



Auditing and Assurance Standards Committee
Meeting Summary – October 2008

The Auditing and Assurance Standards Committee (Committee) met on 21 October 2008.

Members present at the meeting were: Keith Pogson (Chairman), William Crowe (Deputy Chairman), Derek Broadley, Stephen Chan, Colin Chau, Mabel Cheung, John Chong, Fanny Hsiang, Lucia Li, Kelvin Wong, Thomas Wong, Raymond Wong and Cecilia Yam.

Staff present at the meeting were: Steve Ong, Selene Ho, Katherine Leung and Phoebe To.

The following agenda items were discussed:

1. Adoption of New IAASB Pronouncements
2. Endorsement of New Revised and Redrafted HKSAs
3. Annual Auditing Update Conference 2008

1. Adoption of New IAASB Pronouncements

The Committee considered and endorsed the adoption of the following ISAs:

- (a) ISA 200 (Revised and Redrafted) *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*;
- (b) ISA 320 (Revised and Redrafted) *Materiality in Planning and Performing an Audit*;
- (c) ISA 450 (Revised and Redrafted) *Evaluation of Misstatements Identified during the Audit*;
- (d) ISA 530 (Redrafted) *Audit Sampling*;
- (e) ISA 610 (Redrafted) *Using the Work of Internal Auditors*;
- (f) ISA 705 (Revised and Redrafted) *Modifications to the Opinion in the Independent Auditor's Report*, and
- (g) ISA 706 (Revised and Redrafted) *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*

The ISAs are effective for audits of financial period commencing on or after 15 December 2009. The Committee agreed that, where appropriate, relevant local guidance could be included as an appendix or as footnotes in the proposed HKSAs.

2. Endorsement of New Revised and Redrafted HKSAs

The Committee endorsed the proposed HKSA 580 (Revised and Redrafted) *Written Representations and* 720 (Redrafted) *The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements*, subject to further clarification in the local guidance of HKSA 580 in respect of section 161B of the Companies Ordinance and rewording of some paragraphs in HKSA 720.

HKSA 510 (Redrafted) *Initial Audit Engagements – Opening Balances* and HKSA 600 (Revised and Redrafted) *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)* would be amended and forwarded to the Committee for approval when all the ISAs related to the auditors' report have been redrafted by IAASB.

3. Annual Auditing Update Conference 2008

The Committee considered and endorsed the draft programme for the Annual Auditing Update Conference to be held on 15 November 2008. The Conference would cover the following topics:

- Challenges in Auditing Fair Value Accounting Estimates in the Current Market Environment and HKSA 545 *Auditing fair value Measurements and Disclosures*
- HKSA 240 *The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements*
- HKSA 570 *Going Concern*
- Practice Note 820 *The Audit of Licensed Corporations and Associated Entities of Intermediaries*
- Aftermath of sub-prime – risk management, auditing and financial reporting considerations.

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