



Minutes of the 350th Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 21 April 2015 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
Miss. Siu Mai Chow
Ms. Loretta Fong
Mr. Paul Hebditch
Mr. Jonathan Lai
Mr. Paul Lau
Mr. Steve Ong
Mr. Chi Kit Shaw
Mr. Thomas Wong
Mr. Anthony Wong
Ms. Joyce Woo
- In attendance: Mr. Chris Joy, Executive Director
Ms. Selene Ho, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
- Apologies: Mr. Ringo Chiu
Dr. Phyllis Mo

2690. Minutes of the 349th Meeting

The Committee approved and the Chairman signed the minutes of the 349th meeting.

2691. Work Plan Status Report and Update from Working Groups

The Committee considered the report and noted progress.

The Standard Setting Department (SSD) reported that ISA 720 (Revised) *The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor's Report Thereon* was issued by IAASB on 8 April. The conforming amendments to the new and revised auditor reporting standards would be incorporated within the body of the standards, where appropriate.

The Chairman of the Accountants' Report Sub-Committee provided an update on the progress of the proposed HKSIR 100 *Investment Reporting Standards Applicable to Engagements in connection with Investment Circular* and proposed HKSIR 200 *Accountants' Reports on Historical Financial Information in Investment Circulars*. The exposure drafts on these pronouncements are expected to be issued after resolving the outstanding issue on the proposed HKSIR 100 with stakeholders.

Action

SSD

2692. Update on the IAASB's Projects and NSS Meeting

The Committee noted the update on various IAASB's projects and was requested to send any comments to SSD on the proposed agenda of the upcoming NSS meeting to be held in May.

2693. Revised PN 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules

The Committee noted that the comment period for the exposure draft of PN 740 (Revised) ended on 27 March 2015. No comment was received. The Committee endorsed the final issuance of revised PN 740.

[Post meeting note: Revised PN 740 was issued on 29 April 2015 in Members' Handbook Update 168 and is available at: http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update168.pdf]

2694. Revised AATB 1 Assistance Options to New Applicants and Sponsors in connection with Due Diligence Obligations, including Internal Controls over Financial Reporting

AATB 1 was revised by adding an example arrangement letter for the "long form report" engagements, for which had become the typical option adopted for the accountants' assistance to sponsors under PN 21 *Due Diligence by Sponsors in respect of Initial Listing Applications* since the new sponsor regulations took effect in October 2013.

The Committee considered and endorsed the issuance of the exposure draft on revised AATB 1 for one month comment period.

[Post meeting note: Exposure draft AATB 1 (Revised) was issued for comment period until 8 June 2015 and is available at: <http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/exposure-drafts/>]

2695. Update on Auditor's Reporting Engagement Plan

The SSD gave an update on the stakeholder engagement and communication plan for the new and revised Auditor Reporting standards.

The Committee discussed and agreed that the key enhancements in relation to communicating key audit matters and the disclosure of the name of the engagement partner would not be extended beyond listed companies which were in line with the standards issued by IAASB.

The Committee noted that this project had been regarded as an important project by the Council and the Committee was encouraged to participate in activities to help reach out to key stakeholders.

2696. Proposed HKSAs on Auditor's Reporting

The SSD had converged the IAASB's new and revised Auditor Reporting standards into proposed HKSAs. The Committee considered the proposed HKSAs and discussed on matters regarding: a) referencing the description of the auditor's responsibilities to a website; and b) localized wording in the description of auditor's responsibilities for auditor's report

SSD

with disclaimer of opinion.

The Committee was requested to provide their comments on the proposed HKSAs and the above matters to SSD by early May.

2697. Draft guidance on Auditor's Report Signing Arrangements

The Quality Assurance Department had developed draft guidance on auditor's report signing arrangements which set out the expectations of the Practice Review Committee (PRC). This draft alert had been approved by the PRC at its March meeting.

The Committee was requested to consider the draft guidance before final issuance. The Committee considered and provided comments for consideration by the PRC.

There being no further business, the meeting closed at 9:40 a.m.

ERIC TONG
CHAIRMAN

12 May 2015