

Qualification Programme



Hong Kong's
CPA Qualification
香港會計師專業資格

Module and final examination syllabuses



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

Overview

Qualification Programme ("QP") comprises four modules and final examination. The four 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.

The coverage of each module is defined in competence-based terms. Competences are set at the level of a newly-qualified professional accountant. Each unit of competence 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 competence.

The modules and final examination competence 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 competence

The items listed in this section are shown with an indicator of the minimum acceptable level of competence, 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.

SYLLABUS FOR 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 organisation 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
- Hong Kong Financial Reporting Standard for Private Entities 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
- Integrated reporting 1
- 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 arrangements	3
• Consolidated financial statement preparation	3
• Financial statement disclosure requirement	3
• Merger accounting for common control combinations	2

Strategic management

Analyse and advise upon an organisation's strategy:

- Strategy formulation 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 organisations:

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

Financial analysis

Analyse and advise upon an organisation's 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 organisation:

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

Treasury function

Outline the objectives and operations of a treasury function in an organisation:

- 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:

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

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

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

SYLLABUS FOR 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 2002 on Hong Kong companies and auditors 2

Computerised business systems

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

- Key features of a computerised 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

SYLLABUS FOR 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 1
- Types of tax 1
- Structure and procedures of Inland Revenue Department 1
- Duties and powers of officers of Inland Revenue Department; official secrecy 1
- Duties and liabilities of a taxpayer or his agent or an executor 1
- Sources of Hong Kong tax law – statute, case law, Board of Review decisions 1
- Interpretation of tax statutes 3
- The Basic Law 2
- Departmental Interpretation and Practice Notes and Stamp Office Interpretation and Practice Notes 1
- 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 2
- Board of Inland Revenue 2
- Field audit and tax investigation 3

Taxes in Hong Kong

Interpret and apply rules of major taxes as they impact and interact on transactions, individuals and organisations 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 3
- 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 3
- Separate taxation on spouses and joint assessment 2
- Ascertainment of salaries tax liability 3

Personal assessment:

- Election for personal assessment 3
- Computation of total income and tax payable 3

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 3
- Computation and treatment of losses 2
- Business cessation and post-cessation receipts and payments 2
- Sharkey v. Wernher principle 2
- Financial instruments 3
- Exemption for offshore funds 3
- Alternative bond schemes 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 the 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
- Alternative bond schemes 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

1

SYLLABUS FOR FINAL EXAMINATION

Final examination aims to provide formal verification that students who have completed the four 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 competence.

The syllabus of final examination corresponds to the competences specified for the four modules. On completion of final examination, students 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; and
- apply the code of ethics to different business circumstances.

ADDITIONAL INFORMATION OF SYLLABUSES FOR MODULE EXAMINATIONS AND FINAL EXAMINATION

To better understand the scope of module examinations and final examination, students should be aware of the following:

1. Learning pack and learning outcomes

Each module has its own learning pack published on a bi-annual basis. The learning pack is the study materials written for the syllabus topics. Students should understand that the learning pack is not the only study materials for examinations and they should read extensively to equip themselves for their examinations. The latest edition of the learning pack is the 5th edition, released in September 2015. In each learning pack, students can find the complete syllabus with the updated prescribed learning outcomes for the syllabus topics.

2. Supplement to learning pack

The purpose of the supplement is to provide an update of the learning pack to students before a new edition is released. The supplement usually includes updates to the chapter content affected by new release or pronouncement of technical standards or regulations/legislation.

3. Examinable standards

For Module A, Module C and final examination, examinable accounting and auditing standards are published annually applicable to the December session and the next June session. Students may refer to Student Handbook for the cut-off rules applicable to the setting of examinable standards.

To locate the above, students may visit the [Downloads](#) page in the Institute's website or login to the Institute's [QP Learning Centre](#).

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