



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

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

(HONG KONG, 5 December 2018) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Miss Kung Wing Ting, certified public accountant (practising) (A38424) and Aries CPA & Co. (2386) (collectively, Respondents) for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Kung is the sole proprietor of Aries CPA & Co. which audited the financial statements of a private company for the period ended 31 December 2014 and the years ended 31 December 2015 and 2016. The Respondents issued a disclaimer of opinion on the 2014 financial statements after identifying a limitation of audit scope on certain items. They failed to articulate why the limitation of scope on those matters indicated possible misstatements so material and pervasive that they were unable to form an opinion on the financial statements.

The Respondents expressed unmodified auditor's opinions on the 2015 and 2016 financial statements but failed to obtain sufficient evidence to address inconsistent information about the principal activity of the company. As a result, they failed to obtain sufficient knowledge about the associated transactions and relevant disclosures in the financial statements. The Respondents also failed to modify the auditor's opinions when the matters leading to the disclaimer of opinion in the preceding period remained unresolved.

The Institute concluded that the Respondents were in breach of Hong Kong Standard on Auditing (HKSA) 315, HKSA 500, HKSA 700 and HKSA 710 in the above audits.

Regulatory action

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

1. The Respondents acknowledge the facts of the case and their non-compliance with the relevant professional standards;
2. they be reprimanded; and
3. they jointly pay an administrative penalty of HK\$40,000 and costs of HK\$10,000.

About Resolution by Agreement

In order to better serve the interests of the public and the profession, the Hong Kong Institute of Certified Public Accountants (HKICPA) ensures complaints are dealt with in an effective and transparent manner. In accordance with Council powers outlined in the Professional Accountants Ordinance, a Resolution by Agreement (RBA) may be offered in uncontested cases considered to be moderate after taking into account the nature and gravity of the complaint, past disciplinary records of the Respondent and any aggravating or mitigating circumstances. An RBA will not be offered in cases involving complaints of dishonesty, which are handled through a separate disciplinary process.

The RBA includes a mandatory public censure which entails publication of the name of the respondent, facts of the case and areas of non-compliance with professional standards. Information on the Institute's complaint handling process and guidelines for Resolutions by Agreement are available at the Institute website under the "Compliance" section at www.hkicpa.org.hk.

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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 more than 42,000 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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