



28 July 2006

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

IASB DISCUSSION PAPER ON *PRELIMINARY VIEWS ON AN IMPROVED CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING—THE OBJECTIVE OF FINANCIAL REPORTING AND QUALITATIVE CHARACTERISTICS OF DECISION-USEFUL FINANCIAL REPORTING INFORMATION*

The International Accounting Standards Board (IASB) has issued a Discussion Paper on *Preliminary Views on an improved Conceptual Framework for Financial Reporting—The Objective of Financial Reporting and Qualitative Characteristics of Decision-useful Financial Reporting Information* for consultation.

The IASB's Discussion Paper and the related press release have been posted on the website of the Hong Kong Institute of CPAs (Institute) at www.hkicpa.org.hk/professionaltechnical/accounting/exposedraft/content.php which can also be found on-line at: www.iasb.org.

This Discussion Paper is the first to result from the IASB joint project with the US Financial Accounting Standards Board (FASB) on the conceptual framework. It sets out their preliminary views on the first two chapters of an enhanced conceptual framework. The preliminary views restate the existing frameworks' definition of the objective of general purpose external financial reporting as providing information that is useful to present and potential investors and creditors and others in making investment, credit and similar resource allocation decisions. The document also identifies relevance, faithful representation, comparability (including consistency) and understandability among the characteristics of financial information that make it decision-useful.

The Institute's Financial Reporting Standards Committee (FRSC) invites comments on the IASB Discussion Paper from any interested party and would like to hear from both those who do agree and those who do not agree with the proposals contained in it. Comments should be supported by specific reasoning and should preferably be submitted in written form.

To allow your comments on the IASB Discussion Paper to be considered and included in the Institute's responses to the IASB, comments are invited by **6 October 2006**.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.