



**Financial Reporting Standards Committee**  
**Meeting summary – September 2008**

The Institute's Financial Reporting Standards Committee (Committee) met on 2 September 2008.

Members of the Committee present were: Paul F. Winkelmann (Chairman), Clement Chan (Deputy Chairman), Chan Tak Shing, Colin Chau, Ian Farrar, Wilson Fung, Paul Hebditch, Caron Hughes, Susanna Lau, Li Kwok Tso, William Lim, Gladie Lui, Catherine Morley, Tommy Tam and Roland Wong.

Staff present were: Steve Ong, Florence Wong and Winnie Chan

The Committee discussed the following items:

1. Proposed amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
2. Amendments to HKFRS 1 and HKAS 27 – *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
3. Draft Submission to IASB Discussion Papers and Exposure Draft
4. Invitation to Comment on IASB Exposure Draft of *Proposed Improvements to IFRSs*
5. Invitation to Comment on IASB Exposure Draft of *Proposed Amendments to IAS 33 – Simplifying Earnings per Share*
6. Progress report of HKFRS/IFRS Forum

1. **Proposed amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items***

The Committee agreed to recommend Council to approve the issue of the proposed amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*, which is converged with its international equivalent, with effect for annual periods beginning on or after 1 January 2009 (with earlier application permitted) without modification.

2. **Amendments to HKFRS 1 and HKAS 27 – *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate***

The Committee considered whether it would be necessary to include an additional information note to deal with the Hong Kong Companies Ordinance (CO) implications whereby the proposed amendment in HKAS 37.38A requires all dividends to go through to profit and loss, whereas paragraph 18(5) of the Tenth Schedule of the CO appears to prohibit pre-acquisition dividends being recorded as profit.

The Committee agreed that no further action is needed as it considered that any conflict between paragraph 18(5) of the Tenth Schedule of the CO and the requirement contained in HKAS 27.38A in relation to the distribution of pre-acquisition dividends would be resolved by the revised amendments such that if the dividend exceeds the total comprehensive income of the subsidiary, jointly controlled entity or associate in the period the dividend is declared, an entity shall consider any indication of impairment of its investment.

3. **Draft Submission to IASB Discussion Papers and Exposure Draft**

The Committee considered the draft submissions to the IASB Discussion Papers and Exposure Draft prepared by various Working Groups on:

- IASB Discussion Paper on *Financial Instruments with Characteristics of Equity*;
- IASB Discussion Paper on *Reducing Complexity in Reporting Financial Instruments*;
- and

- IASB Exposure Draft of *An improved Conceptual Framework for Financial Reporting: Chapter 1: The Objective of Financial Reporting and Chapter 2: Qualitative Characteristics and Constraints of Decision-useful Financial Reporting Information.*

Subject to the changes agreed at the meeting, the Committee endorsed the draft submissions for Council's approval.

**4. Invitation to Comment on IASB Exposure Draft of Proposed Improvements to IFRSs**

The Committee approved the issuance of the draft Invitation to Comment and agreed that a submission would be prepared if comments are received.

**5. Invitation to Comment on IASB Exposure Draft of Proposed Amendments to IAS 33 – Simplifying Earnings per Share**

The Committee approved the issuance of the draft Invitation to Comment and agreed that a submission would be prepared if comments are received.

**6. Progress report of HKFRS/IFRS Forum**

The Committee received a draft outline programme for the proposed HKFRS/IFRS Forum. It was noted that the proposed forum would be divided into two major sessions with the first session focusing on international developments at the IASB and implementation of HKFRS/IFRS and the second session on implementation of ASBE and ongoing standards convergence.

**Date of Next Meeting**

The Committee agreed to hold its next meeting on 2 October 2008.

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>.

The Committee welcomes comments on its technical agenda. Please e-mail us at: [commentletters@hkicpa.org.hk](mailto:commentletters@hkicpa.org.hk).

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**Meeting Summaries are provided for the information and convenience of those who wish to follow the Committee's deliberations. Decisions reported are tentative and may be changed or modified by the Committee at a later date. Decisions become final only after completion of the formal due process required to finalize and release documents. No responsibility is taken for the results of actions or omissions to act on the basis of any information contained in this Meeting Summary, or for any errors or omissions in it.**