



SAS Quadra 05. Bloco J. CFC  
Brasília, Distrito Federal – Brazil  
[www.cpc.org.br](http://www.cpc.org.br)

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[ifric@ifrs.org](mailto:ifric@ifrs.org)

International Accounting Standards Board  
IFRS Interpretations Committee  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

## **RE: Outreach Request - IAS 34 – Condensed Statement of Cash Flows**

Dear Board Members,

The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)<sup>1</sup> welcomes the opportunity to respond to the Outreach Request – IAS 34 – Condensed Statement of Cash Flows.

We are a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidance for Brazilian companies.

### **Background of the issue**

The Interpretations Committee received a request to clarify the application of the requirements regarding the presentation and content of the condensed statement of cash flows in the interim financial statements according to IAS 34 Interim Financial Reporting.

The submitter observed that there are divergent views on the presentation and content of the condensed statement of cash flows. One view is that an entity should present a detailed structure of the condensed statement of cash flows showing cash flows by nature. Another view is that an entity may present a three line condensed statement of cash flows showing only a total for each of operating, investing and financing cash flow activities.

The Interpretations Committee noted that a condensed statement of cash flows is one of the primary statements that is included as part of an interim financial report as prescribed by paragraph 8 of IAS 34. Paragraph 10 of IAS 34 specifies that each of the condensed statements shall include, at a minimum, each of the headings and subtotals there were included in the most recent annual financial statements. Paragraph 10 also

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<sup>1</sup> The Brazilian Accounting Pronouncements Committee (CPC) is a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidances for Brazilian companies. Our members are nominated by the following entities: ABRASCA (Brazilian Listed Companies Association), APIMEC (National Association of Capital Market Investment Professionals and Analysts), BMFBOVESPA (Brazilian Stock Exchange and Mercantile & Future Exchange), CFC (Federal Accounting Council), FIPECAFI (Financial and Accounting Research Institute Foundation) and IBRACON (Brazilian Institute of Independent Auditors).



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requires additional line items to be included if their omission would make the interim financial statements misleading.

The Interpretations Committee also noted that in an interim financial report:

- a. an entity shall include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Information disclosed in relation to those events and transactions shall update the relevant information presented in the most recent annual financial report” (paragraph 15 of IAS 34).
- b. the overriding goal is to ensure that an interim financial report includes all information that is relevant to understanding an entity’s financial position and performance during the interim period (paragraph 25 of IAS 34).

In this respect, the Interpretations Committee noted that to meet the requirements in paragraphs 10, 15 and 25 of IAS 34 a condensed statement of cash flows should include all information that is relevant in understanding the entity’s ability to generate cash flows and the entity’s needs to utilise those cash flows, and that a three-line presentation would generally not meet the requirements in IAS 34.

On the basis of the analysis above, the Interpretations Committee determined that an interpretation or an amendment to IFRSs was not necessary. Consequently, the IFRS Interpretations Committee [decided] not to add this issue to its agenda.

### **Our comments**

We conclude that the arguments considered by the Interpretations Committee to decide not to require an interpretation or an amendment to IFRSs are consistent and conceptually reasonable. In fact, the three-line presentation of the Statement of Cash Flows seems to be too summarized to meet the objectives of accounting information, even in a condensed format.

Also, we notice that this rationale is consistent with the accounting practice in Brazil. Here, in general, entities adopt the same structure of a full statement of cash flows even for condensed statements purpose. For quarterly financial information of public companies, there is a standard format requested by the Brazilian regulator that is quite similar to the full cash flow statement.



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Thus, we support the decision made by the Interpretations Committee related to this project.

If you have any questions about our comments, please contact us at [operacoes@cpc.org.br](mailto:operacoes@cpc.org.br).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Idésio da Silva Coelho Júnior', written in a cursive style.

Idésio da Silva Coelho Júnior  
Chair of International Affairs  
Comitê de Pronunciamentos Contábeis (CPC)