



PRE-AUDIT REVIEW SEC REPORTING & FILING SERVICE

赴美国上市前的账务整理，财务报告的撰写与上市信息的申报服务

Services We Provided:

SEC Related Service

- ❖ Initial financial advisory service provided for the enterprises plan to go to public in US stock market;
- ❖ Quarterly/Annually Financial Reporting and 10-Q/10-K Filing;
- ❖ Financial/tax/due-diligence under the M&A transaction.

Risk Advisory Service

- ❖ SOX act section 404 compliance assistance service;
- ❖ Internal control review;
- ❖ Outsourcing & co-sourcing for internal audit;
- ❖ Complete enterprise risk management service.

China tax advisory, compliance and planning service

- ❖ Periodic tax review and health check;
- ❖ China tax advisory;
- ❖ China tax planning and effective arrangement.

翰华咨询为您提供的核心业务包括：

SEC相关服务

- ❖ 赴美国上市企业审计前的整账业务；
- ❖ 美国上市企业季度及年度财务报表的准备及10-Q，10-K文件的申报；
- ❖ 并购交易下的法律，财务及税务的尽职调查服务；

风险建议服务

- ❖ 萨班斯法案第404条款的遵循服务；
- ❖ 内部控制审阅；
- ❖ 内部审计服务的外包与分包；
- ❖ 全面风险管理服务。

中国税的合规，建议及筹划服务

- ❖ 税务的定期审阅和自我诊断；
- ❖ 中国税的咨询及建议；
- ❖ 中国税的筹划与优化安排。

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目前，越来越多的中国本土企业选择了登陆美国资本市场，以资本助力更宏伟的企业发展目标。但是，也有很多已经上市的企业或者正在准备上市的企业，由于自身财务系统的缺失与不完善，财务人员的水平不一，或者由于语言的障碍。导致上市财务信息不能得到投资者的充分认可或者无法达到上市的要求。我们的这本小册子主要针对以上问题所撰写，简要介绍了我们在中国公司赴美上市过程中可以提供的专业服务。

Currently more and more Chinese local companies select US capital market as their tool to realize enterprise goals and missions. However, certain enterprises who have been listed or planned to be listed might meet the same issue—their financial information are not accepted/satisfied by investors, regulators or auditor. The issue is arising from below reasons:

- 1) Their existing financial system needs to be enhanced and improved;
- 2) Lacking high quality accounting people;
- 3) Misunderstanding from language issue.

This booklet is a briefing for the solution to above mentioned issues, we generally illustrate our methodology and the ways we can assist the enterprises as an independent financial consultant.

第一类服务

民营企业上市前的账务整理、修补，及准则差异的提升

代表客户 一家江苏的生物制品企业，拟在近期赴美国上市

背景信息 通过与管理层的访谈，以及对现场的初步审阅，我们了解到以下企业的基本情况：

- 1) 该企业为典型的中国家族企业，目前核心管理层为主要家庭成员；
- 2) 财务的账簿为手工账；
- 3) 财务的明细账记录严重缺乏原始文件的支持，无法满足审计师的要求，例如：
 - 采购业务不能提供采购订单，合同，客户的货运单据以及发票；
 - 销售业务不能提供销售订单，合同，公司的发货单据以及客户的收货单据，公司开出的发票并不完整；
 - 固定资产的采购不能提供完整的原始文件以证明固定资产的入账价值；
 - 与管理方或股东的往来交易不能提供任何的支持文件。
- 4) 存在大量的现金交易，很多交易并非通过对公的银行账户交易而是通过企业主的私人账户如银行卡进行交易；
- 5) 企业主存在与公司之间的资金往来，不能提供任何借款的文件和表明交易公允性的支持文件；
- 6) 存货及固定资产长期未盘点，有部分此类资产购置于若干年前，有部分资产已经停用但是仍记录在资产账簿上；
- 7) 无任何可以表明公司存在内部控制的程序，政策及文件，很多控制并非流程控制而为管理层的主观控制；
- 8) 内外两套账表，真实的收入与成本并未真实体现在对外申报（税务机关）的财务数据上；内账数据并非完整的一套财务数据，而是企业主自己掌握的相对零散的数据；
- 9) 流转税款可能存在较大的应付未付情况，企业不能完整的获得采购发票，则无法准确计算进项税额，造成部分进项税无法抵扣；

企业未完整的开出销售发票，并且保留了一套内部账套，也导致了销项税不能完整的计算，从而导致应付未付款项的出现。

我们的方法论

根据以上我们了解到的企业情况，制定了以下的账务修补及整理原则：

- 1) 协助企业建立财务信息系统，根据企业的需求，我们一般会提出两种选择供管理层考虑：
 - 1)-1 仅仅选用一套信息系统的与财务直接相关的模块，如用友或金蝶中的财务会计模块；

此方案的优点为：

- * 成本较低；
- * 并不需要企业所有关键流程的变动，只需财务人员的介入；

此方案的缺点为：

作为一个简单的模块，并不能满足企业的整体信息化的要求，与财务相关的其他流程无法进行相应的提升与改革，如采购，仓库及物流管理，销售等。

- 1)-2 采用全面的信息系统管理，如用友的 U8 系统

此方案的优点为：

- * 可以一次性的使企业的信息化，为企业的长远发展奠定一个相对稳定的基础；

此方案的缺点为：

- * 成本较高；
- * 需要全公司范围的参与，管理层的高度重视与企业员工的全力配合；

不管企业选择是上述哪一种方案，我们将协助企业完成信息系统的初

始化及试运行;协助企业将记账凭证,明细账及总账过录到信息系统中。

- 2) 协助企业准备用以支持记账凭证的原始凭证,以满足审计师的审计要求;
- 3) 协助企业进行资产的清查与盘点,并协助企业进行相关的账项调整;
- 4) 协助企业将内外账分类,合并,整理成为一套可以反映企业真实经营状况的财务报表,并按照美国证监部门的要求,编制美国公认会计准则下的财务报告;
- 5) 与管理层就应付未付税款进行沟通与协商,根据我们的经验在法律允许的前提下给出合理的专业处理意见。

第二类服务

季度及年度财务报表 及其他向证监机构报告的文件准备与撰写

代表客户 一家河北的钢铁制造企业

背景信息 根据美国证交会 (SEC) 的要求,在美国上市的企业应在一定的会计期间结束后向监管机构与投资人披露本企业的财务信息,如季度报表 10-Q,年度报表 10-K 以及 8-K 及 S-1 等。

很多企业在准备此类证监机构要求的文件时,都可能遇到下列问题:

- 1) 企业会计人员不熟悉美国公认会计准则及中国会计准则;
- 2) 企业会计人员不熟悉美国证监机构关于财务信息披露的要求;
- 3) 企业会计人员不能顺畅的使用英语准备以上文件;
- 4) 企业会计人员在与审计师沟通时可能存在不顺畅的情况,企业需要一个建立在审计师与企业管理层之间的协调力量。

我们的方法论：

- 1) 与企业管理层进行沟通，了解企业运营情况及主要的会计政策；
- 2) 获取季度及年度由企业会计人员准备的财务信息，包括科目余额表，明细账，总账，以及按照中国会计准则准备的季度及年度财务报表；
- 3) 根据企业会计人员提供的会计信息，准备和撰写合并会计报表；
- 4) 在合并报表的准备和撰写过程中，与审计师沟通，并调整任何不恰当的会计处理；
- 5) 根据与管理层以及审计师的沟通，撰写上述季度，年度财务报表的附注以及 10-Q, 10-K 文件中的管理层讨论与分析章节 (MD&A Part)；
- 6) 就我们准备和撰写的上述文档，与审计师进行持续沟通，并就审计师的修正意见进行相应的修改；
- 7) 协助管理层在证交机构要求的期限内报送上述文件。

第三类服务

协助审计师排查具有风险的客户

代表客户 一家湖北的石灰生产企业

背景信息 2010 年以来，越来越多的通过反向收购买壳在美国上市的中国企业受到美国证券监督部门的高度关注。这些企业中有不少企业都在证券交易监督机构的盘查下暴露了严重的财务问题，如财务信息的不真实披露，销售以及利润数字的夸大甚至假造。作为这些企业的审计师，很多在中国资本市场较为活跃的美国注册会计师事务所也纷纷被媒体以及证交机构点名批评。很多参与其上市过程的投资银行及中介人亦遭到投资人的诉讼与批评。

客户背景信息 该客户为当地的一家民营企业，前身为一家国有企业。已有接近 20 年的生产历史。1 年前该客户在 OTCBB 登记，已经经过一次审计师的年度审计。

该客户分别在其他两个城市设立有独立运营的子公司，以上两家子公司均在合并报表范围内。

审计师在最近的预审计中关注到了该企业的一些风险，由此要求企业聘请我们作为管理层的财务顾问协助审计师实施新一年度财务报表的审计工作。

我们的方法论：

作为管理层聘请的财务顾问，我们的目标是协助管理层向审计师提供真实有效的审计证据，并协助管理层回答审计师的问题。鉴于上述目标，我们的工作方法如下：

- 1) 与管理层进行详细深入的沟通，逐条讨论并核实审计师提出的疑问；
- 2) 根据审计师的建议，协助企业整理目前的会计账簿与支持性文件，并协助企业将会计信息录入信息系统；
- 3) 详细审阅管理层提供的原始单据，并就有疑问之处与管理层进行详细核查；
- 4) 协助管理层清查历史遗留的不良资产，并将不良资产进行必要的会计调整，将已完成的会计调整计入会计账簿；
- 5) 就审阅的财务信息发表内部意见，供审计师审计时参考使用。

关于翰华咨询

翰华咨询是一家源于英国的财务咨询公司，最早自 2007 年开始建立其中国团队。经过多年的努力，翰华逐步确立了适合自身特点与中国市场的发展原则与方法论——“勤业，守正，明道，笃信”，并以此作为为广大大国内本土企业及杰出外商提供高效，高质与高能服务的基础。与此同时，为了更好的服务中国客户，翰华还成立了自己的兄弟会计师事务所—博翰辅仁会计师事务所，为广大大国内本土企业及杰出外商提供独立专业的审计鉴证服务。

作为一家财务咨询公司，翰华主要提供以下服务：

- * 中国上市公司内部控制建立及评价服务；(C-SOX)
- * 中国民营企业赴美国、香港或在中国内地市场上市前的预审计服务；
- * 美国上市公司定期财务报告的撰写与申报服务；
- * 美国萨班斯法案第 404 条款评价服务；
- * 并购交易下的财务及税务尽职调查服务；
- * 其他财务或税务服务。

更多详细信息，欢迎登陆我们的网站：www.brookpartner.com

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Our services include the following categories:

Category One

Pre-audit Financial Review prior to Listing in US.

Representative client A biological production enterprise located in Jiangsu Province, preparing to be listed in US in the near future.

Background information According to interviews with management and a preliminary site review site, we understand the following basic situation relating to the client:

- 1) Private enterprise; family members are core management team members.
- 2) Financial records are prepared manually.
- 3) Most accounting ledgers could not be supported by sufficient original documentation, which could not meet auditor's requirements. For instance:
 - *Purchase orders, contracts, shipping documents and invoices could not be provided by vendors;*
 - *Sales orders, contracts, shipping documents and receiving documents from customers could not be provided, and official invoices are not issued for every sales transaction;*
 - *New additions of fixed assets do not have sufficient original documents to prove the book value;*
 - *Internal transactions with management or shareholders are not supported with original documents.*
- 4) There are a lot of cash transactions, with many of them not going through the company bank account but instead through personal accounts of the owners, for instance using a personal bank card.
- 5) Personal loans between company and business owner exist, no loan agreements are provided to support such personal loans.
- 6) No periodic inventory / FA counting has ever been conducted, and a certain portion of assets purchased a long time ago need to be considered for impairment/disposal.

- 7) No formal processes / procedures related to internal control exist; most controls are direct controls from business owner.
- 8) Two sets of accounting books exist, internal book and external book. True revenue and costs are not presented on the financial statements to the tax authority; In some cases, internal financial data is not complete;
- 9) Significant outstanding VAT payable. Inaccurate input VAT has arisen from incomplete collection of purchase invoices; inaccurate output VAT has arisen from incomplete issuance of sales invoices.

Our Methodology:

Based on our understanding, we established the following principles:

- 1) Assist the enterprise to establish a financial information system. In most cases, two options for accounting information systemization can be considered by management:
 - 1)-1 Select a financial accounting module such as Ufida or Kingdee.

Advantages:

- * Low cost;
- * Key processes will not be changed, only financial staff will be involved.

Disadvantages:

As a simple module, it could not meet the overall requirements of the company relating to provision of various information. Non-financial related processes will not be improved or innovated, such as purchasing, warehouse and logistics, and sales.

- 1)-2 Complete information system application, like the U8 version of Ufida.

Advantages:

- * It could enable the company to systemize the organization of its information in one step, to establish a solid foundation for long-term development;

Disadvantages:

- * Higher cost;
- * Would require the complete involvement of all the departments and employees.

For each option illustrated above, we will assist to accomplish the initialization and test run of the information system, including setup of the accounting ledgers, subsidiary ledgers and general ledgers within the system.

- 1) Assist the management to prepare the original documents that support accounting ledgers in order to fulfill auditor's requirements. (We will give instructions as well as review the preparation process; however, we will not be involved in the preparation directly.)
- 2) Assist the management to check and count the assets and adjust any inappropriate treatments.
- 3) Assist the management to classify, consolidate and organize the internal/external accounting ledgers. Prepare a set of financial statements based on US GAAP and other requirements from SEC.
- 4) Communicate outstanding tax issues with management; provide our suggestions based on the current tax regime and regulations.

Category Two

SEC Clients Quarterly/Annual Reporting and Filing

Representative client A steel production enterprise located in Hebei Province

Background information According to SEC's requirements, a listed company should disclose certain financial information to the regulatory commission and investors after completion of a certain accounting period. Examples are quarterly reporting 10-Q, annual reporting 10-K and 8-K, S-1 etc. Enterprises may confront the following problems when preparing the above mentioned files:

- 1) Financial staff are not familiar with US GAAP and CAS;

- 2) Financial staff are not familiar with the disclosure requirements from US SEC or other similar regulators.
- 3) Financial staff could not independently prepare these files in English.
- 4) Enterprises need a bridge / coordinator between auditor and management.

Our Methodology:

- 1) Communicate with management to understand the operating situation and accounting policies;
- 2) Obtain quarterly and annual financial information prepared by the enterprise's financial team, including trial balance, sub-ledger, general ledger, and quarterly and annual financial statements based on CAS;
- 3) Prepare consolidated financial statements according to the accounting information provided;
- 4) Communicate with the auditor and adjust any inappropriate accounting treatments when preparing consolidated financial statements;
- 5) Prepare the footnotes of the financial statements and Management Discussion & Analysis (MD&A) part of 10-Q and 10-K based on communication with management and auditor.
- 6) Conduct continuous communication with auditor about the documents prepared, and conduct modifications accordingly.
- 7) Assist to complete the above-mentioned files before the required deadline.

Category Three

Assist Auditor to Investigate Potential Audit Risks

Background information Since 2010, SEC has started to closely monitor Chinese enterprises listed through reverse merger. Some of these deals have exposed a few material financial issues, such as disclosure of unreal financial information or fabricating sales and / or profit. As independent auditors, many US CPA firms were criticized by media and regulators and some of them have

been sued. Meanwhile, certain investment companies or brokers have been challenged by regulators such as SEC.

Representative client A lime production enterprise located in Hubei Province

Background of the client A local private enterprise with a twenty-year operation history which formerly was a state-owned company. It registered on OTCBB one year ago, and its financial statements for the previous year had already been audited.

The client has two separate operating subsidiaries in another two cities and they have been consolidated with the Hubei parent company.

The auditor noted certain audit risks in a recent pre-audit. Therefore the enterprise was asked to engage us as a financial consultant to assist the auditor to implement the coming year's auditing of the financial statements.

Our Methodology:

As a financial consultant, our objective is to assist management to provide true and effective audit evidence, replying to the auditor's questions. Therefore, our job includes the following aspects:

- 1) To have an in depth communication with management, discussing and confirming the concerns raised by the auditor with management;
- 2) Assist the company to sort out existing accounting ledgers, improve supporting documents and key in information into an established system;
- 3) Review the provided original documents in detail and verify the issues with management.
- 4) Assist the management to check assets with a long history and a poor condition and conduct necessary adjustments, subsequently transferring the adjustments into the accounting book
- 5) Issue an internal views conclusion to support the auditor's opinion.

About Brook & Partners

Brook & Partners is a UK based financial consulting firm, established its first China operation since 2007. During several years' development, Brook & Partners has built up "Diligence, Integrity, Clarity and Sincerity" as its methodologies and principles to provide specific and high quality services to China local enterprises and foreign invested enterprises.

At the meanwhile, in order to provide more effective and efficient services to clients, Brook & Partners also establishes a China Certified Public Accountant Firm, Brook & Partners CPAs. As the brother company of Brook & Partners consulting, Brook & Partners CPAs LLP focuses on providing high quality and independent assurance service.

As a financial consulting firm, Brook & Partners focuses on providing below key services:

- * China Listed Company Internal Control Establishing and Evaluation;
- * Pre-audit Service for China Enterprises Listed in US, HK and Mainland China Market;
- * SEC Reporting & Filing Service;
- * US SOX Section 404 Assessment Service;
- * Financial/Tax Due-diligence Service Under M&A Deal;
- * Other Financial and Tax Consulting Services.

For more detailed information, please visit our website:

www.brookpartner.com

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