EFRAG Secretariat: Vasileios Dionelis
Ioana Kiss, Kathrin Schoene

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EFRAG's Final Letter to the European Commission regarding the Endorsement of Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Sean Berrigan
Director General, Financial Stability, Financial Services and Capital Markets Union
European Commission
1049 Brussels

[dd Month] 2025

Dear Mr Berrigan,

Endorsement of Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Based on the requirements of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards, EFRAG is pleased to provide its opinion on the Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, which were issued by the IASB on 21 August 2025. An Exposure Draft of the Amendments to IFRS 19 was issued on 30 July 2024. EFRAG provided its comment letter on that Exposure Draft on 28 November 2024.

The objective of Amendments to IFRS 19 is to update IFRS 19 *Subsidiaries without Public Accountability: Disclosures* with all the new and amended disclosures in IFRS Accounting Standards issued between February 2021 and May 2024.

An eligible subsidiary may elect to apply Amendments to IFRS 19 retrospectively for annual periods beginning on or after 1 January 2027, with earlier application permitted. If a subsidiary chooses to apply Amendments to IFRS 19 earlier, it shall disclose that fact. A description is included in Appendix 1 to this letter.

In order to provide our endorsement advice as you have requested, we have first assessed whether Amendments to IFRS 19 would meet the technical criteria for endorsement – in other words whether Amendments to IFRS 19 would provide relevant, reliable, comparable and understandable information required to support economic decisions and the assessment of stewardship, lead to prudent accounting and are not contrary to the true and fair view principle. We have then assessed whether Amendments to IFRS 19 would be conducive to the European public good. We provide our conclusions below.

Do Amendments to IFRS 19 meet the IAS Regulation technical endorsement criteria?

EFRAG has concluded that the Amendments to IFRS 19 meet the qualitative characteristics of relevance, reliability, comparability and understandability required to support economic decisions and the assessment of stewardship, and it raises no issues regarding prudent accounting.

EFRAG has also assessed that Amendments to IFRS 19, which mainly relate to the removal of disclosure objectives and application guidance with limited reductions to disclosures already included in IFRS 19 in full, are consistent with the principles for reducing disclosures in IFRS 19. Therefore, EFRAG has concluded that Amendments to IFRS 19 are not contrary to the true and fair view principle. EFRAG's reasoning is explained in Appendix 2 to this letter.

Are Amendments to IFRS 19 conducive to the European public good?

EFRAG has assessed that Amendments to IFRS 19 will result in marginal reductions to disclosure requirements already included in full in IFRS 19 and overall would improve financial reporting by reaching an acceptable cost-benefit trade-off. EFRAG has not identified that Amendments to IFRS 19 could have any adverse effect on the European economy, including financial stability and economic growth. Accordingly, EFRAG assesses that endorsing Amendments to IFRS 19 is conducive to the European public good. EFRAG's reasoning is explained in Appendix 3 to this letter.

In its assessment of whether Amendments to IFRS 19 would be conducive to the European public good, EFRAG has assessed whether Amendments to IFRS 19 would improve financial reporting, whether they would reach an acceptable cost-benefit trade-off and whether Amendments to IFRS 19 could affect economic growth.

Our advice to the European Commission

As explained above, we have concluded that Amendments to IFRS 19 meet the qualitative characteristics of relevance, reliability, comparability and understandability required to support economic decisions and the assessment of stewardship; raise no issues regarding prudent accounting; and are not contrary to the true and fair view principle. We have also concluded that IFRS 19 is conducive to the European public good. Therefore, we recommend Amendments to IFRS 19 for endorsement.

On behalf of EFRAG, I would be happy to discuss our advice with you, other officials of the European Commission or the Accounting Regulatory Committee as you may wish.

Yours sincerely,

Wolf Klinz
EFRAG FRB Chair

Appendix 1: Understanding the changes brought about by Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Background of Amendments to IFRS 19

1 Amendments to IFRS 19 were published by the IASB in August 2025 to update the IFRS 19 *Subsidiaries without Public Accountability: Disclosures* Standard with reduction for all the new or amended disclosure requirements in IFRS Accounting Standards issued between 28 February 2021 and 9 May 2024. These Amendments provide reduced disclosures for these new or amended IFRS Accounting Standards for which disclosure requirements were included in full in IFRS 19, published on 9 May 2024.

2 An eligible subsidiary that chooses to apply IFRS 19 applies unchanged recognition, measurement and presentation requirements of IFRS Accounting Standards except for the disclosure requirements; instead, it applies the reduced disclosure requirements in IFRS 19.

3 In the future, Amendments to IFRS 19 will be made at the same time as the IASB issues new or amended disclosure requirements in other standards.

The issue and how it has been addressed

4 IFRS 19 – as published on 9 May 2024 – includes reduced disclosure requirements from IFRS Accounting Standards issued before 28 February 2021. Disclosure requirements in new or amended IFRS Accounting Standards issued between 28 February 2021 and 9 May 2024 were included in IFRS 19 without reductions when IFRS 19 was issued in May 2024 because the IASB had not consulted on reducing those requirements.

5 Amendments to IFRS 19 update IFRS 19 for all the changes in disclosure requirements introduced from new or amended IFRS Accounting Standards so that IFRS 19 includes only disclosure requirements that reflect the principles for developing reduced disclosure requirements as described in paragraph BC33 of the *Basis for Conclusions* on IFRS 19.

6 These principles help users of financial statements of entities without public accountability to identify information that is important to them and include:

(a) liquidity and solvency – information about the entity's ability to generate cash flows and continue as a going concern;

(b) short-term cash flows, obligations, commitments and contingencies – information about the entity's ability to meet its obligations;

(c) measurement uncertainty – information about how amounts in the financial statements are measured, including inputs used in those calculations;

(d) disaggregation of amounts – information about the separation of amounts presented in the financial statements into component parts; and

(e) accounting policy choices – information about the accounting policy applied by the entity, especially when more than one accounting policy option is allowed.

What has changed?

7 Amendments to IFRS 19 cover changes to disclosure requirements included in IFRS 19 relating to:

(a) IAS 7 *Statement of cash flows* – Amendments to IFRS 19 reduce disclosures for supplier finance arrangements by deleting the disclosure objective previously included in paragraph 167 of IFRS 19; by amending paragraph 168 of IFRS 19 to remove the reference to the disclosure objective, consistent with the IASB's decision not to include disclosure objectives in IFRS 19; and by deleting paragraph 168(b)(iii) of IFRS 19, which requires an entity to disclose the range of payment due dates for both the financial liabilities it has disclosed in accordance with paragraph 168(b)(i) under supplier finance arrangement and the comparable trade payables that are not part of such an arrangement;

(b) IFRS 18 *Presentation and Disclosure in Financial Statements* – substantially all the disclosure requirements from IFRS 18, including amendments introduced by *Non-current Liabilities with Covenants,* are retained in IFRS 19. The main changes introduced by Amendments to IFRS 19 is to remove the disclosure requirements for management-defined performance measures in IFRS 18 and replace them with a direct cross-reference to the IFRS 18 requirements, as well as to remove the disclosure objective in paragraph 137 of IFRS 19 relating to non-current liabilities with covenants;

(c) IAS 12 *Income Taxes* – Amendments to IFRS 19 reduce disclosures for the exception from the recognition and disclosure of information about deferred tax assets and liabilities, as amended by *International Tax Reform – Pillar Two Model Rules,* by deleting the disclosure objective in paragraph 198 of IFRS 19 and the reference to it in paragraph 199 of IFRS 19, as well as adding to the disclosure requirement in paragraph 199 of IFRS 19 the requirement for an entity to disclose 'known or reasonably estimable' information about its exposure to Pillar Two income taxes at the end of the reporting period;

(d) IAS 21 *The Effects of Changes in Foreign Exchange Rates* – Amendments to IFRS 19 reduce disclosures, as amended by *Lack of Exchangeability,* by removing from IFRS 19 the disclosure objective in paragraph 221 of IFRS 19 and the reference to the amount of detail necessary to satisfy that objective in paragraphs 222 and 223 of IFRS 19; and

(e) IFRS 7 *Financial Instruments: Disclosures* – Amendments to IFRS 19 reduce disclosures, as amended by *Amendments to the Classification and Measurement of Financial Instruments,* by deleting the second sentence in paragraph 56A of IFRS 19, which is considered as building on the disclosure objective, and deleting paragraph 56C of IFRS 19, which is perceived as an example of when entities must provide disclosure about contractual terms that could change the amount of contractual cash flows of financial assets and financial liabilities not measured at fair value through profit or loss.

When do Amendments to IFRS 19 become effective?

8 An entity may elect to apply Amendments to IFRS 19 for reporting periods beginning on or after 1 January 2027, the same effective date as IFRS 19. Earlier application is permitted. If an entity chooses to apply the Amendments to IFRS 19 and IFRS 19 requirements earlier, it shall disclose that fact.

Appendix 2: EFRAG's technical assessment on Amendments to IFRS 19 against the endorsement criteria

Does the accounting that results from the application of Amendments to IFRS 19 meet the technical criteria for endorsement in the European Union?

9 EFRAG has considered whether Amendments to IFRS 19 meet the technical requirements of the European Parliament and of the Council on the application of International Accounting Standards, as set out in Regulation (EC) No 1606/2002 (the IAS Regulation). In other words, it has considered whether the Amendments to IFRS 19:

(a) are not contrary to the principle set out in Article 4(3) of Council Directive 2013/34/EU (the Accounting Directive); and

(b) meet the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management.

10 Article 4(3) of the Accounting Directive provides that 'The annual financial statements shall give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss. Where the application of this Directive would not be sufficient to give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss, such additional information as is necessary to comply with that requirement shall be given in the notes to the financial statements.'

11 The IAS Regulation further clarifies that 'to adopt an international accounting standard for application in the Community, it is necessary firstly that it meets the basic requirement of the aforementioned Council Directives, that is to say that its application results in a true and fair view of the financial position and performance of an enterprise – this principle being considered in the light of the said Council Directives without implying a strict conformity with each and every provision of this Directive' (Recital 9 of the IAS Regulation).

12 EFRAG's assessment as to whether Amendments to IFRS 19 would not be contrary to the true and fair view principle has been performed against the European legal background summarised above.

13 In its assessment, EFRAG has considered Amendments to IFRS 19 from the perspective of both usefulness for decision-making and assessing the stewardship of management. EFRAG has concluded that the information resulting from the application of Amendments to IFRS 19 is appropriate both for making decisions and assessing the stewardship of management.

14 EFRAG's assessment on whether Amendments to IFRS 19 are not contrary to the true and fair view principle set out in Article 4(3) of Council Directive 2013/34/EU is based on the assessment of whether it meets all other technical criteria and whether they lead to prudent accounting. EFRAG's assessment also includes determining whether Amendments to IFRS 19 do not interact negatively with other IFRS Accounting Standards and whether all necessary disclosures are required. Detailed assessments are included in this Appendix in the following paragraphs:

(a) relevance: paragraphs 17–26;

(b) reliability: paragraphs 27–32;

(c) comparability: paragraphs 33–39;

(d) understandability: paragraphs 40–45;

(e) whether they overall lead to prudent accounting: paragraphs 46–48; and

(f) whether they would not be contrary to the true and fair view principle 51–54.

15 In providing its assessment on whether Amendments to IFRS 19 result in relevant, reliable, understandable and comparable information, EFRAG has considered all the requirements of Amendments to IFRS 19. EFRAG has, however, focused its assessment on the requirements it considered most significant in relation to each of the criteria. It has, accordingly, focused on guidance that:

(a) has been subject to substantial debate (evidenced by the comments EFRAG has received from constituents);

(b) relates to the issues raised by the European Commission in its request for endorsement advice, dated 8 September 2025.

16 With regard to the assessment of the endorsement criteria, we would also like to adduce to the recent assessment of the endorsement criteria for IFRS 19 as a whole, which was submitted to the European Commission in September 2025.

Relevance

17 Information is relevant when it influences the economic decisions of users by helping them evaluate past, present or future events or by confirming or correcting their past evaluations. Information is also relevant when it assists in evaluating the stewardship of management.

18 EFRAG considered whether Amendments to IFRS 19 would result in the provision of relevant information – in other words, information that has predictive value, confirmatory value or both – or whether they would result in the omission of relevant information.

19 The set of principles used to develop the reduced disclosure requirements of Amendments to IFRS 19 are the same as the ones applied to produce reduced disclosures of IFRS 19. These principles are described in paragraph 6 of Appendix 1 and result in selecting only those disclosures that provide useful and relevant information to the users of eligible subsidiaries' financial statements.

20 Amendments to IFRS 19 will further reduce the disclosure requirements in IFRS 19. In particular, eligible subsidiaries might benefit from cost savings if they participate in supplier finance arrangements.

21 In its comment letter on Amendments to IFRS 19, EFRAG observes that for any new or amended IFRS Accounting Standard the reductions in disclosures are rather low. However, Amendments to IFRS 19 will further reduce the disclosure requirements in IFRS 19.

22 EFRAG assesses that the reduction in disclosures as required by Amendments to IFRS 19 will not reduce the relevance of information provided for supplier finance arrangements, disclosure requirements in IFRS 18, Pillar Two income taxes, transactions in a currency that is not readily exchangeable or disclosures about financial instruments. These reductions

primarily relate to the removal of disclosure objectives and application guidance, which is in line with the principles for reducing disclosures in IFRS 19.

23 During the exposure draft consultation phase, EFRAG considered whether there is a potential loss of information due to the reductions of disclosure requirements in IFRS 19. In its final comment letter to the Exposure Draft Amendments to IFRS 19 ('the ED'), EFRAG recommended adding several disclosures or additional explanations that were considered potentially relevant for the users of financial statements.

(a) *Supplier finance arrangements*. The inclusion of the description of supplier finance arrangements in paragraph 167A of IFRS 19 is recommended. In EFRAG's view, this would provide clarity to the disclosure requirements related to supplier finance arrangements.

(b) *Lack of exchangeability.* In EFRAG's view, the disclosures required under paragraph 224 of IFRS 19 (e.g. name of the foreign operation, summarised financial information about the foreign operation, nature and terms of any contractual arrangements of the foreign operation, etc.) are quite detailed. It recommended that the IASB explain better its rationale for including these disclosures in IFRS 19. Although EFRAG supported these disclosures in its comment letter, it questioned whether they satisfy the principles for reducing disclosures applied by the IASB.

24 In addition, based on feedback from users, EFRAG observes that the deletion of paragraph 168(b)(iii) of IFRS 19 relating to the requirement to disclose information about the range of payment due dates for supplier finance arrangements is of relevance for users, as it will enable them to assess the extent to which operating cash flows improve because of the increased use of supplier finance arrangements by the entity. However, the IASB considers that the cost of providing this disclosure will be higher than its benefit and might require additional analysis by the subsidiary.

25 Based on the overall feedback received on the ED, the suggestions made by EFRAG in paragraph 23 were not considered by the IASB in the Amendments to IFRS 19. EFRAG assesses that these suggested disclosures will not impact the relevance of information provided to users of the financial statements of eligible subsidiaries and can be further evaluated during a future post-implementation review of IFRS 19.

26 Overall, EFRAG considers that the changes to the disclosures in IFRS 19 related to the topics included in Amendments to IFRS 19 described in paragraph 7 of Appendix 1 are in line with the principles for developing reduced disclosure requirements. Consequently, EFRAG assesses that the reductions of the respective disclosures results in relevant information for users of eligible subsidiaries' financial statements.

Reliability

27 EFRAG also considered the reliability of the information that will be provided by applying Amendments to IFRS 19. Information has the quality of reliability when it is free from material error and bias and can be depended upon by users to represent faithfully what it either purports to represent or could reasonably be expected to represent, as well as when it is complete within the bounds of materiality and cost.

28 There are a number of aspects to the notion of reliability: freedom from material error and bias, faithful representation and completeness.

29 Amendments to IFRS 19 primarily relate to the removal of disclosure objectives and application guidance from the disclosure requirements already included in full in IFRS 19 requirements. These changes do not relate to measurement, recognition and presentation requirements, which normally have the most impact on reliability.

30 All other requirements in IFRS Accounting Standards remain applicable, thus ensuring that financial information underlying the reduced disclosure requirements is reliable.

31 EFRAG notes that the deletion of paragraph 168 (b)(iii) of IFRS 19 relating to the requirement to disclose information about the range of payment due dates for supplier finance arrangements, as discussed in paragraph 24, does not impair the reliability of information provided by Amendments to IFRS 19. The removal of this disclosure requirement will limit the ability of users to assess the extent to which operating cash flows improve because of the increased use of supplier finance arrangements by the entity. However, EFRAG considers that the information provided to users will be complete, considering the materiality and cost assessment made by subsidiaries.

32 EFRAG's overall assessment is that the Amendments to IFRS 19 will not impact the reliability of information provided by IFRS 19 requirements and therefore satisfy the reliability criterion.

Comparability

33 The notion of comparability requires that like items and events be accounted for in a consistent way through time and by different entities and that unlike items and events be accounted for differently.

34 EFRAG has considered whether Amendments to IFRS 19 result in transactions that are:

(a) economically similar but accounted for differently; or

(b) transactions that are economically different but accounted for as if they were similar.

35 As noted above, IFRS 19 does not impact measurement, recognition and presentation requirements in IFRS Accounting Standards and therefore does not change how the transactions are accounted for. It only introduces the reduced disclosure requirements. The changes required for the disclosures in IFRS 19 introduced by the Amendments to IFRS 19, which are based on the principles for developing reduced disclosure requirements, are limited as they are mainly related to removal of disclosure objectives and application guidance.

36 EFRAG observes that the disclosure requirements in IFRS 19 and the changes to it required by the Amendments to IFRS 19 for entities to provide information about their supplier finance arrangements will reduce diversity in practice in how entities account for these arrangements. This will improve both comparability across different entities using supplier finance arrangements and comparability over time for the same reporting entity. This disclosure requirement will improve users' understanding of the impact of such arrangements on entities' financial performance, financial position and cash flows.

37 Similar to how it is stated in the endorsement advice for IFRS 19, EFRAG notes that Amendments to IFRS 19 might improve comparability both between the entities of the same group and between eligible subsidiaries in jurisdictions which permit or require the use of IFRS Accounting Standards. It could also indirectly incentivise the wider adoption of IFRS

Accounting Standards by entities and jurisdictions, which will have a positive impact on the comparability of financial statements in the European context.

38 Conversely, the application of IFRS 19 and the Amendments to IFRS 19 might also have an adverse effect on comparability, as it would be possible to apply both IFRS Accounting Standards and IFRS 19 requirements in the same jurisdiction due to the voluntary nature of IFRS 19.

39 Overall, EFRAG's assessment is that the requirements in Amendments to IFRS 19 will result in comparable information. The extent of the benefits resulting from the improved comparability of financial statements will depend on how widely IFRS 19 is used.

Understandability

40 The notion of understandability requires that the financial information provided be readily understandable by users with reasonable knowledge of business and economic activity and accounting as well as the willingness to study the information with reasonable diligence.

41 Although there are a number of aspects related to the notion of 'understandability', EFRAG considers that most of the aspects are covered by the discussion above about relevance, reliability and comparability.

42 As a result, EFRAG considers that the main additional issue it needs to consider in assessing whether the information resulting from the application of Amendments to IFRS 19 is understandable is whether that information will be unduly complex.

43 EFRAG considers that all the changes made by Amendments to IFRS 19 related to the topics described in paragraph 7 streamline the disclosures required under IFRS 19 and do not impair the quality of the information generally provided by IFRS 19 requirements. These changes mainly remove disclosure objectives and references to them from the requirements in IFRS 19, which is in line with the principles for reducing disclosures.

44 The disclosure requirements in IFRS 19 were developed to address specific needs of the users of non-listed subsidiaries, such as credit analysts and other finance providers, so that the resulting information is expected to be easily understandable by them. The reduced disclosures focus on the most relevant information without obscuring it with unnecessary details.

45 In EFRAG's view, the changes to the disclosures required by Amendments to IFRS 19 do not introduce any new complexity that may impair understandability. Therefore, EFRAG's overall assessment is that Amendments to IFRS 19 satisfy the understandability criterion in all material respects.

Prudence

46 For the purposes of this endorsement advice, prudence is defined as caution in conditions of uncertainty. In some circumstances, prudence requires asymmetry in recognition such that assets or income are not overstated and liabilities or expenses are not understated.

47 Amendments to IFRS 19 only deal with reducing disclosure requirements in IFRS 19. Requirements related to measurement, recognition and presentation in the other IFRS Accounting Standards remain unchanged. The reduced disclosure requirements have no impact on prudence.

48 Amendments to IFRS 19 do not affect recognition and measurement requirements. Therefore, EFRAG has concluded that they raise no issues in relation to prudence as defined above.

Early application of Amendments to IFRS 19

49 Amendments to IFRS 19 become effective on 1 January 2027, with earlier application permitted. Amendments to IFRS 19, IFRS 19 and IFRS 18 *Presentation and Disclosure in Financial Statements* have the same effective date. If an eligible subsidiary chooses to apply Amendments to IFRS 19 and IFRS 19 before it applies IFRS 18, then it should apply the **requirements** in Appendix B of IFRS 19, which relate to reduced disclosures based on the requirements in IAS 1 *Presentation of Financial Statements*. EFRAG considers that this may be confusing for some entities.

50 EFRAG considers that in situations where Amendments to IFRS 19 and IFRS 19 requirements are first applied, the provisions in Amendments to IFRS 19 and IFRS 19 are clear enough to ensure the consistent application of these requirements.

True and Fair View Principle

51 A standard will not impede information from meeting the true and fair view principle when, on a stand-alone basis and in conjunction with other IFRS Accounting Standards, it:

(a) does not lead to unavoidable distortions or significant omissions in the representation of that entity's assets, liabilities, financial position and profit or loss; and

(b) includes all disclosures that are necessary to provide a complete and reliable depiction of an entity's assets, liabilities, financial position and profit or loss.

52 EFRAG has assessed that Amendments to IFRS 19 do not create any negative interactions with other IFRS Accounting Standards. Amendments to IFRS 19 provide the option to further reduce disclosures for eligible subsidiaries and work alongside other IFRS Accounting Standards that define recognition, measurement and presentation requirements which remain unchanged. In particular, Amendments to IFRS 19 reduce the disclosures in IFRS 19 in line with the principles for developing reduced disclosures and streamline the application of IFRS 19 requirements. Accordingly, EFRAG has assessed that Amendments to IFRS 19 do not lead to unavoidable distortions or significant omissions and therefore do not impede financial statements from providing a true and fair view.

53 EFRAG has concluded that Amendments to IFRS 19 result in appropriate disclosures that are necessary to provide a complete and reliable depiction of an entity's assets, liabilities, financial position and profit or loss.

54 As a result, EFRAG concludes that the application of Amendments to IFRS 19 would not lead to information that would be contrary to the true and fair view principle.

Conclusion

55 Accordingly, for the reasons set out above, EFRAG's assessment is that Amendments to IFRS 19 meet the technical requirements for EU endorsement as set out in the IAS Regulation.

Appendix 3: Assessing whether Amendments to IFRS 19 are conducive to the European public good

Introduction

56 EFRAG considered whether it would be conducive to the European public good to endorse Amendments to IFRS 19. In addition to its assessment included in Appendix 2, EFRAG has considered a number of issues in order to identify any potential negative effects for the European economy following the application of Amendments to IFRS 19. In doing this, EFRAG considered:

(a) whether Amendments to IFRS 19 improve financial reporting. This requires a comparison of Amendments to IFRS 19 with the existing requirements and how they fit into IFRS Accounting Standards as a whole;

(b) the costs and benefits associated with Amendments to IFRS 19; and

(c) whether Amendments to IFRS 19 could have any adverse effect on the European economy, including financial stability and economic growth.

57 These assessments allow EFRAG to draw a conclusion as to whether Amendments to IFRS 19 are likely to be conducive to the European public good. If the assessment concludes that there is a net benefit, Amendments to IFRS 19 will be conducive to the objectives of the IAS Regulation.

EFRAG's evaluation of whether Amendments to IFRS 19 are likely to improve the quality of financial reporting

58 Amendments to IFRS 19 are necessary to update the disclosures added to IFRS 19 in full for all the new or amended IFRS Accounting Standards during the period between the date in which IFRS 19 was developed (28 February 2021) and its publication in May 2024.

59 EFRAG assesses that Amendments to IFRS 19 are designed to streamline the consistent application of the requirements included in IFRS 19, and to align the changes to the disclosures described in paragraph 7 with those already included in IFRS 19, by using a consistent set of principles for developing reduced disclosures.

60 In this respect, it is important to consider that the reduced disclosure requirements in IFRS 19 and the Amendments to IFRS 19 will impact around 83 per cent of unlisted European subsidiaries of European parent companies, which amounts to over 85 000 European subsidiaries based on research findings from the endorsement advice on IFRS 19.

61 EFRAG has therefore concluded that Amendments to IFRS 19 are likely to improve the quality of financial reporting.

EFRAG's initial analysis of the costs and benefits of Amendments to IFRS 19

62 EFRAG first considered the extent of the work. For some Standards or Interpretations, it might be necessary to carry out some extensive work in order to understand fully the cost and benefit implications of the Standard or Interpretation being assessed. However, in the case of Amendments to IFRS 19, EFRAG's view is that the cost and benefit implications can be assessed by carrying out a more modest amount of work. This also follows from the fact that cost-benefit analyses on IFRS 19 were recently carried out, and these do not indicate the need for a detailed approach in the current assessment.

Cost for preparers

63 EFRAG has carried out an assessment of the cost implications for preparers resulting from Amendments to IFRS 19.

64 EFRAG observes that Amendments to IFRS 19 only impact disclosures which were included in IFRS 19 during the period between the date in which IFRS 19 was developed and its publication. Disclosure requirements in new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 were included in IFRS 19 without reductions when IFRS 19 was issued in May 2024 because the IASB had not consulted on reducing these requirements.

65 EFRAG considers that the changes introduced in IFRS 19 requirements by Amendments to IFRS 19 will not result in any one-off or ongoing costs for preparers. The required reductions in disclosures, as described in paragraph 7, relate primarily to deleting disclosure objectives, references to these objectives and removal of application guidance in line with the approach followed by the IASB when updating the requirements in IFRS 19. It should also be noted that the timing of the publication of the amendments allows them to be implemented at the same time as IFRS 19. This means that there are effectively no additional implementation costs for the amendments in question.

66 In addition, EFRAG observes that the Amendments to IFRS 19 relating to the removal of the requirement to disclose the range of payment due dates for supplier finance arrangements under paragraph 168(b)(iii) of IFRS 19 will result in less costs for subsidiaries, which will not have to provide this piece of information and spend resources to analyse and collect the required information.

67 Overall, EFRAG's assessment is that Amendments to IFRS 19 are not likely to result in costs for preparers related to the implementation and ongoing costs of complying with these requirements.

Costs for users

68 EFRAG has carried out an assessment of the cost implications for users resulting from Amendments to IFRS 19.

69 EFRAG considers that there will be no additional costs for users of financial statements resulting from the changes introduced to disclosure requirements in IFRS 19 by Amendments to IFRS 19. As explained in paragraphs 64 and 65, the changes introduced by Amendments to IFRS 19 are only related to the deletion of disclosure objectives and application guidance, which will not result in costs for users needing to understand new disclosure requirements or update their analyses.

70 Overall, EFRAG's assessment is that Amendments to IFRS 19 are not likely to result in costs for users related to implementation and ongoing costs of complying with these requirements.

Benefits for preparers and users

71 EFRAG has carried out an assessment of the benefits for users and preparers resulting from Amendments to IFRS 19. With regard to the general benefits of applying IFRS 19 and thus also the Amendments to be assessed here, reference should be made to the analysis

contained in the FEA for IFRS 19. EFRAG notes that the benefits of IFRS 19 will be higher the wider IFRS 19 is accepted and applied in the EU.

72 EFRAG considers that both preparers and users will benefit from updating the disclosures included in full in IFRS 19 by new or amended IFRS Accounting Standards between 28 February 2021 and 1 May 2024.

73 Overall, EFRAG assesses that both preparers and users are likely to benefit from the Amendments to IFRS 19 resulting from updating the disclosure requirements in line with the consistent approach followed by the IASB to develop reduced disclosures for eligible unlisted subsidiaries. However, EFRAG observes that for any other new IFRS Accounting Standard and new amendments, the reductions are rather low. Therefore, in cases where the IASB issues a new IFRS Accounting Standard or an amendment to an existing Standard and the complete set of disclosure requirements of that Standard applies to subsidiaries without public accountability, EFRAG recommended in its final comment letter a review process to be established for recent IFRS 19 Amendments (like a three-year period after first-time adoption).

Conclusion on the costs and benefits of Amendments to IFRS 19

74 EFRAG's overall assessment is that the marginal benefits for preparers and users resulting from updating the disclosure requirement in IFRS 19 related to new or amended IFRS Accounting Standards between 28 February 2021 and 1 May 2024 will improve financial information, being available on a more relevant, understandable and comparable basis. EFRAG does not expect that the changes introduced by the Amendments to IFRS 19 will result in any implementation and ongoing costs for both preparers and users.

Conclusion

75 EFRAG notes that the Amendments to IFRS 19, although limited in scope, will generally bring improved financial reporting along with the requirements in IFRS 19. As such, their endorsement is conducive to the European public good in that improved financial reporting improves transparency and assists in the assessment of management stewardship.

76 EFRAG has not identified any adverse effects that Amendments to IFRS 19 could have on the European economy, including financial stability and economic growth.

77 Having considered all relevant aspects, including the trade-off between the costs and benefits of implementing Amendments to IFRS 19, EFRAG assesses that endorsing Amendments to IFRS 19 is conducive to the European public good.