



審計署
香港灣仔
荷士打道七號
入境事務大樓
二十六樓

852 2824 2087

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

圖文傳真 Facsimile : 2824 2087
電話 Telephone : 2829 4204
電郵 E-mail : wo_teo@aud.gov.hk
網址 Website : http://www.aud.gov.hk

本署編號 Our Ref.: (21) in UG/ASN/HKI/0 VOL 7

來函編號 Your Ref.:

13 December 2011

Mr Steve Ong
Director, Standard Setting
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong
(Fax: 2865 6776)

Dear Mr Ong,

Invitation to comment on IASB consultation documents

Thank you for your letter of 15 November 2011 inviting the Audit Commission to comment on the following two IASB consultation documents.

IASB Exposure Draft of Investment Entities (August 2011)

We agree that there is a class of entities, commonly thought of as an investment entity in nature, that should not consolidate controlled entities. The proposal to require these entities to measure investments in entities that they control at fair value through profit or loss will better reflect their business models and provide more useful information for determining their investment values. In our view, the determination of whether an entity is an investment entity should be based on an overall consideration of factors such as the nature of the entity's transactions and its relationship with its investees and its external investors. The six proposed qualifying criteria for classifying an entity as an investment entity have taken due account of these factors and are therefore considered adequate and appropriate.

IASB Exposure Draft of Government Loans (Proposed amendments to IFRS 1) (October 2011)

We agree with the IASB's proposal to amend IFRS 1 so that first-time adopters would be able to account for a government loan with a below-market rate of interest in the same manner as existing preparers of IFRS financial statements when applying IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. In our view, the proposal is fair and practical, and would provide sufficient flexibility for entities when they adopt international financial reporting standards in the preparation of financial statements for the first time.

Yours sincerely,

(W O TEO)
for Director of Audit