



Minutes of the 288th meeting of the Financial Reporting Standards Committee held on Wednesday, 19 February 2025 at 9:00 a.m. in Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong (and via videoconference).

Members present: Mr. Joe Ng (Chairman), EY
Mr. Kenneth Lau (Deputy Chairman), Crowe (HK) CPA Limited
Ms. Kathryn Ashley, HSBC
Ms. Tina Chen, Capital Group
Ms. Sin Ko, KPMG
Ms. Vincyy Lai, Jardine Matheson & Co., Limited
Ms. Frank Lam, BDO Limited
Mr. Mateusz Lasik, Deloitte
Mr. Richard Poon, AIA Group
Ms. Joan Ng, Securities and Futures Commission
Mr. William Wong, HKEx
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. Shiro Lam, 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

Observers: Ms. Fion Hung, Accounting and Financial Reporting Council
Ms. Lily Rui, Accounting and Financial Reporting Council

Action

1. Welcome and Introductions

The Chairman welcomed Ms. Tina Chen and Mr. Frank Lam as new members of the Committee.

The Committee noted the following:

- i) the general confidentiality rules in relation to minutes and agenda papers;
- ii) expectation of chair and members and performance evaluation exercise;
- iii) 2025 meeting dates; and
- iv) induction pack, including an overview of HKICPA's standard-setting functions.

The Committee also considered and approved the terms of reference and the standard operating procedures for financial and sustainability reporting standard-setting.

2. Composition and Terms of Reference of FRSC's Advisory Panels

The Committee noted and approved the composition and terms of reference of the following FRSC's Advisory Panels.

- i) Business Combinations and Reporting Entity Advisory Panel

- ii) Companies Ordinance Application Issues (Financial Reporting) Advisory Panel
- iii) Conceptual Framework Advisory Panel
- iv) Disclosure Initiative Advisory Panel
- v) Employee Benefits Advisory Panel
- vi) Financial Instruments Advisory Panel
- vii) Financial Reporting Valuation Advisory Panel
- viii) Income Tax/Deferred Tax Advisory Panel
- ix) Insurance Advisory Panel
- x) Leases Advisory Panel
- xi) Revenue Recognition Advisory Panel
- xii) SME-FRF & SME-FRS Advisory Panel

3. **Work program, agenda decisions and liaison log**

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

The Committee also noted the IFRS Interpretations Committee (IC) finalised an agenda decision *Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts (IAS 7 Statement of Cash Flows)* in November 2024.

4. **Strategic Planning**

3-year strategic directions and 2025 focus

The Committee considered and agreed on the following changes to the 2024-2026 strategic plan approved in 2024:

- a) Removal of the strategy regarding the development of HKFRS Sustainability Disclosure Standards (SDS), as this responsibility has been transferred to the Sustainability Disclosure Standards Committee from 1 January 2025, as approved by the Council last year;
- b) Adding a point on connectivity between IFRS/HKFRS Accounting Standards and IFRS/HKFRS SDS, considering its importance in both financial and sustainability reporting projects; and
- c) Clarifying the remit of the Committee on accounting standards.

The Committee considered SSD's achievements in 2024 and agreed that the strategy on financial reporting continues to be appropriate for 2025. Accordingly, the Committee approved the following revised strategy:

- a) Respond to high priority IFRS Accounting projects and conduct research and outreach activities to inform its views, promoting connectivity between IFRS Accounting Standards and IFRS SDS.
- b) Understand, facilitate and address implementation/application issues arising from HKFRS Accounting Standards and SME-FRF & SME-FRS.
- c) Enhance stakeholder relations and engagement, and international representation, with particular focus on high priority projects.

The Committee inquired about the resourcing situation of the SSD and its impact on delivering the work plan for the coming years. This is under constant monitoring by the SSD and any resourcing needs will be raised with top management as appropriate.

The Committee also considered and agreed with SSD's proposed work plan for 2025.

Amendments to Preface to HKFRS Accounting Standards, SME-FRF & SME-FRS and HKFRS for Private Entities Accounting Standard

The Committee noted that the *Preface to HKFRS Accounting Standards, SME-FRF and SME-FRS and HKFRS for Private Entities Accounting Standard* were updated to reflect the following editorial changes following the issuance of the HKFRS Sustainability Disclosure Standards in December 2024:

- a) Replace HKFRS/HKFRSs/Hong Kong Financial Reporting Standards with HKFRS Accounting Standards; and
- b) Replace HKFRS for Private Entities with HKFRS for Private Entities Accounting Standard.

The Committee also noted that the proposed changes will be reflected in the illustrative auditor's reports in the relevant auditing and assurance pronouncements, subject to approval by the Auditing and Assurance Standards Committee at its upcoming meeting. SSD plans to issue all these amendments in March. The new names 'HKFRS Accounting Standards' and 'HKFRS for Private Entities Accounting Standard' can be applied immediately following the issuance of the amendments.

SSD

The Committee considered and approved the proposed amendments.

[Post-meeting note: The amendments were issued on 18 March 2025.]

5. IASB Exposure Draft Provisions – Targeted Improvements

The Committee received an update on the feedback received from the SSD staff's outreach activities, which included seeking feedback from the Task Force. Based on the feedback received and the SSD staff's analysis, the Committee provided comments for the Institute's submission. The Committee also agreed with the proposed timeline for considering and finalising the Institute's submission to the IASB.

[Post-meeting note: The Institute's comment letter was submitted to the IASB on 11 March 2025.]

SSD

6. IFRS Foundation Exposure Draft Proposed Amendments to the IFRS Foundation Due Process Handbook (ED)

The Committee noted that the IFRS Foundation issued the ED to seek feedback from stakeholders on proposed amendments to its Due Process Handbook (Handbook). These amendments aim to reflect the creation of the International Sustainability Standards Board (ISSB) and propose targeted enhancements and clarifications based on the experience since the last update of the Handbook in 2020.

The Committee agreed that this project should be identified as low priority, considering it is a governance project that does not address any technical aspects of financial and sustainability reporting and is unlikely to directly affect entities in Hong Kong. Furthermore, the proposed amendments do not represent fundamental changes to the IFRS Foundation's due process, and no major issues were noted regarding the current due process.

The Committee then received an update on the comment letters received on the ED. Considering that the ED is a low priority project and that no significant comments were received from stakeholders up to the date of the meeting, the Committee agreed with SSD's preliminary view not to submit a comment letter to the IFRS Foundation unless significant feedback is received.

As the ED may affect the due process for setting both the IFRS Accounting Standards and the IFRS Sustainability Disclosures Standards, the Committee noted that SSD staff will further discuss the ED with the Sustainability Disclosure Standards Committee at its upcoming meeting. SSD staff will provide an update on the feedback obtained from both Committees, along with SSD staff analysis and proposed next steps for both Committees' consideration and approval out-of-session.

7. **Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures (Contracts Referencing Nature-dependent Electricity)***

The Committee noted that the IASB issued Amendments to IFRS 9 and IFRS 7 (*Contract Referencing Nature-dependent Electricity*) together with the consequential amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures* in December 2024. The Committee considered that Amendments to IFRS 9 and IFRS 7 have substantially addressed stakeholders' concerns and taken up the majority of the comments expressed in the Institute's comment letter. Accordingly, the Committee approved the issuance of Amendments to HKFRS 9 and HKFRS 7 together with the consequential amendments to HKFRS 19 in accordance with the Institute's international convergence policy. The Issuance of Amendments to HKFRS 9 and HKFRS 7 is expected in late February.

[Post-meeting note: Amendments to HKFRS 9 and HKFRS 7 together with the consequential amendments to HKFRS 19 were issued on 25 February 2025.]

8. **Educational Publication '*Financial Reporting Considerations for Closing Out 2024*'**

As part of the 2025 work plan, SSD will publish an educational publication titled '*Financial Reporting Considerations for Closing Out 2024*' to highlight key financial reporting reminders and topical issues that are relevant to preparers in the preparation of their annual HKFRSs financial statements with a December year-end. The draft publication was circulated to the Committee for review prior to this meeting. During the meeting, the Committee was presented with the latest version of the publication, which incorporated relevant comments from the Committee. The Committee had no further comments and approved the issuance of the publication.

[Post-meeting note: The educational publication '*Financial Reporting Considerations for Closing Out 2024*' was issued on 21 February 2025.]

9. **Other business**

Administrative matter

The Committee noted that they are welcome 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 2 April 2025.

There being no further business, the meeting closed at 10:15 a.m.

25 March 2025

JOE NG
CHAIR