Dear Sir/Madam,

**Draft Q&A 2011/01: IFRS for SMEs Section 1 Use of the IFRS for SMEs in parent’s separate financial statements**

Mazars is pleased to comment on the SME Implementation Group’s draft Q&A 2011/01 on the use of the IFRS for SMEs in the separate financial statements of the parent entity of a group which presents consolidated financial statements in accordance with full IFRSs.

We agree on the principle with the proposed answer that a parent entity which does not have public accountability may present its separate financial statements in accordance with the IFRS for SMEs, when the group is required to present consolidated financial statements in accordance with full IFRSs.

However, we are unsure this answer complies with the IFRS for SMEs provisions. Indeed, we understand that:

- § 9.2 of the IFRS for SMEs requires that a parent entity shall present consolidated financial statements in which it consolidates its investments in subsidiaries in accordance with the IFRS for SMEs, except as permitted in § 9.3;

- and § 9.3 of the IFRS for SMEs does not exempt a parent entity, that is not itself a subsidiary, from presenting consolidated financial statements in accordance with the IFRS for SMEs.
We thus recommend the Board to modify the wording of § 9.3 in order to make it clear that an ultimate parent that is presenting its individual accounts to IFRS for SMEs need not present consolidated financial statements in accordance with the IFRS for SMEs when it presents them in accordance with full IFRSs.

Should you have any questions, please do not hesitate to contact us.

Yours sincerely,

Michel Barbet-Massin

Head of Financial Reporting Technical Support