



Minutes of the 221st meeting of the Financial Reporting Standards Committee held on Tuesday, 12 May 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. Gary Biddle, University of Hong Kong
Mr. James Fawls, HSBC
Ms. Candy Fong, Deloitte Touche Tohmatsu
Ms. Kelly Kong, Jardine Matheson & Co., Limited
Ms. Susanna Lau, Securities and Futures Commission
Mr. Ernest Lee, Ernst & Young
Ms. Fanny Leung, Government of HKSAR, Treasury
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

Invited representatives: Mr. Lars Nielsen, Chairman of Insurance Regulatory Liaison Group
(for item 3 only) Ms. Sanel Tomlinson, Member of Financial Instruments Working Group

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

1. **Minutes of the 220th meeting**

The Committee approved and the Chairman signed the minutes of the 220th meeting.

2. **Apologies and declarations**

Apologies were received from two members; Mr. Vincent Ching and Mr. Eugene Liu.

3. **Application issue on insurance broker's accounting treatment for insurance premium receivable from policyholders**

The Chairman of the Insurance Regulatory Liaison Group (IRLG) and a member of the Financial Instruments Working Group (FIWG) briefed the Committee on an issue with insurance broker's accounting specifically in relation to insurance premium receivable from policyholders. It was reported that both the IRLG and the FIWG generally agreed that an insurance broker should recognise a financial asset and a financial liability only when cash is received from the policyholder for insurance premium payable to the insurer.

Action

- The Committee considered the issues paper presented by the IRLG and FIWG and broadly agreed with the groups' views.
- The IRLG will liaise with the insurance broker associations to issue guidance on the broker's accounting for insurance premium received. IRLG
4. **Key issues and views to be included in the HKICPA's submission on IASB ED/2015/1 Classification of Liabilities (proposed amendments to IAS 1)**
- The Committee considered high-level comments received from written submissions to the Institute and preliminary staff comments on IASB ED/2015/1.
- The Committee provided the Standard Setting Department (SSD) direction on what issues and views could form the basis of the Institute's submission and directed the SSD to circulate to the Committee for comment or approval prior to finalization. SSD
5. **Report from the Companies Ordinance (CO) Working Group on application issues on financial reporting**
- The Committee considered and approved the following items that are planned to be issued by the end of May, subject to the review of the Companies Registry: WG
- (i) Frequently asked questions (FAQs) relating to consolidated and company level financial statements prepared under Part 9 of the new CO (Cap. 622) and various other topics; and
 - (ii) Accounting Bulletin 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'"*.
- The Committee noted that a CPD session on the implementation of key aspects of the new CO is scheduled to take place in June.
6. **Report from the Revenue Working Group on the article on real estate developers**
- The Committee noted the progress of the Revenue Working Group's forthcoming article that will discuss the impact of the new revenue standard on real estate sales before completion in Hong Kong. The article will be circulated to the Committee for approval when it is finalised and published in the Institute's A-Plus.
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.

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

CATHERINE MORLEY
CHAIR

14 May 2015