



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



TechWatch

News at a glance

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TechWatch updates you on technical developments in financial reporting, auditing, ethics, regulation and business. The Institute welcomes your comments, emailed to < commentletters@hki CPA.org.hk >. Click [here](#) for past issues.

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Standard Setting Developments

Technical Learning and Support

1. Technical Learning and Support Programme May - July 2016

The Institute will run a series of workshops and seminars in May to July 2016:

- [Workshop on Initial Public Offering – Listing on the Hong Kong Stock Exchange](#)
- [Seminar on revised Auditor's Report](#)
- [A Refresher Course on Current Financial Reporting Standards \(A programme consisting of 5 courses\)](#)

Register early to secure a seat. Click on the above event titles for the registration forms.

Members' Handbook

2. Handbook Update No. 183

The Auditing and Assurance Standards Committee embarked on a project to update the relevant auditing and assurance pronouncements for HKSAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, which is effective for assurance reports dated on or after 15 December 2015.

PN 830 (Revised) *Reports by the Auditor under the Banking Ordinance* is updated for matters related to HKSAE 3000 (Revised) as well as other industry related matters in [Update No. 183](#).

Audit & Assurance

3. The Institute's Auditing and Assurance Standards Committee Meeting Minutes

The [minutes](#) for the AASC meeting held on 17 February 2016 is now available and covers the following key items:

- Proposed Work Plan for 2016 and Update from Working Groups;
- Update on proposed changes to pronouncements arising from HKSAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*;
- Update on the definition of 'Listed Entity'; and
- Update from Hong Kong Trustees' Association on Employer Account Balance.

Ethics

4. Institute Comments on an IESBA Exposure Draft

The Institute [commented](#) on the IESBA's ED on *Improving the Structure of the Code of Ethics for Professional Accountants ("Code") – Phase 1*. The Institute supports the IESBA's proposals for restructuring the Code, which enhance the understandability and usability of the Code, thereby facilitating its adoption, effective implementation and consistent application.

The Institute notes that the restructured Code does not explicitly require the consideration of network firms when assessing independence in certain circumstances specified in the Code. As such, this may create an impression that firms are not required to consider threats to independence that may be created by network firms in those circumstances. The Institute is not sure whether this is consistent with what the IESBA intended to achieve.

The Institute has recommended that further refinement or clarification of the restructured Code in this context could be appropriate.

International Meetings

5. International Accounting Standards Board

The IASB met on 19-21 April 2016 and discussed the following topics:

- The 2015 Agenda Consultation;

- Insurance and IFRS 9 *Financial Instruments*;
- Disclosure Initiative;
- Conceptual Framework;
- Financial Instruments with Characteristics of Equity;
- Business Combinations under Common Control; and
- Goodwill and Impairment.

Click to view the [IASB Update](#) for this meeting.
The IASB next meets on 16-20 May 2016.

6. IFRS Interpretations Committee

The IFRS Interpretations Committee next meets on [10 May 2016](#).

7. IASB Accounting Standards Advisory Forum

The IASB ASAF next meets on [7-8 July 2016](#).

8. International Auditing and Assurance Standards Board

The IAASB next meets on [21-24 June 2016](#).

9. International Ethics Standards Board for Accountants

The IESBA next meets on [27-29 June 2016](#).

Useful Resources

10. Publications

Deloitte issued:

- a [snapshot](#) highlighting the implementation issues arising from IFRS 15 *Revenue from Contracts with Customers*; which were discussed by the IASB and FASB joint revenue transition resource group;
- a [high-level summary](#) of IFRS 9, which will replace IAS 39 *Financial Instruments: Recognition and Measurement* for annual

periods beginning on or after 1 January 2018; and

- an [overview](#) covering U.S. SEC comment letter trends, disclosure requirements and prohibitions related to non-GAAP measures, and areas that you should consider when using non-GAAP measures in preparing earnings release and SEC filings.

KPMG published:

- an [illustrative guide](#) and [disclosure checklist](#) for those preparing condensed interim IFRS financial statements; and
- an [introduction](#) to the clarifications to IFRS 15 (issued by the IASB in April 2016), which highlights the key impacts and potential next steps for entities to consider when implementing the standard.

The IASB published:

- a 5-minute [video](#) by the IASB Vice-Chairman Ian Mackintosh to explain the clarifications to IFRS 15;
- a series of [webinars](#) by the IASB Board member Darrel Scott to provide an overview of the forthcoming insurance contracts standard; and
- an [article](#) by the IASB Chairman Hans Hoogervorst to discuss the problems with current lease accounting requirements and how the IASB addresses them in the new IFRS 16 *Leases*.

The importance of integrated reporting in today's interconnected world is highlighted to the United Nations Economic and Social Council in a [speech](#) by the CEO of the International Integrated Reporting Council.

The Corporate Reporting Dialogue issued a [comparison](#) of materiality definitions and approaches as issued by eight organizations, including the IASB and FASB, responsible for standard-setting and development of corporate reporting guidance.

Advocacy and Practice Development/ Member Support

Taxation

11. Announcements by the Inland Revenue Department

Members may wish to be aware of the following matters:

- **Tax treaty** between Hong Kong and Latvia has recently been signed and will come into effect after ratification
- **High Court's judgment is upheld** in relation to a jail sentence imposed for tax evasion, where a taxpayer failed to produce any details or evidence in support of his deduction claims for self-education expenses
- **A taxpayer convicted of** falsely claiming deductions of expenses for self-education and approved charitable donations
- **Issuing** of tax returns for individuals for the year of assessment 2015-16
- **The Gist of CIR's Speech and Major Statistics** for a press conference
- **A LegCo question** on handling of suspicious transaction reports
- **List of Qualifying Debt Instruments** as at 31 March 2016

Legislation & Other Initiatives

12. Anti-Money Laundering Notices

Members may wish to note the following notices and publications in relation to AML/CFT:

- **Government notice 2078:** An updated list of terrorists and terrorist associates has been specified under the United Nations (Anti-Terrorism Measures) Ordinance.

- **Government notice 2079:** An updated list of relevant persons and entities has been specified under the United Nations Sanctions (Libya) Regulation 2011.
- **US executive order 13224:** The list relating to "Blocking property and prohibiting transactions with persons who commit, threaten to commit or support terrorism".

For more AML-related circulars from the office of the commissioner of insurance, click [here](#).

For more background information on the current law in Hong Kong relating to AML/CFT, see the Institute's [Anti-money Laundering Bulletin 1](#), "Requirements on anti-money laundering, anti-terrorist financing and related matters", and the [supplement](#) on suspicious transaction reporting.

13. Land Registry Circular Memorandum on Street Index and New Territories Lot/Address Cross Reference Table

The 48th edition of the Street Index and the 17th edition of the New Territories Lot/Address Cross Reference Table ("CRT") on compact disc are available for sale at the Land Registry Customer Centre. Information leaflets and order forms for the new editions of the Street Index and the CRT can be downloaded from the [Land Registry's website](#) on which the corresponding online version is also available for free browsing or through the hyperlink on the [IRIS Online Services](#).

Click the [Land Registry Circular Memorandum No. 1/16](#) for more details.

Useful Resources

14. Library Resources

[Featured titles](#) and [new books](#) for members' reference are now available.

In addition, members can [login](#) to the [e-Library](#) and access e-journals and e-books on a wide range of business subjects.

15. Other Publications

(i) HKEX has published:

- new listing decisions in relation to:
 - why HKEX rejected certain listing applications ([HKEX-LD100-2016](#))
 - why HKEX returned certain listing applications ([HKEX-LD101-2016](#))
- New guidance in relation to:
 - issuers subject to market commentaries or rumours and their obligations in handling such matters ([HKEX-GL87-16](#))
 - bonus issues of shares ([HKEX-GL88-16](#))
- [Report](#) on initial public offering applications, delisting and suspensions (as at 29 April)

(ii) SFC has published a speech entitled [The SFC's Investment Fund Strategy for Hong Kong](#) by Ashley Alder, CEO

(iii) On 29 April, the Financial Services Development Council published a report entitled [Recommendations for capitalising on the unique advantages of Hong Kong in the process of renminbi capital account convertibility](#), which reviews the progress and goals of renminbi internationalisation and proposes measures to help Hong Kong position itself and leverage its unique advantages during the process.

(iv) Other publications:

- [Shining the Light on Leases](#), International Accounting Standards Board
- [Court-free Amalgamation of Intra-group Companies](#), ONC Lawyers

- [M&A: The intersection of due diligence and governance](#), Deloitte LLP
- [11 Steps for a More Effective Accounting Firm Website](#), CPA Practice Advisor
- [Considering a Merger or Acquisition? What Problem Are You Looking to Solve?](#), Transition Advisors, LLC
- [The Future of the Accountancy Profession: Continuation or Transformation](#), University of Oxford
- [Big Data Overwhelms the C-Suite](#), CFO.com
- [Accountancy Profession as "Island of Good Governance"](#), Business Mirror