



Minutes of the 303<sup>rd</sup> Meeting of the Auditing and Assurance Standards Committee held on Tuesday, 28 July 2009 at 8:30 a.m. in the Conference Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

Present: Mr. Keith Pogson (Chairman)  
Mr. William Crowe (Deputy Chairman)  
Mr. Derek Broadley  
Mr. Colin Chau  
Ms. Mabel Cheung  
Mr. Raphael Ding  
Mr. Paul Phenix  
Mrs. Lesley Wong  
Mr. Steve Ong, Director (Standard Setting)  
Ms. Selene Ho, Assistant Director (Standard Setting)  
Ms. Phoebe To, Manager (Standard Setting)

Apologies for absence were received from Mr. Stephen Chan, Mr. John Chong and Mr. Charles Grieve.

Council  
Action

**2328. Minutes of the 302<sup>nd</sup> Meeting**

The minutes of the 302<sup>nd</sup> meeting were approved by the Committee and signed by the Chairman.

**2329. AASC Work Plan for 2009 – Status Report**

The Committee considered the status report of the Work Plan for 2009 and noted the progress made on the various projects.

**2330. Endorsement of New Revised and Redrafted HKSA's**

The Committee considered the following draft HKSA's prepared by the Standard Setting Department (SSD) based on the international equivalents:

- (a) HKSA 600 *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*
- (b) HKSA 700 *Forming an Opinion and Reporting on Financial Statements*
- (c) HKSA 705 *Modifications to the Opinion in the Independent Auditor's Report*
- (d) HKSA 720 *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*
- (e) HKSA 810 *Engagements to Report on Summary Financial Statements*

The Committee suggested the SSD to consider incorporating Practice Note 710 *The auditors' statement on the summary financial report* (PN 710) into HKSA 810 as local guidance and suggested other editorial comments.

The Committee endorsed HKSA's 600, 700, 705 and 720 and agreed to include the additional paragraph for the auditor to clarify to whom he is responsible (the "Bannerman" clause) under the "Auditor's Responsibility" section in the auditor's reports.

*[Post Meeting Note: HKSA 600, HKSA 700, HKSA 705 and HKSA 720 were released under Members Update 69 on 30 September 2009.]*

**2331. Annual Auditing Update Conference 2009**

The Committee considered the draft programme for the Conference as prepared by the SSD and provided comments for SSD's consideration.

**2332. Progress report on proposed amendments by the Law Society**

The Committee noted the Working Group had met with the Law Society (LS) on 3 July 2009 to discuss and clarify several issues on the proposed amendments on the Accountant's Report Rules. It was agreed that the Working Group would prepare a draft accountant's report and checklist which would then be sent to the LS for consideration in August 2009.

*[Post meeting note: The WG met on 6 August to discuss the draft accountant's report and checklist. The draft accountant's report and checklist were sent to the LS on 21 August 09.]*

**2333. To consider the draft Practice Note on Continuing Connected Transactions**

The Committee noted that the Working Group had met on 8 July 2009 to discuss the draft Practice Note. The Chairman of the Working Group briefed the Committee on the latest draft Practice Note, which has incorporated the initial comments from the Hong Kong Stock Exchange (SEHK).

The Committee was requested to provide comments on the draft Practice Note by 4 August 2009, if any. The Working Group would then forward the draft Practice Note to SEHK and SFC to review before issuing it as exposure draft. The Committee further suggested the effective date of the Practice Note to be for periods ending or after 30 June 2010.

*[Post meeting note: The draft Practice Note was forwarded to SEHK and SFC on 21 September 2009 and SEHK has in its reply letter dated 30 Sept 09 stated that it has no further comments on it other than for some editorial comments.]*

There being no further business, the meeting closed at 9.50 am.

KEITH POGSON  
CHAIRMAN

24 August 2009