

New Companies Ordinance

Briefing Notes on

Companies (Accounting Standards (Prescribed Body)) Regulation

BACKGROUND

Under the Companies Ordinance (Cap. 32) (“Cap. 32”), the balance sheet and profit and loss account of a company must meet the requirements set out in Schedule 10 to Cap. 32 which comprises a detailed list of items to be disclosed. For companies which prepare accounts in a simplified form pursuant to section 141D of Cap. 32, the disclosure requirements set out in Schedule 11 to Cap. 32 apply to the balance sheet instead. The disclosure requirements in the Schedules overlap with some of the disclosure requirements in the reporting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”)¹.

2. Section 380(4)(b) and (8)(a) of the new Companies Ordinance (“new CO”) stipulates that the financial statements of a company must comply with the applicable statements of standard accounting practices issued or specified by a body prescribed by subsidiary legislation made pursuant to section 452(1). The Companies (Accounting Standards (Prescribed Body)) Regulation (“the Regulation”) is made by the Financial Secretary under section 452(1) of the new CO for this purpose.

¹ The accounting standards issued by the HKICPA include the Hong Kong Financial Reporting Standards (“HKFRSs”), the Hong Kong Financial Reporting Standard for Private Entities (“HKFRS for PE”) and the Small and Medium-sized Entities Financial Reporting Standard (“SME-FRS”).

THE SUBSIDIARY LEGISLATION

Companies (Accounting Standards (Prescribed Body)) Regulation

Major Changes

3. Accounting practices and requirements are constantly evolving in line with international development. To avoid potential conflict, Schedules 10 and 11 to Cap. 32 are repealed by the new CO, while the reporting standards issued by the HKICPA are given indirect statutory recognition by the Regulation. This displaces the need to stipulate the detailed disclosure requirements for financial statements in the legislation.

The Regulation

4. **Section 2** specifies the HKICPA as the body that issues or specifies statements of standard accounting practices for the purposes of section 380(8)(a) of the new CO.

Companies Registry

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