



Hong Kong Institute of  
Certified Public Accountants  
香港會計師公會



# TechWatch

News at a glance

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TechWatch updates you on technical developments in financial reporting, auditing, ethics, regulation and business. The Institute welcomes your comments, emailed to < [commentletters@hkicpa.org.hk](mailto:commentletters@hkicpa.org.hk) >. Click [here](#) for past issues.

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## Standard Setting Developments

### Member's Handbook

#### 1. Handbook Updates No. 194-196

**Handbook Updates No.194** and **No. 196** relate to amendments to standards that are effective for annual reporting periods beginning on or after 1 January 2016:

- *Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to HKAS 16 and 38)
- *Agriculture: Bearer Plants* (Amendments to HKAS 16 and HKAS 41)
- *Equity Method in Separate Financial Statements* (Amendment to HKAS 27)
- *Investment Entities: Applying the Consolidation Exception* (Amendments to HKFRS 10, HKFRS 12 and HKAS 28)
- *HKFRS 14 Regulatory Deferral Accounts*

**Handbook Update No.195** relates to the application of HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts* (Amendments to HKFRS 4), which will become effective on 1 January 2018.

### Audit & Assurance

#### 2. New Auditor's Report

The new auditor's report has become effective for annual reporting periods ending on or after 15 December 2016. The Institute's **resource centre** contains available support on the new auditor's report.

#### 3. International Update

The IAASB released more **implementation support** on the new auditor's report including a Q&A and virtual training workshop.

### Ethics

#### 4. Responding to Non-Compliance with Laws and Regulations

The new *Responding to Non-Compliance with Laws and Regulations* standard was issued in December 2016 and will be effective on 15 July 2017. The Institute's **resource centre** has been updated for available support on this standard.

### Financial Reporting

#### 5. New Invitation to Comment

The Institute is seeking comments on an **IASB exposure draft ED/2017/1 Annual Improvements to IFRS Standards 2015-2017 Cycle**. It contains proposed amendments to IAS 12 *Income Taxes*, IAS 23 *Borrowing Costs* and IAS 28 *Investments in Associates and Joint Ventures*. Comments are to be received by 8 March 2017.

#### 6. Illustrative Financial Reports and Disclosure Checklists

Illustrative financial reports and disclosure checklists based on HKFRS/IFRSs that were published by public accounting firms are available on the Institute's **technical resources webpage**.

#### 7. International Updates

- IASB **Work Plan** dated 19 January 2017 is available.
- The January 2017 **IASB Update** covers discussion on a tentative proposal to amend IFRS 9 *Financial Instruments* concerning symmetric prepayment options, forthcoming post-implementation review of IFRS 13 *Fair Value Measurement*, and forthcoming issuance of IFRS 17 *Insurance Contracts* (deferred to May). A summary of the discussions and decisions made is also available on **podcast**.

- This [IASB article](#) discusses feedback from stakeholders on the implementation of IFRS 16 Leases. The standard is effective on 1 January 2019.
- This IASB [webinar](#) provides an overview of tentative decisions on the forthcoming insurance contracts standard that were made at the IASB's November 2016 meeting. The decisions will be reflected in the forthcoming standard.
- The [meeting summary](#) and [webcast](#) of the IASB's Accounting Standards Advisory Forum meeting held in December 2016 are now available.

## Technical Learning and Support

### 8. New Programmes

Click on the titles below to register:

- [Audit Practice Manual \(2016 edition\) Application Workshop](#) (multiple sessions available in February and March 2017)
- [ICAC Workshop on Ethical Decision Making](#) (available on 1 March 2017)

## Useful Resources

### 9. Institute's Technical Resource Centres

Access the Institute's comprehensive resource centres:

- [New and Major Standards](#)
- [ICAEW's International Accounting, Audit and Ethics Content](#)
- [New Companies Ordinance](#)
- [HKFRS for Private Entities](#)
- [SMP and SME](#)

### 10. LinkedIn

Click [here](#) to follow the LinkedIn page of the Institute's Standard Setting Department and also join in on our discussions. You will receive prompt updates on the latest standards and developments in financial reporting, auditing and ethics.

### 11. Publications

- This IFAC [policy position paper](#) emphasizes the importance and usefulness of reporting broad-based information beyond what is provided in traditional financial reporting.
- The IOSCO, of which the SFC is a member, published a [statement](#) outlining implementation, disclosure and audit matters regarding the new IFRSs on revenue, financial instruments, and leases. It calls for companies to disclose the likely effects of these new standards as they are expected to significantly affect financial statements of many listed companies.

## Advocacy and Practice Development/Member Support

### Taxation

#### 12. Announcements by the Inland Revenue Department

Members may wish to be aware of the following matters:

- [The Stamp Duty \(Amendment\) Bill 2017 \(the Bill\)](#) gazetted to implement the new demand-side management measure
- [A Legislative Council question](#) on introduction of new ad valorem stamp duty
- [List of qualifying debt instruments](#) as at 31 December 2016
- [Stamping Procedures and Explanatory Notes](#) on reliefs relating to regulatory capital securities

### Legislation & Other Initiatives

#### 13. Companies (Winding Up and Miscellaneous Provisions) (Amendment) Ordinance 2016 Takes Effect

The Companies (Winding Up and Miscellaneous Provisions) (Amendment) Ordinance 2016 has become effective on 13 February 2017. Click [here](#) for the press release. The Official Receiver's [Panel A Scheme Rules](#) have also been revised to take account of the amendments.

#### 14. Consultations on Anti-money Laundering Regulation and Disclosure of Beneficial Ownership

As indicated in the previous issue of TechWatch, the deadline for responding the government consultations papers, "[Enhancing Anti-Money Laundering Regulation of Designated Non-Financial Businesses and Professions](#)" and

"[Enhancing Transparency of Beneficial Ownership of Hong Kong Companies](#)" is 5 March.

#### 15. Companies Registry launches "CR eFiling" Mobile Application

The Companies Registry ("CR") currently provides electronic services for submission of applications for company incorporation and business registration, specified forms and other documents at the 24-hour [e-Registry](#) portal. With the increasing popularity of smartphones and other mobile devices, the CR has developed a free mobile application – [CR eFiling mobile application](#) ("the App") to facilitate registered users of the e-Registry to submit commonly filed specified forms using smartphones and mobile devices. With the e-form editing feature of the App, registered users can easily retrieve, edit and submit a saved e-form on their mobile devices.

For details, please refer to the [CR External Circular No. 2/2017](#). Further information on CR eFiling, including frequently-asked-questions, is available in the "Electronic Services – CR eFiling Mobile Application" section of the [CR website](#).

#### 16. Anti-Money Laundering Notices

Members may wish to note the following notices and publications in relation to AML/CFT:

- [Legal notice 15](#): The United Nations Sanctions (Somalia) (Amendment) Regulation 2017 has been published in the Gazette.
- [US executive order 13224](#): The list relating to "Blocking property and prohibiting transactions with persons who commit, threaten to commit or support terrorism".

For more AML-related circulars from the office of the commissioner of insurance, click [here](#).

For more background information on the current law in Hong Kong relating to AML/CFT, see the Institute's [Anti-money Laundering Bulletin 1](#),

“Requirements on anti-money laundering, anti-terrorist financing and related matters”, and the **supplement** on suspicious transaction reporting.

## Useful Resources

### 17. Library Resources

**Featured titles** and **new books** for members' reference are now available.

In addition, members can **login** to the **e-Library** and access e-journals and e-books on a wide range of business subjects.

### 18. Other Publications

- (i) HKEX has published the **report** on initial public offering applications, delisting and suspensions (as at 27 Jan)
- (ii) SFC has published **research paper no. 60: A Review of the Global and Local Securities Markets in 2016**
- (iii) Other publications:
  - **The "Anticipatory Accountant" takes the lead** by IFAC
  - **20 years inside the mind of the CEO...What's next?** by PwC
  - **Key traits of an ideal accounting firm** by Accounting Today
  - **Why anxiety around automation is absurd** by Accounting Web
  - **Generation Next** by ACCA
  - **How to accelerate gender diversity on boards** by McKinsey & Company