



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 corporate practice

(HONG KONG, 28 May 2021) The Hong Kong Institute of Certified Public Accountants has taken regulatory action against Cheng & Cheng Limited, a corporate practice (M0035), for its failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

Cheng & Cheng audited the financial statements of a private company for the years ended 30 June 2015 and 30 June 2016. The engagement director of the audits ceased to be a member of the Institute in 2020.

For the 2015 financial year, Cheng & Cheng issued an unmodified auditor's report on the financial statements initially prepared by the company. These financial statements were later replaced by a revised set of financial statements, on which Cheng & Cheng issued a modified auditor's report. In conducting the audit procedures supporting the auditor's report on the initial financial statements, Cheng & Cheng failed to obtain sufficient evidence to support the accounting treatment of a revenue item, and to properly enquire about the existence of significant related party transactions. In addition, in reporting on the revised financial statements, Cheng & Cheng failed to draw attention to the changes made to the financial statements and to the initial auditor's report issued.

For the 2016 financial year, a wrong set of the company's financial statements were initially printed, and Cheng & Cheng carelessly allowed them to be issued with the practice's unmodified auditor's report attached. After discovery of the mistake shortly afterwards, a set of correct financial statements with attachment of a modified auditor's report of Cheng & Cheng was issued in replacement of the initial financial statements.

For both of the years, Cheng & Cheng failed to take appropriate action to prevent reliance on the initial auditor's report that had been replaced, when management had not acted adequately to this effect.

The Institute concluded that Cheng & Cheng failed or neglected to observe, maintain or otherwise apply the following professional standards:

- Hong Kong Standard on Auditing ("HKSA") 500 *Audit Evidence*;
- HKSA 550 *Related Parties*;
- HKSA 560 *Subsequent Events*; and
- the fundamental principle of Professional Competence and Due Care in sections 100.5(c) and 130 of the Code of Ethics for Professional Accountants.

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. Cheng & Cheng acknowledge the facts of the case and areas of non-compliance with professional standards;
2. Cheng & Cheng be reprimanded; and
3. Cheng & Cheng pay an administrative penalty of HK\$50,000 and costs of the Institute of HK\$15,000.

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.

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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 18,000 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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香港會計師公會對一間執業法團作出監管行動

(香港，二零二一年五月二十八日) 香港會計師公會就鄭鄭會計師事務所有限公司（執業法團編號：M0035）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，對其作出監管行動。

鄭鄭曾審計一間私人公司截至二零一五年六月三十日及二零一六年六月三十日止年度的財務報表，而負責該等審計項目的執業董事自二零二零年起已不再為公會會員。

鄭鄭就該公司編製的二零一五財政年度財務報表發出無保留的核數師報告。該原有財務報表隨後由經修改的財務報表取代，而鄭鄭就經修改的財務報表發出有保留的核數師報告。為原有財務報表核數師報告進行審計程序時，鄭鄭未有就一項收入的會計處理方法獲取足夠的憑證，以及未有適當地查詢該公司曾否進行重大關連交易。此外，就經修改的財務報表所發出的核數師報告中，鄭鄭未有提及財務報表曾改動之處及對原有核數師報告作出的修改。

此外，該公司二零一六財政年度的財務報表列印了錯誤的版本，鄭鄭因不小心以致該公司刊發了錯誤的財務報表及鄭鄭的無保留核數師報告。隨後不久當發現出錯後，該錯誤的財務報表由正確的財務報表及鄭鄭簽發的有保留核數師報告所取代。

就上述兩個年度，鄭鄭知悉該公司的管理層沒有採取足夠措施以防第三方依賴被取代的原有核數師報告，惟鄭鄭未有就此作出適當行動應對。

公會認為鄭鄭沒有或忽略遵守、維持或以其他方式應用以下專業準則：

- Hong Kong Standard on Auditing (HKSA) 500 「Audit Evidence」；
- HKSA 550 「Related Parties」；
- HKSA 560 「Subsequent Events」；及
- Code of Ethics for Professional Accountants 內第 100.5(c) 及 130 條有關「Professional Competence and Due Care」的基本原則。

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. 鄭鄭承認此個案中的事實及違反專業準則之處；

2. 鄭鄭被譴責；及
3. 鄭鄭須繳交行政罰款 50,000 港元及公會費用 15,000 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。

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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 18,000。

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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