IFRS 19 Subsidiaries without Public Accountability: Disclosures

UPDATED EFRAG SECRETARIAT STUDY ON COMPATIBILITY OF THE EU ACCOUNTING DIRECTIVE WITH IFRS 19

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DISCLAIMER

This Briefing is issued by the EFRAG Secretariat to support the potential endorsement of IFRS 19 Subsidiaries without Public Accountability: Disclosures in Europe.

The views expressed in this Briefing are those of the EFRAG Secretariat and have not been approved by either the EFRAG TEG or the EFRAG Board. EFRAG positions, as approved by the EFRAG Board, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

Any views expressed in this Briefing are tentative and reflect the EFRAG Secretariat's understanding of how the requirements of IFRS 19 Subsidiaries without Public Accountability: Disclosures would be applied in the EU, subject to its endorsement.

In particular, the EFRAG Secretariat highlights that for IFRS 19 to apply, the EU needs to endorse it before it comes into force. Regulation (EC) No 1606/2002 establishes a specific endorsement process under the responsibility of the European Commission together with its consultative and advisory organisations.

This Briefing is also intended to contribute to the IASB's due process and does not necessarily indicate the conclusions that would be reached by EFRAG in its capacity as advisor to the European Commission on the endorsement of definitive IFRS Standards in the European Union (EU) and European Economic Area.

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Executive Summary

ES1 On 9 May 2024, the IASB issued the new Standard IFRS 19: *Subsidiaries without Public Accountability: Disclosures*. The Standard will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

ES2 The IASB undertook the project that led to IFRS 19 in response to feedback whereby subsidiaries should be permitted to apply IFRS Accounting Standards with reduced disclosure requirements.

ES3 IFRS 19 is a voluntary IFRS Accounting Standard for eligible subsidiaries and provides an opportunity for those companies to benefit from cost savings and reporting simplifications related to the reduced disclosure requirements while still applying all other IFRS recognition, measurement and presentation requirements.

ES4 For European entities to be able to apply the Standard on a voluntary basis, the following conditions have to be met:

- the European Union ('EU') decides to endorse such an IFRS Accounting Standard;
- the entity falls within the scope of the Standard; and
- EU Member States permit or require the use of IFRS Accounting Standards in accordance with Article 5 of the EU Regulation 1606/2002.

ES5 If all the conditions listed above are met, eligible subsidiaries may decide to use the new reduced disclosure IFRS 19 Standard on a voluntary basis, which either means to decide to move away from full disclosures in IFRS Accounting Standards or to move from national GAAP to IFRS Accounting Standards in jurisdictions where EU Member States allow or require IFRS Standards for non-listed entities.

ES6 Therefore, the IASB's Standard could be seen, to a certain extent, as 'competing' with national GAAPs and the Accounting Directive 2013/34/EU even if in a limited way (i.e., when considering the narrow scope proposed by the IASB and the number of EU Member States that allow or require the use of EU-endorsed IFRS Accounting Standards for non-listed entities).

ES7 This updated version of the Briefing *EFRAG Secretariat study on compatibility of the EU Accounting Directive with IFRS 19* succeeds the previous version that provided the analysis based on the IASB's Exposure Draft.

ES8 In the context of the potential endorsement process, the EFRAG Secretariat undertook a high-level analysis of:

- whether there are different disclosure requirements in the Accounting Directive 2013/34/EU and IFRS 19 as a result of different measurement and recognition requirements (e.g., disclosures on amortisation of goodwill); and
- whether there are any disclosures in the Accounting Directive 2013/34/EU that are not required in IFRS 19, in particular whether the reduced disclosure requirements of IFRS 19 when compared to all other IFRS Accounting Standards implies losing disclosures that are required by the Accounting Directive 2013/34/EU.

ES9 Such an assessment is expected to help European stakeholders and the European Commission to assess, among other things, whether the Standard ensures an equivalent level of protection of shareholders (including non-controlling shareholders), creditors and other third parties when compared to the Accounting Directive 2013/34/EU.

The EFRAG Secretariat's approach

ES10 The EFRAG Secretariat developed its analysis in two main steps:

- Step 1: identifying different disclosure requirements in the Accounting Directive 2013/34/EU and IFRS 19 as a result of different measurement and recognition requirements (please see Chapter 2 for details).
- Step 2: identifying the disclosures that are not required in IFRS 19 (please see Chapter 2 for details).

ES11 In addition to the assessment included within this Briefing, the EFRAG Secretariat issued an updated Briefing*: An EU Perspective on the scope of IFRS 19. Who would be able to apply it in the EU*, outlining the application of the IASB's scope for IFRS 19 *Subsidiaries without Public Accountability: Disclosures* in the EU landscape, taking into consideration options provided by the EU Regulation (1606/2002).

Step 1: Different disclosure requirements as a result of different recognition and measurement requirements

ES12 The EFRAG Secretariat highlights that under IFRS Accounting Standards, an impairment test is required for intangible assets with an indefinite useful life, including goodwill, while under the Accounting Directive 2013/34/EU intangible assets, including goodwill, are written off over its useful economic life or – where the useful life cannot be reliably estimated – the maximum period set by the Member State. As a result, there are no disclosures in IFRS 19 of the period over which intangibles with indefinite useful lives, including goodwill, are written off.

ES13 The EFRAG Secretariat also notes that for many accounting topics (for example on leases, deferred taxes and pension obligations), the Accounting Directive 2013/34/EU is silent. In those cases, the EFRAG Secretariat assumed that there are no differences in terms of measurement, recognition and disclosure requirements.

ES14 Although the EFRAG Secretariat assumed that there are no different disclosure requirements when the Accounting Directive 2013/34/EU is silent on a topic, the disclosure requirements across IFRS 19 and national GAAPs may differ. This is due to the minimum harmonisation character of the Accounting Directive 2013/34/EU, which allows the EU Member States to develop national financial reporting requirements.

Step 2: Disclosures that are not required in IFRS 19

ES15 The EFRAG Secretariat has identified a number of disclosures in the Accounting Directive 2013/34/EU that are not required in IFRS 19 or in any other IFRS Accounting Standards. The disclosures that are not required are mainly about:

- the reporting entity and the group (its parent, subsidiaries, joint arrangements and associates), for example, where the file of the company is being kept and the number in that register (Article 5), the place where copies of the consolidated financial statements of the ultimate and intermediate parent may be obtained and name and registered office of undertakings in which participating interest is held (Article 17);
- the use of specific measurement options (e.g., fair value);
- exceptional items;
- amounts owed falling due after more than five years;
- the average number of employees;
- emoluments granted in respect of the financial year to the members of administrative, managerial and supervisory bodies by reason of their responsibilities;
- the entity's shares (shares subscribed for, including by class and warrants, if appropriate);
- any undertaking of which it is a member with unlimited liability;
- business combinations within a group;

- payments made to auditors (only for large undertakings and public interest entities);
- required analysis of turnover by geographical markets and type of activity (only for large undertakings and public interest entities); and
- any necessary disclosure if an exemption is used.

ES16 In Chapter 2, the EFRAG Secretariat has also identified a number of disclosures that are required in other IFRS Accounting Standards and that are aligned with the Accounting Directive 2013/34/EU but which are not required in IFRS 19. In particular, IFRS 19 does not require:

- an entity to provide information that enables users of consolidated financial statements to understand the composition of a group (as required by paragraphs 10(a)(i) and B4(c) of IFRS 12 *Disclosure of Interests in Other Entities*);
- detailed information on subsidiaries that have non-controlling interests that are material to the reporting entity, including the name of the subsidiary (as required by paragraph 12 of IFRS 12);
- an entity to disclose the name of each material joint arrangement or associate (as required by paragraph 21 of IFRS 12);
- an entity to disclose the nature of the entity's relationship with the joint arrangement or associate (as required by paragraph 21 of IFRS 12);
- disclosures on the proportion of ownership interest or participating share held by the entity and, if different, the proportion of voting rights held (as required by paragraph 21 of IFRS 12); and
- for separate financial statements, a list of significant investments in subsidiaries, joint ventures and associates, including the name of those investees and the principal place of business (and country of incorporation if different) of those investees, as well as its proportion of the ownership interest (and its proportion of the voting rights if different) held in those investees (as stated in paragraph 16 of IAS 27 *Separate Financial Statements*).

ES17 Since the publication of the original version of the Briefing in 2022, some of the disclosures that are required in other IFRS Accounting Standards and the Accounting Directive, which were not included the Exposure Draft, have been added to IFRS 19. These disclosure requirements are detailed below:

- a maturity analysis for non-derivative financial liabilities that shows the remaining contractual maturities (as required by paragraph 39 of IFRS 7 *Financial Instruments: Disclosures*) – ***now required by paragraph 72 of IFRS 19***;
- disclosures on any current commitments or intentions to provide financial or other support to an unconsolidated subsidiary, including commitments or intentions to assist the subsidiary in obtaining financial support (as stated in paragraph 19D of IFRS 12) – ***now required by paragraph 85(b) of IFRS 19***;
- disclosures on any contractual arrangements that could require the entity or its unconsolidated subsidiaries to provide financial support to an unconsolidated, controlled, structured entity, including events or circumstances that could expose the reporting entity to a loss (as stated in paragraph 19F of IFRS 12) – ***now required by paragraph 87 of IFRS 19***;
- disclosures on the nature of expenses when an entity classifies expenses by function, including depreciation and amortisation expense and employee benefits expense (as stated in paragraph 104 of IAS 1 *Presentation of Financial Statements*) – ***now required by paragraph 133 of IFRS 19***; and
- disclosures on the amounts of dividends proposed or declared before the financial statements were authorised for issuance but not recognised as distribution to owners and the related amount per shares (as stated in paragraph 137(a) of IAS 1) – ***now required by paragraph 162 of IFRS 19***.

ES18 It is important to note that, as per paragraph 6 of IFRS 19, an entity needs to consider whether additional disclosures are necessary to enable users of financial statements to understand the effects of transactions and other events and conditions on the entity's financial position and financial performance. Therefore, additional disclosures in addition to those required by IFRS 19 could be provided by an entity if considered necessary.

ES19 The EFRAG Secretariat highlights that there are additional EU accounting rules to be applied when preparing IFRS financial statements. That is, when IFRS Accounting Standards do not include specific disclosures that are required by the Accounting Directive 2013/34/EU, such disclosures should be required by the national accounting laws and regulations that transpose the Accounting Directive 2013/34/EU

ES20 Therefore, EU Member States should carefully consider the disclosures identified in paragraph ES16 above. Such disclosures are not required by IFRS 19 but are required by other IFRS Accounting Standards and the Accounting Directive (i.e., such disclosures may have to be required by the national accounting laws and regulations that transpose the Accounting Directive 2013/34/EU).

CHAPTER 1: BACKGROUND

IFRS 19 Subsidiaries without Public Accountability: Disclosures

1.1 On 9 May 2024, the IASB published the new Standard IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (IFRS 19) with the objective of developing a reduced-disclosure IFRS Standard that would apply on a voluntary basis to subsidiaries without public accountability.

1.2 IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements with the recognition, measurement and presentation requirements of other IFRS Accounting Standards.

1.3 A subsidiary would be in the scope of IFRS 19 if, at the end of the reporting period, it:

a) does not have public accountability (its debt or equity instruments are not traded in a public market or it is not in the process of issuing such instruments for trading in a public market, and it does not hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses); and

b) has an ultimate or intermediate parent that produces financial statements available for public use that comply with IFRS Accounting Standards.

1.4 An entity within the scope of the project is permitted to apply IFRS 19 in its consolidated, separate or individual financial statements.

EFRAG Secretariat Briefing on the scope of the IASB's project from an EU perspective

1.5 In June 2024, the EFRAG Secretariat published the updated version of the Briefing: *AN EU perspective on the scope of IFRS 19.Who would be able to apply it in the EU* (the previous version was published in December 2021). The objective of the briefing was to provide an overview of the application of IFRS 19 in the EU landscape, taking into consideration options provided by the EU Regulation (1606/2002).

1.6 The Briefing highlighted that:

a) the Standard would be part of full IFRS Accounting Standards and in principle subject to endorsement in the EU under the EU Regulation 1606/2002;

b) if endorsed in the EU, the direct effects on reporting entities would depend on how Article 5 of the EU Regulation 1606/2002 has been implemented by the EU Member State to which the entity belongs and whether the subsidiary exemption in Article 37 of the 2013 Accounting Directive has been used; and

c) if not endorsed in the EU, companies located in the EU Member States may still be affected by the Standard if they have subsidiaries located outside the EU in countries where IFRS Accounting Standards are applied.

Why a compatibility study?

1.7 If IFRS 19 is endorsed in the EU, then several subsidiaries may decide to move from national GAAP to IFRS Accounting Standards (in accordance with Article 5 of the EU Regulation 1606/2002). Therefore, IFRS 19 could in theory be seen as 'competing' with national GAAPs and the Accounting Directive 2013/34/EU even if in a limited way (when considering the narrow scope proposed by the IASB).

1.8 Considering this, the EFRAG Secretariat undertook a high-level analysis of whether there are any disclosures in the Accounting Directive 2013/34/EU that are not required in IFRS 19.

1.9 Such an assessment is expected to help European stakeholders and the European Commission to assess, among other things, whether IFRS 19 ensures an equivalent level of protection of shareholders (including non-controlling shareholders), creditors and other third parties when compared to the Accounting Directive 2013/34/EU.

EFRAG's approach for its analysis

1.10 The EFRAG Secretariat developed its analysis in two main steps:

a) Step 1: identifying different disclosure requirements in the Accounting Directive 2013/34/EU ('AD') and IFRS 19 as a result of different measurement and recognition requirements. This also includes the analysis of options allowed in the Accounting Directive 2013/34/EU, which are not allowed in IFRS Accounting Standards (please see Chapter 2 for details).

b) Step 2: identifying the disclosures that are not required in IFRS 19. More specifically, the EFRAG Secretariat compared the disclosures in the Accounting Directive 2013/34/EU with those in IFRS 19 to identify whether there are any incompatibilities or missing information in the Standard. This includes an analysis of whether the reduced disclosure requirements of IFRS 19 compared to all other IFRS Accounting Standards imply losing disclosures that are required by the AD.

1.11 However, it is noted the following.

a) The EFRAG Secretariat has compared the requirements of the other IFRS Accounting Standards and IFRS 19 with those of the Accounting Directive 2013/34/EU only. As a result, any possible incompatibility between the IFRS Accounting Standards, IFRS 19 and other EU Directives are not listed below.

b) The EFRAG Secretariat has performed its assessment from a technical accounting perspective only.

c) In its analysis, the EFRAG Secretariat has not considered in detail how the EU Accounting Directives have been implemented in the EU Member States. In particular, the EFRAG Secretariat notes that, when the Accounting Directive 2013/34/EU is silent on a topic, there may be incompatibilities (including of disclosures) between the different national GAAPs in the EU and the IFRS Accounting Standards. This is due to the minimum harmonisation character of the Accounting Directive 2013/34/EU, which allows the EU Member States to develop national financial reporting requirements. The EFRAG Secretariat has not assessed the incompatibilities of disclosures at the EU Member State level.

d) The Directive contains a considerable number of options that the Member States must consider. Similarly, IFRS Accounting Standards contain a considerable number of options. To the extent possible, the EFRAG Secretariat assessed the incompatibilities of the options in terms of disclosures.

e) The Directive provides simplified accounting requirements appropriate to the entity's size (micro-, small-, medium-). However, IFRS 19 does not contain any entity-size considerations and therefore, for the purposes of this assessment, the EFRAG Secretariat does not consider the simplifications provided by the Directive.

f) The EFRAG Secretariat has not considered any disclosures related to the Management Report. The Management Report is a report that complements an entity's financial statements for which the IASB only provides guidelines but not requirements.

CHAPTER 2: COMPATIBILITY ANALYSIS

Step 1: Different disclosure requirements as a result of different recognition and measurement requirements

2.1 As explained in Chapter 1, IFRS 19 permits eligible subsidiaries to apply reduced disclosure requirements with the recognition, measurement and presentation requirements in other IFRS Accounting Standards.

2.2 As a first step, the EFRAG Secretariat started by identifying the disclosures in IFRS 19 that are different from the Accounting Directive 2013/34/EU because the measurement and recognition requirements in IFRS Accounting Standards are different. For that purpose, the EFRAG Secretariat compared the measurement and recognition requirements included in the IFRS Accounting Standards and the Accounting Directive 2013/34/EU.

2.3 The EFRAG Secretariat notes that, for many accounting treatments (for example on leases, deferred taxes and pension obligations), the Accounting Directive 2013/34/EU is silent. In those cases, the EFRAG Secretariat assumed that there are no incompatibilities.

2.4 Although the EFRAG Secretariat assumed that there are no different disclosure requirements when the Accounting Directive 2013/34/EU is silent on a topic, the disclosure requirements across IFRS 19 and national GAAPs may differ. This is due to the minimum harmonisation character of the Accounting Directive 2013/34/EU, which allows the EU Member States to develop national financial reporting requirements.

2.5 The EFRAG Secretariat has identified the following differences in disclosures due to differences in the recognition and measurement requirements between IFRS Accounting Standards and the Accounting Directive 2013/34/EU.

Intangible assets including goodwill:	• Under IFRS Accounting Standards, an impairment test is required for intangible assets with indefinite useful life, including goodwill. • Under the Accounting Directive 2013/34/EU, intangible assets, including goodwill, are written off over their useful economic life or – where the useful life cannot be reliably estimated – a maximum period set by the Member State. • As a result, there are no disclosures in IFRS 19 of the period over which intangibles with indefinite useful lives, including goodwill, are written off.
Disclosures related to options in the Accounting Directive 2013/34/EU that are not available in IFRS Accounting Standards	• The Accounting Directive 2013/34/EU provides a number of options and exemptions for EU Member States that are not available in IFRS Accounting Standards. In such cases, disclosures related to those accounting options do not exist either in the other IFRS Accounting Standards or in IFRS 19. • For example, under the Accounting Directive 2013/34/EU: o the LIFO valuation of inventory is allowed; o the inclusion of formation expenses and cost of development under 'assets' is permitted and shall be written off within a period of maximum five years

	(national law may also provide for formation expenses to be shown as the first item under 'intangible assets'); ○ there is an option whereby Member States may permit or require proportional consolidation (in accordance with Article 26); ○ there are exemptions for preparing annual financial statements under certain conditions; ○ there are requirements for business combinations within a group; and ○ financial instruments may be measured at purchase price or production cost and financial fixed assets carried at an amount in excess of their fair value. • Neither IFRS 19 nor any other IFRS Accounting Standard requires disclosures on those options as they do not exist in IFRS Accounting Standards.

Step 2: Disclosures not required by IFRS 19

2.6 As a second step, the EFRAG Secretariat compared the disclosure requirements in the Accounting Directive 2013/34/EU with those in IFRS 19. The EFRAG Secretariat has identified a number **of disclosures in the Accounting Directive 2013/34/EU that are not required in IFRS 19** (please see table below). The disclosures missing in IFRS 19 are mainly about:

a) the reporting entity and the group (its parent, subsidiaries, joint arrangements and associates), for example, where the file of the company is being kept and the number in that register (Article 5), the place where copies of the consolidated financial statements of the ultimate and intermediate parent may be obtained and the name and registered office of undertakings in which participating interest is held (Article 17);

b) the use of specific measurement options (e.g., fair value) (Article 16.1 (c));

c) exceptional items (Article 16.1(f));

d) amounts owed falling due after more than five years; (Article 16.1(g));

e) the average number of employees (Article 16.1(h));

f) emoluments granted in respect of the financial year to the members of administrative, managerial and supervisory bodies by reason of their responsibilities (Article 17.1 (d));

g) the entity's shares (shares subscribed for, including by class and warrants, if appropriate) (Article 17.1(h));

h) any undertaking of which it is a member with unlimited liability (Article 17.1 (k));

i) business combinations within a group (Article 25);

j) payments made to auditors (only for large undertakings and public interest entities) (Article 18.1(b));

k) required analysis of turnover by geographical markets and type of activity (only for large undertakings and public interest entities) (Article 18.1(a)); and

l) any necessary disclosure if an exemption is used (Articles 23, 37 and 39).

2.7 The EFRAG Secretariat has also identified a number of disclosures that are required in IFRS Accounting Standards and that are aligned with the Accounting Directive 2013/34/EU but which are not required in IFRS 19 (the text is underlined below in the table). In particular, IFRS 19 does not require:

a) an entity to provide information that enables users of consolidated financial statements to understand the composition of a group (as required by paragraphs 10(a)(i) and B4(c) of IFRS 12);

b) detailed information on subsidiaries that have non-controlling interests which is material to the reporting entity, including the name of the subsidiary (as required by paragraph 12 of IFRS 12);

c) an entity to disclose the name of each material joint arrangement or associate (as required by paragraph 21 of IFRS 12);

d) an entity to disclose the nature of the entity's relationship with the joint arrangement or associate (as required by paragraph 21 of IFRS 12);

e) disclosures on the proportion of ownership interest or participating share held by the entity and, if different, the proportion of voting rights held (as required by paragraph 21 of IFRS 12); and

f) for separate financial statements, a list of significant investments in subsidiaries and joint ventures and associates, including the name of those investees and the principal place of business (and country of incorporation, if different) of those investees, as well as its proportion of the ownership interest (and its proportion of the voting rights, if different) held by those investees (as stated in paragraph 16 of IAS 27).

2.8 The assessment does not consider new or amended disclosure requirements added or amended in other IFRS Accounting Standards after 28 February 2021. The comparison of these Standards to the Accounting Directive will be updated upon the publication of the amendments resulting from the 'catch-up' Exposure Draft[*].

Preamble (37) and Article 28.2: Undertakings included in the consolidation taken as a whole	• The Accounting Directive 2013/34/EU requires that the consolidated financial statements include all disclosures by way of notes to the financial statements for the undertakings included in the consolidation taken as a whole. The names, registered offices and group interest in the undertakings' capital should also be disclosed in respect of subsidiaries, associated undertakings, jointly managed undertakings and participating interests. • Some information is not required either by other IFRS Accounting Standards or IFRS 19, for example, information necessary to identify the register in which the file is kept about the undertaking and the number of the undertaking in that register; the registered office of the ultimate parent, name and registered office of the intermediate parent of the subgroup; place where consolidated financial statements of the ultimate and intermediate parent is available; etc.

[*] For more details on the new or amended Standards proposed or issued after 28 February 2021 that will be dealt in the catch-up Exposure Draft, please refer to the [Project Plan for the Catch-up Exposure Draft](#).

	• Some of the information required in the EU Accounting Directive is also required under IFRS Accounting Standards, subject to materiality (e.g., paragraphs 10(a)(i), 12, 21, B4(c) and B5-B6 of IFRS 12 *Disclosure of Interests in Other Entities*). • **However, IFRS 19 requires limited disclosures on the interests in other entities and does not include some disclosures that are currently required by other IFRS Accounting Standards. More specifically, IFRS 19 does not require:** o **an entity to provide information that enables users of consolidated financial statements to understand the composition of a group (as required by paragraphs 10(a)(i), B4(c) of IFRS 12);** o **detailed information on subsidiaries that have non-controlling interests that are material to the reporting entity, including the name of the subsidiary (as required by paragraph 12 of IFRS 12);** o **the name of each material joint arrangement or associate (as required by paragraph 21 of IFRS 12);** o **the nature of the entity's relationship with the joint arrangement or associate (as required by paragraph 21 of IFRS 12); and** o **the proportion of ownership interest or participating share held by the entity and, if different, the proportion of voting rights held (as required by paragraph 21 of IFRS 12).**
Article 5: Identification of the undertaking	• The Accounting Directive 2013/34/EU requires that the document containing the financial statements state the name of the undertaking and the information prescribed by points (a) ('information necessary to identify the register, where the file of the company is being kept and number in that register') and (b) ('legal form of the company and location of registered office; in certain cases, information that a company is being wound up') of Article 5 of Directive 2009/101/EC. • Similar information is required in the EU Accounting Directive, IFRS 19 and other IFRS Accounting Standards on domicile and legal form of the entity, its country of incorporation and the address of its registered office as well as a description of the nature of the entity's operations and its principal activities. • However, the EU Accounting Directive requires detailed information on where the file of the company is being kept and number in that register. This information is not required either in IFRS 19 or in other IFRS Accounting Standards.
Article 12.1: Assets or liabilities that relate to more than one layout item	• The Accounting Directive 2013/34/EU requires that, when an asset or liability relates to more than one layout item, its relationship to other items be disclosed either under the item where it appears or in the notes to the financial statements. • This information is not specifically required either in IFRS 19 or in other IFRS Accounting Standards.

Article 12.11: Goodwill	• The Accounting Directive 2013/34/EU requires an explanation of the period over which goodwill is written off within the notes to the financial statements. • As already explained in step 1, this information is not required either in IFRS 19 or in other IFRS Accounting Standards.
Article 16.1(b): Disclosures on fixed assets that are measured at revalued amounts	• The Accounting Directive 2013/34/EU requires that, when fixed assets are measured at revalued amounts, all undertakings disclose a table showing movements in the revaluation reserve in the financial year (with an explanation of the tax treatment of items therein) and the carrying amount in the balance sheet that would have been recognised had the fixed assets not been revalued. • Similar information is required in the EU Accounting Directive, IFRS 19 and other IFRS Accounting Standards. • However, IFRS 19 does not refer to paragraph 42 of IAS 16 *Property, Plant and Equipment* (paragraph 194(f) of IFRS 19), which states that the effects of taxes on income, if any, resulting from the revaluation of property, plant and equipment are recognised and disclosed in accordance with IAS 12 *Income Taxes*. Although the reference is not there, the disclosure requirement in paragraph 194(f) of IFRS 19 still applies.
Article 16.1(c): Disclosures on financial instruments and/or assets other than financial instruments are measured at fair value	• The Accounting Directive 2013/34/EU requires that, when financial instruments and/or assets other than financial instruments are measured at fair value, all undertakings disclose: (i) the significant assumptions underlying the valuation models and techniques where fair values have been determined in accordance with point (b) of Article 8(7); (ii) for each category of financial instrument or asset other than financial instruments, the fair value, the changes in value included directly in the profit and loss account and changes included in fair value reserves; (iii) for each class of derivative financial instrument, information about the extent and the nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows; and (iv) a table showing movements in fair value reserves during the financial year • Similar information is required in the EU Accounting Directive, IFRS 19 and other IFRS Accounting Standards. • Disclosures on the changes in value included directly in the profit and loss (Art. 16 (ii)) are only required for Level 3 of the fair value hierarchy (see paragraph 95(d)(i) of IFRS 19). • IFRS 19 does not specifically refer to the disclosure requirements about the extent and the nature of each class of derivative financial instrument, including significant terms and conditions

	that may affect the amount, timing and certainty of future cash flows (Art. 16(iii)). Still, IFRS 19 generally refers in paragraph 43 to information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance (including terms and conditions).
Article 16.1(f): Exceptional items	• The Accounting Directive 2013/34/EU requires that in the notes to the financial statements all undertakings disclose information in respect of the amount and nature of individual items of income or expenditure which is of exceptional size or incidence. • Neither IFRS 19 nor other IFRS Accounting Standards explicitly requires disclosures of the amount and nature of individual items of income or expenditure which are of exceptional size or incidence. • However, both IFRS 19 and other IFRS Accounting Standards require that an entity disclose all material information (which includes items that are of exceptional size or incidence).
Article 16.1(g): Amounts due and payable after more than five years and the undertaking's entire debt covered by valuable security furnished by the undertaking	• The Accounting Directive 2013/34/EU requires that all undertakings disclose information in respect of amounts owed by the undertaking becoming due and payable after more than five years as well as the undertaking's entire debts covered by valuable security furnished by the undertaking, with an indication of the nature and form of the security. • IFRS 19 does not require specific disclosures on amounts owed by the undertaking becoming due and payable after more than five years as well as the undertaking's entire debts covered by valuable security furnished by the undertaking, with an indication of the nature and form of the security. • **In addition, IFRS 19 does not require subsidiaries to disclose information on collaterals and other credit enhancements received (as required by IFRS 7 in paragraph 38).**
Article 16.1(h): Average number of employees	• The Accounting Directive 2013/34/EU requires disclosures of the average number of employees. • This information is not required either by IFRS 19 or byother IFRS Accounting Standards.
Article 17.1(a): information for the various fixed asset items	• For medium-sized and large undertakings and public-interest entities, the Accounting Directive 2013/34/EU requires disclosures in respect of: (i) the purchase price or production cost or, where an alternative basis of measurement has been followed, the fair value or revalued amount at the beginning and end of the financial year; (ii) additions, disposals and transfers during the financial year; (iii) the accumulated value adjustments at the beginning and end of the financial year; (iv) value adjustments charged during the financial year;

	(v) movements in accumulated value adjustments in respect of additions, disposals and transfers during the financial year; and (vi) where interest is capitalised in accordance with Article 12(8), the amount capitalised during the financial year. • Extensive information is required in IFRS 19 and other IFRS Accounting Standards about non-current assets. • However, neither IFRS 19 nor other IFRS Accounting Standards require disclosures on where interest is capitalised.
Article 17.1(d): Emoluments and pensions granted to the members of administrative, managerial and supervisory bodies	• For medium-sized and large undertakings and public-interest entities, the Accounting Directive 2013/34/EU requires disclosures of the amount of the emoluments granted to the members of administrative, managerial and supervisory bodies by reason of their responsibilities and any commitments arising or entered into in respect of retirement pensions of former members of those bodies, with an indication of the total for each category of body. • In accordance with IAS 24 and IAS 19, key management personnel compensation and pensions (for each category of other long-term employee benefits) are disclosed in total. • Neither IFRS 19 nor other IFRS Accounting Standards require information about key management personnel compensation to be presented by 'reason of their responsibilities' or 'category of body'.
Article 17.1(e): Average number of employees and staff costs relating to the financial year broken down between wages, salaries, social security costs and pensions costs (for medium-sized and large undertakings)	• For medium-sized and large undertakings and public-interest entities, the Accounting Directive 2013/34/EU requires disclosures in respect of the average number of employees during the financial year broken down by categories and, if they are not disclosed separately in the profit and loss account, the staff costs relating to the financial year broken down between wages and salaries, social security costs and pension costs. • This information is not required either in IFRS 19 or in other IFRS Accounting Standards (staff costs broken down between wages and salaries, social security costs and pension costs). • **Nonetheless, if an entity chooses to present its statement of financial performance by function, it will need to disclose the staff cost (i.e., presentation by nature). A similar disclosure requirement is included in paragraph 104 of IAS 1 and paragraph 83 of IFRS 18. If an entity applies IFRS 19 before applying IFRS 18, this disclosure is not required (pending the timing and potential endorsement of IFRS 18 and 19 in Europe). As per the tentative decisions made by the IASB in March 2024, this disclosure would be included in IFRS 19; however, the EFRAG Secretariat will continue monitoring this point in the publication of the catch-up ED and the prospective amendments to IFRS 19[†].**

[†] The catch-up ED is expected to be published in July 2024 and will be covering this topic.

Article 17.1(g): information on each undertaking in which it holds a participating interest	• For medium-sized and large undertakings and public-interest entities, the Accounting Directive 2013/34/EU requires disclosures in respect of the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting under its own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves and the profit or loss for the latest financial year of the concerned undertaking for which financial statements have been adopted. • Some (but not all) of the information required in the EU Accounting Directive is also required under IFRS Accounting Standards, subject to materiality. • **However, IFRS 19 requires limited disclosures on the interests in other entities and does not include some disclosures that are currently required by IFRS Accounting Standards. More specifically, it does not require:** ○ **an entity to provide information that enables users of consolidated financial statements to understand the composition of a group (as required by paragraphs 10(a)(i), B4(c) of IFRS 12);** ○ **detailed information on subsidiaries that have non-controlling interests that are material to the reporting entity, including the name of the subsidiary (as required by paragraph 12 of IFRS 12);** ○ **the name of each material joint arrangement or associate (as required by paragraph 21 of IFRS 12); or** ○ **for separate financial statements, a list of significant investments in subsidiaries, joint ventures and associates, including the name of those investees, the principal place of business (and country of incorporation, if different) of those investees and its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees (as per paragraph 16 of IAS 27 *Separate Financial Statements*).** • Still, information about the amount of capital and reserves and the profit or loss for the latest financial year of the concerned undertaking for which financial statements have been adopted is neither required in other IFRS Accounting Standards nor in IFRS 19.
Article 17.1(h): Value of the shares subscribed	• For medium-sized and large undertakings and public-interest entities, the Accounting Directive 2013/34/EU requires disclosures in respect of the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital. • This information is not required either in IFRS 19 or in other IFRS Accounting Standards.

	• Both IFRS 19 and other IFRS Accounting Standards are focused on the number of shares issued or shares outstanding. No disclosures on shares were subscribed to.
Article 17.1(j): Existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights	• For medium-sized and large undertakings and public-interest entities, the Accounting Directive 2013/34/EU requires disclosures in respect of the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer. • Extensive information is required in IFRS 19 and other IFRS Accounting Standards on financial instruments when material. • However, neither IFRS 19 nor other IFRS Accounting Standards specifically require disclosures on the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer. • In November 2023, the IASB published an Exposure Draft *Financial Instruments with Characteristics of Equity*, which proposes amendments to IAS 32, IFRS 7 and IAS 1. The Exposure Draft proposes new disclosures on maximum possible increase in number of shares for instruments that could be settled by delivering own shares (amendments to IFRS 7); however, this disclosure requirement was not proposed in IFRS 19. The EFRAG Secretariat will continue monitoring this point in the publication of the catch-up ED and the prospective amendments to IFRS 7 related to this disclosure.
Article 17.1(k): Any undertaking of which it is a member with unlimited liability	• For medium-sized and large undertakings and public-interest entities, the Accounting Directive 2013/34/EU requires disclosures in respect of the name, the head or registered office and the legal form of each of the undertakings of which the undertaking is a member having unlimited liability. • This information is not required either in IFRS 19 or in other IFRS Accounting Standards.
Article 17.1(l): Identification of the ultimate controlling party	• For medium-sized and large undertakings and public-interest entities, the Accounting Directive 2013/34/EU requires disclosures of the name and registered office of the undertaking which draws up the consolidated financial statements of the largest body of undertakings of which the undertaking forms part as a subsidiary undertaking. • Similar information is required in the EU Accounting Directive, IFRS 19 and IFRS Accounting Standards for the names. • However, the information on the registered office of the ultimate controlling party that prepares consolidated financial statements is not required either in IFRS 19 or in other IFRS Accounting Standards.
Article 17.1(m): Identification of the direct controlling party	• For medium-sized and large undertakings and public-interest entities, the Accounting Directive 2013/34/EU requires disclosures of the name and registered office of the undertaking

	which draws up the consolidated financial statements of the smallest body of undertakings of which the undertaking forms part as a subsidiary undertaking and which is also included in the body of undertakings referred to in point (l). • Similar information is required in the EU Accounting Directive, IFRS 19 and other IFRS Accounting Standards for the names. • However, the information on the registered office of the immediate intermediate parent that prepares (sub)consolidated financial statements is not required either in IFRS 19 or in other IFRS Accounting Standards.
Article 17.1(n): Place where copies of the consolidated financial statements may be obtained, provided that they are available	• For medium-sized and large undertakings and public-interest, the Accounting Directive 2013/34/EU requires disclosures of the place where copies of the consolidated financial statements referred to in points (l) and (m) may be obtained provided that they are available. • This information is not required either in IFRS 19 or in other IFRS Accounting Standards.
Article 18.1(a): Net turnover broken down by categories of activity and into geographical markets	• For large undertakings and public-interest entities, the Accounting Directive 2013/34/EU requires disclosures of the net turnover broken down by categories of activity and into geographical markets insofar as those categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services are organised. • Similar information is required in the EU Accounting Directive, IFRS 19 and other IFRS Accounting Standards. • However, both IFRS 19 and other IFRS Accounting Standards only indicate categories that might be appropriate. They do not specifically require that the breakdown is by activity and geographical markets.
Article 18.1(b): Details of payments made to auditors	• For large undertakings and public-interest entities, the Accounting Directive 2013/34/EU requires disclosures of the total fees for the financial year charged by each statutory auditor or audit firm for the statutory audit of the annual financial statements as well as the total fees charged by each statutory auditor or audit firm for other assurance services, for tax advisory services and for other non-audit services. • This information is not required either in IFRS 19 or in other IFRS Accounting Standards.
Article 23: Exemptions from consolidation	• The Accounting Directive 2013/34/EU states that Member States may exempt medium-sized groups from the obligation to draw up consolidated financial statements and a consolidated management report except where any affiliated undertaking is a public-interest entity. • Member States shall also exempt medium-sized groups from the obligation to draw up consolidated financial statements and a

	consolidated management report of parents under certain conditions. • The IFRS Accounting Standards also provide exemptions, but they are different (consolidation exception for investment entities and consolidation exception under paragraph 4 of IFRS 10). • Any disclosures on the exemption from consolidation as defined in the Accounting Directive 2013/34/EU are not required either in IFRS 19 or in other IFRS Accounting Standards.
Article 24.8:Consolidated financial statements shall be drawn up as of the same date as the annual financial statements of the parent undertaking	• The Accounting Directive 2013/34/EU requires that consolidated financial statements be drawn up as of the same date as the annual financial statements of the parent undertaking. If not, an entity shall disclose that fact in the notes and the reasons given and disclose important events concerning the assets and liabilities, the financial position and the profit or loss of an undertaking included in a consolidation which have occurred between that undertaking's balance sheet date and the consolidated balance sheet date. • Under IFRS Accounting Standards and IFRS 19, it is assumed that the consolidated financial statements have the same date as the financial statements of the parent. The disclosures are focused instead on any difference in the reporting date of the financial statements of the parent and its subsidiaries. • Thus, neither IFRS Accounting Standards nor IFRS 19 request disclosures on when consolidated financial statements and the annual financial statements are prepared under a different date.
Article 24.11:Consolidated financial statements shall apply the same measurement bases as in the undertaking's annual financial statements	• The Accounting Directive 2013/34/EU requires that an undertaking which draws up consolidated financial statements apply the same measurement bases as are applied in its annual financial statements. If not, an entity shall disclose that fact and the reasons given. • In accordance with paragraph 19 of IFRS 10 *Consolidated Financial Statements*, a parent shall prepare consolidated financial statements using uniform accounting policies for similar transactions and other events in similar circumstances. • However, neither IFRS Accounting Standards nor IFRS 19 requires that consolidated financial statements apply the same measurement bases as those applied in its annual financial statements. For example, in accordance with paragraph 15 of IAS 40 *Investment Property*, property may qualify as an investment property in the separate financial statements of an entity but not in the consolidated accounts.
Article 27.2 and 27.3: Equity accounting of associated undertakings – disclosures on the difference between the book value and the	• The Accounting Directive 2013/34/EU requires that, when this Article is applied for the first time to an associated undertaking, that associated undertaking be shown in the consolidated balance sheet either at its book value or at an amount corresponding to the proportion of the associated undertaking's capital and reserves. In addition, the difference between the two has to be disclosed separately in the consolidated balance sheet or in the notes to the consolidated financial statements.

corresponding proportion of capital and reserves in that associated undertakings	• This information is not required either in IFRS 19 or in other IFRS Accounting Standards.
Article 28.1: Number of employees	• The Accounting Directive 2013/34/EU requires that in the notes to the consolidated financial statements an entity disclose the following: o in disclosing the average number of employees employed during the financial year, there shall be separate disclosure of the average number of employees employed by undertaking that are proportionately consolidated. • This information is not required either in IFRS 19 or in other IFRS Accounting Standards (as proportion consolidation is not allowed under IFRS Accounting Standards – please see above in step 1 options that are not allowed in IFRS Accounting Standards).
Article 28.3: The filing of the statement, or its omission, shall be disclosed in the notes to the consolidated financial statements	• Member States may allow the information required by points (a) to (d) of paragraph 2 (transactions with related parties, number of employees and emoluments/advance/credits given to management) to take the form of a statement filed in accordance with Article 3(3) of Directive 2009/101/EC ('The statement shall be filed in electronic format'). • The filing of such a statement, or its omission, shall be disclosed in the notes to the consolidated financial statements. • This information is not required either in IFRS 19 or in other IFRS Accounting Standards.
Article 32.2: Other publication requirements	• The Accounting Directive 2013/34/EU requires that, if the annual financial statements are not published in full, the abridged version of those financial statements, which shall not be accompanied by the audit report: a) indicate that the published version is abridged; b) refer to the register in which the financial statements have been filed or where the financial statements have not yet been filed to disclose that fact; c) disclose whether an unqualified, qualified or adverse audit opinion was expressed by the statutory auditor or audit firm, or whether the statutory auditor or audit firm was unable to express an audit opinion; and d) disclose whether the audit report included a reference to any matters to which the statutory auditor or audit firm drew attention by way of emphasis without qualifying the audit opinion. • This information is not required either in IFRS 19 or in other IFRS Accounting Standards.
Article 37 and 39: Exemptions	• The Accounting Directive 2013/34/EU provides exemptions (under certain conditions) concerning the content, auditing,

	publication of the annual financial statements, the management report and publication of the profit and loss account. • Such exemptions do not exist in IFRS Accounting Standards. Therefore, this information is not required either in IFRS 19 or in other IFRS Accounting Standards.

2.9 Finally, the EFRAG Secretariat highlights that there are additional EU accounting rules to be applied when preparing IFRS financial statements. That is, when IFRS Accounting Standards do not include specific disclosures that are required by the Accounting Directive 2013/34/EU, such disclosures should be required by the national accounting laws and regulations that transpose the Accounting Directive 2013/34/EU (and be added to the IFRS financial statements).

2.10 Therefore, EU Member States should carefully consider the disclosures identified in paragraph 2.7 above. Such disclosures are not required by IFRS 19 but are required by IFRS Accounting Standards and the Accounting Directive (i.e., such disclosures may have to be required by the national accounting laws and regulations that transpose the Accounting Directive 2013/34/EU).