สภาวิชาชีพบัญชี ในพระบรมราชูปถัมภ์
FEDERATION OF ACCOUNTING PROFESSIONS
UNDER THE ROYAL PATRONAGE OF HIS MAJESTY THE KING

January 25, 2022

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board (IASB)
Columbus Building
7 Westferry Circus, Canary Wharf,
London E14 4HD, United Kingdom

Dear Mr. Hoogervorst,

Response on IFRS Standards Exposure Draft ED/2021/7 - Subsidiaries without Public Accountability Disclosures

The Thailand Federation of Accounting Professions would like to show our appreciation on the opportunity to response on **IFRS Standards Exposure Draft ED/2021/7 - Subsidiaries without Public Accountability Disclosures.** Overall, we agree with the objectives, scope, exceptions and disclosure requirements of the draft Standard. However, we propose some concerns to the application of this draft Standard.

Please find our responses to the specific survey raised in **IFRS Standards Exposure Draft ED/2021/7 - Subsidiaries without Public Accountability Disclosures** in an attachment. We believe that these responses will help the practitioners in the future and that our response will contribute positively to the IASB's due process. Should you need more information, please kindly contact the Thailand Federation of Accounting Professions.

The Thailand Federation of Accounting Professions avails itself of this opportunity to the International Accounting Standards Board the assurances of its highest consideration.

Yours sincerely,

Associate Professor Dr. Vorasak Toommanon
Chairman of Thai Accounting Standards Board
Thailand Federation of Accounting Professions
Bangkok, Thailand

133 ถนนสุขุมวิท 21(อโศก) แขวงคลองเตยเหนือ
เขตวัฒนา กรุงเทพมหานคร 10110
โทร : 0-2685-2500
http://www.tfac.or.th

133 SUKHUMVIT 21 (ASOK) ROAD, KLONGTOEI NUA,
WATTHANA DISTRICT, BANGKOK 10110 THAILAND
TEL: 0-2685-2500
http://www.tfac.or.th

IFRS Standards Exposure Draft ED/2021/7 - Subsidiaries without Public Accountability: Disclosures

Question 1—Objective
Paragraph 1 of the draft Standard proposes that the objective of the draft Standard Subsidiaries without Public Accountability: Disclosures is to permit eligible subsidiaries to apply the disclosure requirements in the draft Standard and the recognition, measurement and presentation requirements in IFRS Standards.
Do you agree with the objective of the draft Standard? Why or why not? If not, what objective would you suggest and why?

TFAC: We agree with the proposal.

Question 2—Scope
Paragraphs 6–8 of the draft Standard set out the proposed scope. Paragraphs BC12–BC22 of the Basis for Conclusions explain the Board's reasons for that proposal.
Do you agree with the proposed scope? Why or why not? If not, what approach would you suggest and why?

TFAC: We suggest that the Standard allows all non-public accountable entities to apply the reductions of disclosures (i.e. the scope is not limited to only subsidiaries who have an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Standards). The objective of the Standard is relevant to all entities without public accountability. In addition, by allowing all of non-public accountable entity will expand the use of IFRS and to effectively deal with the problem of excess and too much disclosures which maybe onerous to the non-public accountable entities and not needed by the principal users of the financial statements.

Question 3—Approach to developing the proposed disclosure requirements
Paragraphs BC23–BC39 of the Basis for Conclusions explain the Board’ s reasons for its approach to developing the proposed disclosure requirements. Do you agree with that approach? Why or why not? If not, what approach would you suggest and why?

TFAC: We agree with the disclosure principles developed for IFRS for SMEs. The less disclosures are less costly, relevant to content of non-publicly accountable subsidiaries, and consistent with users’ needs.

Question 4—Exceptions to the approach
Paragraphs BC40–BC52 of the Basis for Conclusions explain the Board's reasons for the exceptions to its approach to developing the proposed disclosure requirements. Exceptions (other than paragraph 130 of the draft Standard) relate to: • disclosure objectives (paragraph BC41); • investment entities (paragraphs BC42–BC45); • changes in liabilities from financing activities (paragraph BC46); • exploration for and evaluation of mineral resources (paragraphs BC47–BC49); • defined benefit obligations (paragraph BC50); • improvements to disclosure requirements in IFRS Standards (paragraph BC51); and • additional disclosure requirements in the IFRS for SMEs Standard (paragraph BC52). (a) Do you agree with the exceptions? Why or why not? If not, which exceptions do you disagree with and why? Do you have suggestions for any other exceptions? If so, what suggestions do you have and why should those exceptions be made? (b) Paragraph 130 of the draft Standard proposes that entities disclose a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. The proposed requirement is a simplified version of the requirements in paragraphs 44A–44E of IAS 7 *Statement of Cash Flows.* (i) Would the information an eligible subsidiary reports in its financial statements applying paragraph 130 of the draft Standard differ from information it reports to its parent (as required by paragraphs 44A–44E of IFRS 7) so that its parent can prepare consolidated financial statements? If so, in what respect? (ii) In your experience, to satisfy paragraphs 44A–44E of IAS 7, do consolidated financial statements regularly include a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities?

TFAC: We agree with all proposed exceptions to the approach, since different recognition and measurement may cause different disclosures, the detailed and additional information based on simplified requirements should be developed.

Question 5—Disclosure requirements about transition to other IFRS Standards
Any disclosure requirements specified in an IFRS Standard or an amendment to an IFRS Standard about the entity's transition to that Standard or amended Standard would remain applicable to an entity that applies the Standard. Paragraphs BC57–BC59 of the Basis for Conclusions explain the Board's reasons for this proposal. Do you agree with this proposal? Why or why not? If not, what approach would you suggest and why?

TFAC: We agree with the proposal. The disclosure requirements in each standard provide sufficient and useful information and transition.

Question 6—Disclosure requirements about insurance contracts
The draft Standard does not propose to reduce the disclosure requirements of IFRS 17 *Insurance Contracts*. Hence an entity that applies the Standard and applies IFRS 17 is required to apply the disclosure requirements in IFRS 17. Paragraphs BC61–BC64 of the Basis for Conclusions explain the Board's reasons for not proposing any reduction to the disclosure requirements in IFRS 17. (a) Do you agree that the draft Standard should not include reduced disclosure requirements for insurance contracts within the scope of IFRS 17? Why or why not? If you disagree, from which of the disclosure requirements in IFRS 17 should an entity that applies the Standard be exempt? Please explain why an entity applying the Standard should be exempt from the suggested disclosure requirements. (b) Are you aware of entities that issue insurance contracts within the scope of IFRS 17 and are eligible to apply the draft Standard? If so, please say whether such entities are common in your jurisdiction, and why they are not considered to be publicly accountable.

TFAC: We agree with the proposal for not including reduced disclosure for insurance contracts within the scope of IFRS 17. The complex and industry-specific standard should provide needed information. Reduced disclosure can be harmful for stakeholders.

In Thailand, insurance company is required to possess the applicable license and they are regarded as publicly accountable entity. Therefore, it would not be within the scope of this proposal. However, in other countries, regulators may need to consider to provide additional guideline in determining which insurance company eligible to apply this.

Question 7—Interaction with IFRS 1 *First-time Adoption of International Financial Reporting Standards*
Paragraphs 23–30 of the draft Standard propose reduced disclosure requirements that apply to an entity that is preparing its first IFRS financial statements and has elected to apply the Standard when preparing those financial statements. If a first-time adopter of IFRS Standards elected to apply the draft Standard, the entity would: • apply IFRS 1, except for the disclosure requirements in IFRS 1 listed in paragraph A1(a) of Appendix A of the draft Standard; and • apply the disclosure requirements in paragraphs 23–30 of the draft Standard. This approach is consistent with the Board's proposals on how the draft Standard would interact with other IFRS Standards. However, IFRS 1 differs from other IFRS Standards—IFRS 1 applies only when an entity first adopts IFRS Standards and sets out how a first-time adopter of IFRS Standards should make that transition. (a) Do you agree with including reduced disclosure requirements for IFRS 1 in the draft Standard rather than leaving the disclosure requirements in IFRS 1? Paragraphs 12–14 of the draft Standard set out the relationship between the draft Standard and IFRS 1. (b) Do you agree with the proposals in paragraphs 12–14 of the draft Standard? Why or why not? If not, what suggestions do you have and why?

TFAC: Including reduced disclosure requirements for IFRS1 will not change information required by users. Furthermore, the exemption provided by IFRS 1 must be followed by exemption of disclosures. Full disclosure may not be practical for subsidiaries without public accountability.

Question 8—The proposed disclosure requirements
Paragraphs 22–213 of the draft Standard set out proposed disclosure requirements for an entity that applies the Standard. In addition to your answers to Questions 4 to 7: (a) Do you agree with those proposals? Why or why not? If not, which proposals do you disagree with and why? (b) Do you recommend any further reduction in the disclosure requirements for an entity that applies the Standard? If so, which of the proposed disclosure requirements should be excluded from the Standard and why? (c) Do you recommend any additional disclosure requirements for an entity that applies the Standard? If so, which disclosure requirements from other IFRS Standards should be included in the Standard and why?

TFAC: We agree with all proposals. We do not have any further reduction in the disclosure requirements to recommend.

Question 9—Structure of the draft Standard
Paragraphs 22–213 of the draft Standard set out proposed disclosure requirements for an entity that applies the Standard. These disclosure requirements are organised by IFRS Standard and would apply instead of the disclosure requirements in other IFRS Standards that are listed in Appendix A. Disclosure requirements that are not listed in Appendix A that remain applicable are generally indicated in the draft Standard by footnote to the relevant IFRS Standard heading. Paragraphs BC68–BC70 explain the structure of the draft Standard. Do you agree with the structure of the draft Standard, including Appendix A which lists disclosure requirements in other IFRS Standards replaced by the disclosure requirements in the draft Standard? Why or why not? If not, what alternative would you suggest and why?

TFAC: The Structure of the Standard provides useful information for preparing consolidated financial statements and users of financial statements of subsidiaries without public accountability. We agree with proposals.

Question 10—Other comments
Do you have any other comments on the proposals in the draft Standard or other matters in the Exposure Draft, including the analysis of the effects (paragraphs BC92–BC101 of the Basis for Conclusions)?

TFAC: Since IASB separately proposed ED/2021/3 regarding new concept of disclosure requirements in IFRS standards a pilot approach, we ask the Board to review this proposal to ensure the alignment between this proposal and ED/2021/3.