



Minutes of the 214th meeting of the Financial Reporting Standards Committee held on Friday, 20 June 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)  
Mr. James Fawls  
Ms. Kelly Kong  
Ms. Susanna Lau  
Mr. Ernest Lee  
Mr. William Lim  
Mr. Eugene Liu  
Mr. Raymond Ng  
Mr. Steve Ong  
Mr. Paul Phenix  
Ms. Shelley So  
Mr. Gary Stevenson  
Mr. Davis Yu

In attendance: Mr. Simon Riley, Acting Director, Standard Setting  
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 and Ms. Florence Wong.

**1. Minutes of the 213th meeting**

The Committee approved and the Chairman signed the minutes of the 213th meeting.

**2. Report on the HKICPA/IASB Roundtable on Macro-hedging**

The Committee noted that a joint HKICPA/IASB roundtable on the IASB Discussion Paper of *Accounting for Dynamic Risk Management: A Portfolio Revaluation Approach to Macro Hedging* was held on 29 May 2014. Participants attended mainly from accounting firms, banking and insurance industry. The Committee received a high level summary of the main concerns expressed by participants at the Roundtable and the comments would be reflected in the HKICPA submission when appropriate.

**3. Report on the meeting between the AOSSG and the IASB in Tokyo**

The Committee noted that a meeting between AOSSG members from Hong Kong, Japan, Korea, Malaysia, New Zealand and Singapore and IASB representatives was held in Tokyo on 5 June 2014.

The associate director of the Standard Setting reported that the meeting discussed the latest developments of the IASB projects such as revenue recognition, financial instruments, leases, conceptual framework and agriculture (bearer plant).

A member expressed concerns in relation to the IASB's tentative decision to apply a single approach for lessee accounting. Under that approach, a

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lessee would account for all leases as Type A leases (that is, recognizing amortization of the right-of-use asset separately from interest on the lease liability) except for those that could fall under the short term practical expedient. It was noted that the short term expedient would probably be limited to 12 months, which would be too short to capture many retail leases, and that the approach being proposed may be inconsistent with principles in IFRS 15 *Revenue from Contracts with Customers* concerning licenses and significant financing components. The Committee agreed that the issue should be further considered by the Leases Working Group.

4. **Members' handbook update**

The Committee approved the issue of the Hong Kong equivalent of the IFRS 15 *Revenue from Contracts with Customers* with the same effective date and without modification.

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The Committee also noted that a Joint Revenue Transition Resource Group (JRTRG) has been formed by the IASB and the FASB to discuss potential implementation issues associated with the new revenue recognition standard. Members agreed that a working group should be set up to consider any potential implementation issues of HKFRS 15 in Hong Kong that may need to be brought to the attention of the JRTRG.

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

The Committee approved the release of Accounting Bulletin (AB) 5 *Guidance for the Preparation of a Business Review under the Hong Kong Companies Ordinance Cap. 622* prepared by the Working Group pending a final editorial review.

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The Committee approved the release of FAQs on financial reporting application issues arising from the new Companies Ordinance. The Chairman (as Chair of the Working Group) reported that the FAQs will be continuously updated by the Working Group when emerging issues are noted.

The Committee approved the withdrawal of AB1 Disclosure of Loans to Officers.

There being no further business, the meeting closed at 10:40 a.m.

CATHERINE MORLEY  
CHAIR

3 July 2014