



MEMBERS' HANDBOOK

Update No. 145

(Issued 8 April 2014)

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<u>SME-FRF & SME-FRS (Revised)</u>	Discard the existing cover page and pages 96-97 and replace with the new cover page and pages 96-97.	Note

Note:

This amendment to SME-FRF & SME-FRS (Revised) does not impose additional financial reporting requirements to companies. This amendment clarifies Part D of Appendix 1 of the Standard on the non-exempt disclosure requirements of the new Companies Ordinance (Cap. 622) for qualifying entities.



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SME-FRF & SME-FRS (Revised 2014)
Revised ~~March~~ April 2014

Effective for a Qualifying Entity's financial statements
which cover a period beginning on or after 3 March 2014
Early application is not permitted

Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard



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

As in Scenario 1, any impairment loss allocated to notional goodwill attributable to the non-controlling interest is not recognised in Parent's consolidated financial statements. Parent will therefore only recognise an impairment loss of \$810,000 in its consolidated profit or loss comprising:

	HK\$'000
Full write-down of goodwill recognised by Parent	760
Write-down of other identifiable non-cash net assets on pro-rata basis	50
Total amount of impairment loss recognised by Parent	810

D. NEW CO NON-EXEMPT DISCLOSURE REQUIREMENTS

As explained in paragraph 21 of the SME-FRF, unless specifically exempt from a particular requirement, the financial statements and directors' report prepared by a qualifying entity are required to follow the same requirements in the new CO as apply to full financial statements and directors' reports. These non-exempt disclosure requirements which apply under the new CO are set out below:

CO reference	Disclosure requirements
S. 383	<p>The financial statements must contain the information prescribed by the Regulation about the following matters:</p> <ul style="list-style-type: none"> (a) directors' emoluments (b) directors' retirement benefits (c) termination benefits paid to directors (d) loans, quasi-loans and other dealings in favour of directors of the company or its holding company (e) material interests of directors in transactions, arrangements or contracts entered into by the company or another company in the same group* (f) consideration provided to or receivable by a third party for making available the services of a director <p>In this regard, reference should be made to the Companies (Disclosure of Information about Benefits of Directors) Regulation ("the Regulation") made under sections 451 and 452(2) for the purposes of section 383.</p> <p><i>* Disclosure requirements in respect of item (e) are set out in Part 4 of the Regulation. However, Section 23 of the Regulation sets out a specific exemption in this regard for a company that falls within the reporting exemption for the financial year concerned. Therefore, in practice a company which falls within the reporting exemption is only required by section 383 and the Regulation to disclose information relating to items (a) to (d) and (f) above, and not (e).</i></p>
Sch 4 Part 1.1	The financial statements must disclose the aggregate amount of outstanding loans made under the authority of sections 280 and 281.
Sch 4 Part 1.2	<p>If a company presents consolidated financial statements it must also include in the notes to the consolidated financial statements:</p> <ul style="list-style-type: none"> (a) a note which contains the parent company's company-level statement of financial position in the format in which that statement would have been prepared if the parent company had not been required to prepare consolidated financial statements; and (b) a note which discloses the movement in the parent company's

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	<p>reserves.</p> <p>Further notes to the parent company's company-level statement of financial position are not required.</p>
Sch 4 Part 1.3	<p>If at the end of the year the company is a subsidiary of another undertaking, it must disclose particulars relating to that parent undertaking as set out in Sch. 4.</p>
Sch 4 Part 1.4	<p>The financial statements must state whether they have been prepared in accordance with the applicable accounting standards within the meaning of section 380 of the new CO and, if they have not been so prepared, must state the particulars of, and the reasons for, any material departure from those standards.</p> <p><i>(NB As stated in paragraph 20 of the SME-FRF, the SME-FRF and FRS are the applicable accounting standards for the purposes of section 380 for those companies which are entitled to and do take advantage of the reporting exemption)</i></p>
S. 387	<p>The statement of financial position must be approved by the directors and must be signed by 2 directors on the directors' behalf (unless the company only has one director, in which case the sole director must sign the statement of financial position). The names of the director(s) who signed the statement of financial position must be stated on any statement of financial position laid before the company in general meeting, sent to a member under section 430 or otherwise, circulated, published or issued by the company.</p>