



IFRS® Foundation

# Subsidiaries without Public Accountability: Disclosures

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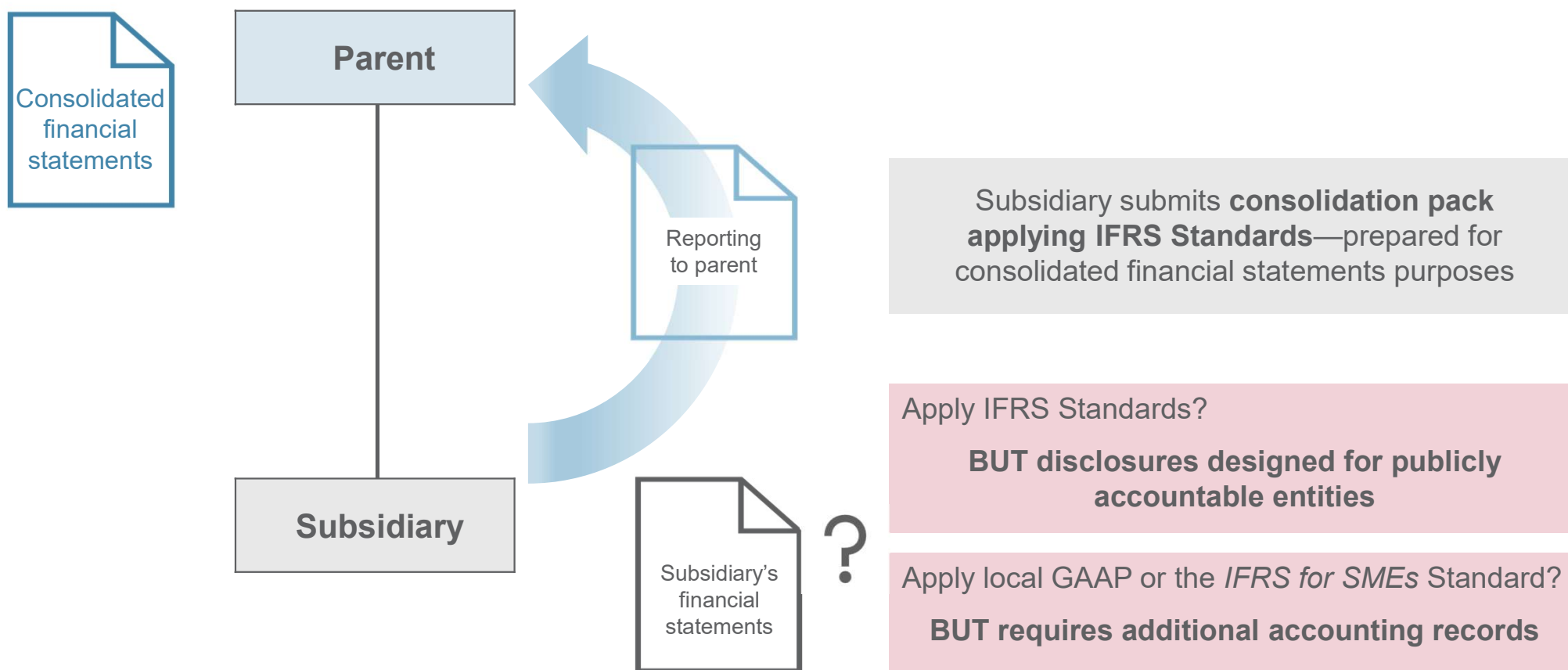
# Agenda

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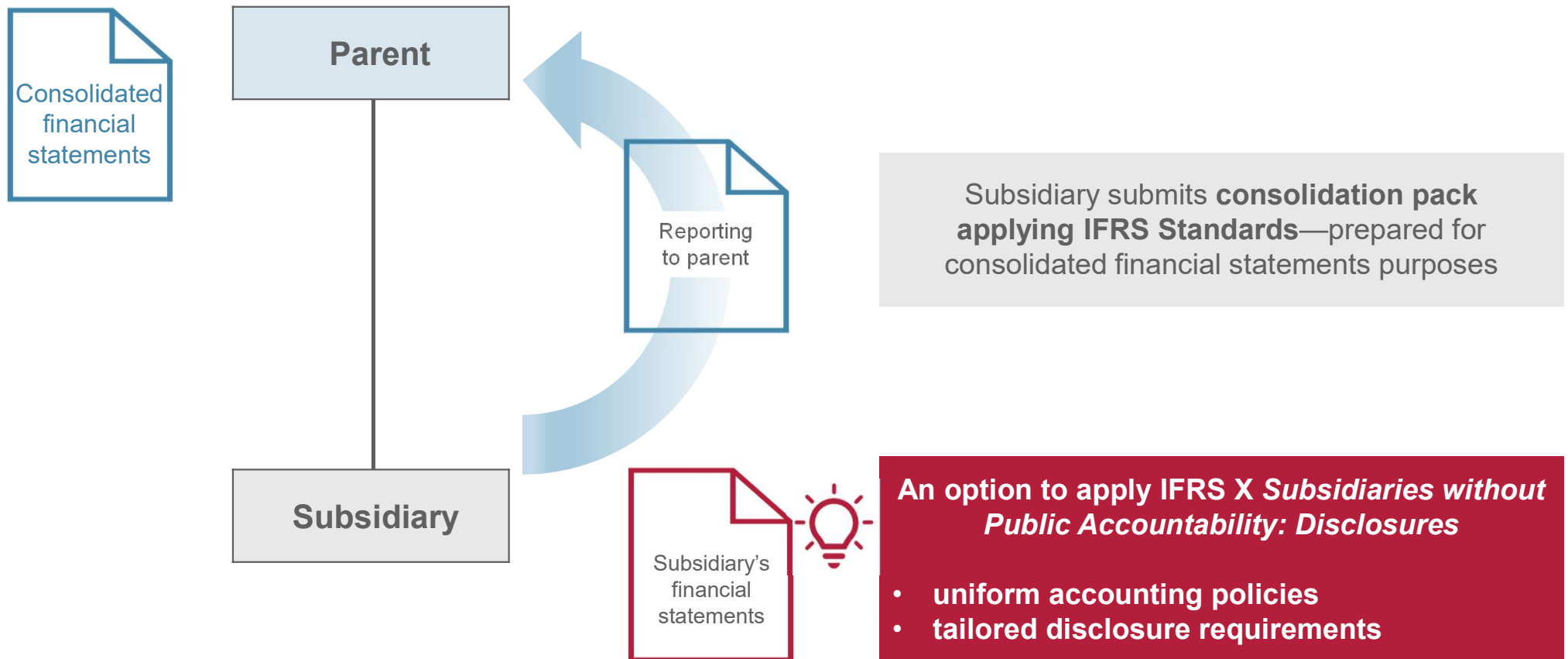
Overview of the forthcoming exposure draft

Questions and answers

# Why is the IASB undertaking this project?



# Exposure draft proposals



# Benefits of the forthcoming proposals

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## Reduced costs for preparers

- single set of accounting policies applied
- one set of accounting records
- reduced work for finance team

## Benefits for users

- disclosures designed for non-publicly accountable entities
- financial statements tailored towards users' needs



A preparer said it has hundreds of subsidiaries around the world that are non-publicly accountable and that each of these reports to the parent applying IFRS Standards and prepares general purpose financial statements for local requirements.

# Proposed scope

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## Scope

Voluntary application in consolidated or individual financial statements available to subsidiaries:

- a) that do **not have public accountability**; and
- b) whose parent prepares consolidated financial statements applying IFRS Standards.

## Public accountability

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 (most banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks would meet this second criterion).

# Developing the disclosure requirements

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## Approach

Disclosure requirements based on the *IFRS for SMEs* Standard but tailored to reflect the recognition and measurement requirements of IFRS Standards

## Why?

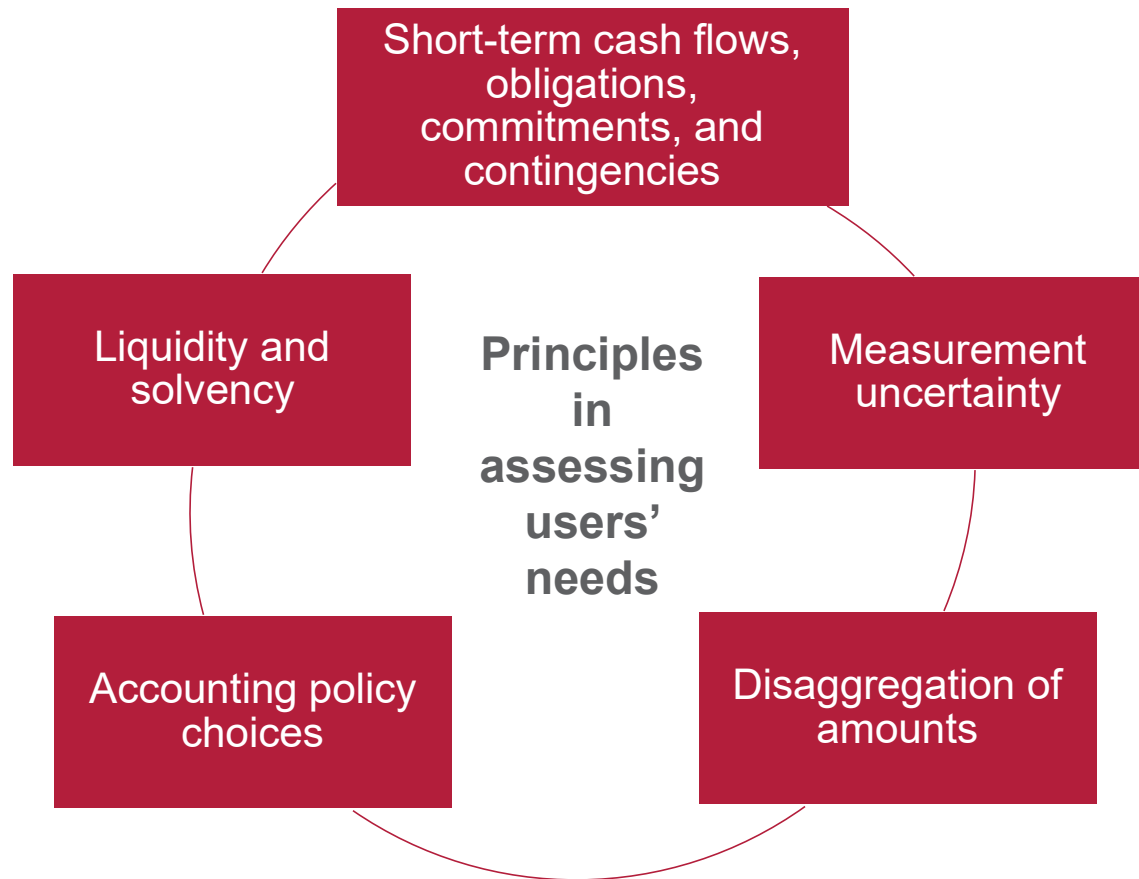
Disclosure requirements of the *IFRS for SMEs* Standard substantially reduced from IFRS Standards

In tailoring disclosure requirements the IASB applied the principles it used when it developed the disclosure requirements of the *IFRS for SMEs* Standard

**This approach does not require the IASB to develop new disclosure requirements**

# Approach to tailoring

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These principles are from paragraph BC157 of the Basis for Conclusions on the *IFRS for SMEs* Standard



# Which IFRS Standards?

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## Which IFRS Standards?

The forthcoming exposure draft will include reduced disclosure requirements for all IFRS Standards issued as at 1 January 2021 and exposure drafts published as at 1 January 2021, except for:

- IFRS 17 *Insurance Contracts*
- IFRS 8 *Operating Segments*
- IAS 33 *Earnings per Share*
- Exposure Draft *General Presentation and Disclosures*

# FAQs

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## Compliance statement

The forthcoming exposure draft will propose a subsidiary discloses it has applied the draft Standard, and require this disclosure to be located with the explicit and unreserved statement that the financial statements were prepared complying with IFRS Standards

## Interaction with IFRS 1

The commencement or cessation of application of the draft Standard does not, in itself, result in an entity meeting the definition of a first-time adopter

## Transition

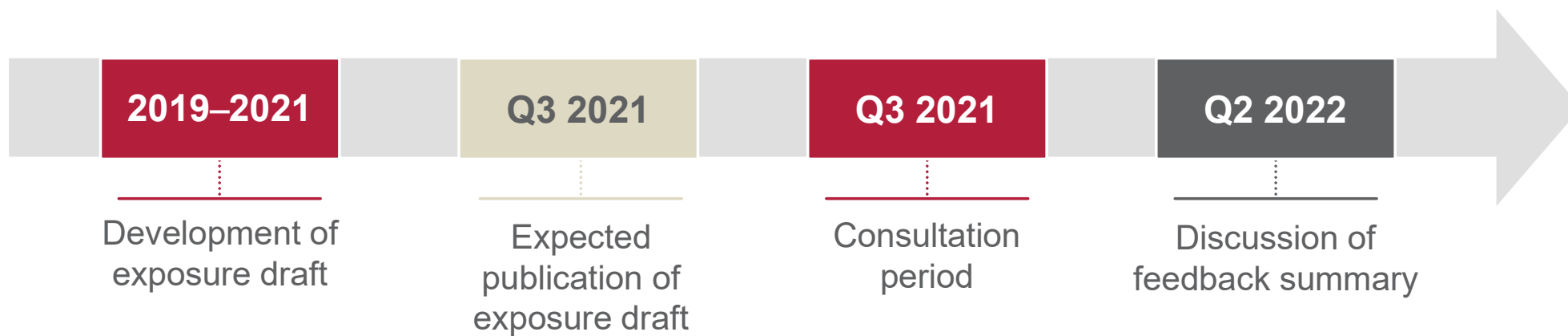
The forthcoming exposure draft will not include transition provisions in the draft Standard

## Maintenance

The IASB will consider amendments to the draft Standard when it publishes an exposure draft of a new or amended IFRS Standard

# Timeline

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A dark gray background featuring a stylized world map. The map is composed of light gray outlines of continents. Overlaid on the map are several concentric, curved bands and dotted lines that suggest a globe or a network. The word "Questions?" is written in a large, white, sans-serif font on the right side of the map.

Questions?



# Thank you!

For more details about the project and in preparation for the forthcoming Exposure Draft, please refer to the [Disclosure Initiative—Subsidiaries that are SMEs project page](#) in the IFRS website

Please also get in touch by sending us an email at [subsidiaries@ifrs.org](mailto:subsidiaries@ifrs.org)

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