



香港華人會計師公會  
The Society of Chinese Accountants & Auditors

(在香港註冊成立之有限公司)

(Incorporated in Hong Kong as a company limited by guarantee)

Christina Ng  
Director, Standard Setting Department  
Hong Kong Institute of Certified Public Accountants  
37<sup>th</sup> Floor, Wu Chung House  
213 Queen's Road East  
Wanchai  
Hong Kong

31 January 2020

Dear Madam,

**Post-implementation Review of Small and Medium-sized Entity  
Financial Reporting Framework and Financial Reporting Standard (SMEFRF and FRS)**

We refer to your letter dated 30 September 2019, and on behalf of The Society of Chinese Accountants and Auditors ("SCAA"), we would like to provide our views on the Invitation to comment on exposure draft "Proposed Amendments to the Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard" based on the result of our members forum and comments received from our members: -

Proposed amendment 1:

Allow an entity to use the fair value or the carrying amount of all items in a class of property, plant, equipment or intangible asset as deemed cost at the date of transition when transitioning from another financial reporting framework to the SMEFRF & SME-FRS (paragraph 44 of SMEFRF)

We received over 85% (29 out of 34) of responded feedback on agreeing the above proposal.

Proposed amendment 2:

Add lessor accounting requirements to the SME-FRF & SME-FRS (paragraph 5.11A to 5.11I of SME-FRS)

We received over 76% (26 out of 34) of responded feedback on disagreeing the above proposal.

Proposed amendment 3:

Add presentation currency concept to the SME-FRF & SME-FRS (paragraphs 15.8 and 15.15 of SME-FRS)

We received over 79% (27 out of 34) of responded feedback on agreeing the above proposal.



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## Proposed amendment 4:

Clarify that the disclosure requirements in paragraphs 19.16(b), (c), (d) and (g) of the SME-FRF & SME-FRS apply to consolidated financial statements only (paragraph 19.16A of SME-FRS)

We received over 94% (32 out of 34) of responded feedback on agreeing the above proposal.

## Proposed amendment 5:

Permit but not require aggregation of the financial information of subsidiaries excluded from consolidation (paragraph 19.16B of SME-FRS)

We received over 97% (33 out of 34) of responded feedback on agreeing the above proposal.

A detailed members' statistics is enclosed herewith for your easy reference.

Further to our members' forum, a member subsequently indicated his view that under 19.16(g) in page 8 of exposure draft, the phrase "particulars of each subsidiary that has been excluded from consolidation" is not identical with "consolidated financial statements" and may therefore cause different interpretation by the practitioners during execution. In this regard, we recommend a clearly wordings to be incorporated upon finalization of the exposure draft.

SCAA is an incorporated body of professional accountants in Hong Kong established since 1913. There were less than a hundred members 50 years ago and about half thousand members 10 years ago. Nowadays, SCAA has over 1,000 ordinary members who are practising accountants and representing a significant number of practising firms of accountants, most of which are small and medium sized, in Hong Kong.

Should you wish to further discuss the issue in more details, please do not hesitate to contact SCAA at 2869 6680.

Yours sincerely,

Wong Chun Sek, Edmund  
President  
The Society of Chinese Accountants & Auditors