



Minutes of the 198<sup>th</sup> meeting of the Financial Reporting Standards Committee held on Tuesday, 6 December 2011 at 8:30 a.m. in the Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

Present: Mr. Clement Chan (Chairman)  
Mrs. Catherine Morley (Deputy Chairman)  
Mr. Stephen Chan  
Mr. Colin Chau  
Mr. Raphael Ding  
Mr. James Fawls  
Mr. Paul Hebditch  
Ms. Elsa Ho  
Ms. Caron Hughes  
Ms. Kelly Kong  
Ms. Susanna Lau  
Mr. Allen Leung  
Mr. William Lim  
Mr. Paul Phenix  
Ms. Shelley So  
Ms. Florence Wong

In attendance: Mr. Steve Ong, Director, Standard Setting  
Ms. Winnie Chan, Manager, Standard Setting  
Mr. Ambrose Wong, Manager, Standard Setting

1. **Minutes of the 197<sup>th</sup> meeting**

The minutes of the 197<sup>th</sup> meeting were approved by the Committee and signed by the Chairman.

2. **Work plan for 2011 – status report**

The Committee considered the status of the report of the Work Plan for 2011 and noted the progress made on the various projects.

3. **Report on AOSSG Third Annual Meeting and IFRS Foundation Conference in Melbourne, 23 – 25 November 2011**

The Chairman reported that the Institute has been appointed to the vice-chair of the AOSSG for a two year term from November 2011 to November 2013.

The Chairman and the Director of the Standard Setting also briefed the Committee on the latest developments and the discussion summary of the following projects:

- Hedge accounting
- Revenue from contracts with customers
- Investment entities
- Limited reconsideration of IFRS 9

Action

4. **Enhance involvement in AOSSG Working Group**

The Committee noted that the Institute is involved in a number of technical working groups of AOSSG: SS Dept.

- Financial instruments
- Fair value measurements
- Revenue
- Consolidation
- Leases
- Agriculture
- Financial Statement Presentation
- Insurance contracts

The Committee discussed the future role of the Institute at the AOSSG and agreed that the Institute, as the vice-chair of the AOSSG, should have a greater involvement in the AOSSG working groups. Members were encouraged to actively involve in the working group activities where appropriate.

The Committee also discussed the additional human resources required at HKICPA to support the closer involvement of the AOSSG working groups including the possible secondment of technical staff from firms to HKICPA.

Given the importance of the conceptual framework project, the Committee requested the Standard Setting Department to recommend to the AOSSG to establish a working group on the conceptual framework.

5. **Consultation Paper on Proposals to reform the UK Financial Reporting Council**

The Committee noted that the Institute had been requested by the Chairman of the AOSSG to consider the UK FRC Consultation Paper on proposals to reform the UK Financial Reporting Council. The Committee discussed and agreed that the Institute would not make submission to comment on such subject matter.

6. **Agenda items for discussion at the NSS meeting in March 2012**

The Committee noted the Chairman of National Standard Setters (NSS) requesting for input on the agenda of the coming NSS meeting in March 2012. Members were requested to pass their suggestions, if any, to the Standard Setting Department.

7. **IASB consultation documents**

The Committee agreed that the Institute should prepare a submission on the following IASB consultation documents:

- (i) Exposure draft of Proposed Amendments to IFRS 1 – Government loans;
- (ii) Exposure draft of Revenue from Contracts with Customers

For item (ii), it was agreed that the submission will be prepared by the

Revenue Working Group. Given that the exposure draft may have a pervasive impact on financial statements of a wide range of different entities, the Committee agreed that a forum should be organized in early 2012.

*[Post meeting note: The Financial Reporting Forum on Revenue ED is confirmed to be held on 13 February 2012]*

**8. Draft legal advice on true and fair view**

The Committee noted that the Institute had obtained a draft legal advice from a law firm on whether financial statements prepared by Hong Kong incorporated companies which are required to comply with Companies Ordinance, Cap 32 will comply with the provisions of the Ordinance and the proposed Companies Bill if the financial statements are prepared in accordance with IFRS. The Committee considered that it was too early to comment on the draft legal advice as the rewrite of the Companies Ordinances is still in progress. In addition, the Committee had a number of comments on the draft legal advice and requested the Standard Setting Department to summarize the comments received at the meeting for further consideration by the Committee. .

There being no further business, the meeting closed at 10:45 a.m.

9 December 2011

