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HKFRS / IFRS UPDATE 2013/01

HKFRSs, HK(IFRIC) INTERPRETATIONS AND AMENDMENTS AVAILABLE FOR EARLY ADOPTION FOR 31 DECEMBER 2012 YEAR ENDS

HKFRSs, HK(IFRIC) Interpretations and amendments available for early adoption for 31 December 2012 year ends

STATUS
Final

EFFECTIVE DATE
Various

ACCOUNTING IMPACT
May be significant

In order to comply with paragraph 30 in HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* entities need to disclose new HKFRS that have been issued but are not yet effective where the entity has decided not apply the HKFRS at reporting date. Disclosures also need to include 'known or reasonably estimable information relevant to assessing the possible impact that application of the new HKFRS will have on the entity's financial statements in the period of initial application'.

To comply with the requirements set out above an entity considers disclosing:

(a) The title of the new HKFRS

(b) The nature of the impending change or changes in accounting policy

(c) The date by which application of the HKFRS is required

(d) The date as at which it plans to apply the HKFRS initially

(e) Either:

  (i) A discussion of the impact that initial application of the HKFRS is expected to have on the entity's financial statements, or

  (ii) If that impact is not known or reasonably estimable, a statement to that effect.

The list below shows the HKFRSs (and amendments to HKFRSs) that have been issued but are not mandatory effective as at 31 December 2012.

1. HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards* – (Amendments – Government Loans)
2. HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards* – (Improvements to HKFRSs (2009 – 2011 Cycle))
3. HKFRS 7 *Financial Instruments: Disclosures (Amendments* - Transition Disclosures)
4. HKFRS 7 *Financial Instruments: Disclosures* (Amendments - Offsetting Financial Assets and Financial Liabilities)
5. HKFRS 9 *Financial Instruments*
6. HKFRS 9 *Financial Instruments* (Amendments)
7. HKFRS 9 *Financial Instruments* (Amendments - Mandatory Effective Date)
8. HKFRS 10 *Consolidated Financial* Statements
9. HKFRS 10 *Consolidated Financial Statements* (Amendments – Investment Entities)
10. HKFRS 11 *Joint Arrangements*
11. HKFRS 12 *Disclosure of Interests in Other Entities*

12. Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance (Amendments to HKFRS 10, HKFRS 11 and HKFRS 12)
13. HKFRS 13 *Fair Value Measurement*
14. HKAS 1 *Presentation of Financial Statements* (Amendments)
15. HKAS 1 *Presentation of Financial Statements* – (Improvements to HKFRSs (2009 – 2011 Cycle))
16. HKAS 16 *Property, Plant & Equipment* - (Improvements to HKFRSs (2009 – 2011 Cycle))
17. HKAS 19 *Employee Benefits* (Amendments)
18. HKAS 27 *Separate Financial Statements* (Amendments)
19. HKAS 28 *Investments in Associates and Joint Ventures* (Amendments)
20. HKAS 32 *Financial Instruments: Presentation* (Amendments)
21. HKAS 32 *Financial Instruments: Presentation* - (Improvements to HKFRSs (2009 – 2011 Cycle))
22. HKAS 34 *Interim Financial Reporting* - (Improvements to HKFRSs (2009 – 2011 Cycle))
23. HK(IFRIC) Int 20 *Stripping cost in the Production Phase of a Surface Mine*

HKFRS	Early HKFRSs adoptions for 2012 – Standards and Amendments	Effective date
HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards		
1. Amendments to HKFRS 1	*Government loans (Amendments to HKFRS 1)* The amendments relate to the treatment of government loans as defined in HKAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* when adopting HKFRS for the first time. The amendments address the inconsistency that arose from the 2008 amendment to HKAS 20, which required an entity to account prospectively for a government loan at a below-market rate of interest as a government grant received for periods beginning on or after 1 January 2009 – as opposed to the retrospective requirement of HKFRS 1. For more information see HKFRS/IFRS Update Issue 2012/05.	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption permitted
2. Improvements to HKFRSs (2009 - 2011 Cycle)	*Repeated application of HKFRS 1* The improvement clarifies that an entity that has applied HKFRSs in a previous reporting period, but whose most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with HKFRSs, must either apply HKFRS 1 or else apply HKFRSs retrospectively in accordance with HKAS 8 *Accounting Policies, Changes in Estimates and Errors* as if the entity had never stopped applying HKFRSs. *Borrowing costs* The improvement clarifies that an entity that capitalised borrowing costs in accordance with its previous generally accepted accounting practice (GAAP) before the date of transition to HKFRSs may carry forward, without adjustment, the amount previously capitalised in the opening statement of financial position at the date of transition. The improvement also states that borrowing costs incurred after the date of transition that relate to qualifying assets that are already under construction at the date of transition are accounted for (that is, capitalised or expensed) in accordance with HKAS 23 *Borrowing Costs* and not in accordance with previous GAAP.	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption permitted

HKFRS	Early HKFRSs adoptions for 2012 – Standards and Amendments	Effective date
HKFRS 7 Financial Instruments: Disclosures		
3. Amendments to HKFRS 7	*HKFRS 7 Financial Instruments: Disclosures – Transition Disclosures* The amendments to HKFRS 9 *Financial Instruments* (see point 7) mean that entities applying HKFRS 9 for the first time do not need to restate prior periods but are instead required to provide modified disclosures, some of which are set out in HKFRS 7. The new disclosures in HKFRS 7 include: Changes in the classifications of financial assets and financial liabilities, showing separately: • The changes in the carrying amounts on the basis of their measurement categories in accordance with HKAS 39 (ie not resulting from a change in measurement attribute on transition to HKFRS 9) • The changes in the carrying amounts arising from a change in measurement attribute, such as from amortised cost to fair value, on transition to HKFRS 9 The following for financial assets and financial liabilities that have been reclassified so that they are measured at amortised cost as a result of the transition to HKFRS 9: • The fair value of the financial assets or financial liabilities at the end of the reporting period • The fair value gain or loss that would have been recognised in profit or loss or other comprehensive income during the reporting period if the financial assets or financial liabilities had not been reclassified • The effective interest rate determined on the date of reclassification • The interest income or expense recognised.	Mandatory adoption for periods beginning on or after 1 January 2015 Early adoption permitted
4. Amendments to HKFRS 7	*HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* The amendments require the disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This includes the effect or potential effect of rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities. To meet the objective, an entity is required to disclose in tabular form: a) The gross amounts of those recognised financial assets and recognised financial liabilities b) The amounts that are set off when determining the net amounts presented in the statement of financial position c) The net amounts presented in the statement of financial position d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in paragraph b), including: i) Amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria ii) Amounts related to financial collateral (including cash collateral).	Mandatory adoption for periods beginning on or after 1 January 2013 and interim periods within those annual periods

<table>
<tr><th>HKFRS</th><th>Early HKFRSs adoptions for 2012 – Standards and Amendments</th><th>Effective date</th></tr>
<tr><td colspan="3">HKFRS 7 Financial Instruments: Disclosures</td></tr>
<tr><td></td><td>e) The net amount after deducting the amounts in d) from the amounts in c) above.

The equivalent amendments to IFRS 7 are part of the IASB's offsetting project. As part of that project, the IASB also separately issued Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32). The amendments made to HKAS 32 are discussed under point 20.</td><td></td></tr>
<tr><td colspan="3">HKFRS 9 Financial Instruments</td></tr>
<tr><td>5. HKFRS 9 (Issued in 2009)</td><td>HKFRS 9 applies to all assets within the scope of HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 will eventually replace HKAS 39 in its entirety. However, the process has been divided into three main components: classification and measurement, impairment, and hedge accounting. As each phase is completed, the relevant portions of HKAS 39 will be deleted and new chapters in HKFRS 9 will be created.

HKFRS 9 requires that on initial recognition, all financial assets are measured at fair value (plus an adjustment for certain transaction costs if they are not measured as at fair value through profit or loss) and are classified into one of two subsequent measurement categories:
• Amortised cost
• Fair value.

HKFRS 9 eliminates the Held to Maturity (HTM), Available for Sale (AFS) and Loans and Receivables categories. In addition, the exception under which equity instruments and related derivatives are measured at cost rather than fair value, where the fair value cannot be reliably determined, has been eliminated with fair value measurement being required for all of these instruments.

A financial asset is measured after initial recognition at amortised cost only if it meets the following two conditions:
1. The objective of an entity's business model is to hold the financial asset in order to collect contractual cash flows
2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other instruments are required to be measured after initial recognition at fair value. HKFRS 9 retains the current requirement for financial instruments that are held for trading to be recognised and measured at fair value through profit or loss, including all derivatives that are not designated in a hedging relationship.

Hybrid contracts with a host that is within the scope of HKFRS 9 (ie a financial host) must be classified in their entirety in accordance with the classification approach summarised above. This eliminates the existing HKAS 39 requirement to account separately for a host contract and certain embedded derivatives. The embedded derivative requirements under HKAS 39 continue to apply where the host contract is a non-financial asset and for financial liabilities.</td><td>Mandatory adoption for periods beginning on or after 1 January 2015
Early adoption permitted</td></tr>
</table>

HKFRS	Early HKFRSs adoptions for 2012 – Standards and Amendments	Effective date
HKFRS 9 Financial Instruments		
	HKFRS 9 includes an option which permits investments in equity instruments to be measured at fair value through other comprehensive income. This is an irreversible election made, on an instrument by instrument basis, at the date of initial recognition. Where the election is made, no amounts are subsequently recycled from other comprehensive income to profit or loss. Where this option is not taken, all equity instruments with the scope of HKFRS 9 are classified as at fair value through profit or loss. Irrespective of the approach adopted for the equity instrument itself, dividends received on an equity instrument are always recognised in profit or loss (unless they represent a return of the cost of investment). Subsequent reclassification of financial assets between the amortised cost and fair value categories is prohibited, unless an entity changes its business model for managing its financial assets in which case reclassification is required. However, the guidance is restrictive and such changes are expected to be very infrequent. HKFRS 9 states explicitly that the following are not changes in business model: 1. A change in intention relating to particular financial assets (even in circumstances of significant changes in market conditions) 2. A temporary disappearance of a particular market for financial assets 3. A transfer of financial assets between parts of the entity with different business models. Accounting impact: Significant changes to the classification and measurement of financial assets.	
6. HKFRS 9 (Issued in 2010)	As noted above, HKFRS 9 was published in November 2009 and contained requirements for the classification and measurement of financial assets. Equivalent requirements for financial liabilities were added in October 2010, with most of them being carried forward unchanged from HKAS 39. In consequence: • A financial liability is measured as at fair value through profit or loss (FVTPL) if it is held for trading, or is designated as at FVTPL using the fair value option • Other liabilities are measured at amortised cost. In contrast to the requirements for financial assets, the bifurcation requirements for embedded derivatives have been retained; similarly, equity conversion features will continue to be accounted for separately. However, some changes have been made, in particular to address the issue of where changes in the fair value of an entity's financial liabilities designated as at FVTPL using the fair value option, which arise from changes in the entity's own credit risk, should be recorded. This amendment is a result of consistent feedback received by the IASB from its constituents that changes in an entity's own credit risk should not affect profit or loss unless the financial liability is held for trading.	Mandatory adoption for periods beginning on or after 1 January 2015 Early adoption permitted

<table>
<tr><th>HKFRS</th><th>Early HKFRSs adoptions for 2012 – Standards and Amendments</th><th>Effective date</th></tr>
<tr><td colspan="3">HKFRS 9 Financial Instruments</td></tr>
<tr><td></td><td>HKFRS 9 requires that changes in the fair value of financial liabilities designated as at FVTPL which relate to changes in an entity's own credit risk should be recognised directly in other comprehensive income (OCI). However, as an exception, where this would create an accounting mismatch (which would be where there is a matching asset position that is also measured as at FVTPL), an irrevocable decision can be taken to recognise the entire change in fair value of the financial liability in profit or loss.

The other changes made to the accounting requirements for financial liabilities are:
• Guidance has been added to assist in differentiating between credit risk and asset specific performance risk
• Consistent with the elimination of the potential, in very limited circumstances, for investments in unquoted equity instruments to be measured at cost, the exemption from fair value measurement for derivative liabilities that are linked to, and must be settled by delivery of, an unquoted equity instrument where the fair value of that equity instrument is not reliably measurable has been deleted.

A number of related disclosure requirements have been added to HKFRS 7 Financial Instruments: Disclosures.

Accounting impact: Changes in the fair value of liabilities designated as at fair value through profit or loss, that relate to changes in an entity's own credit risk, are now required to be recorded in Other Comprehensive Income. The exemption from fair value measurement for derivatives linked to unquoted equity instruments that cannot be reliably measured has been removed.</td><td></td></tr>
<tr><td>7. Amendments to HKFRS 9</td><td>Amendments to HKFRS 9 Financial Instruments – Mandatory Effective Date

The amendment changes the effective date of HKFRS 9 (2009) and HKFRS 9 (2010) so that HKFRS 9 is required to be applied for annual periods beginning on or after 1 January 2015. Early application is permitted. The amendment also modifies the relief from restating prior periods.

Entities that initially apply HKFRS 9 in periods:
• Beginning before 1 January 2012 need not restate prior periods and are not required to provide modified disclosures
• Beginning on or after 1 January 2012 and before 1 January 2013 must elect either to provide the modified disclosures or to restate prior periods
• Beginning on or after 1 January 2013 are required to provide modified disclosures. The entity need not restate prior periods.

The modified disclosures are discussed under point 3.</td><td>Mandatory adoption for periods beginning on or after 1 January 2015
Early adoption permitted</td></tr>
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HKFRS	Early HKFRSs adoptions for 2012 – Standards and Amendments	Effective date
HKFRS 10 Consolidated Financial Statements		
8. HKFRS 10	HKFRS 10 *Consolidated Financial Statements* was issued jointly with HKFRS 11 *Joint Arrangements,* HKFRS 12 *Disclosures of Interests in Other Entities* and amendments to HKAS 27 *Separate Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures*. HKFRS 10 introduces a single control model for all entities. It replaces the consolidation requirements in HKAS 27 *Consolidated and Separate Financial Statements* and HK(SIC) Int 12 *Consolidation - Special Purpose Entities*. Under the current HKAS 27 and HK(SIC) Int 12 requirements, for non special purpose entities, an investor is required to consolidate an investee when it has the power to govern the investee's financial and operating policies to obtain benefits from the investee's activities. For special purpose entities (SPEs), control is based on (different) risk and reward principles. Under HKFRS 10, an investor is required to consolidate an investee when all three of the following criteria are met: • The entity has power over the investee • The investor has exposure, or rights to variable returns from involvement with the investee • The investor has the ability to use its power to affect returns. HKFRS 10 includes guidance to be applied in circumstances where the assessment of control may be difficult, including where an entity has potential voting rights (such as share options) over another, agency relationships and cases where voting rights are not the principal indicator of control. The new standard is not expected to change the accounting requirements for the majority of investors. However, changes may arise where new guidance has been issued (in particular for agency relationships) and some SPEs that were consolidated under HK(SIC) Int 12 may not be consolidated with the new standard. The accounting requirements and consolidation procedures in the existing HKAS 27 are carried forward unchanged. For more information see HKFRS/IFRS Update Issue 2011/03.	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption permitted
9. Amendments to HKFRS 10	*Amendment to HKFRS 10 – Investment Entities* The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss, rather than consolidating them in its consolidated financial statements. Measurement at fair value through profit or loss must also be applied to an investment entity's separate financial statements. The amendments also introduce disclosure requirements for investment entities into HKFRS 12 *Disclosure of Interests in Other Entities* and amend HKAS 27 *Separate Financial Statements*. An investment entity is an entity that meets all of the following criteria (the definition): • It obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services	Mandatory adoption for periods beginning on or after 1 January 2014 Early adoption permitted

HKFRS	Early HKFRSs adoptions for 2012 – Standards and Amendments	Effective date
HKFRS 10 Consolidated Financial Statements		
	• It commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both • It measures and evaluates the performance of substantially all of its investments on a fair value basis. In assessing whether it meets the definition an entity is required to consider whether it has the following typical characteristics of an investment entity: • It has more than one investment • It has more than one investor • It has investors are not related parties of the entity • It has ownership interests in the form of equity or similar interests. Not meeting one or more of the typical characteristics does not preclude an entity from being an investment entity. However, it does indicate that additional judgment is required in determining whether the entity meets the definition of an investment entity. Accordingly, an investment entity that does not meet one or more of the typical characteristics is required to disclose the reasons for concluding that it is nevertheless an investment entity (see disclosures below). An entity will not be disqualified from qualifying as an investment entity simply because: • It provides investment-related services (eg investment advisory services, investment management, investment support and administrative services), either directly or through a subsidiary, to third parties as well as to its investors, even if those activities are substantial to the entity. • If it provides management services, strategic advice and financial support to an investee, directly or through a subsidiary, but only if these activities are undertaken to maximise the investment return (capital appreciation or investment income) from its investees and do not represent a separate substantial business activity or a separate substantial source of income to the investment entity. The amendment also provides detailed application guidance.	
HKFRS 11 Joint Arrangements		
10. HKFRS 11	HKFRS 11 *Joint Arrangements* replaces HKAS 31 *Interests in Joint Ventures*. The project to replace existing requirements was undertaken for the following main reasons: • Under HKAS 31, the structure of an arrangement is the principal factor in determining the accounting approach, meaning that the accounting might not reflect the rights and obligations of each of the parties involved in an arrangement • HKAS 31 contains an option to account for jointly controlled entities (JCEs) using either proportionate consolidation or equity accounting. This option means parties to similar arrangements could account for them differently, and arrangements that give rise to different rights and obligations for each of the parties could be accounted for in a similar way.	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption permitted

HKFRS	Early HKFRSs adoptions for 2012 – Standards and Amendments	Effective date
HKFRS 11 Joint Arrangements		
	HKFRS 11 is based on the principle that each party to a joint arrangement accounts for its rights and obligations that arise from that arrangement. In consequence: • Where an entity has rights to the assets and obligations for the liabilities relating to a joint arrangement, it is regarded as being a joint operator. Joint operators account for the assets and liabilities, and associated revenues and expenses, that arise from the joint arrangement • Where an entity has rights to the net assets relating to a joint arrangement, it is regarded as having an interest in a joint venture. Joint venturers account for the net assets arising from the joint arrangement by applying equity accounting. An entity that is part of a joint arrangement that is not structured through a separate vehicle is regarded as a joint operator. For arrangements that are structured through a separate vehicle it is necessary to analyse the legal form, the contractual terms and any other relevant facts and circumstances of the joint arrangements in order to determine whether the arrangement gives rise to a joint operation or a joint venture. For more information see HKFRS/IFRS Update Issue 2011/03.	
HKFRS 12 Disclosure of Interests in Other Entities		
11. HKFRS 12	HKFRS 12 *Disclosure of Interests in Other Entities* combines, and makes consistent, certain existing disclosures that were previously included, in some cases with overlapping requirements, in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*. In addition, it introduces certain new disclosure requirements, in particular those related to unconsolidated structured entities where a lack of transparency about entities' exposures to related risks was highlighted by the global financial crisis. For more information see HKFRS/IFRS Update Issue 2011/03.	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption permitted
Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance – Amendments to HKFRS 10, HKFRS 11 and HKFRS 12		
12. Amendments to HKFRS 10, HKFRS 11, and HKFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance – Amendments to HKFRS 10, HKFRS 11 and HKFRS 12* The amendments clarify certain transitional requirements that apply when an entity transitions from HKAS 27 *Consolidated and Separate Financial Statements*/HK (SIC) Int -12 *Consolidation – Special Purpose Entities* to the new consolidation standards HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, and HKFRS 12 *Disclosure of Interests in Other entities* which become effective 1 January 2013. For more information see HKFRS/IFRS Update Issue 2012/02.	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption required if the new consolidation standards are early adopted

<table>
<tr><th>HKFRS</th><th>Early HKFRSs adoptions for 2012 – Standards and Amendments</th><th>Effective date</th></tr>
<tr><td colspan="3">HKFRS 13 Fair Value Measurement</td></tr>
<tr><td>13. HKFRS 13</td><td>HKFRS 13 Fair value measurement sets out a framework for measuring fair value and requires disclosures about fair value measurement. HKFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value; this is dealt with in other applicable HKFRSs.

The standard applies when another HKFRS requires or permits fair value measurement or disclosures about fair value measurements except for:
Share-based payment transactions within the scope of HKFRS 2 Share-based Payment
Leasing transactions within the scope of HKAS 17 Leases
Measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.</td><td>Mandatory adoption for periods beginning on or after 1 January 2013
Early adoption permitted</td></tr>
<tr><td colspan="3">HKAS 1 Presentation of Financial Statements</td></tr>
<tr><td>14. Amendments to HKAS 1</td><td>Presentation of Items of Other Comprehensive Income

The amendments made to HKAS 1 focus on how entities present items of other comprehensive income (OCI). The amendments do not alter guidance on which items should or should not be included in OCI or whether these items might subsequently be reclassified through profit or loss.

The main change requires entities to present line items for OCI amounts by nature and to group items presented in OCI into two categories:
Those that could subsequently be reclassified to profit or loss (reclassification adjustments)
Those that will not be reclassified.
HKAS 1 permits entities to present components of OCI either net of related tax effects or before tax with one amount shown for the aggregate amount of income tax relating to those components. Entities will continue to have this choice of tax presentation. However, If an entity presents OCI items before related tax effects then tax is required to be allocated and disclosed separately for each of the two OCI groups.

For more information see HKFRS/IFRS Update Issue 2011/05.</td><td></td></tr>
<tr><td>15. Improvements to HKFRSs (2009 - 2011 Cycle)</td><td>Clarification of requirements for comparative information

The improvement clarifies that:
Only one year of comparative information is required (ie for the preceding period). This means at least two statements of financial position, two statements of comprehensive income, two statements of cash flows and two statements of changes in equity
Entities can voluntarily provide additional comparative information if prepared in accordance with HKFRSs, eg a third statement of comprehensive income, without having to include a complete set of financial statements for this third period.</td><td>Mandatory adoption for periods beginning on or after 1 January 2013
Early adoption permitted</td></tr>
</table>

HKFRS	Early HKFRSs adoptions for 2012 – Standards and Amendments	Effective date
HKAS 1 Presentation of Financial Statements		
	Clarification of third statement of financial position The improvement clarifies, with respect to the third statement of financial position required when an entity changes accounting policies, or makes retrospective restatements or reclassifications that: • An opening statement of financial position is only required if impact of change in accounting policy, retrospective restatement or reclassification is material • An opening statement of financial position should be presented as at the beginning of the immediately preceding comparative period required by HKAS 1 (and not, as at present, at the beginning of the earliest comparative period). For example, if an entity has a reporting date of 31 December statement of financial position, this will be as at 1 January 2010 • Notes for the third period only need to be included for the change in accounting policy, retrospective restatement or reclassification as required by HKAS 8 *Accounting Policies, Changes in Estimates and Errors*.	
HKAS 16 Property, Plant & Equipment		
16. Improvements to HKFRSs (2009 - 2011 Cycle)	*Classification of servicing equipment* The improvement clarifies that items such as spare parts, stand-by or servicing equipment are required to be classified as property, plant and equipment (PPE) when they meet the definition of PPE, and are classified as inventory when the definition is not met.	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption permitted
HKAS 19 Employee Benefits		
17. Amendments to HKAS 19	*Amendments to HKAS 19* The most significant amendment requires entities to recognise all changes in the defined benefit obligations and in the fair value of related plan assets when those changes occur. This eliminates the 'corridor' approach which permitted entities to leave actuarial gains and losses unrecognised if they were within a corridor (being the greater of 10 per cent of the plan assets and 10 per cent of the plan liabilities) and to defer recognition of actuarial gains and losses outside of that corridor. The amendment requires entities to split the changes in the net defined benefit liability (asset) into three components, to be presented as follows: i) Service cost – presented in profit or loss ii) Net interest on the net defined benefit liability (asset) – presented in profit or loss iii) Remeasurement of the net defined benefit liability (asset) – presented in other comprehensive income (OCI) and not recycled through profit or loss. Additionally enhanced disclosures are required with a focus on the following specified objectives: a) The characteristics of an entity's defined benefit plans and the amounts in the financial statements that result from those plans	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption permitted

HKFRS	Early HKFRSs adoptions for 2012 – Standards and Amendments	Effective date
HKAS 19 Employee Benefits		
	b) Risks arising from defined benefit plans, including a sensitivity analysis for each significant actuarial assumption c) Participation in multi-employer plans.	
HKAS 27 Separate Financial Statements		
18. Amendments to HKAS 27	HKAS 27 *Separate Financial Statements* was amended as part of the larger project to replace the existing guidance for consolidation, which resulted in the issue of HKFRS 10 and HKFRS 12. Most of the requirements of HKAS 27 *Consolidated and Separate Financial Statements* relating to separate financial statement have been carried forward unchanged, although the disclosure requirements of that standard have now been incorporated into HKFRS 12. In order to locate all related guidance together, the requirements for separate financial statements previously included in HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures* have been incorporated into the amended HKAS 27. For more information see HKFRS/IFRS Update Issue 2011/03.	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption permitted
HKAS 28 Investments in Associates and Joint Ventures		
19. Amendments to HKAS 28	HKAS 28 *Investments in Associates and Joint Ventures* was amended as part of the larger project to replace the existing guidance for joint ventures, which resulted in the issue of HKFRS 11 and HKFRS 12. Most of the requirements of HKAS 28 Investments in Associates have been carried forward unchanged, with the exception of the incorporation of accounting for joint ventures. In some cases, an entity may have an investment in an associate, part of which is held indirectly by a venture capital or other organisation that qualifies, and elects, to measure that part at fair value through profit or loss. It has been clarified that the entity may elect to measure that part at fair value through profit or loss in its consolidated or individual financial statements, with the other part being accounted for in accordance with the equity method. It should be noted that individual financial statements are required to be prepared by an entity which does not have any subsidiaries, but does have interests in associates and/or joint arrangements. Individual financial statements are different from separate financial statements which are not mandatory and in which investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees. HKFRS 5 *Non-current Assets held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate that meets the criteria to be classified as held for sale. Any portion to be retained continues to be accounted for on the basis of the combined holdings, with a reassessment of the applicable accounting guidance being carried out at the point at which the portion to be sold is disposed of. If, after a partial disposal, a reassessment shows that the retained interest falls within the scope of HKFRS 9 *Financial Instruments* (or HKAS 39 if HKFRS 9 has not yet been adopted), the retained interest is then accounted for in accordance with that standard. This includes initial recognition at fair value.	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption permitted

HKFRS	Early HKFRSs adoptions for 2012 – Standards and Amendments	Effective date
HKAS 28 Investments in Associates and Joint Ventures		
	It has been clarified that a change in the status of an investment from an interest in a joint venture (joint control) to an interest in an associate (significant influence) is not viewed as changing the nature of the investment. Consequently, equity accounting is maintained with no remeasurement to fair value. This is because the composition of the group (being a parent and its subsidiaries) has not changed, with the loss of joint control and retention of significant influence not being regarded as being sufficient to warrant remeasurement of the retained interest at fair value. This is in contrast to the approach required on loss of control of a subsidiary, where a partial interest is to be retained; that retained interest is remeasured to fair value with any adjustment to the carrying amount being recorded in profit or loss. For more information see HKFRS/IFRS Update Issue 2011/03.	
HKAS 32 Financial Instruments: Presentation		
20. Amendments to HKAS 32	The amendments address inconsistencies in current practice when applying the offsetting criteria. They clarify: • The meaning of 'currently has a legally enforceable right of set-off' • That some gross settlement systems may be considered equivalent to net settlement. The equivalent amendments to IAS 32 are part of the IASB's offsetting project. As part of that project, the IASB also separately issued *Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments to IFRS 7). The amendments made to HKFRS 7 are discussed under Point 4.	Mandatory adoption for periods beginning on or after 1 January 2014 Early adoption permitted
21. Improvements to HKFRSs (2009 - 2011 Cycle)	*Tax effect of distribution to holders of equity instruments* The improvement clarifies that income tax relating to distributions to holders of an equity instrument, and income tax relating to transaction costs of an equity transaction, are required to be accounted for in accordance with HKAS 12 *Income Taxes*. As a result, depending on the circumstances, these items of income tax might be recognised in equity or in profit or loss.	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption permitted
HKAS 34 Interim Financial Reporting		
22. Improvements to HKFRSs (2009 - 2011 Cycle)	*Segment information for total assets and liabilities* The improvement clarifies that total assets and liabilities for a particular reportable segment only need to be disclosed when the amounts are regularly reported to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements. Currently there is no reference to the amounts being regularly reported to the chief operating decision maker.	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption permitted

HKFRS	Early HKFRSs adoptions for 2012 – Standards and Amendments	Effective date
HK(IFRIC) Int 20 Stripping cost in the Production Phase of a Surface Mine		
23. HK(IFRIC) Int 20	The Interpretation clarifies when and how to account for stripping costs. It applies to surface mining operations, where entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. HK(IFRIC) Int 20 clarifies that costs associated with the portion of the overburden that can be used to build up inventory is accounted for in accordance with the principles of HKAS 2 *Inventories*. The cost associated with the portion that provides access to deeper levels of material is recognised as a non-current asset (referred to as "stripping activity asset") if the applicable criteria are met. The stripping activity asset is added to an existing asset and is accounted for as part of that asset. The nature of the existing asset determines whether the stripping activity asset is classified as tangible or intangible. At initial recognition HK(IFRIC) Int 20 requires stripping activity assets to be measured at cost. Only costs that are directly incurred to perform the stripping activities, plus an allocation of directly attributable overhead costs are capitalised. Stripping activity assets are subsequently measured in the same way as the asset it was added to. This maybe either at cost or revalued amount less depreciation or amortisation and any impairment losses. For more information see HKFRS/IFRS Update Issue 2011/06.	Mandatory adoption for periods beginning on or after 1 January 2013 Early adoption permitted

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