



SECURITIES AND FUTURES COMMISSION 證券及期貨事務監察委員會

12th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong

香港中環皇后大道中十五號置地廣場公爵大廈十二樓

26 June 2003

Mr. Simon Riley
Deputy Director, Accounting
Hong Kong Society of Accountants
4/F, Tower Two,
Lippo Centre,
89 Queensway
Hong Kong.

By Post & By Fax: (2865 6603)

Dear Simon,

Exposure draft of a proposed preface to Hong Kong Financial Reporting Standards and Accounting Guidelines

We welcome the opportunity to comment on the recently issued exposure draft of a proposed preface to Hong Kong Financial Reporting Standards and Accounting Guidelines.

We note the Proposed Preface is almost identical to the Preface to International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

We have one comment in respect of the exposure draft. Paragraph 12 states:

“Council’s objective is to require like transactions and events to be accounted for and reported in a like way and unlike transactions and events to be accounted for and reported differently, both within an entity over time and among entities. Consequently, Council intends to *minimise choices* in accounting treatment.”

This contrasts with the Preface to International Financial Reporting Standards which states:

“The IASB’s objective is to require like transactions and events to be accounted for and reported in a like way and unlike transactions and events to be accounted for and reported differently, both within an entity over time and among entities. Consequently, the IASB intends *not to permit choices* in accounting treatment.”

We understand it is the policy of HKSA to fully converge Hong Kong accounting standards with International Financial Reporting Standards. It seems sensible and appropriate for

Tel: (852) 2840 9207 Fax: (852) 2810 5385

E-mail : cgrieve@hksfc.org.hk

Website : <http://www.hksfc.org.hk>



26 June 2003
HKSA
Mr. Simon Riley
page 2

HKSA to adopt the same approach as the IASB. Also we believe comparability of financial statements between companies improves if all companies are required to adopt the same accounting treatment in accounting for the same transactions.

If you have any queries in respect of our comments, please contact me at 2840 9207.

Yours sincerely,

A handwritten signature in cursive script that reads "Charles Grieve".

Charles Grieve
Director of Corporate Finance