



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

ACCOUNTING for **SUCCESS**
NOW and **BEYOND**

50 **th** | Annual Report 2023
Anniversary

CONTENTS

- 02 | Message from the President
- 04 | Message from the Chief Executive and Registrar
- 06 | Milestones of the Hong Kong Institute of Certified Public Accountants
- 10 | Corporate Governance
- 38 | Membership and Qualification
- 42 | Member Services, Development and Events
- 47 | Mainland Development
- 50 | Standard Setting and Professional Representation
- 57 | Thought Leadership, Communication and Community Engagement
- 62 | Finances and Operations
- 65 | Climate and Sustainability
- 69 | Auditor's Report & Financial Statements
- Hong Kong Institute of Certified Public Accountants
 - The HKICPA Trust Fund
 - The HKICPA Charitable Fund

FOREWORD

2023 marks the 50th anniversary of the Hong Kong Institute of Certified Public Accountants. As we reflect on the past five decades, we celebrate the remarkable journey of the accounting profession in Hong Kong and its unwavering commitment to the integrity and growth of Hong Kong's financial markets and business community.

The theme of this year's annual report, "Accounting for Success Now and Beyond," encapsulates the Institute's dedication to not only achieving success with the profession in the present, but also embracing the future with resilience and vision. Over the years, the Institute has witnessed remarkable transformations, navigated through regulatory reforms, embraced digital advancements and the emergence of sustainability, and responded to evolving societal expectations. Through it all, the Institute and its members have stood at the forefront, demonstrating their agility and steadfast commitment to high professional standards.

On the Institute's golden anniversary, we have an opportunity to reflect on the profession's remarkable achievements and set a course for an even brighter future. The 2023 Annual Report captures this spirit of celebration and forward-thinking. It embraces the Institute's redefined role and highlights the collective experience of the profession in navigating unprecedented challenges.

This year's report includes a glimpse at some of the Institute's most significant milestones, charting our path so far and taking stock of the magnificent legacy left by those before us. Each chapter includes a photo collage that reflects the rich and dynamic history of the Institute and the profession in their interactions within and with the broader society.

MESSAGE FROM THE PRESIDENT



to embracing the future and equipping our members to thrive in a rapidly changing world. The third event, the 50th Anniversary Gala Dinner in December 2023, recognizes the achievements of the accounting sector over the past five decades and reminds us of the strong foundation upon which we stand. These events embody our hopes to thrive amid change, seize opportunities for our members, and to honour and build upon the Institute's significant legacy.

Cementing our role

Indeed, the leaders who came before us have laid a strong platform, and now it is our turn to take the leap forward and create our own legacy for future accountants.

Following the regulatory reform that came into effect on 1 October 2022, the Institute remains steadfast in its commitment to advancing the accounting profession as the statutory body for registering CPAs. We continue to provide training and development opportunities for accountants in Hong Kong through our Qualification Programme (QP) and ongoing professional education. We also play a vital role in setting professional standards and supporting our esteemed members. Throughout the year, the Institute has been working diligently to implement its

Indeed, the leaders who came before us have laid a strong platform, and now it is our turn to take the leap forward and create our own legacy for future accountants.

Dear members,

It is my privilege to address you once again in this year's annual report. I am honoured to have served an additional year as the President of the Institute under the transitional arrangements of the revisions to the Institute's Council election arrangements passed in July 2022. This extension has allowed me to preside over the Institute's 50th anniversary celebrations, a truly momentous occasion.

The three flagship events to celebrate our golden jubilee symbolize our vision and aspirations for the Institute as we conclude the first year since the further regulatory reform of the profession.

The first event, the 50th Anniversary Cup horse racing event in early June 2023, represents our excitement and enthusiasm as we burst through the gates on this new journey with a redefined role. The second event, the CPA Congress held in July 2023, demonstrates our commitment

strategic goals to reinforce its identity, as outlined in the *Strategic Plan 2023*.

Attracting talent and nurturing a pipeline of highly skilled CPAs, who are globally recognized as leaders in the profession, remains a top priority for the Institute. The QP plays a pivotal role in this journey, offering an esteemed international qualification pathway for CPAs and aspiring business leaders. This programme contributes significantly to Hong Kong's success, and we are actively renewing reciprocal membership agreements with international accounting bodies. We are committed to ensuring that the QP meets international standards and that fair and mutually beneficial recognition agreements are maintained to maximize our members' impact. The Institute fully intends to equip our CPAs with the necessary professional competences as the needs of the market continue to evolve, making the QP the programme of choice for a career in both practice and business.

The issuance of the IFRS Sustainability Disclosure Standards by the International Sustainability Standards Board in June 2023 was an important milestone for the profession globally and for the Institute. The Institute is resolute in its plans to become the standard setter for sustainability and climate disclosures in the city. In anticipation of these standards, the Institute enhanced efforts throughout the year in education and training, raising awareness, advocating for sustainability assurance by professional accountants, and implementing our own internal sustainability practices. We will continue to collaborate with authorities to move forward with our plans and contribute to Hong Kong's sustainability journey, always keeping the interests of the accounting profession and the public good in mind.

We also actively seek opportunities within the Greater Bay Area (GBA) and across Mainland China and advocate for the profession, with the goal of facilitating our members' success beyond Hong Kong. Our Council and management engage with various stakeholders to foster these opportunities. In May

2023, we visited Beijing for the first time in three years and held meetings with representatives from the Ministry of Finance's Accounting Department, the Chinese Institute of Certified Public Accountants, and the China Securities Regulatory Commission. During these meetings, I had the pleasure of sharing updates on industry reform in Hong Kong and reporting on the Institute's key focuses for the future, as well as the strategic priorities for 2023. Additionally, the Institute's GBA Field Visit Series to Nansha and Dongguan provided valuable opportunities for engagement with stakeholders.

The expertise of our members is essential for the long-term growth of businesses. It is vital that we cultivate a positive reputation in the public sphere, highlighting the indispensable role and valuable contributions of the accounting profession. We will persist in seeking recognition from stakeholders for the Institute's work and the esteemed standing of the profession. We are dedicated to upholding and advancing local and international standards, while also fostering open and effective communication channels with the public and our members. It is our commitment to ensure that stakeholders are well-informed about our latest endeavours and progress.

Looking to the future

As we commemorate our past achievements, we must also look to the future. The world is undergoing unprecedented change, and the accounting profession, along with the broader business landscape, must adapt accordingly.

The Institute will persist in providing value to our members' continuous professional and personal growth, making a positive impact on the profession and the communities we serve. We are committed to supporting our members in their professional and personal development, equipping them with the skills and knowledge needed to navigate the evolving landscape of the accounting profession.

The Institute will persist in providing value to our members' continuous professional and personal growth, making a positive impact on the profession and the communities we serve.

I would like to express my gratitude to all our members for their dedication and contributions to the Institute. It is through your efforts and expertise that we can continue to advance the accounting profession and uphold its integrity. I would also like to express my heartfelt gratitude to my two Vice-Presidents, Roy Leung and Edward Au, all Council members, committee members, and staff of the Institute for their hard work and commitment throughout the year.

Let us embrace the opportunities and challenges that lie before us as we reflect on the past year and look ahead to the future. Together, we will continue to build a strong and vibrant accounting profession that serves the needs of our members, our profession, and our society.

Thank you once again for your unwavering support, and I look forward to another year of progress and success for the Institute.

Loretta Fong

President

MESSAGE FROM THE CHIEF EXECUTIVE AND REGISTRAR



Dear members,

The further regulatory reform came into effect on 1 October 2022, representing a significant shift in the Institute's role. While the Institute continues its crucial roles as registration authority of CPAs and the accounting and auditing standard setter, as well as to administer the training and development of the accounting profession in Hong Kong through the Qualification Programme (QP) and continuing professional development

(CPD) training, the powers in issuance of practising certificates, registration and inspection of practice units, and regulating the conduct of CPAs and practice units were transferred to the Accounting and Financial Reporting Council (AFRC).

It is fitting that the first year of this transition would also fall on an important milestone year for the Institute – our 50th anniversary. This momentous milestone is a great opportunity for the Institute to iterate its vision and mission afresh and

we are proud of the robust set of events we have created this year on the occasion of our golden jubilee.

While most of the celebrations fall after the reporting financial year, these occasions were the culmination of extensive planning and hard work by the 50th Anniversary Organizing Committee and staff throughout the year.

I invite our readers to explore the dedicated 50th anniversary website and engage with the exciting content it offers, including an overview of our Institute's history, celebrations, and highlights from each event.

Strategic achievements

While honouring our past, we are also focused on building a bright future for the accounting profession. Our strategic initiatives have paved the way for remarkable achievements and progress. The following are some achievements worth highlighting.

In anticipation of the inaugural International Sustainability Standards Board standards, the Institute's Financial Reporting Standards Committee and Sustainability Committee established a dedicated task force and scaled up its outreach activities in the previous financial year. This culminated in the comment on the exposure drafts submitted in July 2022 for IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, which were finally issued in June 2023. Our dedicated teams have worked tirelessly to develop new programmes and initiatives that equip our members with the necessary skills and knowledge to thrive in a decarbonized economy. These efforts include the introduction of new CPD offerings, deep-dive workshops, and a wealth of online resources. We are committed to ensuring that our members are well-prepared to embrace the challenges and opportunities of a rapidly changing business landscape.

Our strategic initiatives have paved the way for remarkable achievements and progress.

Demonstrating our commitment to facilitate our members' professional development, we organized 154 online CPD events, 48 face-to-face events, and made available 732 e-learning programmes. In total, the programmes received over 104,036 enrolments. In order to provide cost-effective options, we also held 43 free webinars and online courses which attracted over 45,000 enrolments. We also launched the Membership Renewal Reward Scheme to recognize the commitment and dedication of members to the Institute and provide benefits to members who met the pre-requisite criteria by awarding two complimentary CPD hours' worth of courses. Over 7,300 members benefitted from the scheme.

Talent engagement is crucial for sustaining the vitality of our profession and adapting to the evolving needs and priorities of the next generation is essential for our continued growth and relevance. Throughout the year, we continued to visit different universities, tertiary institutions, and secondary schools to promote the value proposition of a career in accounting and the QP. In line with this, we successfully launched the Revised Practical Experience Framework under the QP at the end of 2022. This framework aligns with international standards and best practices of leading accounting bodies, incorporating digital processes that exemplify the future of our Institute and the profession.

To improve the overall experience for readers of our flagship magazine *A Plus*, the Institute brought enhancements to

the publication in two phases. As part of the Institute's sustainability plan and commitment to achieving net zero carbon emissions, *A Plus* halted the production of physical copies, shifting fully online beginning with the September 2022 issue. In January 2023, the magazine moved towards a quarterly publication schedule, accompanied by a brand new website with an enhanced user interface and new functionality to facilitate the reading experience.

I encourage you to read the full 2023 Annual Report for a comprehensive collection of our achievements. Your support and engagement have and continue to be instrumental in driving our success.

Finances

In terms of finances, the Institute has made significant progress in overcoming the financial deficit it faced in recent years, albeit with a few caveats. Through diligent efforts to circumvent structural hurdles, the Institute recorded a positive turnaround in the reported fiscal year with a surplus of HK\$54 million in 2023. This improvement stems from non-recurrent items, cost saving measures and re-engineering initiatives to improve the financial viability of business operations.

Despite this ostensible turnaround, there remain looming long term challenges ahead. While the transfer of the Institute's former regulatory functions to the AFRC has led to a reduction in headcount and associated staff costs, the Institute will no longer receive fees from practice units and practitioners holding practising certificates. Disciplinary fines and legal cost recovery will also no longer be a source of income as soon as the remaining disciplinary cases reach completion in the coming months.

Although the membership fee adjustment in 2023 temporarily alleviated the effects of revenue loss from the transfer of regulatory functions, the Institute's finances are still expected to be impacted,

which is further compounded by a decline in QP student population.

To ensure the continuity of the Institute's operations and activities, several measures have been identified, including membership fee adjustments and performance enhancements in key segments of the QP and CPD offerings. As previously decided by the Council, the Institute has scaled-down its office space to optimize property utilization, with the intention of generating additional income from the office space released. These measures aim to bolster the Institute's financial sustainability, allowing us to establish a robust foundation to better serve our members and the profession.

Optimism for the future

As we reflect on the remarkable achievements of the past year and celebrate the 50th anniversary of our Institute, we are filled with optimism for the future. The challenges and opportunities that lie ahead will require our unwavering commitment, collaboration, and adaptability. With our dedicated members, visionary leadership, and a strong foundation built over five decades, we are well-positioned to navigate the evolving landscape of the accounting profession and continue to make a positive impact on our profession, society, and the business world at large.

I would like to take this opportunity to extend my deepest gratitude to the Council, Institute staff, and all members for their dedication and support. Together, we can begin building our own legacy to serve generations to come.

Let us embrace the future with passion and enthusiasm, knowing that our collective efforts will shape a brighter and more prosperous tomorrow. Thank you for your continued support, and I look forward to the exciting journey ahead.

Margaret W.S. Chan

Chief Executive and Registrar

MILESTONES OF THE HONG KONG INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

1973



- The Hong Kong Society of Accountants was established as Hong Kong's first statutory professional accounting body

1975



- Made debut in international conference

- Entered international arena as an associate member of the International Accounting Standards Committee, the predecessor of the International Accounting Standards Board

1999



- Introduced Qualification Programme (QP), which is Hong Kong's first home-grown training and certification programme for accountants

1997



- Organized a delegation to the 1997 World Congress of Accountants

1996



- Launched the Accountant Ambassador programme to help the community
- Membership surpassed the 10,000 mark

2000



- Organized the "Best Corporate Governance Disclosure Awards" for the first time

2001



- Established a charitable fund to provide financial aid to the needy

2002



- Hosted the World Congress of Accountants

Since its establishment in 1973, the Hong Kong Institute of Certified Public Accountants has been instrumental in shaping the accounting landscape in Hong Kong and beyond. Through the tireless efforts and immeasurable contributions of our members, the Institute has continuously enhanced professional standards, advanced industry development, and contributed to Hong Kong's success as an international financial centre.

1977



- The then Financial Secretary Sir Philip Haddon-Cave attended the annual dinner of the Hong Kong Society of Accountants
- Becomes a founding member of the International Federation of Accountants

1978

- Membership surpassed 1,000

1981

- Developed the *First Long-Range Plan*, calling for the Society to be more outward-looking and community oriented

1985



- Officially visited the Mainland for the first time, positioning itself as the bridge between China and the rest of the world

1995

- Issued first report on corporate governance to promote the notion that prevention of commercial fraud begins with company directors

1994



- Signed memorandum of cooperation with the Chinese Institute of Certified Public Accountants to boost exchanges between the profession in both places

1992



- Introduced practice review to increase public confidence in the profession

2004



- Signed multiple reciprocal membership agreements with global accounting bodies for mutual recognition of QP



- Officially renamed as the Hong Kong Institute of Certified Public Accountants, the Institute's members are designated as "Certified Public Accountant" (CPA)

2005



- Full convergence of Hong Kong Financial Reporting Standards with International Financial Reporting Standards



- The Institute formed the Global Accounting Alliance (GAA) with eight overseas professional accounting bodies

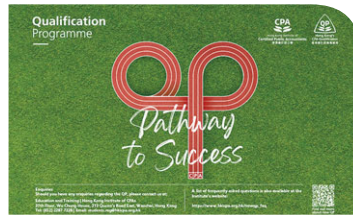


- Flagship financial education project, "Rich Kid, Poor Kid" was launched
- Introduced the QP in the Mainland to provide worldwide-recognized accounting training to Chinese students

2021

- Joined 13 other accounting bodies, all members of Accounting for Sustainability (A4S), in publicly committing to achieving net-zero greenhouse gas emissions within our own organizations

2019



- Rolled out the new QP, comprising three progressive levels with 14 modules and a Capstone workshop



- Signed a Statement of Protocol on oversight arrangements with the Financial Reporting Council

2021



- Hosted CPA Conference



- Renamed Best Corporate Governance Awards to the Best Corporate Governance and ESG Awards, refocusing the annual Award to recognize organizations integrating CG & ESG practices

2022

- Working together as part of the GAA, signs the call to action "Nature is Everyone's Business" with other world's leading accountancy institutes to signal the important role the profession plays in nature crisis

2006



- The first Mainland office opened in Beijing

2007



- Signed a joint declaration with Mainland counterparts on standards convergence

2008



- Expansion of the Mutual Examination Exemption arrangement between the Institute and the Chinese Institute of Certified Public Accountants

2016

- Membership surpassed the 40,000 mark

2015



- Guangzhou Liaison Office was set up

2010

- Membership surpassed the 30,000 mark
- Offered the first specialist qualification and designation in insolvency

2023



「會」迎金禧 「計」出新程
Accounting for success now and beyond

- Celebrates its 50th anniversary



CORPORATE GOVERNANCE

As we celebrate the Institute's 50th anniversary, we reflect on the remarkable journey of our organization in promoting and upholding corporate governance standards in Hong Kong. From our first report on corporate governance in the 90's, to celebrating the 20th anniversary of the Best Corporate Governance Disclosure Awards and adding ESG as a main focus, the Institute has been at the forefront of Hong Kong's corporate governance development. It has played a pivotal role in shaping the corporate landscape in the city, advocating for transparency, accountability, and ethical practices.

Maintaining excellent corporate governance policies and practices ensure the Institute is able to carry out its statutory responsibilities and commitment to facilitating a smooth transition as members and the public gear up for major changes within the profession and beyond.

Major governance developments

During the financial year there were four major governance developments.

Issuance of inaugural global sustainability disclosure standards

On 26 June 2023, the International Sustainability Standards Board (ISSB) published its two inaugural IFRS Sustainability Disclosure Standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.

The Institute is committed to promoting sustainability and contributing to global efforts to address environmental and social challenges. In addition to pressing forward with developing its role as Hong Kong's statutory sustainability standard setter and involvement in the international standard-setting arena, the Institute will also focus on upskilling stakeholders with the necessary knowledge in these areas.

Further regulatory reform of the accounting profession

As of 1 October 2022, the Institute's former regulatory roles in the issuance of practising certificates, registration and inspection of practice units and regulating the professional conduct of all CPAs and practice units have been formally transferred to the Accounting and Financial Reporting Council (AFRC) under the further reform of the regulatory regime of accounting profession.

With the transfer of functions, the Institute continue to shoulder the responsibilities of incubating talents, developing Hong Kong's accounting profession as well as setting industry standards.

While the Institute's disciplinary functions were transferred to the AFRC, it continued to complete ongoing cases referred to the Disciplinary Committee prior to 1 October 2022. Within the fiscal year, six disciplinary orders were processed while six cases remain.

Reviewing of the Institute's Council election arrangements

The Professional Accountants (Amendment) Bill 2022 was passed in Legislative Council (LegCo) on 13 July 2022. The bill makes amendments to the Professional Accountants Ordinance (Cap. 50) (ordinance) to raise requirements for election to the Institute's Council by increasing the number of nominations required from CPAs from the current two (one proposer and one seconder) to 10 (one proposer and nine seconders), and imposing a new requirement for obtaining nominations from two members of the Advisory Committee of the AFRC as seconders. The amended ordinance also aligns the election cycle of all 14 elected Council members to a biennial cycle and enhances the administrative procedures for conducting Council elections and general meetings of the Institute. The amendments took effect on 1 November 2022.

According to the transitional arrangement, the term of office of the 14 incumbent elected members of the Institute's Council will draw to a close in end-2023. The enhanced election arrangement will commence operation at the Council election to be held then.

Strategic Plan 2023

This year, the Institute is celebrating its 50th anniversary. As we enter this new era, it is more important than ever to have a clear and concise roadmap to account for the Institute's success now and beyond. After reviewing progress made under the recent plan, the Council and the Institute have updated and refined our strategic plan based on a number of key factors and considerations.

The *Strategic Plan 2023* has built on the three key areas included in the previous plan for repositioning the Institute, and has updated them to better convey essential considerations, namely:

- Delivering member value;
- Standing and future of the profession;
- Be a sustainable and versatile Institute.

The updated *Strategic Plan 2023* has been made available on our website for stakeholders to find out more about our plans.

The Council

The Council serves as the governing body of the Institute, makes decisions on the overall strategy, policy and direction, as well as handling matters stipulated in the Professional Accountants Ordinance. It provides guidance on the Institute's governance and operations with the assistance of relevant boards and committees.

Through a balance of members from within and outside the profession, the Council benefits from a wide scope of views when debating and addressing issues.

Composition

The composition of the Council is governed by the Professional Accountants Ordinance. The Council consists of 14 individual CPAs directly elected by the membership and six government-appointed members to provide independent views, including two ex-officio government members, and four lay members of high standing in society. The Immediate Past President who completed his elected term also remains on the Council for an additional year to provide continuity. The Council may co-opt an additional two members at the start of its term. All members are non-executive and non-compensated.

GOVERNANCE STRUCTURE



According to the transitional arrangement following the adoption of Professional Accountants (Amendment) Bill 2022 to enhance the election mechanism, the 14 incumbent elected members of the Institute’s Council from 2022 would continue into 2023 and their terms of office will draw to a close in end-2023. The enhanced election arrangement will commence operation at the Council election to be held then. Therefore, the Institute did not hold an election during the annual general meeting (AGM) in end-2022.

This year, the Council consists of 20 members, and the Immediate Past President is also included in the 14 individual CPAs who were elected by the membership. One member was appointed by the Council in July 2022 to fill the vacancy left by a member who resigned in June 2022.

Term of service

The term of office of Council members is governed by the Professional Accountants Ordinance. Elected Council members serve for two-year terms beginning after the AGM in December. Government-appointed lay members also serve for two-year terms from the appointment date. The ex-officio members serve while holding their official capacity. Co-opted members serve from after the Council meeting when they are appointed, usually

early in the Council year, until the next AGM.

Induction

Early in the new Council term, newly elected and appointed Council members are given a briefing and information package by the Institute’s Chief Executive and Registrar to familiarize them with the Institute, its governance and Council operations, and meeting processes, membership statistics and key projects.

Conflict of interest and confidentiality

All Council members follow established rules to avoid conflict of interest, such as exclusion from discussions or decisions where a real or apparent conflict of interest is present. Council members are also not to disclose any information pertaining to their work as a member of the Council.

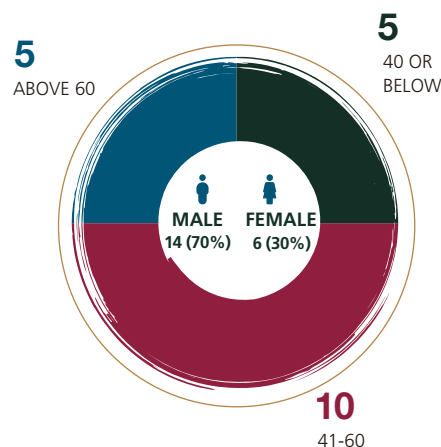
Diversity

To ensure members of different backgrounds are represented, the 14 elected Council members are made up of six CPAs who are in full time practice as certified public accountants (practising) (denoted by the letter “P”); six CPAs who are not in full time practice as certified public accountants (practising), who may or may not hold a practising certificate (denoted by the letter “N”); as well as two CPAs of whom either one or both

can be of category P or category N as mentioned above.

In addition, the co-option mechanism should enable Council to review its composition and co-opt suitable Council members if required. As such, Council could leverage on the co-option mechanism to implement any desirable diversity criteria at the start of its term.

DIVERSITY OF THE INSTITUTE’S COUNCIL — AGE AND GENDER DISTRIBUTION





THE COUNCIL (As of 30 June 2023)

Elected members

- 01 Fong Wan Huen, Loretta CPA (practising) (*President*)
- 02 Roy Leung FCPA (practising) (*Vice-President*)
- 03 Au Chun Hing, Edward FCPA (practising) (*Vice-President*)
- 04 Raymond Cheng FCPA (practising) (*Immediate Past President*)
- 05 Alan Au CPA
- 06 Alan Chan FCPA (practising)
- 07 Larry Cheng CPA (practising)
- 08 Lam Siu Fung, Frank FCPA (practising)*
- 09 Stephen Law JP, CPA (practising)
- 10 Lee Shun Yi, Jasmine CPA (practising)
- 11 Liu Kwok Tai, Teddy CPA (practising)
- 12 Prof Tse Hoi Fat, Calvin FCPA (practising)
- 13 Wong Wing Hei, Ernest CPA
- 14 Andrew Yung FCPA

Government-appointed lay members

- 15 Au King Lun MH, PhD
- 16 Agnes Choi Heung Kwan MH
- 17 Theresa Ng Choi Yuk JP
- 18 Wong Kam Pui, Wilfred BBS, JP

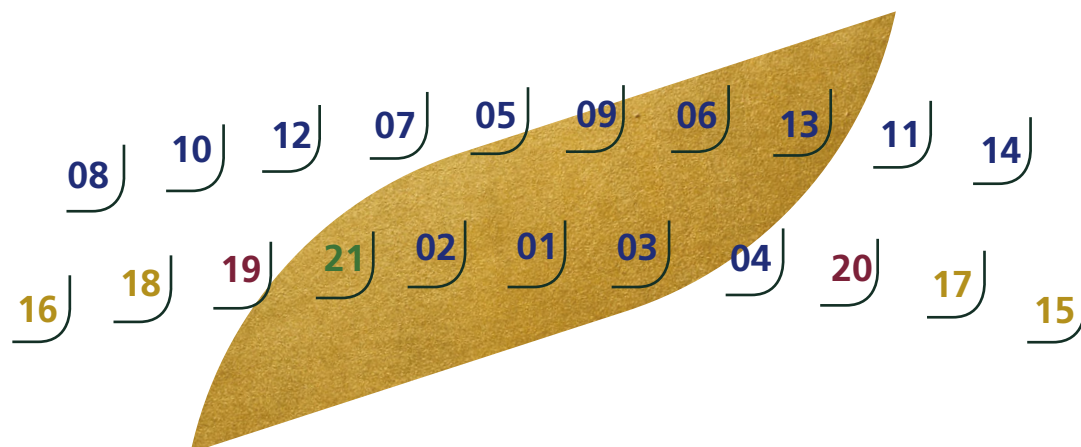
Ex-officio members

- 19 Helen Tang JP
(Representative of the Financial Secretary,
Government of the HKSAR)
- 20 Susanna Cheung JP, FCPA
(Director of Accounting Services,
Government of the HKSAR)

Chief Executive & Registrar

- 21 Margaret W.S. Chan CPA (Secretary)

* Lam Siu Fung, Frank FCPA (practising) was appointed by the Council, with effect from 20 July 2022, to fill the vacancy arising from the resignation of Prof Lam Chi Yuen, Nelson JP, FCPA (practising) on 24 June 2022.



The summaries below are highlights of the biographical details of Council members. For elected Council members, the year referenced is the Council year, which is the period between two AGMs. For ex-officio and lay Council members, the date of appointment is included. Full biographies can be found on the Institute’s website.

FONG WAN HUEN, LORETTA CPA (PRACTISING) (PRESIDENT)

Council meeting attendance from 1 July 2022 to 30 June 2023: 12/12

Council membership	<ul style="list-style-type: none"> • Elected Council member since 2017 • President (since 2022) • Vice-President (2020)
Committee membership	<ul style="list-style-type: none"> • Ex-officio member, Executive Committee (2020, and since 2022) • Chairman, Nomination Committee (since 2022) (member in 2020) • Member, Remuneration Committee (since 2022) • Trustee, HKICPA Trust Fund (since 2022) • Trustee, HKICPA Charitable Fund (since 2022)
Position and company	Sustainability Deputy Leader, Mainland China and Hong Kong, PwC
Other public appointments	<ul style="list-style-type: none"> • Vice-Chairman, Finance and Administration Committee, Hong Kong Young Women’s Christian Association • Trustee, Ocean Park Conservation Foundation, Hong Kong • Member, General Committee, Federation of Hong Kong Industries • Vice Chairman, MPF Schemes Advisory Committee, Mandatory Provident Fund Schemes Authority • Member, Green Technology and Finance Development Committee, Government of the HKSAR • Member, Advisory Board of HKMA Global Centre for ESG Education and Research, Hong Kong Management Association • Council member and Treasurer, The Hong Kong Polytechnic University • Member, Advisory Board on Accountancy, Lingnan University • Member, Advisory Board on Accounting Studies, The Chinese University of Hong Kong • Member, Advisory Committee on Graduate Employment, Hong Kong Baptist University • Panel member, Resolvability Review Tribunal • Member, Copyright Tribunal • Member, Standing Committee on Disciplined Services Salaries and Conditions of Service
Skills and experience	A strong international background and extensive experience in providing accounting, assurance and consulting services for public and private companies. She has proven experience in environmental, social and governance (ESG) advisory services and in leading initial public offerings in Hong Kong and the United States.

ROY LEUNG FCPA (PRACTISING) (VICE-PRESIDENT)

Council meeting attendance from 1 July 2022 to 30 June 2023: 12/12

Council membership	<ul style="list-style-type: none"> • Elected Council member since 2018 • Vice-President (since 2022)
Committee membership	<ul style="list-style-type: none"> • Ex-officio member, Executive Committee (since 2022) • Member, Nomination Committee (since 2022) • Chairman, Professional Conduct Committee (2020-22) (member since 2016) • Chairman, Professional Development Committee (since 2022) (Deputy Chairman in 2021, and member since 2018) • Chairman, Registration Committee (formerly known as Registration and Practising Committee) (since 2023) (Deputy Chairman in 2020, and member since 2018) • Trustee, HKICPA Trust Fund (since 2022)
Position and company	Partner, KPMG
Other public appointments	<ul style="list-style-type: none"> • Member, Personalized Vehicle Registration Marks Vetting Committee, Transport Department, Government of the HKSAR • Member, Private Columbaria Licensing Board, Food and Environmental Hygiene Department, Government of the HKSAR • Member, Accounting Advisory Board, The University of Hong Kong • Member, Accounting Advisory Board, The Hong Kong University of Science and Technology • Member, Departmental Advisory Committee for the Department of Accountancy, City University of Hong Kong
Skills and experience	Extensive experience in providing assurance and advisory services to companies seeking initial public offerings. He is also the lead audit engagement partner for listed companies in a variety of sectors including transportation, real estate and consumer markets.

AU CHUN HING, EDWARD FCPA (PRACTISING) (VICE-PRESIDENT)

Council meeting attendance from 1 July 2022 to 30 June 2023: 12/12

Council membership	<ul style="list-style-type: none"> Elected Council member in 2019-20 and since 2022 Vice-President (since 2022)
Committee membership	<ul style="list-style-type: none"> Chairman, Corporate Finance Committee (formerly known as Corporate Finance Advisory Panel) (since 2020) (Deputy Chairman in 2018-19 and member since 2014) Ex-officio member, Executive Committee (since 2022) Member, Nomination Committee (since 2022) Deputy Chairman, Registration Committee (since 2022) (member since 2020)
Position and company	Southern Region Managing Partner, Deloitte China
Other public appointments	<ul style="list-style-type: none"> Member, Audit and Risk Committee, Hong Kong Red Cross (from September 2019 to August 2023) Member, Policy Research Committee, Financial Services Development Council Council member, Hong Kong Association of Registered Public Interest Entity Auditors Limited Member, Professional Development Committee, Accounting Development Foundation Limited Member, Advisory Committee, Division of Business and Management, Beijing Normal University-Hong Kong Baptist University United International College Panel member, Mandatory Provident Fund Schemes Appeal Board
Skills and experience	Extensive experience in auditing enterprises in Hong Kong and the Mainland, and assisting their debt and equity offerings. He is also a spokesperson of Deloitte China in initial public offerings and capital market, and drives service and practice transformation, fosters talent development, and expands the firm's practice in Southern China.

RAYMOND CHENG FCPA (PRACTISING) (IMMEDIATE PAST PRESIDENT)

Council meeting attendance from 1 July 2022 to 30 June 2023: 12/12

Council membership	<ul style="list-style-type: none"> Elected Council member since 2011 Immediate Past President (since 2022) President (2021)
Committee membership	<ul style="list-style-type: none"> Chairman, Qualification Oversight Board (2020-22) Trustee, HKICPA Trust Fund (since 2021) Trustee, HKICPA Charitable Fund (since 2021)
Position and company	Chairman, HLB Hodgson Impey Cheng Limited
Other public appointments	<ul style="list-style-type: none"> Adjunct Professor, Department of Accountancy, City University of Hong Kong Member, Departmental Advisory Committee for the Department of Accountancy, City University of Hong Kong Voting member, Hong Kong Professionals and Senior Executives Association
Skills and experience	Specializing in corporate audits and with extensive experience in auditing companies in different industries, most especially the financial services industry. He is a Council member of HLB International and leads the firm by formulating strategies.

ALAN AU CPA

Council meeting attendance from 1 July 2022 to 30 June 2023: 8/12

Council membership	Elected Council member since 2019
Committee membership	<ul style="list-style-type: none"> • Member, Restructuring and Insolvency Faculty Executive Committee (since 2019) • Member, Taxation Faculty Executive Committee (2019-22)
Position and company	Barrister-At-Law, Gilt Chambers
Skills and experience	Over 10 years of working experience in auditing, company secretarial and corporate investment related positions from listed companies from Hong Kong and China.

AU KING LUN MH, PHD

Council meeting attendance from 1 July 2022 to 30 June 2023: 6/12

Council membership	Council lay member since 1 December 2019
Committee membership	<ul style="list-style-type: none"> • Member, Governance Committee (since 2022) • Member, Qualification Oversight Board (2022)
Position and company	Executive Director, Financial Services Development Council
Other public appointments	<ul style="list-style-type: none"> • Medal of Honour • Adjunct Professor, The University of Hong Kong • Member, Index Advisory Committee, China Securities Index Co., Ltd. • Member, Index Advisory Committee, Shanghai Stock Exchange • Director, Adventist Charitable Foundation Limited • Member, Investment Committee, Adventist Health Hong Kong
Skills and experience	A Chartered Financial Analyst with decades of asset management industry experience. He has held senior positions at organizations including as President of Value Partners Group, CEO of Eastspring Investments (Hong Kong) Limited and BOCHK Asset Management Limited. He was also a past Chairman of the Hong Kong Securities and Investment Institute and the Hong Kong Investment Funds Association.

ALAN CHAN FCPA (PRACTISING)

Council meeting attendance from 1 July 2022 to 30 June 2023: 12/12

Council membership	Elected Council member since 2021
Committee membership	<ul style="list-style-type: none"> • Member, Professional Conduct Committee (2021-22) • Member, Registration Committee (since 2021) • Member, Small and Medium Practices Committee (Deputy Chairman in 2021 and member since 2021) • Member, Taxation Faculty Executive Committee (since 2021)
Position and company	<ul style="list-style-type: none"> • Partner, Alan Chan & Partners • Director, CFO and company secretary, a Hong Kong listed company
Skills and experience	Over 30 years' experience in auditing, accounting and taxation with both listed and non-listed companies in different industries including manufacturing and financial institutions.

LARRY CHENG CPA (PRACTISING)

Council meeting attendance from 1 July 2022 to 30 June 2023: 11/12

Council membership	Elected Council member since 2021
Committee membership	Member, Registration Committee (2021-22)
Position and company	Founder, Widi Limited
Skills and experience	Ample experience in accounting and auditing, private equity and start-up ventures.

SUSANNA CHEUNG JP, FCPA

Council meeting attendance from 1 July 2022 to 30 June 2022: 12/12

Council membership	Ex-officio Council member, Director of Accounting Services, Government of the HKSAR, since 14 October 2021
Committee membership	Nil
Position and company	Director of Accounting Services, the Treasury, Government of the HKSAR
Other public appointments	<ul style="list-style-type: none"> • Justice of the Peace • Member, Managing Board of Kowloon-Canton Railway Corporation • Chairman, Audit Committee of Kowloon-Canton Railway Corporation
Skills and experience	Before assuming the post of Director of Accounting Services in October 2021, she served in various policy bureaux and departments of the HKSAR Government, including the Financial Services and the Treasury Bureau, Food and Environmental Hygiene Department, Social Welfare Department and the Treasury.

AGNES CHOI HEUNG KWAN MH

Council meeting attendance from 1 July 2022 to 30 June 2023: 11/12

Council membership	Council lay member since 1 December 2020
Committee membership	<ul style="list-style-type: none"> • Member, Governance Committee (since 2021) • Member, Regulatory Oversight Board (2021-22)
Position and company	Nil
Other public appointments	<ul style="list-style-type: none"> • Medal of Honour • Non-Executive Director, Insurance Authority • Convenor, Corporate Services Committee, Insurance Authority • Member, External Relations Committee, Insurance Authority • Member, Regulatory Instruments Committee, Insurance Authority • Member, Travel Industry Authority • Asia Ambassador, International Union of Marine Insurance
Skills and experience	A veteran practitioner with over 35 years of experience in the insurance industry. Over her career, she has filled key management roles in many leading insurance companies. She was the Chairman of the Hong Kong Federation of Insurers from 2012 to 2013 and a member of the Executive Committee of the International Union of Marine Insurance from 2015 to 2018.

LAM SIU FUNG, FRANK FCPA (PRACTISING)

Council meeting attendance from 20 July 2022 to 30 June 2023: 11/11

Council membership	Elected Council member since 20 July 2022*
Committee membership	<ul style="list-style-type: none"> • Member, Branding and Communication Committee (formerly known as Branding and Communication Advisory Panel) (since 2017) • Member, Registration Committee (since 2023) • Member, Small and Medium Practices Committee (since 2020)
Position and company	Assurance Director and Leader of Family Office, BDO Limited
Other public appointments	Member, Financial Monitoring Committee, Reading Dreams Foundation
Skills and experience	Over 25 years of audit experience with listed and initial public offering clients operating in a variety of industries. He also has wide-ranging experience in both Hong Kong and Mainland China auditing and accounting standards, tax regulations, and provision of financial and family office services to high net worth individuals and entrepreneurs.

* Lam Siu Fung, Frank was appointed by the Council to fill the vacancy arising from the resignation of Prof Lam Chi Yuen, Nelson JP on 24 June 2022 with effect from 20 July 2022.

STEPHEN LAW JP, CPA (PRACTISING)

Council meeting attendance from 1 July 2022 to 30 June 2023: 11/12

Council membership	Elected Council member in 2012-17, and since 2022; Co-opted Council member in 2010 and 2011
Committee membership	<ul style="list-style-type: none"> • Member, Audit Committee (since 2022) • Chairman, Branding and Communication Committee (since 2022) (member since 2017) • Member, Corporate Finance Committee (2007-13, and since 2022) (Deputy Chairman in 2010 and Chairman in 2011-13) • Member, Professional Accountants in Business Committee (2008-17, and since 2022) (Deputy Chairman in 2013-14 and Chairman in 2015-17)
Position and company	Managing Director, ANS Capital Limited
Other public appointments	<ul style="list-style-type: none"> • Member, The National Committee of the Chinese People’s Political Consultative Conference • Justice of the Peace • Expert advisor, The Ministry of Finance of the People’s Republic of China • Member, Agricultural Park Advisory Committee, Agriculture, Fisheries and Conservation Department, Government of the HKSAR • Member, Green Tech Fund Assessment Committee, Environment and Ecology Bureau, Government of the HKSAR • President, Hong Kong Business Accountants Association • Deputy President, Hong Kong Independent Non-Executive Director Association • Board member, Hong Kong Dance Company • Board member, SOW Asia • Chairman, Chan Sui Ki (La Salle) College Old Boys’ Foundation Limited
Skills and experience	A multi-skilled business and finance professional with expertise in executive management at board and C-level of large enterprises. He also has extensive experience in private equity and asset management as managing directors of investment firms.

LEE SHUN YI, JASMINE CPA (PRACTISING)

Council meeting attendance from 1 July 2022 to 30 June 2023: 12/12

Council membership	Elected Council member since 2022
Committee membership	<ul style="list-style-type: none"> • Member, Greater Bay Area Committee (since 2019) • Member, Professional Development Committee (2022) • Member, Registration Committee (since 2022)
Position and company	Managing Partner, Hong Kong and Macau, Ernst & Young
Other public appointments	<ul style="list-style-type: none"> • Member, Air Transport Licensing Authority, Transport and Logistics Bureau, Government of the HKSAR • Council Member, SMART Accountants Association • Member, Professional Development Committee, Accounting Development Foundation • Member, Mainland China Affairs Committee, Association of Women Accountants • Chairman (Bronze), Guangdong-Hong Kong-Macao-Bay Area Economic and Trade Association • Member, China Committee, Hong Kong General Chamber of Commerce
Skills and experience	She is the Managing Partner of the Ernst & Young member firms in Hong Kong and Macau, overseeing all aspects of business operations in these locations. She has acquired deep expertise working with Hong Kong and Mainland Chinese financial institutions on an array of assurance, strategy and consulting services, leading business growth and optimization initiatives for major financial services companies across Mainland China and Hong Kong.

LIU KWOK TAI, TEDDY CPA (PRACTISING)

Council meeting attendance from 1 July 2022 to 30 June 2023: 12/12

Council membership	Elected Council member since 2022
Committee membership	<ul style="list-style-type: none"> • Member, Professional Development Committee (since 2022) • Member, Registration Committee (since 2022) • Member, Remuneration Committee (since 2020)
Position and company	Head – Group Audit & Management Services, New World Development Company Limited
Other public appointments	<ul style="list-style-type: none"> • Member, Greater Bay Area Advisory Board, ACCA Hong Kong • Member, Student Affair Sub-committee, ACCA Hong Kong • Member, Professional Development Sub-committee, ACCA Hong Kong • Honorary Advisor, ERB Manpower Developer Award Scheme, Employees Retraining Board • Vice Chairman, Manpower Committee, Hong Kong General Chamber of Commerce • Honorary Treasurer, Executive Committee, Human Capital Management Society, The Hong Kong Management Association • Member, People Development Management Committee, The Hong Kong Management Association • Member, ESG Committee, The Hong Kong Institute of Human Resource Management • Member, Brand Advisory Panel, Industrial Designers Society of Hong Kong • President, Executive Committee, Hong Kong University Business School Alumni Association • Member, Advisory Committee for Graduate Employment, City University of Hong Kong
Skills and experience	Ample experiences in different corporate functions including company secretarial works, taxation planning, information technology management, merger and acquisition, company reorganization, corporate strategy setting, talent development and training, internal audit, risk management, corporate innovation, etc.

THERESA NG CHOI YUK JP

Council meeting attendance from 1 July 2022 to 30 June 2023: 11/12

Council membership	Council lay member since 1 December 2018
Committee membership	<ul style="list-style-type: none"> • Member, Audit Committee (since 2019) • Member, Nomination Committee (since 2021) • Member, Regulatory Oversight Board (2022)
Position and company	Retired
Other public appointments	<ul style="list-style-type: none"> • Justice of the Peace • Non-Executive Director, Insurance Authority • Chairman, Executive Committee, Friends of Caritas, Caritas Hong Kong
Skills and experience	A seasoned professional in the banking industry with over 30 years of experience in retail and private banking in Hong Kong. She was the Deputy General Manager and head of retail banking at ICBC (Asia) and previously worked at HSBC for over 15 years. Along her career she has enjoyed putting in extensive time, energy and resources in serving charity work, public services and young peoples' educational matters. She is currently the Chairman of the Executive Committee of Friends of Caritas and School Managers of many diocese schools.

HELEN TANG JP

Council meeting attendance from 25 July 2022 to 30 June 2023: 10/11

Council membership	Ex-officio Council member, Representative of the Financial Secretary, Government of the HKSAR, since 25 July 2022*
Committee membership	Nil
Position and company	Registrar of Companies, Companies Registry, Government of the HKSAR
Other public appointments	Justice of the Peace
Skills and experience	Before assuming the post of the Registrar of Companies in July 2022, she served in various policy bureaux and departments of the HKSAR Government, including the Home and Youth Affairs Bureau, the former Home Affairs Bureau, the Government Logistics Department, the Financial Services and the Treasury Bureau, the Labour and Welfare Bureau, the Department of Health, the former Commerce, Industry and Technology Bureau, the former Information Technology and Broadcasting Bureau, the former Television and Entertainment Licensing Authority, the former Health and Welfare Branch, the former Civil Service Branch and the former City and New Territories Administration.

* In July 2022, Kitty Tsui stepped down as a member of the Institute's Council when Helen Tang JP assumed the position of Registrar of Companies.

PROF TSE HOI FAT, CALVIN FCPA (PRACTISING)

Council meeting attendance from 1 July 2022 to 30 June 2023: 12/12

Council membership	Elected Council member since 2022
Committee membership	<ul style="list-style-type: none"> • Deputy Chairman, Branding and Communication Committee (since 2022) (member since 2022) • Member, Greater Bay Area Committee (since 2021) • Member, Qualification and Examinations Board (since 2022) • Member, Young Members Committee (since 2022)
Position and company	Founder and Chief Executive Officer, Kam Kee Holdings Limited
Other public appointments	<ul style="list-style-type: none"> • Member, Training Board, Chinese Culinary Institute, Vocational Training Council • Member, Catering Industry Training Advisory Committee, Qualifications Framework • Member, Catering Industry Consultative Networks, Employees Retraining Board • Member, District Fight Crime Committee (Kowloon City District) • Council member, Occupational Safety and Health Council • Chairman, Hong Kong General Chamber of Young Entrepreneurs • Member, Young Entrepreneur Committee, Hong Kong Baptist University Foundation • Charter President, Rotary Club of the Guangdong-Hong Kong-Macau Greater Bay Area • Director, The Lok Sin Tong Benevolent Society • Committee member, Commission on Accounting, Council for the Promotion of Guangdong-Hong Kong-Macao Cooperation • Honorary Director, The China Certified Tax Agents Association
Skills and experience	He started his entrepreneurial career in 2010 and won the HSBC Youth Entrepreneurship Award in 2011, the Greater Bay Area Young Leader in 2018, the Ten Outstanding Young Persons in 2022 and the Forbes China Outstanding Enterprises Outstanding Leadership Talent in 2022. In addition to his work, he is also actively involved in community services by taking up the post of Chairman of the Hong Kong General Chamber of Young Entrepreneurs and Adjunct Professor in university to help young people starting their businesses in Hong Kong and Mainland China.

KITTY TSUI

Council meeting attendance from 1 July 2022 to 24 July 2022: 1/1

Council membership	Ex-officio Council member, Representative of the Financial Secretary, Government of the HKSAR, 4 September 2020 to 24 July 2022
Committee membership	Member, Regulatory Oversight Board (2021-22)
Position and company	Registrar of Companies, Companies Registry, Government of the HKSAR (4 September 2020 to 24 July 2022)
Skills and experience	She was the Registry Solicitor and headed the Legal Services Division of the Companies Registry. She was a member of the Companies Bill Team for the rewrite of the Companies Ordinance and participated in the implementation of the Companies Ordinance. Other than the Companies Registry, she has previously served in the Official Receiver's Office and the Lands Department.

WONG KAM PUI, WILFRED BBS, JP

Council meeting attendance from 1 July 2022 to 30 June 2023: 11/12

Council membership	Council lay member since 1 December 2017
Committee membership	<ul style="list-style-type: none"> • Member, Greater Bay Area Committee (2019-22) • Member, Nomination Committee (since 2019) • Deputy Chairman, Remuneration Committee (since 2022) (member since 2018)
Position and company	Founder and Managing Director, RESOLUTIONS HR & Business Consultancy Co. Ltd.
Other public appointments	<ul style="list-style-type: none"> • Bronze Bauhinia Star • Justice of the Peace • Chairman, Cross-industry Training Advisory Committee for Human Resource Management • Member, Board of Directors, Hong Kong Applied Science and Technology Research Institute • Member, Standing Commission on Disciplined Services Salaries and Conditions of Service • Member, Travel Industry Authority • Member, Committee on Self-financing Post-secondary Education • Member, Pneumoconiosis Compensation Fund Board • Member, Executive Committee, Hong Kong Housing Society • Member, Career Development Board, The Chinese University of Hong Kong
Skills and experience	More than 30 years of experience in human resources and business management. He is an appointed member of various government advisory bodies and the past President of the Hong Kong Institute of Human Resource Management.

WONG WING HEI, ERNEST CPA

Council meeting attendance from 1 July 2022 to 30 June 2023: 11/12

Council membership	Elected Council member since 2021
Committee membership	<ul style="list-style-type: none"> • Member, Registration Committee (2021-22) • Member, Young Members Committee (2021-22)
Position and company	Business Planning & Insights Manager at a financial services corporation
Skills and experience	Extensive experience in external and internal auditing, risk and compliance with international accounting firm and global consulting firm. He also worked for commercial firms on accounting, financial planning and analysis.

ANDREW YUNG FCPA

Council meeting attendance from 1 July 2022 to 30 June 2023: 12/12

Council membership	Elected Council member since 2022
Committee membership	<ul style="list-style-type: none"> • Member, Greater Bay Area Committee (since 2022) • Member, Qualification Oversight Board (2022) • Member, Young Members Committee (since 2022)
Position and company	Team leader, Digital Transformation Services team, McCabe International Limited
Other public appointments	<ul style="list-style-type: none"> • Accountant Ambassador, Hong Kong Institute of Certified Public Accountants • Qualified fundraising consultant, Pan-Asia Venture Development Platform • Member, Metaverse Chapter Committee, Association of Blockchain Development
Skills and experience	Began his accounting career as an auditor and joined HSBC shortly after. He delivered several process optimization projects in the area of equity trading operation and fund administration. To promote the accounting profession, he led the Hong Kong Business Development team for CPA Australia before joining Xero, an Australia listed cloud accounting software company. Prior to McCabe, he was the lead consultant at Xero helping accounting firms deliver cloud implementation projects using the latest cloud software and applications.

Member who retired during the year

Kitty Tsui, ex-officio Council member (4 September 2020 to 24 July 2022), retired from the Council on 25 July 2022, Council meeting attendance from 1 July 2022 to 24 July 2022: 1/1

Council processes

The Council conducts its business through regular meetings. Arrangement of the meetings include:

- Meetings are chaired by the President
- Meetings are held monthly
- Eleven members of the Council required for a quorum
- Attendance can be in person, by telephone, video conferencing or other electronic means
- Council meeting agenda is considered and confirmed at the Executive Committee meeting held prior to each Council meeting
- Normally two rounds of Council paper distribution, the first seven calendar days before the meeting and the second as necessary
- Council minutes are produced for each meeting, with one set of abridged minutes uploaded to the Members' area of the Institute's website

The Chief Executive and Registrar, as Secretary to the Council, is responsible for ensuring that related policies and procedures are followed.

Council discussions during 2022/23

The Council held 12 ordinary meetings during the financial year. Attendance records of individual members can be found on the Institute's website. Institute members can also read abridged minutes of the meetings, available in the Members' area of the website.

At the ordinary meetings, the Council discussed matters including:

Strategy and governance

- Strategic action plan
- Strategy in Mainland China development
- Progress on the regulatory reform

- Sustainability standard setting
- 50th anniversary celebration
- Council composition and co-option of Council members
- Guidance on nomination of committee members
- Nominations to external bodies and appointments to the Institute's boards and committees
- Nomination of Student Disciplinary Committee
- Membership appeal case
- Reports from boards and committees
- Policy and procedures for management of committee performance
- Management structure

Operations

- Regulatory matters
- Quarterly meeting with the accounting profession's LegCo representative
- Audit fees
- Review of the Qualification Programme (QP) promotional activities effectiveness
- Consolidation of trusts
- Enterprise Risk Management

Advocacy

- Government budget
- Sustainability – Net-zero pathway

Human resources

- Salary and bonus review for general staff
- Performance review of Chief Executive and Registrar
- Change of the Chief Representative for the Beijing Representative Office

Committees

The Council is supported in its activities by various boards and committees. These ensure that the operations of the Institute's management and other committees are aligned with the strategies and policies set by the Council through submitting periodic reports. Committees conduct meetings physically, with dial-in and virtual conference facilities also made available.

Committee nominations were sought in November 2022, with members invited to submit their names and CVs for consideration by the Nomination Committee. Committees were appointed for one year by Council in January 2023 after recommendations from the Nomination Committee.

Ordinary members of committees are generally subject to a six-year term limit on a particular committee, but may serve up to an additional three years as a deputy chairman and three years as the chairman.

The terms of reference of these committees can be found on the Institute's website.

As a result of the further reform of the regulatory regime of accounting profession, the Qualification Oversight Board and Regulatory Oversight Board, as well as the Disciplinary Panels, Investigation Panels, Practice Review Committee and Professional Conduct Committee have been disbanded. As there are still ongoing disciplinary proceedings presided by members of the Disciplinary Panels, the terms of these individuals will continue until the conclusion of the relevant disciplinary cases. Committees that previously reported to the oversight boards, such as the Qualification and Examinations Board and the Registration Committee, will report directly to Council. These committees are statutory committees and are under the AFRC oversight. Governance-related committees will continue to report directly to the Council, while the remaining committees report to the Executive Committee in accordance with past practice. The following tables provide details about the responsibilities, significant matters considered or resolved, and membership of the oversight boards, governance-related committees, and Executive Committee.

Oversight boards

Qualification Oversight Board (*Disbanded in 2023*)

Responsibilities:

- Oversees the performance and operations of the Education and Training, and Membership and Admission Departments, and the reporting from relevant boards, committees and working groups on matters pertaining to student education and training as well as member registration and licensing.
- Advises management in the development of divisional strategy, policies and priorities.
- Receives and considers periodic reports on key qualification and admission matters through the Deputy Chief Executive.
- Refers matters to the relevant boards, committees and working groups which deal with qualification and admission matters for consideration and recommendation as and when necessary.
- Provides its views, advice and recommendations to the Council on the Institute's policies, priorities and resource allocation in respect of qualification and admission matters.

Significant matters considered or resolved:

- Periodic reports on the activities of the Qualification and Examinations Board, and the Registration Committee (formerly the Registration and Practising Committee).
- Process re-engineering initiatives of the QP.
- Implementation of the revised practical experience framework of the QP.
- Review of the fit and proper assessment procedures.
- Global Accounting Alliance Peer Review.
- Review of the continuing professional development (CPD) requirements and compliance audit process.
- Dissolution plan of the Hong Kong Institute of Accredited Accounting Technicians.

Two meetings during financial year

Committee members for 2022:

- Raymond Cheng (Chairman) (*member in 2020-22*)
- Au King Lun (*member in 2022*)
- Cheng Kam Fung (*member in 2020-22*)
- Cheung Chor Ping (*member in 2017-22*)
- Charbon Lo (*member in 2017-22*)
- Tong Piu (*member in 2021-22*)
- Prof Wei Xiangdong (*member in 2022*)
- Dr Wong Man Kong, Raymond (*member in 2022*)
- Andrew Yung (*member in 2022*)

Regulatory Oversight Board (*Disbanded in 2023*)

Responsibilities:

- Oversees the operations of the Compliance, Legal and Quality Assurance Departments, and the Practice Review and Professional Conduct Committees.
- Oversees the performance and outcomes of regulatory activities undertaken by the departments and committees.
- To provide its views and advice to Council on the Institute's policies, priorities and resource allocations in respect of monitoring and regulation of the professional conduct of its members and member practices and the outcomes of those activities.
- Monitors the transition of the Institute's regulatory functions under the further regulatory reform.

Significant matters considered or resolved:

In addition to consideration of periodic reports on regulatory activities undertaken by the departments and committees the board discussed matters including:

- Proposed amendments to the "Guidelines for the settlement of complaints and disciplinary matters".
- Amendment to the board's terms of reference by adding "monitoring the transition of the Institute's regulatory functions under the further regulatory reform".
- The transition arrangements for the further regulatory reform of the profession. The board also completed an interim process review on the Compliance and Legal Departments' activities prior to the transition of regulatory functions.
- The board confirmed that it had discharged its functions under its terms of reference before disbandment.

Two meetings during financial year

Committee members for 2022:

- Keith Pogson (Chairman) (*member in 2017-22*)
- Chan Kam Wing, Clement (*member in 2017-22*)
- Agnes Choi Heung Kwan (*member in 2021-22*)
- Grace Hui (*member in 2020-22*)
- Theresa Ng Choi Yuk (*member in 2022*)
- So Shiu Tsung, Thomas (*member in 2021-22*)
- Kitty Tsui (*member in 2021-22*)
- Yih Lai Tak, Dieter (*member in 2022*)

Governance-related committees

Audit Committee

Responsibilities:

- Financial reports: Reviews and recommends the draft financial statements for adoption by the Council.
- Internal controls: Independently advises the Institute on its financial and risk management arrangements.
- Internal audit: Oversight of Internal Audit Section that reports functionally to the Audit Committee and administratively to the Chief Executive. Reviews and approves the annual internal audit plan.
- External auditor: Recommends the appointment of external auditor and their proposed audit fee and terms of engagement. Consideration of the audit plan, major findings and management letter presented by the external auditor.
- Whistleblowing arrangement: Provides independent oversight of the whistleblowing arrangement to ensure it works effectively for employees and third parties to raise concerns (in confidence) about possible improprieties.

Significant matters considered or resolved:

- Review of the 2022 financial statements.
- Provided advice and made recommendations to Council on the Institute's financial and risk arrangement.
- Consideration of the result of internal audits and management's responses to the findings.
- Held private session with external auditors to discuss issues and reservations arising from the management accounts and financial audits, without the presence of management.

Three meetings during financial year

Committee members:

- Chan Kam Wing, Clement (Chairman) *(member since 2019)*
- Stephen Law *(member since 2022)*
- Law Fu Yuen, Patrick *(member since 2022)*
- Theresa Ng Choi Yuk *(member since 2019)*
- Eric Tong *(member since 2021)*

Governance Committee

Responsibilities:

- Develops and reviews the Institute's policies and practices on governance.
- Makes recommendations to the Council on governance-related matters.
- Reviews the Institute's constitution and by-laws and any elements of its governance structure from time to time to ensure that their scope, purpose, powers and authority are clearly defined and appropriate.

Significant matters considered or resolved:

- Enhancement to disclosure in the annual report.
- Enhancement to environmental, social and governance (ESG) reporting in the annual report.
- Enhancement to the procedures and disclosure of information concerning committee nomination.
- Review of the status of groups operating under committees and the management.
- Review of the structure of HKICPA committees.
- Enhancements to the committee appointment process to enhance diversity.
- Enhancements to the committee performance feedback procedures.

Three meetings during financial year

Committee members:

- Eric Tong (Chairman) *(member since 2019)*
- Johnson Kong (Deputy Chairman) *(member since 2021)*
- Au King Lun *(member since 2022)*
- Chan Yee Wah *(member since 2020)*
- Agnes Choi Heung Kwan *(member since 2021)*
- Ngai Wai Fung *(member since 2023)*
- Keith Pogson *(member since 2022)*

Governance-related committees

Nomination Committee

Responsibilities:

- Oversees the nominations of Institute members or staff to positions requested by external local bodies which are of relevance to the accounting profession.
- Provides recommendations to the Council on the appointment of the Institute's committees, the co-option of Council members and the nominations of Institute members or staff to positions requested by external overseas bodies which are of relevance to the accounting profession.

Significant matters considered or resolved:

- Reviewed Council composition and considered the need for co-option of Council members.
- Considered the proposed committee composition for 2023.
- Considered the nomination of Institute representatives to appointments of other local and overseas organizations.

One meeting during financial year

(review and approval mainly done through emails on an as-needed basis)

Committee members:

- Fong Wan Huen, Loretta (Chairman) *(member since 2022)*
- Au Chun Hing, Edward *(member since 2022)*
- Margaret W.S. Chan (ex-officio member)
- Roy Leung *(member since 2022)*
- Theresa Ng Choi Yuk *(member since 2021)*
- Wong Kam Pui, Wilfred *(member since 2019)*

Remuneration Committee

Responsibilities:

- Reviews and advises the Council on the Institute's human resources policies.
- Makes recommendations to the Council on the Institute's staff grading and remuneration structure, pay level, yearly pay adjustment and staff performance bonus and other employment terms and conditions.

Significant matters considered or resolved:

- Recommended the proposal for 1 July 2023 annual salary review and the bonus payment for the year ended 30 June 2023 for consideration by the Council.
- Recommended to the Council the proposal for the exit package for staff members affected by the regulatory reform.

One meeting during financial year

Committee members:

- Chan Kam Wing, Clement (Chairman) *(member since 2016)*
- Wong Kam Pui, Wilfred (Deputy Chairman) *(member since 2018)*
- Fong Wan Huen, Loretta *(member since 2022)*
- Liu Kwok Tai, Teddy *(member since 2020)*
- Eric Tong *(member since 2020)*



Executive Committee

Executive Committee

Responsibilities:

- Serves as a main channel for discussions on important topics for the Chief Executive.
- Supports and assists the Chief Executive in achieving the Institute's strategic and operational aims and overseeing management of the Institute's affairs and business in accordance with the policies and direction of Council.
- Discuss the execution of strategic initiatives and approve major operational decisions.
- Supports the operations of Council by finalizing papers for Council agenda items.
- The inclusion of the President and Vice-Presidents ensures connection and coordination with Council.

Significant matters considered or resolved:

In addition to monthly consideration of Council agenda papers and periodic reports on the operations of the different functions across the Institute, key matters discussed included:

- Financial budget and performance.
- Strategic plan and progress.
- Human resources and operations.
- Member services and engagement.
- Arrangements of regulatory reform.
- Major events and initiatives.
- CPD provisions and QP activities.
- Development of standards and the profession.
- Enterprise risks assessment and mitigation.

Twelve meetings during financial year

Committee members:

- Chief Executive (Chair)
- Deputy Chief Executive (up to 31 October 2022)
- Director (since November 2022)
- Director, Corporate Communications
- Director, Education and Training
- Director, Member Engagement
- Director, Membership and Admission (since November 2022)
- Head, Legal
- Head, Finance and Administration
- President and Vice-Presidents as ex-officio members

Other committees, panels and working groups

Council also appoints other committees, panels and working groups covering a range of specialist topics and functions to assist it as it discharges its role and functions. Nearly 350 members of the Institute and over 70 non-members participate in committees. Details about these committees, including their composition and responsibilities, can be found on the Institute's website.

Committees and panels	Chairpersons and President
Disciplinary Panel (Panel B)	–
Qualification and Examinations Board	She Shing Pang, Paul
Registration Committee	Roy Leung
Auditing and Assurance Standards Committee	Paul Donald Hebditch
Branding and Communication Committee	Stephen Law
Corporate Finance Committee	Au Chun Hing, Edward
Ethics Committee	Mary Xuereb
Financial Reporting Standards Committee	Gary Stevenson
Greater Bay Area Committee	Lui Chi Wang
HKIAAT Board	Ng Kam Wah, Webster
Professional Accountants in Business Committee	Chan Ting Bond, Michael
Professional Development Committee	Roy Leung
Restructuring and Insolvency Faculty Executive Committee	Yeo Boon Ann, Kenneth
Small and Medium Practices Committee	Wong Chun Sek, Edmund
Sports and Recreation Committee	Agnes Ho
Sustainability Committee	Prof Robert Gibson
Taxation Faculty Executive Committee	Chan Ka Wah, Sarah
Young Members Committee	Wan Wing Yui

Management of the Institute

Role of the President, and Chief Executive and Registrar

The President, and Chief Executive and Registrar undertake different roles for the Institute. The President is elected by Council members after the AGM for a one-year term and acts as Chairman of the Council and the public face of the organization for media purposes. The

term of the President will be extended to two-year with effect on 1 November 2022 following the adoption of Professional Accountants (Amendment) Bill 2022 to enhance the election mechanism.

The Chief Executive and Registrar is appointed by the Council, serves as its secretary, and is responsible for the Institute's operations and staff, while also serving a regulatory function as the registrar of CPAs in Hong Kong.

Institute's management

The Chief Executive together with a management team of a legal counsel and seven directors, lead a group of 160 staff. More information about the management of the Institute can be found in Chapter 7 Finances and Operations.

Risk management and internal control system

An important aspect of governance and management best practices is to strengthen internal controls and to ensure that organizational risks are identified, assessed and managed in a timely manner. The Institute’s risk management structure is as shown in diagram below.

To maintain sound and effective internal control and risk management systems for the Institute, the management has established policies and procedures to ensure that procurement, payments and contracts are properly reviewed and authorized, assets and data are safeguarded as well as all company records are accurate and complete. Management meets regularly to review

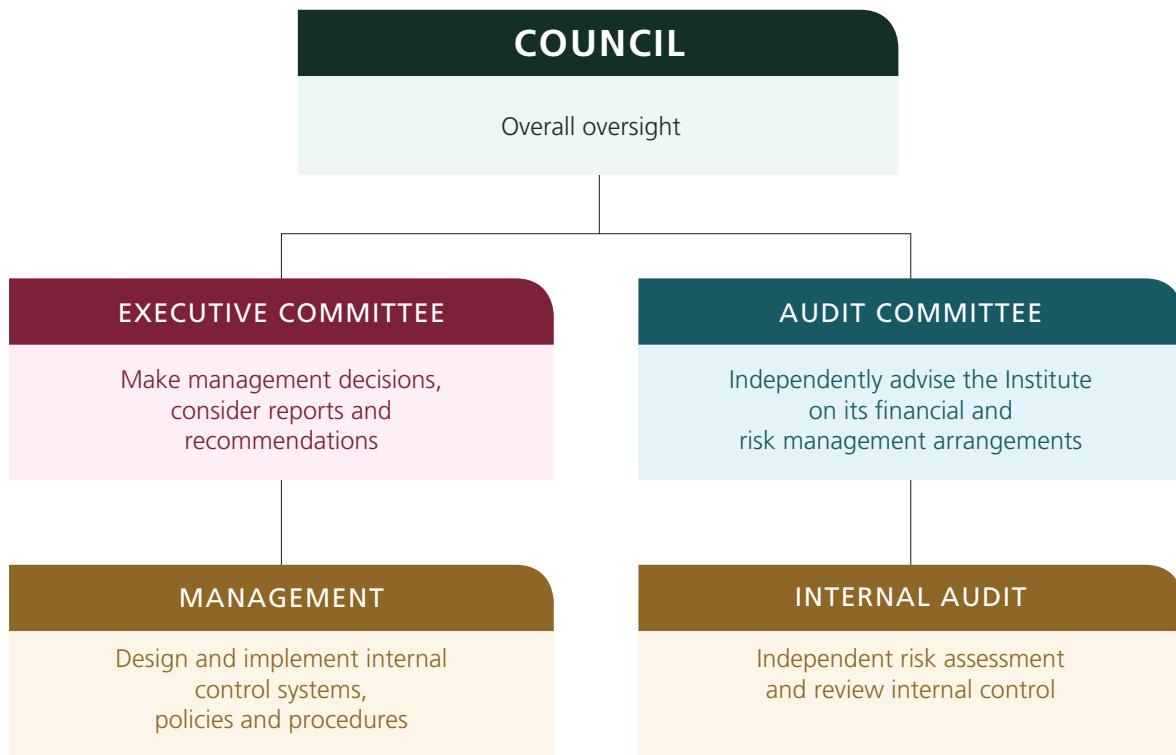
the operation and to update the policies and procedures, controls and reporting to ensure that they remain in line with relevant standards, laws and regulations for sound corporate governance.

The Audit Committee is appointed by the Council to assist the Council in fulfilling its governance and oversight responsibilities in relation to financial reporting and internal controls. The Audit Committee independently advises the Institute on its internal control system and relevant financial and risk management arrangements. The committee also considers the internal assessment of risks carried out by Internal Audit for determining the key areas of focus of the annual audit plan. This ensures the ongoing review of these controls is provided through the work of Internal Audit.

Internal Audit provides the Audit Committee and management with independent and objective assurance on the effectiveness and adequacy of the internal controls under review. The annual internal risk assessments undertaken by Internal Audit are formulated for the purpose of determining the key areas of focus in drawing up the internal audit plan. A yearly internal audit plan is prepared for review and approval by the Audit Committee. The scope of work includes financial and operational review, recurring and unscheduled audit, investigation and compliance review.

The Institute has a whistleblowing policy, which provides an independent reporting channel for employees and other parties to raise concerns (in confidence) about possible improprieties.

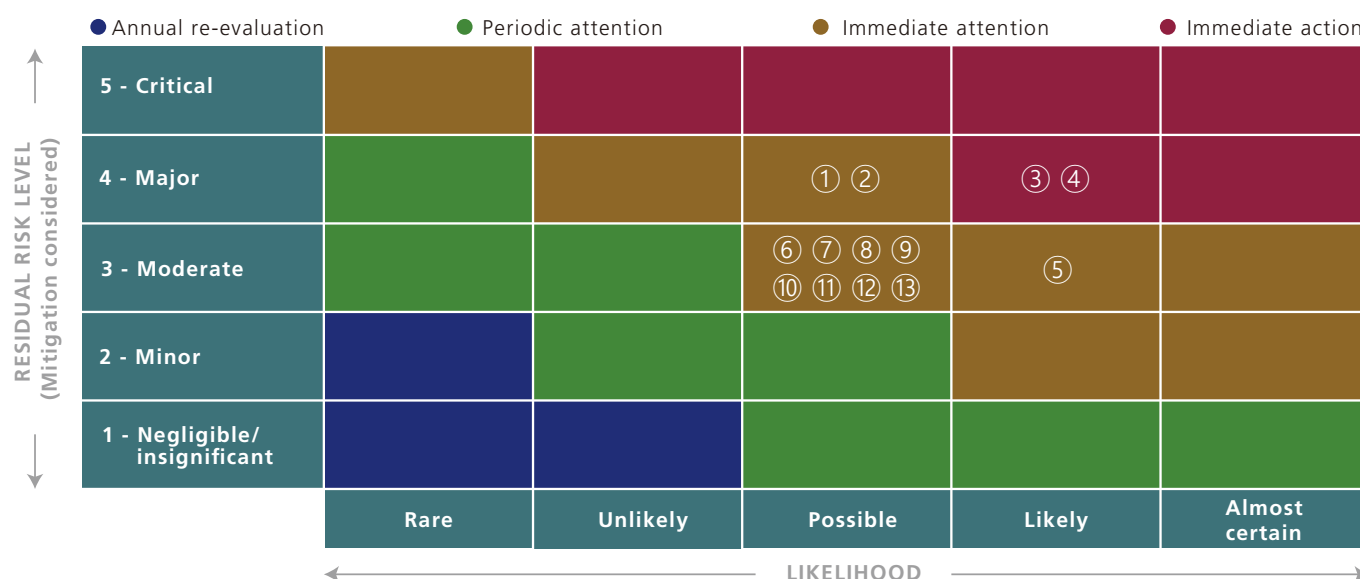
RISK MANAGEMENT STRUCTURE



Enterprise risks

The Institute attempts to proactively mitigate its exposure to risk through sound planning, effective management and the appropriate response strategies. The identified risks that may affect the achievement of our strategic goals are assessed and prioritized according to their consequence and likelihood. The key risks identified are summarized in the risk heat map below and detailed in the table on pages 34 to 37. The risk impacts are subject to the development of the regulatory reform which is being monitored by the Institute. Please visit the Institute's website for the latest information on the reform.

Risk heat map



Key risks

		Residual risk level	Likelihood
1	Inability to successfully fulfil the Institute's statutory roles (post regulatory reform).	Major	Possible
2	Failure to adapt and evolve our business model to thrive effectively as a result of having a deficit situation.	Major	Possible
3	Inability to attract the right talent for future accountants.	Major	Likely
4	Inability to attract students to our QP.	Major	Likely
5	Inability to maintain the relevancy of post-qualification education.	Moderate	Likely
6	Fail to attract or retain appropriate personnel for committees and employees.	Moderate	Possible
7	Unable to maintain a safe physical and secure cyber environment for operation and data security.	Moderate	Possible
8	Inability to maintain a positive image of the Institute (and the profession) and/or affected by adverse reports/news.	Moderate	Possible
9	Not being relevant to meeting the diversified needs of members.	Moderate	Possible
10	Unable to manage the impact of uncontrollable environment condition, such as pandemic or climate change.	Moderate	Possible
11	Inability to maintain appropriate corporate governance frameworks.	Moderate	Possible
12	Inability to fulfil the Institute's statutory roles as a standard setter.	Moderate	Possible
13	Failure to comply with relevant laws and regulations.	Moderate	Possible

Risk level

- 5 – Critical
- 4 – Major
- 3 – Moderate
- 2 – Minor
- 1 – Negligible/insignificant

Description

- The stated outcome objectives will not be achieved.
- The stated outcome objectives will fall well below acceptable levels.
- The stated outcome objectives will fall below goals but above minimum acceptable levels.
- The stated outcome objectives will fall below goals but well above minimum acceptable levels.
- Insignificant impact on achieving outcome objectives.

Key enterprise risks

Key risks	Category	Risk impact	Mitigation measures	Residual risk level (Likelihood)
1. Inability to successfully fulfil the Institute's statutory roles (post regulatory reform).	Statutory roles risk	<ul style="list-style-type: none"> With the regulatory functions of the Institute taken over by the AFRC, the remaining statutory roles such as standard setting, professional examinations, registering CPAs and post-qualification education must be fulfilled, while meeting public interest and stakeholder expectations in order not to jeopardize the status of the Institute going forward. 	<ul style="list-style-type: none"> Safeguard independent decision-making role of the Institute and introduce appropriate protocols to facilitate efficient operation. Review and align strategic plan and the action plans to continue to fulfil the Institute's statutory roles and responsibilities, and maintain quality output and value to members and stakeholders. Ensure effective management of the business operations and resources for carrying out Institute's roles and responsibilities. 	Major (Possible)
2. Failure to adapt and evolve our business model to thrive effectively as a result of having a deficit situation.	Key operational risk	<ul style="list-style-type: none"> The risk of depleting the general fund may continue to exist as a result of the deficit situation. It may affect the longer-term ability of the Institute to serve and support the membership at the existing level of service or above. 	<ul style="list-style-type: none"> Refocus of strategic initiatives to oversee a successful execution of a sustainable business model for the Institute post-reform. Maintain vigilance to strengthen the Institute's financial position with cost-containment measures in place to ensure financial viability of the Institute. Improve key segment performance by costs optimization initiatives, fees structure review, and exploring new revenue streams. 	Major (Possible)
3. Inability to attract the right talent for future accountants.	Strategic risk	<ul style="list-style-type: none"> The CPA designation being diminished and marginalized by other qualifications or professions. The accountancy profession is losing its ground in attracting top talent. 	<ul style="list-style-type: none"> Promote the value proposition of CPA. Promote the standing of CPA and the accountancy profession to members and the public. Develop employee value proposition with key employers, extend engagement with university teachers and implement schemes in secondary schools. 	Major (Likely)

Key risks	Category	Risk impact	Mitigation measures	Residual risk level (Likelihood)
4. Inability to attract students to our QP.	Strategic risk	<ul style="list-style-type: none"> Continuous decline in student intake leading to a shrinking student pool and drop in exam enrolment would adversely affect the financial viability of the QP segment. 	<ul style="list-style-type: none"> To attract talented non-accounting and sub-degree undergraduates to our CPA qualifying process. Conduct periodic review of the CPA competency framework and qualifying process. Maintain international recognition. Explore new exit options of the QP for improving employability of QP students and facilitating staff recruitment of employers. Enhance the flexibility on accumulating practical working experiences. Revisit the effectiveness of existing QP promotional activities and the promotion strategy in Mainland China. 	Major (Likely)
5. Inability to maintain the relevancy of post-qualification education.	Strategic risk	<ul style="list-style-type: none"> The Institute may lose its standing and face a decline in CPD course enrolments and membership number if the Institute is unable to deliver value on professional development or provide adequate training on important topics to members. 	<ul style="list-style-type: none"> Enhance the Professional Development Strategy to better support career advancement. Assess regularly the training needs of members and identify gaps on the existing training curriculum for improvement. Continue to upskill members on trending topics as well as support and expand development on specialist areas. Enhance features of the Institute's mobile event app and more targeted communication for better engagement with members. 	Moderate (Likely)
6. Fail to attract or retain appropriate personnel for committees and employees.	Key operational risk	<ul style="list-style-type: none"> Declining ability to share technical knowledge and experience among the membership. Loss of key management and high staff turnover would adversely impact the Institute's ability to deliver its strategy. 	<ul style="list-style-type: none"> Continuous review of nomination process and guidance materials to ensure a transparent appointment mechanism is in place. Implement committee performance feedback mechanism and all-year-round registration. Encourage relevant members to take up committees' roles. Promote successful work and advocacy of the Institute. Develop employees through training and development. Promote employee engagement culture and roll out well-being programmes. Review HR policies and work arrangement. Enrich orientation programme for new staff members. 	Moderate (Possible)

Key risks	Category	Risk impact	Mitigation measures	Residual risk level (Likelihood)
7. Unable to maintain a safe physical and secure cyber environment for operation and data security.	Key operational risk	<ul style="list-style-type: none"> – A breach of cyber security could result in significant system malfunction and a major loss of sensitive personal data. This would result in severe reputational damage and breach of confidence. – Potential breach of relevant privacy laws and regulations. – Risk of financial loss. 	<ul style="list-style-type: none"> – Ongoing efforts to further reiterate and strengthen the Institute's data governance framework. – Conduct internal audit reviews to monitor compliance with data protection security policy and procedures. – Raise staff security awareness through information sharing with the assistance of departmental representatives. – Reporting structure and mechanism in place to manage and response to security breach or incident. – Undertake regular review of our network security and vulnerability scanning on network and applications using third party specialists as well as providing recommendations to management on critical threats. – Purchase of cyber liability insurance. – Continue to step up and strengthen IT security management and technical infrastructure through the establishment of Security Operations Centre. – Ensuring the disaster recovery plan is rigorously and regularly tested. 	Moderate (Possible)
8. Inability to maintain a positive image of the Institute (and the profession) and/or affected by adverse reports/news.	Reputational risk	<ul style="list-style-type: none"> – Reputation and brand crisis. – Adverse press/online coverage and negative social sentiment. – Dissenting views that worsen the image of the profession. 	<ul style="list-style-type: none"> – A designated committee in place to oversee the Institute's branding and communication strategies and to strengthen the positive image of the Institute and the profession. – Daily news/social media monitoring and the social media crisis management protocol in place. – To foster a positive image of the Institute as a body that contributes to the development of the profession, Hong Kong and the protection of the public interest through advocacy and thought leadership projects. – Maintain sound stakeholder engagement to achieve positive relationships with stakeholders. 	Moderate (Possible)

Key risks	Category	Risk impact	Mitigation measures	Residual risk level (Likelihood)
9. Not being relevant to meeting the diversified needs of members.	Strategic risk	<ul style="list-style-type: none"> – Sustainability of the Institute would decline. – The expectation gap of members may continue to widen due to complex task to understand and identify the different and diversified needs of the wider membership. 	<ul style="list-style-type: none"> – Derive a holistic member value proposition and engagement framework to ensure focus and relevance. – Formulate plans and initiatives to cater the needs of members and support their professional and personal learning and development. – Provide networking opportunities for members, and enhance their well-being through various social, sport and recreation activities. 	Moderate (Possible)
10. Unable to manage the impact of uncontrollable environmental condition, such as pandemic or climate change.	Key operational risk	<ul style="list-style-type: none"> – Disruption due to uncontrollable external factors with detrimental impact which affect the Institute's ability to operate. The safety of staff and members in the Institute's premises and other venues where the Institute operates will be at risk. – The Institute may also face transition risks from changes in government policies or tightening regulatory requirements. 	<ul style="list-style-type: none"> – Closely monitor and perform impact analysis on disruptive external factors. – Regular review of business continuity plan and enterprise risks and mitigation strategies. – Adopt sustainability measures to mitigate physical risks from climate change. – To lower operating costs by improving resource efficiency. – Review regularly the policy development and the Institute's environmental initiatives, so as to develop strategy to adopt sustainability practices. 	Moderate (Possible)
11. Inability to maintain appropriate corporate governance frameworks.	Strategic risk	<ul style="list-style-type: none"> – Institute cannot discharge its statutory duties and responsibilities effectively, potentially leading to a loss of authority. – Negative impact on image and reputation of the Institute and the profession. 	<ul style="list-style-type: none"> – Continue to monitor and review our governance practices and disclosures. – Improve internal and external communications to enhance transparency and common understanding. – Conduct periodic review on the effectiveness of various areas, such as the structure and operations of HKICPA committees, committee appointment and management policies, reporting of corporate governance and ESG matters, etc. 	Moderate (Possible)
12. Inability to fulfil the Institute's statutory roles as a standard setter.	Statutory roles risk	<ul style="list-style-type: none"> – The Institute's position as a valued international voice is being increasingly diluted, given the AFRC has started to show an inclination to influence the direction of standard setting since the regulatory reform. 	<ul style="list-style-type: none"> – Ensure sufficient appropriately skilled personnel to undertake technical standard setting work. – Sustain the Institute's international presence. – Maintain Hong Kong's unique role in serving and globally connecting between China and the international community. 	Moderate (Possible)
13. Failure to comply with relevant laws and regulations.	Key operational risk	<ul style="list-style-type: none"> – Failure to comply with relevant laws and regulations may carry a financial and reputational risks. 	<ul style="list-style-type: none"> – Ensure compliance by reviewing relevant external laws and regulation. – Provide programmes for reporting concerns on violation. – Maintain staff training and education. 	Moderate (Possible)



MEMBERSHIP AND QUALIFICATION

At the heart of the Institute's development lies our unwavering dedication to the recruitment, development, and recognition of accounting professionals. The Institute has continued to refresh its Qualification Programme to equip its talents with the knowledge and skills required for the evolving times, preparing our members and students to excel in their careers and make meaningful contributions to the profession. We also dedicate efforts to secure pathways for global recognition, empowering our members to find success on all continents.

As of 30 June 2023, membership stood at 47,519, up from 46,947 last year, including 5,865 fellow members. The distribution of male and female members remained roughly the same, with female members growing slightly at 51 percent.

QP students

As of 30 June 2023, there were a total of 11,571 students registered with the Institute. Of the Qualification Programme (QP) students, 2,746 are from the Mainland, of which 637 are members of the Chinese Institute of Certified Public Accountants and 2,109 are Mainland degree holders. In terms of demographics, women account for 59 percent, or 6,883 of the overall studentship, and men account for 41 percent, or 4,688. This year, the Institute recorded over 21,800 enrolments for QP modules and Capstone.

The introductory and Professional module workshops were successfully transformed and conducted in an online format, adapting to the changing circumstances. The Capstone workshops, considering

its distinctive design and requirements of the development and assessment processes, continued being conducted in face-to-face format. The Institute organized a QP Workshop Facilitators Training Programme which saw active participation from more than 30 workshop facilitators participated. The Institute will continue to recruit and train new workshop facilitators to ensure the seamless delivery of QP workshops.

In the wake of the COVID-19 pandemic, the Institute had put in place a contingency plan for conducting the examinations of the QP for the December 2022 Session. Examinations were conducted in multiple venues with precautionary measures in place to protect the health and safety of candidates and staff. For the June 2023 Session, the Professional Level and Capstone Examinations returned to the AsiaWorld-Expo in the midst of the easing of COVID restrictions.

To support QP students in their exam preparations, the Institute conducted online seminars addressing common challenges and enhancing their

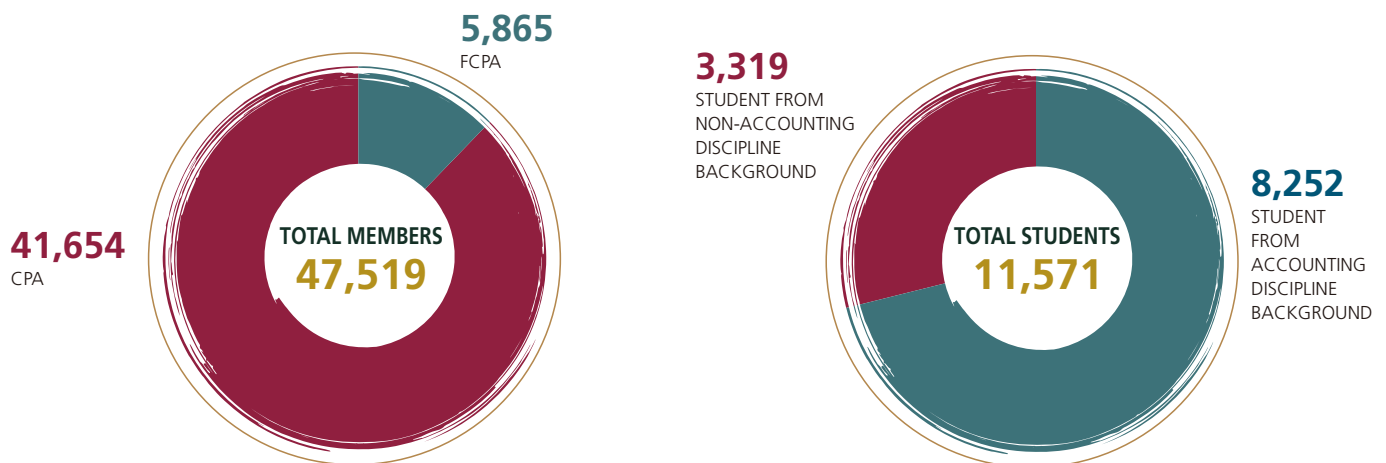
examination techniques. Current hot topics for the Professional Modules with relevant latest market knowledge were also provided to facilitate students' preparation.

The Capstone, consisting of three full-day workshops and a written final examination, received positive feedback from both employers and QP students for its emphasis on developing essential workplace skills. Additional learning tools were provided to the QP students to prepare them for the first Capstone session, which focused on the integration of technical knowledge, enabling skills and work experiences.

In the December 2022 Session and June 2023 Session, 795 and 554 students graduated from the programme respectively, bringing the cumulative number of graduates to 27,195, since the launch of the QP in 1999. As of 30 June 2023, there are 69 active accredited programmes offered by local, Mainland and overseas tertiary institutions, including 63 accountancy programmes and six business-related programmes.

THE INSTITUTE IN NUMBERS

(As of June 2023)



Launch of the revised practical experience framework

The practical experience component of the QP is an important aspect that ensures students have the real world experience needed to be effective CPAs. As of 30 June 2023, over 1,420 employers and 1,280 supervisors have registered as Authorized Employers (AE) or Authorized Supervisors (AS) with the Institute to train prospective CPAs.

This year, the Institute visited 50 AEs and ASs, taking the total to 540 since the launch of the AE/AS Enhancement Programme in 2008 to provide direct support to the AE and the AS.

A revised practical experience framework with a bespoke online system was launched on 21 December 2022 with the objective of enhancing the flexibility of the practical experience requirements, strengthening the quality assurance of the AE and AS system, and promoting communication through online system. To ensure a successful and smooth launch of the revised framework, the Institute provided a variety of supporting material to AEs, ASs and QP students, including support manuals, learning videos, online system user guides and transitional arrangements.

MEMBERSHIP (As of 30 June each year)

	MALE	FEMALE	TOTAL
2023	23,259	24,260	47,519
2022	23,101	23,846	46,947
2021	22,955	23,550	46,505
2020	22,763	23,236	45,999
2019	22,021	22,248	44,269

STUDENTSHIP (As of 30 June each year)

	MALE	FEMALE	TOTAL
2023	4,688	6,883	11,571
2022	5,708	8,099	13,807
2021	7,048	9,773	16,821
2020	7,116	9,931	17,047
2019	7,323	10,006	17,329

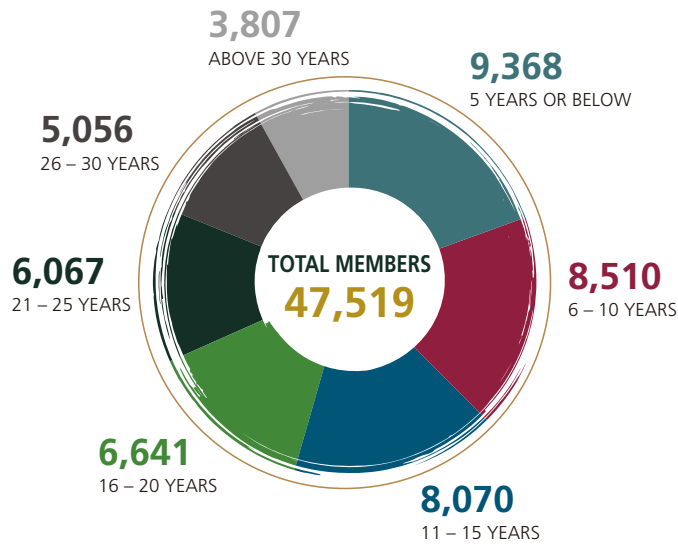
MEMBERSHIP AGE AND GENDER DISTRIBUTION

(As of June 2023)

	AGE	MALE	FEMALE	TOTAL
YOUNGEST MEMBER 25	≤ 29	1,443	2,073	3,516
	30 - 34	3,199	4,056	7,255
AVERAGE AGE 45	35 - 39	3,754	4,662	8,416
	40 - 44	2,688	3,305	5,993
OLDEST MEMBER 95	45 - 49	2,364	3,115	5,479
	50 - 54	2,769	3,161	5,930
	≥ 55	7,042	3,888	10,930
			Total	47,519

LENGTH OF HKICPA MEMBERSHIP

(As of June 2023)

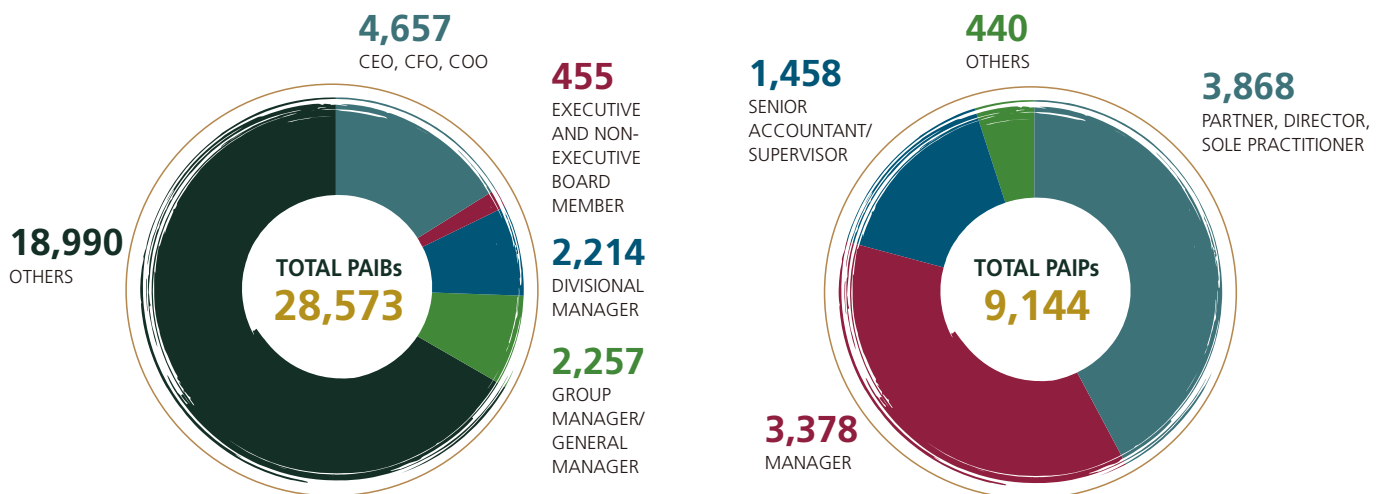


Renewal of reciprocal membership agreements with Global Accounting Alliance member bodies

The Institute has a number of reciprocal or mutual recognition agreements with member bodies of the Global Accounting Alliance (GAA) and other accounting bodies. QP-qualified Institute members are eligible for membership of the other bodies without further examination. Members of other bodies are eligible for full or partial exemption from the QP for admission to the Institute. These agreements are based upon mutual reviews of the examinations and qualification processes between the Institute and the overseas bodies.

A GAA peer review exercise was finalized within the reporting period for the purpose of renewing the Reciprocal Membership Agreements with other leading accounting bodies. QP was benchmarked against the GAA Competency Framework to ensure its continued relevance in producing qualified professional accountants who can meet present and future market demands. The renewal of agreements with other GAA member bodies is expected to be concluded in 2023.

MEMBERS TAKING UP LEADERSHIP POSITIONS



Source: Among respondents to member census as of June 2023, 28,573 reported being professional accountants in business (PAIBs) and 9,144 reported being professional accountants in practice (PAIPs)



MEMBER SERVICES, DEVELOPMENT AND EVENTS

The Institute has always prioritized the holistic growth and well-being of our members. From impactful continuing professional development programmes to networking platforms, we have been a steadfast companion to our members throughout their career journeys. Members can also participate in sports and leisure events and well-being initiatives organized by the Institute to enhance their work-life balance. By fostering a supportive environment and providing valuable opportunities, the Institute enables its members to contribute meaningfully to the accounting profession and to the betterment of their communities.

The Institute endeavours to provide a variety of continuing professional development (CPD) events and programmes to help members enhance their technical knowledge and professional skills.

Continuing professional development

Under the COVID-19 pandemic, training was mainly delivered digitally. During the financial year, the Institute organized a total of 154 webinars (including 19 collaborative programmes), 732 e-learning programmes (including 169 collaborative programmes) and 48 face-to-face events (including three collaborative programmes), receiving a total of 104,036 enrolments.

In a continuation of the Professional Development Strategy formulated in the previous financial year, quality programmes are being delivered to meet members' needs as identified in the previous year's analysis exercise.

The Accounting and Financial Reporting, Audit and Assurance, Ethics, and Environmental, Social and Governance (ESG) training curriculums were kept up-to-date with highlights on hot topics according to industry trends. Three new training curriculums, namely Digitalization, Softskill and Valuation, were launched in December 2022 in the form of select training course bundles and continual updates on the training subject with reference to the latest market trends.

Four new series, namely the Risk Management Series – Operation Risk, Soft Skills Series – Communication, Valuation Series and Fintech for Accountants Series were launched during the year.

The Institute continues to offer free places for select CPD events to members. During the year, 628 free places were taken. In addition, 43 free webinars and online courses were offered to members which attracted more than 45,000 enrolments.

This year, the Institute launched the Membership Renewal Reward Scheme as a member benefit initiative designed to recognize the commitment and dedication of members to the Institute and to provide benefits to members who meet the pre-requisite membership criteria by awarding two complimentary CPD hours' worth of courses. A total of 19 courses across nine competencies were made available under the scheme. More than 7,300 members redeemed around 13,200 training sessions in the scheme.

In a continuation of the Professional Development Strategy formulated in the previous financial year, quality programmes are being delivered to meet members' needs as identified in the previous year's analysis exercise.

Technical training

To support members' application of professional standards, the Institute organizes a number of relevant CPD events. The Annual Accounting Update and Annual Auditing Update were held virtually in Q4 2022, which attracted 1,200 and 900 participants respectively.

The series of Hong Kong Financial Reporting Standard (HKFRS) 17 *Insurance Contracts* workshops on life and general insurance was well received with the

HKFRS 17 coming into effect on 1 January 2023. These workshops will be replaced by a brand new series on the risk-based capital regime from July 2023 onwards to help companies and practitioners prepare for the new regime and other developments as they emerge.

Structured training

Through our own specialist training programmes, programmes offered in conjunction with other bodies, and specialist qualifications in insolvency and taxation, the Institute's members are able to strengthen their skills in specialist fields.

A cohort of the Business Valuation Programme was held in October 2022 with 30 enrolments. Meanwhile, a discussion forum on valuation themed "Valuation at the Crossroads – Perspective from Regulator, Auditor, PAIB and Valuer" was held in April 2023 with the aim of raising general awareness about the importance of quality valuation. Nearly 100 enrolments were received.

The Insolvency Preparatory I and II programmes were completed in November 2022 and May 2023, attracting 62 and 36 enrolments respectively. The Professional Diploma in Insolvency (Module A) ran from July to December 2022 with 36 module enrolments. There have been 425 graduates to date.

The revamped Financial Controllorship Programme was launched in April 2023, with 19 candidates.

The Forensics Interest Group (ForensIG) Management Committee launched a basic training course in forensics for various groups which received government funding through the Professional Services Advancement Support Scheme for a three-year period. Five series of the course have been held since March 2021, with approximately 500 participants completing it. The programme was initially planned as

in-person workshops but was converted to online webinars due to the pandemic, which in turn allowed for increased participation. The March 2023 series was the first in-person session, and the final subsidized series in September 2023 will also be conducted in person.

The Institute continued its partnership with the Chartered Institute of Management Accountants to offer the Chartered Global Management Accountant (CGMA) Programme to Institute members who have qualified through the Institute's Qualification Programme to obtain the CGMA designation. Since the first offering in January 2019, 17 rounds of the programme have been organized and the feedback received has been positive.

The Institute also continued to collaborate with The Institute of Internal Auditors (IIA) to offer the Certified Internal Auditor (CIA) Challenge Exam to members as a fast track route to gain the CIA designation. This collaboration has been in place since 2019.

Specialist faculties, committees, and professional interest groups

By focusing on specific areas, the Institute is able to offer members the training and support they need for career success.

Specialist faculties

There are two specialist faculties, namely the Restructuring and Insolvency Faculty (RIF) and the Taxation Faculty (TF), offering technical training and support, including specialist newsletters, in addition to their advocacy work. Members of the faculties also support the Institute's specialist training programmes, including the insolvency preparatory courses, Professional Diploma in Insolvency, and Professional Diplomas in Hong Kong and China Tax. At the end of the financial year, membership of the RIF stood at around 450, and the TF had over 980 members.

By focusing on specific areas, the Institute is able to offer members the training and support they need for career success.

The RIF held events almost monthly and the TF held over 20 events during the year, including the flagship annual China Taxation and Hong Kong Taxation Conferences in June and July 2023, which were held in an e-conference format for the third year running. The two virtual events received enrolments of around 420 and 650 respectively. Each conference comprised individual presentations, as well as a panel discussion, covering topical tax issues, specifically, (i) the changing dynamics of the business and tax environment in the Mainland; and (ii) Hong Kong's tax system in flux: the foreign-sourced income exemption regime and Base Erosion and Profit Shifting 2.0 initiative. The archived e-learning versions of these events were made available for subscription for 12 months following the live webinars.

The RIF annual networking cocktail reception was held successfully in October 2022. Around 130 participants joined the event, including government officials, regulators, other guests and RIF members. The Companies Judge, The Hon Madam Justice Linda Chan, was Guest of Honour and delivered an address on cross-border insolvency.

The Institute also collaborated with INSOL International (the International Association of Restructuring, Insolvency and Bankruptcy Professionals) on its first hybrid seminar, which took place in October 2022. Over 160 participants attended the event in person and online.

Committees

As well as the specialist faculties, there are three committees covering specific groups of members.

For young members

The 2023-24 Mentorship Programme paired over 150 mentor-mentee pairs in its ninth run. The start-of-term ceremony and training session, held on 22 April 2023, marked the first face-to-face event since the COVID-19 pandemic and also served as the end-of-term ceremony for the previous programme. Two additional webinars were organized in May and June 2023 to support mentees and mentors.

The Young Members Virtual Conference on 3 September 2022, titled "Decrypting the future of the profession – Finding success in a sustainability-driven future and the new digital economy", had over 700 enrolments, while a joint webinar with the Property, Infrastructure and Construction Interest Group (PICIG) on "Building sewage testing for COVID-19 and how it leads to sustainable living environments", attracted 520 enrolments. Another webinar on CV writing and interview skills attracted over 400 enrolments. These events and webinars provided valuable support, knowledge sharing, and networking opportunities for participants.

Several leisure activities and local visits were organized, such as an aroma candle workshop, indoor war game, visits to Huawei and Yonyou, and a visit to the Legislative Council Complex. These activities received a total of 120 enrolments.

The Institute also enhanced collaboration with other organizations to engage young members. A cross-professional networking event, co-organized by the Institute, The Hong Kong Chartered Governance Institute, and The Law Society of Hong Kong, attracted 185 enrolments.

For small and medium practices (SMPs)

The annual SMP Symposium, held in November 2022 as a live webinar with two modules, aimed to update SMPs on current issues and explore opportunities. Under the theme, “Thriving in the new era: Opportunities now and beyond”, the two modules covered regulatory, technical, as well as practice management updates. Over 1,700 enrolments were received.

In its fifth year of running, the Practice Management Series for SMPs held three live webinars from November to December 2022, covering topics from staff recruitment and retention, succession planning to digital transformation. These live webinars and their archived webcasts attracted more than 450 enrolments.

Under the Members-Help-Members initiative, the Institute conducts sharing sessions regularly to provide insights and advice to SMPs. A sharing session on the Institute’s *Quality Management Manual* was held in October 2022, drawing more than 200 enrolments.

The Institute also supports SMPs in technology adoption and facilitates merchandise discounts for auditing, accounting and practice management software and related technology services. It integrated its *Audit Practice Manual* (APM) 2022 edition into the Audit Workpaper Management Solution of Wolters Kluwer Hong Kong, which was granted a non-exclusive license of the Institute’s APM in 2021. The updated solution was launched in April 2023.

This year, the Institute expanded the scale of the Experiential Business Learning Programme, which was launched last year, to include students from 12 major tertiary institutes in Hong Kong. The programme aimed to develop a talent pipeline for SMPs and groom future talents for the accounting profession. It also offered undergraduate students majoring in accountancy and business related subjects the opportunity to

develop business acumen and receive practical experience through a training workshop organized by the Institute and job placements at participating CPA practices. Over 240 students and 90 SMPs enrolled, with a 2-day training workshop held in May 2023 to kick off the programme.

For professional accountants in business (PAIBs)

The PAIB Conference 2022 was held on 12 November 2022 with the theme “CPA Here and Now: Sustain, Transform & Deploy” for PAIBs. The conference discussed the latest trends and developments relating to the power of ESG and digital technologies to help evolve business and operating models in ways that positively impact the world and better meet corporates’ needs. The Guest of Honour, Christopher Hui, Secretary for Financial Services and the Treasury, together with other renowned speakers, shared their insights. The physical event, together with the e-Seminar of the archived session attracted over 200 enrolments.

Professional interest groups

The Institute’s professional interest groups serve members in various sectors, providing specialized training and networking events.

Financial services

The Financial Services Interest Group (FSIG) organized a webinar themed “Latest regulatory development of ESG in Hong Kong and trends of green finance – with highlights on the Task Force on Climate-Related Financial Disclosures and Task Force on Nature-related Financial Disclosures frameworks”, which attracted over 180 enrolments.

The interest group also held a joint webinar with the PICIG on the topic “Carbon neutrality in building and green finance”, and two joint webinars/seminars with the Corporate Finance Interest Group (CFIG) themed “Realizing sustainable finance opportunities”

and “New listing rules for specialist technology companies” respectively, which attracted close to 140 enrolments in total.

Forensics and corporate finance

ForensIG and CFIG, organized several events, including events on market development and regulatory matters mentioned above. These events included a mix of face-to-face events, live webinars, and recorded events that were made available for members to view at any time during the following 12 months. These events received enrolments of over 8,500 in total.

Information, communications and technology

On 22 October 2022, the Information, Communications and Technology Interest Group (ICTIG) organized the IT Virtual Conference 2022 titled “From Masters of Digits to Masters of Digital Transformation”, where a panel of speakers discussed use cases, key learnings and necessary technologies to make digital initiatives successful in organizations big or small. The event attracted close to 580 enrolments.

The interest group also held two webinars on the topics “The importance of intelligence sharing and raising staff awareness of cybersecurity” and “Generative AI is here, what’s now and what’s next?”, which attracted nearly 580 enrolments in total.

Mainland business

The Mainland Business Interest Group (MBIG) organized four webinars during the year. Topics include “The I Ching leadership wisdom in the Web3.0 era”, “Compliant remittance arrangements between the Mainland and Hong Kong for Hong Kong enterprises and residents”, “New initiatives on talent attraction in Hong Kong” and “*Yellow Emperor’s Canon of Internal Medicine* and traditional Chinese medicine on health preservation and dietetics”. These webinars attracted over 1,800 enrolments in total. The interest group also held a

joint webinar with the TF on the topic “The latest development of Mainland China’s value-added tax regulations”, which attracted about 60 enrolments.

Property, infrastructure and construction

The PICIG organized a webinar on the topic “The journey towards a smart and sustainable construction site”, which attracted 45 enrolments. The interest group also held a joint webinar with the Young Members Committee, and a joint webinar with the FSIG mentioned above.

Corporate and leisure activities

Throughout this year, the Institute continued to organize its corporate events as well as sports and recreational activities virtually and physically.

50th anniversary celebrations

An organizing committee was formed to plan the celebrations for the Institute’s 50th anniversary.

To kick off the Institute’s 50th anniversary celebrations, the 50th Anniversary Cup racing event was held on 7 June 2023 at Happy Valley Racecourse. One of the horse races on the day was dedicated to commemorating the occasion. The President and two Vice Presidents presented the winner’s cup to the winning horse owners, trainer and jockey after the race. Over 200 members and guests of our sponsors enjoyed the thrilling horse races and delightful meal together.

Corporate events

On 23 September 2022, the 73rd National Day Celebration event was jointly held by the Institute, the Association of Hong Kong Accounting Advisors, Hong Kong Association of Registered Public Interest Entity Auditors Limited, Hong Kong Business Accountants Association and The Society of Chinese Accountants

and Auditors (SCAA). Around 350 guests, including government officials, representatives from academia, public bodies and professional bodies, co-hosts, supporting organizations, sponsors, Council members and management joined the event. Congratulatory messages were received from the Hong Kong Chief Executive, Chief Secretary, Financial Secretary, Secretary for Financial Services and the Treasury and President of The Chinese Institute of Certified Public Accountants in a newspaper supplement that was published in *Wen Wei Po* and *Hong Kong Economic Times* on the day of the event.

The Institute’s Annual Dinner held on 5 December 2022, resumed after the pandemic with the theme, “Building upon change”. Around 240 members and guests attended, with Paul Chan, Financial Secretary, as the Guest of Honour.

The Spring Cocktail Reception on 2 February 2023 brought together 200 guests, including representatives from the Hong Kong and the central governments, businesses, and regulators, and the Institute’s Council and committee members.

Sports and competitions

The Sports and Recreation Committee organized three e-seminars from July to December 2022 where doctors of different specializations spoke on health issues that might be of interest to members. The 15 sports and recreational interest groups continued to coordinate activities, which included health talks, classes, sports leagues, trainings and gatherings.

The AC Fun Run, jointly organized by the Institute, Association of Chartered Certified Accountants, and SCAA, was held virtually in December 2022. The run promoted an optimistic attitude and a healthy lifestyle and charity elements

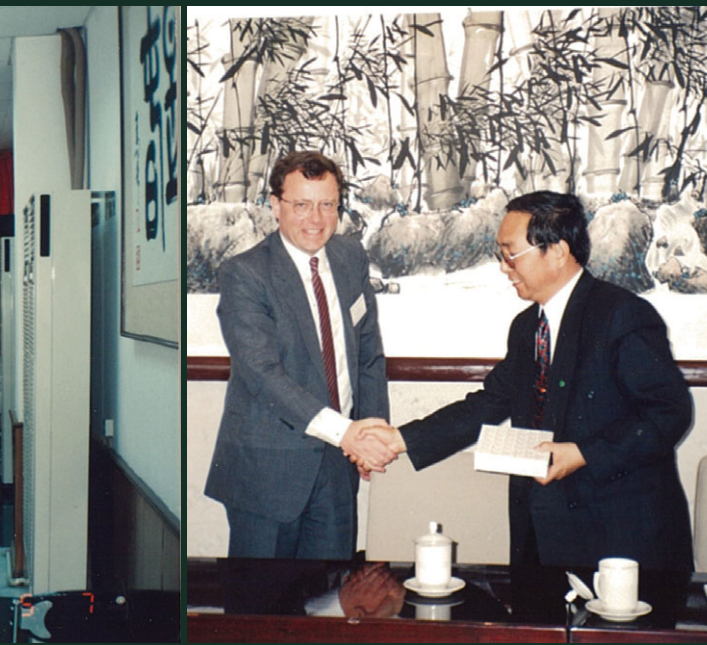
were introduced, raising HK\$16,250 for three beneficiary organizations. A total of 259 runners participated. For the very first time, the Institute and SCAA co-hosted the CPA Sports Carnival 2023 on 7 May 2023 at the Siu Sai Wan Sports Ground. The event was well attended by nearly 1,000 participants, including CPAs, their family members and friends, representing teams from Liaison Office of the Central People’s Government, co-organizers, supporting organizations and sponsors.

With the resumption of physical events, our members have competed and participated in various competitions, including:

- ASICS Hong Kong Half Marathon Challenge 2022
- CPA Cup Dragon Boat Races 2022
- Hong Kong Masters Athletics Championships 2022
- Oxfam Trailwalker 2022
- Standard Chartered Hong Kong Marathon 2022
- Sun Hung Kai Properties Hong Kong 10K Championships 2022
- Homeless World Cup 2023
- Hong Kong International Dragon Boat Races 2023
- Jockey Club Inclusive Cup 2023
- Recreation and Sports Club for Hong Kong Professional Bodies Golf Tournament 2023
- Stanley Dragon Boat Championships 2023
- The 23rd Annual Golf Tournament with Hong Kong Medical Golfers Association
- Friendly matches

Other services

A range of merchandise discounts under the various categories of professional supports, automobile, beauty, education & publication, health care, lifestyle, telecom & appliances, wine & dine for the benefit of members continued to be made available and were posted on the Institute’s website.



MAINLAND DEVELOPMENT

The dynamic relationship between Hong Kong and Mainland China has been a cornerstone of the Institute's growth. Throughout its history, the Institute has served a pivotal role in facilitating the development of the accounting profession in the Mainland, forging connections, and promoting harmonization of standards. With the rapid development of the Chinese economy, as well as arising opportunities within the Guangdong-Hong Kong-Macao Greater Bay Area, the Institute continues to explore the exciting prospects for our members that lie ahead through deepening our engagement with our counterparts across the border.

Hong Kong plays an important role in the Greater Bay Area (GBA), and Mainland China offers our members the opportunity to develop their business and careers. To strengthen the Institute's value proposition and overall standing in the Mainland, a strategic plan for Mainland China was developed during the year.

Fostering closer collaboration with Mainland partners

In July 2022, the Institute co-organized the Guangdong-Hong Kong-Macau Accountancy Summit cum the Inauguration Ceremony of the High-end CPA Talent Training Programme with the Guangdong Institute of Certified Public Accountants (GDICPA), Hong Kong Association of Registered Public Interest Entity Auditors Limited (PIEAA) and the Union of Associations of Professional Accountants of Macau by virtually connecting the three venues in Hong Kong, Guangzhou and Macau. Government officials, accounting industry leaders and experts shared their insights and exchanged views on CPA talent development strategy to support the sustainable development of the GBA. The GDICPA-HKICPA-PIEAA jointly-organized "High-end CPA Talent Training Programme" was also launched at the Summit.

To strengthen the Institute's value proposition and overall standing in the Mainland, a strategic plan for Mainland China was developed during the year.

In February 2023, the President and Vice Presidents of the Institute joined a field visit to Guangzhou, Nansha and Qianhai where they participated in seminars with representatives from GDICPA, PIEAA and local government departments. During the visit, they provided suggestions and comments on enhancing the integration of Hong Kong CPAs into the GBA. They also shared mechanisms and measures to facilitate their work and living in the region.

To reconnect with Mainland partners after the reopening of the border, the Institute hosted a cocktail reception in Nansha, Guangzhou in March 2023, attended by over 120 participants from local government departments, professional bodies, universities and firms.

During February to June 2023, the Institute's leadership team and the Chief Executive and Registrar, along with the GBA Committee and Small and Medium Practices Committee members hosted a number of Mainland delegations from the GBA, discussing areas for collaboration and aligning on policy advocacy through joint initiatives.

After a three-year hiatus under the COVID-19, the leadership team and the Chief Executive and Registrar paid a visit to Beijing in May 2023. They met up with leaders and representatives from the Accounting Department of the Ministry of Finance (MoF), the Chinese Institute of Certified Public Accountants as well as the China Securities Regulatory Commission, exchanged views on the latest development of the industry, discussed mechanisms to strengthen the existing cooperation as well as explored new areas for partnership.

Creating business opportunities in the Greater Bay Area

Development in the GBA remains a strategic focus for our members. To help members seize opportunities in the GBA, the Institute has continued to focus on executing the GBA work plan 2022 endorsed by the GBA Committee:

- Continued to conduct the GBA Experience Sharing Series to

facilitate information exchange and support members in exploring opportunities in the GBA. Four webinars were delivered covering topics ranging from tax subsidy, digitalization, pre-initial public offering services, business culture and protocols in the GBA, attracting over 1,200 attendees.

- Launched the GBA Field Visit Series in March 2023 to facilitate member connections with peers in Mainland GBA cities and provide insights into local business partners.
- Advocated for the relaxation of practising barriers and preferential policies in the GBA for Hong Kong CPAs through aligning with our key stakeholders across the Mainland.

Helping members weather challenging times

To support our members in the Mainland and those with business interest in the region, we conducted 10 continuing professional development webinars which attracted around 5,000 enrolments. These webinars covered a range of Mainland-specific topics, including big data-based enterprise decision-making systems, business development in the metaverse, requirements and challenges of ESG information disclosure and the GBA tax policy, among others. Our China Desk also handled members' inquiries

regarding provisional license applications and other accounting policies and procedures in the Mainland.

Promoting the QP and nurturing future talents

This year, we organized 24 Qualification Programme (QP) promotional talks in Mainland China targeting universities and CPA firms both on campus and online. Additionally, we invited QP graduates and members to host online career sharing sessions to inspire students. The QP column on the HKICPA WeChat platform featured over 30 articles written by QP graduates, discussing exam and workshop preparation experience and their career advancements after completing QP.

We keep our Mainland key stakeholders informed on events, industry policy and insights, thought leadership opinions through various digital channels.

The QP scholarship and incentive programme were also leveraged to increase the awareness of the qualification and boost QP student intake. The HKICPA Business Case Competition 2022 in Mainland, one of the Institute's annual flagship events, attracted 425 teams from 69 institutions and had approximately 2,000 online viewers for the final competition.

Communicating with our Mainland key stakeholders

We keep our Mainland key stakeholders informed on events, industry policy and insights, thought leadership opinions through various digital channels including the Institute's WeChat, Zhihu, Douyin, Baidu, the dedicated GBA website, a Mainland focused media network and *Xinlicai*, an MoF supervised magazine. The number of our WeChat followers has been steadily increasing to over 19,000 as at June 2023. The Institute's official account at Zhihu and Douyin had been launched and maintained to provide an alternative content channel to our members, students and prospective students.

Other support

The Institute's website is regularly updated with relevant content about the Mainland and links to relevant bodies, such as government departments, accounting institutes, CPA practices with operations in the Mainland, and Mainland accounting and auditing standards. We also facilitate members' subscriptions to Mainland accounting and tax journals, yearbooks and study materials for the PRC CPA Uniform Examination.



STANDARD SETTING AND PROFESSIONAL REPRESENTATION

As a leading standard-setter, the Institute has been at the forefront of shaping the accounting and auditing profession in Hong Kong. The Institute's pivotal role in setting standards that align with international practices, adapting to evolving regulatory frameworks, and driving professional excellence, cannot be understated. Throughout the years, the Institute has engaged with government entities through consultations, participation in regulatory discussions, and provision of expertise, to address emerging issues in the financial market, align regulatory requirements, and enhance cooperation between the profession and the government.

Through involvement in international standard setting, international accounting organizations and forums, responding to consultations, and holding local consultations and outreach activities, the Institute is at the forefront of the development of new standards and legislation, and represents the views and concerns of the Hong Kong profession, ensuring its views are taken into account.

Standard setting

During the financial year, the Institute continued to maintain a webpage for stakeholders to access all of the Standard Setting Department (SSD)'s comment letters, publications and trainings with quick links to other useful resources.

Developments in sustainability reporting

Internationally, the United States Securities and Exchange Commission, European Financial Reporting Advisory Group (EFRAG) and the International Sustainability Standards Board (ISSB) have published their respective draft climate rules and sustainability disclosure standards for consultation with the EFRAG and the ISSB finalizing their respective inaugural sets of sustainability disclosure standards in first half of 2023. The International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) will also be consulting the public on their respective draft sustainability assurance standard and sustainability-related ethical requirements in the second half of 2023.

Local developments have kept pace with international developments. In May 2022, the Financial Services and the Treasury Bureau (FSTB) confirmed the Institute's role as Hong Kong's statutory sustainability disclosure standard setter and the Institute's Council approved in October 2022 the roadmap for the Institute's potentially adopting the IFRS Sustainability Disclosure Standards (IFRS SDS) developed by the ISSB as the local sustainability reporting framework, subject to further discussions with relevant parties.

As a first step in implementing the roadmap, the Council of the Institute has expanded the remit of our Financial

Reporting Standards Committee (FRSC) from January 2023 to oversee the setting of sustainability disclosure standards accompanied by the creation of a dedicated Sustainability Advisory Panel (SAP) to support the FRSC on the technical aspects of sustainability topics.

The next steps involve the development of an Information Paper explaining the Institute's role in setting sustainability disclosure standards as well as the rationale for potentially adopting the IFRS SDS as the local reporting framework. The Institute has engaged with various key local and international stakeholders including the SAP, Hong Kong Exchanges and Clearing Ltd. (HKEX), Securities and Futures Commission, the Green and Sustainable Finance Cross-Agency Steering Group, Accounting and Financial Reporting Council, ISSB and other national standard setters throughout the development of the Information Paper to seek views, align direction of travel and garner support. The Information Paper will be released to the public in due course.

Following on from the publication of the two inaugural IFRS SDS in June 2023, we were honoured to be able to invite Sue Lloyd, Vice Chair of the ISSB, to address a select group of key local stakeholders to mark the momentous occasion. As part of our standard setting due process, the final standards will be analyzed against the comments we had previously submitted to assess whether they have been adequately addressed. This analysis will inform the FRSC of the appropriate next steps, including the publication of relevant local sustainability disclosure standards in Hong Kong.

As of the end of the reporting period, the Institute is seeking comments on the ISSB's consultation on what their priorities should be in the next two years, while the HKEX is seeking comments on their draft enhanced climate disclosure requirements for listed companies. Acknowledging the step change in both the HKEX's and the IFRS SDS's disclosure requirements for Hong Kong companies, the Institute has developed a holistic capacity building programme that includes the Qualification Programme, continuing professional development,

workshops, thought leadership pieces and the Best Corporate Governance and ESG Awards. This programme aims to enhance stakeholders' environmental, social and governance (ESG) knowledge and meet market demands and regulatory requirements. Additionally, the Institute is monitoring the ISSB's capacity building partnership framework which was announced at COP 27, and exploring ways to contribute and leverage it for Hong Kong stakeholders.

Looking ahead, the Institute plans to consult the public on the IAASB's and the IESBA's sustainability projects in the second half of 2023 in order to help instil trust in the reported sustainability information through high-quality assurance and embedding ethical behaviour in the related professional engagements.

Educating stakeholders

As part of our continued drive to help small and medium practices (SMPs) implement major new auditing standards, we have published a brand new *Quality Management Manual* which guides practitioners in applying the suite of quality management standards and an enhanced *Audit Practice Manual* which incorporates the latest changes in auditing and financial reporting standards in September 2022. This was accompanied by the publication of a list of FAQs on Hong Kong Standard on Quality Management (HKSQM) 1 and HKSQM 2 in October 2022 as well as an alert on specific aspects of HKSQM 1 in March 2023.

The Institute issued five major pieces of accounting guidance during the reporting period. The first one relates to the abolition of the Mandatory Provident Fund (MPF) offsetting arrangement by the Legislative Council in June 2022. The abolition affects all companies that are subject to the local MPF and employment legislations and it has caused considerable debate among local technical specialists on how it should be accounted for. We have been deliberating this issue in earnest with relevant parties and issued an alert in February 2023 to provide directional guidance to stakeholders. This was followed by the publication of comprehensive guidance in July 2023.

The other three pieces of major accounting guidance relate to the *Financial Reporting Considerations for Close Out 2022*; examples illustrating the recent IFRS Interpretations Committee's decision on rent concessions; and whether to classify a liability as current or non-current on the balance sheet.

We have also dedicated a significant amount of resources in developing a comprehensive Hong Kong Financial Reporting Standard 17 *Insurance Contracts* journal entries guide to help preparers and practitioners get to grips with the basics of the standard. The guide was published in June 2023.

Supporting SMPs and enterprises organizations

To enhance our stakeholders' understanding of various proposed amendments to major standards, we have created concise Cantonese videos to explain the key changes. Additionally, we have simplified the comment submission process by utilizing surveys on key consultations with yes/no questions and an option for additional comments, leading to increased response rates.

We provide ongoing implementation guidance on major new standards through updates to our webpages, including links to relevant new implementation guidance, as well as alert our members to new publications and webinars through newsletters.

The Institute has been a member of the Reference Group for Audits of Less Complex Entities of the IAASB and continues to contribute to relevant discussions on this project.

Regular audit workshops are conducted to provide practical guidance to both audit juniors and audit seniors.

Engaging internationally and enhancing communication

The Institute plays an important role in facilitating dialogue between stakeholders and the international standard-setting bodies, ensuring their views are effectively expressed.

The Institute plays an important role in facilitating dialogue between stakeholders and the international standard-setting bodies, ensuring their views are effectively expressed.

The Institute actively presented and/or participated in the Asian-Oceanian Standard-Setters Group, International Forum of Accounting Standard Setters, World Standard Setters, Accounting Standards Advisory Forum as well as the three countries (China, Japan, Korea) meetings. Despite the restriction on international travels in the early months of the financial year, we have been able to participate virtually on all relevant topics. In June 2023, the Institute participated in the IAASB and IESBA National Standard Setters virtual conference.

During the financial year, the Institute conducted extensive outreach activities with local preparers, practitioners, regulators, government bodies, regional and international standard setters. These activities aimed to gather and share views, influence standard setting at an early stage and throughout the project life cycle. The outreach activities also included discussions of application issues with the aim of publishing guidance to stakeholders to ensure consistency in financial and assurance reporting. Over 12 publications were issued in this financial year covering accounting, sustainability, audit and ethics topics.

We held several roundtables with international standard setters, most notably the one on the ISSB's agenda consultation, allowing Hong Kong stakeholders to directly reflect their views to the international standard setters.

To highlight common ethical pitfalls to members, we have developed webcasts and case studies for professional accountants in business and those in practice based on real life cases to raise their awareness of certain ethical topics and the corresponding requirements in the Code of Ethics for Professional Accountants.

There are over 33 on-demand e-learning organized or presented by the SSD available for enrolment.

The SSD continues to actively host the technical query service which is regularly monitored for timeliness and relevance of responses. During the financial year, we handled over 210 queries across accounting, audit and ethics.

We have submitted numerous responses to consultations and invited comments on revisions across accounting, sustainability, audit and ethics in this financial year. The major responses and consultations are listed below.

Accounting

- International Accounting Standards Board (IASB) Exposure Draft *Third edition of the IFRS for SMEs Accounting Standard*
- IASB Exposure Draft *International Tax Reform – Pillar Two Model Rules* (Proposed amendments to IAS 12)
- IASB Exposure Draft *International Tax Reform – Pillar Two Model Rules* (Proposed Amendments to the IFRS for SMEs Accounting Standard)
- IASB Exposure Draft *Amendments to the Classification and Measurement of Financial Instruments* (Proposed amendments to IFRS 9 and IFRS 7)
- IFRS Interpretations Committee Tentative Agenda Decisions

Audit and assurance

- IAASB Exposure Draft *Proposed Narrow Scope Amendments to International Standard on Auditing (ISA) 700 (Revised), Forming an Opinion and Reporting on Financial Statements; and ISA 260 (Revised), Communication with Those Charged*

with Governance, as a Result of the Revisions to the IESBA Code that Require a Firm to Publicly Disclose When a Firm Has Applied the Independence Requirements for Public Interest Entities

- IAASB Exposure Draft *Proposed ISA 500 (Revised), Audit Evidence and Proposed Conforming and Consequential Amendments to Other ISAs*
- IAASB Consultation Paper *The IAASB's Proposed Strategy and Work Plan for 2024–2027*
- IAASB Exposure Draft *Proposed Part 10, Audits of Group Financial Statements of the Proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities and Proposed Conforming Amendments*
- IAASB Exposure Draft *Proposed ISA 570 (Revised 202X), Going Concern and Proposed Conforming and Consequential Amendments to Other ISAs*
- The Institute's Exposure Draft *Circular on Reporting for Certification of Funds under Schedule 16D to the Inland Revenue Ordinance (Cap. 112)*
- The Institute's Exposure Draft *Technical Bulletin AATB 3 (Revised) Implementation Guidance on Revised Hong Kong Standard on Investment Circular Reporting Engagements 400 Comfort Letters and Due Diligence Meetings*
- The Institute's Exposure Draft *Practice Note 851 (Revised) Reporting on the Annual Financial Reports of Non-Governmental Organizations*

Ethics

- IESBA Exposure Draft *Proposed Revisions to the Code Addressing Tax Planning and Related Services*
- IESBA Consultation Paper *Proposed IESBA Strategy and Work Plan, 2024–2027*
- The Institute's Exposure Draft *the Revised Guidelines on Anti-Money Laundering and Counter-Terrorist Financing for Professional Accountants*

Sustainability reporting

- ISSB Exposure Draft *Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates*
- ISSB Request for Information *Consultation on Agenda Priorities*

Taxation

In Hong Kong

The Institute has actively raised and reiterated various important tax-related and other issues during the Hong Kong Chief Executive's policy addresses and consultations. These include advocating for greater certainty in relation to how the Base Erosion and Profit Shifting 2.0 (BEPS 2.0) initiative will be implemented in Hong Kong, and conducting a more extensive review of the tax system in view of the many changes taking place in the local and international tax landscape in recent years.

The Institute's Tax Policy and Budget Proposals 2023-24, titled "Reconnect & Renew", were submitted to the Financial Secretary (FS), and other relevant officials. A press briefing was conducted in January 2023 by the Institute's President, the Chairman of the Taxation Faculty Executive Committee (TFEC) and the Convenor of the Budget Proposals Task Force (BPTF) to explain the Institute's main recommendations. Media interviews were held on the day of the budget, and a press release was issued outlining the Institute's position. An article reflecting the Institute's view on the proposals in the budget was published in the January 2023 issue of *A Plus*.

A number of the broad recommendations in the Institute's budget submission were taken on board by the FS, including funding for hosting large-scale international events and activities to promote high-quality tourism, providing more community relief measures, promotion of the digital economy, support for start-ups and tech ventures, proposing tax incentives for intellectual property business, introducing

more policies to encourage foreign investment, supporting community sports participation, improving Hong Kong's liveability, and promoting the wider adoption of electric vehicles.

The 2023 annual meeting between TFEC representatives and the Commissioner and senior staff of the Inland Revenue Department (IRD) took place in May 2023, with the record of the discussions to be published later in the year. Detailed minutes of the 2022 annual meeting were posted on the Institute's website during the year.

A new International Tax Task Force (ITTF) was set up in April 2022 to support the TFEC on various international tax topics, make representations and, where appropriate, open up a dialogue with the government on major international tax issues affecting Hong Kong. One of the ITTF's main objectives is to convey practitioners' views and concerns regarding how the BEPS 2.0 rules on a global minimum tax will be implemented in Hong Kong and to discuss Hong Kong's response to inclusion on the European Union's "grey list" of jurisdictions with certain tax practices that could result in "double non-taxation". During the financial year, the ITTF held two meetings in July 2022 and April 2023, both involving the IRD. In the first meeting, the parties discussed Hong Kong's latest position in relation to the implementation of BEPS 2.0 and the development of the foreign-sourced income exemption (FSIE) regime. In the latter meeting, practical implementation issues regarding the refined FSIE regime were discussed. In addition to exchanging views with IRD Deputy Commissioner and officials, the ITTF also provided input into various TFEC submissions to the government during the year.

As in previous years, the Board of Review under the Inland Revenue Ordinance (Cap. 112), which is the first-level appeal tribunal for tax appeals against assessments by the Commissioner of Inland Revenue, invited nominations from among the membership to join the board. The Institute compiled a list of 30 Institute members who wished to be considered and who met the board's basic requirements for eligibility.

In the Mainland

In September 2022, representatives of the Institute who were nominated by the China Tax Support Group (CTSG), attended the eleventh annual meeting with the State Taxation Administration and discussed issues relating to the Mainland and cross-border taxation affecting Hong Kong. The meeting minutes in Chinese have been published on the Institute's website.

A conference call with the Ministry of Finance of the People's Republic of China was held in September 2022 to discuss tax policy issues. Members of the CTSG represented the Institute and participated in for the call.

Internationally

The Institute representatives participated virtually in the Asia Oceania Tax Consultants' Association (AOTCA) annual general meeting and conference in November 2022, which was a hybrid event. These two Institute representatives remained as technical advisors on AOTCA's Technical Committee.

The Institute's Director of Advocacy and Practice Development (DAPD) joined periodic teleconferences of the Global Accounting Alliance (GAA) Tax Working Group (TWG). The TWG was formally established by the GAA Board in 2009 to share information and best practice on tax matters, as well as to network, and collaborate on important international issues and matters of common concerns. The TWG held its first face-to-face meeting in three years on 24-25 May 2023, in Dublin, Republic of Ireland. DAPD participated in part of the meeting remotely.

Restructuring and insolvency

In Hong Kong

In submissions for the Hong Kong Chief Executive's policy addresses and consultations, the Institute has highlighted the importance of proceeding with the Companies (Corporate Rescue) Bill, which was first proposed by the Law Reform Commission over 25 years ago, or considering alternative measures, such as allowing for "light touch" provisional liquidations to be used for restructuring purposes.

The second phase of the Companies Registry's (CR) new public inspection regime was implemented in October 2022, restricting access to personal data made available for public inspection on the Companies Register. In September 2022, the Institute's Restructuring and Insolvency Faculty Executive Committee (RIFEC) submitted a list of questions to the CR, explaining the concerns and challenges faced by insolvency practitioners (IPs), who need to access the register in company liquidation cases. The CR provided responses to the Institute in November 2022, which were circulated to RIF members via the RIF e-newsletter issued in February 2023. RIFEC continued to communicate with the CR on how to streamline the process for IPs and the CR subsequently provided the contact details of officers whom IPs can contact if they face practical difficulties when conducting company searches.

To help with cross-boundary insolvency work and exchanges with Mainland China, the Institute invited a delegation from the Bankruptcy Affairs Administration of Shenzhen Municipality, to deliver an RIF seminar in April 2023. The Deputy Director, gave an introduction of the department, and gave a brief overview of the operation of the personal bankruptcy system in Shenzhen to RIF members. On a separate occasion, RIFEC representatives met a delegation from Guangdong Insolvency Practitioners Association in April 2023, to exchange ideas and views on the latest developments in cross-border restructuring and insolvency between the Mainland and Hong Kong.

The Institute facilitated communication between the Official Receiver's Office (ORO) and IPs. The ORO consulted the Institute on the draft revised *Rules for Admission of Firms and Persons for Taking-up Appointment of Liquidators, Provisional Liquidators or Special Managers in Non-Summary Court Winding-up Cases* (Panel A Rules), and most of RIFEC's concerns were addressed in the final version. The revised Panel A Rules were subsequently published on the ORO's website and became effective on 1 March 2023. Timely updates and notices, including ORO circulars and letters to IPs, to keep members apprised of developments in the insolvency field and enable them to take appropriate action as soon as possible, were issued

to RIF members and, where relevant, Institute members generally.

The next liaison meeting between the RIFEC and the Official Receiver and other senior staff of the ORO is expected to be held in Q3 2023. Various practical issues faced by IPs will be discussed, and the notes of the meeting will be made available to all RIF members through the RIF e-newsletter, or other channels, after the meeting.

Internationally

The Institute holds a directorship on the board of INSOL International, as one of the 10 largest member associations. The previous RIFEC chair, Terry Kan, was nominated for a three-year term, commencing November 2019. Although his term officially expired in November 2022, INSOL was conducting a governance review and proposed extending the terms of those directors whose terms had already expired or were nearing expiration, to ensure continuity during the review process. Terry Kan thus remained as the Institute's nominated director on the INSOL board during the 2022-23 term.

Anti-money laundering and counter-terrorist financing

The Institute continued to work closely with the Narcotics Division of the Security Bureau (NDSB) and FSTB (Financial Services Branch) on follow-up work from the mutual evaluation (ME), conducted by the Financial Action Task Force (FATF) in 2018-19, and preparing for the next ME, covering technical compliance and the effectiveness of the anti-money laundering/counter-terrorist financing (AML/CTF) framework in Hong Kong. While the next on-site ME has recently been deferred to around 2027, due to the delays in the FATF's work programme caused by the pandemic, between now and the next ME, data gathering and monitoring will need to continue.

The government submitted various updates and progress reports to the FATF, and the Institute provided input for the FATF's Hong Kong AML/CTF ME follow-up report. In February 2023, the FATF's report acknowledged Hong Kong's progress in implementing

risk-based AML/CTF supervision for designated non-financial business and profession (DNFBP) sectors, including the accounting profession. The grading of Hong Kong's compliance with the FATF's Recommendation 28 regarding the regulation and supervision of DNFBPs was also raised.

While most regulatory functions were transferred to the Accounting and Financial Reporting Council (AFRC) in late 2022, the Institute retained its regulatory role in issuing AML/CTF guidelines under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615). Additionally, the Institute continued its advocacy, education, and member support functions.

To align with recent legislative and regulatory changes, the Institute revised and updated the *Guidelines on Anti-Money Laundering and Counter-Terrorist Financing for Professional Accountants*. A consultation with members and stakeholders, including the FSTB, AFRC, NDSB, Commerce and Economic Development Bureau, and CR, was conducted, and the revised Guidelines were gazetted on 25 May 2023. The Institute plans to organize events to ensure members understand their AML/CTF obligations under the revised Guidelines. Collaboration with the publisher of the AML procedures manual for accountants is also underway to produce an updated version.

The Institute also contributed to the updating of the *Hong Kong Money Laundering and Terrorist Financing Risk Assessment Report*, in relation to the accounting sector. This report, the updated version of which was published in July 2022, is a mandatory self-assessment of the AML threats and vulnerabilities in relevant sectors of the local market that members must submit to the FATF and update periodically.

The Institute continued to provide a range of services to assist members and member practices with their AML/CTF compliance, including:

- Organizing live webinars and workshops, with speakers from NDSB, the Joint Financial Intelligence Unit, professional firms, and other AML/CTF specialists and service

providers, to strengthen members' knowledge and awareness of AML/CTF issues and promote good practices.

- Collaborating with two market leaders in AML/CTF screening services, namely, Refinitiv and Ingenique-Dow Jones, who offer preferential subscription rates to Institute members on their name screening services. The Institute also works with these service providers to run some events for members. Two webinars, on "Understanding Global Sanction Risks and Meeting Compliance Challenges" and "Practical Guide to implementing AML/CTF Internal Policies, Procedures and Controls", were held in collaboration with Ingenique during the year.
- Providing the latest updated AML/CTF information on the Institute's website promptly, including updated lists of United Nations sanctions and lists of terrorists and terrorist associates, and notifying members of other important FATF updates. This information and other AML/CTF-related news was also included in the *Technical News* e-newsletter to members, to help increase awareness.
- Responding quickly to a steady stream of members' technical enquiries on AML/CTF issues.

Other consultations on legislation and regulations

The Institute conveyed the views of the profession in numerous representations and submissions issued to different government departments and bureaus, and other local and international bodies. We also responded to a number of public consultations on policy and legislative proposals, as well as participating in soft consultations. Submissions included the following:

Financial Secretary

- Budget Proposals 2023-24

Financial Services and the Treasury Bureau (Treasury)

- Consultation on refinements to

Hong Kong's FSIE regime for foreign-sourced disposal gains

- Consultation on refinements to Hong Kong's FSIE regime for passive income
- Consultation on enhancing tax certainty of onshore gains on disposal of equity interests
- Consultation on priority tax treaty partners for Hong Kong

Financial Services and the Treasury Bureau (Financial Services)

- Public consultation on a proposed company re-domiciliation regime in Hong Kong
- Developing a questionnaire for professional bodies on the positioning and future development of Hong Kong as an international financial centre to help support FSTB's research work.

Hong Kong Exchanges and Clearing

- Consultation paper on specialist technology companies
- Consultation paper on proposals to expand the paperless listing regime and other rule amendments

Securities and Futures Commission

- Consultation paper on proposed amendments to enforcement-related provisions of the Securities and Futures Ordinance
- Consultation paper on the proposed requirements for operators of virtual asset trading platforms

Narcotic Divisions, Security Bureau

- Input into various reports for Hong Kong's follow-up FATF evaluation, including the FATF's Hong Kong AML/CTF ME follow-up report

Inland Revenue Department

- Departmental Interpretation and Practice Notes No. 64 – Taxation of Carried Interest
- Electronic filing of profits tax returns – Trial run of iXBRL data preparation tools

Official Receiver's Office

- Consultation on draft revised Panel A Rules

Persons nominated by the Institute to serve on international organizations as at 30 June 2023

International Federation of Accountants

- **Nancy Tse**, Deputy Chair of the Professional Accountants in Business Advisory Group
- **Johnson Kong**, Deputy Chair of the Small and Medium Practices Advisory Group
- **Herbert Yung**, Technical Advisor to Nancy Tse
- **Frances Chan**, Technical Advisor to Johnson Kong
- **Selene Ho**, National Standard Setters – International Auditing and Assurance Standards Board (annual meeting also attended by **Paul Hebditch** as Chair of the Institute’s Auditing and Assurance Standards Committee), and National Standard Setters – International Ethics Standards Board for Accountants (annual meeting also attended by **Mary Xuereb** as Chair of the Institute’s Ethics Committee)

International Forum of Accounting Standard Setters

- **Gary Stevenson**, Institute representative
- **Cecilia Kwei**, Institute representative

IFRS World Standard Setters (financial reporting)

- **Gary Stevenson**, Institute representative
- **Cecilia Kwei**, Institute representative

Asian-Oceanian Standard-Setters Group (financial reporting)

- **Gary Stevenson**, Institute representative
- **Cecilia Kwei**, Institute representative

Global Accounting Alliance (GAA)

- **Margaret W.S. Chan**, Board member
- **Herbert Yung**, Alternate Board member to Chief Executive and member of the GAA Sustainability Working Group
- **Kit Wong**, Member of the GAA Education Working Group
- **Peter Tisman**, Member of the GAA Tax Working Group

INSOL International

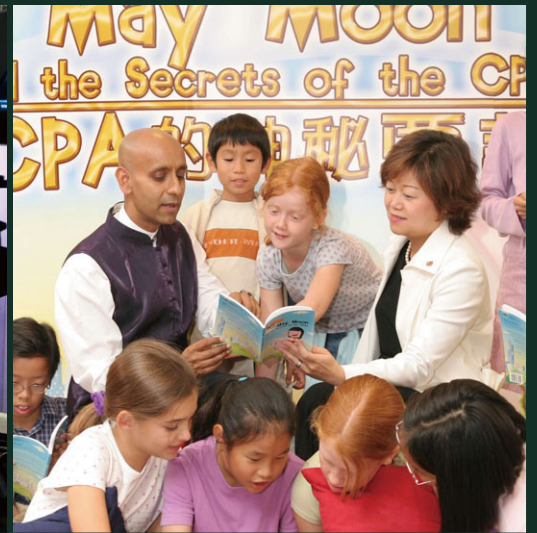
- **Terry Kan**, Board director

Asia Oceania Tax Consultants’ Association

- **Sarah Chan**, Institute representative
- **Edward Lean**, Institute representative

Accounting for Sustainability (A4S)

- **Herbert Yung**, Institute representative on the A4S’s Accounting Bodies Network



THOUGHT LEADERSHIP, COMMUNICATION AND COMMUNITY ENGAGEMENT

From the very beginning, it has remained of utmost importance to the Institute that the accounting profession be perceived as essential and esteemed, establishing a positive image in the public domain. The Institute drives meaningful conversations, promoting knowledge sharing, and contributing to public discourse on pertinent issues. From thought-provoking research initiatives to impactful community outreach programmes, the Institute remains unwavering in its commitment to garner recognition from stakeholders for the Institute's impactful work and the esteemed standing of the profession, and to champion the role of accountants as key catalysts for positive change.

Producing insightful and relevant content and sharing it with members and the public helps to promote the Institute, our members and their expertise.

Making a difference to society through thought leadership

Celebrating the best corporate governance practices – Best CG and ESG Awards

The Best Corporate Governance (CG) and ESG Awards (Awards) continue to be organized and acknowledged as a rigorous and objective assessment of the CG and environmental, social and governance (ESG) performance of listed companies and public sector/not-for-profit organizations (PSOs) in Hong Kong. Only candidates whose disclosures and practices significantly exceed the minimum regulatory requirements will be given recognition. Stakeholders see the very high standards demanded by the Awards as distinguishing them from many other CG and ESG awards programmes.

The 2022 Awards were successfully completed at a luncheon presentation ceremony on 6 December 2022. The Guest of Honour, Chairman of the Accounting and Financial Reporting Council, Dr Kelvin Wong, presented the awards to the 27 winners, including winners in the Most Sustainable Companies/Organizations (MSCO) category, which was first introduced in 2021, as well as in the separate categories for CG and ESG, and in the Self-Nomination category. The MSCO Awards focus on sustainability in its broadest sense and aim to identify listed companies and PSOs that give equal weight to ensuring good CG and ESG, and which are taking steps to integrate CG and ESG considerations into their values, strategies and operations.

Efforts are continually being made to streamline the Awards, which are quite resource intensive, due to the rigorous procedures involved, entailing an initial vetting process, two rounds of reviews of the CG and ESG reporting of the listed companies and PSOs that are potential candidates for final judging, and then the final judging round. Over 60 volunteers contribute their expertise, experience

and time as members of the judging and review panels. This year, we sought to reduce the overall sample size without, at the same time, reducing opportunities for companies and PSOs that are taking positive steps to improve their CG and/or ESG from being identified.

Research and surveys

Research and surveys of the profession help to inform the Institute's work and are also published as thought leadership reports.

Given the importance of encouraging different views and perspectives to improve the effectiveness of board oversight of the business, the Institute conducted a brief research on the status of board diversity of listed companies, with financial years ending 31 December 2021, and published its findings in early December 2022, in conjunction with the results announcement of the Awards.

In all, the study covered 1,844 companies, looking at board size and diversity, in terms of gender, age and also professional expertise, in particular accounting qualifications, as well as the prevalence of long-serving directors.

The results of this study helped to inform other thought leadership work being undertaken by the Institute work in terms of advocating for a requirement for qualified accountant in listed companies sitting on the board or, at least, in a senior management position.

This year, we are also conducting another brief research project, which will be focused on updating the Institute's ESG assurance study, first carried out in 2021. Findings are planned to be published by the end of the 2023. The report aims to find out whether and how the picture is changing with regard to listed companies seeking independent assurance of their sustainability reporting.

A Plus

A Plus is the Institute's premier channel for publicizing its thought leadership to members and stakeholders.

During the year, the magazine underwent a major revamp. *A Plus* ceased printing

physical copies beginning with the September 2022 issue as part of the Institute's sustainability strategy and moved to a quarterly publication schedule starting from the January 2023 issue. In January 2023, a brand new website (aplus.hkicpa.org.hk) was launched with a redesigned layout and a number of enhanced functions for easy browsing. The new *A Plus* website delivers a brand new experience catered for different devices to keep members and stakeholders up to date with the latest developments impacting the profession.

The magazine published six issues during the reporting period, covering a wide range of topics aimed at informing accountants about the latest trends in business and equipping them to navigate the fundamental changes facing the profession. It provided technical updates, informal guides, and important insights that would be of interest to members.

The content included discussions on various subjects such as the intersection between cryptocurrency and money laundering, opportunities in the family office sector, strategies companies employ to overcome talent market competition, diversity and inclusion, updates in the taxation sector, mental health in accounting, career development goals, the revival of Hong Kong's

Articles
contributed
by Institute
departments,
staff, members,
and committee
representatives
showcased
thought
leadership and
professional
development
across a diverse
range of topics.

tourism industry post-pandemic, as well as coverage on the Inland Revenue Department's e-filing project, the developments of the International Sustainability Standards Board's inaugural standards, and the roles accountants play in areas like mergers and acquisitions, stakeholder engagement, and overcoming recessions, among others.

The build up to the Institute's 50th anniversary celebrations was also reported on, including a 50th Anniversary Interview Series that features Institute members who have achieved admirable success where they share their experience with the Institute and impart words of encouragement to the next generation of CPAs. The first entry published in April 2023, interviewed Ayesha Macpherson Lau, Chairman of the Mandatory Provident Fund Schemes Authority. The next entry in July 2023 would feature Paul Chan, Financial Secretary of the Government of the HKSAR and former Institute President.

The magazine also featured interviews with business leaders, prominent Institute members, and young professionals who shared success stories from the accounting profession, offering inspiration and valuable insights to readers. Additionally, articles contributed by Institute departments, staff, members, and committee representatives showcased thought leadership and professional development across a diverse range of topics.

Social media

Social media is one of the Institute's key channels for connecting with members, students, prospective students, and the public. Our official accounts on Facebook, LinkedIn, Instagram, YouTube and WeChat, promote content to different audiences. In 2023, the Institute upheld the strategy on social media content which was adopted in 2022 with focus on thought leadership, brand stories and members/corporate events.

During the year, the Institute created various types of social media posts including short videos about the

accounting profession, wise quotes, industry fun facts and news, Qualification Programme (QP) success stories and CPA career journeys and sharings to engage the younger generation through the leisure Instagram page CPA Buddies. The total number of followers exceeded 2,000 in 2023.

Throughout this year, the Institute presented a new series of social media post titles "Successful CPA of the month" on Facebook, Instagram and LinkedIn page "HKICPA.Official". The series introduced the success stories of the Institute's members in the form of short videos to promote the Institute's 50th anniversary, and also enhance the image of the Institute to the public. Another new series, "Stakeholder Engagement", was introduced on the page, highlighting the Institute's leadership team engagement and interaction with the profession's and society's stakeholders, and keeping the public updated with the Institute's latest outreach efforts.

In terms of QP promotion, the Institute published between three to four social media posts about QP and QP graduates every month. From September 2022 to May 2023, Facebook and Google advertisements were placed to promote student registration. In April 2023, the Institute curated an online sharing by a social media influencer or KOL (key opinion leader) on their experience studying accounting and working as an accountant.

By the end of June 2023, the Institute's Facebook, Instagram and LinkedIn pages have accumulated almost 12,677, 3,300 and 12,278 followers respectively.

Media engagements

Regular engagement with the media is vital to getting the Institute's message across to the wider public. Through interviews, press releases, features, and articles, the Institute publicizes its views on various issues.

President's interviews

The President undertook a number of media engagement sessions over the

year. The major two sessions were arranged in August 2022 and April 2023 respectively. In the media briefing session in August 2022, President Loretta Fong met representatives of major media outlets in which she focused on sharing the implementation progress of strategic plans and other issues related to Institute's operations.

In April 2023, the President hosted a networking luncheon to meet with 10 senior reporters from local mainstream media outlets to share the details of the Institute's 50th anniversary signature celebration events and key initiatives under the *Strategic Plan 2023*, such as the Institute's work plan for ESG standard setting, nurturing accounting professional talents and fostering international recognition, as well as facilitating members to seize business opportunities in the Greater Bay Area.

Bylined articles

Through the Institute's bylined articles in *Oriental Daily News*, *Recruit Magazine* and *Wen Wei Po*, the Institute informs the public about different topics relevant to the accounting profession, such as auditing, ESG assurance and taxation etc. Chinese editions of *A Plus* articles are also published in the *Master Insight* online.

Media collaborations

The Institute collaborated with media to create multimedia content to serve as an alternative way to deliver information and introduce accounting profession specialties to the general public. From July to December 2022, the Institute partnered with *ViuTV* to produce a 15-second TV commercial to publicize the Institute's entering its 50th anniversary and two series of programmes, namely "點去計" and "智富通 市場脈搏". The two programmes invited Institute members to introduce their profession specialties and a wide range of lively topics in their CPA career. The nine short videos were produced and published on social media from October 2022 to June 2023. Facebook, LinkedIn, YouTube and Google advertisements were placed to maximize exposure.

To celebrate the Institute beginning a new chapter in its 50th anniversary, we partnered with HK01 in January 2023 to publish an advertorial interview with President Loretta Fong which touched on how the Institute would continue to shoulder the responsibility of supporting members and the betterment of the industry while continuing its commitment to upholding the core values and public value of accountancy.

Press events

The Institute published press releases and organized a number of press events over the year to publicize its messages. Some of the major media engagements this financial year included the following:

- Press release for call-for-entries of Best CG and ESG Awards in July 2022 and press conference to announce the results in December 2022 respectively.
- Press briefing on the Restructuring and Insolvency Faculty Executive Committee's advocacy for increased payment ceilings under the government's Protection of Wages on Insolvency Fund in July 2022.
- Press briefings on the Institute's budget proposals and response to the budget speech in January and February 2023 respectively.
- Press release on joint statement with the Accounting and Financial Reporting Council on the designation "Fellow of the Hong Kong Institute of Certified Public Accountants (Practising)" in January 2023.
- Press release on the Institute's leadership team visit to Beijing to meet with the Ministry of Finance of the People's Republic of China, the Chinese Institute of Certified Public Accountants and the China Securities Regulatory Commission in June 2023.
- Press releases on compliance matters. The Institute enforces the highest professional and ethical standards in the accounting profession. To provide transparency on such matters, press releases are published on both disciplinary orders and cases regarding Resolution by Agreement.

A total media value of HK\$3.31 million was generated throughout the year.

Institute's newsletters

Members are kept informed about important developments in the Institute, the profession and Hong Kong through our newsletters including the monthly *CPA Pulse* and the fortnightly newsletters *Technical News* and *Training and Development*. As well as these newsletters, the Institute also issues targeted newsletters to particular groups. *Inside Business* is sent to professional accountants in business, the *IP's Voice* to Restructuring and Insolvency Faculty members, *Tax Link* to Taxation Faculty members, *Forensic Update* to Forensics Interest Group members, and *Prospective CPA* for QP students.

Engagements with future accountants plus

One of the Institute's major engagement activities is to promote the QP to the next generation of accountants. To assist with this goal, the Institute has a number of promotional events and projects aimed at secondary school and university students. Some of the main activities are detailed below.

For secondary school students, the Institute and the Hong Kong Association for Business Education Limited jointly organize the Business, Accounting and Financial Studies (BAFS) mock examination for the Hong Kong Diploma of Secondary Education. The mock examination aims to help student fully prepare for the examination, as well as to develop and assess students' understanding and application of basic accounting and business knowledge, skills and values, to meet different business needs. For the 2022/23 session, the mock examination was held on 29 December 2022 with over 4,100 enrolments, which accounts for 50.1 percent of the total number of BAFS candidates.

As one of the Institute's annual flagship events for secondary schools, the HKICPA Accounting and Business Management Case Competition allows senior secondary school students to apply their textbook knowledge in the areas of accounting and business to the real world. It also

enhances students' enabling skills such as analytical thinking, time management, presentation skills, creativity and team building. This year, Kerry Logistics Network Limited was the company selected for the competition's case study. The competition attracted more than 530 teams of over 1,800 students participating. On 20 May 2023, the oral presentation of the competition was held via a hybrid mode, with six finalist teams competing for the championship.

The HKICPA Business Case Competition is an inter-tertiary event that aims to provide students with the opportunity to train up their business skills and cultivate their professional judgment, develop valuable skills such as case analysis, problem solving, team building and presentation. The case question of the year is about pharmaceutical industry. This year, the competition opened to three category of contestants, including Hong Kong sub-degree, Hong Kong undergraduate and Mainland undergraduate students. More than 1,000 teams from institutions in Hong Kong, Macau and the Mainland joined the competition. On 26 November and 3 December 2022, six finalist teams each from Hong Kong undergraduate and sub-degree groups, and eight finalist teams from the Mainland group competed for the championships in the finale held in Hong Kong and Guangzhou respectively.

The Institute organized the QP Top Student Award and Scholarship Presentation Ceremony on 24 September 2022. Around 80 awardees and guests attended the ceremony, with Joseph Chan, Under Secretary for Financial Services and the Treasury as the Guest of Honour.

The Institute conducted 30 talks and online information sessions about the QP to over 1,500 participants, including sub-degree students, undergraduates, and recent young graduates. 29 career and BAFS talks were also arranged to around 1,129 secondary school students. The Institute also sponsored 34 students' activities which were organized by the societies of the accountancy and business associations of various universities. These activities included orientation camps, inauguration ceremonies and academic festivals and student journals.

Community involvement

Our efforts in corporate social responsibility (CSR) demonstrate our dedication to serving Hong Kong's present and its future.

New and existing CSR programmes reflect the Institute's commitment to good corporate citizenship. Throughout the financial year, over 12,700 members of the public benefited from the various projects and activities that our members voluntarily contributed to.

The Branding and Communication Committee oversees the Institute's communications, stakeholders' engagement, branding and CSR initiatives, and providing advice on developing CSR activities that allow the Institute's members to utilize their professional knowledge and expertise in a meaningful way.

Rich Kid, Poor Kid

The Institute's flagship community programme, Rich Kid, Poor Kid (RKKP) organized 66 school sessions hosted by the Institute's Accountant Ambassadors for more than 12,000 primary and secondary school students during the reporting period with the aim to instill in young people proper values about money management through school talks.

For the fifth year in a row, RKKP was presented a Certificate of Appreciation under the "Investor and Financial

Education Award" organized by the Investor and Financial Education Council (IFEC), a subsidiary of the Securities and Futures Commission.

Collaboration with various organizations

To maximize our impact, the Institute partners with different organizations to promote financial literacy and entrepreneurship to the public. Additionally, we provide services to support underprivileged groups and non-governmental organizations (NGOs) dedicated to delivering social services.

The Smart Way Forward programme

The Institute co-organized a career talk with Caritas School Social Work Service for about 30 secondary school students who are studying BAFS in June 2023. During the talk, two Accountant Ambassadors of the Institute, who are also QP graduates, shared their past learning experiences and career path as a CPA with participating students to help them gain a better understanding of career development in the accounting profession.

Government's Strive and Rise Programme

The Institute signed up as one of the supporting organizations of the government's Strive and Rise Programme with the aim of addressing intergeneration poverty by helping underprivileged students. 21 Accountant Ambassadors were paired up with the programme mentees and a seminar was hosted for both students and their mentors on financial education.

Kiddie-Family Moneyland education programme

The Institute also participated in Kiddie-Family Moneyland education programme, organized by the Hong Kong Monetary Authority (HKMA) and the Hong Kong Institute of Vocational Education, while it resumed to normal after the prolonged COVID-19 pandemic. Accountant Ambassadors are representatives of the Institute for hosting family budgeting seminars for programme participating parents.

Hong Kong Money Month and Global Money Week 2023

For the third consecutive year, the Institute was one of the supporting organizations of "Hong Kong Money Month". Organized by the IFEC, the event aims to promote financial literacy, which echoes the Institute's efforts in financial education.

In March 2023, the Institute also extended its support to "Global Money Week 2023" organized by the International Network on Financial Education of the Organization for Economic Co-operation and Development.

Millennium Entrepreneurship Programme

The Institute was once again one of the supporting organizations of the Millennium Entrepreneurship Programme organized by Wofoo Social Enterprises this year. The programme aims to prepare the younger generation to become future entrepreneurs. With the topic "Adapting Web 3.0 for the Society Advancement", participating students formed teams which explored the theme in relation to four areas including wellness, education, cultural preservation, and people connection. The programme successfully concluded in March 2023.

CPA for NGO: promoting best CG in NGOs

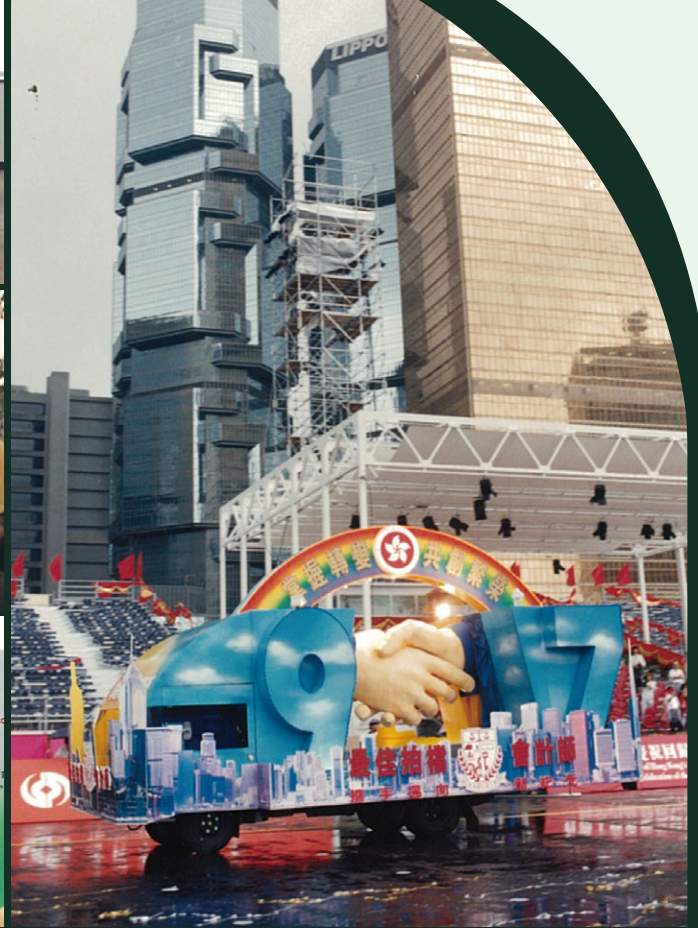
Four members of the legacy Community Services Working Group represented the Institute to sit in an expert group formed by the Hong Kong Council of Social Service (HKCSS) to produce the 4th concise guide for NGOs on "Financial Reporting and Disclosure". The concise guide was published in early August 2022 while the online version has been made available on the webpage of the HKCSS' NGO Governance Platform Project.

Other social services

Free Public Advisory Service Scheme

The Free Public Advisory Service Scheme offers weekly sessions for members of the public to meet CPAs face-to-face and receive pro-bono accounting-related advice. Service leaflets and application forms are available at 20 Home Affairs Enquiry Centres and the Hong Kong Trade Development Council SME Centre.

Our efforts in corporate social responsibility demonstrate our dedication to serving Hong Kong's present and its future.



FINANCES AND OPERATIONS

Members of the Institute have played an instrumental role in shaping the growth and sustainability of our organization over the past 50 years. Their unwavering dedication and contributions have laid a strong foundation that has enabled the Institute to deliver exceptional value to our members, stakeholders, and the wider profession. As a positive force within the public realm, we have championed the highest standards of professionalism, contributed to the advancement of the accounting field, and played an active role in shaping the economic landscape of Hong Kong.

The efficient and financially prudent operation of the Institute ensure that it is able to deliver the services to members, while performing its statutory roles as an organization acting in the public interest.

Finances

The Institute has been in a deficit situation for a few years. By adopting various re-engineering initiatives, the financial viability continued to improve. The financial results in this year is returning to a surplus of HK\$54 million (2022: HK\$13 million) for a second consecutive year after a break-even in 2022. Cost saving measures, non-recurrent items and additional income achieved by re-engineering initiatives were the key contributors for the resulting surplus, which was further supported by lower staff costs.

Income

Subscriptions and fees are the key

income sources of the Institute. With the regulatory functions of the Institute transferred to the Accounting and Financial Reporting Council from October 2022 onwards, the Institute no longer collects fees previously received from practice units and practising certificate holders, which represented one-third of the annual subscriptions and fees. As such, the subscriptions and fees for this financial year dropped to HK\$144 million representing the impact of half a year since the change (2022: HK\$156 million). The decrease was slightly alleviated by the membership fee adjustment in 2023.

Beyond subscriptions and fees, fees for examinations, and seminar and courses represent two major income sources for the Institute. The income from examinations reduced to HK\$57 million (2022: HK\$66 million), mainly due to lower enrolment numbers as a result of the drop in student numbers. The income from seminar and courses remained stable at HK\$15 million (2022: HK\$15 million).

Previously, the Institute’s regulatory role contributed income through one-off cost recovery and disciplinary fines from regulatory cases. Income for this financial year was only HK\$3 million (2022: HK\$21 million) and will cease shortly as remaining disciplinary cases in progress are completed over the coming months.

Expenses

Total expenses dropped to HK\$191 million (2022: HK\$255 million). The Institute experienced a reduction in headcount and the subsequent staff costs after the regulatory reform. Like many organizations, the Institute also experienced high staff turnover during the year attributed to an improved employment market. The employee benefits cost incurred in this financial year was HK\$104 million (2022: HK\$141 million). In addition to non-recurrent savings on staff costs, cost saving measures on key segments and lower examination enrolment also contributed to the fall in overall expenses.

MANAGEMENT TEAM

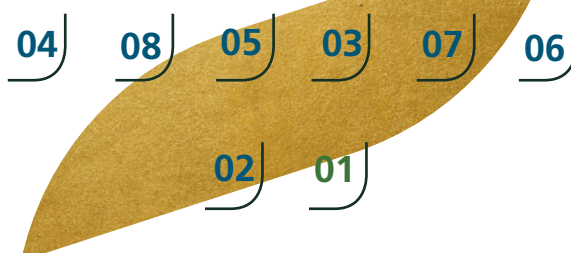


Chief Executive & Registrar

01 Margaret W.S. Chan

Directors

- 02 Chris Joy
- 03 Peter Tisman *Advocacy and Practice Development*
- 04 Rebecca Tam *Corporate Communications*
- 05 Kit Wong *Education and Training*
- 06 Herbert Yung *Member Engagement*
- 07 Elaine Chung *Membership and Admission*
- 08 Cecilia Kwei *Standard Setting*



Financial position

The Institute has a net assets balance of HK\$461 million (2022: HK\$225 million), with HK\$175 million representing the difference between the carrying amount and fair value of a portion of owner-occupied property that was transferred from fixed assets to investment property during the year. Benefitting from rising interest rates and prudent working capital management, total cash balance was maintained at HK\$248 million, up from HK\$206 million.

Looking ahead, the Institute faces long term challenges with the loss of revenue from the regulatory functions as well as a shrinkage in the Qualification Programme (QP) student population. To maintain its functions and activities, various measures have been identified, including further membership fee adjustments, performance improvements to key segments of QP and to the financial viability of key segments of continuing professional development (CPD) offerings to achieve breakeven in the ensuing years. By doing so, we intend to improve the Institute’s financial sustainability and secure a solid platform to better serve members and the profession.

Staffing

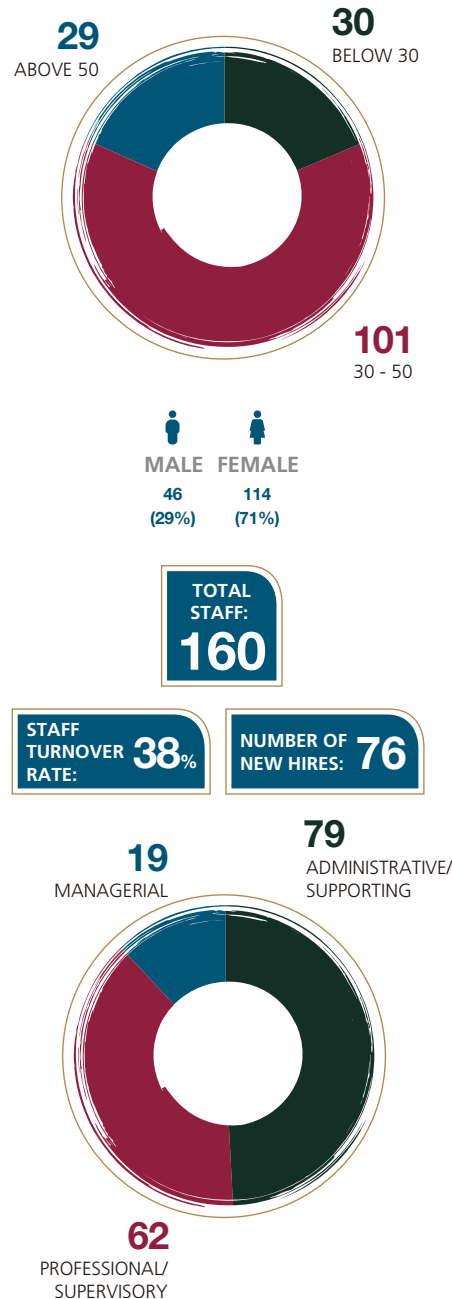
Institute’s management

The Institute’s staff play vital roles in ensuring its efficient operations. The Chief Executive together with a management team of a legal counsel and seven directors, lead a group of 160 staff.

Community engagement

Throughout the financial year, the Institute participated in Dress Casual Day and Skip Lunch Day organized by the Community Chest. About 25 staff members joined to show their support for the betterment of our local community. Additionally, the Institute offered staff members moon cakes made by Gingko House, a social enterprise that provides

KEY STAFFING FIGURES — AGE AND CAPACITY



employment opportunities to senior citizens in the community. All these community engagement activities make staff members feel good about supporting good causes and appreciate the importance of giving back to the community.

Staff well-being, engagement and communications

The Institute considers the well-being

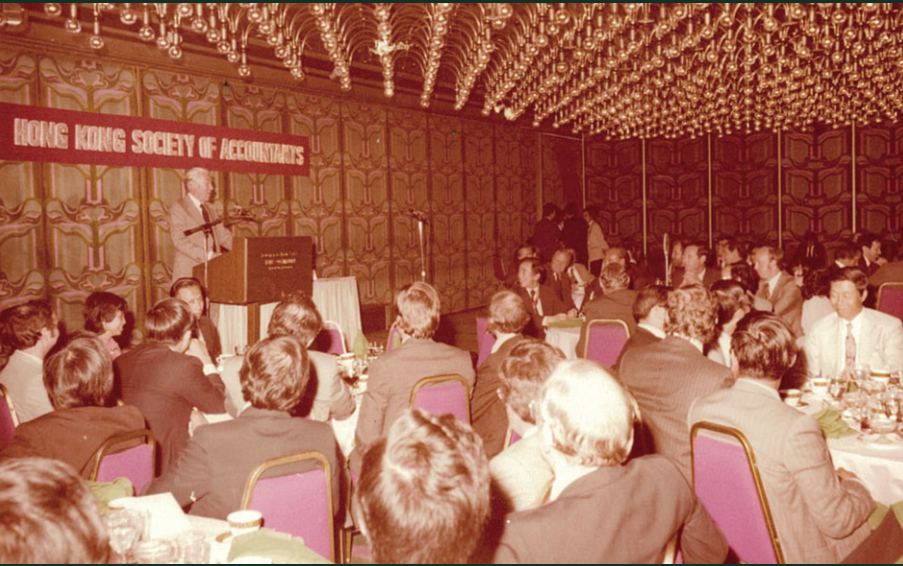
of staff members a priority. It provides staff members with group medical insurance coverage, long-term disability, and life insurance programmes. Moreover, the Institute offers employee assistance programmes that provide support to staff members and their families by giving them access to independent professionals who can help them address issues affecting their well-being. To further promote well-being, the Institute organized a series of webinars throughout the year, including health management of long COVID and stress management at work.

The Institute places great emphasis on staff engagement. The Institute’s internal core values are instilled in new staff members during their orientation programme. The Institute continues its regular communication with staff members via the Chief Executive’s emails and a dedicated staff information hub. In the wake of the COVID pandemic, the Institute has organized various staff activities, such as office parties, to promote a strong sense of cohesion and engagement.

The Institute also maintains regular communication with staff members via quarterly newsletters, and a dedicated staff information hub. The Institute offers long service awards to show appreciation to staff members for their service. In the financial year, eight staff members received an award for their five years of service, one staff member for 10 years, four staff members for 15 years, and three staff members for 25 years.

Training and development

The Institute recognizes the importance of continuous learning for the career advancement of staff members. According to professional requirements, staff members are encouraged to participate in external and internal training courses. About 350 enrolments for 147 external and CPD courses were recorded in the financial year.



CLIMATE AND SUSTAINABILITY

In the face of a rapidly changing world, the Institute acknowledges the vital importance of incorporating climate and sustainability aspects into the accounting profession. With its ongoing adaptation and evolution alongside the profession, the Institute remains steadfast in its dedication to advancing sustainable business practices, raising awareness, and offering guidance to members on environmental, social and governance issues. With a commitment to fostering a sustainable ethos, the Institute serves as a catalyst for progress, empowering accountants to embrace their responsibility in shaping a brighter and more sustainable world.

With the launch of the IFRS Sustainability Disclosure Standards, the connectivity between financial and sustainability reporting has been strengthened and the role of accountants in the sustainability agenda has become even more prominent. The Institute is committed to enabling the profession to contribute to global climate actions, as well as capturing opportunities for the development of our members.

This chapter highlights our sustainability efforts and progress, within our Institute and across various domains, with reference to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Governance

The Council is responsible for developing strategy and dedicating resources to address climate change and support the sustainable development of the profession and the Institute. Strategies in relation to sustainability had been established and incorporated into the Institute's strategic plan, and the related progress and achievements are reported to the Council on a regular basis.

At operational level, we have appointed a Sustainability Lead and established an internal Sustainability Task Force comprising cross-function representatives to oversee our sustainability performance and drive improvements in greening our operations. Our Sustainability Committee comprising of senior representatives from professional services firms, major corporations, academic institutions as well as the Stock Exchange of Hong Kong Limited, also supported the Institute in identifying the key sustainability issues that are relevant to the profession and in developing initiatives for building members' capacity and advocating best practices.

In February 2023, the standing Sustainability Advisory Panel was established under the Financial Reporting Standards Committee to support its works on sustainability reporting projects on the global stage and in Hong Kong. Leveraging the knowledge and experience of both sustainability and financial reporting experts in the panel, the Institute is well placed to conduct the related standard setting work as sustainability becomes an essential element in corporate disclosures.

Risk management

Sustainability considerations have been embedded into the Institute's Enterprise Risks Management mechanism (refer to page 32) which is overseen by the Council and Audit Committee. The management team conducts risk identification and assessment annually, and climate-related risks including both physical and transition risk factors were identified and discussed during the process. While climate risk is considered less significant to the Institute in view of our nature as compared with other business organizations, we have developed appropriate risk mitigation plans to minimize its impact to our operations, which include safeguarding our staff and visitors during the extreme weather conditions, regular review on policies in relation to low-carbon transition, improving energy efficiency and business continuity planning, as well as reducing our carbon emissions, among others.

Strategy

In 2023, as the Institute has pressed forward with its plans to be the Hong Kong sustainability standard setter (refer to page 51), we have enhanced the breadth and depth of our coverage in relation to sustainability throughout our various capacity building and advocacy initiatives, in order to support the development of the profession and contribute to the low-carbon transition of our economy.

We have enhanced the breadth and depth of our coverage in relation to sustainability throughout our various capacity building and advocacy initiatives, in order to support the development of the profession and contribute to the low-carbon transition of our economy.

Pre-qualification education

We recognize the need to raise the awareness of prospective accountants on sustainability matters and the importance of equipping them with fundamental knowledge thereon. As such, topics such as the essence of sustainability and climate change have consequently been included into our professional accountant qualification examination to ensure students learn about various sustainability considerations in business, as well as the related standards and frameworks.

Continuing professional development and trainings

To provide our members with the latest knowledge and developments, we established a Sustainability Education Working Group under our Sustainability Committee to continuously advise on various continuing professional development programmes catered to the plethora of roles our members play,

with the latest topics covered include net-zero transition, green finance, and the prevention of greenwashing. Meanwhile, in view of the launch of the IFRS Sustainability Disclosure Standards and subsequent enhanced disclosure requirements for Hong Kong listed companies in relation to climate, the Institute has developed a series of deep dive workshops with professional services firms that aim to provide members with the technical background and practical know-how on climate risk and reporting. Core elements in relation to the IFRS Sustainability Disclosure Standards and TCFD recommendations will be covered including climate risk assessment, scenario analysis, carbon accounting, decarbonization strategies, as well as data governance and reporting. These workshops are designed to be interactive, with sharings of real-life experiences to facilitate members' application in the workplace and contribution to their organization's net-zero transition.

Thought leadership pieces

Various sustainability-related articles as well as corporate case studies are published regularly in our *A Plus* magazine

for members. To facilitate members' self-learning and keep them up-to-date, we launched the ESG Information Centre on the Institute's website which contains the latest news on sustainability that is relevant to the accounting profession in Hong Kong, as well as a selection of other relevant resources.

Advocacy through awards

We also have the intention of raising awareness of the IFRS Sustainability Disclosure Standards through the Best Corporate Governance and ESG Awards, which were first launched in 2000. These awards form part of the Institute's advocacy for high standards of corporate governance and sustainability in the Hong Kong market. For the 2023 Awards, earlier in the year, we revised the assessment criteria having regard to some of the requirements expected to be included in the new IFRS standard on general requirements for disclosure of sustainability information. We also looked at the extent to which companies are setting and adhering to interim and long-term quantitative environmental, social and governance (ESG) targets.

Metrics and targets





In 2022, the Institute commenced its first carbon footprint exercise covering four major sources of emissions, including:

- *Use of electricity:* The use of purchased electricity at our Hong Kong office and training facilities at Wu Chung House to support our operations and member services.
- *Paper consumption:* Paper used for the printing of our publications, training and exam materials, as well as internal printing at our offices.
- *Business air travel:* Air-flights taken by the Institute's representatives and staff for necessary business purpose to Mainland China and overseas.
- *Employee commuting:* Daily travels of employees to and from our office using various means of transportation.

Carbon footprints across four financial years from 2019/20 to 2022/23 were calculated and the results are summarized as below:

GREENHOUSE GAS EMISSIONS FROM FY2019/20 TO FY2022/23

in metric tonnes of carbon dioxide equivalent (tCO₂e)

	FY2019/20	FY2020/21	FY2021/22	FY2022/23	% change over 4 years
Scope 2 – Indirect emissions from consumption of purchased electricity					
 Use of electricity	375	303	277	224	-40%
Scope 3 – Other indirect emissions					
 Paper consumption	52	41	38	29	-44%
 Business air travel	44	2	2	10	-77%
 Employee commuting	112	102	81	96	-14%
Total	583	448	398	359	-38%

Remarks: due to the nature of the Institute's operations, no material scope 1 emissions were generated. Please refer to the Sustainability within the Institute section of our website for the methodology of our carbon emissions calculations.

Our carbon emissions have decreased by 38.4% in FY2022/23 as compared with FY2019/20, with significant reductions noted across all our emission sources. These were mainly due to our continued decarbonization efforts and also partially owing to reduced headcount under the further regulatory reform. Highlights of our recent environmental initiatives are as follows:

Office space optimization – To enhance our operational and resource efficiency, we reviewed the usage of the office space and completed the remodeling projects to increase the utilization and reduce the energy use of each office floor. During the project, contractors were asked to implement environmental design and measures where possible, and relevant environmental, health and safety requirements were also clearly set out. About 20 percent of annual energy consumption could be saved upon the completion of the project.

Digitalization – We are in the progress of further digitalizing our operations and publications, which include our Qualification Programme and the *A Plus* magazine. This will allow us to save about

35 tonnes of papers and keep our paper use at a minimum.

Reduction of business air travels – We aim to further reduce our business air travel even after the travel restrictions are lifted as compared with the pre-COVID-19 levels in FY2019/20, by utilizing technology as much as possible and practicable. We believe this will bring a positive impact to our efficiency as well as environmental performance.

Other environmental initiatives – The Institute actively promotes recycling and reuse of resources, and has established a Green Corner and recycling stations to collect used paper, stationeries, glass and plastic bottles, aluminum cans as well as used batteries. To support the Energy Saving Charter on Indoor Temperature, the Institute has set and maintained an average indoor temperature at 24°C or higher in our office during the summers. All copy machines and computers of the Institute have been defaulted to energy saving mode when they are not in use. Our efforts have been recognized by the Environmental Campaign Committee who have issued the Wastewi\$e Energywi\$e Certificates.

Our way forward

To continue our decarbonization momentum and progress further towards our net-zero ambitions, we are committing to reducing 50 percent of our absolute carbon emissions by FY2024/25 as compared to the base-line year FY2019/20.

This requires additional efforts in identifying new carbon reduction measures. We believe that by having a clear tone at the top and enhancing our staff members' environmental awareness, we can achieve our goal in the years ahead.

AUDITOR'S REPORT & FINANCIAL STATEMENTS

HONG KONG INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

THE HKICPA TRUST FUND

THE HKICPA CHARITABLE FUND

INDEPENDENT AUDITOR'S REPORT



26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

TO THE MEMBERS OF HONG KONG INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (INCORPORATED IN HONG KONG UNDER THE PROFESSIONAL ACCOUNTANTS ORDINANCE)

OPINION

We have audited the financial statements of Hong Kong Institute of Certified Public Accountants (the "Institute") set out on pages 72 to 108, which comprise the statements of financial position of the Institute and its subsidiaries (collectively referred to as the "Group") and the Institute at 30 June 2023, and the statements of comprehensive income, the statements of changes in funds and reserves and the statements of cash flows of the Group and the Institute for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Institute at 30 June 2023, and of the financial performance and cash flows of the Group and of the Institute for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Institute and have been properly prepared in accordance with the Professional Accountants Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Institute. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the Institute's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The Council of the Institute is responsible for the other information. The other information comprises the information included in the Institute's 2023 annual report but does not include the financial statements of the Group and the Institute and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF COUNCIL FOR THE FINANCIAL STATEMENTS

The Council of the Institute is responsible for maintaining proper accounts and preparing the financial statements pursuant to the Professional Accountants Ordinance that give a true and fair view in accordance with HKFRSs issued by the Institute, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 16 of the Professional Accountants Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement director on the audit resulting in this independent auditor's report is Lam Kar Bo (Practising Certificate Number: P05453).

PKF Hong Kong Limited
Certified Public Accountants
Hong Kong
21 September 2023

STATEMENTS OF FINANCIAL POSITION

At 30 June 2023

	Note	Group		Institute	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Non-current assets					
Fixed assets	4	101,785	131,862	101,785	131,779
Investment property	5	200,000	–	200,000	–
Interests in subsidiaries	6	–	–	–	–
Prepayments for purchase of fixed assets		644	1,382	644	1,382
		302,429	133,244	302,429	133,161
Current assets					
Inventories		293	441	293	441
Receivables	8	3,955	3,084	3,946	3,039
Deposits and prepayments		11,840	12,341	11,840	12,341
Tax recoverable		–	185	–	185
Time deposits with original maturities over three months	22(a)	80,766	132,090	77,736	106,677
Cash and cash equivalents	9	196,312	102,381	170,352	99,077
		293,166	250,522	264,167	221,760
Current liabilities					
Contract liabilities	10	(67,369)	(84,586)	(67,369)	(84,586)
Payables and accruals	11	(36,599)	(45,094)	(36,648)	(43,764)
Lease liabilities	4	(694)	(1,184)	(694)	(1,110)
		(104,662)	(130,864)	(104,711)	(129,460)
Net current assets		188,504	119,658	159,456	92,300
Non-current liabilities					
Lease liabilities	4	(752)	(311)	(752)	(311)
Deferred tax liabilities	7	–	–	–	–
		(752)	(311)	(752)	(311)
Net assets		490,181	252,591	461,133	225,150
Funds and reserves					
General fund	12	102,968	47,866	79,930	26,304
Capital fund	12	212,231	204,856	206,221	198,846
Property revaluation reserve	5	174,982	–	174,982	–
Exchange reserve		–	(131)	–	–
		490,181	252,591	461,133	225,150

Approved by the Council on 21 September 2023

Fong Wan Huen, Loretta
President

Margaret W.S. Chan
Chief Executive & Registrar

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	Group		Institute	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Subscriptions and fees	13	143,999	156,367	143,999	156,367
Other revenue	14	77,078	81,702	77,078	81,702
Total revenue		221,077	238,069	221,077	238,069
Other income	15	23,450	30,455	22,671	30,345
Expenses		(189,845)	(254,760)	(190,542)	(255,024)
Loss on fair value change of investment property		(1,273)	–	(1,273)	–
Surplus before tax	17	53,409	13,764	51,933	13,390
Income tax credit	18	1,693	20	1,693	20
Surplus		55,102	13,784	53,626	13,410
Other comprehensive income					
<i>Items that will not be reclassified subsequently to surplus or deficit:</i>					
Gains on property revaluation upon transfer from fixed assets to investment property, net of tax impact of HK\$1,710,000 (2022: Nil)					
		174,982	–	174,982	–
<i>Items that may be reclassified subsequently to surplus or deficit:</i>					
Exchange differences on translating the financial statements of a foreign operation					
		43	15	–	–
Release of exchange reserve upon deregistration of a foreign operation					
		88	–	–	–
		175,113	15	174,982	–
Total comprehensive income		230,215	13,799	228,608	13,410

Approved by the Council on 21 September 2023

Fong Wan Huen, Loretta
President

Margaret W.S. Chan
Chief Executive & Registrar

STATEMENTS OF CHANGES IN FUNDS AND RESERVES

For the year ended 30 June 2023

	2023									
	Group					Institute				
	General fund HK\$'000	Capital fund HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Total HK\$'000	General fund HK\$'000	Capital fund HK\$'000	Property revaluation reserve HK\$'000	Total HK\$'000	
At 1 July 2022	47,866	204,856	-	(131)	252,591	26,304	198,846	-	225,150	
Surplus	55,102	-	-	-	55,102	53,626	-	-	53,626	
Other comprehensive income (net of tax)	-	-	174,982	131	175,113	-	-	174,982	174,982	
Total comprehensive income	55,102	-	174,982	131	230,215	53,626	-	174,982	228,608	
Capital levy from members and students	-	7,375	-	-	7,375	-	7,375	-	7,375	
At 30 June 2023	102,968	212,231	174,982	-	490,181	79,930	206,221	174,982	461,133	
	2022									
	Group					Institute				
	General fund HK\$'000	Capital fund HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Total HK\$'000	General fund HK\$'000	Capital fund HK\$'000	Property revaluation reserve HK\$'000	Total HK\$'000	
At 1 July 2021	34,082	197,449	-	(146)	231,385	12,894	191,439	-	204,333	
Surplus	13,784	-	-	-	13,784	13,410	-	-	13,410	
Other comprehensive income	-	-	-	15	15	-	-	-	-	
Total comprehensive income	13,784	-	-	15	13,799	13,410	-	-	13,410	
Capital levy from members and students	-	7,407	-	-	7,407	-	7,407	-	7,407	
At 30 June 2022	47,866	204,856	-	(131)	252,591	26,304	198,846	-	225,150	

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2023

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Cash flows from operating activities				
Surplus before tax	53,409	13,764	51,933	13,390
Adjustments for:				
Allowance for obsolete inventories	41	30	41	30
Obsolete inventories written off	109	7	109	7
Depreciation of fixed assets	12,170	19,184	12,095	18,629
Interest on lease liabilities	45	63	43	46
Impairment loss of receivables (net of recovery)	55	141	55	141
Loss on deregistration of a subsidiary	88	–	857	–
Loss on disposal of fixed assets	8	–	2	–
Loss on fair value change of investment property	1,273	–	1,273	–
Uncollectible amounts written off	–	91	–	91
Operating cash flows before working capital changes	67,198	33,280	66,408	32,334
Increase in inventories	(2)	(49)	(2)	(49)
Increase in receivables	(926)	(1,748)	(1,819)	(1,722)
Decrease/(increase) in deposits and prepayments	501	(1,243)	501	(1,293)
Decrease/(increase) in time deposits with original maturities over three months	51,324	(102,347)	28,941	(95,704)
(Decrease)/increase in contract liabilities	(17,217)	2,770	(17,217)	2,770
(Decrease)/increase in payables and accruals	(8,113)	1,866	(6,734)	2,621
Cash generated from/(used in) operations	92,765	(67,471)	70,078	(61,043)
Tax refunded	168	–	168	–
Net cash generated from/(used in) operating activities	92,933	(67,471)	70,246	(61,043)
Cash flows from investing activities				
Capital expenditure in respect of investment property	(1,273)	–	(1,273)	–
Purchase of fixed assets	(3,179)	(3,780)	(3,179)	(3,780)
Prepayments for purchase of fixed assets	(644)	(1,382)	(644)	(1,382)
Net cash used in investing activities	(5,096)	(5,162)	(5,096)	(5,162)
Cash flows from financing activities				
Lease payments (note 4)	(1,322)	(2,109)	(1,250)	(1,519)
Capital levy received	7,375	7,407	7,375	7,407
Net cash generated from financing activities	6,053	5,298	6,125	5,888
Net increase/(decrease) in cash and cash equivalents	93,890	(67,335)	71,275	(60,317)
Cash and cash equivalents at the beginning of the reporting period	102,381	169,697	99,077	159,394
Exchange difference in respect of cash and cash equivalents	41	19	–	–
Cash and cash equivalents at the end of the reporting period (note 9)	196,312	102,381	170,352	99,077

Non-cash transactions (financing or investing activities):

During the current year, the Group and the Institute acquired fixed assets of HK\$1,275,000 (2022: HK\$1,639,000) by means of leases. At 30 June 2023, Nil (2022: HK\$382,000) for additions of owned assets was included in "Payables and accruals" for the Group and the Institute.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. PRINCIPAL ACTIVITIES AND REGISTERED OFFICE

The Group refers to Hong Kong Institute of Certified Public Accountants (the "Institute") and its subsidiaries: HKICPA (Beijing) Consulting Co., Ltd. ("HKICPA Beijing"), The HKICPA Trust Fund (the "Trust Fund"), The HKICPA Charitable Fund (the "Charitable Fund") and Hong Kong Institute of Accredited Accounting Technicians Limited ("HKIAAT") and its subsidiary, The HKIAAT Trust Fund (collectively referred to as the "HKIAAT Group").

The Institute is a body corporate incorporated in Hong Kong on 1 January 1973 under the Professional Accountants Ordinance with its registered office located at 37th floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong. Its principal activities include, *inter alia*, the registration of certified public accountants, firms of certified public accountants and corporate practices and the issuance of practising certificates; the development and promulgation of financial reporting, auditing and assurance, and ethical standards and guidelines; the regulation of the practice of the accountancy profession; the operation and promotion of the Institute's qualification programme and professional examinations; representing the views of the profession; providing membership and student support services and preserving the profession's integrity and status. Under the further reform of the regulatory regime of the accounting profession effective from 1 October 2022, the regulatory functions and licensing of the practice units were transferred to the Accounting and Financial Reporting Council ("AFRC").

HKICPA Beijing was incorporated as a wholly foreign-owned enterprise ("WFOE") in the People's Republic of China (the "PRC"). Its principal activities were the promotion of the Institute's qualification programme and provision of services to members in PRC. In order to comply with the Foreign Non-Governmental Organization (NGO) Law which took effect on 5 November 2017, the Council passed the resolution on 21 July 2020 to establish two representative offices ("RO") in Mainland China to replace the WFOE. The Guangdong RO and Beijing RO were set up on 8 July 2021 and 7 January 2022 respectively. The WFOE was deregistered on 6 January 2023.

The Trust Fund was formed under a trust deed dated 21 January 1998. The fund was set up for the relief of poverty of members of the Institute. Its trustees are the president, the immediate past president, a vice president and a past president of the Institute. The power to appoint and remove trustees is vested with the Institute.

The Charitable Fund was formed under a trust deed dated 2 December 2001 for general charitable purposes. Its trustees are the president, the immediate past president and the chief executive of the Institute. The power to appoint and remove trustees is vested with the Institute.

HKIAAT is incorporated in Hong Kong under the Hong Kong Companies Ordinance as a company limited by guarantee. Its principal activities are the award of the "Accredited Accounting Technician" qualification through conducting professional examinations, offering quality services to members and students, accrediting relevant sub-degree qualifications and promoting the study of accountancy among sub-degree holders and secondary school students. The examinations held by HKIAAT were restructured under the Institute as the Associate Level of the new Qualification Programme. HKIAAT ceased to hold examinations after 31 December 2019 and the registers for Accredited Accounting Technician members and students will be transferred to and kept by the Institute. During the year, the Board members of HKIAAT approved to commence the dissolution of HKIAAT.

The HKIAAT Trust Fund was formed under a trust deed dated 21 June 1999 for educational purposes and in particular for the provision of scholarships to persons studying for the examinations held by HKIAAT. It is no longer actively operating subsequent to the re-organization of the Group's educational policy and the cessation of all HKIAAT examinations after 31 December 2019. The tax exemption status under section 88 of the Inland Revenue Ordinance was withdrawn as a result. Its trustees are the president, the immediate past president and a vice president of HKIAAT. The power to appoint and remove trustees is vested with HKIAAT.

The Institute is seeking an exemption from Hong Kong Profits Tax under section 88 of the Inland Revenue Ordinance for the establishment of a HKICPA Charitable Trust (the "Trust"), which is intended to take over the functions and assets of the Trust Fund, the Charitable Fund and The HKIAAT Trust Fund to reduce the time and resources of administering three separate trusts. The Trust will be established upon granting of the exemption. Subject to the granting of the exemption, it is expected that the establishment of the Trust and the dissolution of the Trust Fund, the Charitable Fund and The HKIAAT Trust Fund would be completed in the next financial year.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Institute, accounting principles generally accepted in Hong Kong and the requirements of the Professional Accountants Ordinance. These financial statements have been prepared under the historical cost convention, except for the investment property that is measured at fair value at the end of each reporting period. All amounts are rounded to the nearest thousand except where otherwise indicated.

Adoption of new/revised HKFRSs

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 financial statements. New/revised HKFRSs that were issued and adopted by the Group and the Institute during the current year and after 30 June 2023 are disclosed in note 2(b).

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with HKFRSs requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The critical accounting estimates and assumptions are summarized below:

Depreciation

The residual values, useful lives and depreciation method applied in the recognition of depreciation are reviewed, and adjusted, if appropriate, at least at the end of each reporting period. In arriving at the depreciation charges, management has applied estimates to the residual values and useful life of each class of fixed assets. Depreciation is provided on a straight-line basis over the useful life of each class of fixed assets. Depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

Details of the Group's and the Institute's depreciation policy are set forth in note 2(h).

Fair value of investment property

Investment property is carried in the statements of financial position at 30 June 2023 at its fair value of HK\$200,000,000 (2022: Nil). The fair value of investment property was determined based on valuation on the property conducted by an independent valuer using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in change in the fair value of the investment property and corresponding adjustment to the amount of gain or loss reported in the statements of comprehensive income.

Further details of these judgement and assumptions have been disclosed in note 5.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default. The Group uses judgement in making these assumptions based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period. Details of impairment assessment is set in note 22(b).

(b) New/revised HKFRSs that were issued during the current year and after 30 June 2023

All new/revised HKFRSs issued by the Institute on or before 30 June 2022 had been early adopted by the Group and the Institute in prior years. The new/revised HKFRSs issued during the current year have no impact to the Group and the Institute.

The revised HKFRSs issued after 30 June 2023 and up to the date of approval of these financial statements have been early adopted by the Group, and have no significant impact to the Group and the Institute.

(c) Basis of consolidation and subsidiaries

The consolidated financial statements include the financial statements of the Institute and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Institute using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

A subsidiary is an entity over which the Institute has control. The Institute controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the Institute's statement of financial position, interests in subsidiaries are stated at cost less impairment charges.

(d) Financial instruments

Financial assets and financial liabilities are recognized in the statements of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities within the scope of HKFRS 9 are initially measured at fair value and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition, except for financial assets and financial liabilities at fair value through surplus or deficit, for which transaction costs are recognized in surplus or deficit directly.

The Group's financial assets, including receivables, deposits, time deposits with original maturities over three months and cash and cash equivalents, are subsequently measured at amortized cost using the effective interest method, less identified loss allowances (see note 2(e)) as the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities include payables, amounts due to subsidiaries, accruals and lease liabilities. All financial liabilities are subsequently measured at amortized cost using the effective interest method, except for lease liabilities as stated in note 2(j).

(e) Impairment of financial assets

The Group recognizes loss allowances for expected credit loss ("ECL") on the financial assets measured at amortized cost. The Group considers the probability of default upon initial recognition of financial assets and assesses whether there has been a significant increase in credit risk on an ongoing basis.

The Group considers the credit risk on a financial instrument is low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfill its contractual cash flow obligations.

The carrying amount of the receivables is reduced through the use of the receivable impairment charges account. Changes in the carrying amount of the receivable impairment charges account are recognized in surplus or deficit. The receivable is written off against the receivable impairment charges account when the Group has no reasonable expectations of recovering the receivable.

If, in a subsequent period, the amount of ECLs decreases, the reversal would be recognized in surplus or deficit or adjusted to the loss allowances account for receivables.

(f) Derecognition of financial assets and financial liabilities

Financial assets are derecognized when the contractual rights to receive the cash flows of the financial assets expire.

Financial liabilities are derecognized when they are extinguished, i.e. when the obligation is discharged, cancelled or expires.

(g) Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that assets may be impaired or an impairment charge previously recognized no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use. An impairment charge is recognized in surplus or deficit whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount and which results in an increase in the recoverable amount. A reversal of impairment charges is limited to the asset's carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are credited to surplus or deficit in the period in which the reversals are recognized.

(h) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment charges. The cost of an item of fixed assets comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any cost directly attributable to bringing the item of fixed assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after the item of fixed assets has been put into operation, such as repairs and maintenance cost, is normally charged to surplus or deficit in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure is capitalized as an additional cost to that asset or as a replacement. An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in surplus or deficit in the period the item is derecognized, is the difference between the net disposal proceeds and the carrying amount of the item.

Depreciation of fixed assets is calculated to write off their depreciable amounts over their estimated useful lives using the straight-line method. Depreciable amount is the cost of an asset less its residual value. The residual values, useful lives of assets and the depreciation method are reviewed at least at the end of each reporting period and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate. If the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation is charged.

The estimated useful lives of fixed assets are as follows:

Owned assets

Buildings	Over the shorter of the useful life and the lease term of leasehold land on which the buildings are erected
Leasehold improvements	10 years or over the lease term whichever is shorter
Furniture, fixtures and equipment	3 to 10 years

Right-of-use assets

Leasehold land	Over the lease term
Leased premises	Over the lease term
Furniture, fixtures and equipment	Over the lease term

Items of capital nature costing less than HK\$1,000 are recognized as expenses in the period of acquisition.

(i) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

If a property occupied by the Group as an owner-occupied property becomes an investment property because its use has changed as evidenced by end of owner-occupation, the Group accounts for such property in accordance with the policy stated under "Fixed assets" for owned property and/or accounts for such property in accordance with the policy stated under "Leases" for property held as a right-of-use asset up to the date of change in use.

At the date of such transfer, any difference between the carrying amount and the fair value of that property (including the relevant leasehold land classified as right-of-use assets and owned property classified as owned assets) is recognized in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant property revaluation reserve will be transferred directly to general fund.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in surplus or deficit in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the period in which the property is derecognized.

(j) Leases

All leases with a term of more than 12 months are recognized (i.e. an asset representing the right to use of the underlying asset and a liability representing the obligation to make lease payments), unless the underlying asset is of low value or short term leases (defined as leases with a lease term of 12 months or less). Both the asset and the liability are initially measured on a present value basis. Right-of-use assets (other than those classified as investment property and measured at fair value model) are recognized under fixed assets and are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the assets and the lease term. Lease liabilities are initially measured at the present value of unpaid lease payments and subsequently adjusted by the effect of the interest accretion and the settlement of the lease liabilities, and the re-measurement arising from any reassessment of the lease liabilities or lease modifications. Lease payments on short term leases and leases of low value assets are recognized as an expense on a straight-line or another systematic basis over the lease term.

(k) Inventories

Inventories, comprising publications and souvenirs held for sale, are stated at the lower of cost determined on a weighted average basis, and net realizable value. Cost includes direct costs of purchases and incidental costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less all estimated costs to be incurred prior to sale.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and deposits with banks and other financial institutions having a maturity of three months or less at acquisition.

(m) Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(n) Capital levy

The capital levy is an equity contribution from members and students, and is taken to the capital fund in the period of receipt.

(o) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Institute and its subsidiaries are measured using the currency of the primary environment in which the Institute and its subsidiaries operate respectively (the “functional currency”). These financial statements are presented in Hong Kong dollars, which is the Institute’s functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates ruling at the transaction dates. Monetary items denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. The transaction date is the date on which the Group initially recognizes such non-monetary items. All exchange differences are recognized in surplus or deficit.

For the purposes of presenting the financial statements, the assets and liabilities of the Group’s foreign operations are translated into Hong Kong dollars at the rate of exchange prevailing at the end of the reporting period, their income and expenses are translated at the average exchange rates for the period, and the resulting exchange differences are included in exchange reserve. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation recognized in exchange reserve and accumulated in a separate component of funds and reserves is reclassified to surplus or deficit.

(p) Revenue and income recognition

Interest income from bank deposits and savings accounts is recognized as it accrues using the effective interest method.

The recognition of revenue from contracts with customers is based on the performance obligations identified in the contracts. Revenue is recognized when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer who obtains the control of the asset:

(i) Annual subscription fees are recognized over time on a straight-line basis over the subscription period as the customers simultaneously receive and consume the benefits of goods or services provided by the Group.

(ii) First registration fees are recognized at a point in time on completion of assessment services by granting the qualification and status to the applicants.

(iii) Income from examinations is recognized over time based on the cost-to-cost method as the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

(iv) Income from seminars and courses, member and student activities is recognized over time as the services are rendered.

(v) Service and accreditation income are recognized at a point in time on completion of services.

(vi) Revenue from the sales of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the books.

The Group has applied the practical expedient and thus has not adjusted the promised amount of consideration for the effects of any significant financing components because the Group does not expect, at contract inception, the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year.

(q) Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant and subsidy relate to an asset, the fair value is credited to a deferred income account and is released to surplus or deficit over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to surplus or deficit by way of a reduced depreciation charge.

(r) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable surplus for the period. Taxable surplus differs from surplus as reported in the statements of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus, and is accounted for using the liability method. Except to the extent that the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination, at the time of the transaction, affects neither accounting nor taxable profit or loss, and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable surplus will be available against which deductible temporary differences, tax losses and credits can be utilized. However, deferred tax liabilities are not recognized for taxable temporary differences arising on interests in subsidiaries where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For the purposes of measuring deferred taxation for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to surplus or deficit.

(s) Employee benefits

(i) Short term employee benefits

Salaries, annual bonuses and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

(ii) Retirement benefits costs

The Group operates three approved defined contribution retirement benefits schemes for employees: a registered scheme under Mandatory Provident Fund ("MPF") Exempted Occupational Retirement Schemes Ordinance, an MPF scheme under the Mandatory Provident Fund Schemes Ordinance and the People's Republic of China central pension scheme.

The contributions payable to the Group's defined contribution retirement benefits schemes are charged to surplus or deficit as incurred.

(iii) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. An accrual is made for the estimated liability for unused annual leave as a result of services rendered by the employees up to the end of the reporting period.

(t) Related parties

A related party is a person or entity that is related to the Group.

- (i) A person or a close member of that person's family is related to the Group if that person:
- (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group.
- (ii) An entity is related to the Group if any of the following conditions applies:
- (a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (f) The entity is controlled or jointly controlled by a person identified in (i).
 - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of financial instruments at the end of the reporting period are as follows:

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Financial assets – measured at amortized cost				
Receivables, net of loss allowances	3,955	3,084	3,946	3,039
Deposits	1,522	1,130	1,522	1,130
Time deposits with original maturities over three months	80,766	132,090	77,736	106,677
Cash and cash equivalents	196,312	102,381	170,352	99,077
	282,555	238,685	253,556	209,923
Financial liabilities – measured at amortized cost				
Payables	4,586	5,803	4,586	5,674
Amounts due to subsidiaries	–	–	50	215
Accruals	11,450	10,591	11,450	10,591
Lease liabilities				
– Current	694	1,184	694	1,110
– Non-current	752	311	752	311
	17,482	17,889	17,532	17,901

The carrying amounts of the Group's and the Institute's financial instruments at the end of the reporting period approximate their fair value.

4. FIXED ASSETS AND LEASE LIABILITIES

	Right-of-use assets			
	Leasehold land HK\$'000 (a)	Leased premises HK\$'000 (b)	Furniture, fixtures and equipment HK\$'000 (c)	Total HK\$'000
2023 – Group				
Net book value at 1 July 2022	109,903	1,213	263	111,379
Additions	–	448	827	1,275
Depreciation	(3,810)	(947)	(330)	(5,087)
Disposal	–	–	–	–
Transfer to investment property	(21,715)	–	–	(21,715)
Exchange realignment	–	(43)	–	(43)
Net book value at 30 June 2023	84,378	671	760	85,809
At cost	147,690	2,087	827	150,604
Accumulated depreciation and impairment	(63,312)	(1,416)	(67)	(64,795)
	84,378	671	760	85,809
2023 – Institute				
Net book value at 1 July 2022	109,903	1,145	263	111,311
Additions	–	448	827	1,275
Depreciation	(3,810)	(879)	(330)	(5,019)
Disposal	–	–	–	–
Transfer to investment property	(21,715)	–	–	(21,715)
Exchange realignment	–	(43)	–	(43)
Net book value at 30 June 2023	84,378	671	760	85,809
At cost	147,690	2,087	827	150,604
Accumulated depreciation and impairment	(63,312)	(1,416)	(67)	(64,795)
	84,378	671	760	85,809

Owned assets					
Buildings HK\$'000 (a)	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Total HK\$'000	Total HK\$'000	
8,325	2,330	9,828	20,483	131,862	
–	3,192	987	4,179	5,454	
(288)	(761)	(6,034)	(7,083)	(12,170)	
–	(1)	(7)	(8)	(8)	
(1,593)	–	–	(1,593)	(23,308)	
–	–	(2)	(2)	(45)	
6,444	4,760	4,772	15,976	101,785	
35,050 (28,606)	30,938 (26,178)	79,048 (74,276)	145,036 (129,060)	295,640 (193,855)	
6,444	4,760	4,772	15,976	101,785	
8,325	2,329	9,814	20,468	131,779	
–	3,192	987	4,179	5,454	
(288)	(761)	(6,027)	(7,076)	(12,095)	
–	–	(2)	(2)	(2)	
(1,593)	–	–	(1,593)	(23,308)	
–	–	–	–	(43)	
6,444	4,760	4,772	15,976	101,785	
35,050 (28,606)	30,938 (26,178)	78,572 (73,800)	144,560 (128,584)	295,164 (193,379)	
6,444	4,760	4,772	15,976	101,785	

	Right-of-use assets			
	Leasehold land <i>HK\$'000</i> (a)	Leased premises <i>HK\$'000</i> (b)	Furniture, fixtures and equipment <i>HK\$'000</i> (c)	Total <i>HK\$'000</i>
<u>2022 – Group</u>				
Net book value at 1 July 2021	114,301	1,231	623	116,155
Additions	–	1,639	–	1,639
Depreciation	(4,398)	(1,659)	(360)	(6,417)
Exchange realignment	–	2	–	2
Net book value at 30 June 2022	109,903	1,213	263	111,379
At cost	184,669	3,246	777	188,692
Accumulated depreciation and impairment	(74,766)	(2,033)	(514)	(77,313)
	109,903	1,213	263	111,379
<u>2022 – Institute</u>				
Net book value at 1 July 2021	114,301	611	623	115,535
Additions	–	1,639	–	1,639
Depreciation	(4,398)	(1,105)	(360)	(5,863)
Net book value at 30 June 2022	109,903	1,145	263	111,311
At cost	184,669	3,150	777	188,596
Accumulated depreciation and impairment	(74,766)	(2,005)	(514)	(77,285)
	109,903	1,145	263	111,311

Owned assets					
Buildings HK\$'000 (a)	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Total HK\$'000	Total HK\$'000	Total HK\$'000
8,658	2,930	16,862	28,450	144,605	
–	–	4,800	4,800	6,439	
(333)	(600)	(11,834)	(12,767)	(19,184)	
–	–	–	–	2	
<u>8,325</u>	<u>2,330</u>	<u>9,828</u>	<u>20,483</u>	<u>131,862</u>	
43,255	27,819	79,502	150,576	339,268	
(34,930)	(25,489)	(69,674)	(130,093)	(207,406)	
<u>8,325</u>	<u>2,330</u>	<u>9,828</u>	<u>20,483</u>	<u>131,862</u>	
8,658	2,929	16,847	28,434	143,969	
–	–	4,800	4,800	6,439	
(333)	(600)	(11,833)	(12,766)	(18,629)	
<u>8,325</u>	<u>2,329</u>	<u>9,814</u>	<u>20,468</u>	<u>131,779</u>	
43,255	27,746	78,712	149,713	338,309	
(34,930)	(25,417)	(68,898)	(129,245)	(206,530)	
<u>8,325</u>	<u>2,329</u>	<u>9,814</u>	<u>20,468</u>	<u>131,779</u>	

For the year ended 30 June

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Interest on lease liabilities	45	63	43	46
Expense relating to short-term leases				
– Lease term of more than one month	1,184	911	1,258	940
– Lease term of one month or less (d)	6,290	12,429	6,290	12,429
Expense relating to variable lease payments not included in the measurement of lease liabilities (c)	2	85	2	85
Total cash outflow for leases				
– Lease liabilities	1,322	2,109	1,250	1,519
– Short-term lease and variable lease payments	7,296	14,482	7,370	14,511
	8,618	16,591	8,620	16,030

At 30 June

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Maturity profile of lease liabilities:				
– Within 1 year	757	1,218	757	1,143
– Between 1 to 2 years	461	316	461	316
– Between 2 to 3 years	332	–	332	–
Lease liabilities (undiscounted)	1,550	1,534	1,550	1,459
Discounted amount	(104)	(39)	(104)	(38)
Lease liabilities (discounted)	1,446	1,495	1,446	1,421
Current	694	1,184	694	1,110
Non-current	752	311	752	311
Lease liabilities (discounted)	1,446	1,495	1,446	1,421

Movements of the carrying amount of lease liabilities:

For the year ended 30 June

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
At the beginning of the reporting period	1,495	1,896	1,421	1,255
Non-cash changes:				
– Interest expense	45	63	43	46
– New leases	1,275	1,639	1,275	1,639
– Exchange differences	(47)	6	(43)	–
Cash payments	(1,322)	(2,109)	(1,250)	(1,519)
At the end of the reporting period	1,446	1,495	1,446	1,421

- (a) The Group's and the Institute's right-of-use in leasehold land represents prepaid lease payments. The leasehold land, together with the owned buildings held for own use, comprise the 37th floor and 27th floor of Wu Chung House located at 213 Queen's Road East, Wanchai, Hong Kong with a total gross area of 49,722 sq. ft. acquired on 8 July 2005 and 28 February 2006 respectively. The leasehold land is held on medium-term leases expiring on 30 June 2047. Leasehold land and owned building with a total gross area of 9,400 sq. ft. was transferred to investment property from November 2022 as the office space was released as rental property after office restacking (note 5). At 30 June 2023, the total gross area of leasehold land, together with the owned buildings held for own use is 40,322 sq. ft. (2022: 49,722 sq. ft.).
- (b) The Group entered into lease agreements in respect of premises at one (2022: two) industrial building for storage purpose in Hong Kong and two office buildings in Mainland China. The lease terms range from two to three years with no extension or termination options and all the lease payments are fixed.
- (c) The Institute entered into lease agreements in respect of copiers in Hong Kong. The lease term is two to three years with no extension or termination options. Apart from the fixed payments, the rentals of the copiers also include variable payments based on usage which are recognized in surplus or deficit in the period during which the expenses are incurred.
- (d) The Group entered into lease agreements in respect of venues for examination or event in Hong Kong and the PRC. The lease terms were mainly on daily basis with no extension or termination options.

5. INVESTMENT PROPERTY

Fair value

As at beginning of the reporting period	–
Transferred from fixed assets	200,000
Capital expenditure incurred	1,273
Loss on fair value change of investment property	(1,273)
As at end of the reporting period	200,000

Group and Institute	
2023	2022
HK\$'000	HK\$'000
–	–
200,000	–
1,273	–
(1,273)	–
200,000	–

In November 2022, fixed assets with carrying amount of HK\$23,308,000 was transferred to investment property at fair value of HK\$200,000,000, resulting in a pre-tax gain on property revaluation of HK\$176,692,000 recognized in other comprehensive income.

The management engaged a third party qualified valuer to perform the valuations and worked closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model.

The fair values of the Group's and the Institute's investment property at date of transfer and at 30 June 2023 have been arrived at on the basis of valuation carried out by RHL Appraisal Limited, independent valuer not connected with the Group. Both valuations conform to International Valuation Standards.

At date of transfer and at 30 June 2023, the fair values are grouped under level 3 as their measurements involve significant unobservable inputs. They are determined based on the market comparable approach. Market comparable approach is arrived at by reference to comparable market transactions and suppose that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowance for variable factors.

The following table gives information about how the fair value of the investment property is determined at 30 June 2023 (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurement is categorized based on the degree to which the inputs to the fair value measurements is observable.

Investment property	Fair value as at 30 June		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range	Relationships of unobservable inputs to fair value
	Group and Institute						
	2023 HK\$'000	2022 HK\$'000					
Office units on 27/F of Wu Chung House	200,000	–	Level 3	Market comparable approach: based on market observable transactions of similar properties and adjusted to reflect the location and conditions of the subject property.	Price per square feet ("sq.ft."), using market direct comparables and taking into account of location and other individual factors such as floor level, timing of transaction, size and view of property, etc.	21,261 – 30,632 (HK\$/sq.ft.)	The higher the price per sq.ft., the higher the fair value.

There was no transfer into or out of level 3 during the year.

In estimating the fair value of the investment property, the highest and best use of the property is its current use.

6. INTERESTS IN SUBSIDIARIES

	Institute	
	2023 HK\$'000	2022 HK\$'000
At cost	–	300
Impairment charges	–	(300)
	–	–

Details of the Institute's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ establishment and operations	Registered and paid-up capital	Equity interest held	Principal activities
HKICPA (Beijing) Consulting Co., Ltd. (a)	The PRC	– (2022: HK\$300,000)	– (2022: 100%)	Promotion of the Institute's qualification programme and provision of services to members in the PRC
The HKICPA Trust Fund (a)	Hong Kong	–	(c)	Relief of poverty of members of the Institute
The HKICPA Charitable Fund (a)	Hong Kong	–	(c)	General charitable purposes
Hong Kong Institute of Accredited Accounting Technicians Limited (a)	Hong Kong	–	(c)	Award of the "Accredited Accounting Technician" qualification
The HKIAAT Trust Fund (b)	Hong Kong	–	(c)	Provision of scholarships to persons studying for the examinations held by HKIAAT

(a) Held/controlled directly by the Institute.

(b) Controlled directly by HKIAAT.

(c) Accounted for as a wholly-owned subsidiary and consolidated by virtue of control.

HKICPA Beijing was a wholly-owned subsidiary of the Institute incorporated as a foreign enterprise in the PRC. It was deregistered in January 2023 as stated in note 1.

The HKICPA Trust Fund and The HKICPA Charitable Fund were set up with no capital injection by the Institute.

HKIAAT was founded by former Council members on behalf of the Institute.

The HKIAAT Trust Fund was set up with no capital injection by HKIAAT.

Saved as disclosed in note 1, the Trust Fund, the Charitable Fund and The HKIAAT Trust Fund would be dissolved upon the establishment of the HKICPA Charitable Trust in the next financial year.

Nature and purpose of funds of subsidiaries

The general fund of HKIAAT of HK\$17,620,000 (2022: HK\$17,142,000) represents the accumulated surplus from the operation and the fund can be used to fulfill the objects of HKIAAT as set out in its Articles of Association. The information about the capital fund of HKIAAT is set out in note 12.

The HKICPA Trust Fund, The HKICPA Charitable Fund and The HKIAAT Trust Fund have accumulated funds in total of HK\$5,418,000 (2022: HK\$5,323,000), the use of which are restricted to the principal activities as outlined above and the provisions stipulated in the respective trust deeds.

Use of bank balances

Included in the Group's time deposits with original maturities over three months and cash and cash equivalents is an amount in total of HK\$28,990,000 (2022: HK\$28,717,000) which are held by the Institute's subsidiaries and have been designated solely for the operations of the subsidiaries pursuant to the terms of trust deeds or articles of association of these subsidiaries.

7. DEFERRED TAXATION

- (a) Details of deferred tax (liabilities)/assets recognized in the statements of financial position and the movements during the year are as follows:

	Group and Institute			
	Accelerated tax depreciation HK\$'000	Other temporary differences HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 July 2021	(4,156)	2,766	1,390	–
Credited/(charged) to surplus (note 18)	804	(446)	(358)	–
At 30 June 2022 and 1 July 2022	(3,352)	2,320	1,032	–
Charged to other comprehensive income	(1,710)	–	–	(1,710)
Credited/(charged) to surplus (note 18)	328	(785)	2,167	1,710
At 30 June 2023	(4,734)	1,535	3,199	–

- (b) Details of items for which no deferred tax assets are recognized at the end of the reporting period are as follows:

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Decelerated tax depreciation	11	12	–	–
Other deductible temporary differences, net	–	2,450	–	–
Tax losses	167,252	226,658	147,826	207,237
	167,263	229,120	147,826	207,237

No deferred tax assets are recognized by the Group and the Institute in respect of above unused tax losses and deductible temporary differences because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom. The tax losses do not have expiration dates under current tax legislation.

Unrecognized other deductible temporary differences of HK\$372,000 was utilized during the year ended 30 June 2023 and HK\$2,078,000 was written off upon the deregistration of HKICPA Beijing.

8. RECEIVABLES

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Disciplinary fines and costs recovery receivables	870	524	870	524
Loss allowances (a)	(413)	(358)	(413)	(358)
	457	166	457	166
Government grant receivables (note 15(a))	–	1,396	–	1,396
Other receivables	3,498	1,522	3,489	1,477
	3,955	3,084	3,946	3,039

Disciplinary fines and costs recovery receivables relate to a small number of respondents. These receivables and the related income are recognized at a point in time upon the expiry of 30 days after serving the disciplinary order on the respondents if no appeal is made during the 30-day period, or after the final determination of any appeal made by the respondent in accordance with section 38 of the Professional Accountants Ordinance. Demand letter will be issued to effect the debt.

The Group and the Institute have a robust debt recovery process. If there is no settlement from the respondent within 30 days after issuance of the demand letter, follow up actions will be taken which may escalate to legal action after several attempts of recovery actions. Management evaluates the probability of default on a case-by-case basis based on past experience taking into account the nature of the disciplinary actions and the financial ability of the respondent. For debtors where management believes there has been no significant increase in credit risk since initial recognition, the Group and the Institute adopt the 12-month ECL assessment. While for the remaining amounts, lifetime ECL assessment is adopted.

At the end of the reporting period, receivables of HK\$413,000 (2022: HK\$358,000) of the disciplinary fines and costs recovery is credit-impaired and loss allowance are fully provided for.

The Group and the Institute write off receivables when there is information indicating that the respondent is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the respondent has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over three years past due and all reasonable efforts have been exhausted, whichever occurs earlier.

Other receivables mainly include the settlement for credit card payments from banks, bank interest receivables and commission from professional indemnity insurance master policy.

For other receivables and government grant receivables, management considers that the counterparties are reputable and creditworthy organizations and there has been no record of default in the past. Accordingly, these receivables are assessed to have low credit risk and management has provided for the loss allowance based on 12-month ECL, which is assessed to be minimal at the end of the reporting period.

The Group and the Institute do not hold any collateral or other credit enhancements over these balances.

(a) Movements on the loss allowances of receivables are as follows:

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
At the beginning of the reporting period	358	217	358	217
Impairment loss (net of recovery) recognized during the year (note 17)	55	141	55	141
At the end of the reporting period	413	358	413	358

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the receivables, which approximates their fair value.

9. CASH AND CASH EQUIVALENTS

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Bank balances				
– Time deposits with original maturities within three months	134,186	72,985	133,212	72,985
– Savings accounts	33,424	11,007	10,027	9,700
– Current accounts	28,669	18,352	27,080	16,362
Cash on hand	33	37	33	30
	196,312	102,381	170,352	99,077

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are mainly made for three-month periods depending on the immediate cash requirement of the Group and the Institute and earn interest at the prevailing short-term deposit rates of 3.3% to 4.55% (2022: 0.11% to 1.05%) per annum.

Cash and cash equivalents of HK\$25,960,000 (2022: HK\$3,304,000) are held by the Institute's subsidiaries and have been designated solely for the operations of the subsidiaries pursuant to the terms of trust deeds or articles of association of these subsidiaries.

10. CONTRACT BALANCES

Contract assets/contract costs:

Since payments are received in advance, the Group and the Institute do not have any contract assets or receivables from contracts with customers. Besides, there are no significant costs to obtain or fulfill contracts with customers to be amortized.

Contract liabilities:

	Group and Institute	
	2023 HK\$'000	2022 HK\$'000
Subscription fees received in advance	57,482	74,497
Other fees received in advance	9,887	10,089
	67,369	84,586

The Institute charges their members and students an annual subscription fee for renewal of membership/studentship on a calendar-year basis (i.e. from 1 January to 31 December), which is recognized in surplus or deficit on a straight-line basis over the subscription period. The contract liabilities mainly relate to (1) the subscription fees received in advance which represent the unearned subscription income for the period from 1 July to 31 December of a year and (2) other fees received in advance which mainly relate to first registration applications to be assessed, and examinations and seminars to be conducted or to be completed after the end of the reporting period.

Above balances represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, most of which will be recognized as revenue during the next reporting period. No consideration from contracts with customers is excluded from the transaction price.

Significant changes in the balances of contract liabilities during the reporting period:

	Group and Institute	
	2023 HK\$'000	2022 HK\$'000
Decrease due to the recognition of revenue for contract liabilities at the beginning of the reporting period	(84,404)	(81,710)
Increase due to cash received during the reporting period	207,219	240,839
Decrease due to the recognition of revenue for cash received during the reporting period	(140,032)	(156,359)

11. PAYABLES AND ACCRUALS

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Payables	4,586	5,803	4,586	5,674
Amounts due to subsidiaries	–	–	50	215
Accruals	11,450	10,591	11,450	10,591
Financial liabilities	16,036	16,394	16,086	16,480
Employee benefits obligations	20,563	28,700	20,562	27,284
	36,599	45,094	36,648	43,764

Payables and accruals are mainly costs related to examinations, workshops, seminars and courses, publication cost of Annual Report.

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

The aging analysis of the Group's and the Institute's financial liabilities at the end of the reporting period is as follows:

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Within 30 days	13,326	15,360	13,376	15,446
Between 31 and 90 days	1,227	143	1,227	143
Between 91 and 180 days	59	14	59	14
Between 181 and 270 days	6	5	6	5
Over 270 days	1,418	872	1,418	872
	16,036	16,394	16,086	16,480

12. GENERAL FUND AND CAPITAL FUND

The general fund of the Institute represents the accumulated surplus from the operation and the fund can be used to fulfill the objects of the Institute as set out in section 7 of the Professional Accountants Ordinance.

The Group has two capital funds:

- (a) The capital fund of the Institute represents capital levy from its members and students for the purpose of financing the purchase, improvement and/or expansion of the Institute's office premises. The rates of levy are decided annually by the Council.
- (b) The capital fund of HKIAAT represents capital levy from its members and students to meet future office expansion. Effective from the year ended 30 June 2009, no capital levy has been collected.

13. SUBSCRIPTIONS AND FEES

	Group and Institute	
	2023 HK\$'000	2022 HK\$'000
Annual subscription fees		
Members	100,501	95,410
Practising certificates (a)	13,678	26,596
Students	8,455	7,527
Firms (a)	5,237	8,393
Corporate practices (a)	4,378	7,160
Others	2,562	2,336
First registration fees		
Members	5,642	4,793
Practising certificates (a)	399	833
Students	1,433	1,152
Firms (a)	49	88
Corporate practices (a)	121	263
Others	553	839
Other fees		
Advancement to fellowship	205	262
Assessment for overseas students	786	715
	143,999	156,367

- (a) Under the reform of the regulatory regime of the accounting profession effective from 1 October 2022, the regulatory functions and licensing of the practice units were transferred to the AFRC.

14. OTHER REVENUE

	Group and Institute	
	2023 HK\$'000	2022 HK\$'000
Income from examinations	56,875	65,782
Income from seminars and courses	15,411	15,472
Income from member and student activities	500	418
Accreditation income	–	30
Service income from AFRC IT project	4,292	–
	77,078	81,702

15. OTHER INCOME

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Commission from affinity credit card programme	89	83	89	83
Commission from professional indemnity insurance master policy	2,004	1,901	2,004	1,901
Disciplinary fines and costs recovery (c)	2,347	20,073	2,347	20,073
Donations	6	12	–	10
Events sponsorship	1,798	1,212	1,798	1,212
Exchange gains	80	–	67	–
Government grants (a)	2,178	3,153	2,178	3,153
Interest income	6,674	662	6,077	554
Income from advertisements placed in the journals	40	141	40	141
Hardcopy and administrative surcharge	1,139	971	1,139	971
Litigation costs recovery (b)	951	965	951	965
Miscellaneous	1,039	650	876	650
Recovery of obsolete inventories written off	100	22	100	22
Sales of goods	5,005	610	5,005	610
	23,450	30,455	22,671	30,345

(a) Government grants

During the current year, the Institute recognized HK\$1,596,000 and HK\$582,000 (2022: HK\$2,792,000 and HK\$361,000) as subsidies under the Employment Support Scheme launched by the HKSAR Government and the Professional Services Advancement Support Scheme respectively.

(b) Litigation costs recovery

	Group and Institute	
	2023	2022
	HK\$'000	HK\$'000
Litigation costs recovery for:		
Professional indemnity insurance recovery (i)	–	765
Appeal against disciplinary order (ii)	951	200
	951	965

(i) During the current year, the Institute recognized Nil (2022: HK\$765,000) as recovery from the insurers for settlement of legal costs and claims incurred in dealing with appeals against disciplinary orders.

(ii) During the current year, the Institute recovered HK\$951,000 (2022: HK\$200,000) as settlement from applicants who applied for appeal against disciplinary orders.

(c) Disciplinary fines and costs recovery

With the disciplinary function transferred to the AFRC as part of the regulatory reform for the profession effective from 1 October 2022, non-recurrent income from disciplinary fines and costs recovery will cease altogether upon the completion of the remaining disciplinary cases in progress.

16. INCOME AND EXPENSES BY ACTIVITY

The classification of the main activities were updated and refined to align with the latest strategic focuses of the Institute. Comparative figures have been reclassified to conform with current year's presentation.

An analysis of the Group's and the Institute's income and expenses, which included direct costs and staff costs, as well as allocated overheads based on utilization and headcount, by main activities is set out below:

2023

	Group			Institute		
	Income HK\$'000	Expenses HK\$'000	Surplus/ (deficit) before tax HK\$'000	Income HK\$'000	Expenses HK\$'000	Surplus/ (deficit) before tax HK\$'000
Qualification Programme	68,797	(63,140)	5,657	68,797	(63,140)	5,657
Members and Professional Associated Activities						
Membership (a)	135,283	(10,095)	125,188	135,283	(10,095)	125,188
Continuing professional development	15,611	(16,505)	(894)	15,611	(16,505)	(894)
Members activity	1,305	(9,925)	(8,620)	1,305	(9,976)	(8,671)
Standard setting and technical support	4,741	(16,497)	(11,756)	4,741	(16,497)	(11,756)
Advocacy for the profession	163	(4,583)	(4,420)	163	(4,583)	(4,420)
Corporate relation	515	(6,606)	(6,091)	515	(6,606)	(6,091)
Branding, communications and corporate event	1,345	(18,660)	(17,315)	1,345	(18,660)	(17,315)
	158,963	(82,871)	76,092	158,963	(82,922)	76,041
Constitution, Governance and Organization						
Enforcement and litigation (b)	3,298	(4,675)	(1,377)	3,298	(4,675)	(1,377)
Governance	-	(13,445)	(13,445)	-	(13,445)	(13,445)
Corporate and administration functions (c)	8,577	(24,237)	(15,660)	8,398	(24,961)	(16,563)
	11,875	(42,357)	(30,482)	11,696	(43,081)	(31,385)
AFRC IT project	4,292	(2,672)	1,620	4,292	(2,672)	1,620
HKIAAT Group	482	(4)	478	-	-	-
HKICPA Charitable Fund	6	(51)	(45)	-	-	-
HKICPA Trust Fund	112	(23)	89	-	-	-
Total	244,527	(191,118)	53,409	243,748	(191,815)	51,933

- (a) Subscriptions and fees from practice units of HK\$23,862,000 (2022: HK\$43,333,000) are included in the income of "Membership" of the Group and the Institute. The significant drop was due to the transfer of registration of practice units and public interest entity ("PIE") auditors to the AFRC effective from 1 October 2022.

- (b) With the regulatory functions taken over by the AFRC, the related headcounts were removed and the non-recurrent income from disciplinary function will cease altogether upon the completion of the remaining disciplinary cases in progress.
- (c) Corporate and administration functions was not allocated to the main activities. Income of this function mainly represents interest income and government subsidies under the Employment Support Scheme.

2022

	Group			Institute		
	Income HK\$'000	Expenses HK\$'000	Surplus/ (deficit) before tax HK\$'000	Income HK\$'000	Expenses HK\$'000	Surplus/ (deficit) before tax HK\$'000
Qualification Programme	76,547	(83,039)	(6,492)	76,547	(81,447)	(4,900)
Members and Professional Associated Activities						
Membership (a)	148,840	(13,358)	135,482	148,840	(13,358)	135,482
Continuing professional development	15,780	(21,065)	(5,285)	15,780	(21,065)	(5,285)
Members activity	1,029	(13,124)	(12,095)	1,029	(11,583)	(10,554)
Standard setting and technical support	169	(13,680)	(13,511)	169	(13,680)	(13,511)
Advocacy for the profession	425	(3,952)	(3,527)	425	(3,952)	(3,527)
Corporate relation	277	(5,952)	(5,675)	277	(5,952)	(5,675)
Branding, communications and corporate event	491	(18,185)	(17,694)	491	(18,185)	(17,694)
	167,011	(89,316)	77,695	167,011	(87,775)	79,236
Constitution, Governance and Organization						
Enforcement and litigation (b)	21,038	(49,026)	(27,988)	21,038	(49,026)	(27,988)
Governance	–	(9,658)	(9,658)	–	(9,658)	(9,658)
Corporate and administration functions (c)	3,818	(23,610)	(19,792)	3,818	(27,118)	(23,300)
	24,856	(82,294)	(57,438)	24,856	(85,802)	(60,946)
HKIAAT Group	93	(10)	83	–	–	–
HKICPA Charitable Fund	–	(81)	(81)	–	–	–
HKICPA Trust Fund	17	(20)	(3)	–	–	–
Total	268,524	(254,760)	13,764	268,414	(255,024)	13,390

17. SURPLUS BEFORE TAX

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Surplus before tax has been arrived at after charging/(crediting):				
Allowance for obsolete inventories	41	30	41	30
Auditor's remuneration	433	546	433	493
Cost of goods sold	1,814	84	1,814	84
Depreciation of fixed assets (note 4)	12,170	19,184	12,095	18,629
Donations (a)	–	–	50	50
Employee benefits (note 19)	103,920	143,415	103,885	140,978
Exchange (gains)/losses	(80)	12	(67)	10
Impairment loss of receivables (net of recovery) (note 8(a))	55	141	55	141
Interest on lease liabilities	45	63	43	46
Loss on disposal of fixed assets	8	–	2	–
Loss on deregistration of a subsidiary (note 6)	88	–	857	–
Loss on fair value change of investment property (note 5)	1,273	–	1,273	–
Obsolete inventories written off	109	7	109	7
Recovery of obsolete inventories written off	(100)	(22)	(100)	(22)
Legal costs for disciplinary and litigation cases	564	4,173	564	4,173
Uncollectible amounts written off	–	91	–	91

(a) During the current year, the Institute donated HK\$50,000 (2022: HK\$50,000) to The HKICPA Charitable Fund.

18. INCOME TAX CHARGE/(CREDIT)

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Current tax				
Provision for the year				
– PRC	17	–	17	–
Overprovision in prior year	–	(20)	–	(20)
	17	(20)	17	(20)
Deferred tax				
Credited for the year	(1,710)	–	(1,710)	–
Total tax credit	(1,693)	(20)	(1,693)	(20)

Hong Kong Profits Tax has not been provided as the Group's estimated assessable profits for the year is wholly absorbed by the unrelieved tax losses brought forward from previous years.

PRC income tax has been provided at 25% for the current year for the Group's ROs in accordance with the relevant tax laws in the PRC.

The reconciliation between income tax credit and surplus before tax at the applicable rate (i.e. the statutory tax rate for the jurisdiction in which the Institute and the majority of its subsidiaries are domiciled) is as follows:

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Surplus before tax	53,409	13,764	51,933	13,390
Tax at the applicable rate of 16.5% (2022: 16.5%)	8,812	2,271	8,569	2,210
Tax effect of different tax rate in the PRC	90	26	6	–
Tax effect of non-deductible expenses	912	548	886	534
Tax effect of non-assessable income	(1,623)	(643)	(1,362)	(612)
Utilization of unrecognized tax losses	(9,802)	(2,128)	(9,803)	(2,130)
Utilization of unrecognized deductible temporary differences	(93)	(72)	–	–
Overprovision in prior year	–	(20)	–	(20)
Others	11	(2)	11	(2)
Total tax credit	(1,693)	(20)	(1,693)	(20)

19. EMPLOYEE BENEFITS

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Employee benefits (including key management personnel remuneration):				
Salaries, wages, bonuses and allowances	98,911	135,991	98,887	133,698
Retirement benefits scheme contributions	5,009	7,424	4,998	7,280
	103,920	143,415	103,885	140,978
<u>Number of staff</u>				
At the beginning of the reporting period	188	213	184	209
At the end of the reporting period	160	188	160	184

On 9 June 2022, the third reading of a bill for abolition of MPF offsetting arrangement (the “Bill”) was passed in the Legislative Council of the HKSAR Government. Upon the abolition of the MPF offsetting arrangement (“Offsetting Arrangement”) starting from 1 May 2025, the Institute can no longer use the accrued benefits derived from its mandatory MPF contributions to offset an employee’s severance payment (“SP”) or long service payment (“LSP”). The abolition of the Offsetting Arrangement has no retrospective effect.

The Institute is in the process of assessing the financial impact of the Offsetting Arrangement to the Institute.

20. KEY MANAGEMENT PERSONNEL REMUNERATION AND EXECUTIVE REMUNERATION

- (a) Key management personnel comprise members of the Council and the Chief Executive and Registrar. Council members are not remunerated for both years.

	Group and Institute	
	2023 HK\$'000	2022 HK\$'000
Chief Executive and Registrar		
Salaries and allowances (i)	3,629	3,416
Performance based payment	553	325
Retirement benefits scheme contributions	18	18
	4,200	3,759

- (i) The amount includes accruals for gratuity, annual leave entitlements and other employee benefits. The difference was due to changes in unused annual leave and provision of other employee benefits.
- (b) The remuneration of the Chief Executive and Registrar, one Deputy Chief Executive and one Executive Director are within the following bands:

	Group and Institute Number of Executives	
	2023	2022
HK\$4,000,001 to HK\$4,500,000	1	–
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	–	2
HK\$1 to HK\$3,000,000	2	–
	3	3

The remuneration includes salaries, accruals for gratuity, annual leave entitlements, performance based payment, retirement and other employee benefits.

The Deputy Chief Executive and the Executive Director left the Institute during the year, with no replacement for both positions thereafter.

21. RELATED PARTY TRANSACTIONS

(a) Members of the Institute's Council

Members of the Council do not receive any fees or other remuneration for serving as a member of the Council. Other than the information disclosed elsewhere in the financial statements, the Group and the Institute entered into the following material transactions with Council members or parties related to Council members:

- (i) During the current year, the Institute incurred Nil (2022: HK\$370,000) for technical training services provided by KPMG. In addition, Nil (2022: HK\$970,000) was incurred for development of Train-the-Trainer Programme of the new Qualification Programme and staff recruitment service provided by KPMG Advisory (Hong Kong) Limited, which is KPMG's group company of which a Council member of the Institute is a partner of KPMG. At 30 June 2023, the total outstanding commitment is HK\$440,000 (2022: Nil).
- (ii) During the current year, the Institute incurred expenses of HK\$310,000 and HK\$98,000 (2022: HK\$500,000 and HK\$72,000) in respect of training services provided by Deloitte Touche Tohmatsu ("DTT") and its group company, Deloitte Advisory (Hong Kong) Limited ("Deloitte Advisory"), respectively, of which a Council member of the Institute is a partner of DTT and director of Deloitte Advisory. At 30 June 2023, included in "Payables and accruals" is an amount of HK\$35,000 and HK\$24,000 (2022: Nil) due to DTT and Deloitte Advisory respectively and the total outstanding commitment is Nil (2022: HK\$550,000).
- (iii) During the current year, the Institute incurred expenses of HK\$120,000 (2022: HK\$180,000) for the update of China tax course materials provided by Ernst & Young Tax Services Limited, a group company of Ernst & Young ("EY"). A Council member of the Institute is a partner of EY. At 30 June 2023, the total outstanding commitment is HK\$120,000 (2022: HK\$480,000).
- (iv) During the current year, the Institute incurred expenses of HK\$385,000 (2022: Nil) for IT monitoring service provided by PricewaterhouseCoopers Limited ("PwC"), of which a Council member of the Institute is a director of PwC. At 30 June 2023, the total outstanding commitment is Nil (2022: HK\$110,000).

In addition, the Group and the Institute received income in the ordinary course of business, such as subscriptions and fees from Council members or parties related to Council members. The Group and the Institute also paid honoraria to recipients, some of whom are Council members or parties related to Council members, for various services provided to the Group and the Institute such as giving lectures and providing venues for training courses, providing consultancy service, contributing articles to the Group's and the Institute's publications. The total amount paid to Council members or parties related to Council members in this regard was not significant.

(b) Subsidiaries of the Institute

- (i) HKICPA Beijing
During the current year, the Institute paid Nil service fees (2022: HK\$3,485,000) to HKICPA Beijing for the promotion of the Institute's qualification programme and the provision of services to members in the PRC. At 30 June 2023, included in "Payables and accruals" of the Institute is Nil (2022: HK\$165,000) due to HKICPA Beijing for office expenses paid on behalf of the two ROs in Guangdong and Beijing. The WFOE was deregistered on 6 January 2023.
- (ii) The HKICPA Charitable Fund
During the current year, the Institute donated HK\$50,000 (2022: HK\$50,000) to The HKICPA Charitable Fund. At 30 June 2023, included in "Payables and accruals" of the Institute is an amount of HK\$50,000 (2022: HK\$50,000) due to The HKICPA Charitable Fund.

22. FINANCIAL RISK MANAGEMENT

Financial instruments mainly consist of deposits, receivables, time deposits with original maturities over three months, cash and cash equivalents, payables, accruals, amounts due to subsidiaries and lease liabilities. The Group and the Institute are exposed to various financial risks which are discussed below:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The average effective interest rates of the Group's and the Institute's interest-bearing financial assets are as follows:

	Group		Institute	
	2023 % p.a.	2022 % p.a.	2023 % p.a.	2022 % p.a.
Time deposits	2.73%	0.48%	2.94%	0.42%
Savings accounts	0.166%	0.002%	0.159%	0.002%

The Group's and the Institute's exposure to interest rate fluctuations is mainly limited to interest receivable on its time deposits at the end of the reporting period. Management considers the Group and the Institute have limited exposure to interest rate risk relating to the savings accounts as the changes in the interest rate of the savings accounts over the period until the end of the next annual reporting period are expected to be minimal. Any fluctuation in the prevailing levels of market interest rates will have an impact on the interest income only as the Group and the Institute did not have any variable interest-bearing loans. The Group and the Institute manage the interest rate risk by monitoring closely the movements in interest rates in order to limit potential adverse impact on interest income.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates over the period until the end of the next annual reporting period, with all other variables held constant, of the Group's and the Institute's surplus before tax and funds and reserves.

	Group		Institute	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Time deposits				
– with original maturities within three months	134,186	72,985	133,212	72,985
– with original maturities over three months	80,766	132,090	77,736	106,677
	214,952	205,075	210,948	179,662
Impact of interest rate deviation				
Change in interest rate by 0.25% (2022: 0.25%)				
– Change in surplus before tax	537	513	527	449
– Change in funds and reserves	537	513	527	449

Time deposits with original maturities over three months carry interest at market rates from 3.4% to 4.5% (2022: 0.12% to 2.0%) per annum and with original maturities of six months at 30 June 2023 (2022: six to twelve months).

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

At the end of the reporting period, the Group's and the Institute's maximum exposure to credit risk arises from the carrying amounts of the respective recognized financial assets as stated in the statements of financial position.

The Group and the Institute consider the probability of default upon initial recognition of financial assets and whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group and the Institute compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Institute consider reasonable and supportive forward-looking information that is available, including the following indicators:

- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations; and
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment pattern of debtors.

The Group and the Institute have designed their credit policies with an objective to minimize their exposure to credit risk. Financial assets are written off when there is no reasonable expectation of recovery.

- Subscriptions, fees, income from examinations, seminars, courses and other activities are collected in advance.
- Sales of goods are made in cash or via credit cards. Income from advertisements placed in the journals is derived from vendors with an appropriate credit history.
- The recovery of the costs and the settlement of penalties in relation to disciplinary and legal cases are closely monitored by management case by case according to past experience.
- Most of the Group's and the Institute's funds in banks have been deposited with reputable and creditworthy banks in Hong Kong. In accordance with the Group's bank deposit policy, approximately 90% of those funds are deposited with banks that have a "A" grade credit rating or higher as rated by two international credit rating agencies.

Therefore, ECL rate is assessed to be minimal and management considers the Group's exposure to credit risk is limited.

Further quantitative data in respect of the exposure to credit risk arising from receivables are disclosed in note 8.

(c) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group and the Institute manage liquidity risk by maintaining adequate fund and reserves and performing periodical cash flow forecasts to monitor future cash flows.

No maturity profiles for the Group and the Institute's financial liabilities have been presented for both years as payables, amounts due to subsidiaries and accruals are either repayable on demand or due within 30 days. Maturity profile of lease liabilities has been disclosed in note 4.

The subscription fees and registration fees provide a stable source of funds to the Group and the Institute. The current financial strength of the Group and the Institute poses no threat of liquidity to the Group and the Institute.

(d) Foreign currency risk

The majority of the Group's and the Institute's transactions, monetary assets and monetary liabilities are denominated in respective entities' functional currencies. At the end of the reporting period, the Group and the Institute have bank balances denominated in Renminbi ("RMB") in total of HK\$380,000 and HK\$380,000 (2022: HK\$441,000 and HK\$121,000) respectively. In respect of the Group's bank balances denominated in RMB, Nil (2022: HK\$320,000) was held by HKICPA Beijing for the operations in PRC. The exposure to foreign currency risk is primarily caused by the fluctuation in the exchange rate of RMB. The exposure is not expected to be significant.

23. CAPITAL MANAGEMENT

The Group's and the Institute's objectives when managing capital are:

- to safeguard the Group's and the Institute's ability to continue as a going concern to enable their obligations under the Professional Accountants Ordinance, the Hong Kong Companies Ordinance and the trust deeds are fulfilled;
- to develop and maintain the qualification programme and continuing professional development programme for students and members; and
- to provide capital for the purpose of strengthening the Group's and the Institute's operational efficiency.

The Group and the Institute regularly review and manage their capital to ensure adequacy for both operational and capital needs. All surpluses are transferred to the general fund for future operational needs which are non-property related. The Group and the Institute charge an annual capital levy on its members and students, which is transferred directly to the capital fund (note 12). The capital fund is maintained to ensure sufficient resources are available to finance the purchase, improvement and/or expansion of the Group's and the Institute's office facilities.

The Council of the Institute regularly reviews the need to adjust membership/studentship subscriptions and the capital levy to ensure operational and property needs are fully covered. The Group's and the Institute's capital levy policy is therefore based on a need basis and the Council of the Institute has the discretion to alter the capital levy policy on an annual basis, if required.

For the purpose of capital disclosure, the Council of the Institute regards the funds and reserves as capital of the Group and the Institute.

24. CAPITAL COMMITMENTS

Capital expenditure in respect of system implementation and leasehold improvements contracted but not provided for in the financial statements

Group and Institute	
2023	2022
HK\$'000	<i>HK\$'000</i>
1,582	1,242

INDEPENDENT AUDITOR'S REPORT



26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

TO THE TRUSTEES OF THE HKICPA TRUST FUND

OPINION

We have audited the financial statements of The HKICPA Trust Fund (the "Trust Fund") set out on pages 111 to 116, which comprise the statement of financial position at 30 June 2023, and the statement of comprehensive income, the statement of changes in accumulated funds and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Trust Fund at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Trust Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER – BASIS OF PREPARATION

We draw attention to note 1 to the financial statements, which indicates that the Trustees intend to cease the operation and dissolve the Trust Fund within one year from the end of the reporting period. Accordingly, the financial statements of the Trust Fund are prepared by the Trustees on a basis other than going concern as stated in note 2(a). Our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

The Trustees of the Trust Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust Fund or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the trust deed, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement director on the audit resulting in this independent auditor's report is Lam Kar Bo (Practising Certificate Number: P05453).

PKF Hong Kong Limited
Certified Public Accountants
Hong Kong
21 September 2023

STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Note	2023 HK\$	2022 HK\$
Current assets			
Other receivables	4	8,563	9,259
Time deposits with original maturities over three months		3,030,479	3,892,270
Cash and cash equivalents	5	1,137,188	185,629
Net assets		4,176,230	4,087,158
Accumulated funds		4,176,230	4,087,158

*Approved by the Trustees on 21 September 2023*Fong Wan Huen, Loretta
TrusteeRaymond Cheng
TrusteeRoy Leung
TrusteeWong Hong Yuen
Trustee**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2023

	Note	2023 HK\$	2022 HK\$
Income			
Donations	6	–	2,001
Interest income		111,752	15,329
		111,752	17,330
Expenses			
Grants to members	7	(20,000)	(18,400)
Bank charges		(2,680)	(2,050)
		(22,680)	(20,450)
Surplus/(deficit)		89,072	(3,120)
Other comprehensive income		–	–
Total comprehensive income/(loss)		89,072	(3,120)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

For the year ended 30 June 2023

	2023 HK\$	2022 <i>HK\$</i>
Accumulated funds		
At the beginning of the reporting period	4,087,158	4,090,278
Surplus/(deficit)	89,072	(3,120)
Other comprehensive income	-	-
Total comprehensive income/(loss)	89,072	(3,120)
At the end of the reporting period	4,176,230	4,087,158

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	2023 HK\$	2022 <i>HK\$</i>
Cash flows from operating activities		
Surplus/(deficit) and operating cash flows before working capital changes	89,072	(3,120)
Decrease/(increase) in other receivables	696	(5,823)
Decrease/(increase) in time deposits with original maturities over three months	861,791	(9,505)
Net cash generated from/(used in) operating activities and net increase/(decrease) in cash and cash equivalents	951,559	(18,448)
Cash and cash equivalents at the beginning of the reporting period	185,629	204,077
Cash and cash equivalents at the end of the reporting period	1,137,188	185,629

Note

5

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. PRINCIPAL ACTIVITIES AND REGISTERED OFFICE

The HKICPA Trust Fund (the “Trust Fund”) was formed under a trust deed dated 21 January 1998 together with an initial sum of HK\$345,000 donated by the then Hong Kong Society of Accountants, which was renamed on 8 September 2004 as the Hong Kong Institute of Certified Public Accountants (the “Institute”). The trustees of the Trust Fund are the president, the immediate past president, a vice president and a past president of the Institute. The Institute, a body corporate incorporated in Hong Kong on 1 January 1973 under the Professional Accountants Ordinance, is the parent of the Trust Fund. Its registered office is located at 37th floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong. The Trust Fund was set up for the relief of poverty of members of the Institute by means of subsidy and/or loan. The Trust Fund, being a charitable trust, is exempt from Hong Kong Profits Tax under section 88 of the Inland Revenue Ordinance.

The Institute is seeking an exemption from Hong Kong Profits Tax under section 88 of the Inland Revenue Ordinance for the establishment of a HKICPA Charitable Trust (the “Trust”), which is intended to take over the functions and assets of the Trust Fund. The Trust will be established upon granting of the exemption. Subject to the granting of the exemption, it is expected that the establishment of the Trust and the dissolution of the Trust Fund would be completed in the next financial year. Accordingly, the financial statements of the Trust Fund are prepared by the Trustees on a basis other than going concern.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which include all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Institute and accounting principles generally accepted in Hong Kong. These financial statements have been prepared under the historical cost convention.

Saved as disclosed in note 1, the financial statements of the Trust Fund are prepared on a basis other than going concern. Adjustments have been made to reduce the value of assets to their recoverable amounts and to provide for any further liabilities which might arise.

Adoption of new/revised HKFRSs

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 financial statements. New/revised HKFRSs that were issued and adopted by the Trust Fund during the current year and after 30 June 2023 are disclosed in note 2(b).

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with HKFRSs requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust Fund’s accounting policies. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The critical accounting estimates and assumptions are summarized below:

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default. The Trust Fund uses judgement in making these assumptions based on the Trust Fund’s past history, existing market conditions as well as forward looking estimates at the end of the reporting period. Details of impairment assessment are set out in note 8(b).

(b) New/revised HKFRSs that were issued during the current year and after 30 June 2023

All new/revised HKFRSs issued by the Institute on or before 30 June 2022 had been early adopted by the Trust Fund in prior years. The new/revised HKFRSs issued during the current year have no impact to the Trust Fund.

The revised HKFRSs issued after 30 June 2023 and up to the date of approval of these financial statements have been early adopted by the Trust Fund, and have no significant impact to the Trust Fund.

(c) Financial instruments

Financial assets are recognized in the statement of financial position when the Trust Fund becomes a party to the contractual provisions of the instrument. Financial assets within the scope of HKFRS 9 are initially measured at fair value and transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets as appropriate, on initial recognition.

The Trust Fund's financial assets, including other receivables, time deposits with original maturities over three months and cash and cash equivalents, are subsequently measured at amortized cost using the effective interest method, less identified loss allowance (see note 2(d)) as the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(d) Impairment of financial assets

The Trust Fund recognizes loss allowances for expected credit loss ("ECL") on the financial instruments measured at amortized cost. The Trust Fund considers the probability of default upon initial recognition of financial assets and assesses whether there has been a significant increase in credit risk on an ongoing basis.

The Trust Fund considers the credit risk on a financial instrument is low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfill its contractual cash flow obligations.

The carrying amount of the receivables is reduced through the use of the receivable impairment charges account. Changes in the carrying amount of the receivable impairment charges account are recognized in surplus or deficit. The receivable is written off against the receivable impairment charges account when the Trust Fund has no reasonable expectations of recovering the receivable.

If, in a subsequent period, the amount of ECLs decreases, the reversal would be adjusted to the receivable impairment charges account at the reporting date. The amount of any reversal is recognized in surplus or deficit.

(e) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to receive the cash flows of the financial assets expire.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, and deposits with banks and other financial institutions having original maturity of three months or less at acquisition.

(g) Income recognition

Donations are recognized on an accrual basis when receipt thereof is certain.

Interest income from bank deposits and bank savings accounts is recognized as it accrues using the effective interest method.

3. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of financial assets measured at amortized costs at the end of the reporting period are as follows:

	2023 HK\$	2022 HK\$
Other receivables	8,563	9,259
Time deposits with original maturities over three months	3,030,479	3,892,270
Cash and cash equivalents	1,137,188	185,629
	4,176,230	4,087,158

The carrying amounts of the Trust Fund's financial assets at the end of the reporting period approximate their fair value.

4. OTHER RECEIVABLES

	2023 HK\$	2022 HK\$
Interest receivables	8,563	9,259

Interest receivables are measured at amortized cost using the effective interest rate method less allowance for ECLs. In measuring ECLs, the Trust Fund takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions. The ECL of interest receivables at 30 June 2023 is assessed to be close to zero.

5. CASH AND CASH EQUIVALENTS

	2023 HK\$	2022 HK\$
Bank balances		
– Time deposits with original maturities within three months	974,034	–
– Savings account	49,755	50,861
– Current account	113,399	134,768
	1,137,188	185,629

Cash at bank earns interest at floating rates based on daily bank deposit rates.

6. DONATIONS

	2023 HK\$	2022 HK\$
Donation from other parties	–	2,001

7. GRANTS TO MEMBERS

During the current year, grants totalling HK\$20,000 (2022: HK\$18,400) were paid to help alleviate members of the Institute facing financial hardship.

8. FINANCIAL RISK MANAGEMENT

Financial instruments consist of cash and cash equivalents, time deposits with original maturities over three months and other receivables. The Trust Fund is exposed to various financial risks which are discussed below:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The average effective interest rates of the Trust Fund's interest-bearing financial assets are as follows:

	2023 % p.a.	2022 % p.a.
Time deposits	2.839%	0.501%
Savings accounts	0.411%	0.001%

The Trust Fund's exposure to interest rate fluctuations is mainly limited to interest receivable on its time deposits at the end of the reporting period. Management considers that the Trust Fund has limited exposure to interest rate risk relating to the savings account as the changes in interest rate of the savings account over the period until the end of the next annual reporting period are expected to be minimal. Any fluctuation in the prevailing levels of market interest rates will have an impact on the interest income only as the Trust Fund did not have any interest-bearing loans. The Trust Fund manages the interest rate risk by monitoring closely the movements in interest rates in order to limit potential adverse impact on interest income.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates over the period until the end of the next annual reporting period, with all other variables held constant, of the Trust Fund's surplus/(deficit) before tax and accumulated funds.

	2023 HK\$	2022 HK\$
Time deposits – with original maturities over three months	3,030,479	3,892,270
Impact of interest rate deviation		
Change in interest rate by 0.25% (2022: 0.25%) – Change in surplus/(deficit) before tax and accumulated funds	7,576	9,731

Time deposits with original maturities over three months carry interest at market rate of 4.15% (2022: ranged from 0.18% – 0.90%) per annum and with original maturities of six months as at both years ended.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Trust Fund has designed its credit policy with an objective to minimize its exposure to credit risk.

The Trust Fund's bank balances have been deposited with reputable and creditworthy banks in Hong Kong. Management considers there is minimal risk associated with the bank balances.

9. CAPITAL MANAGEMENT

The Trust Fund operates by allocating its receipts and therefore is not exposed to any capital deficiency risk. In the event of capital needs, the Institute will make donations to the Trust Fund to ensure its capital adequacy.

INDEPENDENT AUDITOR'S REPORT



26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

TO THE TRUSTEES OF THE HKICPA CHARITABLE FUND

OPINION

We have audited the financial statements of The HKICPA Charitable Fund (the "Charitable Fund") set out on pages 119 to 124, which comprise the statement of financial position at 30 June 2023, and the statement of comprehensive income, the statement of changes in accumulated funds and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Charitable Fund at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Charitable Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER – BASIS OF PREPARATION

We draw attention to note 1 to the financial statements, which indicates that the Trustees intend to cease the operation and dissolve the Charitable Fund within one year from the end of the reporting period. Accordingly, the financial statements of the Charitable Fund are prepared by the Trustees on a basis other than going concern as stated in note 2(a). Our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

The Trustees of the Charitable Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Fund or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the trust deed, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charitable Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charitable Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Charitable Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement director on the audit resulting in this independent auditor's report is Lam Kar Bo (Practising Certificate Number: P05453).

PKF Hong Kong Limited
Certified Public Accountants
Hong Kong
21 September 2023

STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Note	2023 HK\$	2022 HK\$
Current assets			
Amount due from the Institute	4	50,000	50,000
Cash and cash equivalents	5	689,752	682,501
		739,752	732,501
Net assets			
		739,752	732,501
Accumulated funds			
		739,752	732,501

Approved by the Trustees on 21 September 2023

Fong Wan Huen, Loretta
Trustee

Raymond Cheng
Trustee

Margaret W.S. Chan
Trustee

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	2023 HK\$	2022 HK\$
Income			
Donations	6	56,000	50,001
Interest income		2,081	5
		58,081	50,006
Expenses			
Sponsorship		(49,540)	(79,960)
Bank charges		(1,290)	(1,430)
		(50,830)	(81,390)
Surplus/(deficit)		7,251	(31,384)
Other comprehensive income		-	-
Total comprehensive income/(loss)		7,251	(31,384)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

For the year ended 30 June 2023

	2023 HK\$	2022 <i>HK\$</i>
Accumulated funds		
At the beginning of the reporting period	732,501	763,885
Surplus/(deficit)	7,251	(31,384)
Other comprehensive income	-	-
Total comprehensive income/(loss)	7,251	(31,384)
At the end of the reporting period	739,752	732,501

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	2023 HK\$	2022 <i>HK\$</i>
Cash flows from operating activities		
Surplus/(deficit) and operating cash flows before working capital changes	7,251	(31,384)
Decrease in amount due from the Institute	-	31,500
Net cash generated from operating activities and net increase in cash and cash equivalents	7,251	116
Cash and cash equivalents at the beginning of the reporting period	682,501	682,385
Cash and cash equivalents at the end of the reporting period	689,752	682,501

Note

5

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. PRINCIPAL ACTIVITIES AND REGISTERED OFFICE

The HKICPA Charitable Fund (the “Charitable Fund”) was formed under a trust deed dated 2 December 2001 for general charitable purposes like relieving poverty, making donations to charitable organizations, providing emergency support for disaster, etc. The trustees of the Charitable Fund are the president, the immediate past president and the chief executive of the Hong Kong Institute of Certified Public Accountants (the “Institute”). The Institute, a body corporate incorporated in Hong Kong on 1 January 1973 under the Professional Accountants Ordinance, is the parent of the Charitable Fund. Its registered office is located at 37th floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong. The Charitable Fund, being a charitable trust, is exempt from Hong Kong Profits Tax under section 88 of the Inland Revenue Ordinance.

The Institute is seeking an exemption from Hong Kong Profits Tax under section 88 of the Inland Revenue Ordinance for the establishment of a HKICPA Charitable Trust (the “Trust”), which is intended to take over the functions and assets of the Charitable Fund. The Trust will be established upon granting of the exemption. Subject to the granting of the exemption, it is expected that the establishment of the Trust and the dissolution of the Charitable Fund would be completed in the next financial year. Accordingly, the financial statements of the Charitable Fund are prepared by the Trustees on a basis other than going concern.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which include all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Institute and accounting principles generally accepted in Hong Kong. These financial statements have been prepared under the historical cost convention.

Saved as disclosed in note 1, the financial statements of the Charitable Fund are prepared on a basis other than going concern. Adjustments have been made to reduce the value of assets to their recoverable amounts and to provide for any further liabilities which might arise.

Adoption of new/revised HKFRSs

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 financial statements. New/revised HKFRSs that were issued and adopted by the Charitable Fund during the current year and after 30 June 2023 are disclosed in note 2(b).

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with HKFRSs requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Charitable Fund’s accounting policies. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The critical accounting estimates and assumptions are summarized below:

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default. The Charitable Fund uses judgement in making these assumptions based on the Charitable Fund’s past history, existing market conditions as well as forward looking estimates at the end of the reporting period. Details of impairment assessment are set out in note 8(b).

(b) New/revised HKFRSs that were issued during the current year and after 30 June 2023

All new/revised HKFRSs issued by the Institute on or before 30 June 2022 had been early adopted by the Charitable Fund in prior years. The new/revised HKFRSs issued during the current year have no impact to the Charitable Fund.

The revised HKFRSs issued after 30 June 2023 and up to the date of approval of these financial statements have been early adopted by the Charitable Fund, and have no significant impact to the Charitable Fund.

(c) Financial instruments

Financial assets are recognized in the statement of financial position when the Charitable Fund becomes a party to the contractual provisions of the instrument. Financial assets within the scope of HKFRS 9 are initially measured at fair value and transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets as appropriate, on initial recognition.

The Charitable Fund's financial assets, including amount due from the Institute and cash and cash equivalents, are subsequently measured at amortized cost using the effective interest method, less identified loss allowance (see note 2(d)) as the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(d) Impairment of financial assets

The Charitable Fund recognizes loss allowances for expected credit loss ("ECL") on the financial instruments measured at amortized cost. The Charitable Fund considers the probability of default upon initial recognition of financial assets and assesses whether there has been a significant increase in credit risk on an ongoing basis.

The Charitable Fund considers the credit risk on a financial instrument is low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfill its contractual cash flow obligations.

The carrying amount of the receivables is reduced through the use of the receivable impairment charges account. Changes in the carrying amount of the receivable impairment charges account are recognized in surplus or deficit. The receivable is written off against the receivable impairment charges account when the Charitable Fund has no reasonable expectations of recovering the receivable.

If, in a subsequent period, the amount of ECLs decreases, the reversal would be adjusted to the receivable impairment charges account at the reporting date. The amount of any reversal is recognized in surplus or deficit.

(e) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to receive the cash flows of the financial assets expire.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

(g) Income recognition

Donations are recognized on an accrual basis when receipt thereof is certain.

Interest income from bank savings accounts is recognized as it accrues using the effective interest method.

(h) Related parties

A related party is a person or entity that is related to the Charitable Fund.

- (i) A person or a close member of that person's family is related to the Charitable Fund if that person:
 - (a) has control or joint control over the Charitable Fund;
 - (b) has significant influence over the Charitable Fund; or
 - (c) is a member of the key management personnel of the Charitable Fund or of a parent of the Charitable Fund.
- (ii) An entity is related to the Charitable Fund if any of the following conditions applies:
 - (a) The entity and the Charitable Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Charitable Fund or an entity related to the Charitable Fund.
 - (f) The entity is controlled or jointly controlled by a person identified in (i).
 - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Charitable Fund or to its parent.

3. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of financial assets measured at amortized cost at the end of the reporting period are as follows:

	2023 HK\$	2022 <i>HK\$</i>
Amount due from the Institute	50,000	50,000
Cash and cash equivalents	689,752	682,501
	739,752	732,501

The carrying amounts of the Charitable Fund's financial assets at the end of the reporting period approximate their fair value.

4. AMOUNT DUE FROM THE INSTITUTE

The amount due from the Institute is unsecured, interest-free and repayable on demand.

5. CASH AND CASH EQUIVALENTS

	2023 HK\$	2022 <i>HK\$</i>
Bank balances		
– Savings accounts	559,355	505,274
– Current accounts	130,397	177,227
	689,752	682,501

Cash at bank earns interest at floating rates based on daily deposit rates.

6. DONATIONS

	2023	2022
	HK\$	HK\$
Donation from the Institute	50,000	50,000
Donation from other parties	6,000	1
	56,000	50,001

7. RELATED PARTY TRANSACTIONS

During the current year, the Charitable Fund received a donation of HK\$50,000 (2022: HK\$50,000) from the Institute. At 30 June 2023, the amount due from the Institute is HK\$50,000 (2022: HK\$50,000) and has been settled after the end of the reporting period.

8. FINANCIAL RISK MANAGEMENT

Financial instruments consist of amount due from the Institute and cash and cash equivalents. The Charitable Fund is exposed to various financial risks which are discussed below:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Charitable Fund's exposure to interest rate fluctuations is limited to its bank savings accounts at the end of the reporting period. Management considers that the Charitable Fund has limited exposure to interest rate risk relating to the Charitable Fund's bank balances as the changes in interest rate for these items over the period until the end of the next annual reporting period are expected to be minimal. Any fluctuation in the prevailing levels of market interest rates will have impact on interest income only as the Charitable Fund did not have any other interest-bearing assets or liabilities. The Charitable Fund manages the interest rate risk by monitoring closely the movements in interest rates in order to limit potential adverse impact on interest income.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Charitable Fund raises donations for general charitable purposes and donations are either collected from the Institute or other parties in advance for subsequent allocation to respective charitable organizations which has no history of default.

The Charitable Fund's bank balances have been deposited with reputable and creditworthy banks in Hong Kong. Management considers there is minimal risk associated with the bank balances.

9. CAPITAL MANAGEMENT

The Charitable Fund operates by allocating its receipts and therefore is not exposed to any capital deficiency risk. In the event of capital needs, the Institute will make donations to the Charitable Fund to ensure its capital adequacy.



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

37th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong

Tel (852) 2287 7228

Fax (852) 2865 6603

Web www.hkicpa.org.hk

Email hkicpa@hkicpa.org.hk