



Minutes of the 367th Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 20 March 2018 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. Paul Lau (Chairman)
Mr. Derek Broadley
Mr. Edmond Chan
Mr. Paul Hebditch
Ms. Susanna Lau
Mr. Steve Ong
Mr. Chi Kit Shaw
Miss. Basilia Wong
Mr. Thomas Wong
Miss. Joyce Woo
- In attendance: Ms. Christina Ng, Director, Standard Setting
Ms. Selene Ho, Deputy Director, Standard Setting
Ms. Phoebe To, Manager
- Apologies: Ms. Loretta Fong
Mr. Frank Lam
Mr. Anthony Wong

Action

2809. Welcome New Member and Committee Composition for 2018

The Chairman welcomed Mr. Derek Broadley, Mr. Frank Lam and Miss. Basilia Wong as new members of the Committee. The Committee recorded a vote of thanks to retiring chairman, Mr. Eric Tong and retiring members, Mr. Paul Phenix, Mr. Ringo Chiu, Mr. Jonathan Lai and Ms. Phyllis Mo for their contributions to the Committee during the tenure of their services.

2810. Guidance Note on General Confidentiality Rules

The Chairman drew members' attention to the guidance note on the general confidentiality rules in relation to minutes and agenda papers of the Council and Committees appointed by the Council.

2811. Terms of Reference

The Committee considered and agreed that the existing terms of reference are still appropriate.

2812. Meeting Schedule for 2018

The Committee noted the meeting dates for 2018.

2813. Minutes of the 366th Meeting

The Committee approved and the Chairman signed the minutes of the 366th meeting.

2814. Proposed Work Plan for 2018

The Committee agreed the proposed work plan and provided some comments.

One of the Committee members reminded the Committee that Hong Kong has adopted all the standards issued by the IAASB except for ISAE 3400, *The Examination of Prospective Financial Information* and whether there were any new developments at the IAASB, given that a lot of overseas jurisdictions have also not adopted ISAE 3400, for example the UK.

SSD reported that AASC at its meeting on 16 June 2015 concluded that it would not be necessary to adopt ISAE 3400 in Hong Kong and there had been no further development at IAASB on ISAE 3400. The Committee was reminded that the HKICPA had developed its own HKSIR 500 *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* based on the relevant key principles in ISAE 3400. The Committee suggested SSD to monitor regularly the adoption status of this standard in other jurisdictions.

SSD

In 2017, SSD conducted a study on the first year implementation of the revised auditor's reports. The report was shared with the IAASB who planned to commence its post implementation review on this topic in the second half of 2018. SSD would start the second year study in the second quarter of 2018. A committee member shared some observations and suggested SSD to consider these observations for its study this year. The Chairman requested the SSD to prepare a high level scope of study for discussion at next meeting. It was also suggested that the HKICPA representatives share and exchange information on this topic with the IAASB during the NSS meeting to be held in May 2018.

SSD

2815. Revised Circular on Gross Fee Income Report of Rule 8 of the Solicitors (Professional Indemnity) Rules ("Circular")

The Committee considered the revised Circular and noted the changes were made as a result of changes to the Solicitors' Accounts Rules and certain consequential amendments to the Solicitors (Professional Indemnity) Rules.

The Committee had some drafting comments including the new signing format appearing in the illustrative report in the Circular. SSD is requested to follow up with The Law Society of Hong Kong.

SSD

[Post meeting note: The draft Circular was approved by circulation on 6 April and issued in final on 9 April. It is available at: http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/cir/gfi.pdf]

2816. Proposed auditor's reporting related to the Private Columbaria Ordinance (Cap.630) ("PCO")

In January, SSD was approached by the Private Columbaria Affairs

Office ("PCA Office") in relation to the proposed auditor's reporting for the new licensing regime under the PCO. SSD would discuss further with the PCA Office in coming months to understand the reporting requirements and expects to issue an example report by the end of 2018. SSD

2817. AOB

The Committee members were reminded to provide fatal flaws comments on the draft submission to the SFC's consultation paper on proposed amendments to the Code on Unit Trusts and Mutual Funds.

[Post meeting note: The draft submission was approved by circulation on 20 March.]

There being no further business, the meeting closed at 9:30 a.m.

PAUL LAU
CHAIRMAN

12 April 2018