

STUDENT ACCOUNTANT
ACCA'S MAGAZINE
FOR TRAINEES

APRIL 2013

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EDITOR'S CHOICE



WELCOME TO THE APRIL ISSUE OF *STUDENT ACCOUNTANT*

This issue includes a feature on how to think creatively and also how to analyse problems and issues in a creative way. This could help you in various work situations. We also take a look at finance careers in the technology sector as part of our sector focus series.

This issue's Learning Centre includes advice on exercising your mind to help it become more efficient at retaining information. We also take a look at the practical experience requirements and speak to a previous Simpson Scholarship winner to find out how receiving the scholarship helped her with her career progression. We share important advice from our latest Gold and Silver medal winners and provide an update to the Student Planner app.

We've a number of new technical articles for you to take a look at relevant to the audit and tax papers. We include an article about the updates to the Paper F5 syllabus from the June 2013 exams. We also highlight our subject-specific videos to help you prepare your exam technique and links to the technical article archive.

Noticeboard contains important information about annual fees, exam results, exam entry, *My Experience* and the Oxford Brookes degree.

We hope you enjoy this issue of *Student Accountant*. If you have any feedback, please contact us at studentaccountant@accaglobal.com

Victoria Morgan
Editor, *Student Accountant* magazine

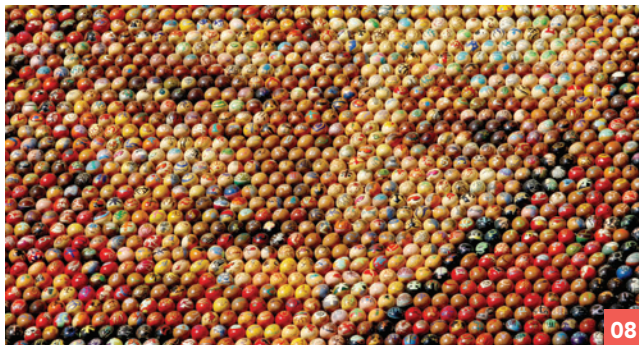


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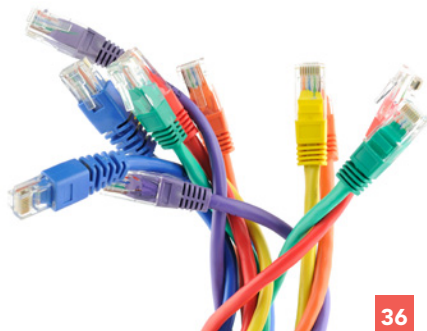
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SA TECHNICAL ARTICLE ARCHIVE

All technical content from *Student Accountant* is on ACCA's website ►

PRACTICAL EXPERIENCE

Why not log into your *myACCA* account to record your experience using the online recording tool *My Experience*?



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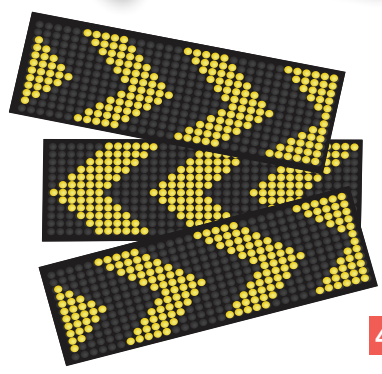
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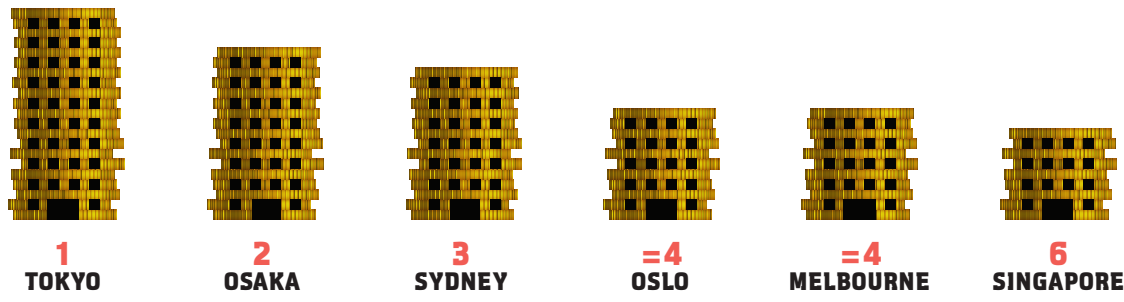
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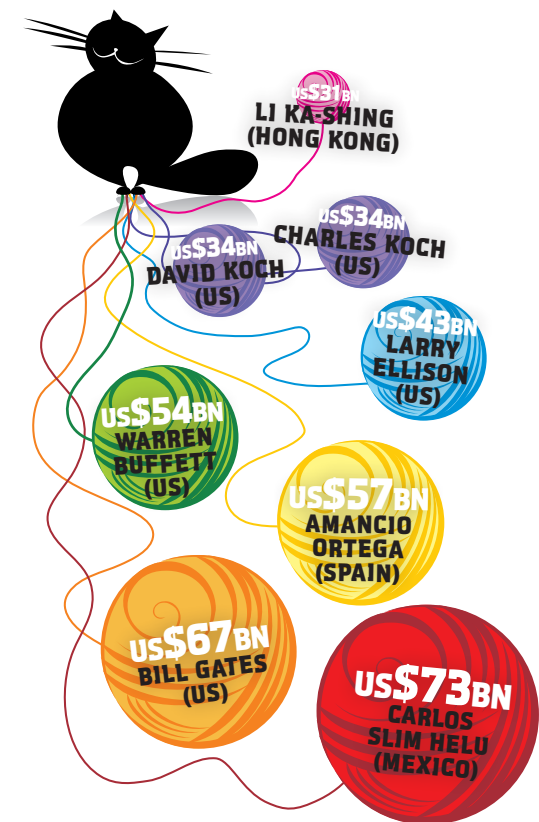
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THE CRIPPLING COST OF LIVING IN URBAN ASIA

According to the latest Worldwide Cost of Living Survey from the Economist Intelligence Unit, five cities in Asia Pacific and one in Europe have displaced Zurich at the top of the most expensive urban location list. The top 20 now includes 11 Asian cities.

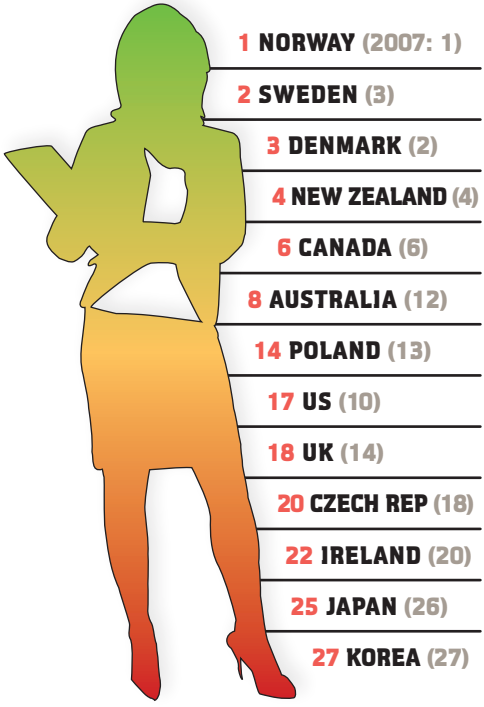


THE BILLIONAIRES' BILLIONAIRES

The eight richest men on the planet, according to the latest Forbes ranking. The richest woman, France's Liliane Bettencourt, was rated ninth with US\$30bn.

BEST FOR WORKING WOMEN

The Nordic countries stay top of the female empowerment table for 27 OECD labour markets, according to PwC's Women in Work Index. The index ratings ranged from Norway's 81.3 to Korea's 29.1, with the US's 58.8 little better than average (58.3) for the group of 27.



GLOBALS' GROWTH SLOWS

Despite overall income growth in 2012, the 22 leading global accountancy networks have seen their rate of growth dip for the first time since 2009 as a result of pressure on fees, regulatory scrutiny and intense competition across the industry. According to the latest survey by *International Accounting Bulletin*, there has been virtually no change in the Big Four's market share.

RANK	COMPANY	GROWTH RATE
1	• PwC	+8%
2	• DELOITTE	+9%
3	• ERNST & YOUNG	+7%
4	• KPMG	+1%
5	• BDO	+6%
6	↑ GRANT THORNTON	+10%
7	↓ RSM	+1%
8	• BAKER TILLY INT	+3%
9	• CROWE HORWATH	+5%
10	↑ NEXIA	+22%

www.InternationalAccountingBulletin.com

According to the survey, 18 of the 22 networks surveyed grew revenue in 2012, down from 21 in 2011. Of all 45 surveyed networks and associations, 23% reported a fall in revenues and 11% saw double-digit growth (down from 27% in 2011). PwC remained the largest global network, a title that only Deloitte

has ever wrested away from it – once, in 2010.

The year saw a surge in M&A activity among the larger mid-tier networks, with BDO International merging with PKF International's firms in Australia, China and the UK.

Firms saw continued pressure on audit and accounting

services, with advisory – and to a lesser extent tax – bringing in organic growth.

Worldwide, firms in Turkey (35%), China (28%) and India (20%) enjoyed strongest average growth in the year, as networks and associations invested heavily in these emerging economies.





UKRAINE



UK

UKRAINE

A replica of the *Ghent Altarpiece*, made from 3.5 million wooden Easter eggs painted by people from 42 countries, on show at St Sophia Square in Ukraine

UK

Women's rights campaigners march past parliament in London to mark International Women's Day. Singer Alesha Dixon fronted the protest

CHINA

Xi Jinping (right), head of China's Communist Party, has taken over from Hu Jintao as the president of China at the National People's Congress



CHINA



US

US

Yahoo! chief Marissa Mayer banned staff from working from home, in a bid to improve communication and collaboration

PAKISTAN

Pakistani women protest in Lahore during an anti-violence rally to mark International Women's Day



PAKISTAN



EUROPE

EUROPE

Ikea was among many companies affected by the horsemeat scandal after authorities in the Czech Republic found horsemeat in its popular Köttbullar meatballs. Ikea withdrew them from sale in more than 20 European countries

SINGAPORE

As the global demand for ivory is on the rise, Singapore is bucking the trend. The number of shops selling ivory in the country has more than halved in the last decade



SINGAPORE

IIRC TO PUBLISH FRAMEWORK

The International Integrated Reporting Council (IIRC) is to publish its consultation draft framework on 16 April and is calling on all accountants to 'read it, challenge it and understand it' before giving feedback. The framework will accelerate the changes in corporate reporting already taking place in the market, says the IIRC. The IIRC Pilot Programme has assisted the development of the framework by reporting the experience of 80 leading global businesses and 25 investors. The programme is being supported by a new memorandum of understanding signed by the International Accounting Standards Board and the Global Reporting Initiative.

CFO SURVEY SHOWS OPTIMISM

CFOs in India are cautiously optimistic about the future, according to the Deloitte Annual CFO Survey 2013. Some 62% of Indian CFOs expressed optimism about the future of the Indian economy over the longer term. But they remain uncertain about the short-term impact of recent Indian government economic reforms, including increased incentives for investment in target sectors. Just over half of the CFOs are neutral about the current state of the country's economy. Skill availability, costs and pricing are at the top of current concerns.

REPORTING 'NEEDS REFORM'

Good corporate reporting will play an important role in the recovery of the global financial system, according to a KPMG study, *The Future of Corporate Reporting: Towards a Common Vision*. 'If there is one point of consensus, it is that corporate reporting definitely needs to move on,' said KPMG's global chairman Michael Andrew. 'It has to evolve if it is to be fit for purpose in a rapidly changing world.' The business leaders surveyed

NOVELIST WINS US\$51M ACTION

US crime novelist Patricia Cornwell has won a US\$51m legal action against Anchin, Block and Anchin LLP, which had acted as the writer's financial manager. A jury accepted Cornwell had suffered substantially through failures by the firm in managing her wealth. The writer told the court that, although she had earned more than US\$10m a year for four years in succession, she found in 2009 that her net worth was under US\$13m. The firm rejected

the claim, saying it had acted 'professionally and appropriately'. Cornwell said that she had bipolar disorder, which meant she could only write when not distracted and the upset over the state of her finances had meant that she had lost substantial income. A missed book deadline cost her about US\$15m. Anchin did not respond to a request for comment, but it has strongly resisted the claim and press reports suggest that it intends to appeal.




Patricia Cornwell

said that reports need to be more forward-looking, achieving a balance between too much information and too little, and provide more useful real-time information.

IFRS CONVERGENCE HELPS CHINA

IFRS convergence has benefited China's economy by making accounting earnings more informative and therefore more useful to domestic and international investors, according to a study commissioned by ACCA. The study, *Does IFRS Convergence*


Affect Financial Reporting Quality in China, looked for changes to the value-relevance of earnings – the degree to which changes in reported earnings affect share prices – and found that this increased following IFRS convergence in 2007, and was almost certainly the result of convergence itself. The researchers examined all Chinese companies listed on the Shanghai and Shenzhen stock exchanges between 2003 and 2009. The report can be found at www.accaglobal.com/reporting




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Kaplan ULE student

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MICROSOFT LOOKS TO TAKE A BITE OUT OF APPLE

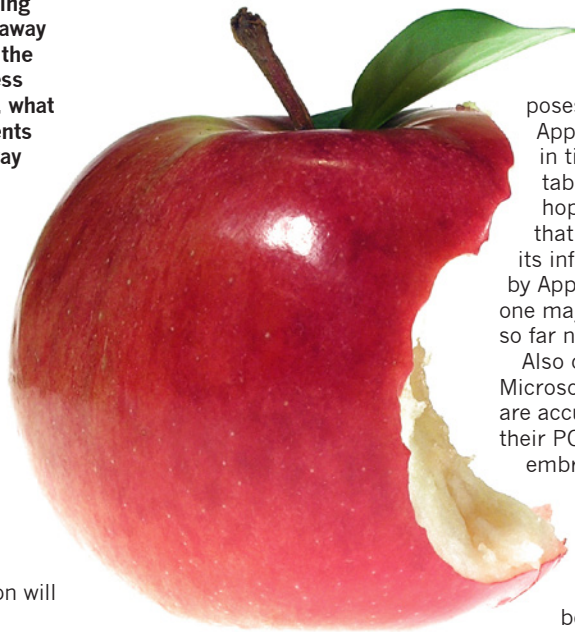
WE TAKE A LOOK AT THE WINDOWS 8 LAUNCH TO FIND OUT WHAT EFFECT THAT WILL HAVE ON THE PC AND TABLET LANDSCAPE. ALEX MILLER REPORTS

The dust is now settling following the launch of Windows 8. And away from the debate as to whether the launch has so far been a success (many observers say it hasn't), what is undeniable is that it represents a fundamental change in the way Windows works with Apple clearly a major consideration.

Windows 8, launched in New York last October, is far more touch screen-orientated, for use on tablets as well as traditional PCs. It is the bigger picture that is interesting to consider for many reasons.

The Windows Division has been posting declines in sales for some time due to a slowing of PC shipments. Since Windows used to be the core division for Microsoft, the declining sales from the division will be a concern for investors.

The growth in the PC industry – where Microsoft is the undisputed leader – has slowed down considerably as consumers shift to smartphones and tablets. Global tablet shipments, on the other hand, have been picking up every quarter, with more than 10 million shipments in the second quarter of last year alone.



It doesn't take a software genius to work out that Microsoft has hopes that Windows 8 poses serious competition to Apple's operating system and, in time, becomes the dominant tablet platform. Microsoft's hopes rest in part with the fact that the tablet market is still in its infancy and largely dominated by Apple, meaning there is only one major rival to tackle – albeit a so far near-faultless rival.

Also on the plus side for Microsoft is the fact consumers are accustomed to Windows on their PCs and so they are likely to embrace Windows 8 on their tablets as well – especially if they can use the same applications and software on their PCs and tablets.

Analysts generally believe that, assuming that Windows 8 can successfully

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integrate the tablet and PC operating systems, Microsoft could potentially sell more than the 400 million copies Windows 7 has sold since its launch (sales of which continue to be strong).

This potential increase in sales is partially explained as version 8 will serve a much larger PC and tablet market and will also give enterprises that are largely Windows dependent an easier option for tablets, as opposed to them having to switch to Apple.

Analysts also believe Windows 8 could be the single most important factor on Microsoft's revenues during 2013. Windows contributes almost 25% to the valuation of Microsoft – so any big drop in revenues will directly impact on the stock's value.

Many observers believe Windows 8 could be the next catalyst to boost some life into the market, but so far has – in many people's eyes – failed to become the massive hit Microsoft and its vendors would have hoped for.

The market as a whole has yet to come back to growth following the Windows 8 launch, leading a number of analysts to question whether version 8 can be bracketed as a success to date.



Investors have approached Windows 8 with cautious optimism. From 25 October last year (the day before Windows 8 was released) to the beginning of November, Microsoft shares rose more than seven percent, but the stock was reeling after a three-month decline of more than 11%.

Microsoft itself refutes this view and says that, as of early January, over 60 million copies of Windows 8 had been sold – 40 million within the first 30 days following launch. This number is similar to those reported with the launch of version 7, but it is worth noting this number is a shipped number and not necessarily representative of the actual number of purchased licences by users.

Microsoft chief marketing officer Tami Reller says on a Q&A post on the official Windows blog: 'We are finding that people are successfully and quickly learning Windows 8 and their usage gets richer and stronger over time. They get started with success. Fifty percent of users get through the out-of-box experience in less than five minutes. On the very first day, virtually everyone launches an app from the Start screen, finds the desktop, and finds the charms. Almost half of users go to the Windows Store on that first day.'

'Windows 8 is a big, ambitious change – a set of innovation that together enabled a consistent experience across tablets and PCs.'

Time will tell and the stakes are incredibly high. Microsoft has a lot of work to do if Windows 8 is going to be seen in the same light as its predecessor, and a lot more sales are needed before Microsoft can say it has taken a substantial bite out of Apple's market share.

What new technology, apps and operating systems do you think will make their mark in 2013 or 2014?

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