



Please express your views to the two consultation documents by completing this Questionnaire which will form a submission to the Financial Reporting Standards Committee.

Consultation Paper on Financial Reporting by Private Companies

Q.1 - Do you agree that relief from applying full HKFRSs should be permitted for private companies? Please explain your reasons.

- Agree Disagree

Reason: As SME-TRF & SMB-FRS would be expanded to cover up most of the larger private companies, I suggested two tiers is suffice.

Q.2 - Do you agree that the SME-TRF&FRS is an appropriate reporting option for small private companies and groups? Please explain your reasons.

- Agree Disagree

Reason: It is because the operations of some of small group are small in scale and should be regard as SMEs.

Q.3 - Do you agree that large private companies should be provided with an option to choose a simpler reporting framework than HKFRSs? Please explain the reasons for your view.

- Agree Disagree

Reason: I think the expanded SME-TRF & SMB-FRS would cover most of the large private companies. ^{Three} though not covered up would continue to use full HKFRSs.

Q.4 - Do you agree with the view of Council that the SME-TRF & FRS does not meet the reporting needs of the users of the financial statements of large private companies; and the SME-TRF & FRS should not be expanded to meet those needs? If not, why not?

- Agree Disagree

Reason: I think the expanded SME-TRF & SMB-FRS should already cover up most of the larger private companies.

Q.5 - Do you agree that the Institute should adopt or develop a large private company financial reporting framework? There are 3 options mentioned in paragraph 37 of the Consultation Paper, set out as follows:

- (1) HKFRS with reduced disclosures;
- (2) IFRS for SMEs; and
- (3) IFRS for SMEs with additional simplifications.

Which of the above options do you think is appropriate for developing large private company financial reporting framework? Please explain your views.

- Option 1 Option 2 Option 3

Reason: If no alternative and HKICPA goes for developing a new tier of reporting framework, then I choose one which would be easy to understand and follow.

Q.6 - Please identify whether you use financial statements as a preparer, auditor and/or user and the effect on you in all of these cases of the proposed introduction of a large private company framework.

- Preparer Auditor User

① we have got familiar with the existing two tiers of reporting framework
② A new reporting framework would mean more manpower, add'l time and cost incurred to train staff to cope with the new standard requirements
③ A new set of rules is required for such reporting requirement which would incur P.T.O. to many expense and delay in our part
④ we have to engage more qualified professionals or outside expertise for compliance with the new reporting framework

Exposure Draft of Proposed Amendments to Small and Medium-Sized Entity Financial Reporting Framework (SME-FRF) and Proposed Sections of Small and Medium-Sized Entity Financial Reporting Standard (SME-FRS)

Q.1 - Do you agree that the SME-FRF and SME-FRS should be amended to cover groups? If not, why not?

Agree Disagree

Reason: _____

Q.2 - Do you agree that the size criteria set out in paragraph 24 of the SME-FRF appropriately identify a "small group" in Hong Kong? If not, why not?

Agree Disagree

Reason: ^① No size test requirement for a private company incorporated in HK, same as current situation. ^② Size test should only be defined for an overseas corp and a small private company. ^③ Size test should be based on turnover and number of employees. ^④ Size test should be based on the number of subsidiaries involved with a max capped at a certain figure.

Q.3 - Do you agree that at the company level, investments in associates and interests in jointly controlled entities should be accounted for using the cost method? If not, why not? Do you agree that when an investor / a venturer presents consolidated financial statements, investments in associates and interests in jointly controlled entities should be accounted for using the equity method? If not, why not?

Cost method: Agree Disagree
Equity method: Agree Disagree

Reason: For equity method, better disclosure should be made by reference to SSAP 10 and SSAP 21 adopted prior to 1/1/2005.

Q.4 - Should a complete set of financial statements prepared under the SME-FRS be required to include a cash flow statement? If not, why not?

Yes No

Reason: A majority of the shareholders of the private companies are also the directors/managers of the company.

Q.5 - If a cash flow statement is required, do you agree that either the direct method or indirect method can be used for reporting cash flows from operating activities, as set out in paragraph 22.7 of the SME-FRS? If not, why not?

Agree Disagree

Reason: _____

Q.6 - Are there any disclosure requirements included in sections 18 to 22 of the SME-FRS that you consider are too onerous for SMEs and therefore should be excluded? If so, what are they and why?

Should use lesser disclosure by reference to SSAP's adopted for financial year end prior to 1/1/2005.

Professional accountant in practice Professional accountant in business

Name _____

Organisation _____

~~~~~THANK YOU~~~~~

**HKICPA Consultation Paper  
on Financial Reporting by Private Companies**

Question 1 - Do you agree that relief from applying full HKFRSs should be permitted for private companies? Please explain your reasons.

The benefits of compliance with full HKFRS for even large family owned companies or ones with outside shareholders are often doubtful. There should be a middle way.

Question 2 - Do you agree that the SME-FRF&FRS is an appropriate reporting option for small private companies and groups? Please explain your reasons.

With the exception of a cash or fund statement, I agree that SME-FRF&FRS is sufficient. However we must ensure that all our auditors perform such audits well.

Question 3 - Do you agree that large private companies should be provided with an option to choose a simpler reporting framework than HKFRSs? Please explain the reasons for your view.

Yes. As explained above, the benefits of certain of HKFRS requirements are doubtful - particularly some of the very complicated requirements which are rarely used. They are a trap for the unwary.

Question 4 - Do you agree with the view of Council stated that the SME-FRF & FRS does not meet the reporting needs of the users of the financial statements of large private companies; and the SME-FRF & FRS should not be expanded to meet those needs? If not, why not?

I generally agree.

Question 5 - Do you agree that the Institute should adopt or develop a large private company financial reporting framework? There are 3 options mentioned in paragraph 37 of the Consultation Paper, set out as follow:

- (1) HKFRS with reduced disclosures;
- (2) IFRS for SMEs; and
- (3) IFRS for SMEs with additional simplifications,

Which of the above options do you think is appropriate for developing large private company financial reporting framework? Please explain your views.

I agree that we should develop such a framework. I am open  
as to which option.

Question 6 - Please identify whether you use financial statements as a preparer, auditor and/or user and the effect on you in all of these cases of the proposed introduction of a large private company framework.

I am involved in all aspects of such work.

Name

Company Name

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**HKICPA Consultation Paper  
on Financial Reporting by Private Companies**

Question 1 - Do you agree that relief from applying full HKFRSs should be permitted for private companies? Please explain your reasons.

Yes - HKFRS is too complicated for small private companies & costly to prepare

Question 2 - Do you agree that the SME-FRF&FRS is an appropriate reporting option for small private companies and groups? Please explain your reasons.

Yes - same as Q1.

Question 3 - Do you agree that large private companies should be provided with an option to choose a simpler reporting framework than HKFRSs? Please explain the reasons for your view.

No  
~~Yes~~ - it would make it even more difficult; besides large company should have the resources to

Question 4 - Do you agree with the view of Council stated that the SME-FRF & FRS does not meet the reporting needs of the users of the financial statements of large private companies; and the SME-FRF & FRS should not be expanded to meet those needs? If not, why not?

Yes -

adopt HKFRS

Question 5 - Do you agree that the Institute should adopt or develop a large private company financial reporting framework? There are 3 options mentioned in paragraph 37 of the Consultation Paper, set out as follow:

- (1) HKFRS with reduced disclosures;
- (2) IFRS for SMEs; and
- (3) IFRS for SMEs with additional simplifications,

Which of the above options do you think is appropriate for developing large private company financial reporting framework? Please explain your views.

No

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Question 6 - Please identify whether you use financial statements as a preparer, auditor and/or user and the effect on you in all of these cases of the proposed introduction of a large private company framework.

Auditor

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Name

Company Name

**HKICPA Consultation Paper  
on Financial Reporting by Private Companies**

Question 1 - Do you agree that relief from applying full HKFRSs should be permitted for private companies? Please explain your reasons.

Yes, more practical and cost savings.

Question 2 - Do you agree that the SME-FRF&FRS is an appropriate reporting option for small private companies and groups? Please explain your reasons.

Yes, as an option to a full set of FRS not found to be relevant and practical to SMEs.

Question 3 - Do you agree that large private companies should be provided with an option to choose a simpler reporting framework than HKFRSs? Please explain the reasons for your view.

The question is the definition of large private companies and this will give rise to too many different sets of standards.

Question 4 - Do you agree with the view of Council stated that the SME-FRF & FRS does not meet the reporting needs of the users of the financial statements of large private companies; and the SME-FRF & FRS should not be expanded to meet those needs? If not, why not?

No comments

Question 5 - Do you agree that the Institute should adopt or develop a large private company financial reporting framework? There are 3 options mentioned in paragraph 37 of the Consultation Paper, set out as follow:

- (1) HKFRS with reduced disclosures;
- (2) IFRS for SMEs; and
- (3) IFRS for SMEs with additional simplifications,

Which of the above options do you think is appropriate for developing large private company financial reporting framework? Please explain your views.

*Yes, (2) will be better*

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Question 6 - Please identify whether you use financial statements as a preparer, auditor and/or user and the effect on you in all of these cases of the proposed introduction of a large private company framework.

*User*

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Name  
Company Name



**HKICPA Consultation Paper  
on Financial Reporting by Private Companies**

Question 1 - Do you agree that relief from applying full HKFRSs should be permitted for private companies? Please explain your reasons.

yes. Private companies may not have the resources to comply with full HKFRS.

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Question 2 - Do you agree that the SME-FRF&FRS is an appropriate reporting option for small private companies and groups? Please explain your reasons.

yes, it is simpler.

Question 3 - Do you agree that large private companies should be provided with an option to choose a simpler reporting framework than HKFRSs? Please explain the reasons for your view.

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yes, an alternative is better than none.

Question 4 - Do you agree with the view of Council stated that the SME-FRF & FRS does not meet the reporting needs of the users of the financial statements of large private companies; and the SME-FRF & FRS should not be expanded to meet those needs? If not, why not?

No, the scope of standards is good enough.

Question 5 - Do you agree that the Institute should adopt or develop a large private company financial reporting framework? There are 3 options mentioned in paragraph 37 of the Consultation Paper, set out as follow:

- (1) HKFRS with reduced disclosures;
- (2) IFRS for SMEs; and
- (3) IFRS for SMEs with additional simplifications,

Which of the above options do you think is appropriate for developing large private company financial reporting framework? Please explain your views.

No, too many standards may confuse the users & the public.

Question 6 - Please identify whether you use financial statements as a preparer, auditor and/or user and the effect on you in all of these cases of the proposed introduction of a large private company framework.

User.

Name  
Company Name

**HKICPA Consultation Paper  
on Financial Reporting by Private Companies**

Question 1 - Do you agree that relief from applying full HKFRSs should be permitted for private companies? Please explain your reasons.

YES. / THE REPORT LEADER IS NOT  
LIKELY TO NEED SUCH REPORTING

Question 2 - Do you agree that the SME-FRF&FRS is an appropriate reporting option for small private companies and groups? Please explain your reasons.

NOT SURE HAVE NOT STUDIED  
SAME BUT PROBABLY YES

Question 3 - Do you agree that large private companies should be provided with an option to choose a simpler reporting framework than HKFRSs? Please explain the reasons for your view.

YES. PRIVATE COMPANIES WILL  
REPORT AS NEEDS DICTATE. THERE IS NO  
NEED TO FORCE "HIGH LEVEL" STANDARDS ON THEM

Question 4 - Do you agree with the view of Council stated that the SME-FRF & FRS does not meet the reporting needs of the users of the financial statements of large private companies; and the SME-FRF & FRS should not be expanded to meet those needs? If not, why not?

YES

Question 5 - Do you agree that the Institute should adopt or develop a large private company financial reporting framework? There are 3 options mentioned in paragraph 37 of the Consultation Paper, set out as follow:

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- (2) IFRS for SMEs; and
- (3) IFRS for SMEs with additional simplifications,

Which of the above options do you think is appropriate for developing large private company financial reporting framework? Please explain your views.

I FEEL THERE SHOULD BE 3 LEVELS  
① IFRS ② A HK PRIVATE LEVEL ③  
NO OBLIGATION FOR SMALL COMPANIES TO "PUBLISH" ACCOUNTS SUCH THAT USERS CAN DECIDE IF THE ILO / THE BANKS.

Question 6 - Please identify whether you use financial statements as a preparer, auditor and/or user and the effect on you in all of these cases of the proposed introduction of a large private company framework.

I AM A USER AND ALSO A PREPARER.  
DECIDE AND THE STANDARD CAN ALSO BE DECIDED BY THE USER

Name

Company Name