
SME Implementation Group

Date	05 October 2026
Project	<i>IFRS for SMEs Accounting Standard</i>
Topic	<i>Exposure Draft Consolidation Exception</i>
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This paper has been prepared for discussion at a public meeting of the SME Implementation Group (SMEIG). This paper does not represent the views of the International Accounting Standards Board (IASB) or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards or the *IFRS for SMEs*[®] Accounting Standard. The IASB's technical decisions are made in public and are reported in the IASB *Update*.

Agenda

Feedback on the Exposure Draft *Consolidation Exception*

Questions for SMEIG members

SMEIG membership

Any other business

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Feedback on the Exposure Draft—*Consolidation Exception*



Exposure Draft *Consolidation Exception*

The question

Can SMEs apply the exception from preparing consolidated financial statements in paragraph 9.3 of the Standard if their parent (ultimate or intermediate) is an investment entity that presents financial statements that comply with full IFRS Accounting Standards, in which its subsidiaries are measured at fair value through profit or loss?



Effective date

Annual reporting periods beginning on or after 1 January 2027, with earlier application permitted

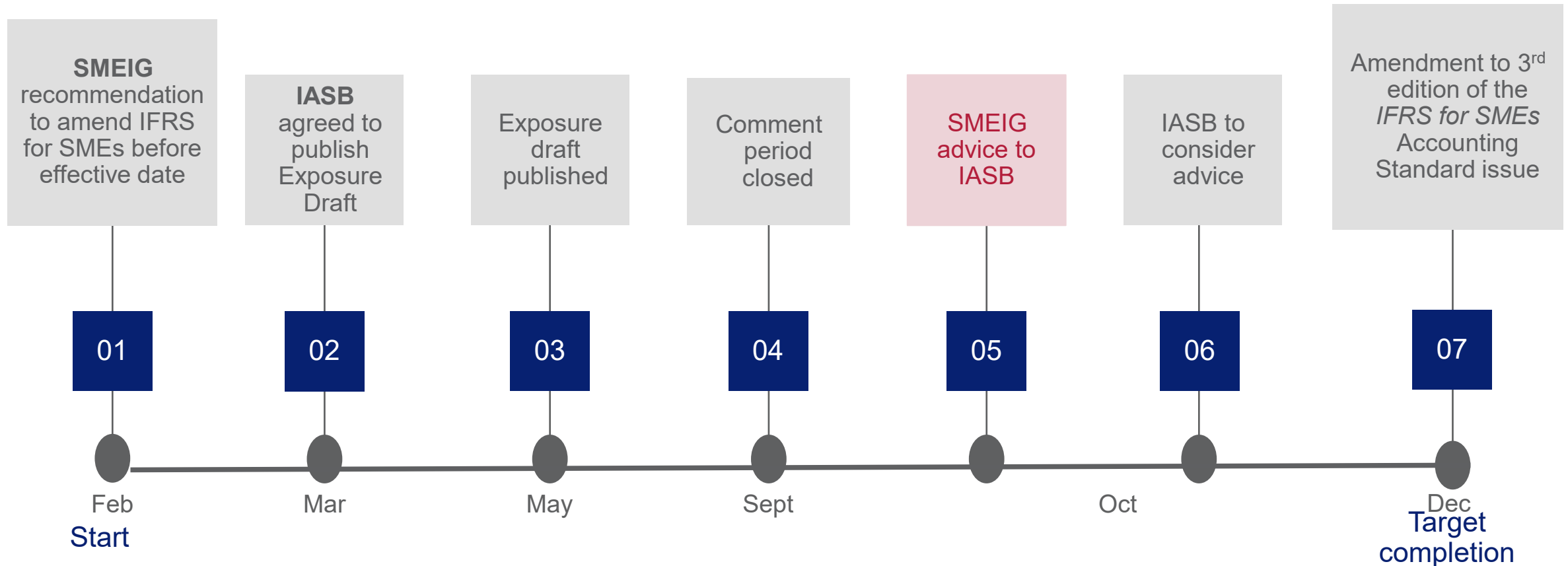
Current requirements

SMEs would be required to present consolidated financial statements. This outcome differs from the outcome that would result from applying IFRS 10 *Consolidated Financial Statements*.

The proposal

The IASB is proposing amendments to paragraph 9.3 of the Standard which would introduce an exception from presenting consolidated financial statements for the SME.

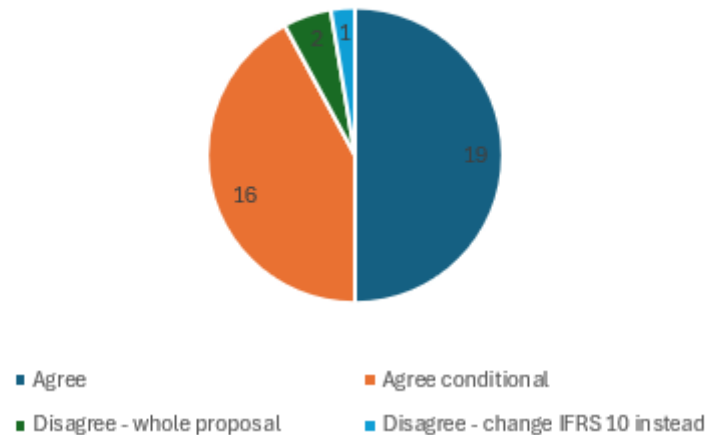
Consolidation Exception timeline



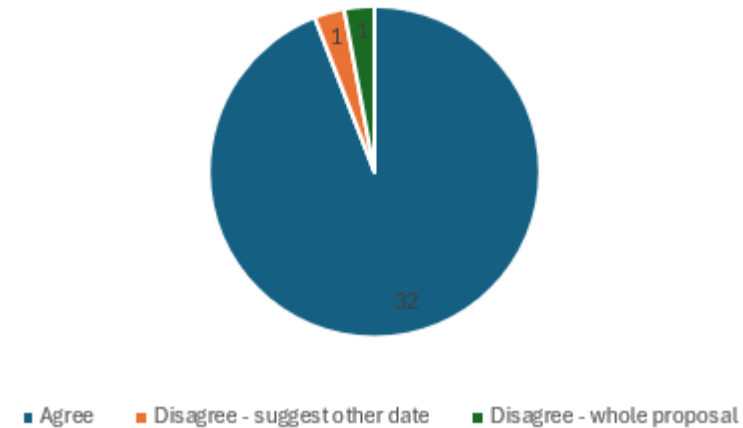
Summary of feedback

Most respondents agreed with the proposals in the Exposure Draft.
Many respondents suggested additional disclosure requirements

Proposal - add the consolidation exception



Proposal - effective 1 January 2027



Suggested additional disclosures

Respondents suggested adding requirements to disclose:

- Fact that exception is being used
- Name of parent company
- Where parent company financial statements can be obtained
- Details of subsidiaries now not consolidated

A small number also suggested:

- Statement that non-controlling shareholders have been consulted and do not object

Questions for SMEIG members



1. Do you have any comments on the summary of comment letters in Agenda paper 1?
2. Which, if any, of the proposed additional disclosures would you support?
3. Do you have other comments?

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SMEIG membership



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Call for members issued August 2026

Recruitment window has now closed

45 applications received (as at 28 September) from a range of geographical areas and candidate backgrounds

IASB will review candidates and IFRS Foundation trustees will appoint candidates

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Do you have anything to share with us on how SMEs in your jurisdiction are preparing to adopt the third edition of the Standard?

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