

Future Prospect of Accountants from Different Perspectives

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Introduction

- There are currently over 26,000 qualified accountants in Hong Kong
- Many students are studying accounting-related programmes in tertiary institutes
- Media reports say that income of accountants is increasing significantly
- It is worth discussing the prospects of accountants

Macro Factors Related to Accountants' Prospects

- Economic Growth
- Development of Financial Industry
- Market Development in Mainland China
- Role of Accountants in the Future

Economic Growth

- Average 6%GDP growth
- Continuous expansion of economy
- Demand for commercial services increases
- Accounting profession benefits from economic expansion

Development of Financial Sector

- CE emphasizes financial sector
- Supportive governmental actions
 - Profits tax cut
 - Frequent promotion of Hong Kong financial services in overseas countries
- Number of enterprises increases
- Demand for accounting service increases

Lack of Talent

- Hong Kong has over 26,000 certified accountants
- Shortage of talents still exists
 - Accountants shift to other sectors
 - Big accounting firms absorb a lots of talent
 - Small and medium size firms fail to compete for talent
 - New accountants fail to fill up vacancies

Market Development in Mainland China

- Accountants needed in China
- Less than 100,000 accountants in China
- More than 350,000 accountants needed
- Demand for accountants increases during economic growth
- A wide potential market for Hong Kong accountants

Market Development in Mainland China

- Concessionary policies are offered for Hong Kong accountants serving in China
 - CEPA and its supplementary agreements
 - Exemption of papers in qualifying exams
 - Lowering the minimum capital requirement for opening wholly-owned operating units in China
 - Other measures benefiting local accountants
 - Recognition of Hong Kong working experience of qualified tax advisors

Summary

- Macro factors are positive for the prospects of accountants in Hong Kong
- Students are encouraged to join the accounting profession
- Accountants serving in different fields generally have good prospects owing to the positive macro environment

Different Roles of Accountants

- Traditional roles
 - Auditing
 - Accounting
 - Tax advice
- Additional Roles
 - Management Consultant
 - Financial Planner

Auditing

- Most profitable field in the past
- Now facing more challenges
 - Professional liability risk
 - Stricter regulatory system
 - Competition and auditing agents
 - More complex accounting standards

Professional Liability Risk

- Auditors face unlimited professional risk when they commit professional negligence
 - Accountants' own liability
 - Other related parties' liability when they cannot bear
- Professional liability risks worries many auditors

New Regulatory System

- More strict regulatory system established
- Financial Reporting Council (FRC) was established in 2007
- FRC regulates
 - Auditors of listed companies
 - Financial reports of listed companies
- Independent from government and professional bodies

Competition and Auditing Agents

- Keen competition among small and medium size accounting firms
- Audit fees are difficult to raise even when costs increase
- Auditing agents exist which offer low-cost auditing services
- Auditing agents are not regulated so they affect the accounting profession

Accounting Standards

- Quality services expected
- Strict accounting standards developed
- Development of Small GAAP for SMEs
- Difficult for accountants
 - More than one set of standards
 - Frequent changes
 - Time needed to become familiar with all sets of standards

Accounting Service

- Traditional career path
- Prospects less good recently
 - Outsourcing accounting duties to accounting firms or even outside Hong Kong
 - Shrinking of accounting departments
 - Lower importance of qualified accountants in listed companies
 - Recent amendments of Listing Rule proposed by Hong Kong Exchange

Tax Advisor

- Hong Kong is a place with low tax rate and simple tax system
- Tax advisors were less important in the past
- Importance increases today
 - Hong Kong enterprises invest overseas
 - Double tax treaties
 - Complicated tax system in China

Management Consultant

- Corporate governance is a focus of concern
 - The incident of Hong Kong Tourism Board
 - The chairmanship of the SHK Group
- Accountants can be management consultants
- Importance of management consultants for enterprises
- Value-added services for accountants

Financial Planner

- Companies emphasize profits from investments today
- Importance of financial planners
- Accountants should develop financial planning skills
- An important service in the future

Summary

- Traditional roles of accountants are facing more and more difficulties
- Accountants relying only on traditional services would face a diminishing future career
- Value added services are needed to preserve competitiveness
- New accountants should focus on prospective fields

Other Challenges

- Long working hours
 - Accountants in big accounting firms always face long working hours
 - Difficult to solve in foreseeable future
 - New accountants should be prepared
- Less promotion chance and income in top positions
- More frequent work in China

Tips for New Accountants

- Broader scope of knowledge
 - Professional knowledge
 - Current issues
 - Corporate cultural issues
 - Communication skills
- Physically and psychologically prepared
 - High working pressure
 - Long working hours

Conclusion

- Accounting profession generally has good prospects in the future
- Risks and challenges are faced by traditional field of accounting services
- New value added services are key to future success of accountants
- New accountants should be well prepared for the bright career path in the accounting profession