

Financial Accounting Standards Committee

Meeting summary – February 2004

The Society's Financial Accounting Standards Committee (Committee) met on 11 February 2004.

Present at the Committee's meeting were: Messrs. Paul F. Winkelmann (Chairman), Wilson Fung (Deputy Chairman), Nigel Reid (Deputy Chairman), Chan Lok Sang, Choy Chung-foo (represented by Mr. Vingle Yuen), Raphael Ding, Tommy Fung, Robert Gibson, Quinn Y.K. Law, Tommy Tam, Stephen Taylor, Tom Wu, Ms. Rebecca Chan, Ms. Susanna Lau, Mrs. Catherine Morley, Mr. Simon Riley (HKSA Technical Director, Financial Reporting) and Ms. Elsa Ho (HKSA Assistant Director, Financial Reporting).

Adoption of proposed Hong Kong Accounting Standards consequent to the IASB's Improvements Project

At its [January meeting](#), the Committee agreed that the new accounting standards adopted consequent to the IASB's Improvements Project will come into effect for periods beginning on or after 1 January 2005 and will be re-named as "Hong Kong Accounting Standards" (HKAS) with the numbering to be aligned with the IASB's documents. The Committee considered the following proposed HKAS and the comment letters received in response to the Invitation to Comment issued on the IASB's Improvements Exposure Draft (ED issued mid-2002):

- HKAS 1 *Presentation of Financial Statements*
- HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- HKAS 27 *Consolidated and Separate Financial Statements*
- HKAS 28 *Investments in Associates*
- HKAS 31 *Interests in Joint Ventures*

The Committee agreed that the HKASs should be converged with the IASB's Standards as far as practicable. Two disclosures currently appearing in SSAP 10 but not in IAS 28 are to be reconsidered by the Committee at its next meeting. The Committee also agreed to hold over proposed HKAS 24 *Related Party Disclosures* for further consideration at its meeting to be held in March.

Because the current SSAP on joint ventures is significantly different from IAS 31, HKAS 31 will be re-exposed as part of an ED proposing the Convergence of HKFRS with IFRS. The Convergence ED will include those HKAS not introduced consequent to the IASB's Improvements Project, for example, those Standards on borrowing costs, joint ventures, investment property and leases. The Committee agreed to consider this ED, issues relating to investment property accounting and the proposed adoption of HKAS converged with IAS 32 and IAS 39 on Financial Instruments, at its next meeting. The Committee agreed that HKAS 1, 8, 27 & 28, and those HKAS listed below (considered by the Committee at its January meeting), all of which are converged with the revised IAS, be recommended for approval by the HKSA Council at its March meeting, to become effective for periods beginning on or after 1 January 2005 with earlier application permitted:

- HKAS 2 *Inventories*
- HKAS 10 *Events after the Balance Sheet Date*
- HKAS 16 *Property, Plant and Equipment*
- HKAS 21 *The Effects of Changes in Foreign Exchange Rates*
- HKAS 33 *Earnings Per Share*

The Committee briefly reviewed an Introduction to the HKASs written to assist users of the Standards identify the changes made to the Hong Kong SSAPs as a result of converging with the equivalent International Standards revised as a result of the IASB's improvements project.

The HKASs and Introduction will be published concurrently with the new A4 format of the Members' Handbook (official launch date 1 May 2004) though an electronic version will be available on the HKSA website prior to this date (immediately after approval by the HKSA Council). The new HKAS will not be published in the current A5 Handbook format, which will be superseded when the A4 Handbook is published.

Date of Next Meeting

The Committee will hold two meetings in March, on 10 March 2004 and 22 March 2004.

This meeting summary is provided for the information and convenience of those who wish to follow the Committee's deliberations. Except where indicated otherwise, all conclusions reported are tentative and may be changed at future meetings.

The IASB publishes summaries of its meetings and projects. These can be found on the IASB's website at <http://www.iasb.org>.

The Committee welcomes comments on its technical agenda. Please e-mail us at commentletters@hkasa.org.hk.