

The case study presents a ferry service company in Hong Kong, New Ocean Holdings Limited ("New Ocean"). Real life events of the company and its financial statements are provided in the case materials and workshop handouts for workshop discussion and activities. Candidates should no doubt be familiar with the operations of a public transport entity on the commuter side. Students in workshops had the opportunities to appreciate the auditing and control issues related to New Ocean's electronic tolling and ticketing. Candidates also can appreciate the business issues of offering public ferry service routes and obtaining or renewing licences.

During Workshop 1, we first looked at the corporate governance issues from the point of view of different stakeholders. We then go through an audit journey in which we experienced the audit acceptance and planning stages before the end of Workshop.

The following main topics were covered in **Workshop 1**:

- **Corporate governance**

Students role-played as different stakeholders of New Ocean to appreciate the views and expectations of the stakeholders, including ferry service users, the Transportation Department, the capital asset leasing company and the executive directors, towards the company.

- **Overview of an audit**

Students made attempts to itemize the different stages of an audit engagement from client acceptance to audit reporting.

- **Audit acceptance / continuance**

Students made decision to accept or reject the re-appointment as external auditors of New Ocean and the assignment of providing assurance on an insurance claim. Management integrity, auditors' threats to independence, and the relevant safeguard considerations were examined.

- **Audit planning**

Students executed the audit risk assessment process and decided on the extent of reliance on client internal controls over revenue and cash before conclusion of audit approach.

- **Project management in audit planning**

Students reviewed the audit assignment from a project management perspective including considerations of resources, process and timeline. Students further appraised project management through a discussion of expectations of different stakeholders in an audit and how to communicate with them.