



Auditing and Assurance Standards Committee
Meeting summary – October 2004

The Auditing and Assurance Standards Committee (Committee) met on 19 October 2004.

Members present at the meeting were: Carlson Tong (Chairman), Charles Chow (Deputy Chairman), Patrick Cheng, William Crowe, Paul Hebditch, Lucia Li, Man Mo Leung, Paul F. Winkelmann and Desmond Yuen.

Secretariat staff present at the meeting were: Stephen Chan, Elaine Chan and Steve Ong.

The following agenda items were discussed:

1. IAASB Pronouncements Convergence Project
2. Proposed guidance on acting as scrutineer at a general meeting of a listed issuer

1. IAASB Pronouncements Convergence Project

a. Proposed HKSA 300 “Planning an Audit of Financial Statements”

The Committee endorsed that the proposed HKSA be submitted to Council for approval for issue as a final Standard to be effective for audits of financial statements for periods beginning on or after 15 December 2004.

(Post meeting note: The proposed HKSA 300 was approved by Council at its November meeting for issue as a final Standard.)

b. Proposed Exposure Draft of 21 Proposed Hong Kong Standards on Auditing and Review Engagements

The Committee agreed that members of the Committee who had previously assisted the mapping exercise should assist further by checking the completeness and accuracy of the key new requirements and guidance introduced by the 20 proposed replacement Standards on Auditing and preparing the key messages that should be brought out in applying the proposed replacement Standards on Auditing.

The Committee further agreed that a note should be included in the Exposure Draft indicating the Committee’s intention to issue an invitation to comment on the ED of proposed revised ISA 800 “The Auditor’s Report on Special Purpose Audit Engagements” once it is released by the IAASB.

(Post meeting note: The proposed Exposure Draft was approved by Council at its November meeting after its endorsement by the Committee by circulation.)

c. FASC’s referral on audit reports

The Committee confirmed that, given that the IAASB was revising ISA 700, the FASC’s referral regarding amending the wording of the example audit reports in SAS 600 by replacing the term “accounting principles generally accepted in Hong Kong” with “Hong Kong Financial Reporting Standards” should continue to be put on hold until the IAASB had concluded the revision of ISA 700.

2. Proposed guidance on acting as scrutineer at a general meeting of a listed issuer

The Committee considered the draft proposed guidance prepared by the secretariat based on the internal guidance developed by a member firm and agreed on some editorial changes and requested the secretariat to follow up on certain drafting issues before finalizing the draft guidance.

The Committee also agreed that it would be appropriate to include a note in the example engagement letter reminding practising members that they may consider it appropriate to include a limitation of liability clause in their engagement letters in accordance with their firm's risk management policies. It was also agreed that this matter should be brought to the attention of the Professional Risk Management Committee.

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