



25 February 2011

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

**INVITATION TO COMMENT ON SME IMPLEMENTATION GROUP DRAFT
QUESTION AND ANSWER (Q&A) ON USE OF IFRS FOR SMEs IN PARENT'S
SEPARATE FINANCIAL STATEMENTS**

Comments to be received by 28 March 2011

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the draft Q&A (2011/01) published by the SME Implementation Group on use of IFRS for SMEs in parent's separate financial statements. The SMEIG is responsible for assisting the IASB on matters related to the implementation of the IFRS for SMEs. The document has been posted on the Institute's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/exposure-drafts/>.

The Institute has adopted the IFRS for SMEs in Hong Kong with some local modifications, in the form of HKFRS for Private Entities, as a reporting option for private companies which have no public accountability.

The draft Q&A (2011/01) addresses whether a parent entity that itself does not have public accountability may present its separate financial statements in accordance with the IFRS for SMEs if it is part of a group that is required (or elects) to present consolidated financial statements in accordance with full IFRSs. The Q&As issued by the SMEIG are intended to provide non-mandatory and timely guidance on specific accounting questions that are being raised with the SMEIG by users implementing the IFRS for SMEs.

Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the SMEIG's draft Q&A (2011/01) to be considered, they are requested to be received by the Institute on or before **28 March 2011**.

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.