

**HKICPA Consultation Paper  
on Financial Reporting by Private Companies**

Question 1 - Do you agree that relief from applying full HKFRSs should be permitted for private companies? Please explain your reasons.

The benefits of compliance with full HKFRS for even large family owned companies or ones with outside shareholders are often doubtful. There should be a middle way.

Question 2 - Do you agree that the SME-FRF&FRS is an appropriate reporting option for small private companies and groups? Please explain your reasons.

With the exception of a cash or fund statement, I agree that SME-FRF&FRS is sufficient. However we must ensure that all our auditors perform such audits well.

Question 3 - Do you agree that large private companies should be provided with an option to choose a simpler reporting framework than HKFRSs? Please explain the reasons for your view.

Yes. As explained above, the benefits of certain of HKFRS requirements are doubtful - particularly some of the very complicated requirements which are rarely used. They are a trap for the unwary.

Question 4 - Do you agree with the view of Council stated that the SME-FRF & FRS does not meet the reporting needs of the users of the financial statements of large private companies; and the SME-FRF & FRS should not be expanded to meet those needs? If not, why not?

I generally agree.

Question 5 - Do you agree that the Institute should adopt or develop a large private company financial reporting framework? There are 3 options mentioned in paragraph 37 of the Consultation Paper, set out as follow:

- (1) HKFRS with reduced disclosures;
- (2) IFRS for SMEs; and
- (3) IFRS for SMEs with additional simplifications,

Which of the above options do you think is appropriate for developing large private company financial reporting framework? Please explain your views.

I agree that we should develop such a framework. I am open  
as to which option.

Question 6 - Please identify whether you use financial statements as a preparer, auditor and/or user and the effect on you in all of these cases of the proposed introduction of a large private company framework.

I am involved in all aspects of such work.

Name

PETER H.Y. WONG

Company Name

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