



Dear Assignment / News / Business Section Editor

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

(HONG KONG, 8 July 2013) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 11 June 2013 that:

- (a) the name of Luk Wai Leung (membership number F04187) be removed from the register of certified public accountants for six months with effect from 1 August 2013, and Luk should pay to the Institute a penalty of HK\$20,000 for his refusal or neglect to comply with a direction lawfully given to him by the Council under section 18B of the Professional Accountants Ordinance; and
- (b) Luk be reprimanded and should pay to the Institute a penalty of HK\$30,000 for his failure or neglect to observe, maintain or otherwise apply a professional standard issued by the Institute.

In addition, Luk was ordered to pay the costs of the disciplinary proceedings of HK\$69,411.

Luk is a member of the Institute holding a practising certificate. The Institute received information about Luk's failure in dealing with enquiries from a director of a private company relating to the company's financial statements on which Luk issued an unmodified opinion. The information also indicated that Luk accepted the application of the exemption provisions in section 141D of the Companies Ordinance for the preparation of the company's financial statements, but he failed to ensure that the shareholders of the company had all agreed in writing, in accordance with legal requirements, to the application of section 141D of the Companies Ordinance as a basis for preparing the company's financial statements.

Despite repeated requests for information relating to the matters concerned, Luk did not provide the information. A direction was then issued to Luk in February 2012 by the Council under section 18B of the Professional Accountants Ordinance for Luk to provide an explanation to the Institute on the matters concerned. Given that Luk refused or neglected to comply with the lawful direction given to him by the Council and after considering the information available, the Institute lodged a complaint against Luk under section 34(1A) of the Professional Accountants Ordinance.

Luk was absent from the hearing by the Disciplinary Committee held on 14 May 2013. The Disciplinary Committee found that (a) Luk refused or neglected to comply with a direction lawfully given to him by the Council under section 18B of the Professional Accountants Ordinance; and (b) Luk failed or neglected to observe, maintain or otherwise apply a professional standard issued by the Institute, namely the then effective Statement of Auditing Standards 600 *Auditors' Reports on Financial Statements*.

Having taken into account the circumstances of the case, the Disciplinary Committee made the above order against Luk under section 35(1) of the Professional Accountants Ordinance.

Under the Professional Accountants Ordinance, if Luk is aggrieved by the order, he 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 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 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 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 more than 35,000 members and 17,000 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 CPA 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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