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IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

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

Objective

- 1 The objective of this paper is to present the draft EFRAG's survey for users of financial statements that will support the cost-benefit assessment, accompanying the endorsement advice to the European Commission. The survey aims to provide insights about the costs and benefits users are expected to incur to analyse financial statements of eligible subsidiaries after the adoption of IFRS 19.

EFRAG's survey on the expected costs and benefits from IFRS 19

Introduction

- 2 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.
- 3 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

- 4 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.

5 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

6 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.

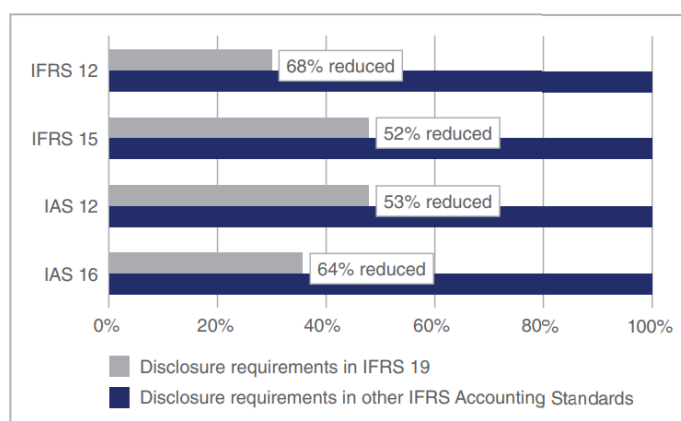
(f) some disclosures in IFRS Accounting Standards are more relevant to investment decisions in public capital markets than to the transactions and other events and conditions encountered by typical eligible subsidiaries.

7 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.

8 The IASB's [Effects Analysis](#) provides an overview of the expected effects for companies and users of financial statements.

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

IFRS 19 – Survey to Users



Source: IASB, 2024

The EU perspective

- 10 For European entities to be able to apply IFRS 19 on a voluntary basis¹, 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 Standards².
- 11 In addition, IFRS 19 could be seen, to a certain extent as ‘competing’ with national GAAPs and the Accounting Directive³. Therefore, users’ input on whether the Standard will be meeting their information needs is essential.
- 12 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

- 13 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

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"](#).

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

14 The survey consists of 16 questions, sorted into the following sections:

- (a) Section 0 – General Information – (Questions 1-3)
- (b) Section 1 – Cost and benefit assessment (Questions 4-13)
- (c) Section 2 – Information needs (Questions 14-15)
- (d) Section 3 – Other information (Question 16)

15 The completion of this survey should take approximately 20 minutes.

Deadline and relevant information

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

17 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.

18 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.

19 **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) Retail investor
 - (iii) Other. *Please specify*

Question 2 – Your organisation

- (d) Name

- (e) Country of incorporation
- (f) Sector of activities

Question 3 – Do you use IFRS financial statements in your decision-making or provide professional advice to others?

- (a) Yes
- (b) No

Section 1 – Cost and benefit assessment of IFRS 19

Question 4 – 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

Question 5 – Do you expect to incur additional costs to analyse reduced-disclosure financial statements prepared under IFRS 19?

- (a) Yes. **Go to Question 6**
- (b) No
- (c) Difficult to assess at this stage

Question 6 – What type of costs do you expect to incur?

- (a) incremental one-off costs
- (b) recurring costs

Question 7 – Can you quantify the costs incurred to analyse financial statements in the past year?

- (a) Yes, costs are readily available **Go to Question 8**
- (b) Yes, costs are an estimation **Go to Question 8**
- (c) No

Question 8 – Please provide an estimation of the costs you incurred for performing your analyses of financial statements (in € thousands) in the past year (yearly operating costs). This is the baseline cost to be used for relevant questions in this survey.

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Question 9 – Please provide an estimation of your expected incremental one-off costs to analyse reduced-disclosure financial statements prepared under IFRS 19 (expressed as a % of your baseline cost)

One-off costs	Nil	<1% of baseline cost	1% - 5% of baseline cost	5% - 10% of baseline cost	>10% of baseline cost
Training costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Costs related to changes to internal processes and systems for analysing financial statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please explain)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 10 – Please provide an estimation of your expected incremental annual recurring costs to analyse reduced-disclosure financial statements prepared under IFRS 19 (expressed as a % of your baseline cost)

Recurring costs	Nil	<1% of baseline cost	1% - 5% of baseline cost	5% - 10% of baseline cost	>10% of baseline cost
Training costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Costs related to changes to internal processes and systems for analysing financial statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please explain)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 11 – Do you expect cost savings to analyse reduced-disclosure financial statements prepared under IFRS 19?

- (a) Yes. **Go to Question 12**
- (b) No. *Please explain why.*

Question 12 – Please provide an estimation of your expected cost savings to analyse reduced-disclosure financial statements prepared under IFRS 19? (expressed as a % of your baseline cost)

	Nil	<1% of baseline cost	1% - 5% of baseline cost	5% - 10% of baseline cost	>10% of baseline cost
Reduction in training costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduction in costs related to changes to internal processes and systems for analysing financial statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please explain)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 13 – Do you expect any additional benefits from the application of IFRS 19, beyond the cost savings? [Please select all options that apply]

- (a) Yes, more entities will prepare financial statements under IFRS which will improve comparability and facilitate the analysis
- (b) Yes, improved quality of subsidiaries' financial information
- (c) Yes, improved efficiency in subsidiaries' financial statements analysis
- (d) Yes, improved ability to forecast subsidiaries' financial performance
- (e) Yes, improved decision making
- (f) Yes, other benefits (please describe)

- (g) No additional benefits are expected

Section 2 – Information needs

Question 14 – Taking into account the IASB approach described in paragraph 6 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 and solvency
- (c) information on measurement uncertainties
- (d) information about an entity’s accounting policy choices
- (e) disaggregation of amounts presented in financial statements
- (f) other types of information (please describe)

Question 15 – Based on your current understanding of IFRS 19, do you expect that the reduced disclosure requirements of IFRS 19 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 9.

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

- (a) Yes
- (b) No

[SUBMIT SURVEY]