

Press Release

25 March 2024

AFRC welcomes the Government's support for a funding injection

The Accounting and Financial Reporting Council (**AFRC**) welcomes the Government's proposal for its non-recurrent commitment of \$200 million for injection to the AFRC and its approval by the Finance Committee of the Legislative Council on 22 March 2024.

Since acquiring full regulatory functions over public interest entity (**PIE**) auditors in October 2019, the AFRC has been exercising strict budgetary controls in order to discharge its statutory functions, including its prudent use of the initial seed capital of \$400 million for the disbursement of its first two years' operating expenses in the absence of any levy income.

In line with the prevailing international practices of vesting powers to an independent body for the regulation of accounting profession, since October 2022, the AFRC has been vested with expanded functions and powers over the non-public interest entity (**non-PIE**) auditors. Pending exploration of new long-term financing models with the Government for the non-PIE auditors, it became necessary to deploy the balance from the initial seed capital as at 1 October 2022, originally intended for the PIE auditor regime, to support the funding of the expanded functions as an interim measure.

In the meantime, the AFRC will continue to prioritise its work, flexibly allocate manpower, and exercise strict control over its expenditure to maintain the current regulatory standards and to work with the Government to establish a long-term sustainable financing model to ensure the effective discharge of its regulatory responsibilities in protecting the public interest, upholding financial reporting quality and fostering a healthy and sustainable development of the accounting profession.

End

About the Accounting and Financial Reporting Council

The Accounting and Financial Reporting Council (AFRC) is an independent body established under the Accounting and Financial Reporting Council Ordinance. As an independent regulator, AFRC spearheads and leads the accounting profession to constantly raise the level of quality of professional accountants, and thus protects the public interest.

For more information about the statutory functions of the AFRC, please visit www.afrc.org.hk.

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