



13 May 2026

**To: Members of the Hong Kong Institute of CPAs
All other interested parties**

INVITATION TO COMMENT ON THE IASB EXPOSURE DRAFT
Consolidation Exception
(Proposed amendments to the IFRS for SMEs Accounting Standard)
Comments to be received by 7 August 2026

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the International Accounting Standards Board (IASB) Exposure Draft: *Consolidation Exception (Proposed amendments to the IFRS for SMEs Accounting Standard)* (ED). The ED is available on the Institute's [website](#).

The ED proposes narrow-scope amendments to the IFRS for SMEs Accounting Standard. The proposal introduces a consolidation exception for intermediate parents that have a parent or ultimate parent that is an investment entity and that does not produce consolidated financial statements.

The IASB's proposal responds to a recommendation from the SME Implementation Group. The proposed change aims to provide eligible SMEs with the same cost savings available to similar entities under full IFRS Accounting Standards.

If the IASB agrees to proceed with the proposed amendments, they will become effective for periods beginning on or after 1 January 2027. This timeline aligns with the effective date of the third edition of the *IFRS for SMEs Accounting Standard*. Earlier application will be permitted for entities that apply this edition early.

The FRSC invites your comments on the ED by **7 August 2026**, to allow your comments to be considered in developing its response, if any, to the IASB. Comments should be supported by specific reasoning and submitted in written form by email to commentletters@hki CPA.org.hk.

Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.