



Auditing and Assurance Standards Committee
Meeting Summary – February 2009

The Auditing and Assurance Standards Committee (Committee) met on 24 February 2009.

Members present at the meeting were: Keith Pogson (Chairman), William Crowe (Deputy Chairman), Derek Broadley, Stephen Chan, Mabel Cheung, John Chong, Raphael Ding, Charles Grieve, Paul Phenix and Lesley Wong.

Staff present at the meeting were: Steve Ong, Selene Ho and Phoebe To.

The following agenda items were discussed:

1. Meeting Schedule for 2009
2. Proposed Work Plan for 2009
3. Adoption of New IAASB Pronouncements
4. Draft Examples Modified Auditor's Reports on Financial Statements prepared in accordance with SME-FRS
5. Revised draft of Chinese translation of Example Unqualified Auditor's Report on Financial Statements prepared in accordance with SME-FRS
6. Progress report on Immigration Department Capital Investment Entrant Scheme Project

1. Meeting schedule for 2009

The Committee agreed on the following meeting dates for 2009:

24 February
24 March
21 April
19 May
16 June
28 July
22 September
20 October
17 November
15 December

2. Proposed Work Plan for 2009

The Committee considered and agreed on the proposed work plan for 2009 and the key areas addressed in the work plan for 2009 are:

- (i) to maintain a concurrence agenda with the IAASB; and
- (ii) to develop local guidance where considered appropriate.

The major project under IAASB would be the issuance of 36 revised and redrafted ISAs and ISQC 1; and the major project under local guidance would be the Hong Kong Standard on Investment Circular Reporting Project. A joint Consultation Paper is currently being developed with the Stock Exchange of Hong Kong on the Investment Circular Reporting Project.

Regarding the issuance of the revised and redrafted HKSAs and HKSQC, the planned issue date would be by June 2009. An impact analysis on these standards would be prepared and forums or seminars are planned for members in the second half of 2009.

3. Adoption of New IAASB Pronouncements

The Committee considered and endorsed the adoption of the following revised and redrafted ISQC and ISAs, subject to further consideration by the Standard Setting Department (SSD) on the local guidance provided in the extant HKSQC and HKSAAs:

- (a) ISQC 1 (Redrafted) *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*
- (b) ISA 220 (Redrafted) *Quality Control for an Audit of Financial Statements*
- (c) ISA 500 (Redrafted) *Audit Evidence*
- (d) ISA 501 (Redrafted) *Audit Evidence – Specific Considerations for Selected Items*
- (e) ISA 505 (Revised and Redrafted) *External Confirmations*
- (f) ISA 520 (Redrafted) *Analytical Procedures*
- (g) ISA 620 (Redrafted) *Using the Work of an Auditor's Expert*
- (h) ISA 710 (Redrafted) *Comparative Information – Corresponding Figures and Comparative Financial Statements*

ISQC 1 would be effective as of 15 December 2009 and ISAs would be effective for audits of financial periods commencing on or after 15 December 2009.

4. Draft Examples Modified Auditor's Reports on Financial Statements prepared in accordance with SME-FRS

The Committee considered the draft Examples Modified Auditor's Reports and the SSD was requested to further check the requirements of section 141D of the Hong Kong Companies Ordinance and made the necessary amendments to the examples reports.

5. Revised draft of Chinese translation of Example Unqualified Auditor's Report on Financial Statements prepared in accordance with SME-FRS

The Committee considered the revised draft Chinese version of the Example Unqualified Auditor's Report under the SME-FRS and the SSD was requested to consider some editorial amendments and to consider making respective changes to the existing Chinese version of Unqualified Auditor's Report under HKSA 700 in order to ensure the consistent use of Chinese wordings.

6. Progress report on Immigration Department Capital Investment Entrant Scheme Project (the Project)

The Committee noted that the SSD had met with the Immigration Department (ID) on 16 January 2009. The proposed Circular on Reporting related to Rule 2.1(b) of the Rules for the Capital Investment Entrant Scheme had been revised as a result of comments received from the last Committee meeting and the ID.

The Committee considered and endorsed the Circular, subject to editorial changes.

[Post meeting note: The Circular was finalized and posted on the Institute's website on 16 March 2009

http://www.hkicpa.org.hk/professionaltechnical/assurance/example_auditors/CIESreport.pdf

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