



Minutes of the 233rd meeting of the Financial Reporting Standards Committee held on Tuesday, 13 December 2016 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.

- Members present:
- Ms. Shelley So (Chairman), PricewaterhouseCoopers
  - Mr. Ernest Lee (Deputy Chairman), Ernst & Young
  - Mr. Gary Biddle, The University of Hong Kong
  - Mr. James Fawls, HSBC
  - Ms. Candy Fong, Foremost Advisers Ltd
  - Ms. Kelly Kong, Jardine Matheson & Co., Limited
  - Ms. Susanna Lau, Securities and Futures Commission
  - Mr. Steve Ong, Stock Exchange of Hong Kong Limited (Dial-in)
  - Mr. Paul Phenix, Baker Tilly Hong Kong Limited
  - Mr. Gary Poon, Poon & Co.
  - Mr. Simon Riley, BDO Limited
  - Mr. Gary Stevenson, RSM Nelson Wheeler
  - Ms. Sanel Tomlinson, KPMG
  - Ms. Florence Wong, Financial Reporting Council
- Others present:
- Mr. Francesco Nagari, Member, Institute's Insurance Regulatory Liaison Group (IRLG) - for item 1 only
- Staff in attendance:
- Mr. Chris Joy, Executive Director, Standards & Regulation
  - Ms. Christina Ng, Director, Standard Setting
  - Ms. Winnie Chan, Associate Director, Standard Setting
  - Ms. Kam Leung, Associate Director, Standard Setting
  - Ms. Katherine Leung, Associate Director, Standard Setting
  - Ms. Eky Liu, Associate Director, Standard Setting
  - Mr. Anthony Wong, Associate Director, Standard Setting
  - Ms. Daisy Xia, Research Intern, Standard Setting
- Apologies:
- Ms. Candy Chu, Government of HKSAR, Treasury
  - Mr. Guochang Zhang, The University of Hong Kong

**1. Forthcoming Insurance Contracts standard**

Action

The Committee noted the IASB's development on the forthcoming Insurance Contracts standard, in particular, the significant changes that the IASB made to its previous tentative decisions on aggregation of contracts after analyzing participants' feedback on the IASB's field testing.

The Committee supported the IRLG and SSD's recommendation to write to the IASB mainly to clarify:

- what is the fundamental economic difference between mutualised and non-mutualised insurance contracts when determining the account for charges in future cash flows and onerous contracts; and
- the Institute's understanding of constructive obligations that are enforceable when applying the scope of the variable fee approach.

[Post-meeting note: A letter from the HKICPA, prepared through the IRLG and approved by FRSC, was sent to the IASB Chairman on 19 December 2016.]

**2. Minutes, work program and approvals out of session**

The Committee approved and the Chairman signed the minutes of the 232nd meeting.

The Committee noted the developments outlined in the FRSC and SSD work program and liaison log.

**3. US SEC announcement on new standards**

The Committee noted that staff of the US SEC reiterated the importance of a company disclosing the impact of recently issued accounting standards.

The Committee also noted that Hong Kong regulators have issued/will issue reminders to listed issuers to (i) start implementation of key new accounting standards that have been issued but are not yet effective (such as HKFRS 9 *Financial Instruments*, HKFRS 15 *Revenue from Contracts with Customers*, HKFRS 16 *Leases*); and (ii) assess the impact of these standards as soon as practicable.

**4. The 8th Annual Asian-Oceanian Standard-Setters Group (AOSSG) meeting**

The Committee noted that the Chairman and SSD participated at the 8th Annual AOSSG meeting in New Zealand on 29-30 November 2016. The meeting discussed the IASB's major projects on Financial Instruments with Characteristics of Equity; Disclosure Initiative; Business Combinations under Common Control (led by SSD); and Fair Value Measurement.

**5. UK FRC Discussion Paper (DP) *Improving the Statement of Cash Flows***

The Committee noted that the UK Financial Reporting Council (FRC) issued a DP *Improving the Statement of Cash Flows* and expressed some preliminary comments on the DP.

As the suggestions in the UK FRC DP will be addressed in the IASB's Primary Financial Statements project, which is expected to be active in 2017, the Committee suggested not to comment on the UK FRC DP. Instead, the Committee supported SSD's recommendation to commence active research or outreach activities on topics related to the IASB's Primary Financial Statements project.

SSD

**6. Other business**

*(a) Dual compliance with IFRS and HKFRS*

The Committee noted that staff of the IFRS Foundation have reached out to SSD on the possibility of Hong Kong companies reporting dual compliance with IFRS and HKFRS. The Committee will discuss this further at future meeting.

*(b) Vote of thanks*

The Chairman reported that the meeting is the last meeting for the extant Committee and that Mr. Gary Biddle and Ms. Susanna Lau will retire from the Committee. The Chairman thanked, in particular Mr. Biddle and Ms Lau, as well as other members of the Committee for their contributions to the Committee.

There being no further business, the meeting closed at 11:15 a.m.

SHELLEY SO  
CHAIR

21 December 2016