



To: Assignment/Business Section Editor,
(FOR IMMEDIATE RELEASE)

Hong Kong Institute of CPAs Announces Latest Development on Financial Reporting for Small and Medium-sized Entities

(HONG KONG, 2 March 2005) – The Hong Kong Institute of Certified Public Accountants today issued its final proposal in the form of an Exposure Draft on the financial reporting framework and standard for small and medium-sized entities (SME). The Institute has already completed two rounds of public consultation.

The Institute expects with the completion of this final consultation process by end of April 2005, the final SME financial reporting framework and standard will be issued in June 2005 so that those companies which are qualified can start using them for financial reporting periods that begin on or after 1 January 2005.

This SME financial reporting framework and standard are specially developed for Hong Kong companies that prepare financial statements in accordance with section 141D of the Companies Ordinance, and certain overseas incorporated entities.

According to Mr. Paul M.P. Chan, Vice President of the Institute and Chairman of the GAAP (or Generally accepted Accounting Principles) for Small Businesses Working Group, the proposed SME financial reporting framework and standard are favoured by SME because reporting is based on a historical cost model and thus less cumbersome.

“Many smaller businesses look forward to the new financial reporting framework and standard because they balance the reporting compliance cost borne by small businesses and the benefit to the users of their financial statements,” says Mr. Chan.

The Exposure Draft can be found at the Institute’s website at www.hkicpa.org.hk. Comments on the Exposure Draft are invited by 30 April 2005.

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Editor’s Notes

About Hong Kong Institute of Certified Public Accountants

The Hong Kong Institute of CPAs is Hong Kong’s only statutory licensing body for accountants with over 23,000 members and nearly 10,000 registered students. Members of the Institute are entitled to the description *Certified Public Accountant* and to the designatory letters *CPA*.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

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The Institute operates under the Professional Accountants Ordinance and works in the public interest. The Institute has wide-ranging responsibilities, including assuring the quality of entry into the profession through its postgraduate CPA Qualification Programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

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