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來函編號 Your Ref.:

30 March 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,

**Seeking Input to Questions Raised by
IASB - US FASB Financial Crisis Advisory Group**

Thank you for your letter of 20 March 2009 on the captioned subject. The following are our comments on the seven questions raised by the Financial Crisis Advisory Group.

Question 1

General purpose accounting has helped identify issues of concern during the financial crisis by requiring the recognition of losses through fair value accounting of financial assets and liabilities. With the fast development of financial instruments (e.g. structured products), we see the need to put in place enhanced accounting and auditing standards/guidelines for proper valuation, recognition, disclosure and auditing of these financial instruments.

Question 2

If "through the cycle" or "dynamic" loan provisions that differ from the current International Financial Reporting Standards or US GAAP requirements are to be pursued, the difference should best be reflected by recognition in profit or loss. This method is more transparent and will enable users of the financial statements better gauge the financial position of an entity.

Question 3

Issues surrounding accounting for off-balance sheet items (e.g. structured products) might have been contributory to the financial crisis. There is a need to develop enhanced accounting standards to tackle issues relating to off-balance sheet items as a matter of urgency.

Question 4

We consider that the International Accounting Standards Board and the US Financial Accounting Standards Board should preferably agree to issue one set of accounting standards for reporting all financial instruments in financial statements on a consistent basis. For government and not-for-profit entities, we support reporting all financial instruments at fair value rather than using a refined mixed attributes model.

Question 5

It is important to strike a balance between the need for resolving an “emergency issue” on a timely basis and the need for active engagement from constituents. In this regard, protection of the public interest and preservation of the image of the accounting profession for the promotion of fair and responsible accounting should be the overriding criteria for consideration.

Questions 6 and 7

We have no comments to make on Questions 6 and 7.

Yours sincerely,



(John Chu)
for Director of Audit