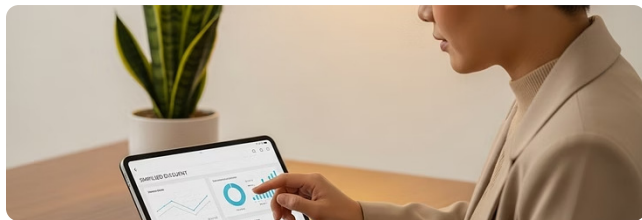


FRS 119: *Subsidiaries without Public Accountability:* *Disclosures*

Newsletter, July 2025

INTRODUCTION

This newsletter explores the key aspects of FRS 119, including what it covers, who stands to benefit, its effective date, eligibility criteria, and how to assess public accountability. Stay informed on how this new standard may impact your financial reporting approach.



WHAT IS THIS ABOUT?

FRS 119 is a new accounting standard designed to simplify the disclosure requirements for eligible subsidiaries that are not publicly accountable. The main purpose is to enable these subsidiaries to adhere to FRS with a reduced set of disclosures, easing the reporting burden while still ensuring that financial statements provide relevant and reliable information to stakeholders.



The standard aims to streamline financial reporting by providing a reduced set of disclosures for non-publicly accountable subsidiaries, making compliance easier while maintaining transparency.

WHO CAN BENEFIT?

FRS 119 benefits subsidiaries without public accountability that have an FRS-compliant parent company (the entity that controls one or more entities). The standard allows eligible subsidiaries to use reduced disclosures while keeping full FRS recognition and measurement.

This includes entities controlled by a parent that prepares FRS-compliant consolidated financial statements, easing their reporting burden significantly.

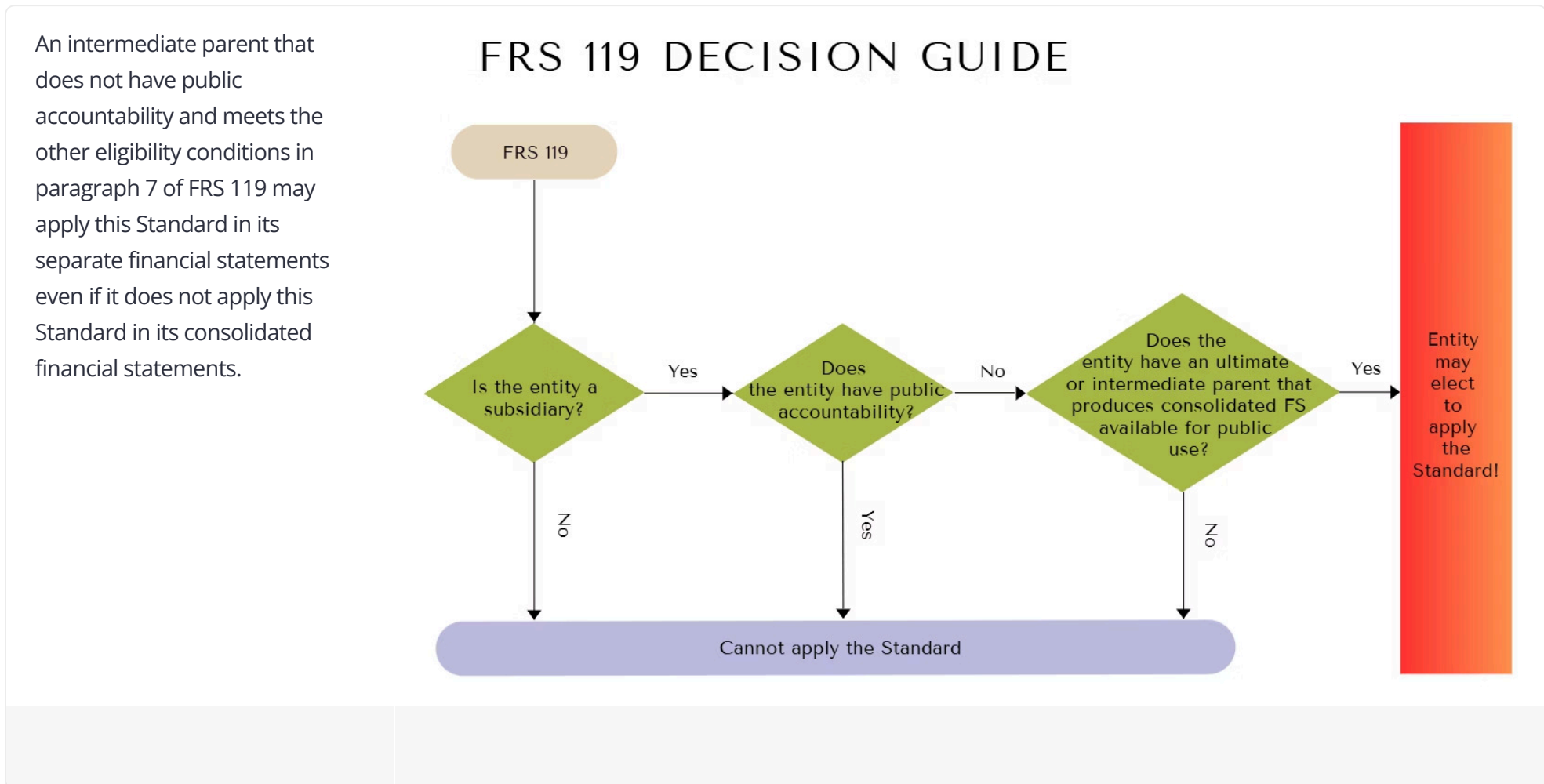
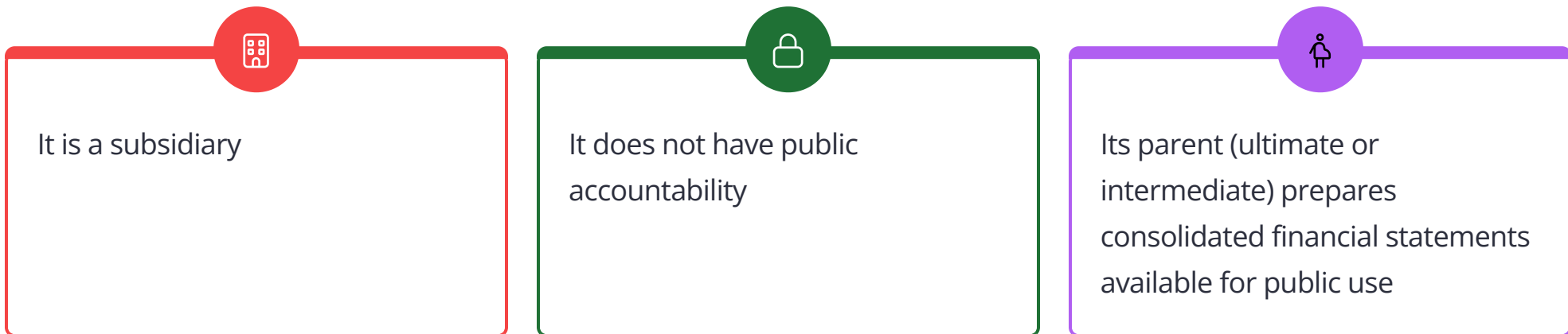


WHEN IS THE EFFECTIVE DATE?

FRS 119 becomes effective for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

WHO IS ELIGIBLE?

An entity may apply the Standard in its consolidated, separate, or individual financial statements only if all the following are true at the reporting date:



Definitions of 'subsidiary' and 'group' are in FRS 110 Appendix A

A subsidiary is an entity that is controlled by another entity. A group consists of a parent and its subsidiaries.

An intermediate parent assesses eligibility independently in its separate financial statements, regardless of whether other group entities, or the group as a whole, have public accountability.

An intermediate parent can apply the Standard in its separate financials if:

- It has no public accountability, and
- It meets all other conditions in paragraph 7 — even if it does not apply the Standard in its consolidated financials.

HOW TO DETERMINE WHETHER AN ENTITY HAS PUBLIC ACCOUNTABILITY?

An entity is considered publicly accountable if it:



1) Public Trading

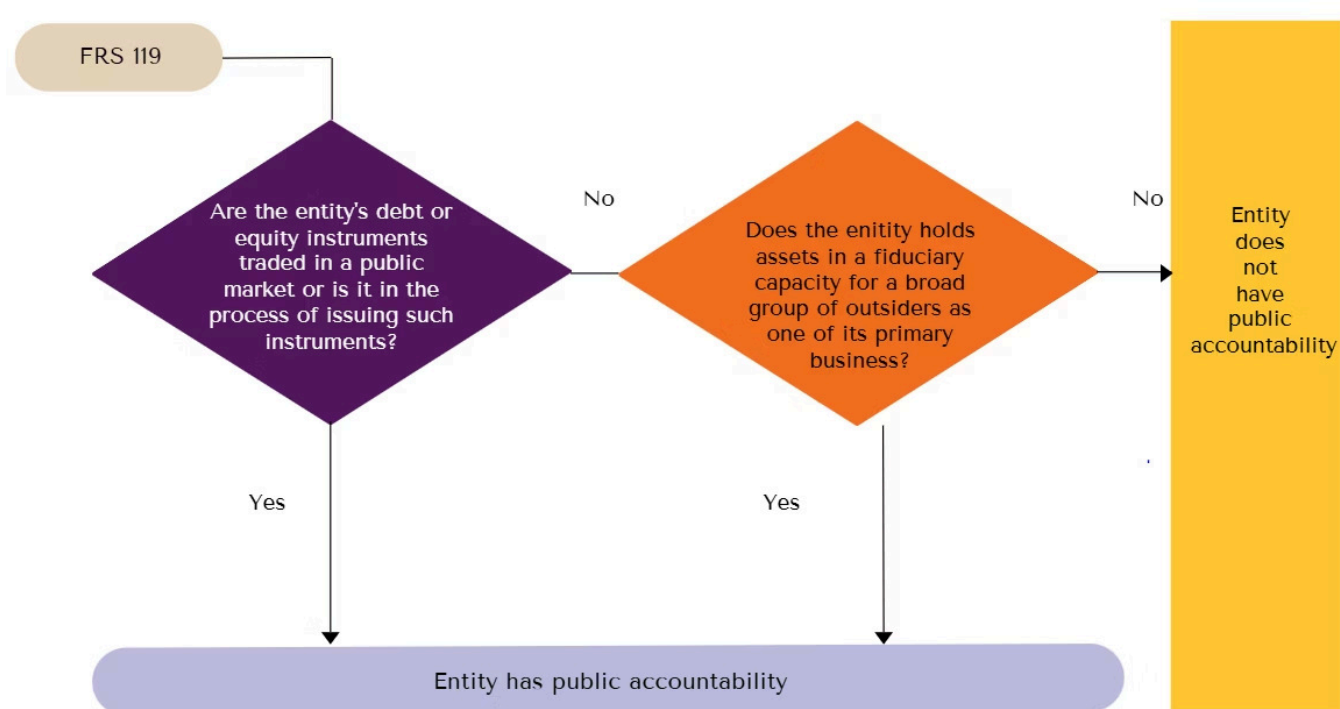
Trades (or is in the process of trading) its debt or equity instruments in a public market.



2) Fiduciary Capacity

Holds assets in a fiduciary capacity for a broad group of outsiders as a core business (e.g., banks, insurers, mutual funds).

FRS 119 DECISION GUIDE



Entities holding assets in a fiduciary capacity for clients or members are not necessarily publicly accountable. If such activities are incidental to their main business—like in the case of travel agents, schools, charities, co-ops, or utility companies—they are generally not considered publicly accountable.

✔ Part 2, to be issued in the coming weeks, will delve into the election or revocation of FRS 119, its interaction with FRS 101, and key considerations for compliance with Financial Reporting Standards.

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