



Minutes of the 274<sup>th</sup> meeting of the Financial Reporting Standards Committee held on Tuesday, 25 October 2022 at 8:30 a.m. via videoconference.

Members present: Mr. Gary Stevenson (Chairman), RSM Hong Kong  
Mr. Jim Tang (Deputy Chairman), KPMG  
Ms. Kathryn Ashley, HSBC  
Ms. Vincyy Lai, Jardine Matheson & Co., Limited  
Mr. Mateusz Lasik, Deloitte Touche Tohmatsu  
Mr. Kenneth Lau, Crowe (HK) CPA Limited  
Mr. Joe Ng, Ernst & Young  
Mr. Richard Poon, AIA Group  
Mr. William Wong, Stock Exchange of Hong Kong Limited  
Ms. Lisa Zhang, PricewaterhouseCoopers

Staff in attendance: Ms. Cecilia Kwei, Director, Standard Setting  
Ms. Eky Liu, Deputy Director, Standard Setting  
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

Apologies: Ms. Fanny Hsiang, BDO Limited  
Mr. Ghee Peh, IEEFA

Observer: Mr. Ambrose Wong, Accounting and Financial Reporting Council

Action

1. **Minutes, work program and liaison log**

The Committee approved the minutes of the 273<sup>rd</sup> meeting.

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

2. **IASB/ED/2022/1 Third edition of the IFRS for SMEs Accounting Standard**

The Committee received an update on the IASB Exposure Draft *Third edition of the IFRS for SMEs Accounting Standard* (ED), which includes the objective and the scope of the ED, as well as a summary of proposed changes to the *IFRS for SMEs Accounting Standard*. The Committee considered and agreed with SSD's planned outreach activities, which include meeting with Small and Medium-sized Practitioners Committee Technical Issues Working Group and performing outreach activities with targeted stakeholders.

3. **Consider priority of the IASB project Post-implementation Review of IFRS 15 Revenue from Contracts with Customers**

The Committee received an update on the IASB project *Post-implementation Review of IFRS 15 Revenue from Contracts with Customers* and agreed that it should be a high priority project for the Institute considering that the standard has impacted many reporting entities in Hong Kong and the impact ranges from changes in the accounting policies and related accounting treatments to providing more extensive

disclosures in the financial statements.

The Committee considered and agreed with SSD's project plan, which includes responding to the forthcoming IASB's Request for Information and performing outreach activities to seek stakeholders' views.

4. **Issuance of HKFRS equivalent amendments to IFRS 16 Lease Liability in a Sale and Leaseback**

The Committee noted that the IASB issued the Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback* in September 2022. The Committee considered that the amendments do not fully address our stakeholders' concerns expressed in the Institute's comment letter. However, given that sale and leaseback transactions with variable lease payments are not prevalent in Hong Kong, the Committee approved the issuance of the equivalent amendments to HKFRS 16 *Lease Liability in a Sale and Leaseback* in accordance with the Institute's international convergence policy. The Committee also considered and agreed with SSD's implementation support plan. The issuance of the HKFRS equivalent amendments is expected by November.

SSD

[Post-meeting note: The amendments to HKFRS 16 *Lease Liability in a Sale and Leaseback* was issued on 1 November 2022.]

5. **Update on the IASB's tentative decisions on the Primary Financial Statements project**

The Committee received an update on the IASB's Primary Financial Statements project. The Committee noted that the IASB began redeliberating the proposals in the Exposure Draft *General Presentation and Disclosures* (ED) since March 2021 and has made tentative decisions on key aspects of the proposals in response to the feedback received. Given some of these decisions result in changes from the proposals in the ED, the IASB is conducting outreach on a targeted selection of its tentative decisions with National Standard Setters to help it assess whether the selected tentative decisions will function as intended and achieve the intended balance of costs and benefits. The IASB is seeking feedback on the following topics:

- a) Subtotals in the statement of profit or loss;
- b) Management performance measures;
- c) Disclosure of operating expenses by nature; and
- d) Unusual income and expenses.

The Committee also noted that in response to the IASB's outreach request and to contribute to the development of the IFRS Accounting Standard, SSD staff is seeking feedback on the IASB's tentative decisions from the Disclosure Initiative Advisory Panel and Financial Instruments Advisory Panel. The Committee provided comments on the IASB's tentative decisions on subtotals in the statement of profit or loss and unusual income and expenses, given stakeholders had more comments on the proposals relating to these two topics. SSD will provide a summary of feedback received to the IASB staff by end of November 2022.

SSD

6. **Other business**

**Update on the Committee Composition**

The Chair updated the Committee on Ms. Susanna Lau's resignation from the Committee with effect from 1 October 2022.

Setting up of Sustainability Standard Setting function at the HKICPA

The Committee noted that the Council endorsed the Committee's recommendations with additional comments regarding the SSD's action plan for setting up the sustainability standard setting function at the Institute at its October meeting. SSD staff will present the related Council minutes at the December Committee meeting.

SSD

Abolition of the MPF offsetting arrangement in Hong Kong

A Committee member raised a question on the accounting implications of the enactment of the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 (i.e. Abolition of the MPF offsetting arrangement) on the provision of long service payment for the financial year ending 31 December 2022. The Committee noted that there are divergent views on this matter, and agreed to set up a working group to discuss this matter and provide recommendations to the Committee.

SSD

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 6 December 2022.

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

GARY STEVENSON  
CHAIR

28 November 2022