



**Circular on Gross Fee Income Report of Rule 8 of the  
Solicitors (Professional Indemnity) Rules**

**This Circular is intended for general guidance only. The Hong Kong Institute of Certified Public Accountants (Institute) DOES NOT accept any responsibility or liability, and DISCLAIM all responsibility and liability, in respect of the Circular and any consequences that may arise from any person acting or refraining from action as a result of any materials in the Circular.**

**A. Introduction**

1. As part of the Institute's International Convergence Programme with pronouncements issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants in recent years, the Institute has issued and revised a number of professional standards. Amongst these, the Institute has issued a number of standards on different reporting engagements typically undertaken by professional accountants in public practice in Hong Kong such as agreed upon procedures engagements, which falls under Hong Kong Standard on Related Services 4400 *Engagements to Perform Agreed-upon Procedures Regarding Financial Information* (HKSRS 4400).

**B. Compliance with Rule 8 of the Solicitors (Professional Indemnity) Rules**

2. In relation to Rule 8 of the Solicitors (Professional Indemnity) Rules, solicitors are required to submit an accountant's certificate by 15 August each year to enable the Manager of the Professional Indemnity Scheme to renew their professional indemnity insurance, without which they are unable to renew their practising certificates.
3. The Institute's Auditing and Assurance Standards Committee (AASC) considers that the accountant's certificate required under Rule 8 of the Solicitors (Professional Indemnity) Rules is one such report that needs to be updated in accordance with HKSRS 4400.
4. In this regard, the AASC, in consultation with The Law Society of Hong Kong, has produced a Gross Fee Income Report in July 2007 for reference by practising members to ensure that there is consistency in the reports issued by practising members to solicitors' firms. The revised report is effective for the reporting on the gross fee income due on 15 August 2007.



**Circular on Gross Fee Income Report of Rule 8 of the  
Solicitors (Professional Indemnity) Rules**

5. Attached at Appendix 1 is an unqualified illustrative example Gross Fee Income Report for reference by practising members.
6. A copy of the unqualified illustrative example Gross Fee Income Report will also be issued by the Manager of the Professional Indemnity Scheme to solicitors.
7. The Law Society of Hong Kong will accept an unqualified Gross Fee Income Report under Rule 8 of the Solicitors (Professional Indemnity) Rules.

**C. Conclusion**

8. Practising members are reminded that the attached Appendix 1 provides an illustrative example only. Practising members are reminded to use their professional judgement to ascertain the exact circumstances of each of their engagement.
9. The AASC of the Institute welcomes your comments and feedback, which should be sent to [commentletters@hkicpa.org.hk](mailto:commentletters@hkicpa.org.hk), for the attention of Patricia McBride, Executive Director.

Date of Circular: 4 July 2007



**Circular on Gross Fee Income Report of Rule 8 of the  
Solicitors (Professional Indemnity) Rules**

**APPENDIX 1**  
**Unqualified Illustrated Example**  
**Gross Fee Income Report**

To: The principals  
[Name of Law Firm]

In accordance with our engagement letter dated [date], we have performed the procedures agreed with you which are set out below with respect to the gross fee income of [Name of Law Firm] (“the Practice”) for the year ended [date].

Our engagement was conducted in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The procedures do not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA (collectively referred to as “Hong Kong assurance standards”), and, as such, no assurance is expressed.

The procedures were performed solely to assist you in satisfying the requirement of Rule 8 of the Solicitors (Professional Indemnity) Rules and are summarised as follows:

- 1 We obtained a schedule of gross fee income of the Practice for the year ended [date] which amounted to HK\$[X] prepared by the principals and for which the principals are solely responsible.
- 2 We obtained the Practice’s [\*audited financial statements]/[\*underlying books and records from which the gross fee income set out above is extracted] for the year ended [date] and such other documents as appropriate (including profits tax return where applicable).



**Circular on Gross Fee Income Report of Rule 8 of the  
Solicitors (Professional Indemnity) Rules**

3 We compared the amount of gross fee income of HK\$[X] as stated above to the corresponding amount stated in the [\*audited financial statements][\*underlying books and records from which the gross fee income set out above is extracted] for the year ended [date] and found the amounts to agree <sup>1</sup>.

Had we performed additional procedures or had we performed an assurance engagement in respect of the amount of gross fee income for the year ended [date] in accordance with Hong Kong assurance standards, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the third paragraph of this report and is for your information only, and is not to be used for any other purpose or to be distributed to any other parties, except that we agree that a copy of this report may be provided to the Manager of the Professional Indemnity Scheme. We expressly disclaim any liability or duty to any other party for the content in this report. This report relates only to the items specified above and does not extend to the financial statements of the Practice, taken as a whole.

[Name of firm]

[\* Certified Public Accountants (Practising)/Certified Public Accountants]

Hong Kong

[Date]

\* Delete as appropriate

---

<sup>1</sup> In the event that practitioners encounter any exceptions, details of the exceptions should be listed in the report.