

9 September 2026

International Accounting Standards Board
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United Kingdom
Email: commentletters@ifrs.org



Dear Sir/Madam

SAICA SUBMISSION ON EXPOSURE DRAFT – CONSOLIDATION EXCEPTION: PROPOSED AMENDMENTS TO THE *IFRS FOR SMES* ACCOUNTING STANDARD

In response to your request for comments on Exposure Draft – Consolidation Exception: Proposed amendments to the *IFRS for SMES* Accounting Standard, attached is the comment letter prepared by the South African Institute of Chartered Accountants (SAICA). This comment letter results from deliberations of SAICA's Accounting Practices Committee (APC), which comprises members from reporting organisations, preparers, regulators, auditors, IFRS specialists, investment analysts and academics.

We thank you for the opportunity to provide comments on this Exposure Draft.

Please do not hesitate to contact us should you wish to discuss any of our comments.

Blaise Colyvas
Chairperson: APC

Mulala Ratshitanga
Lead: Financial Reporting

Cc: Kedibone Sono
Head: Financial Reporting

Milton Segal
Executive: Standards



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 support the proposal to extend the consolidation exemption. Although the circumstances in which the proposed amendment would apply appear to arise infrequently in South Africa and therefore may have limited practical significance for many entities applying the IFRS for SMEs Accounting Standard, we do not consider the limited prevalence of the issue to diminish the need for the amendment for those entities that are affected.

We also support aligning the IFRS for SMEs Accounting Standard with full IFRS Accounting Standards, provided that such alignment does not introduce additional complexity or undue burden for SMEs and that the resulting requirements remain relevant to the information needs of users of SME financial statements.

We also consider that the cost savings and reduced reporting burden associated with the proposed exemption justify the potential loss of information resulting from the non-preparation of consolidated financial statements. Typical users of SME financial statements, such as owners, management and financing providers, are often able to obtain additional information directly from management when required. Consequently, the absence of consolidated financial statements is not considered a significant concern, particularly when weighed against the costs and effort required to prepare such information.

We also note that the exception would be optional, enabling an eligible entity to continue preparing consolidated financial statements where those statements remain necessary to meet its users’ information needs.

Our support should not be interpreted as suggesting that the Standard should routinely be amended outside its periodic review cycle whenever full IFRS Accounting Standards are amended. We regard this as a narrow and unusual circumstance in which a timely amendment before the effective date of the third edition would avoid affected SMEs continuing to be subject to requirements that may be more onerous than the equivalent requirements in full IFRS Accounting Standards.

We consider the proposed amendments to paragraph 9.3 to be clear, operational and appropriately drafted.

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 that the proposed amendment should be applied at the same time and using the same transition requirements as the third edition of the IFRS for SMEs Accounting Standard. We also support permitting earlier application, but only where an entity applies the third edition, including this amendment, early. We would not support permitting early application of this amendment in isolation.