

Jenny Ng

Subject: FW: Limited Invitation to Comment on Consultation Draft of Small and Medium-Sized Entity Financial Reporting Framework & Financial Reporting Standard (Revised)

From: Mohan Datwani [[mailto:](#)]
Sent: Friday, August 23, 2013 12:23 PM
To: Simon Riley
Cc: Samantha Suen; Council-SHIH Edith; Alice Lam; ComMem-CHOW Siu Lui Jack; Cherry Chan
Subject: Re: Limited Invitation to Comment on Consultation Draft of Small and Medium-Sized Entity Financial Reporting Framework & Financial Reporting Standard (Revised)

Dear Mr. Riley,

We refer to your letter of 21 August 2013 on the above topic.

We have consulted selected members with financial expertise of ours. It appears that in relation to the limited consultation, the real issue is what are shareholders' information need and how could they be satisfied.

If the excluded subsidiary is not material, then arguably the excluded subsidiary would not be relevant to shareholders. However, if a subsidiary was excluded because of benefits and expenses measurement, directors should make the judgment based on certain quantitative yardsticks that the subsidiary is material, but additional costs outweigh the shareholders' information need.

In this connection, guidance from HKICPA or regulatory authorities should be provided to enable directors or company secretaries preparing the assessment pursuant to the requirement. In addition, should there be supplement in relation to other information of the excluded subsidiary? Under previous practices, the excluded subsidiary's accounts might be attached to the parent's accounts to satisfy the shareholders' information need.

If you have any questions, please feel free to contact me at

Thanks and regards,

Mohan

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