

30 April 2015

International Accounting Standards Board
1st Floor 30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sir,

RESPONSE TO EXPOSURE DRAFT – DISCLOSURE INITIATIVE (PROPOSED AMENDMENTS TO IAS 7)

ISCA sought views from its members on the above ED through a one-month public consultation and from the ISCA Financial Reporting Committee which includes experienced technical accounting professionals from large accounting firms.

We agree with the proposed disclosure required by paragraph 50A if such a disclosure is material and relevant to the understanding of the liquidity risk exposure of an entity. However, this additional disclosure requirement should be addressed in IFRS 7 instead of IAS 7.

On the other hand, we do not believe that the proposed disclosure required by paragraph 44A meets the objective of improving information about an entity's financing activities. In fact, we are concerned that this additional disclosure would lead to "disclosure overload" in the financial statements.

Our specific comments on paragraph 44A are set out below.

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?

Proposed paragraph 44A which requires an entity to disclose a reconciliation for amounts on the face of the statement of financial position for each item for which cash flows have been, or would be, classified as financing activities in the statement of cash flows, excluding equity items:

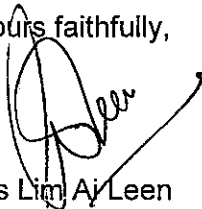
We do not believe that the proposed disclosure will add any significant information which does not already exist in the financial statements. Existing IAS 7 paragraph 21 already requires an entity to report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities. We are concerned that the proposed disclosure will lead to “disclosure overload”. Although the disclosure of an entity’s net debt reconciliation may serve the needs of certain users, other users may find this information irrelevant, therefore adding “clutter” to the financial statements. Instead of making this disclosure mandatory, entities should be given the discretion to disclose such information should they believe that the users of their financial statements are interested in this information.

In addition, we have the following comments:

- We note that the scope of the proposed disclosure requirement is limited to information about an entity’s financing activities, excluding equity items. The basis for excluding equity items is not clear and lacks conceptual underpinning. We therefore recommend that the determination of disclosure requirements be based on a robust disclosure framework, the development of which is currently underway.
- The proposed disclosure requirement gives rise to the need for distinction between debt and equity. Even IASB has acknowledged that finding a commonly agreed definition of debt is difficult. Hence, the application of this proposed disclosure requirement would be challenging for preparers of financial statements.

Should you require any further clarification, please feel free to contact Ms Lim Ju May, Deputy Director, Technical Standards Development and Advisory, or Mr Benjamin Oh, Manager, Technical Standards Development and Advisory, from ISCA via email at jumay.lim@isca.org.sg or benjamin.oh@isca.org.sg respectively.

Yours faithfully,



Ms Lim Ai Leen
Executive Director
Technical Knowledge Centre and Quality Assurance