



Issue 24 (December 2016)

Dear members,

Are you ready for the next wave of change in accounting standards?

The following new major accounting standards will become effective soon.

| <u>Standard</u> | <u>Annual reporting periods beginning on or after</u> |
|---|---|
| HKFRS 9 <i>Financial Instruments</i> | 1 January 2018 |
| HKFRS 15 <i>Revenue from Contracts with Customers</i> | 1 January 2018 |
| HKFRS 16 <i>Leases</i> | 1 January 2019 |

These new standards are expected to have a material impact on most, if not all, entities. Members should review these new standards in detail, if they have not already done so, and commence implementation as soon as possible.

A number of transition options have been included in the new standards to simplify the transition to the new requirements. The transition method you choose will have a significant impact on amounts that are included in profit or loss as well as the timing of system and process changes. Therefore, determining which transition method to adopt should be one of the first steps in the implementation process.

Reporting requirements for new HKFRSs issued but not yet effective

HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* has specific disclosure requirements for HKFRS that have been issued but are not yet effective. This is to enable users of financial reports to gain an early understanding of the impacts that such new standards will have on the financial position and performance of the entity.

Information about the estimated impact of new standards should become more accurate closer to the effective date. Accordingly, preparers are expected to progressively provide more entity-specific qualitative and quantitative information about the application of the new standards in their financial statements.



Technical Resources

Many companies underestimate the time needed for and complexity of the assessment and implementation of the new standards. You should engage your auditors or consultants if you have not already commenced.

The Institute's [New and Major Standards Resource Centre](#) comprises key resources to assist you in understanding the new standards and to support implementation.

Sincere regards,

Chris Joy
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Hong Kong Institute of Certified Public Accountants

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