



Minutes of the 220th meeting of the Financial Reporting Standards Committee held on Tuesday, 10 March 2015 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.

Members present: Ms. Catherine Morley (Chairman), KPMG
 Ms. Shelley So (Deputy Chairman), PricewaterhouseCoopers
 Mr. Vincent Ching, The Hong Kong Polytechnic University
 Ms. Candy Fong, Deloitte Touche Tohmatsu
 Ms. Susanna Lau, Securities and Futures Commission
 Mr. Ernest Lee, Ernst & Young
 Ms. Fanny Leung, Government of HKSAR, Treasury
 Mr. Eugene Liu, RSM Nelson Wheeler (represented by Mr. Colin Chau)
 Mr. Steve Ong, Stock Exchange of Hong Kong Limited
 Mr. Paul Phenix, Baker Tilly Hong Kong Limited
 Mr. Gary Stevenson, BDO Limited
 Ms. Florence Wong, Financial Reporting Council
 Mr. Davis Yu, HLB

Staff in attendance: Ms. Christina Ng, Head of Financial Reporting, Standard Setting
 Ms. Winnie Chan, Associate Director, Standard Setting
 Ms. Winnie Chan, Associate Director, Technical Learning & Support
 Mr. Ben Lo, Associate Director, Standard Setting
 Ms. Katherine Leung, Manager, Standard Setting
 Ms. Eky Liu, Manager, Technical Learning & Support

	<u>Action</u>
<p>1. <u>Minutes of the 219th meeting</u></p> <p>The Committee approved and the Chairman signed the minutes of the 219th meeting.</p>	
<p>2. <u>Apologies and declarations</u></p> <p>Apologies were received from three members; Mr. Gary Biddle, Mr. James Fawls and Ms. Kelly Kong.</p>	
<p>3. <u>Key issues and views to be included in the Institute's submissions on IASB Exposure Drafts</u></p> <p>The Committee considered high-level comments received from written submissions to the Institute and from Working Group meetings in relation to the following IASB Exposure Drafts (ED):</p> <p>(a) IASB ED/2014/5 <i>Classification and Measurement of Share-based Payment Transactions</i> (proposed amendments to IFRS 2); and</p> <p>(b) IASB ED/2014/6 <i>Disclosure Initiative</i> (proposed amendments to IAS 7).</p> <p>The Committee provided the Standard Setting Department (SSD) direction on what issues and views could form the basis of the Institute's submissions, and directed the SSD to finalise the submissions to the IASB out-of-session through the respective Working Groups before the Committee's approval.</p>	SSD

4. **IASB ED/2015/1 Classification of Liabilities (proposed amendments to IAS 7)**

The Committee noted that the Institute has issued an Invitation to Comment on IASB ED/2015/1.

Due to the nature of this ED, the Committee decided that a working group to discuss ED/2015/1 is not necessary and requested the SSD to prepare and present a summary of comments received through written submissions, or otherwise, on ED/2015/1 at the next FRSC meeting for the Committee's consideration.

SSD

5. **Report from the Companies Ordinance (CO) Working Group**

The Committee noted the CO Working Group's activities to date, which includes dealing with the inconsistencies between S379(3) of the new CO and HKFRS 10.4(a), frequently asked questions (FAQs) on various CO topics, and the draft Accounting Bulletin 4 *Guidance on the Determination of Realised Profits and Losses in the Context of Distributions Under the Hong Kong Companies Ordinance*.

The Committee suggested that CPD sessions on key FAQs that have been published on the Institute's website in relation to the new Companies Ordinance should be conducted for members before the end of 2015.

SSD

The Committee also noted the broad support received through written submissions on ED *Amendments to Preface to Hong Kong Financial Reporting Standards* (comment period closed on 6 March 2015) and, accordingly, approved the amendments.

6. **Draft letter to the IASB regarding the effective date of IFRS 15 Revenue from contracts with Customers**

The Committee approved a draft letter to the IASB that conveys the Institute's support for deferring the effective date of IFRS 15.

7. **Joint HKICPA and IFRS Foundation IFRS Conference**

The Committee noted the progress of the IFRS Conference that will be jointly hosted by the Institute and the IFRS Foundation on 12-13 October 2015.

8. **Revised 2015 FRSC work plan and activities**

The Committee noted the developments outlined in the revised 2015 FRSC work plan and activities.

9. **Proposed guideline for staff when dealing with IASB consultative documents**

The Committee noted the proposed staff guide which includes the process and timeline for dealing with IASB consultative documents or major projects as part of its due process.

10. **Any other business**

(a) *Insurance broker's issue*

The SSD informed the Committee that the Institute's Insurance Regulatory Liaison Group (IRLG) highlighted a divergence in practice regarding the

accounting by insurance brokers for insurance premium received on behalf of insurers.

The Committee requested that the Financial Instruments Working Group (FIWG) discusses the issue with the IRLG before the issue is brought back to the FRSC at a future meeting.

Working Group

(b) Basel Committee's proposed guidelines for accounting for expected credit losses

The Committee noted that the Basel Committee on Banking Supervision has issued a consultation document *Guidance on accounting for expected credit losses* for comment by 30 April 2015. The Committee also noted that the Institute's Banking Regulatory Liaison Group is studying the proposed guidance and any implications to Hong Kong's banking industry.

The Committee requested the SSD to first assess whether the proposed guidance would have any accounting implications as it relates to IFRS 9 *Financial Instruments*, and if so, that the FIWG considers whether and how the FRSC should be involved.

SSD & Working Group

The Committee noted that the Hong Kong Monetary Authority has encouraged the Hong Kong Association of Banks and the Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies to consider and comment on the proposed guidance should there be any implications to Hong Kong banks.

The meeting closed at 10:30 a.m.

CATHERINE MORLEY
CHAIR

11 March 2015