



Minutes of the 190th meeting of the Financial Reporting Standards Committee held on Tuesday, 8 February 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. Paul Hebditch
Ms. Caron Hughes
Ms. Kelly Kong
Ms. Susanna Lau
Mr. Allen Leung
Mr. William Lim
Mr. Paul Phenix
Ms. Shelley So

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

Apologies for absence were received from Mr. James Fawls, Ms. Elsa Ho and Ms. Florence Wong.

	<u>Action</u>
<p>1. <u>Welcome to new members and Committee composition for 2011</u></p> <p>The Chairman welcomed Ms. Elsa Ho and Ms. Florence Wong as new members to the Committee.</p> <p>The Committee recorded a vote of thanks to Miss Fanny Hsiang for her contributions to the Committee during the tenure of her services.</p>	
<p>2. <u>Meeting schedule for the term of 2011</u></p> <p>The Committee noted and agreed with the proposed meeting schedule for the term of 2011.</p>	
<p>3. <u>Terms of Reference and Proposed Work Plan for 2011</u></p> <p>The Committee noted the Terms of Reference of the Committee and considered the proposed work plan for 2011 prepared by the Standard Setting Department. The Committee agreed to revise the draft based on the comments raised at the meeting.</p>	
<p>4. <u>Minutes of the 189th meeting</u></p> <p>The minutes of the 189th meeting were approved by the Committee and signed by the Chairman.</p>	
<p>5. <u>Update on Companies Ordinance Rewrite</u></p> <p>The Committee noted that the consultation conclusion on the second phase</p>	SS Dept.

consultation on the Companies Ordinance Rewrite, which cover the accounts and audit provisions was recently released by the Companies Bill Team. It was noted that the proposed Companies Bill had addressed the Committee's previous concern on relaxation on the qualifying criteria for private companies to prepare simplified financial and directors' reports.

Based on the proposed Companies Bills, the qualifying criteria to prepare simplified financial and directors' report are now only relaxed and extended to "small private company" and "group of small private companies" which meet the size criteria in the extant SME-FRS&FRS. Accordingly, the SME-FRF&FRS would need to be updated to facilitate group accounting in case the proposed Companies Bills are to be approved and endorsed by the Legislative Council.

Based on the understanding of the proposed Companies Bill, the Committee noted that the Bill is expected to be enacted in mid 2012 and the law is expected to be implemented by the end of 2013 or in 2014.

The Committee requested the Standard Setting Department to provide an update of the comment letters of the previous exposure draft on the proposed amendments to SME-FRF&FRS issued by the Institute in mid-2008 and enable the Committee to consider the plan to update the SME-FRF&FRS. This project was previously put on hold by the Committee pending the outcome of the CO Rewrite consultation.

6. IFRS Foundation Paper for Public Consultation – Status of Trustee's Strategy

The Committee noted that Executive Director of the Institute is responsible for preparing the submission to the IFRS Foundation and that a meeting was organized on 7 February with various stakeholders to seek their views on the subject consultation.

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The Committee considered the draft response prepared by the Standard Setting Department and had a number of comments and observations on the draft response. The Standard Setting Department thanked the Committee for their comments and will incorporate those comments, where appropriate, for further consideration by the Executive Director of the Institute.

7. IVSC Exposure Draft of Real Property and Business Valuation

The Committee noted that the International Valuation Standards Council (IVSC) released for comment an exposure draft of Technical Information Paper on the Discounted Cash Flow Method - Real Property and Business Valuation. The Committee agreed that the Financial Reporting Valuation Working Group should be invited to prepare the Institute's submission on whether the discounted cash flow method proposed in the Exposure Draft is consistent with the requirements of the financial reporting standards.

8. IASB Outreach Meetings on Hedge Accounting and Impairment

The Committee noted that the IASB in association with the Institute would organize three outreach meetings on 21 and 22 February 2011 to discuss the recent IASB Exposure Draft of hedge accounting and IASB Supplementary Document on impairment.

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In addition, the Standard Setting Director reported that IASB Board member, Dr. Zhang Wei-Guo, will be visiting Hong Kong on 1 March 2011. The Committee agreed to organize a financial reporting forum and a welcoming dinner with Dr. Zhang.

There being no further business, the meeting closed at 10:15 a.m.

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CHAIRMAN

14 February 2011