



**Minutes of the 401<sup>st</sup> Meeting of the Auditing and Assurance Standards Committee**

- Date: Tuesday, 21 June 2022 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 (and via videoconference)
- Present: Mr. Paul Hebditch (Chairman)  
Mr. Derek Broadley (Deputy Chairman) (dial-in)  
Mr. Ivan Au (dial-in)  
Mr. Ivan Chan (dial-in)  
Mr. Edmond Chan (dial-in)  
Prof. Koon-Hung Chan (dial-in)  
Mr. Tony Ching (dial-in)  
Ms. Angela Choi (dial-in)  
Mr. Louis Lau (dial-in)  
Ms. Susanna Lau (dial-in)  
Mss. Basilia Wong (dial-in)  
Mr. Thomas Wong (dial-in)  
Mr. William Wong (dial-in)
- In attendance: Ms. Cecilia Kwei, Director, Standard Setting  
Ms. Selene Ho, Deputy Director, Standard Setting  
Ms. Grace Lau, Associate Director, Standard Setting  
Ms. Cherry Yau, Senior Manager, Standard Setting  
Ms. Phoebe To, Manager, Standard Setting
- Observer: Ms. Tracy Chan, Financial Reporting Council (dial-in)

**3068. Minutes of the 400<sup>th</sup> meeting**

The Committee approved the minutes of the 400<sup>th</sup> meeting.

**3069. Work plan status report and update from working groups**

The Committee considered the report and noted the progress of various projects.

**3070. Proposed nomination to the Risk-based Capital ("RBC") Reporting Task Force**

The Committee considered the expertise and experience of the new member of the RBC Reporting Task Force and agreed that the proposed nomination was appropriate.

Action

3071. **Endorsement on the issuance of HKSA 600 (Revised), Special Considerations–Audits of Group Financial Statements (Including the Work of Component Auditors) (“HKSA 600 (Revised)”)**

The Committee noted SSD had converged the IAASB’s ISA 600 (Revised) for local adoption and incorporated local guidance specific to Hong Kong circumstances in Appendices 1 and 4 to HKSA 600 (Revised) (e.g. requirements to comply with the Companies Ordinance).

The Committee members provided comments on the following:

- Assumption of responsibility for, and accordingly make reference to, the audit of a component auditor in the auditor’s report on the group financial statements

SSD clarified that in accordance with HKSA 600 (Revised), the auditor’s report on the group financial statements shall not refer to a component auditor, unless required by law or regulation to include such reference. If such reference is required by law or regulation, the auditor’s report shall indicate that the reference does not diminish the group engagement partner’s or the group engagement partner’s firm’s responsibility for the group audit opinion. The group engagement partner remains ultimately responsible, and therefore accountable, for compliance with the requirements of HKSA 600 (Revised).

- Different ethical requirements of the group and component auditors

SSD clarified that when performing work by a component for a group audit engagement, the component auditor is subject to the ethical requirements that are relevant to the group audit engagement (for example: HKICPA’s *Code of Ethics for Professional Accountants*; IESBA’s *International Code of Ethics for Professional Accountants*). The group engagement partner shall take responsibility for:

- (a) Component auditors having been made aware of relevant ethical requirements that are applicable given the nature and circumstances of the group audit engagement; and
- (b) Confirming whether the component auditors understand and will comply with the relevant ethical requirements, including those related to independence, that apply to the group audit engagement.

SSD reported that it would arrange appropriate training (e.g. webinar) on the revised standard in due course to facilitate member’s understanding and the application of the new and revised requirements.

The Committee considered the proposed HKSA 600 (Revised) and it was endorsed for issuance.

*[Post meeting note: HKSA 600 (Revised) was issued on 4 July 2022 in Members’ Handbook Update No. 275 and is available at: <https://www.hkicpa.org.hk/en/Standards-and->*

[regulation/Standards/Members-Handbook-and-Due-Process/HandBook/Updates/Update-No-275.](#)

**3072. Approval for the exposure draft of Circular on Reporting for Certification of Funds under Schedule 16D to the Inland Revenue Ordinance (Cap. 112) (the “Circular”)**

The Committee noted that:

- SSD had conducted cross-meetings with the Hong Kong Monetary Authority (“HKMA”) and the Inland Revenue Department (“IRD”) during the course of developing the Circular.
- It was determined that the Circular and the illustrative agreed-upon procedures on Appendix 1 to the Circular (“illustrative procedures”) would be for HKMA’s certification of funds purposes only under Schedule 16D to the Inland Revenue Ordinance. Funds which had been certified by the HKMA would be subject to further assessment by the IRD on the eligibility of being granted for a tax concession for carried interest.
- SSD would clarify with the HKMA for the sample selection requirement as set out in the HKMA’s guideline to assess if any revision to the illustrative procedures is necessary.

The Committee considered the above and approved to issue the exposure draft of the Circular for a one-month consultation period.

*[Post meeting note: SSD clarified with HKMA on the above-mentioned sample selection requirement. HKMA revised its reporting requirements of the engagement and required additional procedures from practitioners. Following HKMA’s revised requirements, SSD updated and circulated the proposed Circular to the Investment Funds Regulatory Advisory Panel for comment and circulated it to the Committee for approval on 5 July 2022.]*

**3073. Any other business**

The Committee noted that the next meeting would be held on 19 July and was requested to suggest any agenda items by 28 June.

There being no further business, the meeting closed at 9:00 a.m.

PAUL HEBDITCH  
CHAIRMAN

12 July 2022