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**Topic: Development of the “Accounting”
profession in Macau. With a brief
comparison to H.K and Australia.**

A Brief History of the Accounting Profession

The object of accounting is to provide information about the economic affairs of an organization. It is largely a historical exercise with accountants examining the past performance of the organization. However, this is not an object in itself as the information can provide a useful basis for future action.

In these terms, **accounting has existed for as long as man has indulged in trade** and touches almost every aspect of our modern society. It is through accountancy that we measure the success of so many of our enterprises and in this sense, **accountancy has played its part in the progress of mankind.**

It is doubtful modern industrial society would be possible without sophisticated accounting procedures. It is an essential tool in the organization of almost any endeavor. Satellites and shuttles and triumphs of technology but they are also a testimony to man's ability.

Accountancy can be traced back through history to any civilization in which commerce has played a role. Records of commercial contracts have been found in the ruins of Babylon and accounts of agricultural activities were kept in both Ancient Greece and Rome.

A relatively sophisticated form of **double entry accounting** is known to have been used in the **Italian republic of Genoa in a mid 14th century.**

An Italian monk Luca Pacioli is credited with being the father of **modern accountancy**. Pacioli, a mathematician and theologian, produced the first comprehensive manual on commercial practice and accountancy as practiced in the merchant republics. He produced his famous work, Summa de Arithmetica geometria proportioni et proportionalita **in 1494**. In the work he explicitly states that double entry accounting has been in use for some two hundred years.

A Franciscan monk born in Florence, Pacioli dominated the development of accounting for the next two hundred years. His work was remarkable. It not only covered the area in great depth, but written in Italian not Latin and contained many anecdotes of everyday experience which made it extremely accessible.

Part 1

Macau

A-Law No. 21/78/M of September 27, 1978. Complementary Income Tax (Imposto Complementar de Rendimentos)

With the introduction of the above law, where the Tax on Real Income will be determined based on proper Accounting Records. (Whilst previous it was determined based on Assumption by the Tax Office. (Finance Dept.). Except for a very small number of larger companies such as those that are S.A. or S.A.R.L.

As a result of the introduction of the above Law it became necessary to introduce a Law to Govern the Profession(s), that is responsible for the preparation of the Accounts but more importantly for the preparation and the submission of the Declaration of the Annual Tax Return (Group A). (If an opportunity arises in the future I will be more than happy to talk a little more about the Tax aspects with your students.)

But for now lets concentrate on the Development of the “Accounting” profession in Macau.

The introduction of the law in A above created the necessity for introduction of the Decree Law below.

B-Decree Law No. 17/78/M of June 3 1978

(Norms to regulate “The activity of Accountant (Contabilista) and Auditor (Auditor)”

The overall significance of this Decree Law is to introduce norms to regulate “The activity of Accountant (Contabilista) and Auditor (Auditor)” Necessary only because of the introduction of the above Law A.. (**Such profession did not legally exist previously.**

To practice as an Accountant or Auditor all it was required was to register in the Finance dept. by showing some basic documentary proof of accounting knowledge acquired thru experience or a certificate showing course in accounting).

Therefore we can safely say that the Accounting Profession in Macau was born under the Pen of the Governor, Jose Eduardo Garcia Leandro on May 29 1978.

Decree Law No. 17/78/M consisted in 19 articles, the most relevant for our purpose are the following:-

Article 1:-

Describes who are Accountants and Auditors.

Article 2:-

Their legal responsibilities.

Articles 4 -7 & 17:-

Who can register as Accountants and Auditors & the require qualifications.

Who can register:-

Must be over 18 yrs old, no criminal records or fraudulently bankrupt and the qualifications are:-

A)_ Accountants:-

a) From Higher school certificate to Bookkeeping Certificate Course to Bachelor Degree in Accounting and in some cases together with some practical experience.

b) Those without formal academic qualifications as long as they have at least 5 years practical experience with companies that have proper accounting records for tax purpose or at least 3 years in a Government Dept dealing in the area of Accounting.

B) Auditors:-

a) Degree in Law, any Finance, Commerce or Accounting Degree together with at least 5 years practical experience in the field.

b) Finance Directors with at least 5 years experience as such.

c) Those who are eligible to register as accountants and have more than 10 years experience as such.

d) Individuals with 10 years as managers, members of the fiscal committee etc., of any company.

Also Individuals with equivalent overseas formal qualifications or members of overseas professional accounting bodies can also register as long as they apply to the Governor after having a favorable opinion of the CICA.

Article 16:-

The creation of the Committee for the registration of Accountants and Auditors. (CICA , now CRAC)

The Above Law that was suppose to be review after 3 years of operation ***But*** stayed unchanged for 21 years, that is until the introduction of **Decreto-Lei n.º 71/99/M**

Decreto-Lei n.º 71/99/M

de 1 de Novembro

The purpose of this Law is to go beyond the Decree-Law n.º 17/78/M, of June 3, that is beside regulate the registration and the requirements for entrance it is now necessary to create its own by-laws to govern the more details aspects of the profession.

The Law was introduced after detailed consultation with the various Accounting Associations within the frame work of the CRAC.

The current Law consist of 10 Articles which includes the By-Law governing the Auditors' profession consisting of 107 Articles.

Article 2.º

(CRAC)

The powers and rules and regulations governing the Committee as per the annexed By-Laws.

Article 3.

(Auditors registered with CRAC)

1. Individuals registered with CRAC must within 90 days apply for the issue of the License and the respective professional I.D. Card.

2. The professionals who are Currently Employed by the Macau Government (Public Servants) must apply for the suspension of its activities within 90 days. Otherwise its registration will be automatically cancelled.

Article 4.º

(Audit Firms)

1. Audit firms must within 180 days apply for registration otherwise it may be subject to dissolution and automatic cancellation.

Article 5.º

(Professional Associations)

The Professional Associations which By-Laws are not as per the current requirements of the By-Laws must within 180 days correct its situation otherwise is subject to dissolution.

Article 6.º

(Transitional period for the registration of Auditors)

1.Accountants registered with CRAC for a period of 10 years or more can apply for registration as Auditors.

Article 8.º

(Audit Standards)

CRAC must within 180 days submit a project on Audit Standards to be approved by the Governor.

ANEXED(Audit By-Laws)

Consisting of 107 Articles

Chapter I – Admission to the Profession

Section I –Designation and Registration

Article 2.º

(Registration)

Must be registered with CRAC to carry out its functions

)

Article 3.º

(Designation)

1.Only registered auditors are allowed to use the following designations:-

«Hât Sou Si», «Wui Kai Si», «Sam Kai Si», «Chü Chak Hat Sou Si», «Chü Chak Wui Kai Si Hong» ou «Chü Chak Hat Sou Si Lau» e as designações e abreviaturas inglesas «Certified Public Accountant», «Certified Practising Accountants», «Public Accountant» «Registered Auditor», «Registered Auditors & Associates», «P.A.» ou «C.P.A.»,

Article 4.º

Who can register as Auditor

1. Must be over the age of 18 and residing in Macau legally.

2. Condition for registration

a) Bachelor degree (recognized in Macau) in Economics, Finance, Accounting and Administration.

b) Professional Training.

c) Pass the necessary exams put out by CRAC

3. Non resident Auditors can register as long as:-

a) Produce current documentary proof that they are registered CPA from association in which they are members.

b) Pass the necessary exams as required by CRAC.

For registration of Audit Firm :-

A) Must have at least 1 local auditor as Partner.

B) 50% of staff must be local resident

Article 5.º

Registration as Auditor and Audit Firm

Same as the previous Law.

SECÇÃO II -Exams and Apprenticeship.

Article 14.

1-Must serve a minimum of 18 months apprenticeship.

2-Candidates with a Bachelor Degree or higher in Economics and Finance areas or equivalent obtained from overseas or with professional training in Accounting, CRAC can exempt or reduce the apprenticeship period.

Article 15.º

Sponsorship

1.The apprenticeship must be thru an audit firm or an office of an auditor.

2.Must be supervised by an Auditor.

Article 18.º

Exams

1.CRAC is responsible for the exam paper as well as the Date, duration and criteria of evaluation.

2.The written exams are in the following subjects:-

a) General Accounting and Finance

b)Analytical Accounting

c) Macau Taxation Law

d)Macau Commercial Law and

e)Audit Standards

Chapter II- Professional Activity

SECTION I- The Audit Profession

Article 20.º to Article 22.º

SECTION II -Audit and certification of Accounts

Article 23.º to Article 34.

SECTION III- Rights and Obligations.

Subsection I- Rights

Article 35 to Article 36

Subsection II- Duties

Articles 37 to 47

Chapter III Audit Firms

Articles 48 to Article 79

Chapter IV Professional Associations

Article 80 to Article 83.

Auditors can form into professional associations according to the General law and as per the Current By-Laws.

Article 81.º

Current and future requisite

1. Registered Accountants can not be members of Auditors Associations.

Chapter V

Criminal and Disciplinary Responsibility

Article 84 to 104

Article 85.º

Disciplinary Actions

1. Depending on the infringement the following disciplinary actions are applicable:-

A) Warning

B) Fine up to \$500,000 MOP

C) Suspension for 3 years

D) Cancellation of License

SECTION II Criminal Responsibility

Article 105 to 107.

Article 105.º

Encroachment of Functions

Commits the Crime of Encroachment anyone that is not registered as such and yet put himself as an registered auditor.

Professional Associations:-

In Macau we have 4 professional associations registered before 1999.:-

- a) Macau Society of Registered Auditors (MSRA)
- b) Macau Society of Registered Accountants
- c) Macau Society of Accountants
- d)) Macau Society of Certified Practising Accountants

Non of the above Association have any powers over the conduct of both the Accounting and Auditing profession, however they can be used by the Government for consultative purpose.

The Macau Society of Accountants (C) and the Macau Society of Certified Practising Accountants (D) have at this present moment both members from both profession that is Accountants and Auditors which violates the current law. (*Article 5.º (Professional Associations)* The Professional Associations which By-Laws are not as per the current requirements of the By-Laws must within 180 days correct its situation otherwise is subject to dissolution . Article 81.º Current and future requisite 1.Registered Accountants can not be members of Auditors Associations.)

A Federation of Accountant Association was formed in 2005, with representation from the above 4 association.

Registered Accountants and Auditors and Firms of Auditors

	June 30 2007	March 30 1994
1-Auditors	114	107
2-Accountants	138	130
3-Audit Firms	10	6

Part B

Hong Kong Institute of CPA.(HKICPA) formerly H.K.S.A.

Entry to the Hong Kong Accounting professional was like “In Macau Now” regulated by the Hong Kong government. That is until 1972 with the Passing of the Accountants Bill by the then governor Crawford Murray Macle hose. So in 1973 the Hong Kong Society of Accountants was officially formed with the powers to regulate entry into the Accounting profession.

Registered Accountants with the HKICPA.

	June 30 2007	March 30 1994
Associates:		6185
Fellows:		1323
Members	26000	
Total	26000	7508
Students	11000	3000(est.)
Certified Public Accountants CPA		1741
Public Accountants P.A.(Note 1)		5

Note 1-Entry to the profession whilst still regulated by the H.K. Government.

Our Chief Executive Mr. Ho, Hau Wah, Edmund is Associate member NO. A01820. in Hong Kong and Auditor in Macau since April 1984.

Part C

Australia Accounting Profession

Entry to the Australia Accounting profession is administered by two Accounting bodies in Australia.:-

A-CPA Australia and

B- Institute of Chartered Accountants in Australia.

A brief history of CPA Australia

April 2000	CPA Australia (Formerly Australian Society of Certified Practising Accountants (ASCPA)
July 1990	Australian Society of Certified Practising Accountants (Incorporated Under the Companies Ordinance of the ACT.)
May 1952	Australian Society of Accountants
1880's- 1920's	Merger of various Accounting bodies.
April 1886	80 Practising Accountants got together to form the "Incorporated Institute of Accountants, Victoria.

Involvement in South East Asia

CPA Australia's association with South East Asia began in the late 1950s during the era of the Colombo Plan. In response to a perceived need for the development of the accountancy profession in the region, CPA Australia appointed representatives in Singapore, Kuala Lumpur and Hong Kong. Examinations were conducted locally and successful candidates admitted to CPA Australia's register.

CPA Australia also played an important role in the establishment of local professional bodies:

- Institute of Certified Public Accountants of Singapore
- Malaysian Institute of Accountants
- Hong Kong Society of Accountants

Membership designations were reduced to the current three:

- Associate (ASA)
- Certified Practising Accountant (CPA)
- Fellow (FCPA)

CPA Australia is the new company and business name for the Australian Society of Certified Practising Accountants (ASCPA), effective April 2000.

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Applying for a Public Practice Certificate

1-To apply for a Public Practice Certificate, you must also have the required practical experience – three years of experience in a public practice office, or three years of experience in a responsible position in one or more of the areas defined as constituting public accounting services

2-Applications for a Public Practice Certificate must be made within five years of passing the examination for the distance learning component of the Public Practice Program.

The Public Practice Program has two components:

- [CPA 201 Practice Management distance learning program](#)
- [Public Practice Program Residential](#)

Successful completion of both components is required to be eligible to apply for a [Public Practice Certificate](#)..

To be eligible to enroll in CPA 201 Practice Management, members must be of CPA or FCPA status and have successfully completed the Taxation segment of the CPA Program..

To be eligible to register to attend the Public Practice Program Residential, members must be enrolled in or have completed CPA 201 Practice Management (formerly known as CPA 201 Public Practice Program distance learning).

THE END