



Minutes of the 278th meeting of the Financial Reporting Standards Committee held on Thursday, 1 June 2023 at 8:30 a.m. via videoconference.

Members present: Mr. Jim Tang (Deputy Chairman), KPMG
Mr. Joe Ng (Deputy Chairman), EY
Ms. Kathryn Ashley, HSBC
Ms. Fanny Hsiang, BDO Limited
Ms. Vincyy Lai, Jardine Matheson & Co., Limited
Mr. Mateusz Lasik, Deloitte
Mr. Kenneth Lau, Crowe (HK) CPA Limited
Mr. Ghee Peh, IEEFA
Mr. Richard Poon, AIA Group
Mr. William Wong, Stock Exchange of Hong Kong Limited
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. 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

Apologies: Mr. Gary Stevenson (Chairman), RSM Hong Kong
Ms. Joan Ng, Securities and Futures Commission

Observer: Ms. Kristin Ko, Accounting and Financial Reporting Council

Action

1. Minutes, work program, IFRS Interpretations Committee (IC) agenda decisions and liaison log

The Committee approved the minutes of the 277th meeting.

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

The Committee also noted the IC finalised an agenda decision *Definition of a Lease—Substitution Rights (IFRS 16 Leases)* in March 2023.

2. Request for Information (RFI) for the ISSB's Consultation on Agenda Priorities

The Committee received an update on the latest developments of the ISSB's *Consultation on Agenda Priorities* and an overview of the RFI. One member provided preliminary view on the priority of the four potential projects that could be added to the ISSB's work plan. The Committee noted the SSD's planned project activities, which would include seeking feedback from the Sustainability Advisory Panel and hosting a public roundtable. SSD staff will provide the stakeholders' feedback, staff's preliminary views and the draft submission for the Committee's consideration at its next meeting.

3. **IASB Exposure Draft (ED) Amendments to the Classification and Measurement of Financial Instruments**

The Committee received an update on the feedback received from SSD staff's outreach activities since the April Committee meeting, which included seeking feedback from the Financial Instruments Advisory Panel, Insurance Advisory Panel, Small and Medium-sized Practitioners Committee and its Technical Issues Working Group ('SMPC') as well as targeted stakeholders.

Based on the feedback received and SSD staff's analysis, the Committee provided comments and direction for the Institute's submission. The Committee also agreed with the proposed timeline for considering and finalising the Institute's submission to the IASB.

4. **Priority of two IASB projects**

The Committee received an update on the following two new IASB projects:

(A) *Amendments to the IFRS for SMEs Accounting Standard—International Tax Reform—Pillar Two Model Rules*

The Committee agreed that this project should be identified as low priority considering that the application of HKFRS for Private Entities (equivalent to *IFRS for SMEs Accounting Standard*) is relatively limited in Hong Kong and so the project may only affect a limited number of SMEs. In addition, the Committee did not anticipate stakeholders will have significant concerns on the proposals given the proposals are largely based on the amendments to IAS 12 *Income Taxes* issued by the IASB in May 2023.

(B) *Annual Improvements to IFRS Accounting Standards*

The Committee agreed that this project should be identified as low priority because the proposed amendments primarily concern minor clarifications to existing requirements and are not expected to result in any major impact to entities.

The Committee considered and agreed with the SSD's project plans and next steps for these two IASB projects.

5. **Draft educational material on Amendments to HKAS 1 Presentation of Financial Statements**

The Committee was presented with the draft educational material on Amendments to HKAS 1 *Presentation of Financial Statements*. The draft presented at this meeting had incorporated the feedback received from the Disclosure Initiative Advisory Panel.

The Committee considered and provided comments on the draft educational material. The Committee agreed that the educational material does not require review by the IASB staff as it does not involve any substantive interpretation of the Amendments and the examples contained therein are relatively straight-forward. SSD staff will incorporate the Committee's comments received during the meeting into the educational material and circulate it to the Committee for approval out-of-session.

SSD

[Post-meeting note: The educational material on Amendments to *HKAS 1 Presentation of Financial Statements* was approved by the Committee out-of-session and published on 23 June 2023.]

6. Post-implementation review (PIR) of the SME-FRF & SME-FRS

At its February 2023 meeting, the Committee noted that the Institute conducts a PIR of the SME-FRF & SME-FRS every five years according to the Preface to Hong Kong Financial Reporting Standards (Preface). The most recent PIR commenced in October 2018 and was concluded in July 2019, and hence the next PIR should be conducted in 2023. At that meeting, the Committee agreed that, as a first step, SSD staff should reach out to the SMPC to identify whether there are any application issues of the SME-FRF & SME-FRS.

At this meeting, the Committee noted that the SSD staff have reached out to the SMPC in March and that the SMPC did not identify any major issues regarding the application of the SME-FRF & SME-FRS. In addition, the Committee noted that most of the issues raised in the previous PIR that could be addressed by amending the standard have been addressed through the amendments issued in 2020, and no major application issues were noted since the amendments came into effect.

In light of the above, the Committee agreed that the 2023 PIR of the SME-FRF & SME-FRS has been satisfactorily completed and that no further work needs to be undertaken. In accordance with the protocols set out in the Preface, the next PIR is expected to take place in 2028 unless significant issues are identified earlier.

7. SSD's planned technical events on financial reporting and sustainability disclosures standards from July 2023 to June 2024

The Committee received a summary of the SSD's planned technical events on financial reporting and sustainability disclosures standards from July 2023 to June 2024. The Committee is requested to assist in identifying appropriate speakers for the events and to provide nominations to the SSD staff in due course.

8. Other business

Administrative matter

The Committee noted that they are welcomed 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 12 July 2023.

There being no further business, the meeting closed at 9:45 a.m.

JIM TANG
DEPUTY CHAIRMAN

4 July 2023