



Minutes of the 320th meeting of the Auditing and Assurance Standards Committee held on Tuesday, 20 September 2011 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. Jack Chow (Chairman)
Mr. Derek Broadley (Deputy Chairman)
Mr. Stephen Chan
Mr. Colin Chau
Mr. Raymond Cheng
Ms. Mabel Cheung (Dial-in)
Mr. John Chong
Mr. Alun Grassick
Ms. Grace Ma
Mr. Keith Pogson
Mr. Charlix Wong
Ms. Joyce Woo

In attendance: Mr. Steve Ong, Director, Standard Setting
Ms. Selene Ho, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
Mr. Ambrose Wong, Manager, Standard Setting

Apologies for absence were received from Mr. Paul Phenix.

2461. Minutes of the 319th Meeting

The minutes of the 319th meeting were approved by the Committee and signed by the Chairman.

2462. AASC Work Plan 2011 – Status Report

The Committee considered the status report of the Work Plan for 2011 and noted the progress made on the various projects.

A member enquired on the status of the revised HKSIR 400. The Standard Setting Department (SSD) was requested to follow up closely with the working group. The SSD was also requested to improve the effectiveness of the due process for finalization of pronouncements.

Regarding the implication on HKSA 705 (Clarified) "Modifications to the Opinion in the Independent Auditor's Report" in relation to the non-preparation of consolidated financial statements, the Committee suggested the Institute to consider providing some guidance to the SMPs. The Committee requested SSD to include this as an agenda item for the next meeting for discussion.

Action

SSD

SSD

2463. Revised Practice Note 600.1 Reports by Auditors under the Hong Kong Companies Ordinance

The Committee noted that the comment period of the Exposure Draft on PN 600.1 expired on 31 July 2011 and two comment letters were received in respect of it.

The key comment on the revised PN 600.1 was in relation to the meaning of "True and Fair View" under the Hong Kong Companies Ordinance. The legal opinion on this was obtained by the Institute 10 years ago. In view of the subsequent convergence of HKFRSs with IFRSs, the Committee requested that SSD obtains an updated legal opinion either internally or externally on whether financial statements prepared by Hong Kong incorporated companies will comply with provisions in the extant Hong Kong Companies Ordinance as well as the proposed Companies Bill if they are prepared in accordance with IFRSs, which are not issued or specified or deemed to be issued or specified under section 18A of the Professional Accountants Ordinance by the Institute. SSD

2464. Revised Practice Note 830 Reports by Auditors Under the Banking Ordinance

The Committee was requested to consider and endorse the revised PN 830 for issuance as Exposure Draft for two months.

The SSD was requested to forward the Committee's comments for consideration by the Banking Regulatory Liaison Group and to revert to the Committee for approval at its next meeting. SSD

2465. Proposed Notes for Auditors of the QEF Grantees (Notes)

The SSD reported that a request was received from the Education Bureau (EDB) Quality Education Fund Steering Committee to consider whether the proposed Notes is adequate or a practice note should be developed for such engagements. 香港會計師公會

The Committee considered the proposed Notes and had some comments regarding the level of assurance required and other reporting requirements by the auditors. SSD

In view of the different types of special purpose reports requested by government bureaux/departments (b/ds), a member agreed to assist in arranging a meeting with the relevant b/ds to discuss the reporting framework and requirements.

There being no further business, the meeting closed at 9:50 a.m.

JACK CHOW
CHAIRMAN

7 October 2011