



Minutes of the 387th Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 17 November 2020 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 (and via videoconference).
- Present: Mr. Paul Lau (Chairman)
Ms. Loretta Fong (Deputy Chairman)
Mr. Derek Broadley
Mr. Edmond Chan (dial-in)
Ms. Hildy Chan (dial-in)
Mr. Ivan Chan (dial-in)
Prof. Koon-Hung Chan
Mr. Paul Hebditch
Ms. Susanna Lau (dial-in)
Mr. Gary Stevenson (dial-in)
Miss. Basilia Wong (dial-in)
Mr. Thomas Wong (dial-in)
Mr. Steve Ong (dial-in)
- In attendance: Mr. Chris Joy, Executive Director
Ms. Cecilia Kwei, Director, Standard Setting
Ms. Selene Ho, Deputy Director, Standard Setting
Ms. Grace Lau, Manager, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
- Observer: Ms. Cynthia Leung, Financial Reporting Council (dial-in)
- Apologies: Ms. Fanny Hsiang

Action

2956. Minutes of the 386th Meeting

The Committee approved the minutes of the 386th meeting.

The Committee welcomed the newly on board Director of Standard Setting to the meeting.

At the October meeting, the Committee discussed the impact of key audit matters (KAM) disclosure in auditor's reports to audit fees. A member noted that the level of audit fees in Hong Kong have stayed broadly the same over the past ten years despite an increase in complexity and efforts in carrying out audit engagements. It was suggested that a survey or study be undertaken to compare the trend of audit fees in Hong Kong against those in other countries such as London and Singapore.

2957. Work Plan Status Report and Update from Working Groups

The Committee considered the report and noted progress of various projects.

2958. Update on IAASB National Standard Setters Meeting

On 3 and 4 November, the Chairman of the Committee and Institute's representatives attended the IAASB National Standard Setters virtual meeting. SSD provided an update to key topics discussed at the meeting, such as the IAASB's transition planning to strengthen the international audit and ethics standard-setting system; the IAASB information gathering activities on fraud and going concern; the development of a separate standard for less complex entities.

In regard to IAASB's information gathering activities on fraud and going concern, the Institute's roundtable is noted by the Committee and members of AASC are encouraged to participate in the roundtable.

2959. Consider and Endorse the Exposure Draft on PN 730 (Revised), Guidance for Auditors Regarding Preliminary Announcements of Annual Results

The Committee noted that the Investment Circular Reporting Sub-Committee proposed revisions to PN 730 (Revised) to conform to terminologies used in the latest Listing Rules and provide guidance on implementation issues with regard to auditor's responsibilities of preliminary announcements of annual results in different scenarios.

The Committee discussed the practical issues for a preliminary announcement of annual results based on draft financial statements where the audit is at an advanced stage pursuant to the requirements of the PN, and considered that the extant PN has provided the relevant guidance.

Subject to editorial changes, the Committee endorsed to issue the exposure draft on proposed PN 730 (Revised) for one-month comment period.

[Post meeting note: Exposure draft for one month comment period was issued on 20 November and the link is:
<https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Open-for-comment-documents/Auditing-and-Assurance>*]*

2960. Evaluation from 2020 Annual Auditing Update Conference

The Annual Auditing Update Conference ("AAU") for 2020 was held virtually on 24 October. SSD provided an overview on participants' feedback to the event such as suggested topics for the next AAU and the format of the conference. While panel discussions were held during the AAU, a member suggested arranging multiple breakout sessions covering different topics for participants to join the discussion of their interest.

There being no further business, the meeting closed at 9:50 a.m.

PAUL LAU
CHAIRMAN