

**Presented by : Vincent Lai – Sole Proprietor, Vincent W.M. Lai & Co.,
Arthur Chan – Partner, PricewaterhouseCoopers**

Date: 1 December 2017

“CPA for NGO” social responsibility programme

Information disclosure and accountability 資料披露與問責性



**Hong Kong Institute of
Certified Public Accountants
香港會計師公會**

PART I - ACCOUNTABILITY 問責

I. 前言：



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

II. 兩大觀點

“**A**ccountability is acknowledging, assuming responsibility for and being **transparent** about the **impacts** of your policies, actions, products and associated performance.”

AA1000APS (2008) Accountability Principles, page 6



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

II. 兩大觀點 (續)

Consider the following new definition of accountability:

“ A personal choice to rise above one's circumstances and demonstrate the ownership necessary for achieving desired results—to See It, Own It, Solve It, and Do It.”

This definition includes a mindset or attitude of continually asking,

“ **W**hat else can I do to rise above my circumstances and achieve the results I desire?”

It requires a level of ownership that includes making, keeping and answering for personal commitments. Such a perspective embraces both current and future efforts. Armed with this new definition of accountability, you can help yourself and others do everything possible to both overcome difficult circumstances and achieve desired results.



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

II. 兩大觀點 (續)

Only when you assume full accountability for your thoughts, feelings, actions, and results can you direct your own destiny; otherwise, someone or something else will. **The real value and benefit of accountability stems from the ability to influence events and outcomes before they happen.**

March 2011 by Roger Connors and Tom Smith, Partners in Leadership LLC



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

III. 主要目的：

甲、回應stakeholders 質疑

乙、增強透明度

丙、發現存在問題

丁、確定改進領域



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

IV. 內部文化建立

1. 部門清晰目標 / 績效 (results)
2. 不是一言堂
“One man can't say it can be done without a team.”
3. 實現績效 / 目標多於只是 ‘工作’
4. 自問：我可以做什麼能使機構 / 部門目標 / 績效達至及提昇



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

PART II – INFORMATION DISCLOSURE

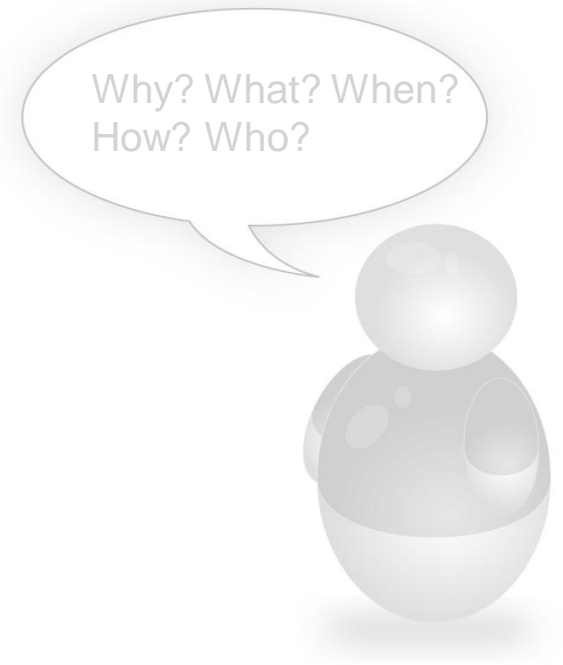
2.1 **WHY** need to disclose?

2.2 **WHAT** to disclose?

2.3 **WHEN** to disclose?

2.4 **HOW** to disclose?

2.5 **WHO** will read?



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

ANSWER TO 2

- A. Law** (see also [Sep 2017 presentation](#))
 - A.1 Companies Ordinance Cap.622
 - A.1.1 Sections..... Schedule 4
 - A.2 Societies Ordinance Cap 151
 - A.2.1 No specific requirements – depends on the board
- B. Governing Instruments – e.g. Constitutions**
 - B.1 Various depends own settings – trust deed
- C. Funding bodies, Government Department etc.**
 - C.1 Contracts, list of compliance of terms and conditions
- D Stakeholders**
 - D.1 Message to the public
 - D.2 Missions, Objectives, Performance,etc.



披露機構資料 提高慈善問責

“...法例規管只屬慈善問責的基本要求，慈善機構要得到市民支持，不單要守法，還要進一步達到公眾對其問責的期望，提高機構透明度，當中包括主動披露機構資料，主要有四方面：1) 機構管治、2) 財務狀況、3) 服務實踐，以及 4) 籌款原則。”

《社情·社論時評，31期》

More Disclosure of Information to Enhance Charity Accountability

“...However, governed by regulatory legislation is only the basic requirement of charity accountability. To win public support and fulfill public expectation, NGOs have to be proactive to enhance their accountability through discursing information, including their governance structure, financial situation, service performance as well as fund raising rules.

Issue 31, HKCSS View, Scenario



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Financial reporting requirements under the Hong Kong Companies Ordinance



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Areas to cover:

- Accounting Bulletin 6 – S436 “Non-statutory accounts”
- Within the financial statements
- Disclosures in directors’ report
- Disclosures relating to directors’ benefits
- Simplified reporting regime
- AGMs



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Accounting Bulletin 6

– S436 “Non-statutory accounts”



HKICPA Accounting Bulletin 6 -
Guidance on the requirements of
section 436 of the Hong Kong
Companies Ordinance Cap. 622
("AB 6")

Accounting Bulletin 6

- S436 Requirements

HK- incorporated companies

Circulate, publishes, issues or make available for public inspection:

(1) Specified financial statements

- Means “statutory annual audited financial statements”
- Must be accompanied by the **auditor’s report**

(Section 436(2) of CO)

(2) Non-statutory accounts

- Means any **other form** of financial information that **looks like** full year income statement or year end balance sheet
- Must **not** be **accompanied by any auditor’s report** on the “specified financial statements”
- Must be accompanied by the “**s436(3) statement**”

(Section 436(3) of CO)



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Accounting Bulletin 6

Non-statutory accounts – private companies

(any form that are not statutory financial statements) For example:

Financial information on a company's website accessible to public or employees

Voluntary financial statements for a financial year

A 'convenience translation' of specified financial statements

Any accounts prepared under any GAAP, non-GAAP, or cash basis

Tabular information appearing to be P&L for a financial year and/or balance sheet at the end of financial year

Financial information for a financial year appearing in a company brochure



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Accounting Bulletin 6

Example S436(3) statement

Private companies

Financial information relating to a financial year that has been audited

The figures and financial information relating to the year ended 31 December 20XX included in this document **are not the Company's statutory annual consolidated financial statements** for that year. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As the Company is a private company, the Company is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Within the financial statements

ii

Warm up



Which are required in the notes to FS by the CO?

- A. Company B/S in consolidated FS and movement on the company's reserves
- B. Net profits of the subsidiaries attributable to owners of the company dealt with/not dealt with in the company's financial statements.
- C. Whether the FS are prepared in accordance with applicable accounting standards.
- D. Name of the parent of the company.

1. A, B and C?
2. A, C and D ?
3. A, B and D?
4. All of the above?



Within the financial statements

- Mandatory disclosures

Under the CO – Schedule 4

Only **4** relevant items to disclose:

Whether financial statements prepared in accordance with applicable accounting standards

Name of parent

Auditors' remuneration (note)

Company statement of financial position in consolidated financial statements and movement of company's reserves

Note: Not required for companies in simplified reporting regime

**Must comply with all disclosures required by HKFRS,
where material**



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Within the financial statements

- Terminology and wording

Under the CO

“financial statements”

“consolidated financial statements”

“statement of financial position”

“statement of comprehensive income”

“true and fair view of the company’s financial position and financial performance”

“specified financial statements” and “non-statutory accounts” - rules on circulation, publication and issuance

No longer used

“accounts”

“group accounts”

“balance sheet”

“profit and loss account”

“true and fair view of the company’s state of affairs and profits and loss account”

“Accounts to be annexed, and auditors’ report to be attached, to balance sheet”



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Within the financial statements

- Statutory backing for HKFRSs

Cap. 622C

- HKICPA prescribed body to issue or specify accounting standards

S380

- Financial statements must comply with applicable accounting standards issued or specified by HKICPA

Preface

- HKICPA only issues HKFRSs; has not specified other accounting standards eg. IFRS

Preface to HKFRS amended 2015

S4, Sch4 compliance statement must be an explicit and unreserved statement of compliance with HKFRSs



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Consolidated financial statements

– company balance sheet

Statement of financial position as at 31 December 2016

Under the CO (s2, Sch4)

- Note to consolidated FS
- Same format
- Reserves movement note(s)
- No other notes required

| HK\$m | Notes | 2016 | 2015 |
|---|-------|--------|--------|
| <i>Assets</i> | | | |
| <i>Investment in a subsidiary</i> | | 15,741 | 13,994 |
| <i>Amount due from subsidiary</i> | | 910 | 1,040 |
| <i>Derivative financial instruments</i> | | - | 8 |
| <i>Other assets</i> | | 22 | 18 |
| <i>Cash and cash equivalents</i> | | 10 | 86 |
| <i>Total assets</i> | | 16,683 | 15,146 |
| <i>Liabilities</i> | | | |
| <i>Borrowings</i> | | 1,201 | - |
| <i>Other liabilities</i> | | 11 | 13 |
| <i>Total liabilities</i> | | 1,212 | 13 |
| <i>Equity</i> | | | |
| <i>Share capital</i> | 31 | 13,988 | 13,988 |
| <i>Employee share-based trusts</i> | 32 | (274) | (188) |
| <i>Retained earnings</i> | 32 | 1,652 | 1,303 |
| <i>Other reserves</i> | 32 | 135 | 60 |
| <i>Total equity</i> | | 15,471 | 15,133 |
| <i>Total liabilities and equity</i> | | 16,683 | 15,146 |

Companies
Registry Q&A

Signed by two directors (s387)



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Within the financial statements

- S381 - Exemption for excluding subsidiaries from consolidation

Under the CO

- Subsidiary is immaterial or, if more than one, immaterial in aggregate



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Within the financial statements

- Exemption from preparing consolidated financial statements

Under the CO

- All subsidiaries are immaterial in aggregate
- Intermediate parent, wholly owned by another body corporate at end of financial year
- Intermediate parent, partially owned by another body corporate, shareholders notified and no objections

Companies
Registry Q&A

HKFRS10.4(a)?
HKICPA Q&A
Topic 1.5

- Directors write to members to notify not preparing consolidated financial statements at least **6 months before year end**; and
- No member has objected in writing **3 months before year end**.

*By the end of
June 2015*

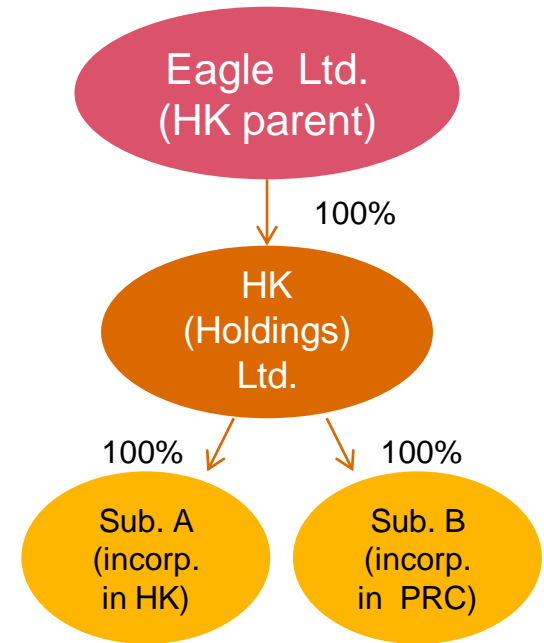
for December year-end
companies (financial year
ending 31 December 2015)



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Company or consolidated financial statements?

- HK (Holdings) Ltd. (incorporated in Hong Kong) has two subsidiaries. Subsidiary A and subsidiary B that are incorporated in Hong Kong and PRC respectively.
- Eagle Ltd. the parent company (incorporated in Hong Kong).



Should HK (Holdings) Ltd. prepare consolidated FS as its statutory financial statements under section 379(2) of the Companies Ordinance?

Yes

No

It depends



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

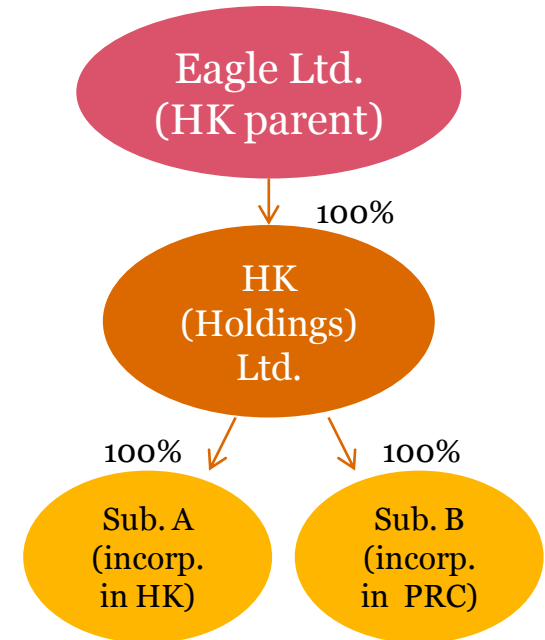
Company or consolidated financial statements?

– Debrief



It depends

- HK (Holdings) Ltd. **qualifies for the exemption** under S379(3)(a) from preparing consolidated FS, as it is a **wholly-owned subsidiary of a “body corporate”**.
- Hong Kong Companies Registry FAQ – **S379(3)(a) is not mandatory. Full consolidated FS may be prepared as a company’s statutory FS.** They must be compliant with the law and HKFRSs in all respects. In such a case, company level statutory FS are not required.



*Companies Registry FAQ –
Accounts & Audit – Alert A31/15*



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Disclosures in directors' report



Disclosures in directors' report

Ss388, 390 and 543(2)

- Requirement and general contents; consolidated where necessary



Schedule 5

- Contents of a Business Review



**Companies (Directors' Report)
Regulation Cap. 622D**



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Disclosures for directors' report



- *Non-HK incorporated issuers are exempted from disclosing the names of the directors of the subsidiaries.*
- *If the number of names of directors of all subsidiary undertakings is, in the opinion of the directors of the holding company, of excessive length, disclosure of the names of directors of subsidiary undertakings may be made by way of inclusion by reference, provided that the information on the relevant directors' names is clearly contained in the directors' report by making a list of such names readily available to the reader. This may include, for example, by providing a link to the relevant website(s) which contains a full list of the names.*

↑ Increase in disclosures

Effective for accounting periods ending on or after 31 Dec 2015.
Early adoption is allowed.



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Disclosures relating to directors

- Directors' material interests in contracts*

Directors' Report

“ in **transaction, arrangement or contract of company or other group company** that is significant to the company's business



Notes to financial statements

Transaction, arrangement or contract **involves company**

* For non-private companies includes individual or entity “connected’ with a director



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Business review - Warm up

Which are the mandatory minimum contents required by Schedule 5 to the CO for a business review in the Directors' Report?

- A** Fair review of the company's or group's business(es) for the financial year under review.
- B** Information about impending developments or matters in the course of business negotiations.
- C** Indication of future likely development in group's businesses.
- D** Principal risks and uncertainties facing group.
- E** Particulars of important events affecting group that have occurred since the end of the financial year.



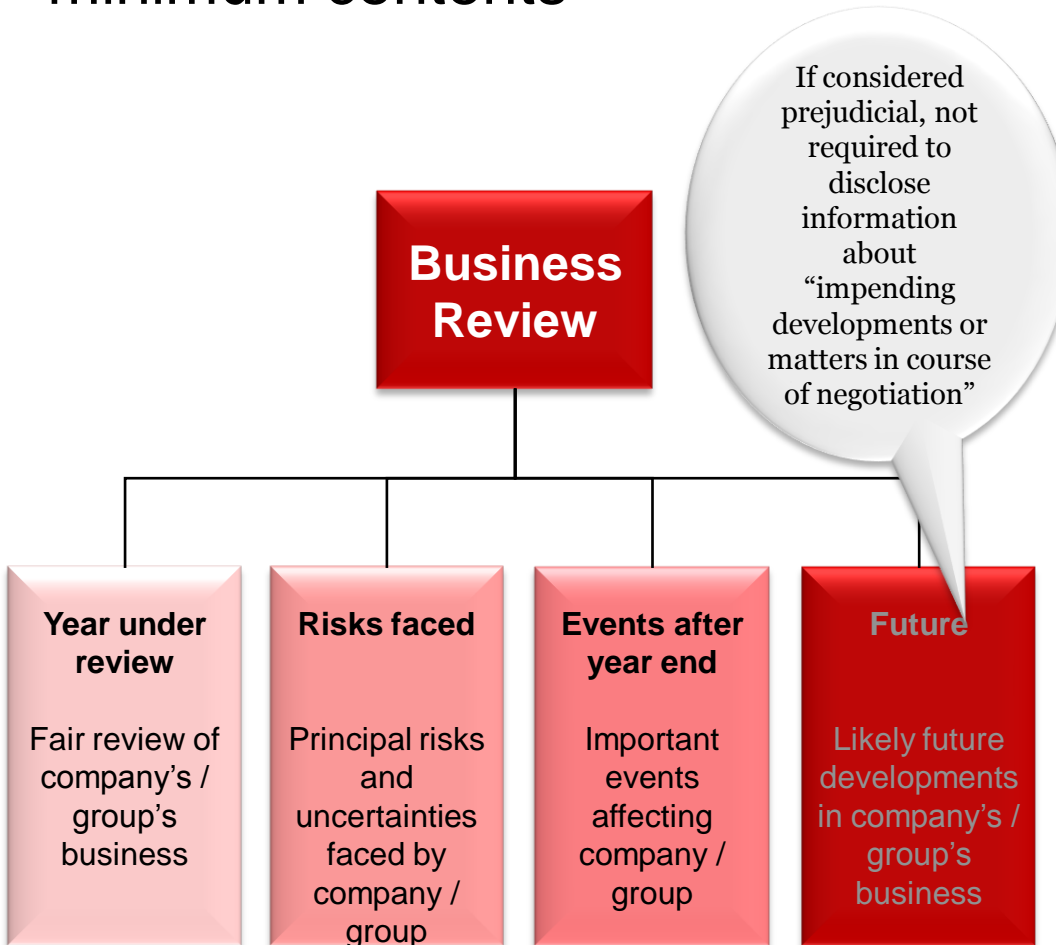
1. A, C and D?
2. A, C, D and E?
3. A, B, D and E?
4. All of the above?



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Directors' report - business review

- minimum contents



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

AB 5
Exposure Draft

Accounting Bulletin 5

Guidance for the Preparation of a Business Review under the Hong Kong Companies Ordinance Cap. 622

This Accounting Bulletin is based on the Reporting Statement: Operating and Financial Review issued by the IASB Financial Reporting Council (FRC), adapted by the Hong Kong Institute of Certified Public Accountants (HKICPA) to the Hong Kong context and contains material in which the FRC owns the copyright. The HKICPA gratefully acknowledges the permission given for the use of the material by the FRC.

Business review in directors' report

Analytical, forward-looking

Consolidated basis for group report

Minimum contents specified in Schedule 5

- Guidance for directors – HKICPA Accounting Bulletin 5



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Business review in directors' report

- Minimum contents required by Schedule 5

Analyse using financial key performance indicators (KPIs)

Discussion on company's/group's:

- Environmental policies and performance
- Compliance with relevant laws and regulations that have a significant impact on the business(es)
- Key relationships with its employees, customers, suppliers, others that have a significant impact and on which their success depends

KPIs

- Mean factors by which the development, performance or position of the business(es) can be measured effectively



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Business review in directors' report

- Consistent with financial statements

HKSA 720 (Revised
June 2014):
The Auditor's
Responsibilities
Relating to Other
Information in
Documents
Containing Audited
Financial Statements

Likely non-GAAP information in business review

- Provide explanation/reconciliation to financial statements

Auditors to form opinion

- Whether the directors' report is inconsistent with financial statements
- Possible if significant non-GAAP information without explanation/reconciliation

Disclosure, if inconsistent

- **Must** be in auditors' report
- **May** bring to members' attention at general meeting

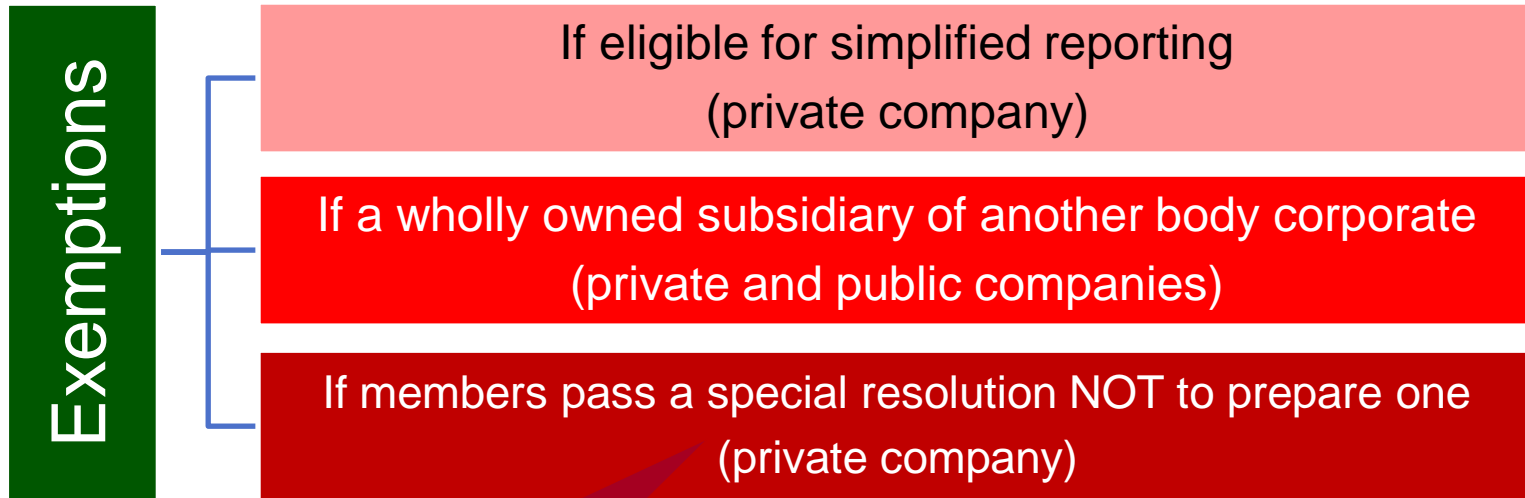


Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Business review in directors' report

- Exemptions from preparing business review

Certain companies are exempted from preparing business review:



**December year end
companies – 30 June
2015 deadline!**

**Could instead pass a written
resolution for the exemption,
but it requires unanimous
agreement from members!**



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Directors' benefits disclosures

iv

Warm up



Which are within the scope of directors' remuneration disclosures?

- A** Consideration provided to or receivable by any “third party” for making available the services of a person as director of the company or in any other capacity while a director.
- B** Payments received by a director for accepting office as director.
- C** Money value of any non-cash benefit given to a director (e.g. accommodation, medical or club benefits, car and driver etc.).
- D** Retirement benefits (excludes payments from ‘funded’ pension schemes), cash or otherwise (eg nature and money value of medical or club benefits etc.) given on or after retirement or death.

1. A, C and D?

3. All of the above?

2. B, C and D?



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Directors' benefits disclosures

- Overview

S383

- Directors' emoluments
- Directors' retirement benefits
- Payments made or benefits provided on termination of directors
- Amounts payable to or receivable by third parties for making available services of a director
- Loans, quasi-loans, credit transactions, guarantees, security provided
- Directors' material interests

CO requirements

Companies (Disclosure of Information about Benefits of Directors) Regulation Cap. 622 G

Provides detail for s383 requirements



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Directors' benefits disclosures

- Scope of directors' remuneration

Section 383

+ Companies (Disclosure of Information about Benefits of Directors)

Regulation Cap. 622G

Additional CO
disclosure
requirements

For example:

Payments made for accepting office as a director

Amounts paid to or receivable by any "third party" for making available the services of a director

Nature and money value of any non-cash benefit given to a director (e.g. accommodation, medical or club benefits, car and driver etc.)

Retirement benefits (excludes payments from 'funded' pension schemes), cash or otherwise (e.g. nature and money value of medical or club benefits etc.) given on or after retirement or death



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Directors' benefits disclosures

- Disclosures required by ss4 to 7 of Cap. 622G

AB 3 (Revised)
Revised November 2017

the
aggregate
amount of
directors'
emoluments

the
aggregate
amount of
directors'
retirement
benefits

the
aggregate
amount of
payment for
loss of office
/termination
services of
directors

the
aggregate
amount of
consideratio
n for making
available
directors'
services

Guidance on Disclosure of Directors' Remuneration



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Simplified reporting regime for eligible small private companies and groups



Simplified reporting regime

- Overview

Under the Hong Kong Companies Ordinance

- Broad eligibility
- Brief directors' report (excludes business review and other disclosures)
- “Properly prepared” audit opinion (full scope audit)
- Financial statements to comply with HKICPA SME-FRF & FRS (revised 2014)

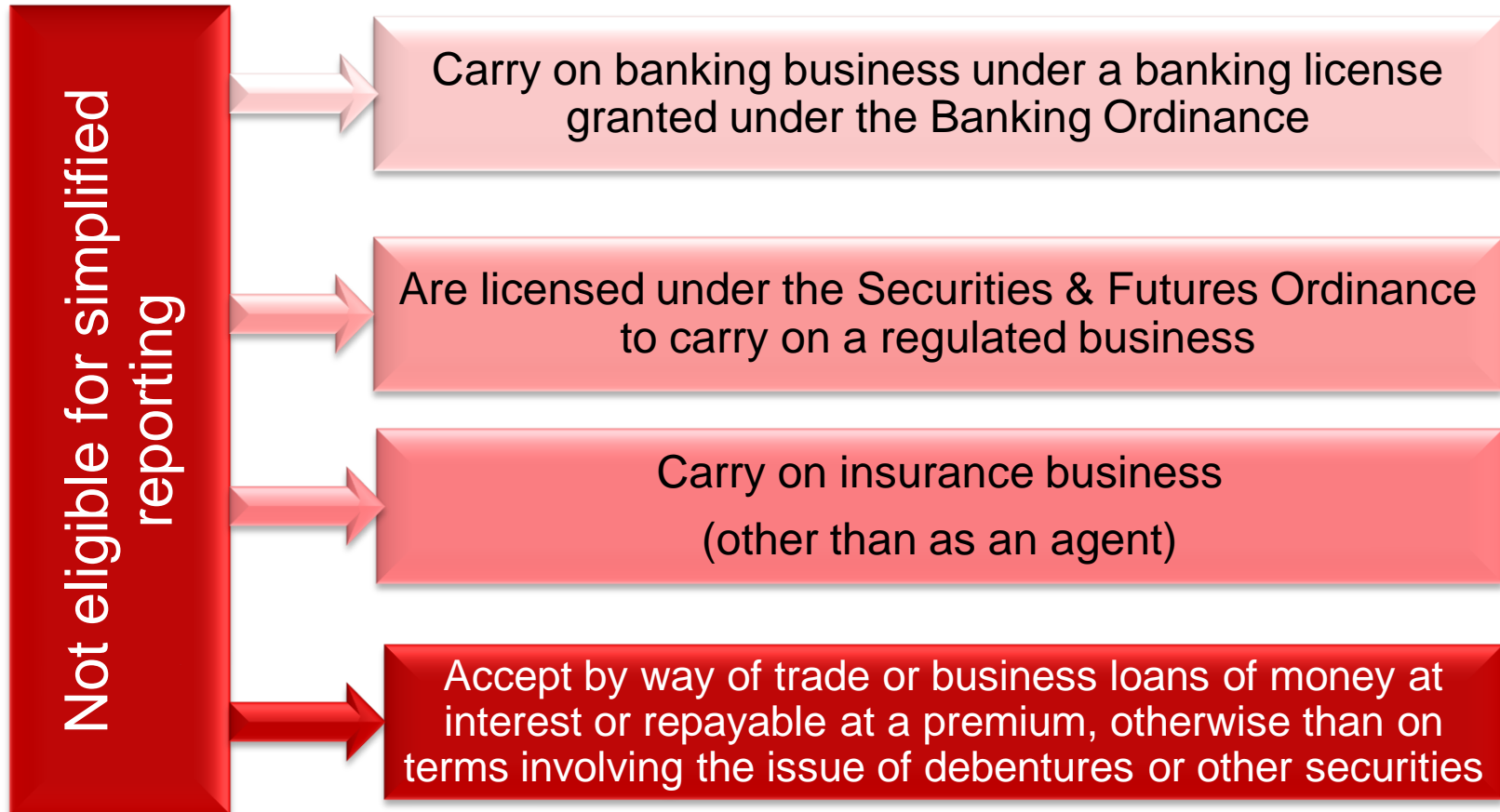
No it is optional

Question: Is it a must to use simplified reporting if my company qualifies?



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Ineligible businesses



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Eligibility tests: the basics

| | Small guarantee co/group ¹ | Small private co/group ¹ | Larger “eligible” co/group ¹ | ‘S141D’ co ³ |
|----------------------|---------------------------------------|-------------------------------------|--|-------------------------|
| Annual revenue | ≤ HK\$25m | ≤HK100m ² | ≤HK\$200m ² | No limit |
| Total assets | No limit | ≤HK\$100m ² | ≤HK\$200m ² | No limit |
| Average employees | No limit | ≤100 ² | ≤100 ² | No limit |
| Shareholder approval | Not required | Not required | At least 75% of all members approve and none object | 100% of members approve |

¹ In groups: size tests must be met for each entity in group & for group as a whole

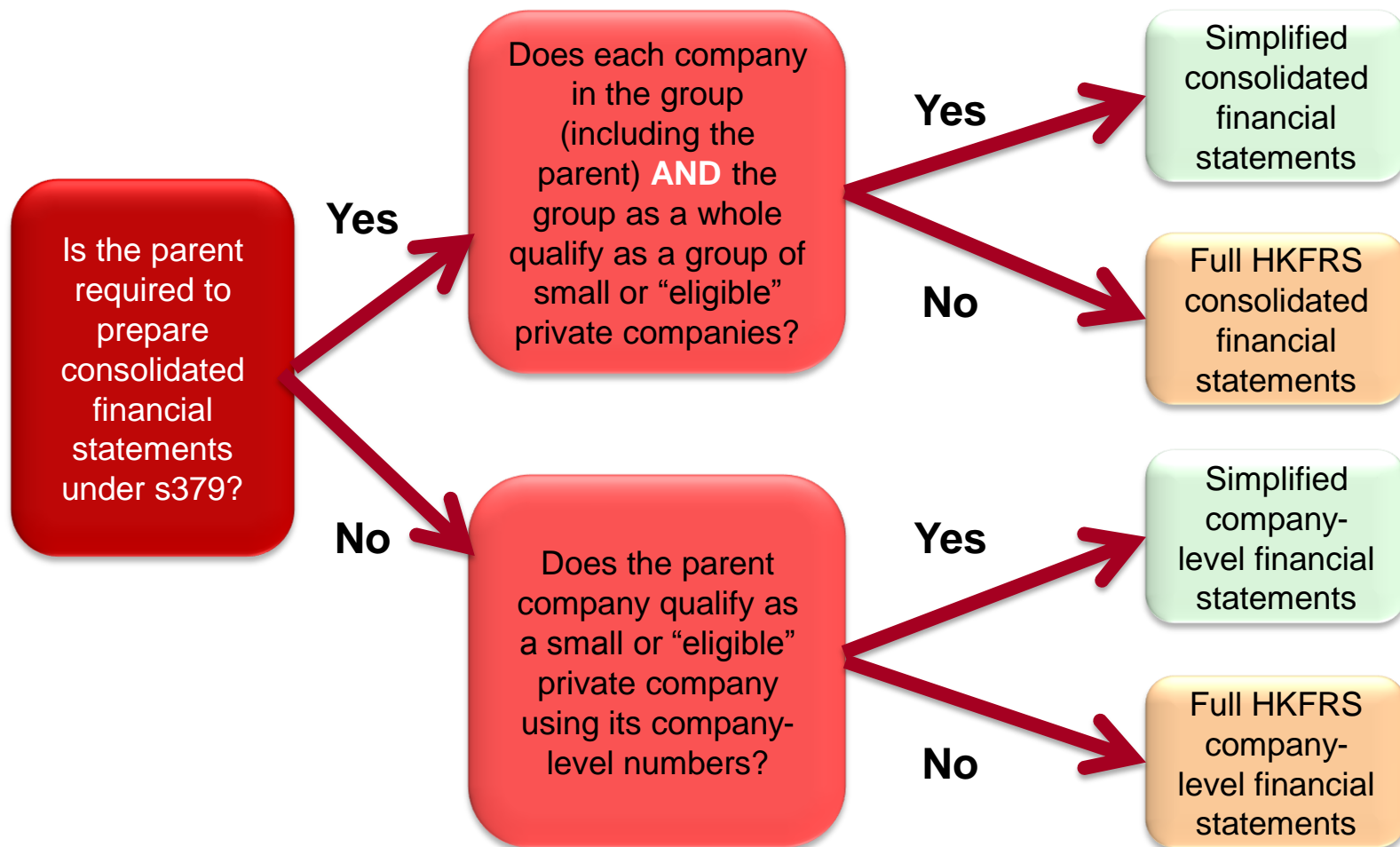
² Must meet 2 out of 3 tests

³ Private companies with no subsidiaries and which are not subsidiaries (now s359(1)(b)(iii))



Hong Kong Institute of
Certified Public Accountants
 香港會計師公會

Private group eligibility



AGMs

vi

AGMs; Sending financial statements; and Annual Returns

Public company and private company
(subsidiary of a public company)

Private company (not at any time in the year a subsidiary of a public company) **and company limited by guarantee**

AGM (Part 12)

Exempt from AGM:

- Everything is done by written resolution
- Unanimous resolution of members to dispense with AGM
- Single member company

Within **6 months** after the year end (accounting reference period (ARP))

Within **9 months** after the year end (accounting reference period (ARP))

Sending financial statements (Part 9)

At least 21 days before AGM
If no AGM, within 6 months after the year end (ARP)

At least 21 days before AGM
If no AGM, within 9 months after the year end (ARP)

Annual Returns (Part 12)

Certificate of no change abolished

For every financial year
Within 42 days of 6 months after the year end (ARP)
Must attach the Annual Report for the financial year
Escalating fines for late filing

For each year
Within 42 days of the anniversary of incorporation date. Annual Report not required to be filed
Escalating fines for late filing



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Ultimate Objectives

PART III - TRANSPARENCY

But to what extend?

3.1 Increasing credibility

3.2 Public Monitoring

3.2.1 Even existing problems – provide cause, analysis, & respective actions



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Strengthening donor relationships through transparent communications

Donations,
Sponsorships
and Government

Require open
and transparent
communications

Which need to be
factual and
reinforced
by examples

- You need to ensure that your NGO has enough funds to cover administration and to run projects and programs
- To secure long term funding it is essential to communicate regularly to donors/sponsors clearly and demonstrate good governance
- Have confidence to tell your donors about your quality delivery and your strong governance.
- Showing examples builds trust with donors and stakeholders



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

What is transparent reporting?



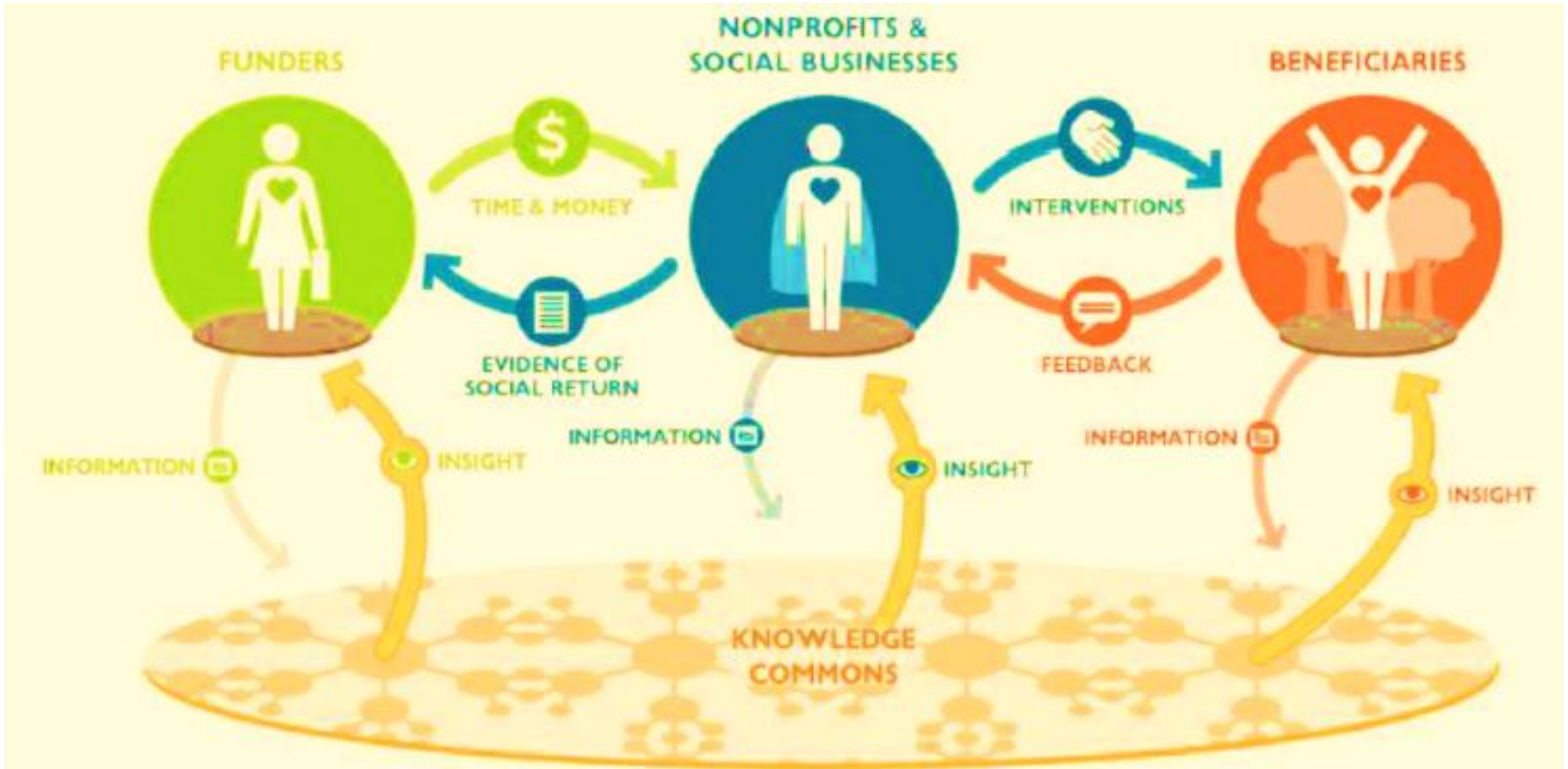
Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Transparency – today and tomorrow



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Transparency – today and tomorrow



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

How do you communicate with stakeholders

Direct one-way communication

- Annual report
- Website
- Applying for grants and sponsorships
- Media attention – positive or negative, mainstream or specialised
- Posters, brochures and hand-outs

Interactive 2-way communication

- Face-to-face contact – delegations, tours, social events
- On-line and written response to queries
- Word-of-mouth communication through your clients

Which is most valuable for your stakeholders?

Why transparent reporting matters

What do Donors and Stakeholders want to know?

Donors/stakeholders expect you to make them feel involved , that their contribution is meaningful and that you are responsible

They want transparent communication:

- The impact of your organisation and of their contributions.
- That you deliver what you promised

They look for clear information :

- Where funds come from including recognising them
- That these funds are used correctly/responsibly/effectively

Information must be clear and powerful as all NGOs are facing:

- Growing competition for the “charity dollar”
- Increasingly Government and media scrutiny

Transparent and impactful reporting



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

6 Steps for transparent and impactful reporting

1. *General organisation information*

2. *Financial and legal information*

3. *Goals, strategy and activities*

4. *Long term planning and future projects*

5. *Organisational monitoring processes*

6. *Accessibility and value of information*



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Transparent and impactful reporting

1. *General organisation information*

- Purpose and mission
- Outline of services provided
- Network relationships and affiliations
- Membership
- Compliance with codes of conduct or other industry practices
- External certification
- Location of headquarters & active regions
- Not for profit and legal status, including tax exemption status

Transparent and impactful reporting

2. Financial and legal information

- Annual financial statements
- Compliance with tax & government regulations
- Assets, expenses, liabilities, donation revenue and other income
- Detailed reporting on expenditure per activity
- Advertising expenditure and other costs of fundraising



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Transparent and impactful reporting

3. *Goals, strategy and activities*

- Goals and objectives linked to the purpose and mission
- Strategy for achieving the goals and objectives
- Clear description of different focus areas, funding sources and activities undertaken
- Information on the success (or otherwise) and impact of activities



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Transparent and impactful reporting

4. Long term planning and future projects

- Short, medium and long term objectives
- Performance measures
- Planned future organisation: size, scope, direction, legal form, structure, affiliation with other organisations
- Expected sources of funding for future projects
- Plans for evaluating future projects



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Transparent and impactful reporting

5. Organisational monitoring processes

Governing Bodies

- Names, experience, roles and responsibilities of governing bodies
- Remuneration and expenses for members of governing bodies

Organisational Information

- Name, legal form, registered office, year of establishment
- Number of paid staff, volunteers and members
- Quality controls and performance reporting
- Control of book keeping, accounting and issuing of receipts
- Declaration of audited accounts

Transparent and impactful reporting

6. Accessibility and value of information

- Encourage unrestricted access to data and facts
- Clear presentation of information
- Accurate information on current and past activities
- Inclusion of text, figures, graphics and charts which are easy to read
- Sufficient information for a general assessment to be made
- Factual information vs promotional fundraising content
- Photos of activities



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Discussion: Current communication

Are they transparent and impactful?

Question1:

How do you currently communicate with your stakeholders?

Question2:

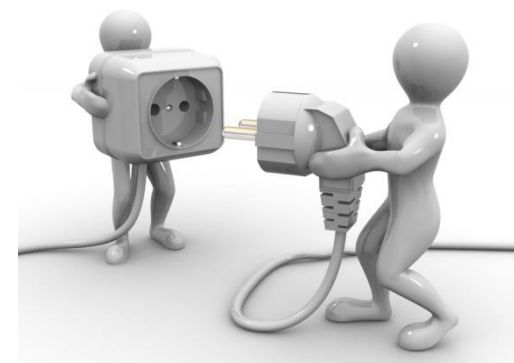
What are your key disclosure considerations, particularly with regards to financial information disclosures?

PART IV - Principle of effective communications

Better communication in financial reporting

- 4.1 **Entity Specific** – own circumstance
- 4.2 **Simple & Direct** – Structures
- 4.3 **Better Organized** – importance
- 4.4 **Better formatted** – relationship 1/1 pieces of information
- 4.5 **Free of Duplication** – unnecessary duplication
- 4.6 **Enhanced compatibility** – Among similar or neither compromising usefulness

Extracted from Discussion paper of IFRS Foundation



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

PART V - **MUST**

5.1 Truthiness

5.2 Accuracy

5.3 Completeness

5.4 Compliance



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

RECAP:

Two pillars of governance

– **Accountability & Transparency**

MAKE DISCLOURE MORE MEANINGFUL

– **Not just compliance driven**

提高形象及提升公信力

有助樹立社會責任方面良好形象



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Questions?



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

THANK YOU!



Hong Kong Institute of
Certified Public Accountants
香港會計師公會