

SEC PROBES LONGTOP

Deloitte has resigned as auditor of Hong Kong-based maker of financial software, Longtop Financial Technologies, as US regulator, the Securities and Exchange Commission (SEC) began a probe into the company's financial reports. Deloitte stated in its resignation letter on May 22 that it found falsehoods in the company's financial statements and experienced 'deliberate interference by certain members of Longtop management' in the audit process. Longtop said it is cooperating with the SEC's inquiry as well as conducting its own investigation into Deloitte's claims. Meanwhile, the SEC has reportedly widened its examination of accounting and disclosure issues related to Chinese companies to include those who used 'reverse mergers' in the US.



GREEN LIGHT FOR LLPs

Chartered accountants in India have been allowed to form limited liability partnership (LLP) firms, following two notifications issued by the Ministry of Corporate Affairs in May this year. The circulars removed ambiguity surrounding the terms 'partnerships' and 'body corporates', which will no longer require amendments to company and accounting laws. An LLP is a business structure that combines the limited liability benefits of a company with the flexibility of a partnership. India allowed LLPs to be established in 2008, but they have had relatively little appeal since there previously was uncertainty over whether auditors were allowed to function in a body corporate.

The view from:

Singapore: **Abuthahir Abdul Gafoor**, director, litigation consulting and forensic accounting, Stone Forest

Q What does your work involve?

A Assisting lawyers in commercial litigations by reviewing the accounts of the entity or entities concerned, and providing expert opinions. Matters that need our help include valuation disputes, shareholders' disputes, minority oppression, fraud investigations and loss of profits.

Q How does your role complement that of the lawyers?

A We may see the case from a different angle, but which may enhance the recovery to their clients.

Q What is a commonly encountered challenge?

A Dealing with clients who think that they have all the facts, could complete the work on their own, and just need us to sign off the report of their findings. They may not appreciate the professional accounting expertise that we bring in helping them assess the robustness of the evidence, so that it can stand the scrutiny of the cross-examination.

Q With regulatory scrutiny becoming more stringent, do you see your workload increasing?

A If regulatory scrutiny leads to uncovering more financial irregularities, we do see an increase in work as directors have the responsibility to find out the cause of the irregularities.

Q What do you most enjoy about this area of practice?

A The range of work and the people we meet. When a client succeeds, we feel a sense of satisfaction.

FIRM FACTS

Firm structure: Partnership (Member of RSM International)

Typical clients: Fortune 500 companies, MNCs, SMEs, government bodies, statutory boards

Number of staff: 570 in Singapore, 300 in China

Favourite holiday destination: Europe



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