

Subsidiaries without Public Accountability: Disclosures (IFRS 19)

(Effective 2027)

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1. Introduction and background

1.1 Purpose and context

IFRS 19 *Subsidiaries without Public Accountability: Disclosures* is a new IFRS Accounting Standard issued in May 2024. It introduces a reduced disclosure framework for certain subsidiaries that apply full IFRS recognition, measurement and presentation, but do not have public accountability and have a parent that prepares IFRS-compliant consolidated financial statements available for public use.

The standard responds to long-standing concerns about “over-disclosure” and the cost of preparing full IFRS financial statements for subsidiaries whose users typically have more focused information needs than public capital market investors.

1.2 Relationship to existing IFRS framework

IFRS 19 does **not** change recognition, measurement or presentation requirements. Instead, it replaces many disclosure requirements in other IFRS Accounting Standards with a tailored set of disclosures for eligible subsidiaries. In other words:

- **Same numbers on the face of the statements** (assets, liabilities, equity, income, cash flows).
- **Different, reduced disclosures in the notes**, as permitted by IFRS 19.

This makes IFRS 19 fundamentally different from the IFRS for SMEs Standard, which has both different recognition/measurement and reduced disclosures.

2. Objective of IFRS 19

2.1 Formal objective

The stated objective of IFRS 19 is to specify disclosure requirements that an eligible entity is permitted to apply **instead of** the disclosure requirements in other IFRS Accounting Standards, while still applying all recognition, measurement and presentation requirements in those standards.

2.2 Practical aims

Key aims:

- **Reduce cost and complexity** of preparing IFRS financial statements for eligible subsidiaries.
- **Avoid duplicate accounting records** where a subsidiary previously used IFRS for SMEs or local GAAP for statutory reporting but full IFRS for group reporting.

- **Maintain usefulness of information** by tailoring disclosures to the needs of users of subsidiary financial statements (often lenders, non-controlling shareholders, regulators, or management), rather than public capital market investors.

2.3 Conceptual underpinning

The IASB concluded that:

- Users of subsidiary financial statements often have **access to group information** and are less reliant on extensive disclosures at subsidiary level.
- Many disclosures in full IFRS are designed for entities with **public accountability** (e.g. listed entities, banks, insurers), and this may be excessive for non-public subsidiaries.
- A reduced disclosure framework can still meet the qualitative characteristics of useful financial information (relevance, faithful representation, comparability, verifiability, timeliness and understandability) when carefully designed.

3. Scope and eligibility

3.1 Entities that may apply IFRS 19

A subsidiary may elect to apply IFRS 19 in its consolidated, separate or individual financial statements if, at the reporting date:

- **It does not have public accountability**, and
- **Its parent produces consolidated financial statements** that:
 - Are available for public use; and
 - Comply with IFRS Accounting Standards.

3.1.1 Meaning of “subsidiary”

For IFRS 19, “subsidiary” is used consistently with IFRS 10—an entity controlled by another entity (the parent). Control is defined by power over the investee, exposure to variable returns, and the ability to use power to affect those returns.

3.1.2 Public accountability

An entity has public accountability if:

- Its debt or equity instruments are traded in a public market (or it is in the process of issuing such instruments); or
- It holds assets in a fiduciary capacity for a broad group of outsiders (e.g. banks, insurers, mutual funds, pension funds).

Subsidiaries that meet either of these criteria **cannot** apply IFRS 19.

3.2 Parent's consolidated financial statements

To qualify:

- The parent must prepare **consolidated financial statements** in accordance with IFRS Accounting Standards.
- Those consolidated financial statements must be **available for public use**—for example, filed with a regulator, posted on a website, or otherwise accessible to users of the subsidiary's financial statements.

If the parent uses local GAAP or IFRS for SMEs for its consolidated financial statements, the subsidiary is **not** eligible for IFRS 19.

3.3 Optional application

Application of IFRS 19 is **optional**. Eligible subsidiaries may:

- Continue to apply full IFRS disclosures; or
- Elect to apply IFRS 19 reduced disclosures.

The election is made at the level of the individual reporting entity and can be applied to consolidated, separate or individual financial statements of that entity.

4. Electing or revoking the election to apply IFRS 19

4.1 Making the election

A subsidiary that meets the eligibility criteria may elect to apply IFRS 19. The election:

- Is made **per reporting entity** (not automatically for all subsidiaries in a group).
- Applies to the entity's **entire set of financial statements**—it cannot be applied selectively to some standards and not others.

4.2 Revoking the election

An entity that previously applied IFRS 19 may later decide to revert to full IFRS disclosures. In doing so:

- It must apply the disclosure requirements of all relevant IFRS Accounting Standards in full as from the date of change.
- It should consider whether the change represents a change in accounting policy under IAS 8 (in terms of disclosure about the change and its reasons), even though recognition and measurement remain unchanged.

4.3 Consistency and comparability

Although IFRS 19 allows flexibility, entities should consider:

- **User expectations**—frequent switching between IFRS 19 and full IFRS disclosures may reduce comparability.
- **Group policies**—many groups may set internal policies on whether and when subsidiaries may elect IFRS 19.

5. Interaction with IFRS 1 — First-time Adoption of IFRS

5.1 General interaction

IFRS 19 includes specific guidance on how it interacts with **IFRS 1 *First-time Adoption of International Financial Reporting Standards***.

Key points:

- A subsidiary that is a first-time adopter of IFRS may apply IFRS 19's reduced disclosure requirements **together with** IFRS 1's recognition and measurement provisions.
- IFRS 19 contains tailored disclosure requirements for entities applying IFRS 1, replacing many of the detailed IFRS 1 disclosures.

5.2 First-time adopters using IFRS 19

When a subsidiary adopts IFRS for the first time and elects IFRS 19:

- It applies **IFRS 1** for recognition and measurement (e.g. opening IFRS statement of financial position, exemptions, estimates).
- It applies **IFRS 19** for disclosures, including specific sections that address IFRS 1.

This combination can significantly reduce the disclosure burden in the first IFRS reporting period, while still providing the key information users need about the transition.

6. Core disclosure framework under IFRS 19

6.1 Structure of IFRS 19

IFRS 19 is structured as a single standard that:

- Sets out a **general objective and scope**.
- Provides **general disclosure requirements**, including the statement of compliance.
- Then, for each relevant IFRS Accounting Standard (e.g. IFRS 2, IFRS 3, IFRS 7, IFRS 15, IFRS 16, IAS 12, IAS 36, etc.), specifies:
 - Which disclosures from that standard are required for an entity applying IFRS 19.
 - Which disclosures are **not** required (i.e. reduced or omitted).

The standard is set out in paragraphs 1–276 and includes appendices on effective date, transition, and amendments to other IFRS standards.

6.2 General disclosure requirements

6.2.1 Statement of compliance

An entity applying IFRS 19 must include an **explicit and unreserved statement of compliance** with IFRS Accounting Standards and must clearly state that it has applied IFRS 19.

Example wording:

“These financial statements have been prepared in accordance with IFRS Accounting Standards, including the reduced disclosure requirements of IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.”

This is critical: users must understand that recognition and measurement follow full IFRS, but disclosures follow IFRS 19.

6.2.2 Basis of preparation

The entity must explain:

- That it is a subsidiary without public accountability.
- That its parent prepares IFRS-compliant consolidated financial statements available for public use.
- The fact that it has elected to apply IFRS 19.

This information is typically included in the **basis of preparation** note (often aligned with IAS 8 and IAS 1 requirements).

6.3 Reduced disclosures by standard (overview)

IFRS 19 provides reduced disclosure requirements across many standards, including (non-exhaustive list):

- **IFRS 1** — First-time Adoption of IFRS
- **IFRS 2** — Share-based Payment
- **IFRS 3** — Business Combinations
- **IFRS 5** — Non-current Assets Held for Sale and Discontinued Operations
- **IFRS 7** — Financial Instruments: Disclosures
- **IFRS 12** — Disclosure of Interests in Other Entities
- **IFRS 13** — Fair Value Measurement
- **IFRS 15** — Revenue from Contracts with Customers
- **IFRS 16** — Leases
- **IFRS 18** — Presentation and Disclosure in Financial Statements

- **IAS 7** — Statement of Cash Flows
- **IAS 12** — Income Taxes
- **IAS 24** — Related Party Disclosures
- **IAS 36** — Impairment of Assets
- **IAS 37** — Provisions, Contingent Liabilities and Contingent Assets
- And many others.

For each of these, IFRS 19 specifies a subset of disclosures that are considered sufficient for eligible subsidiaries.

7. Illustrative areas of reduced disclosure

To keep this chapter practical, let's walk through a few key standards and how IFRS 19 typically reduces disclosures. (Exact paragraph references are in IFRS 19 itself; here we focus on the concepts.)

7.1 Financial instruments — IFRS 7

Under full IFRS 7, entities must provide extensive disclosures about:

- Risk exposures (credit, liquidity, market).
- Sensitivity analyses.
- Detailed fair value hierarchy information.
- Transfers of financial assets, offsetting, and more.

Under IFRS 19:

- Many of the **more complex risk and sensitivity disclosures** are reduced or omitted.
- The focus is on:
 - The **nature and extent** of financial instruments.
 - Key risk exposures relevant to users of the subsidiary's financial statements.
 - Essential information about fair value where material.

Example:

A non-public manufacturing subsidiary with simple bank loans and trade receivables may, under IFRS 19:

- Disclose the carrying amounts of financial assets and liabilities.
- Provide a concise description of credit risk management and any significant concentrations.
- Provide basic maturity information for borrowings.

It may **not** need to provide detailed sensitivity analyses to interest rate changes or complex risk disclosures designed for financial institutions.

7.2 Interests in other entities — IFRS 12

Full IFRS 12 requires extensive disclosures about:

- Subsidiaries, joint arrangements, associates, and unconsolidated structured entities.
- Non-controlling interests.
- Significant judgements and assumptions in determining control.

Under IFRS 19:

- Disclosures are focused on **material interests** and key information needed to understand the subsidiary's relationships with other entities.
- Some detailed reconciliations and extensive narrative disclosures may be reduced.

Example:

A subsidiary that holds a single associate may:

- Disclose the name, principal place of business, and nature of the associate.
- Provide summarised financial information if material.
- Explain the method of accounting (equity method).

It may not need to provide all the detailed reconciliations and extensive narrative disclosures required under full IFRS 12.

7.3 Revenue — IFRS 15

Full IFRS 15 requires:

- Detailed disaggregation of revenue.
- Information about contract balances, performance obligations, and significant judgements.

Under IFRS 19:

- The subsidiary still applies **full IFRS 15 recognition and measurement** (e.g. five-step model).
- Disclosures are reduced to those necessary to understand:
 - Major revenue streams.
 - Significant contract assets and liabilities.
 - Key judgements where they materially affect the timing and amount of revenue.

Example:

A subsidiary that sells goods to external customers and to group companies may:

- Disaggregate revenue into external and intra-group sales, and perhaps by major product line.
- Provide a brief explanation of performance obligations and typical payment terms.
- Disclose significant contract assets or liabilities if material.

It may not need to provide all the detailed contract balance reconciliations and extensive narrative disclosures required under full IFRS 15.

7.4 Leases — IFRS 16

Full IFRS 16 requires:

- Detailed disclosures about lease liabilities, right-of-use assets, maturity analyses, variable lease payments, and more.

Under IFRS 19:

- The subsidiary still recognises right-of-use assets and lease liabilities in accordance with IFRS 16.
- Disclosures focus on:
 - The carrying amounts of right-of-use assets and lease liabilities.
 - Key information about lease terms and significant judgements.
 - Basic maturity information.

Example:

A subsidiary with office and warehouse leases may:

- Disclose total lease liabilities and right-of-use assets by major asset class.
- Provide a simple maturity analysis of lease liabilities.
- Explain any significant variable lease payments or extension options.

It may not need to provide all the detailed reconciliations and sensitivity analyses required under full IFRS 16.

8. Other key disclosure topics

8.1 Related party disclosures — IAS 24

IFRS 19 retains the core requirement to disclose:

- Relationships with the parent and fellow subsidiaries.
- Transactions with related parties.
- Outstanding balances and commitments.

However, some detailed disclosures may be reduced, focusing on information that is most relevant to users of the subsidiary's financial statements.

Example:

A subsidiary may:

- Identify its parent and ultimate controlling party.
- Disclose significant transactions with group entities (e.g. management fees, intra-group loans).
- Provide basic information about terms and conditions.

Extensive narrative detail may be reduced where not necessary for users.

8.2 Provisions and contingencies — IAS 37

Under IFRS 19, the subsidiary still recognises provisions and contingencies under IAS 37, but disclosures may be simplified:

- Focus on major classes of provisions.
- Provide key information about nature, timing and uncertainties.
- Reduced detail for immaterial or routine provisions.

8.3 Impairment — IAS 36

Impairment testing is unchanged, but disclosures may be reduced:

- Key assumptions for material impairment tests (e.g. CGUs with goodwill).
- Basic information about impairment losses and reversals.
- Less extensive sensitivity analysis and detailed narrative where not critical for users.

9. Compliance with IFRS Accounting Standards

9.1 Explicit statement of compliance

An entity applying IFRS 19 must still make an **explicit and unreserved statement** that its financial statements comply with IFRS Accounting Standards.

This is crucial: IFRS 19 is not a “lighter” framework in terms of recognition and measurement—it is full IFRS with reduced disclosures.

9.2 Disclosure that IFRS 19 is applied

The entity must clearly disclose that it has applied IFRS 19. This is typically done:

- In the basis of preparation note.
- In the statement of compliance.

Users must be able to distinguish:

- Subsidiaries applying full IFRS disclosures; and
- Subsidiaries applying IFRS 19 reduced disclosures.

10. Effective date and transition

10.1 Effective date

IFRS 19 is effective for **annual reporting periods beginning on or after 1 January 2027**, with **early application permitted**.

10.2 Early adoption

Eligible subsidiaries may adopt IFRS 19 before 2027, provided:

- Their parent prepares IFRS-compliant consolidated financial statements.
- They meet the non-public accountability criteria.

Early adopters must disclose that they have applied IFRS 19 and comply with its transition requirements.

10.3 Comparative information

In the **first year of applying IFRS 19**, an entity is required to present comparative information for the current year amounts as required by IFRS 19, unless IFRS 19 or another IFRS standard permits or requires otherwise.

This means:

- If the entity previously applied full IFRS disclosures, it may present reduced comparative disclosures aligned with IFRS 19.
- It must ensure that users can still understand trends and changes over time.

10.4 Ongoing updates

The IASB intends to **update IFRS 19 on an ongoing basis** as new or amended disclosure requirements in IFRS Accounting Standards are issued. Qualifying entities must monitor updates to IFRS 19 to ensure they apply the latest reduced disclosure requirements.

11. Practical examples

11.1 Example 1 — Manufacturing subsidiary

Background:

- SubCo (Pty) Ltd is a manufacturing subsidiary of ParentCo plc, a listed entity that prepares IFRS-compliant consolidated financial statements available on its website.

- SubCo has no listed debt or equity and does not hold assets in a fiduciary capacity.

Eligibility:

- SubCo does not have public accountability.
- Its parent prepares IFRS-compliant consolidated financial statements available for public use.

SubCo is therefore eligible to apply IFRS 19.

Application:

- SubCo continues to apply full IFRS recognition and measurement (e.g. IFRS 15 for revenue, IFRS 16 for leases, IAS 2 for inventories).
- It elects to apply IFRS 19 reduced disclosures.

Key disclosure impacts:

- **IFRS 7:** SubCo provides concise disclosures about its bank loans and trade receivables, focusing on credit risk and maturity, without extensive sensitivity analyses.
- **IFRS 15:** SubCo disaggregates revenue by major product line and customer type, but does not provide all detailed contract balance reconciliations.
- **IFRS 16:** SubCo discloses total lease liabilities and right-of-use assets, with a simple maturity analysis.

Statement of compliance:

“These financial statements have been prepared in accordance with IFRS Accounting Standards, including the reduced disclosure requirements of IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.”

11.2 Example 2 — Subsidiary currently using IFRS for SMEs

Background:

- SubCo2 is a non-public subsidiary whose parent uses full IFRS for consolidated financial statements.
- SubCo2 currently uses IFRS for SMEs for its statutory financial statements and full IFRS for group reporting.

Issue:

- SubCo2 maintains **two sets of accounting records:**
 - IFRS for SMEs for statutory reporting.
 - Full IFRS for group reporting.

IFRS 19 solution:

- SubCo2 may elect to apply full IFRS recognition and measurement, combined with IFRS 19 reduced disclosures.
- This allows SubCo2 to use **one set of accounting records** (full IFRS) for both statutory and group reporting, while still providing reduced disclosures suitable for its users.

11.3 Example 3 — Subsidiary with public accountability (not eligible)

Background:

- SubCo3 is a subsidiary of ParentCo plc.
- SubCo3 has listed bonds on a public market.

Result:

- SubCo3 has public accountability (listed debt).
- It is **not eligible** to apply IFRS 19 and must provide full IFRS disclosures.

This example highlights that eligibility is driven by the subsidiary's own public accountability status, not only by the parent's.

12. Advantages and challenges

12.1 Advantages

- **Cost reduction:** Less time and effort spent preparing extensive disclosures.
- **Simplification:** Notes become more focused and easier to understand.
- **Alignment with group reporting:** Subsidiaries can use full IFRS recognition and measurement without duplicating records for statutory reporting.

12.2 Challenges

- **Eligibility assessment:** Groups must carefully assess which subsidiaries meet the criteria.
- **Policy consistency:** Decisions about applying IFRS 19 may affect comparability across subsidiaries.
- **Keeping up to date:** IFRS 19 will be updated as new IFRS disclosure requirements are issued; entities must monitor changes.

13. Summary and key takeaways

- IFRS 19 is a **disclosure-only** standard: recognition, measurement and presentation remain full IFRS.
- It is designed for **subsidiaries without public accountability** whose parent prepares IFRS-compliant consolidated financial statements available for public use.

- Application is **optional** and can significantly reduce disclosure burden while maintaining useful information for users.
- The standard provides **tailored disclosure requirements** across many IFRS and IAS standards, focusing on what is most relevant for subsidiary-level users.
- Effective for periods beginning on or after **1 January 2027**, with **early application permitted**.
- Entities applying IFRS 19 must clearly state compliance with IFRS Accounting Standards and disclose that IFRS 19 has been applied.

14. Multiple-Choice Questions (with Answers)

1. What is the primary purpose of IFRS 19?

- A. To change recognition and measurement requirements for subsidiaries
- B. To provide reduced disclosure requirements for eligible subsidiaries
- C. To replace IFRS for SMEs
- D. To eliminate consolidated financial statements

➤ **Answer: B**

2. Which of the following is a key eligibility requirement for applying IFRS 19?

- A. The subsidiary must prepare consolidated financial statements
- B. The subsidiary must have publicly traded debt
- C. The parent must prepare IFRS-compliant consolidated financial statements available for public use
- D. The subsidiary must apply IFRS for SMEs

➤ **Answer: C**

3. A subsidiary has listed bonds on a public market. Can it apply IFRS 19?

- A. Yes, if its parent applies IFRS
- B. Yes, if it chooses to
- C. No, because it has public accountability
- D. Yes, but only for separate financial statements

➤ **Answer: C**

4. IFRS 19 modifies which of the following?

- A. Recognition requirements
- B. Measurement requirements
- C. Presentation requirements
- D. Disclosure requirements only

➤ **Answer: D**

5. Which statement must appear in the financial statements of an entity applying IFRS 19?

- A. "These financial statements comply with IFRS for SMEs."
- B. "These financial statements comply with IFRS Accounting Standards, including IFRS 19."
- C. "These financial statements comply with local GAAP."
- D. "These financial statements comply with reduced IFRS."

➤ **Answer: B**

6. IFRS 19 is effective for annual periods beginning on or after:

- A. 1 January 2025
- B. 1 January 2026
- C. 1 January 2027
- D. 1 January 2028

➤ **Answer: C**

7. Which of the following is NOT a characteristic of an entity with public accountability?

- A. It issues debt on a public market
- B. It holds assets in a fiduciary capacity for a broad group of outsiders
- C. It is a wholly owned subsidiary with no external investors
- D. It is in the process of issuing equity instruments to the public

➤ **Answer: C**

8. IFRS 19 requires subsidiaries to apply:

- A. Full IFRS recognition and measurement
- B. IFRS for SMEs recognition and measurement
- C. Local GAAP recognition and measurement
- D. Modified IFRS recognition and measurement

➤ **Answer: A**

9. Which standard's disclosures are reduced under IFRS 19?

- A. IFRS 15
- B. IFRS 16
- C. IFRS 7
- D. All of the above

➤ **Answer: D**

10. Under IFRS 19, disclosures for IFRS 7 generally:

- A. Remain fully unchanged
- B. Are eliminated entirely
- C. Focus on essential information about risks and financial instruments
- D. Require full sensitivity analyses

➤ **Answer: C**

11. A subsidiary applying IFRS 19 must disclose:

- A. That it is a subsidiary without public accountability
- B. That its parent prepares IFRS-compliant consolidated financial statements
- C. That it has elected to apply IFRS 19
- D. All of the above

➤ **Answer: D**

12. IFRS 19 allows early adoption. Which condition must be met?

- A. The subsidiary must have public accountability
- B. The parent must apply IFRS for SMEs
- C. The parent must prepare IFRS-compliant consolidated financial statements
- D. The subsidiary must be listed

➤ **Answer: C**

13. IFRS 19 includes reduced disclosures for first-time adopters applying:

- A. IFRS for SMEs
- B. IFRS 1
- C. IAS 8
- D. IFRS 18

➤ **Answer: B**

14. Which of the following is TRUE regarding the election to apply IFRS 19?

- A. It can be applied to some standards and not others
- B. It applies to the entire set of financial statements
- C. It must be applied by all subsidiaries in a group
- D. It changes measurement requirements

➤ **Answer: B**

15. IFRS 19 reduces disclosures for IFRS 15 by focusing on:

- A. Detailed contract reconciliations
- B. Extensive performance obligation analysis
- C. Major revenue streams and key judgements
- D. Full disaggregation by every customer type

➤ **Answer: C**

16. Under IFRS 19, lease disclosures (IFRS 16) generally include:

- A. Full variable lease payment analysis
- B. Detailed sensitivity analyses
- C. Carrying amounts of ROU assets and lease liabilities
- D. All IFRS 16 disclosures

➤ **Answer: C**

17. Which of the following is NOT required under IFRS 19?

- A. Full IFRS 7 sensitivity analysis
- B. Disclosure of related party transactions
- C. Disclosure of major classes of provisions
- D. Disclosure of impairment losses

➤ **Answer: A**

18. IFRS 19 requires subsidiaries to:

- A. Present reduced disclosures for comparatives
- B. Omit comparative information entirely
- C. Present full IFRS comparative disclosures
- D. Present comparatives only for revenue

➤ **Answer: A**

19. IFRS 19 is designed primarily for:

- A. Listed entities
- B. Banks and insurers
- C. Subsidiaries without public accountability
- D. Government entities

➤ **Answer: C**

20. Which of the following best describes IFRS 19's overall approach?

- A. A simplified accounting framework
- B. A reduced disclosure framework with full IFRS recognition and measurement
- C. A replacement for full IFRS
- D. A mandatory standard for all subsidiaries

➤ **Answer: B**

15. Comprehensive Question Bank (with Solutions)

SECTION A — Multiple Choice Questions (MCQs)

1. What does IFRS 19 primarily change?

- A. Recognition requirements
- B. Measurement requirements
- C. Disclosure requirements
- D. Presentation requirements

➤ **Answer: C**

2. Which of the following is required for a subsidiary to apply IFRS 19?

- A. The subsidiary must be listed
- B. The parent must prepare IFRS-compliant consolidated financial statements available for public use
- C. The subsidiary must apply IFRS for SMEs
- D. The subsidiary must have public accountability

➤ **Answer: B**

3. A subsidiary holds assets in a fiduciary capacity for a broad group of outsiders. Can it apply IFRS 19?

- A. Yes
- B. No

➤ **Answer: B** (It has public accountability)

4. IFRS 19 requires subsidiaries to apply:

- A. IFRS for SMEs recognition and measurement
- B. Full IFRS recognition and measurement
- C. Local GAAP recognition and measurement
- D. Modified IFRS recognition and measurement

➤ **Answer: B**

5. IFRS 19 is effective for annual periods beginning on or after:

- A. 2029
- B. 2028
- C. 2027
- D. 2026

➤ **Answer: C**

6. Which disclosure must be included when applying IFRS 19?

- A. "These financial statements have been drawn up on the historical cost basis."
- B. "These financial statements comply with IFRS Accounting Standards, including IFRS 19."
- C. "These financial statements comply with reduced IFRS."
- D. "These financial statements are consistent in all material respects to those of previous years."

➤ **Answer: B**

7. IFRS 19 reduces disclosures for which standards?

- A. IFRS 12
- B. IAS 27
- C. IAS 37
- D. All of the above

➤ **Answer: D**

8. Which of the following is NOT reduced under IFRS 19?

- A. IFRS 7 sensitivity analyses
- B. IFRS 15 contract reconciliation disclosures
- C. IFRS 16 detailed variable lease payment disclosures
- D. Disclosure of related party transactions

➤ **Answer: D** (IAS 24 disclosures remain, though simplified)

9. IFRS 19 allows early adoption if:

- A. The entity became a subsidiary after 2024
- B. The parent prepares IFRS-compliant consolidated financial statements
- C. The entity was incorporated after 2024
- D. The subsidiary has public accountability

➤ **Answer: B**

10. IFRS 19 requires comparative disclosures:

- A. To be omitted
- B. To follow full IFRS
- C. To follow IFRS 19 reduced disclosures
- D. Only for statement of financial position figures

➤ **Answer: C**

SECTION B — True / False

11. IFRS 19 changes recognition and measurement requirements.

➤ **False** — It only changes disclosures.

12. A subsidiary with listed debt cannot apply IFRS 19.

➤ **True** — Listed debt = public accountability.

13. IFRS 19 can be applied selectively to some standards and not others.

➤ **False** — It applies to the entire set of financial statements.

14. IFRS 19 includes reduced disclosures for IFRS 1.

➤ **True**

15. IFRS 19 requires disclosure that the parent's consolidated financial statements are available for public use.

➤ **True**

SECTION C — Short-Answer Questions

16. Define "public accountability" under IFRS 19.

Solution: An entity has public accountability if:

- Its debt or equity instruments are traded in a public market (or it is in the process of issuing them), or
- It holds assets in a fiduciary capacity for a broad group of outsiders (e.g., banks, insurers, pension funds).

17. What are the two key eligibility criteria for applying IFRS 19?

Solution:

1. The subsidiary must **not** have public accountability.
2. The parent must prepare **IFRS-compliant consolidated financial statements** available for public use.

18. What must be included in the statement of compliance?

Solution: An explicit and unreserved statement that the financial statements comply with IFRS Accounting Standards **and** that IFRS 19 has been applied.

19. Why did the IASB introduce IFRS 19?

Solution: To reduce disclosure burden for subsidiaries without public accountability while maintaining full IFRS recognition and measurement, improving cost-benefit efficiency.

20. Name three standards for which IFRS 19 provides reduced disclosures.

Solution: Examples: IFRS 7, IFRS 15, IFRS 16, IFRS 12, IAS 37, IAS 36, IAS 12, etc.

SECTION D — Scenario-Based Questions

21. Scenario:

SubCo has no listed instruments and does not hold assets in a fiduciary capacity. Its parent prepares IFRS-compliant consolidated financial statements available on its website.

Question: Is SubCo eligible to apply IFRS 19?

Solution: Yes — it meets both eligibility criteria.

22. Scenario:

SubCo has listed bonds but is wholly owned by ParentCo, which prepares IFRS consolidated financial statements.

Question: Can SubCo apply IFRS 19?

Solution: No — listed bonds = public accountability.

23. Scenario:

SubCo applies IFRS for SMEs for statutory reporting and full IFRS for group reporting.

Question: How does IFRS 19 help?

Solution: SubCo can adopt full IFRS recognition and measurement with IFRS 19 reduced disclosures, eliminating the need for two sets of accounting records.

24. Scenario:

SubCo adopts IFRS 19 for the first time in 2027.

Question: What comparative disclosures must it present?

Solution: Comparatives must follow IFRS 19's reduced disclosure requirements.

25. Scenario:

SubCo has simple financial instruments (trade receivables, bank loans).

Question: What IFRS 7 disclosures are required under IFRS 19?

Solution:

- Carrying amounts
- Basic credit risk information
- Simple maturity analysis. (No sensitivity analyses or complex risk disclosures.)

SECTION E — Application / Judgement Questions

26. Explain how IFRS 19 reduces disclosures for IFRS 15.

Solution: IFRS 19 focuses on:

- Major revenue streams
- Significant judgements affecting timing and amount of revenue
- Material contract assets and liabilities
- It removes detailed contract reconciliations and extensive narrative disclosures.

27. Explain how IFRS 19 reduces disclosures for IFRS 16.

Solution: IFRS 19 requires:

- Carrying amounts of ROU assets and lease liabilities
- Basic maturity analysis

- Key judgements
- It removes detailed variable lease payment disclosures and sensitivity analyses.

28. What disclosures remain largely intact under IAS 24 (Related Parties)?

Solution:

- Identification of parent and related parties
- Nature of relationships
- Significant transactions
- Outstanding balances
- Narrative detail may be reduced, but core disclosures remain.

29. Why does IFRS 19 still require disclosure of significant judgements?

Solution: Judgements materially affect recognition and measurement under full IFRS; users need this information even when disclosures are reduced.

30. Explain why IFRS 19 does not reduce recognition and measurement requirements.

Solution: The IASB intended IFRS 19 to maintain full IFRS consistency across the group while reducing disclosure burden. Changing recognition/measurement would undermine comparability and group reporting integrity.

SECTION F — Long-Form Questions

31. Discuss the benefits and challenges of adopting IFRS 19 for a multinational group.

Solution:

Benefits:

- Reduced disclosure burden
- Lower compliance costs
- Simplified statutory reporting
- Alignment with group IFRS reporting
- Eliminates dual-GAAP systems

Challenges:

- Eligibility assessment
- Maintaining consistency across subsidiaries
- Monitoring updates to IFRS 19
- Managing user expectations regarding reduced disclosures

32. Compare IFRS 19 with IFRS for SMEs.

Solution: IFRS 19:

- Full IFRS recognition and measurement
- Reduced disclosures only
- Designed for subsidiaries with IFRS parents

IFRS for SMEs:

- Simplified recognition and measurement
- Reduced disclosures
- Designed for standalone SMEs

IFRS 19 is a disclosure-only simplification; IFRS for SMEs is a full simplification framework.

33. Explain how IFRS 19 interacts with IFRS 1 for first-time adopters.

Solution:

- Subsidiaries applying IFRS 1 for recognition and measurement may apply IFRS 19 for disclosures.
- IFRS 19 replaces many detailed IFRS 1 disclosures with simplified requirements.
- This reduces the burden of first-time adoption while maintaining transparency.

34. Provide a detailed example of how IFRS 19 simplifies IFRS 7 disclosures for a non-public subsidiary.

Solution:

A retail subsidiary (e.g.) with trade receivables and bank loans would disclose:

- Carrying amounts
- Basic credit risk information
- Maturity analysis
- Simple description of risk management

It would omit:

- Sensitivity analyses
- Detailed market risk disclosures
- Complex fair value hierarchy information

This aligns disclosures with user needs while reducing complexity.

35. Provide a detailed example of how IFRS 19 simplifies IFRS 16 disclosures for a subsidiary with office and warehouse leases.

Solution:

Required under IFRS 19:

- ROU assets by class (office, warehouse)
- Lease liabilities
- Basic maturity analysis
- Significant judgements (e.g., extension options)

Omitted:

- Detailed variable lease payment disclosures
- Sensitivity analyses
- Reconciliations of lease liabilities

This provides essential information without excessive detail.
