



## Minutes of the 342<sup>nd</sup> Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 15 April 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. Chi Kit Shaw  
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: Miss Siu Mai Chow

	<u>Action</u>
<p><b>2629. <u>Minutes of the 341<sup>st</sup> Meeting</u></b></p> <p>The Committee approved and the Chairman signed the minutes of the 341<sup>st</sup> meeting.</p>	
<p><b>2630. <u>Work Plan Status Report and Update from Working Groups</u></b></p> <p>The Committee considered the report and noted the progress.</p> <p>In relation to the promotion of the IAASB's <i>A Framework for Audit Quality: Key Elements that Create an Environment for Audit Quality</i>, the Standard Setting Department (SSD) is requested to prepare a proposal for the Committee's consideration at next meeting.</p>	SSD
<p><b>2631. <u>HKSIR 500 Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness</u></b></p> <p>The Committee noted that the comment period on exposure draft HKSIR 500 expired on 20 March 2014 and two comment letters were received. The Accountants' Report Sub-Committee (Sub-Committee) considered the comments received and amended HKSIR 500 where appropriate.</p> <p>The Committee considered and endorsed the final issuance of HKSIR 500, subject to a minor amendment.</p>	SSD

*[Post meeting note: HKSIR 500 was issued on 29 April 2014 in Members' Handbook Update 146 and is available at: [http://app1.hkicpa.org.hk/hksaebk/HKSA\\_Members\\_Handbook\\_Master/updates/update146.pdf](http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update146.pdf) ]*

**2632. Revised PN 600.1 Reports by the Auditor under the Hong Kong Companies Ordinance and example auditor's reports**

The Committee considered the latest draft of revised PN 600.1 which has been developed by the Working Group on Companies Ordinance (WG).

The Convenor of the WG briefed the Committee on the WG's understanding of the new Companies Ordinance and approach when drafting PN 600.1. The matters were mainly related to the auditor's opinion on the director's report of the company and the company's ability to make a distribution under sections 304, 305 and 306.

The Committee agreed to the proposed approach as drafted in PN 600.1 and endorsed the issuance of the exposure draft on revised PN 600.1 for a one month comment period.

The Committee also considered and endorsed the example unmodified and modified auditor's reports prepared in response to the new Companies Ordinance, subject to some editorial amendments.

*[Post meeting note: The exposure draft on revised PN 600.1 was issued on 28 April 2014 for comment by 28 May 2014 and is available at: [http://www.hkicpa.org.hk/file/media/section6\\_standards/standards/Audit-n-assurance/ed-2014/ed\\_pn600\\_1.pdf](http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/ed-2014/ed_pn600_1.pdf)]*

**2633. Referencing to the predecessor Companies Ordinance in the auditor's report**

The Committee noted that the Institute is developing FAQs to address transitional implementation issues. It has been proposed that the FAQs include a question on the referencing to the predecessor Companies Ordinance in the auditor's reports on financial statements for periods ended on or after 3 March 2014 but before 3 March 2015 (e.g. year ended 31 March 2014, year ending on 30 June 2014 or 31 December 2014).

The Committee considered and agreed to the proposed FAQ developed by the WG.

**2634. Agenda topics for IAASB – NSS Meeting to be held on 29-30 May 2014**

The Chairman briefed the Committee on the IAASB - NSS meeting to be held in late May 2014 and requested the Committee for any suggested topics for discussion at the meeting.

A committee member suggested that the IAASB should develop an International standard on comfort letters. The Committee considered that it would be appropriate to raise it as a general discussion topic at the meeting.

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

DENNIS HO  
CHAIRMAN

30 April 2014