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Think Ahead
Welcome

With finance professionals’ ability to embrace new technology crucial for future success, ACCA’s new series on the ‘power of digital’ has never been more relevant.

Technology is so tightly woven into the fabric of our lives that it has become integral to our everyday routines, from how we connect with each other to equipping our homes with smart devices. It’s no different in business, where digital technology has had a profound impact on the operations as well as the strategic ambitions of an organisation. And with the digital landscape in constant flux, keeping up to date and learning how to adapt as an accounting professional is vital.

This issue marks the launch of ACCA’s series of themes affecting the accountancy profession, starting with the ‘power of digital’. In the pages of AB, readers will find a selection of features and commentary on tech to support and inform their roles. We’ll also revisit the theme of digital – identified by ACCA as one of its seven professional quotients for success – in forthcoming issues.

On page 36, we draw on the findings of ACCA’s groundbreaking report Drivers of change and future skills to ask how professional accountants can improve their tech competencies to face the challenges ahead. Meanwhile, on page 28, we consider how blockchain has the potential to unleash a raft of opportunities within assurance. The hesitancy of accountancy firms in Malaysia to embrace new technologies is the subject of our feature on page 32, where we look at why digital adoption is slow. And our columnists also join the debate, with ACCA president Robert Stenhouse arguing that the ability to adapt to change is important for professional growth (page 19).

We also say goodbye to AB stalwart Cesar Bacani. Cesar has been writing for AB for many years, regaling readers with his insights on the evolving role of the CFO. In his final column, he urges finance leaders to not be distracted by an array of fancy technology terms but to think about what they actually need (page 16). We wish Cesar well as he takes up an exciting charity role in the Philippines.

Colette Steckel, Asia editor
colette.steckel@accaglobal.com

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Accounting and Business April 2019
‘Instead of letting myself be affected by the financial crisis, I decided to take the opportunity to sharpen my skills in financial analysis’
Lego Group, the world’s largest toy manufacturer, has opened a flagship store in Beijing. The Danish company is undergoing a major expansion in China, adding 80 stores this year to its existing 60.

More than a billion Barbies have been sold in the 60 years since Mattel’s iconic doll was launched at the American Toy Fair in March 1959. Today, 55% of all dolls sold do not follow the original template of blonde hair and blue eyes.

UK appliance manufacturer Dyson is moving its headquarters to Singapore. The company, which denies that the move was prompted by Brexit, had already announced plans to build its new electric car in the city-state.

Free-to-play games such as Fortnite accounted for 80% – US$87.7bn – of video game revenues in 2018, with 62% of spending coming from the Asian market. Asia also produced seven of the 10 top-selling games of the year.
News in brief

This edition’s stories and infographics from across the globe, as well as a look at the latest developments and issues affecting the finance profession.

Profession expands
China’s accountancy sector recorded an estimated annual revenue of CNY100bn (about US$14.8bn) in 2018, according to the Ministry of Finance. The figure, reported by Xinhua, marked a steady industry expansion, with accountancy firms raking in around CNY90bn and CNY80bn in 2017 and 2016, respectively. The total number of accounting firms reached 7,862, and there were 109,352 certified public accountants in China. They provided services to more than four million enterprises and institutions, including more than 3,000 listed companies.

Unicorns fly
China fostered 97 unicorns – start-ups valued at US$1bn or over – last year, according to Shanghai-based research firm Hurun Report. China’s unicorn club now has 186 members in total with a combined value of more than CNY5 trillion (US$736bn). Twenty-three of those new unicorns come from the online services sector. Other sectors that saw significant unicorn growth were healthcare and medicine, education, big data and cloud computing. The most valuable Chinese unicorn is financial services firm Ant Financial, valued at CNY1 trillion (US$148.4bn).

Upbeat on growth
More than two-thirds of accountants and financial professionals surveyed on Malaysia’s business prospects for 2019 expect government policies that address economic issues and combat corruption in the country will have a positive impact. The respondents also singled out economic growth, the weak ringgit in relation to supporting exports and buoyant consumer spending as other positive drivers for growth this year. Key factors obstructing growth include the rising cost of living and low wage growth. The research was conducted jointly by ACCA and the Malaysian Institute of Accountants.

HKMA chief to retire
Norman Chan, chief executive of the Hong Kong Monetary Authority, will retire from his post on 1 October, at the end of his second term. Financial Secretary Paul Chan paid tribute to his ‘outstanding contributions and dedicated service’ over the 10 years of his tenure. In the aftermath of the global financial crisis, he noted, Chan has ‘played a pivotal role in the international financial system reform agenda’.

Strength in mergers
Strong growth in Asia Pacific has propelled Grant Thornton to record global revenues of US$5.45bn. The largest merger of 2018 took place in Japan with the addition of Yusei Audit Co and Yamada & Partners Certified Public Tax Accountants’ Co to the network, adding 900 new staff and substantially boosting Grant Thornton’s tax and audit capabilities across the region. This was complemented by strong organic growth across the region, most notably among the ASEAN countries of Indonesia (31.9%), Malaysia (27.2%), Singapore (16.3%) and Thailand (12.6%). Across the Asia-Pacific region, 42% of member firms grew revenues by over 10%.

Cyber defender
Deloitte has been named a leader in managed security services in Asia Pacific by International Data Corporation (IDC), a market intelligence and advisory company. According to IDC, an integrated business focus and multidisciplinary...
approach positions Deloitte’s managed security services at the intersection of business transformation, regulation, compliance, and cyber defence. It found that Deloitte’s expertise in risk ‘allows it to help clients build effective cyber risk strategies that enable them to grow and share without deferring compliance’.

Lessons learned
Goldman Sachs CEO David Solomon says the bank will use a ‘different lens’ when doing business in emerging markets, taking lessons from its involvement in Malaysia’s 1MDB scandal. Former bankers have been accused of involvement in the misappropriation of money from the corruption-plagued state fund founded by former Malaysian prime minister Najib Razak. In an interview with Nikkei, Solomon said the bank will work to rehabilitate itself this year, the 150th anniversary of its founding.

Land grab fear
The Real Estate Developers’ Association of Singapore (Redas) has called for a review of the latest round of property market cooling measures, warning that the higher stamp duties imposed on developers in July last year could lead to ‘a repeat of the 2017-2018 “land grab” situation in four to five years’ time’. Under the changes, property developers are required to pay a 25% additional buyer’s stamp duty on land they acquire based on the land cost, up from the previous 15%. Redas says the policy ‘has pushed all developers to exhaust their inventory at around the same time’, and could partly account for the land price escalation in 2017 and 2018.

Risk control
China’s central bank has set up an institution to improve financial regulation and risk prevention. According to an official statement reported by Xinhua, the macro-prudential management bureau established by the People’s Bank of China will replace the previous foreign exchange department. The bureau will be responsible for formulating macro-prudential policies, assessing financial agencies, drafting rules and regulations, and monitoring financial risks. It will also shoulder foreign exchange department duties, such as assessing foreign exchange policies and promoting the yuan’s crossborder transactions.

On guard
In a Recession Watch 2019 report, advisory firm Gartner suggests that CFOs should be checking their organisations’ recession preparedness, by assessing...
GBA opportunities unveiled
China’s blueprint for the development of the Guangdong-Hong Kong-Macau Greater Bay Area (GBA), finally unveiled in February, is set to open up cooperation opportunities and new horizons for technology-related subsectors such as hybrid electric vehicles, according to Grant Thornton China. The firm says that given that IT is the least affected industry under the US-China trade war due to its high correlation with local markets, segments such as big data, cloud computing and artificial intelligence are expected to attract growing interest from private equity (PE) funds to provide growth capital in the area.

Barry Tong, joint APAC head of transaction advisory services at Grant Thornton, said: ‘In China, being the most popular market for the global institutional investors, we have observed a trend of Chinese PE investors partnering with foreign PE firms to fund investments in order to capture the synergy of accessing industry relationship and technical expertise to bring the investment to the next level of growth.’

Thanks to economic liberalisation and a removal of barriers to foreign investment, Asia has become an increasingly fertile environment for venture capital, Tong added. ‘Opportunities could be further unlocked for Asian companies by going into subsectors such as education and healthcare. The subsectors are expanding rapidly on the back of the rising adoption of innovative technology and growing consumption power fuelled by the unprecedented expansion of the middle class.’

Streets ahead
Twenty-five countries now rank in KPMG’s Autonomous Vehicles Readiness Index 2019, led by the Netherlands, with Singapore in second place. A ‘powerhouse of technological innovation’, Singapore has created a test town for driverless vehicles complete with traffic lights, bus stops, skyscrapers and a rain machine that recreates its stormy tropical weather.

Best in class
Japan is the most represented nation in the latest Times Higher Education Asia-Pacific University Ranking, with 103 universities featured. China is in second place with 72 universities. Other countries with a strong presence in the ranking are Australia (35), Taiwan (32), South Korea (29) and Thailand (14). The top five are listed as Tsinghua University, China; the National University of Singapore; Australia’s University of Melbourne; Hong Kong University of Science and Technology; and the University of Hong Kong.

China economy
Chinese consumer sentiment is at the lowest level in a decade, but Morgan Stanley chief China economist Robin Xing told Bloomberg he expects a rebound in the second half of the year. In a separate interview with CNBC, Xing also predicted that China’s debt-to-GDP ratio would continue to rise in 2019. However, he noted that the country is using more ‘transparent’ and ‘manageable’ leverage than before, rather than reopening its shadow banking sector.

Peta Tomlinson, journalist
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People power

Irene Ho FCCA, CEO at The Luxury Network Singapore, describes how building networks has been key to her journey from the Big Four to entrepreneurship

Overcoming boundaries and challenging stereotypes have formed the underlying narrative for Irene Ho’s life story, even from an early age. This determination has seen her progress from the challenge of supporting herself during her training to her role today as CEO of The Luxury Network Singapore.

Ho first heard about ACCA at secondary school, where two of her teachers were working towards their qualifications. They were, however, quick to warn her that a career in accountancy required a huge amount of work and dedication. Nevertheless the seed was planted and years later, when the opportunity for higher study presented itself, and knowing that she was up for the challenge, Ho found that ACCA was the perfect fit.

‘ACCA was an obvious choice because I needed to fund my own qualification and I could study on a part-time basis while working full time – as my teachers had done,’ she says.

After gaining the ACCA Qualification in 2004, Ho followed the well-trodden path of getting a job with one of the Big Four. She looks back fondly at her experience at Deloitte in Singapore, where she was IPO manager, which imbued in her many key skills, such as staying cool in stressful situations.

‘I developed resilience and an attitude that there isn’t any problem that I cannot solve. This was forged through years in audit where, no matter what, the accounts would be signed,’ she says.

From Deloitte, Ho moved to KPMG Singapore in 2008, where she was transaction services manager. But even though she enjoyed working for a Big Four firm, everything changed the following year when the global financial crisis took hold, leading to a steady decline in the number of transaction services passing through the firm’s hands. This prompted Ho’s decision to take a career break to pursue a master’s of financial analysis at the University of New South Wales in Australia.

‘Instead of letting myself be affected by the financial crisis, I decided to take the opportunity to sharpen my skills in financial analysis, which was an area I had started moving into before the financial crisis hit,’ says Ho.

Widening horizons

While Ho’s ACCA training had given her an invaluable start in the accountancy profession, she soon realised that its value was even more far reaching. While applying for her Master’s programme, she faced a roadblock with regards to the entrance requirements. Fortunately, ACCA Australia helped her liaise with the university in order to ensure her place on the programme.

Grateful for the help, Ho began volunteering to raise ACCA Australia’s profile. She would later identify this as the moment when her spirit of volunteerism was first sparked.

On completing her Master’s programme, Ho decided to widen her exposure by joining PKF in Brisbane, where she was assistant manager, corporate advisory. This enabled her to not only experience living and working in a new environment, but also discover the different working environment of a medium-sized practice.

‘Unlike my previous Big Four experience in Singapore, where jobs would be assigned to you, we needed to hunt for our own clients. Furthermore, being in a foreign country, I had to build my network from scratch,’ Ho says.

She promptly reached out to her network at ACCA, as well as becoming involved with the Singapore Business Council of Australia, where she served as president in 2012 and 2013. What began as a way to build her client base had exposed her to the immense power and opportunities of networking.

‘In my various volunteering roles, I learnt to build partnerships with brands, find sponsors for events and engage deeply with members,’ says Ho.
‘Instead of letting myself be affected by the financial crisis, I decided to take the opportunity to sharpen my skills in financial analysis’
The Luxury Network (TLN) is a luxury affinity marketing, partnerships and events group. With 28 global offices and over 500 member brands, TLN creates business relationships between many of the world's most luxurious brands. This synergy enables members to gain access to valuable, pre-qualified, high net-worth private clients from around the globe.

When she learned about The Luxury Network (TLN) at a networking event in Australia, Ho immediately saw an opportunity to launch a Singapore chapter. To her, it felt like a natural progression – 'something that my experiences had been preparing me for'.

Gap in the market

Ho admits that while the experience of establishing TLN in Singapore involved many challenges, it was 'ultimately also very fulfilling'.

Even though her time in a smaller accountancy firm had required her to come up with templates, systems and prospects lists from scratch, the realities of starting up a new company magnified many of these challenges.

In addition to the rigours and practicalities of running a start-up, Ho also faced the task of acquainting herself with the inner workings of the luxury market. 'I knew that there was a gap in the market for such services – connecting luxury brands and high-end service providers with the growing number of ultra high-net-worth individuals in Singapore and Asia. But I needed to learn quickly the psyche of these customers,' she says.

Today, six years after founding TLN in Singapore, Ho can rightfully claim to be one of Asia's luxury market experts. She has been consulted and interviewed by the Straits Times, Bangkok Post and other luxury research firms for her views on consumer behaviour and the state of spending in the region. Additionally, she speaks regularly at international forums and events, and is a guest speaker for ESSEC Business School's Executive Masters of Luxury Management programme.

Ho believes that true luxury is defined by its unreachability by the masses and is not simply something that one can buy with money. It is for this reason, she says, that people shouldn’t expect ultra high-net-worth individuals (UHNWIs) to have the same values of time and convenience as everyone else. In an interview with Luxe Digital website, she said: ‘I don’t expect them to stop buying private jets to travel to meetings just because Skype calls or WhatsApp are available.’

As an advocate of networking, Ho says that this is important for every profession, but in some ways it is even more vital for the luxury space. 'Luxury brands represent the best of their industry, and it takes quality face-to-face time to build a level of rapport and trust between both collaborators and customers.'

She adds that the value that The Luxury Network brings to the table is in fast-tracking access to pre-qualified members (whose HNWI credentials have been verified), as well as extending their members’ geographical reach.

Ho shares the example of how TLN recently assisted a Singapore luxury leather goods brand. ‘As a home-grown brand, their main challenge was in getting their name out to the right audiences,’ she explains. ‘So we linked them up with a British luxury car brand who happened to be doing a car launch event in Japan. Through this partnership, the leather goods brand got to benefit by gaining exposure in Japan, as well as leveraging on the established name of the car brand.

‘Ultimately, it’s not who you know, but whether you know how to convert who you know into something valuable,’ she adds.

Higher purpose

Ho’s induction into volunteering may have started within the realms of business networking, but today it has evolved into a personal passion to make the world a better place.

Despite her busy schedule running TLN, Ho continues to actively volunteer in numerous capacities. Most prominent is her role as the head of Asia and the head of mission for Diplomatic Council (DC) Singapore.

Through DC, which connects some of the top leaders in business, government and science, Ho is trying to reach a higher purpose.

‘I am connecting my high-net-worth contacts to the diplomatic community, which in turn helps to drive business
opportunities and create jobs,’ she explains. ‘Economic prosperity, however, is just the means to a bigger end. Ultimately, it is DC’s belief that prosperity to mankind is one of the best guarantors of peace.’

Closer to home, Ho also leverages on the support of her members at TLN for various charity causes that she supports. ‘Through my experience in finding sponsorship for events, I’m now able to use my skillsets to help charities in their fundraising efforts,’ she says.

Another way that Ho is also making a difference is through mentorship programmes. Since 2017, she’s been taking on interns, as a way to pass on her knowledge and to groom future leaders.

‘From my younger days in accounting, the things I remembered most from my accounting mentors were values such as integrity, trust and honesty,’ she says. ‘In fact, I think that a major reason for my success at TLN is due to the fact that my members recognise the emphasis I place on these core values.’

Accordingly, Ho’s approach to mentoring is to focus more on the ‘hows’ and ‘whys’ of doing things, rather than the more operational ‘whats’.

As she so clearly demonstrates, the work you do may change but it’s the values that matters most to a person’s success.

‘In a way, I’m still very much in the business of providing professional services. What I’m realising, however, is that today’s clients don’t want to be bounded by traditional service offerings,’ she says.

‘They want you to anticipate their needs and provide them with the necessary service it takes to help them to fulfil their end objective. If you are able to have that mindset, I think you’re already halfway there.’

Rufus Tan, journalist
Don’t believe the hype

Organisations need to think carefully about how state-of-the-art technology tools contribute to the achievement of company goals before investing, says Cesar Bacani


One answer from the panel and roundtable discussions I have moderated over the years: you don’t need to. What CFOs must do is be clear in their mind what the finance organisation’s tasks are in relation to the company’s goals – and then spend only on technology that directly contributes to achieving those goals.

That said, I think every firm needs to adopt digital invoicing, which allows entry to, and more efficient participation in, local and global supply chains. This makes it easier to then proceed to blockchain ledgers, which allow authorised users to record invoices and other transactions on a blockchain. These can be entered from different devices across geographies, but the chain is designed to constantly be verified and updated in real time, so there is only one single version of the truth.

When the blockchain ledgers are integrated with ERP, performance management and other systems, the finance function and other departments will be able to slice and dice all sorts of historical and real-time data for forecasting, analytics, business insights, compliance and other value-added tasks that can confer a competitive advantage.

The deluge of data can be too much for spreadsheets and human operators to handle, so it may make sense to deploy AI, machine learning, RPA and the like so finance professionals can analyse the data and recommend courses of action.

But for some CFOs, I would argue that blockchain ledgers and sophisticated analytics are not really must-haves. Single-geography organisations with relatively simple business models or those in stable, predictable industries should be able to get by with spreadsheets or a commercial accounting package with basic data visualisation and analytics features.

To my mind, the organisations that would benefit most from blockchain, AI and other sophisticated (and expensive) technologies include multinationals and large companies with a presence in two or more markets, companies in regulated industries such as banking, companies with complicated ownership structures and strict financial reporting requirements, and those in ultra-competitive industries such as retailing, e-commerce, technology and services.

Whatever the course of action, though, one technology that every company needs, in addition to digital invoicing, is a robust cybersecurity system. In the digital global economy, everyone is at risk from hackers and other dangerous actors. If CFOs have the budget for only one technology, cybersecurity is surely it.

Cesar Bacani is a freelance journalist. This is his final column for AB as he focuses on charity work in his native Philippines.
Mind the legal gap

A judge’s comments on the inherent unfairness of Malaysia’s National Land Code, which can leave victims of fraud with nothing, have highlighted gaps in the law, says Errol Oh

It is not every day that Malaysia’s top judge issues a judgment in which he highlights a deficiency in a statute and urges the government to address it. And it is rarer still if the recommendation, when acted upon, may have a direct and significant impact on the business world.

This description fits the concurring judgment by Chief Justice Tan Sri Richard Malanjum on three civil lawsuits that went all the way to the Federal Court, where they were heard together in January.

These disputes relate to a land scam that resulted in a woman losing her property. The judge ruled that the company that subsequently bought the land did so in good faith and therefore acquired an indefeasible title, which means its ownership of the asset cannot be annulled, even though the woman was a blameless victim of fraud.

Courtroom battles arising from such circumstances – conmen selling land to unsuspecting buyers without the knowledge of the registered owners – are familiar to those who have dealings in the property market. How the judges rule on these cases has a bearing on the risks and costs of land transactions.

For many years, legal experts have been pointing out that Malaysia’s system of land registration, which is spelled out in the National Land Code, needs to include a way to compensate land owners who suffer losses due to fraud or registration mistakes. The system is based on the one introduced in South Australia in the 19th century.

Championed by parliamentarian Robert Torrens, it has since been known as the Torrens system and is used in a number of jurisdictions.

According to the Alberta government in Canada, the Torrens system gives the government custody of all original titles, documents and plans, which has the legal responsibility for the validity and security of all registered land title information. Because of this, Alberta (like several other jurisdictions) has an assurance fund to ease the plight of those whose land titles end up in the hands of others as a result of the government’s errors or the wrongful actions of third parties.

This is what Malaysia lacks, and this has to be fixed in order to raise confidence in the land registration system and fortify the property sector.

In his written judgment, Malanjum said that the Torrens system should be implemented fairly, as it was originally conceived. The authorities must, he added, seriously look into amending the code so that Malaysia can have an effective assurance fund.

There will be tough challenges. Top of the list is working out how the fund gets its money. Land matters come under the purview of the respective states while the lion’s share of government revenue is collected by federal agencies. In addition, with the rising cost of living, the government has to be ultra careful with its spending.

Nevertheless, when the head of the judicial branch calls attention to a gap in the law, is it wise to take no heed?

Errol Oh is executive content officer at The Star.
Reasons to be cheerful

Despite the recent gloom, there are signs that the global economy may be moving in the right direction – and offering some respite to Asia, says Manu Bhaskaran

The past few months have seen progressively gloomier economic news on the world economy, growing worries about a US-China trade war and tightening financial conditions as many central banks raise interest rates. For a region like Asia, which is so dependent on trade and external financial flows, this was discomfiting. However, in recent weeks, the gloom in Asia seems to have lifted.

China’s policymakers have rolled out powerful stimulus programmes. The US and China have edged closer to a deal to settle their trade disputes. America’s Federal Reserve Bank has signalled caution on further rate increases.

Global investors have become more comfortable about risks and capital has started to flow back to emerging markets, including those in Asia. This has helped to strengthen regional currencies, allowing central banks to replenish their foreign exchange reserves while foregoing further monetary tightening.

Delving deeper, one finds a couple of good reasons for cautious optimism on the global economy. First, the Chinese economy seems to be responding to the government’s stimulus measures. There are also signs that increased government spending on infrastructure and social housing has sparked growing demand for items such as heavy machinery. The likelihood of a US-China trade deal will also help boost business confidence: indeed, the stock market in Shanghai has soared.

Second, while the US economy has slowed, the lead indicators still point towards it growing this year just above its trend rate. Europe and Japan have lost momentum but emerging economies outside China such as India, Brazil and Russia seem to be regaining vigour.

Nevertheless, we should still maintain caution. First, trade tensions between the US and China are likely to continue exerting a drag on global trade. The US also continues to block the appointment of new judges to the World Trade Organization’s dispute settlement tribunal – bad news for the smaller trade-dependent economies in Asia.

Second, geopolitical risks remain high. The US is continuing to stymie China’s technology firms from establishing a stronger foothold in sensitive areas such as telecommunications. Elsewhere, Indo-Pakistani tensions remain high, while in Europe Brexit continues to create uncertainty.

Finally, while major central banks have turned somewhat dovish, scope remains for financial turbulence. The US economy will get stronger as some of the one-off factors that slowed it, such as the government shutdown, fade. Financial markets are underestimating the chance of the Federal Reserve raising rates again this year.

In short, Asian economies will gain a respite as global demand steadies, external capital flows into the region’s bond and equity markets and commodity prices improve. However, this may be brief: trade tensions are likely to persist while geopolitical flashpoints could heat up and financial markets could see another round of turbulence.

Manu Bhaskaran is CEO at Centennial Asia Advisors.
Riding the wave

As technology transforms the profession, an epic career awaits ACCA members that embrace this sea-change, says ACCA president Robert Stenhouse

At a recent new-member event, I was asked by our guest speaker whether our members become CEOs, CFOs or entrepreneurs? My answer was simple: ‘All of them – whatever they want to be.’ After all, a career as a finance professional is a journey not a destination.

A more frequently asked question is related to technology, one of the key themes that ACCA will be exploring this year: ‘Will technology replace accountants?’

Inevitably some routine processing jobs will be replaced by machines. But for those members who embrace change, the transformation we experience will provide career opportunities not seen for generations.

We are at the beginning of what has been called the fourth industrial revolution, and the finance profession has a huge role to play in making sure the potential benefits are captured for society as a whole.

In particular, I would highlight three areas where the core competencies of professional accountants are essential to achieving successful transformation.

The first is the appraisal of IT investment. At a time when many traditional business models are being challenged, significant investment in technology will be needed to transform our ways of working.

To make the right business decision, it is important to be able to project the true cost of this activity to ensure adequate funding is available. This involves modelling the impact on income of changing customer behaviour, while also projecting the costs of replacing legacy systems, and maintaining and upgrading new systems.

The second area is monitoring and measuring change. The business change and IT transformation need to go hand in hand, and you need to bring everyone along with you on the journey. This requires clear objectives to be established that can be measured and monitored.

The third area is making sure that the business benefits are achieved ethically and sustainably. It is in times of change and challenge when professional accountants really add value, bringing their integrity to bear as they consider the interests of all stakeholders.

ACCA members have the core skills and competencies to be leaders at the forefront of the business transformation that will inevitably happen as the world takes advantage of the latest digital technologies.

Those who choose to ride this wave will have the opportunity to secure an epic career journey.

Robert Stenhouse is ACCA president and a director, national accounting and audit, at Deloitte in the UK.
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The view from

Teh Heng Wee FCCA, group CFO, Advancecon Holdings, Malaysia, on working on a successful IPO

Finance is never boring. Most aspects of an organisation (if not all) relate to finance: business performance, financing and cashflow, strategic investment, technology spend, human capital and even brand investment. Furthermore, a finance professional is always in demand; the role today is not limited to compliance and numbers. A CFO is also a value creator, business partner and a spokesperson or ambassador for the organisation. The skills that are essential for success include change management, public speaking, presentation and cultivating the right mindset to adapt for change.

I am involved in partnering the CEO on business transformation and the strategic direction of Advancecon. I ensure that the business has the necessary financing and working capital to sustain both business growth and operational requirements. Being the one executing the financing strategy and putting Advancecon in a bankable position has been a real motivator. Furthermore, being a key member leading Advancecon to a successful initial public offering (IPO) last year was a real joy. As a key member leading the IPO, I went through numerous challenges and learning opportunities throughout the process that led me to become a better finance professional both in terms of technical and mental prowess.

Malaysia is an interesting place for both business and leisure. The people are friendly, talented and courteous, making excellent co-workers. Travelling is easy due to the strategic location and the tropical weather pattern makes living here fuss free and convenient. Also, since May 2018 Malaysia has been ruled by a coalition for the first time. I believe we are moving in a direction that will strengthen the principle of democracy in Malaysia, which is excellent for business.

I hope to continue in business for at least 10 years before eventually becoming a finance lecturer. I’d like to share my professional experiences and hopefully give my students a head start in terms of what the real working world is like. If I weren’t an accountant, I’d be involved in sports in some way. I’m an active person and I have a great passion for football. Out of work, I play football, go to the gym and I really enjoy running.

90% of global finance leaders say their finance team lacks the skills to support enterprise digital transformation.

Source: Association of International Certified Accountants/Oracle

Fintech funding

Global fintech funding rose to US$111.8bn in 2018, up 120% from US$50.8bn in 2017, fuelled by mega mergers and buyout deals. Investment in fintech companies in Asia hit a new high of US$22.7bn across 372 deals, according to KPMG’s Pulse of Fintech report. While China continued to account for the largest fintech deals in the region, investment in other jurisdictions in Asia is becoming more active. Among the top-10 deals during the year, three were based in India, one in Australia and one in the Philippines.

Walking the talk

Talking like a CEO could earn CFOs higher pay, according to a new study. After analysing the language used in companies’ conference calls with investors, researchers at Rice University’s Jones Graduate School of Business and the University of Miami Business School found that CFOs who mimic the way their CEOs talk are not only likely to pocket bigger pay cheques, they’re also more likely to win seats on their boards. They also observed that the longer executives work together, CFOs are more likely to change their language style to be more like their CEOs.
The unusual suspects

Would the real fraudster please stand up? Jennifer Wilson explores the psychology of fraudsters and offers practical advice on how to keep them at bay

Who is most likely to commit fraud – the alpha male who’s known as a risk-taker and is not afraid to bend the rules, or the quiet person at the desk in the corner? There’s a temptation to point to the former, and a surprising lack of sound research has certainly contributed to the development of a range of popular, but unfounded, fraudster stereotypes.

Debunking these stereotypes reveals a diverse offender. Differentiating between what we know, what we think we know and what we don’t know about fraudsters is essential for improving the effectiveness and efficiency of fraud risk assessment and prevention strategies.

The biggest misconception about fraudsters is that they are readily identifiable – because they are evil masterminds, psychopaths, entitled narcissists, or have criminal records. A closer look, however, reveals that this is simply not the case.

In fact, my research suggests that most fraudsters do not have criminal records. This may mean that the criminal justice system acts as a more effective deterrent for fraudsters than for other offenders, or that successful fraudsters avoid prosecution. Either way, having a criminal record does not mean a person will commit fraud. Similarly, there is no guarantee that someone with no criminal record will not commit fraud.

Narcissists, meanwhile, are often portrayed as having a sense of entitlement that predisposes them to steal. The entitlement in clinical narcissism is a demand for recognition for being special. But although narcissists may boast about enjoying the finer things in life, they are no more likely to steal those finer things than anyone else.

Finally, the charming, remorseless, psychopathic fraudster who takes delight in the suffering of their vulnerable victims is also an unsupported stereotype. Research has shown that fraudsters are actually not likely to be psychopathic at all, but are in fact self-sacrificing, quite ordinary, individuals. Indeed, the fraudsters I interviewed for my research described themselves as desperate to protect their families from hardship and humiliation in the face of significant unexpected financial challenges.

My study also revealed that businesses’ internal controls were often so weak that fraudsters had no need to be charming to avoid arousing suspicion. And as for delighting in the suffering of victims, given that a successful fraud depends upon the victim’s ignorance of their exploitation, there is actually no suffering to observe.

Common characteristics

My interviews with fraudsters revealed three important issues:

* All fraudsters identified factors within themselves and their environments that led them to offend.
Thoughts and feelings about their fraudulent actions changed as offending progressed.
* Fraudsters took different routes to and through offending. Examining these three areas in more depth is illuminating.

**Differing pathways:** All fraudsters described how their offending changed after they had achieved their initial goals. Some stopped at this point, while others continued with the fraud to maintain their improved lifestyle. Offending often escalated as lifestyle expectations were recalibrated.

**Changes in thoughts and feelings:** The fraudsters I spoke to described having feelings of desperation prior to offending – a sense that they lacked alternatives to fraud. Offending actually restored a sense of control. But once they stopped, they realised their behaviour indicated just how out of control they had been because they did in fact have other options. They expressed profound regret for the harm caused to their victims and/or for the violation of their own values.

**Intrinsic and extrinsic risk factors:** Fraudsters took full responsibility for their behaviour, while at the same time identifying factors that contributed to their offending. Extrinsic factors included personal circumstances, the work environment (eg pressure to falsify documents, dangerous or unfair work conditions), and broader contextual factors like high unemployment. Intrinsic factors included personality traits and elements of mental illness. Some fraudsters chastised themselves for being arrogant during their offending, but also pointed to behaviours suggesting that they were otherwise conscientious employees.

**Implications for prevention**

Diversity in offending pathways, and in intrinsic and extrinsic fraud risk factors, highlights the need for a framework that provides a more nuanced understanding of fraud than that offered by the dominant theory, the ‘fraud triangle’, which points to three components: pressure (motivation), opportunity and rationalisation. Fraud is not the result of a simple cause-and-effect relationship. For example, gambling is recognised as a risk factor for fraud, but even a pathological gambler may not consider fraud unless they lose access to a legitimate source of funds. Different combinations of factors may result in different levels of risk in different circumstances.

There are a number of steps businesses can take to minimise the risk of fraud:
* Developing, implementing and enforcing rigorous internal controls is essential for reducing the likelihood of fraud occurring, and for keeping losses and disruption to a minimum if it does occur. There is no excuse for auditors who fail to conduct rigorous evaluation of internal controls.
* Remember that fraudsters do not fit a single mould. Catching one fraudster does not mean there is not another committing a different type of fraud in a different part of the organisation for a different reason.
* Recognise that fraud may be symptomatic of broader management deficiencies. Some fraudsters described how loyalty to their employers’ organisational goals turned to disgust after they realised the extent to which managerial self-interest and incompetence undermined those goals. Some fraudsters’ last inhibition against offending was: ‘Why should I care about helping this place make money if they don’t?’ Even if this is an excuse rather than a reason, addressing it is good for the bottom line.
* Use psychometric testing to identify, develop and support competent employees, as this may reduce the likelihood of recruiting and retaining ‘psychopathic’ staff who bully to disguise their incompetence, fraud, or both. Although some personality traits may present greater risk in some circumstances, none have been identified that reliably differentiate fraudsters from non-fraudsters.
* Reconsider performance management strategies that reward people who never leave work before the boss.
* Be prepared to replace senior staff who commit fraud or if grievance procedures reveal leaders unsuited to their roles. Not all employees commit fraud if treated unfairly, but few will keep going that extra mile indefinitely if those in more senior roles are perceived as beyond reproach.

Finally, don’t be conned by Hannibal Lecter experts – and never, ever meet them for fava beans!

**Quick tips**

* Believing that you understand what motivates fraudsters can be more risky than accepting you simply don’t know.
* Beware of wasting money on interventions that are not supported by scientific evidence.
* There is no evidence that screening for ‘psychopaths’ will reduce your risk of fraud.
* Never compromise on rigorous internal controls.

Dr Jennifer Wilson FCCA is a behavioural scientist.
Gaining an edge
By releasing human capital, artificial intelligence and robotics can enable finance professionals to concentrate on better and higher value-added work

Emotional intelligence is an increasingly important factor for success for finance professionals, particularly in the era of artificial intelligence (AI). The link between the two was explored at the ACCA Hong Kong CFO Summit, held late last year, at which delegates were asked to consider how finance leaders can seek to thrive in the digital age.

‘Our strength in this increasingly digital age is being human, exercising judgment, scepticism and emotional maturity,’ said Jane Cheng, head of ACCA Hong Kong. ‘Emotional competencies are critical to becoming a trusted and capable professional accountant, someone who can combine analytical figures with emotional maturity,’ she added.

Emotional quotient (EQ), one of the seven skill areas ACCA sees as key skills for the future of the profession, comprises a range of competencies relevant to improving emotional intelligence, such as a growth mindset, self-knowledge, perspective-taking, empathy and influence.

‘ACCA sees technology as an opportunity that allows accountants to focus more on value-added capabilities,’ said Cheng, noting that repetitive and mundane tasks can now be done by automation.

Her view was shared by Nicholas Yang, the Hong Kong government’s Secretary for Innovation and Technology, who was guest of honour of the summit. The helmsman steering Hong Kong’s tech development, Yang believes that AI and robotics release human capital so that humans can focus on better and higher value-added work, thereby driving growth and increasing productivity.

The accounting profession has already benefited from AI, Yang noted. ‘Cloud-based accounting software has now become a dominant force in the profession, which has improved efficiency and added value to the accounting industry,’ he said.

AI will not replace accountants, he added, as witnessed by the fact that today there are more than ever.

‘The work of accountants today is not about bookkeeping and data analysis,’ Yang said. ‘It is more about relationships and strategy-building with clients. Such work requires human interaction skills and creative thinking.’

Ultimately, Yang said, AI does not set out to make machines more like humans: ‘AI is about making humans understand and work with the machine to overcome humans’ shortcomings and limitations.’

Successful collaboration
This human-machine collaboration has already proved successful, said Mark Lee, research director at the Asia Pacific Institute for Strategy, during a panel discussion on harnessing the power of EQ. He described how tech startup Stitch Fix uses AI to calculate what fashion style would suit the customer before sending a parcel of clothing items with a handwritten personal note. Today, the business is worth US$2bn and its stock price has jumped US$10 in one year. This story, says Lee, proves that the human touch still has its place amid the rise of machines.

While no one would disagree that AI has enhanced work efficiency, the biggest fear of many is of AI taking jobs away. Edwin Hui, head of data and analytics solutions at KPMG, urged management to stay empathetic and professionals to have a growth mindset to stay competitive.

‘We often look at how AI improves efficiency only, but we also need to think of social responsibility,’ he said. For example, Amazon is retraining its employees in order for them to survive outside the company.

AI also creates new roles. ‘We need people to monitor the machines to ensure the output is right,’ Hui said. ‘This is human resources transformation.’

Also sharing this view was Sean Lee, managing director of digital transformation at Dell Technologies.

‘Humans can work as managers of the robots and see them as virtual assistants,’ he said, adding that effective management was essential.

In today’s data-rich environment, AI also raises fears of infringement of privacy. To address those concerns, Lee...
highlighted judgment and a sense of responsibility as essential.

‘Now there are more regulations on data privacy protection. Corporations need to respect the regulations and work with finance professionals to understand the impact of data breach,’ he said.

Lee also urged finance professionals to be less rigid about returns and failure when facing uncertainty arising from technology.

‘We are still in the infancy of integrating technology in our work, so returns are unknown,’ he said. ‘When doing financial planning, can we have some areas that do not have any KPIs?’

‘Also, failure is not bad. You can have policies to amend it. Put a box around it and let people try inside the box.’

**Growth mindset**

Meanwhile, Alison Sim, associate director of finance and technology at Crown World Mobility, shared how a growth mindset, influence and perspective-taking can be an answer to confronting these fears.

Through her efforts, her company adopted robotic process automation for better productivity. Not having a tech background did not deter Sim and her team from learning the technology themselves.

‘Of course some people didn’t want to get on board with the project but I encouraged them to remove their fear,’ said Sim, adding that extensive training was provided. ‘It actually opened a new career path for them.’

To reassure senior management, Sim put herself in their shoes. She increased the project’s transparency to let them stay informed, engaged and encouraged. She set up milestones to review each phase of the project and brought frontline employees to the boardroom to share their positive feedback with senior management.
Wu, managing director and senior risk manager, Asia Pacific, at the Bank of New York Mellon. ‘It should not be used to deceive and manipulate users. AI should be building instead of eroding trust.’

Teddy Liu, head of the corporate and talent development department at New World Development Company, summed it up in one sentence: ‘Control should be in place, otherwise it would be a mess.’

In its report Emotional quotient in a digital age, ACCA points out that EQ helps one prepare for rapid changes and improve human-machine interaction. In particular, the growth mindset is a key enabler for the development of EQ and is a point of high leverage. Improvements here can help with those needed across all emotional competencies.

‘EQ can be learned and is an under-used asset for influencing others. A growth mind-set can help you push yourself out of your comfort zone, ask additional questions, understand the person better and see what you can do to find a middle ground,’ said Narayanan Vaidyanathan, head of business insights at ACCA.

‘A growth mindset really matters,’ he added. ‘It is one area that you can influence and has outside benefits.’

Meanwhile, for many, doubts persist about where humans stand in a world that celebrates the power of machines.

In the second panel discussion on the primacy of human intelligence and culture in a digital age, speakers discussed how humans’ authentic feelings and critical thinking set us apart from emotionless machines that have limitations. Everyone agreed that ethics is one area in which machines cannot surpass humans.

‘The ethical side is largely human-driven today,’ said Steve Monaghan, founder of GenLife, an insurance company that is harnessing the power of AI. ‘It’s on us to understand what is possible and probable. Machines are just using mathematics to do calculations. It is our job to draw the ethical lines from a regulatory standpoint to decide how to use the information in the right way. AI is not designed to discover its own ethics,’ he added.

Governance is crucial
For this reason, humans have much work to do.

‘It’s important to learn. Without understanding AI, it’s hard to judge whether something is ethical or not. Learning about it will let you have a better call,’ said Toa Charm, chief public mission officer at Hong Kong Cyberport Management.

Charm also highlighted the importance of regulations and governance. ‘When forming governance to look at AI ethics, it’s not just a set of technical guidelines. We need the accountants’ profession to add value to governance and set a bottom line,’ he noted.

For this reason, Singapore has released a set of principles to promote fairness, ethics, accountability and transparency in the use of AI and data analytics – a move that has been well received by those involved in AI.

‘We need to establish standards and reduce the misuse of AI,’ said Dominic

At ACCA Hong Kong’s CFO Summit 2018, government minister Nicholas Yang described how cloud-based accounting has already become a key tool for finance professionals, improving efficiency and adding value.
I started my career as a tax consultant with PwC in Hong Kong in 1986 immediately after I obtained my bachelor’s degree in accounting. I currently lead PwC China’s financial service tax practice. I see tax consulting as one of the most fascinating jobs for young accountants because taxation is a key concern for any business making important investment or operational decisions.

The tax profession is no longer seen as having a very narrow career path. It has evolved to offer extensive career opportunities, with many tax issues now discussed at board level.

Over my career, I’ve witnessed the exponential growth of the tax market in the greater China region. The tax profession has changed significantly, driven by ever-changing regulatory regimes around the world, the emerging of unlimited new business models in new economies and the rise of ‘machines’ to improve the efficiency and effectiveness of our tax advisory. I’ve seen the tax profession become more specialised, requiring consultants to further become experts on specific industries or having expertise on more focused subject matters.

China has gradually shifted away from its role as the factory of the world. Businesses no longer see China as a low-cost manufacturing base, and the economy has gradually redirected its resources to the service industry and technological innovation. The success of Alibaba and Tencent has proved that businesses can introduce new models to effectively disrupt the huge traditional market.

I am most proud of having the opportunity to support PwC’s Greater China region tax practice to achieve double-digit profitable growth year-by-year for the past 30 years. One of my biggest achievements is that many young accountants I’ve hired have now progressed to become top-level tax professionals.

If I weren’t an accountant, I’d likely be an IT person. Upon university graduation, I was offered a programmer job. Similar to taxation, IT is also an ever-changing and highly specialised career. Digitalisation has been and will continue to reshape businesses all over the world.

One of my biggest achievements is that many young accountants I’ve hired have now progressed to become top-level tax professionals.
Far from dealing a mortal blow to the audit profession, blockchain technology seems likely to generate a range of exciting new roles in the assurance sphere before, during and after a transaction means that you will always need an external audit.’

That is not to deny that blockchain will radically alter auditors’ operating environment. As Padgett explains, the technology offers enhanced transparency and accessibility to financial and non-financial information that could profoundly affect record-keeping, reporting, assurance and governance.

‘In a blockchain future, auditors and forensic experts could be given

Could the audit profession have been given a stay of execution? Blockchain, or distributed ledger technology, has been touted as its executioner – after all, if all transactions are recorded in an immutable chain of digital blocks, with no apparent way of being altered after the fact, it creates a perfect audit trail, so dispensing with audit and auditors.

Not so fast. Auditors are starting to seek to stake a claim in this new technology so they can use it to their advantage – and that of their clients.

They point out that as long as a human element is involved (with the attendant risk of mistakes and fraud), a third party is needed to provide assurance over the validity of transactions.

Simon Padgett FCCA, a Vancouver-based cryptocurrency and blockchain forensic accountant, doubts that blockchain will kill off the auditor. ‘I don’t think so,’ he says. ‘Blockchain has the capability to eradicate audit, but there is always scope for error and fraud. The uncertainty of human interference before, during and after a transaction means that you will always need an external audit.’
a set of blockchain digital access “keys”, providing access to detailed, timestamped information covering all transactions,’ he says. ‘Such access could have significant impact on the auditors’ approach to their work. Organisations that use the blockchain will likely incorporate continuous internal audits in their processes, supply an audit trail, and provide account analysis at the push of a button.’

While companies and auditors move to embed blockchain applications and platforms into the accounting and finance environment, it is critical that these systems do not become seen as ‘black boxes’ that offer – ironically – limited transparency and audit trails.

Katie Canell, audit innovation director at Deloitte, says: ‘The validation of the system of governance and controls, the security and integrity of data within the system, and the need to understand whether the platform or application is operating as intended over a period of time are all critical aspects of being able to rely on the outputs.’

The need for trust
The creation of trust will be key to the success and widespread adoption of blockchain for accounting and auditing purposes. As Padgett explains, the internet has done a great job of data transfer. On the whole, the process was trusted until banks began to crash in 2008–09 and questions were raised about the transfer of value – in particular, currency value. It is no coincidence that 2009 was when bitcoin appeared. ‘There was mistrust in the financial system, so there was a need for a new financial channel, a trusted way of moving value, not just data,’ he says.

And this is where an auditor can still be involved. Canell says: ‘Distributed ledgers are founded on the basis that they promote trust and resilience without the need for a central, trusted party controlling the process. However, in reality, while an entry on the blockchain can be trusted as an official record that a transaction occurred, it does not necessarily provide evidence relating to the nature of the transaction, why it has occurred, or if all transactions have been recorded.’

EY has recently announced the launch of its Blockchain Analyzer tool to help audit teams assemble an organisation’s entire transaction data from multiple blockchain ledgers. Its auditors can then interrogate the data, analyse transactions, perform reconciliations and identify outliers. It is also designed to support testing of multiple cryptocurrencies managed or traded by exchanges and asset managers.

“These technologies lay the foundation for automated audit tests of blockchain assets, liabilities, equities and smart contracts,” says Paul Brody, EY’s global innovation blockchain leader.

PwC has also launched blockchain validation software, which combines a risk and control framework with continuous auditing software. As powerful machines test for anomalies in real time, with every transaction tested, longer-term patterns not evident to the human eye will be spotted. Mid-tier firms are getting in on the action, too, with BDO teaming up with Microsoft to develop blockchain technology.

Challenges include the power hunger of blockchain hardware, the risk of hacking and money laundering, unidentified errors, integration with legacy systems, and obsolescence. Canell believes regulation will also need to be rethought: ‘There is a fine balance between regulations adapting and opening up opportunities for evolving technology, and technology driving the need for change.”

Philip Smith, journalist

The ups and downs
Simon Padgett outlines the blockchain audit pros:

* Blockchain-based accounting systems could provide new ways to record and report financial information.
* Organisations could retain their double-entry accounting systems while parties to a transaction could record their respective entries in a shared blockchain ledger, allowing transaction integrity to be confirmed in the shared ledger.
* Smart contracts could replace internal and external reporting functions.
* Blockchain ledgers could rapidly aggregate and consolidate financial reports in real time, reducing monthly and year-end reporting delays.
* Opportunities will be created for blockchain governance and forensics.

PwC highlights the blockchain audit cons:

* Blockchain environments have unique architectures and lack standardisation, so each client must design a custom-control environment based on their use case.
* There is a lack of knowledge and blockchain expertise within organisations to design control environments.
* Blockchain is a real-time technology without the historic ledgers that allow audit.
Beauty in simplicity
An overhaul of International Standards on Auditing would benefit smaller entities, a recent ACCA report argues

No one reads accounting or auditing standards for fun, but is it strictly necessary for so much of the technical literature surrounding the profession to be almost impenetrable? Professional rules and regulations are, by their nature, complex, but a new ACCA report argues that they could, and should, be more accessible and understandable.

The report focuses specifically on the application of International Standards on Auditing (ISAs) to smaller entities. The view that ISAs can be burdensome when applied to the audits of some smaller and less complex entities is not
new; for years practitioners have argued that ISAs are difficult to apply to some companies and require procedures that are often unnecessary. But this report, Thinking small first: towards better auditing standards for the audits of less complex entities, goes further in suggesting a solution that, it argues, would benefit all auditors, regulators and the general public.

A number of initiatives have been attempted over the years to simplify ISAs and address the cost/benefit issue for smaller companies. In general, proposed solutions have taken one of two routes: allowing audit exemptions for smaller companies; or developing a separate, simplified set of standards for small, non-complex entities. The problem with both approaches is that they create a ‘two-tier’ view of the audit process, which can impact public confidence in the rigour of audit. ACCA’s position, and that of many others, is that audit should be scalable – a single product that can be applied to all types of entity. An audit, as the report puts it, should be an audit.

Simpler structure
So, the report suggests an alternative. Instead of exemption or separate auditing standards, it proposes that auditing standards should be written using simpler language and a simpler structure, for all audits. This would require the International Auditing and Assurance Standards Board (IAASB) to put in place a process to write any new standards (the report argues that applying the proposal prospectively rather than retrospectively would make it more manageable) in simpler language, with a structure that accommodates the needs of auditors of smaller and less complex entities, starting with the most basic requirements and building up.

In the medium term, the report adds, the IAASB could commit to rewriting all existing standards in this format, although it concedes that this may seem impractical given the IAASB’s current constraints.

The IAASB itself has previously worked to simplify its standards. In 2004 it began a comprehensive project to revise and reformat all its existing ISAs, in response to complaints that they were too complex. Known as the Clarity Project, the work resulted in a separation of the requirements of ISAs from application material and took several years to complete. More recently, the IAASB has been gathering views from practitioners in order to better understand the areas that concern the auditors of SMEs; this feedback will be used to guide its future direction.

Existing support processes for high-quality implementation could be folded into the standard-setting process itself

The report recognises that rewriting all auditing standards is a major project that will take time and which may lengthen development. It suggests that some of the existing support processes for high-quality implementation of ISAs could be folded into the standard-setting process itself. ‘For example,’ it says, ‘some of the thinking about workflow and scalability could be brought forward and communicated within standards.’

It also suggests that more of the drafting be carried out by specialist teams. The current approach relies on drafting and redrafting standards as they are reviewed in working group sessions and board meetings. ‘It may take time for the board to become accustomed to a methodology that is, initially, more conceptual and may depend less upon detailed drafting,’ says the report, but may also make standard setting more efficient in the long run.

The report adds that ‘while there may be some temporary issues while transitioning towards this new way of working, the benefits for users and for the public interest make this a price worth paying.’ It points to the ‘key concepts’ sections of the revised ISA 315 issued in 2018 as evidence: this section is written in simpler English that is much more accessible to users and allows them to understand the overall flow of the rest of the standard more quickly. ‘ACCA believes that, with the right support, the IAASB could move towards drafting all of its standards in similar language.’

The benefits of the proposal, concludes the report, are clear: ‘Simpler language and a simpler structure would benefit all auditors, as they would be able to understand auditing standards more easily, and could identify more quickly the requirements that apply to their specific situation.’ There are wider benefits, too, for audit regulators and for the public understanding of audit: ‘Publicly, there is a lot of suspicion about whether auditors are fulfilling their responsibilities under auditing standards. The structure and complex language of the standards can make them difficult for lay users to understand.’

Simpler standards that are easier to understand will make the audit process more accessible to a wider range of users – and that has to be a good thing.

Liz Fisher, journalist
Unlock tech’s potential

While Malaysia’s finance professionals are still reluctant to embrace new technologies, choosing the right ones will grow your organisation and are vital for future success.

For a majority of accountancy firms in Malaysia, technology is part and parcel of their daily operations, given the widespread use of computers, spreadsheets and accounting software. However, adoption of higher level technologies is still low, according to the Malaysian Institute of Accountants’ (MIA) recent MIA digital technology blueprint.

The report shows that while 92% of respondents occasionally or frequently used accounting software, the adoption rate of other technologies such as data analytics, fintech and artificial intelligence (AI) was below 25%. The national accountancy body also noted that while it has observed rising interest in technology among its members, there were also accountants who were uncomfortable with adoption. This highlights one of the biggest changes confronting the profession: the impact of evolving smart technology and how accountants can use it to enhance traditional ways of working.

The survey reveals that business benefits and business demands are the top two drivers of technology adoption. On the flip side, MIA digital economy task force chairman Steven Chong says that the survey lists high business costs, lack of talent to utilise technology effectively and the lack of understanding of the benefits of adopting technology as the top three barriers.

Take the initiative

‘These are very real and salient points around barriers to adoption. It is critical that accountants take the initiative to research and identify technologies that are strategically relevant and beneficial to their particular practice or area of work, and then assess how or which technology to adopt, at a suitable and palatable investment for them,’ says Chong, who is also an MIA council member.

ACCA Malaysia Advisory Committee member Renganathan Kannan says that barriers to technology adoption might exist due to scarce resources and a lack of understanding of clientele needs, as practitioners may tend to focus...
more on traditional and conventional accounting practices such as one-stop solution providers offering secretarial, accounting, audit and tax services.

‘In the present business environment, owners are looking for customised and timely support from professionals,’ Renganathan says. ‘And with the right and relevant analytical tools, I believe professional accountants could play a vital role in adding value for the business owners: for example, in real-time support services, timely advisory, dissemination of relevant information to the business owners, playing a vital role in sophisticated internal control mechanisms, and anti-money laundering tests.’

For Lawrence Chai, a partner at 3E Accounting, the lack of knowledge about such technologies among some practitioners is a huge obstacle to technology adoption. ‘The main barrier is that practitioners are not aware such tools are available in the market,’ he says.

While it has been suggested that Generation Y accountants are more inclined to adopt new technologies than more senior accountants, Chai believes that management support is more important than age. ‘It is more about the mindset of the top management; it is nothing to do with age,’ he says. ‘We do see many older practitioners using cloud-based accounting software as well.’

Renganathan says that the response of younger accountants to adoption is fairly good. ‘Younger professionals are managing the present situation diligently by crossworking with various experts to deliver on clients’ requirements in a timely manner,’ he notes.

Given the perceived high costs involved and specialist manpower needed, the key question is whether it makes sense for small and medium-sized practices (SMPs) to adopt such technologies. Chong dismisses the notion that adoption is suitable only for the bigger accountancy firms, arguing that the progress of current accounting technology and fintech is continually democratising access for the masses to technology and facilities that were available only to the largest organisations just 10 years ago.

On the areas where SMPs can leverage on digital technology, Renganathan believes that the growth sectors are bookkeeping, timely reports, costing and pricing analysis, internal control mechanisms, forensic accounting and anti-money laundering testing.

Do the research
Regarding whether it makes sense for smaller firms to acquire such technology, Chong says they need to get the research and comparisons done first.

‘Look at the modern pay-per-use pricing models that software-as-a-service providers offer nowadays,’ he says. ‘If one were to look carefully, there are even AI-level tools available in the market, offered at a relatively minuscule fraction of the cost it would take to own the full system. I would argue that cost is not really a deterrent by today’s standards, provided one does their homework.’

Renganathan agrees that the cost of technology is getting significantly lower due to the wide range of service providers available. ‘Technology platform vendors offer cloud-based solutions with a reasonable costing mechanism,’ he says.

Practitioners also need to consider the value add that such new technology would bring. ‘Look at the new capabilities that the firm would acquire,’ Chong says. ‘Look at the excitement that it would create among its talents. Look at the opportunity costs of clients that the firm would not be able to service if it did not have the required new capabilities and services.’

Rather than being overwhelmed by the technological advances, the profession – especially SMPs – should embrace digital technology to grow their businesses, Chong advocates.

‘For those who are offering accounting services, I highly recommend getting themselves updated with what modern cloud accounting software are capable of nowadays,’ he says. ‘Adopt them! Experiment with them! Find champions to lead the initiatives. Convince clients to experiment, too.’

For those who offer auditing services, Chong says it is critical to realise that traditional hard copy-based transaction and source documents will eventually be a thing of the past.

Chai also debunks the notion that only the bigger firms can adopt advanced technology given that smaller firms can now avail themselves to such capabilities. For example, he points to accounting software which provides data analytics as well as AI capabilities.

‘There are many low-cost cloud-based tools available and SMPs can adopt such technology easily,’ he says. ‘It makes sense for them to do so.’

Renganathan agrees that the notion that adoption is suitable only for the bigger firms can now avail themselves to such capabilities. For example, he points to accounting software which provides data analytics as well as AI capabilities.

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Starting small is key to digital success

Accountancy firms, especially the smaller ones, can benefit from technologies such as data analytics, fintech, cloud applications and artificial intelligence if they are willing to just take the plunge.

However, Malaysian Institute of Accountants (MIA) digital economy task force chairman Steven Chong says that firms do not necessarily need to go big on adopting new technology, adding that they should not have a wait-and-see attitude when it comes to technology. ‘Things are changing and moving too quickly for you to be complacent,’ he says.

On the types of technologies that firms can leverage on, Chong believes that cloud accounting and data analytics are probably the dearest to heart for an accountant to start with.

Describing himself as a big believer of sandboxing, Chong says that organisations need to ‘start small, in a controlled environment’. Sandboxing is a software management strategy that isolates applications from critical system resources and other programs, providing an extra layer of security that prevents harmful applications from negatively affecting your system.

‘Assemble a small team of enthusiasts,’ he advises. ‘Assign a “mission impossible” to them to work on researching, recommending, experimenting and adapting new technology to the firm’s processes. Celebrate each small win!’

‘Leaders must have an eagle eye on using the principles of change management diligently,’ he says, adding they must believe in the initiative and what the technology will bring to the organisation.

‘As the leaders of the firm, the key is to lead and initiate the effort, while using common sense, business acumen, wisdom and experience to assess the alternatives.’

‘With the advent of eWallets and all sorts of electronic transactions that digitally take place nowadays, most transactions would basically sit in servers/cloud in digital formats,’ he says. ‘Auditors need to have the right tools, capabilities and know-how to audit these transactions.

‘By modernising the audit approach and tools that cater to systems audit, efficiency is increased and further reliance is put towards controls testing, while powerful capabilities around pattern recognition, fraud detection and full population-based testing could all be administered in an efficient manner,’ he says, adding that these will also contribute to better risk management for the audit team.

MK Lee, journalist

More information
Find more resources on technology and the profession at accaglobal.com/members.
Green ambition

Many European companies are trying to improve the sustainability of their businesses, but the ability of boards to use the right metrics and ask the right questions varies widely.

### The drivers

**What are the key drivers for your sustainability activity?**

<table>
<thead>
<tr>
<th>Driver</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The board sees a solid business case in sustainability</td>
<td>53.2%</td>
</tr>
<tr>
<td>We try to act responsibly</td>
<td>56.9%</td>
</tr>
<tr>
<td>There is growing pressure from investors</td>
<td>17.0%</td>
</tr>
<tr>
<td>There is growing pressure from employees</td>
<td>12.8%</td>
</tr>
<tr>
<td>There is growing pressure from suppliers</td>
<td>1.6%</td>
</tr>
<tr>
<td>There is growing pressure from customers</td>
<td>24.5%</td>
</tr>
<tr>
<td>Other</td>
<td>12.8%</td>
</tr>
</tbody>
</table>

### The measures

**The board has the right measures in place to understand the company’s sustainability approach**

<table>
<thead>
<tr>
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<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Agree</td>
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</tr>
<tr>
<td>Somewhat agree</td>
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</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>6.5%</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>5.9%</td>
</tr>
<tr>
<td>Disagree</td>
<td>5.4%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

### The people

**How is sustainability managed?**

- We have a head of sustainability who reports to the CEO: 21.4%
- We have a head of sustainability who reports to the board but not the CEO: 7.7%
- We have a head of sustainability who does not report to a member of the board: 9.5%
- We don’t manage sustainability separately: 32.1%
- We don’t have a dedicated head of sustainability; sustainability is managed by the CEO: 23.8%
- Other: 5.4%

### The risk

**Ignoring sustainability will affect long-term value creation**

<table>
<thead>
<tr>
<th>Agreement Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Agree</td>
<td>26.9%</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>16.4%</td>
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<td>Neither agree nor disagree</td>
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</tr>
<tr>
<td>Disagree</td>
<td>0.6%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

*Source: Leadership in Corporate Sustainability – European Report 2018, from Board Agenda, Mazars and Insead*
Nurture your DQ

Your ability to constantly evolve your technology skills – your digital quotient – is a pivotal competency that will keep your career, indeed your profession, in the game.

It is a given these days that professional accountants need to be technologically competent at the very least – and ideally, much more than that. ‘Digitally savvy’ may be one way of describing it. Technological innovation (and its many offspring, from global connectivity to social media) remains the most significant driver of change across every sector of business – and as businesses change, so do the competencies they look for in professional accountants.

The central aim of ACCA’s Drivers of change and future skills report was to identify the changing needs of business and to understand how professional accountants need to develop to keep their capabilities relevant. More than half (55%) of the 2,000 professional accountants and C-suite executives across the world who took part in the research for the report identified the development of intelligent automated accounting systems as the external factor they expected to have most influence in the next three to 10 years.

The report identified seven ‘quotients for success’ for professional accountants in future – an optimal and changing mix of professional competencies (covering technical knowledge and skills but also interpersonal qualities and behaviour) that will add value for their employers and clients. Among the seven is the digital quotient (DQ), defined as ‘the awareness and...'

The obvious question is, if both data and powerful analytics tools to make sense of it are widely available, what value can professional accountants bring?
application of existing and emerging digital technologies, capabilities, practices and strategies’.

The spread of digital technology has already transformed the practice of accounting and the skills that professional accountants need – and the evolution is ongoing, with no clear view of the final destination. The automation of manual processes has already influenced business models, powerful analytics is bringing real-time reporting closer, and communications technology has reshaped companies’ interaction with stakeholders. Arguably, the biggest potential change of all – blockchain – is still a relative unknown.

The rise of big data presents particular challenges. The report points out, for example, that a simple Google search can uncover more data than any assurance report. ‘By 2020, stakeholders with internet access will have the tools to analyse big data – if not the technical knowledge or experience to interpret it,’ it says. ‘By 2025, Google may employ more audit and assurance professionals than the Big Four.’

The professional’s added value
The obvious question is, if both data and the powerful analytics tools to make sense of it are widely available, what value can professional accountants bring? For centuries, much of the profession’s value has been based on its ability to translate and interpret complex financial information for a non-technical audience. The profession has largely been able to set its own pace in fulfilling that need, but in a world where social media is rapidly becoming an acceptable outlet for formal company announcements, that is no longer an option. Stakeholders want better, more informative and accessible reports, as quickly as possible – and if an accountant cannot provide that, they will look elsewhere.

The report points out: ‘Some tax professionals see as a significant threat the widespread familiarity with faster and smarter analytics and big data tools among those who are not tax professionals. Within a decade, they expect this to reduce dramatically the role for some tax professionals and diminish the need to translate tax for non-technical stakeholders.’

In other words, professional accountants are fighting to stay ahead of the game. That is why the ability to apply technology to analysing, interpreting and presenting financial and non-financial data tops the list of skills that professional accountants say they need. Many believe there are gaps in the digital skills they will need in the coming years, including capabilities around mobile and cloud business models, blockchain, digital currencies and payment mechanisms, and new routes to investment such as crowdfunding.

The report says: ‘Professional accountants see an urgent need for members of the profession to become accomplished exploiters and users of business intelligence and data analytics technologies so that they can improve identification of all types of related risk in the business, its supply chain, and local and global economies; manage and mitigate these risks better; and improve the strength of internal controls, the integrity of the supply chain and the quality of corporate governance.’

Nurturing your DQ, in other words, is about much more than understanding how technology works; it is about developing a digital-savvy way of thinking and working.

Liz Fisher, journalist

Glass half full?
According to ACCAs report Generation Next, ACCA members and students between the ages of 16 and 36 see both challenges and opportunities in the tech revolution.

Technology will replace many entry roles in the profession

- 4% Strongly disagree
- 12% Disagree
- 27% Neutral
- 25% Strongly agree

Technology will enable finance professionals to focus on much higher value-added activity

- 1% Strongly disagree
- 2% Disagree
- 13% Neutral
- 42% Strongly agree

Find more resources on technology and the profession at accaglobal.com/members.
Brave new taxman

Tax administrations around the world looking to turn digital advances to good account face a major challenge from varying levels of technological development

Taxes have been part of human life from the earliest recorded times – and so too has been the battle to find an efficient and fair way of collecting them.

The advent of digital technology is seen as the ultimate opportunity for societies to transform the tax system for the better, making both the calculation and the collection of taxes simple and more accurate. A new report from ACCA, Technology tools and the future of tax administration, looks closely at the practical implications for the tax system worldwide, discussing the main issues for policymakers and decision-makers.

The application of technology in tax is by no means new. Throughout history, attempts to improve the calculation and collection of tax have triggered repeated innovations. Trigonometry, for example, has its roots in techniques used by ancient Egyptian tax inspectors to measure irregular areas of land.

Changing nature of data

The modern world, though, brings one crucial difference. Since the turn of the millennium, the emphasis in information records has shifted from physical to electronic storage. As a result, the ACCA report declares: ‘The character of information is changing – its cost and, perhaps, its value too are in a state of flux.’

The difference, from the point of view of a tax administration, is that digital records are infinitely reproducible. Thousands of items of data can be shared at a click, and vast volumes of data can be interrogated automatically by software almost instantaneously. ‘Tax administration is just starting to grasp some of the potential of this development,’ says the report. ‘The future is already here; it’s just not very evenly distributed.’

Digitisation, of course, is not just transforming business and the way that information is stored and accessed; it is also changing the very goods and services we produce and consume. That, argues the report, also has profound implications for the shape of the tax systems of the future.

Taxing profit vs consumption

In the digital economy it is increasingly difficult to point to the stage in the supply chain at which value is created. The report suggests that current models of profit taxation may retreat and be replaced with a broader reliance on consumption taxes, ‘which is the area where digital tools may perhaps have the biggest impact on our daily experience’.

While tax administrations are keen to explore technology, its adoption varies widely between – and within – countries, even when the technology in question is available. ‘The range of individual experience and capability is probably the most diverse it has ever been in many workplaces,’ says the report. The success of a digitally driven tax solution depends entirely on the willingness of individuals and businesses to adopt integrated solutions – and that is by no means guaranteed.

‘One of the key things about technology,’ concludes the report, ‘is that its adoption is rarely universal or instant – and it does not follow the same linear path of progression everywhere it appears… Approaches that work well in one market might not work at all in another, and external factors can completely change the dynamic within which the tax system operates. Tax administrations need to be sensitive to the local environment, and to other factors in the local economy, before seeking to implement costly measures that may not repay the investment.’

In short, the linkages between business and economic activities, the shape of the tax system, and the capacity and priorities of the society they inhabit are so intimate that a significant change in one inevitably affects the others. Entirely new taxes may be needed, but governments must remain open to exploring the best local fit so as to balance the costs of implementation with the returns from it.

Liz Fisher, journalist
Innovation in action

The world’s tax administrations are making use of innovative digital tools, as the following examples show:

* **Aerial imagery in the US.** Aerial mapping technology has been introduced in a Louisiana district to help assess the tax implications of changes to properties and to prioritise field inspections. The detailed images of properties the technology generates are combined with tax records. As a result, more than 6,000 property improvements not detailed on the tax rolls were identified, bringing in a further US$18.1m in tax revenue.

* **Electronic billing in Rwanda.** E-billing machines (EBMs) were introduced in 2013 to address the vulnerabilities of a domestic, paper-based VAT system where the tax authorities routinely uncovered suppressed sales figures and false refunds. Two years later, VAT collection rates had risen by 20% a year, and compliance times had been slashed from 45 hours to five hours a year. The government now plans to replace the physical EBM machines that traders need to buy with a free, software-based equivalent that can be used on smartphones and computers.

* **E-payments in Afghanistan.** An e-payments system was introduced in Afghanistan to tackle the theft of customs duties (amounting to an estimated half of the sum actually collected, which, in turn, accounts for up to 30% of the country’s total tax revenue). The project proved challenging – three years after roll-out, the e-system was processing only a tiny fraction of all customs duties. A lack of infrastructure to support the full chain of payments was identified as a major factor in discouraging traders from using it, but as the legal and commercial infrastructure has moved on, so technology solutions have started to come online and results have improved.
Room for growth

Fast-growing SMEs define and measure growth very differently from the laggards, but with the right strategy and ambition in place, scaling up should be possible for all.

It is often said that small and medium-sized enterprises (SMEs) are the powerhouse of the economy, accounting for 99% of all businesses. But while SMEs are numerous, as a whole they are not particularly productive; in fact, most SMEs contribute significantly less to economic growth in aggregate terms than other sections of the economy.

High-growth SMEs are a star exception to this productivity rule. According to a report from the Institute of Public Policy and Research, a UK-based thinktank, high-growth SMEs are a crucial source of job creation and boost productivity by spreading technological innovations. High-growth SMEs have also proved to be more resilient since the financial crisis than the rest of the business population; according to the OECD, across many economies these high-growth companies have continued to grow much as they did before the crisis.

So why can’t more SMEs achieve high growth? That question is the focus of a new ACCA report, which seeks to identify what drives SME growth, and discusses how SMEs can scale up successfully and adopt some of the practice of businesses with higher growth ambitions.

The report, Scale-up success: what do SMEs need to supercharge their growth?, is part of ACCA’s ongoing research programme examining different areas of SME growth; for the purpose of the research, SMEs are defined as businesses with fewer than 250 employees. The aim of this stage of the research was to consider how SMEs understand and experience growth in order to help more businesses think strategically about the steps they can take to encourage growth.

Different measures

The ACCA report argues that ‘growth means something else to more ambitious SMEs’. It points out that SMEs with higher growth rates seem to use a wider range of factors for defining or measuring growth than other businesses do. In SMEs with stable or moderate growth rates, turnover tends to be the most significant factor for measuring growth; in high-growth SMEs, productivity, staff, and research and development are all significant factors when measuring and defining growth.

The report also looks closely at the distinctive approach that high-growth SMEs often take to scaling up the business. In a fascinating exercise, it compares the actions that a high-growth SME might take at a particular stage of its organisational development to the actions of a moderate-growth SME.

For example, when a moderate-growth SME formulates a business plan, that plan will often include annual forecast targets; a high-growth SME, on the other hand, will incorporate clear growth objectives, a value proposition and annual forecast targets. Similarly, when it is developing a finance function, a moderate-growth SME will typically centre the function’s responsibilities around core accounting activities (compliance, tax and reporting), whereas a high-growth SME will encourage a wider range of responsibilities and a strategic role across the business, often appointing a chief financial officer or finance director at an earlier stage.

The report makes seven recommendations for SMEs that want to scale up (see box opposite). ‘Growth can come at
Tips for scaling up

* Leadership must define a growth culture. When staff share and are committed to an organisation’s purpose and vision, they are more likely to see its future as their own.
* Establish a governance framework early on to help build organisational resilience.
* Continue developing the management team alongside business growth – one that encompasses the broader skills and experience required to help extend the organisation.
* Integrate finance into the growth strategy.
* Adopt new technologies and use the right data.
* Use external advice to develop what you have.
* Build an external funding network.

any stage of an SME’s lifecycle,’ the report says. ‘This requires business leaders to think strategically about the steps they can take to enable it.’ It identifies leadership as the most critical scale-up success factor of all: ‘Businesses that scale up come in all shapes and sizes, but the most successful are those that are able to articulate a purpose and vision across all levels of their organisation. This can feed into the creation of a growth culture, which, among other benefits, can provide them with a greater ability to overcome the barriers towards progress.’

Another key factor in the success of these businesses is their approach to management and governance structures. ‘Formalising the way such systems work and ensuring they have the right talent on board is a crucial imperative for coping with the growing demands of scale-up. In contrast, for the majority of SMEs, their approach in these areas is likely to be relatively unstructured and informal.’

While the report stresses that there is no rulebook for growth, it ably demonstrates that there are clear behaviours that set high-growth SMEs apart, and therefore practical steps that entrepreneurs can take to increase their chances of achieving high growth.

In her introduction to the report, ACCA chief executive Helen Brand says: ‘The most successful SMEs are frequently run by business leaders who are driven, industrious and innovative. The way these entrepreneurs seek to measure and define growth is often as varied as the wide range of businesses that make up our global economy. Even so, one action they consistently sought to undertake was the development of a clear strategic vision that set out where they wanted their enterprise to get to and how they would achieve this.’

Liz Fisher, journalist
Think it through

Psychological techniques can be an effective way of solving real-world problems as well as helping you achieve personal growth and confidence, says Rob Yeung

What is currently the biggest obstacle or problem that you’re facing – either at work or in life more generally? Perhaps you feel frustrated that you are not being offered promotion. Maybe you run a business and need to find new clients or customers. Or perhaps a person or circumstance is causing you anguish.

In situations such as these, psychological techniques may be of some use – they may alleviate stress or other psychological symptoms, for example. However, the better solution is to tackle the source of the problem. In my book The Confidence Project: Your plan for personal growth, happiness and success, I describe a process for tackling real-world problems. Here are four key insights:

Write down your thoughts
Can you multiply 97 by 63 in your head? If you try to work out the answer mentally, you will find that it is not only time consuming but you’re also likely to make mistakes. But if you use pen and paper, you could no doubt do the calculation more quickly and accurately.

Everybody accepts that working out mathematical problems is much easier with pen and paper or keyboard and screen – yet some people persist in trying to work out their real-world problems in their heads. Simply put, writing allows people to structure their thinking more effectively and arrive at better solutions.

There may be other benefits, too. In a now classic study, Carnegie Mellon University researcher Stephen Lepore instructed students to write down their deepest thoughts and feelings about an upcoming exam. Without even trying to turn their thoughts into a plan, this simple act enabled the students to feel significantly less stressed.

Focus on someone like you
Most people are better at advising friends and colleagues than sorting out their own problems. However, studies have found that it’s possible to put this fact to good use.

Behavioural scientists Ethan Kross and Igor Grossmann of the University of Michigan, Ann Arbor found that simply asking people to imagine they were advising someone else led to better, wiser decisions. So rather than trying to solve your own problem, imagine that you are counselling someone else who happens to share your name. By distancing yourself from the situation facing this other person, you may find a better solution.

Work solo
Many organisations encourage teams to use brainstorming techniques to generate ideas for how to deal with problems. However, a considerable body of evidence shows that group brainstorming is actually a sub-optimal method. For example, Peter Heslin at the Cox School of Business in Texas found that individuals working alone generated both more and better ideas than when talking and working together.
By all means ask others for input. However, a good strategy is to spend time reflecting alone and identifying at least some options before seeking others’ advice. That way, you have a starting point – an anchor – against which you can compare options.

**Focus on ‘how’ not ‘why’**

When faced with a complicated situation that may be causing significant distress, some people wonder why it may have arisen. They may ask themselves questions such as ‘Why am I not getting promoted?’ and ‘Why do they not respect me?’

However, asking such questions may actually be counterproductive. Researchers Ed Watkins and Simona Baracaia from what was the Institute of Psychiatry in London found that people who ask ‘why’ questions tend to be measurably worse at problem solving than people who ask ‘how’ questions. Rather than asking ‘Why am I not getting job offers?’, change the focus by asking: ‘How can I get job offers?’ Reframe ‘Why am I not more confident?’ as ‘How can I be more confident?’

This can seem like a trivial difference. However, the reasons a complicated situation has come about may not always be apparent. The science shows that focusing on practical actions may ultimately lead to better results.

**Dr Rob’s talent clinic**

**Q**

I will soon begin a temporary, year-long assignment on a business transformation project that will significantly raise my profile. I have been told that the role is mainly about influencing stakeholders, gaining buy-in and making change happen. How can I ensure that I make the best of this opportunity?

**A**

The skills of being able to influence, persuade and win over stakeholders to behave differently are highly prized in the workplace. Master them and you will find yourself in demand for many leadership and general management roles.

To make change happen successfully, first remember that human beings are innately emotional rather than rational creatures. Many people find comfort in tradition, routine and doing things the way that they have always been done. You may be able to put together a commercially strong business case that explains the benefits of change. But if stakeholders do not feel that any proposed change favours them, they will almost certainly not engage with the process.

To win people over and gain their agreement to do things differently, you must focus on building rapport and relationships. Stakeholders are much more willing to change their behaviour when they feel they are helping out someone they consider a warm, likeable individual or even a friend. Get to know key stakeholders. Listen open-mindedly to people’s frustrations, hopes and ideas.

Then be willing to alter your plans and make concessions based on what you have heard. Demonstrate in your actions that you are not focused only on the business and making the best commercial decisions. Make compromises to show that you have genuinely taken into account people’s needs and concerns. Consider that it is better to have a decent plan that people willingly implement than a perhaps financially better one that ultimately fails because people loathe it and decide to resist it.

**Tips for the top**

How many hours do you sleep every night? Psychological scientists led by Conor Wild at Western University in Canada gathered data on both the cognitive performance and sleep habits of 10,886 participants. The researchers found that people who reported sleeping between seven and eight hours a night tended to perform best on a battery of online cognitive tests – especially in terms of reasoning and verbal skills. People who slept less than seven hours tended to perform measurably worse; those who said that they slept only four hours a night performed so much worse that it was equivalent to ageing them between eight and 17 years.

The average person reported sleeping only 6.4 hours a night. If the sample is representative of the general population, this suggests that many people could do with sleeping more – and that doing so would also lift their cognitive performance during the daytime.
Decisions, decisions...

Making rational, informed decisions is an essential part of good management, but our decisions are not always as logical as we may believe, warns Ben Rawal FCCA

Decision-making is an essential aspect of our lives. On average we make more than 30,000 choices every day. Furthermore, our decisions are often scrutinised by ourselves or others, and our professional and personal achievements frequently depend on the effectiveness of our judgments.

Working in a finance-related role requires sound, logical decisions to be made. In most instances, we believe that our decisions are logical, driven through the application of rules, consideration of the facts and careful reasoning. But this becomes more complex when more than one solution exists, or the decision to be made is not ‘black or white’. We are most likely to encounter these complexities when managing and leading others, or when making decisions that directly affect people (including ourselves).

Head versus heart

The information that helps us to make our many daily decisions is initially processed in an area of our brain that deals with emotions rather than logic. This is primarily to ensure that the information received does not relate to immediate danger, during which the need for logic becomes redundant – a swift decision is required, based on our natural flight, fight or freeze response.

Top tips for improving your decision-making

* Invest in your self-awareness and understanding your own emotions. Developing a better understanding of how you are feeling is key to determining when you are progressing towards an ‘emotional hijack’. By the time your thoughts have been ‘hijacked’, it is more difficult to regain immediate control and return to logical decision-making. Understanding your own emotions in greater depth will also help in recognising when others, such as your team members, are also making emotion-based decisions.

* Self-reflect. The process of self-reflection involves taking the most impartial view possible of your own actions, decisions and behaviours. This can be developed through regular practice and through seeking feedback from others on their perspective of your actions. The objective is to achieve a balance between the positive and negative aspects of your behaviours and decisions.

* Accept that there may not always be a ‘right’ decision. Our beliefs, assumptions and cognitive biases often lead us to believe that our decisions are right. In most instances, particularly when dealing with people-based decisions, there may be other possible choices that can be made.

* Challenge your own beliefs, biases and assumptions. Sometimes this can be assisted through asking someone else to challenge what assumptions you have made and what beliefs you hold when making the decisions you have. Although this may feel uncomfortable at times, it often highlights long-held beliefs that are not based on evidence.

Hopefully, the majority of our daily decisions aren’t quite so ‘life and death’, but sometimes our brains confuse the information we receive and invoke an emotional, irrational response anyhow. When this occurs, our ability to think logically is significantly hampered, and our actions are driven by our hearts not our heads – an ‘emotional hijack’.

Regardless of whether we experience a ‘hijack’ or not, we are likely to be influenced by our emotions, particularly when making more complex or ambiguous decisions. On these occasions, we may convince ourselves (and others) that our choices are purely logical and without emotion. However, when this happens, we undertake a neurological activity known as post-rationalisation – ie we find logical reasons for why our emotional choice was the ‘right’ thing to do.

We’re all individuals

For those of us with good emotional control and awareness, another set of challenges awaits – our own belief systems, cognitive biases and assumptions. All of us view the information presented to us in different ways, based on our own beliefs and the assumptions we make. This explains to some extent why we can form different conclusions based on the same information; although we may adopt a logical approach to assessing the information we see, hear and feel, we unconsciously use our own beliefs to determine our actions and decisions.

A simple example of how we use our beliefs and assumptions relates to our interaction with others. When...
meeting someone for the first time, we quickly form a view of the individual, based on what the other person says or does not say, their actions (or lack of), and what we believe or assume about this individual. This explains why we can perform a rapid ‘assessment’ of an individual during a job interview (usually within the first 10 seconds) without asking the candidate a single question.

Confirmation bias
To make matters worse, the information is quickly processed by our brain and is subject to a naturally occurring event called confirmation bias. In other words, we seek evidence to support our beliefs and assumptions, and unconsciously ignore information that may suggest our view is incorrect. In such instances, we can find ourselves or others presenting a range of arguments that make perfect sense, and will sternly defend their perspective on matters.

Making logical decisions is an important part of our professional and personal lives. Improving our awareness of factors that could impact our ability to make such decisions could assist us in challenging such choices in the future.

Ben Rawal FCCA is lead consultant at Aspire Consulting Solutions.
The art of inclusion

A diverse workforce isn’t in itself enough – you have to engender a culture of inclusion if employees and organisations alike are to benefit, says Alison Young

Your organisation’s commitment to diversity and inclusion may be driven by the business case or simply because it’s the right thing to do. Either way, you probably have a range of activities to help drive more diversity where you need it: public pledges from senior leaders, hard and soft metrics, even diversity champions and networks.

As a result, your key diversity indicators such as the number of women or people of colour at senior level may be improving. However, your organisation may be feeling there is not enough progress, and other measures — including external social media or themes from exit interviews — may confirm the culture still isn’t inclusive.

It’s a dilemma that many organisations face: despite the effort that has been put in, the organisation is still some way from being truly diverse and inclusive.

But diversity – increasing the number of people from minority backgrounds in the organisation – is rarely the single answer to this challenge. What makes the difference is when diversity
is coupled with activities to create inclusion. Inclusivity is the only way to sustain an organisational culture where people can be truly themselves and where the talents of all, no matter their difference, are maximised.

Allowed to be yourself
An inclusive culture is one where people don’t have to hide a part of who they are – whether that’s their gay partner, their hidden disability, their ‘ethnic minority’ friends or their dependants. The human need for belonging is so fundamental that when that belonging is blocked, forcing individuals to be different people at work from who they are at home, it can cause disengagement at best, and depression and anxiety at worst. The cost of this ‘covering’ hits the bottom line in the form of lower engagement, missed creativity, greater staff turnover and absenteeism.

But creating an inclusive culture where people can be all of themselves is not an easy fix. While the recruitment of greater diversity into an organisation can be achieved by means of a number of relatively crude levers, enabling those diverse individuals to feel that they belong and that they can contribute their maximum potential at work relies on more subtle shifts. Those shifts begin at the interpersonal level – between one person and another.

These interpersonal dynamics might be between two peers, two people of different seniority, or between a leader and a team member. Away from the public pledges and speeches, it’s what leaders do or say at a work dinner or social event, or in the pauses between agenda items during a meeting, that make the culture inclusive. Or not.

The throwaway comments and gestures in those moments show who leaders truly are away from their role or their status in the organisation. These are the moments that others talk about and use to evaluate the degree to which the organisation really is inclusive.

The minefield in the mind
For a lot of leaders, being inclusive is a political minefield. What’s correct in one situation may be judged inappropriate in another. Indeed, if you’re not a woman/man/person of colour or a person with a disability, for example, how do you really know what is appropriate?

The truth is that no one gets it right all the time, no matter how self-aware. Letting go of the fear of not being appropriately inclusive is a useful first step in being an authentic leader who can create an inclusive culture. Some ways to create an environment where people can be themselves are outlined in the box above. Authentic leaders incorporate those habits into how they work with others every day, enabling them to create a personal connection even if someone doesn’t obviously fit in.

Authentic inclusion
There are three key ways in which inclusive leaders can commit to sustaining an environment where people can be themselves.

* Inclusive leaders engage fully with others. They know that anxiety about getting something ‘wrong’ can stifle debate and cause other people to hold back for fear that they too may get it wrong. Truly inclusive leaders encourage others to tell them what’s not appropriate, helping them to adjust as necessary. They are sufficiently humble to admit in public that the phrase, word, tone or bias they used may need to shift. And then they make that shift.

* Inclusive leaders treat people as individuals. They are true to what is right for the person in front of them, rather than just following company policy.

* Inclusive leaders talk about their values as leaders and the experiences that they themselves have had of being excluded, whether that was not being chosen for the sports team, not feeling sufficiently educated, or feeling left out socially when surrounded by more extrovert colleagues. They remember what they needed when they felt excluded – someone may have reached out to acknowledge them or explained the rules of engagement in a new team, or simply acknowledged how it might feel to not fit in.

Alison Young is a director of Leaders in Change. @Leader_Insights.
Headline confusion

Adam Deller considers how the reporting of alternative performance measures more prominently than statutory figures is compromising transparency and clarity

The term ‘fake news’ has never been more popular, thrust into the limelight by a certain prominent American. While corporate reporting may seem a far cry from the bear pit that is US politics, this historically sober affair appears to increasingly favour what might be described as sexed-up financials.

Most of the largest companies in the world now use non-GAAP measures, often referred to as alternative performance measures (APMs) or management performance measures. Their annual reports headline corporate numbers that differ from the statutory figures required from the financial statements, which can lead to confusion among users.

While it is certainly the case that preparers of financial statements can assume that users possess a reasonable level of business knowledge, it is increasingly difficult for even educated users to identify which figures should be used when assessing the financial performance of an entity.

Misleading?
Recently at the University of Liverpool, we set final-year degree students a project to select a company and then use research tools to analyse its performance and position based on its most recent annual reports and other publicly available information. It wasn’t long before they started to encounter a common problem: which figures should they be focusing on?

To highlight just one of the issues, let’s take a recent example from a company’s financial statements. On page one of its annual report for the year ending December 2017, Domino’s UK refers to ‘group system sales’ of £1.18bn. Impressive, certainly – only it isn’t the revenue that Domino’s earned in that year. The statutory revenue (reported 16 pages later) was actually £475m. Still very good, but far from the headline figure given.

The difference is that group system sales relate to all sales made by all franchised and non-franchised Domino’s stores in the UK. Now, this is clearly an important figure, as it can show the strength of the brand, and the volume of sales made under the brand compared with the previous period. It does, however, raise a question: is this figure more important than the statutory revenue made by Domino’s UK, which incorporates only the franchise fees and sales to the stores themselves?

As the group system sales figure also incorporates sales made by franchisees, which are not part of the Domino’s group, it is perhaps questionable whether this figure should be presented with greater prominence than the revenue of the group.

One US company was recently fined for presenting non-GAAP figures more prominently than its statutory results

None of this is to point the finger at Domino’s – 95% of UK FTSE 100 companies use APMs. But the confusion arising from the Domino’s figures was repeated numerous times, with students querying whether they should be looking at operating profit before exceptional items, statutory operating profit, EBITDA or other key metrics highlighted in the annual reports.

Why use APMs?
Financial statement users often appreciate these measures. One of the major arguments for reporting them is that they can produce a clearer picture of the underlying business than simple statutory figures are able to do. Indeed, non-GAAP information can provide a good link between financial results and
On the APM spectrum

Some of the alternative performance measures used by companies, all of which are non-statutory or non-GAAP figures:

* Facebook: free cashflow
* Tesco: measure of total indebtedness
* Vodafone: group-adjusted EBITDA
* Marks & Spencer: profit before adjusted items
* Diageo: organic operating margin improvement.

users is that non-GAAP measures can provide useful information, particularly in relation to unusual or infrequent items. Importantly, users also feel that transparency needs to be improved.

The IASB is looking to reinforce how APMs should be used. It proposes to allow them in the notes, and that they should complement subtotals or totals required by IFRS Standards. The IASB is not contemplating any constraints on the calculation of APMs, but it is proposing that management should explain why the APMs are a good reflection of the entity's performance.

In addition, the entities will be required to reconcile the APM to the most directly comparable subtotal in the financial statements – a practice that is generally adopted by most of the entities applying APMs. In making its proposals, the IASB hopes that ARMs will no longer be given greater prominence than the statutory figures.

non-financial performance, and are a way for management to highlight the business’s key value drivers.

A good example of how APMs can bring clearer information is the use of ‘total indebtedness’ by UK supermarket chain Tesco. This figure included the present value of operating lease commitments, despite the liabilities not being recorded in the statement of financial position prior to the introduction of IFRS 16, Leases. As a result, users were given a clearer picture of Tesco’s longer-term debt commitments than the accounting entries under the previous standard, IAS 17, may have shown.

Despite the many good reasons for introducing APMs, there is also increasing concern that entities may use them rather than the statutory numbers as headline figures. This can lead to a lack of transparency and clarity.

Responses from regulators

The use of APMs has become a central part of the primary financial statements project of the International Accounting Standards Board (IASB). The project is examining APMs’ prominence, how they are presented and whether more detailed guidance is required.

In project feedback, preparers say they need flexibility to tell their story. And the initial feedback from
The IASB’s focus is echoed by the Securities and Exchange Commission (SEC), the financial regulator in the US, which has become increasingly concerned about how APMs are being presented. To reflect the moves towards reversing the trend, the SEC fined security company ADT US$100,000 in December for presenting the non-GAAP figures with greater prominence than its statutory results.

Exceptional items
The use of exceptional items has long been a contentious issue, because of what qualifies as exceptional or unusual and what doesn’t. Items that are commonly adjusted for as exceptional include foreign exchange movements, gains or losses on disposals, impairments and restructuring costs. While some of these are genuine one-off items, it is not unusual to see entities reporting these costs as recurring every year, yet still including them within the exceptional items breakdown.

To show the impact of these, consider Tesla’s recent reporting of a GAAP loss per share of US$5.72 that shrank to US$1.33 when the non-GAAP figure was reported. The difference came from removing stock compensation for staff in calculating the non-GAAP figure.

Currently the IASB proposals do not really deal with this situation. The IASB proposes to introduce principles-based guidance in identifying unusual or infrequent items. This could go some way toward reducing the number of recurring items that are classed as exceptional, although it is unclear what the guidance will be.

The way forward
As the IASB and the SEC get to grips with the issues, it is interesting to see some major companies moving towards making the GAAP or IFRS figures more prominent. In 2017, Google’s parent company Alphabet decided it would no longer produce non-GAAP performance figures. A big part of its reasoning was to reflect stock compensation in the key earnings measure, unlike Tesla, as it saw this as a key tool in its financial structure in compensating staff. In 2017, Facebook followed suit and now adjusts only for foreign currency movements in providing non-GAAP measures.

In both cases, there was an immediate drop in earnings and an initially negative reaction from investors. As nothing had changed in the results of either company, it showed that some users were perhaps unaware of the reality of the entity’s performance, concentrating on the non-GAAP figure instead.

The increased focus on the prominence of non-GAAP figures, and recent action taken by the SEC, may result in these measures being displayed in the notes to the financial statements, complementing rather than obscuring the statutory measures. This would boost transparency, even if there is some way to go in the identification of exceptional or unusual items.

Adam Deller is a financial reporting specialist and lecturer.
A time of transformation

Simon Poh examines the implications of Singapore’s bicentennial-year Budget and considers what the tax changes will mean for both businesses and individuals.

This year marks the 200th anniversary of the landing of Stamford Raffles in Singapore, which was a key turning point in our history.

As Finance Minister Heng Swee Keat delivered his fourth Budget on 18 February, he reminded Singaporeans that the British decision to declare Singapore a free port helped pave the way for the country to embark on a journey that would eventually transform her into the global finance hub that she is today.

Singapore’s economy grew by 3.2% in 2018, compared with 3.9% in 2017. As uncertainty in the global economy continues to loom and escalate in the form of trade conflicts, Singapore as a small, open economy is likely to experience a slowdown in its growth this year. Against this backdrop, the minister emphasised that economic transformation is more urgent than ever and is a journey, not a destination.

With this key objective in mind, a slew of initiatives was announced that focused on three areas to support transformation: helping businesses to deepen their enterprise capabilities, helping workers to develop their skills and helping the nation build stronger partnerships across the world.

Undoubtedly, the biggest carrots dished out in this year’s Bicentennial Budget were the very generous Merdeka Generation Package and the one-off Bicentennial Bonus. At the same time, however, pain was inflicted on diesel users with the sharp doubling of the excise duty, notwithstanding the announcement of some temporary reliefs to cushion its negative impact.

There were fewer changes to direct tax measures compared with past Budgets. These are measures that will directly impact the taxes paid by businesses and individuals, whether in the form of corporate income tax (CIT), personal income tax (PIT) or goods and services tax (GST).

CIT
There were no announcements on any change to the CIT rates or the continuation of CIT rebates. This perhaps signifies that the government is confident that Singapore’s current CIT regime is still competitive as well as stably sound.

Given that economic restructuring is still very much a work in progress, it is disappointing that the government did not continue the CIT rebates to sustain the momentum. A token 10% or even 5% CIT rebate, albeit capped at a low quantum, could have gone a long way to provide much needed help for mildly profitable companies.

In fact, with the removal of the CIT rebates after the year of assessment (YA) 2019, companies will be paying higher taxes for the same amount of taxable corporate income that they derive from this year onwards as compared with 2018. Companies can optimise their tax positions by adopting certain actions, taking into account the absence of the CIT rebate and the reduced partial tax exemption that will kick in from YA 2020. One route may be to defer claiming capital allowances for qualifying assets acquired in 2018 when filing the tax return for YA 2019.
Going live: ACCA Singapore takes to the airwaves

James Lee, chairman of the ACCA Singapore Network Panel, took part in the Singapore Budget Conversation, hosted by radio station Money FM 89.3, on 20 February. The panel also featured Irene Boey, chairman of the Association of Small and Medium Enterprise, and United Overseas Bank economist Barnabas Gan.

Discussing the announcement in Finance Minister Heng’s Budget speech that the dependency ratio ceiling (DRC) cut in the service sector is aimed at reducing the reliance on foreign workers, panelists noted that some firms may struggle to make the switch. Lee highlighted that over-reliance on foreign labour is an unsustainable model and the tightened quotas will encourage companies to look to technology for solutions. ‘If you look at it in the long term, the DRC is a good thing as it forces us to think harder about the solutions available,’ he said.

Using nursing as an example, he conceded that technology can make processes more efficient but that the human element remains important. He added: ‘Would you like to be taken care of by a robot in your sickbed or would you like a human who will be there to talk to you?’

Lee also discussed the importance of digital adoption for professional accountants: one of the seven quotients identified by ACCA. He added that the vision quotient – the ability to anticipate future trends accurately and think innovatively – is also vital to steer businesses. ‘From the Budget announcement, digest the content and reflect,’ he said. ‘Use that key information to align your business strategy along with the general direction of the government.’

Lee responded to an audience member who asked how the government could be more effective in leveraging the talent of mature workers, saying that he is positive about the idea of tapping into their experience. He cited ACCA’s mentoring programme where more experienced accountants are matched with younger ones. The programme creates a high trust environment where talents will not feel stressed about sharing sensitive work-related issues with their ACCA mentor.

With the phasing out of the popular Productivity and Innovation Credit scheme, and the shift from broad to targeted measures to spur automation, innovation and productivity, it is heartening to note that a couple of measures have been extended. Firstly, the 100% investment allowance under the Automation Support Package will continue for another two years. Secondly, the writing-down allowances for acquisition of qualifying intellectual property rights will be extended for another five years.

In terms of sector-specific measures, this year also surprises with its short list. The real estate investment trusts (REITs) sector is clearly the winner.

To continue to promote the listing of REITs in Singapore and to strengthen Singapore’s position as a REITs hub in Asia, the existing tax concessions for Singapore-listed REITs will be extended until 31 December 2025. The sunset clause for the tax exemption on S-REITs distributions received by individuals will be removed.

Similarly, the existing concessionary income tax treatment accorded to Singapore-listed REITs Exchange-Traded Funds (ETFs) will be extended until 31 December 2025. The sunset clause will be removed for the tax exemption on REITs ETFs distributions received by individuals.

On the other hand, two unit trust schemes will be phased out as part of an ongoing practice to review existing tax incentives to ensure that they continue to be relevant and are aligned with their policy intent. The Designated Unit Trust (DUT) scheme will lapse after 31 March 2019. Funds in the form of unit trusts may apply for other tax incentives. Existing DUTs will continue to receive tax deferral benefits on and after 1 April 2019 if they meet all the conditions. The DUT scheme was introduced to foster the development of the domestic
retail unit trust industry. The decision to phase out this popular scheme is disappointing. Although potential applications can consider other tax-exemption schemes, this poses a challenge as the others come with more stringent conditions.

Likewise, the Approved Unit Trust (AUT) will lapse after 18 February 2019. Existing AUTs will continue to receive the tax concession for a period of five years from YA 2020 to YA 2024. This will allow existing AUTs sufficient time to move to alternative schemes.

PIT
As with CIT, there were no changes announced for PIT rates. The government probably feels that Singapore’s PIT regime is competitive and continues to attract talent and encourage enterprise. However, Heng chose to scrap the popular Not Ordinary Resident (NOR) Scheme that was recommended by the Economic Review Committee and introduced in 2002. This generous scheme potentially reduces a qualifying employee's individual tax burden to a mere 10% of employment income. The decision to let this scheme lapse after YA 2020 must have come as a surprise, especially for those who were lobbying for an enhanced scheme or for the qualifying conditions to be relaxed. However, I believe its removal will not seriously dent Singapore's appeal to foreign talent as our overall income tax regime is still very competitive. Individuals who choose to either work in or relocate to Singapore are already paying substantially lower taxes compared with most of their counterparts in Asia.

Changes were also made to the grandparent caregiver relief claimable by working mothers following feedback that the government could do more. Currently, grandparents cannot claim relief of S$3,000 for children over 12. The proposed removal of the age requirement for handicapped unmarried children also shows our inclusivity should be applauded.

Instead of a 20% PIT rebate capped at S$500 given to resident individual taxpayers in 2017, a proposed maximum rebate of S$200 is a clever way for Singaporeans to commemorate our bicentennial. Clearly targeted at the lower income taxpayers who can enjoy up to 50% rebate, any taxpayer who feels that this amount is insignificant can always gift it as a donation.

GST
After the news of an impending GST tax hike and the introduction of GST on imported services in last year’s budget, the public was not expecting any significant changes to the system, except perhaps for a possible announcement of an introduction on low-value imports. This did not happen as the government needs more time to study this carefully before making an announcement.

What came as a surprise, though, was the tightening of the quantum of the GST import relief for travellers. The respective reductions of the threshold limits from S$150 to S$100 for short-travel and from S$600 to S$500 for travel of 48 hours and above may not bring about significant GST revenue. Although the intent is to build up resilience in our GST system in view of the increase in travelling by Singaporeans, it will certainly increase the amount of administrative work for customs officers and travellers. With this announcement, one can expect enforcement actions to be stepped up to raise public awareness.

Simon Poh is associate professor (practice) in the department of accounting at NUS Business School.
Technical update
A monthly roundup of the latest developments in taxation, audit, codes, standards, agreements, guidance and consultations across Asia Pacific

**Hong Kong**

**SFC goes electronic**
Hong Kong’s Securities and Futures Commission (SFC) has announced the mandatory electronic submission of all annual returns and notifications, using new standardised forms, with clear instructions and navigation guides. Applicants for corporate licences will have to complete newly introduced business profile and internal control questionnaires. It has also released a new edition of the SFC’s Licensing Handbook.

**End of CbC returns**
The Hong Kong Inland Revenue Department has stressed that it will not accept country-by-country returns from Hong Kong parent companies after 1 April for accounting periods ending on or before 31 March 2018.

**Ship leasing under review**
The Hong Kong government has told the Hong Kong Maritime and Port Board to create a task force studying possible tax measures to foster the special administrative region’s ship-leasing sector, including ship-leasing management. The group will assess the scope and rate of any tax concessions and other detailed arrangements.

**Luxembourg agreement**
The SFC and Luxembourg’s Commission de Surveillance du Secteur Financier have agreed a memorandum of understanding which will allow eligible Hong Kong public funds and Luxembourg UCITS securities funds to be distributed in each other’s market, using a streamlined regulatory process.

**Securities digitisation**
The SFC, the Hong Kong stock exchange (HKEX) and the Federation of Share Registrars Limited have issued a consultation paper proposing a revised operational model for creating a Hong Kong uncertificated securities market, where investors could hold and transfer securities without share certificates or other paper documents. This digitisation of securities holdings would enhance post-trade settlement and servicing.

**Supervisors supervised**
HKEX has announced new listing rules coming into effect from 1 March. These insist that directors’ and supervisors’ contact details are to be lodged with HKEX, which will henceforth have the authority to gather information from company supervisors.

**Belt and Road benefits**
HKEX has also published a report indicating how stock market investors can benefit from infrastructure projects promoted by the Chinese government’s Belt and Road Initiative.

**Mainland China**

**Small business support**
Mainland China has introduced tax policies for businesses whose annual taxable sales are less than CNY3m, with staff numbers under 300 and total assets below CNY50m, effective from 1 January 2019 to 31 December 2021.

**VAT reduced**
China’s Ministry of Finance has introduced a range of targeted VAT reductions, in force from 1 February 2019 until 31 December 2020. Corporate groups will not pay VAT for internal transactions between subsidiaries. Meanwhile, insurance companies selling long-term (exceeding one year) life insurance products will not pay business tax after registering with the ministry of commerce.

**Malaysia**

**New digital assets rules**
Securities Commission Malaysia (SC) is to develop guidelines on the offering and trading of digital assets within Malaysia. The new rules will establish criteria for determining whether issuers and exchange operators can trade. They will also include disclosure standards, best practices in price discovery, trading and client asset protection rules.

**Venture capital review**
The SC is reviewing Institute for Capital Market Research (ICMR) recommendations on boosting Malaysia’s venture capital (VC) industry. Suggestions include restructuring existing public VC funds, making them more commercially driven; establishing a government agency tasked with bridging funding gaps for new and high-growth ventures; and liberalisation of VC tax incentives.

**Declare overseas income**
The Inland Revenue Board of Malaysia is pressing taxpayers with untaxed income
Singapore Budget scraps foreign worker tax
The Singapore government is to phase out between 2020 and 2024 a ‘not ordinarily resident’ tax scheme, where talented overseas workers enjoy tax concessions over five years. This includes not being taxed on work undertaken outside Singapore and an employer’s contribution to a non-mandatory overseas pensions or provident fund being tax exempt.

Meanwhile, under this year’s 2019 budget, a personal income tax rebate of 50% of tax payable (capped at S$200) will be granted to all tax residents for income earned in 2018.

Finance Minister Heng Swee Keat delivered Singapore’s Budget 2019 in February.

Authority of Singapore have invited software developers to create digital systems enabling companies to generate draft versions of key tax documents. These include annual returns; financial statements in XBRL format; corporate income tax returns (form C-S); and corporate income tax computation.

Standards published
The Accounting Standards Council has published its 2019 volumes of international and domestic financial reporting standards for annual reporting periods beginning 1 January 2019.

Governance in spotlight
The MAS has established a permanent and industry-led corporate governance advisory committee to suggest good corporate governance practices for listed companies in Singapore. It may also propose changes to the city state’s code of corporate governance.

Banking Act review
The MAS is also consulting on proposed changes to Singapore’s Banking Act, which would include expanding its powers to revoke bank licences to include cases where banks have breached the country’s anti-money laundering requirements.

Currency restrictions
The Singapore government has also tabled a second reading of a currency bill that will limit to 20 the number of coins of specific denominations that can be used in individual transactions. The law will also exempt security services transporting banknotes from the offence of the mutilation of currency notes when notes are damaged during robberies to prevent their future use.

Keith Nuthall and Wang Fangqing, journalists
Global vision

At the heart of the donor ecosystem that sustains BBC Media Action’s broadcasts is Alan de Sousa Caires FCCA, the development charity’s global director of finance.

Alan de Sousa Caires FCCA has the kind of job that many accountants would die for. Part of his role as director of finance and business services at BBC Media Action is to help drum up funding for BBC radio and TV programmes that reach 200 million people around the world a year.

BBC Media Action is the international development charity arm of the broadcaster, which works with governments, NGOs, donors and other broadcasters across Asia, Africa and the Middle East. While BBC Media Action is legally, financially and operationally independent of the BBC, it upholds the organisation’s values and reputation.

De Sousa Caires has five direct reports and oversees a total team of 20 at the organisation’s London headquarters.

‘I’ve been in the not-for-profit sector for 15 years,’ he says. ‘It is so much more complex working in international development than in the commercial sector. There are so many different risks and moving parts. We have to make sure we are compliant in so many ways. That is why I love my job. We reach 200 million people a year through our programmes.’

VSO prelude

De Sousa Caires joined BBC Media Action in 2014 as deputy director of finance, becoming director of finance and business services in 2017. Before that he had worked for Voluntary Service Overseas (VSO) in Papua New Guinea, in a capacity building role.

‘The time I spent in Papua New Guinea was one of the reasons I sought out this job,’ he explains. ‘I really wanted to work in international development. My wife had been working for Farm Africa, which was supporting farmers in East Africa, and I could see how exciting her work was. Before VSO, we spent a couple of years in South Africa where I was running my father-in-law’s publishing business. After returning to the UK, I applied to BBC Media Action’.

As the senior financial executive at the organisation, he is not only responsible for management accounting, financial reporting and budgeting, but also for running the business systems. In addition, he ensures that BBC Media Action complies with the requirements of the Charity Commission, internal BBC corporate regulations, external donor requirements, GDPR, plus local legal, tax and procurement obligations in all the countries in which it operates.

Following the safeguarding issues in the charitable sector last year, de Sousa Caires also has to carefully oversee safeguarding reporting.

‘I have had to go back over the past 10 years to see if there are any issues to be dealt with, and I have put a reporting system in place,’ he explains.

Competing demands

The role is demanding. Typical activities include reviewing funding project proposals for donor organisations and assessing how they fit within the strategy, coaching staff and working closely with the other members of the executive team. ‘We have a very supportive CEO,’ he says. He also spends a lot of time with the IT people to make the workplace more efficient – an activity he describes as one of his passions.

VSO prelude

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<td>Joined BBC Media Action as deputy director of finance. Became director of finance and business services in 2017</td>
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<td><strong>2013</strong></td>
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<td>Finance manager, VSO</td>
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<td><strong>2011</strong></td>
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<td>Publishing editor and MD, Management Today, South Africa</td>
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<td>Finance manager, Chartered Insurance Institute</td>
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Accounting and Business April 2019
In Nepal our programmes are distributed to remote radio stations by moped.

Governments, the European Union and the Gates Foundation, which means it has to spend the money on agreed programmes. ‘For example, if Unicef is focusing on giving polio vaccinations in Nigeria, we would bid to be a part of that project. We take the money and create a specific radio programme to address the need – it’s about informing people so that they can decide if the vaccination is right for their child.’

They use research to consider what type of programme needs to be made, in what format, and whether it should be on radio or TV. It might be a drama, a magazine show or a public service announcement.

In some countries, these programmes are broadcast via the BBC’s World Service; others go out on a local radio station. ‘In Nepal our programmes are distributed to remote radio stations by moped,’ he says. ‘We also broadcast in Nepal via Facebook. We have 1.8 million “likes”, which is incredible in a country with a population of just 29 million.’

De Sousa Caires believes his ACCA Qualification has proved crucial to his career progression. ‘I left school at 16 not knowing what to do,’ he says. ‘I did the AAT training and qualification, then it was natural to go on to one of the four main qualifications – I chose ACCA as it provided the broadest range of training. Without that, I wouldn’t have achieved the seniority or variety of roles.

‘I value the time I still put into ACCA and other networking events, meeting people from other organisations. You can’t underestimate the value of sharing information and experience.’

Paul Gosling, journalist
Star quality

Giving an Oscar-worthy performance isn’t just for actors, but making an impact in a virtual meeting requires planning and plenty of practice, says Helena Brewer.

Technology has opened up a new world of virtual meetings, training sessions, webinars and job interviews, giving us the freedom to join in from the office, home or elsewhere.

You may be working with a team spread across the globe whom you rarely meet face-to-face, so it’s important to ensure you have the skills needed to go live on the small screen. Here are some suggestions to help you.

Check all your kit works
If you are using unfamiliar software to deliver a presentation or run a meeting, ensure that you make time for a trial run-through to help you avoid any glitches; there are free tutorials with most software. In addition, you may want to record the meeting and share with colleagues unable to attend; again, practise using the technology in advance.

Handle interaction
If you will be handling audience questions, decide how the attendees will interact with you. Will people unmute to ask a question? If so, you need a strategy for handling those who talk for too long! Most packages have a text-based option so you can see questions coming in. Looking at these while presenting is a challenge; consider having a colleague review the questions as they arrive and identify themes. You can also pause for questions as you complete a key section to confirm participants’ understanding.

Choose words carefully
In most situations, particularly work meetings, the professional and in-company jargon will be understood by everyone involved. However, if clients or contractors are joining the meeting you may need to watch your language. Make sure your choice of words is appropriate for the audience: avoid quirky expressions that may require you using up time giving an English lesson.

I once listened to an important meeting, which started with the finance director giving a project status update to staff and contractors around the world. Her cricketing metaphor confused the Latin Americans and a particularly old-fashioned saying had everyone under 30 scratching their heads.

Watch your body language
You could well be sitting in the same chair for a while so make sure you are comfortable; good back support will help. Also, check the position of your laptop or camera in relation to where you are sitting so you are aware how much of you can be seen.

Movement is tricky: if you lean forward towards the camera, the audience will receive an unexpected close-up. Small habits, such as rubbing your ear or flicking your hair, will be magnified and very distracting. If you haven’t watched yourself before, it’s a good idea to do so now!

Using notes can be difficult. Ideally you want to look natural and reading from a screen is most likely to make you look robotic. Be as familiar as possible with what you need to say; if it helps, put a few bullet-point reminders on the edge of your screen that you can see at a glance.

Get the lighting right
How well-lit is your room? If you are sitting in near darkness, all your audience will see is your face, which will look ever so slightly sci-fi. If there’s bright sunlight shining at you, it may have you screwing up your eyes or creating a shadow figure behind you. This can be distracting for those watching, so you may need to close blinds and adjust the lighting.

Welcome participants
Providing a brief introduction about you and the purpose of the event helps settle attendees. If you have more than 20 attending, it may not be possible to allow time for them to introduce themselves. However, if it is a business meeting, a small conference or an interview, it is definitely worth knowing who else is there. Allow time for introductions as simple as name, position and company. This will assist you in knowing if all key stakeholders have joined and, if not, if they have sent a representative instead.

Avoid quirky expressions that may require you using up time giving an English lesson.
Top tips for an award-winning performance
1. Make sure you are familiar with the software you’ll be using. You don’t want to be fumbling on the day.
2. For Q&As, where lots of questions will be typed in, you should ideally have a colleague to help you manage the process.
3. Watch your language! Avoid colloquial sayings that may confuse your global audience and waste time.
4. Check your body language. If you are sitting comfortably with the camera positioned correctly, you are most likely to look your best and come across professionally.
5. Adjust lighting so that you don’t look like a sci-fi creature emerging from the gloom or washed out by bright sunlight.
6. Plan introductions appropriate for the size of audience and type of event. You may want everyone to introduce themselves – if so, make sure you have the time.
7. Be ready for problems with audio and make a back-up recording in case some participants have major problems.
8. Have a blank wall behind you if possible and, whatever happens, make sure you don’t have confidential information visible.

Kelly found when on air from home, when his toddler, older child and wife unexpectedly joined him. (It’s worth Googling.) By following the suggestions above, you will improve your performance on the small screen and become more comfortable delivering in this way. As a result, you will undoubtedly increase your future opportunities to star!

Ensure the sound is good
This is the biggest issue when delivering on the small screen: you need to check in with your audience and determine that they can actually hear you. When joining virtual meetings, there are sometimes surprisingly loud background noises.

If you can control muting attendees, then do so. If not, then encourage them to mute themselves while listening. There may be times when, despite all the checks, the signal just isn’t good enough.

Be prepared to redeliver key points at the end of the session. It’s also good to reassure people that a recording will be made available.

What you are sharing?
While you are focusing on the camera you may forget to check behind you. A clean background is best.

If you work in an office with glass screens, walls and doors, it can be distracting for your audience to have people walking passed. Also remember to clean away any confidential information that might be on a whiteboard behind you.

Someone walking into your room is worse, as journalist Robert

Helena Brewer is from Toastmasters International, a not-for-profit organisation that has provided communication and leadership skills since 1924 through a worldwide network of clubs.

More information
Get CPD units by answering questions on this article at accaglobal.com/abcpd.
Moving with the times

A data analytics unit is being added to ACCA’s Ethics and Professional Skills module to help members stay ahead of the curve. Judith Bennett explains

None of us can stave off the invasion of technology into our lives, least of all at work. If there are any accountants left anywhere in the world who are less than fully computer-literate, with little interest in how modern businesses collect and use data, then their days seem to be numbered.

The description of professional accountants as number-crunchers has never been more inappropriate. Today, we are established business partners and advisers, and the central purpose of the finance function is to use data to inform decision-making and strategy. That requires, of course, a thorough understanding of data sources, collection and analysis, as well as the growing set of tools and technology deployed to make the most of the huge quantities of data generated and used by modern businesses.

ACCA’s Drivers of change and future skills report identified seven ‘quotients for success’ for professional accountants for the future. The quotients cover professional competencies (technical knowledge and skills but also interpersonal qualities and behaviours) of value to professional accountants, employers and clients. One of these key qualities is the digital

All about the data

The new data analytics unit covers:
* big data and data analytics, and why they are useful for professional accountants
* the Crisp framework for data mining
* sources of data and data cleaning
* methodologies and tools for data analytics
* data visualisation and communication.
always sat at the core of the developments affecting the latest technological march of digitisation and response to the ongoing Professional Skills module. That is why, in April, we are stay ahead of the curve.

Our students and members exams to make sure that content across many of the ACCA Qualification – ACCA was the first to introduce a dedicated ethics module in 2007 – but professional ethics move with the times, and the digital age presents new and different challenges.

ACCA’s exams already test students on a wide range of business scenarios, encompassing big data, disruptive technology and cyber attacks. The Strategic Business Reporting exam and Strategic Business Leader case study already cover cloud and mobile technology, big data and data analytics, and the list of topics will be extended this year to include cryptocurrencies, blockchain and disruptive technologies.

Content

The new data analytics unit is designed to provide a comprehensive grounding in how data and analytics are used by businesses, with particular reference to the ethical questions raised in the digital age. The panel on the opposite page details exactly what is covered.

The unit brings in the important question of scepticism. In data, as in real life, if something looks too good to be true, then it probably is. Applying an appropriate level of scepticism is of particular importance when it comes to data, and the unit stresses that the results of data analysis should never be taken at face value. Further in-depth exploration may well be needed before any decisions are taken.

Privacy is another essential consideration when dealing with data, and the unit explores the ethical considerations of using data, including confidentiality and transparency.

Our data analytics unit is practical, not theoretical, and goes beyond the traditional classroom-to-exam approach to learning

is, we believe, a first for any professional body, in that it is practical rather than theoretical, and goes beyond the traditional classroom-to-exam approach to learning.

This is a complex topic that is impossible to test adequately in a strict exam environment, so we have developed an engaging online approach, using business-related examples and interactive exercises designed to stretch your brain and test your understanding of the issues and the many ways in which they impact a business.

The highly interactive unit shows students (and members too, if they wish to hone their digital understanding), how commercial awareness helps shape business questions, and how relevant data is identified, manipulated and analysed using appropriate techniques, before conclusions are drawn. The unit also explains how findings from data analysis can and should be presented and communicated, allowing the relevant stakeholders to make good business decisions.

The unit ends with a mini case study, which asks students to analyse a set of data, draw conclusions and make recommendations.

Above all, it creates a safe and engaging environment where difficult ethical questions surrounding data can be explored and tested. It is comprehensive, relevant to a rapidly changing world, and an engaging and entertaining way to learn.

Judith Bennett is ACCA’s director of professional qualifications.

More information

Find out more about the new data analytics module at bit.ly/ACCA-EPSM-analytics.
Bright future

The ACCA Smart Finance Series is bringing together industry and academic experts to discuss ways of developing strategic leadership in the digital age.

We constantly hear that the profession is undergoing a period of extraordinarily rapid change, as well as having to deal with the challenges the finance function faces in order to stay ahead of the drivers of change.

Over the last few years, advances in digital technology have stood out among the four drivers of change identified in ACCA’s 2016 report, Professional Accountants – the future: drivers of change and future skills. These drivers are regulation and governance; digital technologies; expectations; and globalisation.

Among these, one of the areas that is growing in complexity is digital disruption in the form of more sophisticated types of cybersecurity risks, data analytics tools, and robotic process automation. The question of how these could transform the finance function is a constant concern to the profession.

The problem is that, while there is a flood of new technologies and the pace of change accelerates, it can still remain a challenge to answer the question: ‘where do we begin?’

Enhance value

Finance leaders all have an implicit responsibility to enhance the value they bring to their organisations. The ACCA Smart Finance Series supports them by bringing together industry experts, academic leaders and respected peers to share perspectives on how technology is impacting the profession and what CFOs can do to transform the finance function in order to better deliver strategic business value through their leadership.

PwC delved into the issue of digital trust with a panel that included Mark Jansen (far left), the firm’s technology, media and telecommunications industry leader.

The ACCA and KPMG report, Navigating the Digital Terrain, identified five skillsets that CFOs need to lead and thrive in a digital organisation.
Working with ACCA, the series partners – Deloitte, KPMG, PwC, EY and the INSEAD Emerging Markets Institute – examine current and emerging trends facing the profession and consider the solutions that could help finance teams futureproof themselves. The series aims to deliver professional insights through joint research and provide a platform for best-practice sharing and skills development.

‘The series is yet another avenue for members to benefit from knowledge and best-practice sharing’

Wendy Lai, Deloitte’s SEA strategy and operations leader, provided insights on the future of finance in a robotic world.

EY’s report Analytics for Effective and Insightful Business Partnering offers insights into how the effective use of analytics can grow businesses.

Markets Institute – examine current and emerging trends facing the profession and consider the solutions that could help finance teams futureproof themselves. The series aims to deliver professional insights through joint research and provide a platform for best-practice sharing and skills development.

‘The Smart Finance Series is yet another avenue for members who occupy CFO and other senior finance leadership roles to benefit from knowledge and best practice sharing, networking and learning opportunities to become more effective finance business leaders,’ says James Lee, chair of the Smart Finance sub-committee.

Innovate and grow
The Smart Finance Series is organised around four major themes: digital trust and cybersecurity; robotics and automation; the digital CFO; and big data and analytics. By creating a nexus of information and resources, ACCA, the Big Four and INSEAD will enable CFOs and their teams to leverage technology to innovate and grow their businesses.

Over the next few issues, in addition to events and reports, ACCA’s Big Four partners will share snapshots of their industry expertise and offer insights into how technology is impacting on the profession. In turn, by becoming attuned to future trends, finance professionals can better equip themselves with the skills and digital competencies necessary to remain relevant and ahead of the game.

More information
For more details on the ACCA Smart Finance series, visit accasmartfinance.com or visit the ACCA CPD page for links to related learning opportunities at bit.ly/ACCA-cpd.
Elections to Council

Nominations are now invited for any ACCA members wishing to stand for election to Council at the 2019 Annual General Meeting.

Council is the governing body of ACCA and so has a pivotal role in ACCA affairs. Its remit includes:

* ensuring that ACCA operates in the public interest and delivers the objectives stated in its Royal Charter
* setting the overall direction of ACCA through regular approval of ACCA strategy
* ensuring that governance structures are aligned to the effective delivery of the strategy
* engaging with ACCA members to explain and promote ACCA’s strategic direction
* acting on behalf of all members and of future generations of members (today’s students)
* providing an objective environment for the executive team to explore new ideas and challenges.

Council and the executive team collaborate to devise ACCA’s strategy, which is then approved by Council. Delivery of the strategy is the responsibility of the executive team, with governance of the process and performance management provided by Council.

Whatever their geographical or sectoral bases, Council members do not represent particular geographies or functions. They are elected by the membership as a whole. Candidates in the Council elections come from all parts of the world, from every sector of the profession, and represent a wide range of senior positions. Long-term or technical experience is valuable, but so is a proven ability to actively participate in strategic decision-making.

Council-level experience is not necessary, but an understanding of good governance is essential, and personal and professional integrity must be of the highest standard. Experience has shown that those candidates with a previous record of engaging with and advocating for ACCA tend to stand a greater chance of being elected.

Diary date

ACCA’s Annual General Meeting this year will be held on 21 November 2019, in accordance with bye-law 44(a).

ACCA expects members to bring the following skills and attributes to Council:

* an ability to take a strategic and analytical approach to issues and to see ‘the big picture’
* an understanding of the business and the marketplace
* communication and networking skills
* an ability to interact with peers and respect the views of others
* decision-making abilities
* an ability to act in an ambassadorial role in many different environments
* planning and time management
* a willingness to learn and develop.

Anyone wishing to stand must be nominated by at least 10 other members in good standing. Candidates supply a head-and-shoulders photograph and an election statement.

They are also required to sign declarations of their willingness to comply with, and be bound by, the code of practice for Council members.

Candidates have the opportunity to produce a one-minute video in support of their election statements. The videos will be posted on a dedicated voting website, together with the written statements and photographs.

Information on Council service and the election process are available at bit.ly/ACCA-Elections. To register your interest in standing for election or for more information, send an email to secretariat@accaglobal.com, quoting ‘Council elections’ in the subject box. The closing date for the submission of nominations and all supporting information is 21 August, in accordance with bye-law 16.
Master of your future

Taking the ACCA-approved master’s degree in professional accountancy at the University of London can help you unlock your career potential fast.

ACCA members have been invited to apply for a place on the University of London’s (UoL) MSc in professional accountancy course, which has just started recruiting its July 2019 intake.

ACCA exams count towards the MSc, so ACCA members need only complete one module and one project to be awarded the MSc. If it has been more than five years since members completed their professional-level exams, they will also need to pass a UoL preparation course. One hour of learning on the MSc programme is equivalent to one CPD unit. Members have the option of attending face-to-face courses or studying remotely.

Natasha Birbal FCCA, a management accountant at methanol producer Methanex, in Trinidad and Tobago, said that she took the master’s as ‘an investment for the future and to be noticed in today’s job market’.

The mid-level professional says the course changed her way of thinking: ‘It gave me great insight into how global issues influence business and government decisions that impact our daily lives.’ Birbal is now keen to take further her knowledge of the external factors influencing the business, and hopes it may help her land a business analyst role.

‘It was an invaluable experience,’ she says. ‘The partnership between ACCA and UoL gave me the assurance that this degree would be of a high standard and internationally accredited, and I have shared views and experiences and made friends from around the world.’

More information

Find MSc details and how to apply, at accaglobal.com/msc.

Are you looking to move your career in the right direction or enhance your employability?

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Think Ahead
Success stories

Ongoing series of case studies created to raise awareness of the importance of robust financial management in the public sector

ACCA and IFAC (the International Federation of Accountants – the profession’s global body) have launched a series of case studies to identify and share success stories in public financial management at a time when public sector spending, government accountability and financial sustainability is increasingly under the spotlight.

Strong processes and systems are essential for the effective delivery of public services, transparent public finances and trust between government and citizens.

The series, which includes videos and written case studies, so far highlights stories from public sector finance leaders in Tanzania, Australia and Canada. More will be added this year.

Pool of knowledge: the Danish government’s choice of a multinational joint venture to build the €133m Princess Mary bridge across Roskildefjord has cut project costs.

‘The aim of this research is to answer a number of fundamental questions about how public financial management is working now, and how it can operate in the future,’ says Alex Metcalfe, head of public sector policy at ACCA. ‘We want to capture real stories of how public financial management improvements have made an immediate difference in the delivery of public services.’

Public financial management affects how funding is used to address national and local priorities. It also affects the availability of resources for investment and the cost-effectiveness of public services.

‘The general public are likely to have greater trust in public sector organisations where there is strong financial stewardship, accountability, and transparency in the use of public funds,’ Metcalfe points out.

This latest collaboration between ACCA and IFAC supports their work to build financial capacity in the state sector and to strengthen public financial management globally.

Best practice in public financial management

See ACCA’s video series at bit.ly/ACCA-pfm.
Grow your emotional superpower

Visit accaglobal.com/eq to learn more

Think Ahead
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