

06 August 2019

Ms. Sue Lloyd
Chair of the IFRS Interpretations Committee
International Accounting Standards Board
Columbus Building, 7 Westferry Circus
Canary Wharf, London, E14 4HD
United Kingdom

Comments on the Tentative Agenda Decision Relating to
IAS 7 Statement of Cash Flows —
Disclosure of Changes in Liabilities arising from Financing Activities

1. The Accounting Standards Board of Japan (the “ASBJ” or “we”) welcome the opportunity to comment on the IFRS Interpretation Committee (the “Committee”)’s tentative agenda decision relating to IAS 7 *Statement of Cash Flows — Disclosure of Changes in Liabilities arising from Financing Activities*, proposed in the June 2019 IFRIC Update.
2. Our understanding is that, as a response to concerns raised by users that the quality of the disclosures is insufficient, the Committee is proposing to explain how to implement the exiting requirements of IAS 7 with the intention of changing the practices of entities, acknowledging that the requirements themselves are appropriate but there are problems in the practices of entities applying those requirements.
3. However, we believe that it is inappropriate to issue guidance in the form of an agenda decision with the intention of changing practice. This is because, when agenda decisions are used, whether the agenda decisions are mandatory may depend on the jurisdiction, and thus it is not certain that all entities will be subject to the new guidance.
4. Our understanding is that the issue addressed by the tentative agenda decision was raised by the users of financial statements. In order to respond to the request of

users, we are of the view that IFRS standards should be clarified through the amendments, such as annual improvements, reflecting what was proposed in the tentative agenda decision (for example, matters to be noted when applying paragraph 44A to 44E of IAS 7), into IAS 7, so that all entities would consistently be subject to the new guidance.

5. We hope our comments are helpful for the Committee's and the IASB's consideration in the future. If you have any questions, please feel free to contact us.

Yours sincerely,

A handwritten signature in black ink, appearing to read "A. Kogasaka". The signature is written in a cursive, flowing style.

Atsushi Kogasaka

Chair

Accounting Standards Board of Japan