SMEs (see paragraph 3.3); (b) a summary of significant accounting policies applied (see paragraph 8.5); (c) supporting information for items presented in the financial statements, in the sequence in which each statement and each line item is presented; and (d) any other disclosures.	This paragraph does not explicitly require any information to be disclosed, but provides the order according to which the notes to the financial statements must be presented.
8.5	An entity shall disclose the following in the summary of	This information is

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	<p>significant accounting policies:</p> <p>(a) the measurement basis (or bases) used in preparing the financial statements.</p> <p>(b) the other accounting policies used that are relevant to an understanding of the financial statements.</p>	<p>mainly qualitative and the most significant for III WG purposes (options) has already been considered in the IFRS SME format.</p>
8.6	<p>An entity shall disclose, in the summary of significant accounting policies or other notes, the judgements, apart from those involving estimations (see paragraph 8.7), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.</p>	<p>This information is mainly qualitative and does not provide much value to the IFRS SME format.</p>
8.7	<p>An entity shall disclose in the notes information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:</p> <p>(a) their nature.</p> <p>(b) their carrying amount as at the end of the reporting period.</p>	<p>This information is mainly qualitative and does not provide much value to the IFRS SME format.</p>
9.2	<p>Except as permitted by paragraph 9.3, a parent entity shall present consolidated financial statements in which it consolidates its investments in subsidiaries in accordance with this IFRS. Consolidated financial statements shall include all subsidiaries of the parent.</p>	<p>This paragraph does not explicitly require any information to be disclosed.</p>
9.3	<p>A parent need not present consolidated financial statements if:</p> <p>(a) both of the following conditions are met:</p> <p>(i) the parent is itself a subsidiary, and</p> <p>(ii) its ultimate parent (or any intermediate parent) produces consolidated general purpose financial statements that comply with full International Financial Reporting Standards or with this IFRS; or</p>	<p>This paragraph does not explicitly require any information to be disclosed.</p>

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	<p>(b) it has no subsidiaries other than one that was acquired with the intention of selling or disposing of it within one year. A parent shall account for such a subsidiary:</p> <p>(i) at fair value with changes in fair value recognised in profit or loss, if the fair value of the shares can be measured reliably, or</p> <p>(ii) otherwise at cost less impairment (see paragraph 11.14 (c)).</p>	
9.11	<p>An entity shall prepare consolidated financial statements that include the entity and any SPEs that are controlled by that entity.</p>	<p>This paragraph does not explicitly require any information to be disclosed.</p>
9.23	<p>The following disclosures shall be made in consolidated financial statements:</p> <p>(...)</p> <p>(b) the basis for concluding that control exists when the parent does not own, directly or indirectly through subsidiaries, more than half of the voting power.</p> <p>(c) any difference in the reporting date of the financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements.</p> <p>(d) the nature and extent of any significant restrictions (eg resulting from borrowing arrangements or regulatory requirements) on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans.</p>	<p>This information is mainly qualitative and does not provide much value to the IFRS SME format.</p>
9.27	<p>When a parent, an investor in an associate, or a venturer with an interest in a jointly controlled entity prepares separate financial statements, those separate financial statements shall disclose:</p> <p>(...)</p> <p>(b) a description of the methods used to account for the investments in subsidiaries, jointly controlled entities and associates, and shall identify the consolidated financial statements or other primary financial statements to which they relate.</p>	<p>This information is mainly qualitative and does not provide much value to the IFRS SME format.</p>
9.30	<p>The combined financial statements shall disclose the</p>	<p>Most of the information</p>

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	<p>following:</p> <p>(a) the fact that the financial statements are combined financial statements.</p> <p>(b) the reason why combined financial statements are prepared.</p> <p>(c) the basis for determining which entities are included in the combined financial statements.</p> <p>(d) the basis of preparation of the combined financial statements.</p> <p>(e) the related party disclosures required by Section 33 Related Party Disclosures.</p>	<p>required by this paragraph is mainly qualitative and would not provide much value to the IFRS SME format.</p>
10.13	<p>When an amendment to this IFRS has an effect on the current period or any prior period, or might have an effect on future periods, an entity shall disclose the following:</p> <p>(a) the nature of the change in accounting policy.</p> <p>(b) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected.</p> <p>(c) the amount of the adjustment relating to periods before those presented, to the extent practicable.</p> <p>(d) an explanation if it is impracticable to determine the amounts to be disclosed in (b) or (c) above.</p> <p>Financial statements of subsequent periods need not repeat these disclosures.</p>	<p>This information is mainly qualitative and does not provide much value to the IFRS SME format.</p>
10.14	<p>When a voluntary change in accounting policy has an effect on the current period or any prior period, an entity shall disclose the following:</p> <p>(a) the nature of the change in accounting policy.</p> <p>(b) the reasons why applying the new accounting policy provides reliable and more relevant information.</p> <p>(c) to the extent practicable, the amount of the adjustment for each financial statement line item affected, shown separately:</p> <p>(i) for the current period;</p> <p>(ii) for each prior period presented; and</p> <p>(iii) in the aggregate for periods before those presented.</p>	<p>This information is mainly qualitative and does not provide much value to the IFRS SME format.</p>

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	<p>(d) an explanation if it is impracticable to determine the amounts to be disclosed in (c) above.</p> <p>Financial statements of subsequent periods need not repeat these disclosures.</p>	
10.18	<p>An entity shall disclose the nature of any change in an accounting estimate and the effect of the change on assets, liabilities, income and expense for the current period. If it is practicable for the entity to estimate the effect of the change in one or more future periods, the entity shall disclose those estimates.</p>	<p>This information is mainly qualitative and does not provide much value to the IFRS SME format.</p>
10.23	<p>An entity shall disclose the following about prior period errors:</p> <p>(a) the nature of the prior period error.</p> <p>(b) for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected.</p> <p>(c) to the extent practicable, the amount of the correction at the beginning of the earliest prior period presented.</p> <p>(d) an explanation if it is not practicable to determine the amounts to be disclosed in (b) or (c) above.</p> <p>Financial statements of subsequent periods need not repeat these disclosures.</p>	<p>This information is mainly qualitative and does not provide much value to the IFRS SME format.</p>
11.39	<p>The disclosures below make reference to disclosures for financial liabilities measured at fair value through profit or loss. Entities that have only basic financial instruments (and therefore do not apply Section 12) will not have any financial liabilities measured at fair value through profit or loss and hence will not need to provide such disclosures.</p>	<p>This paragraph does not explicitly require any information to be disclosed, but explains how to proceed with financial liabilities at fair value through profit or loss.</p>
11.40	<p>In accordance with paragraph 8.5, an entity shall disclose, in the summary of significant accounting policies, the measurement basis (or bases) used for financial instruments and the other accounting policies used for financial instruments that are relevant to an understanding of the financial statements.</p>	<p>The IFRS SME format already contains an item for the option to apply Sections 11 and 12 or IAS 39, which is the most significant</p>

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
		information on accounting policies.
11.42	An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance. For example, for long-term debt such information would normally include the terms and conditions of the debt instrument (such as interest rate, maturity, repayment schedule, and restrictions that the debt instrument imposes on the entity).	This paragraph does not explicitly require any information to be disclosed.
11.47	For loans payable recognised at the reporting date for which there is a breach of terms or default of principal, interest, sinking fund, or redemption terms that has not been remedied by the reporting date, an entity shall disclose the following: (...) (c) whether the breach or default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue.	This information is mainly qualitative and does not provide much value to the IFRS SME format.
12.26	An entity applying this section shall make all of the disclosures required in Section 11 incorporating in those disclosures financial instruments that are within the scope of this section as well as those within the scope of Section 11. In addition, if the entity uses hedge accounting, it shall make the additional disclosures in paragraphs 12.27–12.29.	This paragraph does not explicitly require any information to be disclosed.
12.29	If an entity uses hedge accounting for a hedge of variable interest rate risk, foreign exchange risk, commodity price risk in a firm commitment or highly probable forecast transaction, or a net investment in a foreign operation (paragraphs 12.23–12.25) it shall disclose the following: (a) the periods when the cash flows are expected to occur and when they are expected to affect profit or loss. (b) a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur. (...)	This information is mainly qualitative and does not provide much value to the IFRS SME format.

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
14.15	For investments in associates accounted for by the fair value model, an investor shall make the disclosures required by paragraphs 11.41–11.44.	This paragraph does not explicitly require any information to be disclosed.
15.21	For jointly controlled entities accounted for in accordance with the fair value model, the venturer shall make the disclosures required by paragraphs 11.41–11.44.	This paragraph does not explicitly require any information to be disclosed.
16.10	<p>An entity shall disclose the following for all investment property accounted for at fair value through profit or loss (paragraph 16.7):</p> <p>(...)</p> <p>(b) the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property being valued. If there has been no such valuation, that fact shall be disclosed.</p> <p>(c) the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.</p> <p>(d) contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.</p> <p>(...)</p>	This information is mainly qualitative and does not provide much value to the IFRS SME format.
16.11	In accordance with Section 20, the owner of an investment property provides lessors' disclosures about leases into which it has entered. An entity that holds an investment property under a finance lease or operating lease provides lessees' disclosures for finance leases and lessors' disclosures for any operating leases into which it has entered.	This paragraph does not explicitly require any information to be disclosed.
17.31	An entity shall disclose the following for each class of property, plant and equipment that was deemed appropriate in accordance with paragraph 4.11(a):	This information is mainly qualitative and does not provide much

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	(a) the measurement bases used for determining the gross carrying amount. (b) the depreciation methods used. (c) the useful lives or the depreciation rates used. (...)	value to the IFRS SME format.
18.27	An entity shall disclose the following for each class of intangible assets: (a) the useful lives or the amortisation rates used. (b) the amortisation methods used. (...) (d) the line item(s) in the statement of comprehensive income (and in the income statement, if presented) in which any amortisation of intangible assets is included. (...)	This information is mainly qualitative and does not provide much value to the IFRS SME format.
18.28	An entity shall also disclose: (a) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements. (...)	This information is mainly qualitative and does not provide much value to the IFRS SME format.
20.13	A lessee shall make the following disclosures for finance leases: (...) (c) a general description of the lessee's significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.	This information is mainly qualitative and does not provide much value to the IFRS SME format.
20.14	In addition, the requirements for disclosure about assets in accordance with Sections 17, 18, 27 and 34 apply to lessees for assets leased under finance leases.	This paragraph does not explicitly require any information to be disclosed.
20.16	A lessee shall make the following disclosures for operating leases: (...) (c) a general description of the lessee's significant leasing arrangements including, for example, information about	This information is mainly qualitative and does not provide much value to the IFRS SME format.

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.	
20.23	A lessor shall make the following disclosures for finance leases: (...) (f) a general description of the lessor's significant leasing arrangements, including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.	This information is mainly qualitative and does not provide much value to the IFRS SME format.
20.30	A lessor shall disclose the following for operating leases: (...) (c) a general description of the lessor's significant leasing arrangements, including, for example, information about contingent rent, renewal or purchase options and escalation clauses, and restrictions imposed by lease arrangements.	This information is mainly qualitative and does not provide much value to the IFRS SME format.
20.31	In addition, the requirements for disclosure about assets in accordance with Sections 17, 18, 27 and 34 apply to lessors for assets provided under operating leases.	This paragraph does not explicitly require any information to be disclosed.
20.35	Disclosure requirements for lessees and lessors apply equally to sale and leaseback transactions. The required description of significant leasing arrangements includes description of unique or unusual provisions of the agreement or terms of the sale and leaseback transactions.	This paragraph does not explicitly require any information to be disclosed.
21.14	For each class of provision, an entity shall disclose all of the following: (...) (b) a brief description of the nature of the obligation and the expected amount and timing of any resulting payments. (c) an indication of the uncertainties about the amount or timing of those outflows. (d) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.	This information is mainly qualitative and does not provide much value to the IFRS SME format.

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	Comparative information for prior periods is not required.	
21.15	<p>Unless the possibility of any outflow of resources in settlement is remote, an entity shall disclose, for each class of contingent liability at the reporting date, a brief description of the nature of the contingent liability and, when practicable:</p> <p>(...)</p> <p>(b) an indication of the uncertainties relating to the amount or timing of any outflow; and</p> <p>(c) the possibility of any reimbursement.</p> <p>If it is impracticable to make one or more of these disclosures, that fact shall be stated.</p>	This information is mainly qualitative and does not provide much value to the IFRS SME format.
21.17	<p>In extremely rare cases, disclosure of some or all of the information required by paragraphs 21.14–21.16 can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.</p>	This paragraph does not explicitly require any information to be disclosed.
23.30	<p>An entity shall disclose:</p> <p>(a) the accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services.</p> <p>(...)</p>	This information is mainly qualitative and does not provide much value to the IFRS SME format.
24.6	<p>An entity shall disclose the following about government grants:</p> <p>(...)</p> <p>(b) unfulfilled conditions and other contingencies attaching to government grants that have not been recognised in income.</p> <p>(c) an indication of other forms of government assistance from which the entity has directly benefited.</p>	This information is mainly qualitative and does not provide much value to the IFRS SME format.
24.7	For the purpose of the disclosure required by paragraph	This paragraph does

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	24.6(c), government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under specified criteria. Examples include free technical or marketing advice, the provision of guarantees, and loans at nil or low interest rates.	not explicitly require any information to be disclosed.
25.3	Paragraph 5.5(b) requires disclosure of finance costs. Paragraph 11.48(b) requires disclosure of total interest expense (using the effective interest method) for financial liabilities that are not at fair value through profit or loss. This section does not require any additional disclosure.	This paragraph does not explicitly require any information to be disclosed.
26.19	For equity-settled share-based payment arrangements, an entity shall disclose information about how it measured the fair value of goods or services received or the value of the equity instruments granted. If a valuation methodology was used, the entity shall disclose the method and its reason for choosing it.	This information is mainly qualitative and does not provide much value to the IFRS SME format.
26.20	For cash-settled share-based payment arrangements, an entity shall disclose information about how the liability was measured.	This information is mainly qualitative and does not provide much value to the IFRS SME format.
26.21	For share-based payment arrangements that were modified during the period, an entity shall disclose an explanation of those modifications.	This information is mainly qualitative and does not provide much value to the IFRS SME format.
26.22	If the entity is part of a group share-based payment plan, and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group, it shall disclose that fact and the basis for the allocation (see paragraph 26.16).	This information is mainly qualitative and does not provide much value to the IFRS SME format.
28.39	This section does not require specific disclosures about short-term employee benefits.	This paragraph does not explicitly require any information to be disclosed.

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
28.41	<p>An entity shall disclose the following information about defined benefit plans (except for any defined multi-employer benefit plans that are accounted for as a defined contribution plans in accordance with paragraph 28.11, for which the disclosures in paragraph 28.40 apply instead). If an entity has more than one defined benefit plan, these disclosures may be made in total, separately for each plan, or in such groupings as are considered to be the most useful:</p> <p>(a) a general description of the type of plan, including funding policy.</p> <p>(...)</p> <p>(c) a narrative explanation if the entity uses any of the simplifications in paragraph 28.19 in measuring its defined benefit obligation.</p> <p>(d) the date of the most recent comprehensive actuarial valuation and, if it was not as of the reporting date, a description of the adjustments that were made to measure the defined benefit obligation at the reporting date.</p> <p>(...).</p>	<p>This information is mainly qualitative and does not provide much value to the IFRS SME format.</p>
28.44	<p>When there is uncertainty about the number of employees who will accept an offer of termination benefits, a contingent liability exists. Section 21 Provisions and Contingencies requires an entity to disclose information about its contingent liabilities unless the possibility of an outflow in settlement is remote.</p>	<p>This paragraph does not explicitly require any information to be disclosed.</p>
29.29	<p>An entity shall offset current tax assets and current tax liabilities, or offset deferred tax assets and deferred tax liabilities, only when it has a legally enforceable right to set off the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.</p>	<p>This paragraph does not explicitly require any information to be disclosed.</p>
29.30	<p>An entity shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of the current and deferred tax consequences of recognised transactions and other events.</p>	<p>This paragraph does not explicitly require any information to be disclosed.</p>
29.32	<p>An entity shall disclose the following separately:</p>	<p>This information is</p>

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	<p>(...)</p> <p>(b) an explanation of the significant differences in amounts presented in the statement of comprehensive income and amounts reported to tax authorities.</p> <p>(c) an explanation of changes in the applicable tax rate(s) compared with the previous reporting period.</p> <p>(...)</p>	<p>mainly qualitative and does not provide much value to the IFRS SME format.</p>
30.24	<p>In paragraphs 30.26 and 30.27, references to 'functional currency' apply, in the case of a group, to the functional currency of the parent.</p>	<p>This paragraph does not explicitly require any information to be disclosed.</p>
30.27	<p>When there is a change in the functional currency of either the reporting entity or a significant foreign operation, the entity shall disclose that fact and the reason for the change in functional currency.</p>	<p>This information is mainly qualitative and does not provide much value to the IFRS SME format.</p>
31.15	<p>An entity to which this section applies shall disclose the following:</p> <p>(a) the fact that financial statements and other prior period data have been restated for changes in the general purchasing power of the functional currency.</p> <p>(b) the identity and level of the price index at the reporting date and changes during the current reporting period and the previous reporting period.</p> <p>(c) amount of gain or loss on monetary items.</p>	<p>European economies are far from being hyperinflationary and therefore this section of IFRS SME will not be used by European SMEs.</p>
32.9	<p>An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.</p>	<p>This information is mainly qualitative and does not provide much value to the IFRS SME format.</p>
32.10	<p>An entity shall disclose the following for each category of non-adjusting event after the end of the reporting period:</p> <p>(a) the nature of the event, and</p> <p>(b) an estimate of its financial effect, or a statement that such an estimate cannot be made.</p>	<p>This information is mainly qualitative and does not provide much value to the IFRS SME format.</p>
32.11	<p>The following are examples of non-adjusting events after</p>	<p>This paragraph does</p>

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	<p>the end of the reporting period that would generally result in disclosure; the disclosures will reflect information that becomes known after the end of the reporting period but before the financial statements are authorised for issue:</p> <ul style="list-style-type: none"> (a) a major business combination or disposal of a major subsidiary. (b) announcement of a plan to discontinue an operation. (c) major purchases of assets, disposals or plans to dispose of assets, or expropriation of major assets by government. (d) the destruction of a major production plant by a fire. (e) announcement, or commencement of the implementation, of a major restructuring. (f) issues or repurchases of an entity's debt or equity instruments. (g) abnormally large changes in asset prices or foreign exchange rates. (h) changes in tax rates or tax laws enacted or announced that have a significant effect on current and deferred tax assets and liabilities. (i) entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees. (j) commencement of major litigation arising solely out of events that occurred after the end of the reporting period. 	<p>not explicitly require any information to be disclosed; it enumerates examples of non-adjusting events after the end of the reporting period.</p>
33.8	<p>A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. Examples of related party transactions that are common to SMEs include, but are not limited to:</p> <ul style="list-style-type: none"> (a) transactions between an entity and its principal owner(s). (b) transactions between an entity and another entity when both entities are under the common control of a single entity or person. (c) transactions in which an entity or person that controls the reporting entity incurs expenses directly that otherwise would have been borne by the reporting entity. 	<p>This paragraph does not explicitly require any information to be disclosed; it enumerates examples of transactions between related parties.</p>

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
33.9	<p>If an entity has related party transactions, it shall disclose the nature of the related party relationship as well as information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements. Those disclosure requirements are in addition to the requirements in paragraph 33.7 to disclose key management personnel compensation. At a minimum, disclosures shall include:</p> <ul style="list-style-type: none"> (a) the amount of the transactions. (...) (c) provisions for uncollectible receivables related to the amount of outstanding balances. (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties. <p>Such transactions could include purchases, sales, or transfers of goods or services; leases; guarantees; and settlements by the entity on behalf of the related party or vice versa.</p>	<p>The approach in the IFRS SME format is rather different than the one in Section 33 of IFRS SME. In the IFRS SME format, main items of balance sheet are broken down by category of related party while Section 33 requires only the main transactions to be disclosed.</p>
33.11	<p>An entity is exempt from the disclosure requirements of paragraph 33.9 in relation to:</p> <ul style="list-style-type: none"> (a) a state (a national, regional or local government) that has control, joint control or significant influence over the reporting entity, and (b) another entity that is a related party because the same state has control, joint control or significant influence over both the reporting entity and the other entity. <p>However, the entity must still disclose a parent-subsidiary relationship as required by paragraph 33.5.</p>	<p>This paragraph does not explicitly require any information to be disclosed; it contains an exemption from disclosure requirements in the section.</p>
33.12	<p>The following are examples of transactions that shall be disclosed if they are with a related party:</p> <ul style="list-style-type: none"> (a) purchases or sales of goods (finished or unfinished). (b) purchases or sales of property and other assets. (c) rendering or receiving of services. (d) leases. (e) transfers of research and development. 	<p>This paragraph does not explicitly require any information to be disclosed; it enumerates examples of transactions with related parties.</p>

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	<p>(f) transfers under licence agreements.</p> <p>(g) transfers under finance arrangements (including loans and equity contributions in cash or in kind).</p> <p>(h) provision of guarantees or collateral.</p> <p>(i) settlement of liabilities on behalf of the entity or by the entity on behalf of another party.</p> <p>(j) participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities.</p>	
33.13	An entity shall not state that related party transactions were made on terms equivalent to those that prevail in arm's length transactions unless such terms can be substantiated.	This paragraph does not explicitly require any information to be disclosed.
33.14	An entity may disclose items of a similar nature in the aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.	This paragraph does not explicitly require any information to be disclosed.
34.7	<p>An entity shall disclose the following with respect to its biological assets measured at fair value:</p> <p>(a) a description of each class of its biological assets.</p> <p>(...)</p>	This information is mainly qualitative and does not provide much value to the IFRS SME format.
34.10	<p>An entity shall disclose the following with respect to its biological assets measured using the cost model:</p> <p>(a) a description of each class of its biological assets.</p> <p>(...)</p> <p>(c) the depreciation method used.</p> <p>(d) the useful lives or the depreciation rates used.</p> <p>(...)</p>	This information is mainly qualitative and does not provide much value to the IFRS SME format.
34.16	The operator of a service concession arrangement shall recognise, measure and disclose revenue in accordance with Section 23 Revenue for the services it performs.	This paragraph does not explicitly require any information to be disclosed.
35.11	If it is impracticable for an entity to restate the opening statement of financial position at the date of transition for one or more of the adjustments required by paragraph 35.7, the entity shall apply paragraphs 35.7–35.10 for such	First application of IFRS SME will only happen once in time and it has been

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	<p>adjustments in the earliest period for which it is practicable to do so, and shall identify the data presented for prior periods that are not comparable with data for the period in which it prepares its first financial statements that conform to this IFRS. If it is impracticable for an entity to provide any disclosures required by this IFRS for any period before the period in which it prepares its first financial statements that conform to this IFRS, the omission shall be disclosed.</p>	<p>decided not to include any disclosure about it in the format.</p>
35.12	<p>An entity shall explain how the transition from its previous financial reporting framework to this IFRS affected its reported financial position, financial performance and cash flows.</p>	<p>First application of IFRS SME will only happen once in time and it has been decided not to include any disclosure about it in the format.</p>
35.13	<p>To comply with paragraph 35.12, an entity's first financial statements prepared using this IFRS shall include:</p> <p>(a) a description of the nature of each change in accounting policy.</p> <p>(b) reconciliations of its equity determined in accordance with its previous financial reporting framework to its equity determined in accordance with this IFRS for both of the following dates:</p> <p>(i) the date of transition to this IFRS, and</p> <p>(ii) the end of the latest period presented in the entity's most recent annual financial statements determined in accordance with its previous financial reporting framework.</p> <p>(c) a reconciliation of the profit or loss determined in accordance with its previous financial reporting framework for the latest period in the entity's most recent annual financial statements to its profit or loss determined in accordance with this IFRS for the same period.</p>	<p>First application of IFRS SME will only happen once in time and it has been decided not to include any disclosure about it in the format.</p>
35.14	<p>If an entity becomes aware of errors made under its previous financial reporting framework, the reconciliations required by paragraph 35.13(a) and (b) shall, to the extent practicable, distinguish the correction of those errors from</p>	<p>First application of IFRS SME will only happen once in time and it has been</p>

IFRS SME paragraph	Disclosure required by IFRS SME	III WG reasoning
	changes in accounting policies.	decided not to include any disclosure about it in the format.
35.15	If an entity did not present financial statements for previous periods, it shall disclose that fact in its first financial statements that conform to this IFRS.	First application of IFRS SME will only happen once in time and it has been decided not to include any disclosure about it in the format.

Document Management

Document name **ITEMS IN THE IFRS SME DISCLOSURE CHECKLIST NOT CONSIDERED IN THE IFRS SME FORMAT**
 This document explains the reasons why some of the disclosures in the Disclosure Checklist issued by IASB, containing all the disclosures required by IFRSs SME, have not been included in the SME format.

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 List of successive "final versions"

Revision version	Revision date	Summary of Changes
Doc4.7 – checklistsmeformat_2010D1	14/01/2010	First version of the document
Doc4.7 – checklistsmeformat_2010D2	11/08/2010	Second version of the document
Doc4.6 – checklistsmeformat_2010F	24/09/2010	Final version of the document, approved by the III WG

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Doc4.7 – checklistsmeformat_2010D2	11/08/2010	Members of the IIWG
Doc4.6 – checklistsmeformat_2010F	24/09/2010	Members of the III WG Members of the ECCBSO
