



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

New Qualification Programme

January 2017



Contents

Executive Summary	1
1 Overview of the new QP	4
2 Pre-entry Education	6
3 Professional Programme	10
4 Practical Experience	17
5 Transitional Arrangements	20
6 Responses to the Consultation Paper	27
7 Enquiries	35

Appendices

- A The HKICPA Taxonomy
- B The CPA Competence Blueprint
- C The Module Outline and Syllabus
- D The Practical Experience Competence Grid

Executive Summary

The Hong Kong Institute of Certified Public Accountants (the "Institute" or "HKICPA"), with its statutory role of developing and regulating the accountancy profession in Hong Kong, launched the CPA qualifying process reform in 2014 to ensure professional accountants are trained with the skills, expertise and ethics that can uphold Hong Kong as an international business and financial centre. The reform also ensures the CPA qualification is in step with the continual changes in business needs and professional markets in Hong Kong as well as international best practices. It is imperative that the CPA qualifying process provided by the Institute not only trains professional accountants to meet current needs but also adequately prepares them for the future.

The Institute released its proposal for the new version of the Qualification Programme ("QP") in the *Consultation Paper on Proposed Changes to the CPA Qualifying Process* on 3 June 2016. The consultation paper had outlined the result of consultations with major employers, academia, education providers and practitioners, in addition to a review by two independent consultants, namely the Institute of Chartered Accountants of Scotland and Deloitte Touche Tohmatsu. Reference had been made to the International Education Standards of the International Federation of Accountants ("IFAC") and the Hong Kong Qualifications Framework. The public consultation ended on 31 August 2016.

During the public consultation period, the Institute conducted eight information sessions for various stakeholders, including members and students of the HKICPA and its wholly-owned subsidiary, the Hong Kong Institute of Accredited Accounting Technicians Limited ("HKIAAT"), employers, practitioners, academia, tertiary institutions and programme providers, to explain the enhanced qualification framework and garner input from stakeholders about the new QP. Close to 350 people attended the information sessions. An online questionnaire was also available for interested parties to provide their views on important aspects of the proposal such as the overall qualification framework, the CPA Competence Blueprint, the QP Module Outline and Syllabus, and the Practical Experience Competence Grid.

Responses to the Consultation Paper

In response to the consultation paper, the Institute received 11 written responses and more than 160 online responses from individuals, firms and organizations, including regulators, professional bodies, academia and Government departments. In general, there is a strong support for the new QP and its proposed changes to the CPA qualifying process.

Respondents supported the adoption of the CPA Competence Blueprint in prescribing the technical and enabling competences in a holistic manner for the qualification framework as well as the introduction of a foundation level, i.e. the Associate Level of the new QP as an equitable basis of assessment and accreditation for students with different educational backgrounds to ensure they attain the necessary skills before progression to the Professional Level of the new QP.

Respondents supported the increased emphasis on the development of higher-order enabling skills such as problem solving, critical and lateral thinking in the Capstone of the new QP, and the inclusion of the practice of ethics in the Capstone workshops that provide a more real-world experience and professional type situations. Furthermore, many respondents welcomed the broadening of the technical competences under the practical experience framework.

Despite a strong support to the new QP, some responses to the consultation paper highlighted certain concerns from existing students and accredited programme providers. In particular, there were concerns about the new entry requirements and exemption fees, the introduction of three-day Capstone workshops, and the four-attempt examination rule for both Associate and Professional Modules. Some respondents expressed that more time is needed to get prepared for the new QP. The Institute duly considered all views received and strived to address the concerns of various stakeholders. Certain changes have been made to the proposed CPA qualification framework in light of the comments received (see Responses to the Consultation Paper in **Section 6**).

Conclusions on the Final Design

This paper represents the position of the HKICPA Council and HKIAAT Board with regards to the final content, structure and design of the new QP to be launched in June 2019. Proposals contained in the consultation paper together with the feedback and comments received, form the basis of this Position Paper.

- The new QP will comprise three progressive levels with 14 modules and a Capstone, i.e. Associate Level (10 modules), Professional Level (four modules) and Capstone Level.
- The new QP will adopt the CPA Competence Blueprint which sets out the competence requirements and learning outcomes for the three tenets of the qualification framework, i.e. pre-entry education, professional programme, and practical experience.
- The entry requirement to the new QP will be an academic qualification of higher diploma/ associate degree in any discipline pitched at the Hong Kong Qualifications Framework Level 4 for entry into the Associate Level.
- The Associate Modules are exemptible to individuals with a relevant academic qualification subject to the assessment outcome with a charge of exemption fees. Students will be awarded a Certificate of Completion upon successful completion of the Associate Level, which is pitched at Hong Kong Qualifications Framework Level 5.
- The new QP will introduce an integrated Capstone comprising three-day workshops and the Final Examination with an increased emphasis on developing and assessing higher-order enabling skills such as problem solving, critical and lateral thinking to enhance students' ability to identify complex problems including aspects of ethical dilemma and to develop professional solutions.

- The new QP will introduce an examination policy on the maximum number of attempts allowed for completing the 14 modules of the professional programme, i.e. four attempts for each module of the Associate and Professional Levels.
- The practical experience will be extended to cover six broad areas of technical competence where students can choose a wider variety of work environments to achieve competence for the CPA qualification.
- Graduates of the new QP who have completed the professional programme for over three years will be required to complete Continuing Professional Development activities before they can become a member of the Institute.
- The new QP will be launched stage-by-stage with the first examination session for the Associate Modules, the Professional Modules and the Capstone to be held in June 2019, December 2019 and June 2020 respectively.

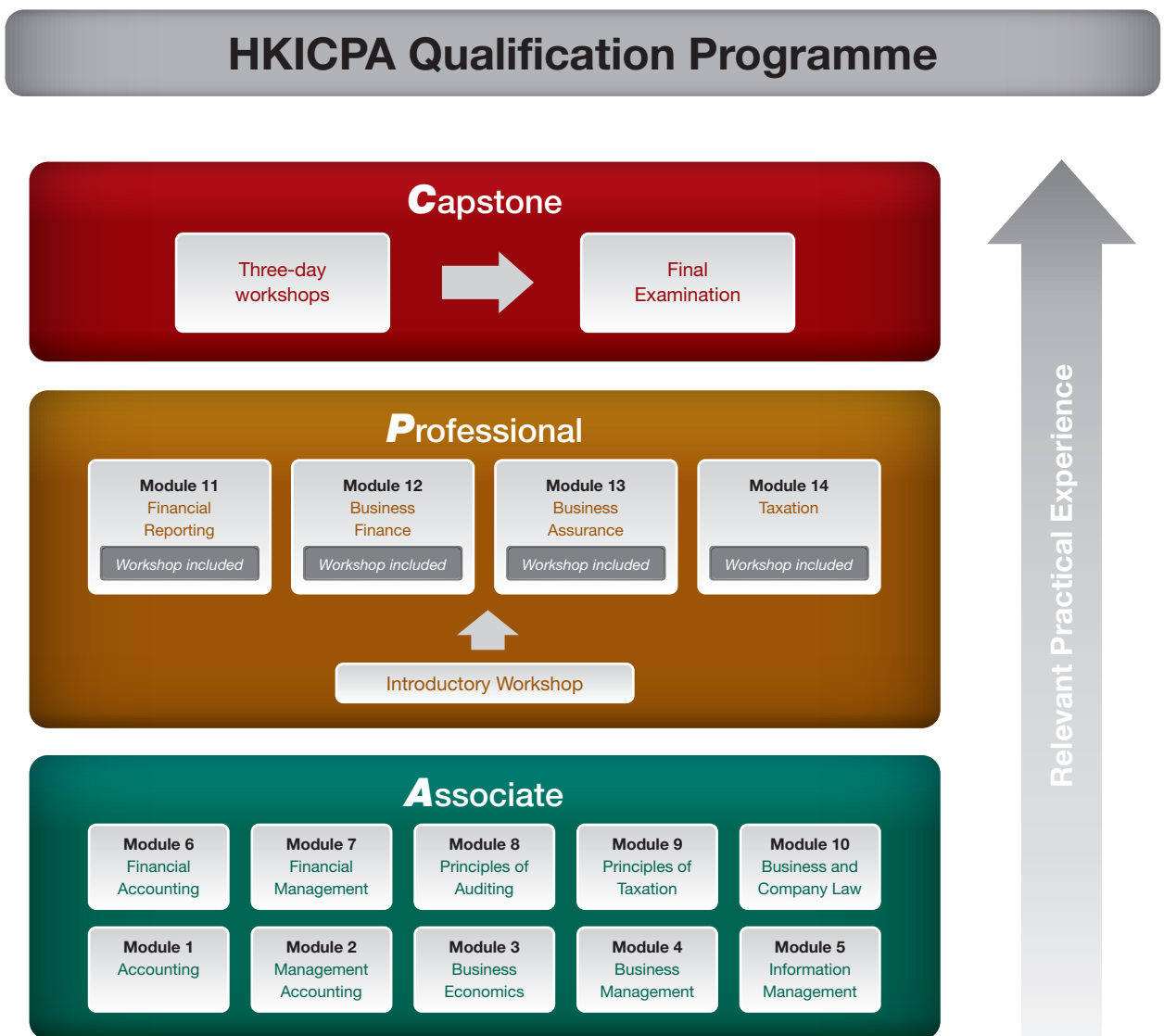
An overview of the new QP is set out in **Section 1** of this paper. Details of the requirements for the three tenets of qualification framework are covered in different sections of this paper as follows: pre-entry education (**Section 2**), professional programme (**Section 3**) and practical experience (**Section 4**). To ensure a smooth transition to the new QP, a comprehensive set of transitional arrangements has been designed and is set out in **Section 5**.

A list of frequently asked questions about the new QP is available for reference at the Institute's website. In addition, a full set of pilot papers and study texts for the new QP will be developed for the benefit of students, lecturers and revision course providers to prepare them for the new examinations. Should you have any enquiries about the new QP, please contact the Institute's relevant personnel as set out in **Section 7** of this paper.

The Institute gratefully acknowledges the contribution of all respondents for their time and great effort in reviewing the proposal, and providing the Institute with their detailed and thoughtful comments. Gratitude is also due to the employers, academia, course providers, practitioners, as well as members and students who had provided valuable insights and feedback on the proposal during the drafting stage.

1 Overview of the new QP

- 1.1 The new QP builds on the best of the existing professional programme. It is designed to ensure that upon completion, the newly qualified CPAs will be equipped with the necessary technical knowledge, professional skills, values and ethics, and relevant practical experience to meet the needs of employers in today’s work environment.
- 1.2 The new QP integrates technical knowledge across fields of expertise in accounting, business and finance while also developing professional skills in analysis and critical thinking, problem-solving and leadership. The development of technical knowledge and professional skills enables newly qualified CPAs to evaluate and make informed judgments on a wide variety of complex and often unpredictable issues, and to communicate professional solutions using appropriate methods.
- 1.3 The following diagram illustrates the structure of the new QP:



- 1.4 The key features of the new QP consist of :
- (a) A progressive qualifying process of three levels in the professional programme, namely Associate Level (10 modules), Professional Level (four modules) and Capstone Level.
 - (b) A variety of entry routes to the Professional Level by making exemptions available for the Associate Modules to students with eligible academic background.
 - (c) A common assessment for each of the Associate Modules set by the Institute for entry into the Professional Level, which allows all entrants, including university graduates with non-accounting degrees, to satisfy the academic prerequisites for QP admission.
- 1.5 To complete the new QP, students need to:
- (a) Satisfy the academic prerequisites for QP admission;
 - (b) Study for and complete the assessments of relevant module(s), culminating in the Capstone; and
 - (c) Complete at least three years of relevant practical experience under the supervision of the Institute's authorized employers or supervisors.
- 1.6 The new QP is referenced to the Hong Kong Qualifications Framework ("QF") generic level descriptors. Under the new framework, the entry requirement for sitting or applying for exemption of the Associate Modules is higher diploma/ associate degree holders in any discipline awarded by recognized tertiary institutions pitched at QF Level 4 (or above). The qualification attained at the exit of the Associate Level is pitched at QF Level 5. The Institute plans to obtain official recognition of this exit qualification through accreditation as an assessment agency in awarding professional qualifications recognized under the QF.
- 1.7 The Associate Level of the new QP will replace the Accredited Accounting Technicians ("AAT") Examination (by Modules 1 to 5) and the Professional Bridging Examinations ("PBE") (by Modules 6 to 10) currently offered by the HKIAAT. With the launch of the new QP, the AAT qualification will no longer be offered, as AAT students/ graduates will have a direct pathway to the new QP en route to attaining the CPA qualification.

2 Pre-entry Education

- 2.1 There are academic prerequisites for admission to the new QP. Individuals are required to possess a qualification of higher diploma/ associate degree or equivalent for entry into the Associate Level. Individuals with a higher academic qualification, such as a recognized accountancy degree, could be eligible for exemption of the Associate Level for entry into the Professional Level.
- 2.2 Under the new QP, exemption up to a maximum of 10 modules can be awarded at the Associate Level. Module exemption will be granted on the basis that the curriculum of the academic programme that a prospective accountant has studied demonstrates substantial achievement of the prescribed competence requirements and learning outcomes of the Associate Modules. There will be no exemption at the Professional and Capstone Levels.

Capstone	Integrated Workshops and Final Examination	No exemption
Professional	Modules 11-14	No exemption
Associate	Modules 6-10 (at degree level) Modules 1-5 (at sub-degree level)	Exemptible

Programme Accreditation

- 2.3 The Institute will continue to conduct accreditation for accountancy programmes at both sub-degree and degree levels as well as conversion programmes based on a new set of criteria for accreditation. Under the new QP, accreditation will also be extended to other business-related programmes. The objectives of programme accreditation are two-fold:
- To ensure that the programme can fulfill the accreditation criteria governing, inter alia, staffing and teaching resources, programme structure and curriculum, admission standard, programme delivery and teaching pedagogy, assessment and quality assurance; and
 - To ensure that the programme curriculum can adequately cover the prescribed competence requirements and learning outcomes of the corresponding modules of the Associate Level for the purpose of obtaining module exemption.
- 2.4 The final outcome of all applications including student registration, programme accreditation and module exemption is subject to the Institute's assessment.

2.5 Tertiary institutions and programme providers that are eligible to apply for programme accreditation from the Institute should be under one of the following categories:

- (a) Tertiary institutions (or its extension arm) recognized by the government in respective jurisdictions; or
- (b) Programme providers (and their programmes) have obtained the accreditation status of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications at QF Level 4 or above (or equivalent).

2.6 Module exemption at the Associate Level of the new QP will be made available to graduates of the sub-degree, degree, and conversion programmes accredited by the Institute based on the new set of accreditation criteria.

The following table summarises the *maximum* number of module exemptions for different accredited programmes (subject to the Institute's assessment and approval):

HKICPA accredited programmes	Maximum Number of Module Exemptions	
Sub-degree	5	Modules 1-5
Degree	10	Modules 1-10
Conversion Programme	10	Modules 1-10

2.7 In summary, only Modules 1 to 10 at the Associate Level of the new QP are available for module exemption. Depending on the level of qualification (referenced to the QF) and the outcome of the programme accreditation of the tertiary institutions or programme providers offering the qualification, the following situations can arise:

- (a) Graduates of accredited accountancy or business-related sub-degree programmes i.e. higher diploma/ associate degree offered by recognized local institutions are eligible for exemption of up to a maximum of the first five Associate Modules (i.e. Modules 1 to 5).
- (b) Graduates of accredited accountancy or business-related degree programmes offered by recognized tertiary institutions are eligible for exemption of up to a maximum of 10 Associate Modules (i.e. Modules 1 to 10).
- (c) Graduates of accredited conversion programmes offered by recognized tertiary institutions or programme providers are eligible for exemption of up to a maximum of 10 Associate Modules (i.e. Modules 1 to 10).

Module Exemption

2.8 Module exemption may be granted to both accredited and non-accredited programmes at degree and Hong Kong sub-degree levels as well as accredited conversion programmes.

Applicants for module exemption need to fulfill the following conditions:

- (a) The applicant is a QP registered student;
- (b) The qualification should be acquired from a tertiary institution recognized by the Institute; and
- (c) The academic qualification must be gained within the last five years.

2.9 For graduates whose study programmes are not accredited by the Institute, their qualification will be assessed individually and exemption may be granted on a subject-by-subject basis in accordance with the same set of criteria for exemption.

Mature Students

2.10 For individuals who aspire to become CPAs but cannot meet the minimum entry requirements of the new QP, they may be accepted provided that they can fulfill the following conditions:

- (a) They are over the age of 25;
- (b) They have acquired a minimum of five years' relevant work experience; and
- (c) They have met the minimum entry requirements for higher diploma/ associate degree programmes on HKDSE/ HKALE (or equivalent).

No module exemption will be available to these mature students.

Exemption Fees

2.11 Under the new QP, the Institute will have a consistent and appropriate charging approach for all students being awarded exemptions for the Associate Level.

2.12 The module exemption fee will be the same as the examination fee at the Associate Level. The total exemption fees that an applicant will pay depend on the number of exemptible modules. Upon introduction of the new QP, the maximum exemption fees for graduates of the Institute's accredited programmes will be capped at five modules.

- 2.13 The exemption fee for the Associate Modules will be effective from 1 September 2018 onwards. Students who have commenced their study in the accredited degree programmes or conversion programmes for the academic year of 2017/18 or before will be grandfathered, i.e. they will not be required to pay any exemption fee when they claim module exemption upon graduation.

Cross-credits for Pre-entry Subjects

- 2.14 Under the new QP, individuals who are assessed as having deficiencies in any of the core subjects can take the corresponding Associate Module(s) to meet the pre-entry requirements, which is an alternative to completing the prescribed subjects in the conversion programmes.

The mapping table of pre-entry subjects for QP admission is as follows:

Current QP pre-entry subject	Credit for new QP module	
Core subjects		
Financial Reporting	1 6	Accounting Financial Accounting
Business Law / Company Law	10	Business and Company Law
Management Accounting	2	Management Accounting
Financial Management	7	Financial Management
Auditing	8	Principles of Auditing
Management Information Systems	5	Information Management
Taxation	9	Principles of Taxation
Non-core subjects		
Economics	3	Business Economics
Statistics		
Marketing	4	Business Management
Management		

3 Professional Programme

- 3.1 The professional programme comprises three levels – Associate, Professional and Capstone. There are 14 modules and a Capstone that are designed for students to acquire in-depth technical knowledge across fields of expertise in accounting, business and finance while also developing professional skills in analysis and critical thinking, problem-solving and leadership through workshops and practical work experience.
- 3.2 The professional programme will provide candidates with opportunities through different modules to develop the knowledge, skills and values that are essential for a competent professional accountant. The focus will be on integration across subject areas in the context of professional applications.

Capstone Level	Integrated three-day Workshops and Final Examination	
Professional Level	14	Taxation
	13	Business Assurance
	12	Business Finance
	11	Financial Reporting
Associate Level	10	Business and Company Law
	9	Principles of Taxation
	8	Principles of Auditing
	7	Financial Management
	6	Financial Accounting
	5	Information Management
	4	Business Management
	3	Business Economics
	2	Management Accounting
	1	Accounting

Technical and Enabling Competences

- 3.3 The breadth (covered all the required subjects) and the depth (pitched at the right level) of each module have been carefully considered taking into account the IFAC's International Education Standards ("IES") and the feedback from key stakeholders.
- 3.4 With reference to IES 2 *Technical Competence*, the technical competences of the new QP are set in the following areas:
- (a) Financial Accounting and Reporting
 - (b) Management Accounting
 - (c) Finance, Financial Management and Treasury Management
 - (d) Taxation
 - (e) Audit and Assurance
 - (f) Governance, Risk Management and Internal Control
 - (g) Business Laws and Regulations
 - (h) Information Technology
 - (i) Business and Organizational Environment
 - (j) Economics
 - (k) Business Strategy and Management

- 3.5 With reference to IES 3 *Professional Skills* and IES 4 *Professional Values, Ethics and Attitudes*, the enabling competences of the new QP are set in the following areas:

IES 3 *Professional Skills*

- (a) Intellectual
- (b) Interpersonal and Communication
- (c) Personal
- (d) Organizational

IES 4 *Professional Values, Ethics and Attitudes*

- (a) Professional Scepticism and Professional Judgment
- (b) Ethical Principles
- (c) Commitment to the Public Interest

- 3.6 Ethics is a core value of the profession that aspiring accountants need to have instilled themselves as they must accept the responsibility to act in public interest. The new QP puts more emphasis on ethical training by designing learning and development activities in the workshops and the workplace to raise students' ethical capabilities. The focus of the ethical training is on identifying ethical dilemmas, understanding their implications and determining an appropriate approach.
- 3.7 The technical and enabling competence areas mentioned above are covered by the professional programme and practical experience of the new QP with specified learning outcomes that students need to achieve at the point of qualification. The required level of proficiency for each learning outcome is explained by the HKICPA Taxonomy (see **Appendix A**), whereas the linkage of competence areas to detailed learning outcomes is set out in the CPA Competence Blueprint (see **Appendix B**).

Associate Level

- 3.8 The Associate Level has 10 modules. It aims to provide students with a foundation of core technical knowledge and application skills for routine professional problems in the areas of accountancy, finance, management accounting, law and auditing to enable their progression to the Professional Level.
- 3.9 The current set of competency requirements for associate degrees, accountancy degrees and conversion programmes have been aligned with those of the Associate Modules to ensure that a common set of criteria is used for assessment and accreditation purposes. Students may be eligible for module exemption if they have studied relevant and recognized qualifications at sub-degree or degree levels (see **Section 2**).
- 3.10 The modules will be offered concurrently in two sessions, with examinations held in June and December of each year, starting from June 2019. Students can select and take the 10 modules in any order, but they can only take a maximum of five modules per examination session.
- 3.11 The module examinations will be a three-hour, closed-book examination (except for Module 10 "Business and Company Law" where an open-book examination will be used). The examinations will comprise essay and multiple choice questions which are all compulsory. Learning materials for all modules will be developed by the Institute.
- 3.12 Upon successful completion of the Associate Level by exemption or examination, or a combination of both, students will be awarded a Certificate of Completion which indicates the level of competence attained by them. The qualification attained at the exit of the Associate Level is pitched at QF Level 5.

Professional Level

- 3.13 The Professional Level has four modules. It aims to equip students with the technical knowledge and practical skills in core areas necessary for a professional accountant at entry level. This requires developing an understanding of relevant concepts, principles and techniques, the ability to apply them in realistic professional settings, and the exercise of judgment in evaluating complex issues and advising on the most appropriate treatment.
- 3.14 The modules will have face-to-face workshops supplemented with interactive online materials. The workshops will develop candidates' skills to research, solve and analyse 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 learning materials through discussion in workshops; and develop enabling competences.
- 3.15 There will be five full-day workshops, one at the introduction to the Professional Level and one for each technical module. The introductory workshop is to ensure all students have a basic level of competence for the core enabling competences. The module workshops provide the opportunity for students to develop the core enabling competences in the technical context of the four Professional Modules.

- 3.16 The workshops will include simulations, case studies and performance tasks. Students are required to demonstrate their achievement of the prescribed learning outcomes and meet the performance indicators of the workshops. Completion of the workshops before sitting the relevant module examinations will be the preferred sequence.
- 3.17 The modules will be offered concurrently in two sessions, with examinations held in June and December of each year, starting from December 2019. Students can select and take the four modules in any order. However, a maximum of two modules can be taken in the first attempt with no restriction on the number of module enrolments for resit.
- 3.18 The module examinations will continue to be a three-hour and open-book examination. The examinations will comprise a case study and essay questions, which are all compulsory. A learning pack for each module will be developed by the Institute.
- 3.19 Completion of the Professional Level requires meeting the assessment criteria of the five full-day workshops (one introductory workshop plus four module workshops), as well as passing the examination in four technical modules.

Capstone Level

- 3.20 The Capstone aims to further develop students' ability to integrate and apply prior knowledge and skills acquired from the Associate Level and the Professional Level (such as financial reporting, business finance, auditing and taxation, etc) and from practical experience. It will also further develop the enabling competences. The focus is on the ability to deal competently with professional type situations, involving the integration and application of knowledge and skills from any part of the syllabus, across all fields of technical and enabling competence.
- 3.21 In addition to all the core knowledge and skills acquired from previous modules of the professional programme, the Capstone also includes, but are not limited to, the following key competence areas:
- (a) Develop Business Strategy
 - (b) Formulate Business Decisions
 - (c) Implement Business Solutions
 - (d) Raising Finance
 - (e) Corporate Governance
 - (f) Risk Management
 - (g) Regulatory Compliance
 - (h) Business Ethics and Professional Negligence
 - (i) Team Management and Leadership

- 3.22 The Capstone is integrated and comprised of three full-day, face-to-face workshops supplemented with interactive online materials and the Final Examination. The Capstone workshops will be case-based and will require students to think laterally to identify complex problems and develop multifaceted solutions. There will also be added emphasis on the practice of ethics to enhance the higher-order skill training of the students.
- 3.23 The Capstone workshops will include simulations, case studies and assessment tasks. Students are required to demonstrate their achievement of the prescribed learning outcomes and meet the assessment criteria of the workshops. Full attendance of the Capstone workshops is a prerequisite to sit the Final Examination.
- 3.24 The Final Examination will be a 4.5-hour (including 0.5 hour reading time) open-book examination. It will be held twice a year in June and December, starting from June 2020. Students are expected to integrate technical knowledge and professional skills across all areas of accounting and related fields in the analysis and solution of complex professional problems.
- 3.25 The Capstone provides formal verification that students who have completed the professional programme of the new QP can demonstrate a required competent level of performance. Completion of the Capstone Level requires meeting the overall assessment of the three full-day workshops and the Final Examination. Students who fail to achieve the overall assessment will be required to retake the Capstone.

Pilot Papers

- 3.26 A full set of pilot papers for each module in the Associate and Professional Levels and the Capstone will be made available for the benefit of students, lecturers and revision course providers to prepare for the new examination.

Examination Rules

- 3.27 Students must complete the Associate Level before entering the Professional Level except for those students with degree qualifications who have been granted exemption for eight or more modules in the Associate Level. Cross-level examination enrolment to the Professional Level is allowed in this case. However, students must complete both Associate and Professional Levels before advancement to the Capstone Level.
- 3.28 Students must complete each module of the Associate and Professional Levels within four attempts. Failed attempts at AAT Examination, PBE and current QP will not be counted towards the number of attempts for modules under the new QP. An attempt is recorded whether a student physically attended or was absent for the examination.

- 3.29 Students who cannot complete a particular module after four attempts at the Associate Level or the Professional Level are required to retake all the modules in the respective level again as any previous examination pass results at that level will be removed. Retake of passed workshops in the Professional Level is not required. However, the module exemption status and the cross-credit arrangement (see **Section 5**) will remain status quo.
- 3.30 Students who have not completed the Capstone Level within 10 years from the date of first registration as a QP student will be removed from the student register. All previous examination pass results will be permanently removed. For the module exemptions previously granted, they can only be retained provided that the students register again as a QP student within two years from the date of removal.
- 3.31 The following table summarises the examinations of the professional programme:

Level	Associate (Modules 1 – 10)	Professional (Modules 11 – 14)	Capstone (Final Examination)
Examination Question Type	Multiple Choice and Essay Questions	Case Study and Essay Questions	Integrated Case Study
Examination Duration	3 hours	3 hours	4.5 hours
Examination Format	Closed-book (except for Module 10)	Open-book	Open-book
Number of Module per Exam Session	Maximum five in any order	Maximum two <i>first attempt</i> in any order	N/A
Number of Attempts Allowed	Four attempts for each module	Four attempts for each module	No restriction
Examination Timetable	Two sittings per year in June and December		

Module 10 "Business and Company Law" is an open-book examination.

Module Syllabus

- 3.32 For each module, there is a hierarchy of learning outcomes. Each syllabus topic area contains high-level learning outcomes supported by detailed learning outcomes. There is progression in the level of learning outcomes required as students move through the professional programme.
- 3.33 The module syllabus has been updated with new topics such as data analytics, sustainability, and integrated reporting in order to keep pace with the latest changes in technology and business. To ensure it remains relevant and fresh, the module syllabus will be subject to a frequent review on an annual basis.

The Module Outline and Syllabus are set out in **Appendix C**.

CPD Requirement

- 3.34 To uphold the quality of entrants to membership, it is essential for students who have completed the professional programme for more than three years, i.e. long-time QP graduates, to keep themselves up-to-date on professional knowledge and skills by the time they apply for membership. These QP graduates will be required to complete Continuing Professional Development ("CPD") activities in line with the CPD requirements applicable to members of the Institute for annual renewal before they can be admitted to membership.
- 3.35 The requirements for registration as a CPA are governed by the Professional Accountants Ordinance, which currently prescribes age, "fit and proper person", examination and practical experience as the qualifications for membership admission. To implement the proposed change, the Institute will need to amend the Professional Accountants Ordinance to include the additional membership admission criteria.
- 3.36 Students registered before the effective date of this amendment of the Professional Accountants Ordinance will be grandfathered, i.e. the new CPD requirement will only apply to students registered after the effective date. The Institute will announce the effective date in due course.

4 Practical Experience

- 4.1 The Institute introduced the practical experience framework to define, in competence terms, the coverage and type of practical experience gained by students en route to qualification. Practical experience extends the competence-based framework already applied to the academic prerequisites and knowledge components of the professional programme to the workplace. This relates both to the acquisition and development of enabling competences and professional attitudes and to more specific technical competences.
- 4.2 Practical experience requirements are a combination of time (input based) and competences (output based). The required period of practical experience remains unchanged, but both technical and enabling competences have been revised taking into account the IFAC's International Education Standards and the feedback from employers and practitioners. The time requirement remains a minimum of three years as present.
- 4.3 The Institute recognizes and embraces the wide variety of work environments that are suitable for students to achieve competence. Students will demonstrate different technical competences depending on their role in the work environment. To facilitate this, six broad areas of technical competence for practical experience have been identified. Each of the six broad areas has three elements, making a total of 18 elements. Students will be required to satisfy the competence requirements for four out of the 18 technical elements.
- 4.4 Provision is made for a wider range of eligible practical experience, while retaining a common core in the Financial Accounting and Reporting which is essential to becoming a professional accountant. Students will be required to demonstrate competence in a total of four technical elements, and one of those elements must be in the area of Financial Accounting and Reporting. In other words, there is one compulsory element and the other three elements can be chosen from the remaining 17 elements.
- 4.5 Practical experience requirements also include enabling competences, which are compulsory. Students will be required to demonstrate skills in all enabling competences, which underpin the roles and behaviours required of the professional accountants in any accounting-related role or position.

4.6 The following table shows the technical competences of practical experience with six core areas and 18 elements:

FAR1 Accounting for Transactions	AA1 Planning an Engagement	T1 Tax Computations
FAR2 Preparing Financial Reports	AA2 Performing an Audit Engagement	T2 Tax Compliance
FAR3 Analysing Financial Reports	AA3 Audit Review and Reporting	T3 Tax Planning
MF1 Cost Management and Evaluation	GRI1 Identifying and Managing Risk	IBR1 Information Technology
MF2 Cash Management, Planning and Budgetary Control, Treasury	GRI2 Designing Internal Controls	IBR2 Business Strategy and Management
MF3 Appraising Investments	GRI3 Monitoring Performance and Accountability	IBR3 Insolvency and Reconstruction

Key:

FAR – Financial Accounting and Reporting

AA – Audit and Assurance

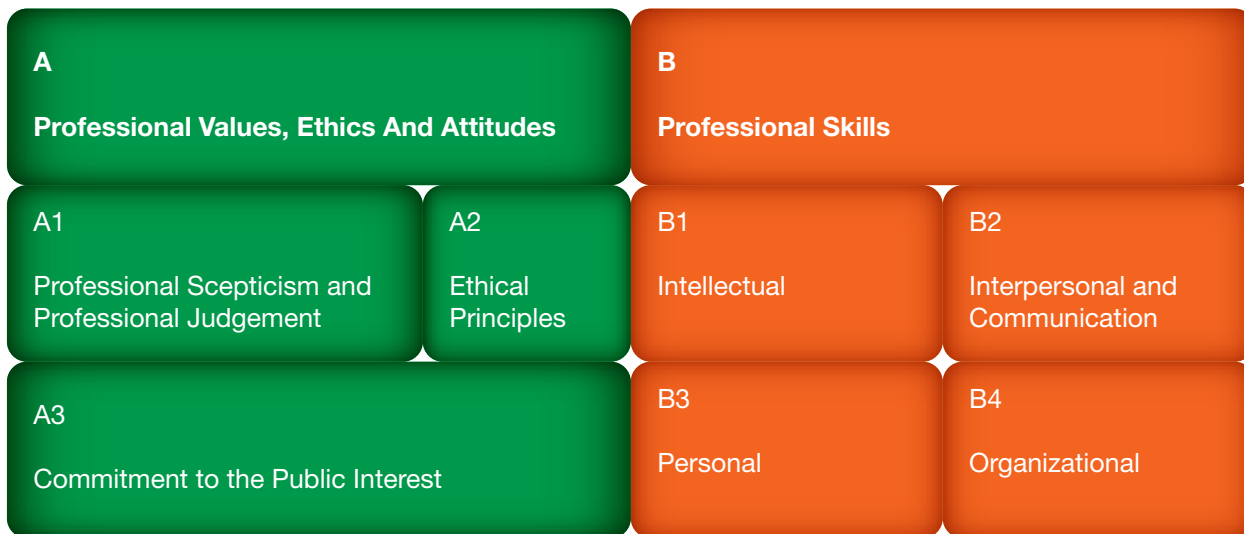
T – Taxation

MF – Management Accounting, Finance and Financial Management

GRI – Governance, Risk Management and Internal Control

IBR – Information Technology, Business Strategy and Management, and Insolvency and Reconstruction

4.7 The following table shows the enabling competences of practical experience with two areas and seven elements:



4.8 The technical and enabling competence areas mentioned above are covered by the professional programme and practical experience of the new QP with specified learning outcomes that students need to achieve at the point of qualification.

The Practical Experience Competence Grid is set out in **Appendix D**.

4.9 Students are required to obtain the appropriate type and level of practical experience under the supervision of an authorized employer ("AE") or an authorized supervisor ("AS") registered under the Institute.

4.10 The Institute plans to enhance the practical experience framework and strengthen the quality assurance of the AE and AS system in the interest of students, employers and community. Once the detailed proposal is ready for consultation, the Institute will engage the relevant stakeholders before implementation.

5 Transitional Arrangements

- 5.1 The Institute is conscious of the need to ensure that no registered students are disadvantaged by the new CPA qualification framework. As such, transitional arrangements will be put in place for students and graduates of current QP, PBE and AAT to ensure a smooth transition to the new QP with minimal disruption.

Institute's Accredited Programmes

- 5.2 The Institute will work with the existing programme providers to review their currently accredited programmes in light of the new QP syllabuses. A re-accreditation exercise in the form of desk-based reviews will be conducted on all the existing accredited programmes of the HKICPA and HKIAAT to ascertain whether they can fulfill the new accreditation criteria as well as to determine the number of Associate Modules that exemption can be granted in accordance with the exemption criteria under the new QP (see **Section 2**).
- 5.3 A transitional period of two years will be granted to existing programme providers to review and modify the curriculum and syllabuses of their currently accredited programmes as necessary in order to achieve substantial coverage of the prescribed learning outcomes of the respective Associate Modules of the new QP for the purpose of obtaining module exemption.
- 5.4 All HKIAAT accredited sub-degree programmes will be subject to a re-accreditation exercise under the HKICPA accreditation system during the period from 2017 to 2018. Their HKIAAT accreditation status, regardless of the original expiry date, will remain effective until 31 December 2019. Sub-degree programmes which are assessed as having fulfilled the new accreditation criteria will be approved as HKICPA accredited sub-degree programmes with effect from the 2019/20 academic year intake.
- 5.5 All HKICPA accredited degree and conversion programmes will be subject to a more detailed annual review commencing 2017. The course providers will be required to submit detailed mapping of their programme curriculum and course syllabuses against the learning outcomes of the Associate Modules. Programmes that are assessed as having fulfilled the new accreditation criteria will have the accreditation period extended for two more years regardless of the original expiry date.
- 5.6 Students admitted to the HKIAAT accredited sub-degree programmes as well as those admitted to the HKICPA accredited degree and conversion programmes on or before 31 December 2019 will be grandfathered, i.e. they will be eligible for module exemption upon graduation irrespective of the outcome of the re-accreditation exercise on their study programme.

Timetable for the New QP

- 5.7 The first examination session for the Associate Level, the Professional Level and the Capstone Level of the new QP is scheduled in June 2019, December 2019 and June 2020 respectively.

Existing Examinations	Last Offering	New QP	First Offering
AAT Examination	December 2018	Associate Level (Modules 1-10)	June 2019
Professional Bridging Examination			
QP Modules A-D	June 2019	Professional Level (Modules 11-14)	December 2019
QP Final Examination	December 2019	Capstone Level	June 2020

- 5.8 To allow reasonable time for existing students to complete the remaining papers under the current structure, existing AAT and PBE students will have four sessions (counting from the June 2017 session onwards) to complete the remaining papers. Likewise, current QP students will have five sessions and six sessions to complete the remaining technical modules and Final Examination of the current QP respectively.
- 5.9 According to the above timetable, the HKIAAT will stop taking in new students for AAT Examination and PBE after 31 August 2018 whereas the HKICPA will start admitting students for the new QP on 1 September 2018.

Cross-credits to the new QP

5.10 Students partway through their studies can claim cross-credits for the relevant modules of the new QP on or before 31 December 2021. Otherwise, they will not be entitled to module exemption.

5.11 The following table shows the cross-credits for AAT students/ graduates/ members:

Existing AAT examination paper		Credit for new QP module	
1	Accounting and Computerized Accounts	1	Accounting
2	Business Communication and Organization and Management	4	Business Management
3	Management Accounting	2	Management Accounting
4	Business Economics and Financial Mathematics	3	Business Economics
5	Principles of Taxation	-	-
6	Fundamentals of Business Law	-	-
7	Financial Accounting	1	Accounting
8	Principles of Auditing and Management Information Systems	5	Information Management

Cross-credit for Module 1 can either be AAT Paper 1 or Paper 7.

5.12 AAT students who have completed all or certain of eight papers of the AAT Examination can be exempted from the corresponding first five modules of the new QP, i.e. Modules 1 to 5 of the Associate Level as specified in the above table. There is no paper-for-paper exemption for AAT Paper 5 "Principles of Taxation" and Paper 6 "Fundamentals of Business Law", as Modules 6 to 10 of the Associate Level are pitched at a higher level of competency for the corresponding papers.

5.13 The following table shows the cross-credits for PBE students/ graduates:

Existing PBE paper		Credit for new QP module	
I	Financial Accounting	6	Financial Accounting
II	Management Accounting and Finance	7	Financial Management
III	Auditing and Information Systems	8	Principles of Auditing
IV	Business Law and Taxation	9	Principles of Taxation
		10	Business and Company Law

5.14 PBE students were AAT graduates who have completed all eight papers of the AAT Examination. Given PBE Paper IV "Business Law and Taxation" is a combined paper with law and taxation, cross-credit is available for both Module 9 "Principles of Taxation" and Module 10 "Business and Company Law" under the new QP. PBE students who have completed all or certain of four papers of the PBE can be exempted from the corresponding Modules 6 to 10 of the Associate Level as specified in the above table.

5.15 AAT Examination and PBE will not be offered after 31 December 2018. AAT/ PBE students and graduates as well as AAT members who have indicated that they wish to continue to take examinations under the new QP will be transferred to the student register of the HKICPA via the cross-credit arrangement as mentioned above in early March 2019, after the result announcement of the last examination session in December 2018.

5.16 Past registered students of HKIAAT who are no longer on the student register, including graduates and those who have yet to complete the AAT Examination and PBE, will be entitled to the same cross-credits and/ or exemption as active students. They will need to fulfill the following conditions:

- (a) Reinstate their HKIAAT studentship by 31 August 2018 or register with the HKICPA as a student on or after 1 September 2018; and
- (b) Claim cross-credits to the relevant modules of the new QP on or before 31 December 2021.

5.17 The following table shows the cross-credits for QP students/ graduates:

Current QP module/ final examination		Credit for new QP module/ Capstone	
Module A	Financial Reporting	Module 11	Financial Reporting
Module B	Corporate Financing	Module 12	Business Finance
Module C	Business Assurance	Module 13	Business Assurance
Module D	Taxation	Module 14	Taxation
Final Examination		Capstone	

5.18 Under the cross-credit arrangement, the pass that students have obtained for a module under the current QP will be deemed to be a pass for the corresponding module of the new QP. The following situations apply:

- (a) QP students who have remaining module(s) of the current QP to complete will be required to take the corresponding Professional Module(s) of the new QP. There is no need to attend the introductory workshop. However, they will need to attend the workshop and pass the examination of the remaining module(s) in order to complete the Professional Level.
- (b) QP students who have passed the technical workshops but not the examination of the remaining module(s) of the current QP will not be required to attend the workshop of the corresponding Professional Module(s) of the new QP.
- (c) QP students who have completed all the modules but not yet passed the Final Examination of the current QP will be required to take the Capstone of the new QP.

QP graduates who have passed all four modules and the Final Examination of the current QP will be given full credit with a QP graduate status under the new QP.

5.19 Past registered students of the HKICPA who are no longer on the student register and have yet to complete the current QP will be entitled to the same cross-credit arrangement as currently registered QP students.

Cross-credits for JES Papers

- 5.20 With the launch of the new QP, HKSA/ ACCA Joint Examination Scheme ("JES") students will be eligible for the cross-credit arrangement of Associate Modules to complete the remaining modules of the new QP if they so desire. In this connection, all JES students will be deemed to have possessed the academic qualification of a higher diploma/ associate degree for entry into the new QP.

The mapping table of JES papers for QP admission is as follows:

JES examination paper		Credit for new QP module	
1	Accounting Framework	1	Accounting
2	Legal Framework	10	Business and Company Law
3	Management Information	2 3	Management Accounting Business Economics
4	Organizational Framework	4	Business Management
5	Information Analysis	5	Information Management
6	Audit Framework	8	Principles of Auditing
7	Tax Framework	9	Principles of Taxation
8	Managerial Finance	7	Financial Management
9	Information for Control and Decision Making		

Special Arrangements for AAT Members

- 5.21 The HKIAAT will cease to hold examinations after 31 December 2018. Allowing AAT graduates to accumulate one-year work experience during 2019, new members will be admitted to the HKIAAT until 31 December 2019. Thereafter, the HKIAAT will maintain the register for AAT members for 10 years from 1 January 2020 until 31 December 2029.

5.22 AAT members who wish to continue to use the AAT designation may be able to leverage on the current reciprocal membership agreements between the HKIAAT and the AAT bodies in the United Kingdom, Australia and New Zealand as the HKIAAT will maintain dialogue with these overseas AAT bodies to renew the recognition agreements.

5.23 The following options will be available to AAT members:

- (a) Stay with the HKIAAT and maintain their membership status until 31 December 2029; and/ or
- (b) Register with the HKICPA and take examinations under the new QP. In this case, their status will be transferred to the register of the HKICPA. Same as AAT graduates, they will be exempted from the first five Associate Modules of the new QP under the cross-credit arrangement.

5.24 AAT members who opt to take examinations under the new QP will be required to sit for Modules 6 to 10 after claiming the cross-credits of the first five Modules of the Associate Level. However, as a special concession, for those AAT members who were on the HKIAAT Member Register as at 31 December 2015, they will be eligible to obtain a Certificate of Completion* of the Associate Level issued by the HKICPA once they have attained five years of relevant work experience.

* A qualifying statement will be included in the Certificate denoting that:

- (a) The Associate Level of the new QP is deemed to have been completed by a combination of the qualification of AAT Examination plus five years of relevant working experience under the Recognition of Prior Learning; and
- (b) The certificate holder who wishes to enrol in the modules of the Professional Level of the new QP will be required to sit and pass a Gateway Examination.

5.25 The Gateway Examination is an integrated examination covering substantially the knowledge areas and syllabuses of Associate Modules 6 to 10 and serves as an indication of attainment of the academic prerequisites for the Professional Level of the new QP. The Gateway Examination is a three-hour, closed-book examination and will be offered for six sessions commencing June 2019 until December 2021 with two sittings per year. The maximum number of attempts allowed is four.

5.26 AAT members (and also AAT graduates) who have completed the full set of PBE will be exempted from Associate Modules 6 to 10 via the cross-credit arrangement. They will be eligible to obtain a Certificate of Completion of the Associate Level issued by the HKICPA.

5.27 Same as AAT members, JES students who have obtained module exemption of Associate Modules 1 to 5 via the cross-credit arrangement and have five years of relevant work experience are also eligible to sit for the Gateway Examination.

6 Responses to the Consultation Paper

6.1 The consultation paper on the proposed changes to the CPA qualifying process for the development of the new QP was released on 3 June 2016. The purpose of the consultation was to introduce the enhanced CPA qualifying process to stakeholders and to solicit feedback from them before the final qualification framework is adopted and the new QP is launched.

Results of the Survey Questionnaire

6.2 During the three-month consultation period which ended on 31 August 2016, a survey questionnaire on the general view of the new QP and its proposed changes to the CPA qualifying process was conducted. Stakeholders and the general public were invited to participate in the survey questionnaire which was available in both hard copy and online. The Institute received a total of **164** responses to the survey questionnaire and the results are presented below.

6.3 The CPA Qualification Framework

- (a) 73% of the respondents agreed that the three progressive levels of the professional programme will provide greater flexibility for students with different educational backgrounds to become a CPA.
- (b) 66% of the respondents agreed that the Capstone comprising three full-day workshops and a final examination will improve students' ability to integrate and apply knowledge and skills.
- (c) 71% of the respondents agreed that the proposed enhancements to the CPA Qualification Framework will address the needs of the market and improve the employability of our students and members.

6.4 The CPA Competence Blueprint

- (a) 85% of the respondents agreed that the competence areas and the respective learning outcomes identified in the CPA Competence Blueprint represent the knowledge and skills required for a prospective CPA.
- (b) 75% of the respondents were satisfied that there are no significant areas of competence missing from the CPA Competence Blueprint that should be included.

6.5 The Module Outline and Syllabus

- (a) 83% of the respondents agreed that the syllabus specified in each Module represents appropriate and sufficient coverage of the knowledge and skills to meet the prescribed learning outcomes of the CPA Competence Blueprint.
- (b) 88% of the respondents were satisfied that there are no significant areas of syllabus missing from the Module Outline and Syllabus that should be included.

6.6 The Practical Experience Competence Grid

- (a) 86% of the respondents agreed that the competence areas and the respective learning outcomes identified in the Practical Experience Competence Grid represent the required technical and enabling elements for a prospective CPA to achieve at the point of qualification.
- (b) 94% of the respondents were satisfied that there are no significant areas of competence missing from the Practical Experience Competence Grid that should be included.

Respondent Comments

6.7 Eight information sessions were held in July 2016 to provide an opportunity for various stakeholders including members and students of HKICPA and HKIAAT, employers, practitioners, academia, tertiary institutions and programme providers to understand the proposed CPA Qualification Framework and to exchange their views on the spot. There were close to 350 enrolments for the eight sessions.

6.8 All stakeholders and interested parties were invited to send in their written comments during the consultation period spanning from early June to the end of August 2016. At the conclusion of the consultation period, the Institute received a total of 11 written comments.

The distribution of written respondents is as follows:

Academia	1
Government department	1
HKICPA members	2
HKICPA students	3
QP revision course provider	1
Professional bodies	2
Regulator	1
	<u>11</u>

6.9 Valuable input was collected through faculty visits to 20 major local tertiary institutions offering accredited accountancy programmes. The Institute maintains a close dialogue with relevant programme management and faculty members to ensure their views on the proposed changes to the CPA qualifying process are well received and considered. In addition, the Institute's Qualification and Examinations Board and the HKIAAT Board comprising representatives from major CPA firms, small and medium sized practices, academia and employers, expressed staunch support to and provided professional insights and guidance for the continuous development and quality assurance of the new QP.

6.10 The response received from all of the aforesaid channels in general shows strong support for the new QP and its proposed changes to the CPA qualifying process as set out in the consultation paper, particularly on the following themes.

- (a) The adoption of the CPA Competence Blueprint in prescribing the technical and enabling competences in a holistic manner for the qualification framework.
- (b) The introduction of a foundation level, i.e. the Associate Level of the new QP as an equitable basis of assessment and accreditation for students with different educational backgrounds.
- (c) The increased emphasis on the development of higher-order enabling skills such as problem solving, critical and lateral thinking in the Capstone.
- (d) The inclusion of the practice of ethics in the Capstone workshops that provide a more real-world experience and professional type situations.

6.11 Some responses to the consultation paper highlighted requests and concerns from existing students and accredited programme providers on issues related to the new entry requirements and exemption fees, the introduction of three-day Capstone workshops, and the four-attempt examination rule for both Associate and Professional Modules. Some respondents expressed that more time is needed to get prepared for the new QP. The key comments and the Institute's response are summarised below.

6.12 Entry Requirements of the New QP

Comments

Respondents indicated their support for the new QP that it offers alternative pathways and greater flexibility for students with different backgrounds and levels of educational achievement to become a CPA.

Some respondents, however, expressed their concerns that the new QP will lower the entry requirements to sub-degree holders and therefore may affect the quality and standards to become a CPA.

The Institute's response

As a statutory body, the Institute sees its responsibility to attract and groom talents into professional accountants in order to meet the market needs of Hong Kong. This is imperative for the continuous growth and development of the accountancy profession. As such, the Institute features alternative entries into the CPA qualifying process of the new QP, which makes it more flexible and accessible to students with differing backgrounds and education levels to become a CPA.

Under the current system, sub-degree holders can take the alternative pathway for entry into the QP by completing the AAT qualification and the PBE. The introduction of the Associate Level to the QP is to rationalize the CPA qualifying process by offering an enhanced foundation level that provides a direct pathway for sub-degree holders. It also offers greater flexibility to non-accounting graduates to fulfill the academic prerequisites for admission to the new QP. In all circumstances, the qualification required for entry into the Professional Level is pitched at QF Level 5, i.e. degree or equivalent.

The Institute will uphold the quality and rigour of the CPA qualification framework by maintaining a high standard on the exit points so that only QP graduates who possess the required competence, skills and knowledge can be admitted to membership.

6.13 Exemption Fees Charged for the Associate Modules

Comments

Respondents in general expressed no objection to the charging of exemption fee to all students for the Associate Modules under the new QP, since it is a common approach used by a number of leading accountancy bodies which have a similar qualifying process and examination structure. However, some respondents were of the view that such charging arrangement would not be fair to degree holders of the Institute's accredited accountancy programmes who are not required to pay such fees under the current QP.

The Institute's response

The Institute aims to have a consistent and appropriate charging approach for all students being awarded exemptions under the new qualification framework. In determining the exemption fee charging arrangement, the Institute has benchmarked with other professional bodies' level and maximum amount of charges. Upon the introduction of the new QP, the Institute will cap the exemption fees to be paid at a maximum of five modules for graduates of the Institute's accredited programmes. The Institute will also conduct regular review of its fee schedule for the QP to ensure the fees charged are reasonable and remain competitive as compared to other professional qualification programmes in the market.

The Institute is also cognizant of the impact of the new charging arrangement on the existing students particularly for those who do not need to pay any exemption fee under the current system. In this regard, the Institute introduces the grandfathering policy as part of the transitional arrangements that students who have commenced their study in the accredited degree programmes or conversion programmes for the academic year of 2017/18 or before will not be required to pay any exemption fee when they claim module exemption upon graduation.

6.14 Three-day Workshops in the Capstone

Comments

Respondents welcomed the design of the Capstone which helps develop students' ability to integrate and apply their knowledge and skills from technical modules and practical experience through both workshops and a final examination. Some respondents, in particular students, expressed concerns about the time commitment of attending the three full-day workshops as well as the requirement to retake all the Capstone workshops upon failing the Final Examination, which seem to be too harsh to them who have to cope with demanding work commitment.

The Institute's response

As indicated in the survey questionnaire and validated by the focus group meeting, employers are looking for professional accountants who possess higher-order skills such as critical thinking, professional scepticism and business acumen. The Capstone is designed to develop the higher-order skills so that students can think laterally to identify complex problems and develop multifaceted solutions which are vital to succeed in a career as a professional accountant. Such skills can only be trained effectively after students have acquired knowledge from all technical modules and have accumulated certain level of practical experience.

The Capstone is integrated and comprised of three full-day workshops and the Final Examination. Students are required to complete the assessment tasks across the Capstone and meet the overall assessment in order to complete the Capstone. Completion of the Capstone provides a formal verification that students can demonstrate a required competent level of performance. Students who fail to achieve the overall assessment will be required to retake the Capstone.

6.15 Four-attempt Examination Rule for the 14 Modules

Comments

There were polarized views from respondents regarding the introduction of the four-attempt examination rule, which stipulates that students who fail the same module for four times in the Associate Level or the Professional Level will be required to retake all the module examinations in the respective level again.

Some respondents concurred with the implementation of the rule on the basis that:

- (a) It can improve the quality of QP students since less competent students would drop out earlier, thereby enhancing the standard of prospective accountants as a whole.
- (b) It would be undesirable for QP students who had multiple retakes in Professional Modules to sit the integrated Final Examination when some of their previous knowledge is not up-to-date and/ or not retained.
- (c) The current 10-year time limit is already very lenient and therefore a maximum number of attempts rule should be imposed in order to be aligned with international standards.

On the contrary, others showed hesitation to the adoption of the rule since:

- (a) It would create unnecessary mental pressure, undue time cost and financial burden to students.
- (b) It might deter students from joining the accountancy profession, which would contradict the intended objective of offering more flexibility to aspiring accountants under the CPA qualifying process reform.
- (c) The current 10-year time limit already serves the purpose of ensuring the quality of QP graduates and therefore introducing a four-attempt examination rule is excessive and onerous.

The Institute's response

The Institute perceives the need to uphold the quality and rigour of its CPA qualifying process with the offering of alternative pathways for entry into the new QP. The introduction of a maximum number of attempts rule provides a fair and proportionate requirement to complete the professional programme that can protect the public interest through the setting and maintaining of high-quality standards. Students who have repeated failures call into the question whether they have a realistic chance of successfully completing the professional programme. This may serve as an early indicator that a career as a professional accountant may not be suitable for these students.

In determining the maximum number of attempts, the Institute has made reference to the historical statistics of the students' performance over the past QP examination sessions. The setting of this examination policy brings the Institute in line with the international best practices of leading overseas accountancy bodies in the Global Accounting Alliance ("GAA") which have reciprocal membership arrangements with the Institute.

After due consideration and for the reasons mentioned above, the Institute will maintain the proposed four-attempt examination rule for the Associate and Professional Levels. As part of the quality assurance, the Institute will continue to review the students' performance under the new QP and make refinements to the examination policies including the number of attempts rule as and when appropriate.

6.16 10-year Time Limit for Completion of the Professional Programme

Comments

Some respondents considered the 10-year time limit may not be sufficient for students to complete the additional 10 modules at the Associate Level of the new QP and suggested that the time limit should be extended.

The Institute's response

The 10-year time bar rule is specified in the By-Law 39(1)(b) of the Professional Accountants Ordinance that students who had not passed the final section of the QP examinations within 10 years from the date of first registration as a QP student would be removed from the student register. All previous examination pass results would be permanently removed.

With reference to the performance statistics that a great majority of sub-degree students could attain the CPA qualification via the completion of the AAT qualification, the PBE and the professional programme of the QP well within 10 years, the Institute believes the 10-year period should be adequate for students to complete all the 14 modules and the Capstone. A time limit of 10 years or below is a common and acceptable approach as currently adopted by many leading overseas accountancy bodies in the GAA.

6.17 Amendment of the Professional Accountants Ordinance By-Laws

Comments

Some respondents raised a question whether the relevant Professional Accountants Ordinance By-Laws which govern the requirements for registration as a QP student will need to be amended in light of the extended definition of registered students to include students with an associate degree or higher diploma entering at the Associate Level of the new QP.

The Institute's response

The Institute has sought legal counsel's advice which confirms that such a change to the requirements for student registration under the new QP does not require an amendment to the By-Laws. The legal analysis indicates that, for the purpose of student registration, the HKICPA Council has a broad discretion under By-Law 31(3)(c) to decide that a person is "deemed to have attained the requisite standard of education" if he/ she has completed a study programme approved by the HKICPA Council. The power under By-Law 31(3)(c)(ii) allows the HKICPA Council to decide that study programmes other than a degree in accountancy suffice for student registration. In addition, the breadth of the discretion conferred on the HKICPA Council is confirmed by By-Law 37 which allows the HKICPA Council to make rules prescribing all matters relating to examinations to be held after student registration.

The new approach allows persons with different qualifications eligible for entry into the QP, while using the Associate Modules to ensure that all those who are registered attain the necessary skills and knowledge before advancement to the Professional Level and then the final Capstone.

6.18 Launch Date of the New QP

Comments

Respondents in general considered the transitional arrangements adequate but made a recommendation to postpone the proposed launch date of the new QP of June 2018 so that all stakeholders, in particular existing students and accredited programme providers, could have more time to prepare for the new QP.

The Institute's response

After due consideration, the launch date of the new QP will be postponed by one year, i.e. the offering of the first examination session of the Associate Level will be June 2019. Thereafter, the Professional Level will be offered in December 2019 to be followed by the Capstone in June 2020. This should allow stakeholders sufficient time to get prepared for the changes and transit smoothly to the new QP.

7 Enquiries

- 7.1 Should you have any enquiries regarding the new QP, please contact the following sections of Education and Training Department of the Institute.

Pre-entry Education

Name: Mr. Terence Lai
Tel: (852) 2287 7455
Email: Terencelai@hkiipa.org.hk

Professional Programme

Name: Ms. Jacqueline Yeung
Tel: (852) 2287 7493
Email: Jacquelineyeung@hkiipa.org.hk

Practical Experience

Name: Ms. Mavis Lam
Tel: (852) 2287 7373
Email: Mavislam@hkiipa.org.hk

- 7.2 A list of frequently asked questions is also available at the Institute's website:
<http://www.hkiipa.org.hk/en/become-a-hkiipa/faq/faq-on-new-qp/>



Appendix A

The HKICPA Taxonomy

Level 1: Foundation

Skill	Verb	Definition
Knowledge The remembering of previously learned material (recall of facts)	Define	Give the accepted meaning of
	Identify	List or ascertaining possibilities before analysis; Point to the essential part or parts
	List	Provide a concise summary of the relevant points, often in bullet point format
	Outline	Give the main facts about something
	State	Accurately articulate established principles, concepts, terms etc.
Comprehension Demonstrative understanding of facts and ideas by organising, comparing, translating, interpreting, giving descriptions and stating main ideas	Describe	Communicate the key features of something, present a detailed account of something focusing on depth of knowledge
	Explain	Make clear the details of something; or show the reason for, or underlying cause of, or the means by which something occurs
	Illustrate	Offer examples, to show how something happens, that something happens, or make concrete a concept by giving examples
	Interpret	Make clear the meaning of something and its implications
	Summarise	Describe something concisely; bring together the main facts

Level 2: Intermediate

Skill	Verb	Definition
Application Using new knowledge. Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way	Account for / Demonstrate	Give details of accounting entries to be made for in the context of financial reporting or justify (if used in a more general context); Demonstrate the accounting treatment by using a set of accounts
	Apply	Demonstrate knowledge, concepts or techniques; Use established methods/tools/procedures to resolve relatively straightforward scenarios or problems
	Calculate / Compute	Determine by computation or arrive at by mathematical means or processes
	Prepare	Follow established procedures/methods to create a report of financial information or commentary (e.g. using a proforma spreadsheet)
	Solve	To work out to a result or conclusion
	Use	Apply in a practical way
Analysis Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalisation	Analyse	To examine methodically by separating into parts and studying the interrelationships in order to discover essential features
	Compare	Critically consider two or more things, emphasising their similarities
	Contrast	Critically consider two or more things, emphasising their differences
	Classify / Categorize	Apply concepts to categorize information or groups into categories
	Justify	Explain the reason for recommendation made, or underlying cause of, based on an analysis of a range of available options
	Prioritise / Determine	Determine the order for dealing with a series of items or tasks according to their relative importance e.g. Determine the priorities/ determine the level of importance

Level 3: Advanced

Skill	Verb	Definition
Integration Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions	Construct	To form an idea, a process, or procedure by bringing together various theoretical and conceptual elements
	Design	Develop a procedure/process or course of action based on selection of the optimum combination from a range of available options
	Develop	To bring something into existence that has not previously existed, or to reshape something from its initial position into something more refined; Use judgement to bring to a more advanced or effective state or to create a plan
	Formulate	Devise and put a plan into words
	Integrate	Combine one aspect of learning with another to form a holistic understanding of a process, procedure or course of action
	Plan / Propose	Formulate a detailed proposal for doing or achieving something
	Produce	Draw together similar or disparate items to form a report containing financial and/or non-financial information
Evaluation The ability to judge the value of material for a given purpose	Advise	Communicate appropriately the recommended course of action based on an analysis of specific circumstances in a manner suited to the recipient
	Appraise	Assess the value or quality of something; or to assess its performance
	Consider	Think carefully about something before making a decision, to look closely or attentively at something through a process involving critical thinking
	Evaluate	Assess and determine the value, importance or qualities of something, normally with reference to specific criteria and draw conclusions
	Recommend	Select the best course of action or choice; Advocate a particular outcome or course of action based on an analysis of a range of available options

References

Anderson, L. W., Krathwohl, D. R., Airasian, W., Cruikshank, K. A., Mayer, R. E., & Pintrich, P. R. (2001). *A taxonomy for learning, teaching and assessing: A revision of Bloom's Taxonomy of educational outcomes: Complete edition*. New York: Longman.

The International Federation of Accountants. (2016). *Framework for International Education Standards for Professional Accountants and Aspiring Professional Accountants*. (2015). Retrieved from <https://www.ifac.org>

The Government of the Hong Kong Special Administrative Region. (2016). *Qualification Framework - Generic Level Descriptors*. Retrieved from <https://www.hkqf.gov.hk>



Appendix B

The CPA Competence Blueprint

The CPA Competence Blueprint

	Page	Abbreviation
Summary of Competences Mapping	44	
Financial Accounting and Reporting	45	FAR
Management Accounting	49	MA
Finance, Financial Management and Treasury Management	50	FIN
Taxation	52	TAX
Audit and Assurance	58	AA
Governance, Risk Management and Internal Control	61	GRIT
Business Laws and Regulations	62	BLR
Information Technology	63	IT
Business and Organizational Environment	64	BOE
Economics	65	ECON
Business Strategy and Management	66	BSM
Professional Skills	68	PROF
Professional Values, Ethics and Attitudes	70	ETHICS

Summary of Competences Mapping

	Module 1 Accounting	Module 2 Management Accounting	Module 3 Business Economics	Module 4 Business Management	Module 5 Information Management	Module 6 Financial Accounting	Module 7 Financial Management	Module 8 Principles of Auditing	Module 9 Principles of Taxation	Module 10 Business and Company Law	Module 11 Financial Reporting	Module 12 Business Finance	Module 13 Business Assurance	Module 14 Taxation	Capstone	Professional Skills	Professional Values, Ethics and Attitudes
IES2 (a)	FAR					FAR					FAR						
IES2 (b)		MA					MA										
IES2 (c)							FIN					FIN					
IES2 (d)								TAX					TAX				
IES2 (e)								AA					AA				
IES2 (f)				GRIT								GRIT		GRIT			
IES2 (g)										BLR							
IES2 (h)					IT												
IES2 (i)				BOE								BOE		BOE			
IES2 (j)			ECON														
IES2 (k)				BSM								BSM		BSM			
IES3															PROF	PROF	
IES4																	ETHICS

IES Key:	Financial Accounting and Reporting	Information Technology
IES2 (a)	IES2 (h)	Information Technology
IES2 (b)	IES2 (i)	Business and Organizational Environment
IES2 (c)	IES2 (j)	Economics
IES2 (d)	IES2 (k)	Business Strategy and Management
IES2 (e)	IES3	Professional Skills
IES2 (f)	IES4	Professional Values, Ethics, and Attitudes
IES2 (g)		

Financial Accounting and Reporting

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (a)(i) Apply accounting principles to transactions and other events	Explain the purpose of accounting	Explain the role of accounting within a business entity	1	1
		Explain the relationship between business activities and business transactions	1	
	Demonstrate an understanding of accounting principles	Apply the principles of the double entry accounting system and analyse the nature of business transactions	2	
		Explain the general features in preparing financial statements	1	
	Prepare accounting records, demonstrate management and control	Apply the accounting equation to business transactions and prepare a trial balance	2	
		Account for property, plant and equipment	2	
		Account for inventories and trade receivables	2	
		Prepare period end adjustments	2	
	Prepare and present financial statements from a trial balance or incomplete records	Prepare financial statements from incomplete records	2	
		Prepare financial statements for various common types of business entity	2	
IES2 (a)(ii) Apply International Financial Reporting Standards ("IFRSs") or other relevant standards to transactions and other events	Describe the framework of financial accounting and reporting	Describe the financial reporting framework	1	6
		Describe and account for business transactions in accordance with Hong Kong Financial Reporting Standards as they relate to:		
	Apply appropriate accounting principles and concepts to account for business transactions	Accounting policies, changes in accounting estimates and errors	2	6
		Revenue	2	
		Inventories	2	
		Property, plant and equipment	2	
		Intangible assets	2	
		Investment property	2	
		Financial assets, financial liabilities and equity instruments	2	
		Borrowing costs	1	
		Impairment of assets	2	
		Leases	2	
		Events after the reporting period	2	

Associate Level ■ **Module 1 • Accounting**
Professional Level ■ **Module 6 • Financial Accounting**
 ■ **Module 11 • Financial Reporting**

Financial Accounting and Reporting

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module	
<p>IES2 (a)(ii)</p> <p>Apply International Financial Reporting Standards ("IFRSs") or other relevant standards to transactions and other events</p>	Apply appropriate accounting principles and concepts to account for business transactions	Provisions, contingent liabilities and contingent assets	2	6	
		Income taxes	1		
		The effects of changes in foreign exchange rates	1		
		Related party disclosures	1		
		Non-current assets held for sale and discontinued operations	1		
		Earnings per share	1		
		Fair value measurement	1		
		Government grants	2	11	
		Employee benefits	2		
		Share-based payments	2		
		Borrowing costs	2		
		Financial assets, financial liabilities and equity instruments	2		
		Hedge accounting	2		
		Income taxes	2		
		Effects of changes in foreign exchange rates	2		
		Related party disclosures	2		
		Fair value measurement	2		
		Earnings per share	2		
		Operating segments	2		
	Interim financial reporting	2			
	Agriculture	1			
	Insurance contracts	1			
	Exploration for and evaluation of mineral resources	1			
	Service concession arrangements	1			
	Evaluate and advise appropriate accounting principles to account for complex business transactions	Account for, evaluate and advise on business transactions in accordance with Hong Kong Financial Reporting Standards as they relate to:			11
		Accounting policies, changes in accounting estimates and errors	3		
		Revenue	3		
Inventories		3			
		Property, plant and equipment	3		

Associate Level ■ Module 1 • Accounting
 Professional Level ■ Module 6 • Financial Accounting
 ■ Module 11 • Financial Reporting

Financial Accounting and Reporting

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (a)(ii) Apply International Financial Reporting Standards ("IFRSs") or other relevant standards to transactions and other events	Evaluate and advise appropriate accounting principles to account for complex business transactions	Intangible assets	3	11
		Investment property	3	
		Impairment of assets	3	
		Leases	3	
		Provisions, contingent liabilities and contingent assets	3	
		Events after the reporting period	3	
		Non-current assets held for sale and discontinued operations	3	
IES2 (a)(iii) Evaluate the appropriateness of accounting policies used to prepare financial statements	Evaluate and advise appropriate accounting principles to account for complex business transactions	Account for, evaluate and advise on business transactions in accordance with Hong Kong Financial Reporting Standards as they relate to:		11
		Accounting policies, changes in accounting estimates and errors	3	
		Revenue	3	
		Inventories	3	
		Property, plant and equipment	3	
		Intangible assets	3	
		Investment property	3	
		Leases	3	
		Events after the reporting period	3	
		Non-current assets held for sale and discontinued operations	3	
IES2 (a)(iv) Prepare financial statements, including consolidated financial statements in accordance with IFRSs or other relevant standards	Prepare and present financial statements in accordance with Hong Kong Financial Reporting Standards	Explain the basis of preparation and presentation of financial statements	1	6
		Prepare financial statements in accordance with selected Hong Kong Financial Reporting Standards for a single entity	2	
		Prepare a statement of cash flows for a single entity	2	
	Apply the accounting principles and concepts to prepare financial statements with simple group structures	Prepare consolidated financial statements in accordance with Hong Kong Financial Reporting Standards for:		6
		Business combination	2	
		Investments in associates	2	
		Joint arrangements	2	

Associate Level ■ **Module 1 • Accounting**
Professional Level ■ **Module 6 • Financial Accounting**
 ■ **Module 11 • Financial Reporting**

Financial Accounting and Reporting

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (a)(iv) Prepare financial statements, including consolidated financial statements in accordance with IFRSs or other relevant standards	Prepare, present and appraise group financial statements with complex group structures	Construct the financial statements for an individual entity in accordance with Hong Kong Financial Reporting Standards and statutory reporting requirement	3	11
		Construct the financial statements for a group in accordance with Hong Kong Financial Reporting Standards and statutory reporting requirements:		
		Business combination	3	11
		Investments in associates	3	
		Joint arrangements	3	
Describe and illustrate merger accounting for common control combinations	1			
IES2 (a)(v) Interpret financial statements and related disclosures	Explain the purpose of accounting	Identify the types of financial statements and explain their purpose	1	1
	Explain and apply the financial reporting framework in Hong Kong	Describe and explain the financial reporting framework in Hong Kong and the related implications for business activities	1	11
	Prepare, present and appraise group financial statements with complex group structures	Construct the financial statements for an individual entity in accordance with Hong Kong Financial Reporting Standards and statutory reporting requirement	3	
		Construct the financial statements for a group in accordance with Hong Kong Financial Reporting Standards and statutory reporting requirements	3	
IES2 (a)(vi) Interpret reports that include non-financial data, for example, sustainability reports and integrated reports	Explain the purpose of accounting	Explain the role of accounting within a business enterprise	1	1
	Describe the current issues and developments in financial reporting	Describe the impact of current issues and developments in financial reporting	1	11
		Describe the social responsibilities	1	
	Describe and apply the concept of ethics where it is appropriate to adopt ethical stances for professional accountants in business	Explain and apply the Code of Ethics for Professional Accountants	2	

Associate Level ■ **Module 1 • Accounting**
Module 6 • Financial Accounting
Professional Level ■ **Module 11 • Financial Reporting**

Management Accounting

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (b)(i) Apply techniques to support management decision making, including product costing, variance analysis, inventory management and budgeting and forecasting	Explain the role and purpose of management accounting	Describe the role and purpose of management accounting	1	2
	Apply cost accounting	Explain cost classification and illustrate how costs are associated with the production of products and provision of services	1	
		Apply process costing	2	
		Apply contribution analysis in decision making	2	
	Apply the principles and techniques for budgeting and forecasting	Apply the principles of budgeting and forecasting	2	
		Apply the principles of standard costing	2	
Analyse information for performance measurement	Apply financial and non-financial indicators or measures in analysing business performance	2		
IES2 (b)(ii) Apply appropriate quantitative techniques to analyse cost behaviour and the drivers of costs	Apply costing techniques	Apply costing techniques for materials, labour and overheads	2	
		Apply absorption, marginal and job costing	2	
		Apply activity based costing ("ABC")	2	
		Apply process costing	2	
	Apply budgeting and forecasting	Apply the principles of budgeting and forecasting	2	
Apply the principles of standard costing		2		
IES2 (b)(iii) Analyse financial and non-financial data to provide relevant information for management decision making	Apply cost accounting	Apply contribution analysis in decision making	2	
		Apply activity based costing ("ABC")	2	
	Apply budgeting and forecasting	Apply the principles of standard costing	2	
	Analyse information for performance measurement	Apply financial and non-financial indicators or measures in analysing business performance	2	
IES2 (b)(iv) Prepare reports to support management decision making, including reports that focus on planning and budgeting, cost management, quality control, performance measurement, and benchmarking	Apply cost accounting	Apply absorption, marginal and job costing	2	
		Apply contribution analysis in decision making	2	
	Apply budgeting and forecasting	Apply the principles of budgeting and forecasting	2	
		Apply the principles of standard costing	2	
IES2 (b)(v) Evaluate the performance of products and business segments	Produce financial analysis	Evaluate a business entity's financial strategy	3	7
		Produce a forecast cash flow statement for a business entity	3	

Associate Level ■ Module 2 • Management Accounting
 Module 7 • Finance Management

Finance, Financial Management and Treasury Management

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (c)(i) Compare the various sources of financing available to an entity, including bank financing, financial instruments, and bond, equity and treasury markets	Apply capital investment appraisal	Apply appropriate appraisal techniques to capital investment projects	2	7
	Evaluate and advise on the strategic capability of a business entity	Advise on a business entity's financial strategy	3	12
IES2 (c)(ii) Analyse an entity's cash flow and working capital requirements	Produce financial forecasts and evaluate business plans	Formulate plans and forecasts for a business entity	3	7
	Produce financial analysis	Apply techniques of financial analysis	2	
		Evaluate a business entity's financial strategy	3	
		Produce a forecast cash flow statement for a business entity	3	
		Prepare profitability projections	2	
	Evaluate short and medium term financial management	Evaluate the short and medium term financial requirements of a business entity	3	12
		Apply the principles of working capital management	2	
IES2 (c)(iii) Analyse the current and future financial position of an entity, using techniques including ratio analysis, trend analysis, and cash flow analysis	Analyse the financial environment in which businesses operate	Explain and analyse the financial environment in which a business entity operates	2	7
	Apply financial risk framework and different methods of managing financial risks	Account for the nature and types of financial risk	2	
	Analyse the role of sensitivity analysis and principles of risk management	Apply the principles of Enterprise Risk Management ("ERM") and sensitivity analysis	2	12
	Determine the objectives of treasury function and explain the importance of managing the relationships between treasury function and external parties	Determine the objectives and operations of a treasury function in a business entity	2	
	Determine long term financial management	Determine the long term financial management position of a business entity and advise on relevant sources of finance and funding methods	2	

Associate Level ■ Module 7 • Financial Management
 Professional Level ■ Module 12 • Business Finance

Finance, Financial Management and Treasury Management

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (c)(iv) Evaluate the appropriateness of the components used to calculate an entity's cost of capital	Analyse the financial environment in which businesses operate	Explain and analyse the financial environment in which a business entity operates	2	7
	Apply pricing strategies and decisions	Calculate prices for products and services	2	
	Apply appraisal techniques for capital investment projects	Apply appropriate appraisal techniques to capital investment projects	2	
	Evaluate corporate reorganization and change	Evaluate proposals for business combinations	3	12
Evaluate and advise on proposals for financial reconstruction		3		
IES2 (c)(v) Apply capital budgeting techniques in the evaluation of capital investment decisions	Apply capital investment appraisal	Apply appropriate appraisal techniques to capital investment projects	2	7
	Explain and analyse different sources of finance and capital structure	Explain and analyse the theories of major capital market models	2	
	Analyse business failure, the types of liquidations and the key aspects of insolvency	Analyse the key issues relating to business failure and insolvency	2	12
IES2 (c)(vi) Explain income, asset-based, and market valuation approaches used for investment decisions, business planning, and long-term financial management	Advise and apply the various business valuation models	Advise on the valuation of businesses	3	

Associate Level ■ Module 7 • Financial Management
 Professional Level ■ Module 12 • Business Finance

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (d)(i) Explain national taxation compliance and filing requirements	Demonstrate an understanding of the tax system and administration in Hong Kong	State, describe and apply the following key aspects of the tax system in Hong Kong:		9
		Principles of taxation	1	
Types of tax		1		
Sources of Hong Kong tax law – statute, case law, Board of Review decisions		1		
Interpretation of tax statutes		1		
The Basic Law		1		
Departmental Interpretation and Practice Notes		1		
Structure and administration of the Inland Revenue Department		1		
Duties and powers of officers of the Inland Revenue Department, and official secrecy		1		
Obligations and liabilities of a taxpayer, his agent or an executor		1		
Returns, offences and penalties		1		
Assessments, additional assessments and provisional assessments		1		
Payment, recovery, holding over and refund of tax		1		
Objections, appeals and claims		2		
Board of Review		1		
Board of Inland Revenue	2			
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	Describe, explain and analyse the following tax issues as they impact and interact on transactions, individuals and entities:		9	
	Property tax			
	Scope of property tax charge	2		
	Chargeable property and owners of land and/or buildings	2		
	Salaries tax			
	Scope of salaries tax charge	2		
Time basis assessment	2			
Incomes	2			

Associate Level ■ Module 9 • Principles of Taxation
 Professional Level ■ Module 14 • Taxation

Taxation

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module			
IES2 (d)(i) Explain national taxation compliance and filing requirements	Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	Benefits in kind, housing benefits, share-based benefits and holiday journey benefits	2	9			
		Lump sum receipts	2				
		Expenses and deductions	2				
		Losses	1				
		Personal allowances	2				
		Separate taxation on spouses and joint assessment	2				
		Profits tax				9	
		Scope of profits tax charge	1				
		Badges of trade	2				
		Source of profits	2				
		Deemed trading receipts	2				
		Distinction between capital and revenue items	2				
		General deductions and specific deductions	2				
		Cessation and post-cessation receipts and payments	1				
		Partnerships, joint ventures and allocation of profit/loss	2				
		Losses	2				
		Depreciation allowances: plant and machinery	2				
		Depreciation allowances: industrial buildings and commercial buildings	2				
		Personal assessment					9
		Election for personal assessment	2				
		Stamp duty				9	
		Scope of stamp duty charge	1				
		Conveyance on sale of immovable property	2				
		Agreement for sale of immovable property	2				
		Lease of immovable property	2				
		Hong Kong stock	2				
		Hong Kong bearer instrument, duplicate and counterpart	2				

Associate Level ■ Module 9 • Principles of Taxation
 Professional Level ■ Module 14 • Taxation

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (d)(i) Explain national taxation compliance and filing requirements	Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	Voluntary disposition inter vivos	1	9
		Exemptions and reliefs	1	
		Adjudication, assessment and administration	1	
	Demonstrate an understanding of the tax system and administration in Hong Kong	State, describe and apply the following key aspects of the tax system in Hong Kong:		14
		Principles of taxation	2	
		Types of tax	1	
		Sources of Hong Kong tax law – statute, case law, Board of Review decisions	1	
		Interpretation of tax statutes	1	
		The Basic Law	1	
		Departmental Interpretation and Practice Notes and Stamp Office Interpretation and Practice Notes	1	
		Structure and administration of the Inland Revenue Department	1	
		Duties and powers of officers of the Inland Revenue Department, and official secrecy	1	
		Obligations and liabilities of a taxpayer, his agent, a trustee or an executor	1	
		Returns, offences and penalties	2	
		Assessments, additional assessments and provisional assessments	2	
		Payment, recovery, holding over and refund of tax	1	
		Objections, appeals and claims	2	
		Board of Review	1	
		Board of Inland Revenue	2	
		Field audit and investigation	2	
	Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	Describe, explain and analyse the following tax issues as they impact and interact on transactions, individuals and entities:		14
		Property tax		
		Scope of property tax charge	2	
		Chargeable property and owners of land and/or buildings	2	

Associate Level ■ Module 9 • Principles of Taxation
 Professional Level ■ Module 14 • Taxation

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (d)(i) Explain national taxation compliance and filing requirements	Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	Salaries tax		14
		Scope of salaries tax charge	2	
		Time basis assessment	2	
		Incomes	2	
		Benefits in kind, housing benefits, share-based benefits and holiday journey benefits	2	
		Lump sum receipts	2	
		Expenses and deductions	2	
		Losses	2	
		Personal allowances	2	
		Separate taxation on spouses and joint assessment	2	
		Profits tax		
		Scope of profits tax charge	2	
		Badges of trade	2	
		Source of profits	2	
		Deemed trading receipts	2	
		Distinction between capital and revenue items	2	
		General deductions and specific deductions	2	
		Cessation and post-cessation receipts and payments	2	
		Sharkey v Wernher principle	2	
		Stock borrowing and lending transactions	2	
		Financial instruments and foreign exchange differences	2	
		Exemption for offshore funds	2	
		Alternative bond schemes	2	
		Special classes of business	1	
		Partnerships, joint ventures, and allocation of profit/loss	2	
		Losses	2	
		Depreciation allowances: plant and machinery	2	
		Depreciation allowances: industrial buildings and commercial buildings	2	

Associate Level ■ Module 9 • Principles of Taxation
 Professional Level ■ Module 14 • Taxation

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module	
IES2 (d)(i) Explain national taxation compliance and filing requirements	Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	Personal assessment			
		Election of personal assessment	2	14	
		Stamp duty			
		Scope of stamp duty charge	1	14	
		Conveyance on sale of immovable property	2		
		Agreement for sale of immovable property	2		
		Lease of immovable property	2		
		Hong Kong stock	2		
		Hong Kong bearer instrument, duplicate and counterpart	2		
		Voluntary disposition inter vivos	2		
		Alternative bond schemes	2		
		Exemptions and reliefs	2		
		Adjudication, assessment and administration	1		
		IES2 (d)(ii) Prepare direct and indirect tax calculations for individuals and organizations	Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong		Calculate the following tax liabilities for transactions, individuals and entities:
Property tax					
Ascertainment of property tax liability	2				9
Salaries tax					
Ascertainment of salaries tax liability	2			9	
Profits tax					
Ascertainment of profits tax liability	2			9	
Personal assessment					
Ascertainment of tax liability under personal assessment	2			9	
Stamp duty					
Ascertainment of stamp duty liability	2			9	
Calculate the following tax liabilities for transactions, individuals and entities:					
Property tax					
Ascertainment of property tax liability	2			14	
Salaries tax					
Ascertainment of salaries tax liability	2	14			

Associate Level ■ Module 9 • Principles of Taxation
 Professional Level ■ Module 14 • Taxation

Taxation

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (d)(ii) Prepare direct and indirect tax calculations for individuals and organizations	Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	Profits tax		
		Ascertainment of profits tax liability	2	14
		Personal assessment		
		Ascertainment of tax liability under personal assessment	2	14
		Stamp duty		
		Ascertainment of stamp duty liability	2	14
IES2 (d)(iii) Analyse the taxation issues associated with non-complex international transactions	Apply profits tax rules and principles and calculate profits tax liabilities for cross-border transactions	Explain and analyse the tax implications and calculate the tax liabilities for cross-border transactions	2	9
		Explain and analyse the tax implications and calculate the tax liabilities for cross-border transactions	2	14
	Demonstrate an understanding of the tax system and administration in Mainland China	Describe and apply the key aspects of the tax system in Mainland China	2	
IES2 (d)(iv) Explain the differences between tax planning, tax avoidance, and tax evasion	Advise on Hong Kong tax planning ideas and strategies to enhance tax efficiency	Explain, apply and consider the anti-avoidance provisions in the Inland Revenue Ordinance	3	
		Explain and apply the Ramsay principle	2	
		Explain and apply the provisions on offences and penalties	2	
		Explain and apply the advance ruling system	2	
		Advise on Hong Kong tax planning opportunities	3	
		Advise on transfer pricing	3	
		Explain and advise on the use of double taxation agreements/arrangements ("DTAs") for tax planning	3	
		Advise on the professional, ethical and legal considerations in relation to tax compliance engagements and tax planning	3	

Associate Level ■ Module 9 • Principles of Taxation
 Professional Level ■ Module 14 • Taxation

Audit and Assurance

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module	
IES2 (e)(i) Describe the objectives and stages involved in performing an audit of financial statements	Describe and apply the professional standards and guidelines applicable to an audit	Apply the key principles of professional standards and guidelines	2	8	
		Describe and explain approaches to apply a corporate governance framework and the impact on auditing and the auditing profession	1		
	Explain the nature and purpose of auditing	Explain the nature and objective of conducting an audit	1		
		Describe the roles and responsibilities of an auditor	1		
	Explain and analyse audit approach and planning	Demonstrate how to prepare the overall audit plan and audit programme	2		
	Apply audit procedures to an audit	Analyse the importance of audit planning and its documentation	2		
		Illustrate major actions involved during the completion of an audit	1		
	Prepare an auditor's report	Analyse the basis of auditor's report	2		
		Demonstrate an understanding of the circumstances that require modification to an auditor's report	2		
		Demonstrate an understanding of the circumstances that require the auditor to express modified audit opinions	2		
	Perform assurance engagements	Prepare, plan and develop assurance engagements including the audits of financial statements in accordance with relevant Hong Kong Standards of Quality Control, Auditing, Assurance and Related Services, guidance and legislation with emphasis on:			13
		Other assurance engagement requirements	2		
		Client and engagement acceptance procedures	2		
		Documentation	2		
		Materiality	2		
		Audit procedures	3		
		Audit evidence	3		
Internal audit		3			
Completion procedures		3			
Reporting	3				

Associate Level ■ Module 8 • Principles of Auditing
 Professional Level ■ Module 13 • Business Assurance

Audit and Assurance

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (e)(ii) Apply relevant auditing standards (for example, International Standards on Auditing), and applicable laws and regulations to an audit of financial statements	Describe and apply the professional standards and guidelines applicable to an audit	Explain the legal and regulatory framework	1	8
		Apply the key principles of professional standards and guidelines	2	
	Explain and analyse the professional standards and guidance applicable to assurance engagements	Explain and analyse the relevant provisions of ethical standards, legislation and professional guidance	2	13
	Explain the importance of corporate governance and risk management	Recommend appropriate practices an entity should put in place to achieve good corporate governance and risk management	3	
IES2 (e)(iii) Assess the risks of material misstatement in the financial statements and consider the impact on the audit strategy	Explain and analyse audit approach and planning	Explain and analyse the relationship between risks assessment, inherent risk, control risk, and audit approach	2	8
		Demonstrate how to prepare the overall audit plan and audit programme	2	
	Apply audit procedures to an audit	Illustrate the relationship between materiality and risk	1	
	Perform assurance engagements	Prepare, plan and develop assurance engagements including the audits of financial statements in accordance with relevant Hong Kong Standards of Quality Control, Auditing, Assurance and Related Services, guidance and legislation with emphasis on:		
		Client and engagement acceptance procedures	2	13
Planning and risk assessment	3			
IES2 (e)(iv) Apply quantitative methods that are used in audit engagements	Explain and analyse audit approach and planning	Describe the design of an audit approach	1	8
		Demonstrate how to prepare the overall audit plan and audit programme	2	
		Describe the use of audit sampling for tests of controls	1	
		Illustrate the use of audit sampling for tests of details of balances	1	
		Describe the audit of computerized systems	1	
	Apply audit procedures to an audit	Apply the audit procedures to different business cycles	2	
	Perform assurance engagements	Prepare, plan and develop assurance engagements including the audits of financial statements in accordance with relevant Hong Kong Standards of Quality Control, Auditing, Assurance and Related Services, guidance and legislation with emphasis on:		

Associate Level ■ Module 8 • Principles of Auditing
 Professional Level ■ Module 13 • Business Assurance

Audit and Assurance

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module	
IES2 (e)(iv) Apply quantitative methods that are used in audit engagements	Perform assurance engagements	Audit methodologies	2	13	
IES2 (e)(v) Explain the key elements of assurance engagements and applicable standards that are relevant to such engagements	Explain and analyse audit approach and planning	Explain and analyse the importance of understanding client's business	2	8	
		Demonstrate the importance of internal controls	2		
		Determine the issues under the requirement of sufficient and appropriate audit evidence	2		
		Demonstrate how to prepare the overall audit plan and audit programme	2		
		Describe the use of work of others	1		
	Perform assurance engagements	Prepare, plan and develop assurance engagements including the audits of financial statements in accordance with relevant Hong Kong Standards of Quality Control, Auditing, Assurance and Related Services, guidance and legislation with emphasis on:			13
		Quality control considerations	3		
		Audits of group financial statements (including the work of component auditors)	3		
Evaluate and advise on computerized business systems and controls	Evaluate and advise on computerized business systems and controls of an entity	3			

Associate Level ■ Module 8 • Principles of Auditing
 Professional Level ■ Module 13 • Business Assurance

Governance, Risk Management and Internal Control

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (f)(i) Explain the principles of good governance, including the rights and responsibilities of owners, investors, and those charged with governance; and explain the role of stakeholders in governance, disclosure, and transparency requirements	Consider the regulatory environment and describe the concept of ethics where it is appropriate to adopt ethical stances by a business entity	Consider the regulatory environment and where appropriate apply ethical standards, professional and industry guidance	3	12
IES2 (f)(ii) Analyse the components of an entity's governance framework	Evaluate performance measurement, produce performance measures for a business entity and evaluate the different models of performance	Evaluate performance measurement and control systems in entities	3	
		Consider the behavioural and ethical aspects of control systems	3	
IES2 (f)(iii) Analyse an entity's risks and opportunities using a risk management framework	Consider methods in managing a business entity's risks	Consider risk management strategies including the use of financial products and derivatives	3	
IES2 (f)(iv) Analyse the components of internal control related to financial reporting	Describe and analyse effective control systems	Describe the characteristics of effective control systems in a business entity and analyse the systems' effectiveness	2	4
	Corporate governance	Develop corporate governance policy	3	Capstone
	Risk management	Construct effective and efficient processes to identify and manage risk	3	

Associate Level ■ **Module 4 • Business Management**
Professional Level ■ **Module 12 • Business Finance**
Capstone ■

Business Laws and Regulations

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (g)(i) Explain the laws and regulations that govern the different forms of legal entities	Analyse and apply the key aspects of corporate laws and regulations that govern the different forms of legal entities:			
	Forms of business entities	Analyse the structures of different types of businesses and apply the relevant legislations	2	10
	Formation of companies	Explain and apply the process of forming an incorporated body	2	
	Capital and financing of companies	Analyse the legal implications of issuing share capital and loan capital	2	
	Administration of companies	Analyse how companies make decisions and manage their activities, and apply the rules and requirements to practical business situations	2	
	Company liquidation and winding up	Analyse and apply the rules and requirements regarding company liquidation and winding up	2	
		Explain and apply the schemes of arrangement, reconstruction, and the take-over provisions of the Companies Ordinance	2	
	Explain and apply the key aspects of corporate laws and regulations that govern public companies	Explain and apply the important rules and requirements applicable to public companies	2	
IES2 (g)(ii) Explain the laws and regulations applicable to the environment in which professional accountants operate	Explain the key aspects of the legal system and the key roles of external regulatory bodies in Hong Kong	Describe the principal features of the Hong Kong legal environment and the key roles of external regulatory bodies	1	
	Analyse and apply the key concepts and principles of the law of tort and negligence	Analyse and apply the law of tort as it relates to negligence and business liability	2	
	Analyse and apply the key concepts and principles of the contract law	Analyse the essential elements of a contract and the consequences of breaching a contract, and apply the principles of the contract law to practical business situations	2	
	Analyse and apply the key concepts and principles of the consumer laws	Analyse and apply the key provisions of the consumer laws in Hong Kong	2	
	Analyse and apply the key concepts and principles of the employment laws	Analyse and apply the key provisions of the employment laws in Hong Kong	2	
	Apply the key concepts and principles of the bribery and corruption laws	Apply the key provisions of the bribery and corruption laws in Hong Kong	2	
	Analyse the key aspects of agency relationship	Analyse the essential elements of agency relationship	2	

Information Technology

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (h)(i) Analyse the adequacy of general information technology controls and relevant application controls	Analyse the role of e-Commerce	Analyse the role of e-Commerce	2	5
	Analyse the risks and security of information management	Analyse the risks and security of information management	2	
IES2 (f)(ii) Explain how information technology contributes to data analysis and decision making	Categorize the nature and account for the value of information systems	Categorize the nature and account for the value of information systems	2	
	Describe and apply corporate information systems	Justify the environment of corporate information systems	2	
	Analyse systems development process	Analyse systems development and selection process	2	
	Analyse the role of e-Commerce	Analyse the role of e-Commerce	2	
	Analyse the risks and security of information management	Analyse the risks and security of information management	2	
IES2 (h)(iii) Use information technology to support decision making through business analytics	Analyse systems development process	Analyse systems development and selection process	2	
	Use information technology applications	Use information technology applications	2	
	Analyse the role of e-Commerce	Analyse the role of e-Commerce	2	
	Analyse the risks and security of information management	Analyse the risks and security of information management	2	

Associate Level ■ Module 5 • Information Management

Business and Organizational Environment

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (i)(i) Describe the environment in which an entity operates, including the main economic, legal, political, social, technical, international, and cultural forces	Analyse the financial environment in which businesses operate	Explain and analyse the financial environment in which a business entity operates	2	7
	Regulatory compliance	Consider the regulatory environment in which entities operate	3	Capstone
	Analyse business strategies and identify the risks attached to the strategies	Analyse business performance and explain the primary considerations in analysing a business strategy	2	12
IES2 (i)(ii) Analyse aspects of the global environment that affect international trade and finance				
IES2 (i)(iii) Identify the features of globalization, including the role of multinationals, e-Commerce, and emerging markets	Describe the characteristics of international business and features of globalization	Describe the key characteristics of international business	1	4

Associate Level ■ **Module 4 • Business Management**
Module 7 • Finance Management
Professional Level ■ **Module 12 • Business Finance**
Capstone ■

Economics

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (j)(i) Describe the fundamental principles of microeconomics and macroeconomics	Explain the features of economic environment and define economic concepts	Explain the principal features of the economic environment in which business operates	1	3
	Apply the fundamental principles of microeconomic theory	Apply an understanding of the fundamental principles of microeconomic theory	2	
	Apply the fundamental principles of macroeconomic theory	Apply the basic principles of macroeconomic theory	2	
	Explain the key concepts of statistical analysis	Describe and explain the key concepts used in statistical analysis	1	
	Apply techniques of statistical analysis	Apply techniques of statistical analysis in business situations	2	
IES2 (j)(ii) Describe the effect of changes in macroeconomics indicators on business activity	Apply the fundamental principles of microeconomic theory	Apply an understanding of the fundamental principles of microeconomic theory	2	
	Explain the key concepts in statistical analysis	Describe and explain the key concepts used in statistical analysis	1	
	Apply techniques of statistical analysis	Apply techniques of statistical analysis in business situations	2	
IES2 (j)(iii) Explain the different types of market structures, including perfect competition, monopolistic competition, monopoly, and oligopoly	Apply the fundamental principles of microeconomic theory	Apply an understanding of the fundamental principles of microeconomic theory	2	

Associate Level ■ Module 3 • Business Economics

Business Strategy and Management

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (k)(i) Explain the various ways that entities may be designed and structured	Describe the types and characteristics of business entities	Describe the types of business entities, its stakeholders and the impacts of external factors to a business	1	4
	Explain the importance of effective organizational management	Explain the importance of effective organizational management to achieve the aims of a business entity	1	
IES2 (k)(ii) Explain the purpose and importance of different types of functional and operational areas within entities	Explain the importance of effective organizational management	Explain the importance of effective organizational management to achieve the aims of a business entity	1	
	Explain the role of production and operations management	Describe the key elements of production and operations management in a manufacturing business	1	
	Explain the importance of management in a service entity	Describe the key elements of management in a service entity	1	
	Explain the role of financial management	Explain the role of financial management in a business entity	1	
	Explain the role of human resource management	Explain the role of the human resource management function in a business entity	1	
IES2 (k)(iii) Analyse the external and internal factors that may influence the strategy of an entity	Describe and analyse effective control systems	Describe the characteristics of effective control systems in a business entity and analyse the systems' effectiveness	2	
	Explain and apply basic concepts of marketing	Explain the basic concepts of marketing and apply marketing mix	2	
	Describe the characteristics of international business and features of globalization	Describe the key characteristics of international business	1	
	Explain the principles in implementing and monitoring business strategy	Explain the basic principles in implementing and monitoring strategy	1	
IES2 (k)(iv) Explain the processes that may be used to implement the strategy of an entity	Explain and apply basic concepts of marketing	Explain the basic concepts of marketing and apply marketing mix	2	
	Analyse the strategic management accounting framework	Describe the key elements of a strategic management accounting framework	1	7
		Analyse proposed investment projects	2	
		Explain the results of a post-appraisal audit of projects	1	
	Consider and apply information for effective performance measurement	Apply information for effective performance management and consider the relationship between non-financial measures and financial measures	3	
Evaluate and advise on the strategic capability of a business entity	Advise on a business entity's financial strategy	3	12	

Associate Level ■ **Module 4 • Business Management**
Professional Level ■ **Module 7 • Finance Management**
Capstone ■ **Module 12 • Business Finance**

Business Strategy and Management

	Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	Module
IES2 (k)(iv) Explain the processes that may be used to implement the strategy of an entity	Analyse business strategies and identify the risks attached to the strategies	Analyse business performance and explain the primary considerations in analysing a business strategy	2	12
IES2 (k)(v) Explain how theories of organizational behaviour may be used to enhance the performance of the individual, teams, and the entity	Explain the importance of effective organizational management	Explain the importance of effective organizational management to achieve the aims of a business entity	1	4
	Evaluate the importance of strategic control and governance	Evaluate performance measurement and control systems in entities	3	12
	Develop business strategy	Consider current and alternative business strategies in a range of complex and unpredictable circumstances	3	Capstone
	Formulate business decisions	Advise individuals and entities on the optimal decision taking into account range of complex and unpredictable circumstances	3	
	Implement business solutions	Construct effective and efficient processes to implement projects	3	
	Raising finance	Advise on alternative financing methods	3	

Associate Level ■ **Module 4 • Business Management**
Module 7 • Finance Management
Professional Level ■ **Module 12 • Business Finance**
Capstone ■

Professional Skills

	Learning Outcomes	Proficiency Level		
		Associate	Professional	Capstone
IES3	(a) Intellectual			
	(i) Evaluate information from a variety of sources and perspectives through research, analysis, and integration	2	3	
	(ii) Apply professional judgement, including identification and evaluation of alternatives, to reach well-reasoned conclusions based on all relevant facts and circumstances			
	(iii) Justify when it is appropriate to consult with specialists to solve problems and reach conclusions		2	
	(iv) Apply reasoning, critical analysis, and innovative thinking to solve problems	1		
	(v) Recommend solutions to unstructured, multi-faceted problems	3	3	
	(b) Interpersonal and communication			
	(i) Develop cooperation and teamwork when working towards organizational goals	2		
	(ii) Develop clear and concise communication when presenting, discussing and reporting in formal and informal situations, both in writing and orally		3	
	(iii) Demonstrate awareness of cultural and language differences in all communication			2
	(iv) Apply active listening and effective interviewing techniques			
	(v) Develop negotiation skills to reach solutions and agreements			
	(vi) Develop consultative skills to minimize or resolve conflict, solve problems, and maximize opportunities			3
	(vii) Use ideas to influence others to provide support and commitment			2
	(c) Personal			
	(i) Develop a commitment to lifelong learning	1	3	
	(ii) Apply professional scepticism through questioning and critically assessing all information		2	
	(iii) Develop high personal standards of delivery and appraise personal performance, through feedback from others and through reflection			
	(iv) Plan time and resources to achieve professional commitments		3	
	(v) Evaluate challenges and plan potential solutions			
	(vi) Develop an open mind to new opportunities			
	(d) Organizational			
	(i) Plan assignments in accordance with established practices to meet prescribed deadlines			
	(ii) Appraise own work and that of others to determine whether it complies with the entity's quality standards			
	(iii) Develop people management skills to motivate and develop others			
	(iv) Develop delegation skills to deliver assignments			
	(v) Consider appropriate tools and technology to increase efficiency and effectiveness and improve decision making			
	(vi) Develop time management techniques			
	(vii) Develop project management skills			
	(viii) Develop problem-solving skills			

Professional Skills

Learning Outcomes	Proficiency Level		
	Associate	Professional	Capstone
(e) Team management and leadership			
(i) Develop team leadership skills			3
(ii) Develop exceptional client service			
(iii) Develop leadership skills to influence others to work towards organizational goals			
(iv) Produce communications appropriate to an informed reader integrating material across a range of areas			
(v) Appraise the management and leadership styles and culture within an entity			
(vi) Apply change management skills			2
(vii) Prepare to become a leader			

Professional Values, Ethics and Attitudes

	Learning Outcomes	Proficiency Level			
		Associate	Professional	Capstone	
IES4	(a) Professional scepticism and professional judgement				
	(i) Apply a questioning mindset critically to assess financial information and other relevant data	2	2		
	(ii) Evaluate and recommend reasonable alternatives to reach well-reasoned conclusions based on all relevant facts and circumstances		3		
	(b) Ethical principles				
	(i) Demonstrate the nature of ethics	1	2		
	(ii) Justify the advantages and disadvantages of rules-based and principles-based approaches to ethics				
	(iii) Identify ethical issues using relevant ethical principles, analyse alternative courses of action and determine the ethical consequences of these	2			
	(iv) Apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour to ethical dilemmas and determine an appropriate approach				
	(v) Apply the relevant ethical requirements to professional behaviour in compliance with standards	1			
	(c) Commitment to the public interest				
	(i) Determine the role of ethics within the profession and in relation to the concept of social responsibility	1			2
	(ii) Evaluate the role of ethics in relation to business and good governance		3		
	(iii) Analyse the interrelationship of ethics and law, including the relationship between laws, regulations, and the public interest		2		
	(iv) Consider the consequences of unethical behaviour to the individual, the profession, and the public	1	3		
	(d) Business ethics and professional negligence				
	(i) Evaluate the appropriate course of action across a wide range of ethical dilemmas				3



Appendix C

The Module Outline and Syllabus

The Module Outline and Syllabus

	Page
Module 1: Accounting	74
Module 2: Management Accounting	75
Module 3: Business Economics	76
Module 4: Business Management	78
Module 5: Information Management	80
Module 6: Financial Accounting	82
Module 7: Financial Management	84
Module 8: Principles of Auditing	86
Module 9: Principles of Taxation	88
Module 10: Business and Company Law	91
Module 11: Financial Reporting	94
Module 12: Business Finance	97
Module 13: Business Assurance	100
Module 14: Taxation	102
Capstone	106

Module 1: Accounting

Module aim

The objective of the Associate Level is to develop students with core technical knowledge and application skills for routine professional problems in the areas of accountancy, finance, management accounting, law and auditing to enable their progression to the Professional Level.

This module develops students' knowledge and comprehension of the basic accounting concepts and principles, and the ability to account for business transactions in preparing financial statements for a single entity.

Methods of assessment

This module is a closed-book examination and it may comprise essay and multiple choice questions which are all compulsory.

Syllabus area	Weighting (%)
Explain the purpose of accounting	5 - 10
Demonstrate an understanding of accounting principles	10 - 15
Prepare accounting records, demonstrate management and control	40 - 60
Prepare and present financial statements from a trial balance or incomplete records	25 - 35

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Explain the purpose of accounting	Explain the role of accounting within a business entity	1
	Explain the relationship between business activities and business transactions	
	Identify the types of financial statements and explain their purpose	
Demonstrate an understanding of accounting principles	Apply the principles of the double entry accounting system and analyse the nature of business transactions	2
	Explain the general features in preparing financial statements	1
Prepare accounting records, demonstrate management and control	Apply the accounting equation to business transactions and prepare a trial balance	2
	Account for property, plant and equipment	
	Account for inventories and trade receivables	
	Prepare period end adjustments	
Prepare and present financial statements from a trial balance or incomplete records	Prepare financial statements from incomplete records	2
	Prepare financial statements for various common types of business entity	

Module 2: Management Accounting

Module aim

The objective of the Associate Level is to develop students with core technical knowledge and application skills for routine professional problems in the areas of accountancy, finance, management accounting, law and auditing to enable their progression to the Professional Level.

This module provides students with an understanding of the sources and use of accounting and business information for internal planning and budgeting, decision making and performance measurement.

Methods of assessment

This module is a closed-book examination and it may comprise essay and multiple choice questions which are all compulsory.

Syllabus area	Weighting (%)
Explain the role and purpose of management accounting	5 - 10
Apply cost accounting	30 - 40
Apply the principles and techniques for budgeting and forecasting	25 - 35
Analyse information for performance measurement	10 - 20

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Explain the role and purpose of management accounting	Describe the role and purpose of management accounting, including the features and use of business information, as well as the role of management accounting in entities, and theories and principles of management control	1
	Explain cost classification and illustrate how costs are associated with the production of products and provision of services	
Apply cost accounting	Apply costing techniques for materials, labour and overheads	2
	Apply absorption, marginal and job costing	
	Apply activity based costing ("ABC")	
	Apply process costing	
	Apply contribution analysis in decision making	
Apply the principles and techniques for budgeting and forecasting	Apply the principles of budgeting and forecasting, including techniques for forecasting revenue and expenditure and preparing fixed budgets and flexible budgets	2
	Apply the principles of standard costing, including the calculation and interpretation of different types of variances	
Analyse information for performance measurement	Apply financial and non-financial indicators or measures in analysing business performance	1
	Outline the leading models of performance measurement system	

Module 3: Business Economics

Module aim

The objective of the Associate Level is to develop students with core technical knowledge and application skills for routine professional problems in the areas of accountancy, finance, management accounting, law and auditing to enable their progression to the Professional Level.

This module provides students with an understanding of the basic principles of microeconomics and macroeconomics in relation to the economic management of the Hong Kong Special Administration Region (“HKSAR”) and how key economic factors influence the performance of companies. This module also provides students with an understanding of the basic principles and techniques of statistics used in business.

Methods of assessment

This module is a closed-book examination and it may comprise essay and multiple choice questions which are all compulsory.

Syllabus area	Weighting (%)
Explain the features of economic environment and define economic concepts	5 - 15
Apply the fundamental principles of microeconomic theory	20 - 30
Apply the fundamental principles of macroeconomic theory	15 - 25
Explain the key concepts of statistical analysis	15 - 25
Apply techniques of statistical analysis	20 - 30

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Explain the features of economic environment and define economic concepts	Explain the principal features of the economic environment in which business operates, and the economic concepts of scarcity, choice, opportunity cost and marginal analysis	1
Apply the fundamental principles of microeconomic theory	Apply an understanding of the fundamental principles of microeconomic theory, such as: <ul style="list-style-type: none"> - Different types of economy - Types of goods and services produced - Demand, supply and market equilibrium - Behaviour of consumer demand - Theory of production and costs - Market and economic efficiency, market failure and public policies - Market structures and the respective profit maximization strategies 	2

Module 3: Business Economics

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Apply the fundamental principles of macroeconomic theory	<p>Apply the basic principles of macroeconomic theory, such as:</p> <ul style="list-style-type: none"> - Circular flow of income - Key macroeconomic data - Concepts of consumption, savings, investment, capital formation and government spending - Nature and functions of money - Money supply and demand - Business cycle - Fiscal and monetary policies - Absolute and comparative advantages and gains from trade - Free trade and protectionism - Managing exchange rates, balance of payments and international trade 	2
Explain the key concepts of statistical analysis	<p>Describe and explain the key concepts used in statistical analysis, including:</p> <ul style="list-style-type: none"> - Descriptive statistics - Inferential statistics - Random variables - Samples vs. population - Statistics vs. parameters - Sampling - Cross-section vs. time series data <p>Describe various sampling techniques and explain their advantages and disadvantages, including:</p> <ul style="list-style-type: none"> - Convenience sampling - Judgement sampling - Quota sampling - Simple random sampling - Systematic random sampling - Stratified random sampling - Cluster random sampling 	1
Apply techniques of statistical analysis	<p>Apply techniques of statistical analysis, such as measures of central tendency, dispersion, probability distribution, standard error, confidence intervals, hypothesis testing, index numbers, components of time series etc. in business situations</p> <p>Prepare frequency tables for presentation and analyse grouped and ungrouped data</p>	2

Module 4: Business Management

Module aim

The objective of the Associate Level is to develop students with core technical knowledge and application skills for routine professional problems in the areas of accountancy, finance, management accounting, law and auditing to enable their progression to the Professional Level.

This module provides students with an understanding of the basic principles of management and the operation of the various functional units within organizations.

Methods of assessment

This module is a closed-book examination and it may comprise essay and multiple choice questions which are all compulsory.

Syllabus area	Weighting (%)
Describe the types and characteristics of business entities	5 - 15
Explain the importance of effective organizational management	10 - 20
Explain the role of production and operations management	10 - 20
Explain the importance of management in a service entity	5 - 15
Explain the role of financial management	5 - 15
Explain the role of human resource management	5 - 15
Describe and analyse effective control systems	5 - 15
Explain and apply basic concepts of marketing	10 - 20
Describe the characteristics of international business and features of globalization	5 - 15

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Describe the types and characteristics of business entities	Describe the types of business entities, its stakeholders and the impacts of external factors to a business	1
Explain the importance of effective organizational management	Describe the features of different organizational structure and explain the importance of effective organizational management to achieve the aims of a business entity	
Explain the role of production and operations management	Describe the key elements of production and operations management in a manufacturing business	
	Explain the role of strategic production analysis	
Explain the importance of management in a service entity	Describe the key elements of management in a service entity	
	Explain the importance of service quality and strategic planning in a service entity	

Module 4: Business Management

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Explain the role of financial management	Explain the role of financial management in a business entity, including the short and long term financial requirements, key financial decisions an organization needs to make, roles played by different stakeholders in the financial strategy and the role of accounting function	1
Explain the role of human resource management	Explain the role and functions of the human resource management function and its importance in a business entity	1
Describe and analyse effective control systems	Describe the characteristics of effective control systems and risks (including operating and financial risks, key issues in relation to crisis management) in a business entity and analyse the systems' effectiveness (including performance control, financial and non-financial methods of control), and the main components of the risk management process	2
Explain and apply basic concepts of marketing	Explain and apply the basic concepts of marketing and marketing mix and how businesses analyse and use marketing information	2
Describe the characteristics of international business and features of globalization	Describe the key characteristics of international business, including: <ul style="list-style-type: none"> - Regulatory requirements - Terminology - Cultural diversity - Socio-political environment - Economic environment - Global and regional trade regimes 	1
	Explain the importance and relevance of conducting business across national borders	
	Describe the features of globalization including the role of multi-national corporations ("MNCs"), international trade, e-commerce and emerging markets	

Module 5: Information Management

Module aim

The objective of the Associate Level is to develop students with core technical knowledge and application skills for routine professional problems in the areas of accountancy, finance, management accounting, law and auditing to enable their progression to the Professional Level.

This module provides students with an understanding of information as a key resource and asset of all kinds of organizations and to appreciate how information management and use of the appropriate technologies can create value and improve the competitive advantage of organizations.

Methods of assessment

This module is a closed-book examination and it may comprise essay and multiple choice questions which are all compulsory.

Syllabus area	Weighting (%)
Analyse the role of e-Commerce	5 - 15
Analyse the risks and security of information management	10 - 20
Categorize the nature and account for the value of information systems	15 - 25
Describe and apply corporate information systems	15 - 25
Analyse systems development process	15 - 25
Use information technology applications	10 - 20

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Analyse the role of e-Commerce	Analyse the role of e-Commerce in Hong Kong and global business environment	2
	Explain the meaning and scope of e-Commerce and categorize its business models	
	Analyse key security and control issues relating to common e-Commerce transactions	
	Analyse how e-Commerce affects the relationships between entities and their customers	
Analyse the risks and security of information management	Analyse the risks and security of information management, such as: <ul style="list-style-type: none"> - Apply the types of information technology general controls and application controls - Justify the role of general information technology controls and relevant application control in business assurance - Justify information technology general controls and application controls are required for effective information systems - Demonstrate the opportunities and threats to entity information system - Describe the potential regulatory compliance concerns arising from information management 	

Module 5: Information Management

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Categorize the nature and account for the value of information systems	<p>Categorize the nature and account for the value of information systems as a key resource and asset of an entity, including:</p> <ul style="list-style-type: none"> - Types of information systems - Its strategic significance - Different information needs and management decision - Legal requirement and ethical responsibilities of those involved in information management - How data analytics help in relation to the needs of performance management, etc - Advantages and potential issues of using information systems 	2
Describe and apply corporate information systems	<p>Justify the environment of corporate information systems, including:</p> <ul style="list-style-type: none"> - Accountants' role and responsibilities in the corporate information systems - Specific information needs of managers in different functional areas of an entity - Basic infrastructure required to support the corporate information systems - How the information systems support implementation of business and functional strategies - The concept of "Big Data" and how it affects operation 	
Analyse systems development process	<p>Describe the necessary activities involved in the stages of the systems development life cycle, and identify the role of accountants in these stages</p>	
	<p>Solve the behavioral issues of systems implementation and justify how change management can contribute to successful implementation</p>	
	<p>Contrast the issues and process involved in the systems selection</p>	
Use information technology applications	<p>Compare and contrast the nature and characteristics of e-Commerce and e-Business as a strategy or business tool</p>	
	<p>Apply information technology applications, including apply different types of networks used in entities and compare and contrast the roles of different applications in enhancing the value of information</p>	

Module 6: Financial Accounting

Module aim

The objective of the Associate Level is to develop students with core technical knowledge and application skills for routine professional problems in the areas of accountancy, finance, management accounting, law and auditing to enable their progression to the Professional Level.

This module develops students' knowledge and comprehension of the accounting standards in accounting for business transactions and in preparing financial statements, including simple consolidated financial statements.

Methods of assessment

This module is a closed-book examination and it may comprise essay and multiple choice questions which are all compulsory.

Syllabus area	Weighting (%)
Describe the framework of financial accounting and reporting	5 - 10
Apply appropriate accounting principles and concepts to account for business transactions	40 - 50
Prepare and present financial statements in accordance with Hong Kong Financial Reporting Standards	20 - 30
Apply the accounting principles and concepts to prepare financial statements with simple group structures	15 - 25

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Describe the framework of financial accounting and reporting	Describe the financial reporting framework, such as: <ul style="list-style-type: none"> - The historical development of the accountancy profession - The conceptual framework of financial reporting - Legal and reporting framework applicable to financial accounting in Hong Kong - Standard setting process and role of Hong Kong Financial Reporting Standards - Application of accounting guidelines, professional pronouncements and exposure drafts - Conditions under which Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard is adopted - Conditions under which the Hong Kong Financial Reporting Standards for Private Entities is adopted as a financial reporting option for private entities 	1

Module 6: Financial Accounting

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Apply appropriate accounting principles and concepts to account for business transactions	Describe and account for business transactions in accordance with Hong Kong Financial Reporting Standards as they relate to:	
	Accounting policies, changes in accounting estimates and errors	2
	Revenue	
	Inventories	
	Property, plant and equipment	
	Intangible assets	
	Investment property	
	Financial assets, financial liabilities and equity instruments	
	Borrowing costs	1
	Impairment of assets	2
	Leases	
	Events after the reporting period	
	Provisions, contingent liabilities and contingent assets	1
	Income taxes	
	The effects of changes in foreign exchange rates	
	Related party disclosures	
	Non-current assets held for sale and discontinued operations	
Earnings per share		
Fair value measurement		
Prepare and present financial statements in accordance with Hong Kong Financial Reporting Standards	Explain the basis of preparation and presentation of financial statements	2
	Prepare financial statements in accordance with selected Hong Kong Financial Reporting Standards for a single entity	
	Prepare a statement of cash flows for a single entity	
Apply the accounting principles and concepts to prepare financial statements with simple group structures	Prepare consolidated financial statements in accordance with Hong Kong Financial Reporting Standards for:	
	Business combination	2
	Investments in associates	
	Joint arrangements	

Module 7: Financial Management

Module aim

The objective of the Associate Level is to develop students with core technical knowledge and application skills for routine professional problems in the areas of accountancy, finance, management accounting, law and auditing to enable their progression to the Professional Level.

This module provides students with financial management principles and techniques in providing business information to management for the purposes of planning, control, performance evaluation and decision-making.

Methods of assessment

This module is a closed-book examination and it may comprise essay and multiple choice questions which are all compulsory.

Syllabus area	Weighting (%)
Analyse the financial environment in which businesses operate	5 - 10
Apply financial risk framework and different methods of managing financial risks	5 - 10
Apply pricing strategies and decisions	5 - 15
Analyse the strategic management accounting framework	5 - 10
Produce financial analysis	15 - 30
Consider and apply information for effective performance measurement	5 - 15
Explain and analyse different sources of finance and capital structure	10 - 20
Apply appraisal techniques for capital investment projects	10 - 15
Produce financial forecasts and evaluate business plans	5 - 10

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Analyse the financial environment in which businesses operate	Explain and analyse the financial environment in which a business entity operates, such as: <ul style="list-style-type: none"> - Function of financial markets and their roles in the value-creation process - Role of treasury management - Structure of Hong Kong equity and debt markets and its financial and banking system - The concept of market efficiency and the implications of the Efficient Market Hypothesis for issuers and investors 	2
Apply financial risk framework and different methods of managing financial risks	Account for the nature and types of financial risks, explain and compare different methods of managing key financial risks	
Apply pricing strategies and decisions	Calculate prices for products and services, apply different pricing approaches considering external market factors and internal cost structures	

Module 7: Financial Management

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Analyse the strategic management accounting framework	Describe the key elements of a strategic management accounting framework	1
	Analyse proposed investment projects	2
	Explain the results of a post-appraisal audit of projects	1
Produce financial analysis	Apply techniques of financial analysis	2
	Evaluate a business entity's financial strategy	3
	Produce a forecast cash flow statement for a business entity	3
	Prepare profitability projections	2
	Analyse the liquidity and solvency positions for a business entity	2
Consider and apply information for effective performance measurement	Apply information for effective performance management and consider the relationship between non-financial measures and financial measures	3
Explain and analyse different sources of finance and capital structure	Explain and analyse the theories of major capital market models, such as capital asset pricing model, cost of capital, Modigliani Miller theories, and efficient market	2
Apply appraisal techniques for capital investment projects	Apply appropriate appraisal techniques to capital investment projects, explain and compare the strengths and weaknesses of project appraisal techniques	2
Produce financial forecasts and evaluate business plans	Formulate plans and forecasts for a business entity, and explain the role and composition of business plans in helping an entity achieve its objectives	3

Module 8: Principles of Auditing

Module aim

The objective of the Associate Level is to develop students with core technical knowledge and application skills for routine professional problems in the areas of accountancy, finance, management accounting, law and auditing to enable their progression to the Professional Level.

This module provides students with an understanding of the regulatory, legal and reporting framework of auditing in Hong Kong and an understanding of the basic principles of auditing.

Methods of assessment

This module is a closed-book examination and it may comprise essay and multiple choice questions which are all compulsory.

Syllabus area	Weighting (%)
Describe and apply the professional standards and guidelines applicable to an audit	5 - 15
Explain the nature and purpose of auditing	5 - 15
Explain and analyse audit approach and planning	25 - 35
Apply audit procedures to an audit	25 - 35
Prepare an auditor's report	15 - 25

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Describe and apply the professional standards and guidelines applicable to an audit	Apply the key principles of professional standards and guidelines	2
	Describe and explain approaches to apply a corporate governance framework and the impact on auditing and the auditing profession	1
	Explain the legal and regulatory framework	
Explain the nature and purpose of auditing	Explain the nature and objective of conducting an audit	1
	Describe the roles and responsibilities of an auditor	

Module 8: Principles of Auditing

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Explain and analyse audit approach and planning	Explain and analyse the importance of understanding client's business	2
	Demonstrate the importance of internal controls	
	Explain and analyse the relationship between risks assessment, inherent risk, control risk, and audit approach	
	Describe the design of an audit approach	1
	Demonstrate how to prepare the overall audit plan and audit programme	2
	Describe the use of audit sampling for tests of controls	1
	Illustrate the use of audit sampling for tests of details of balances	
	Describe the audit of computerized systems	2
	Determine the issues under the requirement of sufficient and appropriate audit evidence	
	Describe the use of work of others	
Apply audit procedures to an audit	Analyse the importance of audit planning and its documentation	2
	Illustrate the relationship between materiality and risk	1
	Apply the audit procedures to different business cycles	2
	Illustrate major actions involved during the completion of an audit	1
Prepare an auditor's report	Analyse the basis of an auditor's report	2
	Demonstrate an understanding of the circumstances that require modification to an auditor's report	
	Demonstrate an understanding of the circumstances that require the auditor to express modified audit opinions	

Module 9: Principles of Taxation

Module aim

The objective of the Associate Level is to develop students with core technical knowledge and application skills for routine professional problems in the areas of accountancy, finance, management accounting, law and auditing to enable their progression to the Professional Level.

This module provides students with an overview of the Hong Kong tax system and the ability to advise on simple tax matters and prepare straightforward tax calculations.

Methods of assessment

This module is a closed-book examination and it may comprise essay and multiple choice questions which are all compulsory.

Syllabus area	Weighting (%)
Demonstrate an understanding of the tax system and administration in Hong Kong	10 -20
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	75 -85
Apply profits tax rules and principles and calculate profits tax liabilities for cross-border transactions	5 - 10

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Demonstrate an understanding of the tax system and administration in Hong Kong	State, describe and apply the following key aspects of the tax system in Hong Kong:	
	Principles of taxation	1
	Types of tax	
	Sources of Hong Kong tax law – statute, case law, Board of Review decisions	
	Interpretation of tax statutes	
	The Basic Law	
	Departmental Interpretation and Practice Notes	
	Structure and administration of the Inland Revenue Department	
	Duties and powers of officers of the Inland Revenue Department, and official secrecy	
	Obligations and liabilities of a taxpayer, his agent or an executor	
	Returns, offences and penalties	
	Assessments, additional assessments and provisional assessments	
	Payment, recovery, holding over and refund of tax	
	Objections, appeals and claims	
Board of Review	1	
Board of Inland Revenue	2	

Module 9: Principles of Taxation

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	Describe, explain and analyse the following tax issues as they impact and interact on transactions, individuals and entities:	
	Property tax	
	Scope of property tax charge	2
	Chargeable property and owners of land and/or buildings	
	Salaries tax	
	Scope of salaries tax charge	2
	Time basis assessment	
	Incomes	
	Benefits in kind, housing benefits, share-based benefits and holiday journey benefits	
	Lump sum receipts	
	Expenses and deductions	
	Losses	
	Personal allowances	2
	Separate taxation on spouses and joint assessment	
	Profits tax	
	Scope of profits tax charge	1
	Badges of trade	2
	Source of profits	
	Deemed trading receipts	
	Distinction between capital and revenue items	
	General deductions and specific deductions	
	Cessation and post-cessation receipts and payments	1
	Partnerships, joint ventures and allocation of profit/loss	2
	Losses	
	Depreciation allowances: plant and machinery	
	Depreciation allowances: industrial buildings and commercial buildings	
	Personal assessment	
	Election for personal assessment	2
	Stamp duty	
	Scope of stamp duty charge	1
Conveyance on sale of immovable property	2	

Module 9: Principles of Taxation

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
	Agreement for sale of immovable property	2
	Lease of immovable property	
	Hong Kong stock	
	Hong Kong bearer instrument, duplicate and counterpart	
	Voluntary disposition inter vivos	1
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	Describe, explain and analyse the following tax issues as they impact and interact on transactions, individuals and entities:	1
	Stamp duty	
	Exemptions and reliefs	1
	Adjudication, assessment and administration	
	Calculate the following tax liabilities for transactions, individuals and entities:	2
	Property tax	
	Ascertainment of property tax liability	2
	Salaries tax	
	Ascertainment of salaries tax liability	2
	Profits tax	
	Ascertainment of profits tax liability	2
	Personal assessment	
	Ascertainment of tax liability under personal assessment	2
Stamp duty		
Ascertainment of stamp duty liability	2	
Apply profits tax rules and principles and calculate profits tax liabilities for cross-border transactions	Explain and analyse the tax implications and calculate the tax liabilities for cross-border transactions	2

Module 10: Business and Company Law

Module aim

The objective of the Associate Level is to develop students with core technical knowledge and application skills for routine professional problems in the areas of accountancy, finance, management accounting, law and auditing to enable their progression to the Professional Level.

This module provides students with an understanding of the overall legal framework in which businesses in Hong Kong operate to enable them to analyse and apply the relevant laws and principles applicable to business problems.

Methods of assessment

This module is an open-book examination and it comprises essay questions which are all compulsory.

Syllabus area	Weighting (%)
Analyse and apply the key aspects of corporate laws and regulations that govern the different forms of legal entities: <ul style="list-style-type: none"> Forms of business entities Formation of companies Capital and financing of companies Administration of companies Company liquidation and winding up 	30 - 40
Explain and apply the key aspects of corporate laws and regulations that govern public companies	5 - 10
Explain the key aspects of the legal system and the key roles of external regulatory bodies in Hong Kong	5 - 10
Analyse and apply the key concepts and principles of the law of tort and negligence	10 - 15
Analyse and apply the key concepts and principles of the contract law	10 - 15
Analyse and apply the key concepts and principles of the consumer laws	5 - 10
Analyse and apply the key concepts and principles of the employment laws	5 - 10
Apply the key concepts and principles of the bribery and corruption laws	5 - 10
Analyse the key aspects of agency relationship	5 - 10

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Analyse and apply the key aspects of corporate laws and regulations that govern the different forms of legal entities:	Forms of business entities	
	Analyse the structures of different types of businesses and apply the relevant legislations	2
	Formation of companies	
	Explain and apply the process of forming an incorporated body	2

Module 10: Business and Company Law

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Analyse and apply the key aspects of corporate laws and regulations that govern the different forms of legal entities:	Capital and financing of companies	2
	Analyse the legal implications of issuing share capital and loan capital	
	Administration of companies	2
	Analyse how companies make decisions and manage their activities, and apply the rules and requirements to practical business situations	
	Company liquidation and winding up	2
Analyse and apply the rules and requirements regarding company liquidation and winding up		
Explain and apply the schemes of arrangement, reconstruction, and the take-over provisions of the Companies Ordinance		
Explain and apply the key aspects of corporate laws and regulations that govern public companies	Explain and apply the important rules and requirements applicable to public companies in relation to fund-raising, prospectus contents and liabilities, and continuing obligations of listed companies	2
Explain the key aspects of the legal system and the key roles of external regulatory bodies in Hong Kong	Describe the principal features of the Hong Kong legal environment and the key roles of external regulatory bodies, including the Hong Kong Monetary Authority, the Securities and Futures Commission, the Hong Kong Stock Exchange, the Financial Reporting Council and the Insurance Authority	1
Analyse and apply the key concepts and principles of the law of tort and negligence	Analyse and apply the law of tort as it relates to negligence and business liability, including the required elements to establish a legal action, the concepts of damages and defences in negligence, the concept of defamation, and the features of employers' liability in tort, occupiers' liability and vicarious liability	2
Analyse and apply the key concepts and principles of the contract law	Analyse the essential elements of a contract and the consequences of breaching a contract, and apply the principles of the contract law to practical business situations	
Analyse and apply the key concepts and principles of the consumer laws	Analyse and apply the key provisions of the consumer laws in Hong Kong, including the Sales of Goods Ordinance, the Supply of Services (Implied Terms) Ordinance, the Control of Exemption Clauses Ordinance and the Trade Descriptions Ordinance	
Analyse and apply the key concepts and principles of the employment laws	Analyse and apply the key provisions of the employment laws in Hong Kong, including the Employment Ordinance, the Sex Discrimination Ordinance, the Disability Discrimination Ordinance, the Family Status Discrimination Ordinance and the Race Discrimination Ordinance	

Module 10: Business and Company Law

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Apply the key concepts and principles of the bribery and corruption laws	Apply the key provisions of the Prevention of Bribery Ordinance in Hong Kong	2
	State the role of the Independent Commission Against Corruption	1
	Apply the obligations and requirements under the anti-money laundering legislation	2
Analyse the key aspects of agency relationship	Analyse the essential elements of agency relationship, including the role of an agent, how an agency is created, the different types of authority of an agent, and the rights, duties and liabilities of an agent and a principal	2

Module 11: Financial Reporting

Module aim

The objective of the Professional Level modules is to equip students with the technical knowledge combined with practical skills in core areas necessary for an entry level professional accountant. This requires the development of an understanding of relevant concepts, principles and techniques, the ability to apply these in realistic professional settings and the exercise of judgement in evaluating complex issues and advising on the most appropriate treatment. The Professional Level examinations test both the understanding of technical knowledge and the application of these skills and techniques.

This module enables students to develop a thorough understanding and the ability to apply the appropriate principles and practices of financial reporting, including professional accounting standards, financial accounting and external reporting. Students gain a thorough understanding of how financial reporting affects business activities, business transactions and the production of financial statements and disclosure notes at both individual company and group levels.

Methods of assessment

This module is an open-book examination and it may comprise case study and essay questions which are all compulsory.

Syllabus area	Weighting (%)
Explain and apply the financial reporting framework in Hong Kong	5 - 10
Apply appropriate accounting principles and concepts to account for business transactions	10 - 25
Evaluate and advise on appropriate accounting principles to account for complex business transactions	30 - 45
Prepare, present and appraise group financial statements with complex group structures	25 - 35
Describe the current issues and developments in financial reporting	2 - 5
Describe and apply the concept of ethics where it is appropriate to adopt ethical stances for professional accountants in business	5 - 10

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Explain and apply the financial reporting framework in Hong Kong	Describe and explain the financial reporting framework in Hong Kong and the related implications for business activities	1
Apply appropriate accounting principles and concepts to account for business transactions	Describe and account for business transactions in accordance with Hong Kong Financial Reporting Standards as they relate to:	2
	Government grants	
	Employee benefits	
	Share-based payments	
	Borrowing costs	

Module 11: Financial Reporting

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Apply appropriate accounting principles and concept to account for business transactions	Describe and account for business transactions in accordance with Hong Kong Financial Reporting Standards as they relate to:	2
	Financial assets, financial liabilities and equity instruments	
	Hedge accounting	
	Income taxes	
	Effects of changes in foreign exchange rates	
	Related party disclosures	
	Fair value measurement	
	Earnings per share	
	Operating segments	
	Interim financial reporting	
	Agriculture	1
	Insurance contracts	
	Exploration for and evaluation of mineral resources	
Service concession arrangements		
Evaluate and advise on appropriate accounting principles to account for complex business transactions	Account for, evaluate and advise on business transactions in accordance with Hong Kong Financial Reporting Standards as they relate to:	3
	Accounting policies, changes in accounting estimates and errors	
	Revenue	
	Inventories	
	Property, plant and equipment	
	Intangible assets	
	Investment property	
	Impairment of assets	
	Leases	
	Events after the reporting period	
	Provisions, contingent liabilities and contingent assets	
Non-current assets held for sale and discontinued operations		
Prepare, present and appraise group financial statements with complex group structures	Construct the financial statements for an individual entity in accordance with Hong Kong Financial Reporting Standards and statutory reporting requirement	3
	Construct the financial statements for a group in accordance with Hong Kong Financial Reporting Standards and statutory reporting requirements:	
	Business combination	
	Investments in associates	
	Joint arrangements	

Module 11: Financial Reporting

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Prepare, present and appraise group financial statements with complex group structures	Describe and illustrate merger accounting for common control combinations	1
Describe the current issues and developments in financial reporting	Describe the impact of current issues and developments in financial reporting Describe the social responsibilities	
Describe and apply the concept of ethics where it is appropriate to adopt ethical stances for professional accountants in business	Explain and apply the Code of Ethics for Professional Accountants	2

Module 12: Business Finance

Module aim

The objective of the Professional Level modules is to equip students with the technical knowledge combined with practical skills in core areas necessary for an entry level professional accountant. This requires the development of an understanding of relevant concepts, principles and techniques, the ability to apply these in realistic professional settings and the exercise of judgement in evaluating complex issues and advising on the most appropriate treatment. The Professional Level examinations test both the understanding of technical knowledge and the application of these skills and techniques.

This module enables students to develop their technical knowledge in business finance, including strategy management, performance evaluation, treasury management, financing options, business valuation and corporate restructuring. Students develop the analytical tools needed to make recommendations to businesses to maximize corporate value, manage financial risks and make successful financial decisions.

Methods of assessment

This module is an open-book examination and it may comprise case study and essay questions which are all compulsory.

Syllabus area	Weighting (%)
Explain the principles in implementing and monitoring business strategy	5 - 10
Evaluate and advise on the strategic capability of a business entity	5 - 10
Consider methods in managing a business entity's risks	5 - 10
Analyse business strategies and identify the risks attached to the strategies	5 - 15
Determine the objectives of treasury function and explain the importance of managing the relationships between treasury function and external parties	5 - 10
Evaluate short and medium term financial management	5 - 10
Determine long term financial management	5 - 10
Evaluate performance measurement, the different models of performance and the importance of strategic control and governance	5 - 15
Analyse the role of sensitivity analysis and principles of risk management	5 - 15
Advise and apply the various business valuation models	10 - 20
Evaluate corporate reorganization and change	10 - 20
Consider the regulatory environment and describe the concept of ethics where it is appropriate to adopt ethical stances by a business entity	10 - 15
Analyse business failure, the types of liquidations and the key aspects of insolvency	5 - 10

Module 12: Business Finance

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Explain the principles in implementing and monitoring business strategy	Explain the basic principles in implementing and monitoring strategy	1
Evaluate and advise on the strategic capability of a business entity	Advise on a business entity's financial strategy	3
Consider methods in managing a business entity's risks	Consider risk management strategies including the use of financial products and derivatives	
Analyse business strategies and identify the risks attached to the strategies	Analyse business performance and explain the primary considerations in analysing a business strategy	2
Determine the objectives of treasury function and explain the importance of managing the relationships between treasury function and external parties	Determine the objectives and operations of a treasury function in a business entity	
Evaluate short and medium term financial management	Evaluate the short and medium term financial requirements of a business entity	3
	Apply the principles of working capital management	2
Determine long term financial management	Determine the long term financial management position of a business and advise on relevant sources of finance and funding methods	2
Evaluate performance measurement, the different models of performance and the importance of strategic control and governance	Evaluate performance measurement and control systems in entities	3
	Consider the behavioural and ethical aspects of control systems	
Analyse the role of sensitivity analysis and principles of risk management	Apply the principles of Enterprise Risk Management ("ERM") and sensitivity analysis	2
Advise and apply the various business valuation models	Advise on the valuation of businesses	3
Evaluate corporate reorganization and change	Evaluate proposals for business combinations	
	Evaluate and advise on proposals for financial reconstruction	

Module 12: Business Finance

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Consider the regulatory environment and describe the concept of ethics where it is appropriate to adopt ethical stances by a business entity	Consider the regulatory environment and where appropriate apply ethical standards, professional and industry guidance	3
Analyse business failure, the types of liquidations and the key aspects of insolvency	Analyse the key issues relating to business failure and insolvency	2

Module 13: Business Assurance

Module aim

The objective of the Professional Level modules is to equip students with the technical knowledge combined with practical skills in core areas necessary for an entry level professional accountant. This requires the development of an understanding of relevant concepts, principles and techniques, the ability to apply these in realistic professional settings and the exercise of judgement in evaluating complex issues and advising on the most appropriate treatment. The Professional Level examinations test both the understanding of technical knowledge and the application of these skills and techniques.

This module develops the technical knowledge to enable students to apply auditing and assurance standards and guidance to carry out an assurance or statutory audit engagement. The module also enables students to evaluate the risks a business faces and to advise on their business and control systems. The module also addresses corporate governance, and how this impacts on management, assurance engagements and auditors' responsibilities.

Methods of assessment

This module is an open-book examination and it may comprise case study and essay questions which are all compulsory.

Syllabus area	Weighting (%)
Perform assurance engagements	65 - 75
Explain and analyse the professional standards and guidance applicable to assurance engagements	5 - 15
Explain the importance of corporate governance and risk management	5 - 15
Evaluate and advise on computerized business systems and controls	5 - 15

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Perform assurance engagements	Prepare, plan and develop assurance engagements including the audits of financial statements in accordance with relevant Hong Kong Standards of Quality Control, Auditing, Assurance and Related Services, guidance and legislation with emphasis on:	
	Other assurance engagement requirements	2
	Client and engagement acceptance procedures	
	Quality control considerations	3
	Planning and risk assessment	
	Documentation	2
	Materiality	
	Internal audit	3
	Audit methodologies	2
Audit procedures	3	

Module 13: Business Assurance

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Perform assurance engagements	Prepare, plan and develop assurance engagements including the audits of financial statements in accordance with relevant Hong Kong Standards of Quality Control, Auditing, Assurance and Related Services, guidance and legislation with emphasis on:	
	Apply the confirmation procedures, follow up or alternative procedures for non-reply confirmation	2
	Audit evidence	3
	Completion procedures	
	Reporting	
Audits of group financial statements (including the work of component auditors)		
Explain and analyse the professional standards and guidance applicable to assurance engagements	Explain and analyse the relevant provisions of ethical standards, legislation and professional guidance	2
Explain the importance of corporate governance and risk management	Recommend appropriate practices an entity should put in place to achieve good corporate governance and risk management	3
Evaluate and advise on computerized business systems and controls	Evaluate and advise on computerized business systems and controls of an entity	

Module 14: Taxation

Module aim

The objective of the Professional Level modules is to equip students with the technical knowledge combined with practical skills in core areas necessary for an entry level professional accountant. This requires the development of an understanding of relevant concepts, principles and techniques, the ability to apply these in realistic professional settings and the exercise of judgement in evaluating complex issues and advising on the most appropriate treatment. The Professional Level examinations test both the understanding of technical knowledge and the application of these skills and techniques.

This module develops a thorough understanding of the Hong Kong tax system and the major Hong Kong taxes that affect transactions, individuals, and entities. Students learn to identify potential tax issues, evaluate tax liabilities and recommend appropriate tax advice for individuals and entities. The module also provides students with an overview of the tax system in Mainland China and the ability to prepare straight forward tax calculations.

Methods of assessment

This module is an open-book examination and it may comprise case study and essay questions which are all compulsory.

Syllabus area	Weighting (%)
Demonstrate an understanding of the tax system and administration in Hong Kong	5 - 10
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	50 - 60
Apply profits tax rules and principles and calculate profits tax liabilities for cross-border transactions	5 - 10
Demonstrate an understanding of the tax system and administration in Mainland China	5 - 10
Advise on Hong Kong tax planning ideas and strategies to enhance tax efficiency	25 - 30

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Demonstrate an understanding of the tax system and administration in Hong Kong	State, describe and apply the following key aspects of the tax system in Hong Kong:	2 1
	Principles of taxation	
	Types of tax	
	Sources of Hong Kong tax law – statute, case law, Board of Review decisions	
	Interpretation of tax statutes	
	The Basic Law	
	Departmental Interpretation and Practice Notes and Stamp Office Interpretation and Practice Notes	
Structure and administration of the Inland Revenue Department		

Module 14: Taxation

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Demonstrate an understanding of the tax system and administration in Hong Kong	State, describe and apply the following key aspects of the tax system in Hong Kong:	
	Duties and powers of officers of the Inland Revenue Department, and official secrecy	1
	Obligations and liabilities of a taxpayer, his agent, a trustee or an executor	
	Returns, offences and penalties	2
	Assessments, additional assessments and provisional assessments	
	Payment, recovery, holding over and refund of tax	1
	Objections, appeals and claims	2
	Board of Review	1
	Board of Inland Revenue	2
	Field audit and investigation	
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	Describe, explain and analyse the following tax issues as they impact and interact on transactions, individuals and entities:	
	Property tax	
	Scope of property tax charge	2
	Chargeable property and owners of land and/or buildings	
	Salaries tax	
	Scope of salaries tax charge	2
	Time basis assessment	
	Incomes	
	Benefits in kind, housing benefits, share-based benefits and holiday journey benefits	
	Lump sum receipts	
	Expenses and deductions	
	Losses	
	Personal allowances	
	Separate taxation on spouses and joint assessment	
	Profits tax	
	Scope of profits tax charge	2
	Badges of trade	
Source of profits		
Deemed trading receipts		

Module 14: Taxation

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	Describe, explain and analyse the following tax issues as they impact and interact on transactions, individuals and entities:	
	Profit tax	
	Distinction between capital and revenue items	2
	General deductions and specific deductions	
	Cessation and post-cessation receipts and payments	
	Sharkey v Wernher principle	
	Stock borrowing and lending transactions	
	Financial instruments and foreign exchange differences	
	Exemption for offshore funds	
	Alternative bond schemes	
	Special classes of business	1
	Partnerships, joint ventures, and allocation of profit/loss	2
	Losses	
	Depreciation allowances: plant and machinery	
	Depreciation allowances: industrial buildings and commercial buildings	
	Personal assessment	
	Election of personal assessment	2
	Stamp duty	
	Scope of stamp duty charge	1
	Conveyance on sale of immovable property	2
	Agreement for sale of immovable property	
	Lease of immovable property	
	Hong Kong stock	
	Hong Kong bearer instrument, duplicate and counterpart	
	Voluntary disposition inter vivos	
	Alternative bond schemes	
	Exemptions and reliefs	
Adjudication, assessment and administration	1	
Calculate the following tax liabilities for transactions, individuals and entities:		
Property tax		
Ascertainment of property tax liability	2	

Module 14: Taxation

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level	
Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong	Salaries tax		
	Ascertainment of salaries tax liability	2	
	Profits tax		
	Ascertainment of profits tax liability	2	
	Personal assessment		
	Ascertainment of tax liability under personal assessment	2	
Apply profits tax rules and principles and calculate profits tax liabilities for cross-border transactions	Stamp duty		
	Ascertainment of stamp duty liability	2	
Demonstrate an understanding of the tax system and administration in Mainland China	Explain and analyse the tax implications and calculate the tax liabilities for cross-border transactions	2	
Demonstrate an understanding of the tax system and administration in Mainland China	Describe and apply the key aspects of the tax system in Mainland China	2	
	Advise on Hong Kong tax planning ideas and strategies to enhance tax efficiency	Explain, apply and consider the anti-avoidance provisions in the Inland Revenue Ordinance	3
		Explain and apply the Ramsay principle	2
		Explain and apply the provisions on offences and penalties	2
		Explain and apply the advance ruling system	2
		Advise on Hong Kong tax planning opportunities	3
		Advise on transfer pricing	3
		Explain and advise on the use of double taxation agreements/arrangements ("DTAs") for tax planning	3
Advise on the professional, ethical and legal considerations in relation to tax compliance engagements and tax planning	3		

Capstone

Module aim

This module aims to develop students' ability to integrate and apply knowledge and skills acquired from the Associate Level and the Professional Level (such as financial reporting, business finance, auditing and taxation, etc) and from the practical experience. The focus is on the ability to deal competently with professional type situations, involving the integration and application of knowledge and skills across all areas of accounting and related fields in the analysis of complex professional problems and the formulation of solutions.

Methods of assessment

This module is an open-book examination. Students are expected to integrate technical knowledge and professional skills across all areas of accounting and related fields in the analysis of complex professional problems and the formulation of solutions.

Syllabus area	Weighting (%)
Develop business strategy	10 - 20
Formulate business decisions	10 - 20
Implement business solutions	5 - 15
Raising finance	5 - 15
Corporate governance	10 - 20
Risk management	10 - 20
Regulatory compliance	5 - 15
Business ethics and professional negligence	10 - 20
Team management and leadership	10 - 15

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Develop business strategy	Consider current and alternative business strategies in a range of complex and unpredictable circumstances	3
Formulate business decisions	Advise individuals and entities on the optimal decision taking into account range of complex and unpredictable circumstances	
Implement business solutions	Construct effective and efficient processes to implement projects	
Raising finance	Advise on alternative financing methods	
Corporate governance	Develop corporate governance policy	
Risk management	Construct effective and efficient processes to identify and manage risk	
Regulatory compliance	Consider the regulatory environment in which entities operate	
Business ethics and professional negligence	Evaluate the appropriate course of action across a wide range of ethical dilemmas	

Capstone

Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Team management and leadership	Develop team leadership skills	3
	Develop exceptional client service	
	Develop leadership skills to influence others to work towards organizational goals	
	Produce communications appropriate to an informed reader integrating material across a range of areas	
	Appraise the management and leadership styles and culture within an entity	
	Apply change management skills	2
	Prepare to become a leader	



Appendix D

The Practical Experience Competence Grid

The Practical Experience Competence Grid

	Page
Summary of Technical Competences	112
Financial Accounting and Reporting	113
Audit and Assurance	114
Taxation	115
Management Accounting, Finance and Financial Management	116
Governance, Risk Management and Internal Control	117
Information Technology, Business Strategy and Management, and Insolvency and Reconstruction	118
Summary of Enabling Competences	119
Professional Values, Ethics and Attitudes	120
Professional Skills	121

Technical Competences

Practical Experience with Six Core Areas and 18 Elements

Financial Accounting and Reporting ("FAR")	Audit and Assurance ("AA")	Taxation ("T")
FAR1 Accounting for Transactions	AA1 Planning an Engagement	T1 Tax Computations
FAR2 Preparing Financial Reports	AA2 Performing an Audit Engagement	T2 Tax Compliance
FAR3 Analysing Financial Reports	AA3 Audit Review and Reporting	T3 Tax Planning
Management Accounting, Finance and Financial Management ("MF")	Governance, Risk Management and Internal Control ("GRI")	Information Technology, Business Strategy and Management, and Insolvency and Reconstruction ("IBR")
MF1 Cost Management and Evaluation	GRI1 Identifying and Managing Risk	IBR1 Information Technology
MF2 Cash Management, Planning and Budgetary Control, Treasury	GRI2 Designing Internal Controls	IBR2 Business Strategy and Management
MF3 Appraising Investments	GRI3 Monitoring Performance and Accountability	IBR3 Insolvency and Reconstruction

Financial Accounting and Reporting

Practical Experience Competence		Proficiency Level
FAR1: Accounting for Transactions		
FAR1.1	Evaluate financial statement information (routine and non-routine) and estimates by reference to the entity's books, records and events	3
FAR1.2	Design systems to capture and process accounting data	
FAR1.3	Prepare and/or evaluate reconciliations of financial information	2
FAR2: Preparing Financial Reports		
FAR2.1	Determine the appropriate accounting reporting and regulatory framework to be applied in the preparation of an entity's financial statements	2
FAR2.2	Prepare the primary financial statements for a single entity and a group: statement of comprehensive income, statement of financial position, statement of changes in equity and cash flow statement and notes in accordance with relevant accounting framework	
FAR2.3	Prepare or evaluate appropriate note disclosures for inclusion in the financial statements	
FAR2.4	Compare financial information presented in the financial statements to the other contents of an annual report to ensure consistency (e.g. Management Discussion, Director's Report, Corporate Governance Report)	
FAR3: Analysing Financial Reports		
FAR3.1	Evaluate the financial performance, efficiency, liquidity and solvency of an entity by calculating appropriate ratios	3
FAR3.2	Evaluate the effect of a change in accounting policy and accounting estimate on the financial statements	

Audit and Assurance

Practical Experience Competence		Proficiency Level	
AA1: Planning an Engagement			
AA1.1	Evaluate scope, objective and standards applicable to a particular audit assignment	3	
AA1.2	Prepare an engagement letter for an audit assignment	2	
AA1.3	Evaluate the business environment including identifying the major classes of balances and transactions (routine and non-routine)	3	
AA1.4	Evaluate and document the control environment of an entity including flow charts and other system notes (manual and computerized)		
AA1.5	Formulate an appropriate level of materiality and performance materiality for an entity by reference to the nature and size of the business and other related matters		
AA1.6	Evaluate the risk of material misstatements in the financial statements at the account balance and transaction levels		
AA1.7	Evaluate relevant internal controls which mitigate the likelihood of material misstatements		
AA1.8	Design appropriate tests of internal controls, substantive test of details and substantive analytical review procedures including the calculation of sample sizes and mode of selection		
AA1.9	Evaluate compliance with relevant ethical requirements, including independence		
AA1.10	Develop inquiries regarding fraud and error		
AA2: Performing an Audit Engagement			
AA2.1	Evaluate the need for using the work of external experts		3
AA2.2	Evaluate and document the results of tests of controls for effectiveness		
AA2.3	Evaluate and document the results of substantive test of detail and substantive analytical review		
AA3: Audit Review and Reporting			
AA3.1	Prepare the appropriate opinion paragraph in an audit report in accordance with appropriate Auditing Standards	2	
AA3.2	Prepare the management representation letter	3	
AA3.3	Evaluate the impact of identified misstatements against materiality, audit scope and opinion		
AA3.4	Analyse the issues to be included in the management representation letter for those charged with governance to cover items required by the appropriate Auditing Standards	2	

Practical Experience Competence		Proficiency Level
T1: Tax Computations		
T1.1	Compute the taxation position for an individual and a legal entity	2
T1.2	Produce information from financial records and Inland Revenue Department communications to prepare tax computations	3
T1.3	Analyse the impact of recent legislative changes and Board of Review decisions on the determination of the tax computations	2
T2: Tax Compliance		
T2.1	Advise the tax filing procedures under the Inland Revenue Ordinance and the consequences of non-compliance	3
T2.2	Justify the circumstances where an objection to an assessment or an appeal can be raised	2
T2.3	Advise the tax lodgment and assessment payment requirements under the Inland Revenue Ordinance and the consequences of breaches	3
T3: Tax Planning		
T3.1	Contrast the differences between tax planning, tax avoidance and tax evasion	2
T3.2	Consider recent changes in the Inland Revenue Ordinance, regulatory environment and Board of Review decisions on the determination of tax position	3
T3.3	Evaluate the tax implications for proposed future plans of an individual or an entity	
T3.4	Recommend tax mitigation strategies by utilizing incentives and reliefs	

Management Accounting, Finance and Financial Management

Practical Experience Competence		Proficiency Level
MF1: Cost Management and Evaluation		
MF1.1	Evaluate appropriate cost classifications and the main types of cost accounting systems including alternative methods of dealing with overhead or common costs and the criteria for their use	3
MF1.2	Analyse the appropriate costing methodologies for an entity's products and services	2
MF1.3	Analyse cost behaviours and revenues, actual and forecast, to meet management needs	
MF2: Cash Management, Planning and Budgetary Control, Treasury		
MF2.1	Advise on the financial implications of an entity's strategies	3
MF2.2	Analyse budgets adopting appropriate assumptions, methodologies and other information inputs in line with an entity's strategies	2
MF2.3	Analyse budget variances and determine the likely causes and provide recommendations for improvements (if possible)	
MF2.4	Evaluate appropriate present and future levels of cash (short and long term) and working capital by assessing liability and capital structures, asset structures and liquidity, present and future leverage levels, cash flow and profitability patterns	3
MF2.5	Evaluate an entity's needs for additional financing or consider options for projected cash surplus to an entity's requirements (including the evaluation of decisions related to distribution of profits)	
MF2.6	Advise on the appropriate sources and types of finance considering availability of finance, conditions attached to raising finance and tax implications	
MF3: Appraising Investments		
MF3.1	Evaluate the opportunities, risks and implications associated with the replacement of a capital asset or acquisition of a new business/expansion of existing business	3
MF3.2	Apply appropriate investment appraisal techniques to determine a range of values for a business or capital asset	2
MF3.3	Justify the assumptions made that support the valuation and perform sensitivity analyses to support the range of values	
MF3.4	Analyse the performance of products and business segments with the use of financial or non-financial indicators	

Governance, Risk Management and Internal Control

Practical Experience Competence		Proficiency Level
GRI1: Identifying and Managing Risk		
GRI1.1	Evaluate risks (strategic, operational, financial, regulatory and information systems) within an entity	3
GRI1.2	Evaluate the entity's business processes and controls which mitigate risks	
GRI1.3	Recommend strategies to manage, transfer, reduce or avoid the identified risks	
GRI2: Designing Internal Controls		
GRI2.1	Analyse the requirements for effective internal control	2
GRI2.2	Design and document an effective system of internal control (including the control environment, application and general controls)	3
GRI2.3	Design appropriate manual and computerized tests on the system of internal control to assess its effectiveness in preventing or detecting error	
GRI2.4	Recommend improvements to the system of internal control based upon the results of the internal control testing	
GRI3: Monitoring Performance and Accountability		
GRI3.1	Evaluate the governance structure and practices of an entity by reference to the Listing Rules, best practices and other regulatory requirements	3
GRI3.2	Analyse the strategic, operational, financial, regulatory and information system risks based on an assessment of the external and internal environment, strategies and processes	2
GRI3.3	Analyse the key business processes of an entity for the occurrence of material misstatements together with relevant manual and computerized internal controls that mitigate the misstatements	

Information Technology, Business Strategy and Management, and Insolvency and Reconstruction

Practical Experience Competence		Proficiency Level
IBR1: Information Technology		
IBR1.1	Evaluate IT applications (word processing, spreadsheets and email) for communication and collaboration	3
IBR1.2	Recommend appropriate applications to obtain, analyse and present information	
IBR1.3	Use the internet as a source of relevant and reliable information	2
IBR2: Business Strategy and Management		
IBR2.1	Analyse whether the business strategies are appropriate for an entity	2
IBR2.2	Determine the impact of external and internal environments on implementing business strategy by considering the use of appropriate methodologies, such as, (i) Michael Porters model, (ii) Strengths (S), Weaknesses (W), Opportunities (O), and Threats (T) analysis ("SWOT analysis"), (iii) Flexibility (F), Risk (R), Income (I), Control (C), Timing (T), and Other (O) analysis ("FRICTO analysis") and (iv) Political (P), Economic (E), Social (S), Technological (T), Environmental (E) and Legal (L) analysis ("PESTEL analysis")	
IBR2.3	Contrast the different types and levels of risk and advise their likely impact on the business together with a mitigation strategy	
IBR3: Insolvency and Reconstruction		
IBR3.1	Appraise the financial position of an individual or entity using financial and ratio analysis	3
IBR3.2	Appraise the competitive position of an entity in terms of its products, services and markets	
IBR3.3	Recommend strategic options for and underperforming or insolvent entity	
IBR3.4	Plan, implement, review and assess a reconstruction plan	2
IBR3.5	Categorize how an entity becomes bankrupt and determine the appropriate form of administration	

Enabling Competence

Practical Experience with Two Areas and Seven Elements



Professional Values, Ethics and Attitudes

Practical Experience Competence	Elements	Proficiency Level
(a) Professional Scepticism and Professional Judgement		
(i) Apply a questioning mindset critically to assess financial information and other relevant data	A1	2
(ii) Evaluate and recommend reasonable alternatives to reach well-reasoned conclusions based on all relevant facts and circumstances		3
(b) Ethical Principles		
(i) Demonstrate the nature of ethics	A2	2
(ii) Justify the advantages and disadvantages of rules-based and principles-based approaches to ethics		
(iii) Identify ethical issues using relevant ethical principles, analyse alternative courses of action and determine the ethical consequences of these		
(iv) Apply the fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour to ethical dilemmas and determine an appropriate approach		
(v) Apply the relevant ethical requirements to professional behaviour in compliance with standards		
(c) Commitment to the Public Interest		
(i) Determine the role of ethics within the profession and in relation to the concept of social responsibility	A3	2
(ii) Evaluate the role of ethics in relation to business and good governance		3
(iii) Analyse the interrelationship of ethics and law, including the relationship between laws, regulations, and the public interest		2
(iv) Consider the consequences of unethical behaviour to the individual, the profession, and the public		3
(d) Business Ethics and Professional Negligence		
(i) Evaluate the appropriate course of action across a wide range of ethical dilemmas	A3	3

Professional Skills

Practical Experience Competence	Elements	Proficiency Level
(a) Intellectual		
(i) Evaluate information from a variety of sources and perspectives through research, analysis, and integration	B1	3
(ii) Apply professional judgement, including identification and evaluation of alternatives, to reach well-reasoned conclusions based on all relevant facts and circumstances		2
(iii) Justify when it is appropriate to consult with specialists to solve problems and reach conclusions		
(iv) Apply reasoning, critical analysis, and innovative thinking to solve problems		
(v) Recommend solutions to unstructured, multi-faceted problems		3
(b) Interpersonal and Communication		
(i) Develop cooperation and teamwork when working towards organizational goals	B2	3
(ii) Develop clear and concise communication when presenting, discussing and reporting in formal and informal situations, both in writing and orally		2
(iii) Demonstrate awareness of cultural and language differences in all communication		
(iv) Apply active listening and effective interviewing techniques		
(v) Develop negotiation skills to reach solutions and agreements		
(vi) Develop consultative skills to minimize or resolve conflict, solve problems, and maximize opportunities		3
(vii) Use ideas to influence others to provide support and commitment		
(c) Personal		
(i) Develop a commitment to lifelong learning	B3	3
(ii) Apply professional scepticism through questioning and critically assessing all information		2
(iii) Develop high personal standards of delivery and appraise personal performance, through feedback from others and through reflection		
(iv) Plan time and resources to achieve professional commitments		
(v) Evaluate challenges and plan potential solutions		
(vi) Develop an open mind to new opportunities		3

Professional Skills

Practical Experience Competence	Elements	Proficiency Level
(d) Organizational		
(i) Plan assignments in accordance with established practices to meet prescribed deadlines	B4	3
(ii) Appraise own work and that of others to determine whether it complies with the entity's quality standards		
(iii) Develop people management skills to motivate and develop others		
(iv) Develop delegation skills to deliver assignments		
(v) Consider appropriate tools and technology to increase efficiency and effectiveness and improve decision making		
(vi) Develop time management techniques		
(vii) Develop project management skills		
(viii) Develop problem solving-skills		
(e) Team Management and Leadership		
(i) Develop team leadership skills	B2	3
(ii) Develop exceptional client service	B4	
(iii) Develop leadership skills to influence others to work towards organizational goals	B2	
(iv) Produce communications appropriate to an informed reader integrating material across a range of areas	B4	
(v) Appraise the management and leadership styles and culture within an entity	B4	
(vi) Apply change management skills	B2	
(vii) Prepare to become a leader	B2	



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

37th Floor, Wu Chung House, 213 Queen's Road East,
Wanchai, Hong Kong

Tel: (852) 2287-7228

Fax: (852) 2865-6776

Web: www.hkicpa.org.hk

Email: hkicpa@hkicpa.org.hk