



8 October 2013

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

**INVITATION TO COMMENT ON IASB EXPOSURE DRAFT OF *IFRS FOR SMEs***

***Comments to be received by 20 January 2014***

The Hong Kong Institute of Certified Public Accountants' (Institute) Financial Reporting Standards Committee (FRSC) is seeking comments on the IASB Exposure Draft which has been posted on the Institute's website at:

[http://www.hkicpa.org.hk/file/media/section6\\_standards/standards/FinancialReporting/ed-pdf-2013/ed\\_sme14.pdf](http://www.hkicpa.org.hk/file/media/section6_standards/standards/FinancialReporting/ed-pdf-2013/ed_sme14.pdf)

When the IASB issued the IFRS for SMEs in July 2009, it stated it would undertake an initial comprehensive review of the IFRS for SMEs to enable it to assess the first two years' experience that entities would have had in implementing it and to consider whether there is a need for any amendments. In many jurisdictions, companies started using the IFRS for SMEs in 2010. Consequently, the IASB commenced its initial comprehensive review in 2012.

In order to assist in the process of identifying which items to consider for amendment the IASB issued a Request for Information in June 2012 to seek public views and consulted with the SME Implementation Group, an advisory body to the IASB. After considering the feedback it received, and taking into account the fact that the IFRS for SMEs is still a new Standard, the IASB only proposes to make limited amendments to the IFRS for SMEs.

Most of the proposed amendments clarify existing requirements or add supporting guidance, rather than propose changes to the underlying requirements in the IFRS for SMEs. Consequently, for most SMEs, the proposals are expected to improve understanding of the existing requirements, without having a significant effect on the entity's financial reporting practices and financial statements.

The Institute has developed the HKFRS for Private Entities based on the IFRS for SMEs. The revision to the IFRS for SMEs, upon finalisation by the IASB, will be incorporated in the HKFRS for SMEs in accordance with the Institute's convergence policy.

The FRSC invites your comments on the proposals. Comments should be supported by specific reasoning and should be submitted in written form. To allow your comments to be considered, in developing its response to the IASB, the FRSC requests your comments to be received by the Institute on or before **20 January 2014**.

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.