



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

Dear Assignment/News/Business Section Editor

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

(HONG KONG, 27 June 2016) – The Hong Kong Institute of Certified Public Accountants has undertaken regulatory action against Lam Yat Chung, Paul, a certified public accountant (practising) (membership number A12240), for his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Lam was the sole proprietor of a CPA firm. In auditing the financial statements of a private company for each of the four years ended 31 March 2010 to 2013, he failed to obtain sufficient evidence of a material amount due to directors included in the financial statements. Lam also failed to modify his audit opinion on the financial statements when he had not obtained sufficient evidence of the said amount. The Institute concluded that Lam was in breach of Hong Kong Standards on Auditing (HKSA) 500 "*Audit Evidence*", HKSA 705 "*Modifications to the Opinion in the Independent Auditor's Report*" and its preceding standard HKSA 701 "*Modifications to the Independent Auditor's Report*".

Regulatory action

Based on the foregoing and in lieu of further proceedings, the Council concluded that the following should resolve the complaint:

1. Lam acknowledges the facts of the case and his non-compliance with the relevant professional standards;
2. Lam be reprimanded; and
3. Lam pays an administrative penalty of HK\$35,000 and costs of HK\$10,000.

In accordance with Council powers outlined in the Professional Accountants Ordinance and as a part of the regulatory process to handle complaints, a Resolution by Agreement (RBA) may be offered to respondents in cases considered to be of moderate severity after taking into account factors including, but not limited to, the nature and seriousness of a complaint, past disciplinary records of the respondents and any aggravating or mitigating circumstances. An RBA will not be offered in cases involving complaints of dishonesty.

Information on the Institute's complaint handling process and guidelines for Resolution is available at the Institute website under the "Compliance" section at www.hkicpa.org.hk.

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About the Hong Kong Institute of Certified Public Accountants

The Hong Kong Institute of CPAs is the only body authorized by law to register and grant practising certificates to certified public accountants in Hong Kong. The Institute has more

than 40,000 members and more than 17,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designation CPA.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

The Institute operates under the Professional Accountants Ordinance and works in the public interest. The Institute has wide-ranging responsibilities, including assuring the quality of entry into the profession through its postgraduate qualification programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

The Hong Kong Institute of CPAs is a member of the Global Accounting Alliance – an alliance of the world's leading professional accountancy bodies, which was formed in 2005. The GAA promotes quality services, collaborates on important international issues and works with national regulators, governments and stakeholders.

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