



Minutes of the 206th meeting of the Financial Reporting Standards Committee held on Tuesday, 7 May 2013 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: Mrs. Catherine Morley (Deputy Chairman) – Acting Chairman
Mr. Colin Chau
Mr. Vincent Ching
Mr. John Chong
Mr. James Fawls
Mr. Henri Fok
Ms. Susanna Lau
Mr. Ernest Lee
Mr. William Lim
Mr. Eugene Liu
Mr. Raymond Ng
Mr. Steve Ong
Mr. Paul Phenix
Ms. Shelley So
Mr. Gary Stevenson
Ms. Florence Wong
Mr. Davis Yu

In attendance: Mr. Simon Riley, Director, Standard Setting
Mr. Ben Lo, Associate Director, Standard Setting
Ms. Winnie Chan, Manager, Standard Setting
Mr. Ambrose Wong, Manager, Standard Setting

Apologies for absence were received from Mr. Clement Chan (Chairman) and Ms. Kelly Kong.

	<u>Action</u>
<p>1. <u>Minutes of the 205th meeting</u></p> <p>The minutes of the 205th meeting were approved by the Committee and will be signed by the Chairman at the next meeting.</p>	
<p>2. <u>Draft submissions on IASB Exposure Drafts</u></p> <p>The Committee considered the draft submissions prepared by the Standard Setting Department (SSD) on the following IASB exposure drafts:</p> <p>(a) Novation of Derivatives and Continuation of Hedge Accounting (Proposed Amendments to IAS 39 and IFRS 9)</p> <p>(b) Acquisition of an interest in a Joint Operation (Proposed Amendment to IFRS 11)</p> <p>(c) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Proposed Amendments to IFRS 10 and IAS 28)</p> <p>The Committee had a number of comments on the draft letters. SSD was requested to revise the draft submissions for the Committee's further consideration by circulation prior to finalization.</p>	SSD

3. IASB Consultation Papers

The Committee noted that the IASB had issued the following consultation papers: SSD

- (a) Exposure Draft of Financial Instruments: Expected Credit Losses
- (b) Exposure Draft of Defined Benefit Plans: Employee Contributions (Proposed Amendments to IAS 19)
- (c) Request for Information: Rate Regulation

The Committee agreed that item (a) would be considered by the Financial Instruments Working Group. For items (b) & (c), the Committee agreed that no working group would be set up for the preparation of the draft comment letters and requested the SSD to write to the relevant constituents/organizations for comments. The draft letters would be circulated to the Committee for consideration.

4. Update on IFRS Regional Policy Forum in 2013 in Hong Kong

The Director of Standard Setting reported the details of the updated programme of the IFRS Regional Policy Forum to be held in the second week of June and related side meetings including IASB outreach on the Exposure Draft of Expected Credit Losses, Interim AOSSG Meeting and the IASB Financial Reporting Forum.

5. Report on the IFRS Advisory Council meeting

The Committee noted that Mr. Roger Best has been appointed as the Hong Kong representative at the IFRS Advisory Council. The Committee received and considered the report of the IFRS Advisory Council meeting held in London on 25 – 26 February 2013.

6. Report on other international meetings

The Chairman and the Director of Standard Setting attended the Accounting Standards Advisory Forum (ASAF) meeting in London on 8 – 9 April and the International Forum of Accounting Standard Setters (IFASS) meeting held in São Paulo on 17 – 18 April.

The Director of Standard Setting reported that topics on the conceptual framework and credit impairment models were discussed at the ASAF meeting. A summary of that meeting has been posted on the IASB website. The continue relevance of IFASS and various financial reporting issues such as disclosure framework, discount rates, emission trading schemes were discussed at the IFASS meeting.

7. Guidance for the formation of a Working Group and composition of Working Groups

The Committee discussed the guidance for the formation of a working group previously considered in April 2007 and agreed on the following revised guidance:

- Working Groups are formed to undertake specific tasks and to assist the staff of the Standard Setting Department to prepare material for consideration by the Committee.
- The Convenor and other members of the working group can be

members or non-members of the Committee. However, the Working Group must comprise at least one member of the Committee, who would act as the liaison point between the Committee and the Working Group.

- Members of a Working Group must have expert knowledge on the area of responsibility of the Working Group and be prepared to participate in the work of the Working Group.
- The size of the working group may vary depending on the specific task under consideration. The size should take into account the need to have sufficient representation of interested parties.
- Each organization should normally have no more than one representative on a Working Group.

8. Revision of the SME-FRF and SME-FRS

The Acting Chairman briefed the Committee on the progress of the 2014 revision of the Small and Medium Sized Enterprises Financial Reporting Framework and Financial Reporting Standards (SME-FRF and SME-FRS). The revision was performed in response to the new Companies Ordinance gazetted in 2012 and to include additional guidance material. The first draft of the 2014 revision was circulated to members of the working group for review. It was expected that the public consultation would be started by early July with a two month consultation period. The effective date of the 2014 revision would be aligned with the new Companies Ordinance.

SME-FRF &
SME-FRS
Working
Group

9. Companies Ordinance Financial Reporting Issues

A number of members raised concerns and issues in respect of the new Companies Ordinance. The Committee agreed to establish the Companies Ordinance (Financial Reporting) Applications Issues Working Group to consider all financial reporting implementation and application issues related to the Companies Ordinance and for the Working Group to report back at future meetings of the Committee.

SSD

There being no further business, the meeting closed at 11:00 a.m.

CLEMENT CHAN
CHAIRMAN

27 June 2013