

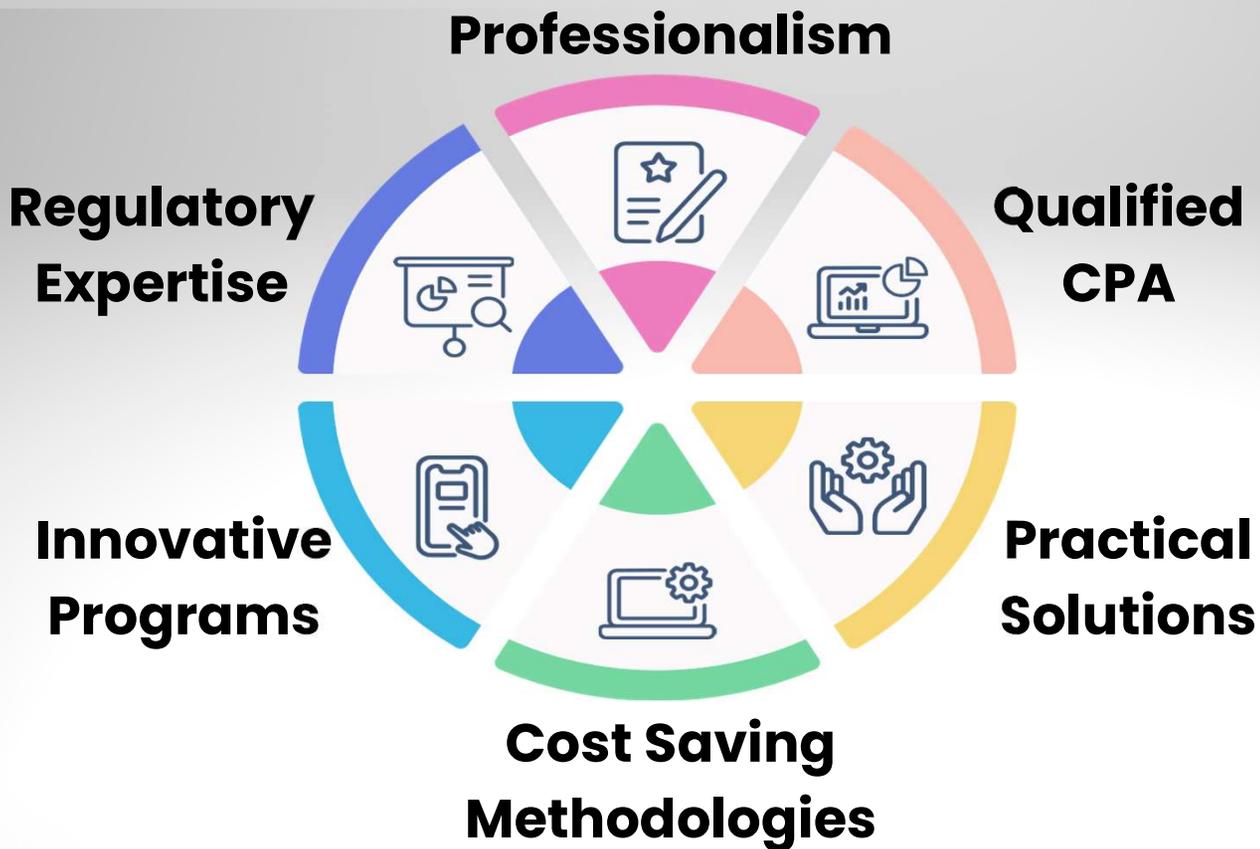


INTRODUCING AUDIT PROGRAM 4.0

<https://eqcadvisory.com/about-audit-program-4-0/>

Last Updated: 21 July 2025

1.1 About EQC



1.2 EQC Consultancy services

- Experience in handling over 250 Practice reviews / Inspections
- Consulted in all stages of practice reviews / inspections
- Work with law firms in handling complaints / mitigating negotiations
- Use innovative technologies to generate working papers
- External monitoring reviews, drafting of SoQM policies, AML Policies
- Prep Work for inspections and responses to inspection findings
- Consultancy for root cause analyses and remedial actions
- Customized training programs specific to findings

We have been providing services on everything covered in this training.

Contact for inquiries:

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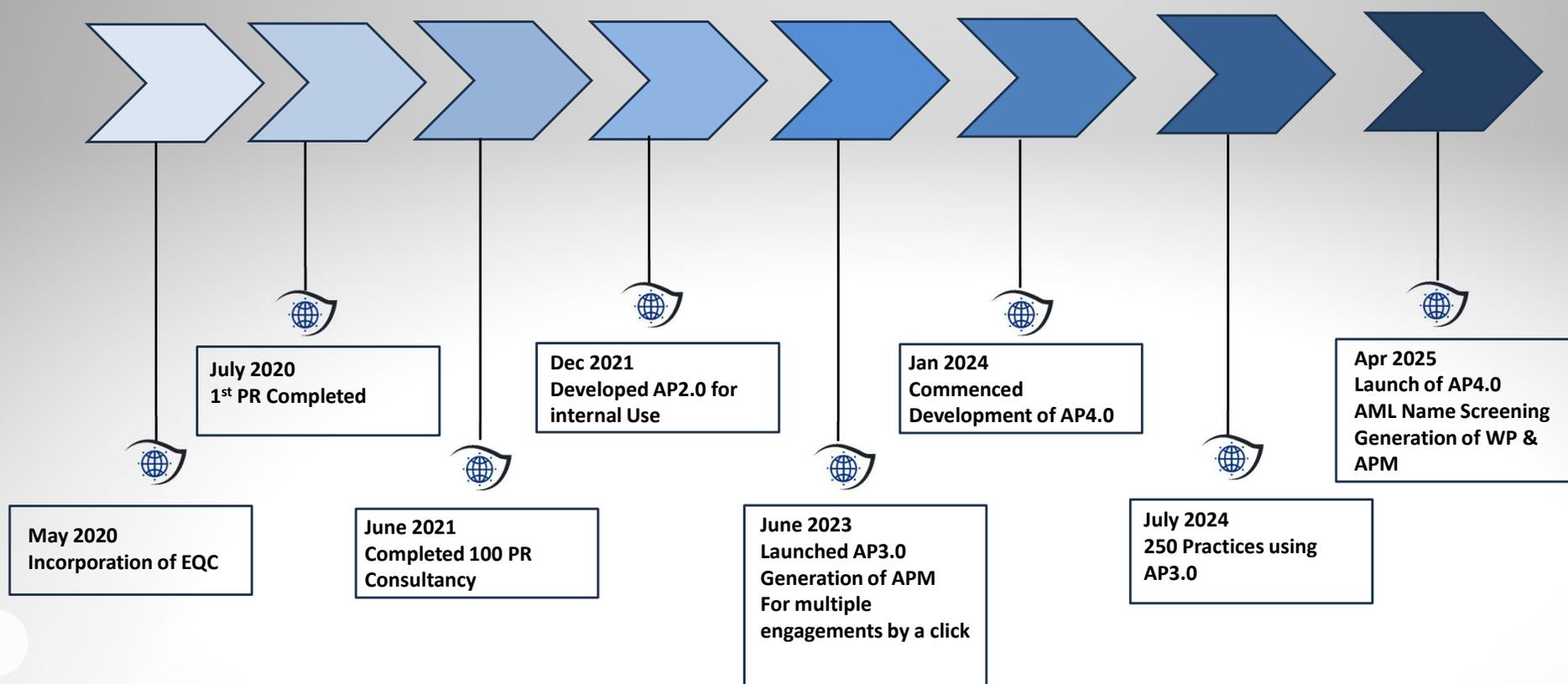
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1.3 EQC Milestones on Audit Program



Section 2: Introducing Audit Program 4.0

2024/25 CPA Pain Points That AP4.0 Tackles

- 1. Talent Shortage**
- 2. Incomplete working papers**
- 3. Lack of Organization**
- 4. Regulatory Compliance
Challenges**
- 5. Inefficient Audit Processes**
- 6. Trade-war Tariffs and Economic
Turbulence**

2.1 TALENT SHORTAGE

Challenges in attracting new talent to the audit field in Hong Kong

In Jan 2024, HKICPA released survey results on Talent supply in Hong Kong.

Uncertain economic outlook causing employers to adopt a “Wait and See” approach on budgets for new headcounts. Newly recruited talents have a learning curve, and employers risk staff turnover.

Hong Kong SMPs face high staff turnover (20% p.a.)

It takes 3-6 months to fill vacancies and another 3-6 months to train & coach new employees, with no guarantees on retention rates.

2.1 TALENT SHORTAGE

SMPs face **recruitment challenges** due to **limited career opportunities**, **losing talent to larger firms.**



2.2 Incomplete Working Papers

Inconsistent documentation delays audits, increases risks, and creates challenges in meeting regulatory expectations.

Administrative burden on locating audit work, esp. when there is staff turnover.



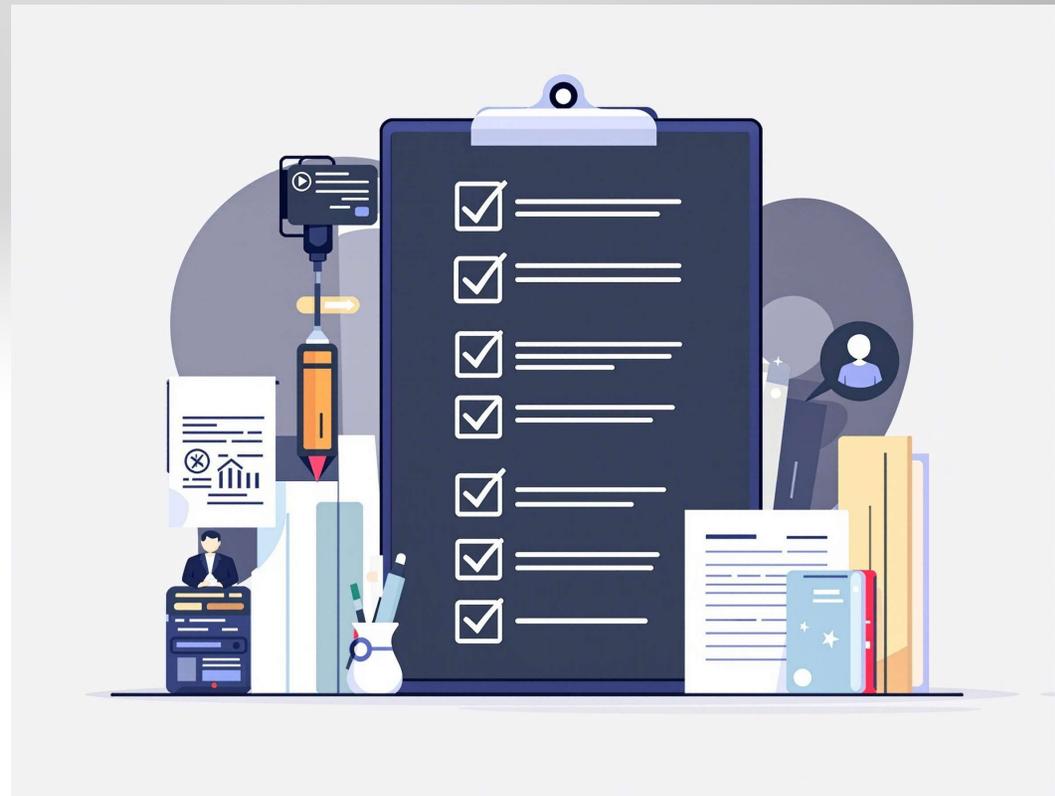
2.3 Lack of Organization

Scattered working papers make reviews, collaboration, and continuity inefficient and prone to errors.



2.4 Regulatory Compliance Challenges

Constantly changing regulations create pressure to stay updated and ensure audits meet required standards.



2.5 Inefficient Audit Processes

Repetitive, manual tasks consume time, reduce productivity, and divert focus from higher-value business activities.



2.6 Trade-War Disruptions

**Risk Assessment in
Unstable Times: What the
AFRC Will Expect?**



What Can AP4.0 Do?



<https://eqcadvisory.com/about-audit-program-4-0/>

What Can AP4.0 Do?

1. Client Acceptance:

- Address Recurring Qualification
- Long-Association of Clients
- Risk Assessments
- Eligibility of SME-FRF
- AML UN Sanction Screening



What Can AP4.0 Do?

2. Audit Planning:

- Using HKICPA-APM
- Materiality & PM calculations
- Review of Accounting Estimates
- Understanding Internal Controls
- Fraud risk inquiries
- Risk Assessments
- Revenue & COS Analysis
- A – V Sections Programs completed
- Documentation is GAAP-Specific
- Also Industry-Specific!



What Can AP4.0 Do?



3. Analytical Reviews:

- Line-by-line y-o-y fluctuation analysis
- Compares fluctuation against PM
- Determines materiality of fluctuation
- Determines if increase / decrease
- Then write explanation specific to the circumstances using industry knowledge & reporting framework
- More extensive analytical reviews when fluctuation are material / on high-risk items

What Can AP4.0 Do?

4. Leadsheet, Breakdowns and B/S Movements

- All BS / PL Items:
 - Retrieve numbers from T/B belonging to the same categories
 - Compile breakdowns with comparatives
 - Calculate and shows line-by-line fluctuation
 - All balance sheet items show movement during the year (e.g. PPE movement, IA / IP movement, etc.)
 - Shows PM on the balance / transaction for easy ref
 - Sorts working papers in alphabetical order



What Can AP4.0 Do?



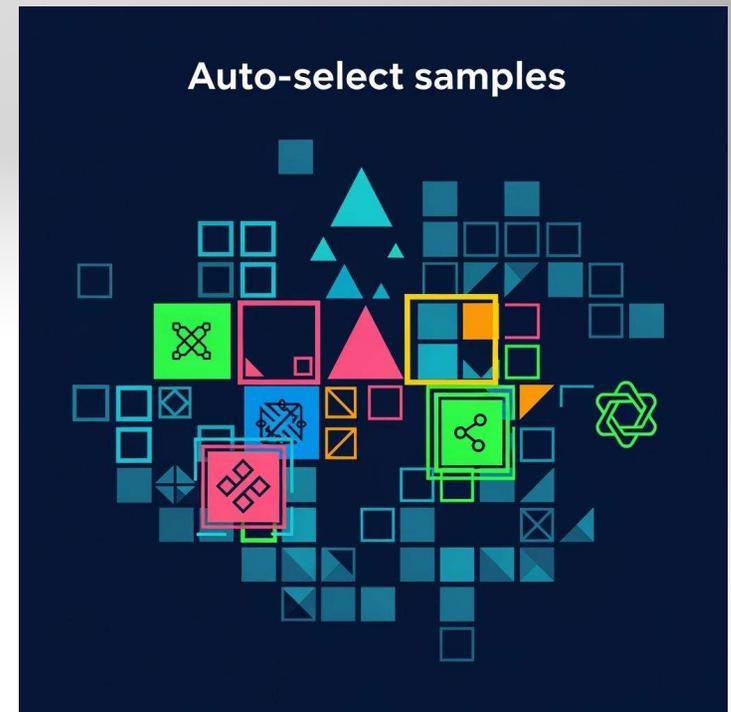
5. Sample Size Determination

- All BS / PL Items:
 - Calculates sample size
 - Retrieve population from TB
 - Access ledgers to filter samples above & below PM
 - Auto-Rename worksheets & Add titles
 - Materiality retrieved from planning worksheets

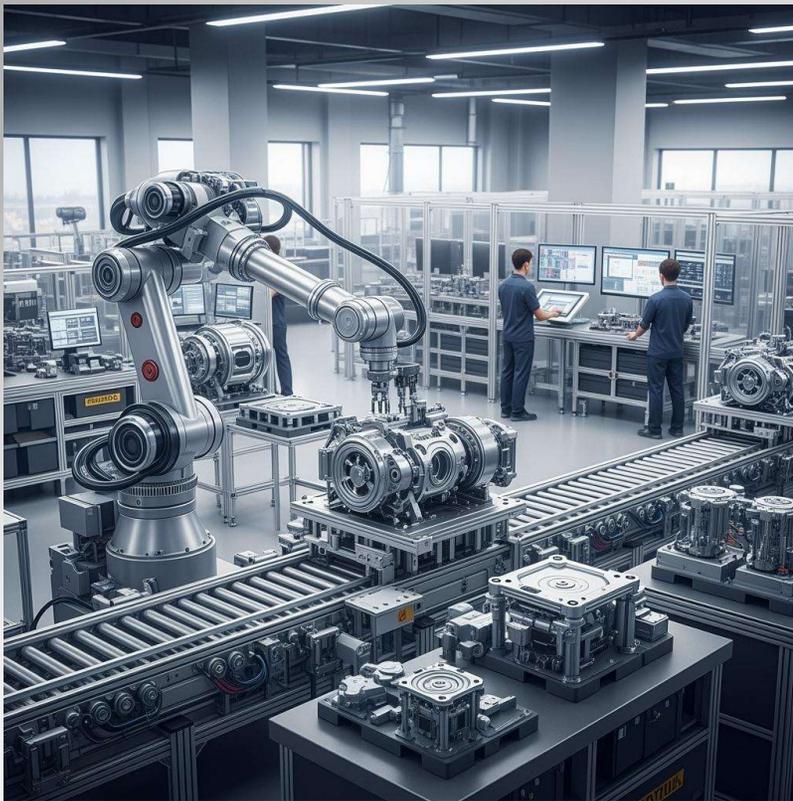
What Can AP4.0 Do?

7. Auto-Select Samples from Ledgers:

- Auto select the most material samples from ledgers
- Copies voucher number, dates, descriptions and amounts to tests of details
- Auto-sort worksheets so that sample design for each testing is placed and referenced next to sample design
- Summarizes risk levels, PM, coverage data in each testing



What Can AP4.0 Do?



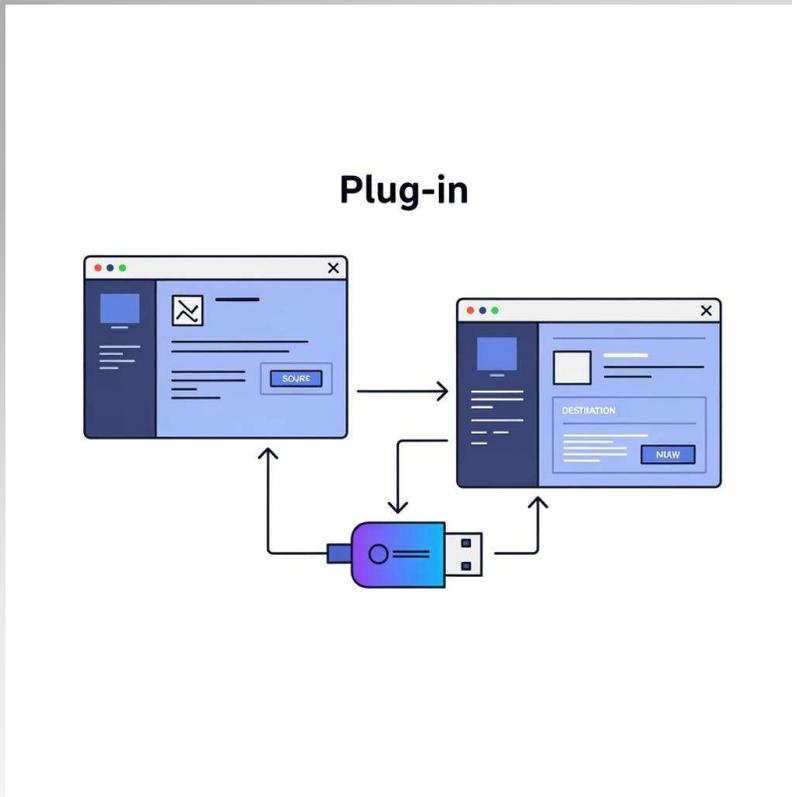
8. Auto-Revise Working Papers:

- Simply add audit adjustments
- Click 1 Button
- Materiality & PM recalculated
- Leadsheets, Breakdowns & Movement schedules updated
- Sample Sizes recalculated
- Sample Desings updates
- Auto-Selected sample Sizes
- Updated Analytical Reviews

What Can AP4.0 Do?

9. Integration with Accounting Software:

- Plug-ins available to directly extract ledger data from excel-file formats
- Xero, PeachTree, Quickbooks, MYOB, Inspur, KingDee, Mastersoft, Manager.io, or just Matrix using Excel, etc.
- One Click of a Button to extract whole year's data
- No Extra fees in Plug-in development & usage



What Can AP4.0 Do?

10. Inspection & AFRC Tested

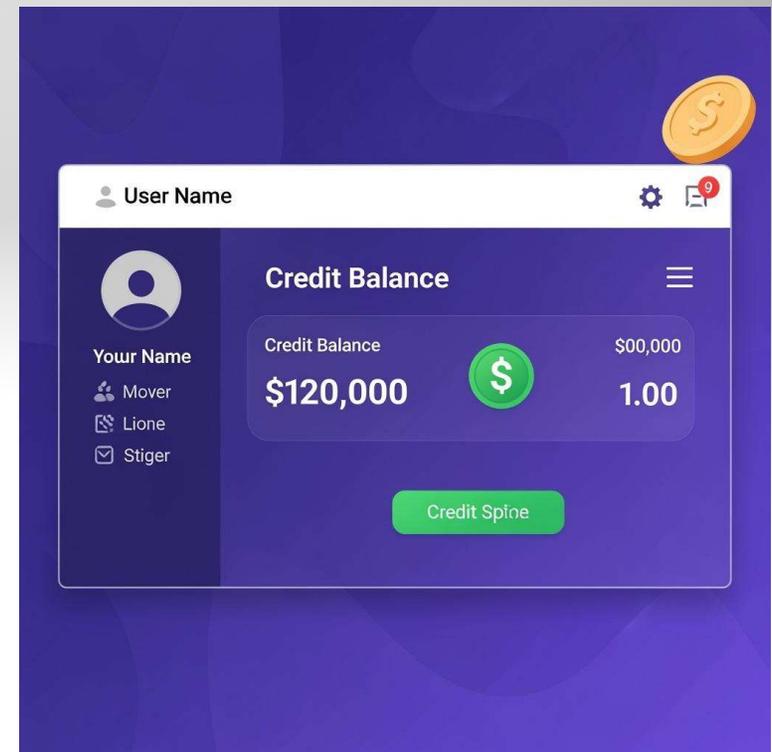
- Easily and safely pass inspections
- No last-minute preparations
- Gain Peace of Mind
- All files ready for AFRC sampling & inspection
- Audit files renamed, filed and organized



What Can AP4.0 Do?

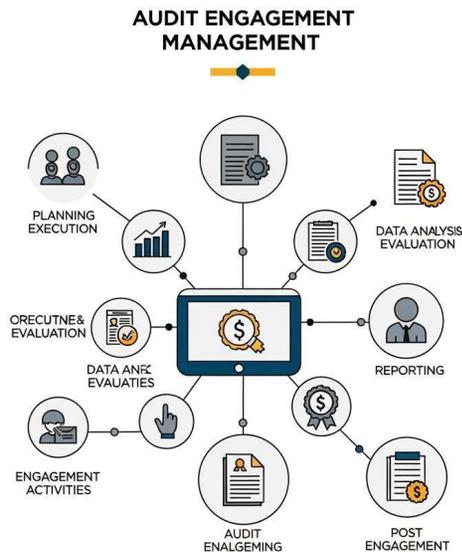
11. Check Credit Balance Anytime:

- Click 1 Button
- Check Credits Used
- Check Credits available
- Check Expiry date of credits



What Can AP4.0 Do?

12. Engagement Management Dashboard



- Engagement Management Dashboard that allow users to check what has been generated and when
- Helps with progress checking
- Helps resuming work by checking what was last generated for each audit engagement
- Especially advantageous with staff turnover, handover of work and engagement continuity
- Embedded features for rollover of audit work papers
- Easy migration to next Audit Program versions

What Can AP4.0 Do?

13. Diagnostics Report: Self-Checking Validation



- **Mandatory fields check:** Identifies any required fields left blank.
- **Dropdown validation:** Flags values that don't match the pre-defined dropdown options.
- **Framework-specific logic:** Detects incompatible financial statement line items based on the selected framework (e.g. *Contract Assets* under SME-FRS).
- **Cross-file consistency checks:** Highlights mismatches between **2.3 Main_Controller** and **2.4 COA Forms**.
- **Ledger misuse detection:** Identifies cases where ledger files were attached to accounts that had no movement during the reporting period.

What Can AP4.0 Do?

14. Preview Expected Outputs Before Credit Usage:



- Preview Expected Outputs before any credit usage
- Lists out all titles, work paper references and nature of work papers in alphabetic order
- Allows for screening of adequacy of audit procedures prior to credit deduction
- Allows for adjustment of input parameters such as a complexity meter adjustable based on user's level of assurance to be obtained via the program's designed audit procedures
- Three (3) available tiers of complexity: Simple, Moderate, or Comprehensive

What Can AP4.0 Do?

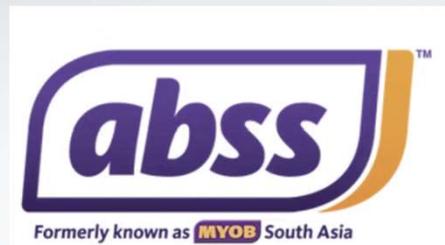
15. Affordable, Cost-Saving & Time-Saving:



- Costs as low as HK\$1 per audit engagement
- Generates everything in less than 5 minutes
- Saves 90% time-costs in most audit documentation
- And does it in much better quality and compliance!

AUTOMATION! Now solves:
Talent Shortage, Incomplete &
Unorganized Work Papers,
Efficiency, Regulatory expectations,
Improves profitability!

2.8 Integration with Key Accounting Software



2.9 Credit Usage

Functionality	Credit Deduction
AML Name Screening	0.02 / Client Added 0.01 / Search Report Generated
Per Audit File	1.8 – 2.4 / Audit (From AML to Finalize Materiality) 1.4 – 2.0 / Audit (From AML to Revise Materiality)

Y2025 Q3 New Pricing Structure



2.10 Validity Period of Credits

Trial Plans have 3-month / 6-month validity periods

Unused Credits can be extended by 12 months for a fixed fee of HK\$10,000.

All subsequent top-ups have a 12-month validity period

2.11 Pricing of AP4.0 Credits

Number of Credits	HKD / Credit (From 9 July 2025)	Total Price HKD	Validity Period of Credits
<u>Trial Plans (First Purchases)</u>			
20 (New Clients Only)	250	5,000	3 Months
40 or more (New Clients Only)	500	20,000	6 Months
<u>Subsequent Top-Ups</u>			
20	1,400	28,000	1 Year
Unlimited ¹	N/A	70,000	1 Year

¹ If you recently purchased smaller credit bundles for Audit Program 4.0, you can top up to the HK\$70,000 Unlimited Plan for Year 1 by paying the difference between your last purchase price and HK\$70,000. This top-up option is available for up to 5 months from your initial purchase. Once you complete the top-up, you will gain unlimited access to AP4.0 for 1 year, starting from the date of the top-up.

2.12 Unlimited Plan

For firms looking for the best long-term value, we're offering a 3-year subscription to the unlimited plan:

Year 1: HK\$70,000

Year 2: HK\$60,000

Year 3: HK\$50,000

Total for 3-Year Commitment: HK\$180,000

By committing to a 3-year subscription, you'll enjoy declining annual costs and predictable expenses, making it easier to plan long-term.

If prefer flexibility, the unlimited plan is also available at HK\$70,000/year without a long-term commitment.

Frequently Asked Questions



#1 What are the system requirements for AP4.0?

- **Any version of 64bit Windows (CH / EN)**
- **Excel 365 / 2021 or newer versions (CH / EN)**
- **Minimum 8GB RAM**
- **Minimum 3GB Free Space on C: Drive**

#2 How many workstations can we install? Do they communicate with each other?

- **Every spending of HK\$10,000 entitles 1 free installation**
 - **Every additional installation is HK\$2,000**
 - **AP4.0 is purely offline & run independently.**
 - **Only the user has access to engagement files.**
- Generated files can be moved.**

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#3 I want to learn more. How to schedule a Demo?

- **Demonstrations are free. Contact us by Phone at Tel: 6015-7080, or by Whatsapp at Tel: 9543-3218**
- **We have large TV screens and projectors in our office, can accommodate up to 20 pax per session.**
- **If you have equipment in your office, we can visit your office.**

#4 Is AP4.0 only for SME's? Is it more expensive for HKFRS / PE engagements?

- **No, AP4.0 is designed to support any reporting framework, including SME, PE & HKFRS**
- **Credit deduction is the same across all reporting frameworks. The price is dependent on your offer.**

#5 When do credits expire? Can I extend the expiry date if I have unused credits?

- **Trial Plans have a 3–6 months validity, while subsequent top-ups and unlimited plans have 1-year.**
- **For a fixed fee of HK\$10,000, you may extend validity date of unused credits by 12 months. But you must do it before they expire!**

#6 AP4.0 is always updating, is it best to wait for all the functions first?

- **With technology, there is never an end to updates / upgrades. We suggest to act early to save costs & time.**
- **EQC believes in rewarding early adopters. However, prices are subject to revisions at our sole discretion.**

#7 Does it cost extra to use new functionalities?

- **As long as you have unused credits, new functionalities do not cost any extra fees.**

#8 What is the cost per audit engagement?

- **This depends on how many of the functions you use, and your unit cost of purchased credits.**
- **Trial Plans offer as low as HK\$325 per audit engagement, and unlimited plans can reduce costs to as low as HK\$0.01 per audit engagement.**

#9 My CPA Practice uses its own W/P Index, is it possible to align to our own Index References?

- **Yes. For purchases of our unlimited plans, you may be entitled to customization, including aligning to your index. But it takes approx. 3-4 weeks after payment for such customizations.**

#10 Why does the AML screening only search UN Sanctions List?

- **For a CPA practice, only screening against UN Sanction List is required, unless if you have high-risk clients (e.g. FATF high-risk jurisdiction clients), or provide specified services to audit clients. (See 650.2.3 of AML Guidelines)**

#11 My audit clients have messy accounting records, and they do not use any accounting software, can we use AP4.0?

- **Yes, we have developed a plug-in to extract data from ledgers that are in an excel matrix-table format.**
- **Our plug-in tools do not search for keywords, so even Chinese words are compatible with AP4.0. Our tools recognize patterns to extract data.**

#12 Many of my clients only have 1-2 transactions per month? Is it faster if I just prepare w/p myself?

- **Even with few transactions, you can complete an audit engagement within 15 minutes. These include the APM, analytical reviews, leadsheets, movements, confirmation summaries. Even if you do not rely AP4.0 on tests of details, you'll still save a lot of time.**

#13 My Staff are the one who will be using AP4.0. What if they have technical questions?

- We provide unlimited in-person training for you and your staff every 2 weeks. The free training is provided year-round, and goes through functionalities of the program. Your staff may have their questions answered in our training sessions.**

#14 It takes too much time to send staff to attend training, what other support is there?

- **We have recorded videos on each function of AP4.0, and there is a user manual available. Most questions can be answered by watching the videos.**
- **We will produce more videos on specific FAQ over time.**

#15 I have watched the videos, but I do not understand what Step 2.4 Map Trial Balance does?

- **It maps each account to a Financial Statement line item. Then for each account, it specifies in which files to look for the transactions of each account.**
- **Account ID / Codes are optional, not mandatory.**

More Questions?

Contact Us At 9543-3218

