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Mr Steve Ong  
Director, Standard Setting  
Hong Kong Institute of Certified Public Accountants  
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(Fax: 2865 6776)

Dear Mr Ong,

**Invitation to Comment on IASB discussion documents:**  
**(1) IASB Exposure Draft of Proposed Improvements to IFRSs (Third Set)**  
**(2) IASC Foundation Discussion Document of Part 2 of the Constitution**  
**Review — Proposals for enhanced public accountability**

Thank you for your letter of 2 November 2009, inviting the Audit Commission to comment on the captioned subjects by 16 November 2009.

**(1) IASB Exposure Draft of Proposed Improvements to IFRSs (Third Set)**

In general, we support the proposed amendments mentioned in the Exposure Draft. They would bring about improvements to areas of inconsistency in the relevant IFRSs or where clarification of wording is required. The requirement to transfer investment property carried at fair value to inventory when it will be developed for sale has the effect of changing the original classification of an asset without adequate justification. We consider that the proposed amendments to IAS40 Investment Property may be included within Improvements to IFRSs without undertaking a separate project to address this issue.

**(2) IASC Foundation Discussion Document of Part 2 of the Constitution Review  
— Proposals for enhanced public accountability**

We support all the key proposals contained in the Discussion Document. These proposals, if implemented, would further enhance the governance and public accountability of the International Financial Reporting Standards (IFRS) Foundation. In particular, the IFRS Board shall have full discretion in developing and pursuing the technical agenda of the Board, after consulting the Trustees and the Standards Advisory Council. There is a need for the Board to maintain its independence to set IFRSs without interference.

Yours sincerely,



(John Chu)  
for Director of Audit