

## APPLICATION ON PAPERS

# CONSENT ORDER CHAIR OF THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

## REASONS FOR DECISION

**In the matter of:** Ms Yuk King Mercedes Hsu

**Considered on:** Tuesday, 29 March 2022

**Chair:** Ms Wendy Yeadon

**Legal adviser:** Mr Alastair McFarlane

**Summary:** Consent Order agreed

## DOCUMENTS BEFORE THE CHAIR

1. The Chair received a bundle of papers, numbered pages 1-83, a signed Consent Order and a service bundle, numbered pages 1-7.

## ALLEGATIONS

1. Pursuant to byelaw 8(a)(vi), Ms Yuk King Mercedes Hsu is liable to disciplinary action by virtue of action taken against her on 28 April 2021 by the Hong Kong Institute of Certified Public Accountants (HKICPA). Their decision was published on 16 June 2021.
2. Pursuant to byelaw 10 (b), Ms Yuk King Mercedes Hsu failed to promptly bring to the attention of ACCA that she may have become liable to disciplinary action by reason of the action taken against her by HKICPA.
3. Pursuant to byelaw 8 (a)(i) and 8 (a)(iii), Ms Yuk King Mercedes Hsu is guilty of misconduct by virtue of the above, in that such is discreditable to ACCA and the accountancy profession.

## **BRIEF BACKGROUND**

2. Ms Yuk King Mercedes Hsu became an ACCA member on 18 January 1996.
3. Ms Yuk King Mercedes Hsu admits Allegation 1, 2 and 3 and signed the Consent Order on 28 February 2022.
4. On 28 April 2021, a Practice Review Committee of the HKICPA reprimanded Ms Yuk King Mercedes Hsu for her failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute. Ms Yuk King Mercedes Hsu was the Managing Director and also the Engagement Director in an accountancy company, which expressed an unmodified auditors' opinion on the financial statements of a Hong Kong listed company. In reviewing the audit of the company, a number of deficiencies were found which indicated that Ms Yuk King Mercedes Hsu had failed to perform adequate audit work to obtain sufficient and appropriate audit evidence to support the audit opinion on the company. Further, Ms Yuk King Mercedes Hsu failed to notify ACCA of the disciplinary action taken against her.
5. Ms Yuk King Mercedes Hsu accepted these facts, made admissions to HKICPA, acknowledged her failings and apologised for them. She explained that she had understood that the HKICPA would notify ACCA of the case and the outcome once the review was complete.
6. Ms Yuk King Mercedes Hsu accepted ACCA's proposed sanction of a reprimand and agreed to pay ACCA's costs in the sum of £629.00. ACCA contended that this was the proportionate sanction reflecting the seriousness of Ms Yuk King Mercedes Hsu's conduct and the discredit it brings to the Association and the importance of upholding fundamental standards of professional conduct.

## **CHAIR'S DECISION**

7. Under Regulation 8(8) of the Complaints and Disciplinary Regulations 2014, the Chair has to determine whether on the basis of the evidence before them, it is appropriate to approve or reject the draft Consent Order.
8. The Chair noted that under Regulation 8(12), they shall only reject the signed

Consent Order if they are of the view that the admitted breaches would, more likely than not, result in exclusion from membership.

9. The Chair considered the seriousness of the breaches and the public interest, which includes the protection of the public, the maintenance of public confidence in the profession and the declaring and upholding of proper standards of conduct and performance. They balanced this against Ms Yuk King Mercedes Hsu's interests and her previous good character, her admissions and her co-operation with ACCA.
10. The Chair noted the list of aggravating and mitigating factors advanced at paragraphs 9 and 10 of the draft Consent Order. They felt Ms Yuk King Mercedes Hsu's apology, insight and previous good record were significant mitigating factors. The Chair noted that Ms Yuk King Mercedes Hsu had undertaken steps to improve the quality of the audit work at the firm, including staff training, external party reviews and reducing staff turnover.
11. The Chair had regard to ACCA's Guidance for Disciplinary Sanctions. They were satisfied that there had been early and genuine acceptance of the misconduct and that the risk to the public and profession from Ms Yuk King Mercedes Hsu continuing as a member was low.
12. For the reasons set out above, the Chair was satisfied that the admitted breaches would be unlikely to result in exclusion from membership, and therefore, there was no basis for them to reject the Consent Order under Regulation 8 (12). The Chair noted the proposed Consent Order and considering all the information before them was satisfied that it was an appropriate and proportionate disposal of this case and made the Order consented to by both parties.

## **ORDER**

13. The Chair, pursuant to its powers under Regulation 8, made an Order in terms of the draft Consent Order, namely that Ms Yuk King Mercedes Hsu be reprimanded and pay ACCA's costs of £629.00.

**Ms Wendy Yeadon**  
**Chair**  
**29 March 2022**