



Minutes of the 227th meeting of the Financial Reporting Standards Committee held on Monday, 22 February 2016 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. Shelley So (Chairman), PricewaterhouseCoopers
Mr. Ernest Lee (Deputy Chairman), Ernst & Young
Mr. James Fawls, HSBC
Ms. Candy Fong, Deloitte Touche Tohmatsu
Ms. Susanna Lau, Securities and Futures Commission
Mr. Steve Ong, Stock Exchange of Hong Kong Limited
Mr. Paul Phenix, Baker Tilly Hong Kong Limited
Mr. Simon Riley, BDO Limited
Mr. Gary Stevenson, RSM Nelson Wheeler
Ms. Sanel Tomlinson, KPMG
Ms. Florence Wong, Financial Reporting Council
Mr. Guochang Zhang, The Hong Kong University of Science and Technology

Staff in attendance: Mr. Chris Joy, Executive Director, Standards and Regulation
Ms. Christina Ng, Head of Financial Reporting, Standard Setting
Ms. Winnie Chan, Associate Director, Standard Setting
Ms. Kam Leung, Associate Director, Standard Setting
Ms. Eky Liu, Associate Director, Standard Setting
Ms. Katherine Leung, Manager, Standard Setting

Apologies: Mr. Gary Biddle, The University of Hong Kong
Ms. Kelly Kong, Jardine Matheson & Co., Limited

1. Welcome new members and Committee composition for 2016

The Chairman welcomed Mr. Simon Riley, Ms. Sanel Tomlinson and Mr. Guochang Zhang as new members of the Committee.

2. Guidance note on general confidentiality rules

The Committee noted the guidance note on the general confidentiality rules in relation to minutes and agenda papers of the Council and the Committees appointed by the Council.

3. Terms of Reference

The Committee considered and agreed that the existing terms of reference are still appropriate.

4. Meeting Schedule for 2016

The Committee noted the meeting dates for 2016.

Action

5. **2016 FRSC strategic plan**

The Committee discussed the proposed 2016 FRSC strategic plan. In light of the IASB's future standard-setting agenda and the Institute's and Committee's aim to play a more active role in the development of global accounting standards, the Committee tentatively agreed with SSD to:

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Committee

- continue with responding to the IASB consultative documents, however focusing on topics that are pertinent to Hong Kong stakeholders;
- continue with devoting time and resources to facilitating, understanding and addressing any issues arising from implementation of new and major standards;
- continue with participating in the IASB's post-implementation reviews that are planned to take place in the near future on IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities* and IFRS 13 *Fair Value Measurement*; and
- devote resources to undertake research on business combinations under common control and financial instruments with characteristics of equity; and to the extent possible, contribute to the research undertaken by the IASB or other parties on the Disclosure Initiative and goodwill and impairment. The priority of research projects are subject to change upon the IASB's final decision on which project it will focus on.

6. **Minutes of the 226th meeting**

The Committee approved and the Chairman signed the minutes of the 226th meeting.

7. **Draft submissions on the IASB Exposure Drafts (ED)**

The Committee considered and approved the Institute's draft submissions on the following IASB EDs:

- ED/2015/8 *IFRS Practice Statement: Application of Materiality to Financial Statements*; and
- ED/2015/10 *Annual Improvements to IFRSs 2014-2016 Cycle*.

The Committee also considered and supported, in principle, the Institute's draft submission on the IASB ED/2015/9 *Transfers of Investment Property* (Proposed amendment to IAS 40). The Committee directed the SSD to finalise the submission out-of-session for the Committee's approval pending some clarifications.

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8. Issuance of the HKFRSs

The Committee considered and approved the issuance of the following standard and amendments to standards:

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Leases WG

- HKFRS 16 *Leases*;
- Narrow-scope amendments to HKAS 12 *Income Taxes*; and
- Disclosure Initiative (Amendments to HKAS 7 *Statement of Cash Flows*).

The issuance of the above standard and amendments are expected by May. The Committee noted that the SSD and Leases Working Group would need to assess the impact of HKFRS 16 on HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* prior to the issuance of HKFRS 16.

There being no further business, the meeting closed at 10:30 a.m.

SHELLEY SO
CHAIR

24 February 2016