



Minutes of the 197<sup>th</sup> meeting of the Financial Reporting Standards Committee held on Tuesday, 1 November 2011 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 (Deputy Chairman) – Acting Chairman  
Mr. Raphael Ding  
Mr. James Fawls  
Mr. Paul Hebditch  
Ms. Elsa Ho  
Ms. Susanna Lau  
Mr. Allen Leung  
Mr. William Lim  
Mr. Paul Phenix  
Ms. Shelley So – represented by Nigel Dealy

In attendance: Mr. PM Kam, Institute's representative on IFRS Advisory Council (for Item 1 only)  
Mr. Steve Ong, Director, Standard Setting  
Ms. Winnie Chan, Manager, Standard Setting  
Mr. Ambrose Wong, Manager, Standard Setting

Apologies for absence were received from Mr. Clement Chan (Chairman), Mr. Stephen Chan, Mr. Colin Chau, Ms. Caron Hughes, Ms. Kelly Kong and Ms. Florence Wong.

1. **Report on IFRS Advisory Council Meeting on 10<sup>th</sup> and 11<sup>th</sup> October 2011**

Action

Mr. PM Kam provided a verbal report on the major items discussed as follows:

(i) Update on IASB activities

The Chairman of the IASB updated the IFRS Advisory Council on the progress of the four remaining joint IASB/FASB projects. The revenue recognition and leasing projects will be re-exposed. The Board had difficulties reaching converged solution with the FASB on the impairment model for financial assets and insurance project.

(ii) Review of the IFRS Interpretations Committee

The IFRS Advisory Council was updated on the Trustees' review of the IFRS Interpretations Committee. Views were divided on whether the Interpretations Committee should deal with country-specific issues. Various suggestions were made as to the membership of the Interpretations Committee and its agenda criteria.

(iii) Due Process Oversight Committee

The IFRS Advisory Council was being consulted on a working draft of a protocol that will guide the Oversight Committee's work. The

IFRS Advisory Council supported the need for high quality due process and suggested that the Oversight Committee should also assess the ability of stakeholders to cope with the rate of change in new and revised standards.

(iv) Trustee and Monitoring Board reviews

The IFRS Advisory Council was updated on the Trustee strategy review and Monitoring Board review. It was noted that respondents generally supported expanding the membership of Monitoring Board, particularly for broader geographical representation but did not support the expansion of the Monitoring Board's involvement into the agenda setting of the IASB.

(v) IASB agenda consultation

The IFRS Advisory Council urged the IASB to give top priority to completing the current projects and the conceptual framework. It was agreed that further clarification of the role that convergence will play in future and the ongoing relationship with major national standard-setters, including the FASB, would help respondents in forming their views.

The Committee noted that Mr. PM Kam would retire from the IFRS Advisory Council at the end of December. The Committee expressed a sincere vote of thanks to Mr. Kam for his support provided to the Committee during his term of service.

2. **Minutes of the 196<sup>th</sup> meeting**

The minutes of the 196<sup>th</sup> meeting were approved by the Committee and will be signed by the Chairman at the next meeting.

3. **HK(IFRIC) Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine**

The Committee approved the issue of the Hong Kong equivalent of IFRIC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* with the same effective date without modification.

SS Dept.

4. **IASB Request for views on Agenda Consultation**

The Committee noted that the IASB published its first public consultation on its agenda with comment deadline on 30 November 2011.

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The Committee also noted that the Institute of Chartered Accountants of Scotland (ICAS) and the New Zealand Institute of Chartered Accountants (NZICA) published a Discussion Paper "Losing the excess baggage – reducing disclosures in financial statements to what's important" in July 2011.

The Committee considered that disclosure overload is an important topic and agreed that a comment should be included in the Institute's submission recommending that the IASB should include the joint ICAS-NZICA Discussion Paper on its agenda. The Committee also had a number of additional comments on the IASB agenda and agreed that a working group should be set up to consider the comments expressed at the meeting and prepare the Institute's submission.

5. **AOSSG project on leases**

The Committee noted that the Standard Setting Department had replied to a questionnaire prepared by the AOSSG Leases Working Group on the tentative decisions reached by the IASB on leases project and discussed the new developments.

SS Dept.

The Committee also noted that the IASB will re-expose the leases project and agreed that it should consider the IASB's revised proposal at that next stage with reference to the concerns raised by the Institute.

6. **Companies Ordinance Rewrite – Proposed consultation paper on size criteria of Small and Medium-Sized Entity Financial Reporting Framework and Financial Reporting Standard**

The Standard Setting Director reported that a meeting was held between the Institute and the Companies Bill Team in the mid-October 2011 to discuss the possibility of relaxing the threshold criteria for SMEs so that more private companies can adopt simplified financial reporting. It was agreed at the meeting that a public consultation will be conducted by the Institute to further advise the Companies Bill Team on this matter.

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The Committee considered a draft consultation paper prepared by the Standard Setting Department and had a number of improvement suggestions. The Standard Setting Department was requested to revise the draft consultation paper based on the comments received at the meeting for the consideration of the Committee by circulation.

*[Post meeting notes: The Consultation Paper was approved for issuance by the Council of the Institute on 22 November 2011.]*

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There being no further business, the meeting closed at 10:30 a.m.

CLEMENT CHAN  
CHAIRMAN

9 November 2011