



Hong Kong Institute of Certified Public Accountants settles regulatory proceedings involving two certified public accountants

(HONG KONG, 24 June 2021) The Hong Kong Institute of Certified Public Accountants has settled regulatory proceedings concerning alleged non-compliance with its professional standards involving two certified public accountants, namely Mr. Jimmy Siu who is a practising CPA, and Mr. Yip Kai Yin.

The complaint concerns audit deficiencies identified in a practice review conducted on Elite Partners CPA Limited. The Practice Review Committee of the Institute raised a complaint pertaining to the audit of the consolidated financial statements of **a Hong Kong listed entity and its subsidiaries for the year ended 30 June 2017**, on which Elite issued an unmodified opinion. **The entity was principally engaged in manufacturing and sales of chemical products, although some of the production lines had been intermittently suspended since 2012.** Mr. Siu was the engagement director and Mr. Yip was the engagement quality control reviewer of the audit. Although there is no evidence to suggest that the deficiencies below resulted in the wrong audit opinion, the Committee found that:

1. The entity's financial statements included material amounts of construction-in-progress, and plant and machinery. In assessing impairment of these assets, Mr. Siu failed to obtain sufficient appropriate audit evidence on certain judgemental areas, including assessment of the underlying assumptions and data used by the independent valuer engaged by the entity.
2. Mr. Siu also failed to perform adequate audit procedures in relation to other material items in the financial statements including bonds payable, government grants repayable, contingent liabilities in relation to a litigation, exchange reserve, and deferred income taxes.
3. The auditor's report disclosed a material uncertainty related to going concern, and the entity's financial statements contained disclosures pertaining to this matter. However, Mr. Siu failed to obtain sufficient appropriate audit evidence to support his conclusion on the appropriateness of the entity's use of the going concern basis of accounting in the preparation of the financial statements.
4. In response to the practice review findings, Elite submitted certain documentation to the Institute which had not been included as part of the audit file. Elite also claimed that certain audit procedures had been performed. However, they were not documented in the audit working papers.

5. Financial statements disclosure of the principal amount of corporate bonds issued after the year end could not be reconciled to the audit working papers, demonstrating Mr. Siu's lack of sufficient due care and diligence.

Mr. Yip failed to perform an effective engagement quality control review in that he did not identify any of the irregularities in 1 and 3 above. He also did not perform an effective, objective evaluation of the significant judgements and conclusions made by the audit team.

As a result of the above:

- (a) Mr. Siu failed or neglected to observe, maintain or otherwise apply the following professional standards:
 - Hong Kong Standard on Auditing ("HKSA") 230 *Audit Documentation*
 - HKSA 500 *Audit Evidence*
 - HKSA 570 (Revised) *Going Concern*
 - the fundamental principle of Professional Competence and Due Care in sections 100.5(c), 130.1 and 130.4 of the *Code of Ethics for Professional Accountants* ("Code of Ethics").
- (b) Mr. Yip failed or neglected to observe, maintain or otherwise apply HKSA 220 *Quality Control for an Audit of Financial Statements*, and the fundamental principle of Professional Competence and Due Care in sections 100.5(c) and 130.1 of the Code of Ethics.

Settlement agreement

The Council of the Institute has agreed with Mr. Siu and Mr. Yip that:

1. Mr. Siu and Mr. Yip acknowledge the facts of the case and areas of non-compliance with professional standards;
2. The Institute will cease regulatory proceedings against Mr. Siu and Mr. Yip;
3. Mr. Siu and Mr. Yip be reprimanded; and
4. Mr. Siu and Mr. Yip jointly pay a financial penalty to the Institute of HK\$300,000 and make a contribution to the costs of the Institute in the amount of HK\$200,000.

The Council considers that dealing with the matter by way of this settlement will achieve an appropriate resolution without incurring additional expenses and tying up resources in disciplinary proceedings. Therefore, it has agreed to withdraw the complaint.

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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 over 46,000 members and 16,000 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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香港會計師公會與兩名會計師就監管程序達成協議

(香港，二零二一年六月二十四日) 香港會計師公會與執業會計師蕭俊武(「蕭先生」)及會計師葉啟賢(「葉先生」)就被指控違反專業準則而進行的監管程序，達成協議。

相關投訴涉及開元信德會計師事務所有限公司在公會執業審核中被發現的審計缺失。公會的執業審核委員就開元信德對一間香港上市公司及其附屬公司截至二零一七年六月三十日止年度的綜合財務報表所進行的審計及其發表的無保留核數師意見，作出投訴。該公司的主要業務為生產及銷售化學產品，但自二零一二年起間歇地停止營運部分生產線。蕭先生為負責該審計項目的執業董事，而葉先生則為該審計項目的質量控制覆核人。儘管沒有證據顯示下列審計缺失導致錯誤的核數師意見，然而執業審核委員認為：

1. 該公司財務報表包括有關進行中的工程、廠房及機器大額結餘。蕭先生評估該等資產減值時，未能就若干涉及判斷之處取得充足適當的憑證，包括評估該公司聘請的獨立估值師所採用的假設及數據。
2. 蕭先生未有就財務報表中其他重要項目包括應付債券、應償還的政府補助、與訴訟有關的或有負債、外匯儲備及遞延所得稅，執行充分的審計程序。
3. 核數師報告中披露了一項關於持續經營的重大不確定事宜，而該公司的財務報表亦有就此事項作出披露。然而，蕭先生未有取得充足適當的審計憑證，以支持他對該公司在編製財務報表時採用持續經營會計基礎的恰當性所作出的結論。
4. 開元信德回應執業審核結果時，向公會提交了若干未曾載入審計檔案的文件。此外，開元信德聲稱已執行若干審計程序，惟該等程序並沒有記錄於審計工作底稿中。
5. 財務報表披露年結後所發行的公司債券本金額，與審計工作底稿所示數額不符，反映蕭先生缺乏應有的謹慎及勤勉。

葉先生因未有發現上述第 1 及第 3 項違規情況，反映其未有進行有效的質量控制覆核。他亦未有對審計團隊所作的重大判斷及結論進行有效及客觀的評估。

基於上文所述：

- (a) 蕭先生沒有或忽略遵守、維持或以其他方式應用以下專業準則：
- Hong Kong Standard on Auditing (「HKSA」) 230 「Audit Documentation」；
 - HKSA 500 「Audit Evidence」；
 - HKSA 570 (經修訂) 「Going Concern」；及

- Code of Ethics for Professional Accountants (「Code of Ethics」) 內第 100.5(c)、130.1 及 130.4 條有關「Professional Competence and Due Care」的基本原則。
- (b) 葉先生沒有或忽略遵守、維持或以其他方式應用 HKSA 220「Quality Control for an Audit of Financial Statements」及 Code of Ethics 內第 100.5(c)及 130.1 條有關「Professional Competence and Due Care」的基本原則。

協議

公會的理事會與蕭先生及葉先生達成以下協議：

1. 蕭先生及葉先生承認此個案中的事實及違反專業準則之處；
2. 公會將終止對蕭先生及葉先生的監管程序；
3. 蕭先生及葉先生均被譴責；及
4. 蕭先生及葉先生須共同向公會繳付罰款 300,000 港元，並支付公會費用共 200,000 港元。

公會理事會認為透過此協議可恰當地結束此案，並避免在紀律程序上耗用更多支出及資源，因此同意公會撤銷投訴。

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關於香港會計師公會

香港會計師公會是根據《專業會計師條例》成立的法定機構，負責培訓、發展和監管本港的會計專業。公會會員逾 46,000 名，學生人數逾 16,000。

公會開辦專業資格課程，確保會計師的人職質素，同時頒佈財務報告、審計及專業操守的準則，以鞏固香港作為國際金融中心的領導地位。

CPA 會計師是一個獲國際認可的頂尖專業資格。公會是全球會計聯盟及國際會計師聯合會的成員之一，積極推動國際專業發展。

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