

---

## IFRS Foundation Trustees meeting – Due Process Oversight Committee

Date	<b>February 2024</b>
Project	<b>Subsidiaries without Public Accountability: Disclosures</b>
Topic	<b>Due Process ‘lifecycle’ Review</b>
Contacts	Jan Carlo Pereras ( <a href="mailto:cpereras@ifrs.org">cpereras@ifrs.org</a> ) Michelle Sansom ( <a href="mailto:msansom@ifrs.org">msansom@ifrs.org</a> )

This document is prepared for discussion of a public meeting of the IFRS Foundation Trustees’ Due Process Oversight Committee (DPOC). The Trustees are responsible for governance of the IFRS Foundation, oversight of the International Accounting Standards Board (IASB) and International Sustainability Standards Board (ISSB), and for delivery of the IFRS Foundation’s objectives as set out in the IFRS Foundation *Constitution*.

---

### Purpose

1. The purpose of this paper is to:
  - (a) summarise the due process steps completed for the IASB’s Disclosure Initiative—*Subsidiaries without Public Accountability: Disclosures* project (the project); and
  - (b) seek the confirmation of the Due Process Oversight Committee (DPOC) that all necessary steps have been followed and that its review of due process on this project is now complete, subject to any due process matters arising during [the balloting process](#).
2. At its July 2023 meeting the IASB determined that all mandatory due process steps have been completed in the development of the new IFRS Accounting Standard, *Subsidiaries without Public Accountability: Disclosures* (the Standard), and that it has completed sufficient consultation and analysis to proceed to the balloting phase to finalise the Standard.

3. This Due Process ‘lifecycle’ Review forms part of the DPOC’s oversight of the development of an IFRS Standard as outlined in paragraph 2.12 of the [IFRS Foundation Due Process Handbook](#) (*Due Process Handbook*). The staff are seeking the DPOC’s confirmation that all mandatory due process steps have been undertaken in the development of the Standard.

#### Question for the DPOC

Is the DPOC content to confirm that all the necessary due process steps have been followed and that its review of due process on this project is now complete?

### Structure of this paper

4. This paper is structured as follows:
- (a) background (paragraphs 5–19);
  - (b) consideration of whether to re-expose the proposals (paragraphs 20–24);
  - (c) due process summary (paragraphs 25–26);
  - (d) latest development and next steps (paragraphs 27–33); and
  - (e) [Appendix A](#)—Reporting to the Trustees and the Due Process Oversight Committee.

## Background

### *Overview of the project*

5. The objective of the project is to permit eligible subsidiaries<sup>1</sup> to apply the requirements in other IFRS Accounting Standards with a reduced version of their

---

<sup>1</sup> A subsidiary is eligible 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.

disclosure requirements. This project will result in a new IFRS Accounting Standard that works alongside other IFRS Accounting Standards which an eligible subsidiary can elect to apply. The IASB expects the Standard will simplify and reduce the cost of preparing financial statements for subsidiaries while maintaining the usefulness of those financial statements.

6. The IASB added the project to its 2017–2021 Work Plan in response to feedback to the Request for Views: *2015 Agenda Consultation* that some subsidiaries should be permitted to apply IFRS Accounting Standards with reduced disclosure requirements (see [Feedback Statement on the 2015 Agenda Consultation](#)). The feedback came about because of complications in preparing subsidiaries' financial statements when the parent prepares consolidated financial statements applying IFRS Accounting Standards. These complications arise, whether subsidiaries apply local GAAP, the *IFRS for SMEs* Accounting Standard, or IFRS Accounting Standards. Feedback showed that:
  - (a) subsidiaries applying local GAAP or the *IFRS for SMEs* Accounting Standard have recognition and measurement differences between their own financial statements and those amounts reported to their parent for group consolidation purposes; and
  - (b) subsidiaries applying IFRS Accounting Standards avoided this problem but found the disclosure requirements disproportionate to the information needs of their users of financial statements.

### *Research phase*

7. In March 2019, the IASB researched whether a new IFRS Accounting Standard would be welcomed by jurisdictions and applied by subsidiaries without public accountability. The IASB discussed the research findings in three meetings between September 2019 and November 2019. The research showed that the new Standard would be welcomed by jurisdictions and subsidiaries without public accountability. The research also showed that the disclosure requirements in the *IFRS for SMEs*

---

Accounting Standard could be used (with minimal amendments) as the starting point for developing the Standard.

8. In January 2020, having reviewed the research and decided its approach to developing the disclosure requirements, the project was moved from the research programme to the standard-setting programme (see [Agenda Paper 31 Project proposal – moving the project to the standard-setting programme](#) of the January 2020 IASB meeting). The IASB also decided not to establish a consultative group for the project, considering it more appropriate to consult lenders that typically lend to non-publicly accountable entities and preparers of subsidiary financial statements. This was reported to the DPOC in February 2020 (see [Appendix A](#) of this paper).
9. In January 2021, the IASB decided to proceed directly to an exposure draft rather than publish a discussion paper because the IASB reasoned that critical to the project's success would be obtaining feedback on the proposed disclosure requirements and that this could be achieved by setting out the proposed requirements in an exposure draft (see [Agenda Paper 31C Consultation document—discussion paper or exposure draft](#) of the January 2021 IASB meeting). This was reported to the DPOC in March 2021 (see [Appendix A](#) of this paper).
10. In developing the proposed disclosure requirements, the IASB relied on outreach and consultation with users of SME financial statements as part of the *Second Comprehensive Review of the IFRS for SMEs Accounting Standard*. The IASB also sought advice from users of financial statements of entities without public accountability on specific matters arising from the review of the analysis of proposed disclosure requirements.
11. Appendix B of [Agenda Paper 31 Due Process](#) of the February 2021 IASB meeting<sup>2</sup> lists the IASB meetings held in the development of the Exposure Draft and meetings with IASB's consultative bodies that were consulted in developing the Exposure Draft.

---

<sup>2</sup> This paper was sent to the DPOC in advance of the meeting as part of February 2021's regular report to the DPOC.

---

*Exposure Draft published and redeliberations*

12. In July 2021, the IASB published the [Exposure Draft \*Subsidiaries without Public Accountability: Disclosures\*](#) that sets out the proposal for a new IFRS Accounting Standard *Subsidiaries without Public Accountability: Disclosures* (draft Standard). The IASB received 68 comment letters. The staff, together with IASB members, also engaged in 24 outreach events with various types of stakeholders.
13. The IASB started discussing the feedback on the Exposure Draft in April 2022 and completed its redeliberations in July 2023. The feedback on the Exposure Draft supported the IASB's proposal to develop a Standard with reduced disclosures that would be applied in conjunction with other IFRS Accounting Standards. Most respondents agreed with the project's objective. In their comments, many respondents shared the IASB's view that such a Standard would make the preparation of subsidiaries' financial statements simpler and less costly while still maintaining the usefulness of those financial statements for their users.
14. Some respondents had concerns about how the draft Standard would interact with local regulations. Other respondents questioned how beneficial the draft Standard would be for eligible subsidiaries that apply a local GAAP aligned with tax or dividend regulations. The IASB considered the feedback on the expected interaction between the Standard and local regulations. As part of the effects analysis, the project team and some IASB members interviewed global preparers to seek their views on the feedback. The preparers agreed that the Standard would simplify and reduce the costs of preparing financial statements for subsidiaries. The preparers also discussed how the Standard would interact with their local regulations. The IASB also discussed these concerns with national standard-setters, through its Accounting Standards Advisory Forum (ASAF). The IASB will monitor the adoption of the Standard.
15. Respondents had mixed views on the proposed scope of the draft Standard. Although some respondents agreed with the proposed scope, many respondents suggested a wider scope allowing more entities to apply the Standard. After discussions, the IASB decided that, because the draft Standard is a new approach, its scope should not, at

this stage, be changed from that proposed in the draft Standard. Following a ‘wait-and-see’ approach will give the IASB time to assess the Standard’s success with the initial scope before considering expansions to that scope.

16. Many respondents agreed with the IASB’s approach to developing the proposed disclosure requirements in the draft Standard. Some respondents had concerns about how the proposed disclosure requirements were developed and the relationship between the Standard and the *IFRS for SMEs Accounting Standard*. The IASB considered the feedback and will explain in the Basis for Conclusions of the forthcoming Standard why—in developing its proposed disclosure requirements—it had made use of the disclosure requirements in the *IFRS for SMEs Accounting Standard*. By making use of these disclosure requirements, the IASB saved time and resources. The IASB will also clarify in the Basis for Conclusions of the forthcoming Standard the relationship between the Standard and the *IFRS for SMEs Accounting Standard*. The IASB decided that, in developing reduced disclosure requirements, it will assess separately the costs and benefits for subsidiaries applying the Standard and the costs and benefits for SMEs applying the *IFRS for SMEs Accounting Standard*.
17. Many respondents provided comments on the proposed disclosure requirements of the draft Standard. These comments were wide-ranging across different IFRS Accounting Standards. There was no concentration of comments on particular proposed disclosure requirements and in some instances, only one respondent commented on a proposed disclosure requirement. In analysing the comments, the IASB developed a process to decide whether to make changes to the proposed disclosure requirements. The IASB then applied a set of factors to help it consistently decide whether to change a proposed disclosure requirement.
18. In redeliberating the proposals, the IASB also discussed the project with its consultative bodies, ASAF, Global Preparers Forum, Emerging Economies Group and SME Implementation Group, in nine meetings between September 2021 and May 2023. The views of members of the consultative bodies were sought on various

aspects of the draft Standard and the feedback was considered by the IASB in redeliberating the proposals.

19. In accordance with paragraph 2.9 of the *Due Process Handbook*, the DPOC has been regularly informed of the progress of the project since June 2019. [Appendix A](#) summarises the discussions with the Trustees and the DPOC on this project since June 2019. In October 2023, the DPOC was informed that the IASB decided to finalise the draft Standard without re-exposure and confirmed that it was satisfied that it has complied with the applicable due process requirements and has undertaken sufficient consultation and analysis to begin the process for balloting the Standard.

## **Consideration of whether to re-expose the proposals**

20. In July 2023, the IASB considered whether it should re-expose the proposals applying the re-exposure criteria in paragraphs 6.25–6.28 of the *Due Process Handbook*. To support that discussion, the IASB considered an analysis of the changes the IASB had made to the proposals. That analysis is set out in paragraphs 35–39 of [Agenda Paper 31B Due process](#) of the July 2023 IASB meeting (attached as [Agenda Paper 1C\(i\)](#) for this meeting).
21. The aspects of the Standard that received most comments were the scope of the Standard and the individual proposed disclosure requirements, see paragraphs 15–17 of this paper which explain how the IASB addressed the comments.
22. In addition to these matters, the IASB made some revisions to the proposals in the Exposure Draft based on the feedback, including:
  - (a) modifying the approach to developing the proposed disclosure requirements to align language of the disclosure requirements to be the same as the language in IFRS Accounting Standards instead of the simplified language in the *IFRS for SMEs* Accounting Standard.

- 
- (b) the proposed structure of the Standard was revised to:
- (i) omit Appendix A of the draft Standard which lists disclosure requirements in IFRS Accounting Standards that are replaced by the draft Standard; and
  - (ii) replace the footnotes with cross-references to disclosure requirements that remain applicable in other IFRS Accounting Standards, under each IFRS Accounting Standard subheading.
23. All the decisions made on the requirements of the Standard considered stakeholders' feedback. Various viewpoints, which were often opposing, were assessed and analysed together by the IASB in making those decisions.
24. As a result of considering the criteria for re-exposure, the IASB concluded that the changes made to the proposals in the Exposure Draft are in response to the feedback, and the revised proposals do not include any fundamental changes on which respondents have not had the opportunity to comment. The IASB therefore agreed that it could proceed with finalising the Standard without re-exposing it for another round of public comments.

## **Due process summary**

25. At its July 2023 meeting, the IASB confirmed that it is satisfied that all the mandatory due process steps specified in the *Due Process Handbook* have been taken and that proposed requirements have had sufficient consultation and analysis for the balloting process to begin.
26. To support that discussion, the IASB considered an analysis of the due process steps that have been followed during the life of the project, see paragraphs 28–32 of [Agenda Paper 31B \*Due Process\*](#) of the July 2023 IASB meeting (attached as [Agenda Paper 1C\(i\)](#) for this meeting).



---

## Latest developments and next steps

27. At its July 2023 meeting (see [Agenda Paper 31A Effective date and transition](#)), the IASB also agreed on the following:
- (a) **effective date:** to permit an eligible subsidiary to apply the new IFRS Accounting Standard on 1 January 2027, and early application is permitted; and
  - (b) **dissents:** no IASB member indicated an intent to dissent from the publication of the Standard.
28. Accordingly, the staff has begun the balloting process and sent the pre-ballot drafts of the following documents for review by IASB members and selected internal and external reviewers<sup>3</sup>:
- (a) the Standard;
  - (b) the basis for conclusions;
  - (c) the effects analysis; and
  - (d) guidance for developing and drafting disclosure requirements.
29. A project summary and feedback statement for the project will also be prepared by the staff and reviewed by some IASB members and selected external reviewers.
30. Review of the pre-ballot draft documents was completed in January 2024. The staff plan to discuss any sweep issues identified as a result of the pre-ballot with the IASB in Q1 2024. The ballot draft will then be updated. The IASB expects to complete all steps in the balloting process in Q2 2024 and publish the new Standard (subject to the DPOC's confirmation at this meeting) in May 2024.
31. In developing the Exposure Draft to the new Standard, the IASB took into account disclosure requirements in IFRS Accounting Standards as at 28 February 2021. Some

---

<sup>3</sup> External reviewers were requested to comment only on the draft Standard.

---

new or amended IFRS Accounting Standards include new disclosure requirements that were issued since the Exposure Draft was developed but became or will become effective before the issue of the new Standard. The IASB intends to publish a single exposure draft soon as possible after the new Standard is issued.

32. To provide insight into the forthcoming Standard, the IASB is publishing a three-part series of webcasts explaining the Standard. The first two were published in November and December 2023.
33. At this meeting, we are seeking the DPOC's confirmation that the project has proceeded in a manner consistent with the requirements set out in the *Due Process Handbook* for finalising an IFRS Accounting Standard.

## Appendix A—Reporting to the Trustees and the Due Process Oversight Committee

A1. This table shows how the Trustees and the DPOC has been informed about the progress of the project. The progress of the project has been regularly included in the update report to the Trustees by the Chair of IASB.

Date	Paper
<b>2019</b>	
June	<a href="#"><u>Technical activities: Key issues and update (AP 1B)</u></a> : The agenda paper noted the IASB’s decision in March 2019 to move the project from research pipeline to active research project. The agenda paper also notes the timeline for research review.
October	<a href="#"><u>Technical activities—Update report on behalf of the International Accounting Standards Board (AP 1B)</u></a> : The agenda paper includes a brief reference to the progress of the project.
<b>2020</b>	
February	<a href="#"><u>Technical activities—Key issues and update (AP 1B)</u></a> : The agenda paper noted the IASB’s decision in January 2020 to move the Subsidiaries that are SMEs project from its research programme to standard-setting programme. The agenda paper also notes the IASB’s decision not to establish a consultative group for the project, considering it more appropriate to consult lenders to non-publicly accountable entities and preparers of subsidiary financial statements.
June	<a href="#"><u>Technical Activities—update report on behalf of the International Accounting Standards Board (AP 1B)</u></a> : The agenda paper includes a brief reference to the progress of the project and the timeline for next step to decide whether to publish a Discussion Paper or Exposure Draft.

Date	Paper
October	<p><a href="#"><u>Technical Activities: Key Issues and Update (AP 1B)</u></a>: The agenda paper includes a brief reference to the progress of the project and the timeline for next step to decide whether to publish a Discussion Paper or Exposure Draft.</p>
<b>2021</b>	
March	<p><a href="#"><u>Key issues and update (AP 1B)</u></a>: The agenda paper notes the IASB's decision to issue an exposure draft and not to proceed with a discussion paper because it concluded that the information required from the consultation would be best obtained by providing stakeholders with a complete draft of the proposed disclosure requirements (ie an exposure draft).</p> <p>The agenda paper also notes that the IASB had developed disclosure requirements for the proposed Standard applying the principles for setting disclosure requirements in the <i>IFRS for SMEs Accounting Standard</i> and using disclosure requirements of the <i>IFRS for SMEs Standard</i> and <i>IFRS Accounting Standards</i>.</p> <p>Lastly, the agenda paper notes that the IASB confirmed that it had complied with the applicable due process requirements to start the balloting process to publish the Exposure Draft. The Exposure Draft was planned to be published in H2 2021 with a comment period of 180 days. This is longer than the 120 days minimum specified by the <i>Due Process Handbook</i> and reflects the pervasive nature of the proposals. The agenda paper noted that this would allow time for stakeholders to analyse the suggested disclosure requirements and also understand what information would not be provided.</p>
June	<p><a href="#"><u>Key issues and update (AP 1B)</u></a>: The agenda paper includes a brief reference to the progress of the project.</p>
October	<p><a href="#"><u>Key issues and update (AP 1B)</u></a>: The agenda paper notes that the Exposure Draft was published in July 2021. The agenda paper also mentioned the current activities being outreach activities to support the Exposure Draft and comment period ending January 2022.</p>

Date	Paper
<b>2022</b>	
March	<a href="#"><u>IASB technical activities: key issues and update AP 1B</u></a> : The agenda paper includes a brief reference to the progress of the project.
June	<a href="#"><u>IASB technical activities: key issues and update AP 1B</u></a> : The agenda paper includes a brief reference to the progress of the project. The agenda paper also notes that the IASB discussed feedback on the Exposure Draft and considered the proposed scope of the draft Standard at its April and May 2022 meeting respectively.
October	<a href="#"><u>IASB technical activities: key issues and update AP 1B</u></a> : The agenda paper noted that the IASB met in June 2022 to decide the direction of the project based on the feedback received from the exposure draft. At this meeting, the IASB decided to proceed with the proposals in the exposure draft, subject to redeliberations, and develop a final IFRS Accounting Standard.
<b>2023</b>	
March	<a href="#"><u>IASB Technical Activities AP 1B</u></a> : The agenda paper includes a brief reference to the progress of the project.
June	<a href="#"><u>IASB Technical Activities AP 1B</u></a> : The agenda paper includes a brief reference to the progress of the project.
October	<a href="#"><u>IASB Technical Activities AP 1B</u></a> : The agenda paper includes a detailed update on the progress of the project and noted that the IASB decided to finalise the Standard without re-exposure and confirmed that it was satisfied that the IASB has complied with the applicable due process requirements and has undertaken sufficient consultation and analysis to begin the process for balloting the Standard.



# Staff paper

Agenda reference: 31B

---

## IASB® meeting

Date	<b>July 2023</b>
Project	<b>Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures</b>
Topic	<b>Due process</b>
Contacts	Jan Carlo T. Pereras ( <a href="mailto:cpereras@ifrs.org">cpereras@ifrs.org</a> )

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*.

---

This Agenda Paper was originally posted for the July 2023 IASB meeting as Agenda Paper 31B.

## Purpose of this paper

1. The purpose of this paper is to:
  - (a) explain the steps in the [IFRS Foundation Due Process Handbook](#) (the *Due Process Handbook*) that the International Accounting Standards Board (IASB) has taken in developing the new IFRS Accounting Standard *Subsidiaries without Public Accountability: Disclosures* (new Standard);
  - (b) ask the IASB's permission to begin the process for balloting the new Standard; and
  - (c) ask if any IASB member plans to dissent from the proposals in the new Standard.
2. Paragraph 6.22 of the *Due Process Handbook* requires that when the IASB has reached general agreement on the technical matters in the project and has considered the likely effects of the new IFRS Standard, the staff presents a paper to the IASB:
  - (a) summarising the steps that the IASB has taken in developing the Standard, including a summary of when the IASB discussed this project in public

- 
- meetings, public hearings held, outreach activities and meetings of consultative groups;
- (b) if applicable, reaffirming why the IASB has decided that it was not necessary to have a consultative group or to have conducted fieldwork; and
  - (c) assessing whether the proposals can be finalised or whether they should be re-exposed.
3. In this paper, the term ‘eligible subsidiary’ refers to entities that meet the requirements in paragraph 6 of the proposed IFRS Accounting Standard (draft Standard).

### **Structure of the paper**

4. The paper is structured as follows:
- (a) project history—summary (paragraphs 5–27);
  - (b) due process and permission to ballot (paragraphs 28–39); and
  - (c) appendices to this paper:
    - (i) Appendix A—IASB tentative decisions to date on developing the new Standard;
    - (ii) Appendix B—meetings by the IASB and its consultative bodies since publication of the Exposure Draft; and
    - (iii) Appendix C—due process steps.

## Project history—summary

### ***Why the IASB added the project to its Work Plan***

5. The IASB added the project *Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures* (the Project) to its 2017–2021 Work Plan based on feedback to the Request for Views: *2015 Agenda Consultation*. Stakeholders—mainly preparers—requested that the IASB permit subsidiaries with a parent that applies IFRS Accounting Standards in its consolidated financial statements to apply IFRS Accounting Standards with reduced disclosure requirements.
6. Respondents to the Request for Views said that applying the *IFRS for SMEs* Accounting Standard can be unattractive to subsidiaries because there are recognition and measurement differences between the *IFRS for SMEs* Accounting Standard (or local accounting standards) and IFRS Accounting Standards.
7. Subsidiaries that report to a parent that applies IFRS Accounting Standards said that they would prefer to apply IFRS Accounting Standards but with reduced disclosure requirements. This would enable these subsidiaries to reduce financial reporting costs because there would be no need to adjust the figures included in their financial statements to generate the information they are required to report to a parent applying IFRS Accounting Standards.

### ***The research stage***

8. The research stage was intended to provide the IASB with evidence to help it decide whether to add the Project to its standard-setting programme. In the research stage the IASB addressed two questions:
  - (a) Would a standard, if developed, be adopted by jurisdictions and applied by subsidiaries without public accountability?
  - (b) Could the disclosure requirements of the *IFRS for SMEs* Accounting Standard be used for subsidiaries that are SMEs with only minimal tailoring?



- 
9. The IASB discussed the research findings in three meetings between September 2019 and November 2019. Between these dates the IASB also decided on its approach to developing the proposed disclosure requirements.
  10. In September 2019, the IFRS Advisory Council discussed the proposal to move the Project from the research programme to the standard-setting programme. In January 2020, having reviewed the research and decided its approach to developing the disclosure requirements, the IASB moved the Project from the research programme to the standard-setting programme.
  11. In January 2021, the IASB decided to proceed directly to an exposure draft rather than publish a discussion paper. The IASB reasoned that critical to the Project's success would be obtaining feedback on the proposed disclosure requirements and that this could be achieved by setting out the proposed requirements in an exposure draft. An exposure draft of the proposed requirements would be easier for respondents to comment on.

### ***Developing the Exposure Draft***

12. The next phase of the Project focused on developing the proposed disclosure requirements in the draft Standard applying the approach agreed by the IASB. For each IFRS Accounting Standard, an analysis of the recognition and measurement differences between full IFRS Accounting Standards and the *IFRS for SMEs* Accounting Standard was prepared and evaluated. The analysis provided the basis for the proposed disclosure requirements set out in the Exposure Draft. Matters arising from the analysis were discussed in a number of public meetings between October 2020 and May 2021 (five IASB meetings).
13. In developing the proposed disclosure requirements, the IASB relied on outreach and consultation with users of SME financial statements as part of the *Second Comprehensive Review of the IFRS for SMEs Accounting Standard*. The objective of this research was to provide insight into the information needs of users of financial statements of entities without public accountability. Users of SME financial

statements were asked for their views on the principles for reducing disclosure requirements set out in paragraph BC157 of the *IFRS for SMEs Accounting Standard*. These are the same principles that have been applied in developing the proposed disclosure requirements for the new Standard.<sup>1</sup>

14. The IASB also sought advice from users of financial statements of entities without public accountability on specific matters arising from the review of the analysis of proposed disclosure requirements, for example how to reduce the disclosure requirements relating to impairment of intangible assets.<sup>2</sup>
15. In addition, a significant topic in developing the Exposure Draft was the proposed scope of the draft Standard. The IASB discussed the proposed scope of the draft Standard in two meetings in December 2020 and January 2021.
16. Appendix B of [Agenda Paper 31 Due Process](#) of the February 2021 IASB meeting lists the IASB meetings held in the development of the Exposure Draft and meetings with IASB's consultative bodies that were consulted in developing the Exposure Draft.

### ***Feedback and redeliberations of the Exposure Draft***

17. In July 2021, the IASB published the [Exposure Draft \*Subsidiaries without Public Accountability: Disclosures\*](#) (the Exposure Draft) with a 180-day comment period that ended on 31 January 2022. The IASB received 68 comment letters. The staff, together with IASB members, also engaged in 24 outreach events with various types of stakeholders. The IASB was provided with a summary of the feedback from comment letters and outreach events in April 2022.<sup>3</sup>

<sup>1</sup> See [Agenda Paper 5 User survey and user interview feedback summary](#) of the February 2021 SME Implementation Group meeting.

<sup>2</sup> See [Agenda Paper 31A Disclosure about cash-generating units containing goodwill and intangible assets with indefinite useful lives](#) of the January 2021 IASB meeting.

<sup>3</sup> See [Agenda Paper 31A Feedback from comment letters](#) and [Agenda Paper 31B Feedback from outreach events](#) of the April 2022 IASB meeting.

- 
18. In April 2022, the IASB started discussing the feedback on the Exposure Draft.

*Key messages from feedback on the Exposure Draft*

19. Most respondents agreed with the objective of the proposed draft Standard. Many reiterated the expected benefits of the proposals—reducing costs and simplifying the preparation of financial statements.
20. Respondents had mixed views on the proposed scope of the draft Standard. Although some respondents agreed with the proposed scope of the draft Standard, many respondents suggested a wider scope allowing more entities to apply the draft Standard. However, respondents had different views on which additional entities would be included in a wider scope. Some respondents also suggested that the IASB considers widening the scope at a later stage, for example, after the draft Standard has been effective for a period of time.
21. Many respondents agreed with the IASB’s approach to developing the proposed disclosure requirements in the draft Standard. Some respondents had concerns about how the proposed disclosure requirements were developed and the relationship between the draft Standard and the *IFRS for SMEs* Accounting Standard.
22. Many respondents provided comments on the proposed disclosure requirements of the draft Standard. These comments were wide-ranging across different IFRS Accounting Standards. There was no concentration of comments on particular proposed disclosure requirements and in some instances, only one respondent commented on a proposed disclosure requirement.

*Redeliberation*

23. Taking into consideration the feedback on the Exposure Draft, the IASB set out a plan for developing the new Standard. The IASB redeliberated the proposals and discussed the feedback in the Exposure Draft in 11 meetings between April 2022 and June 2023.

24. All decisions with regards to the requirements of the new Standard were taken during these meetings. Appendix A of this paper provides a summary of IASB's tentative decisions in developing the new Standard.

***Consulting with IFRS Advisory Council and other IASB's consultative bodies***

25. The IASB is required to update the IFRS Advisory Council on its technical programme and major projects as part of its due process (paragraph 3.54 of the *Due Process Handbook*). Since the end of the consultation period of the Exposure Draft, the IFRS Advisory Council has been updated in April 2022, October 2022 and April 2023.
26. Since the publication of the Exposure Draft, the IASB also discussed the Project with its consultative bodies, Accounting Standards Advisory Forum (ASAF), Global Preparers Forum (GPF), Emerging Economies Group (EEG) and SME Implementation Group (SMEIG), in nine meetings between September 2021 and May 2023.
27. The views of members of the consultative bodies were sought on various aspects of the draft Standard and the feedback was considered by the IASB in redeliberating the proposals in the draft Standard. Appendix B of this paper lists these meetings and topics discussed.

## **Due process and permission to ballot**

### ***Background***

28. The *Due Process Handbook* outlines the following mandatory and optional due process steps prior to issuing an IFRS Standard (see paragraphs 3.44–3.45 of the *Due Process Handbook* or Appendix C of this paper). The relevant mandatory and optional due process steps can be summarised in Tables 1 and 2 below.

**Table 1—Mandatory due process steps (paragraph 3.44 of the Due Process Handbook)**

Mandatory due process steps (minimum safeguards)	Paragraph reference
(a) Debating any proposals in public meetings	23–24
(b) Exposing for public comment a draft of any proposed new IFRS Accounting Standard with minimum comment periods	17–22
(c) Considering in a timely manner comment letters received on the proposals	23–24 and 38
(d) Considering whether the proposals should be exposed again	35–39
(e) Consulting the Accounting Standards Advisory Forum (ASAF) and the IFRS Advisory Council (Advisory Council)	25–27

**Table 2—Optional due process steps (paragraph 3.45 of the Due Process Handbook)**

Optional due process steps ('comply or explain' steps)	Paragraph reference
(a) Publishing a discussion document for major projects (for example, a discussion paper) before an exposure draft is developed	30
(b) Establishing consultative groups or other types of specialist advisory groups for major projects	30
(c) Holding public hearings	30
(d) Undertaking fieldwork	30

29. Appendix C of this paper provides further detail on the due process steps taken in developing the new Standard.

### **Optional due process steps**

30. The IASB did not undertake the following (comply or explain) due process steps in this Project:
- (a) publishing a discussion paper. In January 2021, the IASB decided to publish an exposure draft for the Project instead of a discussion paper for reasons set out in [Agenda Paper 31C Consultation document—discussion paper or exposure draft](#) of the January 2021 meeting. The principal reason was that the Project sets out reduced disclosure requirements: drafting would be critical to the Project, and an exposure draft of those requirements would be easier to comment on than a discussion paper (see paragraph 11).

- 
- (b) establishing a consultative group. In January 2020, the IASB decided not to establish a consultative group for the Project, mainly because the Project does not involve developing new disclosure requirements (see [Agenda Paper 31 Project proposal—moving the project to the standard-setting programme](#) of the January 2020 meeting). Barring a few disclosure requirements that are specific to eligible subsidiaries electing to apply the new Standard, there are no new disclosure requirements in the new Standard.
  - (c) holding public hearings. As noted in paragraphs 25–27, the Project and its proposals were discussed with various stakeholders and with IASB’s consultative bodies (ie ASAF, GPF, EEG and SMEIG).
  - (d) undertaking fieldwork. Interviews with some global preparers were conducted to better understand the likely effects of the new Standard. During the development of the Exposure Draft, outreach and consultation were undertaken with preparers and users of SME financial statements; discussions with preparers focused on the structure of the draft Standard while discussions with users primarily focused on understanding their information needs.<sup>4</sup>

### ***Effects analysis***

31. Information relating to the expected costs and benefits (likely effects) of the new Standard was included in the Exposure Draft. During the consultation period, IASB members and the staff also met with a number of stakeholders to understand the likely effects of the new Standard. During the redeliberation of the proposals in the Exposure Draft, the staff also consulted with GPF, ASAF and EEG on the likely effects.<sup>5</sup> As noted in paragraph 30(d), interviews with some global preparers were held to further inform effects analysis of the new Standard.

---

<sup>4</sup> Specifically, users of SME financial statements were asked about their views on guiding principles of user information needs set out in paragraph BC157 of the *IFRS for SMEs Accounting Standard* which were the same principles that has been applied in developing the disclosure requirements in the draft Standard.

<sup>5</sup> See meeting summary of the [March 2023 GPF meeting](#), [March 2023 ASAF meeting](#) and [May 2023 EEG meeting](#).

32. The IASB will publish an Effects Analysis report when the new Standard is issued. The IASB will review this report as part of the balloting process.

***Permission to begin the balloting process and intention to dissent***

33. In the staff view paragraphs 28–32 of this paper demonstrate the IASB has undertaken sufficient activities to satisfy the mandatory due process steps set out in the *Due Process Handbook*, as well as considering optional due process steps. Accordingly, if the IASB agrees with the staff view it is recommended that the IASB start the balloting process for the new Standard.
34. In accordance with paragraph 6.23 of the *Due Process Handbook*, the staff would like to ask whether any IASB member intends to dissent from the new Standard.

***Considering re-exposure***

35. Paragraph 6.25 of the *Due Process Handbook* sets out the criteria to be considered by the IASB with regard to re-exposure:
- (a) identifies substantial issues that emerged during the comment period on the exposure draft and that it had not previously considered;
  - (b) assesses the evidence that it has considered;
  - (c) determines whether it has sufficiently understood the issues, implications and likely effects of the new requirements and actively sought the views of interested parties; and
  - (d) considers whether the various viewpoints were appropriately aired in the exposure draft and adequately discussed and reviewed in the basis for conclusions.

---

36. Paragraph 6.26 of the *Due Process Handbook* also states:

It is inevitable that the final proposals will include changes from those originally proposed. The fact that there are changes does not compel the Board to re-expose the proposals. The Board needs to consider whether the revised proposals include any fundamental changes on which respondents have not had the opportunity to comment because they were not contemplated or discussed in the basis for conclusions accompanying the exposure draft. The Board also needs to consider whether it will learn anything new by re-exposing the proposals. If the Board is satisfied that the revised proposals respond to the feedback received and that it is unlikely that re-exposure will reveal any new concerns, it should proceed to finalise the proposed requirements.

37. The aspects of the draft Standard that received most comments were the scope and the individual proposed disclosure requirements.

- (a) There were mixed views on the proposed scope of the Standard (see paragraph 20). In its May 2022 meeting, the IASB tentatively decided to retain the scope as proposed in the draft Standard to enable the IASB and authorities in jurisdictions time to first assess implementation of the new approach (ie reduced disclosure requirements) on a subset of entities without public accountability before a wider scope is considered.
- (b) Some respondents commented on the interaction between the draft Standard and the *IFRS for SMEs* Accounting Standard (see paragraph 21). In its March 2023 meeting, the IASB decided that, in developing the reduced disclosure requirements, it will assess separately the costs and benefits for eligible subsidiaries applying the new Standard and the costs and benefits for SMEs applying the *IFRS for SMEs* Accounting Standard.



- (c) Many respondents commented on individual proposed disclosure requirements in the draft Standard (see paragraph 22). In analysing the comments, the IASB agreed to categorise the comments into four groups based on how the proposed disclosure requirements were developed and analyse those comments against different factors (for example, user information needs and cost–benefit considerations). In its April and May 2023 meetings, the IASB discussed these comments and tentatively decided to make some revisions to its proposals.
38. As noted in paragraphs 23–24, all the decisions made on the requirements of the new Standard considered stakeholders’ feedback. Various viewpoints, which were often opposing, were assessed and analysed together by the IASB in making those decisions. In addition to the matters discussed in paragraph 37 of this paper, the IASB made some revisions to the proposals in the Exposure Draft, including:
- (a) modifying the approach to developing the proposed disclosure requirements to align language of the disclosure requirements to be the same as the language in IFRS Accounting Standards.<sup>6</sup>
- (b) the proposed structure of the draft Standard was revised to:<sup>7</sup>
- (i) omit Appendix A which lists disclosure requirements in IFRS Accounting Standards that remain applicable; and
- (ii) replace the footnotes with cross-references to disclosure requirements that remain applicable in other IFRS Accounting Standards, under each IFRS Accounting Standard subheading.
39. In the staff’s view, none of these revisions fundamentally change the proposals in the Exposure Draft sufficiently to warrant re-exposure. Therefore, considering paragraphs 35–38 and this paragraph, the staff do not think it is necessary to re-expose the proposals.

<sup>6</sup> See [Agenda Paper 31B Approach to developing the proposed disclosure requirements](#) and [IASB Update](#) of the October 2022 IASB meeting.

<sup>7</sup> See [Agenda Paper 31D Structure of the draft Standard](#) and [IASB Update](#) of the October 2022 IASB meeting.

---

**Questions to the IASB****Questions 1–4 for the IASB**

1. *Due process*—Is the IASB satisfied that all the mandatory due process steps have been met in the Project (paragraphs 28–32)?
2. *Dissent*—Does any IASB member intend to dissent from the publication of the new Standard? If so, on what grounds (paragraph 34)?
3. *Re-exposure*—Does the IASB agree with the staff recommendation not to re-expose the proposals in the Exposure Draft as revised by IASB’s tentative decisions (paragraphs 35–39)?
4. *Permission to begin the balloting process*—Does the IASB grant staff permission to begin the balloting process for the new Standard (paragraph 33)?

## Appendix A—IASB tentative decisions to date on developing the new Standard

Month	Decision
May 2022	<p>The IASB tentatively decided to:</p> <ul style="list-style-type: none"> <li>(a) confirm the scope of the draft Standard is subsidiaries without public accountability; and</li> <li>(b) review the scope after the draft Standard has been finalised, possibly during the post-implementation review.</li> </ul> <p>The IASB tentatively decided that if the draft Standard is finalised, it will:</p> <ul style="list-style-type: none"> <li>(a) clarify the description of ‘public accountability’ as set out in the Exposure Draft <i>Third edition of the IFRS for SMEs Accounting Standard</i>.</li> <li>(b) clarify, using similar wording to that of paragraph 1.7 of the <i>IFRS for SMEs Accounting Standard</i>, that an intermediate parent is required to assess its eligibility to apply the draft Standard to its separate and individual financial statements on the basis of its own status. That is, the intermediate parent would be required to make this assessment without considering whether other group entities have public accountability or the group as a whole has it.</li> </ul>
June 2022	<p>The IASB decided to proceed with its proposal for a new IFRS Accounting Standard as set out in the Exposure Draft <i>Subsidiaries without Public Accountability: Disclosures</i> and agreed on a project plan for developing the new Accounting Standard.</p> <p>The IASB also tentatively decided to:</p> <ul style="list-style-type: none"> <li>(a) include in the Standard disclosure requirements of IFRS Accounting Standards issued as at 28 February 2021; and</li> <li>(b) consider amendments to the disclosure requirements in IFRS Accounting Standards issued after 28 February 2021 after the Standard is issued.</li> </ul> <p>The IASB also discussed the definition of public accountability and tentatively decided:</p>

	<p>(a) not to include guidance on public accountability from Module 1 <i>Small and Medium-sized Entities</i> of the <i>IFRS for SMEs Accounting Standard</i> in the new Standard when it is finalised; but</p> <p>(b) to make Module 1 separately available on the IFRS Foundation’s website as educational material to support the new Standard when it is finalised.</p>
October 2022	<p><i>Objective of the draft IFRS Accounting Standard</i></p> <p>The IASB tentatively decided to confirm the proposed objective of the draft Standard.</p> <p><i>Approach to developing the proposed disclosure requirements</i></p> <p>The IASB discussed the feedback on the approach to developing the proposed disclosure requirements of the draft Standard. The IASB tentatively decided to modify its approach to ensure that the language used in the disclosure requirements is the same as the language in IFRS Accounting Standards.</p> <p>The IASB also tentatively decided to explain in the Basis for Conclusions on the Standard:</p> <p>(a) why the disclosure requirements in the <i>IFRS for SMEs Accounting Standard</i> are the appropriate starting point;</p> <p>(b) how ‘cost–benefit’ is considered; and</p> <p>(c) the reason for the exceptions made to the approach to developing the proposed disclosure requirements.</p> <p><i>Addressing comments on the proposed disclosure requirements</i></p> <p>The IASB decided staff should analyse the comments received on the proposed disclosure requirements in the draft Standard in three steps:</p> <p>(a) Step 1—stratify the comments on the proposed disclosure requirements based on how the proposed disclosure requirements were developed;</p> <p>(b) Step 2—assess the comments received against a set of factors: the principles on users’ information needs of non-publicly accountable entities’ financial statements, cost and benefit, distribution of the comments received, overall usefulness of information and previous IASB discussions and decisions on the disclosure requirement; and</p>

	<p>(c) Step 3—recommend any changes to the proposed disclosure requirements to the IASB.</p> <p><i>Structure of the draft Standard</i></p> <p>The IASB tentatively decided to:</p> <p>(a) omit Appendix A proposed in the draft Standard.</p> <p>(b) replace the footnotes with cross-references to disclosure requirements that remain applicable in other IFRS Accounting Standards, under each IFRS Accounting Standard subheading.</p>
November 2022	<p>The IASB tentatively decided to confirm that an entity will be permitted to apply the Standard if:</p> <p>(a) it is a subsidiary at the end of the reporting period.</p> <p>(b) it has an ultimate or intermediate parent that produces consolidated financial statements that:</p> <p>(i) comply with IFRS Accounting Standards; and</p> <p>(ii) are available for public use.</p>
December 2022	<p><i>IFRS Accounting Standards without reduced disclosure requirements</i></p> <p>The IASB tentatively decided to confirm that the disclosure requirements in IFRS 8 <i>Operating Segments</i>, IFRS 17 <i>Insurance Contracts</i> and IAS 33 <i>Earnings per Share</i> remain applicable for a subsidiary applying the Standard.</p> <p><i>Proposed reduced disclosure requirements in IAS 34</i></p> <p>The IASB tentatively decided to retain its proposal to include in the Standard reduced disclosure requirements for IAS 34 <i>Interim Financial Reporting</i>.</p> <p><i>Proposed statement of compliance</i></p> <p>The IASB tentatively decided to retain its proposal that a subsidiary applying the Standard be required to disclose that it has applied the Standard in the same note as its explicit and unreserved statement of compliance with IFRS Accounting Standards.</p>

January 2023	<p><i>Transition matters—Interaction between IFRS 1 and the Standard</i></p> <p>The IASB tentatively decided to proceed with its proposals to include in the Standard:</p> <ul style="list-style-type: none"> <li>(a) reduced disclosure requirements for IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>; and</li> <li>(b) an explanation of the relationship between IFRS 1 and the Standard, as set out in paragraphs 12–14 of the Exposure Draft.</li> </ul> <p><i>Transition matters—Changes in accounting policies</i></p> <p>The IASB tentatively decided to clarify in the Standard that an eligible subsidiary that (i) elects to apply the Standard, (ii) revokes an election to apply the Standard or (iii) is no longer eligible to apply the Standard:</p> <ul style="list-style-type: none"> <li>(a) does not apply the requirements in IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> on changes in accounting policies; and</li> <li>(b) is not required to present a third statement of financial position (that is, a second comparative statement of financial position) as at the beginning of the earliest period presented.</li> </ul> <p><i>Maintenance of the Standard</i></p> <p>The IASB confirmed its proposal to consider amendments to the Standard at the same time it publishes an exposure draft for a new or amended Accounting Standard.</p>
March 2023	<p>The IASB decided that, in developing reduced disclosure requirements, it will assess separately the costs and benefits for subsidiaries applying the Standard and the costs and benefits for SMEs applying the <i>IFRS for SMEs Accounting Standard</i>.</p>
April 2023	<p><i>Feedback on proposed disclosure requirements</i></p> <p>The IASB tentatively decided not to include in the Standard:</p> <ul style="list-style-type: none"> <li>(a) disclosure objectives; or</li> <li>(b) guidance on how to apply the disclosure requirements.</li> </ul> <p>The IASB tentatively decided to retain the relief from providing comparative information as specified in the Exposure Draft for some of the proposed disclosure requirements.</p>

	<p>The IASB tentatively decided to revise the proposed disclosure requirements in the Exposure Draft under the subheadings:</p> <ul style="list-style-type: none"> <li>(a) IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>—by withdrawing paragraph 25(a) of the Exposure Draft;</li> <li>(b) IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>—by adding paragraphs 33(c) and 41(d) of IFRS 5;</li> <li>(c) IFRS 7 <i>Financial Instruments: Disclosures</i>—by: <ul style="list-style-type: none"> <li>(i) withdrawing paragraphs 55 and 60 of the Exposure Draft; and</li> <li>(ii) adding paragraph 39 of IFRS 7;</li> </ul> </li> <li>(d) IFRS 13 <i>Fair Value Measurement</i>—by withdrawing paragraph 81 of the Exposure Draft;</li> <li>(e) IAS 12 <i>Income Taxes</i>—by withdrawing paragraph 145 of the Exposure Draft</li> <li>(f) IAS 24 <i>Related Party Disclosures</i>—by adding paragraph 26 of IAS 24;</li> <li>(g) IAS 34 <i>Interim Financial Reporting</i>—by withdrawing paragraph 185(k) of the Exposure Draft;</li> <li>(h) IAS 36 <i>Impairment of Assets</i>—by adding paragraphs 130(d)(i) and (iii), 134(d)(iv)–(v) and 134(e)(iv)–(v) of IAS 36; and</li> <li>(i) IAS 40 <i>Investment Property</i>—by adding paragraph 79(e) of IAS 40.</li> </ul> <p>The IASB tentatively decided not to add paragraph 24(c) of IFRS 1 to the Standard.</p>
May 2023	<p><i>Feedback on proposed disclosure requirements</i></p> <p>The IASB tentatively decided to revise the proposed disclosure requirements in the Exposure Draft under the subheadings:</p> <ul style="list-style-type: none"> <li>(a) IFRS 3 <i>Business Combinations</i>—by adding subparagraph B64(j)(i) of IFRS 3;</li> <li>(b) IFRS 7—by restricting the application of paragraphs 62, 66 and 67 of the Exposure Draft to eligible subsidiaries that provide financing to customers as a main business activity;</li> <li>(c) IFRS 12 <i>Disclosure of Interests in Other Entities</i>—by: <ul style="list-style-type: none"> <li>(i) adding paragraphs 14, 15, 19D(b), 19E, 19F, 30 and 31 of IFRS 12; and</li> <li>(ii) amending paragraph 68 of the Exposure Draft to add ‘joint operations’ from paragraph B4 of IFRS 12;</li> </ul> </li> </ul>

- (d) IFRS 15 *Revenue from Contracts with Customers*—by:
- (i) withdrawing paragraph 93 of the Exposure Draft;
  - (ii) adding paragraph 119(a) of IFRS 15;
- (e) IFRS 16 *Leases*—by:
- (i) withdrawing paragraphs 100(d) and 105 of the Exposure Draft; and
  - (ii) adding subparagraphs (e), (g) and (i) of paragraph 53 of IFRS 16;
- (f) IAS 1 *Presentation of Financial Statements*—by:
- (i) withdrawing paragraphs 120–122 of the Exposure Draft and retaining paragraphs 112–114 of IAS 1 as applicable;
  - (ii) adding paragraph 137 of IAS 1;
- (g) IAS 19 *Employee Benefits*—by:
- (i) adding paragraph 141(b) of IAS 19, in particular the requirement to disclose separately the effects of interest income;
  - (ii) adding paragraph 147(b) of IAS 19; and
  - (iii) replacing paragraph 152(c)(iii) of the Exposure Draft with paragraph 141(c)(i) of IAS 19; and
- (h) IAS 27 *Separate Financial Statements*—by amending paragraphs 177–180 of the Exposure Draft to reference the applicable IFRS 12 disclosure requirements.

*Paragraph 16 of the draft Standard*

The IASB tentatively decided:

- (a) to retain paragraph 16 of the Exposure Draft and not add guidance; and
- (b) an overall disclosure objective for the Standard was not necessary.

*Disclosure requirements about transition in other IFRS Accounting Standards*

The IASB tentatively decided to proceed with its proposal in the Exposure Draft that disclosure requirements about the transition to a new or amended IFRS Accounting Standard set out in that new or amended Standard apply to eligible subsidiaries.

*New disclosure requirements in IFRS Accounting Standards*

The IASB tentatively decided that until the IASB issues an amendment to the Standard, eligible subsidiaries would be required to comply with disclosure



	requirements in amendments to IFRS Accounting Standards that have been issued after the publication of the Exposure Draft.
June 2023	<p>The IASB considered whether the feedback on the proposed disclosure requirements in its Exposure Draft <i>Third edition of the IFRS for SMEs Accounting Standard</i> indicated a need to change the proposed disclosure requirements in the Exposure Draft. The IASB tentatively decided against making further changes.</p> <p>The IASB also tentatively decided to amend the description of public accountability to list banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks as examples of entities that <i>often</i> meet the second criterion of public accountability.</p>

## Appendix B—meetings of the IASB and its consultative bodies since publication of the Exposure Draft (July 2021)

*Table B1—IASB meetings since publication of the Exposure Draft*

Time	Topic discussed
April 2022	<ul style="list-style-type: none"> <li>• Summary of feedback on the Exposure Draft</li> </ul>
May 2022	<ul style="list-style-type: none"> <li>• Proposed scope of the draft Standard: subsidiaries without public accountability</li> </ul>
June 2022	<ul style="list-style-type: none"> <li>• Project direction</li> <li>• Redeliberation plan</li> </ul>
October 2022	<ul style="list-style-type: none"> <li>• Objective of the draft Standard</li> <li>• Approached to developing the proposed disclosure requirements</li> <li>• Addressing comments on the proposed disclosure requirements</li> <li>• Structure of the draft Standard</li> </ul>
November 2022	<ul style="list-style-type: none"> <li>• Proposed scope of the draft Standard: subsidiary at the ‘end of the year’, parent prepares IFRS consolidated financial statements and parent’s consolidated financial statements are available for public use</li> </ul>
December 2022	<ul style="list-style-type: none"> <li>• IFRS Accounting Standards without reduced disclosures: IFRS 8 <i>Operating Segments</i>, IFRS 17 <i>Insurance Contracts</i> and IAS 33 <i>Earnings per Share</i></li> <li>• Proposed disclosure requirements for IAS 34 <i>Interim Financial Reporting</i></li> <li>• Statement of compliance</li> </ul>
January 2023	<ul style="list-style-type: none"> <li>• Transition matters: IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i></li> <li>• Transition matters: IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i></li> <li>• Maintenance of the draft Standard</li> </ul>
March 2023	<ul style="list-style-type: none"> <li>• Relationship with the <i>IFRS for SMEs Accounting Standard</i></li> </ul>
April 2023	<ul style="list-style-type: none"> <li>• Comments on proposed disclosure requirements</li> <li>• Updating the language of the draft Standard</li> </ul>
May 2023	<ul style="list-style-type: none"> <li>• Comments on proposed disclosure requirements</li> <li>• Paragraph 16 of the draft Standard</li> <li>• Disclosure requirements on transition in other IFRS Accounting Standards</li> <li>• New disclosure requirements not considered in the draft Standard</li> </ul>

June 2023	<ul style="list-style-type: none"> <li>Considering the feedback on proposed disclosure requirements in the Exposure Draft <i>Third Edition of the IFRS for SMEs Accounting Standard</i></li> </ul>
-----------	--

**Table B2—ASAF meetings since publication of the Exposure Draft**

Time	Topic discussed
December 2021	<ul style="list-style-type: none"> <li>Proposed scope of the draft Standard: subsidiaries without public accountability</li> </ul>
July 2022	<ul style="list-style-type: none"> <li>Interaction of the proposals in the draft Standard with local regulations</li> </ul>
September 2022	<ul style="list-style-type: none"> <li>Proposed scope of the draft Standard: available for public use</li> <li>Addressing comments on the proposed disclosure requirements</li> <li>Structure of the draft Standard</li> </ul>
March 2023	<ul style="list-style-type: none"> <li>Effects analysis</li> </ul>

**Table B3—GPF meetings since publication of the Exposure Draft**

Time	Topic discussed
November 2021	<ul style="list-style-type: none"> <li>Exposure Draft outreach</li> </ul>
March 2023	<ul style="list-style-type: none"> <li>Comments on proposed disclosure requirements: IFRS 7 <i>Financial Instruments: Disclosures</i> and IFRS 12 <i>Disclosure of Interest in Other Entities</i></li> <li>Effects analysis</li> </ul>

**Table B4—EEG meetings since publication of the Exposure Draft**

Time	Topic discussed
December 2021	<ul style="list-style-type: none"> <li>Exposure Draft outreach</li> </ul>
May 2023	<ul style="list-style-type: none"> <li>Effects analysis</li> </ul>

**Table B5—SMEIG meeting since publication of the Exposure Draft**

Time	Topic discussed
September 2021	<ul style="list-style-type: none"> <li>Exposure Draft outreach</li> </ul>

## Appendix C—due process steps

C1. The table below shows how the IASB has complied with the due process steps to date, as required to finalise an IFRS Standard in accordance with the *Due Process Handbook*.

Step	Required/Optional	Actions
<b>Consideration of information gathered during consultation</b>		
<b>The IASB posts all of the comment letters that are received in relation to the Exposure Draft on the project pages.</b>	Required	The IASB received 68 comments letters. The staff, together with IASB members, engaged in 24 outreach events with various types of stakeholders.  The comment letters to the Exposure Draft can be accessed <a href="#">here</a> .
<b>Round-tables between external participants and members of the IASB.</b>	Optional	A summary of feedback from comment letters and outreach events was presented to and discussed by the IASB in April 2022. See <a href="#">Agenda Paper 31A Feedback from comment letters</a> and <a href="#">Agenda Paper 31B Feedback from outreach events</a> of the April 2022 IASB meeting.
<b>IASB meetings are held in public, with papers being available for observers. All decisions are made in public sessions.</b>	Required	Since the end of the consultation period, the IASB has discussed the feedback and redeliberated the proposals in the Exposure Draft in 11 meetings. All decisions with regards to the requirements of the new Standard were taken during these meetings.  The <a href="#">project page</a> on the IFRS Foundation website contains a full description with up-to-date information.  Papers for the meetings were posted before each meeting and a summary of each meeting was included in <i>IASB Update</i> .  Appendix B of this paper provides a list of these meetings and topics discussed.  A list of IASB meetings held in the development of the Exposure Draft can be found in Appendix B of <a href="#">Agenda Paper 31 Due Process</a> of the February 2021 IASB meeting.
<b>Analysis of likely effects of the forthcoming Standard or major amendment, for example, costs or</b>	Required	Information relating to the likely effects of the new Standard was included in the Exposure Draft. The IASB will update the effects analysis in the Exposure Draft based on feedback and will publish an Effects Analysis report when the new

<b>Step</b>	<b>Required/Optional</b>	<b>Actions</b>
<b>on-going associated costs.</b>		Standard is issued (see paragraphs 31–32 of this paper).
<b>Email alerts are issued to registered recipients.</b>	Optional	Interested parties have been notified when updates to the project website have been made using the News section of the project page and subscriber email alerts.
<b>Outreach meetings to promote debate and hear views on proposals that are published for public comment.</b>	Optional	Twenty four outreach events were held during the consultation period of the Exposure Draft. A summary of feedback from outreach events were presented to and discussed by the IASB in April 2022. See <a href="#">Agenda Paper 31B Feedback from outreach events</a> of the April 2022 IASB meeting.
<b>Regional discussion forums are organised with national standard-setters and the IASB.</b>	Optional	<p>During the IASB's redeliberation of the proposals, meetings were held with different stakeholders to gather further feedback. This includes meeting with ASAF, the IASB's national standard-setters consultative group. Appendix B of this paper provides a list of these meetings and topics discussed.</p> <p>A list of meetings with IASB's consultative bodies held in the development of the Exposure Draft can be found in Appendix B of <a href="#">Agenda Paper 31 Due Process</a> of the February 2021 IASB meeting.</p>
<b>Finalisation</b>		
<b>Due process steps are reviewed by the IASB.</b>	Required	<p>This paper asks the IASB to review the due process steps taken and whether the IASB is satisfied that it has complied with all the applicable requirements.</p> <p>This paper will be provided to the DPOC and will also be considered at a future meeting when the DPOC undertakes a 'life-cycle' review of the due process for the project.</p>
<b>Need for re-exposure of a Standard is considered.</b>	Required	The staff think that the revisions to the Exposure Draft respond to the feedback received and do not think that re-exposure would reveal any new information. In this paper the staff provides its rationale for recommending that the IASB does not re-expose the proposed standard for another round of public comment.
<b>The IASB sets an effective date for the Standard, considering the need for effective implementation, generally providing at least a year.</b>	Required	As a necessary step before beginning the balloting process, at this month's meeting (see <a href="#">Agenda Paper 31A Effective date and transition</a> ), the staff has recommended an effective date for the new Standard for the IASB to decide.
<b>Drafting</b>		

<b>Step</b>	<b>Required/Optional</b>	<b>Actions</b>
<b>Drafting quality assurance steps are adequate.</b>	Required	This step will be completed toward the end of the project.
<b>Drafting quality assurance steps are adequate.</b>	Required	This step will be completed toward the end of the project.
<b>Drafting quality assurance steps are adequate.</b>	Optional	<p>The Editorial team will review the new Standard in different stages of the balloting process.</p> <p>The staff intend to send a draft of the new Standard to external parties for review. This process allows external parties to review and report back to the staff on the clarity and understandability of the draft, mainly with editorial comments. The external review process does not grant external parties the opportunity to question the IASB's technical decisions.</p>
<b>Drafting quality assurance steps are adequate.</b>	Optional	A draft of the new Standard will be made available on the IFASS SharePoint site for review.
<b>Drafting quality assurance steps are adequate.</b>	Optional	There is no plan to post a draft of the new Standard on the project website.
<b>Publication</b>		
<b>Press release to announce final Standard.</b>	Required	<p>This step will be completed toward the end of the project.</p> <p>The project team will work with the Communications team to plan and prepare a press release for the new Standard.</p>
<b>A Feedback Statement is provided, which provides high level executive summaries of the Standard and explains how the IASB has responded to the comments received.</b>	Required	A Feedback Statement will be prepared and reviewed together with the new Standard.
<b>Podcast to provide interested parties with high level updates or other useful information about the Standard.</b>	Optional	Updates about the project were provided in some of the IASB podcasts produced by the IFRS Foundation after each IASB meeting.
<b>Standard is published.</b>	Required	The new Standard will be made available on the IFRS Foundation website when published. The DPOC will be informed when the new Standard is published.

***Extracts from the Due Process Handbook*****Minimum safeguards**

...

- 3.44 The due process steps that are mandatory include:
- (a) debating any proposals in one or more public meetings;
  - (b) exposing for public comment a draft of any proposed new IFRS Standard, proposed amendment to a Standard or proposed IFRIC Interpretation—with minimum comment periods;
  - (c) considering in a timely manner comment letters received on the proposals;
  - (d) considering whether the proposals should be exposed again;
  - (e) consulting the Accounting Standards Advisory Forum (ASAF) and the IFRS Advisory Council (Advisory Council) on the work plan, major projects, project proposals and work priorities; and
  - (f) deciding in a public Board meeting whether to ratify an Interpretation.

**‘Comply or explain’ steps**

- 3.45 Other steps specified in the Constitution are not mandatory. They include:
- (a) publishing a discussion document for major projects (for example, a discussion paper) before an exposure draft is developed;
  - (b) establishing consultative groups or other types of specialist advisory groups for major projects;
  - (c) holding public hearings; and
  - (d) undertaking fieldwork.
- 3.46 If the Board decides not to undertake those non-mandatory steps, it informs the DPOC of its decision and reasons for not undertaking the steps.