



Technical Accounting Alert

Amendments to IAS 7 *Statement of Cash Flows*

Introduction

The International Accounting Standards Board (IASB) has published *Disclosure Initiative – Amendments to IAS 7* (‘the Amendments’).

The Amendments respond to requests from investors for improved disclosures about an entity’s financing activities. As their name suggests, the Amendments form another part of the IASB’s Disclosure Initiative. The Disclosure Initiative itself is in part a reaction to the growing clamour over disclosure overload in financial statements. It consists of a number of projects, both short and medium-term, and ongoing activities that explore how presentation and disclosure principles and requirements in existing Standards can be improved.

The Amendments

The Amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity’s debt and related cash flows (and non-cash changes).

The Amendments:

- require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgement when determining the exact form and content of the disclosures needed to satisfy this requirement
- suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including:
 - changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses
 - a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position, including those changes identified immediately above.

Effective date

The Amendments are effective for annual periods beginning on or after 1 January 2017; earlier application is permitted.

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Transition

Comparative information is not required in the year the amendments are first applied.

Australian context

The Australian Accounting Standards Board (AASB) is expected to issue the equivalent amendments to AASB 107 *Statement of Cash Flows* shortly.

Further information

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