
April 15, 2015

International Accounting Standards Board

30 Cannon Street
London EC4M 6XH
United Kingdom

RE: Exposure Draft (ED/2014/6) on Disclosure Initiative, proposed amendments to IAS 7

Dear Board Members,

The “Group of Latin American Accounting Standard Setters” – GLASS¹ welcomes the opportunity to comment on the Exposure Draft on the ED on Disclosure Initiative, proposed amendments to IAS 7.

This response summarizes the views of our country-members, in accordance with the following due process.

Due process

The discussions in regard to the ED were held within a specified Technical Working Group (TWG) created in January 2015. All country-members had the opportunity to designate at least one member to participate in this TWG. Individually, all TWG members organized and decided the most effective way to get the answers and comments to the document under consideration, and subsequently, all TWG members summarized the answers from their respective countries which were presented and compared with the views of other members of the TWG. The answers were discussed and when some of the opinions and/or findings presented answers with comments or objection to the proposed improvement in the document under consideration, explanatory or alternative arguments were requested for the purpose of including it as part of our findings, in order to prepare a consensus response.

Overall comments

This exposure draft deals with two issues, the first one being additional disclosures to IAS 7, *Statement of Cash Flows*, which is an accounting issue, and the second one relates to the adequacy of the changes of the XBRL taxonomy, which is a transmission of data issue.

Regarding the additional disclosures that are being proposed in the ED, the consensus is that these disclosures are useful to gather valuable information on the liquidity of the entity, as these would provide information on cash inflows and outflows related to financial activities with third parties and supplemental information on cash restrictions, which would be welcomed by the users of financial statements, especially the analysts. There was some concern that this is an additional burden on the entities for the sake of more disclosures. We understand that in the IASB’s ongoing disclosure initiative project, the question of materiality of disclosures is being addressed. Meanwhile, we would encourage that the final amendment indicate that these disclosures should only be made if deemed to be material.

¹ The general objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions in respect to all documents issued by the IASB. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Chairman), Bolivia, Brazil (Board), Chile, Colombia (Board), Costa Rica, Ecuador, El Salvador, Guatemala (Board), Honduras, Mexico (Vice Chairman), Panama, Paraguay, Peru, Dominican Republic, Uruguay (Board) and Venezuela (Board).

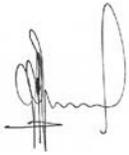
Regarding the changes to the XBRL taxonomy, the GLASS Board has not yet decided if answering question 3 would be in the field of its expertise. Regarding question 4, there were differing points of view, as indicated in the attached comment letter.

Specific comments

Attached please find our specific responses to the ED.

If you have any questions about our comments, please contact glenif@glenif.org.

Yours sincerely,



Jorge J. Gil
Chairman
Group of Latin American Accounting Standard Setters (GLASS)

GLASS' Comment Letter on the IASB Exposure Draft on Disclosure Initiative, amendments to IAS 7

The Group of Latin American Accounting Standard Setters (GLASS), welcomes the opportunity to submit its comments on the Exposure Draft ED/2014/6 on *Classification and Measurement: Limited Amendments to IAS 7* (the ED), issued for exposure in December 2014. Set forth below you will find our comments on the topics included in the ED.

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?

We agree with the proposed amendments. We believe that the additional disclosures would provide valuable information to users of the financial statements, especially financial analysts, since it would provide information on the cash flows and other transactions of the accounts that are related to the entity's financial activities. Also, the disclosures of any constraints on the use of cash and cash equivalents would provide additional information on the cash actually available to settle debt at the parent entity level.

There is some concern among the members of GLASS that this information would represent an additional burden on the entities and that this would be only for the sake of more disclosures. We understand that in the IASB's ongoing disclosure initiative project the question of materiality of disclosures is being addressed. Meanwhile, we would encourage that the final amendment indicate that these disclosures should only be made if deemed to be material.

We observed that paragraphs 48 and 49 of IAS 7 refer to an entity that is part of a group. Proposed paragraph 50A refers to an entity composed of a group. Therefore, some believe that paragraph 50A should be 49A and refer to the group. Also, as the disclosures proposed in paragraph 50A are similar to a certain extent to those in paragraph 49, except that they refer to taxes paid on the transfer of cash rather than exchange controls, it should follow paragraph 49.

There are other cash restrictions not addressed in the present disclosures, such as restrictions on the use of cash, imposed by loan agreements, statutory restrictions or other issues, which require that a certain amount of cash be used for a restricted purpose, such as the development of a project. This should be considered in paragraph 50 of IAS 7.

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?

Paragraph 59 does not indicate if the amendments should be applied retrospectively or prospectively, therefore, considering paragraph 19(b) of IAS 8, *Accounting Policies, Changes in Estimates and Errors*, the change should be applied retrospectively. However, the consensus of GLASS is that prospective application would be sufficient, since the objective of the amendments is to provide additional information to judge present liquidity.

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?

Glass could not reach a decision if answering this question was in the scope of its expertise, since it has not dealt in the past with the detail involved in judging whether changes to the XBRL taxonomy applicable to financial reports prepared using IFRS are appropriate.

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 do you propose?

Regarding this question, there were differing points of view. Some of the Glass Board Members believe that requesting feedback if changes that will affect the XBRL taxonomy, due to new IFRS or amendments to an IFRS at the time the exposure draft is issued, would be an adequate due process step. Other of the GLASS Board Members believe that requesting this feedback when the new IFRS or amendments to an IFRS are issued for exposure would be premature, since the final IFRS or amendment may be modified, and valuable time would be spent too early in the process.