

## **Comments on the HKICPA revised consultation paper (December 2009)**

By Benny K B Kwok – 3 February 2010

I am glad to see that the concerns set out in my submission dated 5 February 2009 (as copied below) have been addressed in the HKICPA revised consultation paper.

I think the proposed changes under the HKICPA revised consultation paper are realistic and workable in today's business environment meeting the public expectation.

### **Comments on the proposals under the consultation paper on proposed changes to the practising certificate regime (January 2009)**

By Benny K B Kwok – 5 February 2009

#### **Questions 3 and 8**

Under the current "one country, two systems" regime, Hong Kong retains a high level of autonomy as part of China. Businesses in Hong Kong are operating within the regulatory framework built upon several foundations, such as the Companies Ordinance, the Inland Revenue Ordinance, the Listing Rules and the HKFRSs. Auditing requires a thorough and up-to-date understanding of the Hong Kong regulatory framework. By recognizing auditing experience from Mainland China (instead of just Hong Kong), we face a risk of allowing irrelevant experience into the HKICPA's PC regime. However, I agree that, as the convergence between the two regulatory frameworks progresses, this proposed change will be a sensible way forward – it is just a matter of time.

In addition, the HKICPA has been encouraging the use of English as the main medium of communication in business. Experience gained in Mainland China would inevitably be based on Chinese. Such apparent difference in direction appears irreconcilable.

#### **Question 16**

Statutory audits are currently performed by individual PC holders, together with their subordinates, with or without the use of firm / corporate practice as a practising vehicle. The proposed change will remove from individual PC holders the right (and choice) of practising in their own names and has assumed a significant drop in the number of units requiring the HKICPA's monitor following the change. It would be helpful to see the evidence supporting such perceived benefits. It is possible that many individual PC holders (currently choosing not to use firm / corporate practice as the practising vehicle) may convert themselves into sole proprietor firms if the proposed change becomes effective resulting in the same number of units requiring the HKICPA's monitor.

In addition, the proposed change will eliminate the value of Certificate Public Accountant (Practising) as a title in its own capacity.