



30 September 2019

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

INVITATION TO COMMENT ON EXPOSURE DRAFT
Proposed Amendments to the Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard

Comments to be received by 31 January 2020

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the Exposure Draft *Proposed Amendments to the Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard (Amendments to the SME-FRF & SME-FRS)* which is available on the Institute's website:

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

In October 2018 the FRSC of the Institute issued a [Request for Information](#) (RFI) to conduct a post-implementation review (PIR) of the Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard (*SME-FRF & SME-FRS*). The comment period closed on 18 February 2019.

The aim of the PIR was to proactively seek constituents' feedback on and assess the benefits, challenges and other effects of applying the *SME-FRF & SME-FRS*.

The PIR [Feedback Statement](#), issued in July 2019, provides an overview of the Institute's PIR process and a summary of responses received from constituents and the key issues identified.

Based on the feedback received, the FRSC:

- (a) noted that the *SME-FRF & SME-FRS* appear to be working as intended, and are suitable for entities with simple businesses or transactions to apply; and
- (b) proposes only the following limited amendments are made:
 - clarify that the disclosure requirements in paragraphs 19.16(b), (c), (d) and (g) of the *SME-FRF & SME-FRS* apply to consolidated financial statements only;
 - permit but not require aggregation of the financial information of subsidiaries excluded from consolidation applying paragraph 19.2 of the *SME-FRF & SME-FRS*;
 - when transitioning from another financial reporting framework to the *SME-FRF & SME-FRS*, allow an entity to use the fair value or the carrying amount of all items in a class of property, plant, equipment or intangible asset at the date of transition as deemed cost; and
 - add lessor accounting requirements and a presentation currency concept to the *SME-FRF & SME-FRS*.

Question for respondents

The FRSC invites comments on the proposed amendments in the Exposure Draft *Amendments to the SME-FRF & SME-FRS*. Comments are most helpful if they:

- (a) indicate the specific paragraph(s) in the Exposure Draft to which they relate;
- (b) contain a clear rationale;
- (c) include any alternative the FRSC should consider, if applicable.



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

How to comment

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

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Wanchai, Hong Kong

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