



Minutes of the 282<sup>nd</sup> meeting of the Financial Reporting Standards Committee held on Friday, 23 February 2024 at 8:30 a.m. via videoconference.

Members present: Mr. Gary Stevenson (Chairman), RSM Hong Kong  
Mr. Joe Ng (Deputy Chairman), EY  
Ms. Kathryn Ashley, HSBC  
Ms. Loretta Fong, PwC  
Ms. Fanny Hsiang, BDO Limited  
Ms. Sin Ko, KPMG  
Ms. Vincyy Lai, Jardine Matheson & Co., Limited  
Mr. Mateusz Lasik, Deloitte  
Mr. Kenneth Lau, Crowe (HK) CPA Limited  
Ms. Joan Ng, Securities and Futures Commission  
Mr. Ghee Peh, IEEFA  
Mr. William Wong, HKEx  
Ms. Lisa Zhang, PwC

Staff in attendance: Ms. Cecilia Kwei, Director of Standard Setting  
Ms. Eky Liu, Deputy Director of Standard Setting (FR)  
Mr. George Au, Associate Director, Standard Setting  
Ms. Carrie Lau, Associate Director, Standard Setting  
Ms. Kennis Lee, Associate Director, Standard Setting  
Ms. Katherine Leung, Associate Director, Standard Setting  
Mr. Anthony Wong, Associate Director, Standard Setting  
Mr. Sam Chan, Manager, Standard Setting

Observer: Mr. Jason Bradley, Accounting and Financial Reporting Council

Apologies: Mr. Richard Poon, AIA Group

Action

**1. Welcome and Introductions**

The Chairman welcomed Ms. Loretta Fong and Ms. Sin Ko as new members of the Committee.

The Committee noted the following:

- i) the general confidentiality rules in relation to minutes and agenda papers;
- ii) expectation of chair and members and performance evaluation exercise;
- iii) 2024 meeting dates; and
- iv) induction pack, including an overview of HKICPA's standard-setting functions.

The Committee also considered and approved the terms of reference and the standard operating procedures for financial and sustainability reporting standard-setting.

**2. Composition and Terms of Reference of FRSC's Advisory Panels**

The Committee noted and approved the composition and terms of reference of the following FRSC's Advisory Panels.

- i) Business Combinations and Reporting Entity Advisory Panel

- ii) Companies Ordinance Application Issues (Financial Reporting) Advisory Panel
- iii) Conceptual Framework Advisory Panel
- iv) Disclosure Initiative Advisory Panel
- v) Employee Benefits Advisory Panel
- vi) Financial Instruments Advisory Panel
- vii) Financial Reporting Valuation Advisory Panel
- viii) Income Tax/Deferred Tax Advisory Panel
- ix) Insurance Advisory Panel
- x) Leases Advisory Panel
- xi) Revenue Recognition Advisory Panel
- xii) SME-FRF & SME-FRS Advisory Panel
- xiii) Sustainability Advisory Panel

### 3. **Minutes, work program, agenda decisions and liaison log**

The Committee approved the minutes of the 281<sup>st</sup> meeting.

The Committee noted the developments outlined in the FRSC and SSD work program and liaison log.

The Committee also noted the IFRS Interpretations Committee (IC) finalised an agenda decision *Definition of a Merger between a Parent and Its Subsidiary in Separate Financial Statements (IAS 27)* in November 2023.

The Committee also noted the IC issued the following two tentative agenda decisions in December 2023.

- Climate-related Commitments (IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*)
- Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8 *Operating Segments*)

### 4. **Strategic Planning**

#### Strategic directions for 2024-2026 and 2024 focus

The Committee noted the existing FRSC strategy states that the FRSC and SSD would:

- a) Respond to high priority IFRS projects and conduct research and outreach activities to inform its views.
- b) Understand, facilitate and address implementation/application issues arising from HKFRS and SME-FRF & SME-FRS.
- c) Enhance stakeholder relations and engagement, and international representation, with particular focus on high priority projects.

The Committee considered SSD's achievements over the past three years and agreed that the existing strategy remains appropriate for the 2024-2026 cycle. Furthermore, to reflect SSD's role to develop a local set of sustainability disclosure standards, the Committee agreed to include the strategy of "developing HKFRS Sustainability Disclosure Standards (SDS) based on the IFRS SDS, as appropriate, working in collaboration with the Green and Sustainable Finance Cross-Agency Steering Group (CASG)" in the 2024-2026 strategy. The Committee also noted that SSD will collaborate with other departments within the Institute to provide technical support for the implementation of the HKFRS SDS.

The Committee noted SSD's proposed work plan for 2024 and the roadmap for issuing HKFRS SDS. The Committee agreed to focus SSD resources

in 2024 on IASB projects and conducting the feasibility study for the CASG to inform the development of the HKFRS SDS.

#### Priority of three IASB projects

The Committee received an update on the following IASB projects and agreed that:

- *Power Purchase Agreements* project should be a medium to low priority project as the issue that the project aims to address is not common in Hong Kong and it is not urgent and important comparing to other high priority projects;
- *Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity* project should be a low priority project, as the issue that it aims to address is not common in Hong Kong and it is not expected that stakeholders will have significant concerns on the proposals; and
- *Provisions – Targeted Improvements* project should be a medium priority project, considering that it only covers three targeted improvements to IAS 37. It does not involve a fundamental overhaul of the principles in IAS 37, nor does it entail significant complexity and judgement. In addition, the project is expected to only affect certain groups of entities in Hong Kong.

The Committee considered and agreed with the SSD's project plans and next steps for these three IASB projects.

#### Amendments to Preface to Hong Kong Financial Reporting Standards

The Committee approved the proposed amendments to the *Preface to HKFRS* regarding the post-implementation review policy for SME-FRF & SME-FRS.

### **5. IASB Exposure Draft *Financial Instruments with Characteristics of Equity – Proposed Amendments to IAS 32, IFRS 7 and IAS 1***

The Committee received an update on the feedback received from the SSD staff's outreach activities since its December meeting, which included seeking feedback from the Financial Instruments Advisory Panel and Small and Medium Practices Committee and its Technical Issues Support Group, as well as holding a virtual public roundtable discussion.

Based on the feedback received and SSD staff's analysis, the Committee provided comments and direction for the Institute's submission. The Committee also agreed with the SSD staff's proposed timeline for considering and finalising the Institute's submission to the IASB.

### **6. Other business**

#### Administrative matter

The Committee noted that they are welcome to propose agenda items for the next FRSC meeting no later than 15 working days prior to the meeting date.

It was noted that the next meeting was scheduled on 9 April 2024.

There being no further business, the meeting closed at 10:00 a.m.

GARY STEVENSON  
CHAIR

23 May 2024