Institute of Certified Public Accountants in Israel
לשכת רואי חשבון בישראל

1906/37214

April 14, 2015

International Accounting Standards Board
30 Cannon Street
London EC4M6XH
United Kingdom

Dear Sir/Madam,

Re: **Exposure Draft – Disclosure Initiative (proposed amendments to IAS 7)**

We appreciate the opportunity to respond to the Exposure Draft "Disclosure Initiative (proposed amendments to IAS 7)" issued by the International Accounting Standards Board (IASB). This response represents the views of the Institute of Certified Public Accountants in Israel.

Question 1

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?

Response

We agree with the objectives of the Disclosure Initiative as drafted. However, we do not believe that the proposed amendment to IAS 7 in paragraph 44A is in line with these objectives. We do not believe that the proposed disclosures will add any significant

רחוב מונטפיורי 1
בית לשכת רואי חשבון
ע"ש קסירר
ת.ד. 29281
תל אביב 61292
טל. 03-5116666
פקס. 03-5116665
אתר: www.icpas.org.il
E-mail: cpas@icpas.org.il

information which does not already exist in the financial statements. This conclusion was also affirmed by discussions we have held with several analysts. Furthermore, in our opinion, IFRS 7 (paragraph 39) establishes disclosure requirements with regard to an entity's liquidity risk, which provide a more relevant and forward-looking information than the proposed amendments to IAS 7. Hence, we believe that the proposed amendment would only add to the disclosure overload of financial statements and impose additional costs to preparers with insignificant additional relevance (if any) to users of financial statements.

We agree that the proposed amendment in paragraph 50A is in line with the above mentioned objectives and may add additional important information to users regarding liquidity risk.

Question 2

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?

Response

We are concerned that the IASB has used unclear phrasing in paragraph 59. Since this paragraph does not state a specific transition method (e.g., it does not mention the words "prospectively" or "retrospectively"), it implies that the amendments should be applied **retrospectively** in accordance with the general requirements of IAS 8 (paragraph 19). Furthermore, the explanatory paragraph relating to Note E (example of "Components of financing activities excluding equity") states explicitly that "Corresponding amounts for the preceding period are required to be presented in accordance with IAS 1….". However, BC17 of the Exposure Draft states that "the IASB proposes that *Disclosure Initiative* (Proposed amendments to IAS 7) should be applied prospectively from its effective date with early application permitted". This apparent contradiction should be resolved according to either alternative. In line with our response to Question 1, we are of the opinion that since the additional information has insignificant additional relevance (if any) to the users, the prospective transition method is preferable.

Sincerely yours,

Arnon Ratzkovsky
Chair of the Financial Reporting Standards Committee

Copy:
David Goldberg, President of the Institute of Certified Public Accountants in Israel