



## Minutes of the 344<sup>th</sup> Meeting of the Auditing and Assurance Standards Committee

Date: Tuesday, 17 June 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. John Chong  
Miss Siu Mai Chow  
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: Ms. Selene Ho, Associate Director, Standard Setting  
Ms. Phoebe To, Manager, Standard Setting

Apologies: Mr. Ringo Chiu

**2643. Minutes of the 343<sup>rd</sup> Meeting**

The Committee approved and the Chairman signed the minutes of the 343<sup>rd</sup> meeting.

**2644. Work Plan Status Report and Update from Working Groups**

The Committee considered the report and noted progress.

Regarding the HKSIR project, it was reported that the HKEx had no further objections to the draft HKSIR 100 and HKSIR 200 being released to the market for consultation. The AASC Accountants' Report Sub-Committee would meet to discuss the late comments received from key stakeholders. The Standard Setting Department (SSD) would then send the final draft HKSIR 100 and 200 to the Committee for approval to issue as exposure drafts.

**2645. IAASB NSS Meeting held on 29-30 May 2014**

The Chairman and the Executive Director of the Institute reported on the IAASB NSS Meeting. A summary note of the meeting had been tabled for reference. The Chairman also highlighted the key issues of the meeting in relation to the auditor reporting project. It is expected that the revised standard on auditor reporting would be issued after the IAASB meeting in September 2014.

Action

SSD

The Institute has been requested to participate in IAASB's projects such as ISA 600, audit of financial institutions and professional skepticism, subject to availability of resources.

**2646. Revised PN 600.1 Reports by the Auditor under the Hong Kong Companies Ordinance**

The Committee noted that the exposure period for the exposure draft of PN 600.1 ended on 28 May 2014. Two comment emails were received and the SSD had amended the revised PN 600.1 accordingly.

The Convenor of the Working Group on Companies Ordinance (WG) highlighted the key changes from the exposure draft. The Committee considered the latest draft PN 600.1 and endorsed it to be issued in final, subject to an addition of a footnote.

*[Post meeting note: Revised PN 600.1 was issued on 30 June 2014 in Members' Handbook Update 150 and is available at: [http://app1.hkicpa.org.hk/hksaebk/HKSA\\_Members\\_Handbook\\_Master/updates/update150.pdf](http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update150.pdf) ]*

SSD

**2647. Revised PN 900 Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard**

The WG had revised PN 900 for changes to the revised Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard and the new Companies Ordinance. The Convenor of the WG highlighted the key changes on the reporting exemptions, consolidation and example auditor's reports and letters.

The Committee provided comments on the use of "Qualified Opinion" in relation to the reporting on directors' report in the example auditor's report. The SSD was requested to make reference to example report in the UK and amend the PN 900 where appropriate. The Committee endorsed the issuance of the exposure draft on revised PN 900 for one month comment period, subject to the amendments mentioned above.

SSD

*[Post meeting note: Exposure draft on revised PN 900 was issued on 30 June 2014 for comment period until 30 July 2014 and is available at: [http://www.hkicpa.org.hk/file/media/section6\\_standards/standards/Audit-n-assurance/ed-2014/ed\\_pn900rev.pdf](http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/ed-2014/ed_pn900rev.pdf) ]*

**2648. Proposed amendments to various HKSA's resulting from the new Companies Ordinance**

The Convenor highlighted the proposed amendments resulting from the new Companies Ordinance and that they would apply to the first financial year of companies that begins on or after the commencement date of the new Companies Ordinance and all subsequent financial years. The amendments were mainly made to the footnotes, the example auditor's reports and letters in various HKSA's.

In view of the suggested amendments made to the revised PN 900 as mentioned above, the Committee requested SSD to revise the relevant HKSA's after these amendments in relation to the reporting in directors' report have been confirmed.

SSD

**2649. Annual Auditing Update Conference 2014 (AAU)**

The Committee considered the draft AAU programme proposed by the SSD and provided some comments. The SSD was requested to revise the draft AAU programme for discussion at next meeting. SSD

**2650. The approach by which the HKICPA promotes A Framework for Audit Quality issued by the IAASB (the Framework)**

In view of the importance of the Framework, there were some suggestions on how to promote the Framework:

- to engage universities and other professional learning institutions on how to incorporate the Framework in the fundamental professional education.
- to raise the awareness of audit committees to the Framework and its use as a tool

The Committee was also requested to consider how to make use of this Framework.

There being no further business, the meeting closed at 10:30 a.m.

DENNIS HO  
CHAIRMAN

2 July 2014