

The case study is about a ferry service company in Hong Kong. Real-life events of the company and its financial statements were provided in the case and workshop handouts for workshop discussion and reference. Candidates should no doubt be familiar with the operations of a public transport entity on the commuter side. Candidate would have opportunities to appreciate the auditing and issues related to the company's electronic tolling and ticketing. Candidates also can appreciate the business issues of offering routes and obtaining or renewing licences.

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

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

- **Corporate governance**

Students role-played as different stakeholders of the case company, New Ocean, to appreciate the views and expectations of the stakeholders, including ferry service users, the Transportation Department, the 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 for New Ocean and provide assurance on an insurance claim. Management integrity, auditors' threats to independence, and the relevant safeguard considerations were examined.

- **Audit planning**

Students performed the audit risk assessment process and decided on the extent of reliance on client's internal controls over revenue and cash before their decision of the 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 what to communicate with them.