2025 IFRS for SMEs supporting materials

The *IFRS for SMEs* Accounting Standard is a self-contained Standard (fewer than 330 pages) designed to meet the needs and capabilities of small and medium-sized entities (SMEs), which are estimated to account for more than 95% of companies worldwide.

Compared with full IFRS Accounting Standards (and many national GAAPs), the *IFRS for SMEs* Accounting Standard is less complex in a number of ways, namely:

- topics not relevant to SMEs are omitted, such as earnings per share, interim financial reporting and segment reporting.
- many principles for recognising and measuring assets, liabilities, income and expenses in full IFRS Accounting Standards are simplified. For example:
  - goodwill is amortised;
  - all borrowing and development costs are recognised as expenses;
  - the cost model is available for associates and jointly-controlled entities; and
  - undue cost or effort exemptions for specific requirements are available.
- significantly fewer disclosures are required (roughly a 90% reduction).
- the text is written in ‘plain English’, so it is easier to understand and translate.
- revisions are expected to be limited to once every three years, to reduce the burden for SMEs of having to adjust to any changes.

The *IFRS for SMEs* Accounting Standard is available for any jurisdiction to adopt, whether it has adopted full IFRS Accounting Standards, or not. Each jurisdiction must determine which entities should use the Standard. The only restriction set by the International Accounting Standards Board is that entities that have public accountability should not use the Standard.