

August 2016

Chief Executive Officer's Message

行政總裁的話



Paul F. Winkelmann Chief Executive Officer | 衛皓民 行政總裁

Since our last newsletter which was issued last December, there have been several developments at the FRC. The principal change is that Mark Dickens retired from the position of Chief Executive Officer on 31st March 2016 and I assumed the position as his successor with effect from 1st April 2016. I would like to thank Mark for handing over a FRC with a strong team of professionals supported by dedicated administrative staff. I am lucky to inherit such a strong organization.

It is an honour and privilege to take on the role of CEO and I intend to dedicate myself to accomplishing three main priorities.

The first and the foremost priority is to focus our resources to enhance the efficiency of handling complaints, investigations and enquiries. In this respect we have amended our operations manual to streamline our complaints handling process to enable us to better meet our goal of evaluating complaints – to determine whether the complaint warrants a follow up investigation and / or enquiry or is otherwise not pursuable – within three months of receiving them.

Later this year we will review our investigation and enquiry procedures to see if we can bring added efficiencies to these areas of our operations. All of this will retain the important checks and balances that come from having independent members on Council, Operations Oversight Committee and those assisting us as Honorary Advisers.

自從我們於去年 12 月出版的電子簡訊後，財務匯報局經歷了許多發展，其中最主要的改變，是前任行政總裁狄勤思先生已於 2016 年 3 月 31 日退休，而我接任了財務匯報局行政總裁的職務。我謹在此感謝狄勤思先生移交了一個擁有強大專業團隊、並得到一班對工作充滿熱誠的行政員工支持的財務匯報局，我很榮幸能夠接手管理如此強大的機構。

對於能夠出任行政總裁一職，我實在深感榮幸。我計劃致力完成三個重點項目。

第一個及最重要的重點項目，是集中資源提升處理投訴、調查和查詢的效率。為此，我們已修改運作指引，簡化處理投訴的程序，目標是在收到投訴後的三個月內作出評估 — 包括決定該投訴是否需要展開調查或查詢，或是不作跟進。

在今年的稍後時間，我們會檢討調查及查詢的程序，以提升這兩方面的運作效率。這些程序將保留現有來自財務匯報局的獨立成員、運作監察委員會及名譽顧問團執行的制衡機制。

We have also decided to enhance our financial statements review programme to focus on areas of likely non-compliance / irregularity as identified by the use of the following criteria as a filtering mechanism:

- (a) Companies with change of auditors due to disagreements or unresolved issues;
- (b) Companies whose audit firm is small in relation to the complexity of the audit;
- (c) Financial statements with alleged non-compliance with accounting requirements and / or auditing irregularities based on media reports / companies subject to intervention by Hong Kong Exchanges and Clearing Limited (HKEx) (eg. to require the appointment of forensic accountant) / long suspended companies other than shells;
- (d) Financial statements with significant prior period errors suggesting investors relying on prior period financial statements have been misled; and
- (e) Financial statements with modified auditor's reports.

In addition, we will continue to carry out a full review of companies adopting Chinese Accounting Standards for Business Enterprises together with HKEx and Hong Kong Institute of Certified Public Accountants (HKICPA) as is currently done.

The second priority is to work with the Government and other stakeholders in the auditor regulatory reform process to enable successful implementation of the reform in Hong Kong. To facilitate discussions by all stakeholders as the legislative process evolves, we have commissioned Deloitte LLP (UK) to update their previous report on a detailed comparative study of international best practice in auditor regulation. It is hoped that this update report will support the government consultation conclusions, thereby ensuring that Hong Kong can become a member of the International Forum of Independent Audit Regulators and / or be recognised as European Commission equivalent. Only by doing this will we be able to ensure that standards in Hong Kong meet the ever-changing international regulatory requirements and live up to the increasing expectations of the investing public.

The third priority is to maintain multi-level collaboration with other regulatory bodies in Hong Kong, China and internationally. One of our work focuses is to achieve better collaboration with the Mainland regulators. We continue to maintain dialogue with the Ministry of Finance on ways to overcome difficulties experienced by regulators in gaining access to audit working papers under current Mainland regulations. Our discussions so far have been very constructive and I hope we can conclude on this matter this year.

我們亦決定提升財務報表審閱計劃，按照下列準則成立篩選機制，以集中審閱常見的不遵從會計規定事宜 / 審計不當行為：

- (a) 由於出現意見分歧或未解決事項而更換核數師的公司；
- (b) 聘用小型核數師處理複雜的審計工作的公司；
- (c) 其財務報表涉嫌有不遵從會計規定事宜及 / 或有審計不當行為 / 媒體報導 / 被香港交易及結算所有限公司（港交所）介入（如被要求聘用法證會計師） / 長期停牌（空殼公司除外）的公司；
- (d) 作出前期調整的財務報表（投資者或受該前期財務報表誤導）；及
- (e) 上市實體附有非無保留意見核數師報告的財務報表。

此外，我們將繼續與港交所及香港會計師公會一起，全面審閱按照中國《企業會計準則》編製的財務報表。

第二個重點項目，是就上市實體核數師監管改革的立法過程與政府及其他持份者共同努力，令改革得以成功在本港實施。為了促進所有持份者的討論，尤其是在立法過程中，財務匯報局委託了 Deloitte LLP (UK) 更新我們早前對國際間核數師監管最佳做法進行的詳細比較研究。我們希望這個更新研究能支持政府的諮詢結論，從而讓香港成為獨立審計監管機構國際論壇的成員，以及 / 或獲得歐洲委員會的監管等效地位。只有這樣，我們才可確保香港的專業水平符合不斷變化的國際監管規定及投資者日益提高的期望。

第三個重點項目，是與香港、中國及國際監管機構保持多方面合作。我們的其中一個工作重點，是加強與內地的監管機構合作。我們繼續與中國財政部溝通，以解決現時監管機構在現行內地法規下，就取得審計工作底稿所遇到的困難。雙方至今的討論十分具有建設性，我希望可於今年年底前取得結論。

To keep abreast of developments globally, I and my Deputy CEO, Ms Wincey Lam attended a roundtable discussion in April which was hosted by the Malaysian Institute of Accountants, the Association of Chartered Certified Accountants and the International Auditing and Assurance Standards Board in Kuala Lumpur. The roundtable discussion focused on professional skepticism, quality control and group audits. We shared our insights and experience in relation to enhancing audit quality with the representatives from regulators, practitioners, professional bodies and academia across the Asia Pacific region.

We have also visited the United Kingdom Financial Reporting Council and have opened a dialogue with them to learn from their experiences in the areas where the auditor reform is expected to widen our responsibilities. In addition, we have met with the Public Company Accounting Oversight Board to better understand some of their procedures in this respect.

I am pleased that our efforts in enhancing our work efficiency has started to bear fruit. We have completed 8 investigations since the beginning of this year, all of which have been passed to the HKICPA to determine whether any disciplinary action is warranted.

So far this year, we have received a significant number of complaints which we believe have come from one anonymous source, all of which relate to one particular audit firm. This has stretched our resources to the limit and hence our focus on efficiencies. Representatives from the FRC have visited the firm concerned and it is hoped that they will examine ways in which to enhance their quality control measures relating to the areas giving rise to the complaints, none of which so far have given rise to the need for investigation.

Financial markets are experiencing uncertainties and challenging times. The issues faced by regulators around the world are complex, and there are no simple solutions. We will continue to make changes for the better, and discharge our core functions professionally and efficiently in the interests of the investing public.

Paul F. Winkelmann
Chief Executive Officer

為了緊貼全球的最新發展，我和副行政總裁林穎志女士於今年4月出席了由馬來西亞會計師協會、特許公認會計師公會及國際審計及鑒證準則理事會在吉隆坡舉行的圓桌會議，討論關於審計工作所需的專業懷疑態度、質量控制及集團審計等議題。我們與來自亞太區不同國家的監管機構代表、會計從業員、專業團體及學者互相分享了關於提升審計質量的心得和經驗。

我們也探訪了英國財務匯報局，從他們的經驗中學習更多有關核數師監管改革將來賦予我們的新增責任方面的知識。此外，我們亦與美國上市公司會計監督委員會見面，就同一範疇了解他們的工作程序。

我很高興看見我們的努力已取得初步成果。在今年1月至7月，我們共完成八宗調查，並將所有調查報告轉交香港會計師公會，以考慮是否作出紀律處分。

自今年年初以來，我們收到來自同一個匿名人士針對一家會計師行所作出的大量投訴，這為我們的資源分配及工作效率帶來不少壓力。本局已派代表探訪該會計師行，希望可針對投訴範疇提升監控措施。目前，該等投訴的嚴重性尚未足以令我們展開任何調查。

世界各地的金融市場正面臨不穩定及充滿挑戰的時刻，而各國的監監管機構所面對的問題十分複雜，但並無簡單的解決方法。我們將繼續不斷求變，力求進步，並從公眾利益角度出發，以高效率和專業的態度履行職責。

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Acquisitions of subsidiaries, impairment assessments of intangible assets and goodwill, calculation of loss per share and re-measurement of contingent consideration 收購子公司、無形資產和商譽的減值測試、每股虧損的計算及或然代價的重新計量

Background

There were possible non-compliances with accounting requirements in the listed entity's consolidated financial statements for two consecutive years. These possible non-compliances related to acquisitions of subsidiaries, impairment assessments of intangible assets and goodwill, calculation of loss per share, and re-measurement of contingent consideration.

Issues

Whether the auditor had performed adequate audit procedures to obtain sufficient appropriate audit evidence to support their unmodified audit opinion on the financial statements.

Analysis

The investigation discovered the following auditing irregularities:

- (a) In respect of acquisitions of subsidiaries, the auditor did not challenge management's projections on the estimated future profit of the acquired businesses which significantly affected the initial and subsequent measurement of the contingent considerations. In one of the acquisitions, the auditor failed to identify the incorrect classification of the contingent consideration as equity.

The auditor also failed to perform procedures, other than relying on the acquirees' financial statements and management representation, to ensure all the identifiable assets acquired and liabilities assumed in the acquisitions were recognized, separately from goodwill, and measured at their acquisition-date fair values in accordance with the accounting requirements.

- (b) In respect of impairment assessments of certain intangible assets and goodwill, the auditor did not (i) challenge management for using out-dated valuation; (ii) consider the unfavourable market conditions; and (iii) consider the actual performance of the related business in determining the recoverable amounts of the relevant assets. Consequently, the auditor failed to obtain sufficient appropriate audit evidence.
- (c) The auditor failed to check the calculation of the weighted average number of ordinary shares outstanding and was not aware that the loss per share was incorrectly presented in the financial statements.

背景

上市實體連續兩年的綜合財務報表可能存在不遵從會計規定事宜，當中涉及收購子公司、無形資產和商譽的減值測試、每股虧損的計算，及或然代價的重新計量。

問題

核數師有否充分執行審計程序，以獲取充分適當的證據支持其對相關財務報表的無保留意見。

分析

調查發現以下審計不當行為：

- (a) 就收購子公司方面，核數師沒有質疑管理層對所收購業務的未來盈利預測，這對或然代價的初始和期後計量帶來重大影響。於其中一項收購，核數師未能識別或然代價被錯誤分類為權益。

此外，核數師除了信賴被購方的財務報表及管理層的聲明外，亦沒有執行審計程序，以確保所有因收購而取得的可辨識資產及承擔的負債，均已按照會計規定與商譽分開確認，並以收購日的公允值作出計量。

- (b) 就某些無形資產及商譽的減值測試，核數師沒有 (i) 質疑管理層採用過時的估值；(ii) 考慮不佳的市況；及 (iii) 考慮相關業務的實際表現，來釐定相關資產的可收回金額。因此，核數師並沒有獲取充分適當的審計證據。
- (c) 核數師沒有檢查已發行普通股的加權平均數的計算，以及未能辨識每股虧損於財務報表中錯誤的呈示。

Conclusion

The above auditing irregularities and the investigation report have been referred to the HKICPA to determine any follow-up action.

分析

我們已將以上審計不當行為及調查報告轉介香港會計師公會跟進。

Accounting for acquisitions, convertible bonds and share-based payment transactions 關於收購、可換股債券及股份支付交易的會計處理

Background

The listed entity made two acquisitions, being an acquisition of 50% equity interest in an entity (Acquisition A) and an acquisition of 100% equity interest in another entity (Acquisition B)

The consideration for Acquisition A was settled by cash and the issue of two convertible bonds (CB1 and CB2). CB1 and CB2 were measured at values equal to their principal amounts upon initial recognition. CB2 was separated into equity and liability components. There were embedded derivatives in CB2 but the relevant financial statements did not mention this.

The fair values of the identifiable assets and liabilities acquired in Acquisition A and Acquisition B were accounted for at the same value as their carrying amounts at their respective acquisition dates.

Convertible bonds were issued to an entity wholly-owned by a key member of management of the listed entity (CB3) and a third party (CB4)

CB3 and CB4 were measured at values equal to their principal amounts upon initial recognition.

CB4 was separated into equity and liability components. There were embedded derivatives in CB4 but the relevant financial statements did not mention this.

Other share-based payment transactions

The listed entity granted share options to its directors, employees and consultants.

The fair value of the share options was estimated at the date of grant using the black-scholes option pricing model. The term of the implied yield used in determining the fair value of the share options was significantly longer than the expected term of the option granted. The period for determining the historical volatility of the share price was less than the expected term of the share options, and the expected term of the share options was significantly shorter than the exercise period taking into account that certain options had been exercised early.

背景

上市實體作出兩項收購，包括收購一間公司50%的股權（收購A）及另一間公司100%的股權（收購B）

收購A的代價以現金及發行兩批可換股債券（可換股債券I及可換股債券II）支付。可換股債券I及可換股債券II的價值，是以初始確認時的本金額計量。可換股債券II分為權益及負債兩部分，但其嵌入認購期權，則在相關的財務報表中未有提及。

由收購A及收購B取得的可辨認資產及負債的公允價值，等同於分別作出兩項收購時的帳面值。

發行予由上市實體關鍵管理層成員擁有的實體的可換股債券（可換股債券III）及第三方的可換股債券（可換股債券IV）

可換股債券III及可換股債券IV的價值，是以初始確認時的本金額計量。

可換股債券IV分為權益及負債兩部分，而可換股債券IV之嵌入認購期權，則在相關的財務報表中未有提及。

其他股份支付交易

上市實體向其董事、僱員及顧問授予購股權。

該等購股權的公允價值，是於授出日期按照柏力克－舒爾斯期權定價模式進行估計。上市實體用於釐定購股權公允價值的隱含收益率，年期明顯長於授出之購股權的預期年期。用於釐定股價過往波幅的時期，亦短於預期購股權的年期。此外，若計及提前行使部分購股權，預期購股權的年期將明顯短於行使期。

The listed entity also granted certain warrants to a service provider in exchange for his services. The counterparty was required to complete a specified period of service before becoming unconditionally entitled to those warrants. The listed entity recognized the share-based payment expenses on the date of grant in full. The period for determining the historical volatility of the share price in estimating the fair value of the warrants on the grant date was shorter than the expected term of the warrants.

Issues

- (i) Whether the auditor had properly designed and performed audit procedures that were appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence.
- (ii) Whether the auditor had properly evaluated whether the relevant financial statements were prepared in accordance with the requirements of the applicable financial reporting framework.

Analysis

Acquisition A and Acquisition B

Certain identifiable assets acquired in Acquisition A and Acquisition B that met the contractual-legal criterion were not recognized separately from goodwill. CB1 and CB2 were not measured at their fair values upon initial recognition. The embedded derivatives of CB2 were not separated from the liability component and accounted for as a derivative.

CB3 and CB4

There were unidentifiable goods or services received by the listed entity in relation to the issue of CB3 and CB4. However, CB3 and CB4 were not accounted for as share-based payment transactions. The fair values of the unidentifiable goods or services, being the difference between the consideration received and the fair values of CB3 and CB4, were not recognized as an expense.

The embedded derivatives of CB4 were not identified and no assessment was made as to whether they should be separately recognized from the liability component.

Other share-based payment transactions

The inputs to the option pricing model used in determining the fair value of share options and warrants were not consistent with the terms of the agreements.

The warrants granted were vested in stages and the related share-based payment expenses should be recognized over the vesting period.

Based on the above, the AIB found that the auditor failed to sufficiently evaluate the terms and substance of the

上市實體亦向一間服務供應商授予若干認股權證，以換取其服務。上市實體要求交易對方完成指定的服務期限，以無條件獲取該等認股權證。上市實體已於授出日期悉數確認股份支付交易的開支。於估計在授出日期時的認股權證之公允價值時，所用作釐定股價過往波幅的時期，短於預期認股權證的年期。

問題

- (i) 核數師有否設計及執行適當的審計程序，以獲取充分適當的審計證據。
- (ii) 核數師有否妥善評估有關財務報表的編製，是否已遵從適用財務報告框架。

分析

收購A及收購B

由收購A及收購B取得、並符合法律契約標準的若干可辨認資產，沒有和商譽分開確認。可換股債券I及可換股債券II的價值，並沒有以初始確認時的公允價值計量，而可換股債券II之嵌入認購期權沒有與負債部分分離，作為單獨存在的衍生工具處理。

可換股債券III可換股債券IV

上市實體就可換股債券III及可換股債券IV，收取了未能辨識的商品或服務。然而，可換股債券III及可換股債券IV並沒有作為股份支付交易處理。該等未能辨識的商品或服務之公允價值，亦即上市實體已收取的收購代價與可換股債券III及可換股債券IV公允價值之間的差額，並沒有確認為支出。

上市實體沒有識別可換股債券IV之嵌入認購期權，以及沒有評估其是否需要從負債部分之中分拆及單獨確認。

其他股份支付交易

上市實體於釐定認股權證及購股權的公允價值時所用的計價模型的假設，與有關條款並不一致。

上市實體發行的購股權分批歸屬，唯上市實體沒有將以股份支付的費用在歸屬期間恰當地按比例攤銷。

基於以上各項，調查委員會認為核數師沒有充分評估有關交易之條款及實質和適用的會計規

relevant transactions and the applicable accounting requirements and therefore failed to perform audit procedures to obtain sufficient appropriate audit evidence to support their unmodified opinions on the relevant financial statements.

The AIB also concluded that the engagement director failed to maintain professional knowledge and skill at the level required and failed to act diligently in accordance with the Code of Ethics for Professional Accountants.

Conclusion

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

定，從而執行審計程序以獲得充分適當的審計證據，支持核數師對相關財務報表所出具非無保留的審計意見。

調查委員會亦發現，審計項目總監沒有根據《專業會計師職業道德守則》的要求，維持應有的專業知識和技術，及盡職地執行審計工作。

結論

我們已將上述審計不當行為及調查報告轉交香港會計師公會跟進。

Income recognition 確認收益

Background

The listed entity recognized a waiver of a substantial shareholder's advance in its consolidated financial statements as income, which significantly reduced the loss for the year. Both the auditor of the relevant financial statements and the successive auditor agreed with the accounting treatment.

Issue

Whether the auditors had correctly considered the accounting treatment of the waiver in forming their audit opinions on the financial statements.

Analysis

Both auditors failed to (a) correctly consider the substance of the waiver of the shareholder's advance; and (b) justify why the accounting for the waiver as income was appropriate and compliant with applicable accounting standards; and (c) evaluate the appropriateness of the accounting treatment and the financial effect of the waiver in forming their opinions on the financial statements.

Conclusion

The above auditing irregularities and the investigation reports have been referred to the HKICPA to determine any follow-up action.

背景

上市實體於財務報表中把豁免股東貸款確認為收益，使當年的虧損大幅減少。該財務報表的核數師和往後一任的核數師，均認同相關的會計處理方法。

問題

核數師在財務報表中出具其意見時，有否正確地考慮豁免款項的會計處理方法。

分析

兩家核數師均未能 (a) 正確地考慮豁免股東貸款的實質；(b) 證明把豁免款項確認為收益，是合適並遵從相關會計準則的做法；(c) 在財務報表中出具其意見時，評估豁免款項的會計處理方法是否合適，以及其財務影響。

結論

我們已將以上審計不當行為及調查報告轉介香港會計師公會跟進。

Contingent consideration 或然代價

Background

There was a possible non-compliance with accounting requirements in the listed entity's consolidated financial statements for two consecutive years (audited by two different auditors) in relation to a contingent consideration which arose from the acquisition of subsidiaries.

Issue

Whether the auditors had obtained sufficient appropriate audit evidence to support the accounting treatment for the contingent consideration in forming their audit opinions on the financial statements.

Analysis

In the year of acquisition, the listed entity did not recognize any contingent consideration at the acquisition date and the end of the reporting period. The auditor failed to (a) challenge the reasonableness of management's projection of the future profit of the acquired business; (b) test the projection with relevant and reliable evidence; and (c) identify that disclosing the contingent consideration as a non-adjusting event after the reporting period was a non-compliance with accounting requirements.

In the subsequent year, the successive auditor failed to (a) identify the non-compliances in the opening balances and comparative information in relation to the contingent consideration; (b) adequately test and assess the measurement of the recognized contingent consideration; (c) identify that presenting the recognized contingent consideration, which was a non-cash item, in the consolidated statement of cash flows and disclosing the contingent consideration as a non-adjusting event after the reporting period were non-compliances with accounting requirements.

Conclusion

The above auditing irregularities and the investigation reports have been referred to the HKICPA to determine any follow-up action.

背景

上市實體連續兩年的綜合財務報表可能存在不遵從會計規定事宜（由兩家不同的核數師進行審計），當中涉及收購子公司的或然代價。

問題

核數師在財務報表中出具其意見時，有否取得充分適當的證據，以支持其對或然代價的會計處理。

分析

於作出收購年度，上市實體未有於收購日及結算日確認任何或然代價。核數師沒有（a）質疑管理層對收購業務的盈利預測是否合理；（b）以相關及可靠的證據測試該盈利預測；（c）識別把或然代價披露為結算日後之非調整事項是不遵從會計規定事宜。

在下一個年度，繼任核數師沒有（a）識別有關或然代價的期初餘額及比較數據存在不遵從會計規定事宜；（b）充分測試及評估已確認的或然代價之計量；（c）識別有關將非現金項目的或然代價於綜合現金流量表內列示，及把或然代價披露為以結算日後之非調整事項披露，是不遵從會計規定事宜。

結論

我們已將以上審計不當行為及調查報告轉介香港會計師公會跟進。

Auditing prepayments and sales transactions

預付款及銷售交易的審計

Background

This investigation arises from the financial statements review program. In June 2012, the auditor appointed to audit the consolidated financial statements of a listed entity for the year ended 30 June 2011 (the 2011 Financial Statements) issued a disclaimer of opinion. This appointment was to replace the former auditor following their inability to obtain sufficient and reliable evidence to complete the 2011 audit.

Issues

The disclaimer of opinion on the 2011 Financial Statements referred to scope limitations on the opening balances at 30 June 2010 and furthermore the listed entity announced the result of a forensic investigation citing problems going back to the year ended 30 June 2008. These events indicated that there were possible auditing irregularities in the audits of the financial statements for the years ended 30 June 2008 (the 2008 Audit), 30 June 2009 (the 2009 Audit) and 30 June 2010 (the 2010 Audit) in respect of the following items:

- (i) Prepayments to three suppliers for purchases for the year ended 30 June 2010 and prepayments made to the major customer for the years ended 30 June 2009 and 2010.
- (ii) Sales to the major customer for each of the years ended 30 June 2008 to 30 June 2010.

Analysis

Prepayments to three suppliers

The prepayments to three suppliers at 30 June 2010 were a significant line item which should have given rise to a heightened awareness by the auditor as to its audit significance. However, the auditor only performed fluctuation analysis and concluded at the planning stage that no significant risks had been identified and this line item was of low risk in the 2010 Audit. Analytical procedures were not properly carried out to identify the risk of material misstatement relating to these prepayments.

The auditor also failed to verify the utilisation of these prepayments in order to address the unusual nature of these prepayments identified during the 2010 Audit (eg. these prepayments were not directly paid to the suppliers). The additional audit evidence obtained was substantially limited to management's oral representations.

背景

此調查個案源自財務報表審閱計劃。於2012年6月，獲委任審計上市實體截至2011年6月30日止年度綜合財務報表（2011年財務報表）的核數師不發表意見。該核數師的委任，是取代因未能取得充份可靠的證據，以完成2011年審計工作的前任核數師。

問題

核數師對2011年財務報表不發表意見，指其就2010年6月30日期初餘額的審計存在限制，而且該上市實體公佈了一項法證調查結果，顯示早於截至2008年6月30日止年度已存在問題。這些事項顯示了該上市實體截至2008年6月30日、2009年6月30日及2010年6月30日止年度的財務報表審計（2008年審計）（2009年審計）（2010年審計）可能有審計方面的不當行為，包括：

- (i) 就截至2010年6月30日止年度採購而支付予三家供應商之預付款，以及於截至2009年6月30日及2010年6月30日止年度支付予主要客戶之預付款。
- (ii) 於截至2008年6月30日至2010年6月30日止各年度，銷售予一名主要客戶所產生的收入。

分析

支付予三個供應商之預付款

支付予三個供應商之預付款於2010年6月30日的結餘重大，對於審計工作有重要影響，故此理應引起核數師對此款項的關注。然而，核數師於2010年審計的計劃階段，只作了波動分析，並認為沒有任何已辨認的重大風險，以及列該等預付款為低風險。分析程序也沒有被妥善執行，以辨認與該等預付款相關的重大錯誤陳述風險。

核數師亦沒有於2010年審計中，核證該等預付款的使用，以回應該等預付款不尋常的性質（例如該等預付款並非直接支付予供應商）。核數師額外取得的審計證據，很大程度只限於管理層的口述聲明。

Prepayments to the major customer

The prepayments to the major customer at 30 June 2009 were a significant line item and there were material movements in this item between the years ended 30 June 2009 and 30 June 2010, which should have given rise to a heightened awareness by the auditor as to its audit significance. However, the auditor failed to properly perform the analytical procedures and the risk assessment procedures to identify the risk of material misstatement relating to these prepayments in the 2009 Audit and the 2010 Audit.

During the 2010 Audit, the auditor discovered unusual transactions in relation to these prepayments. However, they failed to update and change their original planning decision which did not identify any significant risks. In addition, the auditor failed to test the reasonableness of the amortisation of prepayments and the subsequent utilisation of the prepayments in the 2009 Audit and the 2010 Audit.

*Sales to the major customer*Planning

During the 2008 Audit, the 2009 Audit and the 2010 Audit, the auditor failed to properly perform analytical procedures to identify the risk of material misstatement relating to revenue, given the existence of certain risk factors. The auditor continued to view the risk as low in the audit approach.

Consideration of fraud in revenue recognition

The auditor failed to assess the presumed risks of fraud in revenue recognition in the 2008 Audit, the 2009 Audit and the 2010 Audit.

Tests of controls

The auditor planned to rely on the controls over revenue recognition. However, they failed to test whether the controls on the recognition of sales of goods to the major customer were operating effectively during the years ended 30 June 2008 and 2009.

In addition, the auditor had identified certain deviations in the application of the internal controls in the 2010 Audit. However, they did not perform any alternative audit procedures to address these deviations and failed to evaluate how these deviations affected the risk assessment.

Substantive procedures

During the 2008 Audit, the 2009 Audit and the 2010 Audit, the auditor failed to test the revenue recognition of the sales of goods to the major customer and the related trade receivables, and properly perform the analytical review as an overall review of the relevant financial statements at the completion stage to identify the unusual sales transactions with the major customer.

支付予主要客戶之預付款

支付予主要客戶的預付款於2009年6月30日的結餘重大，並於2009年6月30日至2010年6月30日期間有重大變動，對於審計工作有重要影響，故此理應引起核數師的關注。然而，核數師沒有於2009年審計及2010年審計中，妥善執行分析程序和風險評估程序，以辨認與該等預付款相關的重大錯誤陳述風險。

核數師於2010年審計中，發現該等預付款涉及不尋常交易。然而，核數師沒有更新及更改原本審計計劃中，認為沒有已辨認的重大風險的決定。此外，核數師亦沒有於2009年審計及2010年審計中，測試該等預付款的分期攤銷是否合理，以及查核該等預付款隨後的使用。

*銷售予主要客戶*計劃

雖然於2008年審計、2009年審計及2010年審計時，已存在若干風險因素，但核數師卻未能妥善執行分析程序和風險評估程序，以辨認與銷售相關的重大錯誤陳述風險，因而視有關風險為低。

對銷售確認之舞弊考慮

核數師未能於2008年審計、2009年審計及2010年審計中，評估有關銷售舞弊的假定存在風險。

控制測試

核數師計劃依賴對銷售確認的控制。然而，核數師未有測試確認銷售貨物予主要客戶之控制，於截至2008年6月30日及2009年6月30日止年度的運作是否有效。

此外，核數師已於2010年審計中，識別了若干內部控制的誤差。然而，核數師未有執行任何替代審計程序，以回應此等誤差，亦沒有評估此等誤差如何影響風險評估。

實質性程序

核數師沒有於2008年審計、2009年審計及2010年審計中，測試銷售貨物予主要客戶及相關應收款項的確認，亦沒有於審計完成階段，適當地執行分析程序作為對相關財務報表的整體性覆核，以辨認與主要客戶之間的不尋常銷售交易。

Conclusion

The above auditing irregularities and the investigation reports have been referred to the HKICPA to determine any follow-up action.

結論

我們已將以上審計不當行為及調查報告轉介香港會計師公會跟進。

Impairment assessments and income recognition 減值測試及確認收益

Background

There were possible non-compliances with accounting requirements in the former listed entity's consolidated financial statements. These possible non-compliances related to impairment assessments of assets and the accounting for certain sales and purchase transactions relating to trading operation.

背景

前上市實體的綜合財務報表可能存在不遵從會計規定事宜，當中涉及資產減值測試及若干與貿易業務有關的買賣交易之會計處理。

Issues

Whether the auditor had performed adequate audit procedures to obtain sufficient appropriate audit evidence to support their unmodified audit opinions on the financial statements.

問題

核數師有否執行足夠審計程序，以獲取充分適當的審計證據，支持其於財務報表發表的無保留審計意見。

Analysis

The investigation discovered the following auditing irregularities:

分析

調查發現以下審計不當行為：

(a) Impairment assessments of intangible assets

The auditor placed reliance on external valuations as audit evidence but failed to assess the reasonableness of the assumptions and discount rate applied in the cash flows projection and the appropriateness in allocating goodwill to relevant cash-generating units for the purpose of impairment assessment.

(a) 無形資產的減值測試

核數師依賴外部估值師的報告作為審計證據，但沒有評估於減值測試中的現金流預測所採用的貼現率和其他假設，以及把商譽分配至現金產生單位的合理性和適當性。

(b) Impairment assessments of available-for-sale financial assets

The auditor only relied on unaudited financial information and did not perform other procedures to obtain sufficient appropriate audit evidence to ensure that the available-for-sale financial assets were carried at their fair values and not impaired at the end of the reporting period.

(b) 可供出售金融資產的減值測試

核數師只依賴未經審計之財務資料，而沒有執行其他審計程序以獲取充分適當的審計證據，以確保於結算日的可供出售金融資產沒有減值，而且是以其公允價值計量。

(c) Impairment assessments of other receivables

The auditor failed to obtain sufficient appropriate audit evidence to ascertain the status of the proposed investment and the recoverability of the deposit paid.

(c) 其他應收賬款的減值測試

核數師沒有獲取充分適當的審計證據，以確定建議投資項目的狀況及其訂金的可回收性。

(d) Impairment assessments of promissory notes

Subsidiaries of the former listed entity held significant amounts of promissory notes with identical terms. The auditor failed to evaluate the related risks and any relationship with the issuers. The auditor also did not adequately test the related cash flows and understand the rationale of the transactions and any risk management policies that had been applied.

(e) Sales and purchase transactions

The auditor did not evaluate whether the trading subsidiaries were acting as agent or principal in the relevant transactions and failed to consider whether recognising the gross amount of the relevant transactions was compliant with the relevant accounting standard. The auditor also failed to obtain adequate third party evidence to corroborate the existence / genuineness of the relevant transactions.

Conclusion

The above auditing irregularities and the investigation reports have been referred to the HKICPA to determine any follow-up action.

(d) 承兌票據的減值測試

前上市實體的子公司持有大量條款相同的承兌票據，核數師沒有評估相關的風險及前上市實體子公司與發行人的關係。核數師亦沒有充分測試相關的現金流，了解交易的理據及任何已採用的風險管理政策。

(e) 買賣交易

核數師沒有評估前上市實體從事貿易業務的子公司於相關買賣中是擔任代理或是委託人，同時亦沒有考慮以相關交易的總額入賬是否遵從會計準則的做法。此外，核數師亦沒有獲取充分的第三方證據，以確證相關交易存在或其真確性。

結論

我們已將以上審計不當行為及調查報告轉介香港會計師公會跟進。

Letters of Advice 致上市實體及其核數師的意見函**Letters of Advice****致上市實體及其核數師的意見函**

When evaluating complaints the FRC may decide that while the complaint does not warrant being taken further to an investigation or enquiry, it is appropriate to issue a “letter of advice” as an educational reminder to the company and the auditor so that the company’s financial reporting can be improved in future and the auditor learns from our process. Examples of this situation are:

Example 1:

In its 2013 financial statements, in valuing the fair value of certain plots of land in China, a listed company used a “direct comparison” method whereby reference was made to land price indexes in China. However the company disclosed in its financial statements that it had used the “residual approach” method.

In its 2014 financial statements the company changed its valuation method from the direct comparison method to the residual value method. The company did not disclose the fact that a change in valuation method had been made and also did not disclose the reason for the change.

在評估投訴時，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 / 或其核數師發出具有教育意義的意見函，希望上市實體改善未來的財務報表，而核數師亦能從中學習。以下為本局發出意見函的例子：

例子一：

一家上市公司於其2013年財務報表中，使用直接比較法及參考中國城市地價指數，以計量若干土地的公允價值。然而，該公司在財務報表中披露，他們採用的估值方法是剩餘法。

該公司在2014年財務報表中，把估值方法由直接比較法改為剩餘法。甲公司沒有披露估值方法已經更改，以及當中的原因。

The above are required disclosures and both the company and the auditor were reminded of this.

Example 2:

The directors of a listed company occupied the majority seats in the board of a company in which the listed company held 50% equity interest. There was a concern as to whether the investee should be accounted for as a subsidiary instead of an associate of the listed company.

Based on the arrangements between the listed company and the other shareholder of the investee, a number of business decisions, including dividend policy, required both shareholders' consent. Therefore, the listed company did not have control over the investee. The investee should be accounted for as a joint venture in accordance with HKFRS 11 as it is a joint control arrangement.

In this case, the listed company was advised that it should classify the investment as a joint venture in accordance with HKFRS 11.

Example 3:

A listed company issued its financial statements under Chinese Accounting Standards for Business Enterprises ("ASBEs") and in doing so failed to disclose adequate information about (i) the separation of embedded derivatives from the host contract and (ii) the nature of income earned from its suppliers.

Both management and auditors of companies using ASBEs are reminded that they need to observe the specific disclosure requirements of ASBEs in finalising their financial statements.

Example 4:

Another listed company using ASBEs failed to disclose information about the terms and conditions of certain financial investments. The company was reminded to follow the disclosures in ASBE 22 in future.

以上各項均為需要披露的資料，故此本局已向該上市公司及其核數師發出意見函，以作提醒。

例子二：

在一家上市公司擁有50%權益的另一家公司的董事會中，該上市公司的董事佔了大部分席位，這令人關注該投資對象應否計入為該上市公司的附屬公司，而非聯營公司。

根據該上市公司與投資對象的另一位股東的安排，投資對象的若干業務決策，包括股息政策等，均須獲得雙方公司的股東同意。故此，該上市公司對投資對象並沒有控制權。由於這是合營控制的安排，該上市公司應按照HKFRS 11把投資對象計入為合營企業。

故此，本局建議該上市公司按照HKFRS 11的要求，把投資對象計入為合營企業。

例子三：

一家上市公司按照中國企業會計準則（ASBE）編制財務報表，但沒有清晰披露（i）關於嵌入衍生工具與主債務合同的會計處理及（ii）來自供應商的收入性質。

本局提醒採用ASBE的上市公司管理層及核數師，在編制財務報表時，應留意ASBE的特定披露要求。

例子四：

另一家採用ASBE的上市沒有披露若干金融投資的重要條款和條件。本局提醒該公司日後應留意ASBE 22的要求。

Example 5:

One of the notes to the accountants' report and the financial statements disclosed that the trade receivables related to a wide range of customers. However, another note to the accountants' report and the financial statements disclosed that over 90% of trade receivables were due from the five largest customers. Inconsistent disclosures relating to trade receivables were noted. A letter of advice was issued reminding the company to have regard to such inconsistencies in future and, as such information is important, to assist readers of the financial statements to evaluate the relevant risks in trade receivables.

例子五：

一家上市公司在會計師報告及財務報表的其中一個附注中，披露了貿易應收款項與大量客戶有關。然而，於會計師報告及財務報表的另一個附注中，則披露了貿易應收款項當中超過90%來自公司的五大客戶。因此，有關貿易應收款項的披露並不一致。本局已向該上市公司發出意見函，以提醒該公司日後應留意財務報表的資料是否一致，而由於相關貿易應收款項的資料十分重要，該公司應該協助財務報表的讀者評估有關風險。

Key Operations Statistics 主要運作統計數字

	Jan – Jul 2016 2016年1月至7月	Jan - Jul 2015 2015年1月至7月
Pursuable complaints received 接獲可跟進的投訴	110	34
Investigations completed 完成調查的個案	8	6

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

附註：詳細的主要運作數據載於我們的網站「[運作統計數字](#)」一節。



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

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