



APPROACHING
A NEW ERA
邁 向 新 紀 元

THE ROLE OF THE FRC 財務匯報局的職責

To conduct independent investigations into possible auditing or reporting irregularities by auditors of listed entities

就上市實體的核數師可能在審計或匯報方面的不當行為展開獨立調查

To enquire into possible non-compliance with accounting requirements by listed entities

就上市實體可能沒有遵從會計規定的事宜展開查訊

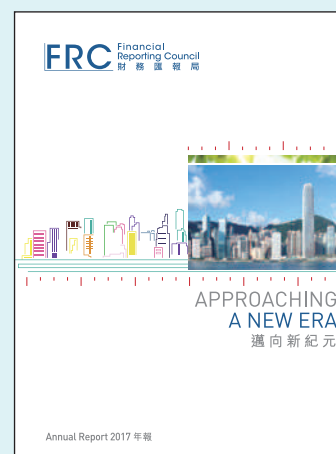
Approaching a new era 邁向新紀元

In order to be recognised globally as a major international financial centre, it is crucial for Hong Kong to have an independent auditor regulatory regime that is consistent with international best practice and in line with other major capital markets worldwide. We welcome the introduction of the amendment bill.

We strongly believe that the introduction of the bill is in the best interest of Hong Kong as well as the investing public. The FRC is ready to tackle any additional challenge that may arise in the new era of being the independent fully-fledged auditor regulator for Hong Kong.

一個符合國際最佳範例並與全球其他主要資本市場一致的獨立核數師監管制度對香港作為被全球認可的主要國際金融中心至為重要。我們歡迎提呈修訂條例草案。

我們堅信，提呈此項草案是符合香港和投資大眾的最佳利益。財務匯報局已準備就緒，成為香港全面的獨立核數師監管機構，應付在新紀元中可能出現的額外挑戰。

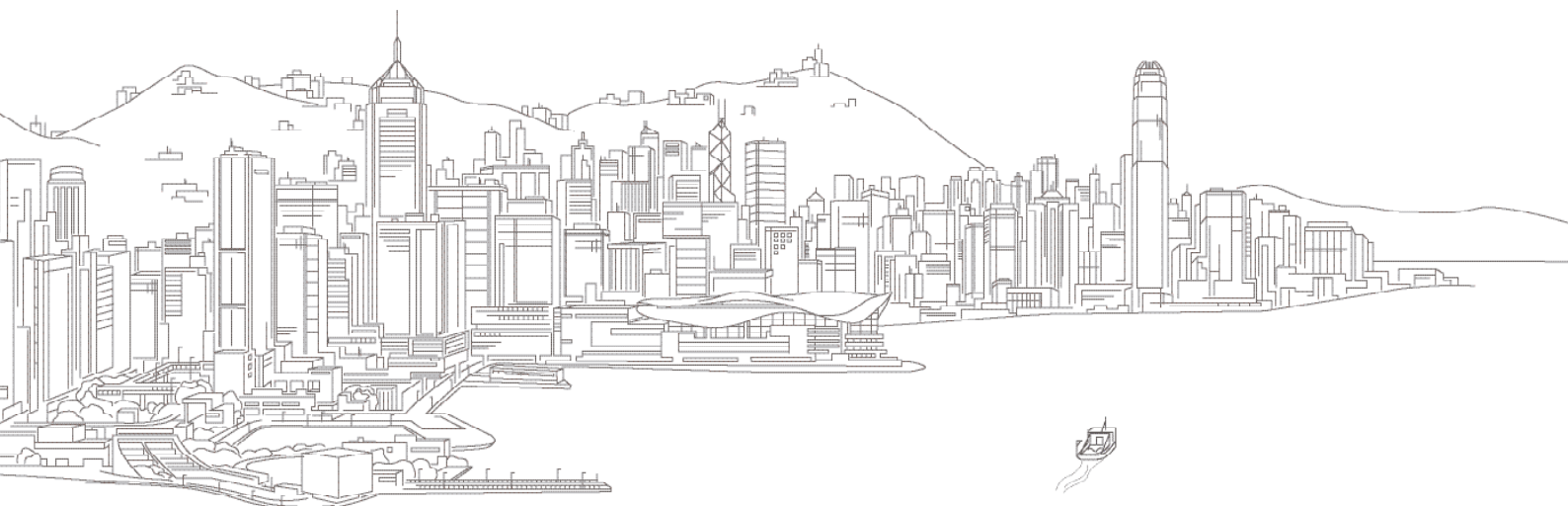




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CHAIRMAN'S STATEMENT

主席報告



Currently, 45 jurisdictions around the world are recognised by the EC as having regulatory equivalence, and their independent regulatory bodies are also members of IFIAR. Such dual recognition has become the international norm and if such dual recognition can be achieved by Hong Kong, the city's status and reputation as a major international financial centre will certainly be enhanced.

現時，全球有45個司法權區取得歐洲委員會監管等效資格，其獨立監管機構亦是IFIAR的成員。取得這雙重認可已成為國際規範。若香港取得雙重認可，其作為一個主要國際金融中心的地位及聲譽將會得到提升。



Dr John Poon, BBS, JP *Chairman*
潘祖明博士，銅紫荊星章，太平紳士 主席

The year 2017 was another significant milestone for the FRC. Our work over the last ten years has created a solid foundation from which to take on additional professional responsibilities in the sphere of auditor oversight. With the introduction of the Financial Reporting Council (Amendment) Bill 2018, we are indeed entering a new era. It is my great privilege to be the FRC's Chairman at this momentous time, and have the honour of leading the FRC as it transforms into Hong Kong's fully-fledged independent auditor regulator of auditors of listed entities.

2017年是財務匯報局另一個重要里程碑。我們過去10年的工作奠定了結實的根基，以承擔核數師監管範疇的新專業職責。隨着政府提呈2018年財務匯報局(修訂)條例草案，我們確實將邁向新紀元。我非常榮幸，在這重要的時刻以財務匯報局主席的身分，帶領財務匯報局轉型成為香港上市實體核數師的全面獨立監管機構。



10th Anniversary Cocktail Reception of the FRC.
財務匯報局十周年雞尾酒會。



Auditor Regulatory Reform

The FRC has been advocating auditor regulatory reform since the beginning of this decade. Our belief has always been that such reform is in the best interests of the investing public, and that it would bring Hong Kong's auditor regulatory regime up to date with international norms. Other auditor regulatory regimes around the world have migrated successfully from "self-regulation" to "independent oversight" as a result of legislative changes, which has enhanced audit quality and investor protection internationally.

Over the years, Hong Kong's capital market has grown very significantly. The number of listed entities is now approaching 2,200, and market capitalisation has risen to over HK\$30 trillion. Nevertheless, recent studies suggest that, to compete with its international rivals, Hong Kong needs to continue to attract new listings, for example by introducing more diverse types of business and company structures. In embracing this inevitable market evolution, Hong Kong must also meet the expectations of the global investing public. This means it must have an independent and robust oversight regime for auditors of listed entities in Hong Kong.

On the basis of our Update on Independent Audit Oversight Report, published in 2016, we believe that the Amendment Bill when passed will enable the FRC to become a member of the International Forum of Independent Audit Regulators (IFIAR). This is a forum, membership of which is open to relevant independent regulatory bodies such as the UK Financial Reporting Council and the US Public Company Accounting Oversight Board, that enables members to share their regulatory experience and inspection findings with other members from around the globe with an aim of enhancing audit quality. While IFIAR does not prescribe competency requirements for all aspects of the oversight responsibilities of its members, one of its Core Principles states that members must have stable funding that is sufficient for them to execute their responsibilities.

EC regulatory equivalence status is regarded internationally as an endorsement of the competence of an auditor regulator across core aspects of its oversight ambit, i.e. registration, inspection, investigation, discipline, standards on professional ethics and auditing, and continuing professional education. A total of 53 jurisdictions worldwide, including China, the UK and the US, currently meet the EC regulatory equivalence requirements. Obtaining EC regulatory equivalence status would lead to enhanced global confidence in Hong Kong's auditor regulatory regime, and facilitate cross-border investment.

核數師監管改革

財務匯報局多年來一直提倡核數師監管改革。我們一直認為這改革是符合大眾投資者的最佳利益，同時令香港的核數師監管制度能夠與國際標準看齊。世界各地的核數師監管制度透過立法修訂，已成功由「自我監管」改為「獨立監管」，從而提升了審計質量及對投資者的保障。

多年來，香港的資本市場發展非常迅速。香港現時約有近2,200家上市實體，總市值超過30萬億港元。然而，最近有諮詢文件指出，香港需要持續吸引更多公司來港上市，例如透過引入更多不同業務及公司架構，才能與國際對手競爭。面對這個不可逆轉的市場演變，香港亦需要符合國際投資者的期望，就香港上市實體核數師建立一套獨立及健全的監管制度。

根據我們於2016年發布的獨立審計監管更新報告，我們相信此條例草案獲通過後，將使財務匯報局可成為獨立審計監管機構國際論壇(IFIAR)的成員。IFIAR是一個論壇，其成員資格開放予獨立監管機構，例如英國財務匯報局和美國上市公司會計監督委員會。全球的成員可以互相分享及交流在監管方面的經驗及查察中的發現，從而提高審計質量。雖然IFIAR並沒有規定有關機構成員在監管方面能力上的要求，其核心原則之一說明成員必須有穩定的資金，足以履行其職責。

歐洲委員會的監管等效資格在國際上被視為對核數師監管機構在其核心監察範圍之能力的認可，監管範疇包括：註冊、查察、調查、紀律處分、專業道德及審計準則和持續專業進修。全球共有53個司法權區，包括中國、英國及美國，均已符合歐洲委員會的監管等效資格規定。若香港取得有關認可，將提升全球市場對香港核數師監管制度的信心，促進跨境投資。

The existing EC Directive requires that the governing body of an independent auditor regulator must be comprised solely of non-practitioners (i.e. persons who in the previous three years have not been involved in statutory audits or been employed by or associated with an audit firm). Such composition requirement, once embedded in legislation will ensure the governing body's independence from the audit profession and does not hinder the appointment of talent with accounting and auditing expertise to that body.

Currently, 45 jurisdictions around the world are recognised by the EC as having regulatory equivalence, and their independent regulatory bodies are also members of IFIAR. Such dual recognition has become the international norm and if such dual recognition can be achieved by Hong Kong, the city's status and reputation as a major international financial centre will certainly be enhanced.

A Decade of Achievements

The FRC handles all complaints and investigations with the same rigour and professionalism, regardless of the size of the audit firms or listed entities involved. All parties affected are accorded due process. Over the last decade, the FRC has diligently discharged its independent investigator role in the face of a marked increase in the volume and complexity of complaints. In this time we have processed over 400 complaints, completed almost 70 investigations and enquiries, and made numerous referrals to relevant regulatory bodies for follow-up. These have led to disciplinary actions against auditors in accordance with the Professional Accountants Ordinance, and the correction of non-compliance with accounting requirements by listed entities. All this has been achieved by a small group (currently numbering 14) of competent and dedicated professional staff, on a current annual budget of HK\$35 million. None of this would have been possible without the full commitment and unwavering support of our Council members and Honorary Advisors. Their in-depth knowledge and expertise in accounting and auditing, coupled with their business acumen, have enriched our deliberations on various matters and helped us handle a diverse range of day-to-day operational issues effectively.

Since its inception, the FRC has adhered closely to its core principles of independence and impartiality, accountability and transparency, integrity and proficiency. We welcome the proposals in the Bill as recognition of our independence from the audit profession and our competence in discharging our statutory duties in the public interest for over a decade. However, we will need to attract and recruit high calibre staff with relevant competencies in order to execute the new mandate in respect of inspection, discipline and oversight.

現時的歐洲委員會指令要求核數師監管機構的管治架構必須僅由非執業會計師(即在過去三年內沒有參與法定審計、受僱於會計師事務所或與其有關連之人士)組成。若該要求被納入法例，既能確保監管核數師的管治架構獨立於審計業界，亦不會阻礙具有會計和審計專業知識的人才的參與。

現時，全球有45個司法權區取得歐洲委員會監管等效資格，其獨立監管機構亦是IFIAR的成員。取得這雙重認可已成為國際規範。若香港取得雙重認可，其作為一個主要國際金融中心的地位及聲譽將會得到提升。

十年成就

財務匯報局一直以嚴謹及專業的態度處理所有投訴和調查個案，不論會計師事務所或上市實體的規模如何，我們都一視同仁，所有受影響人士都被給予合規程序的安排。過去十年，財務匯報局一直恪盡職守，履行獨立調查員的角色，處理日益增加及複雜的投訴個案。我們處理逾400宗投訴，完成近70宗調查和查訊，並向相關監管機構作出眾多轉介以作跟進。這些轉介導致涉事核數師按《專業會計師條例》被紀律處分，及上市實體就不遵從會計規定的事宜作出糾正。這些工作成就，有賴一群精簡，能幹及敬業的14人的專業團隊及現時3,500萬港元的年度預算資金。此外，財務匯報局成員及名譽顧問多年來的全程投入及堅定不移的支持，亦是關鍵所在。他們在會計和審計方面的豐富知識及經驗和商業觸角，使我們能更全面地審議各種事項，並有效地處理日常營運中不同的問題。

自成立以來，財務匯報局一直緊守獨立、公平公正、承擔、具高透明度、誠信及精湛才能的核心原則。我們歡迎修訂條例草案的建議。它對財務匯報局與審計業界的獨立性，以及我們十年來從公眾利益的角度履行法定職責的能力作出認可。然而，我們將需要吸引及招聘高質素及有相關能力的人員，以履行新的職責，包括查察、紀律處分及監察。



Regulatory Collaboration

The globalisation of financial markets and the increase in cross-border investment activities require greater levels of collaboration and mutual reliance among regulators, which is the international trend. We believe that achieving dual recognition (IFIAR and EC) will enable us to strengthen our roles of enforcement and cooperation, in particular by enabling us to enter into memoranda of understanding with independent auditor regulators globally.

In addition to participating in regular liaison meetings with other regulators in Hong Kong, the FRC has also established excellent relationships with independent auditor regulators in the ASEAN region.

The FRC has held constructive discussions with the Ministry of Finance (MOF) and the China Securities Regulatory Commission in the Mainland. We are actively working on the development of a comprehensive memorandum of understanding with the MOF, which should complement our expanded role once the amended Ordinance becomes effective.

監管機構的合作

金融市場全球化及跨境投資活動的增長，令監管機構須加強彼此間的合作及相互依賴，這已發展成為國際趨勢。我們相信取得雙重認可 (IFIAR 及歐洲委員會) 有助加強我們在執法和合作方面的能力，特別是使我們能夠與全球獨立核數師監管機構簽訂諒解備忘錄。

此外，財務匯報局除了與香港其他監管機構定期舉行聯絡會議外，亦與東盟地區的獨立核數師監管機構建立良好關係。

財務匯報局與中國財政部及中國證券監督管理委員會在年內進行了建設性討論。我們正積極與中國財政部落實全面的諒解備忘錄，以配合在修訂條例生效後擴大的職權。



In March 2017, the Chairman of the FRC, Dr John Poon, met with the CEO of the UK FRC, Mr Stephen Haddrill.
2017年3月，本局主席潘祖明博士與英國財務匯報局行政總裁 Stephen Haddrill 先生會面。

Appreciations

I would like to express my thanks to our Chief Executive Officer, Mr. Paul F. Winkelmann, and to all our staff for their contributions in the past year, and especially for their work in preparing the FRC for the challenges of a new era.

In addition, my heartfelt thanks go to the members of the Honorary Advisory Panel and the Financial Reporting Review Panel. The time they have given, together with their invaluable expertise, have been essential to the effective and efficient operations of the FRC.

The impartiality and independence of mind exhibited by Council members are the cornerstone of our Council. I would like to express my gratitude to each one of them for their continuous support and unflinching commitment to the FRC.

致謝

我感謝行政總裁衛皓民先生及本局所有員工在過去一年所作出的貢獻，尤其是他們為財務匯報局應對新紀元的挑戰所做的工作。

此外，我衷心感謝名譽顧問團及財務匯報檢討委員會的成員，他們寶貴的經驗及時間，對本局的高效運作至關重要。

財務匯報局成員展示的公平公正及獨立性，是我們的基石。我由衷感謝他們每一位一直以來對財務匯報局的支持及承擔。



10th Anniversary Cocktail Reception of the FRC.
財務匯報局十周年雞尾酒會。



Looking Ahead

I believe our stakeholders appreciate that the auditor regulatory reform is in the best interests of Hong Kong, and support the establishment of an internationally recognised independent auditor regulator for Hong Kong. In this role, the FRC will of course continue to operate in accordance with its core principles, and act at all times in the public interest. I am confident that, with adequate resources provided, the FRC is ready to bring all its professionalism to the task of tackling any challenges arising in its new role as the independent fully-fledged auditor regulator for Hong Kong.

展望未來

我相信各持份者均會同意，核數師監管改革是符合香港的最佳利益，並支持香港建立一個國際認可的獨立核數師監管機構。在這個角色，本局會繼續按我們的核心原則及以公眾利益的角度而運作。我有信心，在足夠的資源配合下，財務匯報局已準備就緒，成為香港全面的獨立核數師監管機構，專業地應付這個新角色所帶來的任何挑戰。

Dr John Poon, BBS, JP
潘祖明博士，銅紫荊星章，太平紳士
Chairman

主席

15 March 2018

2018年3月15日



CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告



2017 was another record year of activity. We received more complaints than ever before and we completed the same number of investigations as last year which itself was a record year.

2017年對財務匯報局而言是活躍的一年。與過往相比，本局接獲較多投訴，我們完成的調查個案數量與去年相同，而去年本身亦是破紀錄的一年。



Mr Paul F. Winkelmann *Chief Executive Officer*
衛皓民先生 行政總裁

This is my second report as CEO, and I am very pleased to record that we have enjoyed another very active year in 2017. In last year's report I noted that the FRC would continue to focus on three main areas in 2017: enhancing our operational efficiency, continuing our support for audit regulatory reform, and fostering our collaboration with other regulators. I have pleasure now in writing in more detail about how we have addressed these three priorities over the past year.

10th Anniversary

The year 2017 marked the 10th anniversary of the commencement of the FRC's operations. We celebrated this momentous occasion with a cocktail reception attended by almost 250 guests, including our guest of honour, the Honourable Mr Paul Chan Mo-po, the Financial Secretary of the Government of the Hong Kong Special Administrative Region.

這是本人出任行政總裁後的第二份報告，本人欣然地報告，本局於2017年繼續積極開展工作。在去年的報告中，本人表示財務匯報局在2017年將繼續專注於三個重點：提升營運效率，繼續支持審計監管改革，並促進與其他監管機構之間的合作。本人將於下文向各位詳細闡述我們過去一年在這三大領域的工作成果。

十周年紀念

2017年乃財務匯報局開始營運的十周年。我們以雞尾酒會慶祝這重要的日子，共近250名賓客出席，包括主禮嘉賓香港特別行政區政府財政司司長陳茂波先生。



During the past ten years we received and handled over 400 complaints, as well as completing 56 investigations and 11 enquiries. Also in that time, we referred a total of 69 investigations and complaints to the Hong Kong Institute of Certified Public Accountants (HKICPA) for possible disciplinary action. Of these referrals, 39 have resulted in sanctions being applied, while I understand that the majority of the remainder are still working through the disciplinary process. In addition, 101 complaints which appear to have originated from a single source, while they did not give rise to any investigation, have been referred to the HKICPA for their direct follow-up. With respect to the 11 enquiries we completed, eight of these led to listed issuers being requested to amend their financial statements. I believe this summary of the FRC's achievements clearly demonstrates that we have acted firmly in the public interest since we commenced operations, and that we have continued to do so despite an increasing workload each year.

2017 Operations

As was the case in 2016, once again this year we received a record number of pursuable complaints. These amounted to 126 complaints in total, compared to 118 last year. Removing the anomaly mentioned in the above paragraph, we received a total of 26 complaints from different sources which compares to 22 in 2016. The complaints in 2017 are also the largest number on record. We completed 11 investigations in the year, matching the record number we completed in 2016.

Further discussion and analysis of our operations in the year can be found in the "Management and Operations Review" section on pages 50 to 67 of this annual report.

The two outstanding enquiries are currently progressing, and I am confident they will be completed shortly.

Our financial statements review programme was brought fully in-house during the year. This move proved beneficial in terms of enabling us to clear a backlog that had developed over previous years, and I am pleased to note that we are now up to date in our process of reviewing financial statements issued in 2017. The filtering mechanism we introduced last year has also brought new efficiencies to the programme by helping us better focus on areas of likely non-compliance and/or auditing irregularities.

In addition, we have leveraged our financial statements review programme and our media watch activities to develop a system which enables us to better monitor the financial reporting of certain companies. This is helping us identify non-compliance with accounting standards and/or potential irregularities in the conduct of the audit on a more real-time basis.

過去十年間，我們接獲及處理逾400宗投訴，完成56宗調查及11宗查訊。同期我們已轉介合共69宗調查及投訴予香港會計師公會跟進，並可能採取紀律處分。該等轉介個案中有39宗已作出制裁。本人了解餘下的絕大部分個案仍正在通過紀律程序。此外，疑來自同一來源的101宗無須展開調查的投訴已被轉介予香港會計師公會直接跟進。本局完成的11宗查訊中，有8宗促使上市實體被要求修訂彼等的財務報表。本人相信上述的工作成績，清晰表明我們自運作以來都堅定不移地為公眾利益行事，儘管每年工作量不斷增加，我們仍繼續以此發揮職能。

2017年運作

與2016年一樣，我們今年接獲可跟進投訴的數量再創新高。相比去年的118宗，我們接獲合共126宗投訴。撇除上文提及的異常情況，我們今年接獲共26宗來自不同來源的投訴，而2016年則有22宗。2017年所接獲之投訴數量為有紀錄以來最高。今年，我們完成11宗調查個案，與2016年的數目相若。

本局本年度運作的進一步討論及分析載於本年報第50頁至第67頁「管理及運作回顧」一節。

我們未完成的兩宗查訊仍在處理中，本人確信這些查訊將會很快完成。

我們的財務報表審閱計劃今年全面改由本局內部負責。這有效地幫助我們清理過往數年積壓的工作。現時所審閱的已是在2017年刊發的最新財務報表。去年實行的篩選機制已協助我們更佳地集中於可能出現不遵從會計規定的事宜及／或審計不當行為的領域，提高了該計劃的效率。

此外，透過財務報表審閱計劃及本局的媒體監察活動，我們建立了一套系統以更實時地監察若干公司的財務匯報，以識別可能不遵從會計規定的事宜及／或潛在的審計不當行為。

In conjunction with external legal counsel, we undertook a comprehensive review of our procedures in respect of enquiries and investigations. This involved carrying out a detailed analysis of our procedures, and linking every procedure in our operations manual with the specific requirements of the relevant legislation in the Financial Reporting Council Ordinance (FRCO). This review has confirmed that the FRC's procedures continue to be in full compliance with the FRCO. In addition, we examined every one of our procedures individually to ensure that they each were contributing fully to the quality and effectiveness of our work, without any compromises for the sake of expediency. This exercise is now complete, and our manual has been updated accordingly. Although the exercise did slow down the finalisation of some of our reports, it did not disrupt the flow of our work, and we managed to close the same number of cases as we did in 2016 (itself a record year).

Regulatory Reform

On 24 January 2018, the audit regulatory reform amendment bill was introduced to the Legislative Council. I am personally elated to have witnessed its introduction at last, as the FRC has long advocated the need for such a bill. Once passed, the reforms will provide a new impetus for us to continue our work in the public interest. We are committed to fully supporting the passage of the bill and working hard on its successful implementation.

During the year I, along with members of my staff, spent much time delivering presentations on the Government's reform proposals in response to invitations from professional accounting bodies and audit firms. I personally found these sessions to be particularly beneficial for all parties, and am confident that they enabled attendees to better understand the proposals and their benefits. For 2018, we have developed an outreach programme that will provide us with channels for explaining the impact of the bill on members of the profession in more detail.



In August 2017, the CEO of the FRC gave a presentation about independent auditor regulatory to the partners and executives of Ernst & Young in Hong Kong.

本局的行政總裁於2017年8月向香港安永會計師事務所的合夥人及主管發表有關獨立核數師監管的演說。

我們聯同外部法律顧問就查訊及調查的程序進行全面檢討。這涉及對本局的程序進行詳細的分析以及將運作手冊中的相關程序與財務匯報局條例所載的相關法律規定作出對照。檢討結果確認我們一如以往全面遵守財務匯報局條例。此外，我們亦對逐項程序進行檢查，以確保本局工作的質素及效益處於最高水平，並不會因方便而作出妥協。這項工作已經完成而本局的手冊亦已更新。雖然該項工作導致若干報告的落實速度放緩，但本局的工作流程並未受阻，我們仍能完成與2016年（創記錄的一年）相同數量的個案。

監管改革

政府於2018年1月24日向立法會提呈核數師監管改革修訂條例草案。本人樂見該草案終得以進入審議立法階段，因財務匯報局一直致力提倡就這議題立法。若草案獲通過，有關改革將為我們繼續推行符合公眾利益的工作提供動力。我們全力支持通過該草案並會致力促使其成功之實施。

今年，本人及局內員工投入大量時間，接受會計專業團體及會計師事務所的邀請，就政府的改革建議作出解說。本人認為，該等活動對各方均有益處，讓與會人士更了解有關建議及其裨益。於2018年，我們制定了外展計劃，為我們提供渠道，以便能更詳細地解釋草案對專業界別成員的影響。



In December 2017, the CEO of the FRC gave a presentation about "Update on Independent Audit Oversight" at a seminar hosted by CPA Australia.

本局的行政總裁於2017年12月於澳洲會計師公會舉行的研討會發表題為「獨立核數師監管的最新動態」的演說。



Regulator Outreach

We have continued to reach out to, and interact with, other regulators in Hong Kong and China and in the international arena over the year. As part of this process, we held quarterly meetings with the Securities and Futures Commission (SFC), Hong Kong Exchanges and Clearing Limited (HKEX) and the HKICPA at which we shared information on cross-referrals and common findings from our respective activities, and discussed how we could improve our responses to issues arising on a timely basis.

We also continued our dialogue with the PRC's Ministry of Finance (MOF) on our respective roles. These discussions included the topic of gaining access to audit working papers in the Mainland. Recent meetings have proved very fruitful, and our discussions are now turning to include our future role once the amendment bill is enacted.

Earlier in the year, I together with my deputy CEO and one of our senior directors attended an ASEAN Audit Regulators Group meeting. This included valuable sessions on inspection workshops and lessons learnt internationally, along with a detailed workshop on financial statements surveillance. I also attended a regional regulators meeting in Bangkok, where discussions were held on global audit quality and ways of promoting the value of an audit.

The FRC has also maintained dialogue with the International Forum of Independent Audit Regulators (IFIAR). Most recently, we informed IFIAR of the introduction of the auditor regulatory amendment bill, in which that organisation is taking a keen interest.

As part of their visit to China and Hong Kong, the UK FRC delegation paid us a courtesy visit, which proved a useful opportunity for us to exchange ideas on our respective work. The UK FRC expressed a keen interest in assisting us in our transition to new responsibilities following the passage of the amendment bill.



監管機構外展工作

本局今年繼續與其他香港、中國及國際監管機構廣泛聯繫及交流。活動包括與證券及期貨事務監察委員會(證監會)、香港交易及結算所有限公司(港交所)及香港會計師公會舉行季度會議。會上我們分享各機構之間的轉介及相關工作的主要發現，並討論如何改進以適時回應各種問題。

本局亦繼續與中國財政部就雙方的角色進行溝通。討論的議題包括獲取存放於內地的審計工作底稿。近期會議效果良好，討論事項現包括本局於修訂草案獲通過後未來的角色。

年初，本人、副行政總裁和一名高級總監出席了東盟審計監管機構小組會議，包括查察工作坊，國際間寶貴的經驗交流以及有關財務報表監控事宜的詳細研討會等。本人亦出席了在曼谷舉辦的地區監管機構會議，討論全球審計質素及推廣審計價值的方法。

本局亦維持與獨立審計監管機構國際論壇的溝通。最近，我們已通知該組織有關核數師監管改革修訂草案的審議提呈，彼等對該草案深表興趣。

英國財務匯報局早前到訪中國及香港，並禮節拜訪本局。這是一個難得的機會，讓我們對彼此工作交流意見。英國財務匯報局表示非常樂意在修訂草案通過後，協助我們過渡以承擔新的責任。

In March 2017, the UK FRC delegation paid a courtesy visit to the FRC.
2017年3月英國財務匯報局禮節拜訪本局。



In February 2017, the CEO and the Deputy CEO of the FRC attended the Financial Statements Surveillance Workshop hosted by the Securities Commission Malaysia in Kuala Lumpur, Malaysia.

2017年2月，本局的行政總裁及副行政總裁參與了馬來西亞證券委員會於吉隆坡舉行有關財務報表監控的工作坊。

Communication with the Investing Public

Each year the FRC issues two electronic newsletters covering the first and second half of the year respectively. We have recently enhanced these newsletters by including information about the primary areas in which non-compliance with accounting standards occurs, and related auditing irregularities at the level of financial reporting component. This should help our readers, whether they are auditors or preparers, to be better aware of the areas they need to pay close attention to. In addition, as we do every year, the FRC again reported on its work and answered questions from legislators at a meeting of the Legislative Council's Panel on Financial Affairs.

Financial Review

In 2017, our four funding parties – the Companies Registry Trading Fund, the HKEX, the HKICPA and the SFC – together provided us with HK\$30.83M of funding (2016: HK\$29.36M). Our total expenditure for the year amounted to HK\$29.73M (2016: HK\$27.33M). The surplus for the year was HK\$1.85M (2016: HK\$2.88M). Staff costs accounted for HK\$25.41M or 85.5% of total expenses (2016: HK\$23.44M or 85.8% of total expenses).

與投資者溝通

本局每年發出兩份分別涵蓋上下半年的電子簡報。我們最近增強了簡報內容，提供有關不遵從會計規定的主要領域及相關財務報告組成部分的審計不當行為的資料。這將有助讀者（無論是核數師或編製者）更理解需要特別關注的領域。此外，一如往年，財務匯報局於本年度立法會財經事務委員會會議上，向立法會議員匯報工作及回應提問。

財務檢討

2017年，四間撥款予本局的機構（公司註冊處營運基金、港交所、香港會計師公會及證監會）向本局支付的年度撥款合共3,083萬港元（2016年：2,936萬港元）。開支總額為2,973萬港元（2016年：2,733萬港元）。年內盈餘為185萬港元（2016年：288萬港元）。員工成本為2,541萬港元，佔總開支85.5%（2016年：2,344萬港元，佔總開支85.8%）。



Acknowledgements

I would like to finish by warmly acknowledging the significant contributions of all members of staff this year. Together, we have been more productive than ever, and our pooled skills and experiences have enabled us to scale new heights.

I would also like to acknowledge the unwavering support of the Chairman, Council and Committee members, the Honorary Advisory Panel, the Financial Reporting Review Panel, the Financial Services and the Treasury Bureau, and the Process Review Panel. Their support has ensured that the FRC has been able to continue operating at the highest standards of efficiency and effectiveness.

致謝

本人謹此對所有員工在本年度所作出的重大貢獻表示感謝。我們上下一心，使我們的工作較以往更有成效，憑藉大家的技能及經驗，讓我們能夠邁向新高峯。

本人亦藉此機會對主席、本局成員、委員會成員、名譽顧問團、財務匯報檢討委員會、財經事務及庫務局及程序覆檢委員會的大力支持表示衷心的謝意。他們的支持確保本局能繼續以最高效率及效能運作。

Mr Paul F. Winkelmann

衛皓民先生

Chief Executive Officer

行政總裁

15 March 2018

2018年3月15日



FINANCIAL REPORTING COUNCIL MEMBERS

財務匯報局成員



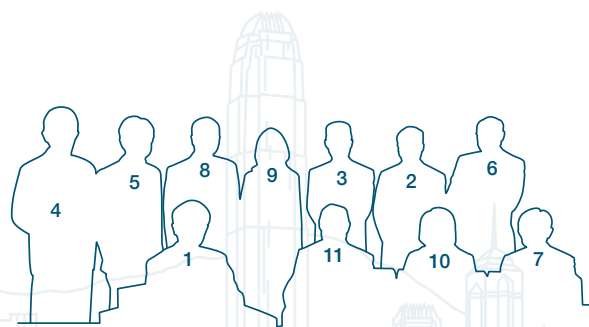


Chairman 主席

- 1 Dr John Poon, BBS, JP
潘祖明博士，銅紫荊星章，太平紳士

Members 成員

- 2 Mr Chan Tze Ching, BBS, JP
陳子政先生，銅紫荊星章，太平紳士
- 3 Mr Wilson Fung
馮英偉先生
- 4 Mr Nicholas Sallnow-Smith
蘇兆明先生
- 5 Mr Sin Chung Kai, SBS, JP
單仲偕先生，銀紫荊星章，太平紳士
- 6 Mr David Stannard
冼達能先生
- 7 Mr Wong Kai Man, BBS, JP
黃啟民先生，銅紫荊星章，太平紳士
- 8 Dr Kelvin Wong, JP
黃天祐博士，太平紳士
- 9 Ms Eirene Yeung
楊逸芝女士
- 10 Ms Ada Chung, JP (ex-officio)
鍾麗玲女士，太平紳士(當然成員)
- 11 Mr Paul F. Winkelmann (ex-officio)
衛皓民先生(當然成員)



PROFILES OF FRC MEMBERS

財務匯報局成員簡介

Chairman

主席

Dr John Poon, BBS, JP (re-appointment effective 15 December 2016; term expires on 14 December 2018)

Dr Poon is a solicitor. He was formerly the deputy chairman of Esprit Holdings Limited until July 2008. Dr Poon served as a lay member of the council of the Hong Kong Institute of Certified Public Accountants (HKICPA) from December 2005 to December 2011 during which he was also the chairman of Professional Qualifications Accountability Board (2009-2011) and the chairman of Governance Review Task Force in 2011. He was a member of the Standing Committee on Company Law Reform (2003-2009) and the Board of Review (Inland Revenue Ordinance) (2004-2010). He was also formerly a non-executive director of the Mandatory Provident Fund Schemes Authority (2011-2017).

潘祖明博士，銅紫荊星章，太平紳士(於2016年12月15日再度獲委任；任期至2018年12月14日屆滿)

潘博士為一名律師。他曾任思捷環球控股有限公司的副主席至2008年7月。潘博士曾於2005年12月至2011年12月出任香港會計師公會理事會業外理事；期間亦擔任專業資格專責委員會主席(2009-2011)及於2011年出任管治檢討專責小組主席。他曾任公司法改革常務委員會成員(2003-2009)，及稅務上訴委員會委員(2004-2010)。他亦曾擔任強制性公積金計劃管理局的非執行董事(2011-2017)。

Members

成員

Mr Chan Tze Ching, BBS, JP (re-appointment effective 1 December 2016 on the nomination of the Hong Kong Exchanges and Clearing Limited; term expires on 30 November 2018)

Mr Chan is a senior advisor of The Bank of East Asia and CVC Capital Partners. Mr Chan is a veteran banker, with over 30 years of banking experience covering Hong Kong, Japan, Taiwan and Mainland China. He currently serves on the boards of various listed companies, NGOs and government statutory bodies.

陳子政先生，銅紫荊星章，太平紳士(由香港交易及結算有限公司提名，於2016年12月1日再度獲委任；任期至2018年11月30日屆滿)

陳先生現任東亞銀行及CVC Capital Partners的高級顧問。陳先生為資深銀行家，在業界擁有超過30年經驗，函括香港、日本、台灣及中國等地。他目前擔任多間上市公司、志願團體及政府法定機構的董事。



Mr Wilson Fung (re-appointment effective 1 December 2016 on the nomination of the Hong Kong Institute of Certified Public Accountants; term expires on 30 November 2018)

Mr Fung has over 17 years of experience in auditing followed by 21 years as a financial controller in Jardine Matheson. He is a fellow member of the HKICPA, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales. He was elected as president of the HKICPA in 2010. He was formerly a convenor to the Financial Reporting Review Panel of the FRC (2007-2013). Mr Fung is the founding president of Hong Kong Business Accountants Association and currently serves on the Boards of several NGOs and statutory bodies.

馮英偉先生(由香港會計師公會提名，於2016年12月1日再度獲委任；任期至2018年11月30日屆滿)

馮先生擁有逾17年審計經驗，曾於怡和管理有限公司出任財務總監超過21年。他是香港會計師公會、特許公認會計師公會及英格蘭和威爾斯特許會計師公會的資深會員。他曾於2010年獲選為香港會計師公會會長。他曾出任財務匯報局的財務匯報檢討委員會召集人(2007-2013)。馮先生為香港商界會計師協會創會會長，目前擔任多間志願團體及法定機構的董事、理事或成員。

Mr Nicholas Sallnow-Smith (re-appointment effective 1 December 2017; term expires on 30 November 2018)

Mr Sallnow-Smith has over 40 years of experience in the finance and treasury field in the United Kingdom and Asia, and has extensive knowledge of the property investment/management industry in Hong Kong. He has been chairman of The Lion Rock Institute of Hong Kong since April 2016. He was previously chairman of the Board of the REIT Manager Link Asset Management Limited (2007-2016) and prior to that he was chief executive of Hongkong Land Limited (2000-2007). He has also been actively involved in public service.

蘇兆明先生(於2017年12月1日再度獲委任；任期至2018年11月30日屆滿)

蘇兆明先生於英國及亞洲的金融及財資領域擁有逾40年經驗，並在香港的物業投資／管理行業擁有廣博知識。他自2016年4月起擔任香港獅子山學會主席。他曾擔任領展資產管理有限公司的董事會主席(2007-2016)，此前，他為香港置地集團公司的行政總裁(2000-2007)。他亦一直積極參與公共服務。

Mr Sin Chung Kai, SBS, JP (re-appointment effective 1 December 2017; term expires on 30 November 2018)

Mr Sin was a Legislative Councillor representing the geographical constituency of Hong Kong Island (2012-2016). He has served on several boards and NGOs including the West Kowloon Cultural District Authority (2008-2014) and the Hong Kong Tourism Board (2008-2014). He also served as a member of the Council for Sustainable Development (2009-2013), the Greater Pearl River Delta Business Council (2009-2013) and the Operations Review Committee and Witness Protection Review Board Panel of the Independent Commission Against Corruption (ICAC) (2006-2012). He served as a member of the Housing Authority (2001-2009) and was a board director of the Hong Kong Mortgage Corporation Limited (1999-2009).

單仲偕先生，銀紫荊星章，太平紳士(於2017年12月1日再度獲委任；任期至2018年11月30日屆滿)

單先生曾為代表香港島地方選區的立法會議員(2012-2016)。他曾就任於多個機構的董事會及志願團體，包括西九文化區管理局(2008-2014)及香港旅遊發展局(2008-2014)。他亦曾擔任可持續發展委員會成員(2009-2013)、大珠三角商務委員會委員(2009-2013)及廉政公署審查貪污舉報諮詢委員會及保護證人覆核委員會委員(2006-2012)。他曾擔任房屋委員會委員(2001-2009)及為香港按揭證券有限公司的董事會成員(1999-2009)。

PROFILES OF FRC MEMBERS (continued)

財務匯報局成員簡介 (續)

Mr David Stannard (re-appointment effective 1 December 2017; term expires on 30 November 2018)

Mr Stannard is a corporate lawyer based in Hong Kong. He was executive director in charge of the Corporate Finance Division of the Securities and Futures Commission (SFC) (1999-2001), a member of the Listing Committees of the Main Board and the Growth Enterprise Market (GEM) of The Stock Exchange of Hong Kong Limited (SEHK) (2003-2008) and a member of the Standing Committee on Company Law Reform (2003-2010).

冼達能先生(於2017年12月1日再度獲委任;任期至2018年11月30日屆滿)

冼達能先生為常駐香港的公司律師。他曾出任證券及期貨事務監察委員會(證監會)企業融資部的執行董事(1999-2001)、香港聯合交易所有限公司(聯交所)主板和創業板上市委員會成員(2003-2008)及公司法改革常務委員會成員(2003-2010)。

Mr Wong Kai Man, BBS, JP (re-appointment effective 1 December 2016 on the nomination of the SFC; term expires on 30 November 2018)

Mr Wong was a non-executive director of the SFC (2009-2015) and a member of the Listing Committee of the GEM of SEHK (1999-2003). He was an audit partner of PricewaterhouseCoopers, Hong Kong before his retirement in June 2005. He has served/is serving as an independent non-executive director of several companies listed in Hong Kong. Mr Wong has also served on advisory committees and statutory bodies established by the Government of the Hong Kong Special Administrative Region, boards of charities and councils of universities.

黃啟民先生，銅紫荊星章，太平紳士(由證監會提名，於2016年12月1日再度獲委任;任期至2018年11月30日屆滿)

黃先生曾為證監會的非執行董事(2009-2015)及聯交所創業板上市委員會成員(1999-2003)。他亦為香港羅兵咸永道會計師事務所的審計合夥人，並於2005年6月退休。他曾為/現為幾間香港上市公司的獨立非執行董事。黃先生亦服務於多個香港特別行政區政府成立之諮詢委員會及法定機構、非牟利機構之董事局及數間大學的校董會。

Dr Kelvin Wong, JP (appointment effective 1 December 2015; term expires on 30 November 2018)

Dr Wong is an executive director and a deputy managing director of COSCO SHIPPING Ports Limited. He is also an independent non-executive director of seven listed companies in Hong Kong. He is the immediate past chairman of The Hong Kong Institute of Directors, a non-executive director of the SFC, the chairman of the Investor Education Centre and a member of the Operations Review Committee of ICAC. A former member of Main Board and GEM Listing Committee of SEHK, the Standing Committee on Company Law Reform and the Corruption Prevention Advisory Committee of ICAC.

黃天祐博士，太平紳士(委任於2015年12月1日;任期至2018年11月30日屆滿)

黃博士為中遠海運港口有限公司執行董事兼董事副總經理，亦為七間香港上市公司的獨立非執行董事。他為香港董事學會卸任主席、證監會非執行董事、投資者教育中心主席及廉政公署審查貪污舉報諮詢委員會委員。他是聯交所主板及創業板上市委員會前任成員，公司法改革常務委員會及廉政公署防止貪污諮詢委員會的前任委員。



Ms Eirene Yeung (re-appointment effective 1 December 2016; term expires on 30 November 2018)

Ms Yeung is Executive Committee member and the Company Secretary of CK Asset Holdings Limited.

Ms Yeung is also a member of the SFC (HKEC Listing) Committee of the SFC, a member of the Listing Committee of the Main Board and GEM of SEHK, a member of the Advisory Committee on Corruption of the ICAC and Vice Chairman of the General Committee of The Chamber of Hong Kong Listed Companies. Ms Yeung is a solicitor of the High Court of the Hong Kong Special Administrative Region and a non-practising solicitor of the Senior Courts of England and Wales.

楊逸芝女士(於2016年12月1日再度獲委任；任期至2018年11月30日屆滿)

楊逸芝女士為長江實業集團有限公司執行委員會委員兼公司秘書。

楊女士亦為證監會之證監會(香港交易所上市)委員會委員、聯交所主板及創業板上市委員會成員、廉政公署貪污問題諮詢委員會委員，以及香港上市公司商會常務委員會副主席。楊女士為香港特別行政區高等法院執業律師及英格蘭及威爾斯高級法院非執業律師。

Ms Ada Chung, JP (ex-officio) (appointment effective 27 August 2007)

Ms Chung is the Registrar of Companies. As a representative of the Financial Secretary, Ms Chung is an ex-officio council member of the HKICPA. She is also a fellow of the Hong Kong Institute of Chartered Secretaries and the Hong Kong Institute of Directors. Before her appointment as the Registrar, she was a Deputy Law Officer of the Department of Justice. Ms Chung is qualified as a certified public accountant and a barrister-at-law.

鍾麗玲女士，太平紳士(當然成員)(由2007年8月27日起)

鍾女士為公司註冊處處長。鍾女士以財政司司長代表的身份，出任香港會計師公會理事會當然成員。她亦是香港特許秘書公會及香港董事學會的資深會員。鍾女士於獲委任為處長前，為律政司副民事法律專員。鍾女士具備執業會計師及大律師資格。

Mr Paul F. Winkelmann (ex-officio) (appointment effective 1 April 2016; term expires on 31 March 2019)

Mr Winkelmann is the Chief Executive Officer of the FRC. He has rich experience in the accounting profession. He was the partner-in-charge of PricewaterhouseCoopers' Risk and Quality team in Greater China (2002-2014) and was the president of the HKICPA in 2009. He also served as the Chairman of the Financial Reporting Standards Committee of the HKICPA (2004-2009) which oversaw the full convergence of Hong Kong's accounting standards with the international standards. He is a former member of the Operations Oversight Committee of the FRC from August 2013 until his appointment as Chief Executive Officer.

衛皓民先生(當然成員)(任期由2016年4月1日起至2019年3月31日屆滿)

衛皓民先生是財務匯報局的行政總裁。他在會計專業方面具豐富的經驗。他曾為羅兵咸永道會計師事務所大中華區負責風險管理及質素的主管合夥人(2002-2014)，並曾在2009年擔任香港會計師公會會長。他亦曾擔任香港會計師公會轄下財務報告準則委員會的主席(2004-2009)，領導香港會計師公會在會計準則方面與國際標準全面接軌。他是財務匯報局運作監察委員會的前任成員，任期由2013年8月起直至其獲委任為行政總裁。

CORPORATE GOVERNANCE

機構管治

The mission of the FRC is to uphold the quality of financial reporting of listed entities in Hong Kong by exercising its statutory powers under the Financial Reporting Council Ordinance (FRCO).

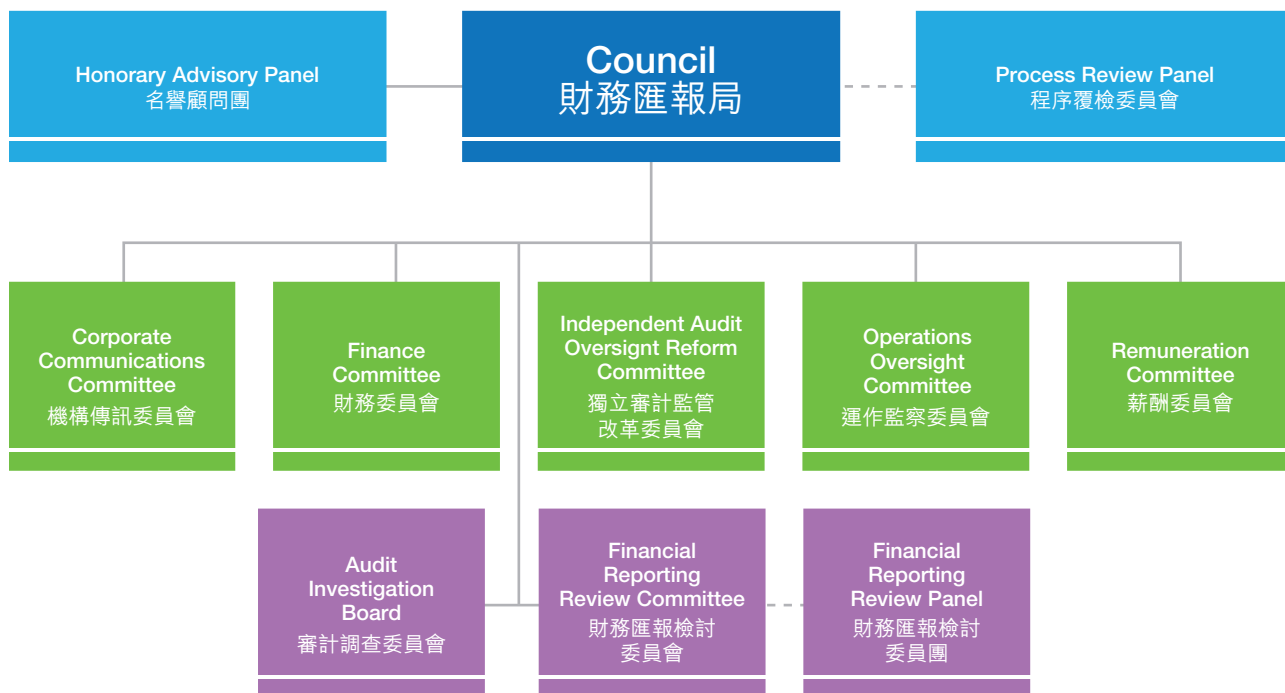
The FRC is committed to high standards of corporate governance and operates within a comprehensive framework of values and guidelines that emphasises integrity, proficiency, independence, impartiality, accountability and transparency. To facilitate effective operations and management of the organisation, the FRC has adopted the best practices outlined by the International Federation of Accountants and has in place a clearly defined governing structure, high standards of conduct, reliable internal control procedures and appropriate checks and balances.

財務匯報局透過行使根據《財務匯報局條例》所賦予的法定權力，致力履行其維持香港上市公司的財務匯報質素的使命。

財務匯報局致力實行卓越的機構管治，於一套重視誠信、精湛才能、獨立、公平公正、承擔及具高透明度的框架內運作。為了達致有效運作及卓越管理，本局已採納國際會計師聯合會發表的最佳作業標準，並且已制定清晰明確的管治制度、嚴格的操守標準、可靠的內部控制程序及恰當的制衡措施。

Organisation Structure

組織架構





The Council

The FRC is governed by its Members, who operate as a Council. A significant majority of Council Members, including the Chairman, are lay persons, i.e., non-accountants. All members are independent of the audit profession. This ensures the Council's independence in carrying out its functions.

The primary functions of the Council are set out in the FRCO and include

- (i) reviewing complaints concerning non-compliance with accounting requirements by listed entities as well as complaints concerning auditing or reporting irregularities by auditors of listed entities;
- (ii) making enquiries into non-compliance and investigating auditing or reporting irregularities; and
- (iii) approving and overseeing the policies and activities of boards and committees established by Council.

The FRC's Chief Executive Officer (CEO) is appointed by the Chief Executive of the Hong Kong Special Administrative Region (HKSAR) on the recommendation of the Council. As at 31 December 2017, there were 11 Members on the Council. Three of these 11 members are nominated by Hong Kong Exchanges and Clearing Limited (HKEX), the Hong Kong Institute of Certified Public Accountants (HKICPA) and the Securities and Futures Commission (SFC) respectively. The Registrar of Companies or her representative, and the FRC's CEO, are ex-officio members.

Council members are generally appointed for a two year term which is renewable. Procedures are in place to ensure an adequate rotation of members on an annual basis.

Council members come from a variety of backgrounds with diversified and relevant skills which includes four accountants, three lawyers and four members with extensive business experience. While there is no ruling on gender diversification, two of the eleven members are female. Profiles for each member can be found on pages 16 to 19 of this report. Not only do Council members attend meetings of the Council, but each member is involved in one or more of the underlying committees thus ensuring they are involved extensively in the affairs of the Council.

財務匯報局成員

財務匯報局成員負責監管財務匯報局的運作。本局的大部分成員(包括主席)均為業外人士,即非會計師。本局的所有成員均獨立於審計業界,這確保本局能夠獨立履行職能。

根據《財務匯報局條例》,本局的主要職能包括:

- (i) 審閱有關上市實體不遵從會計規定的投訴,以及有關上市實體的核數師在審計或匯報方面的不當行為的投訴;
- (ii) 就有關不遵從事宜展開查訊及在審計或匯報方面的不當行為進行調查;及
- (iii) 審批和監督由財務匯報局設立的委員會的政策及活動。

本局的行政總裁由香港特別行政區行政長官經本局推薦委任。財務匯報局於2017年12月31日的成員共11人,其中三名成員分別由香港交易及結算有限公司(港交所)、香港會計師公會以及證券及期貨事務監察委員會(證監會)提名委任。本局的兩名當然成員分別是公司註冊處處長或其代表,以及本局的行政總裁。

財務匯報局成員的委任期一般為兩年,其後可獲再度委任。現已制定措施,以確保每年均有足夠成員輪流退任。

本局成員來自不同背景並具備各種相關技能,包括四名會計師、三名律師及四名從商經驗豐富的成員。雖然本局並無有關性別多元化的規定,但十一名成員中有兩名為女性。各成員的簡介載於本年報第16頁至第19頁。除了出席財務匯報局成員會議,各成員亦會參與屬下一個或多個委員會,從而確保他們全面參與本局事務。

Members of the Council are legally bound to declare any interests they may have in a case. Council Members present during deliberations or decision-making by HKEX, the HKICPA or the SFC relating to cases to be referred to the FRC are considered as having an interest in that case. In accordance with the FRCO, Council Members having such an interest may not (a) be present during any deliberation by the Council, (b) take part in any decision of the Council, or (c) be given any documents related to the case.

The CEO and his staff manage the operations of the FRC, reporting back to Council in accordance with the provisions of the procedural manual. Council in turn gives directives to the CEO and FRC staff, and ensures that the organisation's statutory functions are being performed effectively. The roles of Chairman and CEO are separate and distinct.

Council Meetings

The Council meets once every two months and holds additional meetings as and when necessary. In addition to discussing specific agenda items, progress reports on all ongoing cases, management accounts and other operating statistics are submitted for review at each regular meeting. In 2017, the Council held seven meetings, all of which were conducted in accordance with the provisions of the FRCO.

Attendance at Council meetings in 2017 was as follows:

		Meetings attended/held 會議出席／舉行次數
Dr John Poon, BBS, JP (Chairman)	潘祖明博士，銅紫荊星章，太平紳士(主席)	7/7
Mr Chan Tze Ching, BBS, JP	陳子政先生，銅紫荊星章，太平紳士	6/7
Mr Wilson Fung	馮英偉先生	7/7
Mr Nicholas Sallnow-Smith	蘇兆明先生	5/7
Mr Sin Chung Kai, SBS, JP	單仲偕先生，銀紫荊星章，太平紳士	6/7
Mr David Stannard	冼達能先生	6/7
Mr Wong Kai Man, BBS, JP	黃啟民先生，銅紫荊星章，太平紳士	6/7
Dr Kelvin Wong, JP	黃天祐博士，太平紳士	5/7
Ms Eirene Yeung	楊逸芝女士	5/7
Ms Ada Chung, JP (ex-officio)	鍾麗玲女士，太平紳士(當然成員)	7/7
Mr Paul F. Winkelmann (CEO) (ex-officio)	衛皓民先生(行政總裁)(當然成員)	6/7

The average attendance rate at meetings was 86%.

財務匯報局成員如於個案中可能有任何利益關係，須依法申報。本局成員如在港交所、香港會計師公會或證監會審議是否轉介個案予本局時在場，又或曾經參與該機構的有關決策，一律被界定為在個案中有利益關係。根據《財務匯報局條例》，在個案中有利益關係的成員不能就有關個案(a)出席本局成員任何審議環節；(b)參與財務匯報局成員所作出的任何決定；或(c)獲得任何有關文件。

行政總裁及其員工負責財務匯報局的日常運作，並根據程序手冊的條文向本局匯報工作。本局會向行政總裁及員工發出指引，確保有效履行機構的法定職能。主席的角色獨立及有別於行政總裁的角色。

財務匯報局成員會議

財務匯報局成員每兩個月舉行一次會議，並會按需要召開額外會議。定期會議上，除了討論特定的議程項目之外，所有處理中的個案的進度報告、管理賬目及其他運作數據亦會被提呈審閱。本局成員於2017年共舉行了七次會議，所有會議均按照《財務匯報局條例》的條文進行。

財務匯報局成員於2017年的會議出席率如下：

會議平均出席率為86%。



Pursuant to the FRCO, the Chief Executive of the HKSAR may appoint temporary members to the FRC to serve on a rotating basis with respect to cases whereby the Council is not able to meet the statutory quorum in relation to matters in which members had disclosed their interests. During 2017, the following persons were the temporary members of the FRC:

Mr Vincent Duhamel¹
Mr Stephen Hung²
Mr Edward Kwan, MH
Ms Rosita Lee²
Mr Michael Scales
Mr MT Shum¹, SBS
Ms Anna Wong

¹ Retired as temporary member with effect from 30 November 2017.

² Appointed with effect from 1 December 2017.

The in-house General Counsel attends all Council meetings, and has been appointed as the Secretary of the meetings. Minutes of meetings are circulated to the Chairman for review and comment and then to all members for comment. All members have access to the General Counsel.

In 2017, while there was a vacancy in the General Counsel position, the Deputy CEO acted as Secretary to the Council meetings and Council members were provided access to external legal counsel when necessary.

Council Committees

The Council has five committees, the responsibilities of which are described below. These committees meet as necessary on a periodic basis. Each committee operates according to its own terms of reference. Information on the number of meetings held and attendance rates are set out in the tables below.

Each Committee has a majority of Council members and at least one Honorary Advisor to ensure appropriate checks and balances across the operations of the FRC. The Operations Oversight Committee also has other members comprising lay persons, together with those with accounting and auditing experience. Where authority can be delegated under the FRCO, each committee is accountable to the Council for its decisions. Where delegation is not permissible, each committee is accountable for its recommendations to Council.

The terms of reference of each committee are reviewed from time to time in light of working needs.

根據《財務匯報局條例》，香港特別行政區行政長官可委任臨時成員，在任何現任委任成員因披露利益關係以致未能符合會議法定人數以執行成員職能時，以輪流方式替代該些成員。於2017年12月31日，下列人士為臨時成員：

杜漢文先生¹
熊運信先生²
關百忠先生，榮譽勳章
李佩珊女士²
施米高先生
沈文燾先生¹，銀紫荊星章
黃慧群女士

¹ 於2017年11月30日卸任臨時成員職位。

² 於2017年12月1日獲委任。

本局的內部法律顧問出席所有財務匯報局成員會議及被委任為會議秘書。會議紀錄須送呈主席以供審閱及評註，再向全體成員傳閱以徵求意見。各成員均可直接與法律顧問聯絡。

於2017年，由於法律顧問職位出現空缺，故會議秘書由副行政總裁擔任，而於有需要時外部法律顧問提供服務予本局成員。

財務匯報局屬下委員會

財務匯報局下設五個委員會，其責任載述如下。該等委員會須定期並於有需要時舉行會議。各委員會根據其職權範圍運作。有關會議舉行次數及出席率的資料載於下表。

各委員會的大部分成員均為財務匯報局成員，但也包括最少一位名譽顧問，以確保本局的運作有恰當的制衡措施。此外，運作監察委員會的成員包括具備會計及審計經驗的人士，亦包括業外人士。如《財務匯報局條例》准許本局將權力轉授予委員會，有關委員會須對其決策負責並向本局成員作出交代。如《財務匯報局條例》禁止轉授權力，有關委員會則負責向本局成員提出建議。

本局會根據工作需要，不時檢討各委員會的職權範圍。

Corporate Communications Committee (CCC)

機構傳訊委員會



Back row (from left): Mr Sin Chung Kai, SBS, JP, Ms Ada Chung, JP, Ms Eirene Yeung, and Mr Michael Scales
後排(左起): 單仲偕先生, 銀紫荊星章, 太平紳士, 鍾麗玲女士, 太平紳士, 楊逸芝女士及施米高先生

Front row (from left): Mr Chan Tze Ching, BBS, JP (Chairman) and Mr Paul F. Winkelmann (ex-officio)
前排(左起): 陳子政先生, 銅紫荊星章, 太平紳士(主席)及衛皓民先生(當然成員)

Terms of reference

- To formulate corporate communications policies and strategies to increase publicity about the work of the FRC.
- To oversee the implementation of corporate communications strategies approved by the Council, and to utilise appropriate communications tools, such as press statements, publications, electronic communications and conferences, to reach the media and external parties.
- To recommend an annual promotion plan and budget to the Council.
- To oversee the review and updating of the FRC website layouts and contents, printed brochures, promotional materials and other publications of the FRC.
- To oversee publicity campaigns launched from time to time by the FRC.
- To decide on matters which the Council delegates from time to time.

職權範圍

- 制定機構傳訊政策及策略, 加強宣傳本局的工作。
- 監督本局成員核准的機構傳訊策略的執行, 以及透過合適的渠道(如新聞稿、刊物、電子通訊及會議等)與傳媒和外部溝通。
- 向本局成員提交年度宣傳計劃及預算。
- 監督有關本局的網頁設計及內容、小冊子、宣傳資料及其他出版刊物的審閱和更新。
- 監督本局不時舉辦的宣傳活動。
- 就本局成員不時委託的事宜作出決定。

Attendance at CCC meetings in 2017 was as follows:

機構傳訊委員會於2017年的會議出席率如下:

		Meetings attended/held 會議出席/舉行次數
Mr Chan Tze Ching, BBS, JP (Chairman)	陳子政先生, 銅紫荊星章, 太平紳士(主席)	5/5
Ms Ada Chung, JP	鍾麗玲女士, 太平紳士	5/5
Mr Michael Scales	施米高先生	2/5
Mr Sin Chung Kai, SBS, JP	單仲偕先生, 銀紫荊星章, 太平紳士	4/5
Ms Eirene Yeung	楊逸芝女士	4/5
Mr Paul F. Winkelmann (CEO) (ex-officio)	衛皓民先生(行政總裁)(當然成員)	5/5
Average attendance rate	平均出席率	83%



Finance Committee (FC)

財務委員會



Back row (from left): Dr PM Kam, BBS, Mr David Stannard and Mr Wilson Fung
後排(左起): 甘博文博士·銅紫荊星章、冼達能先生及馮英偉先生

Front row (from left): Mr Paul F. Winkelmann (ex-officio) and Dr Kelvin Wong, JP (Chairman)
前排(左起): 衛皓民先生(當然成員)及黃天祐博士·太平紳士(主席)

Terms of reference

- To review the FRC's treasury, internal control, and financial and risk management policies and strategies.
- To approve tenders for procurement with an estimated value exceeding HK\$500,000 (other than legal services relating to vetting of investigation or enquiry reports).
- To advise the FRC on the short, medium and long term financial implications of the Council's strategic plans.
- To review and make recommendations to the FRC on the Council's annual budget.
- To review the FRC's draft annual financial statements before submission to the Council.
- To provide advice on the future funding model of the FRC once the independent audit oversight reform proposal is finalised.
- To decide on matters which the Council delegates from time to time.

職權範圍

- 審閱本局的庫務、內部控制以及財務與風險管理政策及策略。
- 批准估計金額超過50萬港元的採購項目(有關審閱調查或查訊報告的法律費用除外)。
- 就本局策略性計劃的短期、中期及長期財務影響，向本局成員提供意見。
- 審閱本局的年度預算，以向本局成員提供意見。
- 審閱本局年度財務報表的草稿，以提交本局成員省覽。
- 於獨立審計監管改革建議方案落實時，提供對本局日後資金模式的意見。
- 就本局成員不時委託的事宜作出決定。

Attendance at FC meetings in 2017 was as follows:

財務委員會於2017年的會議出席率如下：

		Meetings attended/held 會議出席／舉行次數
Dr Kelvin Wong, JP (Chairman)	黃天祐博士·太平紳士(主席)	3/3
Mr Wilson Fung	馮英偉先生	3/3
Dr PM Kam, BBS	甘博文博士·銅紫荊星章	2/3
Mr David Stannard	冼達能先生	3/3
Mr Paul F. Winkelmann (CEO) (ex-officio)	衛皓民先生(行政總裁)(當然成員)	3/3
Average attendance rate	平均出席率	93%

Independent Audit Oversight Reform Committee (IAORC)

獨立審計監管改革委員會



Back row (from left): Dr Kelvin Wong, JP, Mr Sin Chung Kai, SBS, JP, Mr Nicholas Sallnow-Smith, Mr Eugene Fung, SC, and Mr Chew Fook Aun

後排(左起): 黃天祐博士, 太平紳士、單仲偕先生, 銀紫荊星章, 太平紳士、蘇兆明先生、馮庭碩先生, 資深大律師及周福安先生

Front row (from left): Mr Paul F. Winkelmann (ex-officio), Dr John Poon, BBS, JP (Chairman) and Mr David Stannard

前排(左起): 衛皓民先生(當然成員)、潘祖明博士, 銅紫荊星章, 太平紳士(主席)及洗達能先生

Terms of reference

- To provide advice to the FRC and the staff on matters related to the reform of auditor oversight systems in Hong Kong (the Reform), including but not limited to the registration, inspection, investigation and sanction of auditors.
- To oversee the work of FRC staff in relation to the Reform, including but not limited to the assumption of statutory powers for the inspection of listed company auditors and the transition arrangements relating to audit inspection and related legislative amendments; and to ensure that the activities undertaken by the staff are in accordance with the directives of the Council and the agreed timeline.
- To receive and consider regular progress reports from the staff on the progress of the Reform.
- To undertake specific tasks related to the Reform as required by the Council.
- To decide on matters which the Council delegates from time to time.

職權範圍

- 就香港審計監管制度改革(該改革)事宜, 包括但不限於核數師的註冊、查察、調查及處分, 向本局及其員工提供意見。
- 監督本局的員工就該改革所履行的工作, 包括但不限於接管查察上市公司核數師的法定職能、審計查察的過渡安排及相關立法修訂, 並且確保員工已遵照本局成員指引和議定的時間表進行工作。
- 接收及審議員工就該改革進度提交的定期進度報告。
- 按照本局成員的要求, 執行該改革相關的指定工作。
- 就本局成員不時委託的事宜作出決定。

Attendance at IAORC meetings in 2017 was as follows:

獨立審計監管改革委員會於2017年的會議出席率如下:

		Meetings attended/held 會議出席/舉行次數
Dr John Poon, BBS, JP (Chairman)	潘祖明博士, 銅紫荊星章, 太平紳士(主席)	3/3
Mr Chew Fook Aun	周福安先生	3/3
Mr Eugene Fung, SC	馮庭碩先生, 資深大律師	1/3
Mr Nicholas Sallnow-Smith	蘇兆明先生	3/3
Mr Sin Chung Kai, SBS, JP	單仲偕先生, 銀紫荊星章, 太平紳士	2/3
Mr David Stannard	洗達能先生	3/3
Dr Kelvin Wong, JP	黃天祐博士, 太平紳士	3/3
Mr Paul F. Winkelmann (CEO) (ex-officio)	衛皓民先生(行政總裁)(當然成員)	2/3
Average attendance rate	平均出席率	83%



Operations Oversight Committee (OOC)

運作監察委員會



Back row (from left): Mr Vincent Duhamel, Mr Jamie Allen, Mr Nicholas Sallnow-Smith, Mr Stephen Taylor, Mr Kenneth Morrison, and Mr Wilson Fung

後排(左起): 杜漢文先生、艾哲明先生、蘇兆明先生、Stephen Taylor 先生、文禮信先生及馮英偉先生

Front row (from left): Mr Wong Kai Man, BBS, JP (Chairman), Mr Paul F. Winkelmann (ex-officio), and Mr Chan Tze Ching, BBS, JP

前排(左起): 黃啟民先生、銅紫荊星章、太平紳士(主席)、衛皓民先生(當然成員)及陳子政先生、銅紫荊星章、太平紳士

Terms of reference

- To formulate policies, strategies, guidelines and procedures for the operation of the FRC.
- To provide advice to the FRC and its operational staff on technical and business issues.
- To consider the progress of enquiries, investigations, complaints and reviews currently being dealt with by staff.
- To consider enquiry reports approved by the Financial Reporting Review Committees before submission to the Council.
- To consider investigation reports approved by the Audit Investigation Board before submission to the Council.
- To consider recommendations in the complaint/review assessment reports before submission to the Council, and to endorse those complaint/review assessment reports requiring no follow-up action.
- To consider and approve recommendations made in the review handling reports in relation to financial statements selected for review under the financial statements review programme.
- To decide on matters which the Council delegates from time to time.

Attendance at OOC meetings in 2017 was as follows:

Mr Wong Kai Man, BBS, JP (Chairman)	黃啟民先生，銅紫荊星章，太平紳士(主席)
Mr Jamie Allen	艾哲明先生
Mr Chan Tze Ching, BBS, JP	陳子政先生，銅紫荊星章，太平紳士
Mr Vincent Duhamel ¹	杜漢文先生 ¹
Mr Wilson Fung	馮英偉先生
Mr Kenneth Morrison	文禮信先生
Mr Nicholas Sallnow-Smith	蘇兆明先生
Mr Stephen Taylor	Stephen Taylor 先生
Mr Paul F. Winkelmann (CEO) (ex-officio)	衛皓民先生(行政總裁)(當然成員)
Average attendance rate	平均出席率

¹ Resigned with effect from 1 November 2017

職權範圍

- 制定本局的運作政策、策略、指引和程序。
- 向本局及執行法定職責的員工提供技術性及業務性的意見。
- 審議員工現時處理的查訊、調查、投訴及審閱工作的進度。
- 審議經財務匯報檢討委員會批准的查訊報告，以提交本局成員省覽。
- 審議經審計調查委員會批准的調查報告，以提交本局成員省覽。
- 審議投訴／審閱評估報告所載的建議，以提交本局成員省覽。審批無需要採取跟進行動的投訴／審閱評估報告。
- 審議根據財務報表審閱計劃抽查的財務報表的審閱處理報告所載的建議。
- 就本局成員不時委託的事宜作出決定。

運作監察委員會於2017年的會議出席率如下：

Meetings attended/held 會議出席／舉行次數

Mr Wong Kai Man, BBS, JP (Chairman)	黃啟民先生，銅紫荊星章，太平紳士(主席)	6/6
Mr Jamie Allen	艾哲明先生	5/6
Mr Chan Tze Ching, BBS, JP	陳子政先生，銅紫荊星章，太平紳士	5/6
Mr Vincent Duhamel ¹	杜漢文先生 ¹	2/6
Mr Wilson Fung	馮英偉先生	5/6
Mr Kenneth Morrison	文禮信先生	5/6
Mr Nicholas Sallnow-Smith	蘇兆明先生	5/6
Mr Stephen Taylor	Stephen Taylor 先生	4/6
Mr Paul F. Winkelmann (CEO) (ex-officio)	衛皓民先生(行政總裁)(當然成員)	6/6
Average attendance rate	平均出席率	80%

¹ 於2017年11月1日辭任

Remuneration Committee (RC)

薪酬委員會



Back row (from left): Ms Eirene Yeung, Mr Roger Best, JP and Mr Nicholas Sallnow-Smith
後排(左起): 楊逸芝女士、路沛翹先生、太平紳士及蘇兆明先生

Front row (from left): Mr Paul F. Winkelmann (ex-officio) and Dr John Poon, BBS, JP (Chairman)
前排(左起): 衛皓民先生(當然成員)及潘祖明博士, 銅紫荊星章, 太平紳士(主席)

Terms of reference

- To formulate remuneration policies, strategies, guidelines and procedures for the operation of the FRC in accordance with all applicable legal and regulatory requirements.
- To make recommendations to the FRC on staffing, remuneration and employment policies and strategies including salary structure, terms and conditions of employment, and staff fringe benefits.
- To make recommendations on the annual pay adjustment and the amount of variable compensation payable to individual staff members.
- To make recommendations on the amount of variable compensation payable to the CEO.
- To decide on matters which may be delegated by the Council from time to time.

職權範圍

- 根據所有適用法律及監管規定，制定有關本局運作的薪酬政策、策略、指引和程序。
- 就有關員工招聘、薪酬、聘用政策及策略，其中包括薪酬架構、聘用條款及條件和員工福利，向本局成員提供意見。
- 提供有關個別員工的年度薪酬調整和浮動薪酬金額的意見。
- 提供有關行政總裁的浮動薪酬金額的意見。
- 就本局成員不時委託的事宜作出決定。

Attendance at RC meetings in 2017 was as follows:

薪酬委員會於2017年的會議出席率如下：

		Meetings attended/held 會議出席／舉行次數
Dr John Poon, BBS, JP (Chairman)	潘祖明博士, 銅紫荊星章, 太平紳士(主席)	3/3
Mr Roger Best, JP	路沛翹先生, 太平紳士	2/3
Mr Nicholas Sallnow-Smith	蘇兆明先生	3/3
Ms Eirene Yeung	楊逸芝女士	3/3
Mr Paul F. Winkelmann (CEO) (ex-officio)	衛皓民先生(行政總裁)(當然成員)	3/3
Average attendance rate	平均出席率	93%

Operations



Enquiry – Financial Reporting Review Panel and Committee

In cases where the FRC believes there may be non-compliance with accounting requirements in relation to a listed entity, the Council may appoint a FRRP to conduct an enquiry. The committee consists of a Panel Convenor as Chairman, and at least four other members of the Financial Reporting Review Panel (FRRP).

Under the powers vested in it under section 43 of the FRCO, the FRRP may require relevant persons to produce records and documents and provide information and explanations for the purpose of an enquiry.

Members of the FRRP are appointed by the Chief Executive of the HKSAR in consultation with the Council. As at 31 December 2017, the FRRP had 45 members, including seven Convenors. They are appointed based on their experience in accounting, auditing, finance, banking, law, administration, or management. A list of FRRP members can be found in the section “Membership of Board and Panels” of this annual report.

Investigation – Audit Investigation Board (AIB)

The Council may direct the AIB to conduct investigations into possible auditing or reporting irregularities by auditors in relation to listed entities. Under the powers vested in it under sections 25, 26, 27 and 28 of the FRCO, the AIB may require relevant persons to produce records and documents, supply information and provide explanations for the purposes of the investigation.

The CEO of the FRC is the ex-officio Chairman of the AIB. Other members of the AIB, who are normally staff members of the FRC, are appointed by the Council. A list of AIB members can be found in the section “Membership of Board and Panels” of this annual report.

In 2017, the AIB completed 11 investigation cases. It also dealt with 37 investigation cases brought forward from the previous year and 14 cases initiated during the year.

Internal Controls

The FRC maintains an effective internal control system that includes a clear organisational structure, well-defined levels of authority, and proper segregation of duties. The FRC assigns a director to take charge of each case from the moment investigations/enquiries commence.

運作

查訊 – 財務匯報檢討委員會及委員會

倘財務匯報局認為有上市實體可能不遵從會計規定的事宜，本局成員可委任一個財務匯報檢討委員會展開查訊。財務匯報檢討委員會包括一名財務匯報檢討委員會召集人擔任主席，以及最少四名來自財務匯報檢討委員會的其他成員。

財務匯報檢討委員會可根據《財務匯報局條例》第43條所賦予的權力，要求有關人士出示記錄及文件、提供資料及解釋，以進行查訊工作。

財務匯報檢討委員會成員由香港特別行政區行政長官經諮詢本局後委任。於2017年12月31日，財務匯報檢討委員會共有45名成員，當中七名為召集人。成員均由於其會計、審計、金融、銀行、法律、行政或管理經驗而獲委任。財務匯報檢討委員會成員的名單載於本年報「委員會及委員會成員」一節。

調查 – 審計調查委員會

本局可指示審計調查委員會就有關核數師可能在對上市實體的審計或匯報方面的不當行為展開調查。審計調查委員會可根據《財務匯報局條例》第25、26、27及28條所賦予的權力，要求有關人士出示記錄和文件、提供資料及作出解釋，以進行調查工作。

財務匯報局行政總裁是審計調查委員會的當然主席，而審計調查委員會的其他成員則由本局成員委任，通常是本局員工。審計調查委員會成員的名單載於本年報「委員會及委員會成員」一節。

審計調查委員會於2017年完成了11宗調查，並處理於去年年末仍在調查的37宗個案以及於年內展開的14宗個案。

內部控制

本局制定了有效的內部控制系統，包括清晰的組織架構、分明的權責以及恰當的職責分工。從展開每宗調查／查訊個案開始，本局會委派一名總監負責處理。



The FRC regularly reviews all its policies and guidelines relating to personnel administration, procurement, authorisation of transactions, and the safeguarding of its assets.

Specific forms are completed by Council members, committee members and staff in respect of each case to ensure conflicts are declared and identified. Once declared, all papers issued reflect any such conflicts.

Code of Conduct

FRC staff members are required to adhere to our code of conduct when carrying out any role on behalf of the FRC. Our code of conduct specifies standards to be followed in areas that may involve conflicts of interest, confidentiality of information, personal investments and data protection. This includes the need for staff members to make regular declarations of their own and their spouse's investments, and to notify any changes in their portfolio.

The FRC's code of conduct is reviewed and updated on a regular basis to ensure that it remains consistent with the best practices currently being applied across the areas in which the FRC operates.

Communications with Stakeholders

The FRC actively communicates with stakeholders, including its funding parties, the accounting and auditing profession, its regulatory counterparts, and the general investing public.

Information disseminated by the FRC is user-friendly and easily accessible. The FRC publishes annual reports and eNews to keep stakeholders informed about the progress of its work and its development. Operations statistics and press releases about completed cases are regularly posted on the FRC website (www.frc.org.hk).

The FRC has also set up official pages on certain social media channels to enable interested parties to connect with the FRC in a more interactive manner.

本局定期檢討內部的人事管理、採購、交易審批及資產保護的政策及指引。

本局成員、委員會成員及員工須就每宗個案填妥特定表格，確保已申報及確認所有利益衝突。一經申報，所有文件均會反映有關衝突。

操守準則

本局員工在代表本局履行職責時，必須嚴格遵守本局的操守準則。這套操守準則清楚界定了潛在利益衝突、資料保密、個人投資及資料保護等各方面的操守標準。其中包括要求員工定期呈報個人及其配偶的投資狀況及有關投資項目的變更。

財務匯報局定期檢討及更新操守準則，確保符合本局運作範疇內的最佳作業標準。

與持份者溝通

本局積極與持份者進行溝通，包括其撥款機構、會計及審計業界、其他監管機構及投資者。

本局發佈的資料皆易於使用及取得。財務匯報局透過刊發年報及電子簡訊，讓持份者了解本局的工作進度及發展。本局亦在網站(www.frc.org.hk)定期公佈有關運作的統計數據以及已完成的調查個案的新聞稿。

本局亦已在若干社交媒體設立官方網頁，讓有興趣人士能夠以更加互動的方式與本局聯繫。



Checks and Balances

Accountability and Audit

The FRC has adopted a strict audit process. The FRC's annual budget must be endorsed by the Council. The Secretary for Financial Services and the Treasury then reviews and approves the FRC's annual estimates of income and expenditure.

The financial statements of the FRC are audited by the Government's Director of Audit; annual reports are submitted to the Secretary for Financial Services and the Treasury and tabled at the Legislative Council. The FRC attends the meeting of the Legislative Council Panel on Financial Affairs and presents a progress report annually.

Process Review Panel (PRP)

The FRC has its work scrutinised by a PRP, the aim of which is to ensure that individual cases have been dealt with consistently, and that all actions and decisions taken are in line with internal procedures and guidelines. The PRP issues an annual report containing the conclusions of its review, together with suggestions for improvements. Appointments to the PRP are approved by the Chief Executive of the HKSAR.

Ombudsman

The Ombudsman also indirectly oversees the work of the FRC by dealing with any public complaints regarding alleged maladministration made against the FRC and its staff. The FRC did not receive any enquiries from the Ombudsman in 2017.

Best Practice

While the FRC is not obliged to comply with any particular corporate governance codes, it voluntarily complies with various principles and code provisions where considered relevant.

制衡措施

問責及審計

本局採納嚴謹的審計程序。本局的年度預算須由本局成員批核。財經事務及庫務局局長其後會審批本局的年度收支估計。

本局的財務報表由政府審計署署長審核，而年報向財經事務及庫務局局長呈交後，便會提交立法會省覽。本局每年於立法會財經事務委員會會議報告工作進展。

程序覆檢委員會

本局的工作乃受程序覆檢委員會嚴格監察，以確保本局以一致方式處理每宗個案，並在採取行動及作出決策時遵守內部程序和指引。程序覆檢委員會的年報會載列覆檢結果及改善建議。程序覆檢委員會成員由香港特別行政區行政長官委任。

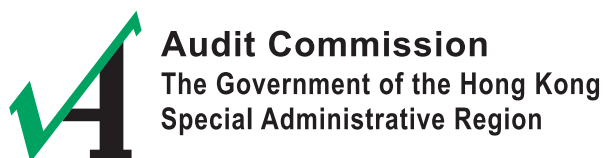
申訴專員

申訴專員亦透過處理針對本局及其員工管理不善的任何公眾投訴，間接監管本局的工作。本局於2017年並無收到來自申訴專員的任何查詢。

最佳作業標準

雖然法例並無規定本局須遵守任何特定的企業管治守則，但本局自發遵從各項相關原則及守則條文。





香港特別行政區政府
審計署

Independent Auditor's Report To the Financial Reporting Council

獨立審計師報告 致財務匯報局

Opinion

I have audited the financial statements of the Financial Reporting Council set out on pages 35 to 49, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In my opinion, the financial statements give a true and fair view of the state of affairs of the Financial Reporting Council as at 31 December 2017, and of its results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with section 18(2) of the Financial Reporting Council Ordinance (Cap. 588).

Basis for opinion

I conducted my audit in accordance with section 19(1) of the Financial Reporting Council Ordinance and the Audit Commission auditing standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the Financial Reporting Council in accordance with those standards, and I have fulfilled my other ethical responsibilities in accordance with those standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Financial Reporting Council is responsible for the other information. The other information comprises all the information included in the Financial Reporting Council's 2017 Annual Report, other than the financial statements and my auditor's report thereon.

意見

我已審計列載於第35至49頁的財務匯報局財務報表，該等財務報表包括於2017年12月31日的財務狀況表與截至該日止年度的綜合收入表、資金變動表和現金流量表，以及財務報表的附註，包括主要會計政策。

我認為，該等財務報表已按照國際財務報告準則真實而中肯地反映財務匯報局於2017年12月31日的事務狀況及截至該日止年度的業績和現金流量，並已按照《財務匯報局條例》(第588章)第18(2)條妥為擬備。

意見的基礎

我已按照《財務匯報局條例》第19(1)條及審計署的審計準則進行審計。我根據該等準則而須承擔的責任，詳載於本報告「審計師就財務報表審計而須承擔的責任」部分。根據該等準則，我獨立於財務匯報局，並已按該等準則履行其他道德責任。我相信，我所獲得的審計憑證是充足和適當地為我的審計意見提供基礎。

其他資料

財務匯報局須對其他資料負責。其他資料包括財務匯報局2017年年報內的所有資料，但不包括財務報表及我的審計師報告。



My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Financial Reporting Council for the financial statements

The Financial Reporting Council is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and section 18(2) of the Financial Reporting Council Ordinance, and for such internal control as the Financial Reporting Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Financial Reporting Council is responsible for assessing its ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Financial Reporting Council is assisted by its Finance Committee in discharging its responsibilities for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit Commission auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

我對財務報表的意見並不涵蓋其他資料，我亦不對其他資料發表任何形式的鑒證結論。

就財務報表審計而言，我有責任閱讀其他資料，從而考慮其他資料是否與財務報表或我在審計過程中得悉的情況有重大矛盾，或者似乎存有重大錯誤陳述。基於我已執行的工作，如果我認為其他資料存有重大錯誤陳述，我需要報告該事實。在這方面，我沒有任何報告。

財務匯報局就財務報表而須承擔的責任

財務匯報局須負責按照國際財務報告準則及《財務匯報局條例》第18(2)條擬備真實而中肯的財務報表，及落實其認為必要的內部控制，使財務報表不存有因欺詐或錯誤而導致的重大錯誤陳述。

在擬備財務報表時，財務匯報局須負責評估其持續經營的能力，以及在適用情況下披露與持續經營有關的事項，並以持續經營作為會計基礎。

財務匯報局下設的財務委員會協助其履行監督財務報告過程的責任。

審計師就財務報表審計而須承擔的責任

我的目標是就整體財務報表是否不存有因欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並發出包括我意見的審計師報告。合理保證是高水平的保證，但不能確保按審計署審計準則進行的審計定能發現所存有的任何重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們個別或滙總起來可能影響財務報表使用者所作出的經濟決定，則會被視作重大錯誤陳述。



REPORT OF THE DIRECTOR OF AUDIT (continued)

審計署署長報告 (續)

As part of an audit in accordance with the Audit Commission auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Financial Reporting Council's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Financial Reporting Council;
- conclude on the appropriateness of the Financial Reporting Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Financial Reporting Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Financial Reporting Council to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

在根據審計署審計準則進行審計的過程中，我會運用專業判斷並秉持專業懷疑態度。我亦會：

- 識別和評估因欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險；設計及執行審計程序以應對這些風險；以及取得充足和適當的審計憑證，作為我意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕內部控制的情況，因此未能發現因欺詐而導致重大錯誤陳述的風險，較未能發現因錯誤而導致者為高；
- 了解與審計相關的內部控制，以設計適當的審計程序。然而，此舉並非旨在對財務匯報局內部控制的有效性發表意見；
- 評價財務匯報局所採用的會計政策是否恰當，以及其作出的會計估計和相關資料披露是否合理；
- 判定財務匯報局以持續經營作為會計基礎的做法是否恰當，並根據所得的審計憑證，判定是否存在與事件或情況有關，而且可能對財務匯報局持續經營的能力構成重大疑慮的重大不確定性。如果我認為存在重大不確定性，則有必要在審計師報告中請使用者留意財務報表中的相關資料披露。假若所披露的相關資料不足，我便須發出非無保留意見的審計師報告。我的結論是基於截至審計師報告日止所取得的審計憑證。然而，未來事件或情況可能導致財務匯報局不能繼續持續經營；及
- 評價財務報表的整體列報方式、結構和內容，包括披露資料，以及財務報表是否公允反映交易和事項。

Kenneth Ho
Assistant Director of Audit
for Director of Audit

15 March 2018

Audit Commission
26th Floor
Immigration Tower
7 Gloucester Road
Wanchai, Hong Kong

審計署署長
審計署助理署長
何作柱代行

2018年3月15日

審計署
香港灣仔
告士打道7號
入境事務大樓26樓



STATEMENT OF COMPREHENSIVE
INCOME

For the year ended 31 December 2017
(Amounts expressed in Hong Kong dollars)

綜合收入表

截至2017年12月31日止年度
(金額以港元列示)

		Note 附註	2017	2016
Income	收入			
Annual contribution	每年投入資金	4	30,825,900	29,358,000
Interest income	利息收入	5	596,414	593,740
Recovery of costs of investigations	調查成本收回		159,628	253,509
Gain on disposal of office furniture, fixtures and equipment	處置辦公室傢具、裝置及 設備收益		-	3,280
			31,581,942	30,208,529
Expenditure	支出			
Staff costs	員工成本	6	(25,409,620)	(23,435,234)
Audit oversight research and related expenses	審計監管研究及相關支出	7	(413,560)	(1,991,131)
Corporate communications expenses	機構傳訊支出	8	(1,045,403)	(522,635)
Legal and professional fees	法律及專業費用		(1,851,375)	(127,813)
Depreciation charge	折舊支出	11	(255,598)	(148,640)
Write off of accounts receivable	應收賬款撇銷		-	(24,900)
Other operating expenses	其他營運支出	9	(752,238)	(1,077,192)
			(29,727,794)	(27,327,545)
Surplus and total comprehensive income for the year	年內盈餘及總綜合收入		1,854,148	2,880,984

The notes on pages 39 to 49 form part of these financial statements.

第39頁至49頁的附註為本財務報表的一部分。

FINANCIAL STATEMENTS (continued)

財務報表 (續)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

(Amounts expressed in Hong Kong dollars)

財務狀況表

於2017年12月31日

(金額以港元列示)

	Note 附註	2017	2016
Non-current assets			
Office furniture, fixtures and equipment	11	279,646	371,844
Current assets			
Receivables and prepayments	12	594,755	818,422
Time deposits with original maturities greater than three months	13	38,000,000	38,000,000
Cash and cash equivalents	14	7,753,247	4,873,300
Total current assets		46,348,002	43,691,722
Current liabilities			
Accounts payable and accruals		(3,340,813)	(2,630,879)
Net current assets		43,007,189	41,060,843
Net assets		43,286,835	41,432,687
Funds			
General fund	15	23,286,835	21,432,687
Reserve fund	15	20,000,000	20,000,000
Total funds		43,286,835	41,432,687

Approved and authorised for issue by the Financial Reporting Council on 15 March 2018

於2018年3月15日獲財務匯報局批准及授權刊發



Dr John Poon, BBS, JP 潘祖明博士，銅紫荊星章，太平紳士
Chairman 主席



Mr Paul F. Winkelmann 衛皓民先生
Chief Executive Officer 行政總裁

The notes on pages 39 to 49 form part of these financial statements.

第39頁至49頁的附註為本財務報表的一部分。



STATEMENT OF CHANGES IN FUNDS

For the year ended 31 December 2017
(Amounts expressed in Hong Kong dollars)

資金變動表

截至2017年12月31日止年度
(金額以港元列示)

		General fund 一般資金	Reserve fund 儲備金	Total funds 總資金
At 1 January 2016	於2016年1月1日	18,551,703	20,000,000	38,551,703
Surplus and total comprehensive income for 2016	2016年盈餘及總綜合收入	2,880,984	–	2,880,984
At 31 December 2016	於2016年12月31日	<u>21,432,687</u>	<u>20,000,000</u>	<u>41,432,687</u>
At 1 January 2017	於2017年1月1日	21,432,687	20,000,000	41,432,687
Surplus and total comprehensive income for 2017	2017年盈餘及總綜合收入	1,854,148	–	1,854,148
At 31 December 2017	於2017年12月31日	<u>23,286,835</u>	<u>20,000,000</u>	<u>43,286,835</u>

The notes on pages 39 to 49 form part of these financial statements.

第39頁至49頁的附註為本財務報表的一部分。

FINANCIAL STATEMENTS (continued)

財務報表 (續)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017
(Amounts expressed in Hong Kong dollars)

現金流量表

截至2017年12月31日止年度
(金額以港元列示)

	Note 附註	2017	2016
Cash flows from operating activities	經營活動產生的現金流量		
Surplus for the year	年內盈餘	1,854,148	2,880,984
Adjustments for:	調整項目：		
Depreciation charge	折舊支出	255,598	148,640
Interest income	利息收入	(596,414)	(593,740)
Gain on disposal of office furniture, fixtures and equipment	處置辦公室傢具、裝置及設備收益	-	(3,280)
		1,513,332	2,432,604
Changes in working capital:	營運資金變動：		
Increase in receivables and prepayments	應收賬款及預付款項增加	(63,672)	(2,743)
Increase/(decrease) in accounts payable and accruals	應付賬款及應計費用增加/(減少)	641,634	(165,019)
Net cash inflow from operating activities	經營活動產生的現金流入淨額	2,091,294	2,264,842
Cash flows from investing activities	投資活動產生的現金流量		
Payment for the purchase of office furniture, fixtures and equipment	購買辦公室傢具、裝置及設備款項	(95,100)	(107,634)
Interest received	已收利息	883,753	499,059
Increase in time deposits with original maturities greater than three months	原到期日多於三個月的定期存款增加	-	(4,000,000)
Net cash inflow/(outflow) from investing activities	投資活動產生的現金流入/(流出)淨額	788,653	(3,608,575)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	2,879,947	(1,343,733)
Cash and cash equivalents at 1 January	於1月1日之現金及現金等價物	4,873,300	6,217,033
Cash and cash equivalents at 31 December	於12月31日之現金及現金等價物	7,753,247	4,873,300

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The notes on pages 39 to 49 form part of these financial statements.

第39頁至49頁的附註為本財務報表的一部分。



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017
(Amounts expressed in Hong Kong dollars)

1. General Information

The Financial Reporting Council (FRC) was established in Hong Kong in 2006 under the Financial Reporting Council Ordinance (Cap 588) (FRCO). Its office address is 29th Floor, High Block, Queensway Government Offices, 66 Queensway, Hong Kong.

2. Principal Activities

As set out in the FRCO, the FRC is empowered to conduct investigations concerning auditing and reporting irregularities by auditors of entities listed in Hong Kong, and to make enquiries into non-compliance with accounting requirements by listed entities in Hong Kong.

3. Statement of Compliance and Basis of Preparation of Financial Statements

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of preparation

These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars, which is the functional currency of the FRC.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

財務報表附註

截至2017年12月31日止年度
(金額以港元列示)

1. 一般資料

財務匯報局於2006年根據《財務匯報局條例》(第588章)在香港設立。其地址為香港金鐘道66號金鐘道政府合署高座29樓。

2. 主要活動

如《財務匯報局條例》所列明，財務匯報局獲賦予權力就香港上市實體的核數師在審計及匯報方面的不當行為進行調查，以及就香港上市實體不遵從會計規定的事宜展開查訊。

3. 合規聲明及財務報表編製基準

(a) 合規聲明

本財務報表乃按國際財務報告準則編製而成。

(b) 編製基準

本財務報表已根據歷史成本法編製，並以財務匯報局的功能貨幣港元列示。

管理層在編製符合國際財務報告準則的財務報表時，須對應用會計政策構成的影響，以及對資產、負債、收入和支出的報告金額構成的影響，作出判斷、估計和假設。這些估計和相關假設是根據以往經驗和多項當時情況認為合理的其他因素而作出，而所得結果乃用作判斷目前顯然無法直接通過其他來源獲得的資產和負債賬面值的基準。實際結果可能有別於該等估計。

3. Statement of Compliance and Basis of Preparation of Financial Statements (continued)

(b) Basis of preparation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to an accounting estimate is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgements involved in the application of IFRSs by the FRC. There are also no key assumptions concerning the future, or other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

4. Annual Contribution

The annual contribution is the principal source of revenue, which is unconditional and non-refundable. It is measured at the fair value of consideration received or receivable and is recognised when it becomes receivable.

The Companies Registry Trading Fund (CRTF), the Hong Kong Institute of Certified Public Accountants (HKICPA), the Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEX) signed a Memorandum of Understanding (MoU) regarding the funding arrangements of the FRC up to and including the 2019 financial year. Each party agreed to contribute an annual amount of \$7.7 million to the FRC in 2017 (2016: \$7.3 million) for the recurring expenditure. To cater for inflation adjustments and to provide greater certainty to the FRC, the annual contribution from each party shall be increased to approximately \$8.1 million for 2018 and approximately \$8.5 million for 2019.

The office premises of the FRC are provided by the CRTF at a nominal rent of \$1 per annum. All the related utility and sewage charges, outgoings, costs and expenses incurred in repairing, maintaining and managing the office premises are borne by the CRTF.

5. Interest Income

Interest income was earned from time deposits and savings account. Interest income is recognised on an accruals basis using the effective interest method.

3. 合規聲明及財務報表編製基準 (續)

(b) 編製基準 (續)

財務匯報局會不斷檢討各項估計和相關假設。如果會計估計的修訂只影響作出修訂的期間，便會在該期間內確認；如果修訂對當時和未來期間均有影響，則在作出修訂的期間和未來期間確認。

財務匯報局應用國際財務報告準則時不涉及任何關鍵的會計判斷。在報告期末，也沒有足以構成導致資產和負債的帳面金額在來年大幅修訂的重大風險的有關未來的關鍵假設以及各項主要的估計不確定因素。

4. 每年投入資金

每年投入資金乃主要收入來源，為無條件及不可退還。每年投入資金以其已收或應收代價的公允價值計量，並於可收取時確認。

公司註冊處營運基金、香港會計師公會、證券及期貨事務監察委員會（證監會）及香港交易及結算所有限公司（港交所）已就財務匯報局直至及包括2019年財政年度的資金安排簽署諒解備忘錄。各機構同意於2017年向財務匯報局投入770萬元（2016年：730萬元）年度資金，以應付經常性營運支出。為抗衡通脹並為財務匯報局帶來更高穩定性，各機構亦同意於2018年，增加各自投入的資金至約810萬元，及於2019年增加至約850萬元。

財務匯報局之辦公室由公司註冊處營運基金提供，每年象徵式收取一元租金。所有相關設施及污水費用、其他開銷、維修、保養及管理辦公室的成本及支出均由公司註冊處營運基金承擔。

5. 利息收入

利息收入來自定期存款及儲蓄存款。利息收入採用實際利率法按應計基準確認。



6. Staff Costs

		2017	2016
Salaries, variable pay, bonuses and gratuities	薪酬、浮動酬金、花紅及賞金	23,207,359	21,710,691
MPF contributions	強制性公積金供款	845,031	683,484
Staff recruitment expenses	招募員工支出	512,353	320,562
Medical and life insurance	醫療及人壽保險	516,235	499,936
Staff training and development	員工培訓及技能發展	136,607	79,204
Others	其他	192,035	141,357
		25,409,620	23,435,234

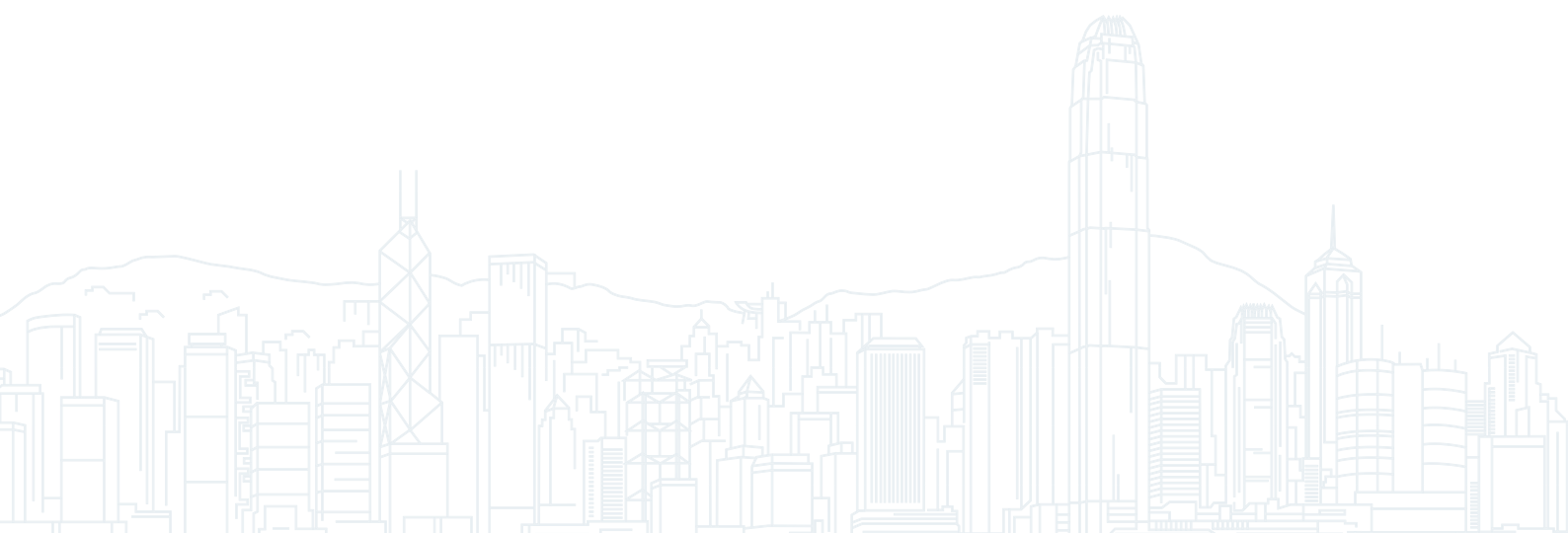
Salaries, variable pay, bonuses, gratuities and paid annual leave are accrued in the period in which the employees rendered the associated services. Bonuses are recognised when the FRC has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate can be made.

Contributions to the Mandatory Provident Fund (MPF) scheme are recognised as an expense when employees have rendered services entitling them to the contributions. Contributions are made based on 5 percent of the employees' gross salaries, except for the Chief Executive Officer (CEO) for whom only mandatory contributions are made. The assets of the MPF scheme are held separately from those of the FRC in an independently administered fund. The employer contributions vest fully with the employees when contributed into the MPF scheme, except for the employer voluntary contributions, which are refunded to the FRC when the employee leaves employment prior to the contributions vesting fully.

6. 員工成本

薪酬、浮動酬金、花紅、賞金及有薪年假於員工提供相關服務期內確認。倘因過去事項而承擔了現時發放花紅的法律或推定責任，以及所涉金額能夠可靠地估計時，會確認花紅費用。

當僱員提供服務而享有強制性公積金計劃供款時，供款在僱員提供相關服務時確認為支出。除了僅為其作出強制性供款的行政總裁外，供款乃按僱員總薪酬的百分之五計算。強制性公積金計劃的資產與財務匯報局的資產分開持有，並由獨立管理的基金保管。僱主供款於支付予強制性公積金計劃後即全數成為僱員的既得利益，惟僱主的自願性質供款，在僱員未能享有全數既得利益前離職的情況下，可退回財務匯報局。



6. Staff Costs (continued)

Except for the CEO, Council members are not remunerated. The above staff costs included the emoluments of the CEO as stated below:

6. 員工成本 (續)

除行政總裁外，財務匯報局成員並無酬金。以上員工成本已包括下述的行政總裁酬金：

		2017			
		Salary and variable pay	MPF contributions	Medical insurance	Total
		薪酬及浮動酬金	強制性 公積金供款	醫療保險	總額
Paul F. Winkelmann	衛皓民	4,200,000	18,000	–	4,218,000
		2016			
		Salaries and variable pay	MPF contributions	Medical insurance	Total
		薪酬及浮動酬金	強制性 公積金供款	醫療保險	總額
Paul F. Winkelmann ¹	衛皓民 ¹	3,132,012	13,500	–	3,145,512
Mark Dickens ²	狄勤思 ²	918,160	6,000	6,332	930,492
		4,050,172	19,500	6,332	4,076,004

¹ Appointed with effect from 1 April 2016

² Retired on 31 March 2016

¹ 於2016年4月1日獲委任

² 於2016年3月31日退休



7. Audit Oversight Research and Related Expenses

During 2016 and 2017, a consultancy firm was engaged to carry out a benchmarking study of the operations of four major auditor oversight regimes. This project was approximately 50% completed as at 2016 year end and was fully completed in 2017. In 2016, the expenditure also included costs related to an update report on the auditor oversight regime prepared by that consultancy firm.

8. Corporate Communications Expenses

Promotion and public education	推廣及公共教育
10th anniversary event	10周年活動
Publications	出版刊物
Others	其他

7. 審計監管研究及相關支出

於2016年及2017年，一家顧問公司獲委託就四個主要核數師管體制的運作進行借鑒研究。該項借鑒研究的工作截至2016年年底已完成接近一半，並於2017年內完成。2016年的支出包括與一份由該顧問公司就審計監管體制作出更新報告相關的成本。

8. 機構傳訊支出

	2017	2016
	468,669	251,556
	309,940	-
	149,798	203,075
	116,996	68,004
	1,045,403	522,635

9. Other Operating Expenses

Conferences and duty visits	會議及差旅費用
Professional liability insurance	專業責任保險
Office equipment and furniture expensed	辦公室設備及傢具開支
Printing, stationery and office expenses	打印、文具及辦公室開支

9. 其他營運支出

	2017	2016
	59,279	307,198
	25,150	25,150
	105,556	64,858
	562,253	679,986
	752,238	1,077,192

In accordance with section 19 of the FRCO, the financial statements of the FRC are audited by the Director of Audit. No fee is charged for this service.

根據《財務匯報局條例》第19條，財務匯報局的財務報表由審計署署長負責審核，當中並無收取任何服務費用。

10. Taxation

Pursuant to section 16 of the FRCO, the FRC is exempt from taxation under the Inland Revenue Ordinance (Cap 112).

10. 稅項

根據《財務匯報局條例》第16條，財務匯報局獲豁免而無須根據《稅務條例》（第112章）繳稅。

11. Office Furniture, Fixtures and Equipment

11. 辦公室傢俱、裝置及設備

		Office furniture and fixtures 辦公室 傢俱及裝置	Computers 電腦	Other office equipment 其他 辦公室設備	Total 其他
Cost	成本				
At 1 January 2016	於2016年1月1日	502,074	550,172	144,891	1,197,137
Additions	購入	5,000	50,164	60,750	115,914
Disposals	處置	–	(8,226)	(56,500)	(64,726)
At 31 December 2016	於2016年12月31日	507,074	592,110	149,141	1,248,325
At 1 January 2017	於2017年1月1日	507,074	592,110	149,141	1,248,325
Additions	購入	93,300	70,100	–	163,400
At 31 December 2017	於2017年12月31日	600,374	662,210	149,141	1,411,725
Accumulated depreciation	累計折舊				
At 1 January 2016	於2016年1月1日	(166,517)	(505,517)	(120,533)	(792,567)
Charge for the year	年內支出	(102,574)	(34,929)	(11,137)	(148,640)
Written back on disposals	處置時撥回	–	8,226	56,500	64,726
At 31 December 2016	於2016年12月31日	(269,091)	(532,220)	(75,170)	(876,481)
At 1 January 2017	於2017年1月1日	(269,091)	(532,220)	(75,170)	(876,481)
Charge for the year	年內支出	(200,106)	(38,914)	(16,578)	(255,598)
At 31 December 2017	於2017年12月31日	(469,197)	(571,134)	(91,748)	(1,132,079)
Net book value	賬面淨值				
At 31 December 2017	於2017年12月31日	131,177	91,076	57,393	279,646
At 31 December 2016	於2016年12月31日	237,983	59,890	73,971	371,844



11. Office Furniture, Fixtures and Equipment

(continued)

Office furniture, fixtures and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except that items costing less than \$5,000 are expensed when incurred. The cost of an item of office furniture, fixtures and equipment comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition necessary for its intended use.

Depreciation is calculated on the straight-line basis to write off the cost of each item of office furniture, fixtures and equipment over its estimated useful life after considering its estimated residual value. The respective useful lives are as follows:

Office furniture and fixtures	1 to 10 years
Computers	3 years
Other office equipment	7 years

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of office furniture, fixtures and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the relevant asset, and is recognised in surplus or deficit in the period in which the asset is derecognised.

At the end of each reporting period, the FRC assesses whether there is any indication that an item of office furniture, fixtures and equipment may be impaired or a previously recognised impairment loss no longer exists or may have decreased. Following this year's review, no impairment loss has been recognised (2016: nil).

11. 辦公室傢俱、裝置及設備(續)

辦公室傢俱、裝置及設備按成本減累計折舊及減值損失(如有)列賬,惟成本低於5,000元的項目則於產生時支銷。辦公室傢俱、裝置及設備項目的成本,包括其購買價格及將資產運抵指定地點並使其達到預定的方式進行運作所必需的狀態而發生的直接可歸屬成本。

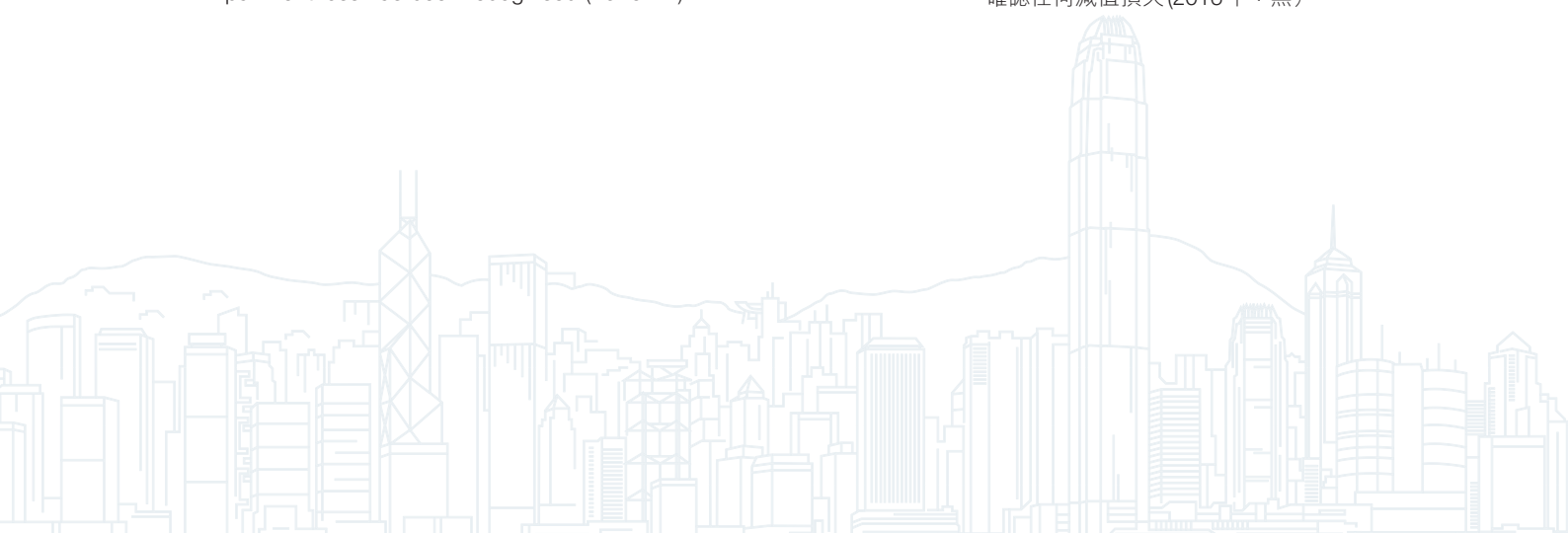
折舊乃按個別辦公室傢俱、裝置及設備項目之估計可使用壽命並考慮估計殘值後,以直線法攤銷其成本。各項目的可使用壽命如下:

辦公室傢俱及裝置	1至10年
電腦	3年
其他辦公室設備	7年

殘值、可使用壽命及折舊方法至少於每個報告期期末進行檢討,及作出適當調整。

辦公室傢俱、裝置及設備項目於處置或預期通過使用該資產不能產生未來經濟利益時終止確認。終止確認該資產產生的任何利得或損失(按處置相關資產所得款項淨額(如有)及賬面金額間的差額釐定),於該資產終止確認期間計入盈餘或虧絀。

於每個報告期期末,財務匯報局評估是否出現任何跡象顯示辦公室傢俱、裝置及設備項目出現減值,或過往確認的減值損失是否不再存在或已經減少。經本年度審閱後,未有確認任何減值損失(2016年:無)。



12. Receivables and Prepayments

		2017	2016
Interest receivable	應收利息	119,505	406,844
Prepayments	預付款項		
– Medical and life insurance	– 醫療及人壽保險	314,796	284,619
– Staff benefits	– 員工福利	27,147	12,445
– Professional liability insurance	– 專業責任保險	13,589	13,589
– Others	– 其他	119,718	100,925
		594,755	818,422

13. Time Deposits with Original Maturities Greater than Three Months

Time deposits with original maturities greater than three months carried fixed interest rates ranging from 0.88% to 1.42% (2016: 0.58% to 1.53%) per annum. The balances outstanding at 31 December 2017 and 2016 had maturities less than 12 months from the end of the reporting period.

14. Cash and Cash Equivalents

		2017	2016
Cash on hand	手頭現金	2,374	3,649
Current accounts	支票活期存款	501,532	127,704
Savings account	儲蓄存款	849,341	541,947
Time deposits with original maturities within three months	原到期日不超過三個月的定期存款	6,400,000	4,200,000
		7,753,247	4,873,300

Cash equivalents are time deposits with original maturities within three months, which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

12. 應收賬款及預付款項

13. 原到期日多於三個月的定期存款

原到期日多於三個月的定期存款，按固定年利率由0.88厘至1.42厘計息（2016年：0.58厘至1.53厘）。於2017年及2016年12月31日的結餘於報告期期末12個月內到期。

14. 現金及現金等價物

現金等價物為原到期日不超過三個月的定期存款，可隨時轉換為已知金額的現金，而且所涉及的價值變動風險不大。



15. Funds

General fund represents the operating surplus of the FRC's recurrent funding.

Reserve fund represents the non-recurrent contributions received from the CRTF, the HKICPA, the SFC and the HKEX at the establishment of the FRC according to the MoU. Each party contributed a lump-sum amount of \$5 million which is not refundable. The reserve fund is to be deployed to meet any inadequacies of the recurrent funding and other exigencies of circumstances.

16. Financial Instruments

The carrying amounts of financial instruments by category are as follows:

		2017	2016
Financial assets	金融資產		
Interest receivable	應收利息	119,505	406,844
Time deposits with original maturities greater than three months	原到期日超過三個月的定期存款	38,000,000	38,000,000
Cash and cash equivalents	現金及現金等價物	7,753,247	4,873,300
		45,872,752	43,280,144
Financial liabilities	金融負債		
Accounts payable and accruals	應付賬款及應計費用	3,340,813	2,630,879

The carrying amounts of the FRC's financial assets and financial liabilities approximate to their fair values as at 31 December 2017 and 2016.

Financial assets and financial liabilities are recognised in the statement of financial position when the FRC becomes a party to the contractual provisions of an instrument. They are initially measured at fair value and thereafter stated at amortised cost using the effective interest method. No transaction costs have occurred.

15. 資金

一般資金乃指財務匯報局經常性資金的經營盈餘。

儲備金指公司註冊處營運基金、香港會計師公會、證監會及港交所根據諒解備忘錄於設立財務匯報局時所投入的非經常性資金。各機構投入一筆不可發還，為數500萬元的資金。儲備金可於經常性資金不足及其他緊急情況下動用。

16. 金融工具

各類金融工具的賬面金額如下：

		2017	2016
Financial assets	金融資產		
Interest receivable	應收利息	119,505	406,844
Time deposits with original maturities greater than three months	原到期日超過三個月的定期存款	38,000,000	38,000,000
Cash and cash equivalents	現金及現金等價物	7,753,247	4,873,300
		45,872,752	43,280,144
Financial liabilities	金融負債		
Accounts payable and accruals	應付賬款及應計費用	3,340,813	2,630,879

於2017年及2016年12月31日，財務匯報局的金融資產及金融負債的賬面金額接近其公允價值。

金融資產及金融負債會於財務匯報局成為一項金融工具合同條款的訂約方時，於財務狀況表中確認。這些金融工具最初以公允價值計量，其後則採用實際利率法按攤銷成本列賬。未有產生交易成本。



16. Financial Instruments (continued)

Financial assets

The objective of holding financial assets is to collect contractual cash flows, which are solely payments of principal and interest on the principal amount outstanding. An impairment loss is recognised when there is objective evidence that the asset is impaired. No impairment loss has been recognised in 2017 (2016: nil).

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the FRC has transferred substantially all the risks and rewards of ownership of the asset.

Financial liabilities

A financial liability is derecognised when the relevant obligation is discharged, is cancelled or expires.

17. Financial Risks

(a) Credit risk

The FRC's credit risk is primarily attributable to accounts receivable, time deposits and other bank balances.

The accounts receivable are assessed for recoverability on an individual basis and impairment allowances are recognised when considered necessary. The recovery of the investigation costs is closely monitored by the Council. The FRC does not hold any collateral or other credit enhancements over these balances.

The Council approved an investment policy which, subject to other limits, only allows the FRC to place deposits with licensed banks in Hong Kong having regard to their credit rating. The policy also limits the amount placed with each bank and the maximum duration the deposit is placed in order to manage its credit risk.

The portfolio of deposits is managed and monitored to ensure it meets the investment policy with monthly reports submitted to the Finance Committee and bi-monthly reports to the Council. As a result, the FRC is not exposed to significant credit risk. The maximum exposure to credit risk is represented by the carrying amount of the financial assets as set out in the statement of financial position.

16. 金融工具 (續)

金融資產

持有金融資產的目的是收取合同現金流量，該等現金流量僅為償付本金及未償本金的利息。減值損失會於有客觀證據表明資產發生減值時確認。2017年並無確認減值損失（2016年：無）。

倘從資產獲收現金流量的權利已到期或財務匯報局已將資產所有權內幾乎全部的風險和回報轉讓，該金融資產會被終止確認。

金融負債

金融負債於相關的義務解除、取消或到期時終止確認。

17. 金融風險

(a) 信用風險

財務匯報局所承擔的信用風險主要涉及應收賬款、定期存款及其他銀行結餘。

應收賬款按個別基準評估可收回性及於認為有需要時確認減值撥備。本局密切監控調查成本的回收。財務匯報局並無就該等結餘持有任何抵押品或採取其他改善信貸條件的措施。

根據財務匯報局成員已通過的投資政策，財務匯報局僅可在符合其他限制規定下，根據信用評級於香港持牌銀行設立存款。有關政策並規定了每間銀行的存款上限和定期存款的最長存款期，以便管理信用風險。

財務匯報局管理和監察存款組合，確保符合投資政策，並且每月向財務委員會及每兩個月向財務匯報局成員提交報告。鑒於上述措施，財務匯報局並無重大信用風險。財務狀況表中載列的金融資產賬面金額代表所承擔的最高信用風險。



17. Financial Risks (continued)

(b) Liquidity risk

The FRC has a strong cash position and therefore has a very low level of liquidity risk. The FRC maintains sufficient levels of cash and cash equivalents and manages its working capital by carefully reviewing forecasts on a regular basis. All financial liabilities were due to be repaid within three months (2016: three months) from the end of the reporting period.

(c) Market risk

Currency risk

The FRC receives its funding and settles its expenses in Hong Kong dollars. Its financial assets and financial liabilities are all denominated in Hong Kong dollars. Hence, the FRC is not exposed to any currency risk.

Interest rate risk

The FRC's interest bearing assets mainly comprise funds placed in time deposits with fixed interest rates. The FRC is subject to interest rate risk where a volatile market exists. This risk is managed by having several short term deposits.

17. 金融風險(續)

(b) 流動資金風險

財務匯報局的現金狀況充裕，因此流動性風險相當低。財務匯報局維持充足水平的現金及現金等價物，並透過定期審慎檢討預測以管理其營運資金。所有金融負債於報告期末起三個月內(2016年：三個月)到期償還。

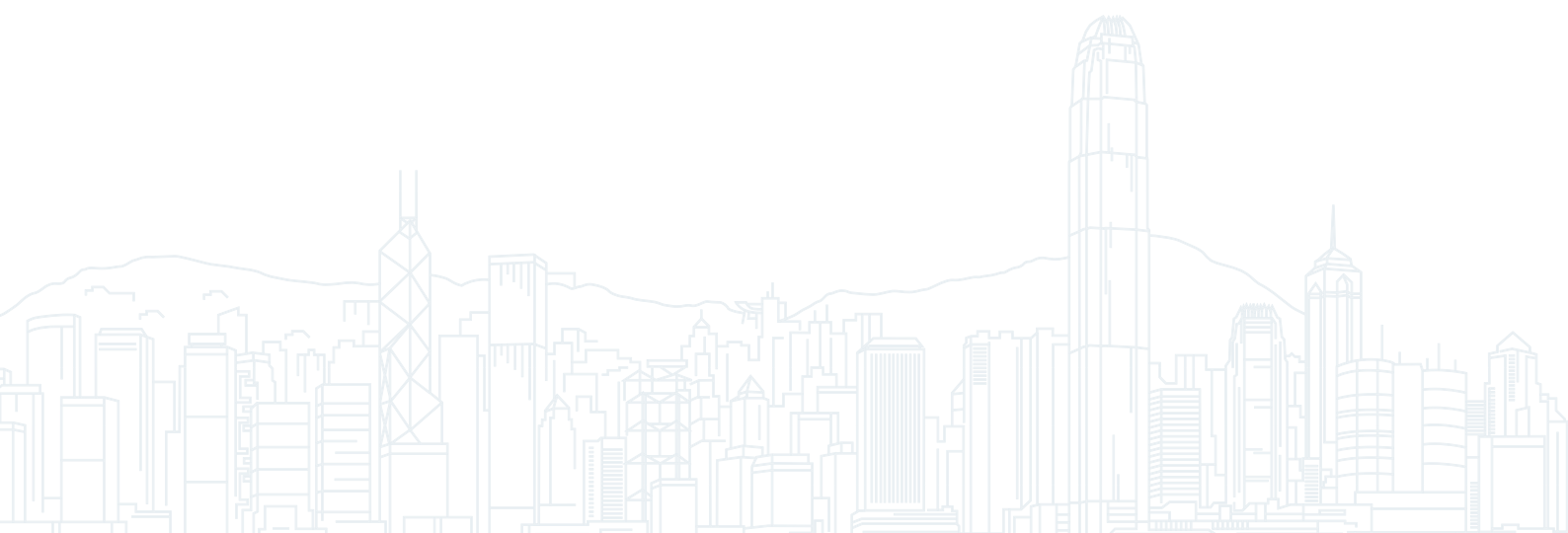
(c) 市場風險

貨幣風險

財務匯報局資金收入及支出均為港元，而所有金融資產及金融負債均以港元為單位。因此財務匯報局並無承擔任何貨幣風險。

利率風險

財務匯報局的有利息資產主要為固定利率的定期存款。當市場出現波動，財務匯報局將面臨利率風險。財務匯報局透過擁有若干短期存款以管理該風險。



MANAGEMENT AND OPERATIONS REVIEW

管理及運作回顧

We currently have a complement of 26 staff in the FRC, comprising a strong team of professionally qualified accountants with audit background, a legally qualified in-house General Counsel and dedicated administrative staff.

財務匯報局目前有 26 名員工，由一支具備審計經驗的優秀專業會計師團隊、一名內部法律顧問及一班對工作充滿熱誠的行政人員組成。

The key management team is:

主要管理團隊包括：



Front: Mr Paul F. Winkelmann, CEO
(前排)：衛皓民先生，行政總裁

Back (from left): Mr Alfred Chan (General Counsel), Ms Wincey Lam (Deputy CEO), Ms Florence Wong (Senior Director), Mr Chan Tak Shing (Senior Director)
後排(左起)：陳鴻興先生(內部法律顧問)，林穎志女士(副行政總裁)，王蕙湄女士(高級調查總監)，陳德成先生(高級調查總監)



Key Operations Statistics

主要運作數據

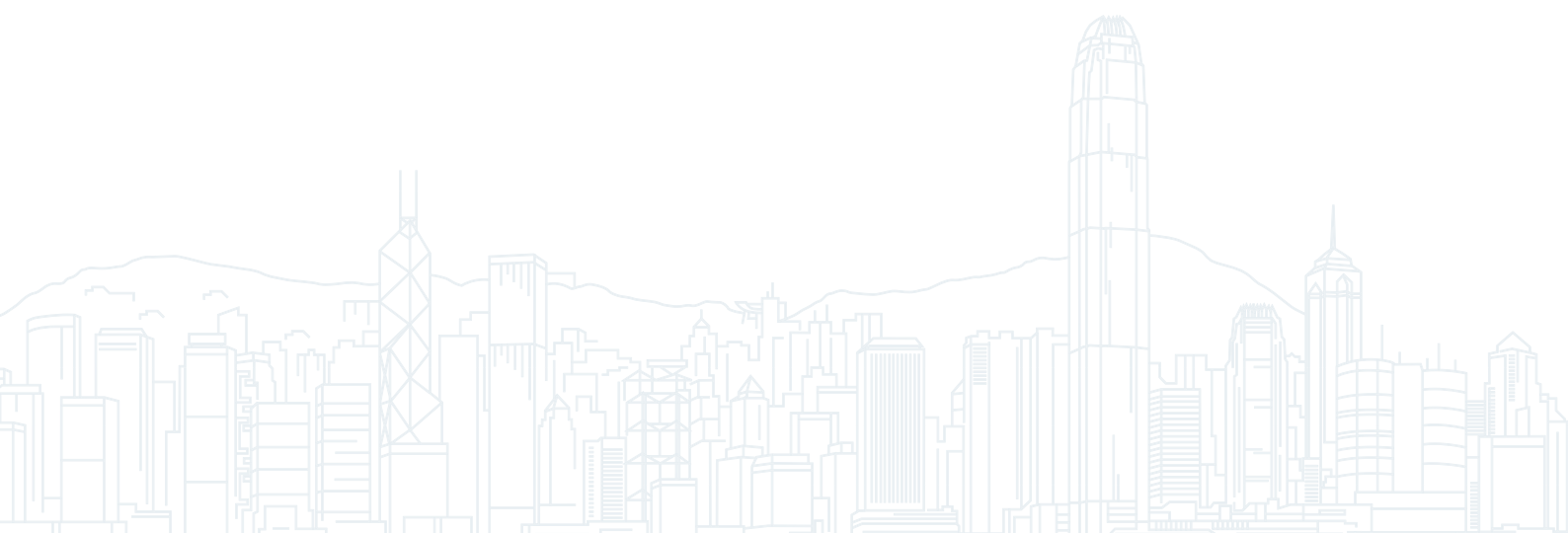
	2013	2014	2015	2016	2017
Pursuable complaints received 接獲的可跟進投訴	20	33	46 [#]	118 [#]	126[#]
Financial statements selected/identified for review 已抽選／識別作審閱的財務報表	75	87	75	38 [*]	48[*]
Investigations initiated 年內展開調查的個案	7	22	11	18	14
Investigations completed 完成調查的個案	5	4	9	11	11
Enquiries completed 完成查訊的個案	2	1	–	1	–

[#] Included 101, 97 and 22 complaints received in 2017, 2016 and 2015 respectively, which appear to have come from the same source and were directed at a single audit firm.

^{*} The financial statements review programme was enhanced with revised filtering criteria during 2016 to focus on certain areas of likely non-compliance/irregularity. Therefore, the number of financial statements identified for review in 2016 and 2017 are not comparable to the statistics of previous years.

[#] 包括分別於2017年、2016年及2015年接獲疑來自同一來源並針對同一間會計師行的101宗、97宗及22宗投訴。

^{*} 本局於2016年改善財務報表審閱計劃的篩選準則，把重點集中於有可能不遵從規定事宜／不當行為的領域。因此，於2016年及2017年抽選作審閱的財務報表數量並不可與以前年度的數量作比較。



Review of Complaints

Every complaint received is carefully evaluated prior to determining whether to close the case or commence an investigation and/or an enquiry.

The FRC received 126 pursuable complaints in 2017. Of these, seven related to auditing or reporting irregularities and four related to non-compliance with accounting requirements. A further 115 complaints involved both auditing or reporting irregularities and non-compliance with accounting requirements.

Of the pursuable complaints received, 101 (2016: 97) appear to have come from the same source and were directed at a single audit firm. While none of these complaints gave rise to any investigation, the 2017 complaints were referred to HKICPA for follow up.

審閱投訴

本局謹慎審閱所接獲的每宗投訴，以決定是否結束案件或展開調查及／或查訊。

本局於2017年共接獲126宗可跟進投訴。當中，七宗涉及審計或匯報不當行為，四宗涉及不遵從會計規定事宜。另外115宗同時涉及審計或匯報不當行為及不遵從會計規定事宜。

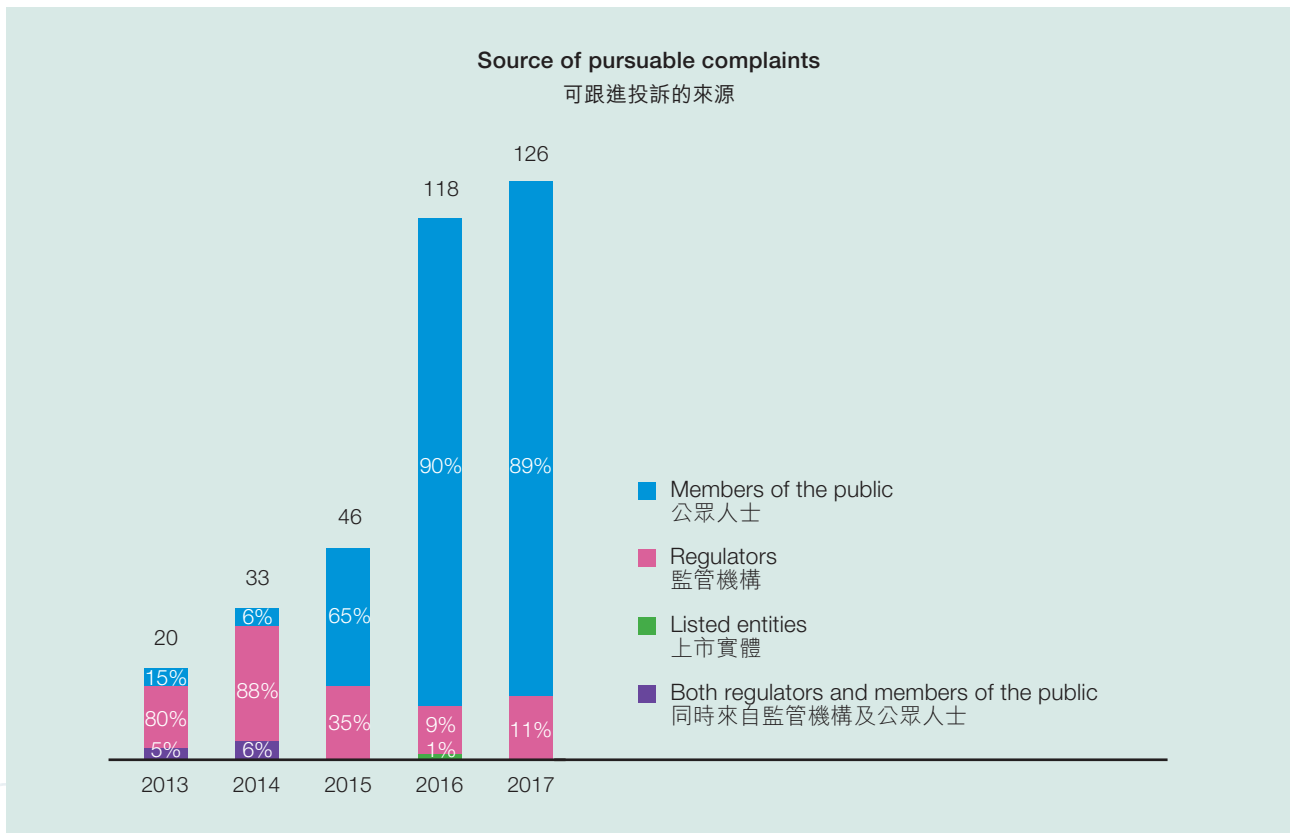
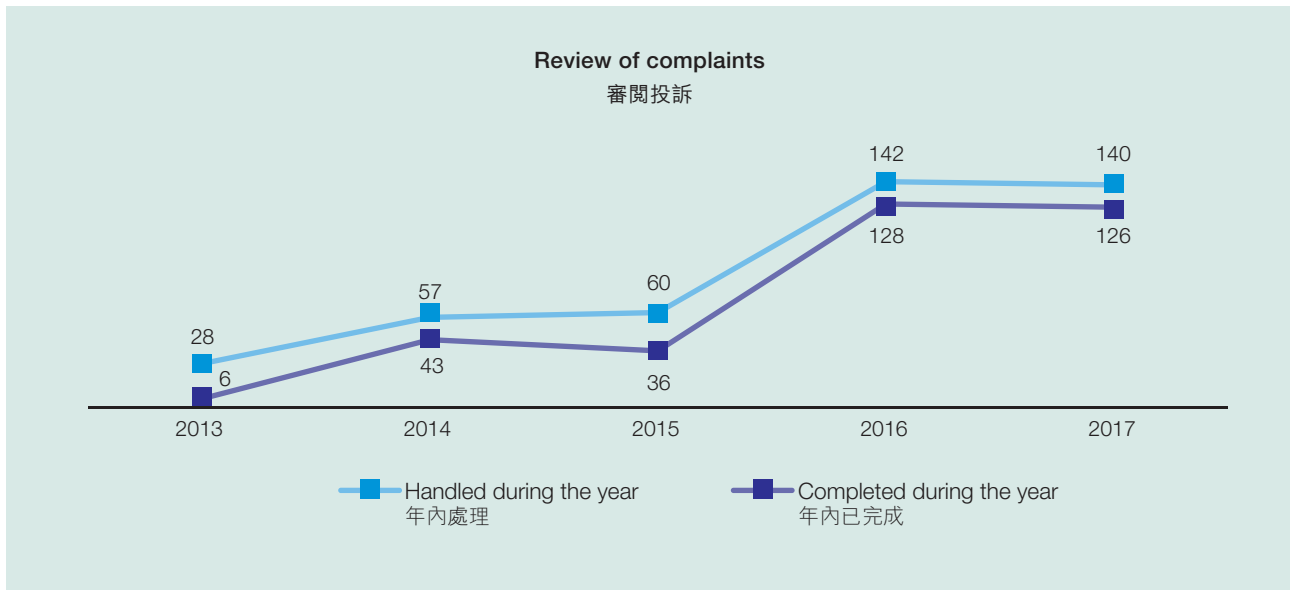
我們接獲的可跟進投訴中，101宗(2016年：97宗)疑來自同一來源，並針對同一間會計師行。雖然該等投訴個案概未導致展開任何調查，但2017年收到的該等投訴個案已被轉介予香港會計師公會跟進。

		2017	2016
Complaints from the public	來自公眾的投訴	112	106
Complaints from listed entity	來自上市實體的投訴	–	1
Complaints from the HKEX	來自港交所的投訴	7	4
Complaints from the HKICPA	來自香港會計師公會的投訴	4	3
Complaints from the SFC	來自證監會的投訴	3	4
Total	總計	126	118

The FRC handled the 14 complaints brought forward from the previous year, along with the 126 pursuable complaints received during the year. 12 investigations were initiated during the year. By the end of the year, 14 complaints were still being evaluated.

本局於年內共處理14宗於上一年度接獲的投訴，以及126宗於本年接獲的可跟進投訴。年內亦已展開12宗調查。截至本年年末，本局仍在審閱14宗投訴。

		2017	2016
Brought forward	年初審閱中的個案	14	24
Pursuable complaints received	接獲的可跟進投訴	126	118
Completed with no follow-up action	已完成而無需要跟進的個案	(10)	(113)
Referred to specified enforcement agencies	轉介予特定執行機構的個案	(104)	(4)
Initiated investigation and/or enquiry	展開調查／查詢的個案	(12)	(11)
In progress at end of year	年末仍在審閱中的個案	14	14

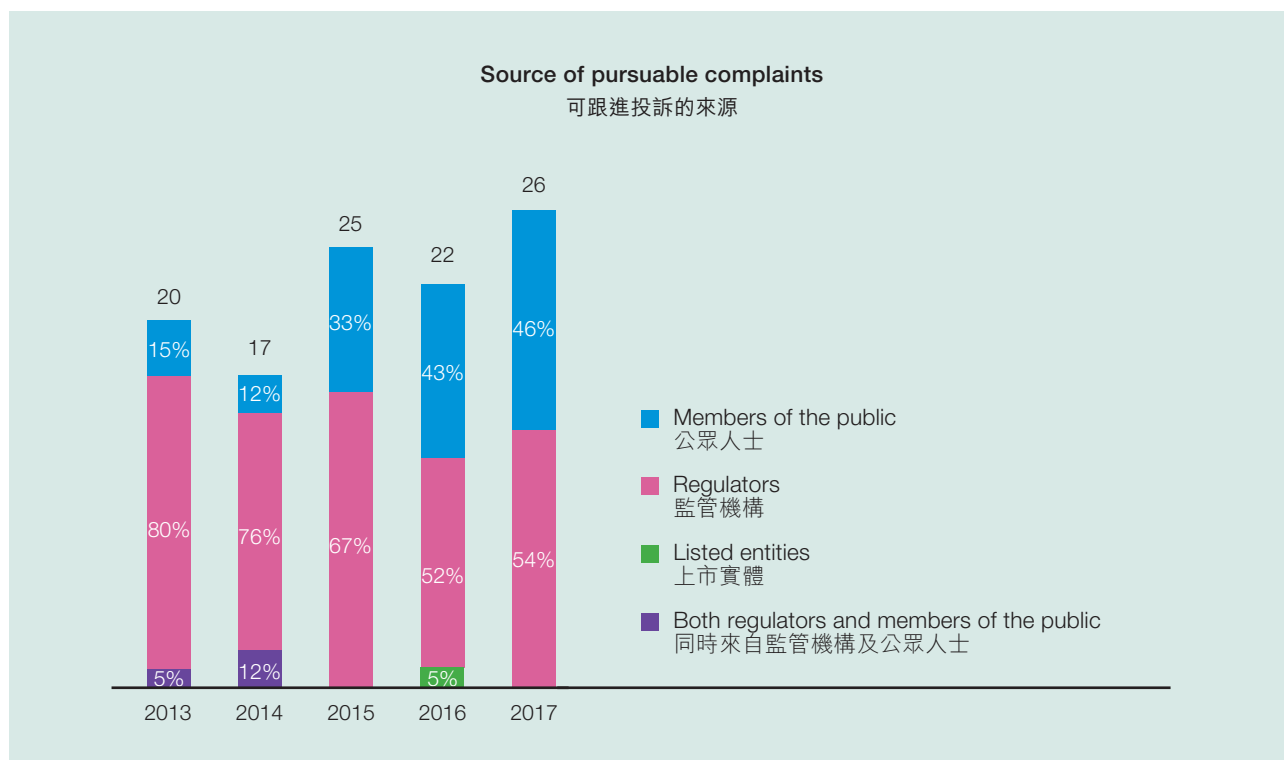


Of the pursuable complaints received, 101 (2016: 97 and 2015: 22) appear to have come from the same source and were directed at a single audit firm. While none of these complaints gave rise to any investigation, the 2017 complaints were referred to HKICPA for follow up.

我們接獲的可跟進投訴中，有101宗(2016年：97宗及2015年：22宗)疑來自同一來源，並針對同一間會計師行。雖然該等投訴個案概未導致展開任何調查，但2017年收到的該等投訴個案已被轉介予香港會計師公會跟進。

By eliminating the anomalies created by the number of complaints which appear to have come from a single source in 2015, 2016 and 2017, together with a different anomaly created in 2014, a different picture emerges.

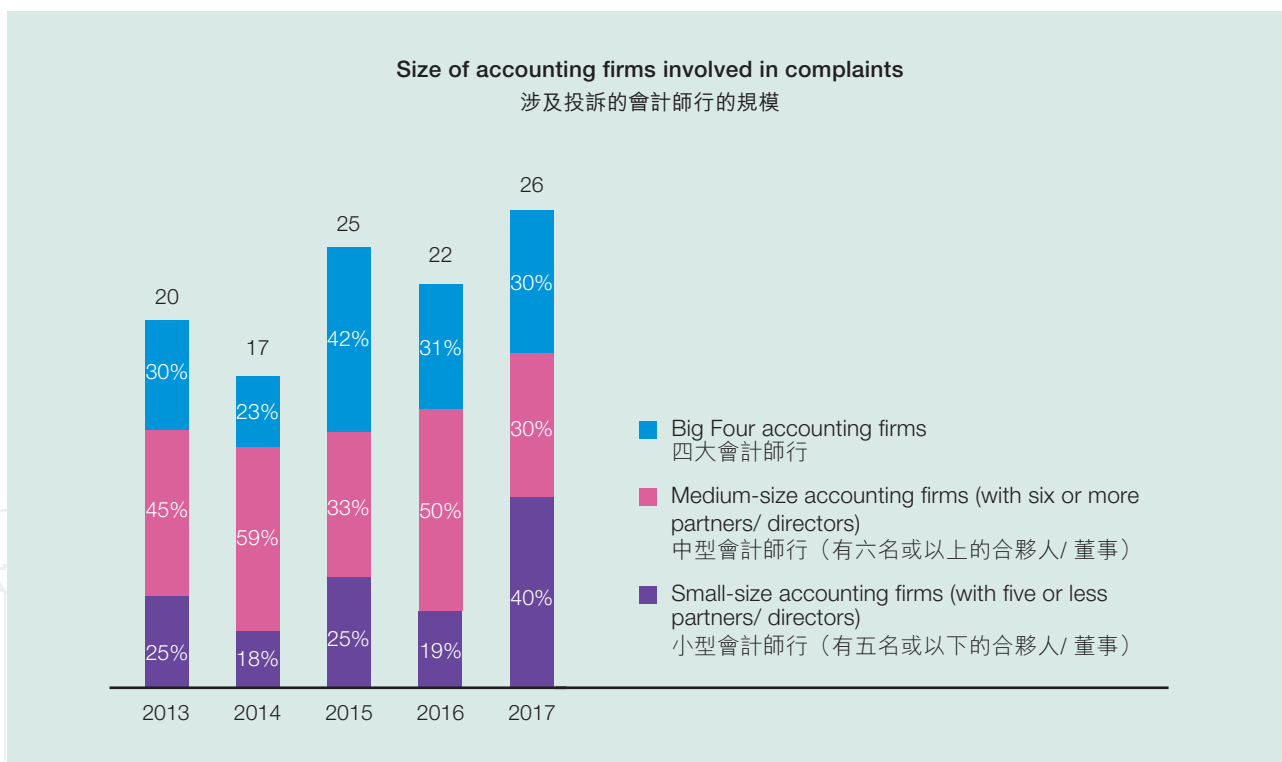
撇除於2015年、2016年及2017年疑來自單一來源的投訴個案所造成的異常情況，以及於2014年發生的另一個異常情況後，投訴來源的分佈有所分別。





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撇除於2015年、2016年及2017年疑來自單一來源的投訴個案所造成的異常情況，以及於2014年發生的另一個異常情況後，涉及投訴的會計師行的規模的分佈有所分別。



Financial Statements Review Programme

The financial statements review programme adopts a filtering approach to identify financial statements for review based on various filters which are approved by the OOC and re-visited annually.

In addition, a review of a selection of companies adopting Chinese Accounting Standards for Business Enterprises (ASBE) continued to be carried out in collaboration with HKEX and HKICPA. FRC then aggregates the findings from all three sets of reviews and issues them to MOF.

In the past, the review of financial statements relied on the support of external reviewers in reviewing financial statements. From 2017, the financial statements review was carried out entirely in-house.

Investigations

The FRC handled 37 investigations brought forward from 2016 and initiated 14 investigations in 2017. In total, 11 investigations were completed and the investigation reports have been referred to the HKICPA who will determine whether any disciplinary or other action is warranted. A summary of the findings from the investigations completed in 2017 can be found on pages 60 to 66 of this annual report.

During the year, the HKICPA's disciplinary committees took disciplinary action in response to seven investigations completed and referred to it by the FRC in earlier years. The certified public accountants and corporate practices involved in these cases were reprimanded and ordered to pay penalties and costs.

By the end of the year, there were 40 investigations (2016: 37) in our workload. Some of these investigations involve highly complex issues and require the study of financial statements across several years. These have required more time for evidence to be collected and information to be reviewed. The increase in the number of outstanding cases in 2016 was due to our focus to resolve complaints in accordance with our target of 90 days, and single complaints giving rise to multiple investigations. This trend continued in 2017.

財務報表審閱計劃

財務報表審閱計劃採納篩選方法，並根據運作監察委員會每年重新審閱並批准的若干篩選準則識別財務報表以進行審閱。

此外，本局繼續與港交所及香港會計師公會合作，從根據中國企業會計準則編製財務報表的公司中抽選報表審閱。財務匯報局隨後整合來自三方的審閱結果，將其提交予中國財政部。

本局過往依賴外部審閱人員協助審閱財務報表。自2017年起，財務報表的審閱全部由本局內部進行。

調查

本局於2017年處理在2016年已展開的37宗調查個案並展開14宗調查個案。本局總共完成11宗調查個案，並已將該等調查報告轉介香港會計師公會，以決定是否需要進行任何紀律處分或其他行動。2017年完成的調查個案結果的摘要載於本年報第60頁至第66頁。

今年，香港會計師公會的紀律委員會就本局於較早年度完成及向其轉介的七宗調查個案採取紀律處分。該等個案涉及的執業會計師及執業法團被譴責及勒令支付罰款及費用。

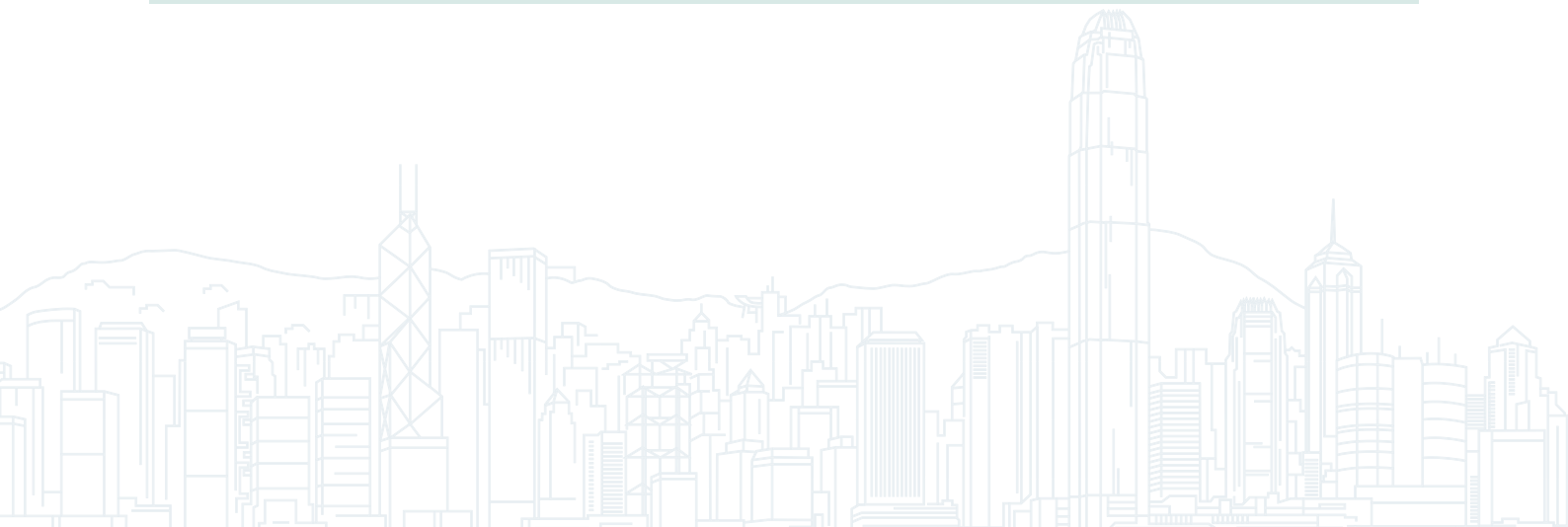
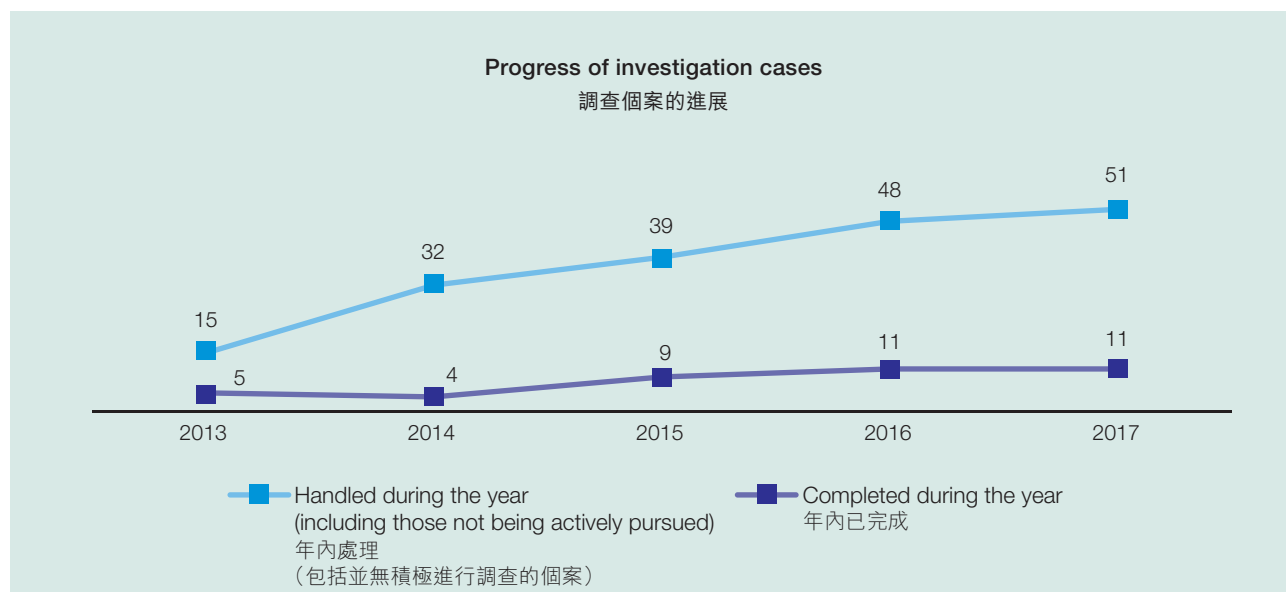
截至本年年末，本局有40宗調查個案(2016年：37宗)尚待完成。部分個案涉及較複雜的問題及多個年度的財務報表。這些調查個案需要更多時間搜集證據和審閱資料。由於本局致力於90日的目標期限內處理投訴，以及有數宗單一投訴個案衍生成多個調查個案，導致2016年仍在調查的個案數量上升。此趨勢於2017年持續。



The outstanding investigations include those where we await finalisation of the Memorandum of Understanding with the MOF. In the meantime, we have not pursued these investigations and will not do so until there is arrangement on gaining access to audit working papers in the Mainland. Consequently the total number of outstanding investigations has risen in 2017.

仍在調查中的個案包括本局有待與中國財政部落實諒解備忘錄的個案。目前，我們在取得存放於內地的審計工作底稿的安排落實前，並未繼續調查該等個案。因此2017年仍在調查中的個案總數有所增加。

		2017	2016
In progress at beginning of year	年初調查中的個案	37	30
Initiated in the year	年內展開調查的個案	14	18
Completed	已完成	51 (11)	48 (11)
In progress at end of year	年末仍在調查中的個案	40	37

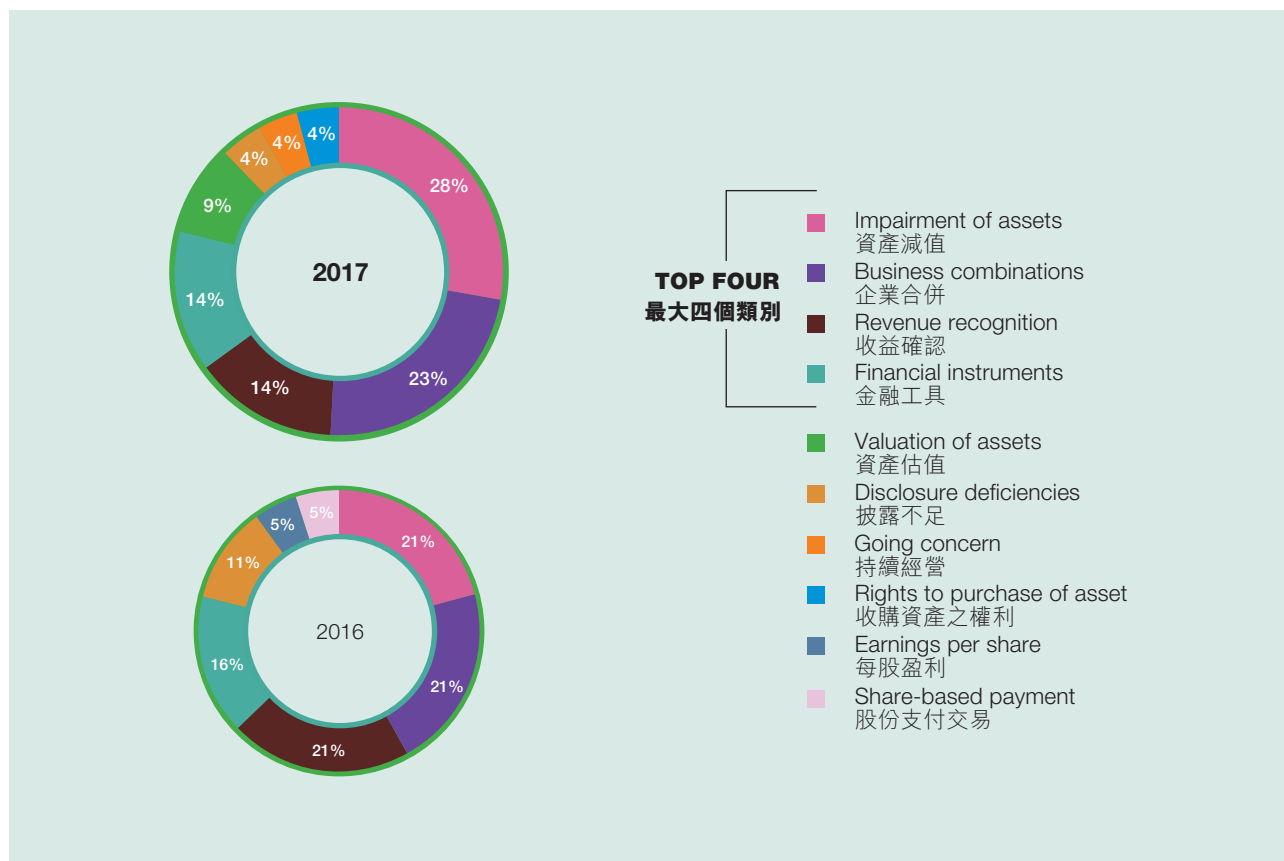


Key issues and findings in completed investigations

The major audit deficiency identified continues to be the failure of auditors to identify inappropriate accounting treatments by companies. This indicates that the auditors had not performed appropriate audit procedures or properly evaluated the evidence to support the accounting treatments proposed by the management in respect of the following areas:

已完成調查個案的主要問題及發現

本局發現核數師無法識別公司使用不適當的會計處理方法仍然是審計不足的主因。這顯示了核數師未有進行適當審計程序或適當評估證據以支持管理層就下列範疇所使用的會計處理方法：



The top four combined represents 79% for 2017 (2016: 79%) of deficiencies found. The top two represent 51% (2016: 42%) of the deficiencies found.

最大的四個類別佔2017年全部調查個案的79% (2016年：79%)。最大的兩個類別佔全部調查個案的51% (2016年：42%)。



Enquiries

The FRC brought forward two enquiries from last year.

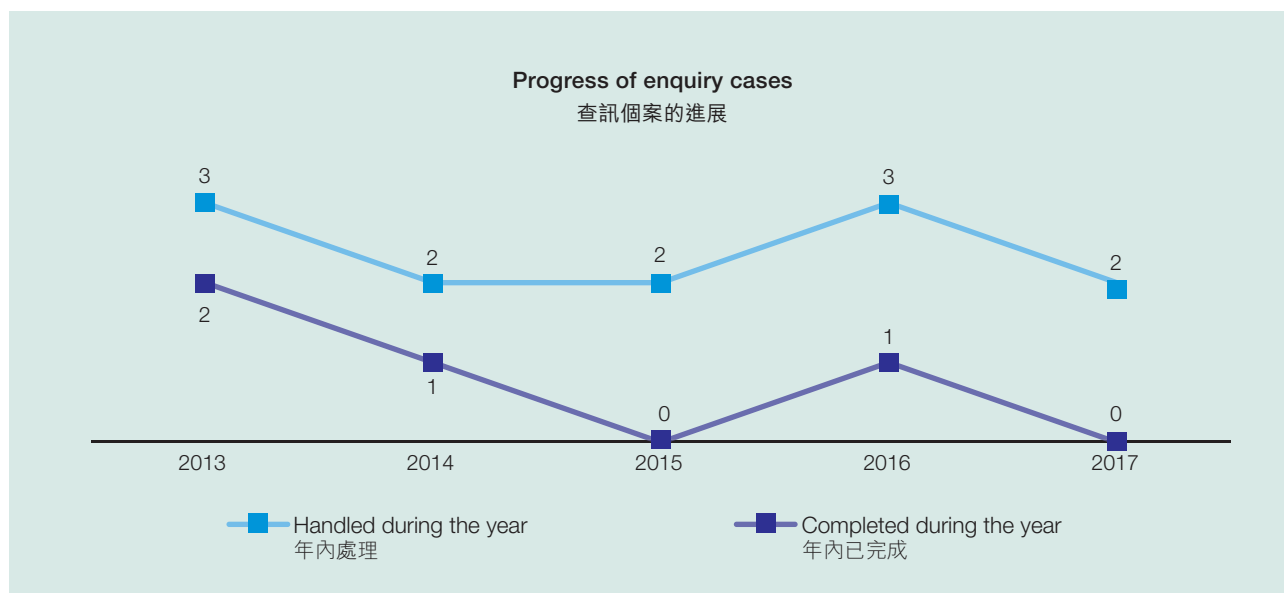
Each enquiry is handled by a Financial Reporting Review Committee with support from staff of the FRC. The time taken to complete an enquiry depends on the circumstances and complexity of individual cases.

查訊

本局處理於上年末仍在查訊的兩宗查訊個案。

每宗查訊個案由財務匯報檢討委員會及本局員工一同處理。完成一宗查訊個案所需要的時間視乎每宗個案的情況及複雜性而定。

		2017	2016
In progress at beginning of year	年初查訊中的個案	2	2
Initiated in the year	年內展開查訊的個案	-	1
Completed	完成查訊的個案	-	(1)
In progress at end of year	年末仍在查訊中的個案	2	2



Summary of completed investigations

Of the 11 investigation cases completed in 2017, several revealed that there were non-compliances with accounting requirements in the financial statements and that the auditors had failed to identify them during their audits. Our findings also identified concerns with the level of audit challenge to management's assertions. The following is a brief summary of the findings from our investigations.

Accounting for business combinations

1. In a business combination, a listed entity issued convertible bonds and included a contingent consideration in the nature of a financial asset to satisfy the purchase consideration. In the application of the acquisition method, the listed entity did not recognise any assets acquired or liabilities assumed in the acquisition except for a very small amount of other payable, notwithstanding that the investment circular mentioned a number of potential identifiable assets.

The investigation revealed that the auditor failed to (a) challenge the appropriateness of the acquisition-date fair value measurement of the convertible bonds issued as purchase consideration, (b) adequately evaluate the reasonableness of management's estimation of the future profits of the acquired business in determining the acquisition-date fair value of the contingent consideration, and (c) challenge management's assessment as to whether all the identifiable assets acquired and liabilities assumed in the business combination were recognised in the financial statements.

2. In three investigations, listed entities recognised, among others, intangible assets and goodwill in business combinations. In these cases, management engaged external valuers to determine the acquisition-date fair values of the intangible assets acquired.

In one of the investigations, the auditor engaged another valuer (auditor's expert) to review the valuation report provided by management which formed part of the audit evidence. However, the investigation revealed that the auditor failed to (a) address the concerns raised by the auditor's expert regarding the discount rates used in the valuation report, (b) understand and evaluate the valuation methodologies, (c) assess whether the scope of work of the auditor's expert was appropriate, and (d) understand and evaluate the reasonableness of certain assumptions used by management in the projection of revenue, growth rates, attrition rates, cost saving rates and useful lives of assets.

已完成的調查個案摘要

於2017年完成的11宗調查個案中，數個調查結果發現財務報表存在不遵從會計規定事宜及核數師並未能在審計過程中作出識別。本局的調查結果亦關注到核數師對管理層聲明的質疑程度。以下是本局調查結果的簡單摘要。

業務合併的會計處理

1. 在一項業務合併中，上市實體以發行可換股債券及包括金融資產性質的或然代價作收購代價。儘管投資通函指出數項潛在的可辨識資產，但除了極細金額的其他應付款外，上市實體沒有確認任何因收購而取得的可辨識資產或承擔的負債。

調查發現，核數師沒有：(a) 質疑作收購代價的可換股債券的收購日公允價值的合適性；(b) 充份地評估管理層在決定或然代價收購日公允價值時，對所收購業務的盈利預測的合理性；及(c) 質疑管理層對是否已在財務報表內確認所有因收購而取得的可辨識資產及承擔的負債的評估。

2. 在三個調查中，上市實體在業務合併中確認包括無形資產及商譽等項目。在這些個案中，管理層外聘估值師以決定被收購的無形資產於收購日的公允價值。

在其中一個調查中，核數師聘用另一位估值師(核數師專家)覆核由管理層提供的估值報告，作為部分審計證據。然而，調查發現，核數師沒有：(a) 跟進核數師專家就估值報告中的貼現率提出的質疑；(b) 了解及評估估值方法；(c) 評估核數師專家的工作範圍是否適當；及(d) 了解及評估管理層用以預測收入、增長率、流失率、成本節約率和資產可用年限的個別假設是否合理。



In another two investigations, auditors placed reliance on external valuations provided by management but failed to challenge the reasonableness of critical assumptions and estimations applied in the valuation, understand the valuation methods and test the source data, including (a) the forecasted sales, gross profit margin and growth rate of the acquired businesses; (b) the discount rate and (c) royalty rate used in the discounted cash flows.

3. A listed entity issued convertible notes, denominated in Hong Kong dollars, as part of the purchase consideration for a business combination. The functional currency of the listed entity was Renminbi and the consolidated financial statements were presented in Hong Kong dollars. The valuation of the convertible notes did not incorporate any adjustment factor for a specific term that the principal/redemption amount of the convertible notes should be translated from Hong Kong dollars to Renminbi at a fixed exchange rate upon their issuance and redemption.

The investigation revealed that the auditor had considered the impact of the specific term relating to the fixed exchange rate on the convertible notes during the relevant audits and quantified the effects of potential misstatements. However, the auditor failed to:

- (a) sufficiently evaluate whether certain assumptions used in the valuations of the convertible notes such as the discount rate would also be affected by this specific term, which would likely impact the fair value measurements of the convertible notes,
- (b) sufficiently challenge and evaluate the findings and conclusions of the management's expert's work and the auditor's expert's work on the valuations,
- (c) properly evaluate the effect of uncorrected misstatements relating to the convertible notes, both in relation to particular classes of transactions or account balances and the financial statements as a whole, and
- (d) include the uncorrected misstatements relating to the convertible notes in the request for written representation from management.

在另外兩個調查中，核數師依賴由管理層提供的外聘估值報告，但沒有質疑在估值中所採用的關鍵假設及預測的合理性、了解其估值方法及測試原始數據，包括(a)被收購業務的預計銷售額、毛利率及增長率；及(b)折現的現金流量中所使用的貼現率和(c)專利費稅率。

3. 上市實體透過發行港幣可換股債券作為業務合併的部分收購代價。該上市實體的功能貨幣為人民幣，而其綜合財務報表則以港幣呈列。該可換股債券的估值並無加入在發行及贖回該可換股債券時，以固定匯率由港幣轉換成人民幣之特定條款的調整。

調查發現，核數師在審計期間曾考慮有關固定匯率的條款對可換股債券的影響，並量化潛在的錯報影響。然而，核數師沒有：

- (a) 充分地評估在計算可換股債券的公允價值時，有關條款對個別假設，例如貼現率的影響；
- (b) 充分地質疑及評估管理層及核數師各自聘用的專家對於估值的工作結果和結論；
- (c) 適當評估有關可換股債券的未更正錯報之影響，包括對於特定類別的交易或賬戶餘額以及財務報表的整體影響；及
- (d) 將有關可換股債券的未更正錯報包含在要求管理層提供的書面聲明中。

4. A listed entity was required to issue a variable number of its own shares, with reference to the future profit of an acquired business, as part of the purchase consideration in a business combination. The listed entity recognised the consideration shares as equity in the year of acquisition and retrospectively restated the consideration shares as a financial liability without re-measurement in the following year.

The investigation revealed that the auditor failed to identify that the issuance of a variable number of consideration shares as purchase consideration was a contingent consideration in the business combination, which should have been classified as a financial liability. When the contingent consideration was restated in the subsequent year, the auditor failed to recognise that the contingent consideration should have been re-measured at fair value subsequent to initial recognition.

4. 在一家上市實體的業務合併中，上市實體需要以被收購業務的未來盈利作參考，發行浮動數量的股票作為收購代價的一部分。上市實體於進行收購的年份確認該股份代價為權益，並於翌年追溯重述為財務負債但沒有於初始確認後重新計算該股份代價的公允價值。

調查發現，核數師沒有識別在業務合併中發行浮動數量的股份代價作為收購代價，該屬或然代價，並應被分類為財務負債。當該或然代價在翌年被追溯重述時，核數師沒有發現或然代價理應於初始確認後重新計算其公允價值。

Financial instruments

金融工具

1. There were non-compliances with accounting requirements and audit deficiencies in a listed entity's consolidated financial statements in relation to a number of financial instruments:

- (a) The listed entity was unable to redeem certain convertible bonds upon maturity. An extension of redemption was granted subject to satisfying certain conditions, which had not been fulfilled at the year-end. The listed entity classified the convertible bonds as non-current liabilities when they should have been classified as current liabilities.
- (b) The listed entity was required to redeem certain subordinated convertible notes upon maturity by issuance of its own shares at the higher of the market price at the maturity date and a specified conversion price. The subordinated convertible notes were recognised as equity instruments of the listed entity when in fact they should have been recognised as a financial liability.
- (c) Certain convertible preference shares and convertible bonds were issued and in addition the listed entity had granted share options to its employees during a financial year. The measurements of these financial instruments were based on external valuations which needed to be properly evaluated by the auditors.

1. 上市實體的綜合財務報表存在與金融工具相關的不遵從會計規定事宜及審計不當行為的情況：

- (a) 該上市實體未能於到期日償還可換股債券，以及未能於年末滿足為延長到期日而訂出的若干條件。該上市實體將該可換股債券分類為非流動負債，惟其正確分類應為流動負債。
- (b) 上市實體需於次級可換股票據到期日以其股票市場價格或特定轉換價格較高者，發行股票以償還該次級可換股票據。該次級可換股票據被確認為上市實體的權益工具，但事實上應為財務負債。
- (c) 於財政年度，該上市實體發行可換股優先股及可換股債券，並授予員工股份認購權。這些金融工具的公允值根據外聘估值估算，需要核數師作出合適評估。



The investigation revealed the following findings:

- (a) The auditor failed to identify that the listed entity had not fully satisfied the conditions for the extension of redemption of the matured convertible bonds. Because the listed entity did not have an unconditional right to defer the settlement of the convertible bonds at the year-end, they should have been classified as current liabilities. Even if the conditions for extension were satisfied, the auditor failed to consider the financial effect on the modification of repayment terms. The auditor also failed to prepare adequate audit documentation in this respect.
- (b) When an entity issues a financial instrument that will be settled in its own shares, classification of the financial instrument depends on whether the number of shares to be issued is fixed or variable. The auditor failed to consider the terms of the subordinated convertible notes which would cause the listed entity to issue a variable number of its own shares and therefore the subordinated convertible notes should not have been recognised and classified as equity instruments.
- (c) The auditor failed to challenge the fair value measurement of the derivative component of certain convertible bonds and did not sufficiently document their independent evaluation of the relevance and reasonableness of the significant assumptions and methods used by the valuer in determining the fair values of the derivative components of the convertible bonds, convertible preference shares and share options.

2. A listed entity failed to recognise an impairment loss in its quoted equity investments, classified as available-for-sale financial assets, when there was a significant decline in fair value of these investments below cost. In accordance with Hong Kong Accounting Standard 39 *Financial Instruments: Recognition and Measurement*, a significant decline in fair value of equity investment below its cost is an objective evidence of impairment. The cumulative decline in fair values of the available-for-sale financial assets should have been removed from equity and recognised in profit or loss as impairment loss.

The investigation revealed that the auditor failed to evaluate and challenge management's impairment assessment on the available-for-sale financial assets. The auditor also failed to properly prepare audit documentation in this respect.

調查發現：

- (a) 核數師未有發現上市實體未能滿足為延長可換股債券到期日而訂出的條件。由於上市實體不具有無條件延遲償還該可換股債券的權利，該可換股債券應分類為流動負債。即使能夠滿足延長到期日的全部條件，核數師亦沒有考慮因修改償還條款而產生的財務影響，及就這方面準備充份的審計記錄。
- (b) 當上市實體發行的金融工具以其股票償還，該項金融工具的分類會因應股票的發行量為固定或浮動而決定。核數師沒有考慮該次級可換股票據的條款將要求上市實體發行浮動數量的股票，因此該次級可換股票據不應被確認及分類為權益工具。
- (c) 核數師沒有質疑個別可換股債券的衍生工具部分的公允值計量，亦沒有就估值師於決定可換股債券及可換股優先股的衍生工具部分，以及股份認購權的公允值，充份記錄其對估值師採用的重大假設及方法的相關性及合理性所作出的獨立評估。

2. 上市實體沒有對分類為可供出售金融資產的上市股權投資，在公允價值顯著低於其成本時，確認減值損失。根據 Hong Kong Accounting Standard 39 *Financial Instruments: Recognition and Measurement*，股權投資公允價值顯著低於其成本即構成減值的客觀證據。可供出售金融資產的累計損失應從權益剔除並於損益內確認為減值損失。

調查發現，核數師沒有評估及質疑管理層對可供出售金融資產的減值測試，及恰當地編製有關的審計記錄。

3. A listed entity acquired an unquoted equity investment, classified as available-for-sale investment and carried at cost less impairment loss. During the financial year, an overseas investment authority declined the listed entity's application for, among others, the acquisition of this available-for-sale investment but the relevant financial statements did not include any disclosures in relation to the decision of the investment authority and the relevant financial risks.

The investigation found that the auditor failed to (a) consider the relevant laws and regulations and to perform additional audit procedures in relation to the possible impact of the overseas investment authority's decision, (b) challenge the appropriateness of the bases and assumptions applied in relation to the impairment assessment of the available-for-sale investment, (c) evaluate the lack of disclosures in the financial statements in respect of the financial risks associated with the available-for-sale investment and the appropriateness of the audit opinion, and (d) prepare sufficient audit documentation in this respect.

4. A listed entity's wholly owned subsidiary issued a number of preferred shares which caused a deemed disposal with the Group's interest reduced to less than 50%. The listed entity continued to account for the investee as a subsidiary. The terms of the preferred shares included specific events and conditions that (a) might trigger the repayment of the principal amount of the preferred shares and accrued dividends, whether or not declared; and (b) require consent of the holders of a majority of the preferred shares on a number of matters.

The investigation found that the auditor failed to consider (a) the substance of the contractual arrangements and compare these to the definitions of financial liability and equity in *Hong Kong Accounting Standard (HKAS) 32 Financial Instruments: Presentation* when determining whether the classification of the preferred shares and the treatment of the related dividend were appropriate; and (b) whether the rights provided to the holders of the preferred shares would affect the Group's ability to control the investee following the deemed disposal.

3. 一間上市實體購買一非上市股權投資，並分類為可供出售投資及以成本減去減值虧損計量。在財政年度，海外投資辦事處拒絕上市實體包括收購該項可供出售投資等的申請，但有關的財務報表卻沒有披露該投資辦事處的決定及相關的財務風險。

調查發現，核數師沒有 (a) 考慮相關的法律法規，及因海外投資辦事處之決定而可能產生的影響而執行額外的審計程序；(b) 質疑有關可供出售投資的減值評估的基礎及假設的適當性；(c) 評估財務報表內缺乏披露有關可供出售投資的財務風險及其審計意見的適當性；及 (d) 編製足夠的有關審計記錄文件。

4. 一間上市實體的全資附屬公司發行若干優先股，該集團被視作出售附屬公司的權益，以致其擁有權益減少至低於50%。該上市實體繼續將被投資公司列帳為附屬公司。該等優先股的條款包括 (a) 可觸發償還優先股本金及應計股息 (不論宣派與否)；以及 (b) 需要在若干事項上取得優先股大部分股東同意的具體事項及條件。

調查發現核數師 (a) 判斷該等優先股的分類及相關股息的會計處理是否恰當時，沒有考慮合約安排的本質及將其與 *Hong Kong Accounting Standard (HKAS) 32 Financial Instruments: Presentation* 對金融負債及股本的定義進行比較；以及 (b) 沒有考慮於視作出售事項完成後，優先股持有人獲賦予的權利會否影響集團控制被投資公司的能力。



Revenue	收入
<p>1. A listed entity recognised revenue from a significant sale transaction at invoiced amount in the financial statements but did not adjust for the effects of the time value of money when the customer was permitted to pay the sales proceeds by installments and interest-free over ten years. Both the auditor of the relevant financial statements and the successive auditor agreed with the accounting treatment.</p> <p>The investigations discovered that both auditors failed to (a) challenge management's assessment on the measurement of the revenue, and (b) evaluate the fair value of the consideration received or receivable from the sale transaction and the effects on the financial statements.</p> <p>2. The terms of certain sales transactions of a listed entity included a right to exchange of the goods sold under specific conditions. The listed entity recognised revenue from these transactions without considering whether an appropriate adjustment was needed on the revenue to reflect the risk of exchange of goods.</p> <p>The investigation discovered that the auditors failed to consider the terms of the relevant transactions and did not evaluate their effects on the recognition of revenue.</p>	<p>1. 上市實體在財務報表內以發票金額確認一重大銷售交易的收入，但沒有就客戶可以在十年內免息分期支付銷售貨款而產生的資金時間價值對收入加以調整。有關財務報表的核數師及其繼任核數師均同意有關會計處理。</p> <p>調查發現，該兩位核數師均沒有：(a) 質疑上市實體管理層對收入計量的評估；和(b) 評估該銷售交易的已收或應收對價的公允值以及對財務報表的影響。</p> <p>2. 上市實體某些銷售交易的條款包括在特定的情況下交換已售貨物的權利。上市實體確認交易收入時，沒有考慮到收入是否需要進行適當調整以反映交換貨物的風險。</p> <p>調查發現，核數師沒有考慮相關交易的條款，也沒有評估其對收入確認的影響。</p>
Impairment assessment of non-financial assets	非金融資產的減值評估
<p>1. A listed entity had acquired exploration and evaluation assets several years prior to the relevant financial year. There had been no development or production activity since acquisition. There was a question as to whether the auditor had challenged the basis of measurement and performed independent evaluation of the recoverable amount for the purpose of impairment assessment.</p> <p>The investigation revealed that the auditor used an external valuation provided by management as their audit evidence for impairment assessment. However, the auditor failed to (a) understand and evaluate the appropriateness of the valuation method used by the valuer; and (b) assess the reasonableness and appropriateness of the estimations and assumptions applied and the relevance and accuracy of other source data used in the business forecast and the valuation.</p>	<p>1. 上市實體於數年前收購勘探及評估資產，但自收購以來並沒有進行開發或生產活動。令人懷疑核數師有否為減值評估質疑計量的基礎，及對可收回金額進行獨立評估。</p> <p>調查發現，在進行減值評估時，核數師使用管理層提供的外聘估值作為審計證據。然而，核數師沒有：(a) 了解及評估外聘估值師所使用的估值方法的合適性；及(b) 評估在業務預測及估值中所應用的估算和假設的合理性和合適性及所使用的其他原始數據的相關性和準確性。</p>

2. A listed entity management performed a year-end impairment assessment of intangible assets and goodwill acquired in a business combination during the financial year. For the purpose of impairment assessment, management used a year-end valuation that was principally based on the same assumptions and estimations that were applied at the acquisition-date of the business combination despite that there was a significant shortfall of actual sales after the acquisition compared with projected sales at the acquisition date.

The investigation revealed that the key assumptions relating to gross profit margin and growth rate of the acquired business used in the year-end valuation were the same as those applied at the acquisition date. The auditor failed to challenge the reasonableness of the assumptions, management's re-assessment of future business, and the reliability of source data used in the valuation.

3. A listed entity management performed an impairment assessment of cash-generating units which included intangible assets and goodwill. The recoverable amounts were determined based on value-in-use calculations and were supported by external valuation reports.

The investigation revealed that the auditor's procedures, in respect of the impairment assessment of intangible assets and goodwill were limited to reliance on the valuation reports and management's representations. The auditor failed to assess the progress and the actual performance of the acquired business since acquisition, challenge the reasonableness of business growth and profit margin assumptions as well as other key assumptions and estimations applied in the valuations.

2. 上市實體的管理層在財政年度內對業務合併中所收購的無形資產和商譽進行年末減值評估。在進行減值評估時，儘管收購後之實際銷售與收購時的銷售估算相比出現重大跌幅，管理層仍主要沿用與收購時的假設及估算作為年末減值評估之基礎。

調查發現，進行年末估值時所採用的毛利率和增長率的主要假設，與收購時所使用的一樣。核數師沒有質疑有關假設的合理性、管理層對未來業務發展的重估及估值時使用的原始數據的可靠性。

3. 上市實體的管理層對包含無形資產和商譽的現金產生單位進行減值評估。其可收回金額以外聘估值報告根據使用價值計量確定。

調查發現，核數師審核有關無形資產和商譽的減值評估之程序局限於依賴估值報告和管理層的陳述。核數師沒有評估被收購業務自完成收購日後的發展情況和實際業績、質疑業務增長，利潤率假設以及估值中採用的其他主要假設和估算的合理性。

Going concern assumption

A listed entity incurred a significant loss for the year and had net liabilities at the year-end. The relevant financial statements had been prepared on a going concern basis and had identified a number of specific measures which the listed entity was taking to improve its financial and liquidity position to support the going concern assumption.

The investigation revealed that the auditor failed to evaluate and challenge the appropriateness and viability of management's stated specific measures and consequently whether their assessment on the listed entity's ability to continue as a going concern was appropriate.

持續經營假設

上市實體於年內錄得重大虧損，並於年末出現淨負債。相關的財務報表以持續經營基礎編製，並列出一系列該上市實體為改善其財務及資金流動狀況正採取的措施，以支持持續經營的假設。

調查發現，核數師沒有評估及質疑管理層所列出措施的適當性及可行性，以及核數師對該上市實體持續經營能力的評定是否合適。



Letters of Advice

When evaluating complaints or reviewing financial statements, the FRC may decide that while the complaint or review does not warrant being taken further to an investigation or enquiry, it is appropriate to issue letters to the listed entities and their auditors pointing out our findings and suggesting improvement measures. The following findings gave rise to such letters in 2017:

- In calculating earnings per share, listed entities should compare the offer price in a rights issue with the market price of its own shares to identify any bonus element in the rights issue.
- When there is a retrospective restatement or reclassification of a financial statement item which has a material effect on the information at the beginning of the preceding period, preparers of financial statements are reminded to present an additional statement of financial position at the beginning of the preceding period. Merely restating the “five-year summary”, which is not a part of a complete set of financial statements, does not satisfy the requirement of the financial reporting standard.
- Sales rebates should generally be netted off against revenue instead of including them in selling expenses.
- Paragraph 17 of HKAS 23 *Borrowing Costs* specifies conditions that are required to be met before the commencement of the capitalisation of borrowing costs. In respect of the condition that the entity “undertakes activities that are necessary to prepare the asset for its intended use or sale”, preparers of financial statements are reminded that merely holding an asset without production or development does not meet the specified condition for capitalisation of incurred borrowing costs.
- Preparers of financial statements are reminded to provide adequate information in the financial statements for users to understand the impact of various specific transactions and events. In particular, this relates to the adequacy of information on the effect of entrusted financing arrangements and assets, significant terms of financial instruments that would affect their recognition and measurement and users’ ability to evaluate the relevant risks, circumstances or events that led to the reversal of a write-down of inventories, the reasons for using a budget/forecast period that is longer than five years when determining the value in use of assets for the purpose of impairment assessment.
- 計算每股盈利時，上市實體應將供股價與股份市價比較，以識別供股是否有任何紅股成份。
- 對前期財務報表期初的資料作出具重大影響的追溯重列或重新分類時，財務報表編製人員需載列前期期初的財務狀況報表。因「五年財務摘要」並不構成完整財務報表的一部分，只是重列該摘要並不能符合財務報告準則的規定。
- 銷售回扣一般應在收入金額中扣除，而非列入銷售開支。
- HKAS 23 *Borrowing Costs* 第 17 段規定借款費用開始資本化前須滿足的條件。有關實體「進行所需經營活動使資產達到預定可使用狀態或可銷售狀態」的條件，財務報表編製人員應留意只持有資產而不進行生產或發展是不能滿足將所產生借款費用資本化的指定條件。
- 財務報表編製人員須於財務報表提供足夠資料，讓使用者了解各種特定交易及事項所帶來的影響。尤其是下列資料的充足性：有關委託貸款安排及資產的影響、可影響金融工具的確認及計量及使用者評估有關風險的能力的重大條款、導致撥回存貨撇減的情況或事項、以及在減值評估中釐定資產使用價值時，使用超過五年的預算／預測期間的原因。

致上市實體及其核數師的意見函

在評估投訴或審閱財務報表時，財務匯報局可決定不展開調查或查訊，代之而是向上市實體及其核數師發出意見函以指出本局的發現及提出改善建議。以下為 2017 年本局發出意見函相關的發現：

MEMBERSHIP OF BOARD AND PANELS

委員會及委員團成員

Honorary Advisory Panel

名譽顧問團

The function of the Honorary Advisors is to advise the FRC, including its committees and staff, with respect to any matter referred to the Honorary Advisors by the FRC.

名譽顧問負責就任何由財務匯報局轉介的事項，向財務匯報局(包括其委員會及員工)提供意見。

Panel Members During 2017

2017年顧問團成員



Mr Nicholas Allen¹

聶雅倫先生

Mr Allen is a former partner of PricewaterhouseCoopers in Hong Kong (PwC Hong Kong); and currently acts as the Chairman of Link Asset Management Limited; an Independent Non-Executive director of Lenovo Group Limited; and CLP Holdings Limited.

聶雅倫先生曾任香港羅兵咸永道會計師事務所合夥人，現為領展資產管理有限公司主席，以及聯想集團有限公司和中電控股有限公司的獨立非執行董事。



Mr Roger Best, JP

路沛翹先生，太平紳士

Mr Best was a partner of Deloitte Touche Tohmatsu and is a former president of the Hong Kong Institute of Certified Public Accountants (HKICPA). He has chaired the HKICPA Financial Reporting Standards Committee and has also been a member of the IFRS Advisory Council.

路沛翹先生曾任德勤·關黃陳方會計師行合夥人，並且是前香港會計師公會會長，曾擔任其財務報告準則委員會主席，亦曾任其國際財務報告準則顧問委員會的成員。



Mr Clement Chan

陳錦榮先生

Mr Chan is the Managing Director – Assurance of BDO Limited and is a former president of the HKICPA. He has actively participated in standard setting and governance activities of the HKICPA.

陳先生為香港立信德豪會計師事務所有限公司審計部董事總經理。他同時為前香港會計師公會會長，並積極參與公會的制定準則及管治活動。



Dr Moses Cheng, GBM, GBS, OBE, JP

鄭慕智博士，大紫荊勳章，金紫荊星章，英帝國官佐勳章，太平紳士

Dr Cheng is currently the Chairman of the Insurance Authority. He is also a consultant of PC Woo & Co. after serving as its Senior Partner for 21 years. He has extensive experience in listing matters.

鄭博士是保險業監管局主席及胡百全律師事務所的顧問律師。他曾任該所的首席合夥人共二十一年，並在上市事務上擁有豐富的經驗。



Mr Chew Fook Aun
周福安先生

Mr Chew has over 30 years of experience in accounting, auditing and finance in the United Kingdom and Hong Kong. He is currently the deputy chairman and executive director of Lai Sun Garment (International) Limited and Lai Sun Development Company Limited, the executive director of eSun Holdings Limited, and the chairman and executive director of Lai Fung Holdings Limited.

周先生在英國和香港擁有逾30年的會計、審計及金融經驗，現為麗新製衣國際有限公司及麗新發展有限公司的副主席兼執行董事、豐德麗控股有限公司的執行董事及麗豐控股有限公司的主席兼執行董事。



Mr Eugene Fung, SC
馮庭碩先生，資深大律師

Mr Fung is a barrister in private practice. He is experienced in the fields of commercial law, trusts and probate, tax, property litigation, and company and insolvency law.

馮先生是一名私人執業資深大律師。他在商業法、信託法、遺囑認證、稅務法、物業訴訟，以及公司法及破產法方面擁有豐富經驗。



Dr PM Kam, BBS
甘博文博士，銅紫荊星章

Dr Kam is a certified public accountant. He is a former CEO of the FRC. Prior to joining the FRC, he was the group financial controller of Jardine Matheson Limited.

甘博士是一名會計師。他曾任財務匯報局的行政總裁。於加入財務匯報局之前，他曾任怡和管理有限公司集團財務總監。



Mr Edward Kwan, MH
關百忠先生，榮譽勳章

Mr Kwan was formerly the chief executive officer of HSBC Broking Services (Asia) Limited.

關先生曾任匯豐金融服務(亞洲)有限公司行政總裁。



Mr Clement Kwok
郭敬文先生

Mr Kwok is the Managing Director and Chief Executive Officer of the Hongkong and Shanghai Hotels, Limited. He has served on the Listing Committee of The Stock Exchange of Hong Kong Limited (SEHK), the Takeovers and Mergers Panel, the Securities and Futures Appeals Tribunal, the Hang Seng Index Advisory Committee and the Harbourfront Commission, as well as the Interpretations Committee of the International Accounting Standards Board in London.

郭先生為香港上海大酒店有限公司之董事總經理兼行政總裁。他曾任香港聯合交易所有限公司(聯交所)的上市委員會、收購及合併委員會、證券及期貨事務上訴審裁處、恆生指數顧問委員會、海濱事務委員會，以及位於倫敦的國際會計準則理事會的闡釋委員會。



Mr Anders Lau¹
劉偉良先生

Mr. Lau was formerly a partner of Ernst & Young (EY).

劉先生曾任安永會計師事務所合夥人。

MEMBERSHIP OF BOARD AND PANELS (continued)

委員會及委員團成員 (續)



Mr Albert Li

李國基先生

Mr Li was formerly a partner of KPMG Hong Kong and his main responsibilities were technical advisory and audit.

李先生曾任香港畢馬威會計師事務所合夥人，主要工作範疇為執業技術及審計。



Dr Eric Li, GBS, JP

李家祥博士，金紫荊星章，太平紳士

Dr Li is a senior partner of Li, Tang, Chen & Co, Certified Public Accountants and an independent non-executive director of a number of listed companies in Hong Kong. He is also a member of the 12th National Committee of the Chinese People's Political Consultative Conference.

李博士為李湯陳會計師事務所首席合夥人，亦是香港多家上市公司的獨立非執行董事。他亦是中國人民政治協商會議第12屆全國委員會委員。



Mr Tim Lui, SBS, JP

雷添良，銀紫荊星章，太平紳士

Mr Lui is a senior advisor of PwC Hong Kong and a deputy of The National People's Congress of the People's Republic of China.

雷先生是香港羅兵咸永道會計師事務所的高級顧問，現任中國全國人大代表。



Ms Teresa Ma

馬嘉明女士

Ms Ma is an experienced lawyer and a mediator. She was a partner and a member of the International Board of Linklaters.

馬女士為資深律師及認可調解員。她曾是年利達律師事務所的合夥人及其國際監治會成員。



Mr Stephen Mercer

麥尚雅先生

Mr Mercer is a partner with KPMG in Hong Kong.

麥尚雅先生是畢馬威香港合夥人。



Mr Kenneth Morrison

文禮信先生

Mr Morrison is a Practicing Director of Mazars Hong Kong. He has served on several committees of the HKICPA including Accounting Standards, Practice Review and Ethics. Mr Morrison is also a council member of the Institute of Chartered Accountants of Scotland.

文禮信先生現任瑪澤會計師事務所香港執業董事。他曾參與多個香港會計師公會小組包括會計準則、執業審核及專業操守委員會等。文禮信先生也是蘇格蘭特許會計師公會的理事會成員。



Mr Michael Scales

施米高先生

Mr Scales was previously Corporation Secretary of The Hongkong and Shanghai Banking Corporation Limited. He also served as a member of the Standing Committee on Company Law Reform, SFC Share Registrars Disciplinary Committee and SFC Dual Filing Advisory Group.

施米高先生曾任香港上海滙豐銀行有限公司的公司秘書。他也曾出任公司法改革常務委員會、證券及期貨事務監察委員會股份登記機構紀律委員會和證券及期貨事務監察委員會雙重存檔事宜顧問小組成員。



Mr Stephen Taylor

Stephen Taylor 先生

Mr Taylor is senior partner in national audit and assurance technical department of Deloitte China and head of the Deloitte Asia Pacific IFRS centre of excellence based in Hong Kong. He is a member of the International Accounting Standards Board IFRS Advisory Council and a former chairman of the Listing Committee of SEHK.

Stephen Taylor 先生為德勤中國全國審計和監證業務專業技術部資深合夥人，同時兼任德勤亞太區國際財務報告準則卓越中心駐香港主管。他也是國際會計準則理事會國際財務報告準則顧問委員會的成員，以及前任聯交所上市委員會的主席。



Mr Huen Wong, BBS, JP

王桂壘先生，銅紫荊星章，太平紳士

Mr Wong is the Principal of Fried Frank, Hong Kong and Shanghai offices. He is the former Chairman of the Communications Authority. He is also the former President of the Inter-Pacific Bar Association and the Law Society of Hong Kong.

王先生是法朗克律師行香港及上海分行主理人。他曾任通訊事務管理局主席，亦是前任環太平洋律師會會長及香港律師會會長。



Mr David Wu²

吳衛軍先生

Mr Wu is a Partner of PwC China, a member of CICPA. He has in-depth understanding of China's economic and regulatory landscape, as well as the latest developments in China's accounting profession.

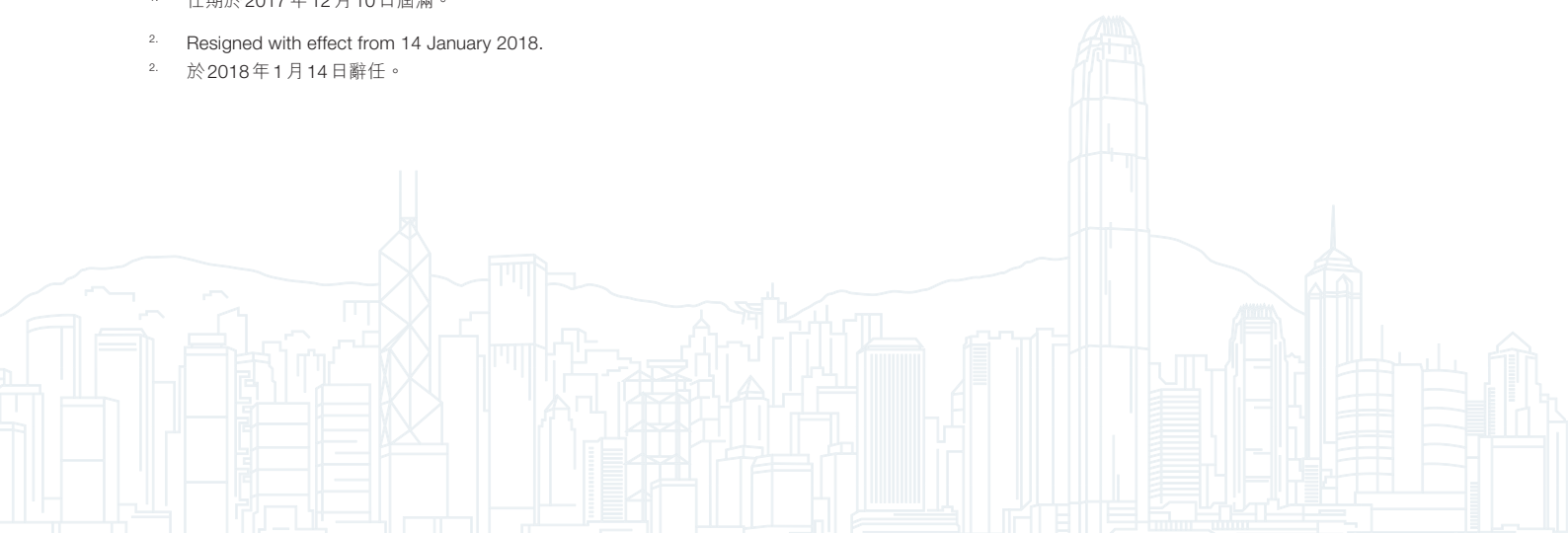
吳先生為普華永道中國合夥人，中國註冊會計師，深刻瞭解中國的經濟狀況及監管環境，並熟悉中國會計行業的最新發展。

¹ Term expired on 10 December 2017.

¹ 任期於2017年12月10日屆滿。

² Resigned with effect from 14 January 2018.

² 於2018年1月14日辭任。



MEMBERSHIP OF BOARD AND PANELS (continued)

委員會及委員團成員 (續)

Panel Members Appointed with effect from 1 March 2018

於 2018 年 3 月 1 日獲委任的顧問團成員



Mr Anthony Leung

梁小東先生

Mr Leung is the Assurance Leader of EY member firms for Hong Kong and Macau. He is a former member of the Listing Committee of SEHK from 2009 and completed the six-year term in 2015. He had previously served on the Professional Conduct Committee of the HKICPA.

梁小東先生現任安永香港及澳門審計服務主管合夥人，曾任聯交所上市委員會委員（在 2009 至 2015 年度完成六年任期）。亦曾任香港會計師公會專業行為委員會委員。



Mr Keith Pogson

包凱先生

Mr Pogson is the Global Assurance Leader for Banking & Capital Markets at EY. Mr Pogson is a former president of the HKICPA and continues to be a member of the Regulatory Oversight Board, the Audit Committee and the Disciplinary Panel of the HKICPA. He is a member of the Listing Committee of SEHK and a member of the Standing Committee on Company Law Reform.

包凱先生現任安永的銀行及資本市場環球審計業務主管。他曾出任香港會計師公會會長，現任其專業監管監督委員會、審核委員會及紀律小組的成員。他是聯交所上市委員會以及公司法改革常務委員會的成員。



Mr Elton Yeung

楊偉志先生

Mr Yeung is the Strategy and One Firm Services Leader of PwC. He has extensive audit and business advisory experiences especially in complex IPO engagements in the US, HK and Mainland China markets.

楊先生現任羅兵咸永道會計師事務所戰略與創新主管合夥人，多年來一直專注於大型上市項目的審計和商業諮詢方面的專業工作，對美國、香港以及中國內地證券市場的監管環境和財務報告要求具有深入的了解。



Financial Reporting Review Panel

Panel Convenors

Mr Eugene Fung, SC
Mr Robert Gazzi
Dr PM Kam, BBS
Mr Carmelo Lee, JP
Mr Andrew Mak, BBS, JP
Mrs Catherine Morley
Ms Edith Shih
Prof Wong Tak Jun¹

Members

Prof Gary Biddle
Mr Edmund Chan
Prof Cheng Cheng Shing
Prof Peter Cheng
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Ms Ding Chen
Mr Ian Farrar
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Mr Paul Phenix
Mr Paul Shieh, SC
Mr Hamilton Tang
Ms Teo Chew Ping
Mr Tsui Hon Man
Ms Anna Wong¹
Mr Wong Kim Man
Ms Priscilla Wong, BBS, JP
Mr Stephen Wong
Mr Thomas Wong
Ms Wendy Yuen
Ms Wendy Yung
Prof Zhang Guo Chang

¹ Term expired on 15 July 2017

² Resigned with effect from 4 December 2017 on being appointed as Temporary Member of the FRC

財務匯報檢討委員會

委員會召集人

馮庭碩先生，資深大律師
Robert Gazzi 先生
甘博文博士，銅紫荊星章
李嘉士先生，太平紳士
麥業成先生，銅紫荊星章，太平紳士
莫莉女士
施熙德女士
黃德尊教授¹

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袁妙齡女士
容韻儀女士
張國昌教授

¹ 任期於2017年7月15日屆滿

² 於2017年12月4日獲委任為財務匯報局臨時成員後辭任

MEMBERSHIP OF BOARD AND PANELS (continued)

委員會及委員團成員 (續)

Audit Investigation Board during 2017

Members

Mr Paul F. Winkelmann (ex-officio) – *Chairman*

Ms Wincey Lam

Temporary members

Mr TS Chan

Mr Andes Kwok

Ms Anna Lau

Ms Florence Wong

Ms Joyce Woo

Process Review Panel

Chairman

Mr Anthony Chow, SBS, JP

Members

Ms Florence Chan

Mr Vincent Kwan¹

Prof Low Chee Keong

Ms Edith Shih²

Mr Tse Kam Keung

Dr John Poon, BBS, JP (ex-officio)

¹ Term expired on 31 December 2017

² Appointed with effect from 1 January 2018

2017年審計調查委員會名單

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臨時成員

陳德成先生

郭志峰先生

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成員

陳苑芬女士

關永盛先生¹

劉殖強教授

施熙德女士²

謝錦強先生

潘祖明博士，銅紫荊星章，太平紳士 (當然成員)

¹ 任期於2017年12月31日屆滿

² 於2018年1月1日獲委任

ORGANISATION INFORMATION

機構資料



Financial Reporting Council

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Mr Wilson Fung

Mr Nicholas Sallnow-Smith

Mr Sin Chung Kai, SBS, JP

Mr David Stannard

Mr Wong Kai Man, BBS, JP

Dr Kelvin Wong, JP

Ms Eirene Yeung

Ms Ada Chung, JP (ex-officio)

Mr Paul F. Winkelmann (ex-officio)

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Mr Clement Chan

Dr Moses Cheng, GBM, GBS, OBE, JP

Mr Chew Fook Aun

Mr Eugene Fung, SC

Dr PM Kam, BBS

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Mr Clement Kwok

Mr Anders Lau¹

Mr Anthony Leung²

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Ms Teresa Ma

Mr Stephen Mercer

Mr Kenneth Morrison

Mr Keith Pogson²

Mr Michael Scales

Mr Stephen Taylor

Mr Huen Wong, BBS, JP

Mr David Wu³

Mr Elton Yeung²

¹ Term expired on 10 December 2017

² Appointed with effect from 1 March 2018

³ Resigned with effect from 14 January 2018

財務匯報局

主席

潘祖明博士，銅紫荊星章，太平紳士

成員

陳子政先生，銅紫荊星章，太平紳士

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黃天祐博士，太平紳士

楊逸芝女士

鍾麗玲女士，太平紳士（當然成員）

衛皓民先生（當然成員）

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陳錦榮先生

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周福安先生

馮庭碩先生，資深大律師

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吳衛軍先生³

楊偉志先生²

¹ 任期於2017年12月10日屆滿。

² 於2018年3月1日獲委任。

³ 於2018年1月14日辭任。

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