
SME Implementation Group

Date **Thursday 5 February 2026**

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This document summarises a meeting of the SME Implementation Group.

SME Implementation Group members in attendance

Region	Members
Africa	Blaise Colyvas
Africa	Ayodele Ojo
Africa	Ernest Muguku Muriu
Africa	Noluthando Bobani
Asia–Oceania	Qi Chang
Asia–Oceania	Eng Kian Lee
Asia–Oceania	Danny Tan
Asia–Oceania	Saif Ullah
Asia–Oceania	Lei Yan
Europe	José M. Hinojal
Europe	Úna Curtis
Europe	Jenny Carter
The Americas	Nancy Aragón Granja
The Americas	Wilfred Au
The Americas	Omar Alberto Benítez Aníbal
The Americas	Cecília Geron
The Americas	Gabriel Gaitán León
The Americas	Andrea St. Rose
The Americas	Edson Teixeira
Others	Hironori Okada

Purpose of this meeting

1. This document summarises the virtual SME Implementation Group (SMEIG) meeting held on 5 February 2026, chaired by Zach Gast, International Accounting Standards Board (IASB) member and Chair of the SMEIG. More information about the SMEIG can be found on the [IFRS Foundation's website](#).
2. The meeting's purpose was for:
 - (a) IASB technical staff to provide SMEIG members with an overview of an application question on paragraph 9.3 of the *IFRS for SMEs Accounting Standard* ('the Standard'); and
 - (b) SMEIG members to provide feedback on whether, and how, to address the issue raised by the question.
3. The meeting was an opportunity for SMEIG members to discuss the issue before voting on whether, and how, it should be addressed, in accordance with the [Terms of Reference and Operating Procedures for the SME Implementation Group](#).
4. The agenda paper for the meeting is available on the [IFRS Foundation's website](#). In this meeting summary, 'SMEs' refers to entities that are eligible to apply the Standard.

Application question on paragraph 9.3 of the *IFRS for SMEs Accounting Standard*

5. The staff summarised the application question on paragraph 9.3 of the Standard.
6. The staff explained that the question raises an issue about the preparation of consolidated financial statements by a parent entity who is a subsidiary of an investment entity. The issue arises because IFRS 10 *Consolidated Financial Statements* exempts such a parent entity from preparing consolidated financial statements if its ultimate parent (or any intermediate parent) prepares financial statements in which subsidiaries are measured at fair value through profit or loss. Because no equivalent exemption exists in paragraph 9.3 of the *IFRS for SMEs Accounting Standard*, the Standard's requirements for such entities are more onerous than full IFRS Accounting Standards.

Whether to address the issue

7. Most SMEIG members agreed that the issue should be addressed by amending the Standard. Many of these SMEIG members said the Standard should be amended to avoid it being more onerous to apply than full IFRS Accounting Standards. One SMEIG member said the Standard should be amended because, compared with entities applying full IFRS Accounting Standards, SMEs have fewer resources to prepare and deal with the audit of consolidated financial statements.
8. Two SMEIG members did not agree the issue should be addressed. These SMEIG members were from the same jurisdiction, where local laws and regulation require parent entities to prepare consolidated financial statements. In this jurisdiction, SMEs prepare consolidated financial statements regardless of the exemptions in the Standard and therefore the issue is not relevant to them. In contrast, another SMEIG member said that not all jurisdictions have laws and regulation similar to this jurisdiction, so the issue will be relevant for SMEs in other jurisdictions.
9. One SMEIG member who did not agree the issue should be addressed disagreed with the consolidation exemption in IFRS 10. In their view, in instances in which an investment entity is exempt from preparing consolidated financial statements because it measures its subsidiaries at fair value, the subsidiaries' consolidated financial statements provide more useful information than the investment entity's separate financial statements. The SMEIG member said that in such instances, users rely on the subsidiaries' consolidated financial statements to understand the group's performance at a local level and to make decisions about profit distribution and governance.

Pervasiveness

10. SMEIG members had mixed views on whether the issue raised by the application question was pervasive.
11. Two SMEIG members said the issue was likely to become pervasive because of the growth in private equity investment and investment entities acquiring SMEs. One SMEIG member said it is probable that the issue would occur in several jurisdictions.
12. One SMEIG member said that they had received questions from investment entities that have subsidiaries without public accountability about implementing IFRS 19 *Subsidiaries without Public Accountability: Disclosures*. In their view, these implementation questions indicated that group structures in which the issue could arise were prevalent.
13. Some SMEIG members expressed doubt about the issue's pervasiveness based on:
 - (a) informal outreach in one SMEIG member's region (Asia–Oceania).
 - (b) the length of time the issue has existed without being raised with the IASB.
 - (c) the known pervasiveness of the issue. The only instance of the issue being encountered was by the SMEIG member who asked the implementation question. That SMEIG member explained that the issue arose when a private equity entity acquired an SME.

How to address the issue

14. Most SMEIG members who agreed the issue should be addressed by amending the Standard recommended that the IASB do so urgently, instead of during its next periodic review of the Standard. Most of these SMEIG members recommended the IASB issue the amendment before the effective date of the third edition of the Standard (1 January 2027). The SMEIG members who recommended the IASB amend the Standard before this date mentioned:
 - (a) the issue's timing and the opportunity it gives the IASB to amend the Standard before the effective date;
 - (b) the issue's increasing pervasiveness; and
 - (c) the length of time until the next comprehensive review of the Standard.
15. Two SMEIG members raised concerns about potential consequences of the IASB amending the Standard urgently in response to the issue. Specifically:
 - (a) one SMEIG member said amending the Standard urgently could create a precedent that the IASB will only urgently address issues that arise before the effective date; and
 - (b) another SMEIG member said the IASB should avoid amending the Standard urgently if it creates a perception that the IASB will do so again if similar issues arise.

Next steps

16. Following the meeting, SMEIG members will be sent a form to vote on whether, and how, the issue should be addressed. SMEIG members have 30 days to vote. The IASB will consider the results of the vote in any future discussion of the issue.