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20 May 2009

Mr Steve Ong
Director, Standard Setting
Hong Kong Institute of Certified Public Accountants
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Wanchai, Hong Kong

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Dear Mr Ong,

**Invitation to Comment on IASB Discussion Paper on
*Preliminary Views on Revenue Recognition in Contracts with Customers***

Thank you for your letter of 2 February 2009 on the captioned subject.

We appreciate the efforts made by the International Accounting Standards Board and the US Financial Accounting Standards Board to improve the existing guidance in both International Financial Reporting Standards and US generally accepted accounting principles by developing a single revenue model that can be applied consistently regardless of the industry in which an entity operates. Under the proposed underlying principle stated in the Discussion Paper, a company would recognise revenue when it satisfies a performance obligation by transferring goods and services to a customer as contractually agreed. We note that in some circumstances, applying the boards' proposed model would differ from the present practice.

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In general, we support all the main proposals stated in the Discussion Paper. In particular, we consider that:

- the revenue recognition model proposed in the Discussion Paper would provide clearer guidance for determining when revenue should be recognised; and
- revenue recognition would be more consistent and comparable for contracts across industries.

Yours sincerely,



(John Chu)
for Director of Audit