

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, and 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 <i>(note)</i>
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	

(note) Levels of proficiency:

Level 1: Foundation (Knowledge and Comprehension)

The QP student is able to remember previously learned materials and demonstrate understanding of facts and ideas by organizing, comparing, translating, interpreting, giving descriptions and stating main ideas.

Level 2: Intermediate (Application and Analysis)

The QP student is able to use new knowledge and solve problems in new situations by applying acquired knowledge, facts, techniques and rules in a different way. In addition, the QP student is able to examine and break information into parts by identifying motives or causes, make inferences and find evidence to support generalization.

Level 3: Advanced (Integration and Evaluation)

The QP student is able to compile information together in a different way by combining elements in a new pattern or proposing alternative solutions. Moreover, the QP student is able to demonstrate the ability to judge the value of material for a given purpose.

Audit and Assurance

Practical Experience Competence		Proficiency Level	
AA1: Planning an Engagement			
AA1.1	Evaluate the 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	

Taxation

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 uses	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, and Treasury		
MF2.1	Advise on the financial implications of an entity's strategies	3
MF2.2	Analyse budgets by 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 risks 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	
IBR3.5	Categorize how an entity becomes bankrupt and determine the appropriate form of administration	2

Enabling Competences

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		2
(iv) Apply reasoning, critical analysis, and innovative thinking to solve problems		2
(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 communications		2
(iv) Apply active listening and effective interviewing techniques		2
(v) Develop negotiation skills to reach solutions and agreements		2
(vi) Develop consultative skills to minimize or resolve conflicts, solve problems, and maximize opportunities		3
(vii) Use ideas to influence others to provide support and commitment		3
(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		2
(iv) Plan time and resources to achieve professional commitments		3
(v) Evaluate challenges and plan potential solutions		3
(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 they comply 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	2
(vi) Apply change management skills	B2	
(vii) Prepare to become a leader	B2	