



# EFFAS THE EUROPEAN FEDERATION OF FINANCIAL ANALYSTS SOCIETIES

IASB – International Accounting Standards Board  
IFRS – International Financial Reporting Standard

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**Exposure Draft: Disclosure Initiative; *Proposed amendments to IAS 7*  
Comments by the European Federation of Financial Analysts' Societies (EFFAS)  
Commission on Financial Accounting (FAC)**

Dear Madam, dear Sir,

EFFAS' Commission on Financial Accounting is pleased to share with you the views of European users of financial statements regarding the Disclosure Initiative ED/2014/6 *Disclosure Initiative Proposed Amendments to IAS 7* ("the ED"). To draw these comments FAC has held several discussions between its members and analysts in their respective constitutions. Based on this, FAC has focused on what it considers to be the key points that need to be addressed and for which users would contemplate improvements.

We would like to note that it is a major step forwards the ED presentation including the illustrative tables incorporated. As we did previously we continue encouraging the IASB to develop the Standards avoiding complexity. Clear and comparable examples are always useful for users.

I would like to point out that the views expressed below reflect the opinion of the large majority of members. Some members however noted that a more preferable approach to incorporate the amendments would have been introducing the changes when the entire Principles of Disclosure project was completed. It was also expressed that a more comprehensive review of AIS-7 would have been advisable (i.e. post-implementation review) before introducing new disclosure requirements.

**Question-1: Disclosure Initiative amendments**

We support the proposed amendments.

(a).- We think that incorporating an opening and closing statement of financial position for each item for which cash flows have been classified from “financing activities” will add clarity and will facilitate the understanding of the changes in the opening and closing of (financial) debt. We think that a better explanation of the recurrence of the flows will be provided.

(b). - Although we agree with paragraph 50A, we think that some clarification and a more comprehensive review would have been advisable. We understand “restrictions” as an imposition by regulation or financial authorities limiting the free movement of cash. Self-imposed limits to cash movements by an entity due to higher tax liabilities or higher cost of fund raising should be considered a business decision rather than a “restriction”.

In summary, we agree that disclosing relevant information that facilitates reconciling cash and non-cash equivalent items for “financing activities” should provide a better understating of liquidity and liquidity changes of an entity.

**Question-2: Transition Provisions**

An entity should apply the amendments in the reporting year that they become applicable unless the entity is willing to apply the amendments earlier.

**Question-3: IFRS Taxonomy**

FAC deems appropriate to include a table with a sufficient level of detail reflecting the changes proposed in the amendments to AIS 7. Tables as displayed in the Illustrative Examples and Details are considered appropriate.

If you would like to further discuss the views expressed here-in please do not hesitate to contact us.

Best regards,



Javier de Frutos, Chairman  
**EFFAS Commission on Financial Accounting**

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EFFAS was established in 1962 as an association for nationally-based investment professionals in Europe. Headquartered in Frankfurt am Main, EFFAS comprises 27 member organisations representing more than 16,000 investment professionals. The Commission on Financial Accounting is a standing commission of EFFAS aiming at proposing and commenting on financial issues from an analyst standpoint. FAC members are Javier de Frutos (Chairman, IEAF-Spain), Jacques de Greling (Vice-Chairman- SFAF, France), Rolf Rundfelt (SFF, Sweden), Friedrich Spandl (ÖVFA, Austria), Henning Strom (NFF, Norway), Serge Pattyn (BVFA/ABAF, Belgium), Jérôme Vial (SFAA, Switzerland), Luca D' Onofrio (AIAF, Italy) and Taras Koval (USFA, Ukraine).