



Auditing and Assurance Standards Committee
Meeting Summary – October 2007

The Auditing and Assurance Standards Committee (Committee) met on 30 October 2007.

Members present at the meeting were: Keith Pogson (Acting Chairman)(Deputy Chairman), Wilfred Wong (Deputy Chairman), Deborah Annells, Chan Tak Shing, Colin Chau, Patrick Cheng, Charles Chow, William Crowe, Richard George, Charles Grieve, Lucia Li and Thomas Wong.

Secretariat staff present at the meeting were: Steve Ong, Elaine Chan, Selene Ho and Winnie Chan.

The following agenda items were discussed:

1. IAASB announcement on the effective date for the Clarity Project
2. Adoption of ISA 600 (Revised and Redrafted) *Special Considerations – The Audit of Group Financial Statement (including the Work of Component Auditors)*
3. Draft submissions to the IAASB Exposure Drafts on ISA 510 (Redrafted) *The Initial Audit Engagement - Opening Balances* and ISA 530 (Redrafted) *Audit Sampling*
4. Draft Invitation to Comment to the IAASB Exposure Drafts on ISA 505 (Revised and Redrafted) *External Confirmations* and ISA 620 (Revised and Redrafted) *Using the Work of an Auditor's Expert*
5. Continuing Connected Transactions Project – Progress Report
6. Draft Notes for Auditor for the Legislative Council Election Financial Assistance Scheme
7. Invitation to Comment to draft Discussion Paper “Assistance Options to New Applications and Sponsors in connection with Internal Controls over Financial Reporting
8. Proposed Circular on Reporting on General Charitable Fund-raising Activities (Other than Flag Days)
9. HKEx Consultation Paper on Periodic Financial Reporting

1. IAASB announcement on the effective date for the Clarity Project

The Committee noted an announcement was made by the IAASB that the effective date for the clarified ISAs would be for audits of financial statements for periods beginning on or after 15 December 2009.

2. Adoption of ISA 600 (Revised and Redrafted) *Special Considerations – The Audit of Group Financial Statement (including the Work of Component Auditors)*

The Committee noted that the IAASB has issued the revised and redrafted ISA 600 effective for audits of financial periods commencing on or after 15 December 2009.

The Committee considered and endorsed the adoption of the revised and redrafted ISA 600 to replace Statement of Auditing Standards 510 *Principal Auditors and Other Auditors*, subject to further consideration by the secretariat on the local guidance in the existing SAS 510. Where appropriate, relevant local guidance could be included as an appendix or as footnotes in the proposed HKSA 600.

3. **Draft submissions to the IAASB Exposure Drafts on ISA 510 (Redrafted) *The Initial Audit Engagement – Opening Balances* and ISA 530 (Redrafted) *Audit Sampling***

The Committee considered and endorsed the Institute's draft submissions to the IAASB prepared by the secretariat including some late comments on the proposed IAS 530.

The Institute's submissions were forwarded to the IAASB on 6 November and can be viewed at:

http://www.hkicpa.org.hk/professionaltechnical/assurance/submission/docs/ISA_510_530.pdf

4. **Draft Invitation to Comment to the IAASB Exposure Drafts on ISA 505 (Revised and Redrafted) *External Confirmations* and ISA 620 (revised and Redrafted) *Using the Work of an Auditor's Expert***

The Committee considered and endorsed the Invitation to Comment for release on the Institute's website on 6 November 2007 for comment until 25 January 2008.

The Institute's Invitation to Comment can be viewed at:

http://www.hkicpa.org.hk/professionaltechnical/assurance/exposedraft/2007/ED_I2_C_ISA505_ISA620.pdf

5. **Continuing Connected Transactions Project**

The Committee noted the progress made on the project and requested the Working Group to carefully consider with the Exchange the objectives of the existing requirements in the Listing Rules and practical issues presently encountered by practitioners in complying with the requirements as currently worded, with suggested changes if necessary. Thereafter, on reaching an agreement with the Exchange, the Working Group should develop an exposure draft of a practice note for the engagement in accordance with the appropriate Auditing and Assurance Standards.

6. **Draft Notes for Auditor for the Legislative Council Election Financial Assistance Scheme**

The Committee noted the proposed Notes for Auditor for the Legislative Council Election Financial Assistance Scheme and requested the secretariat to present the final Notes to the Committee for reference after its finalization by the Registration and Election Office.

7. **Invitation to Comment to draft Discussion Paper "Assistance Options to New Applicants and Sponsors in connection with Internal Controls over Financial Reporting"**

The Committee noted the issuance of the Invitation to Comment to the Institute's Discussion Paper Exposure Draft on 29 October 2007 for comments to 31 January 2008. The Committee gave a vote of thanks to the Convenor of the Sub-committee for and his team for the contributions to the Discussion Paper.

The Invitation to Comment can be viewed at:

http://www.hkicpa.org.hk/professionaltechnical/assurance/exposedraft/2007/ed_IC.pdf

8. Proposed Circular on Reporting on General Charitable Fund-raising Activities (Other than flag Days)

The Committee noted the progress on the Circular and that Social Welfare Department (SWD) had reverted to the Institute with its final comments on the proposed Circular.

A subsequent meeting was held on the 7 November between representatives of the Working Group, SWD and the Treasury to discuss the comments by SWD.

9. HKEX Consultation Paper on Periodic Financial Reporting

The Committee noted that Council of the Institute was in the process of finalising the Institute's submission to the HKEx Consultation Paper.

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Meeting Summaries are provided for the information and convenience of those who wish to follow the Committee's deliberations. Decisions reported are tentative and may be changed or modified by the Committee at a later date. Decisions become final only after completion of the formal due process required to finalize and release documents. No responsibility is taken for the results of actions or omissions to act on the basis of any information contained in this Meeting Summary, or for any errors or omissions in it.