



Minutes of the 338th meeting of the Auditing and Assurance Standards Committee held on Tuesday, 19 November 2013 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. Dennis Ho (Chairman)
Mr. Derek Broadley
Ms. Mabel Cheung
Mr. Ringo Chiu
Mr. John Chong
Mr. Jonathan Lai
Mr. Patrick Law
Mr. Alec Leung
Ms. Grace Ma
Mr. Steve Ong
Mr. Ian Parker (represented by Mr. Paul Lau)
Mr. Paul Phenix
Mr. Chi Kit Shaw
Mr. Thomas Wong

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

Apologies were received from Dr. Phyllis Mo and Ms. Joyce Woo.

Action

2594. Minutes of the 337th Meeting

The minutes of the 337th meeting were approved by the Committee and signed by the Chairman.

2595. Work Plan Status Report and Update from Working Groups

The Committee considered the work plan status report and noted the progress made on the various projects.

A member suggested the Accountants' Report Sub-Committee (Sub-Committee) to re-consider the adoption of ISAE 3400 *The Examination of Prospective Financial Information* in Hong Kong in view of the adoption of ISAE 3400 in China.

SSD

2596. Revised PN 810.2 The Duties of the Auditor of an Insurer authorized under the Insurance Companies Ordinance

The Committee noted the comment period for the exposure draft on revised PN 810.2 had ended on 16 October 2013 and no comment letter was received.

The Committee requested the Standard Setting Department (SSD) to clarify the editorial changes made on the latest draft and the Committee would approve the final issuance by circulation.

SSD

[Post meeting note: Revised PN 810.2 was subsequently endorsed by circulation and was issued on 26 November 2013 in Members' Handbook Update 134 and is available at:

http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update134.pdf

2597. Revised PN 860.1 The Audit of Retirement Schemes

As requested at the last meeting, the SSD had clarified with the commentator on the comment letter received. The Committee agreed that no further change was required on the revised PN 860.1.

The Committee endorsed the revised PN 860.1 to be issued in final.

[Post meeting note: Revised PN 860.1 was issued on 26 November 2013 in Members' Handbook Update 134 and is available at: http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update134.pdf]

2598. Revised AATB 1 Assistance Options to New Applicants and Sponsors in connection with Due Diligence Obligations, including Internal Controls over Financial Reporting

The Committee noted the comment period for the exposure draft on revised AATB 1 had ended on 16 October 2013 and no comment letter was received.

A member suggested clarifying the reference to the SFC's Code of Conduct. It has been reported that SSD is awaiting comments from a regulator. The SSD would amend the revised AATB 1 accordingly and circulate to the Committee for final approval.

SSD

The Committee endorsed the revised AATB 1, subject to the amendments to be made as mentioned above.

In addition, the Committee noted that a draft engagement letter for PN 21 engagement is being developed. The SSD will upload the final engagement letter on the HKICPA website once it has been agreed by the relevant stakeholders.

SSD

[Post meeting note: Revised AATB 1 was subsequently amended and endorsed by circulation, it was issued in final in end November 2013 and is available at: http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/techbull-circular/aatb1rev.pdf]

2599. Exposure draft on HKSIR 500 Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness

The representative of the Sub-Committee explained to the Committee the development of HKSIR 500. The purpose of HKSIR 500 is to provide guidance for reporting on profit forecasts, statements of sufficiency of working capital and statements of indebtedness. The representative also highlighted the key changes from the current reporting practice which included the timing of reporting due to the new Sponsors' regime and the proposed agreed-upon-procedures for reporting on the statement of indebtedness.

The Committee provided comments on the draft HKSIR 500 for the Sub-Committee's consideration.

The SSD would submit the revised draft HKSIR 500 at the next meeting for approval to issue as an exposure draft.

AG 3.341 "Accountants' Report on Profit Forecasts" will be withdrawn when the proposed HKSIR 500 is issued in final.

SSD

2600. Amending pronouncements arising from the new Companies Ordinance

The Committee agreed that the references to the Companies Ordinance in the extant auditing pronouncements should be updated for the new Companies Ordinance. The Committee endorsed to set up a new working group to consider the revisions to the relevant pronouncements arising from the new Companies Ordinance.

The SSD would send out an invitation to members to confirm participation. The SSD was also requested to include the updating of these relevant pronouncements in the work plan for next year.

SSD

2601. Accountants' Report Sub-Committee

The Director of the SSD reported that at the recent liaison meeting between the Sub-Committee and the representatives of the key lawyers and sponsors in the capital market, they proposed to prepare a list of escalation partners in the accounting firms active in the equity market to ensure effective communication.

The Chairman reminded that this was outside the responsibility of the Committee and firms may wish to consider this internally.

SSD

There being no further business, the meeting closed at 10:30 a.m.

DENNIS HO
CHAIRMAN

6 December 2013