

19 January 2022

Mr Andreas Barckow
Chairman of the International Accounting Standards Board
IFRS Foundation
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Submitted to: www.ifrs.org

Dear Andreas

ED/2021/7 *Subsidiaries without Public Accountability: Disclosures*

Thank you for the opportunity to comment on ED/2021/7 *Subsidiaries without Public Accountability: Disclosures* (the ED). The ED has been exposed for comment in New Zealand and some New Zealand constituents may comment directly to you.

The purpose of this comment letter is to express our support for this project. We agree with the objective of the project and the approach taken to identifying the reduced disclosures. We also support the proposed standard being updated for the disclosures in new and amending IFRS Standards. We welcome the development of an IFRS Standard which will simplify and reduce the cost of financial reporting for certain entities by providing for reduced disclosure requirements.

However, we recommend that the IASB reconsiders the scope of the proposals and broadens it to all entities without public accountability.

In New Zealand, legislation specifies which entities are required to prepare financial statements that comply with generally accepted accounting practice (GAAP). GAAP for for-profit entities comprises New Zealand equivalents to IFRS® Standards (NZ IFRS) and some domestic standards to cater for the New Zealand regulatory environment. Entities that do not have public accountability apply the recognition and measurement requirements in NZ IFRS but are permitted to make fewer disclosures for cost:benefit reasons. This is because the recognition and measurement requirements in NZ IFRS are considered to be more appropriate for these entities than the requirements in the *IFRS for SMEs* Standard. These entities comprise entities that are not subsidiaries, as well as entities that are subsidiaries of a parent entity that prepares financial statements that comply with IFRS Standards and are available for public use.

There are other jurisdictions that have similar financial reporting requirements that are the same as those in New Zealand that would benefit from the scope of the proposed standard being broadened.

This could be achieved by extending the scope of the proposals to all entities without public accountability that apply the recognition and measurement requirements in national standards that are equivalent to IFRS Standards. This would enable the proposed standard to be adopted in jurisdictions that have not adopted the *IFRS for SMEs* Standard but which have reduced disclosure requirements for entities that do not have public accountability.

We have not answered the questions in the Invitation to Comment, nor have we considered the proposed disclosures in detail.

If you have any queries or require clarification of any matters in this letter, please contact staff (Vanessa.Sealy-Fisher@xrb.govt.nz) or me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Carolyn Cordery', with a stylized flourish at the end.

Carolyn Cordery
Chair – New Zealand Accounting Standards Board