

Appendix A**Possible redraft of disclosure about encumbered assets, including basis for redrafting**

| <i>Existing disclosure guidance in IFRS</i> | <i>Possible redraft of disclosure guidance to replace existing guidance</i> |
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| <p><i>IFRS 7 Financial Instruments: Disclosures</i></p> <p>14 An entity shall disclose:</p> <p> (a) the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with paragraph 37(a) of IAS 39; and</p> <p> (b) the terms and conditions relating to its pledge.</p> <p><i>IAS 16 Property, Plant and Equipment</i></p> <p>74 The financial statements shall also disclose:</p> <p> (a) the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities;</p> <p> (b) ...</p> <p><i>IAS 38 Intangible Assets</i></p> <p>122 An entity shall also disclose:</p> <p> (a) ...</p> <p> (d) the existence and carrying amounts of intangible assets whose title is restricted and the carrying amounts of intangible assets pledged as security for liabilities.</p> <p> (e) ...</p> | <p>Financing activities</p> <p><i>Encumbered assets</i></p> <p>C1 The entity shall disclose information about encumbered assets that enables users to differentiate the assets that were used to support funding or collateral needs at the end of the reporting period from those that were available for potential funding needs.</p> <p>C2 Encumbered assets are:</p> <p> (a) assets that have been pledged as collateral; and</p> <p> (b) assets that an entity believes it was restricted from using to secure funding, for legal or other reasons. These other reasons may include market practice or sound risk management and should be described by the entity.</p> |

IFRS 6 *Exploration for and Evaluation of Mineral Resources*

- 25 An entity shall treat exploration and evaluation assets as a separate class of assets and make the disclosures required by either IAS 16 or IAS 38 consistent with how the assets are classified.

IAS 2 *Inventories*

36 **The financial statements shall disclose:**

- (a) ...
- (h) **the carrying amount of inventories pledged as security for liabilities.**

IAS 40 *Investment Property*

75 **An entity shall disclose:**

- (a) ...
- (g) **the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.**
- (h) ...

IAS 41 *Agriculture*

49 **An entity shall disclose:**

- (a) **the existence and carrying amounts of biological assets whose title is restricted, and the carrying amounts of biological assets pledged as security for liabilities;**
- (b) ...

Appendix B

Possible redraft of existing roll-forward guidance in IFRS, including basis for redrafting

| <i>Existing disclosure guidance in IFRS</i> | <i>Possible redraft of disclosure guidance to replace existing guidance</i> |
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| <p>IAS 16 Property, Plant and Equipment</p> <p>73 The financial statements shall disclose, for each class of property, plant and equipment:</p> <p>(a) ...</p> <p>(e) a reconciliation of the carrying amount at the beginning and end of the period showing:</p> <p>(i) additions;</p> <p>(ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals;</p> <p>(iii) acquisitions through business combinations;</p> <p>(iv) increases or decreases resulting from revaluations under paragraphs 31, 39 and 40 and from impairment losses recognised or reversed in other comprehensive income in accordance with IAS 36;</p> <p>(v) impairment losses recognised in profit or loss in accordance with IAS 36;</p> <p>(vi) impairment losses reversed in profit or loss in accordance with IAS 36;</p> <p>(vii) depreciation;</p> <p>(viii) the net exchange differences arising on the translation of the financial statements from the functional currency into a different presentation currency, including the translation of a foreign operation into the presentation</p> | <p>Operating capacity</p> <p><i>Operating assets used by the entity to generate future revenue</i></p> <p>D1 The entity shall disclose information that enables users to understand the changes in recognised operating assets used by the entity to generate future revenue.¹</p> <p>D2 To achieve the objective in paragraph D1, the entity shall:</p> <p>(a) consider the disclosure of sufficient quantitative information about the movements between the opening and closing balances for each significant class of operating assets in a table, unless another format is more appropriate.</p> <p>(b) provide narrative information that is useful to understand any significant increase or decrease in an entity's operating capacity to generate future revenue.</p> <p>D3 The entity shall disclose further information that is relevant to an understanding of the entity's operating assets used to generate future revenue but that is not depicted in the statement of financial position, including:</p> <p>(a) information about temporarily idle operating assets and assets under construction;</p> <p>(b) information about fully depreciated or fully amortised operating assets that are still in use to generate future revenue; and</p> <p>(c) contractual commitments of future acquisition of operating assets.</p> |

¹ An alternative term could be 'operating income' instead of 'revenue'.

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| | <p>currency of the reporting entity; and</p> <p>(ix) other changes.</p> | |
| 74 | <p>The financial statements shall also disclose:</p> <p>(a) ...</p> <p>(c) the amount of contractual commitments for the acquisition of property, plant and equipment; and</p> <p>(d) if it is not disclosed separately in the statement of comprehensive income, the amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit or loss.</p> <p>...</p> | |
| 79 | <p>Users of financial statements may also find the following information relevant to their needs:</p> <p>(a) the carrying amount of temporarily idle property, plant and equipment;</p> <p>(b) the gross carrying amount of any fully depreciated property, plant and equipment that is still in use;</p> <p>(c) ...</p> <p>Therefore, entities are encouraged to disclose these amounts.</p> | |
| IAS 38 <i>Intangible Assets</i> | | |
| 118 | <p>An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:</p> <p>(a) ...</p> <p>(e) a reconciliation of the carrying amount at the beginning and end of the period showing:</p> <p>(i) additions, indicating separately those from internal development, those acquired separately, and those acquired through business combinations;</p> <p>(ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with</p> | |

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| | <p>IFRS 5 and other disposals;</p> <ul style="list-style-type: none"> (iii) increases or decreases during the period resulting from revaluations under paragraphs 75, 85 and 86 and from impairment losses recognised or reversed in other comprehensive income in accordance with IAS 36 (if any); (iv) impairment losses recognised in profit or loss during the period in accordance with IAS 36 (if any); (v) impairment losses reversed in profit or loss during the period in accordance with IAS 36 (if any); (vi) any amortisation recognised during the period; (vii) net exchange differences arising on the translation of the financial statements into the presentation currency, and on the translation of a foreign operation into the presentation currency of the entity; and (viii) other changes in the carrying amount during the period. <p>...</p> | |
| 122 | <p>An entity shall also disclose:</p> <ul style="list-style-type: none"> (a) ... (b) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements. (c) ... (e) the amount of contractual commitments for the acquisition of intangible assets. <p>...</p> <p>Other information</p> | |
| 128 | <p>An entity is encouraged, but not required, to disclose the following information:</p> <ul style="list-style-type: none"> (a) a description of any fully amortised intangible asset that is still in use; and (b) a brief description of significant intangible assets controlled by the | |

entity but not recognised as assets because they did not meet the recognition criteria in this Standard or because they were acquired or generated before the version of IAS 38 *Intangible Assets* issued in 1998 was effective.

IFRS 6 *Exploration for and Evaluation of Mineral Resources*

- 25 An entity shall treat exploration and evaluation assets as a separate class of assets and make the disclosures required by either IAS 16 or IAS 38 consistent with how the assets are classified.

IAS 2 *Inventories*

36 The financial statements shall disclose:

- (a) ...
- (d) the amount of inventories recognised as an expense during the period;
- (e) the amount of any write-down of inventories recognised as an expense in the period in accordance with paragraph 34;
- (f) the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories recognised as expense in the period in accordance with paragraph 34;
- (g) the circumstances or events that led to the reversal of a write-down of inventories in accordance with paragraph 34; and
- (h) ...

IAS 40 *Investment Property*

- 76 In addition to the disclosures required by paragraph 75, an entity that applies the fair value model in paragraphs 33–55 shall disclose a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing the following:
- (a) additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure

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| | <p>recognised in the carrying amount of an asset;</p> <ul style="list-style-type: none"> (b) additions resulting from acquisitions through business combinations; (c) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals; (d) net gains or losses from fair value adjustments; (e) the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity; (f) transfers to and from inventories and owner-occupied property; and (g) other changes. <p>...</p> | |
| 79 | <p>In addition to the disclosures required by paragraph 75, an entity that applies the cost model in paragraph 56 shall disclose:</p> <ul style="list-style-type: none"> (a) ... (d) a reconciliation of the carrying amount of investment property at the beginning and end of the period, showing the following: <ul style="list-style-type: none"> (i) additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognised as an asset; (ii) additions resulting from acquisitions through business combinations; (iii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals; (iv) depreciation; (v) the amount of impairment losses recognised, and the amount of impairment losses reversed, during the period in accordance with IAS 36; (vi) the net exchange differences arising on the translation of | |

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| | <p>the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity;</p> <p>(vii) transfers to and from inventories and owner-occupied property; and</p> <p>(viii) other changes; and</p> | |
| | IAS 41 <i>Agriculture</i> | |
| 49 | <p>An entity shall disclose:</p> <p>(a) ...</p> <p>(b) the amount of commitments for the development or acquisition of biological assets; and</p> <p>(c) ...</p> | |
| 50 | <p>An entity shall present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include:</p> <p>(a) the gain or loss arising from changes in fair value less costs to sell;</p> <p>(b) increases due to purchases;</p> <p>(c) decreases attributable to sales and biological assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5;</p> <p>(d) decreases due to harvest;</p> <p>(e) increases resulting from business combinations;</p> <p>(f) net exchange differences arising on the translation of financial statements into a different presentation currency, and on the translation of a foreign operation into the presentation currency of the reporting entity; and</p> <p>(g) other changes.</p> | |
| ... | | |
| 55 | <p>If, during the current period, an entity measures biological assets at their cost less any accumulated depreciation and any accumulated impairment losses (see paragraph 30), an entity shall disclose any gain or loss</p> | |

recognised on disposal of such biological assets and the reconciliation required by paragraph 50 shall disclose amounts related to such biological assets separately. In addition, the reconciliation shall include the following amounts included in profit or loss related to those biological assets:

- (a) impairment losses;**
- (b) reversals of impairment losses; and**
- (c) depreciation.**