



MEMBERS' HANDBOOK

Update No. 115

(Issued 12 April 2012)

Changes to Statement 1.500

1. Paragraphs 35 and 39 of Statement 1.500 *Continuing Professional Development* are revised to reflect (i) the Mutual Recognition Agreement (MRA) between Hong Kong and U.S. CPAs and its recognition of each other's CPD requirements for maintaining the CPD designation of the other body; and (ii) the resultant change of CPD recognition away from membership of the American Institute of Certified Public Accountants (AICPA). The MRA does not have retrospective effect and the mutual CPD recognition is effective from the CPD reporting period beginning on 1 December 2011 for holders of an active license issued by a U.S. State Board of Accountancy who are not PC holders. AICPA members cannot opt for recognition of AICPA's CPD by the Institute from 1 December 2011.

Document Reference and Title

Instructions

Explanations

VOLUME I

[Contents of Volume I](#)

Discard the existing pages i-ii and replace with the revised pages i-ii.

Revised contents pages

CONTINUING PROFESSIONAL DEVELOPMENT

[Statement 1.500 *Continuing Professional Development*](#)

Replace cover page and pages 6-8 with revised cover page and pages 6-8.

Note 1



MEMBERS' HANDBOOK CONTENTS OF VOLUME I

(Updated to April 2012)

	<i>Issue/Review date</i>
1.1 PROFESSIONAL ACCOUNTANTS ORDINANCE, BY-LAWS, RULES, GUIDELINES	
CAP.50 Professional Accountants Ordinance	10/07
CAP.50A Professional Accountants By-laws	6/07
1.101 Disciplinary Committee Proceedings Rules	10/06
1.101A Guidelines for the Chairman and the Committee on Administering the Disciplinary Committee Proceedings Rules	3/07
1.102 Corporate Practices (Registration) Rules	9/04
1.102 (sch.) Schedule to the Corporate Practices (Registration) Rules "Corporate Practices (Model Memorandum and Articles of Association)"	9/04
1.103 Corporate Practices (Professional Indemnity) Rules	9/04
1.2 PROFESSIONAL ETHICS	
COE (Revised) Code of Ethics for Professional Accountants	2/12
1.3 GENERAL GUIDANCE	
1.300 Explanatory Foreword	9/04
1.301 Books and Papers - Ownership, Disclosure and Lien	9/04
1.302 Formation of Companies by Accountants	4/85
1.303 Restrictions on Appointments as Secretaries and Directors of Audit Clients	9/04
1.304 Arrangements to Cover the Incapacity or Death of a Sole Practitioner	9/04
1.305 Direct Professional Access	9/04
1.306 Guidance on Reasonable Steps to be Taken for PII Purposes	8/96
1.307 Production of Audit Working Papers to the Securities and Futures Commission under section 179 of the Securities and Futures Ordinance	9/04
1.4 PRACTICE REVIEW	
1.400 Explanatory Foreword	3/06
1.401 Review Procedures and Conduct of Members	3/06
1.5 CONTINUING PROFESSIONAL DEVELOPMENT	
1.500 (Revised) Continuing Professional Development	4/12

		<i>Issue/Review date</i>
1.6	LIQUIDATION AND INSOLVENCY	
COE S500	<u>Code of Ethics for Professional Accountants Section 500 Professional Ethics in Liquidation and Insolvency</u>	2/12
1.600	<u>Insolvency Guidance Note (1) – Scope</u>	9/05
1.601	<u>Insolvency Guidance Note (2) – A Liquidator’s Investigation into the Affairs of an Insolvent Company</u>	9/05
1.602	<u>Insolvency Guidance Note (3) – Preparation of Insolvency Office-holders’ Receipts and Payments Accounts</u>	9/05
1.603	<u>Insolvency Guidance Note (4) – Disqualification of Directors – Statutory Reports</u>	9/05

Statement 1.500
Revised December 2010; April 2012

Effective for CPD reporting periods
beginning on or after 1 December 2007

Statement 1.500

Continuing Professional Development



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

27. Accordingly, for the purpose of this Statement, the learning activities shall be measured in terms of time spent on an hourly basis.

Verification

28. A certain portion of the learning activities members engage in are verifiable. This means that the learning is able to be objectively verified by a competent source. Some learning activities may be measured but not verified.
29. Members are responsible for retaining appropriate records and documents related to their CPD and, upon request by the Institute, provide sufficient evidence to demonstrate their compliance with its requirements.

CPD Requirements

30. **All members, except those exempt from complying with the CPD requirements, are required to:**
- (a) **complete at least 120 hours of relevant CPD activities in each rolling three-year period, of which 60 hours should be verifiable;**
 - (b) **complete at least 20 hours (of the 120 hours required in (a) above) in each year; and**
 - (c) **track and measure learning activities to meet the above requirements.**
31. Members who are holders of a Specialist Designation awarded by the Institute are required to complete at least 5 verifiable CPD hours per year in the subject of the Specialist Designation, as part of the total requirement for 60 verifiable hours in each rolling three-year period.
32. Learning activities that are measurable but not able to be verified would not be considered to form part of the 60 hours of verifiable CPD in the rolling three-year period.
33. **The reporting period for each year commences from 1 December. The first rolling three-year period runs from 1 December 2005 to 30 November 2008.**
34. Although the start of the rolling three-year period is before the commencement of Statement 1.500 (revised December 2010), it conforms to the dates set by the replaced 1.500 (issued September 2004).
35. Except for a member who holds a Practising Certificate, where a member is:
- (a) a holder of an active license issued by a State Board of Accountancy ("State Board") of the United States of America; or
 - (b) a current member of one or more of the following Global Accounting Alliance (GAA) institutes:
 - Canadian Institute of Chartered Accountants including its provincial institutes;
 - The Institute of Chartered Accountants in Australia;
 - New Zealand Institute of Chartered Accountants (members of the College of Chartered Accountants);
 - The Institute of Chartered Accountants in England and Wales;
 - The Institute of Chartered Accountants in Ireland;
 - The Institute of Chartered Accountants of Scotland; and
 - The South African Institute of Chartered Accountants;

that member may choose, from that State Board which issued the active license or from the above-mentioned GAA institutes of which he/she is a member, which CPD requirements/regulations to comply with. Such compliance is deemed as compliance with the requirements of paragraph 30(a) and (b) for the year or period concerned. Members who are holders of a Specialist Designation awarded by the Institute are not permitted to choose to comply with the CPD requirements of a State Board or of another GAA institute as regards any CPD requirements of the Institute relating to the Specialist Designation. The Institute's CPD requirements relating to the Specialist Designation must be complied with.

Exemption from Compliance

36. The Council has the discretion to grant exemptions and/or extension to members for compliance with the CPD requirements. Such extensions and exemptions will only be granted under special circumstances.
37. Generally, in order to serve the public interest, no exemption will be granted to members holding practising certificates or specialist designations or directorship of listed companies.
38. Application for exemption or extension supported by documentary evidence, if appropriate, should be made in writing to the Institute. All applications will be considered on a case by case basis. The exemption will be valid for the ensuing years unless there are changes in circumstances. Appendix 2 provides information about the criteria which the Institute may take into account in considering applications by members for exemption from the Institute's CPD requirements.
39. Exemptions of a State Board or of the above-mentioned GAA institutes from CPD compliance are not recognized by the Institute.

Maintaining CPD Records

40. **All members, except those exempt from complying with the CPD requirements, are required to maintain appropriate records of all CPD activities completed in each rolling three-year period. Members who have to comply with the CPD requirements are required to maintain records and documentary evidence sufficient to support their attendance or completion of CPD activities for a minimum of five years, and produce such records and documentary evidence when they are selected for an audit conducted by the Institute.**
41. Appropriate records of CPD activities include details of the provider of the programme, the learning objectives, course outlines and timetables, agendas of technical committee meetings, instructional materials, case studies, certificates of completion etc. Members may use their discretion in determining the supporting documentation necessary to show that they have participated in a CPD activity. To assist members in maintaining appropriate records, the Institute provides a proforma CPD Record (see Appendix) and an on-line record at "MyCPA". Members may choose to use their own forms for recording, but are advised to ensure that such forms include all the relevant information of the CPD activities undertaken.

Monitoring and Enforcement

42. **All members, except those exempt from complying with the CPD requirements, are required to file a declaration of CPD compliance with the Institute at the time of their annual membership renewal.** Provided the employer or the member practice of a member has maintained records which demonstrate CPD compliance of that member, then a declaration made on behalf of the member by another member of the Institute, appointed for this purpose as an authorised representative of the employer or member practice, and filed with the Institute, will be deemed to fulfil this requirement.

43. The Council has also delegated to the Registrar of the Institute the authority to carry out an annual audit of members' compliance with the CPD requirements.
- 44. Members selected for audit by a random sample and/or risk-based process are required to submit to the Institute their CPD records of the relevant reporting CPD year(s) with documentation to support attendance or completion of the CPD activities as stated in their CPD records.**
45. The Registrar or his/her delegate is empowered to make suitable enquiries where members fail to (a) file their annual declarations of CPD compliance with the Institute, (b) comply with the minimum CPD requirements, or (c) provide the necessary information or documentary evidence within a reasonable period of time for the annual audit.
- 46. CPD records of employees of Practice Units may be subject to review and assessment in practice inspection programmes.**
47. HKSQC 1 paragraphs 38 and 77 refer to the need to maintain the capability and competence of CPAs through CPD and for Practice Units to monitor the CPD activities of CPAs to ensure firm policies are effective and applied in practice.
- 48. Compliance with the CPD requirements in this Statement is a condition for renewal of registration and/or renewal of a PC by members under Sections 28(2)(c) and 30(8) of the Professional Accountants Ordinance. An application for renewal of registration as a CPA or renewal of Practising Certificate will not be granted if a member fails to meet the CPD requirements prescribed by the Council.**

Guidance on CPD Activities

49. Guidance for members regarding the form of CPD activities is provided in the Appendix to this Statement.

Conformity and Compliance with International Education Standards for Professional Accountants

50. This Statement conforms with the International Education Standard for Professional Accountants 7 "Continuing Professional Development: A Programme of Lifelong Learning and Continuing Development of Professional Competence" issued by the International Federation of Accountants.