IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

EFRAG's online survey on the expected costs and benefits of IFRS 19 to users

Introduction

1 IFRS 19 is the response to stakeholder feedback to the IASB's 2015 Agenda Consultation, allowing some eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements – which are all listed in IFRS 19. IFRS 19 aims to simplify subsidiaries' financial reporting when the parent company applies IFRS Accounting Standards for consolidated financial statements while still being useful for the users of those type of financial information.

2 Therefore, on 9 May 2024 the IASB issued IFRS 19 *Subsidiaries without Public Accountability: Disclosures*. IFRS 19 is a voluntary Standard and has an effective date of 1 January 2027, with early application permitted. More information on IFRS 19 can be found here.

Scope

3 A subsidiary is eligible to apply IFRS 19 if:

(a) it does not have public accountability; and

(b) its ultimate or any intermediate parent produces IFRS consolidated financial statements available for public use.

4 An entity has public accountability if:

(a) its debt or equity instruments are traded in a public market, or it is in the process of issuing such instruments for trading in a public market; or

(b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

Reduction in disclosure requirements

5 In developing IFRS 19, the IASB was guided by the **six broad principles** also used to develop the disclosure requirements:

(a) users of the financial statements of eligible subsidiaries are particularly interested in information about short-term cash flows and about obligations, commitments or contingencies, whether or not they are recognised as liabilities.

(b) users of the financial statements of eligible subsidiaries are particularly interested in information about liquidity and solvency.

(c) information on measurement uncertainties is important for eligible subsidiaries.

(d) information about an entity's accounting policy choices is important for eligible subsidiaries.

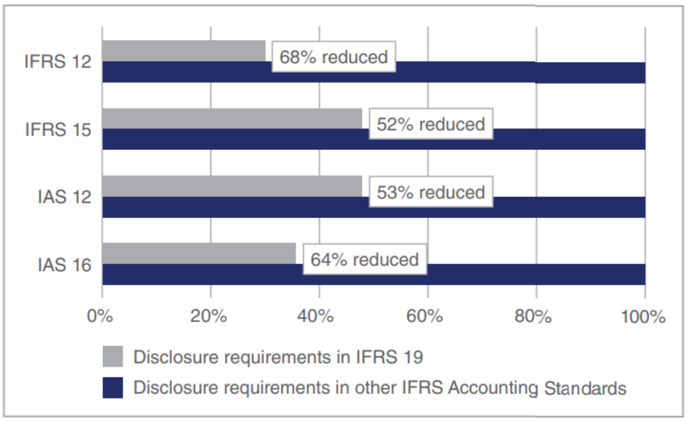
(e) disaggregation of amounts presented in eligible subsidiaries' financial statements are important for an understanding of those statements.

(f) some disclosures in IFRS Accounting Standards are more relevant to investment decisions in public capital markets than to the transactions and other events and conditions encountered by typical eligible subsidiaries.

6 Feedback received from EFRAG suggested that the relevant user community interested in subsidiaries' financial statements are typically credit analysts, who focus primarily on short-term cash flow information.

7 The IASB's Effects Analysis provides an overview of the expected effects for companies and users of financial statements.

8 For example, the diagram below illustrates the percentage reduction in disclosure requirements:



Source: IASB, 2024

The EU perspective

9 For European entities to be able to apply IFRS 19 on a voluntary basis[1], the following conditions need to be met:

(a) the EU decides to endorse IFRS 19;

(b) the entity falls within the scope of the Standard; and

(c) EU Member States permit or require the use of IFRS Accounting Standards[2].

10 In addition, IFRS 19 could be seen, to a certain extent as 'competing' with national GAAPs and the Accounting Directive[3]. Therefore, users' input on whether the Standard will be meeting their information needs is essential.

11 As part of its endorsement activities, EFRAG invites users of eligible subsidiaries' financial statements provide their views on the expected costs and benefits of the implementation of IFRS 19, by filling in this survey.

Purpose and content of this survey

Objective

12 The objective of this survey is to support EFRAG in performing a cost-benefit assessment of the implementation of IFRS 19. The survey results will be used and play an important role in EFRAG's cost-benefit assessment, which forms part of the EU endorsement process and the assessment of whether the Standard is 'conducive to the European public good'.

Structure

13 The survey consists of 14 questions, sorted into the following sections:

(a) Section 0 – General Information – (Questions 1-3)

(b) Section 1 – Cost and benefit assessment (Questions 4-11)

(c) Section 2 – Information needs (Questions 12-13)

(d) Section 3 – Other information (Question 14)

14 The completion of this survey should take up to 20 minutes.

---

[1] More information about the application and scope of IFRS 19 in the EU landscape can be found here: Briefing - "AN EU PERSPECTIVE ON THE SCOPE OF IFRS 19"

[2] in accordance with Article 5 of the EU Regulation 1606/2002.

[3] If you would like to know more about the differences between the disclosure requirements between IFRS 19 and the EU Accounting Directive, please refer to this link: Briefing - "STUDY ON COMPATIBILITY OF THE EU ACCOUNTING DIRECTIVE WITH IFRS 19".

Deadline and relevant information

15 Please submit your answers **by 28 February 2025** by clicking on the ‘**Submit’** button at the end of the survey.

16 Please note that you can save the draft questionnaire and go back to it at a later time by clicking on the button **‘Save and continue later’** in the right top corner of the page. EFRAG will only consider completed surveys.

17 The collected information will remain confidential and, when used in documents, it will be presented in such a way that no individual company or person can be identified.

18 **Thank you for completing this survey!**

Section 0 – General Information

Question 1 – Respondent’s profile

(a) Name

(b) Email address

(c) Respondent type

(i) Credit analyst

(ii) Sell-side analyst

(iii) Buy-side analyst

(iv) Portfolio manager

(v) Proxy advisor

(vi) Academic

(vii) Retail investor

(viii) Other. *Please specify*

Question 2 – Your organisation (if applicable)

(d) Name

(e) Country of incorporation

(f) Sector of activities

Question 3 – Do you use financial statements of subsidiaries without public accountability in your decision-making or to provide professional advice to others?

(a) Yes

(b) No

Section 1 – Cost and benefit assessment of IFRS 19

Question 4 – Can you quantify the costs incurred to analyse subsidiaries' financial statements in the past year by your organisation?

(a) Yes, costs are readily available

(b) Yes, costs are an estimation

(c) No ***Skip Questions 6, 10,***

Benefits

Question 5 – Do you expect any benefits from the application of IFRS 19 *[Please select all options that apply]*

(a) Yes, increased comparability of subsidiaries' financial information

(b) Yes, improved quality of subsidiaries' financial information

(a) Yes, improved efficiency in subsidiaries' financial statements analysis

(b) Yes, improved ability to forecast subsidiaries' financial performance

(c) Yes, improved decision making

(d) Yes, other benefits (please describe)

(e) No benefits are expected

Please explain why you selected the option(s) above:

Cost savings

Question 6 – Please estimate the reduction in costs for each of the categories listed below, related to analysing reduced-disclosure financial statements prepared under IFRS 19?

	Nil	**<1%**	**1% - 5%**	**5% - 10%**	**>10%**
Reduction in training costs	○	○	○	○	○
Reduction in costs related to changes to internal processes and systems for	○	○	○	○	○

analysing financial statements					
Other (Please explain)	○	○	○	○	○

Costs

Question 7 – Do you expect any disadvantages from the application of IFRS 19? *[Please select all options that apply]*

(f) Yes, reduced comparability of subsidiaries' financial information

(g) Yes, reduced quality of subsidiaries' financial information

(h) Yes, reduced efficiency in subsidiaries' financial statements analysis

(i) Yes, reduced ability to forecast subsidiaries' financial performance

(j) Yes, more challenging decision making

(k) Yes, other disadvantages (please describe)

(a) No disadvantages are expected

Question 8 – Do you expect to incur costs to analyse reduced-disclosure financial statements prepared under IFRS 19?

(b) Yes. ***Go to Question 9***

(c) No

(d) Difficult to assess at this stage

Question 9 – What type of costs do you expect to incur? *[Please select all options that apply]*

(a) incremental one-off costs

(b) recurring costs

Question 10 – Please estimate the increase in incremental costs for each of the categories listed below, related to analysing reduced-disclosure financial statements prepared under IFRS 19.

	Nil	**<1%**	**1% - 5%**	**5% - 10%**	**>10%**
Training costs (one-off)	○	○	○	○	○

Costs related to changes to internal processes and systems for analysing financial statements (one-off)	○	○	○	○	○
Costs related to maintenance of information systems for analysing financial statements (recurring)	○	○	○	○	○
Other (Please explain)	○	○	○	○	○

Cost-benefit assessment

Question 11 – Do you consider that IFRS 19 achieves a fair balance between the costs for preparers and the information needs of users?

(a) Yes. *Please explain why*

(b) No. *Please explain why*

(c) Difficult to assess at this stage

Section 2 – Information needs

Question 12 – Taking into account the IASB approach described in paragraph 5 above, what type of information is the most relevant for your analysis? *[Please drag and drop, in order of relevance]*

(a) information about short-term cash flows and about obligations, commitments or contingencies, whether or not they are recognised as liabilities

(b) information about liquidity

(c) information about solvency

(d) information on measurement uncertainties

(e) information about an entity's accounting policy choices

(f) disaggregation of amounts presented in financial statements

(g) other types of information (please describe)

Question 13 – Based on your current understanding of IFRS 19, do you expect that the reduced disclosure requirements will meet your information needs as a user of an entity without public accountability? *For example, significant reductions have been made to the disclosure requirements of some IFRS Accounting Standards as illustrated in paragraph 8.*

(a) Yes

(b) Partly. *Please explain what information is missing*

(c) No. *Please describe what information is missing*

(d) Cannot assess at this stage

Section 3 – Other information

Question 14 – Would you be available for a follow-up discussion with the EFRAG project team (if needed)?

(a) Yes

(b) No

[SUBMIT SURVEY]