



Dear Assignment / News / Business Section Editor

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

(HONG KONG, 26 May 2010) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 17 March 2010 that the name of Chan Kin Hang Johnny (membership number F01585) be removed from the register of certified public accountants for a period of 15 months with effect from 2 May 2010 due to his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

In addition, Chan was ordered to pay the costs of the disciplinary proceedings totalling HK\$190,896.

Chan was the sole proprietor of a firm of certified public accountants, Johnny Chan & Co. which had ceased practising. The Institute received information about alleged deficiencies in conducting the audit of the consolidated financial statements of a listed company for the year ended 30 June 1998 by the firm. The Council of the Institute decided to constitute an Investigation Committee under the Professional Accountants Ordinance to investigate the matter. After considering the information available, the Investigation Committee lodged a complaint against Chan under section 34(1) of the Professional Accountants Ordinance.

The Disciplinary Committee found on Chan's admission, that he failed or neglected to observe, maintain or otherwise apply the Institute's then effective Statement of Auditing Standards 400 "Audit Evidence" and Statement of Auditing Standards 440 "Representations by Management".

Having taken into account the circumstances of the case, the Disciplinary Committee ordered that:

- (1) Chan's name be removed from the register of certified public accountants for a period of 15 months with effect from 2 May 2010; and
- (2) Chan pay the costs of the disciplinary proceedings totalling HK\$190,896.

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 of lay persons appointed by the Chief Executive of the HKSAR, and the other two members are CPAs.

The Disciplinary Committees have the power to sanction members, member practices and registered students. Sanctions may 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.

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Note to editors

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 30,000 members and 14,000 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.

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