



Minutes of the 212th meeting of the Financial Reporting Standards Committee held on Wednesday, 26 March 2014 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 (Chairman)
Mr. Nelson Lam (Deputy Chairman)
Mr. Gary Biddle
Mr. Vincent Ching
Ms. Kelly Kong
Mr. Ernest Lee
Mr. William Lim
Mr. Eugene Liu
Mr. Raymond Ng
Mr. Steve Ong
Mr. Paul Phenix
Ms. Shelley So
Ms. Florence Wong
Mr. Davis Yu

In attendance: Mr. Simon Riley, Acting 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. John Chong, Mr. James Fawls, Ms. Susanna Lau and Mr. Gary Stevenson.

	<u>Action</u>
<p>1. <u>Welcome to new member</u></p> <p>The Chairman welcomed Mr. Gary Biddle as a new member of the Committee.</p>	
<p>2. <u>Report on the various international meetings in March</u></p> <p>The AOSSG Chair, Mr. Clement Chan and an Associate Director of the Standard Setting Department participated in a series of meetings and conferences in early March 2014.</p> <p>Mr. Chan briefed the Committee on the key matters discussed at the meetings as follows:</p> <ul style="list-style-type: none">● IASB Accounting Standards Advisory Forum (ASAF) <p>On 3 - 4 March 2014, Mr. Chan and other ASAF members met with the IASB in London. The ASAF discussed:</p> <ul style="list-style-type: none">➤ the strategy and priorities for the way forward for the development of the IASB's revised proposals in relation to Insurance Contracts and Leases, as well as certain aspects of the IASB Conceptual Framework Discussion Paper;➤ EFRAG's Bulletin in relation to complexity in the financial statements;➤ Paper prepared by a FASB staff on the potential conceptual framework issues relating to presentation and measurement;	

- the input to the IASB Rate-regulation Discussion Paper; and
- clarification of the application of materiality and the scope of the IASB's forthcoming Disclosure Initiative research project.

- **International Forum of Accounting Standard Setters (IFASS)**

The 6 – 7 March 2014 IFASS meeting in New Delhi was attended by standard-setters from around the world. The meeting discussed, among other things, topical issues relating to the role of the business model in financial reporting, goodwill impairment and the equity method of accounting.

- **Interim AOSSG Meeting**

AOSSG member standard-setters met briefly on the evening of 7 March 2014 in New Delhi. The closed meeting mainly discussed its preliminary draft strategic plan.

- **IFRS Regional Policy Forum**

Mr. Chan opened the IFRS Regional Policy Forum in New Delhi, on 8 – 9 March 2014 with a speech that encourages regional cooperation in standard-setting. The Forum themed 'Financial Reporting: New Frontiers' was organized by the Institute of Chartered Accountants of India.

3. **Minutes of the 211th meeting**

The Committee approved and the Chairman signed the minutes of the 211th meeting.

4. **Terms of Reference and work plan for 2014**

The Committee considered the revised Terms of Reference (TOR) and the work plan of the Committee and suggested that further amendments should be made related to the working relationship with the Institute's China Standards Advisory Group to make both of the documents consistent.

The Standard Setting Department was requested to revise both the TOR and work plan in light of the Committee's comments and to circulate to the Committee for consideration.

5. **IASB Outreach roundtable on DP Macro-hedging**

The Committee noted that the IASB and the HKICPA would host an outreach roundtable on 29 May 2014 at the HKICPA offices on the Discussion Paper of Macro-hedging. The roundtable would mainly be attended by preparers of financial institutions and analysts that follow banks/commodity companies.

6. **Report from the Working Group on Companies Ordinance application issues on financial reporting**

The Chairman (as Chair of the Working Group) reported that a teleconference call was held with IASB staff on 18 March 2014 to discuss the HKICPA submission to the IASB related to our concerns on the application of the consolidation exemption criteria in paragraph 4(a)(iv) of HKFRS 10 (equivalent to IFRS 10) for private companies in Hong Kong

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after the effective date of the new Companies Ordinance. The IASB staff advised that the HKICPA submission would be circulated to all IASB and IFRIC members for consideration and would be posted onto the IASB website as one of the potential topic for the next agenda consultation.

In addition, the Chairman advised that in order to promote greater awareness and understanding on the impact of new Companies Ordinance on financial reporting, the Working Group would develop additional guidance including transitional issues in the form of FAQs for users.

7. Article on the accounting for transaction costs incurred in an IPO

The Committee agreed that a working group should be set up to comment and review the draft article on the accounting for transaction costs incurred in an IPO. The Standard Setting Department planned to publish the article in the Institute's magazine A+Plus May/June 2014 edition.

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There being no further business, the meeting closed at 10:35 a.m.

CATHERINE MORLEY
CHAIR

10 April 2014