



Minutes of the 195th meeting of the Financial Reporting Standards Committee held on Tuesday, 6 September 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: Mr. Clement Chan (Chairman)
Mrs. Catherine Morley (Deputy Chairman)
Mr. Stephen Chan
Mr. Raphael Ding
Mr. James Fawls
Mr. Paul Hebditch
Ms. Elsa Ho
Ms. Kelly Kong
Ms. Susanna Lau
Mr. William Lim
Mr. Paul Phenix
Ms. Shelley So (represented by Elza Yuen)
Ms. Florence Wong

In attendance: 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. Colin Chau, Ms. Caron Hughes and Mr. Allen Leung.

- | | <u>Action</u> |
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| <p>1. <u>Minutes of the 194th meeting</u></p> <p>The minutes of the 194th meeting were approved by the Committee and signed by the Chairman.</p> | |
| <p>2. <u>FRSC Work Plan 2011 – Status report</u></p> <p>The Committee considered the status report of the Work Plan for 2011 and noted the progress made on the various projects.</p> | |
| <p>3. <u>Consideration of IASB consultative documents</u></p> <p>The Committee agreed that the Institute should prepare a submission on the following IASB consultation documents:</p> <ul style="list-style-type: none">(i) Exposure Draft of Proposed Improvements to IFRSs – Fourth Set;(ii) Request for Views on Agenda Consultation;(iii) Exposure Draft of Mandatory Effective Date of IFRS 9; and(iv) Exposure Draft of Investment Entities <p>A Working Group would be set up for item (iv) with experts of investment funds and pensions to facilitate the preparation of the Institute's submission. A member had volunteered to join the Working Group.</p> | SS Dept. |

4. **Annual Accounting Update Conference 2011**

The Committee noted that the Annual Accounting Update for 2011 would be held on 22 October 2011 and the Chairman agreed to chair the conference.

SS Dept.

The Committee generally agreed with the proposed topics by the Standard Setting Department and agreed on the nominated speakers. Suggested topics included:

- Latest development on HKFRS 9 *Financial Instruments*
- HKFRS 10 *Consolidated Financial Statements*
- HKFRS 11 *Joint Arrangements*
- HKFRS 12 *Disclosure of Interests in Other Entities*
- HKFRS 13 *Fair Value Measurements*
- Highlights of New and Amended HKFRSs that are applicable in 2011

The Standard Setting Department was requested to revise the programme based on the comments received at the meeting.

5. **Proposed joint seminar with HKIS for the visit of the Chairman of IVSC**

The Committee noted that Steven J Sherman, the Chairman of the Standards Board of the International Valuation Standards Council, will be visiting Hong Kong in November and considered the proposal of organizing a joint seminar with the Hong Kong Institute of Surveyors (HKIS).

SS Dept.

The Committee was supportive of the proposal and believed that a joint seminar would be beneficial to our members by increasing their knowledge on valuation standards in financial reporting. The Committee suggested to invite members from the Valuation for Financial Reporting Working Group to be the speaker of the forum and requested the Standard Setting Department to discuss the arrangement further with the HKIS.

6. **Technical issue raised by Professional Standards Monitoring Expert Panel**

The Committee considered a referral from the Professional Standards Monitoring Expert Panel ("Panel") regarding the possible accounting for over-allotment options in an initial public offering.

SS Dept.

The Committee considered a technical paper prepared by the Quality Assurance Department of the Institute on the various possible accounting treatments expressed by the Panel with their own conceptual basis. The Committee generally agreed that key characteristics of the over-allotment arrangements and the position of the stabilizing managers differed significantly from the type of "options" that was accounted for as financial instruments under HKAS 39. However, the Committee was generally of the view that unless there is diversity in practice, it is not necessary for the Committee to issue local application guidance or to seek an interpretation from the IFRS Interpretations Committee. The Committee therefore asked the Standard Setting Department to find out more about the background for the request from the Quality Assurance Department of the Institute.

[Post meeting note: The Quality Assurance Department confirmed that diversity in treatment expressed by the Panel was not reflected in financial statements of listed companies selected for analysis for this matter.]

7. Matters related to AOSSG

The Committee noted that the Institute has indicated its interest in seeking for nomination as the Vice Chairman of AOSSG for 2012. The Committee considered the draft nomination paper prepared by the Standard Setting Department and had a number of comments on the draft paper. The Standard Setting Department was requested to revise the paper based on the comments received at the meeting.

The Committee considered that it was important that the Secretariat was able to draw on sufficient resources to fulfill the responsibilities of the vice chairman. It was suggested that the Institute could consider a secondment arrangement with accounting firms for supplementary technical support if the need was expected to be limited to the period of the vice chairmanship or for specific research projects.

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

CLEMENT CHAN
CHAIRMAN

20 September 2011

Hong Kong Institute of
Certified Public Accountants
香港會計師公會