



SAS Quadra 05. Bloco J. CFC  
Brasília, Distrito Federal – Brazil  
[www.cpc.org.br](http://www.cpc.org.br)

January 10, 2014

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International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

## **RE: Outreach Request - IAS 34 – Condensed Statement of Cash Flows**

Dear Board Members,

The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)<sup>1</sup> welcomes the opportunity to respond to the Outreach Request - IAS 34 – Condensed Statement of Cash Flows.

We are a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidance for Brazilian companies.

### **Background of the issue**

Paragraph 10 of IAS 34 requires an entity that publishes a set of condensed financial statements in its interim financial report to “include, at a minimum, each of the headings and subtotals that were included in its most recent annual financial statements and the selected explanatory notes as required by this Standard. Additional line items or notes shall be included if their omission would make the condensed interim financial statements misleading”.

The submitter observes that there are two divergent views on the application of the IAS 34 requirements regarding presentation and content of the condensed statement of cash flows.

### **View 1**

Present a three-line condensed statement of cash flows that shows only a total for each of the operating, investing and financing activities. This view is consistent with the requirements of paragraph 10 of IAS 34.

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<sup>1</sup> The Brazilian Accounting Pronouncements Committee (CPC) is a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidances for Brazilian companies. Our members are nominated by the following entities: ABRASCA (Brazilian Listed Companies Association), APIMEC (National Association of Capital Market Investment Professionals and Analysts), BMFBOVESPA (Brazilian Stock Exchange and Mercantile & Future Exchange), CFC (Federal Accounting Council), FIPECAFI (Financial and Accounting Research Institute Foundation) and IBRACON (Brazilian Institute of Independent Auditors).



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## **View 2**

Present a more detailed structure of the condensed statement of cash flows reflecting the different nature of an entity's activities. The submitter claims that this view is consistent with:

(a) paragraph 17(b) of IAS 1 Presentation of Financial Statements, which requires information to be presented in a manner that provides relevant, reliable, comparable and understandable information;

(b) paragraph 29 of IAS 1, which requires each material class of similar items to be presented separately;

(c) paragraph 20 of IAS 7 Statement of Cash Flows, which requires a reconciliation between profit or loss and cash flows from operating activities when the indirect method is used to report cash flows from operating activities; and

(d) paragraph 21 of IAS 7, which states that an entity should separately report major classes of gross cash receipts and gross cash payments arising from investing and financing activities.

## **Request for information**

Please provide with qualitative and/or quantitative information on what the prevalent approach in your jurisdiction is for presenting a condensed statement of cash flows. Is it common for an entity to present:

(a) a three-line condensed financial statement of cash flows that shows only a total for each of the operating, investing and financing activities? or

(b) a more detailed structure of the condensed financial statement of cash flows reflecting the different nature of an entity's activities?



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In general, entities adopt the same structure of a full statement of cash flows even for condensed statements purpose. For quarterly financial information of public companies, there is a standard format requested by the Brazilian regulator that is quite similar to the full cash flow statement.

If you have any questions about our comments, please contact us at [operacoes@cpc.org.br](mailto:operacoes@cpc.org.br).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Idésio da Silva Coelho Júnior'.

Idésio da Silva Coelho Júnior  
Chair of International Affairs  
Comitê de Pronunciamentos Contábeis (CPC)