

Amendments to  
International Accounting Standard 1  
**Presentation of Financial Statements**  
**Capital Disclosures**

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

This document sets out amendments to IAS 1 *Presentation of Financial Statements*. The amendments finalise some of the proposals that were contained in Exposure Draft 7 *Financial Instruments: Disclosures* (ED 7) published in July 2004. The remaining proposals in ED 7 were finalised in IFRS 7 *Financial Instruments: Disclosures*.

Entities shall apply the amendments in this document for annual periods beginning on or after 1 January 2007. Earlier application is encouraged.

In the Standard, a heading and paragraphs 124A–124C are added, as follows.

### **Capital**

**124A An entity shall disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.**

124B To comply with paragraph 124A, the entity discloses the following:

- (a) qualitative information about its objectives, policies and processes for managing capital, including (but not limited to):
  - (i) a description of what it manages as capital;
  - (ii) when an entity is subject to externally imposed capital requirements, the nature of those requirements and how those requirements are incorporated into the management of capital; and
  - (iii) how it is meeting its objectives for managing capital.
- (b) summary quantitative data about what it manages as capital. Some entities regard some financial liabilities (eg some forms of subordinated debt) as part of capital. Other entities regard capital as excluding some components of equity (eg components arising from cash flow hedges).

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- (c) any changes in (a) and (b) from the previous period.
- (d) whether during the period it complied with any externally imposed capital requirements to which it is subject.
- (e) when the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

These disclosures shall be based on the information provided internally to the entity's key management personnel.

124C An entity may manage capital in a number of ways and be subject to a number of different capital requirements. For example, a conglomerate may include entities that undertake insurance activities and banking activities, and those entities may also operate in several jurisdictions. When an aggregate disclosure of capital requirements and how capital is managed would not provide useful information or distorts a financial statement user's understanding of an entity's capital resources, the entity shall disclose separate information for each capital requirement to which the entity is subject.