



27 July 2021

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

INVITATION TO COMMENT ON IASB EXPOSURE DRAFT
ED/2021/7 *Subsidiaries without Public Accountability: Disclosures*

Comments to be received by 17 December 2021

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the IASB Exposure Draft ED/2021/7 *Subsidiaries without Public Accountability: Disclosures*. The Exposure Draft (ED) is available on the Institute's website:

<https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Open-for-comment-documents/fred>

The International Accounting Standards Board (IASB) has proposed a new IFRS Standard that would permit eligible subsidiaries to apply IFRS Standards with a reduced set of disclosure requirements. The proposals respond to feedback from stakeholders and are designed to ease financial reporting for eligible subsidiaries while meeting the needs of the users of their financial statements.

The proposed Standard would be available to subsidiaries without public accountability—companies that are not financial institutions or listed on a stock exchange—whose parent company prepares consolidated financial statements applying IFRS Standards. These subsidiaries report to their parent company for consolidation purposes applying IFRS Standards. Electing to apply the proposed Standard would enable them to also use IFRS Standards when preparing their own financial statements but with reduced disclosures.

The proposals would save subsidiaries time and money by:

- eliminating the need to maintain an additional set of accounting records for reporting purposes— if the subsidiary currently does not apply IFRS Standards in its own financial statements; and
- reducing the disclosures required to comply with IFRS Standards.

The FRSC invites your comments on the ED by **17 December 2021** to allow your comments to be considered in developing its response to the IASB. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

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Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.