



Minutes of the 307th Meeting of the Auditing and Assurance Standards Committee held on Tuesday, 20 April 2010 at 8:30 a.m. in the 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. Jack Chow (Chairman)
Mr. Keith Pogson (Deputy Chairman)
Mr. Derek Broadley
Mr. Stephen Chan
Mr. Colin Chau
Ms. Mabel Cheung
Mr. Alun Grassick
Ms. Grace Ma
Mr. Paul Phenix
Mr. Steve Ong, Director (Standard Setting)
Ms. Selene Ho, Assistant Director (Standard Setting)
Ms. Phoebe To, Manager (Standard Setting)

Apology for absence was received from Mr. Charlix Wong.

Council
Action

2360. Minutes of the 306th Meeting

The minutes of the 306th meeting were approved by the Committee and signed by the Chairman.

2361. AASC Work Plan 2010 – Status Report

The Committee considered the status report of the Work Plan for 2010 and noted the progress made on the various projects.

2362. To endorse Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the HK Listing Rules

The Committee noted that the exposure period for PN 740 had ended on 31 December 2009. The comments received had been considered by the Working Group and PN 740 was revised accordingly.

The Committee noted that the effective date of PN 740 was changed to 31 December 2010. The Committee considered and endorsed PN 740 for issuance. The Committee also noted that seminars will be held to raise the awareness of PN 740 and suggested that other interested parties like the Law Society of Hong Kong and the Hong Kong Institute of Chartered Secretaries should also be informed of these seminars.

2363. To endorse the revised Preface to Hong Kong Standards on Quality Control, Auditing, Assurance and Related Services (the revised Preface)

The Committee considered the revised Preface with the housekeeping changes made by the SSD and endorsed its issuance.

[Post Meeting Note: The revised Preface was released on 6 May under Members' Handbook Update 83.]

2364. To endorse the revised Practice Note 900 Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard (the revised PN 900)

The Committee considered the revised PN 900 and provided comments on the example auditors' reports.

The SSD is requested to consider the comments provided and revise PN 900 accordingly. The Committee also suggested that an example auditor's report be developed in the clarified HKSA 700 on a set of financial statements prepared in accordance with the HKFRS for Private Entities.

2365. To endorse the revised Circular on Audit of Financial Statements of Owners' Corporations of Buildings – Audit issues (the revised Circular)

The Committee considered the revised Circular prepared by the SSD and provided comments on the disclaimer paragraph and the example auditors' reports.

The SSD is requested to consider the comments and revise the Circular accordingly.

2366. Progress report on HKSIR Project

The Committee noted that HKICPA representatives had met with the Hong Kong Exchanges and Clearing Limited (HKEx) on 2 March 2010 and a meeting had been arranged between HKICPA representatives and the SFC on 21 April 2010.

The Committee suggested that the HKSIR Project Team should carry out further research on the relevant changes in the UK Companies Act and the UK Listing Rules and revert to the Committee.

2367. Progress report on proposed amendments by the Law Society (LS)

It was reported that the Law Society of Hong Kong (LS) has written to the Standard Setting Department in relation to the Committee's proposal on the draft revised accountant's report and checklist of 21 August 2009. Upon further consideration, the LS considered that no further changes should be made. It proposed that a status quo position be maintained for the Accountants' Report Rules.

The Committee agreed the LS's proposal to maintain a status quo position.

2368. Annual Auditing Update Conference 2010

The Committee noted that the proposed Annual Auditing Update Conference will be held on 25 September 2010.

The Committee considered the proposed topics by the SSD for the Conference and provided comments on the topics and agreed on the nominated speakers. The SSD was requested to revise the draft programme to reflect the comments received.

2369. Forum on 20 May 2010 and Lunch with Prof. Arnold Schilder (IAASB Chairman)

The Committee noted that Prof. Arnold Schilder, IAASB Chairman, would be visiting Hong Kong on 20 May 2010. A forum would be held on that day at the HKICPA Auditorium and Prof. Arnold Schilder would present on the recent and forthcoming developments of auditing and assurance standards and guidance. The Chairman of the Committee would chair the forum.

The Committee was cordially invited to attend the forum.

There being no further business, the meeting closed at 9.25 am.

JACK CHOW
CHAIRMAN

12 May 2010