



23 December 2014

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT OF *DISCLOSURE INITIATIVE (PROPOSED AMENDMENTS TO IAS 7)***

***Comments to be received by 13 March 2015***

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the IASB Exposure Draft which has been posted on the Institute's website at:

[http://www.hkicpa.org.hk/file/media/section6\\_standards/standards/FinancialReporting/ed-pdf-2014/ed\\_ias7.pdf](http://www.hkicpa.org.hk/file/media/section6_standards/standards/FinancialReporting/ed-pdf-2014/ed_ias7.pdf)

As stated in the IASB's press release, accompanying the Exposure Draft, the objectives of the proposed amendments to IAS 7 *Statement of Cash Flows* 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.

To meet the first objective, the IASB is proposing that an entity should disclose a reconciliation of the amounts in the opening and closing statements of financial position for each item for which cash flows have been, or would be, classified as financing activities in the statement of cash flows, excluding equity items. The result of requiring this reconciliation is that investors will be provided with improved disclosures about an entity's debt and movements in debt during the reporting period.

To meet the second objective, the IASB is proposing to extend the disclosures required by IAS 7 about an entity's liquidity and proposes disclosures about the restrictions that affect the decisions of an entity to use cash and cash equivalent balances, including tax liabilities that would arise on the repatriation of foreign cash and cash equivalent balances.

The FRSC invites your comments on the proposals. Comments should be supported by specific reasoning and should be submitted in written form. To allow your comments to be considered, in developing its response to the IASB, the FRSC requests your comments to be received by the Institute on or before **13 March 2015**.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.