



## สภาวิชาชีพบัญชี ในพระบรมราชูปถัมภ์

FEDERATION OF ACCOUNTING PROFESSIONS  
UNDER THE ROYAL PATRONAGE OF HIS MAJESTY THE KING

March 19, 2015

Mr. Hans Hoogervorst  
Chairman  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Dear Mr. Hoogervorst,

### **Comment Letter on ED/2014/06 Disclosure Initiative (Proposed amendments to IAS 7)**

The Federation of Accounting Professions of Thailand would like to show our appreciation on the opportunity to comment on **ED/2014/06 Disclosure Initiative (Proposed amendments to IAS 7)**. Overall, we support the principles of changes in this exposure draft, such as the improvement of disclosed qualitative information, the prospective application for the transition, and proposed IFRS taxonomy changes. Nevertheless, we note our concerns to the confusion of financial statements users from such changes as examples raised.

Please find our responses to the specific questions raised in ED/2014/06 Disclosure Initiative (Proposed amendments to IAS 7) in an attachment. We believe that this proposed amendment will clarify the issues that may arise in the future and that our comment letter will contribute positively to the IASB's due process. Should you need more information, please kindly contact the Federation of Accounting Professions of Thailand.

The Federation of Accounting Professions avails itself of this opportunity to the International Accounting Standards Board the assurances of its highest consideration.

Yours sincerely,

Associate Professor Dr. Vorasak Tummanond  
Chair of Thai Accounting Standards Board  
Federation of Accounting Professions of Thailand  
Bangkok, Thailand

Copied to:

- 1) Chairman, Accounting Standard-Setting Committee of Thailand
- 2) Chairman, Subcommittee on Studying and Monitoring of International Financial Reporting Standards
- 3) President, Federation of Accounting Professions of Thailand

### **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?

**FAP:** (a) We agree in principle of improve quality of disclosure. However, the proposals set out in this Exposure Draft may cause confusion for the users of financial statements, for example,

- when finance cost or interest expense are presented in operating activities, it causes the total cash outflow to be different from total cash received or paid in financing activities.
- when reconciliation presents cash item from acquisition of business which is investing activity, it may cause misunderstanding that such transaction should be treated as financing activity.

In addition, the reconciliation may place additional burden on preparers, which could delay finalisation of the financial statements. We also have to consider the cost and benefit for the additional disclosure requirements.

**FAP:** (b) We agree with the propose amendments. However, in practice it may be difficult to decide when economic restriction exist, for example, a group of companies has profitable foreign operation in a foreign country, there is a legal restriction whereby tax liabilities would arise on the repatriation of foreign cash and cash equivalent balances. The group can claim that they decide and intend to retain cash and cash equivalent balances in an overseas entity to maximise its returns on cash and cash equivalent balances. Hence, the group does not consider the tax liabilities on the repatriation of cash and cash equivalents to be a restriction; hence such disclosure requirement may not be necessary.

### **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?

**FAP:** We agree with the proposed prospective application.

### **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?

**FAP:** Refer to our comment in Question 1 (a), the proposed IFRS Taxonomy changes may not cover our example as noted above.

However, we agree with the proposed IFRS Taxonomy changes regarding the economic restriction or legal restriction that affects the decision of the entity to use the cash and cash equivalent balances (Question 1 (b)).

**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?

**FAP:** Refer to our comments in Question 3.

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