



# Disclosure on changes in financing liabilities

1 February 2016

**“While we welcome another step towards more valuable disclosures for users, the question remains whether these narrow-scope amendments will result in more relevant information about an entity’s cash dynamics, on a consistent and comparable basis.”**

Gabriela Kegalj

KPMG’s global IFRS presentation  
deputy leader

## **Amendments to IAS 7 require additional disclosures.**

### **Highlights**

- New disclosure – Changes in liabilities arising from financing activities
  - Effective date – Annual periods beginning on or after 1 January 2017
  - Find out more
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### **New disclosure**

IAS 7 *Statement of Cash Flows* has been amended as part of the IASB’s broader [disclosure initiative](#) to improve presentation and disclosure in financial statements.

For some time, investors have been calling for more disclosures on net debt, a term not defined in IFRS. The Board has responded by requiring disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities. However, the objective could also be achieved in other ways, which might be a relief for financial institutions or other entities that already present enhanced disclosures in this area.

Although disclosure of changes in other assets and liabilities is possible, such supplementary disclosure should be disclosed separately from changes in liabilities arising from financing activities.

### **Effective date**

The amendments are effective for periods beginning on or after 1 January 2017, with earlier application permitted.

### **Find out more**

The IASB’s [disclosure initiative](#) continues to seek new ways to improve the effectiveness of disclosures in financial reports.

Visit our [IFRS – Disclosures](#) hot topics page for our latest insights on making financial statement disclosures clear and relevant.

**[kpmg.com/ifrs](http://kpmg.com/ifrs)**

# Visual guide

## Disclosure initiative

### Status and key objectives of projects

February 2016



#### Completed

##### **Amendments to IAS 1 *Presentation of Financial Statements***

Encouraging management to apply professional judgement in determining what information to disclose in their financial statements.  
**Effective 1 January 2016.**

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

Requiring new disclosures that help users to evaluate changes in liabilities arising from financing activities.  
**Effective 1 January 2017.**



#### Published

##### **Draft practice statement *Application of Materiality to Financial Statements***

Facilitating management's judgements on applying the materiality concept to the financial statements. It builds on the *Amendments to IAS 1*.



#### In progress

##### ***Principles of Disclosure (PoD)***

Identifying and developing a set of principles for disclosure in IFRS that could form the basis of a standards-level project.  
**Discussion paper due in Q2 2016.**


##### ***Standards level review of disclosures***

Reviewing disclosures in existing IFRSs to identify targeted improvements and to develop a drafting guide; informed by the PoD project.

##### **Proposed amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors***

Clarifying the definitions of a change in accounting policy and a change in accounting estimate.

 Implementation project

 Research project