



Minutes of the 216th meeting of the Financial Reporting Standards Committee held on Thursday, 11 September 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. Gary Biddle
Mr. James Fawls
Ms. Kelly Kong
Ms. Susanna Lau
Mr. Ernest Lee
Mr. William Lim
Mr. Eugene Liu
Mr. Raymond Ng
Mr. Steve Ong
Mr. Paul Phenix
Ms. Shelley So (represented by Mr. Ian Farrar)
Mr. Gary Stevenson
Ms. Florence Wong
Mr. Davis Yu

In attendance: Mr. Chris Joy, Executive Director
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. Nelson Lam and Mr. Vincent Ching.

	<u>Action</u>
<p>1. <u>Minutes of the 215th meeting</u></p> <p>Subject to certain changes, the minutes of the 215th meeting were approved by the Committee and will be signed by the Chair at the next meeting.</p>	SSD
<p>2. <u>Work plan status</u></p> <p>The Committee noted progress to date in various standard-setting projects and had a number of comments on the work plan for consideration by the SSD.</p>	SSD
<p>3. <u>Update on planning for the 2014 Annual AOSSG Meeting</u></p> <p>SSD reported the details of the updated agenda of the Annual AOSSG Meeting to be held on 26-27 November and related side meetings including an informal meeting with the attending IASB members/staff and the IASB Financial Reporting Forum.</p>	
<p>4. <u>Meeting with a member of the IASB-FASB Revenue Transition Resource Group (TRG)</u></p> <p>The Chairman provided the Committee with a report on a meeting with Mr. James Riley, member of the IASB-FASB Revenue Transition Resource Group from Hong Kong, attended together with the President of the Institute, Mr. Clement Chan on 1 September 2014. The purposes of the meeting were to gain a greater understanding of the operation of the Revenue TRG and to discuss if and how the Institute can contribute in</p>	

future. The Chairman reported that the meeting was very useful and the Committee was welcome to provide comments on the agenda papers of the future Revenue TRG meetings if any.

5. **IASB Leases Project**

The Committee considered a draft comment letter prepared by the Leases Working Group to the IASB expressing concerns on recent tentative decisions made by the IASB and the FASB on their Leases project. After deliberation, the Committee considered it would be more appropriate as an initial step to contact the IASB in a less formal way. The Committee noted that the Chairman would represent the Institute in attending various standard setters meetings in London by the end of September and requested the Chairman to raise the issues with the relevant IASB staff if opportunities arise.

Chairman

6. **IASB ED of Investment Entities: Applying the Consolidation Exception**

The Committee considered the draft submission and requested the SSD to revise the draft submission in light of the Committee's comments and to circulate to the Committee for consideration.

SSD

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

The Committee considered a revised discussion paper prepared by the Working Group on the question of the status of IFRS with respect to Hong Kong companies required to comply with section 380(4)(b) of the Companies Ordinance. The Committee generally agreed with the approach of recommending the Council to confirm the status of HKFRS as the sole body of applicable accounting standards for the purposes of the full "true and fair" financial reporting regime. The discussion paper will be revised and further considered by the Committee, before submitting for the consideration by the Institute's Executive Committee and Council.

SSD &
Working
Group

The Committee considered the draft Accounting Bulletin (AB) 6 *Guidance on the Requirements of Section 436 of the Hong Kong Companies Ordinance Cap. 622 'Requirement in Connection with Publication of "Specified Financial Statements" and "Non-statutory Accounts"'* prepared by the Working Group. The Committee approved the document to be released as an exposure draft, subject to the comments to be received from the Companies Registry, with a two-month comment period.

The Committee noted that the Working Group will consider at its forthcoming meeting on whether to develop a comment letter on the HKEx consultation paper on review of Listing Rules on Disclosure of Financial Information with reference to the New Companies Ordinance and HKFRS.

8. **Any other business**

A member drew the attention of the Committee that the International Organization of Securities Commissions (IOSCO) issued proposed guidance setting out IOSCO's expectations for issuers with respect to the presentation of financial measures other than those prescribed by Generally Accepted Accounting Principles (GAAP). The Executive Director stated that the Institute had been commenting on a paper with similar topic, "Draft Guide on the Use of Supplementary Financial Measures" being developed by The Professional Accountants in Business Committee

(PAIB). The Committee discussed and agreed that the Committee would not make submission to comment on the IOSCO proposed guidance.

9. Vote of thanks

The Chairman advised that Mr. John Chong had resigned from the Committee. The Committee expressed a vote of thanks to Mr. Chong for his contributions during his term of service.

There being no further business, the meeting closed at 10:40 a.m.

CATHERINE MORLEY
CHAIR

17 September 2014