



Minutes of the 325th meeting of the Auditing and Assurance Standards Committee held on Tuesday, 17 April 2012 at 8:30 a.m. in Room 7 & 8 of the Hong Kong Institute of Certified Public Accountants, 27/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

Present: Mr. Dennis Ho (Chairman)
Mr. Derek Broadley (Deputy Chairman)
Ms. Mabel Cheung
Mr. Ringo Chiu
Mr. John Chong
Mr. Jonathan Lai
Mr. Anthony Leung
Ms. Grace Ma
Mr. Ian Parker
Mr. Charlix Wong
Mr. Thomas Wong
Mr. T. S. Chan (on behalf of Ms. Joyce Woo)

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

Apologies for absence were received from Dr. Phyllis Mo, Mr. Paul Phenix and Mr. Gary Poon.

2501. Vote of thanks to Mr. Steve Ong

The Chairman gave a vote of thanks to the Director of Standard Setting for his past contributions.

2502. Minutes of the 324th Meeting

The minutes of the 324th meeting were approved by the Committee, subject to some editorial revision and it would be signed at the next meeting.

2503. AASC Work Plan 2012 – Status Report

The Committee considered the status report of the Work Plan for 2012 and noted the progress made on the various projects.

2504. ISRS 4410 (Revised) "Compilation Engagements"

The Committee considered the final ISRS 4410 (Revised) and noted that certain comments of the Institute had not been taken up by the IAASB. It was considered that these comments had no major impact.

The Committee approved the adoption of ISRS 4410 (Revised) as HKSA 4410 (Revised). The Committee members were requested to send their editorial comments, if any, to the Standard Setting Department (SSD) so that the SSD could forward these comments to the IAASB when sending the proposed HKSA 4410 (Revised) for IAASB's review before its final issuance.

Action

SSD

SSD

2505. **ISA 610 (Revised) "Using the Work of Internal Auditors" and ISA 315 (Revised) "Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment"**

The Committee approved the adoption of ISA 610 (Revised) and related changes to ISA 315 (Revised) as HKSA 610 (Revised) and HKSA 315(Revised) respectively. SSD

2506. **Amended "Preface to the Hong Kong Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements" (Preface)**

In general, the Committee agreed to the SSD's proposal of a two tier approach for the Practice Notes (PNs):

- 1) local developed PNs being classified as authoritative to maintain the "comply or explain" model currently used for these PNs; and
- 2) converged IAASB's PNs being classified as non-authoritative material to align with the classification in the latest IAASB Preface.

The Committee suggested the SSD to consider the appropriate names to clearly differentiate these PNs. SSD

The Committee suggested the SSD to revise the Preface and to discuss with the relevant departments like the Quality Assurance Department and Compliance Department regarding the approach. Due to the importance of the revised Preface, it should be approved by the Council and be exposed for members to comment. SSD

2507. **Auditor's Liability and Duty of Care when Responding to Questions at an Annual General Meeting**

The Committee noted that the draft summary note prepared by the external lawyer was too generic and that most of the information has been included in AATB 2. The SSD is requested to liaise with the General Counsel on a better approach to disseminate the information to members. SSD

There being no further business, the meeting closed at 9:45 a.m.

DENNIS HO
CHAIRMAN

17 April 2012