



IFRS 19: Subsidiaries without Public Accountability - Disclosures

IASB new accounting standard summary

1. Executive summary

2. IFRS 19 details



1 Executive summary

General overview

In May 2024, the International Accounting Standards Board (IASB) introduced IFRS 19 Subsidiaries without Public Accountability - Disclosures. This new standard permits eligible subsidiaries to apply reduced disclosure requirements under IFRS 19

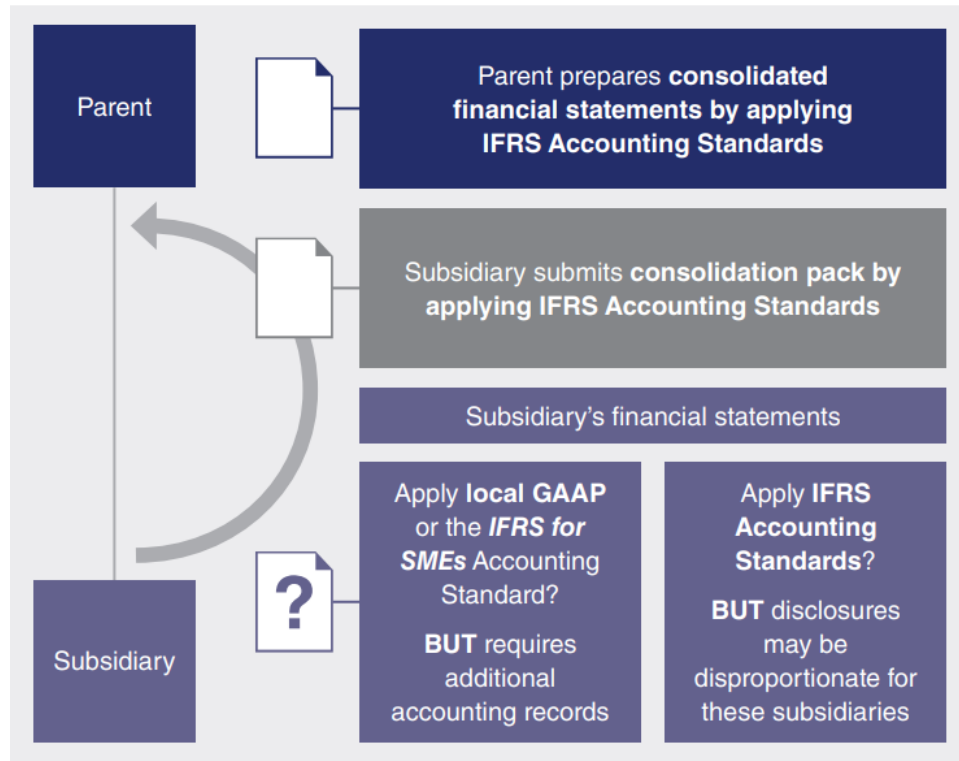
 Context	 Objective of IFRS 19	 Next steps
• In response to the IAS 2015 Agenda Consultation, stakeholders suggested that certain subsidiaries should be allowed to use IFRS Accounting Standards with reduced disclosure requirements due to difficulties in preparing financial statements • In July 2021, the IASB published the Exposure Draft • In May 2024, the IASB published the IFRS 19, on Disclosures by Subsidiaries without Public Accountability.	• IFRS 19 aims to simplify reporting systems and processes for companies, reducing the costs associated with preparing eligible subsidiaries' financial statements. • Simultaneously, it ensures that the financial statements remain valuable and informative for their users.	• IFRS19 will be effective for reporting periods beginning on or after 1 January 2027. Early application is permitted. • In the first year of applying IFRS 19, it is necessary to disclose comparative information for current year amounts unless other IFRS accounting standard requires otherwise.
Eligible subsidiaries	Principles for reduction	Disclosure requirements
• Not having public accountability, and • Parent producing consolidated financial statements that comply with IFRS Accounting Standards and are available for public use.	• Liquidity and solvency • Short-term cash flows, obligations, commitments and contingencies • Measurement uncertainty • Disaggregation of amounts • Accounting policy choices	• IFRS 19 enables eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements • IFRS 7 and IAS 7 disclosure requirements where modified • IFRS 33 and IFRS 17 disclosure requirements where not reduced.

2 | IFRS 19 details

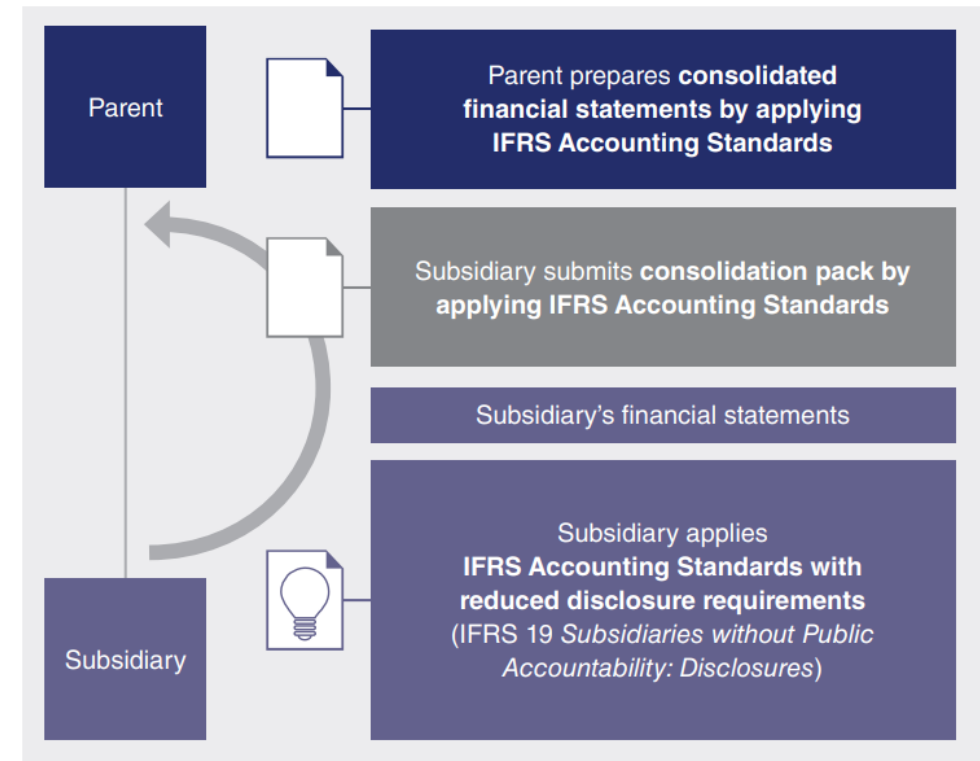
Why the IASB undertook the project

IFRS 19 aims to balance reduced disclosure requirements for subsidiaries without public accountability with the needs of their financial statement users. The IASB based this requirement on the IFRS for SMEs Accounting Standard, which has fewer requirements than full IFRS Standards

The problem¹



The solution¹



1. Source: images from IFRS, Project Summary and Feedback Statement (May 2024)

2 IFRS 19 details

Eligible subsidiaries and principles for reducing the set of requirements

The set of principles to help identify relevant information for users of the financial statements of non-publicly accountable entities is aligned with that of SME Accounting Standard

Eligible subsidiaries

Do not have *public accountability* 



Ultimate or any intermediate *parent* produces consolidated *financial statements available for public use* that comply with IFRS Accounting Standards

debt or equity instruments are *traded* in a public market

Or

Holding assets in a *fiduciary capacity* (e.g. banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks)

Principles for reducing the set of requirements

Principles

Liquidity and solvency

Short-term cash flows, obligations, commitments and contingencies

Measurement uncertainty

Disaggregation of amounts

Accounting policy choices

Information on...

... entity's ability to **generate cash flows and continue as a going concern**

... entity's ability to **meet its obligations**

... **measuring** of amounts in the financial statements, including inputs (e.g., significant judgements and estimates) used in those calculations

... separation of amounts presented in the financial statements into **component parts**

... **accounting policy applied** by the company especially when more than one accounting policy option is allowed

2 | IFRS 19 details

The disclosure requirements

IFRS 19 enables eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements

Specifications included on how to apply IFRS and IAS:

IFRS 1	IFRS 2
IFRS 3	IFRS 5
IFRS 6	IFRS 7
IFRS 12	IFRS 13
IFRS 14	IFRS 15
IFRS 16	IFRS 18
IAS 2	IAS 7
IAS 8	IAS 10
IAS 12	IAS 16
IAS 19	IAS 20
IAS 21	IAS 23
IAS 24	IAS 27
IAS 29	IAS 32
IAS 34	IAS 36
IAS 37	IAS 38
IAS 40	IAS 41

Modified disclosure requirements

IFRS 7 Financial Instruments: Disclosures

IFRS 19 requires eligible subsidiaries that provide financing to customers as a main business activity **to make some of the disclosures about credit risk** (e.g. to explain how the subsidiary's credit risk management practices relate to the recognition and measurement of expected credit losses).

IAS 7 Statement of Cash Flow

IFRS 19 requires eligible subsidiaries to **reconcile changes in liabilities arising from financing activities (simplified version of IAS 7 (paragraph 44A))**

Not reduced disclosure requirements

IAS 33 Earnings per Share and IFRS 8 Operating Segments

Subsidiaries eligible to apply IFRS 19 are not required to apply IAS 33 or IFRS 8, but may do so voluntarily.

IFRS 17 Insurance Contracts

IFRS 17 inform users of an entity's financial statements about how the entity applied the accounting model for insurance contracts. The IASB decided not to include reduced disclosure requirements for IFRS 17 at this stage.



IFRS 19 is a disclosure-only standard. It does not include recognition, measurement and presentation requirements either guidance on applying disclosure requirements



International
One Firm



Multiscope
Team



Best practice
know-how



Proven
Experience



Maximum
Commitment

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