
PREFACE TO THE STATUTORY BOARD FINANCIAL REPORTING STANDARDS

1. With the enactment of the Accounting Standards Act on 1 Nov 2007, the Accountant-General is appointed as the legal authority to prescribe accounting standards for Statutory Boards. The accounting standards prescribed by the Accountant-General are known as Statutory Board Financial Reporting Standards ("SB-FRS"), which are closely modelled after the Financial Reporting Standards ("FRS") issued by the Accounting Standards Council ("ASC").
2. SB-FRSs set out recognition, measurement, presentation and disclosure requirements dealing with transactions and events that are important in general purpose financial statements. They also set out such requirements for transactions and events that arise mainly in specific industries. SB-FRSs are based on the SB-FRS Framework, which addresses the concepts underlying the information presented in general purpose financial statements. The objective of the SB-FRS Framework is to facilitate the consistent and logical formulation of SB-FRSs. The SB-FRS Framework also provides a basis for the use of judgment in resolving accounting issues.
3. SB-FRSs apply to all general purpose financial statements. Such financial statements are directed towards the common information needs of a wide range of users, for example, shareholders, creditors, employees and the public at large. The objective of financial statements is to provide information about the financial position, performance and cash flows of an entity that is useful to those users in making economic decisions.
4. A complete set of financial statements includes a balance sheet, an income statement, a statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners, a cash flow statement, and accounting policies and explanatory notes. In the interest of timeliness and cost considerations and to avoid repeating information previously reported, a company may provide less information in its interim financial statements than in its annual financial statements. SB-FRS 34 *Interim Financial Reporting* prescribes the minimum content of complete or condensed financial statements for an interim period. The term 'financial statements' includes a complete set of financial statements prepared for an interim or annual period, and condensed financial statements for an interim period.
5. SB-FRS permits different treatments for given transactions and events. Usually, one treatment is identified as the 'benchmark treatment' and the other as the 'allowed alternative treatment'. The financial statements of an entity may appropriately be described as being prepared in accordance with SB-FRSs whether they use the benchmark treatment or the allowed alternative treatment.
6. The objective of SB-FRSs is to require like transactions and events to be accounted for and reported in a like way and different transactions and events to be accounted for and reported differently, both within an entity over time and among entities.
7. Standards issued currently include paragraphs in bold type and plain type, which have equal authority. Paragraphs in bold type indicate the main principles. An individual standard should be read in the context of the objective stated in that standard and this Preface.

8. Interpretations of SB-FRSs ("INT SB-FRSs") and SB-FRS Guidance Notes are prepared to give authoritative guidance on issues that are likely to receive divergent or unacceptable treatment, in the absence of such guidance.
9. Any limitation of the scope of an SB-FRS is made clear in the standard.
10. If there are references made to SB-FRSs, INT SB-FRSs and SB-FRS Guidance Notes that have not been prescribed by the Accountant-General, these references will not take effect. However, the preparer of financial statements should take into consideration the applicability of the SB-FRS Framework as well as all existing SB-FRSs, INT SB-FRSs and SB-FRS Guidance Notes when preparing a financial statement.
11. Exposure drafts of new SB-FRSs may be issued for comment and proposals contained therein may be subject to revision. Until the effective date of a new SB-FRS, the requirements of any existing SB-FRS that would be affected by proposals in an exposure draft will remain in force.