

寄件者: Steve Ong [SteveOng@HKEX.COM.HK]
寄件日期: 10日January2013年Thursday 19:02
收件者: Simon Riley; Winnie Chan
副本: ComMem-DICKENS Mark; David Graham; Grace Hui
主旨: HKICPA Invitation to Comment - Exposure Draft on Annual Improvements to IFRSs 2011-2013 Cycle

Dear Simon and Winnie,

HKICPA Invitation to Comment – Exposure Draft on Annual Improvements to IFRSs 2011-2013 Cycle (IASB deadline 18 February 2013)

Thank you for the HKICPA letter dated 28 November 2012 on the subject matter addressed to our Mr. Mark Dickens, Head of Listing, which has been passed to me for my attention as the HKEx representative member on the HKICPA Financial Reporting Standards Committee.

I have the following comments for your consideration:

The exposure draft proposes amendments to the following 4 standards, and if finalized would be effective for annual periods beginning on or after 1 January 2014, with earlier application permitted:

- (a) IFRS1 – *First time Adoption of IFRSs – meaning of effective IFRSs*
- (b) IFRS 3 - *Business Combinations – scope of exception for joint ventures*
- (c) IFRS 13 – *Fair value measurement – scope of paragraph 52 (portfolio exception)*
- (d) IAS 40 – *Investment property – clarifying interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property*

- 1) In relation to IFRS 1, I support the proposed amendment which clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. An entity is required to apply the same version of the IFRS throughout the periods covered by those first IFRS financial statements.
- 2) In relation to IFRS 3, I support the proposed amendment to (a) exclude the formation of all types of joint arrangements as defined in IFRS 11 from the scope of IFRS 3 and (b) clarify the scope exception only applies to the financial statements of the joint venture or the joint operation itself. This is necessary because, as acknowledged by the IASB, the scope exclusion in paragraph 2(a) of IFRS 3 for “the formation of a joint venture” was not consequently amended when IFRS 11 was issued. IFRS 11 changed the use of the term “joint venture” from having a general meaning that included “jointly controlled operations, “jointly controlled assets” and “jointly controlled entities” to mean a specific type of joint arrangement, which does not include “joint operations”.
- 3) In relation to IFRS 13, I support the proposed amendment to clarify that the scope exception applies to all contract within the scope of IAS 39 and IFRS 9.
- 4) In relation to IAS 40, I also support the proposed amendment which clarifies that IFRS 3 and IAS 40 are not mutually exclusive.

In summary, generally I am supportive of the proposed amendments. However, I would like to draw to your attention that we should all be mindful that since 2008, some 50 or more amendments affecting the whole suite of IFRSs have been issued as Annual Improvements, with

a number of the amendments having a very narrow scope. These amendments, whilst they are noted to provide clarification and ensure consistency of practices, would most probably create complexity and confusion amongst preparers and auditors with no large supporting technical resources. I would therefore recommend that the IASB should expedite the completion of the Conceptual Framework project and the Disclosure Framework project so that standards can be more principles-based with clear rationale rather than continuously having large numbers of improvements amendments to address diversity in practice resulting in more rules, further interpretations if scope is narrow, creating further diversity and complexity to IFRSs.

I hope my above comments are useful. Should you require any further clarification, please let me know.

Thanks.

Kind regards,
Steve

Steve Ong, FCA, FCPA
Vice President, Head of Accounting Affairs (Listing)
HKEx

Note:

This e-mail is confidential and is intended solely for the addressee. Any unauthorized use of the contents is expressly prohibited. If you are not the intended recipient, you are hereby notified that any use, distribution, disclosure or copying of this e-mail is strictly prohibited. If you have received this e-mail in error, please immediately notify the sender and delete it from your system. E-mail communication cannot be guaranteed to be reliable, secure, error-free or virus-free. Accordingly, we cannot accept liability for any damage sustained as a result of any virus, error or incompleteness of this e-mail or any failure to deliver promptly or at all information exchanged between you and us by this means. If you suspect that this e-mail may have been intercepted or amended, please contact the sender.

"Conserve the Environment" - Think before you print