



Shape the future with confidence

# IFRS 19

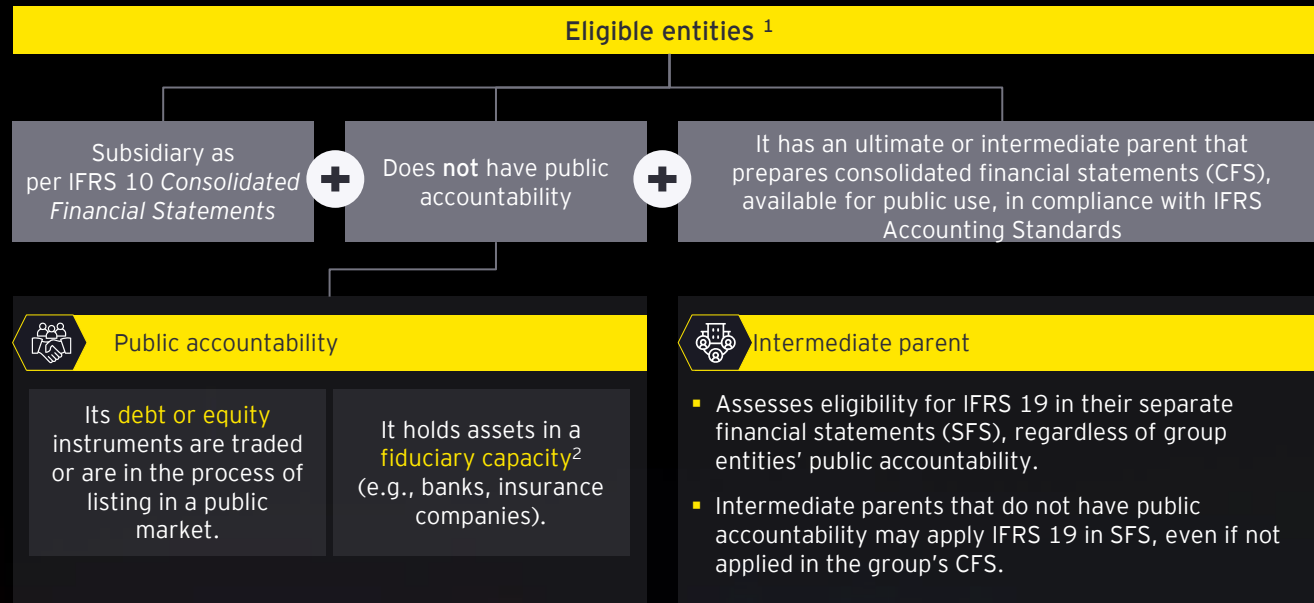
## Subsidiaries without Public Accountability: Disclosures



### Key facts

- Reduced disclosure requirements for **eligible entities**.
- Eligible entities continue to apply the recognition, measurement and presentation requirements of other IFRS Accounting Standards.
- Voluntary standard, effective for reporting periods beginning on or after 1 January 2027.
- Early application is permitted; if adopted early, this fact must be disclosed.
- Provide a statement of compliance with IFRS Accounting Standards, specifically including IFRS 19.
- No reduction in disclosures for IFRS 8 *Operating Segments*, IAS 33 *Earnings per Share* and IFRS 17 *Insurance Contracts*.

Objective: Simplify reporting processes, reduce costs and retain compliance quality under IFRS Accounting Standards



Eligible entities may apply IFRS 19 to both interim and annual financial statements for:

- CFS
- SFS
- Individual financial statements

Potential benefits<sup>3</sup> that may accrue on adoption of IFRS 19 include:



### Potential benefits for companies

#### Simplifying reporting processes

- Eliminating the need to maintain **dual accounting** records
- Reducing disclosures that are disproportionate to the information needs of users
- Achieving savings in compliance costs
- Aligning accounting policies and the chart of accounts within the group
- Streamlining and optimizing financial reporting, consolidation and close processes
- Strengthening governance frameworks
- Interconnecting data systems underlying disclosures

- Subsidiaries applying IFRS for SMEs could consider conversion to IFRS Accounting Standards to align recognition and measurement principles with the parent and eliminate the need to maintain dual accounting records.
- Subsidiaries applying local Generally accepted accounting principles (GAAP) could consider conversion to IFRS Accounting Standards (subject to local jurisdiction rules) and benefit both from reduced disclosures and elimination of dual accounting records.

<sup>1</sup> Eligibility is determined at the end of the reporting period.

<sup>2</sup> Entities holding assets in a fiduciary capacity, incidental to their primary business (e.g., travel agents, real estate agents, utility companies), are not publicly accountable.

<sup>3</sup> Potential benefits are expected to vary based on the sector, relative significance of various disclosures, entity-specific facts and circumstances, and subject to IFRS 19 being endorsed in both parent and subsidiary jurisdiction.

# Certain important considerations for companies to prepare effectively for IFRS 19 adoption

## Factors that may potentially impact benefits derived from IFRS 19 adoption

- Number of subsidiaries applying IFRS Accounting Standards and meeting the eligibility criteria
- Variance between local GAAP and IFRS Accounting Standards<sup>1</sup> is low or not material
- Multiple levels in the group and complexity in ownership structure
- Type of reporting process structure, e.g., distributed, central, global capability center (GCC) driven or combination of these
- Frequent changes to entity structure necessitating periodic eligibility reassessments

<sup>1</sup> "IFRS Accounting Standards" refers to the set of IFRS Accounting Standards issued by the International Accounting Standards Board (IASB).

## Implementation considerations for entities

- Leverage and integrate existing governance and process frameworks to **effectively manage transition costs**.
- Combine impact assessment and diagnostic efforts **for IFRS 19 alongside IFRS 18**.
- Accounting and reporting teams should closely **collaborate with data, process and control, investor reporting and IT/technology** teams.
- Strike a balance between **proportionality and materiality** in disclosures across diverse stakeholder groups.

## Recommended early actions

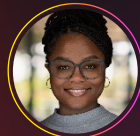
Entities may benefit from early preparedness on key areas that include:

- Assessment of entity structure, eligibility criteria and jurisdictional profile
- Initiating early diagnostic and impact assessment, particularly for conglomerates or entities applying varied accounting framework
- Inventory of data masters, existing process and controls framework for the financial statement close process, consolidation and related IT systems
- Understanding of disclosure practices in similar entities, industry or peer group practices
- Parent entities operating in non-IFRS jurisdictions with intermediate listed entities applying IFRS that have subsidiaries in IFRS jurisdictions
- Unlisted subsidiaries applying local GAAP, reporting to parent that applies IFRS

## Key contacts



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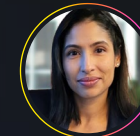
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