



Minutes of the 207th meeting of the Financial Reporting Standards Committee held on Thursday, 1 August 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: Mr. Clement Chan (Chair)
Mrs. Catherine Morley (Deputy Chair)
Ms. Kelly Kong
Ms. Susanna Lau
Mr. Ernest Lee
Mr. William Lim
Mr. Eugene Liu
Mr. Raymond Ng
Mr. Paul Phenix
Ms. Shelley So (represented by Mr. Ian Farrar)
Mr. Gary Stevenson
Mr. Davis Yu

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

Apologies for absence were received from Mr. Colin Chau, Mr. Vincent Ching, Mr. John Chong, Mr. James Fawls, Mr. Henri Fok, Mr. Steve Ong and Ms. Florence Wong.

	<u>Action</u>
<p>1. <u>Minutes of the 206th meeting</u></p> <p>The minutes of the 206th meeting were approved by the Committee and signed by the Chair.</p>	
<p>2. <u>IASB Consultation Papers</u></p> <p>The Committee noted that the IASB had issued the following consultation papers:</p> <ul style="list-style-type: none">(a) Exposure Draft of Regulatory Deferral Accounts(b) Exposure Draft of Leases(c) Exposure Draft of Insurance Contracts(d) Exposure Draft of Agriculture: Bearer Plants (Proposed Amendments to IAS 16 and IAS 41)(e) Discussion Paper: A Review of the Conceptual Framework for Financial Reporting <p>The Committee agreed that no working group would be set up for items (a) & (d). The draft comment letters would be prepared by the SSD and circulated to the Committee for consideration.</p> <p>The Committee agreed that item (b) & (c) would be considered by the Leases Working Group and the Insurance Regulatory Liaison Group respectively. It was also agreed that a new working group would be set up for item (e) for the preparation of the draft comment letter.</p>	SSD

3. **Limited Invitation to Comment on Consultation Draft of Small and Medium Sized Entity Financial Reporting Framework and Financial Reporting Standards (Revised)**

The Deputy Chair (as Chair of the Working Group) briefed the Committee on the Working Group's recommendation to conduct a limited consultation on the proposed revised Small and Medium Sized Entity Financial Reporting Framework and Financial Reporting Standards (SME-FRF & SME-FRS). The proposed consultation would be limited to the question of whether the SME-FRS should take advantage of section 381(2) of the new Companies Ordinance by including an option to relieve a group from consolidating one or more subsidiary undertakings if the company's directors are of the opinion that their inclusion would involve expense or delay out of proportion to the value derived by members of the company. The Working Group was of a view that there was no need to broaden the consultation beyond this issue as the consultation draft has already taken into account the outcome of the consultation carried out in 2008, updated only for developments in terminology and guidance available in full HKFRS since the 2008 Exposure Draft, to the extent relevant to the SME-FRF and SME-FRS, as well as reflecting the qualifying criteria introduced in the new Companies Ordinance.

The Working Group recommended issuing the limited invitation to comment and consultation draft in August with a two-month consultation period.

The Committee considered the limited invitation to comment and consultation draft and had a number of comments. SSD was requested to revise the draft for the Committee's further consideration by circulation.

4. **Companies Ordinance (Financial Reporting) Application Issues**

The Deputy Chair (as Chair of the Working Group) reported to the Committee that the Working Group had its first meeting on 20 June 2013 and discussed the proposed guidance on preparation of business review and a number of financial reporting application issues related to new Companies Ordinance, including the definition of "subsidiary undertaking" and the requirement to prepare consolidated financial statements.

The Committee noted that the SSD will prepare draft non-authoritative guidance on preparation of business review, mainly based on the Operating Financial Review Reporting Statement published by the UK Accounting Standards Board, for consideration by the Working Group and the Committee.

The Committee noted that the Working Group will continue discussion on the various application issues at forthcoming meetings.

5. **Annual Accounting Update Conference 2013**

The Committee considered a draft programme and agreed that the following topics should be included:

- Highlights of major new or amended HKFRSs that are applicable in 2013
- Practical application of HKFRS 10
- Companies Ordinance Financial Reporting Issues and Consultation on Revised SME-FRF and SME-FRS

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- Update on IASB projects

The SSD would revise the draft programme based on the comments received and circulate to the Committee for further comment.

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

12 August 2013



CLEMENT CHAN
CHAIRMAN

Hong Kong Institute of
Certified Public Accountants
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