



Minutes of the 339th Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 17 December 2013 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. Dennis Ho (Chairman)
Mr. Derek Broadley (Deputy Chairman)
Ms. Mabel Cheung
Mr. Ringo Chiu
Mr. Jonathan Lai
Mr. Patrick Law
Mr. Alec Leung
Ms. Grace Ma
Dr. Phyllis Mo
Mr. Steve Ong
Mr. Chi Kit Shaw
Mr. Thomas Wong
- In attendance: Mr. Simon Riley, Acting Director, Standard Setting
Ms. Selene Ho, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
- Apologies: Mr. John Chong
Mr. Ian Parker
Mr. Paul Phenix
Ms. Joyce Woo

Action

2602. Minutes of the 338th Meeting

The Committee approved and the Chairman signed the minutes of the 338th meeting.

2603. Work Plan Status Report and Update from Working Groups

The Committee considered the report and noted progress.

2604. Exposure Draft on Revised PN 850 Reporting on Flag Days and General Charitable Fund-raising Activities Covered by Public Subscription Permits issued by the Social Welfare Department

After the Committee's review in June 2013, the Standard Setting Department (SSD) revised PN 850 and forwarded the draft to the Social Welfare Department (SWD) for comments. The latest draft PN 850 had been agreed by the Working Group on Types of Reporting and the SWD.

The Committee considered the latest draft PN 850 and approved its issuance as an exposure draft for one month comment period, subject to some editorial changes. SSD

[Post meeting note: The exposure draft on PN 850 was issued on 20 December 2013 for comment by 20 January 2014 and is available at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/exposure-drafts/>]

2605. Exposure draft on HKSIR 500 Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness

The Committee received a report from the Accountants' Report Sub-Committee (Sub-Committee), which had considered further comments received from key stakeholders on the draft HKSIR 500. The SSD was requested to clarify certain comments and revisions made to the draft HKSIR 500 and to circulate a revised HKSIR 500 to the Committee for final approval.

SSD

[Post meeting note: The exposure draft of HKSIR 500 was approved via circulation. It was issued on 20 January 2014 for comment by 20 March 2014 and is available at:

http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-assurance/aasc-pdf/2014/i2c_hksir500.pdf]

2606. Draft HKSIR 200 Accountants' Report on Historical Financial Information in Investment Circulars

A representative of the Sub-Committee reported to the Committee on the development and key changes made to draft HKSIR 200. The Committee noted the draft HKSIR 200 had been developed with reference to the UK SIR 2000 and current practices for IPOs engagements in Hong Kong. A key change was the format and presentation of the accountants' report in an IPO prospectus. There is no change to the responsibilities of the reporting accountants as set out in the Listing Rules with the proposed presentation.

The Committee requested SSD to send the draft HKSIR 200 to key stakeholders for fatal flaw comment by end January 2014.

SSD

2607. Draft HKSIR 100 Investment Reporting Standards Applicable to Engagements in connection with Investment Circulars

A representative of the Sub-Committee reported to the Committee on the development of draft HKSIR 100. The Committee noted the draft HKSIR 100 had been developed with reference to the UK SIR 1000 and current practices for such engagements in Hong Kong. The draft HKSIR 100 sets out the framework for work relating to investment circulars by reporting accountants and includes an example engagement letter, representation letter and consent letter.

The Committee requested SSD to send the draft HKSIR 100 to key stakeholders for fatal flaw comment by end January 2014.

SSD

2608. Revision to Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard (SME-FRF & SME-FRS)

The Committee was advised that the consultation on the proposed revised SME-FRF & SME-FRS had been completed. There was an outstanding issue raised by a regulator which may have audit implications.

The SSD was requested to circulate the relevant comment letter to the Committee for information. The Committee also requested the Working Group on Companies Ordinance to consider the development of guidance in PN 900, *Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Report Standard*. SSD

2609. Revised International Education Standard (IES) 8 Professional Competence for Engagement Partners Responsible for Audits of Financial Statements

The Committee was requested to review the proposed revised IES 8 and provide comments to the SSD. The SSD was requested to circulate the previous exposure draft on IES 8 and the Institute's submission for information. SSD

2610. Vote of thanks

The Chairman gave a vote of thanks to all members of the Committee for their contributions and participation in 2013.

There being no further business, the meeting closed at 9:45 a.m.

DENNIS HO
CHAIRMAN

30 January 2014