



Minutes of the 285<sup>th</sup> meeting of the Financial Reporting Standards Committee held on Tuesday, 3 September 2024 at 8:30 a.m. via videoconference.

- Members present: Mr. Gary Stevenson (Chairman), RSM Hong Kong  
Mr. Joe Ng (Deputy Chairman), EY  
Ms. Kathryn Ashley, HSBC  
Ms. Loretta Fong, PwC  
Ms. Sin Ko, KPMG  
Ms. Vincyy Lai, Jardine Matheson & Co., Limited  
Mr. Mateusz Lasik, Deloitte  
Mr. Kenneth Lau, Crowe (HK) CPA Limited  
Ms. Joan Ng, Securities and Futures Commission  
Mr. Richard Poon, AIA Group  
Ms. Lisa Zhang, PwC
- Staff in attendance: Ms. Cecilia Kwei, Director of Standard Setting  
Ms. Eky Liu, Deputy Director of Standard Setting (FR)  
Mr. George Au, Associate Director, Standard Setting  
Ms. Shiro Lam, Associate Director, Standard Setting  
Ms. Carrie Lau, Associate Director, Standard Setting  
Ms. Kennis Lee, Associate Director, Standard Setting  
Ms. Katherine Leung, Associate Director, Standard Setting  
Mr. Anthony Wong, Associate Director, Standard Setting  
Mr. Sam Chan, Manager, Standard Setting
- Observer: Ms. Fion Hung, Accounting and Financial Reporting Council
- Apologies: Ms. Fanny Hsiang, BDO Limited  
Mr. Ghee Peh, IEEFA  
Mr. William Wong, HKEx

1. **Minutes, work program, agenda decision and liaison log**

The Committee approved the minutes of the 284<sup>th</sup> meeting.

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

The Committee also noted the IFRS Interpretations Committee issued the agenda decision *Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8 Operating Segments)* in July 2024.

2. **Exposure Drafts on HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and HKFRS S2 Climate-related Disclosures (HK EDs)**

The Committee received an update on the events that had occurred since the Committee's July meeting in relation to the development of the HK EDs. The Committee also discussed and approved the SSD staff's revised approach and timeline of publishing the HK EDs and final standards.

[Post-meeting note: The FRSC approved the HK EDs on 13 September 2024 and the HK EDs were issued on 16 September 2024.]

Action

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3. **Annual Improvements to IFRS Accounting Standards**

The Committee noted that the IASB issued *Annual Improvements to IFRS Accounting Standards — Volume 11* in July 2024. The Committee considered and approved the issuance of HKFRS equivalent Annual Improvements in accordance with the Institute’s international convergence policy.

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[Post-meeting note: *Annual Improvements to HKFRS Accounting Standards - Volume 11* was issued on 12 September 2024.]

4. **Revised Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars (AG 7)**

The Committee received a summary of the proposed amendments to AG 7, which represent housekeeping updates. Considering the nature of the proposed amendments, the Committee agreed with SSD staff’s proposals that they should be effective upon issuance and that no exposure is required for these amendments. Accordingly, the Committee approved the issuance of Revised AG 7.

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[Post-meeting note: Revised AG 7 was issued on 12 September 2024.]

5. **Progress update of IASB Exposure Drafts**

(A) *Climate-related and Other Uncertainties in the Financial Statements*

The Committee received an overview of the exposure draft for the project, which includes a summary of the objectives and the IFRS Accounting Standards applicable to each of the eight illustrative examples in the exposure draft. The Committee also received an update on the key feedback received from the Task Force. Based on the feedback, the Committee provided preliminary comments for the SSD staff’s analysis. The Committee also considered and agreed with the SSD staff’s proposed project timeline.

(B) *Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures*

The Committee received an update on the exposure draft for the project. The Committee agreed that this project should be identified as medium to low priority, as the IASB’s approach to reducing disclosure requirements in the exposure draft is consistent with the principles for developing IFRS 19, and the Committee does not anticipate any significant stakeholder comments. The Committee also considered and agreed with the SSD staff’s project plan.

(C) *Translation to a Hyperinflationary Presentation Currency*

The Committee received an overview of the exposure draft and agreed with SSD staff’s proposed next steps.

6. **Post-implementation Review (PIR) of Accounting Guideline 5 Merger Accounting for Common Control Combinations (AG 5)**

The Committee received a recap of the PIR of AG 5 conducted in 2016. The Committee noted that the PIR had identified several accounting issues, some of which were addressed through limited amendments to AG 5 in 2020 (the 2020 Amendments). The following four issues identified in the PIR of AG 5 were not addressed in the 2020 Amendments (Outstanding Issues) because, at that time, the Committee considered that these Outstanding Issues were likely to be affected by the outcome of the IASB's Business Combination under Common Control (BCUCC) project:

- Clarifying the scope of AG 5;
- Specifying who is the controlling party and what carrying values should be used in recognising the net assets of the transferred entity;
- Considering the appropriateness of restating comparatives; and
- Clarifying the accounting for different forms of consideration paid.

Following the discontinuation of the IASB's BCUCC project in April 2024, the Committee acknowledged the need to resume the efforts towards addressing the Outstanding Issues. The Committee considered and agreed with SSD staff's proposals to re-engage the Business Combination and Reporting Entity Advisory Panel and the Investment Circular Reporting Advisory Panel (collectively referred to as the Panels) to obtain new inputs for understanding whether the Outstanding Issues are still pervasive locally and for determining whether and how to address the Outstanding Issues. SSD staff will present an analysis of the inputs from the Panels and recommendations on the next steps, including whether to add a local project to the work plan, the project priority and project plan, for the Committee's consideration in H1 2025.

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7. **Consider topics for 2024 Annual Accounting Update Conference**

The Committee noted that the 2024 Annual Accounting Update Conference is scheduled to take place in the morning of 30 November 2024 as a live webinar. The conference will be recorded and released as an e-learning for members' subscription at a later date.

The Committee considered and agreed with the SSD's recommendation to cover various popular and upcoming topics including financial reporting topics relevant to closing out 2024, new standards and amendments that are not yet effective in 2024, and an update on sustainability reporting landscape in Hong Kong.

A few Committee members suggested that the Institute reconsider the viability of having physical attendance at future conferences and to consider whether the name of the conference should be changed to reflect the discussion of topics beyond accounting e.g. on sustainability matters.

SSD welcomed the Committee to nominate speakers for the conference.

8. **Other business**

**Administrative matter**

The Committee noted that they are welcome to propose agenda items for the next FRSC meeting no later than 15 working days prior to the meeting date.

It was noted that the next meeting was scheduled on 25 October 2024.

There being no further business, the meeting closed at 9:30 a.m.

GARY STEVENSON  
CHAIR

17 October 2024