



Minutes of the 359th Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 19 July 2016 at 8:30 a.m.
- Location: 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. Eric Tong (Chairman)
Mr. Paul Phenix (Deputy Chairman)
Ms. Sylvia Cheng
Mr. Ringo Chiu
Ms. Loretta Fong
Mr. Paul Hebditch
Mr. Jonathan Lai
Mr. Paul Lau
Mr. Hing Tong Li
Mr. Steve Ong
Mr. Anthony Wong
Mr. Thomas Wong
Ms. Joyce Woo
- In attendance: Mr. Chris Joy, Executive Director
Ms. Christina Ng, Director, Standard Setting
Ms. Selene Ho, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
- Apologies: Dr. Phyllis Mo
Mr. Chi Kit Shaw

Action

2756. Minutes of the 358th Meeting

The Committee approved and the Chairman signed the minutes of the 358th meeting.

2757. Work Plan Status Report and Update from Working Groups

The Committee considered the report and noted progress.

The Chairman of the Accountants' Report Sub-Committee ("Sub-Committee") provided an update on the progress for the HKSIR pronouncements. The Sub-Committee met in May and agreed in principle to revise HKSIR 200 for finalization without HKSIR 100, and to supersede AG 3.340. HKSIR 200 was revised to incorporate the relevant guidance from AG 3.340 and HKSIR 100. The Sub-Committee met the sponsors/lawyers group on 13 July and there was generally no major concern on the revised HKSIR 200. The final draft of HKSIR 200 would be sent to the key stakeholders for comments in end July/early August. An exposure draft of HKSIR 200 would be expected to be issued in October for two months comment period.

The Sub-Committee also discussed the proposed changes to HKSIR 400 mainly to incorporate an umbrella agreement for oral due diligence with the sponsors/lawyers group. The sponsors/lawyers group principally agreed with the proposed changes and the revised HKSIR 400 would be submitted to the Committee for consideration at the September meeting.

Standard Setting Department ("SSD") reported that the Chinese translation of new example auditor's reports and audit engagement letter are ready for posting on the HKICPA's website in July/ August.

SSD

[*Post meeting note: Chinese translation of new example auditor's reports and audit engagement letter are available at: <http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/example-reports/>]*

2758. HKSA 810 (Revised), Engagements to Report on Summary Financial Statements

The Committee noted that the IAASB had finalized changes for auditor reporting on summary financial statements and issued the captioned ISA 810 (Revised). These changes leveraged the additional transparency in the auditor's report on the audited financial statements resulting from the IAASB's new and revised Auditor Reporting standards issued in January 2015.

SSD converged the extant HKSA 810 with ISA 810(Revised). The Committee considered and endorsed HKSA 800 (Revised), subject to some editorial comments in the example reports for local reporting under Hong Kong Companies (Summary Financial Reports) Regulation.

SSD

[*Post meeting note: HKSA 810 (Revised) has been issued in Members' Handbook Update 188 http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update188.pdf]*

2759. Update on IAASB NSS meeting

The Chairman of the Committee and the Executive Director had attended the IAASB NSS meeting held in June. They briefed the Committee on the key topics discussed, including the discussion on whether key audit matters were required for listed debts. This was further discussed by the Committee in item 2761 below.

2760. PN 600.1 (Revised), Reports by the Auditor under the Hong Kong Companies Ordinance (Cap. 622)

As a result of the new and revised HKSA's on auditor reporting, SSD had commenced to update the relevant practice notes/ circulars with example auditor's reports.

PN 600.1 (Revised) was one of these practice notes and it had been updated and reviewed by the Working Group on HKSA's and HKSAE 3000 ("WG"). The Committee considered and endorsed the updated PN 600.1 (Revised).

The Committee agreed to consider and approve updated practice notes

and circulars by circulation given the tight timeline. SSD reported that other updated practice notes were currently being reviewed by the relevant industry liaison groups. It was also reported that the updated PN 900 (Revised), *Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard* and *Q&A on Audit of Financial Statements of Owners' Corporations of Buildings – Audit Issues* had been reviewed by the WG and SSD would circulate to the Committee for consideration in due course.

[Post meeting note: PN 600.1 (Revised) has been issued in Members' Handbook Update 188

http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update188.pdf]

It was expected that the updated practice notes/ circulars would be issued in final in September/ October.

2761. Proposed FAQs on revised auditor's reporting

At the April meeting, the Committee noted that the WG had proposed to develop FAQs to help members with the implementation of the new and revised HKSA's.

The Committee considered the draft FAQs on the following topics:

- a) application of HKSA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*; and
- b) name of engagement partner included in the auditor's report for audits of complete sets of general purpose financials statements of listed entities.

Regarding a), the Committee discussed on whether HKSA 701 should apply to listed debts and agreed that the definition of listed entity in the HKSA's included listed debt. It was understood from the IAASB NSS June meeting that the IAASB was agreeable for flexibility in the application of ISA 701 in practice. The Committee deliberated on factors which may be considered and agreed that more thoughts were required for this FAQ. Members were requested to check internally with network firms of major jurisdictions.

Regarding b), the Committee requested SSD to update the FAQ for circumstances whereby there are signing and engagement partners. SSD

2762. PN 840 (Revised), The Reporting Engagement on Solicitors' Accounts under the Solicitors' Accounts Rules and the Accountant's Report Rules

The Committee noted that the exposure draft on PN 840 (Revised) was issued on 30 June for one month comment period. The Committee members were requested to forward their comments to the SSD by 30 July. The final PN 840 was expected to be issued in August.

[Post meeting note: PN 840 (Revised) has been issued in Members' Handbook Update 188

http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update188.pdf]

2763. Annual Auditing Update Conference 2016 ("AAU")

The Committee was informed that the AAU would be held on 29 October at the Inter-Continental Hotel. The Committee considered the proposed programme and provided some comments and topics for SSD's consideration. SSD would consider and amend the proposed programme. SSD

[Post meeting note: The revised programme was circulated to AASC on 30 August 2016.]

There being no further business, the meeting closed at 10:00 a.m.

ERIC TONG
CHAIRMAN

9 September 2016