

## International Financial Reporting Standards (IFRS)

IASB proposal to reduce the cost of financial reporting for subsidiaries that report to a parent applying IFRS Standards while maintaining the usefulness of the subsidiary's financial statements to users

### IASB proposes reduced disclosure requirements for subsidiaries

The International Accounting Standards Board (IASB) has proposed a new IFRS Standard that would permit eligible subsidiaries to apply IFRS Standards with a reduced set of disclosure requirements.

The proposals are designed to ease financial reporting for eligible subsidiaries while meeting the needs of the users of their financial statements (FS).

The proposed Standard would be available to subsidiaries without public accountability—companies that are not financial institutions or listed on a stock exchange—whose parent company prepares consolidated FS applying IFRS Standards.

These subsidiaries report to their parent company for consolidation purposes applying IFRS Standards. Electing to apply the proposed Standard would enable them to also use IFRS Standards when preparing their own FS but with reduced disclosures.

The proposals would save subsidiaries time and money by:

- eliminating the need to maintain an additional set of accounting records for reporting purposes—if the subsidiary currently does not apply IFRS Standards in its own FS; and
- reducing the disclosures required to comply with IFRS Standards.

The IASB has tailored the disclosure requirements in the proposed Standard to meet the needs of FS users of subsidiaries without public accountability.

[Read more](#)

**IASB proposes a narrow-scope amendment to IFRS 17 to enable certain entities to improve the usefulness of the comparative information presented on initial application of IFRS 17 and IFRS 9**

### **IASB proposes minor amendment to transition requirements for insurers applying IFRS 17 and IFRS 9 for the first time**

The IASB has proposed a narrow-scope amendment to the transition requirements in IFRS 17 *Insurance Contracts*. The proposed amendment does not affect any other requirements in IFRS 17.

Many insurers will apply IFRS 17 and IFRS 9 *Financial Instruments* for the first time from 2023 and are at an advanced stage of preparing to apply these new Standards. However, some of these insurers have informed the IASB of significant temporary accounting mismatches on initial application of the new Standards that can make the change in accounting more difficult to communicate to investors. These mismatches arise in circumstances when IFRS 9 is not reflected in the accounting for financial assets in the prior periods presented when IFRS 17 and IFRS 9 are first applied.

The proposed narrow-scope amendment to IFRS 17 would enable these insurers to address this issue by giving them an option to present comparative information for certain financial assets in a manner consistent with IFRS 9.

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### **Summary of IFRS Foundation Trustees meeting held on 20<sup>th</sup> September 2021**

To achieve coherence and comparability, the IFRS intends to create a new Sustainability Standards Board (SSB) under the governance structure of the IFRS Foundation to develop global sustainability standards. The objective of the SSB would be to develop and maintain a global set of sustainability-reporting standards initially focused on climate-related risks. Such

standard-setting would make use of existing sustainability frameworks and standards.

The Trustees, in their meeting discussed progress on their work to establish a new Board focused on sustainability-related disclosure standards (the proposed International Sustainability Standards Board—ISSB). They discussed the following 3 areas

- **Technical Readiness Working Group (TRWG)**
- Work on planning for the appropriate transfer of technical expertise, content and resources to the proposed ISSB, with a view to facilitating consolidation in sustainability disclosure standard-setting.
- Preparatory work to provide the proposed ISSB with a 'running start' by providing technical observations and proposals that address matters relevant to potential standard-setting by the new Board, including enhancing the prototype climate-related financial disclosure standard.

- **Jurisdictional engagement**

The Trustees reviewed progress in achieving a sufficient level of global support from public authorities, global regulators and market stakeholders in key markets

- **Proposed amendments to the IFRS Foundation Constitution**

The Trustees had an initial discussion about some of the possible refinements that might be made to the proposals in the light of the feedback, focusing on the proposed revised objectives for the Foundation and the terminology to be used for the new Board and its standards.

The Trustees will meet in the week commencing 18<sup>th</sup> October 2021 to make a final determination about establishing the new Board.

[Read more](#)

# KEY TAKE AWAY

When practically applying the IASB's proposal to reduce the disclosure requirements for subsidiaries, the companies will have to deliberate the related paragraphs in the Exposure Draft (ED) that explain which disclosures are required, disclosures that are specifically excluded from the proposals; and the disclosure requirements of other IFRS Standards that are still applicable, but which are not addressed specifically in the ED



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