IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURE

FACT SHEET

Grant Thornton
An instinct for growth™

BE HEARD.
BE RECOGNISED.

CPA AUSTRALIA

This fact sheet is based on existing requirements as at 31 December 2015 and does not take into account recent standards and interpretations that have been issued but are not yet effective.

IMPORTANT NOTE

This fact sheet is based on the requirements of the International Financial Reporting Standards (IFRSs). In some jurisdictions, the IFRSs are adopted in their entirety; in other jurisdictions the individual IFRSs are amended. In some jurisdictions the requirements of a particular IFRS may not have been adopted. Consequently, users of the fact sheet in various jurisdictions should ascertain for themselves the relevance of the fact sheet to their particular jurisdiction. The application date included below is the effective date of the initial version of the standard.

IASB APPLICATION DATE (NON-JURISDICTION SPECIFIC)

IFRS 7 is applicable for annual reporting periods commencing on or after 1 January 2007.

OBJECTIVE

IFRS 7 requires entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity's financial position and performance
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period and how the entity manages those risks

The principles outlined in IFRS 7 complement the principles for recognising, measuring and presenting financial assets and financial liabilities in IAS 32 *Financial Instruments: Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement.*

SCOPE

IFRS 7 applies to all financial instruments, except for

- Interests in subsidiaries, associates, and joint ventures accounted for under IAS 10 *Consolidated Financial Statements*, IAS 27 *Separate Financial Statements*, IAS 28 *Investments in Associates and Joint Ventures* unless these standards require IAS 39 to be applied.
- Employers' rights and obligations under employee benefit plans to which IAS 19 *Employee Benefits applies*.
- Insurance contracts as defined in IFRS 4 *Insurance Contracts*. However, IFRS 7 applies to derivatives that are embedded in insurance contracts if IAS 39 requires an entity to account for them separately.
- Financial instruments, contracts and obligations under share-based payment transactions to which IFRS 2 *Share-based Payment* applies; except that IFRS 7 applies to contracts within the scope of paragraph 5 -7 of IAS 39.
- Puttable instruments that are required to be classified as equity instruments.

Furthermore, the standard applies to contracts to buy or sell a non-financial item that are within the scope of IAS 39.

The main principle of disclosure for IFRS 7 is that an 'entity shall disclose information that enables users of its financial report to evaluate the significance of financial instruments for its financial position and performance. There are no recognition or measurement requirements included within IFRS 7.

DISCLOSURES

Refer to Appendix 1 for a detailed checklist to assist with IFRS 7 disclosure requirements; however some of the more significant disclosures have been described below:

Statement of financial position

The carrying amount of each of the following categories is disclosed either in the statement of financial position or in the notes:

a. financial assets at fair value through profit or loss, showing separately:
   i. those designated as such upon initial recognition, and
   ii. those classified as held for trading in accordance with IAS 39;
b. held-to-maturity investments;
c. loans and receivables;
d. available-for-sale financial assets;
e. financial liabilities at fair value through profit or loss, showing separately:
   i. those designated as such upon initial recognition, and
   ii. those classified as held for trading in accordance with IAS 39; and
f. financial liabilities measured at amortised cost.

Allowance account for credit losses

When financial assets are impaired by credit losses and the entity records the impairment in a separate account, it shall disclose a reconciliation of changes in that account during the period for each class of financial assets, for example bad debt provisions.

Defaults and breaches

For loans payable recognised at the end of the reporting period, an entity shall disclose details of any defaults, the carrying amount of the loan payable in default and whether the default was remedied or renegotiated before the financial statements was authorised for issue.

Statement of comprehensive income

An entity shall disclose the following items of income, expense, gains or losses either on the face of the financial statements or in the notes:

a. net gains or net losses on all financial instruments – separated into classes;
b. total interest income and total interest expense for financial assets or financial liabilities that are not at fair value through profit or loss;
c. fee income and expense from financial assets or financial liabilities that are not at fair value through profit or loss, and trust/fiduciary activities (holding or investing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions);
d. interest income on impaired financial assets; and
e. the amount of any impairment loss for each class of financial asset.

Other disclosures

Accounting policies

Disclosure of the measurement basis (or bases) and other accounting policies used in preparing the financial statements that are relevant to an understanding of the financial statements.

Hedge accounting

An entity shall disclose the following details separately for each type of hedge described in IAS 39 (i.e. fair value hedges, cash flow hedges, and hedges of net investments in foreign operations):

a. description of each type of hedge;
b. description of the financial instruments designated as hedging instruments and their fair values at the end of the reporting period; and
c. the nature of the risks being hedged.

In relation to cash flow hedges, an entity shall disclose separately:

a. the periods when the cash flows are expected to occur and when they are expected to affect the profit or loss;
b. a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur;
c. the amount that was recognised in other comprehensive income during the period
d. the amount that was reclassified from equity to profit or loss for the period, showing the amount included in each line item in the statement of comprehensive income; and
e. the amount that was removed from equity during the period and included in the initial cost or other carrying amount of a non-financial asset or non-financial liability whose acquisition or incurrence was a hedged highly probable forecast transaction

Fair value

For each class of financial assets and financial liabilities, an entity shall disclose the fair value of that class of assets and liabilities so as to permit comparisons with its carrying amount.

Fair value measurements are to be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy should have the following levels:

a. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
b. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Disclosures of fair value are not required:

a. where the carrying amount is a reasonable approximation of fair value; e.g. short term trade receivables and payables;
b. investment in equity instruments that do not have a quoted market price in an active market or derivatives linked to such equity instruments, that is measured at cost in accordance with IAS 39 because the fair value cannot be reliably measured; and
c. for a contract containing a discretionary participation feature (as described in IFRS 4 *Insurance Contracts*) if the fair value of that feature cannot be measured reliably.

Nature and extent of risks arising from financial instruments

An entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period. The required disclosures focus on the risks that arise from financial instruments and the risk management initiatives.

The following types of risks are typically included but not limited to: (i) credit risk, (ii) liquidity risk and (iii) market risk.

Qualitative and quantitative disclosures are required to elaborate on the nature and extent of risks arising from the financial instruments.

Qualitative disclosures shall include:

a. the exposures to risk and how they arise;
b. the objectives, policies and processes for managing the risk and the methods used to measure the risk; and
c. any changes in (a) or (b) from the previous period.

Quantitative disclosures shall comprise of data about its exposure to that risk (including concentration of risk) at end of the reporting period.

Credit Risk

By class of financial instrument, an entity shall disclose:

- The amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or credit enhancements.
- Description of collateral held as security and of other credit enhancements, and their financial effect in respect of the amount that best represents the maximum exposure to credit risk.
- Information about the credit quality of financial assets that are neither past due nor impaired.

Liquidity Risk

An entity shall disclose:

a. a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities;
b. a maturity analysis for derivative financial liabilities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows; and
c. a description of how it manages the liquidity risk inherent in (a) and (b).

Market Risk

An entity shall disclose:

a. a sensitivity analysis for each type of market risk to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date;
b. the methods and assumptions used in preparing the sensitivity analysis; and
c. changes from the previous period in the methods and assumptions used, and the reasons for such changes.

If the entity prepares a value-at-risk sensitivity analysis that reflects interdependencies between risk variables (e.g. interest rates and exchange rates) and uses it to manage financial risks, it may use such a sensitivity analysis. If so, the entity shall also disclose an explanation of the method used in preparing the analysis including the parameters and assumptions. An explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value shall be disclosed as well.

DEFINITIONS

Credit risk	Risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
Currency risk	Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
Interest rate risk	Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
Liquidity risk	Risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.
Loans payable	Financial liabilities, other than short term trade payables on normal credit terms.
Market risk	Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.
Other price risk	Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.
Past due	A financial asset is past due when a counterparty has failed to make a payment when contractually due.

AUSTRALIAN SPECIFIC REQUIREMENTS

The Australian equivalent standard is AASB 7 *Financial Instruments* and is applicable for annual reporting periods commencing on or after 1 January 2007.

REDUCED DISCLOSURE REQUIREMENTS (RDR)

On 30 June 2010, the Australian Accounting Standards Board published AASB 1053 *Application of Tiers of Australian Accounting Standards* (and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*) which established a differential reporting framework, consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

a. Tier 1: Australian Accounting Standards; and

b. Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

A Tier 2 entity is a 'reporting entity' as defined in SAC 1 *Definition of the Reporting Entity* that does not have 'public accountability' as defined in AASB 1053 and is not otherwise deemed to be a Tier 1 entity by AASB 1053.

When developing AASB 1053, the AASB concluded that the Australian Government and state, territory and local governments should be subject to Tier 1 requirements. The AASB also decided that General Government Sectors of the Australian Government and state and territory governments should continue to apply AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, without the reduction in disclosures provided by Tier 2. Other public sector entities are able to apply Tier 2 reporting requ irements.

RDR is applicable to annual periods beginning on or after 1 July 2013.

The requirements that do not apply to RDR entities are identified in Appendix 1 by shading of the relevant text. Additional disclosure requirements that are applicable to RDR entities only are included in a separate table in Appendix 1.

APPENDIX 1 – DISCLOSURE CHECKLIST

This checklist can be used to review your financial statements. You should complete the "Yes / No / N/A" column about whether the requirement is included. To ensure the completeness of disclosures, provide an explanation for "No" answers.

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.8	Have the carrying amounts of each of the following categories, as defined in IAS 39, been disclosed either on the face of the Statement of Financial Position or in the notes: a. financial assets at fair value through profit or loss, showing separately: • those designated as such upon initial recognition; and • those classified as held for trading in accordance with IAS 39; b. held-to-maturity investments; c. loans and receivables; d. available-for-sale financial assets; e. financial liabilities at fair value through profit or loss, showing separately • those designated as such upon initial recognition; and • those classified as held for trading in accordance with IAS 39; and f. financial liabilities measured at amortised cost?		
IFRS 7.9	If the entity has designated a loan or receivable (or group of loans or receivables) as at fair value through profit or loss, has the entity disclosed: a. the maximum exposure to credit risk of the loan or receivable (or group of loans or receivables) at the end of the reporting period; b. the amount by which any related credit derivatives or similar instruments mitigate that maximum exposure to credit risk; c. the amount of change, during the period and cumulatively, in the fair value of the loan or receivable (or group of loans or receivables) that is attributable to changes in the credit risk of the financial asset determined either: • as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk; or • using an alternative method the entity believes more faithfully represents the amount of change in its fair value that is attributable to changes in the credit risk of the asset; d. the amount of the change in the fair value of any related credit derivatives or similar instruments that has occurred during the period and cumulatively since the loan or receivable was designated?		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.10	If the entity has designated a financial liability as at fair value through the profit or loss in accordance with paragraph 9 of IAS 39, has the entity disclosed: a. the amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability determined either: – as the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk; or – using an alternative method the entity believes more faithfully represents the amount of change in its fair value that is attributable to changes in the credit risk of the liability; b. the difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation?		
IFRS 7.11	Has the entity disclosed: a. the methods used to comply with the requirements in paragraphs 9(c) and 10(a); and b. if the entity believes that the disclosure it has given to comply with the requirements in paragraph 9(c) or 10(a) does not faithfully represent the change in the fair value of the financial asset or financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant?		
IFRS 7.12	Has the entity reclassified a financial asset as one measured: a. at cost or amortised cost, rather than at fair value; or b. at fair value, rather than at cost or amortised cost? If yes, has the entity disclosed the amount reclassified into and out of each category and the reason for that reclassification?		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.12A	If the entity has reclassified a financial asset out of the fair value through profit or loss category or out of the available-for-sale category; has the following been disclosed: a. the amount reclassified into and out of each category; b. for each reporting period until derecognition, the carrying amounts and fair values of all financial assets that have been reclassified in the current and previous reporting periods; c. if a financial asset was reclassified, the rare situation, and the facts and circumstances indicating that the situation was rare; d. for the reporting period when the financial asset was reclassified, the fair value gain or loss or other comprehensive income in that reporting period and in the previous reporting period; e. for each reporting period following the reclassification until derecognition of the financial asset, the fair value gain or loss that would have been recognised in profit or loss or other comprehensive income if the financial asset had not been reclassified, and the gain, loss, income and expense recognised in profit or loss; and f. the effective interest rate and estimated amounts of cash flows the entity expects to recover, as at the date of reclassification of the financial asset?		
IFRS 7.13A	The disclosures in paragraphs IFRS7.13B-13E supplement the other disclosure requirements of this Standard and are required for all recognised financial instruments that are set off in accordance with paragraph 42 of AASB 132. These disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with paragraph 42 of AASB 132.		
IFRS 7.13B	Has the entity disclosed information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position? This includes the effect or potential effect of rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities that are within the scope of IFRS7.13A.		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.13C	Has the entity disclosed, at the end of the reporting period, the following quantitative information separately for recognised financial assets and recognised financial liabilities that are within the scope of IFRS7.13A: a. the gross amounts of those recognised financial assets and recognised financial liabilities; b. the amounts that are set off in accordance with the criteria in paragraph 42 of AASB 132 when determining the net amounts presented in the statement of financial position; c. the net amounts presented in the statement of financial position; d. the amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in paragraph 13C(b), including: • amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria in paragraph 42 of AASB 132; and • amounts related to financial collateral (including cash collateral); and e. the net amount after deducting the amounts in (d) from the amounts in (c) above. Has the information required by this paragraph been presented in a tabular format, separately for financial assets and financial liabilities, unless another format is more appropriate?		
IFRS 7.13D	Has the total amount disclosed in accordance with IFRS 7.13C(d) for an instrument been limited to the amount in paragraph IFRS7.13C(c) for that instrument?		
IFRS 7.13E	Has the entity included a description in the disclosures of the rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities subject to enforceable master netting arrangements and similar agreements that are disclosed in accordance with paragraph 13C(d), including the nature of those rights?		
IFRS 7.13F	If the information required by IFRS 7.13B-13E is disclosed in more than one note to the financial statements, has the entity cross-referenced between those notes?		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.14	Has the entity disclosed: 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 b. the terms and conditions relating to its pledge?		
IFRS 7.15	When an entity holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, has the entity disclosed: a. the fair value of the collateral held; b. the fair value of any such collateral sold or repledged, and whether the entity has an obligation to return it; and c. the terms and conditions associated with its use of the collateral?		
IFRS 7.16	When financial assets are impaired by credit losses and the entity records the impairment in a separate account (e.g. an allowance account used to record individual impairments or a similar account used to record a collective impairment of assets) rather than directly reducing the carrying amount of the asset, has the entity disclosed a reconciliation of changes in that account during the period for each class of financial assets?		
IFRS 7.17	If an entity has issued an instrument that contains both a liability and an equity component (see paragraph 28 of IAS 32) and the instrument has multiple embedded derivatives whose values are interdependent (such as a callable convertible debt instrument), has the entity disclosed the existence of those features?		
IFRS 7.18	For loans payable recognised at the end of the reporting period, has the entity disclosed: a. details of any defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable; b. the carrying amount of the loans payable in default at the end of the reporting period; and c. whether the default was remedied, or the terms of the loans payable were renegotiated, before the financial statement was authorised for issue?		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.19	Where there were breaches of loan agreement terms other than those described in IFRS7.18 (above), has the entity disclosed the same information required by IFRS 7.18 if the breaches permitted the lender to demand accelerated repayments (unless the breaches were remedied or the terms of the loan were renegotiated, on or before the end of the reporting period)?		
IFRS 7.20	Has the entity disclosed the following items of income, expense, gains or losses either on the face of statement of comprehensive income or in the notes: a. net gains or net losses on: • financial assets or financial liabilities at fair value through profit or loss, showing separately those on financial assets or financial liabilities designated as such upon initial recognition, and those on financial assets or financial liabilities that are classified as held for trading in accordance with IAS 39; • available-for-sale financial assets, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount removed from equity and recognised in profit or loss for the period; • held-to-maturity investments; • loans and receivables; and • financial liabilities measured at amortised cost; b. total interest income and total interest expense (calculated using the effective interest method) for financial assets or financial liabilities that are not at fair value through profit or loss; c. fee income and expense (other than amounts included in determining the effective interest rate) arising from: • financial assets or financial liabilities that are not at fair value through profit or loss; and • trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trusts, retirement benefit plans, and other institutions; d. interest income on impaired financial assets accrued in accordance with paragraph AG93 of IAS 39; and e. the amount of any impairment loss for each class of financial asset?		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.21	Has the entity disclosed, in the summary of significant accounting policies, the measurement basis (or bases) used in preparing the financial statement and the other accounting policies used that are relevant to an understanding of the financial statement?		
IFRS 7.22	Has the entity disclosed the following separately for each type of hedge described in IAS 39 (i.e. fair value hedges, cash flow hedges, and hedges of net investments in foreign operations): a. a description of each type of hedge; b. a description of the financial instruments designated as hedging instruments and their fair values at the end of the reporting period; and c. the nature of the risks being hedged?		
IFRS 7.23	Where the entity has cash flow hedges, has the following been disclosed: a. t he periods when the cash flows are expected to occur and when they are expected to affect profit or loss; b. a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur; c. the amount that was recognised in other comprehensive income during the period; d. the amount that was removed from equity and included in profit or loss for the period, showing the amount included in each line item in the statement of comprehensive income; and e. the amount that was removed from equity during the period and included in the initial cost or other carrying amount of a non-financial asset or non-financial liability whose acquisition or incurrence was a hedged highly probable forecast transaction?		
IFRS 7.24	Has the entity disclosed separately: a. in fair value hedges, gains or losses: • on the hedging instrument; and • on the hedged item attributable to the hedged risk; b. the ineffectiveness recognised in profit or loss that arises from cash flow hedges; and c. the ineffectiveness recognised in profit or loss that arises from hedges of net investments in foreign operations?		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.25	Has the entity disclosed the fair value of each class of financial assets and financial liabilities in a way that permits it to be compared with its carrying amount? Exceptions to this disclosure are as follows (per IFRS 7.29): a. when the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables; b. for an investment in equity instruments that do not have a quoted price in an active market for an identical instrument (i.e. a Level 1 input), or derivatives linked to such equity instruments, that is measured at cost in accordance with IAS 39 because its fair value cannot be measured reliably; or c. for a contract containing a discretionary participation feature (as described in IFRS 4) if the fair value of that feature cannot be measured reliably.		
IFRS 7.26	Has the entity grouped financial assets and financial liabilities into classes, but offset them only to the extent that their carrying amounts are offset in the Statement of Financial Position in the fair value disclosures?		
IFRS 7.28	If the entity has not recognised a gain or loss on initial recognition of a financial asset or liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) not based on a valuation technique that uses only data from observable markets (see paragraph AG76 of IAS 39), has the entity disclosed by class of financial asset or financial liability: a. its accounting policy for recognising in profit or loss the difference between fair value at initial recognition and the transaction price to reflect a change in factors (including time) that market participants would take into account when pricing the asset or liability (see paragraph AG 76(b) of IAS 39); b. the aggregate difference yet to be recognised in profit or loss at the beginning and end of the period and a reconciliation of changes in the balance of this difference; and c. why the entity concluded that the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value?		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.30	If exceptions (b) and (c) described in IFRS 7.29 (see IFRS 7.25 above) exist, has the entity disclosed information to help users of the financial statement make their own judgements about the extent of possible differences between the carrying amount of those financial assets or financial liabilities and their fair value, including: a. the fact that fair value information has not been disclosed for these instruments because their fair value cannot be measured reliably; b. a description of the financial instruments, their carrying amount, and an explanation of why fair value cannot be measured reliably; c. information about the market for the instruments; d. information about whether and how the entity intends to dispose of the financial instruments; and e. if financial instruments whose fair value previously could not be reliably measured are derecognised, that fact, their carrying amount at the time of derecognition, and the amount of gain or loss recognised?		
IFRS 7.31	Has the entity disclosed information that enables users of its financial statement to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the end of the reporting period? These typically include but are not limited to credit risk, liquidity risk and market risk.		
IFRS 7.33	For each type of risk arising from financial instruments, has the entity disclosed: a. the exposures to risk and how they arise; b. its objectives, policies and processes for managing the risk and the methods used to measure the risk; and c. any changes in (a) or (b) from the previous period?		
IFRS 7.34	For each type of risk arising from financial instruments, has the entity disclosed: a. summary quantitative data about its exposure to that risk at the end of the reporting period. This disclosure shall be based on the information provided internally to key management personnel of the entity (as defined in IAS 24 *Related Party Disclosures*), for example the entity's board of directors or chief executive officer; b. the disclosures required by paragraphs 36-42 of IFRS 7 (see below), to the extent not provided in accordance with (a); and c. concentrations of risk if not apparent from the disclosures made in accordance with (a) and (b)?		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.35	If the quantitative data disclosed as at the end of the reporting period are unrepresentative of an entity's exposure to risk during the period, has the entity provided further information that is representative?		
IFRS 7.36	Has the entity disclosed by class of financial instrument: a. the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (e.g. netting agreements that do not qualify for offset in accordance with IAS 32)[this disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk]; b. a description of collateral held as security and of other credit enhancements, and their financial effect in respect of the amount that best represents the maximum exposure to credit risk (whether disclosed in accordance with (a) or represented by the carrying amount of a financial instrument); and c. information about the credit quality of financial assets that are neither past due nor impaired?		
IFRS 7.37	Has the entity disclosed by class of financial asset: a. an analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired; and b. an analysis of financial assets that are individually determined to be impaired as at the end of the reporting period, including the factors the entity considered in determining that they are impaired?		
IFRS 7.38	When an entity obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees), and such assets meet the recognition criteria in other IFRSs, has the entity disclosed for such assets held at the reporting date: a. the nature and carrying amount of the assets; and b. when the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations?		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.39	Has the entity disclosed: a. a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities; b. a maturity analysis for derivative financial liabilities which includes the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows (see paragraph B11B). c. a description of how it manages the liquidity risk inherent in (a) and (b)?		
IFRS 7.40	Unless an entity complies with IFRS 7.41, has the entity disclosed: a. a sensitivity analysis for each type of market risk to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date; b. the methods and assumptions used in preparing the sensitivity analysis; and c. changes from the previous period in the methods and assumptions used, and the reasons for such changes?		
IFRS 7.41	If the entity prepares a sensitivity analysis such as value- at- risk, that reflects interdependencies between risk variables which it uses to manage financial risk, it may use that sensitivity analysis in place of the analysis specified in IFRS 7.40 (above). Has the entity disclosed: a. an explanation of the method used in preparing such a sensitivity analysis, and of the main parameters and assumptions underlying the data provided; and b. an explanation of the objective of the method used and of limitations that may result in the information not fully reflecting the fair value of the assets and liabilities involved?		
IFRS 7.42	If the sensitivity analyses disclosed in accordance with IFRS 7.40 or IFRS 7.41 are unrepresentative of a risk inherent in a financial instrument (e.g. because the year-end exposure does not reflect the exposure during the year), has the entity disclosed that fact and the reason it believes the sensitivity analyses are unrepresentative?		
IFRS 7.42A	Has the entity presented the disclosures required by IFRS 7.42B – IFRS 7.42H in a single note in its financial statements?		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.42B	Has the entity disclosed information that enables users of its financial statements: a. to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities; and b. to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets?		
IFRS 7.42D	If the entity has transferred financial assets in such a way that part or all of the transferred financial assets do not qualify for derecognition, has the entity disclosed at each reporting date for each class of transferred financial assets that are not derecognised in their entirety: a. the nature of the transferred assets; b. the nature of the risks and rewards of ownership to which the entity is exposed; c. a description of the nature of the relationship between the transferred assets and the associated liabilities, including restrictions arising from the transfer on the reporting entity's use of the transferred assets; d. when the counterparty (counterparties) to the associated liabilities has (have) recourse only to the transferred assets, a schedule that sets out the fair value of the transferred assets, the fair value of the associated liabilities and the net position (the difference between the fair value of the transferred assets and the associated liabilities); e. when the entity continues to recognise all of the transferred assets, the carrying amounts of the transferred assets and the associated liabilities; and f. when the entity continues to recognise the assets to the extent of its continuing involvement (see paragraphs 20(c)(ii) and 30 of IAS 39), the total carrying amount of the original assets before the transfer, the carrying amount of the assets that the entity continues to recognise, and the carrying amount of the associated liabilities?		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.42E	If the entity derecognises transferred financial assets in their entirety (see paragraph 20(a) and (c)(i) of IAS 39) but has continuing involvement in them, has the entity disclosed, as a minimum, for each type of continuing involvement at each reporting date: a. the carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which the carrying amount of those assets and liabilities are recognised; b. the fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets; c. the amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and information showing how the maximum exposure to loss is determined; d. the undiscounted cash outflows that would or may be required to repurchase derecognised financial assets (e.g. the strike price in an option agreement) or other amounts payable to the transferee in respect of the transferred assets. If the cash outflow is variable then the amount disclosed should be based on the conditions that exist at each reporting date; e. a maturity analysis of the undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee in respect of the transferred assets, showing the remaining contractual maturities of the entity's continuing involvement; and f. qualitative information that explains and supports the quantitative disclosures required in (a)-(e)? An entity may aggregate the information required by IFRS 7.42E in respect of a particular asset if the entity has more than one type of continuing involvement in that derecognised financial asset, and report it under one type of continuing involvement.		

CODE		YES / NO / N/A	EXPLANATION (*If required*)
IFRS 7.42G	Has the entity disclosed for each type of continuing involvement: a. the gain or loss recognised at the date of transfer of the assets; b. income and expenses recognised, both in the reporting period and cumulatively, from the entity's continuing involvement in the derecognised financial assets (e.g. fair value changes in derivative instruments); and c. if the total amount of proceeds from transfer activity (that qualifies for derecognition) in a reporting period is not evenly distributed throughout the reporting period (e.g. if a substantial proportion of the total amount of transfer activity takes place in the closing days of a reporting period): • when the greatest transfer activity took place within that reporting period (e.g. the last five days before the end of the reporting period), • the amount (e.g. related gains or losses) recognised from transfer activity in that part of the reporting period, and • the total amount of proceeds from transfer activity in that part of the reporting period. An entity shall provide this information for each period for which a statement of comprehensive income is presented?		
IFRS 7.42H	Has the entity disclosed any additional information that it considers necessary to meet the disclosure objectives in IFRS 7.42B?		

ADDITIONAL DISCLOSURE REQUIREMENTS APPLICABLE TO RDR ENTITIES ONLY

CODE		YES / NO / N/A	EXPLANATION (*If required*)
AASB 7 RDR18.1	For loans payable recognised at the end of the reporting period for which there is a breach of terms or default of principal, interest, sinking fund, or redemption terms that has not been remedied by the end of the reporting period, an entity applying RDR shall disclose the following: a. details of that breach or default; b. the carrying amount of the related loans payable at the end of the reporting period; and c. whether the breach or default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue.		

OTHER MATTERS

DISCLAIMER

CPA Australia Ltd has used reasonable care and skill in compiling the content of these materials. However, CPA Australia Ltd makes no warranty that the materials are complete, accurate and up to date. These materials do not constitute the provision of professional advice whether legal or otherwise. Users should seek their own independent advice prior to relying on or entering into any commitment based on the materials. The materials are purely published for reference purposes alone and individuals should read the latest and complete standards.

LIMITATION OF LIABILITY

CPA Australia, its employees, agents and consultants exclude completely all liability to any person for loss or damage of any kind including but not limited to legal costs, indirect, special or consequential loss or damage (however caused, including by negligence) arising from or relating in any way to the materials and/or any use of the materials. Where any law prohibits the exclusion of such liability, then to the maximum extent permitted by law, CPA Australia's liability for breach of the warranty will, at CPA Australia's option, be limited to the supply of the materials again, or the payment of the cost of having them supplied again.

CPAH1814 07-16