



## Hong Kong Institute of Certified Public Accountants takes disciplinary action against two certified public accountants (practising)

(HONG KONG, 16 June 2021) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Miss Hsu Yuk King, Mercedes, certified public accountant (practising) (A12539) and Mr. Kwong Kam Kwan, Alex, certified public accountant (practising) (A06661) on 28 April 2021 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. In addition, the Committee ordered Hsu and Kwong to pay a penalty of HK\$150,000 and HK\$80,000 respectively. The Committee further ordered Hsu and Kwong to pay costs of disciplinary proceedings of HK\$63,141 and HK\$32,715 respectively.

Hsu was the engagement director, and Kwong the engagement quality control reviewer, in an audit carried out by Andes Glacier CPA Limited on the consolidated financial statements of a Hong Kong listed company and its subsidiaries for the year ended 31 March 2017. The audit was selected for review in 2018 as part of the Institute's practice review.

The practice reviewer identified significant deficiencies in the audit procedures carried out under Hsu's charge on impairment assessment of cash-generating units and the associated goodwill, valuation of biological assets, accounting treatment of the issuing costs and effective interest of certain bonds, and distribution expenses. Kwong failed to perform an effective engagement quality control review to evaluate the significant judgements made and conclusions reached by the audit team in the above audit areas. In addition, certain working papers shown to the reviewer during the practice review were not included in the originally assembled audit files.

After considering the information available, the Institute lodged a complaint against Hsu and Kwong under section 34(1)(a)(vi) of the Professional Accountants Ordinance.

The respondents admitted the complaint against them. The Disciplinary Committee found as follows:

- (i) Hsu was in breach of Hong Kong Standard on Auditing ("HKSA") 500 *Audit Evidence* and HKSA 230 *Audit Documentation*.
- (ii) Kwong was in breach of HKSA 220 *Quality Control for an Audit of Financial Statements*.

Having taken into account the circumstances of the case, and in particular the public interest involved in the audit of the listed company, the Disciplinary Committee made the above order against the respondents under section 35(1) of the Ordinance.

## About HKICPA Disciplinary Process

The Hong Kong Institute of Certified Public Accountants ("HKICPA") enforces the highest professional and ethical standards in the accounting profession. Governed by the Professional Accountants Ordinance (Cap. 50) and the Disciplinary Committee Proceedings Rules, an independent Disciplinary Committee is convened to deal with a complaint referred by Council. If the charges against a member, member practice or registered student are proven, the Committee will make disciplinary orders setting out the sanctions it considers appropriate. Subject to any appeal by the respondent, the order and findings of the Disciplinary Committee will be published.

For more information, please see:

<http://www.hkicpa.org.hk/en/standards-and-regulations/compliance/disciplinary/>

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## **About HKICPA**

The Hong Kong Institute of Certified Public Accountants ("HKICPA") is the statutory body established by the Professional Accountants Ordinance responsible for the professional training, development and regulation of certified public accountants in Hong Kong. The Institute has over 46,000 members and 16,000 registered students.

Our qualification programme assures the quality of entry into the profession, and we promulgate financial reporting, auditing and ethical standards that safeguard Hong Kong's leadership as an international financial centre.

The CPA designation is a top qualification recognised globally. The Institute is a member of and actively contributes to the work of the Global Accounting Alliance and International Federation of Accountants.

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