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From: Tsao Yea Tann Simon [mailto:simontsao05@yahoo.com.hk]

Sent: Friday, March 13, 2009 8:46 AM

To: P.T. Comment Letter

Subject: Re: Proposed new format for financial statements

Dear Sir/Madam,

When I learned accounting, the basics of regulatory framework was stewardship. They used to define six user groups of financial statements and the financial statements should be simple to apply and easy to read. That was the thing being taught in schools. What has now been proposed was the split of the statement of comprehensive income to cashflow statements and another statement of comprehensive income and the reconciliation of different statements. People I have asked were not completely convinced of its legibility, even accounting experts. And who do you think the new standards intend to serve? Can you tell me precisely to whom it intends to serve? All six user groups? The answer is a definitely 'NO' reply.

We have now come to a crossroad: the International Standards Committee calls for 'fair value', but back in the United States, they ask for the abandonment of the 'fair value' model. The disaster that had caused the financial turmoil is that all financial statements had been measuring at fair value (at an exaggerated valuation), now adjustment to actual picture was prohibited because some of the financial instruments are worthless and without market quote. If accounting is to apply consistency, how well are the standards be amended towards that goal? We aim at eliminating fluctuation, that is why we introduce deferred taxation. Now you shift to fair value, obviously it is affected by market sentiment and you cannot possibly rely on one independent valuation. If the investors need financial analysis, the requirements should be incorporated in the Listing Rules and not Accounting Standards and the format of financial statements should not be changed to suit a narrow band of users.

Regards,

Simon Tsao

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