



Minutes of the 211th meeting of the Financial Reporting Standards Committee held on Friday, 21 February 2014 at 8:30 a.m. in the Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

Present: Mrs. Catherine Morley (Chair)
Mr. Nelson Lam (Deputy Chair)
Mr. John Chong
Ms. Susanna Lau
Mr. Ernest Lee
Mr. William Lim
Mr. Eugene Liu
Mr. Raymond Ng
Mr. Steve Ong
Mr. Paul Phenix
Ms. Shelley So
Mr. Gary Stevenson
Ms. Florence Wong
Mr. Davis Yu

In attendance: Mr. Simon Riley, Acting Director, Standard Setting
Ms. Winnie Chan, Associate Director, Standard Setting
Mr. Ben Lo, Associate Director, Standard Setting
Mr. Ambrose Wong, Associate Director, Standard Setting

Apologies for absence were received from Mr. Vincent Ching, Mr. James Fawls and Ms. Kelly Kong.

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| <p>1. <u>Welcome to new members and Committee composition for 2014</u></p> <p>The Chairman welcomed Mr. Nelson Lam as a new member of the Committee. The Committee recorded a vote of thanks to the retiring members, Mr. Clement Chan and Mr. Colin Chau, for their contributions to the Committee.</p> | |
| <p>2. <u>Guidance note on general confidentiality rules</u></p> <p>The Chairman drew members' attention to the guidance note on the general confidentiality rules in relation to minutes and agenda papers of the Council and Committees appointed by the Council. It was also noted that the minutes of the FRSC were generally placed on public record.</p> | |
| <p>3. <u>Terms of Reference and Proposed Work plan for 2014</u></p> <p>The Committee considered the Terms of Reference (TOR) of the Committee and suggested that financial reporting issues arising from application of the Hong Kong Companies Ordinance, including the simplified reporting regime, should be included in the TOR.</p> <p>The Committee considered the proposed work plan for 2014 and had a number of comments on the Plan and relating to updating the Members' Handbook.</p> <p>The Committee also discussed the working relationship with the Institute's China Standards Advisory Group and the extent to which this fell within the TOR of the Committee and impacted on the work plan.</p> | SSD |

The Committee requested the Standard Setting Department to revise both the TOR and the Proposed Work plan for further discussion at the coming meeting in March.

4. Meeting Schedule for 2014

The Committee noted the meeting dates for 2014.

5. Minutes of the 210th meeting

The Committee approved and the Chairman signed the minutes of the 210th meeting.

6. IASB Leases Project

The Chairman reported that a teleconference call was held with IASB staff on the leasing project on 18 February 2014 to give an update on the status of the IASB's re-deliberations and areas where the IASB was seeking feedback.

The Committee considered the IASB agenda papers from the January 2014 Board meeting relating to the leases project and had certain comments on the possible ways to provide cost relief for small-ticket leases and other proposed simplifications of the lessee model. The Committee was informed that the comments received at the meeting would be expressed at the coming Accounting Standards Advisory Forum meeting on 3 – 4 March 2014 in London.

7. Issuance of HKFRS 14 Regulatory Deferral Accounts

The Committee approved the issue of the Hong Kong equivalent of the IFRS 14 *Regulatory Deferral Accounts* with the same effective date and without modification.

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[Post meeting note: Members' Handbook Update No. 138 is available on the HKICPA website.]

8. Accounting for transaction costs incurred in an IPO

The Committee noted that a letter dated 29 January 2014 was received from the Securities and Futures Commission (SFC) expressing concern on diversity in practice in determining the amount of transaction costs to be accounted for as a deduction from equity in accordance with paragraphs 37 and 38 of HKAS 32 in a concurrent listing and share offer.

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The Committee agreed that in order to raise awareness of the accounting for transaction costs incurred in an IPO, an article should be published in the Institute's magazine A+Plus to provide guidance to practitioners in applying the relevant standards. A member volunteered to prepare the first draft of the article for consideration by the Committee through circulation.

9. Update on technical developments in financial reporting

The Acting Director of Standard Setting drew the attention of the Committee that the agenda papers for the IFRS Advisory Council Meeting on 25 – 26 February 2014 had been published.

In addition, the Committee was informed that a bulletin on Complexity

had been published by the EFRAG and the National Standard Setters of France, Germany, Italy and the United Kingdom to supplement the discussion of the IASB's Conceptual Framework project.

The Committee was invited to study the papers and provide their comments, if any, to the Standard Setting Department.

There being no further business, the meeting closed at 11:15 a.m.

CATHERINE MORLEY
CHAIR

12 March 2014