



2 June 2015

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

INVITATION TO COMMENT ON IASB EXPOSURE DRAFTS
ED/2015/3 *Conceptual Framework for Financial Reporting* and
ED/2015/4 *Updating References to the Conceptual Framework*

Comments to be received by 14 September 2015

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the IASB Exposure Drafts ED/2015/3 and ED/2015/4 to improve *The Conceptual Framework for Financial Reporting*.

The Exposure Drafts have been posted on the Institute's website at:

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

The proposals aim to improve financial reporting by providing a more complete, clearer and updated set of concepts that can be used by the IASB when it develops IFRS and others to help them understand and apply those Standards. ED/2015/3 proposes a number of enhancements to the *Conceptual Framework*. The Proposals include:

- (a) a new chapter on measurement that describes appropriate measurement bases (historical cost and current value, including fair value), and the factors to consider when selecting a measurement basis;
- (b) confirming that the statement of profit or loss is the primary source of information about a company's performance, and adding guidance on when income and expenses could be reported outside the statement of profit or loss, in 'Other Comprehensive Income'; and
- (c) refining the definitions of the basic building blocks of financial statements – assets, liabilities, equity, income and expenses.

The IASB proposes to place more emphasis on the importance of providing information needed for investors to assess management's stewardship, and to reintroduce an explicit reference to 'prudence', explaining clearly what it means.

In addition, the IASB has published Exposure Draft ED/2015/4 *Updating References to the Conceptual Framework* to update, in existing Standards, references to, and quotes from, the existing version of the *Conceptual Framework* or the version that was replaced in 2010 so that they refer to the revised *Conceptual Framework*.



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

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 for your comments by **14 September 2015**.

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 respondent.