IFRS 19 *SUBSIDIARIES WITHOUT PUBLIC ACCOUNTABILITY: DISCLOSURES*

SUMMARY REPORT

2 DECEMBER 2024

This report has been prepared for the convenience of European constituents by the EFRAG Secretariat and has not been subject to review or discussion by neither the EFRAG Board nor the EFRAG Technical Expert Group. It has been reviewed by the speakers at the event.

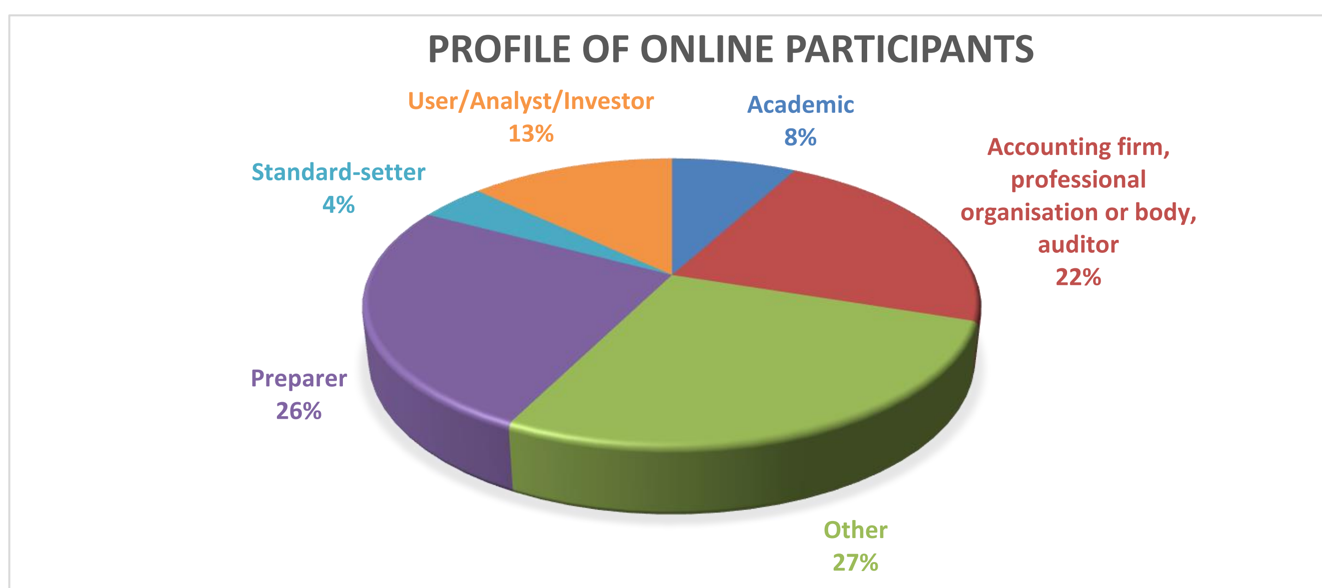
Background

On 2 December 2024, EFRAG hosted an educational session in collaboration with the International Accounting Standards Board (IASB) to discuss the applicability of IFRS 19 *Subsidiaries without Public Accountability: Disclosures* in the European Union (EU) and the EU endorsement process.

The objective of the event was to introduce IFRS 19 and the reasons why the IASB has issued the reduced disclosure standard, to illustrate its application and to inform on the European endorsement process. In addition, the potential costs and benefits from its application in the EU were discussed. The latter will be used by EFRAG for the EU endorsement criteria assessment.

This report has been prepared to summarise the event for the convenience of European constituents. The programme of the event, the speakers' biographies and the material presented during the event can be found here.

The audience had the opportunity to submit questions to EFRAG, the IASB and the panellists. The profile of registered participants is summarised below:



Introduction and opening remarks

Michael Fechner, EFRAG FRB member and meeting moderator, welcomed the attendees, introduced the speakers and panellists and provided an overview of the agenda.

Presentations by speakers

Why the IASB issued the reduced disclosure Standard – How it can be applied

Bertrand Perrin, IASB member, welcomed the attendees and introduced IFRS 19 as an innovative standard and approach. The aim of the Standard is to reduce costs in the ecosystem for subsidiaries preparing their final statements and for auditors and users of the financial statements by targeting the most important disclosures. The standard was an unprecedented effort by the IASB and stakeholders.

Michelle Sansom, IASB technical director, explained -that the project had been based on feedback from the IASB's agenda consultation where global preparers had shared their challenges in preparing subsidiaries' financial statements. Some of them must apply either local GAAP or the *IFRS for SMEs* Accounting Standard for individual financial statements, which have recognition and measurement differences with IFRS Accounting Standards used for the group consolidation reporting. Those subsidiaries who applied IFRS Accounting Standards for their individual financial statements felt that the IFRS disclosure requirements were often disproportionate to the needs of their users. The aim of IFRS 19 had been to enable a subsidiary to use IFRS Accounting Standards both for consolidation purposes with their parent and for their own financial statements with reduced disclosures.

Michelle Sansom further explained the scope of IFRS 19, which was based on the definition of public accountability in the *IFRS for SMEs* Accounting Standard. A subsidiary eligible to apply the Standard is 'an entity that does not have public accountability and has a parent that prepares consolidated financial statements that comply with IFRS Accounting Standards'. An entity does not have public accountability when its equity or debt instruments are not traded in a public market, and it does not hold assets in a fiduciary capacity.

As a second step, the IASB decided to use the same principles for reducing the disclosure requirements that it uses when developing the disclosure requirements of *IFRS for SMEs* Accounting Standard. These principles focus on the needs of users of SMEs' financial statements. **Michelle Sansom** explained that those principles had been tested during the second comprehensive review of the *IFRS for SMEs* Accounting Standard, so there had been confidence that the principles were fit for purpose. She noted, there has been some requests for entities to be able to compare IFRS 19 disclosure requirements with the disclosure requirements in other IFRS Accounting Standards. Responding to this request the IASB would shortly publish a 'disclosure tracker' that will enable this comparison.

She underlined that IFRS 19 was a disclosure-only Standard, and it did not change recognition, measurement or presentation requirements of other IFRS Accounting Standards. She further clarified that the entities should provide comparatives only for the information disclosed under IFRS 19.

Finally, **Michelle Sansom** provided answers to some frequently asked questions, notably that an entity applying IFRS 19 asserts compliance with IFRS Accounting Standards including IFRS 19, that additional disclosures can be provided if required to meet users' information needs, that a first-time application of IFRS 19 does not necessarily result in an entity meeting the definition of a first-time adopter and that IFRS 19 could be applied to consolidated, separate or individual financial statements of an eligible subsidiary.

Bertrand Perrin emphasised that an eligible subsidiary is permitted but not required to apply the Standard as it is voluntary. Entities would need to assess their own specific costs and benefits when deciding whether to apply IFRS 19. He further mentioned that the more IFRS 19 will be endorsed in jurisdictions worldwide, the more benefits it would bring to European preparers with an international footprint.

Michelle Sansom noted that the disclosure requirements in IFRS 19 will be updated by issuing consequential amendments when new or amended Standards are issued.

She further noted that IFRS 19 had been created for practical purposes to simplify the reporting process and to reduce overall costs for preparers, and more generally for the whole ecosystem.

One of the unexpected positive pieces of feedback on the exposure draft preceding IFRS 19 from preparers and users was improved knowledge of the application of IFRS Accounting Standards. Preparers stated that a global financial reporting language would mean that accounting staff would only need to be trained on one set of accounting standards (IFRS), which would reduce the risk of errors. Users agreed that there would be a better quality of reporting because of the improved knowledge of the requirements in IFRS Accounting Standards.

Moreover, the expected benefits to entities included potential cost reductions at the group or reporting entity level and reduction in the complexity of dual reporting systems. It would enable a subsidiary to use group accounting policies and should eliminate the need for dual accounting records. The unnecessary disclosure requirements would be removed, so the information would become more proportionate and focused on subsidiary's users' information needs. The IASB also performed an effects analysis of the reduced disclosure requirements and case studies with preparer companies, and a global preparer had field-tested the proposals. The analysis showed reductions in applicable disclosure requirements and the length of the notes.

Michelle Sansom further shared jurisdictional perspectives on IFRS 19 from several national standard setters.

The UK has a reduced disclosure framework that goes further than IFRS 19, which was developed when the UK moved to global accounting standards. That Standard (FRS 101) is popular amongst preparers and has been in place for over 10 years. Global subsidiaries' accounts in Companies House showed a wide use of FRS 101.

New Zealand also has a reduced disclosure standard, which is generally well supported. Mexico used the IASB exposure draft to create the national reduced disclosure standards.

Poland used the 1606/2002 Regulation and shared the general support for EU Member States to permit financial statements to be prepared in accordance with IFRS 19.

Michelle Sansom further noted that the transition costs for IFRS 19 would depend on entities' starting points. Subsidiaries already reporting applying IFRS Accounting Standards would experience the benefits of reduced disclosures. Subsidiaries applying local GAAP or the *IFRS for SMEs* Accounting Standard would experience these benefits and the benefit of being able to use group accounting policies in their local financial statements. Costs and benefits would also depend on the number of subsidiaries in a group and how many of them decide to apply IFRS 19. The case studies with preparers outlined how the size and complexity of a group would also affect the transition costs. Generally, it appeared that the benefits of applying IFRS 19 would outweigh the costs.

Who could apply IFRS 19 if endorsed in the EU?

Kathrin Schoene, EFRAG Project Director, stated that IFRS 19, if endorsed for use in the EU, would be applicable to entities in Europe in jurisdictions where the use of IFRS Accounting Standards was permitted or required. Subsidiaries would be eligible if they are within the scope of IFRS 19, i.e. if they do not have public accountability. She further highlighted that the term 'public accountability' was defined differently across jurisdictions, even across European jurisdictions. In Europe, the term 'public interest entity' would likely be used to determine eligible entities. This term was defined according to the statutory audit directive of 2006 (updated in 2014). Public interest entities have transferrable securities and are listed in EU regulated markets. This includes credit institutions, insurance undertakings and undertakings designated as public interest entities by the EU Member States due to, for example, the nature of their business, their size or the number of employees. According to the statutory audit directive, EU Member States have the possibility of designating entities at the national level as public interest entities. Parents of public interest entities could be inside or outside the EU, but the location of the entity itself is important.

The difficulty in the endorsement process was creating a definition for the entities in the scope of IFRS 19 because the public accountability definition was diverse. EFRAG published a briefing that illustrated the entities that might be in the scope of IFRS 19 if endorsed in Europe together with a list of the EEA countries that permits or requires the use of IFRS Accounting Standards.

Q&A session with the audience

Audience question: 'What is the reason to exclude listed subsidiaries and banks and insurers from the scope? Why is the group reporting ('up the chain') not enough?'

Michelle Sansom replied that the IASB needed to be very clear about the entities in scope, which are subsidiaries without public accountability. The IASB decided to use the public accountability definition in the *IFRS for SMEs* Accounting Standard as this Standard already has reduced disclosure requirements, and subsidiaries eligible to apply IFRS 19 are a subset of SMEs. The IASB acknowledged that this was a new approach and has stated it will review the scope of the Standard in the future.

Audience question: 'You said listed companies normally have public accountability, but IFRS 19 would also apply to a subgroup where the parent is also a subsidiary to an ultimate parent. Would IFRS 19 be applicable to a subsidiary that is the parent company and has, as a subsidiary, a listed subsidiary?'

Michelle Sansom noted that the *IFRS for SMEs* Accounting Standard is accompanied by education modules freely available on the IFRS Foundation's website. There is an education module on the definition of public accountability. In response to the question she said, eligibility is assessed based on the reporting entity.

Audience question: 'Insurance companies have disputed that they hold assets in fiduciary capacity. Are we comfortable with non-listed insurance subsidiaries applying IFRS 19?'

Michelle Sansom confirmed the feedback was that some insurance companies in Europe did not hold assets in a fiduciary capacity. She said whether the entity held assets in a fiduciary capacity should be assessed by the entity. The IASB discussed clarifying the term fiduciary capacity but decided that the definition was applied based on legal and regulatory requirements in a jurisdiction, therefore it was better assessed by regulators within jurisdictions**.**

Audience question: 'How different are the eligibility criteria between IFRS 19 and *IFRS for SMEs* Accounting Standard? I understand that this was one of the challenges when the *IFRS for SMEs* Accounting Standard was considered for EU endorsement. Does the wording of IFRS 19 help to overcome such concerns?'

Bertrand Perrin replied that IFRS 19 was a part of IFRS Accounting Standards and therefore different from the *IFRS for SMEs* Accounting Standard. The IASB's approach had just been to use the disclosure requirements in the *IFRS for SMEs* Accounting Standard to accelerate the pace for producing IFRS 19.

Audience question: 'Many stakeholders who responded to the ED to amend IFRS 19 are concerned about the extent of reductions in disclosures (e.g. there are few reductions with regard to the newly published IFRS 18 *Presentation and Disclosure in Financial Statements*). How are you planning to deal with this concern?'

Bertrand Perrin replied that IFRS 19 already included in the main body the reduced disclosure requirements in IFRS 18 (these were disclosure requirements in IAS 1 that were carried forward in IFRS 18). That was why the first application date was set the same for both standards, being 1 January 2027. If a subsidiary wants to apply IFRS 19 before applying IFRS 18, the Appendix B to IFRS 19 sets the conditions and the reduced disclosure requirements in IAS 1 to be applied in such a case.

Michelle Sansom confirmed that IFRS 18 disclosure requirements were reduced in the IFRS 19 Standard itself. There is also a separate catch-up exposure draft on which IFRS 18 disclosure requirements to reduce in IFRS 19, as IFRS 18 was issued a month before IFRS 19. The catch-up exposure draft proposes more reductions to the IFRS 18 disclosure requirements and also disclosure amendments to other IFRS Accounting Standards. The feedback on the exposure draft will be discussed by the IASB in early 2025.

Audience question: 'Will there be an endorsement advice request from the European Commission for this Standard?'

Kathrin Schoene replied that an endorsement advice request was received by EFRAG in September and would be discussed in detail later in the meeting.

Audience question: 'Are there any first-time adoption rules like IFRS 1 *First-time Adoption of International Financial Reporting Standards* interactions with the full IFRS Accounting Standards?'

Michelle Sansom stated that a first-time adopter would go through IFRS 1 as normal and that the exemptions would remain applicable for subsidiaries. IFRS 19 provides the reduced disclosure requirements for IFRS 1. The entity should make a compliance statement that it is a first-time adopter and has complied with IFRS Accounting Standards and IFRS 19.

Panel discussion on practical application considerations

Company presentation and accounting practices

Susanne Simona Seested, Lead IFRS Specialist at DSV Global Transport and Logistics, stated that the group implemented enterprise-level solutions to ensure uniformity, focusing on centralising relevant operational and back-office functions. The finance functions are largely performed by regional, shared service centres governed by global systems workflows and policies. The group has approximately 500 subsidiaries located in more than 90 jurisdictions, with only a few having public accountability. While all subsidiaries' reports under the group financial reporting framework under IFRS, many entities also prepare separate financial statements applying local GAAP, either due to the costs of applying IFRS Accounting Standards or because IFRS Accounting Standards were not allowed for separate financial statements in their jurisdictions. The purpose of the local shared service centres is not only to facilitate group reporting but also to maintain internal reporting functions and assist in preparing local statutory reporting. Therefore, at the local shared service centres level, some degree of knowledge about local reporting requirements is needed.

Maciej Tuszkiewicz, Finance and Accounting Manager and Chief Accountant at Welding Alloys Polska, explained that the group has many small subsidiaries located in around 30 jurisdictions. Considering that his entity is quite small in terms of size, they need to consider the costs and benefits of applying IFRS Accounting Standards for separate financial statements versus applying local GAAP and just using IFRS Accounting Standards for consolidation purposes. Considerations includes hiring staff who is familiarised with IFRS Accounting Standards and who could apply them and audit costs for local and group levels as well as the simplifications that could be applied in local GAAPs.

Andrea De Luca, manager of the Group Accounting Policy team at ENI, welcomed the simplifications in disclosures brought by IFRS 19 as an important step in promoting efficiency in financial reporting. He noted that ENI operates in 61 countries and has 468 subsidiaries. For the assessment of the cost-benefit analysis of IFRS 19, **Andrea De Luca** focused on subsidiaries located in Italy, which were around 115 in total, 90 of which applied local GAAP in separate financial statements. Since 2006, Italy has permitted the use of IFRS Accounting Standards for the preparation of separate financial statements of subsidiaries without public accountability, and ENI has promoted their use to avoid maintaining dual accounting records. Even though local GAAP required fewer disclosures compared to IFRS Accounting Standards, maintaining one set of accounting records was considered

more beneficial. In recent years, due to a number of business combinations, the number of subsidiaries that used local GAAP for separate financial statements increased significantly. The goal was also to make these companies switch to IFRS Accounting Standards, and IFRS 19 could make that easier.

ENI encourages the use of IFRS Accounting Standards for various reasons. Local GAAP require extensive local expertise, which was challenging to maintain and continuously update as national standards were changing. Additionally, local GAAP also require maintenance of separate systems, processes and charts of accounts. Finally, dedicating more resources to reporting under IFRS Accounting Standards and using a unified accounting language is beneficial.

Benefits from applying IFRS 19

Susanne Simona Seested stated that if IFRS 19 were endorsed and adopted, it would significantly reduce the need to maintain dual accounting records, which would enable companies to further leverage their shared service centres for statutory financial reporting and minimise the reliance on specialised local GAAP knowledge. These benefits extended beyond costs. DSV prioritised completing statutory financial reporting as soon as possible across all subsidiaries regardless of local statutory deadlines. IFRS 19 would allow greater use of automation and standardised templates. This would accelerate reporting timelines and enhance the scalability and effectiveness of shared service centres, which would create substantial cost savings over time.

Andrea De Luca explained that given that the group’s goal is to promote the use of a unified reporting language, IFRS 19 could help reduce costs for the implementation of systems and processes and would ease the transition to IFRS Accounting Standards. IFRS 19 could also bring corporate governance benefits in a group, as the same transactions would be accounted in a consistent way. It could also help create a single template for the preparation of financial statements, both for full disclosures applying IFRS Accounting Standards and reduced disclosures under IFRS 19. Overall, the benefits from the implementation of IFRS 19 were expected to be greater than the costs.

Maciej Tuszkiewicz noted that the main benefit of IFRS 19 was reducing the burden of disclosures. Companies were often already using IFRS Accounting Standards to some extent (e.g. for consolidation purposes), but applying the full disclosure requirements under IFRS Accounting Standards would create a lot of unnecessary paperwork, particularly for small entities, which were not necessarily relevant for consolidation purposes. Therefore, IFRS 19 and the reduced disclosure requirements make the transition to IFRS Accounting Standards possible for smaller entities and also remove the need to maintain dual accounting records.

The switch to IFRS Accounting Standards might also allow entities to apply more complex accounting policies not permitted by local GAAP, which would better reflect companies’ transactions. However, it is uncertain whether auditors would reduce their prices for companies using IFRS 19 thanks to the fewer disclosures to audit. Finally, entities would be able to use one ERP system, and automation could also reduce the ongoing costs of processing transactions. Overall, the transition to IFRS 19 would be costly for non-IFRS adopters and it is

expected to give rise to implementation costs; however, in the long-term, ongoing benefits would outweigh the costs.

Michael Fechner stated that there were already simplifications for subsidiaries that used IFRS Accounting Standards only for group reporting purposes, which made sense from a local perspective but were irrelevant from the group perspective. He asked whether there could be a lot of change for local reporting when there was reliance on the group reporting package.

Maciej Tuszkiewicz replied that caution was needed because it would depend on the company and its operations. For many subsidiaries, local GAAP could be applied with limited costs and the consolidation process was not very complicated.

Challenges of applying IFRS 19

Susanne Simona Seested considered that the benefits stemming from the application of IFRS 19 depend on scalability. Without widespread application, the cost efficiencies could be significantly diminished. The transition from local GAAP is complex and involves substantial resources, which impacts the perceived value of adopting IFRS 19 for non-IFRS adopters. Reduced disclosure requirements might also not reach the expectations of the financial statements' users, and additional reporting could still be required. To mitigate the risks, it is essential to engage in dialogue to ensure alignment with the most significant needs of users of subsidiaries' financial statements.

Andrea De Luca noted that ENI does not expect any particular challenges from the application of IFRS 19, but for local-GAAP adopters the transition to IFRS Accounting Standards would give rise to one-off implementation costs and additional work. However, the costs are expected to be outweighed by the benefits. Some local GAAP frameworks are becoming more aligned with IFRS Accounting Standards, which would ease transition. However, for entities already applying IFRS Accounting Standards, the reduced disclosures could cause discussion with auditors if they use the so-called 'checklist approach' to identify the disclosures which would not be provided after the application of IFRS 19.

Maciej Tuszkiewicz highlighted that reporting challenges would depend on the company and local reporting requirements (e.g. reporting for tax purposes). There are also challenges with ensuring that ERP systems can facilitate reporting under IFRS Accounting Standards while accommodating other local reporting requirements.

Bertrand Perrin stated that users of the subsidiaries' financial statements were positive about IFRS 19 and anticipated cost reductions from using the financial statements of subsidiaries that would be eligible to apply it because it would ensure that only critical information for these users would be disclosed in the notes to financial statements. There was also a requirement in IFRS 19, similar to other IFRS Accounting Standards, whereby information should be provided for any material transaction, even if not explicitly required by IFRS 19.

Michelle Sansom added that it had been difficult to gather users' views on IFRS 19, but the IASB had relied on the work in the second comprehensive review of the *IFRS for SMEs* Accounting Standard which had taken place simultaneously to developing IFRS 19.

Bertrand Perrin further explained that the information gathered had been complemented by the discussions on IFRS 19 at the Capital Markets Advisory Committee (CMAC); however, he stated that not all users within this group were users of subsidiaries' financial statements.

The use of group reporting packages and the auditing process

Andrea De Luca noted that for subsidiaries already applying IFRS Accounting Standards for group reporting packages, the application of IFRS 19 could bring benefits in auditing processes by increasing efficiency and reducing audit costs.

Susanne Simona Seested agreed that adopting IFRS 19 gives the opportunity to enhance efficiency by leveraging group audits and a shared service centre audit approach, as the auditors would only need to audit one set of financial statements per entity in contrast to two sets of financial statements as currently done. A lower materiality level could be applied, and the audit could be completed in one go, which would also reduce the audit burden for entities. However, it is important that auditing IFRS 19 would not follow a 'checklist approach'. Companies should have constructive discussions with auditors and provide the most meaningful disclosures. She noted that audit processes could be undertaken at both shared service centres and subsidiary levels.

Maciej Tuszkiewicz reiterated that IFRS 19 would increase the efficiency of the auditing process, as it could be done for one set of financial statements, while agreeing that audits should not become a 'checklist process'. He noted that auditors often required less from subsidiaries but would ask more open-ended questions to highlight other material areas that were not included in the standard audit process.

Andrea De Luca summarised that IFRS 19 was a good starting point, but he hopes to enlarge its scope in the future for other types of entities as well.

Maciej Tuszkiewicz recommended being open-minded and to keep in mind that the benefits of this Standard outweighed the costs.

Susanne Simona Seested welcomed IFRS 19 as it had significant potential both for group structures and subsidiaries.

EU endorsement process – How can we make IFRS 19 applicable in Europe?

Kathrin Schoene highlighted that, in order for IFRS 19 to be endorsed in Europe, feedback is necessary on whether it is beneficial and whether it would fit into the European legal requirements as well as about the challenges it could bring. She added that surveys for users and preparers have been launched by EFRAG to support the necessary in-depth cost-benefit assessment. On 17 September 2024, the European Commission submitted to EFRAG its endorsement advice request for IFRS 19 with some additional requests to be assessed.

In terms of timeline, EFRAG would publish the draft endorsement advice for public consultation in the first half of 2025 and send the final endorsement advice to the European Commission in September 2025. The European Commission, after discussion with the Member States, would then decide whether to endorse the Standard in Europe, and it would be scrutinised by the European Parliament. When the Standard is adopted, it will become part of European law.

IFRS 19 would be assessed against the EU endorsement criteria, including technical criteria, and it would be assessed whether the Standard would be conducive to the European public good. The endorsement advice request included additional requests about a deeper cost-benefit analysis, including an assessment of how many entities could be affected. The EFRAG Secretariat had already conducted a preliminary analysis of how many entities could be impacted by IFRS 19 and would conduct further qualitative and quantitative assessments of the costs and benefits. Additionally, the EC requested a comparison with the EU Accounting Directive and the assessment of a potential carve out.

As a starting point, EFRAG performed in June a comparison between the IFRS 19 disclosure requirements and the EU Accounting Directive, for which a briefing had been published. The differences occur due to the differences in recognition and measurement requirements, disclosures that are not required in the full IFRS Accounting Standards but are required by the Directive, and, finally, disclosures in the full IFRS Accounting Standards that are not required by IFRS 19.

Kathrin Schoene presented the timeline for EFRAG's endorsement process and noted that early adoption of IFRS 19 could be difficult on that timeline. In terms of endorsement activities, additional targeted outreaches could be conducted with interested stakeholders.

The new disclosure requirements not covered in the recently published IFRS 19 – like IFRS 18 or *Supplier Finance Arrangements* – are covered in the catch-up Exposure Draft ('ED'), which would amend IFRS 19. EFRAG published its Draft Comment Letter on this catch-up ED, with a comment period that ended on 27 November 2024. Given that the IASB would need time to issue the final amendments, the endorsement process of IFRS 19 would not include the consequential amendments covered in the catch-up ED. Nevertheless, EFRAG plans to accelerate the endorsement process for the amendments to support the implementation of IFRS 19 in one package by preparers.

Kathrin Schoene explained that key topics for the endorsement process were divided in three categories including the scope of IFRS 19 and the notion of public accountability, disclosure requirements in IFRS 19, and transition requirements. A preliminary cost-benefit analysis had been conducted by the EFRAG Secretariat, indicating that the costs from the implementation of IFRS 19 would depend on the size and complexity of subsidiaries' business. There were a number of benefits which had already been mentioned in the panel discussion, and the feedback from users was positive.

Q&A session

The session started with questions to the audience.

Do you expect IFRS 19 to enable significant cost reductions?	
Yes	87%
No	13%

Where would you expect IFRS 19 to increase efficiency the most, both at subsidiary and the shared service centre level?	
At the subsidiary level, who prepare local financial statements	50%
At the shared service centre level when local financial statements are prepared	42%
I am not sure	8%

Would you like to see IFRS 19 endorsed within the European Union?	
Yes	100%
No	0%

Audience question: 'EFRAG's timeline says that the draft endorsement advice (DEA) will be ready in the first half of 2025. Will EFRAG wait for the amendments to IFRS 19 to be issued before publishing the DEA for public consultation?'

Kathrin Schoene replied that the endorsement process for IFRS 19 would be independent from the consequential amendments proposed in the 'catch-up' ED. The consultation time on the draft endorsement advice on the amendments will be short to allow for the submission of the advice to the EC swiftly after publication.

Audience question: 'Michelle mentioned earlier a comparison between disclosures in full IFRS Standards and IFRS 19 that the IASB is developing. Can we have more details about that and when it is expected to be published?'

Michelle Sansom replied that it was planned to publish the list before Christmas.

Audience question: 'With the publication of IFRS 19, jurisdictions which already have a reduced disclosure framework are comparing that with IFRS 19. What is the IASB planning to do to encourage both the adoption and use of the Standard (given that it is an optional standard)?'

Bertrand Perrin stated that there was a dedicated session on IFRS 19 at the World Standard Setters' Conference in 2023 with the aim of raising awareness of the Standard and about the simplifications it could enable in jurisdictions. There had also been efforts to raise preparers' awareness as the first beneficiaries of IFRS 19 in their jurisdictions. The IASB staff would also make comments at other conferences about the new standards, including IFRS 19. A webcast has also been published with two IASB members and three Global Preparers Forum (GPF) members, who supported the publication of IFRS 19.

Main takeaways and closing remarks

Michael Fechner concluded that IFRS 19 is an optional standard that could be applied wherever there was a benefit, and it worked very simply by using the recognition and measurement requirements of the full IFRS Accounting Standards but with the reduced disclosures. To be used in the EU, it needs to be endorsed, but the local regulations were also relevant on whether IFRS Accounting Standards could be used for separate financial statements. Some organisations could benefit more from the Standard and it could create efficiencies, specifically for larger groups, but there could be day-to-day challenges such as finding the necessary skilled people for implementing the new Standard. There had been differing expectations for changes in audit costs. The Standard would unify the language of financial statements and group reporting packages and would create efficiencies by reducing the need for dual accounting records and increasing automation. The challenges included the disconnect from local reporting requirements (e.g. for regulatory, tax, statistics purposes), which could lead to local regulators requiring entities to report additional information. There would also be some discussion and negotiation needed with auditors and the 'check-list' approach when it comes to disclosures that were included in the financial statements prior to the implementation of IFRS 19, while they are reduced in IFRS 19.

He further noted that the European Commission endorsement process was ongoing. 150 000 subsidiaries were potentially in scope, and subsidiaries outside of Europe could also be impacted where there could be additional efficiencies. The scope of IFRS 19 is a starting point and would be kept under review after the initial application of the Standard.

Michael Fechner thanked the presenters, panellists, organisers and participants and closed the meeting.

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