



Minutes of the 340th Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 18 February 2014 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. Eric Tong (Deputy Chairman)
Mr. Ringo Chiu
Mr. John Chong
Mr. Jonathan Lai
Mr. Paul Lau
Mr. Patrick Law
Ms. Grace Ma
Dr. Phyllis Mo
Mr. Steve Ong
Mr. Paul Phenix
Mr. Thomas Wong
Ms. Joyce Woo
- In attendance: Mr. Simon Riley, Acting Director, Standard Setting
Ms. Selene Ho, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
- Apologies: Mr. Chi Kit Shaw

Action

2611. Welcome to new members and Committee composition for 2014

The Chairman welcomed Mr. Eric Tong and Mr. Paul Lau as new members of the Committee. The Committee recorded a vote of thanks to the retiring members, Mr. Derek Broadley, Ms. Mabel Cheung, Mr. Alec Leung and Mr. Ian Parker for their contributions to the Committee during the tenure of their service.

2612. 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.

2613. Terms of Reference

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

2614. Meeting Schedule for 2014

The Committee noted the meeting dates for 2014.

2615. Minutes of the 339th Meeting

The Committee approved and the Chairman signed the minutes of the 339th meeting.

2616. Proposed Work Plan for 2014 and Update from Working Groups

The Committee considered the proposed work plan and noted that the key projects in the first half of the year would focus on developing guidance and updating the auditing pronouncements as a result of the implementation of the new Hong Kong Companies Ordinance.

The work plan for convergence with the IAASB's agenda would be in line with the IAASB's final work plan for 2014. The Standard Setting Department (SSD) would continue to monitor and update the Committee of any development. SSD

For the IAASB's new Framework for Audit Quality, it was suggested that the Committee should consider how to promote the key elements of the framework to stakeholders in Hong Kong. The Committee requested the SSD to amend the work plan in view of the non-authoritative nature of this framework. SSD

The Committee noted the progress made on the various projects. In addition, chairpersons and convenors from various industry specific liaison groups and working groups have been invited to participate in the coming meetings to update the Committee on the progress of projects.

2617. HKSAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Related Conforming Amendments, and revised Hong Kong Framework for Assurance Engagements (Framework)

The Committee endorsed the final issuance of HKSAE 3000 (Revised) and Related Conforming Amendments, and the revised Framework. The Committee noted that the related conforming amendments to other assurance standards would be attached at the back of HKSAE 3000 (Revised) and the respective assurance standards.

In accordance with the agreement with IFAC for permission to reproduce, publish and distribute copyrighted materials, SSD would provide IFAC with a draft of the HKSAE 3000 (Revised) and the Framework for their copyright clearance prior to publication.

2618. IAASB's Consultation Paper on Proposed Strategy for 2015-2019 and Proposed Work Program for 2015-2016 (Consultation Paper)

Committee members were requested to send their comments on the Consultation Paper to the SSD. The SSD would prepare a draft response for the Committee's consideration and endorsement before submitting to the IAASB.

2619. Proposed guidance on section 408 of the new Hong Kong Companies Ordinance

The Committee noted that the Companies Registry (CR) would issue its external circular in relation to section 408 on 24 February 2014 and agreed that the AASC's proposed guidance would be issued on the same date.

The Working Group had developed the proposed guidance on the basis that compliance with Hong Kong Standards of Auditing would meet the requirements of section 407 of the Companies Ordinance.

The Committee considered the proposed guidance and provided comments. The Committee requested SSD to circulate a revised draft for approval.

[Post meeting note: AATB 4 "Guidance on section 408 of the Companies Ordinance was issued on 24 February 2014 and is available at: http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/techbull-circular/AATB4.pdf]

2620. Revised PN 600.1 Reports by the Auditor under the Hong Kong Companies Ordinance and other auditing pronouncements

The Convenor of the Working Group updated the Committee for the progress on the revision of the auditing pronouncements for the new Companies Ordinance.

The Working Group had focused on the revision of PN 600.1 and the example auditor's report on financial statements. The Committee agreed on the approach for the revision proposed by the Working Group:

- PN 600.1: to focus on the revision for the new Companies Ordinance in the first phase. PN 600.1 will be updated subsequently for changes in assurance pronouncements (e.g. HKSAE 3000 (Revised) which will be effective in 2015.
- Example auditor's report: to be consistent with the current practice of applying exception reporting for auditor's opinion on director's report and other matters under section 407.

The Committee considered the draft PN 600.1 and example auditor's report, and provided some comments for the Working Group's consideration.

SSD

2621. Update on proposed revised HKSIR 100 and HKSIR 200

Representatives from the Accountants' Report Sub-Committee updated the Committee for the progress on proposed HKSIR 100 and HKSIR 200. It was reported that key stakeholders had provided comments on the proposed HKSIR 100 and HKSIR 200 and meetings with the stakeholders were being arranged to discuss the comments. SSD would keep the Committee posted of developments.

2622. **Revised PN 850 Reporting on Flag Days and General Charitable Fund-raising Activities Covered by Public Subscription Permits issued by the Social Welfare Department**

The Committee noted that the exposure draft on revised PN 850 had expired on 20 January 2014 and one comment letter was received by the SSD.

The latest draft revised PN 850 had been updated by the SSD for the comment received and reviewed by the Working Group. The Committee considered and endorsed the revised PN 850 for final issuance.

There being no further business, the meeting closed at 10:40 a.m.

DENNIS HO
CHAIRMAN

24 February 2014