
IASB® meeting

Date	June 2026
Project	Equity Method
Topic	Proposed amendments to the disclosure requirements in IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>
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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 this paper

1. The purpose of this paper is for the International Accounting Standards Board (IASB):
 - (a) to consider the feedback on its proposed amendments to the disclosure requirements in IFRS 19 *Subsidiaries without Public Accountability: Disclosures* in the [Exposure Draft Equity Method of Accounting—IAS 28 Investments in Associates and Joint Ventures \(revised 202x\)](#) (the Exposure Draft); and
 - (b) to decide whether to proceed with the proposals.
2. Agenda Paper 13B *Proposed amendments to the disclosure requirements in IFRS 12 Disclosure of Interests in Other Entities* asks the IASB to consider the feedback on its proposals to amend IFRS 12.
3. This paper does not discuss the disclosure requirements that would be required for gains or losses from transactions with associates in IFRS 19. The IASB will be asked to consider these disclosure requirements at a future meeting.

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4. References to ‘investor’, ‘associate’ and ‘significant influence’ should be read as also referring to ‘joint venturer’, ‘joint venture’ and ‘joint control’ in relation to investments in joint ventures in consolidated financial statements.¹

Staff recommendation

5. The staff recommends the IASB:
- (a) confirm its proposal in the Exposure Draft to amend IFRS 19 to require an eligible subsidiary to disclose information about contingent consideration arrangements;
 - (b) require an eligible subsidiary to disclose, if it uses it, the fact that it applied the relief from the requirement that an investor measures the fair value of the additional share of the associate’s identifiable assets and liabilities, when the investor purchases an additional ownership interest and retains significant influence; and
 - (c) confirm its decision not to require eligible subsidiaries to disclose a reconciliation of between the opening and closing carrying amount of equity-accounted investments.

Structure of this paper

6. This paper is structured as follows:
- (a) background (paragraphs 7–8);
 - (b) feedback on the proposals (paragraph 9);

¹ Entities are permitted to use the equity method in separate financial statements for investments in subsidiaries, joint ventures and associates.

- (c) staff analysis (paragraphs 10–35);
 - (i) contingent consideration arrangements (paragraphs 10–15);
 - (ii) reconciliation between the opening and closing carrying amount of the investments (paragraphs 16–26);
 - (iii) other comments (paragraphs 27–29); and
 - (iv) relief from using the fair value of the additional share of the associate’s assets and liabilities (paragraphs 30–35); and
- (d) summary of staff recommendation and questions to the IASB (paragraph 36).

Background

7. In developing the proposed amendments to the disclosure requirements in IFRS 19, the IASB considered the proposed amendments to the disclosure requirements in IFRS 12:
 - (a) individually, based on the IASB’s agreed principles for reducing disclosures; and
 - (b) as a group, to ensure that the effect of making the amendments is proportionate and preserves the goal of maintaining the usefulness of financial statements of eligible subsidiaries with reduced disclosure requirements.
8. In developing IFRS 19, the IASB was guided by six broad principles: (see paragraph BC33 of the Basis for Conclusions on IFRS 19):
 - (a) users of the financial statements of eligible subsidiaries are particularly interested in information about short-term cash flows and about obligations, commitments or contingencies, whether or not they are recognised as liabilities;
 - (b) users of the financial statements of eligible subsidiaries are particularly interested in information about liquidity and solvency;

- (c) information on measurement uncertainties is important for eligible subsidiaries;
- (d) information about an entity's accounting policy choices is important for eligible subsidiaries;
- (e) disaggregation of amounts presented in eligible subsidiaries' financial statements is important for an understanding of those statements; and
- (f) some disclosures in IFRS Accounting Standards are more relevant to investment decisions in public capital markets than to the transactions and other events and conditions encountered by typical eligible subsidiaries.

Feedback on the proposals

9. The IASB discussed feedback on the proposed disclosure requirements in its May 2025 IASB meeting.²

Staff analysis

Contingent consideration arrangements

Proposal in the Exposure Draft

10. The IASB is proposing to amend the disclosure requirements in IFRS 19 to require an eligible subsidiary to disclose information about contingent consideration arrangements.³

² See [Agenda Paper 13E Feedback from comment letters—Separate Financial Statements, Proposed disclosures for IAS 27 and Reduced disclosures in IFRS 19](#) of the May 2025 IASB meeting.

³ A subsidiary is eligible to apply IFRS 19 if it does not have public accountability and it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

11. In the Exposure Draft the IASB proposed:

An investor shall disclose for contingent consideration arrangements:

- (a) in the period in which the entity obtains significant influence or joint control, or purchases an additional ownership interest:
 - (i) the amount recognised at the date the entity obtains significant influence or joint control, or purchases an additional ownership interest;
 - (ii) a description of the arrangement and the basis for determining the amount of the payment; and
 - (iii) an estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated. If the maximum amount of the payment is unlimited, the entity shall disclose that fact; and
- (b) for each subsequent reporting period until the entity collects or settles that contingent consideration or it is cancelled or expires:
 - (i) any changes in the amounts recognised, including any differences arising upon settlement;
 - (ii) any changes in the range of outcomes (undiscounted) and the reasons for those changes; and
 - (iii) the valuation techniques and key model inputs used to measure contingent consideration.

12. Paragraphs BC172–BC177 of the Basis for Conclusions on the Exposure Draft explain the IASB’s rationale for these proposals.

Feedback

13. Almost all respondents who commented on the proposed disclosure requirements agreed with the proposal to require an eligible subsidiary to disclose information about contingent consideration arrangements. In their view, the proposal would provide users with useful information about cash flows and commitments.

Staff analysis

14. Considering the principles in paragraph 8, the information about contingent consideration would provide users with useful information about cash flows and commitments. Also, the proposed disclosure requirements are consistent with the disclosure requirements in IFRS 19 for contingent consideration in business combinations.

Staff recommendation

15. If the IASB agree with the staff recommendation in Agenda Paper 13B to confirm its proposal in the Exposure Draft to amend the disclosure requirements in IFRS 12 for contingent consideration arrangements, the staff recommend that the IASB confirm its proposal to amend IFRS 19 to require an eligible subsidiary to disclose information about contingent consideration arrangements.

Reconciliation between the opening and closing carrying amount of investments*Background*

16. The IASB proposed to amend IFRS 12 to require an investor to disclose a reconciliation between the opening and closing carrying amount of equity-accounted investments. The IASB did not proposed to add this disclosure requirement in IFRS 19. Paragraph BC177 of the Exposure Draft said:

The IASB also decided not to propose amendments to IFRS 19 for the other proposed amendments to IFRS 12. For example, the IASB decided not to propose requiring an eligible subsidiary to disclose a reconciliation between the opening and closing carrying amount of its interests in joint ventures and associates (see paragraphs BC150–BC158). In the IASB’s view, although such a requirement is consistent with the disaggregation principle in paragraph BC175(e), the resulting information might not be sufficiently useful to users of eligible subsidiaries’ financial statements to outweigh the costs of providing the information.

17. The reconciliation proposed in IFRS 12 is intended to enable users of financial statements to evaluate changes in the carrying amount of equity-accounted investments. Paragraph BC155 of the Basis for Conclusions on the Exposure Draft notes:

Users said that reconciliations help them understand the effects of changes in assets and liabilities on the entity’s financial performance and cash flows in the period.

18. Paragraph BC156 added:

In the IASB’s view, a reconciliation between the opening and closing balance of the carrying amount of an investor’s investments in associates would help users of the investor’s financial statements understand the changes in that balance. For example, it would help users to distinguish between changes arising from cash transactions (such as dividends received) and changes arising from non-cash transactions (such as impairment losses). It would also help users understand how the carrying amount of the investment has been affected by, for example, the purchase of an additional interest in an associate or a partial disposal. Such a reconciliation would, therefore, complement the

proposed recognition and measurement requirements relating to such transactions.

19. The IASB decided not to propose the disclosure of the reconciliation because the resulting information might not be sufficiently useful to users of eligible subsidiaries' financial statements and might not outweigh the costs of providing the information even if the proposed reconciliation is consistent with the disaggregation principle (see paragraph BC177 of the Basis for Conclusions on the Exposure Draft).

Feedback

20. A standard-setter suggested that the IASB should require subsidiaries to disclose a reconciliation between the opening and closing carrying amount of equity-accounted investments.
21. Another standard-setter said that the reconciliation would be relevant for users of financial statements of eligible subsidiaries. The standard-setter said that the information needed to prepare the reconciliation is expected to be available at the subsidiary level especially for subsidiaries applying the equity method, thus alleviating the cost of obtaining this information from the parent entity.

Staff analysis

22. As noted in paragraph 16, the IASB proposed an investor disclose the reconciliation for equity-accounted investments (for entities other than those using IFRS 19). The staff think that in many cases an eligible subsidiary, using IFRS 19, would *not* be required to apply the equity method if the subsidiary uses the exemption from preparing consolidated financial statements in paragraph 4(a) of IFRS 10 (if the subsidiary is also an intermediate parent) or the subsidiary uses the exemption from applying the equity method in paragraph 17 of IAS 28. Furthermore, if the subsidiary prepares separate financial statements IAS 27 permits an accounting policy choice between cost, fair value and equity method.

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23. In relation to the comment that the information needed to prepare the reconciliation is expected to be available at the subsidiary level, we think this will depend on the parent's consolidation reporting process. In some instances, the associate may report to the ultimate parent and the process for consolidation takes place centrally. Therefore, we do not agree the information will always be available at the subsidiary level.
24. Finally, considering the nature of subsidiaries eligible to apply IFRS 19 (that is, without public accountability), users of their financial statements, which are mostly lenders and other creditors, might find the information provided by the reconciliation useful as it provides information about changes in the carrying amount of the investment arising from cash and non-cash transactions (see paragraph 18) which is useful in assessing the credit-worthiness of the subsidiary.
25. During the development of IFRS 19 and the IASB's second comprehensive review of the *IFRS for SMEs* Accounting Standard, the staff observed that an eligible subsidiary (or subsidiary that is an SME) usually has a financial guarantee from its parent. As such, the staff thinks that the proposed reconciliation is of little benefit and would not justify the costs for subsidiaries reporting that information.

Staff recommendation

26. The staff recommends the IASB confirm its decision not to require eligible subsidiaries to disclose a reconciliation between the opening and closing carrying amount of equity-accounted investments.

Other comments

Feedback

27. A few respondents questioned how the IASB assessed the six principles listed in paragraph BC175 of the Basis for Conclusions on the Exposure Draft when developing the proposals to amend IFRS 19.

Staff analysis

28. [Agenda Paper 13B Towards an Exposure Draft—Interaction with the IASB’s project Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures](#) of the February 2024 IASB meeting sets out the staff’s analysis of the proposed disclosures and their assessment against the reduced disclosure principles. In this paper, the staff considered the comments on the proposed amendments to IFRS 19.

Staff conclusion

29. Assuming that the IASB completes the Equity Method project, and issues a revised IAS 28, the amendments to other Standards will include updates to the Basis for Conclusions on IFRS 19 explaining how the IASB applied the principles.

Relief from using the fair value of the additional share of the associate’s assets and liabilities*Background*

30. At its March 2026 IASB meeting, the IASB tentatively decided to provide relief from its proposal to require an investor to measure at fair value the additional share of the associate’s identifiable assets and liabilities. The relief would permit the investor to use an alternative measure when purchasing an additional ownership interest and retaining significant influence.

Staff analysis

31. In Agenda Paper 13B, the staff recommended that the IASB require an investor to disclose that it used the relief (see paragraphs 67–73 of Agenda Paper 13B).

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32. In considering whether the IASB should require eligible subsidiaries to disclose the use of the relief, a review of the current disclosure requirements in IFRS 19 for use of reliefs was made. Of the disclosure on the use of reliefs or practical expedients listed in paragraph 69 of Agenda Paper 13B, only the use of practical expedient on the existence of a significant financing component or on the incremental costs of obtaining a contract in IFRS 15 *Revenue from Customers* is required in IFRS 19 (see paragraph 114 of IFRS 19).⁴
33. Applying the reduced disclosure principles, the staff thinks that the disclosure on the use of the relief would provide information:
- (a) related to the application of an accounting policy (the policy to measure the additional share of identifiable assets and liabilities at fair value); and
 - (b) related to measurement uncertainty, that is if fair value is not used an alternative measure is used.
34. Furthermore, the costs of disclosing this information would not be costly for the investor to disclose as they already know that information when it applied the relief.

Staff recommendation

35. If the IASB agreed with the staff recommendation in Agenda Paper 13B to require an investor to disclose whether the investor has used the relief from measuring the additional share of the associate's identifiable assets and liabilities at fair value, when the investor purchases an additional ownership interest, the staff would also recommend that the IASB amend IFRS 19 and require this disclosure for eligible subsidiaries using IFRS 19.

⁴ If an eligible subsidiary applying IFRS 19 applies IFRS 17 *Insurance Contracts*, it is required to apply all the disclosure requirements in that Standard which would include the disclosure of the use of reliefs or practical expedients in it.

Summary of staff recommendation and questions to the IASB

36. The staff recommends that the IASB:
- (a) confirm its proposal in the Exposure Draft to amend IFRS 19 to require an eligible subsidiary to disclose information about contingent consideration arrangements;
 - (b) require an eligible subsidiary to disclose, if it uses it, the fact that it applied the relief from the requirement that an investor measures the fair value of the additional share of the associate's identifiable assets and liabilities, when the investor purchases an additional ownership interest and retains significant influence; and
 - (c) confirm its decision not to require eligible subsidiaries to disclose a reconciliation of between the opening and closing carrying amount of equity-accounted investments.

Questions for the IASB

1. Does the IASB have any comments on the paper?
2. Does the IASB agree with the staff recommendation to confirm the proposal in the Exposure Draft to amend IFRS 19 to require an eligible subsidiary to disclose information about contingent consideration arrangements?
3. Does the IASB agree with the staff recommendation to amend IFRS 19 to require an eligible subsidiary to disclose when it has applied the relief from measuring the additional share of the associate's identifiable assets and liabilities at fair value when purchasing an additional interest in an equity-accounted investment?
4. Does the IASB agree to confirm its decision not to require eligible subsidiaries to disclose a reconciliation between the opening and closing carrying amount of equity-accounted investments?