

IFRS update paper

IFRS 19 Amendments and their Impact on Subsidiaries Without Public Accountability

October 2025



Introduction

In August 2025, the International Accounting Standards Board (IASB) introduced significant amendments to IFRS 19, the standard designed for subsidiaries without public accountability and their streamlined disclosure requirements. These changes represent a major step toward achieving a balance between robust financial reporting and the practical needs of subsidiaries operating within larger corporate groups. Building on the 'Early Impressions' we shared in May 2024¹, this paper takes a closer look at the nature of these amendments, the reasoning behind them, and what they mean in practice for subsidiaries, auditors, and corporate finance professionals.

Background: IFRS 19 Overview

IFRS 19, first issued in May 2024, was designed to offer a tailored reporting framework for subsidiaries that do not have public accountability but still prepare financial statements under IFRS. The standard's core objective is to ease the disclosure burden for these entities while ensuring that recognition and measurement principles remain aligned across the group.

Catching up on recent IFRS amendments

The amendments introduced in August 2025 represent the IASB's effort to update IFRS 19 by incorporating disclosure changes arising from IFRS standards issued between February 2021 and May 2024. This update ensures that IFRS 19 remains consistent with the broader, evolving IFRS Accounting Standards framework.

Key Updates Include

- Integration of reduced disclosure requirements for newly issued or amended IFRS standards after the publication of IFRS 19.
- Specific adjustments to disclosures related to:
 - IFRS 18 Presentation and Disclosure in Financial Statements
 - Supplier Finance Arrangements (via amendments to IAS 7 and IFRS 7)
 - International Tax Reform - Pillar Two Model Rules (IAS 12 amendments)
 - Lack of Exchangeability (IAS 21 amendments)
 - Changes in Classification and Measurement of Financial Instruments (IFRS 9, IFRS 7 amendments)

These updates primarily focus on eliminating redundant or excessive disclosures that are otherwise required under full IFRS, thereby reducing the reporting burden on subsidiaries without compromising transparency or comparability.

Rationale Behind the Amendments

The IASB acknowledges that subsidiaries without public accountability often struggle with extensive disclosure requirements, which are typically designed for publicly accountable entities or standalone financial statements. The recent amendments aim to address these challenges by:

- Streamlining disclosure to reflect the subsidiary's role within a consolidated group rather than a standalone entity.
- Avoiding duplication of disclosure provided at the group level.
- Allowing subsidiaries to comply with IFRS recognition and measurement principles while reporting with less voluminosity and complexity.

This balance supports efficient group reporting, reducing costs and effort without compromising the quality of financial information.

¹ <https://uniquis.com/wp-content/uploads/2024/05/IFRS-19-Subsidiaries-without-Public-Accountability-Disclosures.pdf>

Impact on Financial Reporting and Compliance

For Subsidiaries	For Auditors and Regulators
Reduced Disclosure Burden: Subsidiaries benefit from significant relief on extensive disclosures, helping them to focus on core accounting and measurement issues. Greater Efficiency: Simplified disclosure requirements help reduce audit complexity, save time, and lower costs, allowing subsidiaries to focus resources on activities that create value. Consistency and Comparability: Even with fewer disclosures, subsidiaries continue to apply IFRS measurement principles, ensuring their financial statements remain consistent and comparable within group reporting.	Clearer Reporting Boundaries: The amendments provide auditors with better clarity on the level of disclosures appropriate for subsidiaries, helping improve audit focus and efficiency. Regulatory Alignment: These changes also assist regulators in interpreting subsidiary reporting within consolidated group structures, strengthening oversight without imposing unnecessary compliance burdens.

Implementation and Effective Dates

The IFRS 19 amendments will take effect for annual reporting periods starting on or after January 1, 2027, in line with other updated IFRS standards. Early adoption is permitted, allowing jurisdictions and entities the flexibility to implement the changes sooner if desired.

Strategic Considerations for Organizations

Organizations should:

- Review which subsidiaries qualify to apply IFRS 19 with the recent amendments to optimize disclosure requirements.
- Revise internal reporting policies and adapt financial systems to reflect the amended IFRS 19 provisions.
- Communicate with auditors and regulators about the expected impact and timing of adoption.
- Use the streamlined reporting requirements to improve group consolidation processes and eliminate redundancies in financial reporting.

Ending note

The 2025 updates to IFRS 19 mark a deliberate step forward in refining financial reporting for subsidiaries without public accountability. By reducing unnecessary disclosures while maintaining consistency in measurement principles, these changes make reporting more efficient and cost-effective. This shift enables subsidiaries and their parent groups to redirect resources toward strategic financial priorities without sacrificing transparency or compliance.

Finance leaders, auditors, and regulators should take a proactive approach to understanding and implementing these amendments to fully realize their benefits and ensure a smooth transition within the evolving IFRS framework.





CHANGE THE WAY CONSULTING IS DONE

USA | INDIA | MIDDLE EAST

To know more about us, scan this code



or follow us on

