



By electronic submission

14 June 2010

Our Ref.: C/EC

Deputy Director,
International Ethics Standards Board for Accountants,
International Federation of Accountants,
545 Fifth Avenue, 14th Floor,
New York,
New York 10017,
USA.

Dear Sir,

IESBA Exposure Draft of Strategy and Work Plan 2010-2012

The Hong Kong Institute of Certified Public Accountants (HKICPA) is the only statutory licensing body of accountants in Hong Kong responsible for the professional training, development and regulation of the accountancy profession. The HKICPA sets auditing and assurance standards, ethical standards and financial reporting standards in Hong Kong. We welcome the opportunity to provide you with our comments on the captioned IESBA Exposure Draft.

Overall we support the proposed Strategy and Work Plan, 2010-2012. We are pleased to note that the IESBA will be allocating resources to the adoption and implementation of the Code.

All companies incorporated in Hong Kong are subject to a statutory audit and there are currently approximately 800,000 such companies with approximately 1,150 being listed companies and the rest primarily SMEs. Furthermore, approximately 83% of the accounting firms in Hong Kong are sole practitioners with another 13% having only two partners (this group is hereafter referred to as "SMPs").

In this regards, we believe it is important that the IESBA allocates resources to the development of guidance arising from implementation issues on the Code, in particular, section 290 on "Independence - Audit and Review Engagements".

We note from paragraph (b) on page 12 of the ED that IESBA will prepare a document identifying the independence provisions in the Code related to Public Interest Entities. It is further stated that the document will be used in discussions with national standard setters and regulators. We consider that this document will be very useful in enabling users to apply the provisions and we therefore hope that IESBA will make the document available to member bodies and hence to their members. It may well be appropriate to include specific reference to this as a project in Appendix 1 of the ED to ensure that it is given suitable prominence in the work plan.



In addition, it is our understanding that IESBA may issue further adoption and implementation materials, for example case studies and an overview of the Code relevant to SMPs. Such materials would be very helpful to member bodies in the implementation of the new Code and we encourage IESBA to include these items in their work schedule.

We hope the IESBA will consider our above suggestions in finalizing the Strategy and Work Plan for 2010-2012.

We trust that our comments are of assistance to you. If you require any clarifications on our comments, please do not hesitate to contact me at ong@hki CPA.org.hk.

Yours faithfully,

Steve Ong, FCPA, FCA
Director, Standard Setting

SO/SH/zc