



Minutes of the 331<sup>st</sup> meeting of the Auditing and Assurance Standards Committee held on Monday, 25 February 2013 at 8:30 a.m. in the Conference 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 (Deputy Chairman)  
Ms. Mabel Cheung  
Mr. Ringo Chiu  
Mr. John Chong  
Mr. Jonathan Lai  
Mr. Patrick Law  
Mr. Alec Leung  
Ms. Grace Ma  
Dr. Phyllis Mo  
Mr. Steve Ong  
Mr. Ian Parker  
Mr. Paul Phenix  
Mr. Chi Kit Shaw  
Mr. Thomas Wong  
Ms. Joyce Woo

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

Action

**2548. Welcome to new members and Committee composition for 2013**

The Chairman welcomed Mr. Alec Leung, Mr. Patrick Law and Mr. Chi Kit Shaw as new members of the Committee. The Committee recorded a vote of thanks to the retiring members, Mr. Anthony Leung, Mr. Gary Poon and Mr. Charlix Wong for their contributions to the Committee during the tenure of their services.

**2549. Guidance note on general confidentiality rules**

The Chairman drew members' attention to the guidance note on the general confidentiality rules in relation to minutes and agenda papers of the Council and Committees appointed by the Council.

**2550. Terms of Reference**

The Committee considered and agreed the terms of reference which was brought forward from last year.

**2551. Meeting Schedule for 2013**

The Committee noted the meeting dates for 2013.

**2552. Minutes of the 330<sup>th</sup> Meeting**

The minutes of the 330<sup>th</sup> meeting were approved by the Committee and signed by the Chairman.

**2553. AASC Work Plan 2013 and Update from Working Groups**

The Committee noted the new format of the Work Plan which provided a more detailed timeframe of each project to enable the Committee members to better monitor the projects. In addition, chairpersons and convenors from various industry specific liaison groups and working groups would update the Committee on the progress of projects.

The Chair of the Insurance Regulatory Liaison Group (IRLG) updated the Committee on the progress of the revisions of practice notes related to the insurance industry. Two of the practice notes were discussed in items 2555 and 2556 below.

The Standard Setting Department (SSD) was requested to include the development of guidance on s408 of the new Companies Ordinance in the Work Plan. The Chairman provided an update on the progress of the s.408 project.

The Committee considered the status report of the Work Plan for 2013 and noted the progress made on the various projects.

SSD

**2554. Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal"**

The Committee noted that the comment period for the exposure draft on PN 750 ended on 23 January 2013 and some comments were received. The comments were discussed by the Working Group on 29 January 2013 and PN 750 was revised accordingly.

The Committee considered the revised PN 750 and suggested an amendment to be made. The SSD would amend the PN 750 and then circulate it to the Committee for approval for final issuance.

SSD

*[Post meeting note: PN 750 was issued on 28 February 2013 in Members' Handbook Update 125 and is available at:  
[http://app1.hkicpa.org.hk/hksaebk/HKSA\\_Members\\_Handbook\\_Master/updates/update125.pdf](http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update125.pdf)]*

**2555. Revised Practice Note 620.2 "Communication between the Auditor and the Insurance Authority"**

The Committee noted that the comment period for the exposure draft on PN 620.2 ended on 20 January 2013 and no comment was received. The Committee endorsed PN 620.2 for final issuance.

*[Post meeting note: PN 620.2 was issued on 28 February 2013 in Members' Handbook Update 125 and is available at:  
[http://app1.hkicpa.org.hk/hksaebk/HKSA\\_Members\\_Handbook\\_Master/updates/update125.pdf](http://app1.hkicpa.org.hk/hksaebk/HKSA_Members_Handbook_Master/updates/update125.pdf)]*

**2556. Revised PN 810.1 "Insurance Brokers - Compliance with the Minimum Requirements specified by the Insurance Authority under Sections 69(2) and 70(2) of the Insurance Companies Ordinance"**

The IRLG was tasked to revise PN 810.1. The key revisions included changes:

- to align with the current auditing and assurance pronouncements and drafting conventions;
- to address Compliance Department's concerns on certain suggested procedures;
- to delete unused example reports; and
- to amend the example reports by applying specific engagement frameworks.

The proposed revised PN 810.1 had been forwarded to the IA, the Hong Kong Confederation of Insurance Brokers (CIB) and Professional Insurance brokers Association (PIBA) for comments in November 2012. The comments were discussed by the IRLG on 18 January 2013 and further changes were made to the PN 810.1 accordingly.

The Committee considered the revised PN 810.1 and requested the SSD to follow up on some wordings and the effective date of the PN. The Committee agreed that an exposure period of one month should be appropriate, after consideration of the timing of the next reporting period of the industry and the revised PN had been reviewed by the major stakeholders. SSD

The SSD would circulate the revised PN 810.1 to the Committee for endorsement of issuance as an exposure draft. SSD

*[Post meeting note: The exposure draft on revised PN 810.1 was issued on 28 February 2013 for comment by 5 April 2013 which is available at: [http://www.hkicpa.org.hk/file/media/section6\\_standards/standards/Audit-n-assurance/ed-2013/ed\\_pn8101.pdf](http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/ed-2013/ed_pn8101.pdf)]*

**2557. Revision of Financial Statements**

A committee member raised an issue on the issuance of revised financial statements. It seemed that there is an inconsistency with regards to the approval date of the revised financial statements between the Hong Kong Companies Ordinance and Hong Kong Accounting Standard 10 *Events after the Reporting Period*. The Committee suggested the SSD to research the matter and collate information on the current practice from committee members. It would then be further considered whether to include any guidance to practitioners in the relevant practice notes. SSD

**2558. Exposure Draft on ISA 720 (Revised) "The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor's Report Thereon"**

The Committee was reminded to provide SSD their comments on the exposure draft on ISA 720 (Revised). The SSD would prepare the submission and circulate to the Committee for consideration and approval before the submission deadline on 14 March 2013. SSD

*[Post meeting note: The HKICPA comment letter was sent to IAASB on 14 March 2013 and is available at: [http://www.hkicpa.org.hk/file/media/section6\\_standards/standards/Audit-n-assurance/submission/2013/subISA720.pdf](http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/submission/2013/subISA720.pdf) ]*

**2559. Development of guidance on separate financial statements**

It was reported that there was a concern on the issue of how to report on parent only (unconsolidated) financial statements, where there was no exemption available under HKAS 27. The Committee agreed to look into providing guidance and SSD is requested to develop the guidance.

There being no further business, the meeting closed at 10:16 a.m.

DENNIS HO  
CHAIRMAN

14 March 2013