

## Completed investigation

On 3 July 2019, the FRC adopted the investigation report on the audit of the consolidated financial statements of a listed entity for the year ended 31 December 2014 (**the 2014 Financial Statements**).

The FRC found that the auditor, the engagement partner and the engagement quality control reviewer failed or neglected to observe, maintain or otherwise apply certain professional standards in the relevant audit in relation to (a) biological assets and prepaid land lease payments, and (b) intangible assets.

The investigation revealed that the auditor and the engagement partner failed to plan and/or perform the relevant audit, in relation to the above matters, in accordance with the relevant provisions of Hong Kong Standard on Auditing (**HKSA**) 200 (Clarified) *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Hong Kong Standards on Auditing*, HKSA 300 (Clarified) *Planning an Audit of Financial Statements*, HKSA 330 (Clarified) *The Auditor's Responses to Assessed Risks*, HKSA 500 (Clarified) *Audit Evidence* and HKSA 540 (Clarified) *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*.

It was also found that the engagement quality control reviewer of the relevant audit failed to comply with the relevant provisions of HKSA 220 *Quality Control for an Audit of Financial Statements* in relation to the engagement quality control review.

The investigation report has been referred to the Hong Kong Institute of Certified Public Accountants to determine if any disciplinary actions are warranted. Names of the relevant parties are withheld because of the potential disciplinary proceedings.

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## **Note to editors**

### **About the FRC**

When the Financial Reporting Council (Amendment) Ordinance takes effect, the FRC will become the independent listed entity auditor regulator for Hong Kong with the direct powers of inspection, investigation and discipline concerning auditors of listed entities and oversight of the performance of the Hong Kong Institute of Certified Public Accountants in respect of their functions for registration, standards on professional ethics and auditing and assurance; and continuing professional development requirements in relation to PIE auditors. The FRC is committed to achieving its mission of upholding the quality of financial reporting of listed entities in Hong Kong. For more information, please visit [www.frc.org.hk](http://www.frc.org.hk).

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