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By email: commentletters@hki CPA.org.hk and by post

Ms. Christina Ng
Head of Financial Reporting, Standard Setting
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East, Wanchai
Hong Kong

Dear Ms. Ng

**Invitation to comment on IASB Exposure Draft: Disclosure Initiative
(Proposed Amendments to IAS 7)**

Thank you for your letter dated 5 January 2015 from Mr. Simon Riley inviting the Association's comments on the IASB Exposure Draft: *Disclosure Initiative (Proposed Amendments to IAS 7)*. Our comments on the specific questions raised in the exposure draft are set out in the enclosed annex.

We hope you would find our comments useful. Should you have any questions, please do not hesitate to contact Ms. Emily Ngan of the Secretariat at 2526 6080.

Yours sincerely

Henry Chan
Secretary

Enc.

Chairman The Hongkong and Shanghai Banking Corporation Ltd
Vice Chairmen Bank of China (Hong Kong) Ltd
Standard Chartered Bank (Hong Kong) Ltd
Secretary Henry Chan

主席 香港上海匯豐銀行有限公司
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秘書 陳崇禧

Response of the Hong Kong Association of Banks (“HKAB”) to the International Accounting Standards Board’s Exposure Draft: *Disclosure Initiative (Proposed Amendments to IAS 7)*

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?

We disagree with the proposed amendments because we believe that this incremental approach to mandating additional disclosure would unnecessarily burden preparers for very little benefit. We concur with Mr. Ochi’s alternative view. In particular, we agree with the view expressed by Mr. Ochi that in the consolidated information of a group companies, the statement of cash flows would often not provide relevant information on liquidity risk.

In addition, we question the relevance of the cash flow statement to banks in general. We consider that more relevant information in relation to the liquidity risks of banks can be provided under the provisions of IAS 1 / IFRS 7, and the recommendations of the Enhanced Disclosure Task Force, published in October 2012.

We would like to encourage IASB to consider these amendments as part of the Principles of Disclosure research project, rather than narrow-scope amendments to IAS 7.

In view of our response to Question 1, we do not express any views on questions 2, 3 and 4 at this time.