



13 February 2015

Dear members,

Section 436 of the new Companies Ordinance (Cap. 622) on 'specified financial statements' and 'non-statutory accounts'

On 3 March 2014, the new Hong Kong Companies Ordinance (Cap. 622) came into operation. Section 436 of the ordinance replaces the requirements of section 129C(1) and (3) of the predecessor ordinance, Cap. 32, on the publication of a company's balance sheet. It also introduces new requirements on the publication of a company's 'non-statutory accounts'.

Essentially, section 436 requires that:

- when Hong Kong incorporated companies make their 'specified financial statements' available to others, they must always ensure that they are accompanied by the auditor's report on those financial statements; and
- when Hong Kong incorporated companies make any 'non-statutory accounts' available to others, they must be accompanied by a statement that includes the information required by section 436(3) and must not be accompanied by the auditor's report on its 'specified financial statements' for the same financial year.

Section 436 applies in relation to 'specified financial statements' and 'non-statutory accounts' for financial years beginning on or after 3 March 2014. Failure to observe the requirements will mean that the company and every responsible person of the company commits an offence and each is liable to a fine of HK\$150,000.

The Institute proposes to issue the Accounting Bulletin 6 to provide guidance to members for compliance on section 436. The proposed bulletin is for guidance only and does not introduce additional accounting, disclosure or legal requirements.

An invitation to comment on the [exposure draft](#) has been issued. Please give us your comment by 16 March.

Members can visit the [Companies Ordinance Resource Centre](#), which contains publicly available financial reporting-related reference materials on the new Companies Ordinance.

Best regards,

Hong Kong Institute of CPAs

Enquiries: Standard Setting Department (commentletters@hki CPA.org.hk)

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