

# TEACHERS' EXPRESS

HKICPA Examination in BAFS

NEWS / INFORMATION / EVENTS / ACTIVITIES

DECEMBER 2016 ISSUE

NEWS – HKICPA Examination in BAFS



## Timetable for HKICPA Examination in BAFS (December 2016 / January 2017 session)

Paper name	Examination date	AM session	PM session
Paper 1 Accounting & business essentials	24 – 30 December 2016	9:00 a.m. – 10:15 a.m.	2:00 p.m. – 3:15 p.m.
Paper 2 Fundamentals of financial & management accounting		10:45 a.m. – 1:00 p.m.	3:45 p.m. – 6:00 p.m.



## Important notes to candidates of HKICPA Examination in BAFS (December 2016 / January 2017 session)

The examination admission forms for the HKICPA Examination in BAFS will be posted to all enrolled school teachers by early-December 2016. Please contact our examination team at [bafs@hkipca.org.hk](mailto:bafs@hkipca.org.hk) if you have not received it by 13 December 2016. All candidates shall comply with the **“Examination regulations”** and the **“Examination instructions for candidates”** as shown on the examination admission forms.

Please remind your students that they may be subject to penalties or disqualification from the examination, as determined by the HKICPA, if they violate the above examination regulations and instructions. For details, please visit [www.hkipca.org.hk](http://www.hkipca.org.hk) > Become a Hong Kong CPA > Examination in BAFS > Important notes to candidates and bad weather notice.



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

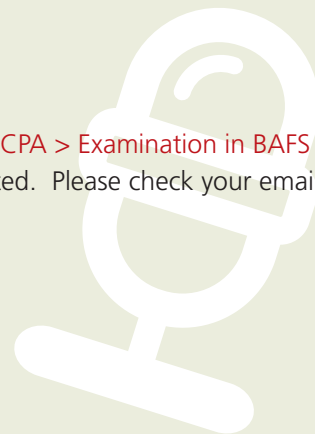


## Examination support for candidates and their teachers

Students who have enrolled in the December 2016 / January 2017 session and their teachers have been provided with exclusive e-learning packs in November 2016. These materials include:

- Question and answer booklets with examiner's reports for the December 2014 /January 2015 and December 2015 / January 2016 sessions
- Technical articles
- Multiple-choice questions
- Examples of poorly-answered multiple-choice questions

For details, please refer to our website [www.hkicpa.org.hk](http://www.hkicpa.org.hk) > Become a Hong Kong CPA > Examination in BAFS > Support for teachers and candidates. (The e-learning materials are password protected. Please check your email for the related email.)



## Last calls for nominations – HKICPA scholarship for secondary schools 2016-2017

HKICPA is keen to nurture young talent. The aims of the scholarship are to recognize academic merits, to encourage senior secondary students to pursue the HKICPA Examination in BAFS, and to serve as a financial aid for deserving students. The nominations for the 2016-2017 scholarship are now being accepted. Each eligible secondary school may nominate one full-time F.5 student who is studying BAFS accounting module for the scholarship. The nominee shall be the top student in BAFS within the whole form (based on F.4 result) and he / she should be studying accounting module in F.5. For details, please visit [www.hkicpa.org.hk](http://www.hkicpa.org.hk) > Become a Hong Kong CPA > Examination in BAFS > Scholarship for secondary schools. Deadline for nominations is **16 December 2016**.





## Candidates' common mistakes

### Top 4 poorly answered questions

Among the 30 multiple-choice questions of the HKICPA Examination in BAFS Paper 1 in the December 2015 / January 2016 session, the four questions in which candidates performed worst were:

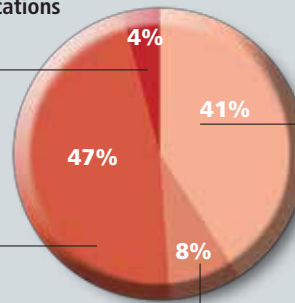
✓ Correct Answer

#### Q. A1

Which of the following is not an influence of globalisation on the world?

D. Efficient development of global telecommunications favours information sharing.

C. Multinational enterprises reduce staff number and salary in order to cut costs.



A. Investment and financial activities are centred in countries that are pursuing regional protectionism. ✓

B. There is a constant increase in the number of globally applied standards and laws.

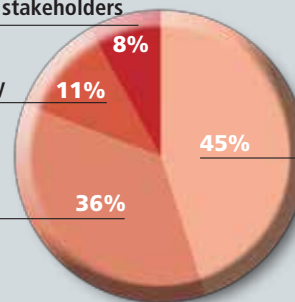
#### Q. A4

To cope with the environmental protection regulations, Alice Company is now putting a lot of efforts against pollution by modifying its production process and reviewing its packaging methods so that it can follow the law and, even more, protect the health conditions of the nearby community. Which of the following is not the major concern for Alice Company in its initiative?

D. Reactions of stakeholders

C. Legal responsibility

B. Cost control ✓



A. Staff morale

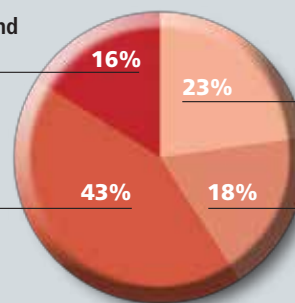
#### Q. A22

Which of the following are the limitations of financial statements?

- (1) Firms use different accounting policies and methods
- (2) Personal judgements and bias are involved
- (3) Only qualitative information is shown
- (4) Current and historical data are used to prepare financial statements

D. (1), (2), (3) and (4)

C. (1), (3) and (4) only



A. (1) and (2) only ✓

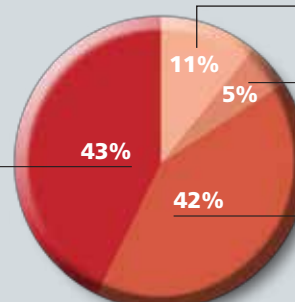
B. (1), (2) and (3) only

#### Q. A30

Which of the following are contributing to closer business and trade relationship between Hong Kong and Mainland China?

- (1) Hong Kong is close to Mainland China.
- (2) Hong Kong enterprises can establish their businesses freely in Mainland China.
- (3) Hong Kong investors relocate their factories to Mainland China to reduce rental and labour costs.

D. (1), (2) and (3)



A. (2) and (3) only

B. (1) and (2) only

C. (1) and (3) only ✓

# The hardware of success



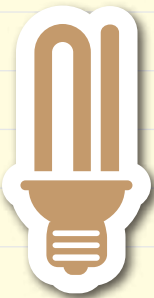
(from left) Gabriel Tang, Gavin Li, Martin Wong and Eugene Wong, students from St. Joseph's College, enjoyed the dialogue with Mr. Dave Cheng, chief financial officer of International Housewares Retail Company Limited (3rd from the left).

Secondary-school students got to hear how JHC became Hong Kong's leading household-products retailer, straight from the horse's mouth

Educating accountants of the future is a critical part of the Institute's work – and that work starts at the secondary-school level. The accounting and business management case competition, organized by the Institute in partnership with the Education Bureau, encourages secondary-school students, in particular those studying business, accounting and finance, to develop their business-analysis and communication skills. The inter-school competition has been running since 2002, and so far more than 300 schools have participated.

The competition's young reporters programme allows the winning team to gain more insight into the accounting world and further hone their communication abilities. Team members, Martin Wong, Gavin Li, Eugene Wong and Gabriel Wong

from St. Joseph's College, were given the opportunity to meet Mr. Dave Cheng, chief financial officer the company they studied – International Housewares Retail Company Limited, better known to most of us as Japan Home Centre, or JHC – and interview him about his work. Here's what they discovered.



### Japan Home Centre launched more than 20 years ago. How has the business kept pace with changes in the market?

The two founders of JHC found that hard work and attention to details were keys to success. Each and every detail of the operations is important, including sourcing, store management, market research, warehouse management, transportation, price-cost-profit structure, among others.

JHC, a \$10 shop originally offering products from Japan, has transformed into a multi-category housewares specialty chain selling items from different parts of the world at various prices. The transformation was based on a change in customer needs, and allowed us to supply a larger variety of products. This has allowed JHC to develop rapidly, with a huge increase in the number of stores, and become the market leader in household products in Hong Kong.

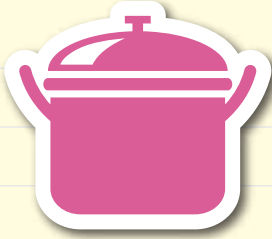
### What are JHC's greatest strengths?

There are four strengths. The greatest is the supplier network. Due to our large number of stores, a huge and stable supply of goods is required to sustain the operation. JHC has more than 600 suppliers globally, of which most are from Asia and some from Europe.

Second is collaboration among our different teams. Most of our core staff have more than ten years of experience; they are experts in this field.

Third is our well-known brand name. All households know this name. Although the company is not Japanese-owned and the proportion of goods from Japan offered in our stores is not that high, it doesn't affect the popularity of JHC. Whenever there are home needs, households will try to visit JHC first to see if the items they need are there.





Lastly, flexibility in our retail spaces is a unique strength of JHC. Unlike other household retail brands that usually require a very particular size range for their shops, the size of JHC stores can be really flexible.

**How has information technology helped with the company's expansion?**

IT has helped JHC expand rapidly. In the early years, JHC's founders understood the importance of developing a comprehensive computer system to facilitate stock control and identify consumer trends by analysing huge amounts of sales data daily. Over a decade ago, JHC set up a team to develop an internal computer system. Compared to templates from IT companies, in-house development ensures high efficiency and the ability to react rapidly.

**How does globalization affect JHC?**

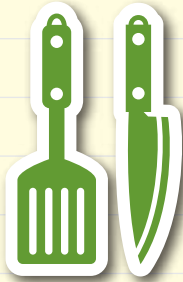
We can't deny that globalization does pose threats to JHC, so we have to react promptly to each and every problem we spot. Globalization started in the 1970s, and had a huge impact on sectors such as entertainment and catering. In the retail business, however, we were aware of changes to the competitive environment. Many international brands have come to Hong Kong since 1980, but a number of them opted to leave the city mainly because of the unique characteristics of Hong Kong retailing, which local operators understand better and are more able to master. People in Hong Kong often buy household products in small amounts, but frequently. JHC provides products with user-friendly packaging that suit the needs of Hong Kong.



**Retailing in Hong Kong is in crisis mode. How do you think JHC can survive?**

The worsening retail situation in Hong Kong certainly affects JHC, but not as seriously as other businesses like jewellery or tourism. The products we sell are consumed frequently, and households can't avoid using them.

We also face competition from new entrants who offer a similar range of products overlapping with ours. We have to work even harder to gain the loyalty of customers. It has never been easy to continue being the market leader.



**What does JHC consider when contemplating an acquisition?**

JHC has acquired and merged with several other businesses over the past 20 years. To seek further network expansion and sales growth, in 2011, we decided to invest overseas. Given that the culture and lifestyle in Singapore is quite similar to Hong Kong's, JHC searched for companies to buy in Singapore and found Japan's Home, which had been operating for over 10 years. Discussions lasted for almost a year before JHC acquired the company.

In a potential acquisition, we will first evaluate its business and operation and do due diligence, but more important is the business's potential – what it can be instead of what it has been. But, frankly speaking, price is always one of the major factors. If it is within our budget; the consideration is reasonable; and there is synergy between the two companies, JHC will be more likely to consider that potential acquisition.

**What should students who are interested in business and accounting do to prepare themselves for the future?**

To be successful, teenagers should be willing to work hard. If they are interested in a business or finance-related career, they should make themselves aware of the worldwide business environment when they are in secondary school.



As accounting procedures are structural, they require a variety of knowledge and skills: commercial law, accounting principles and so on. This knowledge is not only essential, but also interrelated. Students should work hard on these topics to prepare for their future.



Young reports meeting with Mr. Dave Cheng.

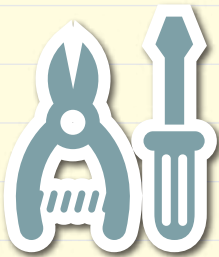
### **Do you think secondary-school and university business and accounting-related subjects are practical enough to help in future careers?**

The syllabus covered by the secondary-school and university curriculum is a prerequisite for any future career. Mastering the skills taught in the curriculum is a fundamental step for students. Students should also pay attention to the business world and the effects of various policies. Those subjects aren't taught at school, so students should take the initiative and learn through discussion and interaction. In other words, knowledge taught at school is like a tool, while how we carry out real operations depends on skills and experience.

### **What characteristics does a business leader need?**

Leadership is, undoubtedly, the most important skill required as a business leader. One should have broad enough shoulders to bear responsibility, and lead the business so that the team will stay on the same course.

Another important characteristic is decisiveness. Difficult decisions are usually the responsibility of top management. Business leaders need to speed up the decision-making process, which also helps to avoid conflicts. Interpersonal skills are also important; listening, understanding and accepting others' opinions are crucial for the well-being of a business.



When one has a great business idea, the ability to bring colleagues together is essential. Provide subordinates with clear directions, and unite the team to follow your lead. You also need to acquire a forward-looking mindset and be decisive during crises and opportunities.

Last but not least, a member of top management should be humble, and listen to the ideas of others, as business ultimately requires teamwork.

### **Thoughts from the young reporters**

#### **Martin Wong (Team leader)**

We learn fundamental skills and concepts in lessons, but we can seldom look into the real business world and the operations of a firm. The case competition was an opportunity for us to apply what we have learned to write a business proposal for JHC, and then we broadened our horizons through an enjoyable chat with Mr. Cheng.

#### **Gavin Li**

We students view the retail business as one of the easiest industries, but find that it is entirely incorrect after listening to Mr. Cheng's opinions. He not only told us about the process of global sourcing at JHC but also how the founders established the brand through unremitting effort.

#### **Gabriel Tang**

Mr. Cheng revealed that his first job was as a bank clerk. I learned that we should not look down on jobs with boring and repetitive tasks because every time we perform a task, we are gaining experience. He also reminded us that the skills and knowledge we gain in school are always useful, and will definitely come in handy in the workplace, no matter the position.

#### **Eugene Wong**

Mr. Cheng told us that he switched careers a few times in his 20s. I thought about this for a long time, as it can allow us to gain more experience from different types of work. Mr. Cheng also shared that having a profession is essential to surviving in the business world these days. This has further enforced my aspiration to be a certified public accountant.





## HKICPA accounting and business management case competition 2016-2017

The HKICPA accounting and business management case competition 2016-2017 aims to develop the ability of senior secondary school students, especially those studying business, accounting and financial studies, in using accounting information for business development and to improve their soft skills as required by today's business world. This year, Bauhaus International (Holdings) Limited is selected as the case study company.



Around 1,060 and 740 students have enrolled in level 1 and level 2 competitions respectively.

On 18 October 2016, a briefing session for the case competition was successfully held to provide participants with more details of the competition format and judging criteria.

Through participation in the competition, students will have a chance to

- apply their textbook knowledge in practice;
- understand the operations of a real business;
- enhance their business writing and presentation skills;
- build their teamwork skills; and
- enrich their student learning profile as required by the NSS curriculum.



Free business seminars will be organized for all level 1 and 2 participants with details as below:

For Level 1 and 2 participants	For Level 2 participants
Date: 19 November 2016 (Saturday)	28 December 2016 (Wednesday)
Time: 9:15 a.m. – 12:45 p.m.	1:30 p.m. – 5:30 p.m.
Venue: 27/F, Wu Chung House, 213 Queen's Road East, Wan Chai	
Topics: <ul style="list-style-type: none"> <li>• Basic financial ratio analysis and implication</li> <li>• Recap of major business and management concepts</li> </ul>	<ul style="list-style-type: none"> <li>• Deriving important information from financial statements</li> <li>• Methods of analyzing trends</li> <li>• Basic budget preparation</li> <li>• Operations of Bauhaus International (Holdings) Limited</li> <li>• Proposal writing skill</li> <li>• Business management and marketing strategies</li> </ul>

For registration, please visit [www.hkicpa.org.hk](http://www.hkicpa.org.hk) > Become a Hong Kong CPA > Examination in BAFS > HKICPA Accounting and Business Management Case Competition. Seats are limited and reserved on a first-come-first-served basis. Please enroll earlier to secure your seats.



### Sharing from past winners of the competition

"The HKICPA case competition is one of the few opportunities for secondary school students to broaden their horizons. As a past participant, it was a valuable experience for me to know more about real-life business operations. In addition, preparing analysis and presenting ideas as a group are undoubtedly more interesting than only learning textbook knowledge. It is challenging yet rewarding."



**Wong Cheung Hon Martin**  
Leader of champion team in 2015-2016  
from St. Joseph's College

"The competition gave students an opportunity to consolidate their textbook knowledge and apply it to a real-life scenario. It not only moulds the participants into self-reliant learners, but also introduces the business fundamentals of a renowned company. Business analytical skills are nurtured throughout the contest by providing recommendations and proposals."



**Li Kai Yin Gavin**  
Best presenter in 2015-2016  
from St. Joseph's College



## Recruiting markers for the HKICPA Examination in BAFS (December 2016 / January 2017 session)

If you are a BAFS teacher and are interested in becoming a marker for the HKICPA Examination in BAFS, please contact the examination team via [bafs@hkipca.org.hk](mailto:bafs@hkipca.org.hk) or by phone at 2287 7490.



## School talk and information session on HKICPA Examination in BAFS

An HKICPA representative is pleased to come to your school to introduce career paths in the accountancy profession and to give details about the HKICPA Examination in BAFS.

For details of school talks and to make an appointment, please contact Theresa Choi by email at [theresachoi@hkipca.org.hk](mailto:theresachoi@hkipca.org.hk) or by phone at 2287 7099.



## Event calendar

### ***HKICPA Examination in BAFS for December 2016 / January 2017 session***

Pre-examination technique seminar	26 November 2016
Examination dates	24, 27, 28, 29 & 30 December 2016

### ***HKICPA scholarship for secondary schools***

Nomination closing date	16 December 2016
Results announcement	Late February 2017

### ***HKICPA accounting & business management case competition***

Business seminar (for Level 2 participants)	28 December 2016
Submission deadline of Level 1 analysis report	10 February 2017
Submission deadline of Level 2 business proposal	14 February 2017
Announcement of Level 1 result and the six finalist teams for oral presentation	30 March 2017
Final competition – oral presentation cum award ceremony	29 April 2017



**Contact us**



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