



SAS Quadra 05. Bloco J. CFC  
Brasília, Distrito Federal – Brazil  
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commentletters@ifrs.org

IFRS Foundation  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

**Subject:** Proposed amendments to IAS 7

**Reference:** Disclosure Initiative

Dear Board Members,

The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)<sup>1</sup> welcomes the opportunity to respond to this exposure draft.

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

Our detailed responses to the specific questions posed in the ED are set forth in the following pages.

If you have any questions about our comments, please do not hesitate to contact us at [operacoes@cpc.org.br](mailto:operacoes@cpc.org.br).

Yours sincerely,

Silvio Takahashi  
Chair of International Affairs  
Comitê de Pronunciamentos Contábeis (CPC)

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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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### **Question 1—Disclosure Initiative amendments:**

This Exposure Draft of proposed amendments to IAS 7 forms part of the Disclosure Initiative. Its objectives are to improve: (a) information provided to users of financial statements about an entity's financing activities, excluding equity items; and (b) disclosures that help users of financial statements to understand the liquidity of an entity.

Do you agree with the proposed amendments (see paragraphs 44A and 50A)? Do you have any concerns about, or alternative suggestions for, any of the proposed amendments?

#### **Answer to question 1**

Amendments to paragraphs 44A: Yes. Agreed with the disclosure initiative proposed by the board, regarding this amendment, the illustrative example matches the scope proposed. We propose the statements of this information annexed to the Cash Flow Statement.

Amendments to paragraphs 50A: Yes. We agree with the disclosure initiative proposed by the board regarding this amendment and the board intention to improve relevant additional information to the stakeholders, about the liquidity of an entity. However we believe that the paragraph should not propose examples of restrictions. Only stating in the second sentence that: "An entity shall consider matters such as restrictions that affect the decisions of an entity to use cash and cash equivalent balances". We believe, as well, that is necessary to state if the disclosure should contain quantitative amounts or only the qualitative position. In this case, a disclosure qualitatively would be enough. In addition we relict the discretion to the administration in determining what is restricted, and how to disclosure.

**We also propose that the staff rethink the current model of Cash Flow Statements.** Empirical and academic evidence shows a very limited utility to the main users of the financial statements.

### **Question 2—Transition provisions:**

Do you agree with the proposed transition provisions for the amendments to IAS 7 as described in this Exposure Draft (see paragraph 59)? If not, why and what alternative do you propose?

#### **Answer to question 2**

Yes. We agree with the transition provision for the amendments to IAS 7 as described in ED, paragraph 59.



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### **Question 3—IFRS Taxonomy**

Do the proposed IFRS Taxonomy changes appropriately reflect the disclosures that are set out in the proposed amendments to IAS 7 and the accompanying illustrative example? In particular: (a) are the amendments reflected at a sufficient level of detail? (b) should any line items or members be added or removed? (c) do the proposed labels of elements faithfully represent their meaning? (d) do you agree that the proposed list of elements to be added to the IFRS Taxonomy should be limited to information required by the proposed amendments to IAS 7 or presented in the illustrative examples in IAS 7?

#### **Answer to question 3**

a) Yes.

b) Yes. As the objective of section “Axis and Members”, at IFRS Taxonomy, is the examples on components of item for which cash flows are classified as financing activities, excluding equity items, we believe that no addition or remove is necessary.

c) Yes.

d) We believe that should be concerned the requirements in the proposed amendments and the illustrative examples.

### **Question 4—IFRS Taxonomy due process:**

As referenced in paragraph BC20, the IASB is holding a trial of a proposal to change the IFRS Taxonomy due process. Although not constituting a formal public consultation of the IFRS Taxonomy due process, views are sought on the following:

(a) do you agree with the publication of the proposed IFRS Taxonomy Update at the same time that an Exposure Draft is issued? (b) do you find the form and content of the proposed IFRS Taxonomy Update useful? If not, why and what alternative or changes do you propose?

#### **Answer to question 4**

a) Yes

b) Yes, it is useful for the complete understanding of the policy process.