



Dear members,

Today, there is near-universal support for moving towards the global adoption of a single set of high quality financial reporting standards through the adoption of IFRSs. With more than 100 jurisdictions around the world now having embraced these principle-based standards, including China and the United States working towards this direction, it is clear that the council of our Institute made the right decision to adopt IFRSs.

That said, the journey is not without pains and significant challenges to all participants in financial reporting, which include preparers, users, regulators and our profession.

The need for education and training is one such challenge, which demands significant resources of retraining and continuing education for preparers and auditors, and educating users of financial reporting, which include investors, the media and the general public.

While accounting firms, large enterprises and regulators have made and will continue to make investments in these areas, we recognize that for the smaller and medium sized enterprises – whether they are preparers, users, auditors or the general public – education and training in the implementation of IFRSs are sorely needed.

As the standard setter of the profession, I firmly believe that the Institute has a role to play and indeed the responsibility to expand our education and training efforts in the effective implementation of IFRSs in Hong Kong, particularly to the public and to those participants who have limited resources.

Furthermore, after what is a reasonable period since the adoption of IFRSs in 2005, there is also the need to look back and analyze the results of the applications of the standards, especially from the standpoint of the end-users of financial reporting. We need to ensure

that standards are meeting the need for useful and relevant information. We occasionally hear complaints that financial statements today are so complex that even sophisticated investors find it difficult to fully understand the information provided to them. For our part, the Institute could play a useful role to facilitate this process by reaching out to our stakeholders.

This will show that the Institute is giving clear and decisive leadership to Hong Kong's accountancy profession, not just as its standard setter, but also in helping its members face the challenge of a changing world.

Sincere regards,

**Albert S.C. Au**  
President