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Subject: Comments on Exposure draft of Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures

- 1) I welcome the opportunity provided for sending comments on exposure draft of Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures
- 2) My view considering fact pattern.

Question	Comments
<p>Question 1—Presentation and disclosure in financial statements (proposed amendments to paragraphs 137, 142–159 and 163 of IFRS 19, paragraph A3 in Appendix A of IFRS 19 and paragraph B8 of Appendix B of IFRS 19) Appendix A of IFRS 19 and paragraph B8 of Appendix B of IFRS 19)</p> <p>The IASB is proposing to retain the disclosure requirements in IFRS 19 relating to IFRS 18. The only substantial change proposed is to remove from IFRS 19 the requirements relating to management-defined performance measures. Instead, an eligible subsidiary that uses management-defined performance measures as defined in IFRS 18 would be required to apply the related disclosure requirements in IFRS 18. The IASB is also proposing to remove the disclosure objective in paragraph 137 of IFRS 19 relating to non-current liabilities with covenants.</p> <p>Paragraphs BC6–BC13 of the Basis for Conclusions on this Exposure Draft explain the IASB's rationale for this proposal.</p> <p>Do you agree with the proposal to remove from IFRS 19 the requirements for management-defined performance measures and to require an eligible subsidiary to disclose information</p>	<p>MDPM:- Agreeing on removal of management defined performance measures for entity whose transactions are only with group Companies.</p> <p>Not agreeing for Companies having transactions with outsiders it would be appropriate to provide MDPM for better understanding of standalone financial statement of subsidiaries.</p> <p>Also, for Companies having major source of funding by third parties &amp; equity from holding Company is very minimal it would be appropriate to provide MDPM</p> <p>Para 130 (a i - vi) is not required if it's a wholly owned subsidiary either directly by holding Company or Jointly with other group Companies</p> <p>Para 137 – agreed</p>

<p>about these measures if it uses them? If you disagree with this proposal, please explain your reasons.</p> <p>Are there any other disclosure requirements in IFRS 18 that, in your view, are not applicable to eligible subsidiaries and should therefore be removed from IFRS 19? If so, please specify the disclosure requirements and explain your reasons.</p> <p>Do you agree that following the removal of the disclosure objective in paragraph 137 of IFRS 19, the remaining requirements relating to non-current liabilities with covenants are sufficient and clear?</p>	
<p>Question 2—Supplier finance arrangements (proposed amendments to paragraphs 167–168 of IFRS 19)</p> <p>The IASB is proposing to retain the disclosure requirements in IFRS 19 relating to supplier finance arrangements, with some amendments. The IASB proposes to delete the disclosure objective previously included in paragraph 167 of IFRS 19, consistent with its decision not to include disclosure objectives in IFRS 19. It also proposes:</p> <p>(a) to add a new paragraph, paragraph 167A, which would include the description of supplier finance arrangements from paragraph 44G of IAS 7; and</p> <p>(b) to amend paragraph 168 of IFRS 19 to remove the reference to the disclosure objective.</p> <p>Paragraphs BC14–BC17 of the Basis for Conclusions on this Exposure Draft explain the IASB's rationale for these proposals.</p> <p>Do you agree that including explanatory text in paragraph 167A would be helpful to eligible subsidiaries that elect to apply IFRS 19? Please explain your reasons.</p> <p>Are there any other disclosure requirements that should be removed from IFRS 19? Please explain your reasons</p>	<p>Agreed</p> <p>Disclosure about terms of re-course if any to be included.</p> <p>Additionally, information about interest cost and whether borne by vendor or Company to be disclosed.</p> <p>Further basis of disclosure either as borrowing or trade payable to be given</p> <p>Details about limits agreed, limits utilised &amp; available limit as at year end to be disclosed for understanding the liquidity of payables part of this scheme.</p> <p>Details about movement of opening balance to closing balance is required to be disclosed in financials for understanding the volume of expenses/purchases funded by supplier finance, which will provide better understanding about liquidity of the Company to the user of the financial statements.</p> <p>Further certain country like India has local law related to supplier financing for Micro, Small and Medium enterprises through a regulated platform, information about country legal requirements to be included in financials.</p>
<p>Question 3—International tax reform—Pillar Two model rules (proposed amendments to paragraphs 198–199 of IFRS 19)</p> <p>The IASB is proposing to retain the disclosure requirements in IFRS 19 relating to the</p>	<p>Agreed</p>

<p>amendments to IAS 12 that introduced:</p> <p>(a) a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and</p> <p>(b) targeted disclosure requirements for affected entities.</p> <p>The only proposed change is to remove paragraph 198 of IFRS 19 and the reference to a disclosure objective in paragraph 199 of IFRS 19.</p> <p>Paragraphs BC18–BC21 of the Basis for Conclusions on this Exposure Draft explain the IASB’s rationale for this proposal.</p> <p>Do you agree that following the removal of reference to the disclosure objective, the disclosure requirements in paragraphs 196–199 of IFRS 19 are sufficient and clear? Please explain your reasons.</p>	
<p>Question 4—Lack of exchangeability (proposed amendments to paragraphs 221–223 of IFRS 19)</p> <p>The IASB is proposing to retain the disclosure requirements in IFRS 19 relating to the amendments for lack of exchangeability issued in August 2023. The IASB amended IAS 21 to require an entity to apply a consistent approach:</p> <p>(a) to assessing whether a currency is exchangeable into another currency; and</p> <p>(b) to determining the exchange rate to use and the disclosures to provide if a currency is not exchangeable.</p> <p>The only proposed change is to remove from IFRS 19 the disclosure objective and the reference to the amount of detail necessary to satisfy that objective.</p> <p>Paragraphs BC22–BC26 of the Basis for Conclusions on this Exposure Draft explain the IASB’s rationale for this proposal.</p> <p>Do you agree that following the removal of reference to the disclosure objective, the disclosure requirements in paragraphs 221–223 of IFRS 19 are sufficient and clear?</p>	<p>Agreed</p>

<p>Are there any other disclosure requirements that should be removed from IFRS 19? Please explain your reasons.</p>	
<p>Question 5—Financial instruments classification and measurement (no changes proposed)</p> <p>Paragraphs 56A–56D of IFRS 19 were added due to Amendments to the Classification and Measurement of Financial Instruments issued in May 2024. The paragraphs contain disclosure requirements relating to the effect of contractual terms that could change the amount of contractual cash flows as a result of a contingent event that does not directly relate to basic lending risks and costs (such as the time value of money or credit risk).</p> <p>The amendments to IFRS 19 were made without reducing the disclosure requirements. Having considered the amendments, the IASB proposes not to reduce the disclosure requirements because they provide users of eligible subsidiaries' financial statements with information about short-term cash flows and obligations, as well as solvency and liquidity.</p> <p>Paragraphs BC27–BC31 of the Basis for Conclusions on this Exposure Draft explain the IASB's rationale for this proposal.</p> <p>Do you have comments or suggestions on the proposal not to reduce the disclosure requirements introduced by the amendments to IFRS 7 issued in May 2024? Please explain your reasons.</p>	<p>Agreed</p>
<p>Question 6—Regulatory assets and regulatory liabilities</p> <p>An entity that applies IFRS 19 and the prospective RARL Standard will be required to apply the disclosure requirements in the prospective RARL Standard. The IASB is proposing to remove the disclosure requirements relating to IFRS 14, which were included in IFRS 19, when the prospective RARL Standard is issued and to amend paragraph 4(b) of IFRS 19 such that the disclosure requirements in the prospective RARL Standard remain applicable. These changes would be consequential amendments in the prospective RARL Standard.</p> <p>Table 1 describes the disclosure requirements the IASB has tentatively decided to include in the prospective RARL Standard. Eligible subsidiaries with regulatory assets and regulatory liabilities would be required to apply all these requirements if IFRS 19 were not amended to reduce the disclosure requirements. Table 1 also illustrates which requirements might be reduced if the</p>	<p>Para 11 of Table 11 to be included as it provides information unrecognised asset and liability which is required to be disclosed as per IAS 37</p> <p>BC37 is a welcome move for initial years till stabilisation of new RARL standards</p>

<p>IASB were instead to apply its principles for developing reduced disclosure requirements for entities applying IFRS 19.</p> <p>This Exposure Draft proposes no reductions in disclosure requirements relating to regulatory assets and regulatory liabilities at this stage.</p> <p>Paragraphs BC32–BC37 of the Basis for Conclusions on this Exposure Draft explain the IASB's rationale for these proposals.</p> <p>Are you aware of entities that have regulatory assets and regulatory liabilities within the scope of the IASB's project on rate-regulated activities that would be eligible to apply IFRS 19?</p> <p>Do you agree that an entity applying IFRS 19 and the prospective RARL Standard should be required to apply all the disclosure requirements in the prospective RARL Standard illustrated in Table 1? If you disagree, please suggest the disclosure requirements in Table 1 that an eligible subsidiary applying IFRS 19 should not be required to apply. Please explain your reasons.</p>	
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I concur that views stated above are my individual opinion and not of any organization where I am working or not of any committee or organization I am connected with.

Regards

Souder Rajan

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