



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Hong Kong Institute of Certified Public Accountants takes disciplinary action against a certified public accountant (practising) and a firm

(HONG KONG, 13 May 2021) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Mr. Yu Kung Shing, a certified public accountant (practising) (F04854) and K. S. Yu & Co. (1668) ("Firm") on 31 March 2021 for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. In addition, the Committee ordered the respondents to pay a penalty of HK\$50,000 and costs of disciplinary proceedings of HK\$72,892.50.

Yu is the sole proprietor of the Firm that was the auditor of a private company limited by guarantee. Yu issued unmodified audit opinion on the financial statements of the company for each of the four financial years ended 31 December 2013 to 2016. In carrying out the audits, the respondents failed to design and perform audit procedures to obtain sufficient appropriate evidence and prepare sufficient audit documentation to support their assessment of the existence and recoverability of the amounts due from executive committee members of the company. Furthermore, the respondents failed to prepare sufficient audit documentation to support their audit conclusions on salary expenses.

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

The respondents admitted the complaint against them. The Disciplinary Committee found that the respondents failed or neglected to observe, maintain or otherwise apply Hong Kong Standard on Auditing ("HKSA") 500 *Audit Evidence* and HKSA 230 *Audit Documentation*.

Having taken into account the circumstances of the case, 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 18,000 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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