

Financial Accounting Standards Committee

Meeting summary – January 2003

The Society's Financial Accounting Standards Committee (Committee) met on 15 January 2003.

Present at the Committee's meeting were: Messrs. Roger Best (Chairman), Bernard Wilkinson (Deputy Chairman), Paul F. Winkelmann (Deputy Chairman), Tommy Fung, Philip Hilliard, Nigel Reid, Stephen Taylor, Andrew Williamson, Ms. Olivia Cheung, Susanna Lau, Sheila Pattle, Mr. Simon Riley (HKSA Deputy Director, Accounting) and Ms. Elsa Ho (HKSA Assistant Director, Accounting).

The Committee discussed the following items:

- ✓ IAS 27 / SSAP 32 provisions regarding "ability to control"
- ✓ IASB's ED 2, Share-based Payment
- ✓ IASC Trustee's Proposed Testing and Certification Programme
- ✓ IASB's proposed roundtable on Financial Instruments
- ✓ Response to JWG re Tenth Schedule disclosures

IAS 27 / SSAP 32 provisions regarding "ability to control"

The Committee discussed a question concerning consistency in applying SSAP 32 paragraph 12. The Committee agreed that members would provide feedback to the Secretariat on the application of the standard within their firms both internationally and in Hong Kong and the matter would be discussed further, and a decision made on any possible course of action, at the Committee's next meeting.

IASB's ED 2, Share-based Payment

The Committee considered an initial draft comment letter on ED 2.

The Committee also noted that a CPD seminar on share-based payment has been arranged on 20 March 2003. The seminar, which includes an interactive Q & A session, will provide a good opportunity for the participants to gain a greater familiarity with the proposals in ED 2 as well as to comment on the proposals.

IASC Trustee's Proposed Testing and Certification Programme

The Committee noted that the IASC Foundation Trustees (IASCF) issued a consultation paper proposal for a testing and certification programme in December 2002 with comments requested by 28 February 2003. In general, the proposal is to create a two-tier proficiency test. The first (certification) tier is a test of the knowledge and understanding of IASB's standards. Those who pass the first tier could then proceed to the second (diploma) tier, which is an assessment of the ability to apply the IASB's standards and to recognise issues of interpretation. Neither award would amount to a licence (or endorsement) to practise, but would simply indicate the level of proficiency achieved by the holder.

The Committee considered a draft comment letter to the IASCF and agreed to include additional comments on the updating process, a 'modules' approach, and the ability for a national standard-setting body (especially those with standards converged with the IASB) to incorporate the scheme within their own training framework. The Committee agreed to finalise the comment letter at its next meeting. The finalised comment letter will be made available at the HKSA website <http://www.hksa.org.hk/professionaltechnical/accounting/submissions>.

IASB's proposed roundtable on Financial Instruments

The Committee noted that the Society had received an invitation from the IASB to attend the public roundtable discussions of the Exposure Draft of proposed Improvements to Financial Instruments Standards to be held during the week of 10 March 2003 in London and Brussels. The Committee agreed that, subject to availability of a nominated representative, the Society should be represented at the roundtable discussion.

Response to JWG re Tenth Schedule disclosures

The Committee considered a draft response to the Joint Government/ HKSA Working Group to Review the Accounting and Auditing Provisions of the Companies Ordinance (JWG) concerning their suggestions to incorporate six specific Tenth Schedule disclosures into the SSAPs.

The Committee agreed that, except for the disclosure relating to a secured liability, it would be either unnecessary or inappropriate to add in the disclosures into SSAPs (these disclosures would either be covered by future SSAPs or be better suited to the requirements of the MD&A).

Date of Next Meeting

The Committee's next meeting is scheduled to be held on 12 February 2003.

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.uk>.

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