



NZ ACCOUNTING  
STANDARDS  
BOARD

## ***RDR NZ IFRS 16 and NZ IAS 7***

This Standard was issued on 12 July 2018 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 August 2018.

For-profit reporting entities that are subject to this Standard are required to apply it in accordance with the effective date, which is 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 provides disclosure concessions for Tier 2 for-profit entities applying NZ IFRS 16 *Leases* and NZ IAS 7 *Statement of Cash Flows*.

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ISBN 978-0-947505-53-0

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## Part A

### Introduction

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This Standard contains disclosure concessions for Tier 2 for-profit entities applying NZ IFRS 16 *Leases* and NZ IAS 7 *Statement of Cash Flows*.

## Part B – Amendments to NZ IFRS 16 and NZ IAS 7

### Scope

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This Standard applies to Tier 2 for-profit entities.

### Amendments to NZ IFRS 16 Leases

Paragraphs 54, 58, 90(b) and 91 are amended and paragraphs RDR 54.1 and RDR 90.1. are added. New text is underlined.

### Lessee

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#### Disclosure

51

...

\*54

A lessee shall provide the disclosures specified in paragraph 53 in a tabular format, unless another format is more appropriate. The amounts disclosed shall include costs that a lessee has included in the carrying amount of another asset during the reporting period.

RDR 54.1 The amounts disclosed in accordance with paragraph 53 shall include costs that a Tier 2 lessee has included in the carrying amount of another asset during the reporting period.

...

\*58

A lessee shall disclose a maturity analysis of lease liabilities applying paragraphs 39 and B11 of NZ IFRS 7 *Financial Instruments: Disclosures* separately from the maturity analyses of other financial liabilities.

...

### Lessor

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#### Disclosure

89

...

90

A lessor shall disclose the following amounts for the reporting period:

(a) for finance leases:

(i) selling profit or loss;

(ii) finance income on the net investment in the lease; and

(iii) income relating to variable lease payments not included in the measurement of the net investment in the lease.

\*(b) for operating leases, lease income, separately disclosing income relating to variable lease payments that do not depend on an index or a rate.

RDR 90.1 For operating leases, a Tier 2 entity shall disclose lease income.

\*91

A lessor shall provide the disclosures specified in paragraph 90 in a tabular format, unless another format is more appropriate.

...

In Appendix B paragraphs B50(a), B50(b), B50(d), B51(a), B51(b), B51(d) and B52 are amended. New text is underlined.

## Appendix B Application guidance

*This appendix is an integral part of the Standard. It describes the application of paragraphs 1–103 and has the same authority as the other parts of the Standard.*

### Lessee disclosures (paragraph 59)

- B48 ...
- B50 Additional information relating to extension options or termination options that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:
- \*(a) the lessee's reasons for using extension options or termination options and the prevalence of those options;
  - \*(b) the relative magnitude of *optional lease payments* to lease payments;
  - (c) the prevalence of the exercise of options that were not included in the measurement of lease liabilities; and
  - \*(d) other operational and financial effects of those options.
- B51 Additional information relating to residual value guarantees that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:
- \*(a) the lessee's reasons for providing residual value guarantees and the prevalence of those guarantees;
  - \*(b) the magnitude of a lessee's exposure to residual value risk;
  - (c) the nature of underlying assets for which those guarantees are provided; and
  - \*(d) other operational and financial effects of those guarantees.
- \*B52 Additional information relating to sale and leaseback transactions that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:
- (a) the lessee's reasons for sale and leaseback transactions and the prevalence of those transactions;
  - (b) key terms and conditions of individual sale and leaseback transactions;
  - (c) payments not included in the measurement of lease liabilities; and
  - (d) the cash flow effect of sale and leaseback transactions in the reporting period.

In Appendix C paragraph NZ C1.1 is added. New text is underlined.

## Appendix C Effective date and transition

*This appendix is an integral part of the Standard and has the same authority as the other parts of the Standard.*

### Effective date

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C1 ...

NZ C1.1 *RDR NZ IFRS 16 and NZ IAS 7, issued in July 2018, amended paragraphs 54, 58, 90(b), 91, B50(a), B50(b), B50(d), B51(a), B51(b), B51(d) and B52, and added paragraphs RDR 54.1 and RDR 90.1. A Tier 2 entity*

may elect to apply those disclosure concessions for annual periods beginning on or after 1 January 2019. Early application is permitted.

## Amendments to NZ IAS 7 *Statement of Cash Flows*

Paragraphs 44A to 44E are amended and paragraph NZ 61.1 is added. New text is underlined.

### 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

53 ...

NZ 61.1 RDR NZ IFRS 16 and NZ IAS 7, issued in July 2018, amended paragraphs 44A to 44E. A Tier 2 entity may elect to apply those disclosure concessions for annual periods beginning on or after 1 January 2019. Early application is permitted.

## Part C – Effective Date

This Standard is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted.