



Dear Assignment / News / Business Section Editor

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

(HONG KONG, 3 June 2011) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 18 May 2011 that the name of Edward Yeung (membership number A08786) be removed from the register of certified public accountants for a period of five years with effect from 29 June 2011, for his failure or neglect to observe, maintain or otherwise apply professional standards.

In addition, Yeung was ordered to pay the costs of the disciplinary proceedings amounting to HK\$66,000.

Yeung was an adjudged bankrupt from 20 March 2003 to 19 March 2007. During this time, he applied to renew his practising certificate for 2005, 2006 and 2007 and, in doing so, falsely declared to the Institute that he was not a bankrupt. Yeung's bankruptcy would have disqualified him from being issued a practising certificate under section 30(7) of the Professional Accountants Ordinance. As a result of his false declaration, Yeung renewed his practising certificate and continued in public practice during the three years.

In a separate matter, Yeung's sole proprietor practice, Kwong Tat & Co. (firm number: 1892), was selected for a practice review in January 2010 under the Institute's quality assurance programme. Yeung failed to give reasonable assistance to the reviewer in gaining access to records and documents of his practice, which was required of him under section 32E of the PAO. As a result, the review of Yeung's practice could not be completed.

After considering the information available, the Institute lodged complaints against Yeung regarding the two matters under sections 34(1A) and 34(1) of the Professional Accountants Ordinance. A Disciplinary Committee was constituted in October 2010.

The Disciplinary Committee held a hearing of the complaints on 30 April 2011, which Yeung did not attend. On the evidence, the Disciplinary Committee found that Yeung was in breach of the Fundamental Principles of Statement 1.200 "Professional Ethics – Explanatory Foreword" and the Code of Ethics for Professional Accountants.

Having taken into account the circumstances of the case, the Disciplinary Committee made the order as stated above against Yeung.

Under the Professional Accountants Ordinance, Yeung may give notice of an appeal to the Court of Appeal within 30 days after he is served the order if he is aggrieved by the order made by the Disciplinary Committee under section 35(1) of the ordinance.

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 of each committee(three members), 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 31,000 members and nearly 15,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to 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 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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