Staff paper

Agenda reference: 31

IASB® meeting

Date	**October 2023**
Project	**Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures**
Topic	**Sweep issues—updating the language of disclosure requirements**
Contacts	Jaco Jordaan (jjordaan@ifrs.org)

Purpose of this paper

1. The purpose of the paper is to present to the International Accounting Standards Board (IASB) the more judgemental changes to the disclosure requirements in the Exposure Draft *Subsidiaries without Public Accountability: Disclosures* (the Exposure Draft) resulting from implementing the modified approach to developing these requirements discussed at the October 2022 and April 2023 IASB meetings.

Structure of this paper

2. This paper is structured as follows:

   (a) background (paragraphs 3–5); and

   (b) staff analysis and recommendation (paragraphs 6–8).

Background

3. The IASB tentatively decided at its October 2022 meeting to modify its approach to developing reduced disclosure requirements to ensure that the language used in the disclosure requirements is the same as the language in full IFRS Accounting Standards (modified approach).

4. In Agenda Paper 31B *Approach to developing the proposed disclosure requirements* of the April 2023 IASB meeting, the staff outlined how it would align the language from the Exposure Draft to the language in full IFRS Accounting Standards and noted some of the challenges encountered as part of the staff's initial analysis.

5. This paper highlights the more judgemental changes proposed to the disclosure requirements in the Exposure Draft as a result of following this modified approach, as well as instances where the staff recommends a departure from the language in full IFRS Accounting Standards.

Staff analysis and recommendations

6. As discussed in paragraph 13 of Agenda Paper 31B of the April 2023 meeting, some of the disclosure requirements proposed in the Exposure Draft were based on disclosure requirements in the *IFRS for SMEs* Accounting Standard that were not derived from requirements in the latest full IFRS Accounting Standards. That paper noted two examples of disclosure requirements proposed in the Exposure Draft which would be deleted according to the modified approach.

7. The staff has subsequently completed a detailed comparison of the disclosure requirements proposed in the Exposure Draft with the equivalent in full IFRS Accounting Standards. This paper presents more judgemental decisions for the IASB's approval, falling into one of the following categories:

    (a) deleting disclosure requirements that have no equivalent in full IFRS Accounting Standards;

(b) amending disclosure requirements to require additional or alternative information to match what is required in full IFRS Accounting Standards; or

(c) not amending disclosure requirements, notwithstanding differences between the language used in the new Standard and the equivalent full IFRS Accounting Standards.

8. The table below summarises the staff's recommendations.

Section	Par in Exposure Draft	Staff recommendation
IFRS 2	32, 33	Amend paragraph 32 of the Exposure Draft to match the requirement in paragraph 46 of IFRS 2. Delete paragraph 33 of the Exposure Draft. IFRS 2 disclosure requirements do not distinguish between equity-settled and cash-settled share-based payments. The staff therefore recommend deleting the specific requirement to disclose how the liability in a cash-settled share-based payment is measured that was based on the requirement in the *IFRS for SMEs* Accounting Standard.
IFRS 3	36(e)	Retain the proposed requirement to disclose a 'description' of the components of the total consideration. This contrasts with paragraph B64(f) of IFRS 3 that requires the disclosure of 'the acquisition-date fair value of each major class of consideration'.
IFRS 3	36(g)	Retain the proposed disclosure requirement to disclose the acquisition-date fair value of 'each class' of assets acquired and liabilities assumed. This contrasts with paragraph B64(i) of IFRS 3 that requires disclosure of 'each major class'. The IASB tentatively decided in November 2021 to propose deleting the word 'major' from paragraph B64(i) of IFRS 3 as part of the Goodwill and Impairment project (see paragraphs 40-43 of Agenda Paper 18A of the September 2023 IASB meeting.
IFRS 3	38	Amend the proposed disclosure requirement in paragraph 38 of the Exposure Draft regarding an entity's rights to a contingent consideration asset or obligation for a contingent consideration liability by removing the requirement to disclose information 'for each material business combination or in the aggregate for immaterial business combinations that are material collectively'.

Section	Par in Exposure Draft	Staff recommendation
		Paragraphs B67(b) and B67(d) of IFRS 3 require disclosures relating to contingent consideration and goodwill to be provided on this basis. In the Exposure Draft, this phrase was not included in the requirements relating to goodwill (paragraph 37 of the Exposure Draft). The staff recommend removing this phrase from paragraph 38 to be consistent with the reduced disclosure requirement in paragraph 37.
IFRS 7	53	Amend the proposed requirements in paragraph 53 of the Exposure Draft to match the text in paragraphs 18 and 19 of IFRS 7, which reduces the scope of the disclosure requirements to defaults and breaches that permitted the lender to demand accelerated repayment.
IFRS 7	54(c)	Delete the proposed requirement to disclose 'the amount of any impairment loss for each class of financial asset' as it is not required by paragraph 20 of IFRS 7. Information about changes in the loss allowance is proposed in paragraph 64 of the Exposure Draft (which is based on paragraph 35H of IFRS 7).
IFRS 7	56(b)	Delete the proposed requirement to disclose 'the nature of the risks being hedged including a description of the hedged item' as this requirement is not present in paragraph 22B of IFRS 7, but was based on paragraph 12.27(c) of the *IFRS for SMEs* Accounting Standard. Information about the hedged item is required by paragraph 58 of the Exposure Draft.
IFRS 12	69(d)	Replace the description and examples of significant restrictions to be disclosed with the more generic description and examples included in paragraph 13(a) of IFRS 12.
IFRS 12	76, 77	Amend the proposed requirement in paragraph 76 of the Exposure Draft to apply to 'each joint venture and associate that is material to the reporting entity' and remove the requirement to disclose the carrying amount of investments in joint ventures and investments in associates measured using the equity method and at fair value. These amendments are needed to use the same language in the proposed disclosure requirement as is used in paragraph 21(b)(i) and 21(b)(iii) of IFRS 12. Amend the proposed requirement in paragraph 77 of the Exposure Draft to require the disclosure of the carrying amount of investments in joint ventures and associates

Section	Par in Exposure Draft	Staff recommendation
		accounted for using the equity method, as this is required by paragraphs B14 and B16 of IFRS 12.
IFRS 15	92, 94, 98	Do not amend the lead sentences of these paragraph to disclose 'all of the following', as is the case in paragraphs 116, 119 and 128 of IFRS 15, as this would not be consistent with how the other disclosure requirements are worded.
IFRS 16	100(c)	Delete the proposed requirement to disclose 'lease liabilities at the end of the reporting period' as this is not required in paragraph 53 of IFRS 16. Paragraph 47 of IFRS 16, which remains applicable, requires an entity to either present in the statement of financial position or disclose in the notes lease liabilities separately from other liabilities.
IFRS 16	101	Delete the proposed requirement to disclose impairment losses on right-of-use assets as it is not required by IFRS 16 but was based on paragraph 20.14 of the *IFRS for SMEs* Accounting Standard. The proposed requirements in paragraphs 190 to 195 of the Exposure Draft, based on IAS 36, would apply in such cases.
IFRS 16	106(a), 107(a)	Do not amend the time buckets for the disclosure of lease payments receivable proposed in paragraphs 106(a) and 107(a) of the Exposure Draft (no later than one year; later than one year and up to five years; later than five years). This is a reduced disclosure requirement contrasted with paragraphs 94 and 97 of IFRS 16 which require disclosure of lease payments receivable on an annual basis for the first five years and a total amount for the remaining years.
IFRS 16	109	Delete the proposed paragraph on sale and leaseback transactions as there is no equivalent in IFRS 16. For lessees, information about sale and leaseback transactions will be required by the amended text for paragraph 100(e) of the Exposure Draft, based on paragraph 59 of IFRS 16.
IAS 2	128(d)	Amend the proposed requirement to require the separate disclosure of any write-down of inventories and any reversal of any write-down as is required by paragraph 36(e)-(f) of IAS 2.
IAS 7	133	Amend the proposed requirement to disclose the amount of significant cash and cash equivalent balances held by the entity that 'are not available for use by the entity' to those that 'are not available for use by the group' to

Section	Par in Exposure Draft	Staff recommendation
		match the requirement in paragraph 48 of IAS 7. Delete the sentence with examples as this is not present in IAS 7.
IAS 12	146(e)	Amend the proposed requirement to disclose the amount of benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce tax expense to separately disclose the effect on current tax expense and deferred tax expense, as is required by paragraph 80(e)-(f) of IAS 12.
IAS 12	147(e)	Amend the proposed requirement to disclose an 'analysis of the change in deferred tax liabilities' to match the requirement in paragraph 81(g)(ii) of IAS 12 to disclose 'the amount of the deferred tax income or expense recognised in profit or loss, if this is not apparent from the changes in the amounts recognised in the statement of financial position'.
IAS 19	152(d)	Amend the proposed requirement to match the structure of the requirement in paragraph 142 of IAS 19 to disaggregate the fair value of plan assets into classes, but retain only the examples in the Exposure Draft.
IAS 19	152(f)	Amend the proposed requirement to remove the list of actuarial assumptions to disclose and include a reference to the discussion of actuarial assumptions in paragraph 76 of IAS 19, as is done in paragraph 144 of IAS 19.
IAS 19	154	Amend the proposed statement that disclosures 'may be made in total, separately for each plan, or in groupings the entity considers to be most useful' to the requirement in paragraph 138 of IAS 19 to assess whether disclosures 'should be disaggregated to distinguish plans or groups of plans with materially different risks'
IAS 19	158, 159	Delete these paragraphs that require disclosing information about other long-term employee benefits and termination benefits as these are not required by IAS 19.
IAS 29	181(c)	Delete the proposed requirement to disclose the amount of gain or loss on monetary items as this requirement is not in paragraph 39 of IAS 29.
IAS 37	196(a)	Amend the proposed requirement to require the separate disclosure of 'additional provisions made in the period' and 'the increase during the period arising from the passage of time and the effect of any change in the discount rate' as is required by paragraph 84 of IAS 37.
IAS 41	210	Amend the paragraph to remove the reference to 'biological assets 'measured at fair value less cost to sell since the requirements in paragraphs 41 and 50 of IAS 41

Section	Par in Exposure Draft	Staff recommendation
		apply to all biological assets, regardless of measurement basis.

Question for the IASB
Does the IASB agree with the staff recommendations set out in the table below paragraph 8?