

OBJECTIVE OF THE STANDARD

Specifies reduced disclosure requirements for non-public entities, while allowing IFRS-compliant financial statements

BROADER CONTEXT FOR CHANGES

Part of the IASB's Disclosure Initiative Project to

- simplify financial reporting
- reduce the costs of preparing financial statements

PROBLEM TO BE RESOLVED

- Subsidiaries provide more disclosures than users need
- High costs that don't match the value received
- Entities maintain two sets of records when using IFRS for SMEs or national standards

SOLUTION

- Simplification of reporting systems and processes
- Reduction of costs of preparation of subsidiary company financial statements
- Usefulness of information contained in financial statements maintained

BASIS OF THE SOLUTION

- Reduced version of disclosures required in IFRS Accounting Standards
- Determined by applying similar principles as those applied in IFRS for SMEs Accounting Standard

HOW THE SOLUTION IS APPLIED

- Recognition, measurement and presentation requirements are in terms of the relevant IFRS
- Disclosure requirements are in terms of IFRS 19

WHO CAN APPLY IT

Voluntary standard that can be applied by eligible subsidiaries.

A SUBSIDIARY IS ELIGIBLE IF IT

- does not have public accountability; and
- has an ultimate or intermediate parent that produces consolidated financial statements that are available for public use that comply with IFRS

ARE ALL IFRS DISCLOSURES EXEMPTED?**UNAFFECTED DISCLOSURE REQUIREMENTS FOR**

- IFRS 8 Operating Segments
- IFRS 17 Insurance Contracts
- IAS 33 Earnings per Share

MODIFIED DISCLOSURE REQUIREMENTS FOR

- IFRS 7 Financial Instruments: Disclosures
- IAS 7 Statement of Cash Flows

STATEMENT OF COMPLIANCE

Eligible subsidiary will state that it complies with IFRS and that it has applied IFRS 19