



強制性公積金計劃管理局
MANDATORY PROVIDENT FUND
SCHEMES AUTHORITY

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23 February 2005

Circular Letter: SU/CTR/2005/001

To: All Approved Trustees of MPF Registered Schemes

Dear Sirs,

Hong Kong Accounting Standards (the “HKAS”)

As you are aware, the Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new/revised HKAS. The Authority would like to draw your attention to three of the new/revised HKAS as they are of particular relevance to MPF funds:

HKAS 21 – The Effects of Changes in Foreign Exchange Rates
HKAS 32 – Financial Instruments: Disclosure and Presentation
HKAS 39 – Financial Instruments: Recognition and Measurement

Please note that HKAS 21, 32 and 39 are to be applied for accounting periods beginning on or after **1 January 2005**. For HKAS 21 and HKAS 32, they shall be applied on a retrospective basis whereas HKAS 39 shall be applied on a prospective basis only.

The Authority understands that you are in the process of assessing the impact of the HKAS on your MPF funds. We would like to take the opportunity to remind you to take note of the following in your assessment/review process:

- (a) determine whether the “presentation currency” would be different from the “functional currency”;
- (b) evaluate the impact of the HKAS on the existing valuation methods, such as the implication of the classification of financial instruments and the basis for calculation of net asset value;
- (c) assess your system capability in adopting the HKAS;

- (d) review the relevant constitutive and other documents to see if amendments would be necessary; and
- (e) discuss/communicate with your appointed service providers, legal advisers, auditors and scheme participants/policy holders/unit holders regarding the changes and their implications, where necessary.

In addition to the above, you may also wish to assess the impact of the new/revised HKAS on the accounting records and operations of your company itself.

Should you have any queries in connection with the above, please feel free to contact your case officer in the Authority.

Yours faithfully,

(Hendena Yu)
Chief Operating Officer (Compliance)