



Dear Assignment / News / Business Section Editor

Hong Kong Institute of CPAs takes disciplinary action Against a certified public accountant (practising)

(HONG KONG, 7 April 2010) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Yuen Wai Man (membership number F05304) on 3 March 2010 and ordered her to pay to the Institute a penalty of HK\$10,000 due to her failure or neglect to observe, maintain or otherwise apply a professional standard issued by the Institute.

In addition, Yuen was ordered to pay HK\$74,481 towards the costs of the disciplinary proceedings.

Yuen was the sole proprietor of a firm of certified public accountant, W. M. Yuen & Company which had ceased practising. The Institute received information about alleged deficiencies in the firm's audit reports on a company's financial statements for two consecutive year ends. The company, in preparing its financial statements, had incorrectly applied the exemption provisions in section 141D of the Companies Ordinance (Cap. 32), Hong Kong laws, without obtaining written consents of all shareholders. After considering the information available, the Institute lodged a complaint against Yuen under section 34(1A) of the Professional Accountants Ordinance.

Yuen admitted that she failed or neglected to observe, maintain or otherwise apply the Institute's then effective Statement of Auditing Standards 600 "Auditors' Reports on Financial Statements" in conducting the audits.

Upon Yuen's admission of the complaint, and the consent of both the Institute and Yuen, the Disciplinary Committee made a consent order that Yuen:

- (1) be reprimanded;
- (2) pay a penalty of HK\$10,000 to the Institute; and
- (3) pay HK\$74,481 towards the costs of the disciplinary proceedings.

The order of the Disciplinary Committee is available at the Institute's website under the "Compliance" section at <http://www.hkicpa.org.hk>.

Disciplinary proceedings of the Institute are conducted in accordance with Part V of the Professional Accountants Ordinance by a five-member Disciplinary Committee. The majority (three members) of each committee, including the chairman, are non-accountants chosen from a panel of lay persons 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 is 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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Note to editor

About the Hong Kong Institute of CPAs

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 30,000 members and 13,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designatory letters *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