

**Frequently Asked Question (FAQ)
APPLICABILITY OF IFRS 9 – *FINANCIAL INSTRUMENTS*,
IFRS 15 – *REVENUE FROM CONTRACTS WITH CUSTOMERS*
AND IFRS 16 – *LEASES TO ENTITIES APPLYING THE IFRS
FOR SMEs STANDARD***

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Disclaimer

Please note that every effort has been made to ensure that the advice given in this frequently asked question is correct. Nevertheless, that advice is given purely as guidance to members of SAICA to assist them with particular problems relating to the subject matter of the frequently asked question, and SAICA will have no responsibility to any person for any claim of any nature whatsoever that may arise out of, or relate to, the contents of this frequently asked question.

Introduction

The purpose of this FAQ is to clarify the applicability of IFRS 9 – *Financial Instruments*, IFRS 15 – *Revenue from Contracts with Customers* and IFRS 16 - *Leases* to entities preparing financial statements in terms of the *IFRS for SMEs* Standard.

Question

Is an entity preparing financial statements in terms of the *IFRS for SMEs* Standard required to apply IFRS 9, IFRS 15 and IFRS 16?

Answer

No.

IFRS 9, IFRS 15 and IFRS 16 which became effective during 2018 and 2019 are applicable to entities applying IFRS. The three IFRSs replaced the revenue, financial instruments and lease accounting requirements which were contained in IAS 39 – *Financial Instruments*, IAS 18 – *Revenue* and IAS 17 – *Leases* together with related Interpretations. Therefore, entities applying the *IFRS for SMEs* Standard should continue applying the financial instruments, revenue and financial instruments requirements as set out in Section 11 - *Basic Financial Instruments*, Section 12 - *Additional Financial Instruments Issues*, Section 20 - *Leases* and Section 23 - *Revenue* of the *IFRS for SMEs* Standard.

Developments on the review of the IFRS for SMEs Standard

The International Accounting Standards Board is undertaking a second comprehensive review of the *IFRS for SMEs* Standard which commenced with the publication of the Request for Information during 2020. In its Request for Information, the IASB was seeking views on whether or how to align the *IFRS for SMEs* Standard with new Standards including IFRS 9, IFRS 15 and IFRS 16. Based on the feedback received, the IASB is expected to publish an exposure draft. To track the developments on the second comprehensive review of the *IFRS for SMEs* Standard, please follow this [link](#).