



Improvements to Hong Kong Financial Reporting Standards

HKICPA Standard Setting Department Staff Summary (November 2008)

This HKICPA Standard Setting Department Staff Summary is intended for general guidance only. This Staff Summary has not been reviewed by the HKICPA Financial Reporting Standards Committee. The HKICPA and its staff DO NOT accept any responsibility or liability, and DISCLAIM all responsibility and liability, in respect of the summary and any consequences that may arise from any person acting or refraining from action as a result of any materials in the Summary. Members of the HKICPA and other users of financial reporting standards should read the full Standard in the HKICPA Members' Handbook (<http://www.hkicpa.org.hk/ebook/main.php>) to fully understand the implications of the Standard.

The HKICPA Standard Setting Department welcomes your comments and feedback, which should be sent to commentletters@hkicpa.org.hk.

Introduction

1. *Improvements to HKFRSs* is effective for annual periods beginning on or after 1 January 2009 (unless otherwise specified), the same effective date as *Improvements to IFRSs*. Earlier application is permitted.

Reasons for issuing *Improvements to HKFRSs*

2. The objective of the Hong Kong Institute of Certified Public Accountants (HKICPA) in issuing *Improvements to HKFRSs* is to maintain international convergence arising from the issuance of *Improvements to IFRSs* by the International Accounting Standards Board (IASB).

The IASB decided to initiate an annual improvements project in 2007 as a method of making necessary, but non-urgent, amendments to IFRSs that will not be included as part of another major project.

The IASB's objective is to ease the burden for all concerned by presenting the amendments in a single document rather than as a series of piecemeal changes. The amendments issued are presented in two parts:

- (a) those that involve accounting changes for presentation, recognition or measurement purposes; and
- (b) those involving terminology or editorial changes with minimal effect on accounting.

Main features of *Improvements to HKFRSs*

Part I of *Improvements to HKFRSs* contains amendments that result in accounting changes for presentation, recognition or measurement purposes with the rationale included in related Bases for Conclusions. The following table shows the list of HKFRSs where amendments have been made.

HKFRS	Subject of amendment contained in Part I
HKFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	Plan to sell the controlling interest in a subsidiary
HKAS 1 <i>Presentation of Financial Statements</i>	Current/non-current classification of derivatives
HKAS 16 <i>Property, Plant and Equipment</i>	Recoverable amount Sale of assets held for rental
HKAS 19 <i>Employee Benefits</i>	Curtailments and negative past service cost Plan administration costs Replacement of term 'fall due' Guidance on contingent liabilities
HKAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	Government loans with a below-market rate of interest
HKAS 23 <i>Borrowing Costs</i>	Components of borrowing costs
HKAS 27 <i>Consolidated and Separate Financial Statements</i>	Measurement of subsidiary held for sale in separate financial statements
HKAS 28 <i>Investments in Associates</i>	Required disclosures when investments in associates are accounted for at fair value through profit or loss Impairment of investment in associate
HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	Description of measurement basis in financial statements
HKAS 31 <i>Interests in Joint Ventures</i>	Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss
HKAS 36 <i>Impairment of Assets</i>	Disclosure of estimates used to determine recoverable amount
HKAS 38 <i>Intangible Assets</i>	Advertising and promotional activities Unit of production method of amortisation
HKAS 39 <i>Financial Instruments: Recognition and Measurement</i>	Reclassification of derivatives into or out of the classification of at fair value through profit or loss Designating and documenting hedges at the segment level Applicable effective interest rate on cessation of fair value hedge accounting
HKAS 40 <i>Investment Property</i>	Property under construction or development for future use as investment property
HKAS 41 <i>Agriculture</i>	Discount rate for fair value calculations Additional biological transformation

Part II contains amendments that are terminology or editorial changes only, which is expected to have no or minimal effect on accounting.

HKFRS	Subject of amendment
HKFRS 7 <i>Financial Instruments: Disclosures</i>	Presentation of finance costs
HKAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	Status of implementation guidance
HKAS 10 <i>Events after the Reporting Period</i>	Dividends declared after the end of the reporting period
HKAS 18 <i>Revenue</i>	Costs of originating a loan
HKAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	Consistency of terminology with other HKFRSs
HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	Consistency of terminology with other HKFRSs
HKAS 34 <i>Interim Financial Reporting</i>	Earnings per share disclosures in interim financial reports
HKAS 40 <i>Investment Property</i>	Consistency of terminology with HKAS 8
	Investment property held under lease
HKAS 41 <i>Agriculture</i>	Examples of agricultural produce and products
	Point-of-sale costs

Other references on Improvements to IFRSs

1. Deloitte IAS Plus on Improvements to IFRS 2008
<http://www.iasplus.com/iasplus/0805improvements.pdf>
2. KPMG IFRS Briefing Sheet on Improvements to IFRS 2008
http://www.kpmg.com.hk/en/virtual_library/Audit/IFRS_briefingsheet/IFRSBS0894.pdf
3. PricewaterhouseCoopers HKFRS News on Improvements to IFRS 2008
http://www.pwchk.com/webmedia/doc/633528503760905066_hkfrs_news_aug2008.pdf

(November 2008)