



## Minutes of the 351<sup>st</sup> Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 19 May 2015 at 8:30 a.m.
- Location: 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. Eric Tong (Chairman)  
Mr. Paul Phenix (Deputy Chairman)  
Ms. Sylvia Cheng  
Mr. Ringo Chiu  
Ms. Loretta Fong  
Mr. Paul Hebditch  
Mr. Jonathan Lai  
Mr. Paul Lau  
Dr. Phyllis Mo  
Mr. Steve Ong  
Mr. Thomas Wong  
Mr. Anthony Wong  
Ms. Joyce Woo
- In attendance: Mr. Chris Joy, Executive Director  
Ms. Selene Ho, Associate Director, Standard Setting  
Ms. Phoebe To, Manager, Standard Setting
- Apologies: Miss. Siu Mai Chow  
Mr. Chi Kit Shaw

### Action

**2698. Minutes of the 350<sup>th</sup> Meeting**

The Committee approved and the Chairman signed the minutes of the 350<sup>th</sup> meeting.

**2699. Work Plan Status Report and Update from Working Groups**

The Committee considered the report and noted progress.

The Standard Setting Department (SSD) reported that it had received the soft copy of 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* from the IAASB. SSD would converge ISA 720 (Revised) to HKSA 720 (Revised) which would be submitted to the Committee for review at the next meeting.

SSD

The Chairman of the Accountants' Report Sub-Committee (Sub-Committee) provided an update on the progress of the proposed HKSIR 100 *Investment Reporting Standards Applicable to Engagements in connection with Investment Circular*. The Sub-Committee would continue to liaise with the key stakeholders on outstanding matters.

**2700. Update on NSS Meeting**

The Executive Director (ED) of the Institute had attended the IAASB NSS Meeting which was held on 7-8 May. The ED gave a brief summary to the Committee on the discussions from the meeting. The ED also informed the Committee that the IAASB has expressed interest to hold its meeting in Hong Kong in the third quarter of 2016.

**2701. Revised PN 730 Guidance for Auditors Regarding Preliminary Announcements of Annual Results**

The Committee noted that PN 730 was revised mainly to incorporate changes arising from the new Companies Ordinance (Cap. 622) and the Listing Rule amendments.

The Committee considered the revised PN 730 and suggested some amendments for consideration by the Working Group on Companies Ordinance. SSD would circulate the revised PN 730 for the Committee's approval in due course. SSD

**2702. Update on the Auditor's Report for Non-Consolidation of Financial Statements Prepared in Accordance with the New Companies Ordinance**

The Chairman of the FRSC joined the meeting and explained to the Committee on the implementation issue in respect of preparing non-consolidated financial statements under the new Companies Ordinance.

The FRSC Companies Ordinance Application Issues (Financial Reporting) Working Group has developed an FAQ on this issue.

The Committee was requested to provide comments on the illustrative wording of the auditor's report in the FAQ.

**2703. Update on Auditor's Reporting Engagement Plan**

SSD gave an update on the stakeholder engagement and communication plan for the new and revised Auditor Reporting standards. Committee members were invited to be speakers at the proposed forums. SSD

**2704. Definition of Listed Entity under Proposed HKSA 700 (Revised), Forming an Opinion and Reporting on Financial Statements**

The Committee considered the definition of listed entity under the Hong Kong/IAASB Glossary of Terms Relating to Hong Kong Standards on Quality Control, Auditing, Review, Other Assurance and Related Services and its implication for the revised auditor reporting standards.

The Committee also noted that there is an additional footnote in the UK's ISA 700, which states "In the UK, these include companies with a Premium listing of equity shares regardless of whether they are incorporated in the UK or elsewhere. In Ireland, these include Irish incorporated companies with a primary or secondary listing of equity shares on the Irish Stock Exchange."

The Committee was requested to further consider whether to add a

similar footnote in HKSA 700 (Revised).

**2705. Proposed HKSA's on Auditor's Reporting**

At the last meeting, the Committee had considered the proposed HKSA's and discussed on matters regarding: a) referencing the description of the auditor's responsibilities to a website; and b) localized wording in the description of auditor's responsibilities for auditor's report with disclaimer of opinion. It was then decided to allow the option of referencing to a website for a). In regards to b), SSD has been requested to research on implications with respect to the Companies Ordinance for the removal of local wording.

The Committee noted that there were two sets of conforming amendments to be made to various HKSA's, one from the new and revised Auditor Reporting standards and another from ISA 720 (Revised), *The Auditor's Responsibilities Relating to Other Information*. SSD had incorporated the amendments to the relevant HKSA's and the Committee considered these HKSA's and provided comments.

SSD would amend the relevant HKSA's and circulate the revised HKSA's to the Committee for approval. SSD

SSD would table the outstanding revised HKSA's at the next meeting. SSD

**2706. Proposed Draft Report under New ISA 720 (Revised), The Auditor's Responsibilities Relating to Other Information**

The Committee discussed the different reporting requirements under the new ISA 720 (Revised) and the Hong Kong Companies Ordinance (CO).

The inconsistencies between ISA 720 (Revised) and the CO were mainly in three areas, a) exception reporting, b) materiality of misstatement and c) reporting in the auditor's report. The Committee discussed the issues and in view of the different requirements, suggested separating the reporting under the CO from the reporting under ISA 720 (Revised). The SSD was requested to amend the example auditor's reports in the proposed HKSA 720 (Revised) accordingly. SSD

There being no further business, the meeting closed at 10:55 a.m.

ERIC TONG  
CHAIRMAN

28 May 2015