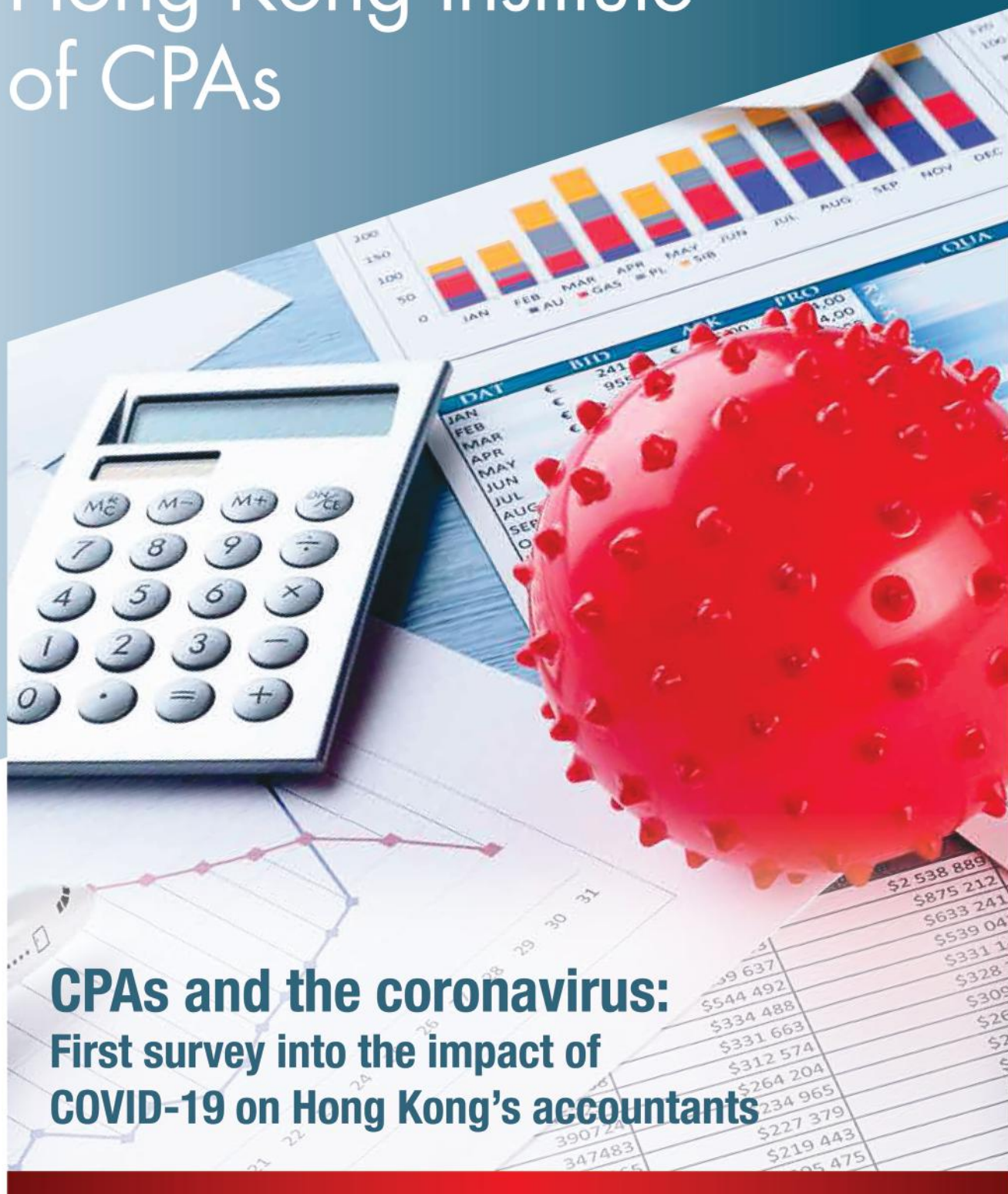


# Hong Kong Institute of CPAs



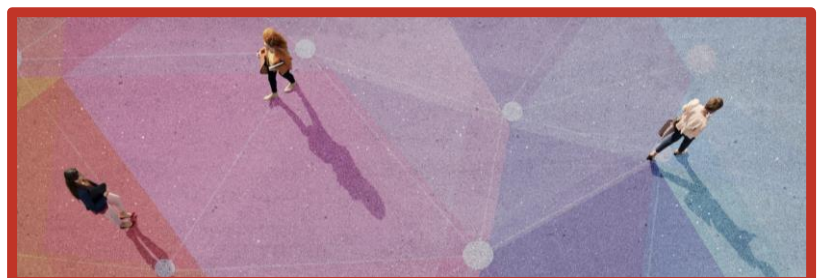
## CPAs and the coronavirus: First survey into the impact of COVID-19 on Hong Kong's accountants



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

The Hong Kong Institute of Certified Public Accountants is the only body authorized by law to register certified public accountants and grant practising certificates in Hong Kong. The Institute has more than 46,000 members and more than 16,000 students. Members of the Institute are entitled to the description "certified public accountant" and to the designation CPA.

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## ***Introduction***

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Since January, COVID-19 has caused disruption to the work activities of Hong Kong's accountants. In April, the Institute surveyed its executive and senior and middle-management level members in both business (**PAIBs**) and practice (**PAIPs**) about how the pandemic has affected their operations, revenues, staffing, how they were responding and what support they needed from the Institute. These are some of the highlights of the survey:

- **71%** of respondents **oversee or work in their firms finance function**
- **98%** of respondents shared that the pandemic had impacted their organizations
- **89%** reported **decreasing revenues**
- **Over 60%** of respondents indicated that their organizations had changed their employment. The most common change was to **freeze recruitment (52%)**
- More respondents in business had **made redundancies (37% in non-listed companies, 30% in Hong Kong-listed companies)** than those in practice (**17% in CPA firms with listed clients, 10% in firms without listed clients**)
- **One fifth** of respondents had implemented **mandatory unpaid leave**
- **29%** of respondents reported that their organization had changed its product or service offering. The most common group to say it had was respondents from companies listed outside Hong Kong (**52%**)
- Most respondents reported the finance function had not changed, except respondents from government, not for profit, academia, and CPA firm with listed clients
- If the disruption continued for a further six months respondents indicated that their organizations would **extend work from home and flexible working arrangements**, many would also **implement stricter financial management policies**

This survey focused on the short-term impacts of the crisis. As the local situation has stabilized, with the number of new cases being reported regularly zero in Hong Kong, the focus is beginning to change to the economic recovery. To assess how the pandemic has affected the accounting community, there will be a follow-up survey examining the longer term consequences later in the year.

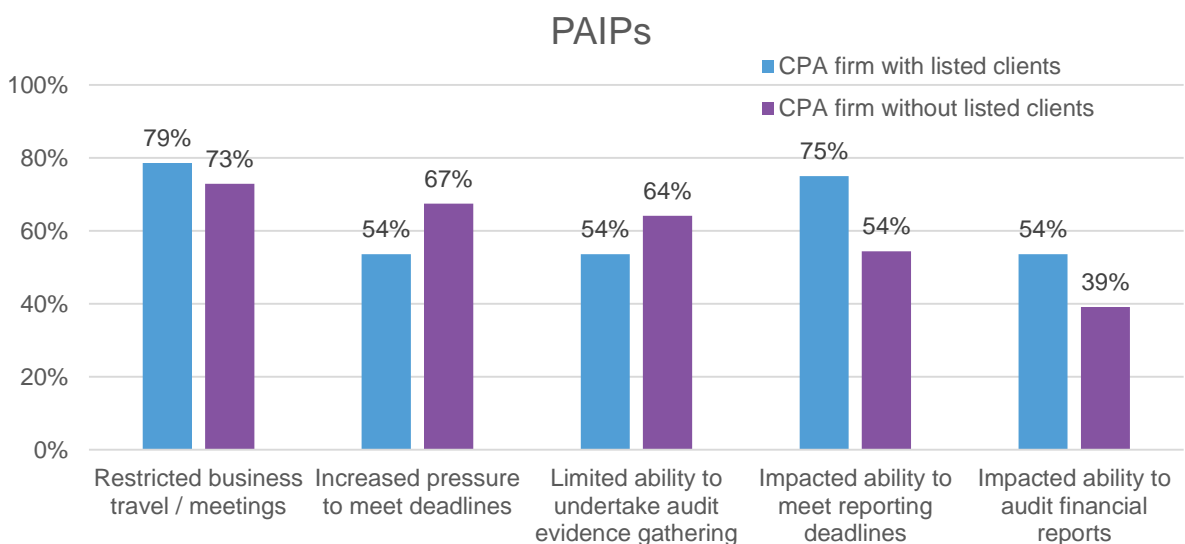
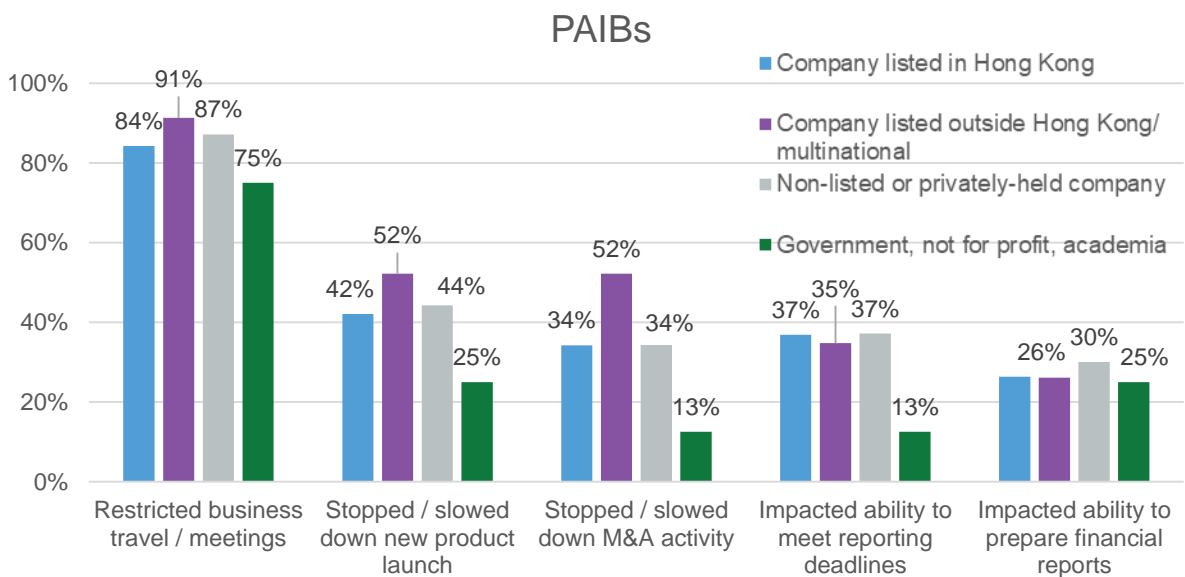


## Impact of COVID-19 on organizations

For Hong Kong, the pandemic followed a gloomy year, with gross domestic product declining by 1.2% in 2019 compared to 2018, and the territory entering its first recession since 2009. The coronavirus has followed the social disruption of 2019 and the trade war between the United States and China, and brought more pressure for many businesses, particularly in tourist-focused or supported sectors such as retail and food and beverage.

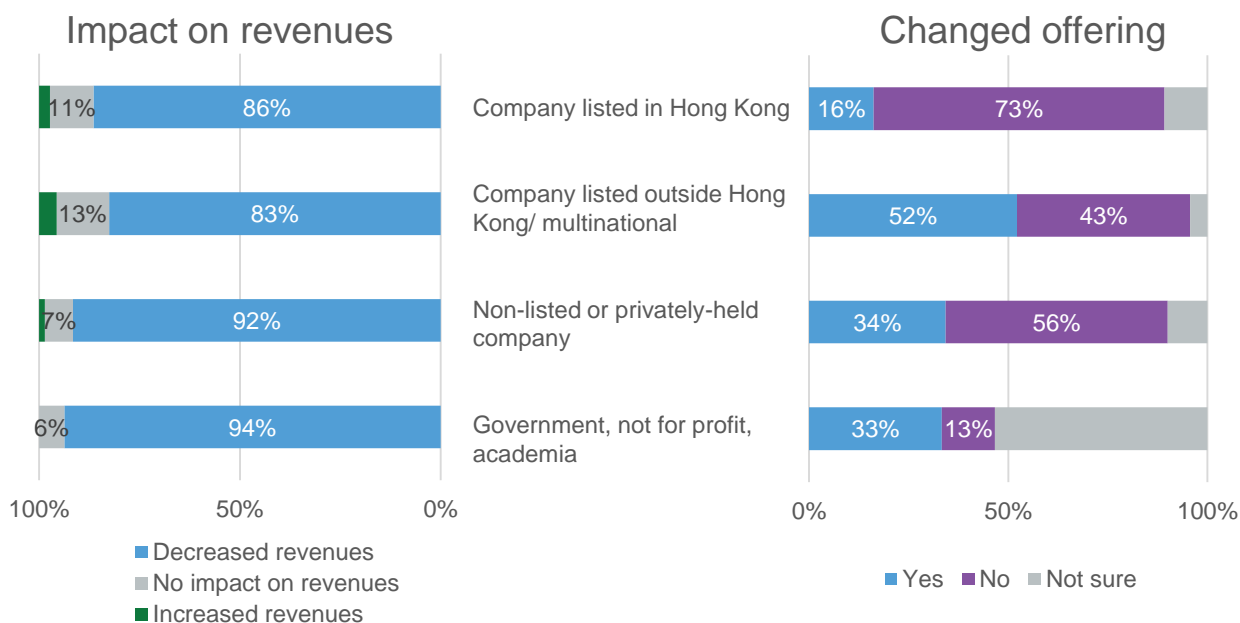
The pandemic has had an impact on professional accountants, with 98% of respondents stating it had had an impact on their organizations. For all respondents the most common impact was the restriction on business travel and meetings.

Three quarters of respondents from CPA firms with listed clients also reported difficulties in meeting reporting deadlines.

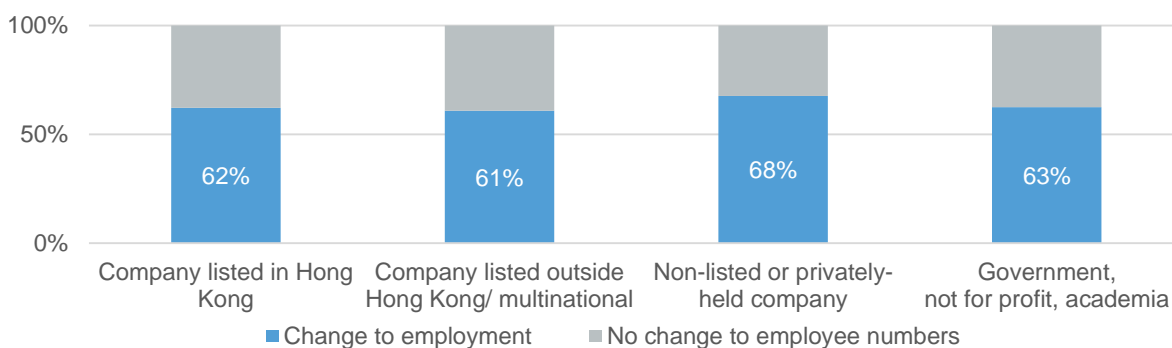


## **Impact on professional accountants in business**

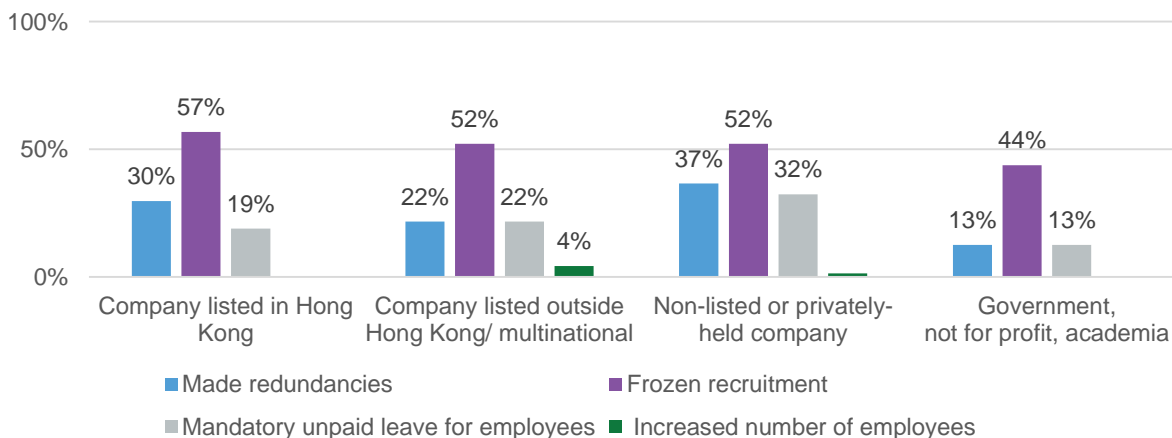
Almost all respondents in business reported decreasing revenues. Although most had not changed their product or service offering, over half of respondents from companies listed outside Hong Kong had. A small number of respondents reported increases in revenues.



Around two thirds of respondents had changed their staffing.



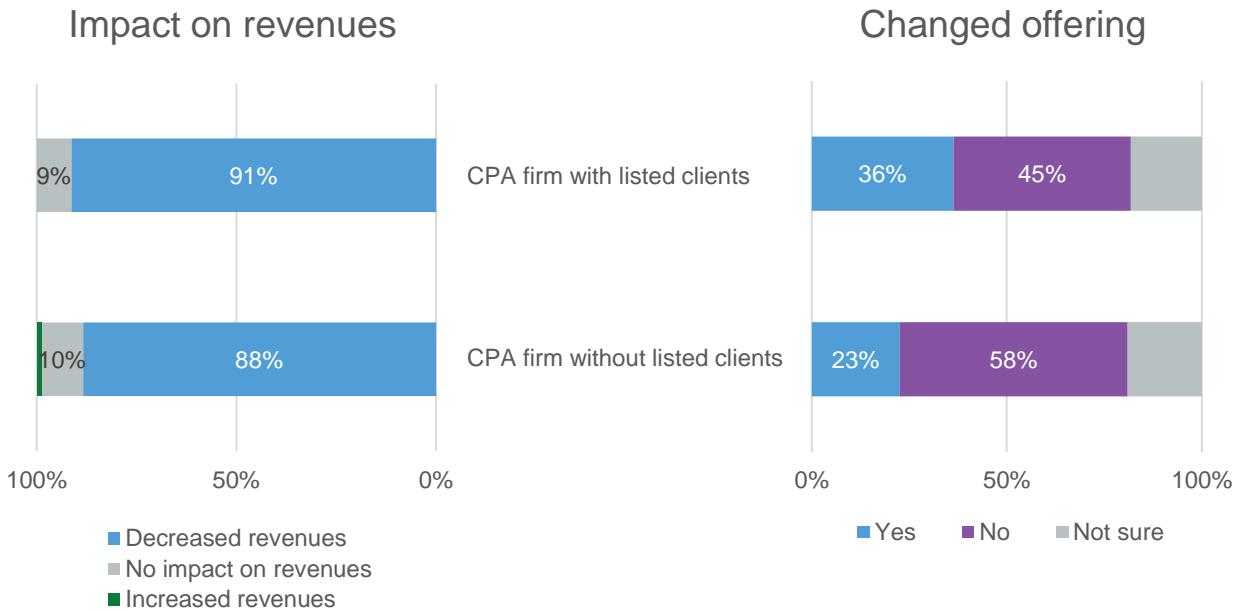
The most common change was to freeze recruitment. 37% of respondents in non-listed companies had made redundancies.



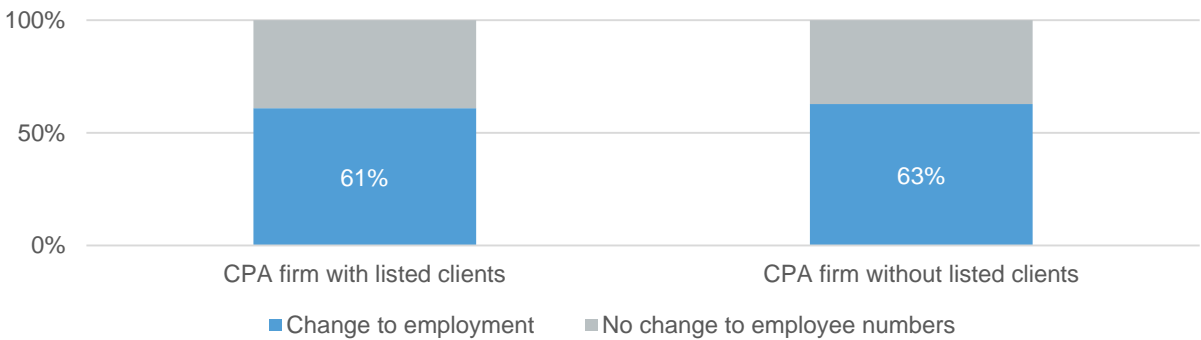


## Impact on professional accountants in practice

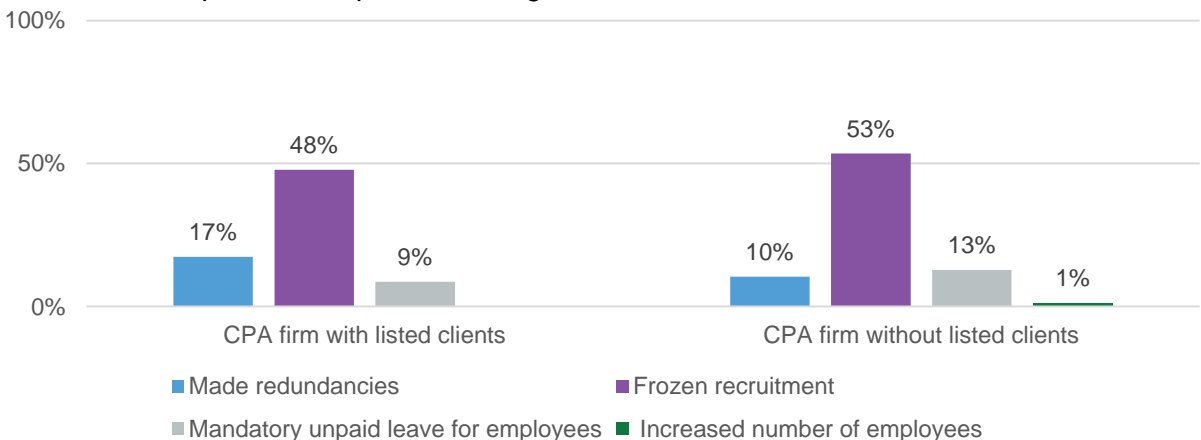
For accountants in practice, 9 in 10 reported revenues had been impacted. CPA firms with listed clients were more likely to have changed their product or service offering.



Over 60% of PAIPs reported their organizations had changed staffing.

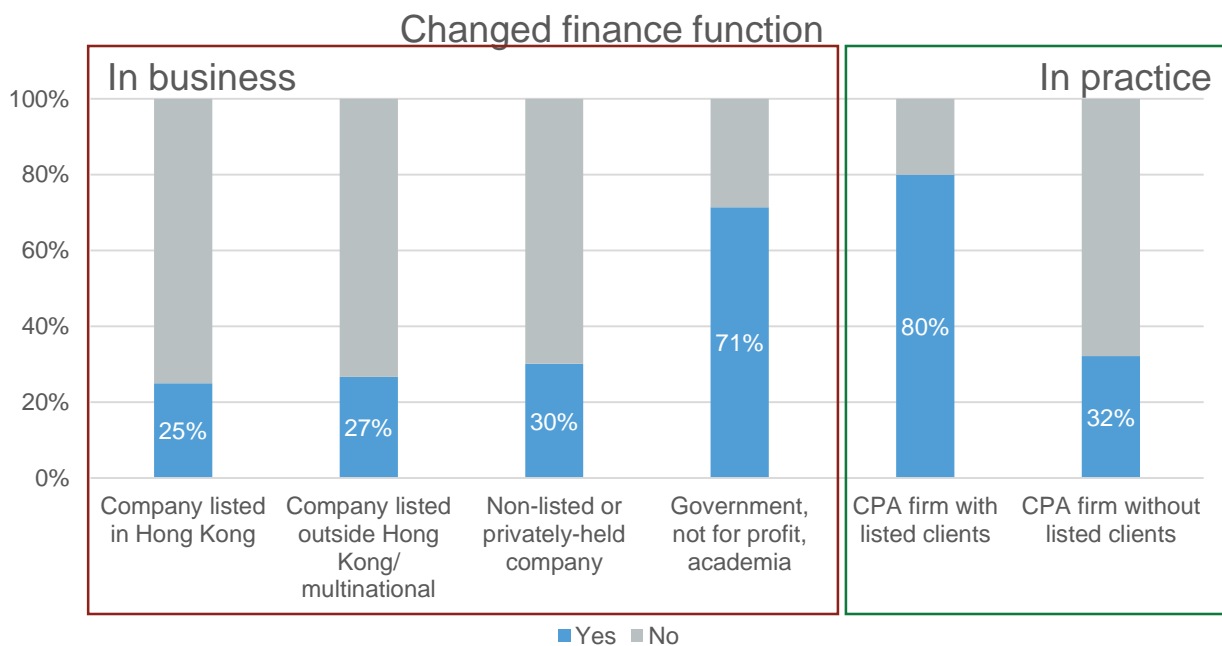


Like for PAIBs, the most common change was to freeze recruitment. Although significantly fewer PAIP respondents reported making redundancies than PAIBs.

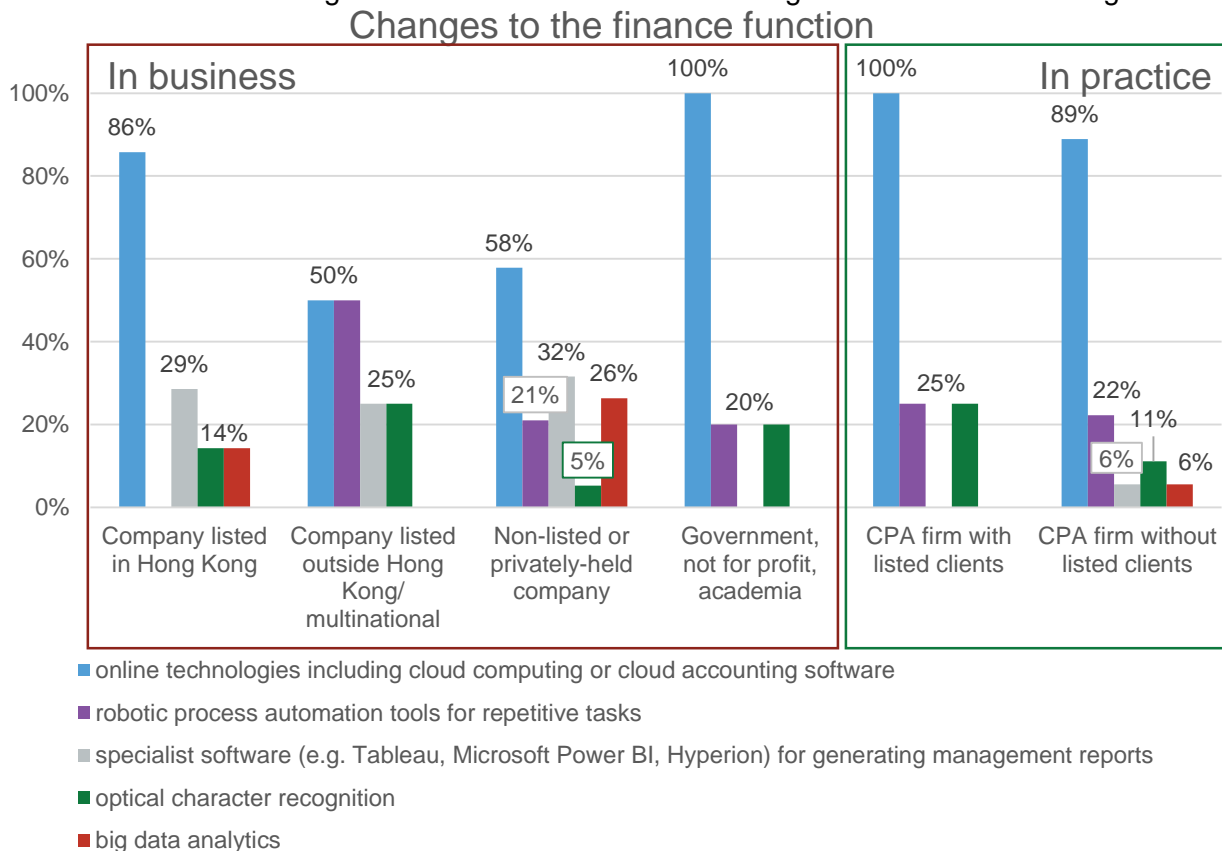


## Impact on the finance function

Two thirds of respondents who worked in or oversaw the finance function said it had not changed due to the pandemic. However, this was not uniform, and respondents in the public sector and in CPA firms with listed clients reported significantly higher changes.



The most common change was to use more online technologies like cloud accounting.

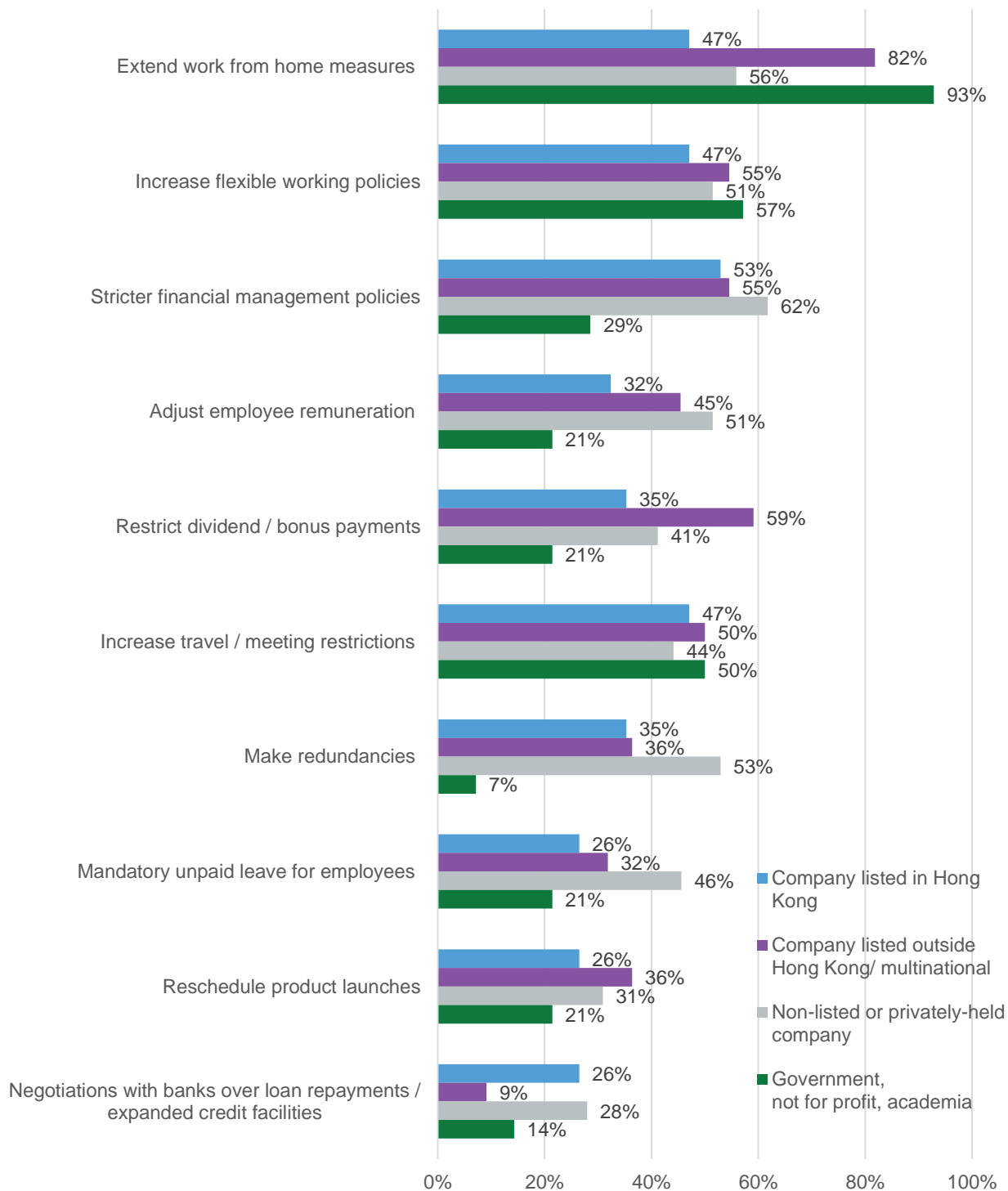




## **If the disruption continues for six months (PAIBs)**

PAIBs mostly expected to implement flexible working, stricter financial management and extending work from home arrangements if the pandemic disruption continued for six months.

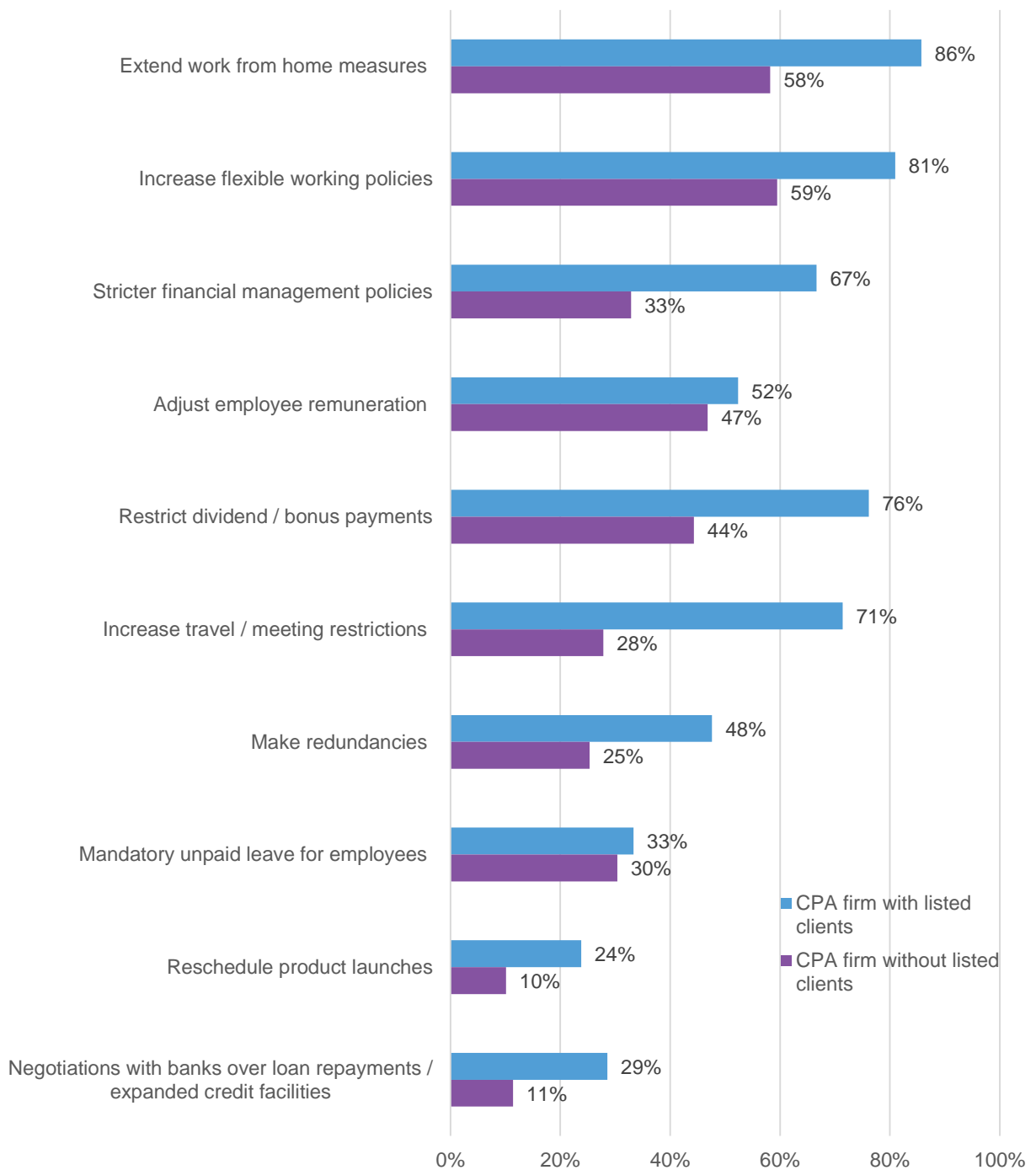
### Further plans if the disruption continues



## **If the disruption continues for six months (PAIPs)**

The data shows that respondents from CPA firms with listed clients had more plans for what they would do if the disruption continued for six months than respondents at CPA firms without clients.

### Further plans if the disruption continues



## ***Support from the Institute***

Respondents were asked in an open question to list the support they needed from the Institute during the pandemic. The most frequently mentioned recommendations, and what the Institute has done for each are below.

### **CPD**

The Institute has held nine free webinars for members. As well as free CPD, webinars have replaced face-to-face events to enable members to keep learning during the pandemic.



Through the COVID-19 – CPA Information Centre webpage and regular emails, the Institute provides members with the information they need to tackle the challenges of the pandemic, and keep track of local and international developments.



### **More information**

### **Guidance**

The Institute has released guidance on financial reporting, auditing, and assurance engagements. It has also issued general guidance on managing financial distress and fraud.



The Institute waived membership fees for 2019 and 2020, and is determining what concessions it can provide to members for 2021.

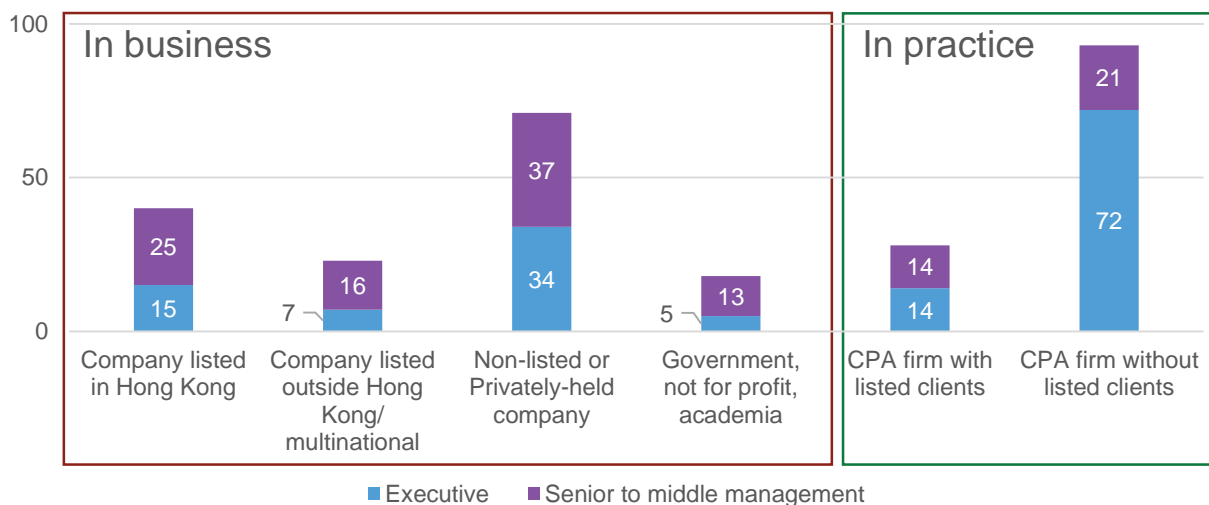


### **Fee support**

## Profile of respondents

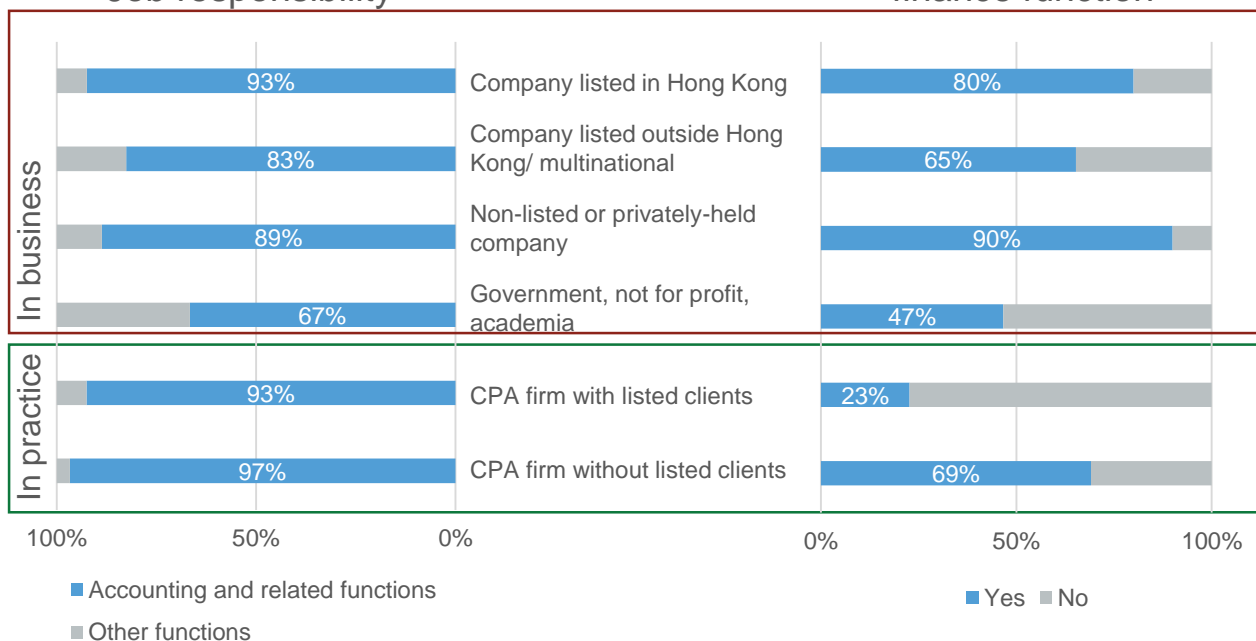
273 full responses were received to the survey, broken down as follows.

### Seniority of respondents and their organizations



### Job responsibility

### Overseeing the finance function



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