

Minutes of the 424th Meeting of the Auditing and Assurance Standards Committee

- Date: Tuesday, 25 March 2025 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) (dial-in)
 Mr. Louis Lau (Deputy Chairman) (dial-in)
 Mr. Ivan Au (dial-in)
 Mr. Ivan Chan (dial-in)
 Prof. Koon-Hung Chan (dial-in)
 Ms. Elaine Chang (dial-in)
 Mr. Tony Ching (dial-in)
 Ms. Caroline Chiu (dial-in)
 Mr. Deric Chiu (dial-in)
 Mr. Tony Leung (dial-in)
 Mr. Charbon Lo (dial-in)
 Ms. Joan Ng (dial-in)
 Mr. William Wong (dial-in)
 Ms. Winnie Yau (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, Associate Director, Standard Setting
 Ms. Phoebe To, Manager, Standard Setting
- Observer: Ms. Lily Rui, Accounting and Financial Reporting Council
 Ms. Kristin Ko, Accounting and Financial Reporting Council

Action

3259. Minutes of the 423rd meeting

The Committee approved the minutes of the 423rd meeting.

3260. Work plan status report and update from working groups

The Committee considered the report and noted the progress of various projects. In response to a member's enquiry, SSD replied that the current project on virtual assets reporting solely focuses on reporting under the proposed regulatory regime for stablecoin issuers. Request for new guidance other than the stated regime would need to follow the due process for accepting new project according to the Standard Operating Procedure.

3261. IAASB's Request for Information

The Committee considered the proposed responses to the IAASB's Request

for Information (“RFI”) and approved for submission, subject to include in the RFI, (i) the guidance for reporting by practitioners on the proposed regulatory regime for stablecoin issuers; (ii) technology-related consideration when impracticable to perform physical inventory count; (iii) the needs for additional guidance for evaluating the reliability and accuracy of the technological tools assisting in statistical sampling; and (iv) editorial amendments.

[Post meeting note: The revised RFI was submitted to the IAASB on 9 April.]

3262. Proposed comment letter to the IAASB’s post-exposure consultation on its listed and public interest entities project

The local consultation period for the post-exposure consultation closed on 10 March. The Committee reviewed the comments from stakeholders and considered the proposed comment letter for submission to the IAASB. The Committee approved the comment letter for submission.

[Post meeting note: The comment letter was submitted to the IAASB on 26 March 2025 and is available [here](#).]

3263. Termination of the local project regarding HKSA 505, External Confirmations

The Committee noted that the general guidance on receiving bank confirmation by email was provided in Alert 48 issued in December 2023. Considering that the challenges related to the use of technology for bank confirmations (e.g. specific audit procedures regarding TLS encryption) have been communicated to the IAASB for its ISA 505 modernization project, SSD proposed and the Committee agreed not to issue a new alert and terminate the local project to update HKSA 505.

3264. Hong Kong Standard on Auditing for Audits of Financial Statements of Less Complex Entities (“HKSA for LCE”) and FAQs

The Committee noted and approved changes made to the HKSA for LCE and the accompanying Basis for Conclusions, which incorporate the Committee’s comments from the last meeting and align with the final pronouncement of HKSA 700 (Revised) regarding local mandatory disclosure requirements for the auditor’s name and practicing certificate number in the auditor’s report. The final standard and the accompanying Basis for Conclusions will be released after obtaining the copyright clearance from the International Federation of Accountants.

The Committee also considered the proposed FAQ which addresses local issues relating to the implementation of the HKSA for LCE. Following the review, the Committee approved the FAQ subject to incorporating editorial changes discussed at the meeting.

Without impacting the publication timeline of the final standard, SSD has been requested to further consider whether there is a need to develop local guidance on illustrative modified auditor’s report in the context of local legislation.

3265. Any other business

The next meeting will be held on 30 April and the Committee was requested to suggest any agenda items by 7 April.

There being no further business, the meeting closed at 9:35 a.m.

PAUL HEBDITCH
CHAIRMAN

23 April 2025