



Dear Assignment/News/Business Section Editor

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

(HONG KONG, 26 October 2017) – The Hong Kong Institute of Certified Public Accountants has settled regulatory proceedings concerning alleged non-compliance of its professional standards involving PricewaterhouseCoopers (**PwC**) and a certified public accountant (practising), Mr. Chan Wai Hong, Michael (**Mr. Chan**).

The complaint concerns the accounting treatment of a shortfall arising from the disposal of a company's subsidiary to its controlling shareholder in unaudited pro forma financial information (**UPFI**) set out in a 2013 VSD circular of a Hong Kong listed entity. The shortfall arose because the consideration for the disposal of the subsidiary was less than its carrying value. The entity reported the loss in equity as part of the shareholders' reserves, relying on Hong Kong Accounting Standard 1 (**HKAS 1**) which permitted transactions with shareholders in their capacity as shareholders to be reflected in equity.

PwC and Mr. Chan were the reporting accountants of the UPFI and had issued an unqualified opinion on the UPFI.

The Institute is of the opinion that Hong Kong Financial Reporting Standard 10 (**HKFRS 10**) required the entity to reflect the loss in the income statement. The Institute is also of the opinion that the documentation in the working papers relating to this judgmental issue was inadequate.

Agreement

The Council of the Institute has agreed with PwC and Mr. Chan that

1. The Institute will cease regulatory proceedings against PwC and Mr. Chan;
2. A formal letter of disapproval will be issued to PwC and Mr. Chan by the Institute; and
3. PwC and Mr. Chan jointly make a contribution to the Institute's costs in the amount of HK\$108,000.

The Council considers that dealing with the matter by way of a disapproval letter will achieve an appropriate resolution without incurring additional expenses and tying up resources in disciplinary proceedings.

- End -

About the Hong Kong Institute of Certified Public Accountants

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 41,000 members and 18,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the 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 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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致：編採主任／新聞／財經版編輯

香港會計師公會與一間會計師事務所和一名執業會計師就監管程序達成和解

(香港，二零一七年十月二十六日) — 香港會計師公會與羅兵咸永道會計師事務所(「羅兵咸」)和一名執業會計師陳惠康先生(「陳先生」)就關於不遵從公會專業準則的投訴而進行的監管程序，達成和解協議。

該投訴是關於一間香港上市公司在2013年發出的一份非常重大出售事項通告內的未經審核備考財務資料(「UPFI」)對出售附屬公司予控股股東導致的虧損所採納的會計方法。這虧損是由於售價低於附屬公司的賬面值。公司參考Hong Kong Accounting Standard 1 (「HKAS 1」) 後把該虧損反映在股本內，作為股東儲備的一部份。HKAS 1 容許在股本內反映股東以其股東的身份與公司進行的交易。

羅兵咸及陳先生是UPFI的申報會計師，並對UPFI發出無保留的意見。

公會認為Hong Kong Financial Reporting Standard 10 (「HKFRS 10」)規定公司須把該項虧損反映在損益表內。此外，公會認為有關的工作底稿沒有足夠地記錄對此項目所作的判斷。

協議

公會理事會與羅兵咸和陳先生達成下述協議：

1. 公會將終止對羅兵咸和陳先生的監管程序。
2. 公會對羅兵咸和陳先生發出責備信。
3. 羅兵咸和陳先生須共同支付公會的費用，數額為十萬零八千港元。

公會理事會認為，發出責備信可恰當地完結此個案及避免在紀律程序上耗用更多的費用及資源。

— 完 —

關於香港會計師公會

香港會計師公會是香港唯一獲法例授權負責專業會計師註冊兼頒授執業證書的組織，會員人數超過 41,000，註冊學生人數逾 18,000。公會會員可採用「會計師」稱銜 (英文為 certified public accountant，簡稱 CPA)。

公會(Hong Kong Institute of Certified Public Accountants)於一九七三年一月一日成立，當時的英文名稱為 Hong Kong Society of Accountants。

公會根據《專業會計師條例》履行職責，以公眾利益為依歸。其職能廣泛，包括開辦專業資格課程(Qualification Programme)以確保會計師的入職質素，以及頒布香港的財務報告、審計及專業操守準則。此外，公會亦負責在香港監管和推動優良而有效的會計實務，以鞏固香港作為國際金融中心的領導地位。

香港會計師公會是全球會計聯盟(Global Accounting Alliance, GAA)的成員之一。全球會計聯盟於二零零五年成立，聯合了全球頂尖的專業會計團體，推動優質服務，並積極與各地監管機構、政府及關連人士就國際重要議題共同合作。

香港會計師公會聯絡資料

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