

Accountants seek stronger China links

By CHAN CHI-KEUNG

THE Hongkong Society of Accountants plans to forge closer links with accounting bodies in China, with the aim of developing the profession in the country, according to the society's newly-elected chairman.

David Gairns, who took up the chairmanship of the HKSA earlier this month, said yesterday the society's China liaison group would build on existing relationships with the accounting, tax and legal professions in China.

"China is keen to form a recognised professional accounting society and wants to learn from Hongkong what a professional institute is, how it sets the standards and how it monitors the members," he said.

A reference guide to accounting terms, jointly compiled by the society and the Accounting Society of China, would be released soon, he said, while about 40 Chinese students would attend management accounting courses in Hongkong next year, organised by the HKSA and tertiary education institutes.

Mr Gairns said a delegation from China to Hongkong in May would hold seminars on investment laws in the mainland.

But he conceded that HKSA suggestions to China might not be taken up.

"Remember, that's their

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perogative. We offer and if things are accepted, we go along," he said.

"More and more accounting concepts are becoming accepted in China... particularly in relation to joint venture entities," Mr Gairns said.

However, he said a fundamental problem was that the independent function of auditing was yet to be fully appreciated in China.

Unless China reached the point where auditors were free to report independently, the standards set by the Western world would not be met, according to Mr Gairns.

Turning to the HKSA's activities in Hongkong, Mr Gairns said the society would again present to the Government a proposal for a limit on professional accountant liability.

A similar submission, made jointly with other professional bodies, was made late last year.

Mr Gairns said the general direction of the new submission would be unchanged, but the core legal arguments would be expanded and the proposal would be geared specifically to the accounting profession.

"We are getting to a situation where a lot of risk we are exposed to is uninsurable. Other risk is insurable, but at prohibitive cost."

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HKSA works on China ties

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Changes in British legislation permitted auditors to be incorporated as limited companies, and it would be easy for Hongkong to include such legislation in the Companies Ordinance, Mr Gairns said.

An alternative was to put a ceiling on the maximum claim against an accountant, he said.

Mr Gairns said the HKSA was still attempting to narrow the rift between public expectation of the role of auditors and what the profession could actually provide.

"Judges and lawyers still refer to (them as) auditors' statements. They are not. They are the companies' statements, the directors' statements.

"We are not there to review the business decisions made by a businessman. We are there to give our opinions as to whether the directors report what they have done."

The formation of a second-tier association for capable but non-certified accounting personnel, similar to the Association of Accounting Technicians in Britain, was also being planned under the auspices of the society.

But the success of the program would hinge on the Government's recognition of the qualification of members for positions within the civil service, and how the private sector reacted.

Mr Gairns said the soci-

ety was constantly reviewing the operation of its joint examination scheme with the Chartered Association of Certified Accountants in Britain, and might gradually bring more papers specific to Hongkong into the overall examination syllabus.

Another ongoing exercise was a review of the society's internal rules and guidelines, aimed at more effective self-regulation, Mr Gairns said.

"We have to demonstrate that our internal discipline is at least as good as the rest of the world."

Training programs to keep members up to date on new laws and practices were another long-term objective of the society.