



Minutes of the 360th Meeting of the Auditing and Assurance Standards Committee

Date: Tuesday, 20 September 2016 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
 Mr. Hing Tong Li
 Dr. Phyllis Mo
 Mr. Steve Ong
 Mr. Chi Kit Shaw
 Mr. Anthony Wong
 Ms. Joyce Woo

In attendance: Mr. Chris Joy, Executive Director
 Ms. Christina Ng, Director, Standard Setting
 Ms. Selene Ho, Associate Director, Standard Setting
 Ms. Phoebe To, Manager, Standard Setting

Apologies: Mr. Thomas Wong

Action

2764. Minutes of the 359th Meeting

The Committee approved and the Chairman signed the minutes of the 359th meeting.

2765. Work Plan Status Report and Update from Working Groups

The Committee considered the report and noted progress.

Regarding the outreach activities on the new auditor's reporting requirements, a member considered that the awareness of the new auditor's reports amongst chinese and family-owned listed companies might not be adequate. The Standard Setting Department ("SSD") was requested to consider contacting relevant organizations.

SSD

2766. IAASB's Survey Consultation, The IAASB's Work Plan for 2017-2018 and Continuing Relevance of Its Strategic Objectives ("the Consultation")

SSD had issued an Invitation to Comments on the Consultation requesting for comments by 30 August and no comments were received.

SSD had prepared draft comments on the Consultation and the Committee was requested to consider and provide further comments before 30 September. SSD would submit the comments to the IAASB online by 30 September.

SSD

2767. HKSIR 200 Accountants' Report on Historical Financial Information in Investment Circulars

As discussed at previous meetings, HKSIR 200 was proposed to be issued on a standalone basis, whilst ongoing discussion with stakeholders to finalise HKSIR 100. It was believed that this would be beneficial to the members in providing guidance on the preparation of accountants' report.

In principle, the key stakeholders are supportive of issuing HKSIR 200 on a standalone basis.

The Committee endorsed the issuance of exposure draft for two months comment period. The final standard is expected to be issued by December. SSD

[Post meeting note: Exposure draft on HKSIR 200 was issued on 3 October 2016 and the link is:

http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/ed-2016/i2c_hksir200.pdf]

2768. HKSIR 400 (Revised), Comfort Letters and Due Diligence Meetings

The Committee noted that the main changes to HKSIR 400 (Revised) were incorporating an umbrella agreement to govern the rights and responsibilities of the sponsors, underwriters, etc and of the reporting accountants/auditors prior to the execution of the HKSIR 400 arrangement letter as well as the elevation of the guidance in AATB 3 on the written acknowledgment to HKSIR 400 (Revised).

The Committee endorsed the issuance of exposure draft for two months comment period. The final standard is expected to be issued by December. SSD

[Post meeting note: Exposure draft on HKSIR 400 (Revised) was issued on 3 October 2016 and the link is:

http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/ed-2016/i2c_hksir400.pdf]

2769. Updated practice notes and other pronouncements resulting from the revised and new auditor reporting standards

As a result of the new and revised HKSAs on auditor reporting, SSD had commenced to update the relevant practice notes/ circulars with example auditor's reports. The first batch of updated practice notes were issued in August.

The Committee considered and endorsed the issuance of the second batch of updated practice note and circulars:

- PN 860.1 (Revised), *The Audit of Retirement Schemes*
- *Circular on Reporting to Grantees of the Language Fund*
- *Circular on Reporting to Grantees of the Quality Education Fund*
- *Circular on Reporting on the Audit of Schools*

SSD would circulate other updated practice notes to the Committee for

approval in due course via circulation after discussion with the respective industries liaison groups and regulators. SSD

[*Post meeting note: Revised Circulars were posted to the HKICPA website at <http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/technical-bulletins-circulars/>; Revised PN's were issued in [Member's Handbook Update 190](#) on 31 October 2016.]*

2770. Proposed FAQs on revised auditor's reporting

At the July meeting, the Committee discussed and provided comments on the proposed FAQs below:

- a) application of HKSA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*, and
- b) name of engagement partner included in the auditor's report for audits of complete sets of general purpose financials statements of listed entities.

For a), the Committee noted the application guidance from the UK which stated that the definition of listed entities did not include entities whose quoted or listed shares, stock or debt were in substance not freely transferable or cannot be traded freely by the public or the entity. The Committee considered that the HKICPA as the only standard setter in Hong Kong should clarify the application of HKSA 701 in local context.

SSD was requested to revise the FAQ based on the same principles from the UK and tailor for local circumstances. SSD was also requested to work closely with the relevant regulators on this matter. SSD

Regarding b), the Committee endorsed the revised FAQ, subject to an editorial comment. SSD

[*Post meeting note: The FAQ on the name of engagement partner was posted to the HKICPA website at http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/hksa-clarity-centre/FAQeng.pdf*

There being no further business, the meeting closed at 9:30 a.m.

ERIC TONG
CHAIRMAN

31 October 2016