



Annual Improvements to HKFRSs – 2010-2012 Cycle and 2011-2013 Cycle

HKICPA Standard Setting Department Staff Summary (February 2014)

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(<http://www.hkicpa.org.hk/ebook/main.php>) to fully understand the requirements and implications of the Standard.

The HKICPA Standard Setting Department welcomes your comments and feedback, which should be sent to commentletters@hkicpa.org.hk.

Introduction

1. *Annual Improvements to HKFRSs 2010-2012 Cycle* and *Annual Improvements to HKFRSs 2011-2013 Cycle* are effective for annual periods beginning on or after 1 July 2014, the same effective date as *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle* issued by the International Accounting Standards Board (IASB). Earlier application is permitted.

Reasons for issuing Annual Improvements 2010-2012 and 2011-2013 Cycle

2. The objective of the Hong Kong Institute of Certified Public Accountants (HKICPA) in issuing *Annual Improvements to HKFRSs 2010-2012 Cycle* and *Annual Improvements to HKFRSs 2011-2013 Cycle* is to maintain international convergence.

The IASB uses the annual improvements process to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of any other project.

Main features of Annual Improvements 2010-2012 and 2011-2013 Cycle

3. The following table lists the HKFRS and topics addressed by *Annual Improvements to HKFRSs 2010-2012 Cycle*

Standard	Subject of amendment
HKFRS 2 <i>Share-based Payment</i>	Definition of vesting condition
HKFRS 3 <i>Business Combinations</i>	Accounting for contingent consideration in a business combination

HKFRS	Subject of amendment
HKFRS 8 <i>Operating Segments</i>	Aggregation of operating segments
	Reconciliation of the total of the reportable segments' assets to the entity's assets
HKFRS 13 <i>Fair Value Measurement</i>	Short-term receivables and payables
HKAS 16 <i>Property, Plant and Equipment</i>	Revaluation method – proportionate restatement of accumulated depreciation
HKAS 24 <i>Related Party Disclosures</i>	Key management personnel
HKAS 38 <i>Intangible Assets</i>	Revaluation method – proportionate restatement of accumulated amortisation

4. The following table lists the HKFRS and topics addressed by *Annual Improvements to HKFRSs 2011-2013 Cycle*

Standard	Subject of amendment
HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards</i>	Meaning of 'effective IFRSs
HKFRS 3 <i>Business Combinations</i>	Scope exceptions for joint ventures
HKFRS 13 <i>Fair Value Measurement</i>	Scope of paragraph 52 (portfolio exception)
HKAS 40 <i>Investment Property</i>	Clarifying the interrelationship between HKFRS 3 and HKAS 40 when classifying property as investment property or owner-occupied property

Other references on Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

1. Deloitte IFRS in Focus on *Annual Improvements to IFRSs 2010-2012 Cycle*
<http://www.iasplus.com/en/publications/global/ifrs-in-focus/2013/aip-2010-2012-ed>
2. Deloitte IFRS in Focus on *Annual Improvements to IFRSs 2011-2013 Cycle*
<http://www.iasplus.com/en/publications/global/ifrs-in-focus/2013/aip-2011-2013-ed>



3. Ernst & Young IFRS Developments
[http://www.ey.com/Publication/vwLUAssets/IFRS_Developments_Issue_71:_The_IA_SB_issues_two_cycles_of_annual_improvements_to_IFRS/\\$File/Devel71_Overview_2_Dec2013.pdf](http://www.ey.com/Publication/vwLUAssets/IFRS_Developments_Issue_71:_The_IA_SB_issues_two_cycles_of_annual_improvements_to_IFRS/$File/Devel71_Overview_2_Dec2013.pdf)

4. PricewaterhouseCoopers Straight away
Annual Improvements 2010-2012 Cycle
<https://inform.pwc.com/inform2/show?action=informContent&id=1334162212161685>
Annual Improvements 2011-2013 Cycle
<https://inform.pwc.com/inform2/show?action=informContent&id=1320162712160764>

(February 2014)