IFRS - 7

Financial Instruments: Disclosure

By: http://www.WorldGAAPInfo.com

Objective

1. The purpose of this IFRS is to require the entities, in its financial statements, disclose information that enables users to evaluate:

   (a) the relevance of financial instruments in the financial position and performance of the entity;

   (b) the nature and extent of the risks from financial instruments to which the entity has been exposed during the year and the filing date, as well as how to manage these risks.

2. The principles of the IFRS complement to the recognition, assessment and presentation of financial assets and liabilities of IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement.

Scope

3. This Standard will be applied by all entities, all financial instruments, except:

   (a) shareholdings in subsidiaries, associates and joint ventures that are counted as IAS 27 Consolidated Financial Statements and separated, IAS 28 Investments in associates or IAS 31 Investments in joint ventures. However, in some cases IAS 27, IAS 28 and IAS 31 allows the entity accounted for the shares in a dependent, associate or joint venture to apply IAS 39, in such cases, entities reporting requirements apply to reveal of IAS 27, IAS 28 and IAS 31, apart from those established in this Standard. An entity shall apply this standard to all derivatives holdings in subsidiaries, associates or joint ventures, except for derivatives that meet the definition of equity instrument of IAS 32.

   (b) The rights and obligations of employers encountered by the plans of employee to whom they apply IAS 19 employees.

   (c) contracts that a contingent counterparts in a business combination (see IFRS 3 Business Combinations). This exemption only applies to the acquiring institution.

   (d) insurance contracts, as defined in IFRS 4 Insurance Contracts. However, this rule applies to embedded derivatives in insurance contracts, provided that IAS 39 requires that the entity counted separately. In addition, an issuer will apply this standard to contracts for financial security if applied IAS 39 on recognition and valuation of these contracts, but apply IFRS 4 to decide whether, pursuant to paragraph (d) of paragraph 4 of IFRS 4, Apply that IFRS 4 for its recognition and valuation.

(e) financial instruments, contracts and obligations arising from transactions with share-based payment to which it applies IFRS 2 Share-based payment, except those contracts that are within the scope of paragraphs 5 to 7 of IAS 39 That they will apply the IFRS.

4. This IFRS applies both in financial instruments that are recognized for accounting as well as those who are not recognized. The financial instruments recognized include financial assets and financial liabilities that are within the scope of IAS 39. The unrecognized financial instruments include some financial instruments, even if they are outside the scope of IAS 39, fall within the scope of the IFRS (such as some loan commitments).

5. This IFRS applies to contracts for the purchase or sale of non-financial elements that are within the scope of IAS 39 (see paragraphs 5 to 7 of IAS 39).

Classes of financial instruments and level of information

6. When the IFRS requires information to be provided for each class of financial instruments, the entity will combine the financial instruments in classes that are appropriate depending on the nature of the disclosure and taking into account the characteristics of these financial instruments. The entity provides sufficient information to allow reconciliation with headings containing the corresponding items presented in the balance.

Relevance of financial instruments in the financial position and performance

7. **The entity will provide information that enables users of its financial statements to assess the relevance of financial instruments in the financial position and performance.**

Balance

Categories of financial assets and financial liabilities

8. It will be informed, either in stock or in the notes, the carrying amounts of each of the following categories of financial instruments defined in IAS 39:

(a) financial assets at fair value through profit or loss, showing separately: (i) designated as such at the time of its initial recognition, and (ii) classified as held to negotiate in accordance with IAS 39,

(b) investments held to maturity,

(c) loans and receivables,

(d) financial assets available for sale,

(e) financial liabilities at fair value through profit or loss, showing separately: (i) designated as such at the time of its initial recognition, and (ii) classified as held to negotiate in accordance with IAS 39, and

(f) financial liabilities valued at amortized cost.

Financial assets or financial liabilities at fair value through profit or loss

9. If the entity has designated a loan or account receivable (or a group of loans or accounts receivable) as at fair value through profit or loss, reported:

(a) The maximum level of exposure to credit risk [see paragraph (a) of paragraph 36] of the loan or account receivable (or group of loans or accounts receivable) on the filing date.

(b) The amount by which reduces the maximum level of exposure to credit risk through the use of credit derivatives or similar instruments.

(c) The amount of variation, during the year and the cumulative fair value of the loan or account receivable (or group of loans or accounts receivable) that is attributable to changes in credit risk of financial asset, identified as:

> (i) the amount of variation in the fair value which is not attributable to changes in market conditions that give rise to market risk, or
>
> (ii) the amount resulting from the implementation of an alternative method if the entity creed that thus more accurately represents the change in fair value that is attributable to changes in credit risks assets.

The changes in market conditions that give rise to market risk include changes in an interest rate observed (reference), the price of raw materials listed in an exchange rate of foreign currency, or in an index prices, interest rates or exchange.

(d) The amount of the variation in the fair value of credit derivatives or any similar instruments linked, during the year and accumulated since the loan or account receivable had been appointed.

10. If an entity has appointed a financial liability as at fair value through profit or loss in accordance with paragraph 9 of IAS 39, reported:

    (a) The amount of the variation in the fair value of financial liabilities during the year and accumulated, which is attributable to changes in credit risk of such liabilities, identified as:

        (i) the amount of variation in the fair value which is not attributable to changes in market conditions that give rise to market risk (see paragraph B4 Appendix B), or

        (ii) the amount resulting from the implementation of an alternative method if the entity creed that thus more accurately represents the change in fair value that is attributable to changes in credit risk of financial liability.

    The changes in market conditions that give rise to market risk include changes in a benchmark interest rate, the price of a financial instrument of another entity, the price of raw materials listed in an exchange rate foreign currency or a price index, interest rate or exchange. For contracts that include a component linked to the outcome of investments, changes in market conditions include changes in the performance of the investment fund, internal or external, which is linked with them.

    (b) The difference between the carrying amount of financial liability and the amount that the entity would be contractually obliged to pay the holder of the obligation, at the expiry.

11. The entity reported:

    (a) Methods used to comply with the provisions of paragraph (c) of paragraph 9 and in paragraph (a) of paragraph 10.

    (b) If an entity believes that the information provided to comply with the provisions of paragraph (c) of paragraph 9 and paragraph (a) of paragraph 10 does not represent faithfully the change in fair value of financial assets or financial liabilities is attributable to changes in its credit risk, the reasons why it has come to this conclusion and the factors that are relevant creed.

Relocation

12. If the entity has reclassified a financial asset as a heading that is valued:

    (a) at cost or at amortized cost, rather than at fair value, or

(b) at fair value, rather than at cost or at amortized cost,
inform and reclassified the amount drawn down from each of these categories, as well as the reason for making such reclassification (see paragraphs 51 to 54 of IAS 39).

Lower accounts

13. An entity may have transferred financial assets so that some or all assets do not fulfill the conditions to give them removed from accounts (see paragraphs 15 to 37 of IAS 39). The report entity, for each class of these financial assets of:

(a) the nature of the assets;

(b) the nature of the risks and rewards of ownership to continue exposed;

(c) whether the entity continues to recognize all the assets, the carrying amounts of these assets and liabilities associated and

(d) if the institution continues to recognize the active role of its continuing involvement, the carrying amount of total assets originals, the amount of assets that continue to recognize and the carrying amount of liabilities associated.

Guarantees

14. An entity inform:

(a) the carrying amount of financial assets pledged as collateral for liabilities or contingent liabilities, including the amounts have been reclassified in accordance with paragraph (a) of paragraph 37 of IAS 39;

(b) the terms and conditions relating to its pledge.

15. When an entity has received a guarantee (either on financial assets or non-financial) and is authorized to sell or pledge regardless of whether there is a default by the owner of that guarantee, will reveal:

(a) the fair value of the collateral received;

(b) the fair value of collateral pledged or sold, and whether the entity has any obligation to return;

(c) the terms and conditions associated with the use of collateral.

Account corrective for credit losses

16. When the financial assets have been damaged by credit losses and the deterioration entity registered in a separate account (for example an account used to record corrective deterioration individual or a similar account used to register a decline of collective assets), rather than directly reduce the carrying amount of assets, including a reconciliation of changes in the account during the year, for each class of financial assets.

Financial instruments with multiple compounds embedded derivatives

17. If an entity would have delivered an instrument containing a component of other assets and liabilities (see paragraph 28 of IAS 32), and the instrument incorporate several embedded derivatives whose values are interdependent (such as a debt instrument convertible with a rescue option), reported the existence of these characteristics.

Delinquent and other breaches

18. For loans to pay recognized on the filing date, entities inform:

    (a) details of defaults during the exercise which relate both to the principal, interest, amortization of the funds for debt cancellation or surrender clauses relating to such loans to pay,

    (b) the carrying amount of loans to pay to have the status of unpaid at the date of filing; and

    (c) if the default has been corrected, or if they have renegotiated the terms of the loans to pay before the date of preparation of financial statements.

19. If during the exercise would have been breaches of conditions of the loan agreement, other than those described in paragraph 18, and authorize the lender to demand for payment, the entity will include the same information required under paragraph 18 (except that in the filing date or earlier, the breaches have been corrected or had renegotiated the terms of the loan).

Income Statement and equity

Items of income, expenses, losses or gains

20. The entity shall disclose the following items of income, expenses, gains or losses, either in the body of the financial statements or in footnotes:

(a) net loss or net earnings from:

(i) financial assets or financial liabilities at fair value through profit or loss, showing separately from those for financial assets or financial liabilities designated as such in the initial recognition, and financial assets and financial liabilities which have been classified to negotiate as maintained in accordance with IAS 39;

(ii) financial assets available for sale, showing separately the amount of gain or loss recognized directly in equity during the financial year and the amount has been drawn down from equity and included in profit or loss;

(iii) investments held to maturity;

(iv) loans and accounts receivable;

(v) financial liabilities valued at amortized cost.

(b) Figures of total revenue and expenditures by interest (calculated using the effective interest rate) from financial assets and financial liabilities that were not recorded at fair value through profit or loss.

(c) Income from fees and expenses (other than amounts included in determining the effective interest rate) arising from:

(i) financial assets or financial liabilities that were not recorded at fair value through profit or loss;

(ii) fiduciary or administrative activities involving the possession or investment assets on behalf of individuals, trusts, retirement benefit plans or other institutions.

(d) Interest income from financial assets damaged, earned in accordance with paragraph GA93 of IAS 39;

(e) The amount of impairment losses for each class of financial asset.

Another Disclosure

Accounting policies

21. In accordance with paragraph 108 of IAS 1 Presentation of Financial Statements inform the entity, in the summary of significant accounting policies, the basis (or bases) valuation used when preparing the financial statements and other accounting policies that are employed relevant to understanding the financial statements.

Hedge

22. The entity shall disclose information, separately, referring to each type of coverage described in IAS 39 (i.e. fair value hedge, hedging of cash flows and coverage of the net investment in businesses abroad) on points:

(a) a description of the coverage;

(b) a description of financial instruments designated as hedging instruments and their fair values at the date of filing; and

(c) the nature of the risks that have been covered.

23. For cash flow hedges, the entity reported:

(a) exercises in which it is hoped that such flows occur, as well as exercises in which they are expected to affect the outcome of the exercise;

(b) a description of the transactions provided for which has been used previously hedge accounting, but no longer expect that these transactions be carried out;

(c) the amount which has been recognized in equity during the year;

(d) the amount that during the exercise, has been drawn down and net worth has been included in the result, showing the amount included in each section containing the heading of the income statement and

(e) the amount that during the exercise, has been drawn down and net worth has been included in the initial cost or other carrying amount of an asset acquired non-financial or non-financial liability in which incurred and have been treated as provided highly probable transactions covered.

24. The entity will report separately:

(a) fair value hedges, losses or gains:

(i) hedging instrument;

(ii) of the hedged item, which are attributable to the hedged risk;

(b) the ineffectiveness recognized in profit or loss that comes from coverage of cash flows;

(c) the ineffectiveness recognized in profit or loss that comes from hedges of net investments in businesses abroad.

Fair value

25. With the exception set out in paragraph 29, the entity shall disclose the fair value for each class of financial assets and financial liabilities (see paragraph 6), so as to make comparisons with the corresponding amounts reflected in the books balance.

26. 26 In reporting on the fair values, the entity will combine the financial assets and financial liabilities in classes, but only compensated if their carrying amounts are offset in the balance.

27. The entities inform:

(a) Methods and, when using a valuation technique, the assumptions made in determining the fair values of each class of financial assets or financial liabilities. For example, if applicable, the entity will report on the assumptions related to the proportions of advance payments, rates of estimated losses on loans and interest rates or discount.

(b) If the fair values have been determined, in whole or in part, directly by reference to quoted prices published in an active market or have been estimated using a valuation technique (see paras GA71 to GA79 of IAS 39).

(c) If the fair values recognized or disclosed in financial statements have been determined, in whole or in part, using a valuation technique based on assumptions that are not based on prices and transactions observable current market with the same instrument (i.e. without modification or recalculation) and not based on observable market data available. For the fair values that have been recognized in the financial statements, provided that the change of one or more of these scenarios possible alternatives to other assumptions could significantly change the fair value, the entity will demonstrate this fact and disclose the effect of these changes . For this purpose, relevance can be judged for the outcome of the exercise, as well as the total assets or liabilities or when changes are recognized in equity, compared to the total net worth.

(d) Where paragraph (c) is applied, the total amount of variation in the estimated fair value using a valuation technique that has been recognized in profit or loss.

28. If the market for a financial instrument is not active, the entity will determine its fair value using a valuation technique (see paras GA74 to GA79 of IAS 39). However, the best evidence of fair value at the time of initial recognition is the price of the transaction (i.e. the fair value of the consideration given or received), unless the conditions described in paragraph AG76 of IAS 39. Therefore, there might be a difference between the fair value at the time of initial recognition, and the amount that could have been determined on that date using a valuation technique. If such differences exist, the entity shall disclose, for each class of financial instruments:

(a) the accounting policy that used to recognize that difference in profit or loss to reflect changes in factors (including time) that the participants in the market considered when setting a price (see paragraph AG76 of IAS 39);

(b) the cumulative gap that has not yet been recognized in profit or loss at the beginning and end of it, along with a reconciliation of changes in the balance of that difference.

29. It need not be informed of fair value:

(a) when the carrying amount is a rational approach to this fair value, for example in the case of financial instruments such as accounts payable or receivable in the short term;

(b) for an investment in equity instruments that do not have a market price quoted in an active market, or derivatives linked to them, which are valued at cost in accordance with IAS 39, because their fair value cannot be determined reliably, or

(c) to a contract containing a component of discretionary participation (as described in IFRS 4), if the fair value of such component cannot be determined reliably.

30. In cases described in paragraphs (b) and (c) of paragraph 29, the entity will provide information that helps users of financial statements to make their own judgments about the scope of possible differences between the carrying amount of those financial assets or financial liabilities and their fair value, including:

(a) the fact that it has not been revealed information about the fair value because the fair value cannot be valued in a reliable manner;

(b) a description of financial instruments, their carrying amount and an explanation of why the fair value cannot be determined reliably;

(c) information about the market for instruments;

(d) information on whether the entity intends to sell or otherwise dispose track of those financial instruments, and how it intends to do, and

(e) if certain financial instruments whose fair value cannot be reliably estimated previously, have left accounts, inform this fact together with its carrying amount at the time of low accounts and the amount of losses gains or recognized.

The nature and extent of the risks from financial instruments

31. **The entity shall disclose information that permits, to users of its financial statements, assessing the nature and extent of risks arising from financial instruments to which the entity is exposed on the filing date.**

32. The information required by paragraphs 33 to 42 emphasizes the risks from financial instruments and its management. These risks include in general, without which the enumeration is closed, credit risk, liquidity risk and market risk.

Qualitative information

33. For each type of risk from financial instruments, the entity reported:

(a) risk exposure and how it occurs;

(b) its objectives, policies and processes to manage risk, as well as methods used to measure the risk and

(c) any changes in (a) or (b) from the preceding year.

Quantitative information

34. For each type of risk from financial instruments, the entity reported:

(a) Quantitative data summary about their risk exposure on the filing date. This information is based on internally as to facilitate key personnel from the direction of the entity (as defined in IAS 24 disclosure on related parties), for example the board of the entity or its CEO.

(b) The disclosure required by paragraphs 36 to 42, in so far that has not been provided following paragraph (a), except that the risk is not significant (see paragraphs 29 to 31 of IAS 1 a discussion of materiality).

(c) The concentrations of risk, if not apparent from the information disclosed in paragraphs (a) and (b).

35. If quantitative data disclosed in the filing date to be unrepresentative of the risk exposure of the entity during the year, will be provided additional information to be representative.

Credit risk

36. The report entity, for each class of financial instrument:

(a) the amount that best represents its maximum level of exposure to credit risk on the filing date, without taking into account any guarantees or taken other credit enhancements (e.g. settlement agreements by the net which do not meet the terms of compensation in accordance with IAS 32);

(b) with respect to the amount shown in (a), a description of securities and other improvements taken credit;

(c) information about the credit quality of financial assets that are not in arrears or have deteriorated its value and

(d) the carrying amount of financial assets that are in arrears or to be damaged, if not because their terms have been renegotiated.

Financial assets in arrears or damaged

37. The entity shall disclose, for each class of financial asset:

(a) an age analysis of financial assets in arrears on the filing date, but they are not damaged;

(b) an analysis of financial assets that have been individually identified as damaged in the filing date, including factors that the entity has considered when determining the deterioration and

(c) for amounts that have been shown in (a) or (b) a description of the safeguards taken by the entity to ensure the collection and other credit enhancements, as well as an estimate of its fair value, unless it was impractical to make.

Realization of guarantees and other credit enhancements

38. When an entity has obtained during the year, financial assets or financial guarantees not taken to ensure the recovery, executed or other credit enhancements (e.g. guarantees), and such assets meet the criteria for recognition of other standards, the entity shall disclose :

(a) the nature and carrying amount of assets obtained and

(b) where the assets are not readily convertible into cash, its policies to alienate or dispose of by other means such assets, or for use in its activities.

Liquidity Risk

39. The entity shall disclose:

(a) an analysis of the maturities of financial liabilities that shows the time remaining contractual maturity and

(b) a description of how it manages the liquidity risk inherent in (a).
Market risk

Sensitivity analysis

40. Unless an entity meets the provisions of paragraph 41, revealed:

(a) a sensitivity analysis for each type of market risk to which the entity is exposed on the filing date, showing how it could affect the outcome of the exercise and equity by changes in the relevant risk variable, which are reasonably possible on that date;

(b) the methods and assumptions used in developing the sensitivity analysis;

(c) changes since last year in the methods and assumptions used, as well as the reasons for such changes.

41. If an entity develops a sensitivity analysis, as the value at risk, reflecting the interdependencies between risk variables (for example, between interest rates and exchange) and what used to manage financial risks, you can use this sensitivity analysis

rather than specified in paragraph 40. The institution also disclosed the following:

(a) an explanation of the method used to prepare this sensitivity analysis, as well as the main parameters and assumptions underlying the data supplied and

(b) an explanation of the purpose of the method used, as well as the constraints that could make information not fully reflect the fair value of assets and liabilities involved.

Other disclosures about market risk

42. When the sensitivity analysis, disclosed in accordance with paragraphs 40 and 41, were not representative of the risk inherent in a financial instrument (for example because the statement at the end of the year does not reflect the exhibition held during the year), the entity inform this, and why it creed that sensitivity analyses lack representativeness.

Effective Date and transition

43. The entity shall apply the IFRS in annual periods beginning from January 1, 2007. It is recommended its early implementation. If an entity applies the IFRS in a previous year, informed accordingly.

44. If an entity applies the IFRS for annual periods beginning before January 1, 2006, you will not need to present comparative information for disclosure, required under paragraphs 31 to 42, about the nature and extent of the risks from financial instruments.

Repeal of IAS 30

45. This replaces IFRS IAS 30 disclosure in the financial statements of banks and financial institutions like.

Appendix A

Terms defined

This appendix is an integral part of IFRS

In Arrears

A financial asset is in arrears at the time they leave the counterpart to make a payment when contractually required to do so.

Other Risks PRICE

The risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market prices (other than those coming from the interest rate risk and the risk of exchange rate), and these variations are caused by factors specific to a particular financial instrument or issuer, or factors affecting all similar financial instruments traded on the market.

Loans to Pay

Loans are to pay financial liabilities, other than those commercial accounts to pay short-term credit under normal conditions.

Foreign Exchange Risk

The risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of variations in exchange rates of a foreign currency.

Credit Risk

The risk that a party of the financial instrument may cause a financial loss if the other party breaches an obligation.

Liquidity Risk

The risk that an entity may find it difficult to obtain funds to meet commitments associated with financial liabilities.

Market Risk

The risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The market risk is comprised of three types of risk: foreign exchange risk, interest rate risk and other risks of price.

Interest Rate Risk

The risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates.

The following terms are defined in paragraph 11 of IAS 32 or paragraph 9 of IAS 39, and are used in this IFRS there with the meaning specified:

- financial asset
- financial asset or financial liability at fair value through profit or loss
- financial surety
- financial asset or financial liabilities held for trading
- financial asset available for sale
- low in accounts
- buying or selling conventional
- amortized cost of a financial asset or a financial liability
- derivative
- hedging instrument
- equity instrument
- financial instrument
- investments held to maturity
- method effective interest rate
- financial liability
- loans and receivables
- forecast transaction
- fair value

Appendix B

Application Guidance

This appendix is an integral part of IFRS.

Classes of financial instruments and level of detail to reveal (paragraph 6)

B1 Paragraph 6 requires that the entity grouping the financial instruments in classes that are appropriate depending on the nature of the disclosure and taking into account the characteristics of these financial instruments. The classes described in paragraph 6 will be determined by the entity and are different categories of financial instruments specified in IAS 39 (which determine how financial instruments are valued and where they recognize changes in fair value).

B2 In determining the types of financial instruments, the entity at least:

(a) distinguish the instruments valued at amortized cost of measured at fair value;

(b) treated as separate classes or separate class financial instruments that is outside the scope of the IFRS.

B3 The entity decide, depending on their circumstances, the level of detail that has to provide to comply with the IFRS, which will give emphasis to different aspects of the requirements and how to add information to present a comprehensive picture without combining information with different characteristics. It will be necessary to achieve a balance between the tendency to overburden the financial statements with excessive details that might not be of assistance to users, and the tendency to obscure the relevant information through their excessive aggregation. For example, a non-darkened relevant information including it among a large number of insignificant details. Likewise, an entity not disclose information that is aggregated so that not reveal significant differences between individual transactions or the associated risks.
Relevance of financial instruments in the financial position and performance
Financial liabilities at fair value through profit or loss (paragraphs 10 and 11)

B4 If an entity has designated as a financial liability at fair value through profit or loss, paragraph (a) of paragraph 10 states that disclose the amount of variation in the fair value of this financial liability that is attributable to changes in risk credit liabilities. The (i) of paragraph (a) of paragraph 10 allows the entity to determine this amount as part of the change in fair value of liabilities which is not attributable to changes in market conditions that give rise to market risk. If the only changes in market conditions for liabilities which were occurring in an interest rate observed (reference), that amount can be estimated as follows:

(a) First, the entity into account the internal rate of return liabilities at the beginning of the year using the market price observed liabilities and cash flows from the same contract at that time. Deduce from this rate the interest rate observed (reference) at beginning of year, to obtain a specific component of the internal rate of return, for the instrument.

(b) Subsequently, the entity will calculate the present value of cash flows associated with liabilities using cash flows from the same contract at the end of the year and a discount rate equal to the sum of (i) the interest rate observed (reference) at year-end and (ii) the specific component of the internal rate of return for the instrument, calculated as provided in paragraph (a) above.

(c) The difference between the market price observed liabilities, at year-end, and the amount determined under (b) is the change of fair value that is not attributable to changes in interest rate observed (reference). This is the amount that has to disclose. In this example, it is assumed that the variations in fair value arising from factors other than changes in credit risk or in the interest rate risk of the instrument are not significant. If the instrument of example contain an embedded derivative, the change in fair value of this embedded derivative was excluded when determining the amount to disclose under paragraph (a) of paragraph 10.
Another disclosure - accounting policies (paragraph 21)

B5 Paragraph 21 calls for report on the base (or bases) valuation used when preparing the financial statements and other accounting policies used that are relevant for the understanding of these financial statements. For financial instruments, this information may include:

(a) For financial assets or financial liabilities designated as fair value through profit or loss:

> (i) the nature of financial assets or financial liabilities that the entity has designated as at fair value through profit or loss,
>
> (ii) the criteria for designating as financial assets or financial liabilities at the time of its initial recognition, and
>
> (iii) how the entity has complied with the conditions set out in paragraphs 9, 11A or 12 of IAS 39 to these designations. For instruments designated pursuant to paragraph (b) (i) of the definition of financial asset or financial liability at fair value through profit or loss of IAS 39, this information will include a narrative description of the circumstances underlying the inconsistency, in the valuation or recognition, which otherwise might arise. For instruments designated pursuant to paragraph (b) (ii) the establishment of financial asset or financial liability at fair value through profit or loss of IAS 39, this information will include a narrative description of how the designation at fair value through changes in results is consistent with the investment strategy or risk management that has documented the entity.

(b) The criteria for designating financial assets as available for sale.

(c) If the purchases and sales of conventional financial assets are accounted for applying the trade date or settlement date (see paragraph 38 of IAS 39).

(d) When using an account corrective to reduce the carrying amount of financial assets damaged because of credit losses:

(i) the criteria for determining when the carrying amount of a financial asset is reduced deteriorated directly (or, in the case of reversing a deterioration, that amount increases directly in books) is used and when an account corrective and

(ii) the criteria for giving low against the corrective account, amounts of financial assets damaged (see paragraph 16).

(e) How have been identified net loss or net earnings of each category of financial instruments [see paragraph (a) of paragraph 20], for example, if the net loss or net gains on items recorded at fair value with changes in results include income from interest or dividends.

(f) The criteria used to determine the entity that there is objective evidence that the asset has deteriorated [see paragraph (e) of paragraph 20].

(g) When they have been renegotiated the conditions of financial assets that would, otherwise, in arrears, accounting policy for financial assets subject to such conditions renegotiated [see paragraph (d) of paragraph 36].

Paragraph 113 of IAS 1 also provides that entities disclose, in the summary of significant accounting policies or other notes, trials-other than those relating to the estimates-that management has made in the process of implementing policies accounting of the entity and have a significant effect on the amounts recognized in the financial statements.
The nature and extent of the risks from financial instruments (paragraphs 31 to 42)

B6 The information required by paragraphs 31 to 42 will be included in the financial statements, or by cross-referencing of financial statements with another state, such as an address or comment on the report on risks, which is available to users the financial statements under the same conditions and at the same time as them. Without the information incorporated through cross references, financial statements will be incomplete.

Quantitative information (paragraph 34)

B7 Paragraph (a) of paragraph 34 calls reporting the summary quantitative data about the entity's exposure to risks, based on information provided internally to key personnel from the direction of the entity. When an entity uses different methods to manage their exposure to risk, report using the method or methods that provide the most relevant and reliable information. In IAS 8 Accounting policies, changes in accounting estimates and errors, discusses the characteristics of relevance and reliability.

B8 Paragraph (c) of paragraph 34 calls for report on concentrations of risk. Concentrations of risk arising from financial instruments that have similar characteristics and are similarly affected by changes in economic conditions or other variables. The identification of concentrations of risk must be judged taking into account the circumstances of the entity. The disclosure of concentrations of risk include:

(a) a description of how it determines the direction these gatherings;

(b) a description of the characteristics shared that identifies each concentration (e.g. counterpart, geographic area, or the currency market);

(c) the amount of exposure to risk associated with all financial instruments that share this characteristic.

Maximum level of exposure to credit risk [paragraph (a) of paragraph 36]

B9 Paragraph (a) of paragraph 36 requires an entity to report on the amount that best represents its maximum level of exposure to credit risk. In the case of a financial asset, its gross amount is usually in books, net:

(a) any amount compensated in accordance with IAS 32;

(b) any impairment loss recognized in accordance with IAS 39.

B10 The activities that lead to credit risk and the maximum exposure level associated with it include, but are not limited to:

(a) lending and accounts receivable to customers, as well as the realization of deposits in other entities. In these cases, the highest level of exposure to credit risk will be the carrying amount of financial assets.

(b) The completion of derivative contracts, including contracts on foreign currency, interest rate swaps or credit derivatives. When the assets are valued at fair value resulting, the highest level of exposure to credit risk on the filing date is equal to its carrying amount.

(c) The granting of financial guarantees. In this case, the maximum level of exposure to credit risk is the maximum amount that the entity would have to pay if it implemented the security, which may be significantly greater than the amount recognized as a liability.

(d) The issuance of a loan commitment that is irrevocable over the life of the credit line, or can be revoked only if a significant adverse change. If the issuer is unable to liquidate the loan commitment in terms of net cash or other financial instrument, the highest level of exposure to credit risk will be the total amount of commitment. This is because there is uncertainty about whether in future there will be some amount on the part not ready. The amount of risk may be significantly greater than the amount recognized as a liability.

Analysis of contractual maturities [paragraph (a) of paragraph 39]

B11 In preparing the analysis of the contractual maturities of financial liabilities required by paragraph (a) of paragraph 39, the entity will use their judgment to determine the appropriate number of bands temporary use. For example, the entity could determine which are appropriate time bands the following:

(a) No more than one month;

(b) more than a month and no more than three months;

(c) more than three months and not more than one year;

(d) more than one year but not more than five years.

B12 When the counterparty can choose when to pay an amount, liabilities will be included based on the earliest date on which the entity may be required to pay. For example, financial liabilities that the entity may be required to refund immediately (such as demand deposits) will be included in the temporary closer.

B13 When an entity is committed to deliver amounts available in different periods, each term will be assigned to the nearest period in which the entity may be required to pay. For example, a commitment to loan provisions were not included in the temporary provisions containing the earliest date on which it can be ready.

B14 The amounts disclosed in the analysis of maturities are contractual cash flows undiscounted, for example:

(a) gross assessments to pay for leases (without deducting financial charges);

(b) the price specified in the purchase agreements term financial assets in cash;

(c) figures, in terms of payment or collection net of interest rate swaps pay variable / fixed charge, which have exchanged net cash flows;

(d) the contractual amounts to sharing in a financial derivative instrument (such as a currency swap), which exchanged cash flows on a gross basis;

(e) loan commitments, in gross terms.
These undiscounted cash flows differ from the amounts included in the balance because of the balance sheet amounts are based on the discounted cash flows.

B15 If appropriate, in analyzing the contractual maturities of financial liabilities required by paragraph (a) of paragraph 39, an entity separate disclose information on the analysis of Contractual maturities of derivative instruments, and for the analysis of non-derivative financial instruments. For example, it might be appropriate to distinguish between cash flows from derivative instruments and not derivatives, provided that cash flows from derivatives are settled in gross terms. This is because the gross cash outflows could be accompanied by cash inflows associated with them.

B16 Where the amount payable is not fixed, to disclose the amount will be determined by reference to conditions that existed at the date of filing. For example, when the amount to pay varies with changes in an index, to disclose the amount can be based on the value of the index on the filing date.

Market risk - sensitivity analysis (paragraphs 40 and 41)

B17 Paragraph (a) of paragraph 40 requires an entity to reveal a sensitivity analysis for each type of market risk to which he is exposed. In accordance with paragraph B3, the entity will decide the level of aggregation of information to present a comprehensive picture without combining information with different characteristics about exposure to risks that come from significantly different economic environments. For example:

(a) An entity to negotiate with financial instruments could reveal this information separately for financial instruments held to negotiate and for not kept to negotiate.

(b) An institution may not add their exposure to market risks in areas of hyperinflation, with their exposure to these market risks in areas of very low inflation.
If an entity were exposed to a single type of market risk in a single economic environment, could not provide disaggregated information.

B18 Paragraph (a) of paragraph 40 requires a sensitivity analysis showing the effect on the outcome of the exercise and in equity, of reasonably possible changes in the relevant risk variable (for example, market interest rates, Exchange rates, stock prices of raw materials or quoted). For this purpose:

(a) is not required to entities determine what profit or loss could have been obtained if the relevant variables have been different. Instead, entities disclose the effect on the outcome of the exercise and in equity in the balance sheet date, assuming that a change had occurred reasonably possible in the relevant risk variable on that date, which had been applied to the risk exposures existing at that time. For example, if an entity has a passive variable interest rate, at the end of the year, the entity would reveal the effect on profit or loss (i.e. in spending by interest) for the current financial year if interest rates have varied in amounts reasonably possible.

(b) There is no requirement that banks disclose the effect on the outcome of the exercise and in equity for each change within the entire range of possible variations of the relevant risk variable. It might be enough to reveal the effects of changes in the boundaries of a range reasonably possible.

B19 In determining what constitutes a reasonably possible change in the relevant risk variable, an entity should consider:

(a) economic environments in which it operates. A change reasonably possible scenarios should not include remote or 'worst case' or 'stress tests'. In addition, if the exchange rate variable underlying risk was stable, the entity does not need to alter the pattern of change can reasonably be chosen for the variable risk. For example, assuming that interest rates are 5 percent, and that the entity has determined that it is reasonably possible fluctuation in interest rates plus or minus 50 basis points. In this case, would reveal the effect on the outcome of the exercise and in equity, that interest rates change until or 4.5 percent to 5.5 percent. In the following year, interest rates have risen to 5.5 percent. The entity continues to believe that interest rates can fluctuate plus or minus 50 basis points (i.e., the rate of change in interest rates is stable). The entity would reveal the effect on the outcome of the exercise and in equity if exchange rates change until 5 percent and 6 percent. Not that the entity would revise its assessment that interest rates may fluctuate plus or minus 50 basis points, unless there is evidence that these rates were significantly become more volatile.

(b) The time frame on which the assessment is doing. The sensitivity analysis shows the effects of changes that have been considered reasonably possible, on the period leading up to the entity re-submit this information, which is usually its next annual exercise on that report.

B20 Paragraph 41 allows an entity to use a sensitivity analysis that reflects interdependencies between risk variables, such as the methodology of value at risk, if used this analysis to manage their exposure to financial risks. This applies even if that methodology only measure potential losses, but not the profits. The entity that can do this to comply with paragraph (a) of paragraph 41 to reveal the type of model used value at risk (for example, reporting on whether the model is based in Monte Carlo simulations), an explanation of how the opera model and its key assumptions (for example, the period of tenure and confidence level). Institutions can also reveal the historical range covering the observations and the weights applied to comments within that interval, an explanation of how they have tried the options in the calculations and what volatilities and correlations have been used (or, alternatively, what probability distributions have been assumed in the Monte Carlo simulations).

B21 The institution will provide a sensitivity analysis for the entire business, but can provide different types of sensitivity analyses for different types of financial instruments.

Risk of interest rate

B22 The interest rate risk arising from financial instruments with interest recognized on the balance sheet (for example, loans and receivables, as well as debt instruments used), and some financial instruments not recognized in the balance (e.g. Some loan commitments).

Risk of exchange rate

B23 The foreign exchange risk (or risk of change in foreign currency) arising from financial instruments denominated in a foreign currency, i.e. a currency other than the functional currency in which they are valued. For the purposes of this IFRS, the risk of exchange rate does not come from financial instruments that are not monetary items, nor for financial instruments denominated in the functional currency.

B24 was revealed the sensitivity analysis for each currency in which the institution has significant exposure.

Other risks PRICE

B25 The other price risks of financial instruments derived, for example, changes in the prices of raw materials or quoted prices of equity instruments. To comply with paragraph 40, an entity may disclose the effect of a decrease in an index of stock market prices, a quoted price of raw materials or other variable risk. For example, if the entity granted guarantees on residual values which are financial instruments, such entity shall disclose the increases or decreases in the value of the assets covered by the warranty.

B26 Two examples of financial instruments that give rise to price risk is the equity instruments, possession of equity instruments of another entity and investment in a fund which in turn holds investments in equity instruments. Other examples include forward contracts and options to buy or sell specific amounts of an equity instrument, as well as swaps that are indexed on prices of equity instruments. The fair values of all previous financial instruments are affected by changes in the market price of the underlying equity instruments.

B27 In accordance with paragraph (a) of paragraph 40, the sensitivity of profit or loss (whereas, for example, instruments classified as at fair value through profit or loss and deterioration of financial assets available for sale) be disclosed separately from the sensitivity of equity (which is appropriate, for example, instruments classified as available for sale).

B28 Financial instruments that the entity has classified as equity instruments are not restated. Neither the profit or loss or net worth will be affected by the risk of price of the equity instruments corresponds to those instruments. Accordingly, you will not need a sensitivity analysis.