WESTWORTH KEMP
CONSULTANTS

710/2 York Street
Sydney NSW 2000

4 March 2015

The Chairman
The International Accounting Standards Board
30 Cannon Street
LONDON EC4M 6XH
UK

CC Australian Accounting Standards Board

By email

Dear Sir

Re: Disclosure Initiative - Proposed Amendments to IAS 7

Westworth Kemp Consultants (www.westworthkemp.com.au) value the opportunity to provide feedback into the disclosure initiative project. We are a boutique consultancy, based in Sydney, Australia, specialising in financial reporting, assurance and compliance issues, particularly in the context of litigation and dispute resolution and we also provide advice to clients on the application of financial reporting standards. We have noticed that over the years published financial reports have become longer as more and more disclosure requirements have been added, such that key elements of an organisation's story can be lost in the detail.

We are particularly interested in the disclosure of financing activities and liquidity as we have been involved in a number of cases involving failed non-bank lenders and managed investment schemes where the lack of liquidity was not apparent until very late in the piece.

Question 1—Disclosure Initiative amendments
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 support the proposed paragraphs 44A and 50A. However, in some of the financial reports of non-bank lenders we have reviewed, the entity has shown its borrowings as an operating cash flow rather than a financing cash flow. In the case of these lenders, a reconciliation between the opening and closing statements of financial position showing cash and non-cash items would have revealed that deposits from investor/lenders were not being repaid, but merely rolled over, and that interest was

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being capitalised into the balances. We therefore suggest that where borrowings are treated as operating cash flows, similar disclosures should be given.

Question 2—Transition provisions
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?

We agree with the proposed transitional provisions.

We have no comments on Questions 3 and 4 as we have never used the taxonomy.

If you wish to discuss any of these matters further, please contact me at chris@westworthkemp.com.au.

Yours faithfully

Chris Westworth, LLB, FCA, FAICD

Stephanie Kemp MA, FCA