



Minutes of the 226th meeting of the Ethics Committee held on Tuesday, 29 October 2013 at 9:00 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. Alden Leung (Chairman)
Mr. Raymond Cheng (Deputy Chairman)
Mr. Philip Fung
Mr. Jonathan Russell Leong
Ms. Grace Ma
Dr. Wong Ka Lok
Ms. Jacqueline Wong
Ms. Virginia You
Ms. Monica Yu

In attendance: Mr. Albert Au (For items 1553 and 1554 only)
Mr. Simon Riley, Director, Standard Setting
Mr. Ambrose Wong, Associate Director, Standard Setting

Apologies for absence were received from Mr. Edmand Cheung, Mr. Raymond Kong, Mr. Amirali Nasir and Ms. Jacqueline Wong.

Action

1553. Report by Mr. Albert Au on his participation in IESBA Structure of the Code Working Group Meeting and presentation to IESBA at its September 2013 meeting

Mr. Albert Au, IFAC SMP Committee member representing Hong Kong and the chairman of its Ethics Task Force, presented a report on his participation at the IESBA Structure of the Code Working Group Meeting and presentation on implementation issues of the Code in Mainland China and Hong Kong to IESBA in September 2013.

Mr. Au expressed his appreciation and gratitude to the Chinese Institute of Certified Public Accountants (CICPA) for their input to the presentation. In preparing the presentation, Mr. Au, together with the HKICPA Standard Setting Department, also solicited input from different groupings of practitioners (including the Ethics Committee, SMP Leadership Panel and PAIB Leadership Panel of the HKICPA) and regulators in Hong Kong (including the Financial Reporting Council, Securities and Futures Commission and the Stock Exchange).

1554. The participation by Mr. Albert Au in "Key Development in Ethics" Workshop during IFAC Council Meeting in November 2013

The International Federation of Accountants (IFAC) invited Mr. Albert Au to be a guest speakers at a workshop on "Key Developments in Ethics" on 14 November 2013, as part of the proceedings of the IFAC November 2013 Council Meeting.

Mr. Au was invited to provide his views on the following two IESBA projects from an SMP and Asian perspective:

- Responding to a Suspected Illegal Act
- Structure of the Code

In relation to the IESBA project on responding to a suspected illegal act, the Committee noted that there are international standards on auditing in place on the auditor's responsibilities relating to fraud in an audit of financial statements (ISA 240) and on consideration of laws and regulations in an audit of financial statements (ISA 250). Although the Code covers the behaviour of all accountants (hence wider than ISA), the IESBA may consider ISA 240 and ISA 250 as good benchmarks when working on the project

The Standard Setting Department will perform a high level comparison between the 2012 IESBA Exposure Draft on Responding to a Suspected Illegal Act and the straw man as deliberated at the IESBA September 2013 meeting for background to facilitate the preparation.

[Post meeting note: The Standard Setting Department circulated on 30 October 2013 the high level comparison and the response to the panel questions]

1555. Minutes of the 225th Meeting

The minutes of the 225th meeting were approved by the Committee and signed by the Chairman.

1556. Status Report on Ethics Committee Work Plan 2013

The Committee considered the status of its work plan and noted the progress made on the various projects.

1557. The revisions to the Code in relation to the IESBA's issuance of "Change to the Definition of 'Those Charged with Governance' in, and Related Changes to, the Code of Ethics for Professional Accountants"

The Committee considered and approved the proposed amendments to the HKICPA Code in relation to the IESBA's issuance of "Change to the Definition of 'Those Charged with Governance' in, and Related Changes to, the Code of Ethics for Professional Accountants".

1558. Revision to Ethics Circular 1 "Guidance for Small and Medium Practitioners on the Code of Ethics for Professional Accountants"

The Committee considered and approved in principle the proposed amendments to Ethics Circular 1 "Guidance for Small and Medium Practitioners on the Code of Ethics for Professional Accountants". Members of the Committee were invited to provide editorial comments, if any, by mid November 2013 to facilitate finalization of the document by end of November 2013.

[Post meeting note: The Standard Setting Department received no further comment from the Committee and issued Ethics Circular 1 (Revised) on 20 November 2013]

1559. Plan to revise the Code in relation to the new Companies Ordinance

The Committee noted the Standard Setting Department's proposal to revise the paragraphs in the Code which contain references to the Companies Ordinance. The Committee also agreed to remove Section 470 of the current Code since the section is a direct description of legal requirements on directors and is not directly related to ethics in nature.

1560. Vote of thanks

The Chairman gave a vote of thanks to all members of the Committee for their contributions and participation during 2013.

There being no further business, the meeting closed at 10:45 a.m.

ALDEN LEUNG
CHAIRMAN

2 December 2013