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Ms Linda Mezon-Hutter
International Accounting Standards Board
Columbus Building
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London
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Our ref BOD/288

3 September 2026

Dear Ms Linda Mezon-Hutter

Exposure draft *Consolidation Exception – Proposed amendments to the IFRS for SMEs® Accounting Standard*

We appreciate the opportunity to comment on the International Accounting Standards Board's (the IASB) exposure draft *Consolidation Exception – Proposed amendments to the IFRS for SMEs Accounting Standard* (the ED). We have consulted with, and this letter represents the views of, the KPMG network.

- We agree with the proposed amendments to paragraph 9.3 of the *IFRS for SMEs* Accounting Standard and the proposal that an entity apply them at the same time and on the same basis as it applies the third edition of the *IFRS for SMEs* Accounting Standard.
- We also believe that a similar amendment is urgently needed to IFRS 19 *Subsidiaries without Public Accountability* and we would encourage the IASB to consult on this when the amendment proposed in the exposure draft is finalised.

We expand on these points in the Appendix to this letter, which contains our responses to the specific questions raised in the ED.

Please contact Brian O'Donovan at brian.odonovan@kpmgifrg.com or Úna Curtis at una.curtis@kpmg.ie if you wish to discuss any of the issues raised in this letter.

Yours sincerely

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APPENDIX

QUESTIONS FOR RESPONDENTS

Question 1—Proposed amendments to paragraph 9.3 of the *IFRS for SMEs* Accounting Standard
Paragraph 9.3 of the *IFRS for SMEs* Accounting Standard (Standard) permits a parent not to present consolidated financial statements if its ultimate parent (or any intermediate parent) produces consolidated general purpose financial statements that comply with full IFRS Accounting Standards or the Standard. The IASB is proposing to extend the exception from presenting consolidated financial statements. Under the proposed extension, a parent need not present consolidated financial statements if its ultimate parent (or any intermediate parent) produces financial statements that comply with full IFRS Accounting Standards, in which investments in subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 *Consolidated Financial Statements*. Paragraphs BC6–BC16 explain the IASB's rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree, please state whether you suggest the IASB consider this amendment in the next periodic review of the Standard, or not at all.

We agree with the proposed amendment.

We believe that an entity applying the *IFRS for SMEs* Accounting Standard should not be disadvantaged compared to an entity applying full IFRS Accounting Standards. Extending the exception in paragraph 9.3 as proposed will rectify this by allowing affected SMEs to benefit from the same cost savings as entities applying full IFRS Accounting Standards in similar circumstances.

We also believe that a similar amendment is urgently needed to IFRS 19 *Subsidiaries without Public Accountability* for the following reasons.

- In order to apply IFRS 19, a subsidiary must have an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. [*IFRS 19.7(c)*]
- The ability of the subsidiaries of an investment entity to apply IFRS 19 appears then to depend on whether the investment entity parent has service subsidiaries which need to be consolidated under paragraph 32 of IFRS 10.
- If there are service subsidiaries which need to be consolidated, then seemingly all of the subsidiaries of the investment entity can apply IFRS 19 (assuming they do not have public accountability).

- If on the other hand, the investment entity parent accounts for all of its subsidiaries at fair value through profit or loss, then the condition is paragraph 7(c) of IFRS 19 is not met, and none of the subsidiaries can apply IFRS 19.

This outcome, being dependent on the arbitrary point of whether or not an investment entity parent has service subsidiaries which need to be consolidated, is unsatisfactory. Therefore, we would encourage the IASB to consult on such an amendment when the amendment proposed in the ED is finalised.

Question 2—Effective date and transition
The IASB is proposing that an entity apply the amendments to paragraph 9.3 of the Standard at the same time and on the same basis as it applies the third edition of the Standard. Paragraph BC17 explains the IASB's rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree, please explain what you would suggest instead and why.

We agree with the proposal that an entity apply the amendments to paragraph 9.3 of the Standard at the same time and on the same basis as it applies the third edition of the Standard.

Other comments

We note that paragraph 9.3 of the *IFRS for SMEs* Accounting Standard starts with the words “A parent need not present consolidated financial statements if both of the following conditions are met”. This paragraph may be read as a non-mandatory exemption from presenting consolidated financial statements rather than a mandatory exception to doing so. We suggest that when the amendment proposed in the ED is finalised, the final wording should refer to the extension of the exemption from presenting consolidated financial statements.