



Minutes of the 318th meeting of the Auditing and Assurance Standards Committee held on Tuesday, 21 June 2011 at 8:30 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. Jack Chow (Chairman)
Mr. Stephen Chan
Mr. Colin Chau
Mr. Raymond Cheng (Dial-in)
Ms. Mabel Cheung (Dial-in)
Mr. John Chong
Ms. Grace Ma
Mr. Paul Phenix
Mr. Keith Pogson
Mr. Charlix Wong
Ms. Joyce Woo

In attendance: Mr. Steve Ong, Director, Standard Setting
Ms. Selene Ho, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting

Apologies for absence were received from Mr. Derek Broadley and Mr. Alun Grassick.

	<u>Action</u>
<p>2448. <u>Minutes of the 317th Meeting</u></p> <p>The minutes of the 317th meeting were approved by the Committee and, subject to a minor amendment would be signed at the next meeting.</p>	SSD
<p>2449. <u>AASC Work Plan 2011 – Status Report</u></p> <p>The Committee considered the status report of the Work Plan for 2011 and noted the progress made on the various projects.</p> <p>In relation to the updating of guidance on Legislative/ District Council Election Financial Assistance Scheme, the Committee agreed that HKSAE 3000 should continue be used as the applicable reporting framework. Therefore, the updating work will be for any updated requirements from the Election Office.</p>	SSD
<p>2450. <u>IAASB (i) ED on ISAE 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and proposed consequential amendments to ISAE 3402 and proposed ISAE 3410; and (ii) Consultation Paper on "Enhancing the Value of Auditor Reporting: Exploring Options for Change" (CP)</u></p> <p>The Committee members were invited to provide comments on the ED on ISAE 3000 (Revised) and the CP. The SSD suggested setting up a working group for the submission of the CP due to the importance of this CP and its impact on the capital markets. The Committee agreed on the formation of such a working group. The SSD was requested to consider the composition of the working group and approach.</p>	SSD

It was further suggested to include this CP in the agenda of the coming Annual Auditing Update Conference 2011.

2451. Implication of paragraph 15 of HKSA 705 (Clarified) "Modifications to the Opinion in the Independent Auditor's Report" on company and group levels financial statements

The SSD requested the Committee members to provide comments on the implication of paragraph 15 of HKSA 705 (Clarified) on non-preparation of consolidated financial statements.

The issue is whether the auditor is permitted to give an unmodified opinion on a company's financial statements when the opinion on the group consolidated financial statements is modified due to the non-preparation of consolidated financial statements.

Paragraph 15 states that "When the auditor considers it necessary to express an adverse opinion or disclaim an opinion on the financial statements as a whole, the auditor's report shall not also include an unmodified opinion with respect to the same financial reporting framework on a single financial statement or one or more specific elements, accounts or items of a financial statement....." There were different views expressed by the Committee members on the meaning of paragraph 15, in particular, on the meaning of "a single financial statement". Accordingly, the SSD was requested to send an enquiry to the IFAC regarding this.

SSD

[Post meeting note: An email was sent to the IFAC on 22 June 2011 and a reminder was sent on 13 July 2011.]

2452. Annual Auditing Update Conference 2011 (Conference)

The Committee was requested to suggest topics and speakers for the Conference. The Committee suggested the following topics:

- Auditing/ Ethical standards applicable to SMPs - to provide guidance from SMPs' perspective;
- HKSA 600 (Clarified) - to invite representative from Big Four to share relevant experience;
- HKSA 705 (Clarified) – to share the views on various requirements of the standards.

The Committee further suggested that for the experience sharing sessions, a panel discussion would be more effective and useful. The SSD was requested to prepare a draft programme for discussion at the next meeting.

SSD

2453. Hong Kong Auditing Standard for NGOs

The Chairman reported that there was a suggestion for the Committee to consider developing auditing standard for NGOs. It was reported that there is currently no such standard in Hong Kong and the practitioners have made reference to the UK standards instead. In view of this, the SSD was requested to check whether it would be possible to localize the UK standards and include this in the Committee's work plan. SSD

There being no further business, the meeting closed at 9:47 a.m.

JACK CHOW
CHAIRMAN

28 June 2011



Hong Kong Institute of
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