

The Hon Kenneth Leung
Chairman
Bills Committee on Professional Accountants
(Amendment) Bill 2018
Legislative Council Secretariat
Legislative Council Complex
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Central, Hong Kong

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9 January 2019

Dear Kenneth

The Professional Accountants (Amendment) Bill 2018 (the Bill)

On behalf of ACCA (the Association of Chartered Certified Accountants) Hong Kong, we would like to submit our response in respect of the abovementioned Bill for your kind consideration.

ACCA acknowledges that it is in the public interest to enable the general public to identify easily whether a person or a company is a practice unit which is qualified to provide professional auditing service under the Professional Accountants Ordinance (Cap. 50) (the 'PAO'). It is also important to prohibit unqualified individuals, firms or companies from providing auditing services to safeguard the reputation and integrity of the accountancy profession in Hong Kong.

We support, in principle, the proposed amendment in the abovementioned Bill to better differentiate a qualified practice unit in the provision of professional auditing service. However, we are of the view that the accounting profession is not limited to the audit profession, especially Hong Kong is an international finance centre where finance and accounting professionals play a crucial role in leading Hong Kong's economic growth.

In fact, the section in the International Federation of Accountants ('IFAC') Code of Ethics applicable to non-practising accountants is titled 'Professional Accountants in Business'. By restricting the use of the term "professional accountant" will not help resolve the issue but cause confusion. ACCA strongly supports the protection of public interest in terms of differentiating qualified auditors. In order to tackle the problem of misleading business descriptions by businesses not registered as practice units under the PAO, we recommend that description such as 'registered auditors' (as legislated in the UK) could be considered as a more sensible option.

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There are a number of professional bodies that are fully accredited by the IFAC and the Hong Kong Institute of Certified Public Accountants is one of them. However, under both the current provisions of the PAO and the proposed amendment, only those individuals registered under the PAO can be referred to as 'professional accountants', regardless of whether they are members of other professional bodies that are full members of IFAC. This would create an unfair treatment to these equally qualified professionals who are internationally recognised.

Hong Kong is an international financial centre and our Chief Executive also reiterated the importance of attracting world talents to Hong Kong and the Greater Bay Area to enhance Hong Kong's competitiveness and help boost the city's economy. While we are working hard to improve the attractiveness of Hong Kong to compete for the world talents with other cities, we should prevent unfairness and ensure a level playing field in our legislation.

In this regard, ACCA is of the view that the Bill, in order to protect the public interest and enable the general public to identify easily whether a person or a company is a practice unit which is qualified to provide professional auditing service, we recommend that description such as 'registered auditor' should be considered. At the same time, amendments should also be made to rectify the unfair situation to those qualified accountants who are members of any full member body of IFAC and being recognised internationally. We strongly recommend that those persons who are members of any full member body of IFAC but not registered under the PAO should be allowed to use descriptions of 'professional accountants' or 'qualified accountants' or '專業會計師' or '會計師', so that we could truly embody Hong Kong's status as an international financial centre.

Should you wish to further discuss the issue in more details, please do not hesitate to contact myself or Jane Cheng, Head of ACCA Hong Kong at

Yours sincerely,



Natalie Chan
Chairman

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