



Our Ref.: C/FRSC

Sent electronically through the IASB Website (www.ifrs.org)

3 July 2015

Mr Hans Hoogervorst
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Hans,

IASB Exposure Draft ED/2015/2 Effective Date of IFRS 15

The Hong Kong Institute of Certified Public Accountants is the only body authorised by law to set and promulgate standards relating to financial reporting, auditing, and ethics for professional accountants, in Hong Kong. We are grateful for the opportunity to provide you with our comments on this Exposure Draft (ED).

We are supportive of the proposal to defer the effective date of IFRS 15 *Revenue from Contracts with Customers* to 1 January 2018. Our support is consistent with our letter dated 16 March 2015 to the IASB in relation to the effective date of IFRS 15. A copy of the letter is attached as Annex 1 to this submission.

We agree with the factors set out in paragraph BC6 of the ED as the basis for deferring the effective date of IFRS 15. In particular, we consider that a one-year deferral would help improve the quality of implementation of IFRS 15 in light of the IASB's forthcoming exposure draft which include clarifying the guidance on licences and adding examples illustrating the guidance on identifying performance obligations, which are issues that were repeatedly raised at the IASB and FASB's joint Transition Resource Group for Revenue Recognition (TRG).

We note that, in May 2015, the FASB proposed clarifications and new guidance to its new revenue standard in relation to licenses of intellectual property and identifying performance obligations to address implementation issues in the US that were raised at the TRG. We also note that the IASB intends to propose some, but not all, of the amendments that the FASB has. We are aware that the IASB's and FASB's revenue standards are virtually the same even though they are not written in the same way. However, we are concerned that the use of non-converged language or dissimilar amendments put through to the IASB and FASB revenue standards would lead to divergence in application between IFRS and US GAAP users. Accordingly, we recommend that the IASB exposes similar proposals as the FASB has, as long as those proposals would improve the implementation and application of IFRS 15, and are consistent with the principles of IFRS 15. It would be helpful if the IASB's forthcoming exposure draft also includes an analysis of whether the FASB's proposals (written in its own form) would lead to differences in accounting under IFRS 15.



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We have not formed our views on the FASB's proposed amendments that were issued in May 2015. We will be commenting on the IASB's forthcoming exposure draft in relation to IFRS 15 with consideration on the FASB's proposed amendments.

If you have any questions regarding the matters raised in this letter, please contact me or Winnie Chan, our Associate Director of Standard Setting at winniechan@hki CPA.org.hk.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'CNg', written in a cursive style.

Christina Ng
Head of Financial Reporting

CN/WC
Encl



Our Ref.: C/FRSC

Sent through email

16 March 2015

Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Hans,

Effective date of IFRS 15 *Revenue from Contracts with Customers*

The Hong Kong Institute of Certified Public Accountants is the only body authorised by law to promulgate financial reporting, auditing and ethical standards for professional accountants in Hong Kong.

As you may be aware, in accordance with our convergence policy, we issued HKFRS 15 *Revenue from Contracts with Customers* shortly after the issuance of IFRS 15. HKFRS 15 is a word-for-word adoption of IFRS 15, with the same transitional provisions and effective date.

We have therefore been monitoring the progress of the joint IASB/FASB Revenue Transition Resource Group (TRG), including the implementation issues brought to the meeting discussions. We are aware that the IASB is already considering making limited amendments to IFRS 15 as a result of deliberations to date and expect that the TRG will continue to receive more implementation issues as reporting entities progress with their implementation projects.

In addition, we note that the Financial Accounting Standards Board (FASB) is considering delaying the effective date of the new, converged revenue recognition standard, and that the IASB is considering requests to defer the effective date of IFRS 15 to maintain convergence.

In this regard, we would like to inform you that, although we have not yet received strong feedback from constituents seeking a delay, we are concerned that in light of the developments mentioned above, the remaining time period allowed for implementation may prove too short for an orderly transition. We would therefore be supportive of deferring the effective date of IFRS 15 until the work of the TRG is further advanced. From a convergence and global comparability perspective, we also agree that it is desirable for the IASB and the FASB to require the same effective date for their converged standards. We confirm that if the effective date of IFRS 15 were to be deferred, we would expect to make equivalent amendments to the effective date of HKFRS 15.



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If you have any questions regarding the matters raised in this letter, please contact me or Winnie Chan, our Associate Director of Standard Setting at winniechan@hkicpa.org.hk.

Yours sincerely,

Christina Ng
Head of Financial Reporting