



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

Hong Kong Institute of Certified Public Accountants settles regulatory proceedings involving a certified public accountant (practising)

(HONG KONG, 13 May 2022) The Hong Kong Institute of Certified Public Accountants has settled regulatory proceedings with Ms. Chow Tsz Ki, certified public accountant (practising) (A35766) concerning alleged non-compliance with professional standards.

The complaint concerns deficiencies in Deloitte Touche Tohmatsu's audit of the financial statements of a private company for the year ended 31 December 2018, which were identified in the Institute's practice review of the firm in 2020. Deloitte expressed an unmodified auditor's opinion on the financial statements and Ms. Chow was the engagement partner of the audit.

The practice reviewer found that the audit team failed to perform sufficient audit procedures pertaining to the following:

- the company's advance receipts from customers;
- certain excess receipts from customers and discounts from suppliers being recognized in income; and
- the impact those receipts and discounts would have on forecasted cash flows, which formed a basis for evaluating goodwill impairment.

As a result of the above, Ms. Chow failed or neglected to observe, maintain or otherwise apply Hong Kong Standard on Auditing ("HKSA") 500 *Audit Evidence* and HKSA 520 *Analytical Procedures*.

Settlement agreement

The Council of the Institute has agreed with Ms. Chow that:

1. Ms. Chow acknowledge the facts of the case and areas of non-compliance with professional standards;
2. Ms. Chow be reprimanded; and
3. Ms. Chow pay a financial penalty of HK\$75,000 and costs of HK\$60,000.

The Institute considers a settlement on the agreed basis to be in the public interest. In the circumstances, the Institute is satisfied that there is no purpose to be served in pursuing disciplinary proceedings.

HKICPA Settlement Process

The interests of the public, the profession and Council's regulatory function may be best served by early resolution of complaints which are either anticipated to result in disciplinary proceedings or are already the subject of disciplinary proceedings. Settlement requests will be assessed based on established criteria. Appropriate sanctions will be based on the nature and gravity of the complaint, past disciplinary records of the respondent and any aggravating or mitigating circumstances. The HKICPA will not agree to a settlement unless the matter is subject to publicity in A Plus, press release, and other means deemed appropriate.

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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 17,000 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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