



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Hong Kong Institute of Certified Public Accountants takes regulatory action against a certified public accountant and a firm

(HONG KONG, 25 July 2019) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Mr. Lie Kong Sang, certified public accountant (F03235) and PricewaterhouseCoopers (PwC) (0034) (collectively, Respondents) for their failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

PwC audited the consolidated financial statements of Modern Beauty Salon Holdings Limited, a Hong Kong listed company, and its subsidiaries (collectively, Group) for the years ended 31 March 2006 to 2009 and expressed unmodified auditor's opinions. Lie was the engagement partner in those audits.

The Group entered into prepaid service contracts with customers and recognized the unutilized portion of prepayments as revenue when customers changed the service type or transferred the unutilized service treatments to other customers before contract expiry, where the underlying service treatments had not yet been delivered. This was contrary to Hong Kong Accounting Standard 18 *Revenue*. The Respondents failed to design and perform procedures to appropriately test that revenue recognition in relation to change in services or transfer of prepaid contracts was in compliance with the relevant accounting standard, and failed to document their evaluation of management's discussion with the Group's legal advisors concerning the legal and contractual position of prepaid contracts.

The Institute concluded that Lie and PwC were in breach of Hong Kong Standard on Auditing (HKSA) 230 *Audit Documentation*, HKSA 330 *The Auditor's Procedures in Response to Assessed Risks* and HKSA 500 *Audit Evidence*.

Regulatory action

Based on the foregoing and in lieu of further proceedings, the Council of the Hong Kong Institute of Certified Public Accountants concluded that the following should resolve the complaint:

1. The Respondents acknowledge the facts of the case and their non-compliance with the relevant professional standards;
2. they be reprimanded; and
3. Lie and PwC each pay an administrative penalty of HK\$50,000, and jointly pay costs of the Institute and the Financial Reporting Council totalling HK\$117,599.

About Resolution by Agreement

In order to better serve the interests of the public and the profession, the Hong Kong Institute of Certified Public Accountants (HKICPA) ensures complaints are dealt with in an effective and transparent manner. In accordance with Council powers outlined in the Professional Accountants Ordinance, a Resolution by Agreement (RBA) may be offered in uncontested cases considered to be moderate after taking into account the nature and gravity of the complaint, past disciplinary records of the respondent and any aggravating or mitigating circumstances. An RBA will not be offered in cases involving complaints of dishonesty, which are handled through a separate disciplinary process.

The RBA includes a mandatory public censure which entails publication of the name of the respondent, facts of the case and areas of non-compliance with professional standards. Information on the Institute's complaint handling process and guidelines for Resolutions by Agreement are available at the Institute website under the "Compliance" section at www.hkicpa.org.hk.

- End -

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 more than 44,000 members and 17,100 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.

Hong Kong Institute of CPAs' contact information:

Ms Gemma Ho
Public Relations Manager
Phone: 2287-7002
Email: gemmaho@hkicpa.org.hk

Ms Rachel So
Head of Corporate Communications and Member Services
Phone: 2287-7085
Email: rachelso@hkicpa.org.hk



香港會計師公會對一名會計師及一間會計師事務所作出監管行動

(香港，二零一九年七月二十五日) 香港會計師公會就會計師李港生先生 (會員編號：F03235) 及羅兵咸永道會計師事務所 (事務所編號：0034) (統稱「答辯人」) 沒有或忽略遵守、維持或以其他方式應用公會頒佈的專業準則，對他們作出監管行動。

羅兵咸永道曾審計現代美容控股有限公司 (一家香港上市公司) 及其附屬公司 (統稱「該集團」) 截至二零零六年至二零零九年三月三十一日止年度的綜合財務報表，並發表了無保留的核數師意見。李先生是負責該等審計項目的合夥人。

該集團與顧客訂立預付服務合約，當顧客在合約到期前更改服務療程種類或將未使用療程轉讓予其他顧客時，該集團在相關服務仍未提供下，將未使用療程相關的預付款項確認為收入，違反了 Hong Kong Accounting Standard 第 18 號「Revenue」。答辯人沒有設計及執行程序，以適當核實更改服務或轉讓預付合約時的收入確認方式是否符合相關會計準則。就該集團管理層和法律顧問有關預付合約的法律及契約地位的討論，答辯人亦沒有為當中進行的評估編備記錄。

公會認為李先生及羅兵咸永道違反了 Hong Kong Standard on Auditing (「HKSA」) 230「Audit Documentation」、HKSA 330「The Auditor's Procedures in Response to Assessed Risks」及 HKSA 500「Audit Evidence」。

監管行動

基於上文所述及為省卻進一步程序，香港會計師公會理事會決定以下列的方案解決這宗投訴：

1. 答辯人承認此個案中的事實及違反了相關專業準則；
2. 他們被譴責；及
3. 李先生及羅兵咸永道須分別繳交行政罰款 50,000 港元，以及共同繳交公會和財務匯報局的費用共 117,599 港元。

有關解決方案

為保障公眾及會計界的利益，香港會計師公會以有效及具透明度的方式處理投訴個案。根據《專業會計師條例》概述的公會理事會權力，公會在考慮投訴個案的性質與嚴重性、答辯人的過往處分紀錄，以及加重與寬減等因素後，若認為個案屬中度嚴重，便可在答辯人不抗辯的情況下藉解決方案處理。然而，如個案涉及不誠實行為的投訴，則不可藉解決方案處理，而須另按紀律處分程序處理。

對於所有解決方案，公會均作出強制性的公開譴責及公佈答辯人的姓名、個案涉及的事實和所違反的專業準則。公會投訴處理程序及解決方案的指引，可於公會網頁（www.hkicpa.org.hk）內「Compliance」部份查閱。

- 完 -

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。公會會員超過 44,000 名，學生人數逾 17,100。

公會開辦專業資格課程，確保會計師的入職質素，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。

香港會計師公會聯絡資料：

何玉淳女士

公共關係經理

直線電話：2287-7002

電子郵箱：gemmaho@hkicpa.org.hk

蘇煥娟女士

企業傳訊及會員事務主管

直線電話：2287-7085

電子郵箱：rachelso@hkicpa.org.hk