

EFRAG – European Financial Reporting Advisory Group
35 Square de Meeûs
B-1000 Brussels
Att.: Filipe Alves

By e-mail: filipe.alves@efrag.org

14 January 2022

Dear Filipe Alves,

**EFRAG's Draft Comment Letter on IASB's Exposure Draft ED/2021/7
*Subsidiaries without Public Accountability: Disclosures***

The Danish Accounting Standards Committee ('DASC') set up by FSR – Danish Auditors ('FSR' or 'FSR – danske revisorer') is pleased to respond to EFRAG's Draft Comment Letter (the 'DCL') on the IASB's *Exposure Draft ED/2021/7 Subsidiaries without Public Accountability: Disclosures* (or 'SWPA').

In general, DASC agrees with and supports the DCL prepared by EFRAG.

As pointed out at the Danish outreach held in cooperation with the IASB, EFRAG, Danish Confederation of Industries and FSR – Danish Auditors, Danish constituents agree with the alternative view of Ms Françoise Flores on the SWPA Exposure Draft set out in the Basis for Conclusions.

DASC also favours that all non-public accountable entities be permitted to apply the proposals in the [draft] Standard and not only subsidiaries that have an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Standards.

In the appendix to this letter, we have provided our comments to the Questions to Constituents. We also refer to comments received at the outreach held in cooperation with the IASB, EFRAG, Danish Confederation of Industries and FSR – Danish Auditors and refer to the summary report prepared by EFRAG staff which also contains viewpoints of Danish stakeholders.

If you have any questions or comments, please do not hesitate to contact us.

Kind regards,

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DASC Chairman

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APPENDIX

Questions to Constituents

12 This (draft) Standard would allow subsidiaries without public accountability to make a transition to IFRSs adopting a reduced set of disclosure. On the one hand, it has been observed that such entities would however have to continue to produce a detailed set of disclosure to prepare their reporting package for the parent company that produces full IFRSs. But on the other hand, the level of materiality at group level will be different from the materiality at subsidiary level. Do you expect any incremental benefits for the European companies in your jurisdiction? Please detail.

DASC believes it is a good proposal and believes there will be benefits. From a Danish perspective, however, benefits may be minor compared to other European countries. The reason being that DK GAAP in general is interpreted using IFRS recognition and measurement. For example, most recently companies could use IFRS 15 and IFRS 16 to interpret DK GAAP if not in conflict with the European Accounting Directive. This also goes for other areas of the law.

37 Considering the advantages and disadvantages identified above and the EU accounting legislation, do you prefer a different scope? If so, please specify your preference.

As mentioned in the introduction, DASC prefers to widen the scope in line with the alternative view of Ms Françoise Flores.

47 Do you foresee any incompatibilities between the IASB's proposals included in the ED (e.g., use of the term 'public accountability') and EU accounting legislation, such as Regulation (EC) No 1606/2002 or the Directive 2013/34/EU (e.g., use of the term 'Public Interest Entities')?

DASC believes there is a potential for incompatibility given that in DASC's view, the term 'public accountability' is wider (and hence, would potentially capture more entities) than the term 'Public Interest Entities'.

65 Would the information required by paragraph 130 of the ED (reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities) differ from the information reported by the parent (as required by paragraphs 44A–44E of IAS 7)? If so, in what respect?

DASC members could not recall having seen examples that the information required by paragraph 130 of the ED differs from the information reported by the parent.

66 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?

In DASC's view no.

84 In your jurisdiction, are there entities that issue insurance contracts within the scope of IFRS 17 and are eligible to apply the IASB's proposals? If so, please provide details on which entities would be in the scope, the nature of insurance activities they undertake and how common they are. What simplifications to disclosure requirements of IFRS 17 would you propose for those entities?

In DASC's view no.