



Minutes of the 305<sup>th</sup> Meeting of the Auditing and Assurance Standards Committee held on Tuesday, 15 December 2009 at 8:30 a.m. in the Board 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. Stephen Chan  
Mr. Colin Chau  
Ms. Mabel Cheung  
Mr. John Chong  
Mr. Raphael Ding  
Mr. Charles Grieve  
Mr. Paul Phenix  
Mrs. Lesley Wong  
Mr. Chris Joy, Executive Director  
Mr. Steve Ong, Director (Standard Setting)  
Ms. Selene Ho, Assistant Director (Standard Setting)  
Ms. Phoebe To, Manager (Standard Setting)

Council  
Action

**2341. Minutes of the 304<sup>th</sup> Meeting**

The minutes of the 304<sup>th</sup> meeting were approved by the Committee and signed by the Chairman.

**2342. 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.

**2343. Proposed Work Plan for 2010**

The Committee considered the proposed Work Plan for 2010 and commented on the priority for updating the various practice notes and circulars. The Committee requested the SSD to submit a revised Work Plan for its consideration in 2010.

**2344. IAASB Consultation Papers**

The Committee was reminded to provide comments on IAASB Consultation Papers which are due in January and February 2010 respectively.

*[Post meeting note: The Institute submitted its comments to IAASB on Auditing Complex Financial Instruments on 28 January 2010 and is available at [http://www.hkicpa.org.hk/file/media/section6\\_standards/standards/Audit-n-assurance/submission/2010/iaasb-cp-complex-financial-instruments.pdf](http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/submission/2010/iaasb-cp-complex-financial-instruments.pdf)]*

**2345. HKICPA's Alert on Bank Confirmations**

The Committee considered the IAASB Alert *Emerging Practice Issues regarding the Use of External Confirmations in an Audit of Financial Statements* issued in November 2009.

The SSD was requested to seek the comments from various parties and consider how to proceed with the issuance of such an Alert.

**2346. To consider implications of ED of Practice Note 610 Guidance on the Determination of Realised Profits and Losses in the context of Distributions under the Hong Kong Companies Ordinance (PN 610) on Practice Note 600.1 Reports by Auditors under the Hong Kong Companies Ordinance (PN 600.1)**

The Committee noted that the FRSC had issued an Invitation to Comment on ED of PN 610 on 1 December 2009. The Committee commented on the appropriateness of issuing the subject guidance under the umbrella of the Institute's Practice Notes.

The Committee considered and agreed that PN 600.1 should be updated with reference to the proposed PN 610. The SSD was requested to consider with the FRSC whether it would be more appropriate for such guidance to be issued as a Technical Bulletin.

**2347. Status of Practice Notes**

The Committee considered comments from the Institute's General Counsel on the status of Practice Notes. The Committee deliberated at length on the various options available. It was agreed that the matter should be considered further by the management team of the Institute.

**2348. Consultation Paper on Auditor Communications by International Organization of Securities Commissions (IOSCO)**

Mr. Charles Grieve, the representative member from the SFC, gave the Committee an introduction on the IOSCO Consultation Paper.

The Committee considered and agreed that the Institute should provide comments on the IOSCO Consultation Paper.

*[Post meeting note: No comments were provided by Committee members after the meeting. The management team forwarded a submission to IOSCO which generally supports the discussions in the Consultation Report. It recommended that IOSCO should share with the IAASB the comments and recommendations received, in particular on how the standard audit report could be improved to achieve the primary objective of the standard audit report which is to express clearly the auditor's opinion on the financial statements and to describe the basis for that opinion. In addition, it also recommended that it would also be useful for IOSCO to hold forums and discussions in the major capital markets to facilitate discussion between the various stakeholders such as investors, analysts, regulators, standard setters and auditors.]*

**2349. Vote of thanks**

The Chairman gave a vote of thanks to all members of the Committee for their contributions and participation during 2009.

There being no further business, the meeting closed at 9.25 am.

KEITH POGSON  
CHAIRMAN

28 January 2010