



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 two certified public accountants (practising) and a corporate practice

(HONG KONG, 26 March 2019) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Li Wing Yin, certified public accountant (practising) (A12626), Mr. Au Yiu Kwan, certified public accountant (practising) (F04855) and BDO Limited (M0200) (collectively, Respondents) for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

BDO audited the consolidated financial statements of Rosan Resources Holdings Limited, a Hong Kong listed company, and its subsidiaries (collectively, Group) for the year ended 31 December 2012 and expressed an unmodified auditor's opinion. Li was the engagement director and Au was the engagement quality control reviewer.

The carrying amounts of goodwill, mining rights and other related assets pertaining to the Group's acquired coal mines were allocated to relevant cash generating units (CGUs) for impairment testing purposes. Based on management's estimates and assumptions, the Group recognised impairment losses because the recoverable amounts of certain CGUs were lower than their carrying values. The Respondents did not prepare sufficient audit documentation to record the audit procedures performed and evaluation made to support their agreement with management's estimates and assumptions adopted in the valuations of the CGUs.

The Institute concluded that Li and BDO were in breach of Hong Kong Standard on Auditing (HKSA) 230 *Audit Documentation*, and Au was in breach of HKSA 220 *Quality Control for an Audit of Financial Statements*.

Regulatory action

Based on the foregoing and in lieu of further proceedings, the Council of the Hong Kong Institute of Certified Public Accountants 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\$50,000 and costs of the Institute and the Financial Reporting Council totalling HK\$105,564.50.

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 (the Institute) 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.

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 43,000 members and 19,000 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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