

Financial Accounting Standards Committee

Meeting summary – October 2002

The Society's Financial Accounting Standards Committee (Committee) met on 16 October 2002 and discussed the following items:

- ✓ IASB's Exposure Draft of Proposed Improvements to Financial Instruments Standards
- ✓ IASB's Exposure Draft of First-Time Application of International Financial Reporting Standards
- ✓ Share-based Payment – consideration of IASB's progress to date
- ✓ Proposed ED/SSAP 13, Investment Property (revised)
- ✓ Improvements to SSAPs – convergence with IAS

IASB's Exposure Draft of Proposed Improvements to Financial Instruments Standards

The Committee considered a draft comment letter in response to the IASB's Exposure Draft of Proposed Improvements to Financial Instruments Standards that reflected the views of the Committee's Financial Instruments Working Group and the comment letters received from the following, in response to the Committee's Invitation to Comment on the IASB's exposure draft:

- ✓ Hong Kong Association of Banks
- ✓ Hong Kong Monetary Authority
- ✓ Hong Kong and Shanghai Banking Corporation Limited
- ✓ KPMG
- ✓ PricewaterhouseCoopers
- ✓ The DTC Association

The comment letters, which will be made available on the HKSA website, raised substantive points in relation to the proposals contained in the IASB's exposure draft.

The Committee finalised its consideration of a comment letter in response to the IASB's exposure draft and agreed to make the comment letter available on the HKSA website at <http://www.hksa.org.hk/professionaltechnical/accounting/submissions/>.

IASB's Exposure Draft of First-Time Application of International Financial Reporting Standards

The Committee considered comment letters received from the following, in response to the Committee's Invitation to Comment on the IASB's Exposure Draft of First-Time Application of International Financial Reporting Standards

- ✓ KPMG
- ✓ PricewaterhouseCoopers
- ✓ Hong Kong Monetary Authority
- ✓ Hong Kong Association of Banks

The comment letters, which will be made available on the HKSA website, raised substantive points in relation to the proposals contained in the IASB's exposure draft.

The Committee considered a draft comment letter in response to the IASB's exposure draft and agreed to finalise the letter prior to the IASB's 31 October deadline for comments. The Committee agreed that the finalised comment letter will be made available on the HKSA website at <http://www.hksa.org.hk/professionaltechnical/accounting/submissions/>.

Share-based Payment – consideration of IASB's progress to date

The Committee noted that the IASB is currently performing a fatal flaw review of its Exposure Draft, Share-based Payment, with a view to issuing it for comment at the beginning of November 2002. The Committee tentatively agreed in principle to issue an Invitation to Comment on the IASB's exposure draft when that is published.

Proposed ED/SSAP 13, Investment Property (revised)

The Committee noted the HKSA press release dated 4 October 2002 announcing Council's decision to defer issue of an exposure draft proposal to revise SSAP 13, Investment Property until Council has a better understanding of the IASB's proposals with regard to reporting fair value changes in the financial statements. The Committee also noted that representatives of HKSA had a meeting with representatives of the Real Estate Developers Association of Hong Kong (REDA) to follow up on the letter from the REDA raising concerns as regards the proposed revisions of the Hong Kong investment property standard based on IAS 40. A copy of the press release can be accessed at the HKSA website at: http://www.hksa.org.hk/corporate_relations/media/pressrelease/021004e.php. As indicated in the HKSA press release, the Committee will recommence consideration of an exposure draft proposing a revision to the investment property accounting standard once the IASB releases its exposure draft on reporting performance.

Improvements to SSAPs

The Committee noted that the IASB would likely finalise its proposals on Improvements to IASs in the first quarter of 2003. The Committee agreed to reactivate its project on convergence, which was aimed at bringing all SSAPs into line with IASs, and would proceed to consider those SSAPs where the IASB exposure draft on improvements does not propose a complete revision of the equivalent IASs at its next meeting.

Date of Next Meeting

The Committee's next meeting is scheduled to be held on 13 November 2002.

This meeting summary is provided for the information and convenience of those who wish to follow the Committee's deliberations. Except where indicated otherwise, all conclusions reported are tentative and may be changed at future meetings.

The IASB publishes summaries of its meetings and projects. These can be found on the IASB's website at <http://www.iasb.org.uk>.

The Committee welcomes comments on its technical agenda. Please e-mail us at commentletters@hksa.org.hk.