

## Chief Executive Officer's Message

### 行政總裁的話

P.M. Kam Chief Executive Officer | 甘博文 行政總裁

The Financial Reporting Council (“FRC”) commenced the second review cycle of its risk-based financial statements review programme in July, and continued proactively identifying possible non-compliance with accounting requirements on the part of listed entities. Earlier this year, we noted some media reports regarding possible irregularities and non-compliance in the financial statements of certain listed entities, including some Mainland private enterprises. We have communicated with other regulators to ensure timely and appropriate actions are taken, and have put these financial statements under our risk-based financial statements review programme for full review as they become available.

In the 2011 financial year, there were 28 Hong Kong-listed Mainland companies which opted to appoint Mainland auditors and prepared their financial statements in accordance with “Accounting Standards for Business Enterprise”. Their financial statements would be included in the respective financial statements review programmes of the FRC, the Hong Kong Exchanges and Clearing Limited (“HKEx”) and the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Like last year, a financial reporting forum will be jointly organized by the FRC, the HKICPA and the HKEx in November, at which the findings of the respective financial statements review programmes will be shared with preparers of financial statements of listed entities and their auditors.

I would like to take this opportunity to welcome the decision of the HKICPA disciplinary committee, in April, to take disciplinary action against a certified public accountant and a corporate practice, after considering the investigation report adopted by the Council of the FRC. This decision validates the work we are doing to monitor the quality of financial reporting in Hong Kong.

In providing support to the Government in its consideration of the scope of auditor oversight reform, we have followed the latest global developments in this area and reported our observations and views to the Government in a timely manner. In June, the FRC and the HKICPA attended a meeting with representatives of the European Commission (“EC”) in Brussels, at which we learned more about what is needed to achieve EC regulatory equivalence for Hong Kong’s audit oversight system. A meeting was also held with the representatives of the International Forum of Independent Audit Regulators to gain a better understanding of its requirements for membership.

財務匯報局於七月份展開根據風險抽查財務報表審閱計劃第二個審閱週期的工作，主動識別上市實體可能沒有遵從會計規定的事宜。本局注意到，傳媒在年初的報導中指出，若干包括民企在內的上市實體的財務報表當中，可能存在審計不當行為及不遵從會計規定的事宜。我們就此與其他監管機構進行溝通，確保適時採取恰當的行動，並將有關財務報表納入根據風險抽查財務報表的審閱計劃內進行全面審閱。

二零一一年財政年度，共有二十八家香港上市的內地公司轉用內地核數師以及按照「企業會計準則」編製其財務報表。這些財務報表會於本局、香港交易及結算所有限公司（「港交所」）及香港會計師公會的相關財務報表審閱計劃進行審閱。

與去年相若，我們將於十一月聯同香港會計師公會及港交所舉辦聯合論壇，與上市實體的財務報表編製者及其核數師分享於各財務報表審閱計劃的觀察所得。

本人想藉此機會，歡迎香港會計師公會紀律委員會經考慮由財務匯報局成員採納的調查報告後，於今年四月決定對該報告內一名執業會計師及一執業法團作出紀律懲處。這正好肯定本局在監管本地財務報表的質素所作出的努力。

為政府研究審計監管制度的改革範圍提供支援，本局繼續緊貼環球審計監管制度的最新發展，向政府反映觀察意見。本局與香港會計師公會於六月前往布魯塞爾與歐盟委員會的代表會晤，研究如何為香港的審計監管制度爭取歐盟委員會的等效地位。此外，我們亦與獨立審計監管機構國際論壇的代表舉行會議，進一步了解成為會員的資格要求。

# FRC celebrates its 5th anniversary

## 財務匯報局慶祝五周年誌慶

On 21 June 2012, the FRC held a cocktail reception at the Hong Kong Club to celebrate its 5th anniversary. The reception was attended by representatives from various stakeholders, including our funding parties – the Companies Registry Trading Fund, the HKEx, the HKICPA and the Securities and Futures Commission, the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, the Financial Services and Treasury Bureau, the Financial Affairs Panel of the Legislative Council, related regulators, and accountancy and professional bodies and chambers. Past and present Council Members and members of the Financial Reporting Review Panel, Advisory Panel and Process Review Panel were also present.

Ms. Julia Leung, Under Secretary for Financial Services and the Treasury, attended the event as the Guest-of-Honour on behalf of Professor K.C. Chan, Secretary for Financial Services and the Treasury. Professor Chan later joined the reception and thanked Ms. Sophia Kao, Chairman of the FRC, for her stewardship and commitment to the FRC in strengthening the partnership with the Government in promoting corporate governance. Ms. Kao appreciated the reputation and recognition earned by the FRC, with the support from stakeholders, and expressed that the FRC would continue to provide any necessary assistance to the Government in shaping the reform proposals for introducing new elements of independence into the existing auditor regulatory framework.

財務匯報局於二零一二年六月二十一日假座香港會舉行五周年慶祝酒會，承蒙多家持份機構的代表撥冗出席，其中包括四家出資機構（公司註冊處營運基金、港交所、香港會計師公會及證券及期貨事務監察委員會）、中聯辦、財經事務及庫務局、立法會財經事務委員會，以及相關的監管機構、會計專業團體及商會。財務匯報局的前任及現任成員、財務匯報檢討委員團、顧問團及程序覆檢委員會的成員亦有出席酒會。

財經事務及庫務局副局長梁鳳儀女士代表財經事務及庫務局局長陳家強教授蒞臨主禮。陳教授其後亦有到場，並於酒會上感謝財務匯報局主席高靜芝女士對領導財務匯報局工作的承擔，並在提升企業管治方面加強與政府的合作關係。高女士於酒會感謝持份者一直以來的支持，並表示財務匯報局會繼續就政府為現行審計監管制度注入新獨立元素的改革建議提供全力支援。



### Front row (from left to right):

Dr. P.M. Kam, Chief Executive Officer, Mr. Mark Dickens, J.P., Executive Vice President and Head of Listing of the Hong Kong Exchanges and Clearing Limited, Ms. Julia Leung, J.P., Under Secretary for Financial Services and the Treasury, Ms. Sophia Kao, S.B.S., J.P., Chairman, Ms. Lu He Ping, Director General, Administration and Finance Department of the Central People's Government in the Hong Kong S.A.R., Ms. Ada Chung, J.P., Registrar of Companies, Mr. Keith Pogson, President of Hong Kong Institute of Certified Public Accountants, Mr. Mark Steward, Executive Director of the Enforcement Division of Securities and Futures Commission

### 前排 (左至右):

行政總裁甘博文博士、香港交易及結算所有限公司執行副總裁及上市科主管狄勤思太平紳士、財經事務及庫務局副局長梁鳳儀太平紳士、主席高靜芝SBS太平紳士、中聯辦行財部部長路和平女士、公司註冊處處長鍾麗玲太平紳士、香港會計師公會會長包凱先生、證券及期貨事務監察委員會法規執行部執行董事施衛民先生

### Back row (from left to right):

Mr. Vernon Moore, B.B.S., former Council Member, Mr. Chew Fook Aun, Mr. Edward Kwan, Mr. John Poon, Mr. Martin Hadaway, J.P. and Dr. Moses Cheng, G.B.S., J.P. (Council Members), Mr. Gordon Jones, J.P., former Council Member, Mr. Albert Li, Council Member

### 後排 (左至右):

前財務匯報局成員莫偉龍先生BBS、財務匯報局成員周福安先生、關百忠先生、潘祖明先生、夏德威太平紳士及鄭慕智博士太平紳士、前財務匯報局成員鍾悟思太平紳士、財務匯報局成員李國基先生



### From left to right:

Mr. Albert Li, Council Member, Mr. Andrew Wan, Chief Financial Officer and Senior Director, Corporate Affairs, Securities and Futures Commission, Mr. John Poon, Council Member, Mr. Keith Pogson, President of Hong Kong Institute of Certified Public Accountants, Dr. P.M. Kam, Chief Executive Officer, Professor K.C. Chan, S.B.S., J.P., Secretary for Financial Services and the Treasury, Ms. Sophia Kao, S.B.S., J.P., Chairman, Ms. Lu He Ping, Director General, Administration and Finance Department of the Central People's Government in the Hong Kong S.A.R., Ms. Julia Leung, J.P., Under Secretary for Financial Services and the Treasury, Mr. Gordon Jones, J.P., former Council Member, Mr. Edward Kwan, Council Member

### (左至右):

財務匯報局成員李國基先生、證券及期貨事務監察委員會機構事務部首席財務總監及高級總監溫志遙先生、財務匯報局成員潘祖明先生、香港會計師公會會長包凱先生、行政總裁甘博文博士、財經事務及庫務局局長陳家強教授SBS太平紳士、主席高靜芝SBS太平紳士、中聯辦行財部部長路和平女士、財經事務及庫務局副局長梁鳳儀太平紳士、前財務匯報局成員鍾悟思太平紳士、財務匯報局成員關百忠先生

# Summaries of completed investigations and enquiry

## 已完成的調查及查訊個案摘要

In the first half of 2012, the FRC adopted six investigation reports completed by the Audit Investigation Board (“AIB”), and one enquiry report completed by the Financial Reporting Review Committee (“FRRC”). The press releases about these completed cases are available from the [“Publications”](#) section of the FRC website. The auditing irregularities identified in the investigations have been referred to the HKICPA to determine if disciplinary action is warranted. We have also asked the entity involved in the enquiry case to remove the identified non-compliance with accounting requirements and the listed entity made prior year adjustment in its subsequent financial statements to rectify such non-compliance.

二零一二年上半年度，財務匯報局採納了審計調查委員會（「調查委員會」）完成的六宗調查報告，及財務匯報檢討委員會（「檢討委員會」）的一宗查訊報告。已完成個案的所有新聞稿，均可於財務匯報局網站內的 [「刊物」](#) 一欄下載。上述涉及審計不當行為的調查個案，已轉交香港會計師公會跟進，以考慮是否作出紀律處分。此外，我們亦要求接受查訊的上市實體糾正已識別的不遵從會計規定事宜，而該上市實體亦在其後發表的財務報表作出前期調整，修正不遵從事宜。

### Investigations 調查

#### Case 1 個案

This case involved the audits of two property projects being developed by a former listed entity, and of a loan to a debtor. The findings caused the AIB to reach the view that in performing the audits of the relevant financial statements, the auditor did not sufficiently document the nature, timing and extent of certain audit procedures it performed, and the conclusions it reached. In addition, the auditor did not exercise sufficient professional scepticism in testing a property project under development during the course of the audits.

這宗個案涉及一家前上市實體的兩個地產發展項目及一個債務人之借款的審計工作。根據調查結果，調查委員會認為該核數師在審計有關財務報表時，沒有就某些審計程序之性質、時間、程度及結論作出充分記錄。此外，調查委員會亦認為該核數師在抽查其中一個地產發展項目過程中，並未採取充分的專業懷疑態度。

#### Case 2 個案

In this case, the AIB was of the view that the auditor did not obtain sufficient appropriate audit evidence in relation to the valuation of the accounts receivable and the relevant disclosure in the financial statements of a listed entity; and the auditor did not prepare audit documentation sufficiently detailed to enable an experienced auditor to understand its conclusion on the recoverability of the accounts receivable.

調查委員會認為此個案的核數師沒有就一家上市實體的應收賬款的估值及其在財務報表的披露獲取充分及適當的審計證據。同時，該核數師沒有作出充分及詳細的記錄，使其其他富有審計經驗的核數師仍能透過審計記錄了解其對應收賬款的可收回能力而作出的結論。

It was also found that an exchange gain arising from the translation of a property, from its functional currency to a different presentation currency at a closing rate which differed from the previous closing rate, was recognized in profit or loss instead of as a separate component of equity in the financial statements. The AIB considered that the auditor’s report on the financial statements should have been modified in this respect, since the consolidated loss of the listed entity was materially understated as a result of this misstatement. Furthermore, as there were multiple material uncertainties which might affect the entity’s ability to operate as a going concern and these uncertainties were significant to the relevant financial statements, the AIB was of the view that a disclaimer of opinion should have been expressed on the financial statements.

調查委員會發現，由一物業從功能貨幣以該年的期末匯率（與前期的期末匯率不同）折算為另一種不同的呈報貨幣所產生的匯兌收益被計入損益，而並非在財務報表中確認為單獨的權益組成部分。由於此錯誤對上市實體的綜合虧損造成重大少報，調查委員會認為，該核數師應就財務報表出具有保留意見的核數師報告。此外，調查委員會認為，有鑒於多個重大不明朗因素可能對上市實體的持續經營造成影響，而該等不明朗因素對有關財務報表有重大影響，因此核數師應對財務報表出具不發表意見的核數師報告。

### Case 3 個案

This case involved the accounting treatment for the acquisition of businesses by a listed entity. The AIB was of the view that the listed entity should have recognized, at the dates of acquisition of these businesses, deferred tax liabilities on the fair value gains on the intangible assets acquired at the applicable income tax rates. Such deferred tax liabilities should have been recognized separately from the intangible assets acquired. As the amount of deferred tax liabilities was material to the relevant financial statements, the AIB considered that the auditors' reports on the relevant financial statements should have been modified in this respect.

In addition, the AIB considered that the auditors did not prepare audit documentation sufficiently detailed to enable an experienced auditor to understand their conclusion on the assessment of the deferred tax liabilities on the fair value gains.

這宗個案涉及某上市實體對業務收購的會計處理。調查委員會認為，上市實體應於收購相關業務當日，按照適用所得稅稅率確認因收購無形資產而導致公允價值收益所產生的遞延稅項負債。調查委員會認為，該遞延稅項負債應與所收購的無形資產分開確認。由於該遞延稅項負債金額對有關財務報表有重大影響，核數師應就該事項對有關財務報表出具有保留意見的核數師報告。

此外，調查委員會認為，該核數師沒有編製充分及詳盡的審計記錄，以讓其他有審計經驗的核數師能透過審計工作底稿，了解其就評估公允價值收益所產生的遞延稅項負債而得出的結論。

### Case 4 個案

The auditor did not obtain sufficient appropriate audit evidence on the recognition and measurements of assets acquired and liabilities assumed in relation to the acquisition of a subsidiary by a listed entity. The AIB was of the view that the goodwill arising from the acquisition was not recognized and measured in accordance with the relevant financial reporting standard. In addition, the consolidated cash flow statement was materially misstated by including transactions that did not require the use of cash and cash equivalents. The AIB considered that the auditor should have modified its opinion on the relevant financial statements in these respects.

Furthermore, the auditor did not maintain sufficient documentation of its audit work performed in relation to its evaluation of the going concern assessment of the listed entity. It was also found that the engagement quality control reviewer of the audit, who was contracted to undertake the review, did not identify the above issues of non-compliance. Hence, the reviewer did not properly comply with the relevant auditing and assurance requirements in the review of the audit.

在這宗個案，核數師沒有就上市實體收購一家附屬公司時，就確認和計量資產收購和負債承擔獲取充分及適當的審計證據。調查委員會認為，由該收購所產生的商譽值並沒有按照有關財務報告準則確認和計量。同時，綜合現金流量表內計入了無需要使用現金和現金等價物的若干交易，因此存在重大錯誤。調查委員會認為，該核數師應就該等事項對有關財務報表出具有保留意見的核數師報告。

此外，該核數師沒有就對上市實體的持續經營評估所進行的審核工作擬備充分的審計記錄。調查委員會亦發現，此審計項目的審計質量控制覆核人員是以合約形式聘用，惟該覆核員並沒有發現上述的不遵從事宜。因此，該覆核員在其覆核程序中沒有適當地遵從有關審計及鑑證規定。

### Case 5 個案

In this case, the AIB was of the view that the listed entity should have measured the intangible asset acquired in the acquisition of a subsidiary at its fair value at the acquisition date, and used the published price of its shares at the date of exchange to determine the fair value of the consideration shares issued for the acquisition. When there was a range of possible outcomes with different probabilities in determining an asset's fair value, that uncertainty should have entered into the measurement of the asset's fair value, rather than demonstrated an inability to measure fair value reliably. The AIB considered that the above issues of non-compliance would have a significant impact on the relevant financial statements and the auditor should have modified its report on the relevant financial statements in these respects.

The AIB also noted that the auditor did not properly document in the audit working papers how it addressed an inconsistency between the information identified during the audit and its final conclusion. The AIB also found that there was no audit documentation on how the auditor resolved the difference of opinions with other professionals it had consulted.

在這宗個案，調查委員會認為上市實體應按收購日的公允價值，計量從收購子公司取得的無形資產，並以於交易日的公司股價，釐定代價股份的公允價值。於計量資產的公允價值時，應將不同概率產生的可能結果範圍計算在內，而並非以此認為公允價值不能可靠地計量。調查委員會認為上述不遵從會計規定的事宜會對有關財務報表構成重大影響，核數師應就該等事項對有關財務報表出具有保留意見的核數師報告。

此外，調查委員會注意到核數師並沒有在審計工作底稿妥善記錄如何解決所獲取資料與最終結論之間的矛盾。調查委員會亦發現，核數師沒有記錄如何處理及解決與其他專家出現的意見分歧。

## Case 6 個案

In this case, the AIB was of the view that the listed entity should have measured the intangible assets acquired in the acquisitions of subsidiaries in the current and previous accounting periods at their acquisition-date fair values, and should have determined the fair values of the consideration shares issued for the acquisitions based on the published price of its shares at the dates of exchange. The AIB considered that the above issues of non-compliance would have a significant impact on the relevant financial statements and the auditor should have modified its report on the relevant financial statements in these respects.

The AIB also noted that the auditor did not properly document in the audit working papers its discussion of significant matters with a valuer. There was also no audit documentation on its evaluation of the technical competence of the management when the auditor planned to rely on the work of management in lieu of that of the valuer.

在這宗個案，調查委員會認為，上市實體應按收購日的公允價值，計量從該會計年度及上一年度收購子公司取得的無形資產，並以於交易日的公司股價，釐定代價股份的公允價值。調查委員會認為上述不遵從會計規定的事宜會對有關財務報表構成重大影響，核數師應就該等事項對有關財務報表出具有保留意見的核數師報告。

此外，調查委員會注意到，有關的審計工作底稿並沒有記錄核數師與估值師對重大事項的討論。調查委員會亦發現，該核數師選擇接納管理層而非估值師的意見時，並沒有記錄如何評估管理層的專業能力。

## Enquiry 查訊

## Case 個案

In this case, the FIRC found that the listed entity did not identify and separately recognize the exploration right to a mine at its fair value at the date of the acquisition of a subsidiary, and the acquisition-date fair value of the exploration right to another mine should have been adjusted upon the completion of the initial accounting of the acquisition, when the fair value of such right was finalized. The FIRC also considered that the exploration rights to the mines should have been carried, after initial recognition, at cost less any accumulated amortization and any accumulated impairment losses. In the absence of an active market for the exploration rights, carrying them after initial recognition at a revalued amount did not comply with relevant accounting requirements. In addition, the FIRC found that the relevant financial statements did not disclose the carrying amounts of each class of identifiable assets and liabilities immediately before the date of the acquisition as required by the relevant financial reporting standard.

在這宗個案，檢討委員會認為，上市實體沒有於收購日就收購一家子公司，辨認一個礦的勘探權及分別確認其公允價值。當已收購的另一個礦的勘探權的公允價值敲定時，收購的初始會計已視作完成，上市實體應就該勘探權於收購日的公允價值作出調整。檢討委員會認為，該等勘探權於確認後應按成本減去任何累計攤銷及任何累計減值損失計量。鑒於該等勘探權沒有活躍市場，於確認後採用重估值計量是不遵從有關會計規定。檢討委員會亦發現，有關財務報表沒有按照有關財務報告準則的要求，就各類別的可辨認資產和負債於收購日前的賬面金額作出披露。

## Investigations and Enquiries 調查及查訊個案

	Investigations 調查	Enquiries 查訊
In progress as at 1 January 2012 於二零一二年一月一日仍在進行中	8	1
Initiated during the period 本期展開	3	2
Completed during the period 本期完成	(6)	(1)
In progress as at 30 June 2012 於二零一二年六月三十日仍在進行中	5	2

## Complaints 投訴個案

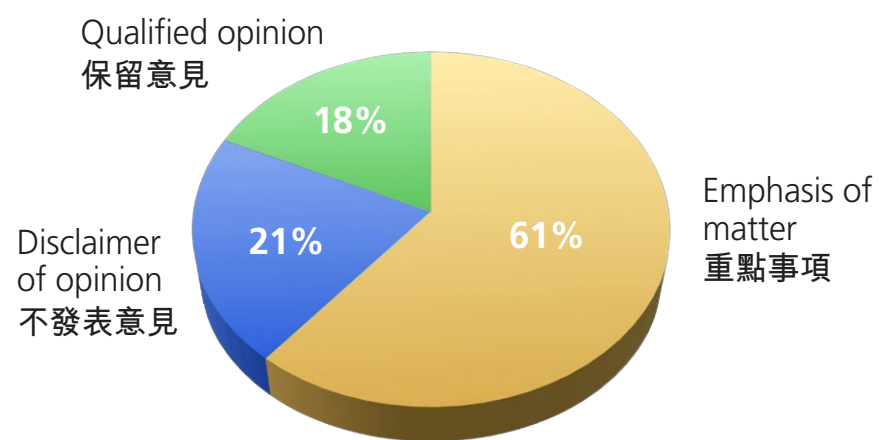
In the first six months of 2012, the FRC received nine complaints lodged by other regulators. We also completed assessing four complaints, which resulted in the initiation of three investigations and one enquiry.

在二零一二年首六個月，我們接獲九宗由其他監管機構提出的投訴。此外，我們亦完成了四宗投訴的評估，因而展開三宗調查及一宗查訊。

## Review of Modified Auditor's Reports 審閱非無保留意見核數師報告

We screened all 95 modified auditor's reports published in the first six months of 2012. No potential non-compliance with accounting requirements which would warrant a comprehensive review under the risk-based financial statements review programme was found in any of them.

我們審閱了合共九十五份於二零一二年首六個月發表的非無保留意見核數師報告，當中並無發現因可能有不遵從會計規定事宜，而需要歸納於根據風險抽查財務報表的審閱計劃進行全面審閱。

Types of modification  
非無保留意見核數師報告的種類

## Risk-based Financial Statements Review Programme 根據風險抽查財務報表的審閱計劃

For details of our monthly operations statistics, please visit the "[Operations Statistics](#)" section of our website.

有關財務匯報局每月的運作統計數字，請瀏覽本局網站的「[運作統計數字](#)」一欄。

	Review cycle 審閱週期*	
	2011/12	2012/13
Planned for review 計劃審閱	70	75
Initial review completed as at 30 June 2012 於二零一二年六月三十日完成初步審閱	62	-
Potential non-compliance identified which required further review 已識別可能有不遵從會計規定事宜，需要進一步審閱	13	-
Letters of advice issued to listed entities 向上市實體發出意見函	17	-
Investigation / enquiry initiated 已展開調查/查訊	1	-
Industry focus 行業主題	Pharmaceutical 藥業	Forestry and agriculture 林木業及農業
Accounting theme 會計主題	Business combination 業務合併	Deferred taxation 遞延稅項

\* The review cycle commences in July each year. 審閱週期於每年七月開始。

Contact Us 聯絡我們