



## International Financial Reporting Standards



# Upcoming IFRS Taxonomy Update *Disclosure Initiative (Amendments to IAS 7)*

Richard Fraser – Assistant Technical Manager

\* IFRS Taxonomy is a trade mark of the IFRS Foundation

The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

## Aim of this agenda topic

---

2

- To update members of the ITCG on the changes to the IFRS Taxonomy to reflect the amendments to IAS 7

February 2016

International Financial Reporting Standards

# Final Amendments to IAS 7

The views expressed in this presentation are those of the presenter,  
not necessarily those of the IASB or IFRS Foundation



# The objective of the disclosure

- Feedback received on the 2014 Exposure Draft revealed that the proposal **should include a disclosure objective**
- In agreement with this feedback, the Board decided to **include a disclosure objective** to reflect how this disclosure meets the needs of **users of financial statements**

‘An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.’

## Additional illustrative example

---

- Some respondents to the 2014 Exposure Draft stated that the proposed example was **too simplistic**
- To address this feedback, the Board **inserted a further illustrative example**
- This has resulted in **two additional members being added to the IFRS Taxonomy**:
  - Short-term borrowings [member]
  - Assets held to hedge liabilities arising from financing activities [member]

# Additional illustrative example – cntd.

6

	20X1	Cash flows	Non-cash changes			20X2
			Acquisition	Foreign exchange movement	Fair value changes	
Long-term borrowings	22,000	(1,000)	—	—	—	21,000
Short-term borrowings	10,000	(500)	—	200	—	9,700
Lease liabilities	4,000	(800)	300	—	—	3,500
Assets held to hedge long-term borrowings	(675)	150	—	—	(25)	(550)
<b>Total liabilities from financing activities</b>	<b>35,325</b>	<b>(2,150)</b>	<b>300</b>	<b>200</b>	<b>(25)</b>	<b>33,650</b>

# Application to financial institutions

- The Exposure Draft stated that ‘An entity shall provide a reconciliation of the amounts in the opening and closing statements of financial position...’
- Feedback received from financial institutions suggested that this would have **little or no relevance to users of their financial statements** for the following reasons:
  - Some sources of their finance are **classified as financing activities**, while others, such as **deposits from customers**, are classified as **operating cash flows**
  - **Other disclosure requirements** may already provide **sufficient disclosure about an entity’s financing structure**, for example, **comprehensive regulatory requirements**

## Application to financial institutions – contd.

---

8

- After taking this feedback into consideration, the Board decided that the disclosure requirement **can be satisfied in various ways and not only by providing a reconciliation**
- The Board therefore decided that **providing a reconciliation is one way to fulfil the disclosure requirement** but should not be mandatory
- As a result, the **reconciliation elements in the IFRS Taxonomy** will now have **‘example’** rather than **‘disclosure’** references



## Impact on the Taxonomy

- The **impact of the changes** between the Exposure Draft and the final Amendment to IAS 7 on the IFRS Taxonomy is **not significant**
- The **wording used** in the final amendment has been **slightly changed** in comparison to the ED, for example:

‘items for which cash flows are classified as financing activities, excluding equity items’ has now become ‘liabilities arising from financing activities’

## Removed disclosures

---

- The Exposure Draft proposed **additional disclosure requirements about an entity's liquidity** such as **restrictions that affect an entity's decision to use cash and cash equivalent balances**
- As a result of feedback received, the Board decided that **further work is needed** before it can **determine whether and how to finalise requirements arising from that proposal**
- In order not to delay the amendments to IAS 7 relating to liabilities from financing activities, the Board decided **not to address liquidity within the January amendments**

## Upcoming release

---

- When?
  - April 2016
- Final amendment **not included** in annual IFRS Taxonomy 2016
  - the amendment was **published after the Bound Volume cut-off date**
- No public consultation
  - this amendment was **part of a due-process trial** that included **consultation on the Exposure Draft stage only**

### QUESTION

Do you have any questions/comments on the **planned changes to the IFRS Taxonomy?**

INDIVIDUAL  
VIEW  
expressions  
feedback a  
dividual comments  
questions or  
ndividual  
omments  
xpressions of  
dividual views

question  
expressions of individual vie  
questions or  
ndividual  
omments  
questions or comments  
expressions of individual views  
questions or individual comments

individual comments  
questions  
expressions of individual views  
comment  
feedback  
questions  
feedback  
questions or comments  
expressions of individual views  
questions  
expressions of individual views  
questions and viewpoints  
feedback and comments