



Dear Assignment / News / Business Section Editor

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

(HONG KONG, 17 April 2012) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Lam Man Sum, Albert (membership number F03964) and Hopkins CPA Limited (corporate practice number M186) on 10 April 2012 and ordered them to pay to the Institute a penalty of HK\$35,000, due to their breach of professional standards issued by the Institute.

In addition, Lam and Hopkins shall pay the costs of the disciplinary proceedings amounting HK\$29,200 and the investigation costs of the Financial Reporting Council of HK\$51,700.

Hopkins audited the financial statements of a listed company in Hong Kong for the year ended 31 December 2008. Lam was the managing director of Hopkins and signed the relevant auditors' report. The FRC's investigation of the audit revealed that Hopkins had not properly documented the nature, timing and extent of the audit procedures performed and the conclusion reached on its review of the audit work carried by the auditors of a material sub-group of the listed company in accordance with Hong Kong Standard on Auditing 230 "Audit Documentation" and Statement of Auditing Standards 510 "Principal auditors and other auditors."

After considering the FRC's investigation report dated 18 April 2011 and information available, the Institute lodged a complaint against Lam and Hopkins under section 34(1A) of the Professional Accountants Ordinance. A Disciplinary Committee was constituted in November 2011.

Lam and Hopkins admitted the charge against them. The Disciplinary Committee found, on evidence submitted and the admission by Lam and Hopkins, that Lam and Hopkins failed or neglected to observe, maintain or otherwise apply HKAS 230 and SAS 510. Having taken into account the admission by Lam and Hopkins and circumstances of the case, the Disciplinary Committee made the above order against Lam and Hopkins under section 35(1) of the ordinance.

Under the ordinance, if Lam and Hopkins 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.

Pursuant to section 38(2) of the Professional Accountants Ordinance, the Registrar shall not remove the name of a certified public accountant from the register, record a reprimand or penalty or an order to pay costs and expenses or an order in respect of practising certificate in the register by virtue of an order made by a Disciplinary Committee, or enforce payment of a penalty or costs or expenses before the expiry of 30 days after the date of service of the order on the accountant or in the case of an appeal, before the decision of the Court of Appeal on such appeal.

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 chair, are non-accountants chosen from a panel appointed by the Chief Executive of the HKSAR, and the other two members are certified public accountants.

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 no more than \$500,000, and payment of costs and expenses of the proceedings.

- End -

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 33,000 members and nearly 16,000 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.

Hong Kong Institute of CPA's contact information:

Stella To
Deputy Director, Communications
Phone: 2287 7209
Mobile: 9027 7323
Email: stella@hkicpa.org.hk