

Companies Bill Team
Financial Services and the Treasury Bureau
15/F, Queensway Government Offices
66 Queensway
Hong Kong

13 January 2012

Dear Sir

Consultation paper on the Qualifying Criteria for Private Companies to prepare Simplified Financial and Directors' Reports

Thank you for your letter dated 6 December 2012 inviting ACCA Hong Kong's comments on the above consultation paper.

Size Criteria

We would like to attach our submission of the same date sent to the Hong Kong Institute of Certified Accountants for your reference.

Large Private Companies / Group

We prefer Option 2 set out in the consultation paper, i.e. allowing large private companies / groups with members' approval to adopt simplified reporting

We agree to the policy intention to save compliance costs of private companies while at the same time maintain an appropriate level of transparency of companies' business through financial reporting.

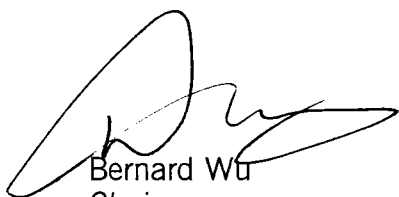
We therefore consider that the revision to the Companies Ordinance should not be more stringent than the existing provisions, especially if the current regime, to the best of our knowledge, has not created any major problems. Under the existing section 141D of the Companies Ordinance, a private company, with certain prescribed exceptions, may prepare simplified accounts and simplified directors' reports in respect of one financial year at a time with the written agreement of all its shareholders.

With the size criteria to be incorporated into the Companies Ordinance, certain companies previously qualify for reporting based on the SME-Financial Reporting Standard will now be excluded. This contravenes to the policy intention.

We therefore consider it reasonable to allow these companies, failing the size tests, to adopt simplified reporting provided that most of their members resolve and no other member objects.

Should you wish to clarify any issue, kindly please feel free to contact us.

Yours faithfully

A handwritten signature in black ink, appearing to be "Bernard Wu", written over the printed name.

Bernard Wu
Chairman

Enclosures

Chris Joy
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Hong Kong

13 January 2012

Dear Sir

Consultation paper on eligibility for the use of Small and Medium-Sized Entity Financial Reporting Framework and Financial Reporting Standard

We refer to the Institute's letter dated 9 December 2011 regarding the above consultation paper.

On behalf of ACCA Hong Kong, we have the following comments in respect of the Institute's proposed eligibility criteria for small companies and groups of companies to prepare simplified financial and directors' reports.

We note that the size criteria is now included for small guarantee company to align the "Reporting Exemption" of the Revised Companies Bill. However, in the consultation document, the basis and justification were not provided for defining a "small guarantee company" by "total annual revenue must be not more than HK\$25 million".

As such, we are unsure if this reflects the commercial reality as those criteria for small private companies.

Apart from the above, we agree to the proposed size criteria for defining a small private company and a group of small private companies as set out in the consultation paper.

Should you wish to clarify any issue, kindly please feel free to contact us.

Yours faithfully



Bernard Wu
Chairman