

(b) Second Complaint

Section 34 (1)(a)(vi) of the PAO applies to the Respondent in that the Firm had failed or neglected to observe, maintain or otherwise apply a professional standard, namely HKSA 500 through its failure to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusion on which to base its audit opinion on the 2010 Financial Statements.

(c) Third Complaint (alternative to Second Complaint)

Section 34 (1)(a)(vi) of the PAO applies to the Respondent in that the Firm had failed or neglected to observe, maintain or otherwise apply a professional standard, namely HKSA 230 through its failure to document matters which were important to the audit of the 2010 Financial Statements.

3. The Respondent was at all material times the sole proprietor of the Firm. He admitted the Complaints against him. He did not dispute the facts as set out in the Complaints. He agreed that the steps set out in paragraphs 17 to 30 of the Disciplinary Committee Proceedings Rules be dispensed with.
4. By a letter dated 7 September 2012, the Complainant suggested the DC should hold the Respondent liable on the First and Second Complaints. The Third Complaint (being the alternative) should remain on file.
5. By a letter dated 24 October 2012 addressed to the Complainant and the Respondent, the Clerk to the Disciplinary Committee (“DC”), under the direction of the DC, informed the parties that they should make written submissions to the DC as to the sanctions and costs.
6. In the Complainant’s written submissions dated 8 November 2012, it was submitted that the Complainant had no objection to any regard which the DC might have to the fact that the Respondent had admitted the Complaints, thereby avoiding the necessity of a formal hearing taking place. The Complainant also submitted that the Respondent should pay the costs and expenses of the disciplinary proceedings and in that connection a Statement of Costs was attached to the Complainant’s written submissions. The total costs incurred by the Complainant were HK\$59,882.
7. The Respondent applied for time extension to file written submissions twice, on 2 November 2012 and 27 November 2012. The DC granted the time extension requested on 5 November 2012 and 5 December 2012 but the Respondent failed to file a written submission before the deadline. By a letter dated 8 January 2013, the Clerk to the DC, under the direction of the DC, informed the parties that the DC shall deliberate on the sanction and costs based on the information before it. The Clerk to the DC subsequently received the submissions filed by the Respondent on 14 January 2013, which is 14 days after the due date specified by the DC.

8. In considering the proper order to be made in this case, the DC has had regard to all the aforesaid matters, including the particulars in support of the Complaints, the nature of the breaches, the conduct and submissions of the Complainant and the Respondent throughout the proceedings.
9. The DC orders that:-
 - 1) the Respondent be reprimanded under section 35(1)(b) of the PAO;
 - 2) the Respondent pay a penalty of HK\$46,000 under section 35(1)(c) of the PAO; and
 - 3) the Respondent do pay the costs and expenses of and incidental to the proceedings of the Complainant in the sum of HK\$59,882 under section 35(1)(iii) of the PAO.

Dated the 16th day of January 2013

conclusion on which to base its audit opinion on the 2010 Financial Statements.

IT IS ORDERED that:-

1. the Respondent be reprimanded under section 35(1)(b) of the PAO;
2. the Respondent pay a penalty of HK\$46,000 under section 35(1)(c) of the PAO;
3. the Respondent do pay the costs and expenses of and incidental to the proceedings of the Complainant in the sum of HK\$59,882 under section 35(1)(iii) of the PAO.

Dated the 16th day of January 2013