



# Technical Update Evening

– Financial Reporting and Auditing Series

## What is TUE and what does it aim to provide?

- Gives members a chance to talk to Hong Kong Institute of CPAs Technical Directors and other specialists on technical matters and new services and products in a relatively informal after-office-hours setting
- Sessions to cover one or two main themes. Participants will also have the opportunity to raise other related technical matters of concern
- Provides an interactive session between members and the Institute's Standards and Technical team and specialists, in addition to TechWatch, Technical Queries and material published in the Institute's magazine *A Plus* and website

## Who should attend?

- ✓ **Members in practice**
- ✓ **Financial statements preparers**
- ✓ **Financial controllers**
- ✓ **Members who wish to keep abreast of Hong Kong Institute of CPAs' latest technical and product developments**

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# Your Hosts of TUE – Financial Reporting and Auditing Series



**Stephen Chan FCPA**  
Executive Director

I am very pleased to launch this comprehensive programme for September to December 2005 on Financial Reporting and Auditing Standards. The Financial Reporting sessions will be hosted by our new Director, Standard Setting who joined the Institute at the beginning of September.



**Patricia McBride**  
Director, Standard Setting

I am pleased to have the opportunity to discuss with you some of the requirements in Hong Kong Financial Reporting Standards that will impact on the financial statements relating to the year ending 31 December 2005 and to share with you some of the new requirements that will apply to later reporting periods.



**Steve Ong FCPA**  
Assistant Director, Standard Setting

I look forward to sharing with you the new Hong Kong Auditing Standards that have or will be coming into force. This will be an interactive session to discuss the more robust and rigorous key requirements and guidance of these new Standards.

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## TUE Registration

Applications for registration will be accepted on a **first-come-first-served** basis as seats are **limited** to 90. In case of over-subscription, consideration may be given to arranging a **re-run session**. Applications for registration will be accepted only from **Hong Kong Institute of CPAs members**. The success of TUE depends on active participation: If you have a **basic understanding** of the subject before attending, the **interaction** with your host(s) will be more productive during the session.

For members who wish to attend a TUE, please complete the enclosed **TUE Registration Form** and return it to the **Member Services Department** of the Institute on or before the application deadline, together with either your credit card details or a cheque. Applications for registration by **fax** will be accepted only for **Institute Visa card** payments.

**Confirmation** will be sent by **e-mail** unless your application for registration is unsuccessful. Unless the session is cancelled due to unforeseen circumstances, **no refund** will be given after your registration has been confirmed.

# TUE Programme – Financial Reporting and Auditing Series

**Time :** 7:00p.m. to 8:00p.m.

**Venue :** Hong Kong Institute of CPAs Meeting & Training Centre,  
Room 1205, 12/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong

**Fee :** HK\$120 per session

**HKICPA CPD Hour :** 1 hour

**TUE Programme enquiries:**

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For more information on the current and future TUE programme, please visit  
<http://www.hkcipa.org.hk/professionaltechnical/TUE/index.php>

TUE No.	Date	Topic	Speaker
507	27 Sep 2005	<b>Balance sheet I: Non-financial tangible assets other than leases and investment property</b>  Understanding the balance sheet depends on understanding how non-financial assets and liabilities are recognised, measured and disclosed. In a series of 3 independent sessions, we will cover key recognition, measurement and disclosure requirements for non-financial assets and liabilities. The first session will summarise the HKFRS requirements for the recognition, measurement and disclosure of non-financial tangible assets other than leases and investment property.  The session will first address the classification of assets and the applicable standards. It will then briefly outline the key provisions relating to non-financial tangible assets found in HKAS 16 <i>Property, Plant and Equipment</i> , HK(IFRIC)-Int 1 <i>Changes in Estimated Decommissioning, Restoration and Similar Liabilities</i> , HKAS 2 <i>Inventories</i> , HKAS 36 <i>Impairment of Assets</i> and HKFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> , and how they apply to: <ul style="list-style-type: none"><li>• Initial recognition of non-financial tangible assets</li><li>• Subsequent measurement of property, plant and equipment: cost or revaluation</li><li>• Depreciation</li><li>• Impairment of property, plant and equipment and inventories</li><li>• Assets held for sale</li><li>• Disclosure issues.</li></ul> <b>Application deadline: 22 Sept 2005</b>	Patricia McBride

TUE No.	Date	Topic	Speaker
508	4 Oct 2005 (Re-run)	<p><b>New Audit Risk Standards Introduce Risk-Based Audit Approach</b></p> <p>HKSA 315, "Understanding of the Entity and Its Environment and Assessing the Risks of Material Misstatement"</p> <p>HKSA 330, "The Auditor's Procedures in Response to Assessed Risks"</p> <p>HKSA 500, "Audit Evidence"</p> <p>This re-run session will explain how these new Standards will affect the way auditors conduct their audits.</p> <p>The new Standards enable auditors to more clearly focus on areas where there is a greater risk of misstatement of the financial statements. It is anticipated that implementation of the new Standards will increase the quality of audits by improving the linkage of audit procedures and assessed risks.</p> <p>Changes in practice that the new Standards seek to achieve, include:</p> <ul style="list-style-type: none"> <li>• Obtaining, and documenting, a broader understanding of the entity and its environment, including its process for identifying business risks relevant to financial reporting objectives, and its information systems and internal control;</li> <li>• An audit team discussion of the susceptibility of the entity's financial statements to material misstatement;</li> <li>• Determining which risks identified are "significant risks" that require special audit consideration; and</li> <li>• Designing and performing further audit procedures that are linked to the assessed risks.</li> </ul> <p>Auditors should note that new Audit Risk Standards are effective for audits of financial statements for periods beginning on or after 15 December 2004.</p> <p><b>Application deadline: 29 Sep 2005</b></p>	Steve Ong
509	25 Oct 2005	<p><b>Balance sheet II: Intangible assets</b></p> <p>This session will summarise the HKFRS requirements for the recognition, measurement and disclosure of intangible assets, including goodwill.</p> <p>The session will outline the key provisions relating to intangible assets found in HKAS 38 <i>Intangible Assets</i>, HKFRS 3 <i>Business Combinations</i> and HKAS 36 <i>Impairment of Assets</i>, and how they apply to:</p> <ul style="list-style-type: none"> <li>• Initial recognition of intangible assets, both purchased and internally generated</li> <li>• Subsequent measurement of intangible assets other than goodwill: cost or revaluation</li> <li>• Amortisation</li> <li>• Impairment</li> <li>• Assets held for sale</li> <li>• Disclosure issues.</li> </ul> <p><b>Application deadline: 20 Oct 2005</b></p>	Patricia McBride

TUE No.	Date	Topic	Speaker
510	1 Nov 2005	<p><b>Balance sheet III: Leases and investment property / Non-financial liabilities</b></p> <p>This session will summarise the HKFRS requirements for the recognition, measurement and disclosure of leases and investment property. It will complete the overview of the non-financial part of the balance sheet by considering the requirements of HKAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>.</p> <p>The session will briefly outline the key provisions relating to leases (HKAS 17 <i>Leases</i> and HK-Int 4 <i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>) and investment property (HKAS 40 <i>Investment Property</i>), noting the changes introduced in converging with IFRSs.</p> <p>The session will include a discussion of the key provisions relating to the recognition of provisions and the disclosure of contingent assets and contingent liabilities. The session will conclude with a brief summary of proposed changes to HKAS 37.</p> <p>Application deadline: 27 Oct 2005</p>	Patricia McBride
511	8 Nov 2005 (Re-run)	<p><b>Revised Standards on Fraud Consideration and Audit Planning for Auditors</b></p> <p>This re-run session will cover the following 2 important Auditing Standards:</p> <ul style="list-style-type: none"> <li>• Hong Kong Standard on Auditing 240 “The Auditor’s Responsibility to Consider Fraud in an Audit of Financial Statements”; and</li> <li>• Hong Kong Standard on Auditing 300 “Planning an Audit of Financial Statements”,</li> </ul> <p>adopting the equivalent International Auditing Standards.</p> <p>Auditors will enter a much expanded arena of procedures to detect fraud as they implement HKSA 240. The revised Standard aims to have the auditors’ consideration of fraud blended into the audit process and continually updated until the audit’s completion. HKSA 240 describes a process in which the auditors (1) gather information needed to identify risks of material misstatement due to fraud, (2) assess these risks after taking into account an evaluation of the entity’s programs and controls and (3) respond to the results. Under HKSA 240, auditors will gather and consider much more information to assess fraud risks than they have in the past.</p> <p>HKSA 300 requires the auditors to plan the audit more rigorously so that the engagement will be performed in an effective manner. Auditors are required to establish an overall audit strategy which helps guide the development of the more detailed audit plan and ensures that risk assessment procedures and further detailed audit procedures are appropriately targeted.</p> <p>HKSA 300 provides the necessary requirements and guidance for the auditors to perform this important aspect of the audit and will assist in improving auditors’ performance.</p> <p>Application deadline: 3 Nov 2005</p>	Steve Ong

TUE No.	Date	Topic	Speaker
512	22 Nov 2005	<p><b>Presentation issues</b></p> <p>With companies starting to prepare their 2005 financial statements, this session will overview a number of presentation issues. The session will focus on disclosures in HKAS 1 <i>Presentation of Financial Statements</i>, HKAS 7 <i>Cash Flow Statements</i>, HKAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> and HKFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>.</p> <p>In particular, the session will cover:</p> <ul style="list-style-type: none"> <li>• Selection of presentation currency</li> <li>• Changes to the format of the four statements</li> <li>• Changes in accounting policy and correction of errors</li> <li>• Related party disclosures</li> <li>• New non-financial disclosures</li> </ul> <p><b>Application deadline: 17 Nov 2005</b></p>	Patricia McBride
513	29 Nov 2005 (Re-run)	<p><b>New Quality Control Standards for Auditors</b></p> <p>This re-run session will cover the following 2 important Auditing Standards:</p> <ul style="list-style-type: none"> <li>• Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements"; and</li> <li>• Hong Kong Standard on Auditing 220 "Quality Control for Audits of Historical Financial Information", adopting the equivalent International Auditing Standards.</li> </ul> <p>Whilst quality control policies and procedures are not new to the accounting profession, these two Standards introduce several new concepts and requirements, including the extension of certain aspects to "other assurance and related services engagements". Certain of the new requirements will have far reaching implications and necessitate more rigorous quality control policies and procedures being implemented by auditors.</p> <p>Auditors should make a critical assessment of their existing quality control policies and procedures and audit documentation to see whether they are sufficient to comply with the systems of quality controls under HKSQC 1 which are required to be set up by 15 June 2005, and in terms of HKSA 220, quality controls over audits of historical financial information which are required to be set up for periods beginning on or after 15 June 2005.</p> <p><b>Application deadline: 24 Nov 2005</b></p>	Steve Ong

TUE No.	Date	Topic	Speaker
514	7 Dec 2005	<p data-bbox="512 163 1054 226"><b>Financial instruments: new disclosures and other changes</b></p> <p data-bbox="512 243 1182 401">The financial instruments standards contain some of the most complex requirements in accounting standards. This session will discuss the new disclosure requirements for financial instruments and the recent changes to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i>.</p> <p data-bbox="512 417 1190 831">HKFRS 7 <i>Financial Instruments: Disclosures</i> (recently released) replaces HKAS 30 <i>Disclosures in the Financial Statements of Banks and Similar Financial Institutions</i> and the disclosure requirements in HKAS 32 <i>Financial Instruments: Disclosure and Presentation</i>. HKFRS 7 brings into one standard the disclosures that entities need to make about financial instruments. This session will outline the main requirements of HKFRS 7 and highlight the key changes to financial instruments disclosures for reporting periods beginning on or after 1 January 2007. It will also cover the new requirement in HKAS 1 <i>Presentation of Financial Statements</i> to disclose information about the management of capital.</p> <p data-bbox="512 848 1190 1100">HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> (and some other standards) have recently been amended for changes including the introduction of constraints on the use of the fair value option, changes to cash flow hedge accounting and requirements related to financial guarantees. The changes apply to reporting periods beginning on or after 1 January 2006. This session will outline the new requirements.</p> <p data-bbox="512 1117 927 1148"><b>Application deadline: 2 Dec 2005</b></p>	Patricia McBride

TUE No.	Date	Topic	Speaker
515	16 Dec 2005 (Re-run)	<p><b>21 Replacement Hong Kong Auditing Standards</b></p> <p>This re-run session will explain the impact on auditors of the 21 new Hong Kong Standards on Auditing and Review Engagements issued, highlighting the key changes and new requirements and guidance introduced as compared with their SAS counterparts:</p> <p>HKSA 210 (SAS 140)      Engagement letters</p> <p>HKSA 250 (SAS 120)      Consideration of laws and regulations</p> <p>HKSA 260 (SAS 610)      Communication with those charged with governance</p> <p>HKSA 320 (SAS 220)      Audit materiality</p> <p>HKSA 402 (SAS 480)      Using service organizations</p> <p>HKSA 501 (SAS 401)      Considerations for specific items</p> <p>HKSA 505 (SAS 402)      External confirmations</p> <p>HKSA 510 (SAS 450)      Opening balances</p> <p>HKSA 520 (SAS 410/470)      Analytical procedures</p> <p>HKSA 530 (SAS 430)      Audit sampling</p> <p>HKSA 540 (SAS 420)      Accounting estimates</p> <p>HKSA 545 (SAS 421)      Fair value measurements and disclosures</p> <p>HKSA 550 (SAS 460)      Related parties</p> <p>HKSA 560 (SAS 150)      Subsequent events</p> <p>HKSA 570 (SAS 130)      Going concern</p> <p>HKSA 580 (SAS 440)      Management representations</p> <p>HKSA 610 (SAS 500A)      Considering the work of internal audit</p> <p>HKSA 620 (SAS 520)      Using the work of an expert</p> <p>HKSA 710 (SAS 450)      Comparatives</p> <p>HKSA 720 (SAS 160)      Other information in documents containing audited financial statements</p> <p>HKSRE 2400 (SAS 700)      Engagements to review financial statements</p> <p>The 20 HKSA are effective for audits of financial statements for periods beginning on or after 15 December 2004. HKSRE 2400 is effective from June 2005. Auditors should look at their software, audit manuals and audit documentation to make sure that they comply with the new Standards.</p> <p><b>Application deadline: 8 Dec 2005</b></p>	Steve Ong

Future TUE sessions will be announced in due course.



# TUE Registration Form – Financial Reporting and Auditing Series

Please use **BLOCK LETTERS**

Name \_\_\_\_\_ HKICPA Membership No. \_\_\_\_\_

Company Name \_\_\_\_\_

Telephone No. \_\_\_\_\_ Fax No. \_\_\_\_\_ E-mail \_\_\_\_\_

Please mark a "✓" against the session(s) for which you wish to apply

- 507 (27 Sep 05)     508 (4 Oct 05)     509 (25 Oct 05)     510 (1 Nov 05)     511 (8 Nov 05)
- 512 (22 Nov 05)     513 (29 Nov 05)     514 (7 Dec 05)     515 (16 Dec 05)

Admission Fee: HKD120 per session x \_\_\_\_\_ session(s) = HKD \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

## Payment by:

- Cheque No. \_\_\_\_\_ (Bank \_\_\_\_\_)

*For cheque payment, please staple the cheque payable to "Hong Kong Institute of Certified Public Accountants" to the TUE registration form before returning it to the HKICPA.*

- HKICPA Visa card (only the HKICPA Visa Card (Wing Lung Bank Limited) is accepted)

*For payment by the HKICPA Visa card, please fill in the following:*

Card Number \_\_\_\_\_

Cardholder's Name \_\_\_\_\_ Card Expiry Date (month / year) \_\_\_\_\_

Cardholder's Signature \_\_\_\_\_ Date \_\_\_\_\_

**To:** Member Services Department,  
Hong Kong Institute of CPAs,  
4/F., Tower Two, Lippo Centre,  
89 Queensway, Hong Kong.

**Fax:** 2865 6776 / 2865 6603

## FOR OFFICIAL USE

Auth. Code No. \_\_\_\_\_

Handled by \_\_\_\_\_

Date \_\_\_\_\_