

Innovation and Technology Fund (ITF)

Pilot Innovation and Technology Accelerator Scheme (PITAS)

Notes for Auditors of Recipient Organisations

Specimen

**Report of an Agreed-Upon Procedures Engagement
Conducted by a Certified Public Accountant (Practising)
or a Corporate Practice within the Meaning of
the Professional Accountants Ordinance (Chapter 50)**

AGREED-UPON PROCEDURES REPORT

To: The Government of the Hong Kong Special Administrative Region (the HKSAR Government), the Innovation and Technology Commission (ITC) and *[Name of the applicant]*

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting *[Name of the applicant]* in satisfying the requirement to report the income and expenditure in respect of the approved project *[Title of approved project]* for the period from *[Project commencement date]* to *[Project completion date]* as per the conditions stated in the letter of conditional acceptance's reference *[Reference no. of the letter of conditional acceptance]* dated *[Date of issuance]*, issued by the ITC and may not be suitable for another purpose.

This report is intended solely for *[Name of the applicant]*, the HKSAR Government and the ITC, and should not be used by, or distributed to, any other parties.

Responsibilities of the Engaging Party

[Name of the applicant] has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

[Name of the applicant] is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Hong Kong Standard on Related Services (HKSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with *[Name of the applicant]*, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Management

We have complied with the ethical requirements in [*describe the relevant ethical requirements*] issued by the Hong Kong Institute of Certified Public Accountants and the independence requirements in accordance with [*describe the relevant independence requirements*] issued by the Hong Kong Institute of Certified Public Accountants.

Our firm applies Hong Kong Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with [*Name of the applicant*] in the terms of engagement dated [*Date*].

- (1) We checked the additions of the Income and Expenditure Statement, and compared the items with the balances in the books and records prepared by [*Name of the applicant*] as at [*Date*].
- (2) We obtained and checked the calculations of the details of income / expenditure items and compared the balances to ALL of the supporting documents.
- (3) (i) We checked ALL of the expenses incurred in the approved project with regard to the Application Guidelines for Pilot Innovation and Technology Accelerator Scheme (PITAS Guidelines) imposed by the ITC. **Or** ^(Note 1)
(ii) We compared ALL of the expenditure items to the approved items of expenditure as set out in the approved application form appended to the funding agreement.

We report our findings below:

- (a) With respect to item 1, we found the Income and Expenditure Statement is in agreement with the books and records made available to us.
- (b) With respect to item 2, we found the amounts of income and expenditure items are in accord with ALL of the supporting documents.
- (c) (i) With respect to item 3, we found ALL of the expenditure items are in compliance with the PITAS Guidelines imposed by the ITC. **Or** ^(Note 1)
(ii) With respect to item 3, we found ALL of the expenditure items are all approved items of expenditure as set out in the approved application form appended to the funding agreement.

[Practitioner's signature]

[Date of practitioner's report]

[Practitioner's address]

Notes:

1. Applicants must select version (i) in case they choose not to submit receipts in support of their financial reports and auditor's reports.
2. The specific procedures mentioned in items (1) to (3) of the first paragraph under "Procedures and Findings" and the relevant report findings in items (a) to (c) of the subsequent paragraph must be included and should not be amended.
3. The practitioner is advised to follow the prevailing requirements of the Hong Kong Institute of Certified Public Accountants (website: <https://www.hkicpa.org.hk/>) in preparing this report.

PITAS Project Accounts Specimen

(A)

Income and Expenditure Statement

**For the period from DD/MM/YYYY (Project Commencement Date) to DD/MM/YYYY (Progress Report
End Date / Project Completion Date)**

Notes	Approved Budget HK\$	Current Period Actual (XX.XX.XXXX to XX.XX.XXXX)	Accumulated Actual (XX.XX.XXXX to XX.XX.XXXX) HK\$
		Current Period Actual (XX.XX.XXXX to XX.XX.XXXX) HK\$	

Income

Applicant's Contribution

Funding from PITAS

Interest Income

Total Income

Expenditure

Rental and Renovation Expenses
[List out items as appropriate]

General Office and
Administration Expenses
[List out items as appropriate]

Expenses of Setting Up
Communal Laboratories or Pilot
Production Facilities or
Purchasing New
Machinery/Equipment
[List out items as appropriate]

Local Staff Cost
[List out items as appropriate]

Expenses of Engaging Expert Consultants
[List out items as appropriate]

Expenditure for Providing R&D Support, Mentorship, Domain Expert Consultation, Business
Networks, etc. for Start-ups
[List out items as appropriate]
R&D Support
Mentorship
Domain Expert Consultation

- Consultant fees
- Advisory workshops

Business Networks

Marketing fees
[List out items as appropriate]

Audit fees
[List out items as appropriate]

Total Expenditure

Surplus / (Deficit) for the Period

Remarks: The amount of surplus consists of extra applicant's contribution and interest received.

(B)

Balance Sheet

as at DD/MM/YYYY (Progress Report End Date / Project Completion Date)

	Notes	HK\$
<u>Current Assets</u>		
Amount due from PITAS		

Bank Balance

<u>Current Liabilities</u>		
Accrued Expenses		
Amount due to the Applicant		

Net Assets / Liabilities

Approved and authorised for issue on behalf of [the Applicant] on XX.XX.XXXX by

[Signature]

[Signature]

Name: Director

The notes on page [] form part of the Project Accounts

(C) Notes to the Accounts

1. Basis of Preparation for the Accounts

The accounts of the Approved Project for the period from XX.XX.XXXX to XX.XX.XXXX have been prepared in accordance with the following documents:

- the funding agreement dated XX.XX.XXXX made between the HKSAR Government and [] (the Applicant) in respect of the approved project and the appendices thereto (which includes the application form);
- the Application Guidelines for the Pilot Innovation and Technology Accelerator Scheme (PITAS Guidelines) referred to in the funding agreement; and
- all applicable instructions and correspondences issued by the Innovation and Technology Commission (ITC) to the Applicant in respect of the approved project.

2. Significant Accounting Policies

Revenue recognition

- Funding from PITAS is recognised when the Applicant's right to receive payment has been established in accordance with the funding agreement and PITAS Guidelines.
- Applicant's Contribution to the approved project is recognised on a cash basis.
- Interest income is recognised as it has been received.

Expenditure recognition

- Expenditure items of the approved project are accounted for on an accrual basis.

Machinery/Equipment

- The costs for procurement and installation of machinery/equipment are recognised as expenditure items in the period in which they are incurred. The Applicant adheres to the procurement procedures and practices as stipulated in the funding agreement and PITAS Guidelines.

3. Amount due from PITAS

Funding from PITAS for the approved project will be disbursed on a reimbursement basis after project completion. The actual amount of the final PITAS fund will be determined by the PITAS Assessment Committee and ITC having regard to the actual total recognisable project expenditure on project completion against the approved budget. For interim payment, if applicable, the actual amount of reimbursement will be determined by the PITAS Assessment Committee and ITC having regard to the project progress and the recognisable project expenditure in respect of the first 12 months and subsequent 12 months of project period against the approved budget.