



Dear Assignment / News / Business Section Editor

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

(HONG KONG, 18 November 2013) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Ms. Poon Kin Ying (membership number A08740) and JBPB & Co. (firm number 0540) (collectively "respondents") on 28 October 2013 and ordered them to pay to the Institute a penalty of HK\$35,000, which should be shared by the respondents equally for their failure or neglect to observe, maintain or otherwise apply a professional standard issued by the Institute.

In addition, the respondents were ordered to pay the costs of the disciplinary proceedings of HK\$244,986.60, which included the investigation costs of the Financial Reporting Council of HK\$201,268.60.

JBPB & Co. audited the financial statements of a listed company in Hong Kong for the year ended 31 December 2007. Poon was the engagement partner of the relevant audit. The FRC's investigation of the audit revealed that the published price of the listed company's shares at the date of exchange was not used to measure the fair value of the consideration shares issued from various fund raising activities, and the intangible asset acquired through the acquisition was not measured at its fair value at the acquisition date. The respondents should have expressed a modified auditor's opinion on the financial statement. After considering the FRC's investigation report and 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 a professional standard issued by the Institute, namely Hong Kong Standard on Auditing 230 "Audit Documentation" in that they have failed to prepare audit documentation that provides a sufficient and appropriate record of the audit on the relevant areas.

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 they are 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](http://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 nearly 36,000 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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