



Hong Kong Institute of  
**Certified Public Accountants**  
香港會計師公會



QP – 10 years of success stories and counting!

**Information paper on**

# Enhancements to the CPA qualification programme



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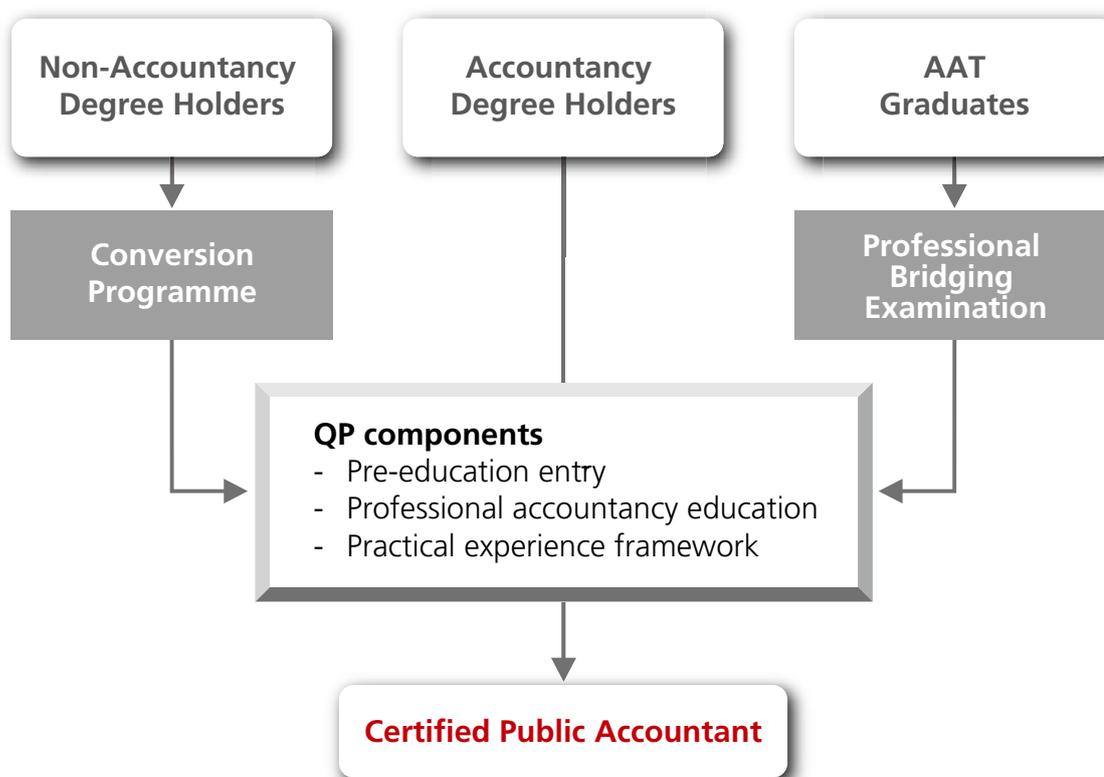
## Executive Summary of Enhancements to the CPA Qualification Programme (QP)

1. The Hong Kong Institute of Certified Public Accountants (CPAs) is responsible for training and registering CPAs as one of its role as the statutory licensing body for professional accountants in Hong Kong, under the Professional Accountants Ordinance (Chapter 50, Laws of Hong Kong). To ensure that new entrants to the accountancy profession are suitably trained and qualified, the Institute established the QP in 1999.
2. The QP has served to meet the needs of our students, employers and the profession well as a 'premier designation internationally recognized by all stakeholders'. It has registered over 17,000 students and produced over 4,300 graduates since its commencement in 1999. The annual intake stands at a healthy 3,000 each year.
3. The accountancy profession in Hong Kong has undergone numerous cycles and phases of changes as the business world evolves. To face the challenges ahead, it needs to cope not only with the increasing sophistication of the financial industry in Hong Kong, but also with the fast moving business environment in the world and to cope with challenges such as the current global financial turmoil.
4. The Institute had announced, in its Fifth Long Range Plan released in 2006, its strategic aim to 'ensure our QP is world-class and train accountants with the quality, skill and expertise that can proudly support Hong Kong as a major financial market, centre for business and gateway to mainland China'.
5. Over the past ten years, the Institute's Examinations Board has regularly gathered comments and suggestions and made refinements to continuously improve the quality and the delivery of the QP. However, to ensure that the Fifth Long Range Plan aim is achieved, the Examinations Board established a Working Group to conduct a major review of the QP, taking into account the latest Hong Kong and mainland professional and business developments, as well as international best practice.
6. Two independent consultants were engaged to help conduct this review. In 2007, the Institute of Chartered Accountants of Scotland (ICAS) conducted an audit and gap analysis in the implementation of the QP and developed updated competency requirements, in 'plain English', for the different stages of the qualifying process for an entry-level CPA.
7. The ICAS's findings and recommendations were then validated by a human resources consultant, Human Scope Limited, in 2008 to provide market benchmarking of the competencies against industry HR and Talent Management standards; and to gather the views of key market and industry stakeholders for their 'visionary' inputs on the QP competencies. This is to ensure that the prescribed competencies meet the future requirements of the profession and train our prospective CPAs as leaders of tomorrow.

8. Consultations with employers, QP students, graduates, major education providers and practitioners were carried out for both rounds. The recommendations and findings from the consultants were carefully considered by the QP Major Review Working Group in developing an enhanced QP, which will be implemented in late 2010.
9. Essentially, no major structural change is proposed as the feedback from the two independent rounds of consultation gave very high regard to the QP, especially on the development of generic skills and the inclusion of the workshop component as part of the professional assessment. However, there are various areas where enhancements are desirable. These enhancements to the QP are summarized as follows:
  - An updated set of plain English competency requirements for pre-entry education, professional accountancy education and practical experience, that improve the consistency and linkage of the three areas, is adopted.
  - The workshop component of the QP will comprise formative activities that develop the prescribed competencies, with no marks contribution. However, successful completion of module workshops shall be a prerequisite for taking the module examination.
  - Renaming Module B from “Financial Management” to “Corporate Financing”, to better reflect additional learning outcomes and materials to increase the coverage of corporate finance content.
  - Renaming Module C from “Auditing and Information Management” to “Business Assurance” to better reflect additional learning outcomes and materials covering areas of corporate governance, internal controls and risk management.
10. The enhanced QP aims to incorporate both Hong Kong and international best practice into the updated competency requirements. Special emphasis is placed to ensure that the prescribed competency requirements are adequate and appropriate to meet future market needs in Hong Kong, with particular attention to the developments and requirements in the mainland China, as a result of the rapid cross-border business integration.
11. Building on the strength of the current QP, the enhancements presented in this information paper should position our Hong Kong CPA qualification in solid standing, ensuring it remains fit for purpose over the next decade. The enhanced QP should put students and members in a stronger position to tap career opportunities in both Hong Kong and the mainland China.
12. Please refer to the Annex for a more complete description of the whole enhanced QP qualifying process. The Institute gratefully acknowledges the contribution of those members, employers, academia, graduates, students and other stakeholders who generously gave their feedback to the development of the enhanced QP.

## 1. Overview of the enhanced CPA qualifying process

- 1.1 The Hong Kong Institute of Certified Public Accountants (CPAs) is given the statutory authority under the Professional Accountants Ordinance to accredit and license professional accountants in Hong Kong. Those wishing to register as a CPA in Hong Kong are required to complete the Institute's Qualification Programme (QP) which entails completing the QP training programme, passing professional examinations and acquiring practical experience under an authorized employer / supervisor.
- 1.2 The qualifying process for Hong Kong CPA via the QP comprises three components:
- **the pre-entry education** (accountancy degree holders, or conversion programme graduates for those holding non-accountancy degrees, or professional bridging examination graduates for sub-degree holders holding the Accredited Accounting Technician (AAT) qualification);
  - **the professional accountancy education** (four modules and a final examination); and
  - **the HKICPA practical experience framework.**
- 1.3 The following diagram illustrates the routes to qualify as a CPA through the QP:



## 2. Pre-entry education

### Accountancy degree holders

- 2.1 The basic educational qualification for entry into the QP includes a recognized accountancy degree with adequate coverage in different fields of competencies.
- 2.2 The current graduate entry policy will stay as it enables the Institute to be on a par with the admission standards of leading accountancy bodies and international trends. It also recognizes the importance of building on a broad based education and the development of the foundation skills set by tertiary institutions as partners in educating and training future professional accountants.

### Non-accountancy degree holders

- 2.3 The Institute recognizes the important contribution of non-accountancy degree holders who wish to join the accountancy profession. To satisfy the pre-entry educational requirement, non-accountancy degree holders are required to fill the technical knowledge gap by successfully completing a conversion programme.
- 2.4 The competency requirements for accountancy degrees and conversion programmes have been enhanced. The competency set consists of two parts: technical competencies and generic qualities. It defines the knowledge, values

and skills that candidates should possess at the point of admission into the QP.

- 2.5 The technical competency requirements are set in the following areas:
- *Financial accounting*
  - *Auditing*
  - *Information management*
  - *Management accounting*
  - *Finance*
  - *Taxation*
- 2.6 The generic competency requirements are set in the following areas:
- **Intellectual qualities**  
(information technology proficiency, language proficiency, analytical thinking and problem solving)
  - **Commercial qualities**  
(commercial acumen and China focus, creativity and change orientation)
  - **Intrapersonal qualities**  
(integrity and professionalism, drive and resilience, execution and result orientation)
  - **Interpersonal qualities**  
(leadership and teamwork, communication and relationship building)

In respect of each of these fields, special attention has been directed to the relevant aspects of communications, ethics, information technology, and mainland China and international accounting and business.

2.7 Coverage of accountancy degrees and conversion programmes which meet the graduate competency standards for QP admission are set out in **Appendix I**. Consistent with degree level qualification, the graduate competency standards for QP admission are benchmarked at the Education Bureau's Qualification Framework Level 5.

### **Sub-degree Holders**

2.8 The Institute recognizes that sub-degree holders represent a significant source of manpower to the accountancy profession and to Hong Kong. Although many will be satisfied to pursue their careers on the basis of their existing qualifications, some have the incentive and ability to seek advancement, via a vocational route, to become CPAs. Sub-degree holders are accredited by the Institute's subsidiary, the Hong Kong Institute of Accredited Accounting Technicians Limited (HKIAAT), for exemption to its 8-paper Accredited Accounting Technician (AAT) Examinations.

2.9 It is important for the Institute to ensure that only those sub-degree holders who are able to demonstrate an adequate level of competency are admitted to the professional bridging examination. The Hong Kong AAT qualification will continue to be used as a benchmark for admission to the professional bridging examination. The route for the AATs to take a professional bridging examination to satisfy QP entry was created in 2002. This

public examination provides an opportunity for able AATs to develop the generic skills and technical knowledge gap to study QP. The professional bridging examination is also benchmarked at the Education Bureau's Qualification Framework Level 5.

2.10 The competency requirements for the professional bridging examination will be assessed in the form of four examination papers. These are:

- Paper I – PBE Financial accounting
- Paper II – PBE Management accounting and finance
- Paper III – PBE Auditing and information systems
- Paper IV – PBE Business law and taxation

2.11 The syllabuses have been enhanced as part of the New Qualification Framework for the Hong Kong AATs in 2007/08 and further refined for consistency with the graduate competency standards for QP admission (Appendix I). The competency requirements of the professional bridging examination, to be administered by the HKICPA Examinations Board, are set out in **Appendix II**.

2.12 Apart from HKIAAT members, graduates of AAT examination who have not attained HKIAAT membership may also attempt the professional bridging examination. However, they will be required to become HKIAAT members before they can gain admission to the QP.

### 3. Professional accountancy education

3.1 The QP provides candidates with the opportunities, through course work and examinations as well as under the guidance of workshop facilitators, to develop the necessary application skills and competencies which are essential for a competent practitioner. It builds on the competencies achieved through an accounting degree to attain a postgraduate level of competencies. The QP continues to comprise four core modules and a final examination.

#### Core modules

3.2 The core modules aim to enhance candidates' capacity to apply knowledge and skills acquired at pre-education entry to professional situations, and to develop a strong sense of professionalism and ethics. The focus is on integration across subject areas in the context of professional applications.

3.3 The four core modules are:

- Module A – Financial reporting
- Module B – Corporate financing
- Module C – Business assurance
- Module D – Taxation

3.4 To better tailor to the needs of candidates, all four core modules will be offered concurrently in two sessions, with examinations held in June and December of each year, with effect from September 2010.

Candidates can select and take the four modules in any order. However, a maximum of two modules can be taken in each session.

3.5 Completion of each core module requires about 120 hours of self-study using study materials provided by the Institute, satisfactory attendance at and participation in two prescribed full-day workshops and passing of an open-book module examination.

#### Workshops

3.6 The workshops aim to develop candidates' skills to research, solve and analyze problems; apply their technical knowledge in practical scenarios; learn from the experiences of their peers and workshop facilitators; gain a better understanding and further insight of the learning materials through discussion in workshops; and develop cognitive skills, behaviour skills, language and communication skills.

3.7 Each core module will have two full-day workshops over a span of 14 weeks before the module examination. The aggregate contact hours for the two workshops will be slightly increased to 14. Each workshop will last for 8 hours with a one-hour lunch break. Workshops will generally be conducted during weekends.

- 3.8 Each workshop will continue to be led by two facilitators running a class size of no more than 25 candidates. More focus will be given to develop generic skills by involving candidates in group activities such as ethical dilemma solving, negotiation skill, enhancing presentation capability, case study problem solving and analytical skill.
- 3.9 Workshops will no longer contribute marks as part of the overall module assessment. The focus of the workshops will be directed from assessment to more formative development of skills. This should help to groom the candidates, by removing the perceived subjectivity in assessment and enhancing the class dynamics for the intended learning experience.
- 3.10 Candidates are required to demonstrate their successful accomplishment of the workshop objectives, via active participation, as a prerequisite to sit the relevant module examination.

#### **Module examinations**

- 3.11 Module examinations will continue to be a three-hour open-book examination. The open-book policy will stay as it replicates the workplace where reference materials are readily available.
- 3.12 Module examinations will continue to comprise case questions and essay / short questions which are all compulsory.
- Candidates are expected to provide written solutions which are comprehensive in the appropriate format and written in good English.
- 3.13 To pass module examinations, a minimum of 50% of the module examination marks is required. There will be no aggregated mark with workshop component as present, since the workshop assessment will comprise a simple “pass” or “fail” under the enhanced QP to determine eligibility for taking the module examination.

#### **Final examination**

- 3.14 The final examination aims to provide formal verification that candidates who have completed the four core modules can demonstrate a competent practitioner level of performance. The focus is on the ability to deal competently with professional type situations, involving the drawing together and application of knowledge and skills from any part of the syllabus, across all fields of competency.
- 3.15 Candidates must pass all four core modules to be eligible to take the final examination.
- 3.16 Final examination will continue to be a six-hour open-book examination, to be taken in two sessions (Papers I and II) in one day of three hours each plus half hour reading time. Final examination will be held twice a year in June and December.

3.17 Final examination will continue to comprise case questions and essay / short questions which are all compulsory. Candidates are expected to integrate professional skills and knowledge across all areas of accounting and related fields in the analysis and solution of complex professional problems.

3.18 To pass final examination, a minimum of 50% of the aggregated marks for Papers I and II is required.

#### **Time limit**

3.19 The policy on completion requirements, that candidates need to pass an individual module within four attempts or within five years and a pass in the final examination within four attempts or within three years, has been removed.

3.20 However, the overall time limit to complete QP remains the same. That is, the four core modules and final examination must be completed within 10 years from the date of registration as a student with the Institute.

#### **Syllabuses**

3.21 The syllabuses covered in the four core modules have been substantially re-written under this major review exercise. The Institute believes that the revision is needed in order to ensure our registered students and members are well-equipped with up-to-date knowledge, skills and competencies to serve the accountancy profession and the public at large. Extensive reviews have been done to ensure that not only are these better align with the local market needs and benchmark with international standards, they are also more user-friendly by adopting plain English.

3.22	Module	Changes from existing syllabus
	Financial reporting	An updated version to reflect the need for candidates to have a detailed understanding of the principles and practices in legal and financial reporting framework, financial reporting standards and examining their knowledge of the ethical issues and current developments in financial reporting.
	Corporate financing	A reduced version of the existing management accounting with the addition of elements of corporate finance, reflecting the need for candidates to have good knowledge of financial management, treasury function, financial instruments, business valuations and corporate restructuring. To reflect the change in emphasis of the module, the module will be rebranded as corporate financing.
	Business assurance	A revised version to reflect the need for candidates to have a detailed understanding of the principles of assurance such as corporate governance, internal controls and risk management. To reflect the actual coverage of topics, the module will be rebranded as business assurance.
	Taxation	An updated version to reflect the need for candidates to have a detailed understanding of the principles and practices in legal and tax framework, tax computation and tax planning, and an awareness of China tax system.

3.23 The final examination will be multi-disciplinary in nature, focusing on the ability to integrate knowledge and produce more holistic business solutions. The syllabus covered in the final examination corresponds to the competencies specified for the four core modules.

3.24 The syllabuses for the four core modules and the final examination are set out in **Appendix III**. They are benchmarked at the Education Bureau's Qualification Framework Level 6.

## 4. Practical experience framework

- 4.1 The Institute introduced the practical experience framework to define, in competency terms, the coverage and type of practical experience gained by registered students en route to qualification.
- 4.2 In line with practices of many overseas professional accountancy bodies, the practical experience framework is a structured system of supervision of practical experience and guidance. An important feature is to strengthen the key tripartite relationship between registered students, their supervisors / employers who have been authorized by the Institute, and the Institute itself.
- 4.3 Registered students are expected to achieve the competencies from their practical experience by extending the competency based framework already applied to prerequisite university degree and knowledge components of the QP to their daily work. This relates both to the acquisition and development of generic competencies and professional attitudes and to more specific technical competencies.
- 4.4 The Institute wishes to strengthen the effectiveness of the practical experience components of its requirements for admission to membership. The period of required practical experience remains unchanged, but both technical and broader generic competencies have been more precisely defined and enhanced.
- 4.5 The technical competency requirements are set in the following areas:
- *Financial accounting and external reporting*
  - *Auditing and internal auditing*
  - *Financial management*
  - *Taxation*
  - *Management accounting*
  - *Information management and technology*
  - *Insolvency*
- 4.6 The generic competency requirements are set in the following areas:
- *Creative thinking, reasoning and analysis*
  - *Communications and interpersonal relationships*
  - *Organization-specific competencies*
  - *Personal and behavioural*
  - *Information technology*
- 4.7 The practical experience framework with detailed competency requirements is set out in **Appendix IV**.

## 5. Transitional arrangements

- 5.1 The Institute is conscious of the need to ensure that no registered students are prejudiced by the new framework. As such, transitional arrangements will be put in place for those registered students who are part way through their studies to complete the QP with the least amount of disruption possible.
- 5.2 The existing framework will continue to operate until May 2010 session with module examination in September 2010. From September 2010, the new QP module will be offered, with its first module examination taking place in December 2010.
- 5.3 The transitional arrangements are as follows:
- For students who have passed all four modules and final examination under the old framework, full credit will be awarded with a QP graduate certificate.
  - For students who have remaining module(s) or final examination to complete under the scheme to be phased out, they will be required to take the corresponding module(s) and final examination under the enhanced QP with effect from September 2010. In other words, the passes students have obtained for a module under the old scheme will be deemed to be a pass for the corresponding module(s) under the enhanced QP.

## 6. Enquiries

6.1 Please contact the Student Education & Training Department of the Institute if you have any queries regarding the enhanced QP:

### **Students**

Mr. Chong Ho Yin

Tel: 2287 7040

email: [ychong@hki CPA.org.hk](mailto:yhong@hki CPA.org.hk)

### **Other stakeholders**

Ms. Ava Ki

Tel: 2287 7280

email: [avaki@hki CPA.org.hk](mailto:avaki@hki CPA.org.hk)

6.2 A list of frequently asked questions is also available from our website: [http://www.hki CPA.org.hk/students\(NEW\)/siteA/qp9-2.php](http://www.hki CPA.org.hk/students(NEW)/siteA/qp9-2.php).

**QP pre-entry education  
competency requirements for degree holders  
(accountancy degrees and conversion  
programmes)**

## Overview

This competency set consists of two parts: generic competencies and technical competencies. It defines the knowledge, skills and ability that candidates should possess at the point of entering the Hong Kong Institute of Certified Public Accountants (HKICPA) Qualification Programme (QP). This set is applicable to entrants who are accounting graduates or graduates of conversion programmes.

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#### Generic competencies

The generic competency requirements are set in the following areas:

- Intellectual Qualities
- Commercial Qualities
- Intrapersonal Qualities
- Interpersonal Qualities

#### Technical competencies

The technical competency requirements are set in the following areas:

- Financial Accounting
- Auditing
- Information Management
- Management Accounting
- Finance
- Taxation

## Generic Competencies

### Intellectual Qualities

#### Information technology proficiency

- Is familiar with various common computer software (e.g., word processing, spreadsheets, presentation software, internet, email).

#### Language proficiency

- Use English in both written and spoken context (e.g., presentation, discussion, report writing).
- Use Chinese in written form and Putonghua to a level required by the China business environment.

#### Analytical thinking and problem solving

- Research, access and integrate relevant information for analysis.
- Evaluate different information and apply analysis according to different contexts.
- Identify the overall purpose of work tasks and establish links between pieces of work.
- Identify problem and recognize its potential impact.
- Apply critical analysis and logical reasoning to issues and problems.
- Identify, conceptualize and structure key issues and problems.
- Use decision sciences and quantitative models and techniques (e.g., statistics, SWOT, PESTE) to solve problems and to accomplish tasks.
- Understand and consider constraints in problem solving.
- Show independence of mind and an inquisitive orientation.
- Analyze the situation and solve the problem independently as appropriate.
- Judge when to inquire further information or to seek others' input to solve a problem.
- Judge when to report or escalate the problem to senior level for their attention and action.

### Commercial Qualities

#### Commercial acumen and China focus

- Is aware of the legal and regulatory environment of business and other organizations, including the law relating to business transactions, business entities and taxation.
- Is aware of the economic environment of business, including the concepts and tools of macro and micro economics.
- Show basic understanding to other business functions (e.g. marketing, market research and strategies, operations management, services) and how they relate to the accounting function.
- See the relevance of and apply academic skills (e.g. analysis techniques, usage of figures and data) to the business context.
- Understand the social, economic, regulatory and political environment relating to business organizations in China.
- Understand the regulatory environment of accounting in China.

### **Creativity and change orientation**

- Understand the need for change and is comfortable with changes.
- Demonstrate creative thinking in approaching tasks to do things better.
- Introduce new method to improve work process.
- Embrace lifelong learning.
- Adapt to unstructured and unfamiliar problems and situations readily.
- Describe the process of change to help others adapting to changes.

## **Intrapersonal Qualities**

### **Integrity and professionalism**

- Demonstrate personal integrity and adhere to ethical conduct in practice.
- Adhere to principles and values in practice.
- Adopt a professional approach to fulfill personal and social responsibilities.

### **Drive and resilience**

- Demonstrate self-initiative and motivation to get things done.
- Is committed to life-long learning and continuous improvement.
- Is proactive in highlighting potential problems to senior level as appropriate.
- Show adaptability in approaching different people and situation.
- Handle stressful work demand effectively.
- Remain composed to deal with challenges.

### **Execution and result orientation**

- Apply time management and prioritize work tasks to get things done.
- Set goals, objectives and implement actions to complete task on time and meeting expectation.
- Is reliable and consistent in delivering commitments.
- Monitor work progress and stay on track.

## **Interpersonal Qualities**

### **Leadership and teamwork**

- Lead others to accomplish the common goal in teamwork.
- Provide direction and guidance to others to complete tasks.
- Understand organizational behavior and human resources management.
- Provide support to team members to finish tasks.

### **Communication and relationship building**

- Present arguments and thoughts in a structured, logical and systematic way, to justify the outcome or solution proposed.
- Use layman's terms to explain technical accounting terms and concepts.
- Understand negotiation processes and influence tactics.
- Establish productive working relationships with peers, supervisors and clients.
- Show active listening in interacting with peers, supervisors and clients.
- Interact with culturally and intellectually diverse people or groups in a global environment.

## Technical Competencies

### Fields of competency

The items listed in this section are shown with an indicator of the minimum acceptable level of competency, based on a three-point scale as follows:

#### 1. Awareness

To have a general academic awareness of the field with a basic understanding of relevant knowledge and related concepts.

#### 2. Knowledge

The ability to use knowledge to perform tasks competently without assistance in straightforward academic situations or applications.

#### 3. Application

The ability to apply comprehensive knowledge and a broad range of skills in an academic setting to solve most problems generally encountered.

## Financial Accounting

### Framework of financial accounting and reporting

- Explain the historical development of the accountancy profession and accounting thought. 2
- Explain the conceptual and theoretical basis of accounting. 2
- Describe the legal and reporting framework as it applies to financial accounting in Hong Kong. 2
- Describe the standard setting process and role of accounting standards, Hong Kong and International. 2
- Describe the role of accounting guidelines and other professional pronouncements and exposure drafts. 2
- Describe the financial reporting framework and standard for small and medium-sized entity. 2

### Recording and presenting financial information

- Explain the information needs of financial decision makers and the role of accounting information in addressing these needs. 3
- Apply the relevant processes to identify, gather, record, summarize and analyze financial information. 3
- Identify the components of primary financial statements. 3
- Account for transactions in accordance with Hong Kong Financial Reporting Standards. 3
- Prepare financial statements for individuals, unincorporated businesses, partnerships and companies applying relevant guidance in relation to accounting treatment of transactions. 3
- Prepare calculations for groups involving subsidiaries, associates and joint ventures. 3
- Explain the features of information systems (computerized and manual) which meet an organization's external reporting requirements. 3

### **Ethics in financial reporting**

- Explain the ethical responsibilities for professional accountants in preparing financial reports. 2
- Understand forensic accounting and various misstatements arising from fraudulent financial reporting. 1

### **Current issues and developments in financial reporting**

- Explain the corporate governance debate and its impact on financial reporting disclosures. 2
- Discuss the disclosure requirements on directors' remunerations, board composition, audit committee and their importance to corporate governance. 2
- Understand the growing emphasis and the developing needs of corporate social responsibilities. 1
- Understand the current issues in financial reporting both in Hong Kong and internationally. 1

## **Auditing**

### **Nature and purpose of auditing**

- Explain the conceptual and theoretical basis of auditing. 2
- Explain the need for and nature of third party assurance. 2
- Describe the legal and regulatory framework governing the auditing profession in Hong Kong. 2

### **Audit process and practice**

- Identify and explain audit objectives. 2
- Explain the principles of collecting and assessing audit evidence. 2
- Describe the approach to audit assignments including understanding the business, audit risk, audit methodologies, evidence, materiality, risk assessment and internal control. 2
- Describe the nature of and need for an auditor's report on financial statements. 2

### **Professional standards and guidelines**

- Demonstrate an understanding of Hong Kong Standards on Auditing. 2
- Demonstrate an understanding of the Institute's Code of Ethics for Professional Accountants as it applies to auditors. 2

### **Current issues and developments in auditing**

- Discuss current issues in auditing both in Hong Kong and internationally. 2
- Describe approaches to applying a corporate governance framework and the impact on auditing and the auditing profession. 2

## Information Management

### Information

- Explain the specific information needs of managers in different functional areas of an organization, including production, operations, marketing and sales, accounting, human resources and IT. 2
- Explain the increasing roles and responsibilities of accountants as user and owner of data and the corporate information system. 2
- Describe the opportunities and threats to corporate information system including capabilities in data treatment and analysis, data integrity, system security and issues in access restriction, and business contingency/continuity. 2
- Describe the role of information technology in solving business and accounting problems. 2

### Business systems

- Formulate appropriate information systems strategies to support implementation of business and functional strategies. 2
- Use the system development life cycle to plan, design, implement, and evaluate an IT system. 2
- Describe the application of information technology to accounting systems and the generation, reporting, internal control and attestation of accounting information. 2
- Recognize and understand the roles of accountants in all stages of the system development life cycle: systems analysis; systems design; systems implementation; and systems operation and maintenance. 2

### Financial information

- Demonstrate an understanding of the behavioural issues of implementing information systems in organizations. 2
- Describe how change management can contribute to successful implementation of information systems. 2

## Management Accounting

### Role and purpose of management accounting

- Explain the features and uses of business information. 2
- Describe the role of management accounting in organizations. 2
- Describe theories and principles of management control. 2

### Budgeting and forecasting

- Describe the principles of budgeting. 2
- Prepare budgets and explain variances. 3
- Prepare and explain forecasts and projections. 3

### Cost accounting

- Explain the classification of costs and revenues. 2
- Apply alternative costing techniques to products and services and explain variances. 3
- Apply contribution analysis in decision making. 3

### Performance measurement

- Identify and explain performance measurement needs. 2
- Calculate and explain the performance of products and business segments. 3
- Describe the use of financial and non-financial indicators in performance measurement. 3
- Describe the leading models of performance measurement system including triple bottom line management and balanced scorecard. 1

### Pricing strategies and decisions

- State the factors affecting pricing policies and describe pricing strategies. 2
- Apply the different approaches of pricing products and services considering external market factors and internal cost structures. 3

### Working capital management

- Describe the principles of working capital management. 2
- Apply the procedures involved in working capital management to calculate the funding requirements for working capital of different types of organizations. 3

### Strategic management accounting

- Explain current issues in strategic management accounting. 2
- Explain the linkages between management accounting and the strategic management of an organization. 2
- Describe the business planning processes including the development of corporate strategic plans. 2
- Explain organizational changes methodologies and processes and variations in business models. 2
- Describe strategic cost management techniques, including just-in-time (JIT) and total quality management (TQM) concepts, product life cycle costing, target costing, quality costing, theory of constraints and throughput analysis. 2

## Finance

### Financial environment

- Describe the financial environment in which an entity operates. 2
- Describe the structure of Hong Kong equity and debt markets and its financial and banking system. 2
- Explain the role of treasury management and describe its responsibilities and activities. 2

### Sources of finance and capital structure

- Explain the different sources of finance. 2
- Identify and explain the advantages and risks associated with both debt and equity finance. 2
- Explain and perform calculations using the theory of capital markets including: portfolio theory; capital asset pricing model; cost of capital; Modigliani Miller theories; and efficient market hypothesis. 2
- Understand the use of financial products, including derivatives, in relation to corporate financing and risk management. 1
- Use of external expert for advisory on transaction services for fund raising. 1

### Capital investment appraisal

- Analyze strengths and weaknesses of different project appraisal techniques. 3
- Apply different appraisal techniques to evaluate capital investment projects including payback accounting rate of return net present value and internal rate of return. 3
- Describe the impact of taxation, inflation, risk and uncertainty in capital investment appraisal. 3

### Financial forecasting and planning

- Prepare business plans for an organization. 2
- Prepare cash flow and profit projections for a business. 3

### Financial analysis

- Identify and calculate main stock exchange indicators. 2
- Calculate and explain main ratios used in internal financial management. 3

## Taxation

### Overview of taxation system

- Describe the key aspects of the tax system in Hong Kong including tax administration. 2
- Identify the various types of taxation and tax bases applicable in Hong Kong. 2
- Describe the criteria for ascertaining chargeability for all major taxes. 2
- Explain basic tax planning issues. 2

### Tax computation

- For straightforward transactions and situations, calculate and advise on tax liabilities for individuals, unincorporated businesses, partnerships and companies arising from: 3
  - Salaries tax;
  - Profits tax;
  - Stamp duty; and
  - Property tax.

**QP pre-entry education  
competency requirements for sub-degree holders  
(professional bridging examination)**

## Overview

This competency set consists of two parts: generic competencies and technical competencies. It defines the knowledge, skills and ability that candidates should possess at the point of entering the Hong Kong Institute of Certified Public Accountants (HKICPA) Qualification Programme (QP). This set is applicable to entrants through Professional Bridging Examination.

### Table of content

#### Generic competencies

The generic competency requirements are set in the following areas:

- Intellectual Qualities
- Commercial Qualities
- Intrapersonal Qualities
- Interpersonal Qualities

#### Technical competencies

The technical competency requirements are set in the following areas:

- Paper I: PBE Financial Accounting
- Paper II: PBE Management Accounting and Finance
- Paper III: PBE Auditing and Information Systems
- Paper IV: PBE Business Law and Taxation

## Generic Competencies

### Intellectual Qualities

#### Information technology proficiency

- Is familiar with various common computer software (e.g., word processing, spreadsheets, presentation software, internet, email).

#### Language proficiency

- Use English in both written and spoken context (e.g., presentation, discussion, report writing).
- Use Chinese in written form and Putonghua to a level required by the China business environment.

#### Analytical thinking and problem solving

- Research, access and integrate relevant information for analysis.
- Evaluate different information and apply analysis according to different contexts.
- Identify the overall purpose of work tasks and establish links between pieces of work.
- Identify problem and recognize its potential impact.
- Apply critical analysis and logical reasoning to issues and problems.
- Identify, conceptualize and structure key issues and problems.
- Use decision sciences and quantitative models and techniques (e.g., statistics, SWOT, PESTE) to solve problems and to accomplish tasks.
- Understand and consider constraints in problem solving.
- Show independence of mind and an inquisitive orientation.
- Analyze the situation and solve the problem independently as appropriate.
- Judge when to inquire further information or to seek others' input to solve a problem.
- Judge when to report or escalate the problem to senior level for their attention and action.

### Commercial Qualities

#### Commercial acumen and China focus

- Is aware of the legal and regulatory environment of business and other organizations, including the law relating to business transactions, business entities and taxation.
- Is aware of the economic environment of business, including the concepts and tools of macro and micro economics.
- Show basic understanding to other business functions (e.g., marketing, market research and strategies, operations management, services) and how they relate to the accounting function.
- See the relevance of and apply academic skills (e.g., analysis techniques, usage of figures and data) to the business context.
- Understand the social, economic, regulatory and political environment relating to business organizations in China.
- Understand the regulatory environment of accounting in China.

### **Creativity and change orientation**

- Understand the need for change and is comfortable with changes.
- Demonstrate creative thinking in approaching tasks to do things better.
- Introduce new method to improve work process.
- Embrace lifelong learning.
- Adapt to unstructured and unfamiliar problems and situations readily.
- Describe the process of change to help others adapting to changes.

## **Intrapersonal Qualities**

### **Integrity and professionalism**

- Demonstrate personal integrity and adhere to ethical conduct in practice.
- Adhere to principles and values in practice.
- Adopt a professional approach to fulfill personal and social responsibilities.

### **Drive and resilience**

- Demonstrate self-initiative and motivation to get things done.
- Is committed to life-long learning and continuous improvement.
- Is proactive in highlighting potential problems to senior level as appropriate.
- Show adaptability in approaching different people and situation.
- Handle stressful work demand effectively.
- Remain composed to deal with challenges.

### **Execution and result orientation**

- Apply time management and prioritize work tasks to get things done.
- Set goals, objectives and implement actions to complete task on time and meeting expectation.
- Is reliable and consistent in delivering commitments.
- Monitor work progress and stay on track.

## **Interpersonal Qualities**

### **Leadership and teamwork**

- Lead others to accomplish the common goal in teamwork.
- Provide direction and guidance to others to complete tasks.
- Understand organizational behavior and human resources management.
- Provide support to team members to finish tasks.

### **Communication and relationship building**

- Present arguments and thoughts in a structured, logical and systematic way, to justify the outcome or solution proposed.
- Use layman's terms to explain technical accounting terms and concepts.
- Understand negotiation processes and influence tactics.
- Establish productive working relationships with peers, supervisors and clients.
- Show active listening in interacting with peers, supervisors and clients.
- Interact with culturally and intellectually diverse people or groups in a global environment.

## Technical Competencies

### Fields of competency

The items listed in this section are shown with an indicator of the minimum acceptable level of competency, based on a three-point scale as follows:

#### 1. Awareness

To have a general academic awareness of the field with a basic understanding of relevant knowledge and related concepts.

#### 2. Knowledge

The ability to use knowledge to perform tasks competently without assistance in straightforward business situations or applications.

#### 3. Application

The ability to apply comprehensive knowledge and a broad range of skills in a business setting to solve most problems generally encountered.

### Paper I: PBE Financial Accounting

This subject aims to assess students' detailed and in-depth understanding of the principles and practices in certain more advanced areas in financial reporting and examining their knowledge of the ethical issues and current developments in financial reporting.

#### Framework of financial accounting and reporting

- Describe the regulatory framework in Hong Kong. 2
- Identify and explain the accounting theories and principles. 2
- Describe the framework for the presentation of the financial statements. 2
- Describe the financial reporting framework and standard for small and medium-sized entity. 2

## Accounting for business transactions

Account for transactions in accordance with Hong Kong Financial Reporting Standards:

- Accounting policies, changes in accounting estimates and errors 3
- Revenue 3
- Government grants and assistance 2
- Employee benefits 2
- Share-based payment 2
- Inventories 2
- Property, plant and equipment 3
- Intangible assets 3
- Investment property 3
- Financial assets, financial liabilities and equity instruments 2
- Borrowing costs 3
- Impairment of assets 3
- Leases 2
- Events after the reporting period 3
- Provisions, contingent liabilities and contingent assets 2
- Income taxes 2
- The effects of changes in foreign exchange rates 2
- Related party disclosures 2
- Non-current assets held for sale and discontinued operations 2
- Earnings per share 3
- Interim financial reporting 1

## Preparation and presentation of financial statements

- Describe the basis of preparation and presentation of financial statements. 2
- Understand the regulatory framework of consolidated financial statements. 1
- Prepare financial statements in accordance with Hong Kong Financial Reporting Standards for:
  - subsidiaries; 3
  - investments in associates; and 3
  - interests in joint ventures. 3
- Explain the features of information systems (computerized and manual) which meet an organization's external reporting requirements. 3

## Ethics in financial reporting

- Explain the ethical responsibilities for professional accountants in preparing financial reports. 2
- Understand forensic accounting and various misstatements arising from fraudulent financial reporting. 1

### **Current issues and developments in financial reporting**

- Explain the corporate governance debate and its impact on financial reporting disclosures. 2
- Discuss the disclosure requirements on directors' remunerations, board composition, audit committee and their importance to corporate governance. 2
- Understand the growing emphasis and the developing needs of corporate social responsibilities. 1
- Understand the current issues in financial reporting both in Hong Kong and internationally. 1

### **Paper II: PBE Management Accounting and Finance**

This subject aims to test students' ability to apply relevant management accounting and financial management principles and techniques in analyzing and providing business information to management for the purposes of planning, control, performance evaluation and decision-making.

#### **Strategic management accounting framework**

- Understand the basic concepts of strategic management and corporate governance. 1
- Identify and explain the processes in strategic management, including environmental scanning and SWOT analyzes, value chain analysis, strategy formulation, strategy implementation, and evaluation and control. 2
- Understand the objectives and roles (traditional and contemporary) of management accounting. 1
- Understand the nature and effectiveness of management and internal control systems. 1
- Apply the strategic cost management techniques, including just-in-time (JIT) and total quality management (TQM) concepts, activity-based costing (ABC), product life cycle costing, target costing, quality costing, theory of constraints and throughput analysis. 3
- Explain organizational changes methodologies and processes and variations in business models. 2

#### **Managerial decision making**

- Apply relevant cost concept in decision making. 3
- Apply different approaches of pricing products and services based on external market factors and internal cost structure. 3
- Apply product, customer and supplier profitability analysis based on pre-determined cost behaviour (fixed, variable, activity-based). 3
- Apply different transfer pricing methods, including cost-based, market-based and negotiated transfer prices. 3

### **Information for performance measurement**

- Explain the advantages and disadvantages of decentralization in a sizable organization. 3
- Identify different types of responsibility centres, including cost centres, revenues centres, profit centres and investment centres, and explain how to evaluate the performance of these centres. 3
- Prepare segment reports showing performance and profitability of different segments. 3
- Evaluate the limitations of financial measures such as return on investments (ROI), residual income (RI), economic value added (EVA). 3
- Explain and illustrate non-financial measures and its relationship with financial measures. 3
- Describe the leading models of performance measurement system including triple bottom line management and balanced scorecard. 1

### **Financial management framework**

- Describe the objectives and scope of financial management and its relationship with financial accounting and management accounting. 2
- Describe how the different objectives of multiple stakeholders create the agency problem in financial management and the ways to solve these problems. 2
- Identify the financial and non-financial objectives of both for-profit and not-for-profit organizations. 2
- Describe the characteristics of financial and capital markets in Hong Kong and overseas. 2
- Explain the efficient market hypothesis and its implications for financial management. 3
- Describe the role of treasury management and its responsibilities and activities. 2

### **Risk analysis and management**

- Explain business (operating) risk and financial risk and understand their respective measurements. 3
- Evaluate the risk and return relationship for individual securities and a portfolio of securities, and the capital asset pricing model (CAPM). 3
- Calculate the cost of equity, cost of debt and the weighted average cost of capital (WACC). 3

### **Capital investment appraisal**

- Apply different appraisal techniques to evaluate capital investment projects. 3
- Explain the effects of and the approaches to deal with taxation, inflation, risk and uncertainty in capital investment appraisal. 3
- Apply the discounted cash flow analysis in making lease or buy decisions and asset replacement decisions. 3

### **Sources of finance and capital structure**

- Explain the different sources of finance. 2
- Explain the advantages and disadvantages of both equity and debt financing. 3
- Illustrate the financial implications of dividend policy and explain the arguments for and against the relevancy of dividend policy. 3
- Explain and illustrate the impact of financial gearing on the returns to shareholders. 3
- Explain the theories of capital structure: Modigliani and Miller propositions and pecking order theory. 3
- Understand the use of financial products, including derivatives, in relation to corporate financing and risk management. 1
- Use of external expert for advisory on transaction services for fund raising. 1

### **Working capital management**

- Describe the nature and scope of working capital management and its relationship with business insolvency. 2
- Calculate the funding requirements for working capital of different types of organizations. 3
- Calculate and explain the measures of effective working capital management, including liquidity ratios and the length of operating cycle. 3
- Describe the techniques of managing working capital. 3

### **Financial analysis**

- Identify and calculate main stock exchange indicators. 2
- Calculate and explain main ratios used in internal financial management. 3

### **Financial forecasting and planning**

- Prepare business plans for an organization. 2
- Prepare cash flow and profit projections for a business. 3

## **Paper III: PBE Auditing and Information Systems**

This subject aims to provide students with a general knowledge of the regulatory, legal and reporting framework of auditing in Hong Kong and an understanding of the basic principles of auditing. It also aims to test students' ability to understand information as a key resource and asset of all kinds of organizations and to appreciate how management information systems with the appropriate technologies can create value and improve the competitive advantage of organizations.

### **Auditing**

#### **Nature and purpose of auditing**

- Describe the roles and responsibilities of auditors. 3
- Explain the statutory requirements for audits. 3
- Distinguish between business failure, audit failure, and audit risk. 2
- Discuss consideration of negligence and fraud faced by auditors. 2
- Describe auditors' liability to clients and third parties. 2
- Describe approaches to applying a corporate governance framework and the impact on auditing and the auditing profession. 2

## **Audit approach**

- Demonstrate an understanding in the design of an audit approach. 2
- Demonstrate an understanding of the importance of sufficient and appropriate audit evidence. 2
  - Formulate the overall audit plan and audit programme. 2
  - Describe the use of audit sampling for tests of controls. 2
  - Describe the use of audit sampling for tests of details of balances. 2
  - Demonstrate an understanding of the audit of computerized systems. 2

## **Audit procedures**

- Describe audit planning process and its documentation. 2
- Explain the relationship between materiality and risk. 2
- Describe the tests of controls and substantive tests of transactions applicable to the audit of:
  - sales and collection; 2
  - purchase and payment; 2
  - payroll and personnel; 2
  - debtors and prepayments; 2
  - Inventory and production; 2
  - creditors and accrued liabilities; 2
  - fixed assets; and 2
  - cash and cash equivalent and loan balances. 2
- Demonstrate an understanding of the major actions involved during the completion of an audit. 2

## **Audit report**

- Describe the basis of audit reports. 2
- Evaluate circumstances that require modification to a standard unqualified audit report. 2
- Evaluate circumstances that require the auditor to express qualified opinions. 2
- Explain the concept of "true and fair". 2

## **Information systems**

### **Information systems development**

- Demonstrate an understanding of information systems strategies. 2
- Describe systems development process. 2
- Explain the increasing roles and responsibilities of accountants as user and owner of data and the corporate information system. 2
- Describe the opportunities and threats to corporate information system including capabilities in data treatment and analysis, data integrity, system security and issues in access restriction, and business contingency/continuity. 2

## Paper IV: PBE Business Law and Taxation

This subject aims to provide students with an awareness of the overall legal framework in which businesses in Hong Kong operate so as to enable them to apply the relevant laws and practices to business problems and practical situations. It also aims to test students' ability to understand the taxation system in Hong Kong and taxation computation and basic tax planning.

### Hong Kong legal system

- Describe the need for law. 3
- Describe the constitutional framework applying in Hong Kong society. 3
- Explain the differences between legislation and case law. 2

### General principles of contract law

- Describe the effects of different means of communications of acceptance. 3
- Explain the meaning of intention to enter into legal relations. 3
- Describe the effect of illegality. 3
- Explain the circumstances in which specific performance and injunctions may be suitable remedies. 2

### Law of Tort

- Describe the importance of the duty of care. 2
- Explain the concepts of damages and defences as they relate to negligence. 2
- Describe employers' liability, occupiers' liability and vicarious liability. 2

### Employment laws

- Explain the scope of the Employment Ordinance. 2
- Identify who is classified as an employee. 2
- Explain the key provisions of the Employment Ordinance. 2
- Describe the process of a hearing in the Labour Tribunal. 2
- Explain the key provisions of Sex Discrimination Ordinance, Disability Discrimination Ordinance and Family Status Discrimination Ordinance. 2

### Bribery and corruption laws

- Explain the scope of the Prevention of Bribery Ordinance. 2
- Explain the key provisions of the Prevention of Bribery Ordinance. 2
- Describe the role of the Independent Commission Against Corruption (ICAC). 2
- Explain the obligations under the money laundering legislation. 2

### The principal forms of ownership of business

- Explain the liability attaching to partners. 3
- Explain the key provisions to be included in joint venture agreements. 3
- Explain the concept of limited liability. 3
- Explain the registration obligations under the Business Registration Ordinance. 3
- Explain non-Hong Kong company provisions under Companies Ordinance. 3

### **Company law: company formation**

- Describe the procedures in the formation of a registered company. 3
- Explain the relevance of the provisions contained in the company's memorandum. 3
- Explain the content of Table A/other chosen Articles of Association. 3
- Describe the requirements for record keeping. 3

### **Capital and financing of companies**

- Differentiate between different classes of share capital. 2
- Distinguish between fixed and floating charges. 2
- Explain how a company may alter its share capital. 2
- Explain the priority of different types of charges in the event of receivership and winding up. 2
- Explain the importance of maintenance of capital. 2

### **Administration of companies**

- Describe how directors are appointed and removed. 3
- Explain the fiduciary duties of directors. 3
- Explain the duty of care and skill owed by a director to his company. 3
- Distinguish between the business of the company decided by directors and matters requiring the approval of the shareholders in general meeting. 2

### **Liquidation**

- Describe the types of liquidation. 3
- Explain the roles of liquidators. 3
- Describe the procedures for liquidation. 3

### **Overview of taxation system**

- Describe the key aspects of the tax system in Hong Kong including tax administration. 2
- Describe the various types of taxation and tax bases applicable in Hong Kong. 2
- Describe the criteria for ascertaining chargeability for all major taxes. 2
- Explain basic tax planning issues. 2

### **Tax computation**

- For straightforward transactions and situations, calculate and advise on tax liabilities for individuals, unincorporated businesses, partnerships and companies. 3

## **QP education competency requirements (modules and final examination)**

## Overview

Qualification Programme (QP) comprises four modules and a final examination. The coverage of each module is defined in competency-based terms. Competencies are set at the level of the newly-qualified professional accountant. Each unit of competency within a module is listed, together with an indication of the main related areas of skills and knowledge. Each of these is assigned a numerical indicator as a guide to the applicable level of competency.

### Table of content

The modules and final examination competency requirements are set in the following areas:

- Module A: Financial Reporting
- Module B: Corporate Financing
- Module C: Business Assurance
- Module D: Taxation
- Final Examination

## Fields of competency

The items listed in this section are shown with an indicator of the minimum acceptable level of competency, based on a three-point scale as follows:

### 1. Awareness

To have a general professional awareness of the field with a basic understanding of relevant knowledge and related concepts.

### 2. Knowledge

The ability to use knowledge to perform professional tasks competently without assistance in straightforward situations or applications.

### 3. Application

The ability to apply comprehensive knowledge and a broad range of professional skills in a practical setting to solve most problems generally encountered in practice.

## Module A – Financial Reporting

### Legal environment

Describe the Hong Kong legal framework and related implications for business activities:

- Types and relative advantage of alternative forms of organization 2
- Legal procedures for establishment and governance of companies 2

Describe the obligations of directors and officers of companies:

- Powers, duties and obligations of directors and company secretaries 2

Describe the legal requirements associated with company structure, share offerings, debt obligations and restructuring:

- Share issues and prospectus requirements 2
- Debt instruments and registration of charges 2
- Statutory reporting and documentation requirements 3
- Appointment and removal of auditors 3
- Restructuring, including appointment of receivers and liquidators 1

### Financial reporting framework

Describe the financial reporting framework in Hong Kong and the related implications for business activities:

- The role and setting of accounting standards 2
- Hong Kong Financial Reporting Standards 2
- Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard 2
- Code of Ethics for Professional Accountants 3
- Hong Kong (IFRIC) Interpretations, Hong Kong Interpretations and Hong Kong (SIC) Interpretations 2
- Other professional pronouncements and exposure drafts 2
- Regulatory bodies and their impact on accounting 2
- Accounting principles and conceptual frameworks 2
- Current developments 2

## Accounting for business transactions

Account for transactions in accordance with Hong Kong Financial Reporting Standards:

• Accounting policies, changes in accounting estimates and errors	3
• Revenue	3
• Government grants and assistance	3
• Employee benefits	2
• Share-based payment	2
• Inventories	3
• Construction contracts	3
• Property, plant and equipment	3
• Intangible assets	3
• Investment property	3
• Financial assets, financial liabilities and equity instruments	2
• Borrowing costs	3
• Impairment of assets	3
• Leases	3
• Events after the reporting period	3
• Provisions, contingent liabilities and contingent assets	3
• Hedge accounting	2
• Income taxes	2
• The effects of changes in foreign exchange rates	2
• Related party disclosures	3
• Non-current assets held for sale and discontinued operations	3
• Earnings per share	3
• Operating segments	3
• Interim financial reporting	3

## Preparation and presentation of financial statements

Prepare the financial statements for an individual entity in accordance with Hong Kong Financial Reporting Standards and statutory reporting requirements:

• Primary financial statement preparation	3
• Financial statement disclosure requirements	3

Prepare the financial statements for a group in accordance with Hong Kong Financial Reporting Standards and statutory reporting requirements:

• Principles of consolidation	3
• Acquisition of subsidiaries	3
• Disposal of subsidiaries	3
• Business combinations	3
• Investments in associates	3
• Interests in joint ventures	3
• Primary financial statement preparation	3
• Financial statement disclosure requirements	3
• Merger accounting for common control combinations	2

## Module B – Corporate Financing

### Strategic management

Analyze and advise upon an organizations' strategy:

- Strategy formation process, including data gathering structures, SWOT analysis and PESTE analysis 3
- Project appraisal techniques and process 3
- Post-appraisal audit of projects 3

### Performance control

Design, implement and review of performance measurement and control systems in organizations:

- Performance measurement systems 3
- Performance indicators and measures for organizational units 3
- Cost measurement and analysis in service and manufacturing environments 2
- Management of intra- and inter-organizational relationships 2
- Behavioural and ethical aspects of control systems 3

### Financial analysis

Analyze and advise upon an organizations' financial strategy:

- Business plans 2
- Cash flow statements 3
- Profitability projections 3
- Liquidity and solvency positions 2
- Sensitivity analysis 3

### Short and medium term financial management

Identify and evaluate the short and medium term financial requirements of an organization:

- Cash management and forecasting 3
- Financial markets 2
- Working capital management 3

### Treasury function

Outline the objectives and operation of a treasury function in an organization:

- Objectives and internal management 2
- Information systems – internal and external 2
- Controls 2
- Governance, audit and reporting 2
- Relationship management 2

### Long term financial management

Identify and evaluate the long term financial management position of a business and advise on relevant sources of finance and funding methods:

- Capital structure 3
- Cost of capital 3
- Dividend decisions 3
- Raising finance 2
- Corporate debt securities 2

## **Risk identification and management**

Identify risks which a business is exposed to and apply appropriate risk management strategies:

- Concept of financial risk and return 3
- Identification and evaluation of business and financial risk 3
- Measurement of risk 2
- Risk management including the use of financial products, including derivatives 2

## **Business valuations**

Perform calculations and provide advice relating to the valuation of businesses:

- Company valuations 2
- Mergers and acquisitions 2
- Disposals 2

## **Business combinations**

Discuss possible reasons for business combinations and the perceived advantages and disadvantages:

- Regulation of takeovers and mergers 2
- Due diligence 2
- Context of takeover bid 2
- Role of the professional adviser 2

## **Regulatory environment**

Discuss the regulatory environment and where appropriate apply ethical standards and professional and industry guidance:

- The Institute's Code of Ethics for Professional Accountants 2
- Industry codes of conduct 2
- Stock Exchange regulation and reporting requirements 2

## **Business failure and insolvency**

Identify and explain the key issues relating to business failure and insolvency:

- Key factors which lead to business failures 2
- Common finance and treasury problem areas 2
- Provision of basic advice on insolvency 2

## **Corporate reorganization and change**

Identify and explain the key issues relating to methods of change to corporate structures:

- Divestment 2
- Demerger 2
- Public to private (delisting) 2
- Management buy-out and mechanics 2
- Alterations to capital 2

## Module C – Business Assurance

### Professional standards and guidance

Identify and where appropriate apply ethical standards, legislation and professional guidance:

- The Institute's Code of Ethics for Professional Accountants 3
- Professional Standards and guidance 3
- Legal and regulatory framework governing the profession 3

### Assurance engagements

Apply relevant Hong Kong Standards on Quality Control, Auditing, Assurance and Related Services, guidance and legislation to plan, perform and complete assurance engagements including the audits of financial statements with emphases on:

- Audit requirements for a complete set of general purpose financial statements 3
- Other assurance engagement requirements 2
- Client and engagement acceptance procedures 3
- Audit methodologies 3
- Planning and risk assessment 3
- Quality control considerations 3
- Documentation 3
- Materiality 3
- Audit procedures 3
- Audit evidence 3
- Internal audit 2
- Completion procedures 3
- Reporting 3

### Corporate governance

Describe current developments and issues in corporate governance and explain the impact that will have on management, assurance engagements and auditors' responsibilities:

- Background to corporate governance developments 2
- Key issues relating to corporate governance including directors' remunerations, board composition, audit committee and non-controlling interest 2
- Management's responsibilities to comply with corporate governance requirements and to implement related practices 3
- Auditors' responsibilities to consider and address corporate governance requirements 3
- Implications of overseas legislation such as Sarbanes-Oxley Act on HK companies and auditors 2

### Computerized business systems

Discuss the features of computerized business systems and assess and advise on risk and control frameworks:

- Key features of a computerized business system 3
- Categories and types of controls 3
- Impact of increasing use and share of ownership by accountants in corporate information system 2
- Impact of e-commerce 3
- Opportunities and threats to corporate information system including capabilities in data treatment and analysis, data integrity, system security and issues in access restriction, and business contingency/continuity 2
- Risk and control framework 3
- Internal audit 3
- System change processes 2
- Risk assessment and evaluation of IT processes 2

## Module D – Taxation

### Overview of the taxation system and administration of taxes

Describe the key aspects of the tax system in Hong Kong:

- Principles of taxation 2
- Types of tax 2
- Structure and procedures of Inland Revenue Department 2
- Duties and powers of officers of Inland Revenue Department; official secrecy 2
- Duties and liabilities of a taxpayer or his agent or an executor 2
- Sources of Hong Kong tax law – statute, case law, Board of Review decisions 3
- Interpretation of tax statutes 3
- The Basic Law 3
- Departmental interpretation and practice notes 3
- Returns, offences and penalties 2
- Assessments, additional assessments and provisional assessments 3
- Payment, recovery, hold-over and refund of taxes 2
- Objections and appeals 3
- Board of Review 3
- Board of Inland Revenue 2
- Tax investigation 2

### Taxes in Hong Kong

Interpret and apply rules of major taxes as they impact and interact on transactions, individuals and organizations and ascertain related tax liabilities:

#### Tax on property income:

- Scope of property tax charge 2
- Chargeable property and owners of land and/or buildings 2
- Ascertainment of assessable value and property tax liability 3

**Salaries tax on employees and directors:**

- Scope of salaries tax charge 2
- Expenses and deductions 3
- Time basis assessment 3
- Personal allowances 2
- Benefits in kind, housing benefit, share options 3
- Treatment of lump sum receipts and losses 2
- Separate taxation on spouses and joint assessment 2
- Ascertainment of salaries tax liability 3

**Personal assessment:**

- Election for personal assessment 2
- Computation of total income and tax payable 2

**Taxation of businesses:**

- Scope of profits tax charge 3
- Badges of trade 3
- Source of business profits 3
- Deemed trading receipts 3
- General deductions and specific deductions 3
- Distinction between capital and revenue items 2
- Computation and treatment of losses 2
- Post cessation receipts and payments 2
- Sharkey v. Wernher principle 2
- Financial instruments 3
- Exemption for offshore funds 3
- Ascertainment of profits tax liability 3
- Partnerships and allocation of profit/loss 2
- Depreciation allowances: plant and machinery 2
- Depreciation allowances: industrial buildings and commercial buildings 2
- Arrangement between the Mainland of China and HKSAR 3

**Stamp duty:**

- Scope of charge 2
- Conveyance on sale of immovable property 3
- Agreement for sale of residential immovable property 3
- Lease of immovable property 3
- Hong Kong stock 3
- Voluntary disposition inter vivos 3
- Exemptions and reliefs 3
- Adjudication, assessment and administration 2
- Stamp duty planning 3

**Tax planning:**

- Anti-avoidance provisions in the Inland Revenue Ordinance 3
- Ramsay principle 3
- Offences and penalties 3
- Advance ruling 2
- Double taxation relief 2
- Hong Kong tax planning 3

**Tax and the professional accountant**

Describe the role of the Professional Accountant in tax management:

- Professional and ethical standards 3
- Relationship with tax authority and the law 2

**Overview of China tax system**

Understand the key aspects of the tax system in China:

- Overview of China tax system including VAT, consumption tax and business tax 1

**Final Examination**

On completion of the education programme for the Final Examination candidates will be able to:

- Integrate and apply the knowledge and skills developed in the individual module syllabuses.
- Develop appropriate professional solutions to multi-faceted problems using skills in judgement, analysis, communication and presentation.
- Communicate and present solutions to business problems in an appropriate format.
- Formulate advice appropriate to the circumstances.
- Demonstrate an understanding of the fundamental principles of ethics and related decision making.
- Apply the code of ethics to different business circumstances.

## **QP Practical experience competency requirements**

## Overview

This competency set extends the competency requirements already applied to prerequisite academic qualification and the Qualification Programme (QP) to the daily work of the registered students. Both technical or accounting-related and broader generic competencies such as communication skills are defined. Provision is made for the widest possible range of eligible practical experience, while still retaining a common core in the fundamentals of accounting.

### Table of content

#### Technical competencies

The main technical areas where experience is gained are:

- Financial accounting and external reporting
- Auditing and internal auditing
- Financial management
- Taxation

In addition, three other areas are also defined as areas where a significant proportion of members gained practical experience:

- Management accounting
- Information management and technology
- Insolvency

Competency standards are defined in terms of:

- the stage of completion of the period of practical experience (two categories: basic and principal); and
- the level of attainment of the skill (three levels: supervised, independent and leader).

#### Generic competencies

In addition to the technical competencies, registered students will have to acquire generic skills during the completion of basic and principal levels of practical experience.

These generic competencies are grouped into the following skill areas:

- Creative thinking, reasoning and analysis
- Communications and interpersonal relationships
- Organization-specific competencies
- Personal and behavioural
- Information technology

## Competencies Framework

### Technical Competencies

Practical Experience Components		
Competency required		
Fundamentals of accounting *3 out of 4 units have to be attained.		Minimum Level attained
<b>Unit</b>		<b>Basic</b>
1	<p><b>Able to identify and apply relevant accounting standards and pronouncements to a given task or situation relating to the preparation, presentation and reporting of information, both past and projected</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Maintain awareness of all accounting standards and pronouncements.</li> <li>• Identify standards and pronouncements relevant to the individual situation.</li> <li>• Apply relevant standards and pronouncements appropriately to the task.</li> </ul>	I
2	<p><b>Able to prepare or analyze the annual reports of a company or other substantial organizations, including determination of accounting policies, appropriate selection and verification of input data, presentation and compliance, within required time frames</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Determine the accounting policies of the organization.</li> <li>• Evaluate information systems required to provide required input data for reliability, timeliness and completeness.</li> <li>• Select appropriate data and prepare reports in required format.</li> <li>• Arrange dissemination of reports in accordance with requirements and policies.</li> </ul>	S
3	<p><b>Able to evaluate accounting and information systems</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Review and analyze specifications of information systems.</li> <li>• Review operation of information systems and evaluate reliability of outputs.</li> <li>• Understand source and methods of acquiring necessary inputs.</li> <li>• Maintain ability to operate information systems effectively and to evaluate specific outputs required.</li> </ul>	I
4	<p><b>Able to analyze and explain variances between budgeted and actual financial results, including appropriate use of non-financial indicators</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Understand basis for preparation of projected results.</li> <li>• Verify actual results and compare with projected results to identify variances.</li> <li>• Analyze individual factors responsible for each significant variance, including non-financial influences, and reconcile both sets of results.</li> <li>• Report and explain findings in a form appropriate to the organization concerned.</li> </ul>	I

Key: S = Supervised; I = Independent; L = Leader

<b>Practical Experience Components</b>				
<b>Competency required</b>				
<b>Financial accounting and external reporting</b>			<b>Minimum Level attained</b>	
<b>Unit</b>		<b>Basic</b>	<b>Principal</b>	
1	<p><b>Able to apply accounting standards</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Maintain awareness of all accounting standards and pronouncements.</li> <li>• Identify standards and pronouncements relevant to the individual task.</li> <li>• Apply relevant standards and pronouncements appropriately to the task.</li> <li>• Understand and maintain a current knowledge of the source of all reporting requirements.</li> <li>• Identify potential areas of conflict or ambiguity in applying the various requirements.</li> </ul>	I	I	
2	<p><b>Able to prepare annual reports or financial statements</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Determine the external reporting policies of the organization.</li> <li>• Evaluate information systems required to provide required input data for reliability, timeliness and completeness.</li> <li>• Select appropriate data and prepare reports in required format.</li> <li>• Arrange dissemination of reports in accordance with requirements and policies.</li> </ul>	S		
3a	<p><b>Able to evaluate accounting and information systems</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Review and analyze specifications of information systems.</li> <li>• Review operation of information system and evaluate reliability of outputs.</li> <li>• Understand source and methods of acquiring necessary inputs.</li> <li>• Maintain ability to operate information system effectively and to evaluate specific outputs required.</li> </ul>	I	I	
3b	<p><b>Able to develop accounting and information systems which meet an organization's financial reporting requirements</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Maintain an awareness of the current developments in information technology, with a working knowledge of alternative processing methods, including manual, mechanical and various computer-based systems.</li> <li>• Review operation of information systems and evaluate in terms of user needs, reliability of outputs and adequacy of controls and security.</li> <li>• Ensure the adequacy of all required financial accounting records and outputs, including payroll, accounts receivable and invoicing, accounts payable and payments applications, as well as financial reports.</li> <li>• Understand source and methods of acquiring their validation.</li> <li>• Contribute from an accounting and internal control perspective to the design and specification of new or amended information systems.</li> <li>• Contribute to the organized, timely and effective implementation of new or revised information systems, including associated staff training.</li> </ul>		I	

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<b>Practical Experience Components</b>			
<b>Competency required</b>			
<b>Financial accounting and external reporting</b> <i>(Continued)</i>			<b>Minimum Level attained</b>
<b>Unit</b>		<b>Basic</b>	<b>Principal</b>
4	<p><b>Able to explain result variances</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Understand basis for preparation of projected results.</li> <li>• Verify actual results and compare with projected results to identify variances.</li> <li>• Analyze individual factors responsible for each significant variances, including non-financial influences and reconcile both sets of results.</li> <li>• Report and explain findings in a form appropriate to the organization concerned.</li> </ul>	I	
5	<p><b>Able to determine the external reporting policies and prepare reports</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Determine the external reporting policies of the organization.</li> <li>• Evaluate information systems required to provide required input data for reliability, timeliness and completeness.</li> <li>• Select appropriate data and prepare reports in required format, including, where applicable, group accounts.</li> <li>• Arrange dissemination of reports in accordance with requirements and policies.</li> </ul>		I
6	<p><b>Able to manage external reporting as a functional area within the organization</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Identification of critical tasks.</li> <li>• Review of external reports in relation to user needs and regulatory requirements.</li> <li>• Review of process of conversion of data into external reports.</li> </ul>		I

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<b>Practical Experience Components</b>			
<b>Competency required</b>			
<b>Auditing and internal auditing</b>			<b>Minimum Level attained</b>
<b>Unit</b>		<b>Basic</b>	<b>Principal</b>
1	<p><b>Able to implement audit procedures</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Establish scope, objective and terms of reference of the audit assignment.</li> <li>• Establish familiarity with the nature and activities of the subject organization, including information systems, relevant documentation, results of previous audits or reviews.</li> <li>• Establish (and, where appropriate, plan) the required audit process, including documentation.</li> <li>• Implement audit process in relation to specific financial representations and non-financial representations.</li> <li>• Report audit results in an appropriate form to relevant recipients, using both oral and written communication.</li> <li>• Having defined the scope, objective and terms of reference of the audit assignment establish familiarity with the nature and activities of the subject organization, including information systems, relevant documentation, results of previous audits or reviews.</li> <li>• Provide for comprehensive audit working papers embodying the audit plan.</li> <li>• Establish effective working liaison with the relevant staff of the subject organization and ensure clear communication.</li> </ul>	S	I
2	<p><b>Able to examine compliance</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Establish scope, objective and terms of reference of the audit assignment.</li> <li>• Establish familiarity with the nature and activities of the subject organization, including information systems, relevant documentation, results of previous audits or reviews.</li> <li>• Establish (and where appropriate plan) the required audit process, including documentation.</li> <li>• Implement audit process in relation to specific activities, systems or processes and evidence of compliance.</li> <li>• Report audit results in appropriate form to relevant recipients.</li> <li>• Having defined the scope, objective and terms of reference of the audit assignment, establish familiarity with the nature and activities of the subject organization, including information systems, relevant documentation, results of previous audits or reviews.</li> </ul>	S	I
3	<p><b>Able to apply auditing standards</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Maintain current awareness of auditing standards and related pronouncements.</li> <li>• Analyze individual audit tasks or assignments to identify relevant auditing standards.</li> <li>• Seek authoritative opinion on apparent conflict of standards or other anomalies.</li> <li>• Apply the relevant standards, with appropriate documentation as required.</li> <li>• Maintain a full current knowledge of the source of all auditing standards and other related mandatory requirements.</li> <li>• Maintain a full current awareness of the content and significance of all auditing standards and related pronouncements.</li> </ul>	I	I

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<b>Practical Experience Components</b>			
<b>Competency required</b>			
<b>Auditing and internal auditing</b> <i>(Continued)</i>			<b>Minimum Level attained</b>
<b>Unit</b>		<b>Basic</b>	<b>Principal</b>
4	<b>Able to implement audit processes</b> <b>Examples</b> <ul style="list-style-type: none"> <li>Establish familiarity with the nature and activities of the subject organization, including information systems, relevant documentation, results of previous audits or reviews.</li> <li>Establish (and, where appropriate, plan) the required audit process, including documentation.</li> <li>Identify relevant organizational and managerial processes and systems.</li> <li>Identify and apply appropriate performance indicators and benchmarks.</li> <li>Implement audit process in relation to specific areas of activity and systems as basis for required evaluation.</li> <li>Report in appropriate form to authorized recipients.</li> </ul>	S	I
5	<b>Able to prepare audit reports and management letters</b> <b>Examples</b> <ul style="list-style-type: none"> <li>Maintain awareness of current practice and requirements, including all applicable auditing standards and pronouncements.</li> <li>Draft audit report with due regard to scope and terms of reference of the audit, ethical and professional standards and legal requirements.</li> <li>Arrange for appropriate discussion and communication with authorized recipients.</li> </ul>	S	S
6	<b>Able to determine nature and scope of audit assignment</b> <b>Examples</b> <ul style="list-style-type: none"> <li>Use discussions with client or employer to establish agreement on nature and scope of the assignment.</li> <li>Prepare appropriate documentation for internal use and in external audits for the information of the client, e.g. engagement letter.</li> </ul>		S
7	<b>Able to assess the audit risk</b> <b>Examples</b> <ul style="list-style-type: none"> <li>In the case of repeat audits, check past documentation to identify problem areas or potential issues.</li> <li>In all cases review the managerial and organizational structure of the organization.</li> <li>Gain familiarity with the business environment within which the organization operates.</li> <li>Obtain an assessment of the internal control systems and the level of compliance.</li> </ul>		I
8a	<b>Able to identify and evaluate internal control systems</b> <b>Examples</b> <ul style="list-style-type: none"> <li>Review and evaluate documentation on system operation and allocation of functions.</li> <li>Test for compliance with control and related requirements.</li> </ul>	I	

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<b>Practical Experience Components</b>				
<b>Competency required</b>				
<b>Auditing and internal auditing</b> <i>(Continued)</i>			<b>Minimum Level attained</b>	
<b>Unit</b>			<b>Basic</b>	<b>Principal</b>
8b	<b>Able to evaluate and improve internal control systems</b>			
	<b>Examples</b>			
	<ul style="list-style-type: none"> <li>Review and evaluate documentation on system operation and allocation of functions on a comprehensive basis, including the interaction between different systems or sub-systems.</li> <li>Test for compliance with control and related requirements and take appropriate steps to improve compliance where necessary.</li> </ul>			I

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<b>Practical Experience Components</b>			
<b>Competency required</b>			
<b>Financial management</b>			<b>Minimum Level attained</b>
<b>Unit</b>		<b>Basic</b>	<b>Principal</b>
1	<p><b>Able to analyze business data</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>Identify relevant available financial and non-financial data, both past and projected.</li> <li>Where necessary, locate additional relevant data by enquiries and develop further projections.</li> <li>Analyze the available data, using appropriate financial and non-financial indicators and benchmarks.</li> <li>Identify and report on perceived deviations from the organization's desired or planned situation.</li> </ul>	I	I
2	<p><b>Able to prepare financial forecasts</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>Maintain operational facility in the use of modern methods of financial planning and budgeting and of project evaluation techniques.</li> <li>Identify and select appropriate input data for application of appropriate tools or models.</li> <li>Implement analytical techniques capable of yielding the required forecasts.</li> <li>Develop effective means of communicating forecast results, identifying assumptions employed in their preparation.</li> </ul>	S	I
3	<p><b>Able to develop financial systems</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>Analyze the range of transactions involved in the organization's current and projected operations, with particular reference to cash flows and transactions involving securities.</li> <li>Review existing systems and controls over cash and securities and develop proposed amendments to cover any perceived deficiencies.</li> <li>Develop, if necessary, and operate a system for the projection of cash flows and cash budgeting.</li> </ul>		I
4	<p><b>Able to contribute to strategies and business planning</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>Become familiar, to the extent approved by management, with the organization's business plans and, as required, apply appropriate financial analysis techniques to assess risks and propose appropriate risk strategies.</li> <li>Provide analysis as required to guide the organization's financing operations, including the management of capital structures, liability portfolios and surplus funds.</li> </ul>		S

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<b>Practical Experience Components</b>			
<b>Competency required</b>			
<b>Taxation</b>			<b>Minimum Level attained</b>
<b>Unit</b>		<b>Basic</b>	<b>Principal</b>
1a	<p><b>Able to determine tax situation of a business</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>Maintain awareness of current Hong Kong legislation and other factors determining the taxation situation of an unincorporated business, a partnership or a company.</li> <li>Analyze the financial records, activities and other relevant circumstances of a business and identify the applicable tax considerations.</li> <li>Apply the tax requirements to past or projected activities and financial results, as appropriate, to determine the impact in terms of liability for taxation.</li> </ul>	S	
1b	<p><b>Able to determine tax situation of a corporate or an individual</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>Maintain awareness of current Hong Kong legislation and other factors determining the taxation situation of an unincorporated business, a partnership or a company or other organization and of individuals, including profits tax, salaries tax, property tax, personal assessment, stamp duty and estate duty.</li> <li>Analyze the financial records, activities and other relevant circumstances of a business or individual and identify the applicable tax considerations.</li> <li>Apply the tax requirements to past or projected activities and financial results, as appropriate, to determine the impact in terms of liability for taxation.</li> <li>Identify legal methods of tax planning applicable to the situation of the particular entity.</li> </ul>		I
2	<p><b>Able to operate or design tax-related systems</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>Maintain detailed understanding and familiarity with the organization's systems for tax-related transactions.</li> <li>Monitor possible improved methods or systems.</li> <li>Identify and record tax-related transactions in accordance with approved procedures.</li> <li>Ensure that tax liabilities are matched by availability of funds within required time frames.</li> </ul>	S	I
3	<p><b>Able to recognize the impact of taxes and duties</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>Maintain up-to-date knowledge of the provisions for all relevant taxes and duties and identify categories of proposed or actual activities to which such provisions may apply.</li> <li>Identify the specific impact of applicable provisions for all relevant taxes or duties to individual activities or plans.</li> </ul>	S	I

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<b>Practical Experience Components</b>		
<b>Competency required</b>		
<b>Management accounting</b>		<b>Minimum Level attained</b>
<b>Unit</b>		<b>Principal</b>
1	<p><b>Able to participate in resource-related direction setting</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Be familiar with internal and relevant external data sources and provide appropriate inputs, financial and non-financial, to assist in strategy formation.</li> <li>• Apply appropriate analytical and modelling tools to the evaluation of alternatives and assessment of risk factors.</li> <li>• Assist in strategy formation processes, including data gathering structures, SWOT analysis and other strategic planning techniques.</li> <li>• Analyze the cash flow and financing implications of proposed strategies.</li> </ul>	S
2	<p><b>Able to appraise projects</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Analyze the cash flow and financing implications of a proposed project.</li> <li>• Select appropriate appraisal techniques and apply to the available data.</li> <li>• Analyze results, making allowance for relevant non-financial factors, risk and inflation.</li> <li>• Carry out post-implementation audits of projects.</li> </ul>	I
3	<p><b>Able to design, implement and review performance measurement systems</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Become familiar with the performance indicators applicable to the organization in respect of both specific operations and the responsibilities of individual staff members.</li> <li>• Assess the level of compliance with established procedures and identify any limitations in those procedures, developing suggested amendments where necessary.</li> <li>• Develop comprehensive budgets in accordance with the procedures adopted by the organization, using budget models and spreadsheets as appropriate.</li> <li>• Ensure the timely and accurate operation of a system to capture actual results in a form comparable with budget figures.</li> <li>• Calculate and analyze variances between budget and actual results.</li> <li>• Communicate results of variance analysis to approved recipients, and where necessary develop a suitable pattern or system of internal reporting.</li> <li>• Monitor, analyze and report on segment performance.</li> </ul>	I

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<b>Practical Experience Components</b>		
<b>Competency required</b>		
<b>Management accounting</b> <i>(Continued)</i>		<b>Minimum Level attained</b>
<b>Unit</b> 4	<p><b>Able to operate and develop a cost accounting system</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Be familiar with all main types of cost accounting systems, including alternative methods of dealing with overhead or common costs, and the criteria for their appropriate use.</li> <li>• Review existing cost systems for adequacy and appropriateness, and where necessary develop proposals for improvements by amendment or replacement.</li> <li>• Ensure that procedures for inputting data into existing cost systems are operating in a satisfactory manner.</li> <li>• Analyze the output of cost systems to provide required information to authorized users.</li> <li>• Undertake individual studies of cost behaviour, actual and projected, as required to meet management needs for information, making assumptions used explicit.</li> </ul>	<b>Principal</b> I

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<b>Practical Experience Components</b>		
<b>Competency required</b>		
<b>Information management and technology</b>		<b>Minimum Level attained</b>
<b>Unit</b>		<b>Principal</b>
1	<p><b>Able to assist in information systems assessment and strategy formation</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Acquire operational familiarity with the hardware and software characteristics of the information and communication systems of the organization (own employer or client).</li> <li>• Monitor and attain knowledge of current technological developments in all aspects relevant to business and related organizations.</li> <li>• Review existing systems and documentation in discussion with users to assess needs for new or amended equipment configuration, network or other operating system software, application software and external communications arrangements.</li> <li>• Evaluate and compare alternative approaches on a cost-benefit basis, with full recognition of user needs, security, related staff training maintenance costs and other relevant factors.</li> </ul>	S
2	<p><b>Able to assist in implementing information systems</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Participate in system design or redesign ensuring adherence to high standards of security and ability to rescale system if expansion required.</li> <li>• Participate in implementation of selected systems with adequate testing, staff training and documentation within agreed time schedule.</li> </ul>	I
3	<p><b>Able to operate information systems</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Maintain clear and comprehensive documentation of the system and its operation.</li> <li>• Ensure that staff are adequately trained and briefed on their responsibilities.</li> <li>• Allocate duties in a manner consistent with a high standard of internal control.</li> <li>• Maintain back-up arrangements for both data and systems to facilitate rapid recovery and protection of records.</li> <li>• Monitor opportunities for the organization to benefit from the rapid development of communications technology, including e-mail, e-commerce and other Internet applications, subject to reliable security measures.</li> </ul>	S

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<b>Practical Experience Components</b>		
<b>Competency required</b>		
<b>Insolvency</b>		<b>Minimum Level attained</b>
<b>Unit</b>		<b>Principal</b>
1	<p><b>Able to assess commercial viability</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Assess the competitive position of the organization in terms of products, services and markets.</li> <li>• Assess the financial position of the organization using appropriate tools of financial analysis.</li> <li>• Review the current and future environment of the organization in relation to its available resources and personnel.</li> <li>• Evaluate the viability of the organization.</li> </ul>	S
2	<p><b>Able to assist in establishing strategic possibilities</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Apply strategic management tools, including data gathering structures, SWOT analysis and other strategic planning techniques.</li> <li>• Analyze alternative possibilities using financial modelling and risk analysis.</li> </ul>	I
3	<p><b>Able to assist in managing the reconstruction</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Prepare a business plan using financial modelling and related techniques.</li> <li>• Review possibilities for down-sizing and other cost reduction strategies.</li> <li>• Monitor changes and performance on a continuing and detailed basis.</li> </ul>	S
4	<p><b>Able to assist in liquidations and winding up process</b></p> <p><b>Examples</b></p> <ul style="list-style-type: none"> <li>• Maintain comprehensive knowledge of legal requirements and procedures for winding up of incorporated entities and similar provisions for other entities.</li> <li>• Prepare required documentation for submission to all relevant parties, including creditors, regulatory authorities and management.</li> <li>• Explore avenues for advantageous disposal of the undertaking or individual assets or asset groups and prepare appropriate financial projections.</li> <li>• Prepare documentation relevant to negotiations with interested parties.</li> </ul>	S

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<b>Practical Experience Components</b>		
<b>Competency required</b>		
<b>Other competencies</b>	<b>Minimum Level attained</b>	
	<b>Basic</b>	<b>Principal</b>
For working experience acquired from competency units other than those specified in the Basic and Principal Experience Components, prospective members may enter such achievement in the "Other competencies achieved" section under the corresponding component. The Institute will assess such experience on a case-by-case basis and/or individual merit.		

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## Generic Competencies

<p><b>Creative thinking, reasoning and analysis</b> <i>(all competencies have to be attained.)</i></p>	
<p><b>Able to provide creative thinking and to deal with unstructured and unfamiliar problems and situations</b></p>	
<p><b>Evidenced by:</b></p> <ul style="list-style-type: none"> <li>• Able to identify, and research relevant issues, and to critically assess and analyze relevant information.</li> <li>• Able to embrace lifelong learning and undertake appropriate continuing professional development activities to keep competencies up-to-date.</li> <li>• Able to apply an awareness of the legal, regulatory and economic environment of business and other organizations (including the law relating to business transactions, business entities and taxation) in practice.</li> <li>• Able to apply the basic understanding to other business functions in relation to operating in the accounting function.</li> <li>• Able to apply relevant academic skills (e.g. analysis techniques, usage of figures and data) to the business context.</li> <li>• Able to operate with an understanding of the social, economic, regulatory and political environment relating to business organizations in China.</li> <li>• Able to operate with an understanding of the regulatory environment of accounting in China.</li> <li>• Able to integrate the results of enquiries, research and analysis, making appropriate ethical and value judgements and allowing for the organizational and cultural context, to arrive at valid and effective conclusions.</li> <li>• Able to apply appropriate modeling and quantitative analysis techniques to assist in forecasting or otherwise providing a logical basis for identifying and selecting among feasible solutions or courses of action.</li> <li>• Able to structure and prioritize key issues and apply logical reasoning to solve problems.</li> </ul>	

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<p><b>Communications and interpersonal relationships</b> (all competencies have to be attained.)</p>	
<p><b>Able to communicate effectively in written or other visual form and to interact effectively with individuals or groups of diverse cultural and intellectual backgrounds and status</b></p> <p><b>Evidenced by:</b></p> <ul style="list-style-type: none"> <li>• Able to communicate complex information and ideas both in writing and orally in a clear and concise style, appropriate to the other participant(s) in meetings, small groups or personal conversation.</li> <li>• Able to communicate competently in both written and spoken English, Chinese and Putonghua in a manner appropriate for the business setting to present, discuss, report and defend views.</li> <li>• Able to present arguments and thoughts in a structured, logical and systematic way to defend own view or to justify the outcome or solution proposed.</li> <li>• Able to explain concepts, issues and problems in layman terms to others who do not possess technical accounting knowledge.</li> <li>• Able to participate constructively and proactively as a member of a team and, where appropriate, to provide effective leadership to groups or individuals in both work and training situations.</li> <li>• Able to undertake effective negotiation to achieve mutually acceptable solutions to situations involving differing interests.</li> <li>• Able to listen attentively and effectively to others.</li> <li>• Able to listen and exercise authority understanding the importance of team dynamics.</li> <li>• Able to judge when to involve others for problem solving, and what help would be needed.</li> <li>• Able to facilitate others adapting to changes.</li> </ul>	
<p><b>Organization-specific competencies</b> (all competencies have to be attained.)</p>	
<p><b>Able to apply effectively a clear understanding of the objectives and standards of the organization in which employed</b></p> <p><b>Evidenced by:</b></p> <ul style="list-style-type: none"> <li>• Able to use effectively both the formal and the informal channels of communication within the organization, with due regard for policies, cultural and ethical considerations.</li> <li>• Able to document work to the appropriate standard.</li> <li>• Able to establish, maintain and promote positive relationships with personnel at all relevant levels of the organization.</li> <li>• Able to represent effectively the interests of the organization in dealings with external parties, including customers or clients, suppliers, regulatory authorities competitors, shareholders and other stakeholders.</li> <li>• Able to facilitate and adapt constructively to change, whether in the external environment of the organization, the internal structure and activities of the organization or the personal role and responsibilities of the candidate.</li> <li>• Able to plan, resource and control projects to deliver key outcomes.</li> <li>• Able to lead others to accomplish the common goal in teamwork through providing direction and guidance as appropriate.</li> <li>• Able to provide additional support and resources, as appropriate, to team members to finish tasks.</li> </ul>	

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<p><b>Personal and behavioural</b> (all competencies have to be attained.)</p>	
<p><b>Able to consistently demonstrate personal integrity, professional values, ethical conduct and motivation to meet professional standards of conduct and dedication in all work assignments and responsibilities</b></p> <p><b>Evidenced by:</b></p> <ul style="list-style-type: none"> <li>• Able to practise effective time management, including sound judgment in allocating priorities and organising activities.</li> <li>• Able to effectively organize activities by setting goals, objectives and implement actions to complete task on time and meet expectation.</li> <li>• Able to have an understanding of organizational behaviour and human resource management.</li> <li>• Able to demonstrate appropriate ethical behaviour in a variety of business situations.</li> <li>• Able to demonstrate a commitment to continuous learning and improvement.</li> <li>• Able to judge when and how to solve problems independently.</li> <li>• Able to proactively and confidently highlight potential problems and possible solutions to senior level as appropriate.</li> <li>• Able to cope with stressful work demand effectively and maintain work-life balance.</li> <li>• Able to maintain composure and show persistence to work through challenges.</li> </ul>	
<p><b>Information technology</b> (all competencies have to be attained.)</p>	
<p><b>Able to use information technology effectively within an organization by rapidly developing a comprehensive working knowledge of the existing systems</b></p> <p><b>Evidenced by:</b></p> <ul style="list-style-type: none"> <li>• Able to use personal computers and workstations effectively over a range of commonly required applications, including word processing, spreadsheets, databases, presentation software, communications and also the Internet for e-mail and information search and retrieval.</li> <li>• Able to have an understanding of the employer's IT security and control policies.</li> </ul>	

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