



Minutes of the 215th meeting of the Financial Reporting Standards Committee held on Thursday, 24 July 2014 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.

Present: Mrs. Catherine Morley (Chairman)  
Mr. Nelson Lam (Deputy Chairman)  
Ms. Susanna Lau  
Mr. Ernest Lee  
Mr. William Lim  
Mr. Eugene Liu  
Mr. Steve Ong  
Mr. Paul Phenix  
Ms. Shelley So  
Mr. Gary Stevenson  
Ms. Florence Wong  
Mr. Davis Yu

In attendance: Ms. Winnie Chan, Associate Director, Standard Setting  
Mr. Ben Lo, Associate Director, Standard Setting  
Mr. Ambrose Wong, Associate Director, Standard Setting

Apologies for absence were received from Mr. Gary Biddle, Mr. Vincent Ching, Mr. John Chong, Mr. James Fawls, Ms. Kelly Kong and Mr. Raymond Ng.

1. **Report on the IASB Accounting Standards Advisory Forum**

The AOSSG Chair, Mr. Clement Chan and an Associate Director of the Standard Setting Department (SSD) participated at the meeting of IASB Accounting Standards Advisory Forum (ASAF) on 2-3 June in London.

Mr. Chan briefed the Committee on the key matters discussed at the meetings as follows:

- the scope and direction of the IASB's research projects on Equity Method of Accounting and Business Combinations Under Common Control;
- the use of a business model notion in the Conceptual Framework;
- the need to discuss executory contracts in the Conceptual Framework;
- ASAF members' initial views on the IASB Discussion Paper for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging; and
- the scope and direction of the IASB's projects on Principles of Disclosure and Materiality that form part of the Disclosure Initiative.

2. **Update on planning for the 2014 Annual AOSSG Meeting**

SSD provided an update on the preparations for the next Annual AOSSG Meeting that is scheduled to take place in Hong Kong on 26-27 November 2014. Members considered the draft agenda of the meeting and provided a number of comments for consideration by the SSD.

Action

SSD

3. **Minutes of the 214th meeting**

The Committee approved and the Chairman signed the minutes of the 214th meeting.

4. **IASB Post-implementation review of IFRS 8 Operating Segments**

The Committee noted that an input request was received from the IASB staff for comments on their proposed solutions to problems that have been identified during the post-implementation review of IFRS 8. The Committee considered the draft response prepared by the SSD and had a number of comments. SSD was requested to revise the draft response for Committee's consideration by circulation.

SSD

5. **Members' handbook update**

The Committee approved the issue of the Hong Kong equivalent of the Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* with the same effective date and without modification.

SSD

6. **Annual Accounting Update 2014 (AAU)**

The Committee noted that the AAU would be held on 1 November 2014.

The Committee considered the draft AAU programme as prepared by the SSD and was generally supportive of the proposed topics. SSD requested members to confirm the speakers before the end of August.

Committee

7. **Report from the Working Group on Companies Ordinance application issues on financial reporting**

The Committee noted that the Q&A on various Companies Ordinance matters had now been published on the Institute website and that Accounting Bulletin (AB) 5 *Guidance for the Preparation of a Business Review under the Hong Kong Companies Ordinance Cap. 622* would be released shortly, as permission had now been obtained from the UK FRC. The Committee also noted that work was in progress within the working group on Accounting Bulletin (AB) 6, which would provide guidance with reference to the requirements of section 436 of the Companies Ordinance.

Working Group

The Committee considered a draft discussion paper on the question of the status of IFRS with respect to Hong Kong companies required to comply with section 380(4)(b) of the Companies Ordinance. The Committee agreed to revise the draft discussion paper, in consultation with the Working Group, and further discuss at the next meeting for submission to Council.

Working Group

8. **Any other business**

A member raised the question of whether the HKICPA had been in discussions with the MOF to exchange views regarding the accounting treatment on share of other net asset changes under equity method specified in CASBE 2 (Revised) Long-term Equity Investments. The SSD would refer the matter to the China Standards Advisory Group for further consideration as convergence is not primarily a FRSC responsibility.

SSD

*[Post meeting note: SSD has communicated with the MoF on this matter. The MoF provided its view that as IFRS/HKFRS has no specific requirements on this subject, CASBE specifications would not result in divergence between A+H financial statements.]*

There being no further business, the meeting closed at 11:15 a.m.

CATHERINE MORLEY  
CHAIR

20 August 2014