
IASB[®] meeting

Date	March 2024
Project	Subsidiaries without Public Accountability: Disclosures – Catch-up Exposure Draft
Topic	Cover paper
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB[®] *Update*.

Purpose of the paper

1. This paper sets out:
 - (a) discussions this month (see paragraphs 2–5);
 - (b) background of the project (see paragraphs 6–8);
 - (c) discussions to date (see paragraphs 9–10);
 - (d) next steps (see paragraph 11); and
 - (e) appendix—IASB tentative decisions on developing the catch-up Exposure Draft.

Discussions this month

Overview of Agenda Paper 32A Disclosure requirements from the new PFS Standard

2. Agenda Paper 32A asks the International Accounting Standards Board (IASB) to decide on disclosure requirements to propose in the ‘catch-up’ Exposure Draft (the catch-up Exposure Draft) that will be published after the issue of the new Standard *Subsidiaries without Public Accountability: Disclosures* (the Subsidiaries Standard) later in 2024. The disclosure requirements to be discussed are those from the prospective standard IFRS 18 *Presentation and Disclosure in Financial Statements*, which is expected to be issued before the Subsidiaries Standard. The analysis in the paper is based on a draft of IFRS 18. The paper also includes discussion on disclosure requirements related to the IASB’s project on *Non-current Liabilities with Covenants* (Amendments to IAS 1).
3. The staff recommend the IASB propose, in the catch-up Exposure Draft, the retention of the disclosure requirements from IFRS 18 that will be in the Subsidiaries Standard when issued, subject to:
 - (a) replacing the requirements relating to management-defined performance measures with a reference to those requirements in IFRS 18, to be located in the paragraph of the Subsidiaries Standard that lists the requirements in IFRS 18 that remain applicable to an eligible subsidiary; and
 - (b) removing the disclosure objective from a disclosure requirement relating to non-current liabilities.
4. The staff also recommends that the IASB does not include in the catch-up Exposure Draft any proposals relating to disclosure requirements carried forward from IAS 1 *Presentation of Financial Statements* to IFRS 18 without amendment (other than minor editorial changes), which the IASB has already considered during the development of the Subsidiaries Standard.

Proposed reduced disclosure requirements for rate-regulated activities

5. At this month's meeting the Rate Regulated Activities project team will also bring an agenda paper to the IASB to discuss and consider proposed reduce disclosure requirements for rate-regulated activities (see Agenda Paper 9B *Reduced disclosures for rate-regulated entities*).

Background of the project

6. The Subsidiaries Standard will be voluntary for eligible subsidiaries and will permit these subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements.
7. The IASB expects to issue the Subsidiaries Standard in May 2024. When the IASB developed the reduced disclosure requirements, it considered IFRS Accounting Standards issued as at 28 February 2021. When the Subsidiaries Standard is issued, it will not contain reduced disclosure requirements for any disclosure requirements that were added or amended IFRS Accounting Standards after that date (that is, all new or amended disclosure requirements issued after that date will be included in full in the Subsidiaries Standard without any reductions for eligible subsidiaries).
8. In July 2023, the IASB confirmed that new or amended IFRS Accounting Standards after 28 February 2021 will be dealt with through a "catch-up Exposure Draft" which will propose amending the requirements included in the Subsidiaries Standard for new or amended disclosure requirements based on applying the principles for reducing disclosures (see [Agenda Paper 31A Effective date and transition](#) of the July 2023 IASB meeting). This included disclosure requirements from the following projects:
- (a) *Lack of Exchangeability* (Amendments to IAS 21);
 - (b) *International Tax Reform—Pillar Two Model Rules* (Amendments to IAS 12);
 - (c) *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7);
 - (d) *Non-current Liabilities with Covenants* (Amendments to IAS 1);

- (e) *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7);
- (f) *Primary Financial Statements* (IFRS 18 *Presentation and Disclosure in Financial Statements*);
- (g) *Rate regulated activities*; and
- (h) *Annual improvements*.

Discussions to date

9. Among the projects listed in paragraph 8, the IASB has discussed disclosure requirements on *Lack of Exchangeability*, *International Tax Reform—Pillar Two Model Rules*, *Supplier Finance Arrangements*, *Amendments to the Classification and Measurement of Financial Instruments* and *Annual Improvements*.
10. The IASB's tentative decisions for the catch-up Exposure Draft related to the projects in paragraph 9, except for *Annual Improvements*, are set out in the Appendix to this paper. The tentative decisions by the IASB in finalising its proposals for *Annual Improvements* do not affect the disclosure requirements in the Subsidiaries Standard and do not need to be considered for the catch-up Exposure Draft.

Next steps

11. This month's discussions for proposed reduced disclosure requirements for the new PFS Standard and Rate-regulated activities completes the discussions for proposals to be included in the catch-up Exposure Draft. At a future IASB meeting, the staff will bring an agenda paper to discuss due process and will ask permission from the IASB to begin the balloting process.

Appendix—IASB tentative decisions on developing the catch-up Exposure Draft

Project/Amendments	Tentative Decision
<i>Lack of Exchangeability</i> (Amendments to IAS 21)	In January 2024, the IASB tentatively decided to propose including disclosure requirements from paragraph 57B of IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> and paragraphs A19–A20 of Appendix A to IAS 21.
<i>International Tax Reform—Pillar Two Model Rules</i> (Amendments to IAS 12)	In January 2024, the IASB tentatively decided to propose including disclosure requirements from paragraphs 88A–88D of IAS 12 <i>Income Taxes</i>
<i>Supplier Finance Arrangements</i> (Amendments to IAS 7 and IFRS 7)	In January 2024, the IASB tentatively decided to propose including disclosure requirements from paragraphs 44G–44H of IAS 7 <i>Statement of Cash Flows</i>
<i>Amendments to the Classification and Measurement of Financial Instruments</i> (Amendments to IFRS 9 and IFRS 7)	In February 2024, the IASB tentatively decided: <ul style="list-style-type: none"> (a) to not include the prospective amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to equity instruments designated at fair value through other comprehensive income; and (b) to include the prospective amendments to IFRS 7 relating to changes in contractual cash flows.
<i>Annual Improvements</i>	The tentative decisions by the IASB in finalising its proposals for <i>Annual Improvements</i> do not affect the disclosure requirements in the Standard and do not need to be considered for the catch-up Exposure Draft.