



Dear Assignment / News / Business Section Editor

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

(HONG KONG, 29 September 2014) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Tang Wai Hung (membership number A10201) and W.H. Tang & Partners CPA Limited (corporate practice number M053) (collectively "respondents") on 11 September 2014 for their failure or neglect to observe, maintain or otherwise apply a professional standard issued by the Institute, and ordered them to pay a penalty of HK\$50,000 to the Institute. In addition, the respondents were ordered to pay costs of the disciplinary proceedings of HK\$23,273.40, which should be shared equally by them.

The corporate practice audited the financial statements of a listed company in Hong Kong for the year ended 31 December 2008 and expressed an unmodified auditor's opinion on the financial statements. Tang is one of the practising directors of the corporate practice and responsible for the audit engagement.

The Institute received information from the Financial Reporting Council about non-compliance with the requirements of an accounting standard in relation to the measurement of the revalued plant and machinery in the financial statements. It was also noted that there had been no disclosure of a reconciliation of the carrying amount at the beginning and end of the period showing depreciation, and the carrying amount of the revalued plant and machinery under the cost model in the financial statements. 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 section 130 "*Professional Competence and Due Care*" of the *Code of Ethics for Professional Accountants* for their failure to act diligently in accordance with the requirements of Hong Kong Accounting Standard 16 "*Property, Plant and Equipment*" in the audit of the financial statements.

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.

Under the ordinance, if the respondents are aggrieved by the order, they may give notice of an appeal to the Court of Appeal within 30 days after he is served the order.

The order and findings of the Disciplinary Committee are available at the Institute's website under the "Compliance" section at www.hkicpa.org.hk.

Disciplinary proceedings of the Institute are conducted in accordance with Part V of the ordinance by a five-member Disciplinary Committee. The majority (three members) of each committee, including the chairman, are non-accountants chosen from a panel appointed by the Chief Executive of the HKSAR, and the other two members are CPAs.

Disciplinary hearings are held in public unless the Disciplinary Committee directs otherwise in the interests of justice. A hearing schedule is available at the Institute's website. A CPA who feels aggrieved by an order made by a Disciplinary Committee may appeal to the Court of Appeal, which may confirm, vary or reverse the order.

The Disciplinary Committees have the power to sanction members, member practices and registered students. Sanctions include temporary or permanent removal from membership or cancellation of a practising certificate, a reprimand, a penalty of up to \$500,000, and payment of costs and expenses of the proceedings.

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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 37,000 members and more than 18,000 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.

Hong Kong Institute of CPAs' contact information:

Stella To
Deputy Director, Communications
Phone: 2287 7209
Mobile: 9027 7323
Email: stella@hki CPA.org.hk