



Commemorating the ruby anniversary – past snippets

Accounting for Hong Kong since 1973, the Institute is commemorating its 40th anniversary this year. Below are some facts about accounting and the wider economy in the past four decades, which are featured in the weekly e-circular:

- Born in the same year of 1973 as the Institute, 1,289 members (4%) are also celebrating their 40th birthday this year. Together with their peers who are in the prime of their career, they have become the most populous group in the profession – 35% of members are in the age group of 35-44. Among the 1,289 members, 744 are female and 545 are male. This also shows the shift of gender balance in accounting. (Issue no. 430)
- As a membership body, one of the most important things the Institute has to do is communicating with members. We now have A Plus and all sorts of electronic means. Forty years ago, typing on plain paper without design and using post mail was the norm. Click to have a look at our [first newsletter](#) in which you will find some interesting developments of our beginning. (Issue no. 431)
- The image of accountants is actually cooler than many people think. The following two famous quotes can illustrate this. "I have no use for bodyguards, but I have very specific use for two highly trained CPAs." – Elvis Presley, rock and roll legend. "My father was fond of saying you need three things in life – a good doctor, a forgiving priest, and a clever accountant. The first two, I've never had much use for." – Oskar Schindler, protagonist of *Schindler's List*. (Issue no. 432)
- In the 40 years' history of the Institute, there were only 36 past presidents because four of them took consecutive two terms. They are Sir Gordon Macwhinnie, Peter Poon, Peter Wong and P.M. Kam. Ten (28%) of these past presidents were professional accountants in business (PAIBs) and 26 (72%) were professional accountants in practice (PAIPs) when they assumed their presidency. The 2013 president, Susanna Chiu, is a PAIB and the first female president in the Institute's history. (Issue no. 433)



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- As the largest profession in Hong Kong and an important part of the society, the Institute has a wider mandate to contribute its expertise to the public good. Over the years, the Institute has been actively submitting views, on behalf of members, to consultations and major policy issues initiated by governments and public bodies both in Hong Kong and overseas. The recent government budget is one of them and indeed we started making submissions to the financial secretary as far back as in 1985. (Issue no. 434)
- Celebrating the International Women's Day on 8 March will have an additional meaning to business leaders in Hong Kong this year as they are working to make their boards more diverse, in particular, adding more ladies, to meet HKEx's new code provisions. At the Institute, we welcomed the first female Council member in 1996. In the 2013 Council, 10 out of 22 members are female, corresponding to 45%, a proportion among the highest in the world. (Issue no. 435)
- Ten years ago this month, the deadly SARS disease broke out, which at the end claimed 299 lives of Hong Kong people. Out of great sorrow came with great compassion and solidarity. Your Institute, together with other accounting bodies, launched the Accountants Care Campaign and raised more than HK\$1 million for the relief of frontline medical workers and further research in their battle against the epidemic. (Issue no. 436)
- Recognizing accountancy is a global profession, the Institute, in its formative years, already actively participated in international accounting standards setting. Since being elected as an associate member of the then International Accounting Standards Committee in 1975, the Institute's standing in the world of accounting has kept rising, as evidenced by its representations on many worldwide and regional standards setting bodies. The latest example is its appointment to the IFRS Accounting Standards Advisory Forum. (Issue no. 437)
- Member firms nowadays understand and appreciate the value of practice review that will do much to enhance the quality of the profession. But like many other successful projects, it had to go through a labouring process especially in the beginning. The late 80s and early 90s saw the intense debates about why practice review is necessary. This climaxed at the EGM in February 1991 which was held to move ahead with the programme. Of the 1,701 votes received, 930



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were in favour, 759 were against and 12 were invalid. A big hurdle passed, practice review was set on a good course. (Issue no. 438)

- In addition to the Institute, many other companies and inventions are also celebrating their 40th anniversary this year. On 3 April 1973, a senior engineer at Motorola made the first mobile phone call to a rival at AT&T to check if the sound was good enough. Today, like mobile phone which is inseparable to human being, CPAs' work is integral to everything we do, from buying groceries in a shop to putting money in a bank. (Issue no. 439)
- In 2009, the U.K. Prince of Wales convened a high-level meeting of investors, standard setters, companies, accounting bodies together with his Accounting for Sustainability Project. He called for establishing an International Integrated Reporting Council, a body to oversee the creation of a globally accepted framework which will integrate financial, environmental, social and governance information for corporate reporting. Since the beginning, your Institute has been actively participating in this initiative through the Global Accounting Alliance, which is represented on both A4S and IIRC. (Issue no. 440)
- Driven by the desire to help people in needs and to contribute to the community with its expertise, the Institute set up the Accountant Ambassadors Programme in 1997. Sixteen years on, accountant ambassadors have been making a difference to many individuals and organizations. Today, the flagship community project is [Rich Kid, Poor Kid](#), in which accountant ambassadors go to schools to teach children the concept of money management. Some other accountants are reaching out to the public in our free advisory sessions or acting as mentors for secondary school students. (Issue no. 441)
- Hong Kong's economy experienced many challenges in the 1970s but in the entertainment arena, there was a novel and uplifting happening. In the Institute's founding year of 1973, Television Broadcast (TVB) held the first Miss Hong Kong Pageant, which immediately became the subject of talk amid the hardworking days of many Hong Kong people. (Issue no. 442)
- Hong Kong art scene is thriving this month as many art activities are taking place in town, in particular, the glamorous debut of [Art Basel Hong Kong](#) on 23-26 May.



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Hong Kong has grown to become a world's art hub over the years. Similarly, its accounting profession has also grown to become an international player since the Institute's humble founding in 1973. Some Institute members are actually working behind the scene for Hong Kong art's success. Have a look at our [2012 annual report](#) and [A Plus feature](#). (Issue no. 443)

- Overcrowding living condition was one of the biggest social problems in early 1970s. The then governor Sir Murray MacLehose was particularly concerned about this, and in 1973, the founding year of the Institute, he established the new Hong Kong Housing Authority to implement the biggest ever ten-year housing programme. It aimed to accelerate the development of new towns such as Shatin and Tuen Mun, and provide 1.8 million people with satisfactory accommodation. (Issue no. 444)
- Amid the severe shortage of water supply in the 1960s, the colonial government commenced a massive construction project to build the world's first "reservoir in the sea" – the Plover Cove Reservoir, which was completed in 1968. But as the population kept growing, so has the demand for freshwater. In the year the Institute was founded in 1973, the government extended the height of the reservoir's dams, increasing its capacity by 35% to 230 million cubic meters. (Issue no. 445)
- While busy developing the fledgling Institute with excitement in the first year, members were struck in July 1973 with the sad news of losing a Chinese superstar, Bruce Lee. As an icon of martial arts, his kung fu films have elevated Hong Kong cinema to worldwide fame, contributing to our outsized reputation as a world city. To learn more about Hong Kong movie industry's link with the accounting profession, please see our [2011 annual report](#). (Issue no. 446)
- With Hong Kong's economy starting to take off in early 1970s, it seemed to be a good time for establishment, whether it was in public, social, cultural, educational or media services. In 1973, Hong Kong people not only saw the founding of the Institute, but also Hong Kong Housing Authority, New Lantao Bus Company, United Christian Hospital, Hong Kong Arts Festival, Hong Kong Professional Teachers' Union, and *Hong Kong Economic Journal*. (Issue no. 447)



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- Protecting online information is a hot topic across the world following high profiles incidents about data surveillance and malicious hackings. Accountants have an important role in IT governance and they were one of the early adopters of technology. In 1974, accountant members of the Hong Kong Computer Society formed the Computer Audit Club. In 1996, the Institute's IT committee was officially formed, with an IT interest group operating under it. (Issue no. 448)
- One of the cornerstones for Hong Kong's success is its determination to fight against corruption, in which the ICAC has been playing a pivotal role over the past 40 years. Back in 1973 when the Institute was founded, corruption in the public sector was rampant and the government seemed powerless to control it. People's anger reached boiling point in June when chief police superintendent, Peter Godber, suspected of amassing huge wealth through corrupt means, fled Hong Kong. The public outcry finally led to the establishment of ICAC in the following year. (Issue no. 449)
- As a metropolis of skyscrapers, Hong Kong is often heralded as the world's most "vertical city," a reflection of its more than 1,200 buildings above 100 metres tall. Even 40 years ago around the time when the Institute was formed, Hong Kong already owned the tallest building in Asia – Connaught Centre (now Jardine House). As more high-rises springing up along the harbour fronts over the years, the top title in Hong Kong is now given to the 118-storey International Commercial Centre (484 metres), which is also the fifth tallest in the world. (Issue no. 450)
- Hong Kong's corporate governance has come a long way since 1995 when the Institute published a comprehensive report, a pioneer document at that time, on proposals to improve governance in business. Over the years, the Institute published other well-received [reports and guidance](#) covering directors' remuneration, business review, audit committee, internal control, risk management and public body operation. The Institute's [Best Corporate Governance Disclosure Awards](#) competition, now in its 14th year, is set to bring high governance standard to the spotlight when it announces results later this year. (Issue no. 458)



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- The Institute has moved four times during the course of its 40 years of history. In 1973, it opened with temporary offices at Duddell Street and later initial headquarters at Leeloong Building, Central. Ten years later, it moved to Belgian House, Wanchai, and in 1998, to Lippo Centre to cope with its ever expanding functions. In 2006, the Institute purchased 50,000 square feet of space at Wu Chung House for its new headquarters and member training and activities. (Issue no. 460)
- Five years ago, the global financial crisis reached a high time when Lehman Brothers filed for bankruptcy on 15 September. One of the swift responses from the international accounting profession to help financial sector deal with the emergency was to amend IAS 39 and IFRS 7, allowing reclassification of some financial instruments in particular circumstances. In less than 24 hours, the Institute decided to adopt these amendments to give Hong Kong financial institutions access to the same accounting rules as those available in Europe and the U.S. (Issue no. 461)
- The [2014 Standard Chartered Hong Kong Marathon](#), to be held on 16 Feb., has started accepting registration this week. Over the years, the Institute's sporty members have been the ardent supporters of this landmark event and many other sports activities, showing they are equally competitive even out of the office. With the participation of more than 1,000 CPAs in the 2013 marathon, the Institute won the most supportive group award for the fourth consecutive year. (Issue no. 462)
- The establishment of the Shanghai free trade zone has created both challenges and opportunities for the Hong Kong accounting profession. Since China opened up to the world in late 1970s and designated Shenzhen as the first special economic zone in 1980, the Institute has been actively fostering connection with its Mainland counterparts. It paid the first official visit to China in 1985. Today, thousands of Institute members are working across the border with their expertise and international experience being sought after by Chinese employers. (Issue no. 464)



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- Forty years ago at around this time, the Hong Kong Society of Accountants was fervently engaging in education, standard setting, professional representation, international liaison and other works to develop the profession despite its limited resources. On the other side of the globe in the Middle East, there was a real battle going on. Egypt and Syria launched a surprise attack on Israel on the Jewish festival of Yom Kippur (Day of Atonement) which ended in a ceasefire. Also known as the October War, it had a fundamental impact on international relations, making the U.S. put the Arab-Israeli conflict on top of its foreign policy agenda. (Issue no. 465)
- Thirty years ago this week (October 1983), the Hong Kong dollar's peg to the U.S. dollar was created after a drastic slide in value of the city's currency amid growing uncertainty about the then British colony's future after 1997. Since then, the peg has been instrumental in helping Hong Kong weather several financial storms. But as the world economy changes, there are more debates about whether the system has to be adjusted. Reflecting the profession's concerns, the Institute's *A Plus* magazine has been studying the topic. Click [here](#) to see an analysis from the October 2011 issue. (Issue no. 466)
- Watching TV as an entertainment has always been a part of life of Hong Kong people. In 1973, the year when the Institute was established, the government decided to grant two more free-to-air television broadcasting licences in view of the growing popularity of this media. The number of TV stations then increased to three: Rediffusion (later became ATV), Commercial (closed in 1978) and TVB. With a population of 4 million at that time, there were 2.4 million TV viewers every day and 700,000 families owned a TV set, which was predominantly black and white, but the colour model was soon to become a hit. (Issue no. 467)
- To cope with Tung Chung district's development, the North Lantau Hospital started to operate in September, marking an important milestone for the community. Forty years ago when the Institute was established, Hong Kong health sector also saw one of its major developments with two new hospitals founded: Yan Chai serving the then new town Tsuen Wan, and United Christian Hospital serving the growing population on the Kowloon side. (Issue no. 468)



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- Hong Kong's stunning economic rise is significantly attributable to its deep and sheltered Victoria Harbour. The natural conditions coupled with sufficient port facilities already made the city as the hub of container transport in Southeast Asia four decades ago, the time when the Institute was established. Nowadays, as an international financial centre, Hong Kong places among the top three in the world's container port standing. To see how our CPAs are involved in the maritime industry, please refer to the [2010 annual report](#). (Issue no. 469)
- By 1973, amid Hong Kong's rapid economic growth, there were four stock exchanges: Hong Kong Stock Exchange, Far East Exchange, Kam Ngan Stock Exchange and Kowloon Stock Exchange. A recent SCMP report reveals an anecdote that during the market turbulence in early 1970s, a young Peat Marwick chartered accountant, Richard Witts, was parachuted in to run the Hong Kong Stock Exchange at one hour's notice after the incumbent died of a heart attack. Witts was quoted as saying that it was the Institute founding President Sir Gordon Macwhinnie, then Senior Partner of Peat Marwick, came to rescue and referred him to the post. In 1980, pressure to strengthen market regulation and to unify the four exchanges led to the incorporation of the Stock Exchange of Hong Kong. (Issue no. 470)