

December 2015

Chief Executive Officer's Message

行政總裁的話



Mark Dickens Chief Executive Officer | 狄勤思 行政總裁

The task of promoting high quality financial reporting in Hong Kong on the one hand, and effective auditor oversight on the other, has continued to be the main focus of the FRC in the second half of the year. Investigations play an important part in achieving these goals. Between July and November the FRC completed four investigations, and passed the investigation reports to the Hong Kong Institute of Certified Public Accountants (HKICPA) to determine whether any disciplinary action is warranted. A summary and analysis of each case can be found in this edition of eNews.

In December, FRC representatives attended an important international event on auditor regulatory issues: the US Public Company Accounting Oversight Board's 2015 International Auditor Regulatory Institute. This annual event is a valuable opportunity for FRC colleagues to interact with representatives from other auditor oversight bodies and government agencies. It has proved beneficial in introducing new approaches to improving audit quality, and sharing best practices in auditor regulation.

Our annual financial reporting forum was held once again in November, jointly hosted by the FRC, the HKICPA and Hong Kong Exchanges and Clearing Limited. The FRC's deputy CEO, Ms Wincey Lam, spoke at the forum about the most commonly observed examples over the past year of auditing irregularities and non-compliance with accounting requirements. Her account serves as a timely reminder for those who prepare financial statements to carefully observe all relevant standards and regulations in the preparation process.

財務匯報局下半年的工作重點是繼續在香港提倡高質素財務匯報以及有效的核數師監管，其中調查工作對本局達到上述目標，擔當重要角色。財務匯報局於7月至11月共完成四宗調查，並將調查報告轉交香港會計師公會，以考慮是否作出紀律處分。完成個案的概要及分析刊載於本期電子簡訊。

財務匯報局於12月派員參加美國上市公司會計監督委員會於舉辦的2015年國際核數師監管研討會。這個年度研討會為財務匯報局提供寶貴機會，與其他核數師監管團體及政府機構進行交流，對本局引進新方法以提升審計質素以及分享核數師監管最佳做法而言非常有用。

財務匯報局、香港會計師公會及香港交易及結算所有限公司於11月聯合舉辦年度財務匯報論壇，本局副行政總裁林穎志女士於論壇上發表於過去一年觀察到的常見審計不當行為及不遵從會計規定事宜，藉此提醒財務報表編製者在編製財務報表的過程中，應謹慎留意所有相關準則及規則。

Engagement with stakeholders is vital for the FRC's success. To this end, we are redesigning our website to enhance its functionality and provide more comprehensive information. I believe the new website will also help us better promote the importance of quality financial reporting and effective auditor regulation in Hong Kong, and clarify the changing functions of the FRC as it expands its role as an independent auditor regulator. We will also use the website to keep stakeholders updated about our ongoing active participation in the process of listed entity auditor regulatory reform, which will involve us engaging in dialogue with all relevant parties and remaining fully abreast of regulatory developments on the international scene.

After a year of ceaseless activity, the arrival of the holiday season is always most welcome. I would like to wish all readers the warmest of season's greetings and a most happy and prosperous year to come. This is the last time I will have the chance to offer these seasonal best wishes, because next March I will be stepping down as CEO of the FRC. I have truly enjoyed being so closely involved in the development of the FRC, and witnessing it develop into a respected and valued independent regulator for Hong Kong. I am very grateful for the cooperation and encouragement I have received from the FRC, Council members and staff, the Financial Services and Treasury Bureau, other counterparts and members of the accounting and auditing profession in Hong Kong over recent years. Thank you all.

Mark Dickens
Chief Executive Officer

財務匯報局認同持份者的參與對財務匯報局的成功十分重要。有見及此，我們現正重新設計網站，以改進功能及向公眾提供更多的資料。我相信新網站將有助本局在香港推廣高質素財務匯報及有效核數師監管的重要性，以及於本局擴充職能成為獨立核數師監管機構時，清晰說明本局的職能轉變。我們亦將善用網站平台，向持份者提供有關本局正在積極參與的核數師監管制度改革過程的進程，其中包括本局與各有關方的溝通，以及最新的國際監管發展。

經過一年努力不懈的工作後，又來到受歡迎的佳節。我祝願各位讀者有一個溫暖的節日，迎接愉快及豐盛的新一年。由於明年三月我將離任本局行政總裁一職，這是最後一次向大家送上節日祝福。我非常高興能夠緊密參與財務匯報局的發展，見證其發展成為在香港備受尊重和重視的獨立監管機構。我在此感謝財務匯報局、本局成員及員工、財經事務及庫務局、其他同業及香港會計和審計專業多年來的合作及鼓勵。謝謝各位。

狄勤思
行政總裁

Investigations completed (Jul-Nov) 已完成的調查 (7月至11月)

Evaluation on management's assessment of the entity's ability to continue as a going concern and recognition of deferred tax liabilities

判斷管理層對企業持續經營能力所作的評估及遞延稅項負債的確認

Background

The relevant financial statements disclosed that there existed a material uncertainty relating to events or conditions that, individually or collectively, might cast significant doubt on the listed entity's ability to continue as a going concern. The management concluded that the use of the going concern assumption in preparing the relevant financial statements was still appropriate, the validity of which depended upon the financial support from the substantial shareholders.

The listed entity did not recognize deferred tax liabilities on taxable temporary differences arising from the fair value adjustments of the intangible assets acquired in a business combination.

The auditor expressed an unmodified auditor's opinion on the relevant financial statements.

背景

有關財務報表披露存在事項或情況的重大不確定性，單獨或滙總起來可能對上市實體的持續經營能力構成重大疑問。管理層總結，於編製有關財務報表時使用持續經營能力作為假設仍然恰當，而其有效性視乎主要股東能否提供財政支持而定。

上市實體沒有就調整業務合併的無形資產之公允價值所產生的應課稅暫時性差異確認遞延稅項負債。

核數師對有關財務報表發表無保留審計意見。

Issues

Whether the auditor had properly evaluated the management's assessment of the entity's ability to continue as a going concern and the recognition of deferred tax liabilities relating to temporary differences arising from the fair value adjustment of the intangible assets acquired in the business combination.

Analysis

The AIB found that the auditor failed to:

- (a) obtain sufficient appropriate audit evidence to properly evaluate the management's assessment of the listed entity's ability to continue as a going concern, in particular, confirming the existence of the arrangement to provide financial support by certain substantial shareholders and assessing the financial ability of such parties to provide additional funds;
- (b) request written representations from the management regarding their plans for future action and the feasibility of those plans relating to going concern;
- (c) include an emphasis of matter paragraph in the auditor's report to highlight the existence of a material uncertainty relating to the event or condition that might cast significant doubt on the listed entity's ability to continue as a going concern; and
- (d) identify the above non-compliance with accounting requirements relating to the business combination and form an appropriate opinion on whether the relevant financial statements were prepared, in all material respects, in accordance with the applicable financial reporting framework.

The AIB also found that the engagement director failed to maintain professional knowledge and skill at the level required and failed to act diligently.

Conclusion

There were auditing irregularities and the investigation report has been referred to the HKICPA for follow-up.

Reminders

The auditor should:

- (a) perform additional audit procedures when events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern, including confirming the existence, legality and enforceability of arrangements to provide or maintain financial support with related and third parties, assessing the financial ability of such parties to provide additional funds and requesting written representations from management and, where appropriate, those charged with governance, regarding their plans for future action and the feasibility of these plans; and

問題

核數師有否恰當地判斷，管理層對上市實體持續經營能力所作的評估，以及有否就調整業務合併的無形資產之公允價值所產生的應課稅暫時性差異確認遞延稅項負債。

分析

審計調查委員會發現核數師沒有：

- (a) 取得充分及適當的審計證據，以恰當地判斷管理層對上市實體持續經營能力所作的評估，特別是確認若干主要股東有否提供財政支持，以及評估該等人士是否有足夠財政能力提供額外資金；
- (b) 要求管理層就有關上市實體持續經營的未來應對計劃及計劃的可行性提供書面聲明；
- (c) 在核數師報告中包含強調事項段，以強調可能導致對上市實體持續經營能力產生重大疑慮的事項或情況存在重大不確定性的事實；及
- (d) 識別上述有關業務合併的不遵從會計規定的事宜，以及對有關財務報表的編製是否在各重大方面已遵從適用財務報告框架，發表適當審計意見。

審計調查委員會亦發現，審計項目總監沒有保持所需的專業知識和技術，以及沒有盡職地執行審計工作。

結論

由於有審計不當行為，我們已將調查報告轉交香港會計師公會跟進。

提醒

核數師應：

- (a) 於識別可導致上市實體持續經營能力產生重大疑慮的事項或情況時，執行額外審計程序，包括與關聯方及第三方確認提供或維持財政支持的存在性、合法性及執行性，評估該等人士提供額外資金的財政能力，以及要求管理層和企業管治的人士（如適用）就未來應對計劃及計劃可行性提供書面聲明；及

(b) critically evaluate whether the management of the listed entity had appropriately recognized deferred tax on taxable temporary differences arising from fair value adjustments of assets acquired in a business combination in accordance with the requirements of the applicable financial reporting framework.

(b) 嚴格評估公司管理層有否根據適用財務報告框架，對由調整業務合併的資產公允價值所產生的應課稅暫時性差異，確認遞延稅項負債。

Multiple auditing irregularities 多項審計不當行為

Background

The listed entity made certain restatements to correct the misstatements in relation to the acquisition of subsidiaries, impairment of goodwill, customer loyalty programme, leasehold improvements, and provisions for social insurance and contingent rental in its consolidated financial statements for the year ended 31 December 2010. These misstatements were not correctly accounted for in its consolidated financial statements for the years ended 31 December 2008 (the 2008 Financial Statements) and 31 December 2009 (the 2009 Financial Statements).

背景

上市實體於截至2010年12月31日止年度的綜合財務報表作出若干重述，更正有關收購子公司、商譽減值、客戶忠誠度計劃、租賃物業裝修、社會保險撥備及或有租金撥備的誤差。這些誤差並沒有正確計入截至2008年12月31日止年度的綜合財務報表（2008年財務報表）及截至2009年12月31日止年度的綜合財務報表（2009年財務報表）。

Issues

- (a) Whether the auditor had obtained sufficient appropriate audit evidence to support the recognition and/or measurement of the abovementioned transactions and balances in the 2008 Financial Statements and/or the 2009 Financial Statements.
- (b) Whether the engagement quality control reviews for the audits of the 2008 Financial Statements and the 2009 Financial Statements had been properly performed.

問題

- (a) 核數師有否取得足夠及適當的審計證據，以支持於2008年財務報表及/或2009年財務報表所示的上述交易及結餘之確認及/或計量。
- (b) 核數師有否有對2008年財務報表及2009年財務報表的審計妥善執行審計項目質量控制覆核工作。

Analysis

- (a) The investigation revealed that the auditor failed to:
- (i) obtain sufficient appropriate audit evidence to support the recognition and/or measurement of the above mentioned transactions and balances;
 - (ii) perform audit procedures to support that the work of a valuation expert was adequate for the audit;
 - (iii) prepare sufficient audit documentation that enabled an experienced auditor, having no previous connection with the audit, to understand the results of the audit procedures performed, the audit evidence obtained and the conclusion reached;
 - (iv) obtain sufficient audit evidence to support the fair value measurement and the reasonableness of the accounting estimates;

分析

- (a) 調查發現核數師沒有：
- (i) 取得足夠及適當的審計證據，以支持上述交易及結餘的確認及/或計量；
 - (ii) 執行審計程序，以支持由估值專家進行的工作足以用作審計用途；
 - (iii) 編製充分的審計記錄，讓一位未曾接觸該項審計工作的有經驗核數師了解已執行審計程序的結果、已取得的審計證據和所取得的結論；
 - (iv) 取得足夠審計證據，以支持公允價值計量及會計估計的合理性；

- (v) assess whether the aggregate uncorrected misstatements should be adjusted;
- (vi) develop expectations in the substantive analytical procedures performed, which were sufficiently precise to identify a material misstatement at the desired level of assurance; and
- (vii) modify their audit opinion on the relevant financial statements.
- (b) The investigation also revealed that no engagement quality control reviewer was appointed and no engagement quality control reviews were performed for the audits. The roles of the two senior engagement team members in the audits were unclear. As they were both heavily involved, they were both responsible for the audits.

Conclusion

There were auditing irregularities and the report has been referred to the HKICPA for follow-up.

Reminders

Auditors should maintain their professional knowledge and skill at the level required and act diligently during the course of the audits.

The roles of the key engagement team members should be clearly stated in the audit documentation. An engagement partner should appoint an engagement quality control reviewer for each audit.

- (v) 評估應否調整累計未更正誤差；
- (vi) 執行實質性分析程序時充分準確地作出達到保證水平的預期，以識別重大誤差；及
- (vii) 於有關財務報表出具有保留審計意見。

- (b) 調查亦發現，核數師沒有委任審計項目質量控制覆核人員，以及沒有執行審計項目質量控制覆核工作。項目組內兩名高級組員的角色並不清晰，由於他們均高度參與審計工作，因此需要為審計負責。

結論

由於有審計不當行為，我們已將調查報告轉交香港會計師公會跟進。

提醒

核數師應保持所需水平的專業知識和技術，以及盡職地執行審計工作。

核數師應於審計記錄列明主要審計項目組員的角色，而審計項目合夥人應為每宗審計工作委任審計質量控制覆核人員。

Using the work of the management's expert 使用管理層專家的工作

Background

The listed entity engaged a valuation expert to assist in determining the recoverable amounts of the interests in a jointly controlled entity and an associate at the end of each reporting period for the purpose of impairment assessment. The listed entity recognized impairment loss or reversed previously recognized impairment loss relating to the investments in the relevant financial statements. The auditor used the work of the management's expert in the relevant audits.

Issues

Whether the auditor had obtained sufficient appropriate evidence on the work of the management's expert in the audit of the interest in the jointly controlled entity and the associate.

背景

上市實體聘用估價專家協助釐定上市實體於各個報告期末於合營企業和聯營公司所持權益的可收回金額，以進行減值評估。上市實體於有關財務報表就有關投資確認減值損失或轉回之前已確認減值損失。核數師使用管理層專家的工作進行有關審計。

問題

核數師對上市實體於合營企業和聯營公司所持的權益進行審計時，有否就管理層專家的工作獲取充分和適當審計證據。

Analysis

The investigation revealed that the auditor failed to exercise sufficient professional skepticism and obtain sufficient appropriate audit evidence in:

- (a) evaluating the reasonableness of certain significant assumptions used in the work of the management's expert for the valuations of the interests in the jointly controlled entity and the associate;
- (b) evaluating the appropriateness of the use of that expert's work as audit evidence; and
- (c) assessing whether any safeguards were imposed by the listed entity to reduce possible threats to the objectivity of the in-house expert in preparing the forecasts and projections.

The AIB found that the engagement quality control reviewers failed to identify the above audit deficiencies and perform proper engagement quality control reviews.

The AIB also found that the engagement director failed to act diligently according to the applicable technical and professional standards when providing professional services in the relevant audits.

Conclusion

There were auditing irregularities and the investigation report has been referred to the HKICPA for follow-up.

Reminder

The auditor should critically review the reasonableness of the assumptions used by the management's expert and evaluate the appropriateness of the work of the management's expert as audit evidence. The auditor should determine whether to use the work of an auditor's expert as appropriate.

分析

調查發現核數師於下列事項沒有秉持充分的專業懷疑態度，以及沒有獲取充分和適當審計證據：

- (a) 評核管理層專家於釐定有關上市實體於合營企業權益及聯營公司所持的權益估值所使用的若干重大假設的合理性；
- (b) 評核利用該專家工作作為審計證據的適用性；及
- (c) 判斷上市實體有否實施保障措施，以減低可能於採納內部專家擬備預測及預計對客觀性方面的風險。

調查委員會發現，審計質量控制覆核人員未能發現上述審計缺失事宜，也沒有妥善執行審計項目質量控制覆核工作。

調查委員會亦發現，審計項目總監提供有關審計的專業服務時，沒有遵照適用專業和技術準則。

結論

由於有審計不當行為，我們已將調查報告轉交香港會計師公會跟進。

提醒

核數師於使用管理層專家工作時，應仔細審閱其所用假設的合理性，以及評估管理層專家的工作作為審計證據的適當性。核數師應考慮是否需要聘用另一專家審閱管理層專家的工作。

Initial measurement of financial assets acquired and consideration given 收購金融資產及支付代價的初始計量

Background

The company issued convertible notes to acquire an equity investment and to pay a deposit for acquiring further equity interest in the equity investment. Both the equity investment and the deposit payment were initially measured at the principal amounts of the convertible notes.

Issues

Whether the auditor had performed procedures to obtain sufficient appropriate audit evidence on the initial measurement of the financial asset acquired, the deposit payment made and the convertible notes issued according to the applicable auditing standards.

背景

公司以發行可換股票據取得一項股權投資和支付進一步取得股權投資的按金，並按照發行可換股票據的本金作為對股權投資和按金的初始計量。

問題

核數師有否根據適用審計準則，就取得金融資產、支付按金及發行可換股票據的初始計量，執行審計程序以獲取充分適當的審計證據。

Analysis

The equity investment and the deposit payment should be initially measured at the fair values of the convertible notes. Measuring the equity investment and the deposit payment at the principal amounts of the convertible notes was an accounting non-compliance, unless the principal amounts and the acquisition-date fair values of the convertible notes are the same.

The investigation revealed that the auditor failed to perform or sufficiently perform procedures to obtain sufficient appropriate audit evidence on the initial measurement of the financial assets acquired, the deposit payment made and the convertible notes issued according to the relevant auditing standards.

The engagement quality control reviewer did not properly perform the engagement quality control review as he failed to identify the above deficiencies during his review of the audit working papers.

Both the engagement partner and the engagement quality control reviewer failed to act diligently according to the applicable technical and professional standards when providing professional services in the audit.

Decision

There were auditing irregularities and the report has been referred to the HKICPA for follow-up.

Reminders

Auditors should critically evaluate whether the management of the company had appropriately applied the requirements of the applicable financial reporting standards regarding financial instruments.

分析

以發行可換股票據取得的股權投資及支付按金，應當按照發行可換股票據的公允價值作為初始計量。除非可換股票據的本金與其發行日的公允價值相同，以可換股票據的本金作為股權投資及支付按金的初始計量，是不遵從會計規定事宜。

調查顯示，核數師沒有根據相關審計準則，就取得金融資產、支付按金及發行可換股票據的初始計量，執行或充分執行審計程序，以獲取充分適當的審計證據。

審計質量控制覆核人員未能於執行審計工作底稿覆核工作時，發現上述審計不足事宜，因此該覆核人員沒有妥善執行審計項目覆核工作。

審計項目合伙人及審計質量控制覆核人員於提供審計專業服務時，沒有根據適用技術及專業準則盡職地執行工作。

結論

由於有審計不當行為，本局已將調查報告轉交香港會計師公會跟進。

提醒

核數師應審慎地評價公司管理層有否適當地應用與金融工具相關的財務報告準則。

Inconsistency and ambiguity in auditor's report 核數師報告的不一致及含糊之處

Issues

The auditor of the company expressed a qualified opinion on the relevant financial statements. However, the matters giving rise to the qualified opinion were described under the heading of "Basis for Disclaimer Opinion".

Analysis

The auditor explained that the matters giving rise to the qualified opinion were material, but not pervasive, to the relevant financial statements, therefore they expressed a qualified opinion in accordance with HKSA 705. It was due to "*inadvertent typographical error*" that the heading

問題

公司核數師對有關財務報表發表保留審計意見，但將導致所發表意見的原因載列於標題為「不發表意見基準」分段。

分析

核數師解釋有關保留意見的事項對有關財務報表而言重大但不會構成廣泛影響，因此核數師根據《香港核數準則第705號》的規定，出具保留審計意見。由於不慎出現「手民之誤」，核數師報

“Basis for Disclaimer Opinion” was used, instead of “Basis for Qualified Opinion”, in the audit report.

Decision

We wrote to the auditor to highlight the inconsistency and ambiguity as noted in the auditor’s report of the relevant financial statements and reminded them to act diligently in future drafting of audit reports.

告錯誤使用「不發表意見基準」而非「保留意見基準」為標題。

決策

本局向該核數師發出意見函，指出其於有關財務報表中核數師報告的不一致及含糊之處，提醒核數師日後須盡職地編製核數師報告。

Key Operations Statistics 主要運作統計數字

	Jan - Nov 2015 2015年1月至11月	Jan - Nov 2014 2014年1月至11月
Pursuable complaints received 接獲可跟進的投訴	39	31
Modified auditors’ reports screened 已檢閱的非無保留意見核數師報告	170	170
Investigations completed 完成調查的個案	9	4
Enquiries completed 完成查訊的個案	0	1

Note : detailed operations statistics are available in the “[Operations Statistics](#)” section of our website.

附註：詳細的主要運作數據載於我們的網站「[運作統計數字](#)」一節。

Contact Us 聯絡我們



If you have any enquiries or comments, please feel free to contact us.
如有任何查詢或意見，歡迎與我們聯絡。

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