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本署編號 Our Ref.: (12) in UG/ASN/HKI/0 VOL 3

來函編號 Your Ref.:

26 February 2009

Mr Steve Ong
Director, Standard Setting
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

(Fax: 2865 6776)

Dear Mr Ong,

Invitation to Comment on IASB Exposure Draft ED 10 *Consolidated Financial Statements* — A comprehensive review of off balance sheet risk

Thank you for your letter of 21 January 2009 inviting our comments on the captioned subject.

In general, we support the proposals in the Exposure Draft (ED 10), which aims to strengthen and improve the requirements for identifying the entities that a company controls, and to address concerns about the use of special structures by reporting entities (particularly banks) to manage securitisations and other more complex financial arrangements. We consider that:

- (a) the introduction of the proposed definition of control of an entity and the related application guidance will strengthen and improve the requirements for identifying which entities a company controls; and
- (b) the enhanced disclosure requirements for consolidated entities and unconsolidated structured entities will give capital providers and other users of financial statements more useful information, particularly about "off balance sheet" activities, for decision making.

We have no other comments to make on the specific matters raised in Questions 1 to 12 of ED 10.

Yours sincerely,

(John Chu)
for Director of Audit