

Example of Unqualified Auditor's Report on Financial Statements of Owners' Corporation of Building

(Applicable for auditor's report dated on or after 1 August 2007)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS¹ OF THE OWNERS' CORPORATION OF ABC BUILDING ("CORPORATION")

(incorporated in Hong Kong and registered in the Land Registry under section 8 of the Building Management Ordinance)

We have audited the financial statements of the Corporation set out on pages to..... , which comprise the balance sheet as at 31 December 200X, and the income statement, [statement of changes in equity or statement of recognised income and expense] and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Committee's responsibility for the financial statements

The Building Management Ordinance requires the Management Committee to prepare financial statements including an income and expenditure account and a balance sheet which give a true and fair view of the financial transactions and financial position of the Corporation. Accordingly, the Management Committee is responsible for the preparation and true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit². We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

¹ The addressee of the report may not necessarily always be the members of the Owners' Corporation.

² Auditors may consider it appropriate to clarify to whom they are responsible here or elsewhere in the report in accordance with their risk management policies and with reference to Professional Risk Management Bulletin No. 2 "Auditors' Duty of Care To Third Parties and The Audit Report".

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial transactions of the Corporation during the year ended 31 December 200X and the financial position of the Corporation at 31 December 200X and of the Corporation's cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

XYZ & Co.

Certified Public Accountants (Practising) [or Certified Public Accountants]

[Address]

Date

Note:

1. The BMO only requires financial statements comprising an income and expenditure account and a balance sheet which give a true and fair view of the financial transactions and financial position of the corporation.
2. Given that the fair presentation financial reporting framework in Hong Kong is HKFRS, financial statements should comprise:
 - (a) balance sheet;
 - (b) income statement;
 - (c) statement of changes in equity or statement of recognised income and expense;
 - (d) cash flow statement; and
 - (e) a summary of significant accounting policies and other explanatory notes.