

COMMISSION REGULATION (EU) 2017/1990**of 6 November 2017****amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard 7****(Text with EEA relevance)**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards ⁽¹⁾, and in particular Article 3(1) thereof,

Whereas:

- (1) By Commission Regulation (EC) No 1126/2008 ⁽²⁾ certain international standards and interpretations that were in existence at 15 October 2008 were adopted.
- (2) On 29 January 2016, the International Accounting Standards Board (IASB) published amendments to International Accounting Standard (IAS) 7 *Statement of Cash Flows*. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities.
- (3) The consultation with the European Financial Reporting Advisory Group confirms that the amendments to IAS 7 meet the criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.
- (4) Regulation (EC) No 1126/2008 should therefore be amended accordingly.
- (5) The IASB set the effective date of the amendments as 1 January 2017. Therefore, the provisions of this Regulation should apply from 1 January 2017. The provision of retroactivity is necessary to ensure legal certainty for the issuers concerned and consistency with other accounting standards laid down in the Regulation (EC) No 1126/2008.
- (6) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

*Article 1*In the Annex to Regulation (EC) No 1126/2008, International Accounting Standard (IAS) 7 *Statement of Cash Flows* is amended as set out in the Annex to this Regulation.*Article 2*

Each company shall apply the amendments referred to in Article 1 at the latest, as from the commencement date of its first financial year starting on or after 1 January 2017.

*Article 3*This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.⁽¹⁾ OJ L 243, 11.9.2002, p. 1⁽²⁾ Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320, 29.11.2008, p. 1)

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 6 November 2017.

For the Commission
The President
Jean-Claude JUNCKER

ANNEX

Disclosure Initiative

(Amendments to IAS 7)

Amendments to IAS 7 Statement of Cash Flows

Paragraphs 44A–44E and the related heading is added. Paragraph 60 is also added.

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

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- 60 *Disclosure Initiative* (Amendments to IAS 7), issued in January 2016, added paragraphs 44A–44E. An entity shall apply those amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted. When the entity first applies those amendments, it is not required to provide comparative information for preceding periods.
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