



Disclosure Initiative (Amendments to NZ IAS 7)

This Standard was issued on 12 May 2016 by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013.

This Standard is a disallowable instrument for the purposes of the Legislation Act 2012, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 9 June 2016.

Reporting entities that are subject to this Standard are required to apply the Standard in accordance with the effective date set out in Part C.

In finalising this Standard, the New Zealand Accounting Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

This Standard has been issued to amend NZ IAS 7 *Statement of Cash Flows* for Tier 1 and Tier 2 for-profit entities as a result of changes to IAS 7 *Statement of Cash Flows*.

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The following is available within New Zealand on the XRB website as additional material:

Approval by the IASB of *Disclosure Initiative* (Amendments to IAS 7) issued in January 2016

Amendments to The Basis for Conclusions on IAS 7 *Statement of Cash Flows*

Dissenting Opinion

Amendments to the Illustrative Examples accompanying IAS 7 *Statement of Cash Flows*

Consequential Amendment to the Guidance on Implementing IAS 1 *Presentation of Financial Statements*

Part A

Introduction

This Standard sets out amendments to NZ IAS 7 *Statement of Cash Flows*.

These amendments update and finalise proposals in IASB Exposure Draft ED/2014/6 *Disclosure Initiative* (Amendments to IAS 7) that was issued in December 2014.

The amendments introduce a reconciliation of net debt as a result of the *Disclosure Initiative* project undertaken by the IASB, with effect from annual reporting periods on or after 1 January 2017.

Part B

Scope

This Standard applies to Tier 1 and Tier 2 for-profit entities.

Amendments to NZ IAS 7 *Statement of Cash Flows*

Paragraphs 44A–44E and the related heading are added. Paragraph 60 is also added.

Changes in liabilities arising from financing activities

- 44A** 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.
- 44B** To the extent necessary to satisfy the requirement in paragraph 44A, an entity shall disclose the following changes in liabilities arising from financing activities:
- (a) changes from financing cash flows;
 - (b) changes arising from obtaining or losing control of subsidiaries or other businesses;
 - (c) the effect of changes in foreign exchange rates;
 - (d) changes in fair values; and
 - (e) other changes.
- 44C** Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. In addition, the disclosure requirement in paragraph 44A also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.
- 44D** One way to fulfil the disclosure requirement in paragraph 44A is by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including the changes identified in paragraph 44B. Where an entity discloses such a reconciliation, it shall provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows.
- 44E** If an entity provides the disclosure required by paragraph 44A in combination with disclosures of changes in other assets and liabilities, it shall disclose the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities.

Effective date

- ...
- 60** *Disclosure Initiative* (Amendments to NZ IAS 7), issued in May 2016, added paragraphs 44A–44E. An entity shall apply those amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted. When the entity first applies those amendments, it is not required to provide comparative information for preceding periods.

Part C

Effective date

This Standard is effective for annual reporting periods beginning on or after 1 January 2017. Earlier application is permitted.