

Feedback Statement

Exposure Draft Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Final Comment Letter (FCL)

28 November 2024

The UK Endorsement Board (UKEB) is responsible for endorsement and adoption of IFRS for use in the UK and therefore is the UK's National Standard Setter for IFRS. The UKEB also leads the UK's engagement with the IFRS Foundation on the development of new standards, amendments and interpretations.

The comment letter to which this feedback statement relates forms part of those influencing activities and is intended to contribute to the IFRS Foundation's due process.

The views expressed by the UKEB in its comment letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended international accounting standards undertaken by the UKEB.

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Purpose of this Feedback Statement

This feedback statement presents the views of UK stakeholders on the UKEB's Draft Comment Letter on the IASB's Exposure Draft (ED) [Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*](#) and explains how the UKEB's Final Comment Letter addressed those views.



The IASB's Exposure Draft

The IASB issued IFRS 19 *Subsidiaries without Public Accountability: Disclosures* in May 2024. In developing the reduced disclosure requirements in IFRS 19, the IASB considered the disclosure requirements in IFRS Accounting Standards issued before 28 February 2021. Disclosure requirements in new or amended IFRS Accounting Standards issued between 28 February 2021 and May 2024 were included in IFRS 19 without reductions when IFRS 19 was issued in May 2024.

The Exposure Draft (ED) proposes a package of amendments to IFRS 19 designed to reduce these disclosure requirements. The key proposals in the ED include:

- **Primary Financial Statements: IFRS 18 *Presentation and Disclosure in Financial Statements*** – replacing the requirements relating to management-defined performance measures with a cross-reference to those requirements in IFRS 18.
- **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)** – adding the definition of supplier finance arrangements in IFRS 19 from paragraph 44G of IAS 7 *Statement of Cash Flows*.
- **Forthcoming IFRS Accounting Standard *Regulatory Assets and Regulatory Liabilities* (RARL Standard)** – proposing no reductions in disclosure requirements at this stage for subsidiaries without public accountability applying the forthcoming RARL Standard.

Outreach approach

The UKEB's outreach activities took place between June 2024 and November 2024 and were conducted to assist the UKEB in developing its Comment Letter.

Due to the project timeline, most of our outreach activities were performed in the early stages of the project and these stakeholder views were reflected in the UKEB Draft Comment Letter (DCL).

Outreach activities included:

- Discussions with the UKEB Financial Instruments Working Group, the UKEB Accounting Firms and Institutes Advisory Group, the UKEB Investor Advisory Group, the UKEB Preparer Advisory Group, and the UKEB Rate-regulated Activities Technical Advisory Group.
- One-to-one meetings with limited targeted preparers and users.
- Discussions with other standard setters.
- Public consultation on the UKEB's DCL.

Stakeholder engagement (before and after issue of DCL)	
Stakeholder type	Number of stakeholders
Preparers	3
Users	2
National standard setters (including FRC UK GAAP team)	4
UKEB Advisory/Working Groups*	5

*The UKEB Advisory/Working Groups have multiple members, representing a variety of stakeholder types. The groups consulted comprise 57 members. Information about the UKEB Advisory/Working Groups can be accessed [here](#).

The DCL was shared with our outreach participants via subscriber alerts as well as being made available on the UKEB website.

Two written responses to the DCL were received from accounting firms. These are in addition to the stakeholder outreach statistics shown in the table and are summarised on the next pages.

Where stakeholders agreed with the UKEB draft position and where there has been no substantive change in drafting from the DCL, no further details have been included in the summary of feedback.

All comments and views were considered in reaching the final UKEB views on the questions raised by the IASB.

UKEB and stakeholder views

Primary Financial Statements

IASB proposals	UKEB draft position	Further stakeholder views	UKEB final position
<ul style="list-style-type: none"> Removed the disclosure objective from a disclosure requirement relating to non-current liabilities (paragraph 137 of IFRS 19). 	<ul style="list-style-type: none"> Supported the removal of the disclosure objective. 	<ul style="list-style-type: none"> Aligned with UKEB draft position. 	<p>Consistent with draft position.</p> <p>While recognising the potential costs for those subsidiaries that use MPMs, the UKEB noted that:</p> <ul style="list-style-type: none"> - such subsidiaries are expected to be rare; - the quantitative disclosures are likely to be specific to the subsidiary; and, - some of these subsidiaries may have non-controlling interests for whom the disclosures are important.
<ul style="list-style-type: none"> Replaced the requirements relating to management-defined performance measures (MPMs) with a cross-reference to those requirements in IFRS 18 (paragraphs 142–159 of IFRS 19). 	<ul style="list-style-type: none"> Agreed with the cross-reference approach for the requirements relating to MPMs. 	<ul style="list-style-type: none"> Two stakeholders expressed concerns about requiring eligible subsidiaries to make all the disclosures required by IFRS 18 relating to MPMs. 	
	<ul style="list-style-type: none"> Recommended changes to paragraph 136 of IFRS 19 to ensure it includes only disclosure requirements. 	<ul style="list-style-type: none"> No further feedback. 	
	<ul style="list-style-type: none"> Recommended changes to paragraph 163 of IFRS 19, which lists disclosure requirements in IFRS 18 that remain applicable by cross-reference. 		

UKEB and stakeholder views

Supplier Finance Arrangements

IASB proposals	UKEB draft position	Further stakeholder views	UKEB final position
<ul style="list-style-type: none"> Removed the disclosure objective (paragraph 167 of IFRS 19). 	<ul style="list-style-type: none"> Supported the removal of the disclosure objective. 	<ul style="list-style-type: none"> Aligned with UKEB draft position. 	<ul style="list-style-type: none"> Consistent with draft position.
<ul style="list-style-type: none"> Added the definition of supplier finance arrangements from paragraph 44G of IAS 7 <i>Statement of Cash Flows</i>. 	<ul style="list-style-type: none"> Expressed opposition to adding the definition of supplier finance arrangements. 		
	<ul style="list-style-type: none"> Encouraged the IASB to provide more explanation of how the benefits outweigh the costs of the requirement in paragraph 168(ii) to disclose financial liabilities that are part of a supplier finance arrangement and for which suppliers have already received payment from the finance providers. 	<ul style="list-style-type: none"> No further feedback. 	

UKEB and stakeholder views

Forthcoming IFRS Accounting Standard *Regulatory Assets and Regulatory Liabilities* (RARL Standard)

IASB proposals	UKEB draft position	Further stakeholder views	UKEB final position
<ul style="list-style-type: none">The ED asked stakeholders whether they are aware of entities that have regulatory assets and regulatory liabilities within the scope of the forthcoming RARL Standard that would be eligible to apply IFRS 19.	<ul style="list-style-type: none">Indicated that UK unlisted subsidiaries that have regulatory assets and regulatory liabilities may not have public accountability under the definition in IFRS 19 and therefore would be eligible to apply the standard.	<ul style="list-style-type: none">No further feedback.	<ul style="list-style-type: none">Consistent with draft position.
<ul style="list-style-type: none">Proposed no reductions in disclosure requirements at this stage for subsidiaries without public accountability applying the forthcoming RARL Standard.	<ul style="list-style-type: none">Recommended that the IASB consults on reducing the disclosure requirements for the forthcoming RARL Standard in a separate ED and that reduced disclosures should be in place by the effective date of the RARL Standard.		

Other proposals

IASB proposals	UKEB draft position	Further stakeholder views	UKEB final position
<p><i>International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)</i></p> <ul style="list-style-type: none"> Removed the reference to disclosure objective (paragraph 199 of IFRS 19) 	<ul style="list-style-type: none"> Supportive of these other proposed amendments. 	<p>One stakeholder suggested:</p> <ul style="list-style-type: none"> excluding the reference to ‘qualitative and quantitative’ information in paragraph 199 of IFRS 19 to enable flexibility regarding the level of detail to be provided; and including the examples illustrating the disclosure requirement outlined in paragraph 88D of IAS 12 would be helpful to preparers. 	<p>Consistent with draft position:</p> <ul style="list-style-type: none"> quantitative information is an important element of the required disclosures (otherwise, the requirement becomes akin to a disclosure objective). including examples would be inconsistent with the approach taken throughout IFRS 19.
<p><i>Lack of Exchangeability (Amendments to IAS 21)</i></p> <ul style="list-style-type: none"> Removed the disclosure objective (paragraphs 221–222 of IFRS 19) 		<ul style="list-style-type: none"> On cost benefit grounds, one stakeholder supported removing the disclosure requirement in paragraph 223(f) of IFRS 19 i.e. qualitative information about each type of risk to which the entity is exposed because the currency is not exchangeable into the other currency, and the nature and carrying amount of assets and liabilities exposed to each type of risk. 	<p>Consistent with draft position, this disclosure could provide useful information about liquidity and cash flows.</p>

Other proposals

IASB proposals	UKEB draft position	Further stakeholder views	UKEB final position
<p><i>Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)</i></p> <ul style="list-style-type: none"> The Amendments were issued in May 2024, after the publication of IFRS 19. It included consequential amendments to IFRS 19 by adding the disclosure requirements related to changes in contractual cash flows (paragraphs 20B–20D of IFRS 7 <i>Financial Instruments: Disclosures</i>). The ED proposed no changes to the consequential amendments to IFRS 19. 	<ul style="list-style-type: none"> Supportive of the proposal not to reduce the disclosure requirements. Suggested the IASB consider whether paragraph 56C of the consequential amendments, which appears to be disclosure guidance, should be included in IFRS 19. 	<ul style="list-style-type: none"> Aligned with UKEB draft position. 	<ul style="list-style-type: none"> Consistent with draft position.

Disclaimer

This Feedback Statement has been produced in order to set out the UKEB's response to stakeholder comments received on the UKEB's Draft Comment Letter on the IASB's Exposure Draft Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

The views expressed in this Feedback Statement are those of the UK Endorsement Board at the point of publication.

Any sentiment or opinion expressed within this Feedback Statement will not necessarily bind the conclusions, decisions, endorsement or adoption of any new or amended IFRS by the UKEB.



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