



**Financial Reporting Standards Committee**  
**Meeting summary – May 2008**

The Institute's Financial Reporting Standards Committee (Committee) met on 6 May 2008.

Members of the Committee present were: Paul F. Winkelmann (Chairman), Clement Chan (Deputy Chairman – represented by Stephen Chan), Raphael Ding (Deputy Chairman), Chan Tak Shing, Colin Chau, Ian Farrar, Wilson Fung, Paul Hebditch, Caron Hughes, Susanna Lau, Li Kwok Tso, William Lim, Catherine Morley, Tommy Tam and Eymon Tsang.

Staff present were: Patricia McBride, Steve Ong, Selene Ho, Florence Wong, Winnie Chan, Ben Lo and Phoebe To.

The Committee discussed the following items:

1. Project on Dual Compliance with IFRSs
2. Draft Invitation to Comment and Exposure Draft on the Proposed Amendments to SME-FRF and SME-FRS
3. Draft Consultation Paper on Financial Reporting by Private Companies
4. Draft Interpretation IFRIC D23 *Distributions of Non-cash Assets to Owners*
5. Invitation to Comment on IASB Discussion Paper – *Reducing Complexity in Reporting Financial Instruments*
6. Invitation to Comment on IASB Discussion Paper – *Preliminary Views on Amendments to IAS 19 Employee Benefits*
7. Proposed Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation

**1. Project on Dual Compliance with IFRSs**

The Committee agreed a revised analysis on the impact of the differences between IFRSs and HKFRSs, together with an example note to the financial statements and a draft *A-Plus* article.

The Committee noted that Accounting Guideline 5 *Merger Accounting for Common Control Combinations* provides guidance on the accounting treatment for common control transactions, which is outside the scope of HKFRS 3 *Business Combinations*. The Committee agreed that the application of AG 5 would not create conflict with HKFRS/IFRS since the guideline specifically states that should there be any conflict, the standard takes precedence.

**2. Draft Invitation to Comment and Exposure Draft on the Proposed Amendments to SME-FRF and SME-FRS**

The Committee considered a draft Invitation to Comment and a draft Exposure Draft on the Proposed Amendments to SME-FRF and SME-FRS prepared by the SME-FRF Sub-Committee. The Exposure Draft includes proposed sections on business combinations, consolidated financial statements, investments in associates, interests in joint ventures and cash flow statements.

The Committee agreed a consultation period of four months for the Exposure Draft.

Subject to the changes agreed at the meeting, the Committee endorsed the submission of the proposed Exposure Draft to Council for approval.

**3. Draft Consultation Paper on Financial Reporting by Private Companies**

Subject to the changes agreed at the meeting, the Committee endorsed the submission of the draft Consultation Paper to the Standard-setting Oversight Board and Council for approval.

The Committee agreed a consultation period of four months for the Consultation Paper and an extension of the consultation period will be considered if required.

**4. Draft Interpretation IFRIC D23 Distributions of Non-cash Assets to Owners**

The Committee approved the draft submission for Council's approval.

**5. Invitation to Comment on IASB Discussion Paper – Reducing Complexity in Reporting Financial Instruments**

The Committee members were requested to consider and provide comments on the draft Invitation to Comment.

**6. Invitation to Comment on IASB Discussion Paper – Preliminary Views on Amendments to IAS 19 Employee Benefits**

The Committee members were requested to consider and provide comments on the draft Invitation to Comment.

**7. Proposed Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation**

The Committee agreed to recommend Council to approve the issue of the proposed amendments to HKAS 32 and HKAS 1, which is converged with its international equivalent, with effect for annual periods beginning on or after 1 January 2009 (with earlier application permitted) without modification.

**Date of Next Meeting**

The Committee agreed to hold its next meeting on 8 July 2008.

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@hki CPA.org.hk](mailto:commentletters@hki CPA.org.hk).

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**Meeting Summaries are provided for the information and convenience of those who wish to follow the Committee's deliberations. Decisions reported are tentative and may be changed or modified by the Committee at a later date. Decisions become final only after completion of the formal due process required to finalize and release documents. No responsibility is taken for the results of actions or omissions to act on the basis of any information contained in this Meeting Summary, or for any errors or omissions in it.**