

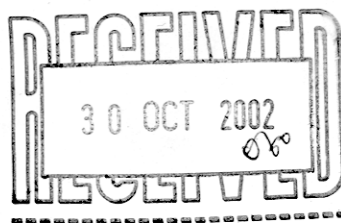
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**Deloitte
Touche
Tohmatsu**

30 October 2002

Hong Kong Society of Accountants
4th Floor, Tower Two
Lippo Centre, 89 Queensway
Hong Kong

Attention: Deputy Director, Accounting

Dear Sir,

Re: Exposure Draft of a Proposed Revised Framework for the Preparation and Presentation of Financial Statements

We refer to the above Exposure Draft and set out below our comments thereon.

We note that the objective of the Financial Accounting Standards Committee in revising the Framework is to achieve convergence with the equivalent Framework issued by the International Accounting Standards Board (IASB). The changes made, therefore, are largely eliminations of insignificant textual differences. While we would question the benefit to be derived from making such inconsequential changes, we understand the desire for closer convergence, and therefore we have no objection to the proposed amendments.

We would note, however, that the IASB Framework is quite a dated document and that the re-drafting of the Hong Kong Framework does not achieve any advance in the documentation of current conceptual developments (e.g. in the area of performance reporting). A number of the IASB's current projects (e.g. liabilities and revenue recognition, and performance reporting) are likely to lead to amendments to the IASB Framework. However, we understand that no revision is planned in the short-term and, therefore, this should not delay the proposed revision to the Hong Kong Framework.

Our other area of concern relates to the recognition of a wider range of users that place reliance on financial statements for making economic decisions. In these litigious days, we are concerned that this recognition may be used in legal actions to seek to broaden the spectrum of users to whom auditors owe a duty of care. We would recommend, therefore, that the Society consult its legal advisers in this regard in order to avoid any such unintended consequences.

If you have any queries on the above, please contact Norma Hall at this office.

Yours faithfully,

Deloitte Touche Tohmatsu