

Jenny Ng

Subject: FW: Invitation to Comment on IASB Exposure Draft of Equity Method in Separate Financial Statements

From: Mohan Datwani <mohan@hkics.org.hk>
Date: 30 December 2013 04:34:12 GMT
To: Simon Riley <simonriley@hki CPA.org.hk>
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Subject: Re: Invitation to Comment on IASB Exposure Draft of Equity Method in Separate Financial Statements

Dear Mr. Riley,

We refer to your invitation to comment on the IASB Exposure Draft of Equity Method in Separate Financial Statements.

In this connection, our general observation is that the proposed amendments are to be welcome. They allow the adoption of the equity method in an entity's separate financial statements, which represents a step forward by IASB. Historically, the only method was at cost, which did not provide relevant economic information to users. Subsequently, the fair value was allowed which was not without issues and complexities as the information might not be to the users' best interests, at least in terms of costs of preparation.

The equity method is not uncommon amongst users. It has a long history in the preparation of group accounts and users understand the treatment's economics. The data are readily available to enable an entity in preparing its separate financial statements and preparatory costs are minimal. It provides an approximation of economic value for decision making, particularly, the information would be useful for entities actively participating in the capital market.

For the reasons set out herein, we support the adoption of the proposed amendments.

Yours sincerely,

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