



23 October 2015

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

**INVITATION TO COMMENT ON IASB Draft IFRIC Interpretation  
DI/2015/2 *Foreign Currency Transactions and Advance Consideration***

***Comments to be received by 11 December 2015***

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the IASB Draft IFRIC Interpretation which has been posted on the Institute's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/exposure-drafts/>

Interpretations form part of the authoritative International Financial Reporting Standards (IFRS) requirements. They are developed by the IFRS Interpretations Committee (Interpretations Committee), which works with the International Accounting Standards Board (IASB) to provide guidance on specific implementation issues, helping those using IFRS and supporting consistency in application.

IAS 21 *The Effects of Changes in Foreign Exchange Rates* sets out requirements about which exchange rate to use when recording a foreign currency transaction on initial recognition in the entity's functional currency. However, the Interpretations Committee observed diversity in practice in circumstances in which consideration was received or paid in advance of the recognition of the related asset, expense or income. Consequently, the Interpretations Committee proposes an Interpretation to provide guidance in these specific circumstances.

The FRSC invites your comments on the proposals. Comments should be supported by specific reasoning and should be submitted in written form. To allow your comments to be considered in developing its response to the IASB, the FRSC requests for your comments by **11 December 2015**.

Comments may be sent by mail, fax or e-mail to:

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Hong Kong Institute of Certified Public Accountants  
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213 Queen's Road East  
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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.