

Site reading

A new search engine will be a boon, not just for accountants

The life of a professional accountant in business just got a little easier. On 2 October, the International Federation of Accountants (IFAC) introduced a free search engine website that lets accountants find documents related to everything from corporate governance to professional development. The site, www.ifacnet.com, searches the websites of 14 accounting bodies in a manner similar to popular search engine Google.

Institute past President Edward Chow and Director of member services Gary Wong for the Institute, were intimately involved in the year-and-a-half-long project. The site ifacnet.com began as a project to assist accountants in business. It was organized by the IFAC PAIB Committee, of which Chow is a member and will, as of January 2007, be the chairman. The twin issues of globalization and convergence were the main concerns behind the service. PAIBs facing huge investments and expansion overseas and are scrambling for relevant information from other jurisdictions. The site ifacnet.com addresses their needs.

“This search engine tool is much more powerful than we anticipated,” says Chow. “Accountants can search by subject, author or other parameters to find what they need.” Scottish software firm INDEZ supplied the unique technology behind the site, which features a user-friendly interface similar to Google’s.

Chow says a good example is that of a CFO based in Hong Kong who has to prepare an annual report that will be received by investors in a number of jurisdictions. Alternatively, a U.S.-based CFO investing in China can find relevant documents from the Institute’s site.

With over one million PAIBs facing cross-border situations, ifacnet.com is a boon – and not just for accountants in business. Students, academics and practising accountants can also benefit from the system. Chow says academics can find the latest information for research purposes, while students can more easily find what they need.

There are 14 accountancy bodies with websites connected to ifacnet.com. Chow also says that is set to change as other IFAC bodies join in, which will increase the scope of the search engine.

According to Chow, other member bodies participating in the next World Congress of Accountants in Istanbul this month will be receptive to the new service.

With a worldwide accountancy-based search engine in the making and the Institute playing a lead role, the remaining question seems to be: Would Google dare to make a bid for a website designed by accountants?



Quick link

► **IFACnet:**
www.ifacnet.com

Careers section

▶▶▶ People on the move

Deloitte Touche Tohmatsu



Peter Fung has been appointed audit principal in Hong Kong. He is experienced in providing audits and IPO services for the Hong Kong-based operations of multinational groups, as well as local and overseas listed clients.



Phemie Ma has been appointed audit principal of the financial services industry group. She specializes in the insurance, investment management and retirement businesses.



In Guangzhou, **Stephen Yuen** has been appointed audit partner. He focuses on audits and IPOs for manufacturing and construction clients in Hong Kong and the mainland.



Stephen Smart has been appointed audit principal. He has extensive experience in providing audit services to multinational corporations, Hong Kong-listed companies and subsidiaries of overseas listed companies.



Terry Mezger has been appointed audit principal. He leads the actuarial and insurance solutions practice in Asia, and advises clients on insurance strategy, market entry strategy and distribution.



Frances Fung has been appointed principal of enterprise risk services. She focuses on control assurance services, including audit services, information technology internal audits and Sarbanes-Oxley readiness.

KPMG



Thomas Wilson has been promoted to director in risk advisory services. He has a broad international background, having worked in the U.S., U.K., western Europe and the Asia Pacific region.



Helen Li has been promoted to director of risk advisory services. She has performed risk and control reviews, financial due diligence and diagnostic reviews for clients in the financial services sector.



Maria Cheng has been promoted to principal in the audit department. She provides audit services to listed and multinational companies in the consumer markets sector.



Piera Ho has been promoted to principal in the professional practice department. She advises on ethics, independence and risk management. Before moving to Hong Kong, Ho was with KPMG in Canada.



Victor Tan joins KPMG as director and leads the Hong Kong information risk management practice. Prior to joining the firm, Tan worked with international CPA firms and at two international financial institutions.

Grant Thornton



Based in Shanghai, **P.O. Wong** has been promoted to director of China services. He has extensive assurance experience in a wide variety of industries. He is also involved in various transaction support assignments.

▶▶▶ **People on the move**

PricewaterhouseCoopers



In Beijing, **Steven Wong** has been appointed partner of tax services. He specializes in providing advisory services to companies in the technology, info-communications, media and entertainment industries.



In Shanghai, **Stephens Lee** has been promoted to partner in tax services. He specializes in providing advisory services to Japanese clients in China on investment strategy and operation structure.



In Beijing, **Wendy Guo** has been appointed partner of tax and China business advisory services. She specializes in providing advisory services on mergers and acquisitions, and restructuring.



Cathy Jiang has been appointed partner of tax services in Hong Kong. She specializes in China tax and foreign investment regulations, and advises Japanese and multinational companies.



In Beijing, **Jim Chen** has been appointed partner of assurance services, specializing in real estate, energy, transportation and engineering industries.



Rob Derrett has been appointed partner of assurance services in Beijing, specializing in technology, info-communications and entertainment industries.

A rich resource

Resources Global Professionals is offering companies and professionals new ways of thinking about work

In Hong Kong, professionals are looking for new challenges and companies want experienced people to work “as needed” to lead a project and consult on special issues.

This is where professional services firm Resources Global Professionals comes in. Originally part of Deloitte in the U.S., the firm has 78 offices and more than 2,000 clients worldwide. Associates are typically Big Four-

trained, trilingual in English, Mandarin and Cantonese, possess solid technical knowledge, excellent management skills and must be hands-on to lead projects. They also have at least eight years experience, with some background in an MNC.

Resources China Managing Director Thomas Chu says clients come to Resources “for specialized knowledge, expertise and ability to execute.”

Engaging in finance, risk management, internal audit and information management across anything from banking, telecommunications, media, security, entertainment and manufacturing, Associates are paid by the hour and aim for about 2,000 working hours per year.

Whether it’s for extra personal time, being with family, pursuing another degree or travelling, Associates maximize earning potential and gain exposure by working with high profile companies, the majority being Fortune 500 clients.

Most projects require Associates to work with the top levels of management. “We get closer to the client and results happen more quickly,” says Associate Gloria Fong.

Fong started her career at KPMG, before completing a Master’s at Stanford University. Returning to Hong Kong, she wanted variety and a more balanced life. With over three years experience at Resources, Gloria has participated in a wide range of projects and is considered a Sarbanes-Oxley expert.

“In Hong Kong this model is becoming more and more popular. It helps people cope with their personal life and what they need to do,” Fong says.

For more information please contact **Thomas Chu**, MD, China, or **Rita Li**, Resourcing Director, at:

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Tool for scenario analysis

By Carson Cheng



The forecast presented in your proposal or report may be the most probable case based on your assumptions and professional judgement. To demonstrate that you have thought through other cases, you should explain how your result would change under different scenarios. You will find Excel's scenario analysis function helpful.

Note that sensitivity analyses (Refer to September 2006 issue of *A Plus*) differ from scenario analyses. The former shows how one dependent variable changes when one or two independent variables (parameters) are changed over a range, i.e. how sensitive the dependent variable is. The latter shows the results of one or more dependent variables under different assumptions of a set of independent variables.

Carson Cheng has recently returned to Hong Kong from Japan to take up a managerial position in an IT firm. He is a member of the Institute and was voted one of Microsoft's Most Valuable Professionals. If you have any questions relating to Excel, you can email him at aplus@excelhelp.net.

In this simple example, the stock value is estimated using the capital asset pricing model and the expected dividend stream.

► Define range names

To avoid the confusion of working with a string of meaningless cell addresses, let us first define a range name for each parameter and also for the result (stock value). (Refer to July 2006 issue of *A Plus*.)

For example, to define a range name for the risk-free rate, simply type "RiskFreeRate" in the Name Box after selecting C1.

	A	B	C
1	Risk-free rate	(a)	6.25%
2	Beta	(b)	0.90
3	Risk premium	(c)	5.50%
4	Cost of equity	(d) = a + b*c	11.20%
6	Dividend this year	(e)	\$3.56
7	Growth rate of dividends	(f)	5.50%
8	Expected dividends next year	(g) = e*(1+f)	\$3.76
10	Stock Value	(h) = g / (d-f)	\$65.89

► Define scenarios

The highlighted cells are the input parameters and the values shown are our base case. We now want to compare the stock value of the base case against that of two scenarios:

- **BEST CASE**
Risk-free rate goes down to five percent
Growth rate of dividend goes up to six percent
- **WORST CASE**
Beta goes up to 1.0
Growth rate of dividend goes down to four percent

Note that part of the parameters can be the same as the base case.

	A	B	C
1	Risk-free rate	(a)	6.25%
2	Beta	(b)	0.90
3	Risk premium	(c)	5.50%
4	Cost of equity	(d) = a + b*c	11.20%
6	Dividend this year	(e)	\$3.56
7	Growth rate of dividends	(f)	5.50%
8	Expected dividends next year	(g) = e*(1+f)	\$3.76
10	Stock Value	(h) = g / (d-f)	\$65.89

First of all, let us create the Base Case.

1. Select "Tools | Scenarios."
2. Press "Add."

	A	B	C	D	E	F	G
1	Risk-free rate	(a)	6.25%				
2	Beta	(b)	0.90				
3	Risk premium	(c)	5.50%				
4	Cost of equity	(d) = a + b*c	11.20%				
6	Dividend this year	(e)	\$3.56				

- Enter "Base Case" in "Scenario name."
- Go to the "Changing cells" field. Hold down the <Ctrl> key and select the five highlighted cells.
- Press "OK."

Note that

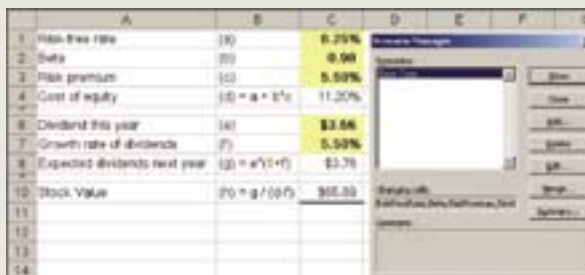
- Though not all parameters are different in our scenarios, it is safer to store all of them.
- If you are going to change the values of the parameters, uncheck "Prevent changes."
- Instead of selecting the cells one by one, you can also select them range by range, i.e. C1:C3, C6:C7.



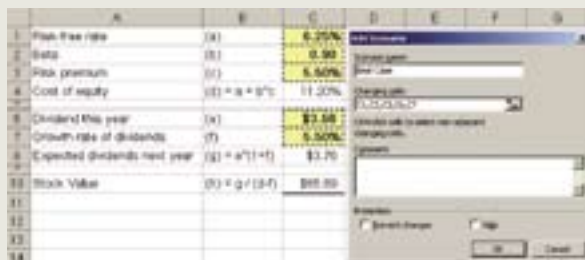
- After confirming the values of all variables in this scenario, press "OK."



- The Base Case is created. Now let us move to the Best Case.
- Press "Add."



- Enter "Best Case" in the "Scenario name."
- Press "OK."

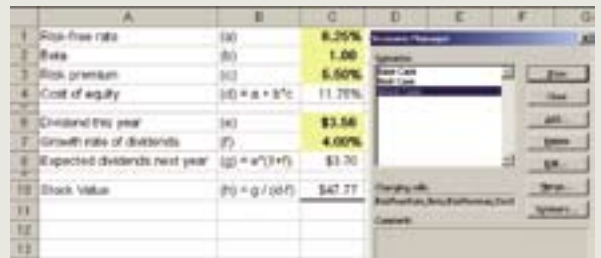


- Change "Risk-free rate" to 0.05 and "Growth rate" to 0.06.
- Press "OK."



- "Best Case" is created.
- Repeat the steps above to create "Worst Case" scenario. You can now switch among the scenarios by pressing "Show" after selecting the desired scenario. E.g. the "Worst Case" is shown.

To edit a scenario, simply press "Edit" after choosing the desired scenario.



► Create scenario summary

A scenario summary shows the results of all scenarios in a clear tabular format.

- Under "Tools | Scenarios," press "Summary."
- Select the stock value (C10) as the "Result cells."
- Press "OK."



- A Scenario Summary is created. You can delete the "Current Values" column if it is not important. Tips: Always do a reasonableness test as a sanity check. For example, "Best Case" should have the highest stock value, "Worst Case" the lowest and "Base Case" should be in between.

Scenario Summary	Current Values	Base Case	Best Case	Worst Case
Changing Cells:				
Risk Free Rate	6.25%	6.25%	5.00%	6.25%
Beta	1.00	0.90	0.90	1.00
Risk Premium	5.50%	5.50%	5.50%	5.50%
Dividend	\$3.56	\$3.56	\$3.56	\$3.56
Growth Rate Of Dividends	4.00%	5.50%	6.00%	4.00%
Result Cells:				
Stock Value	\$47.77	\$65.89	\$95.53	\$47.77

Notes: Current Values column represents values of changing cells at the time the Scenario Summary Report was created. Changing cells for each scenario are highlighted in grey.