

Press Release

26 April 2019

Financial Reporting Council publishes its 2018 Annual Report

(26 April 2019, Hong Kong) The Financial Reporting Council (the FRC) has published its Annual Report with the theme ‘A New Era’ for the financial year ended 31 December 2018.

The Report outlines the work done and results accomplished by the FRC in 2018. It gives an overview on major findings of the investigations and enquiries completed during the year which serves to remind PIE auditors and listed companies of the auditing and reporting irregularities and non-compliance with accounting requirements that they should take heed of in order to achieve quality financial reporting.

Dr Kelvin Wong, Chairman of the FRC, said, “2018 was a challenging year for the FRC. Not only did we complete a record number of investigations and enquiries, but also we spared no efforts in preparing ourselves for the auditor regulatory reform and fostering regulatory collaboration with auditor regulators in Hong Kong, the Mainland and the international arena.”

Highlights of the Report:

Operations:

- Completed review of 88 pursuable complaints.
- Initiated 19 investigations.
- Completed 16 investigations and 1 enquiry, a record since inception.

Preparing for auditor regulatory reform:

- Supported the Government in the seven Bill’s Committee meetings of the Financial Reporting Council (Amendment) Bill (the Bill) by preparing research and analysis papers. The Bill was passed on 30 January 2019.
- Delivered 9 presentations on the Bill to all 46 audit firms that audited listed

corporations/companies.

- Enhanced stakeholder engagement by updating the media, the academic community, accountancy professional bodies and other regulatory bodies about the development of the Bill, resulting in better understanding of our future roles, and extensive media coverage of the FRC.

Strengthening regulatory collaboration:

- Held regular liaison meetings with regulators in Hong Kong for effective cross-referrals and sharing on common findings from our respective functions.
- Engaged in constructive discussion on the signing of a Memorandum of Understanding with the PRC's Ministry of Finance to further strengthen cross-border collaboration in respect of our expanded roles as an effective independent auditor regulator under the new regime.
- Met with international regulators such as International Forum of Independent Audit Regulators (IFIAR) and The International Auditing and Assurance Standards Board to discuss the latest international auditing practice and standards, and foster collaboration.

Dr Kelvin Wong concluded, 'While we feel encouraged by the rewarding results we achieved in 2018, there are much more that the FRC can and will do in the new era, given our expanded roles when the Financial Reporting Council (Amendment) Ordinance 2019 takes effect. The FRC is on a strong foothold to take on the new challenges and our new roles to discharge our responsibilities faithfully, honourably, transparently and fairly as an internationally aligned independent auditor regulator of Hong Kong.'

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Note to editors

About the FRC

The FRC is a statutory body established in December 2006 under the Financial Reporting Council Ordinance. The FRC is entrusted with the statutory responsibilities to conduct independent investigations into possible auditing or reporting irregularities by auditors of listed entities and to enquire into possible non-compliance with accounting requirements by listed entities. The FRC has 11 members with a variety of professional backgrounds the majority of whom, including the Chairman, are lay persons. For more information, please visit www.frc.org.hk

For media enquiries

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