



**THIS ISSUE**

CEO Message: Objectives other than Profit – A Brave New World for Management Accountants 2

Numerous Geopolitical Tensions Endanger Recovery 3

Bank Lending in Emerging Markets Worsens 5

The Key to Managing Stress: Identify causes and find simple solutions 6

Dubai Branch News 7

Bandung Indonesia Centre 7

Malang Indonesia Centre 8

What's On in the World of the CMA? 9

# CEO Message: Objectives other than Profit – A Brave New World for Management Accountants



The origins of management accounting can be traced to Commerce along the 'Silk Road', where traders calculated the cost of the venture and the profit they could make by undertaking such trade. Then with the advent of the industrial revolution, cost accounting became recognised as a profession in the 'works' departments of the many factories that sprung up in that period. Once again, the objective was profit maximisation, and cost accountants calculated the 'cost' of a product manufactured in this world of Industry. Cost accounting morphed into 'management accounting' where forecast of future profits were made. Management accountants provided information to general management as to the best mix of products and services that would enhance the future profitability of their organisations.

In more recent times we have come to know that 'profit' alone, ignoring all other 'externalities' (such as the needs of the environment and society) is not enough. There is no point earning large profits if it damages the rivers, pollutes the air and underpays the labour that toils to produce the goods and services demanded by our consumerist society. Worst still is when this labour is housed in sub-standard and unsafe

'sweat-shop' factories and in many cases even child labour is exploited.

But the most serious effect of this unrelenting chase to achieve maximum profits is the damage it is causing to this earth, and the ability of future generations to survive. The release of green-house gases and the damage it is causing to our climate is a scientific fact. Only politicians who are either after the funding and clout of big-business, or simply too ignorant to understand the science, try to run the argument that the climate change that we see all around us, in every country, is not caused by mankind. How management accountants can play a role in the area of 'carbonomics' is now part of the CMA syllabus. We can use tools such as life-cycle costing (LCC) to show the carbon emission impact of marketing our products; from the initial mining of the base raw material needed for the product; to the fuel needed to manufacture the product; to the transportation required to deliver the product to the point of sale; to the final waste disposal of the product after its useful life. Clearly, management accountants have to look beyond profits made by just only selling the products; to what damage this unrelenting chase for efficiency and productivity is causing to the Earth's environment.

Now another issue that will affect our future generations to sustain itself has come about. This time not to our atmosphere, but to the plant seeds that are the basic building blocks of the food we eat and the very soil that is needed to nourish it to life. In the pursuit of profit on a global scale, companies that once created chemical weapons for war, first used that chemistry after the war to produce 'fertilizer' for lands that for centuries did



not require such due to crop diversity. These lands have now become 'drug addicts' requiring larger and larger 'shots' of fertilizer. Next, the chemistry was used to create 'Genetically Modified' (GM) food in which have property rights attached to them, and thus the ability to make a 'profit' for those large companies like Monsanto that 'manufactured' these GM seeds.

The story of seed is unfortunately one of loss, control, dependence and debt. It shows how big business, from America and Europe wants to make vast profit by colonizing our food system, no matter what the true cost to our future generations is.

It's time to change the story.

I implore you to watch the excellent documentary (use the link shown after title of this message) which is a shocking exposure on how big business is impacting the food chain in the pursuit of profit maximization. It is a landmark film narrated by Jeremy Irons.

Best Wishes to all members in their professional life.

Professor Janek Ratnatunga  
CEO, ICMA Australia

# Numerous Geopolitical Tensions Endanger Recovery

Heightened geopolitical tensions could derail the recovery unless they are managed carefully. The most acute threat is the impasse in Ukraine.

THE financial markets remain very bullish and share prices rose again to new all-time highs. This optimism is not entirely fatuous, but it is excessive. The recovery is real, and risks of a new recession have eased. But the upturn is weak by historical standards, and there are risks that cannot be shrugged off. Investors have accepted that a market correction is likely in the next few months. Though global growth will continue, share prices will very probably fall back from current elevated levels.

Heightened geopolitical tensions, unless managed carefully, could derail the recovery. The most acute threat is the impasse in Ukraine. A military conflict with Russia remains unlikely. But a festering quarrel, with sanctions and reprisals, could damage the global economy and Europe in particular. There are also worrying tensions in east Asia, as both China and Japan are adopting assertive nationalistic postures. Numerous ongoing disputes, relating to sovereignty over maritime demarcation lines and flying zones, risk getting out of control due to a miscalculation. So far, the main east Asian actors have exercised self-restraint. But tensions are dangerous at a time when the emerging markets are facing new pressures.

China has coped competently with the problems facing it. The slowdown from double-digit growth rates in previous decades to 7%-8% per annum in recent years was relatively smooth, in spite of the global financial crisis. But the pressures facing China worsened recently in the face of rising bad debts, heightening risks that the economy would slow too abruptly. To pre-empt threats of a hard landing, the authorities announced new spending measures, focused on railways and housing. They have also allowed large net falls in the renminbi, reversing at least temporarily the policy of encouraging gradual rises in the currency. While China's prospects remain broadly positive, the situation has become more difficult, and the rebalancing of the economy will take longer.

### Political tensions

Other emerging economies, which have faced volatile capital outflows triggered by the US Federal Reserve's tapering, are weaker and more exposed than China. In some instances, eg, Turkey, Thailand or Argentina, domestic political tensions have accentuated problems. Pressures eased early in April, as emerging market currencies and stock markets recovered. But uncertainties persist, and renewed speculative attacks can be expected. The strains unleashed by tapering are only a foretaste of the volatility one may expect when US rates eventually start increasing.

Higher interest rates are unlikely to be considered by any major central bank in the near future. Monetary policy will remain easy almost everywhere. But differences of emphasis are emerging. In the US and the UK, the key uncertainty is when rates will start rising. The Fed and







the Bank of England are both stressing that imminent increases are unlikely, but it is clear that their next policy move will be one of tightening. In contrast, policy easing is likely in Japan and the eurozone. As the effects of 'Abenomics' remain disappointing, with Japan's GDP growing by a miniscule 0.2% in the fourth quarter of 2013, there are fears that the increase in Japan's consumption tax from 5% to 8% will cause serious damage. The stimulus package launched by the government to counter any downturn is unlikely to suffice. The Bank of Japan is under pressure to increase further its already massive quantitative easing programme. While such a move is probable, it is by no means clear that it will succeed in stimulating growth.

In the eurozone, annual consumer inflation fell to a four-year low of 0.5% in March, and the European Central Bank is preparing the ground for more policy easing. The ECB kept official rates unchanged at its 3 April meeting. But we expect its main refinancing rate to be cut from 0.25 to 0% in the next three months, while the deposit rate on reserves held will probably be cut from zero to negative. German opposition to an expansionist stance is diminishing, and the ECB may even consider launching outright QE. Though other central banks have used QE regularly, this would be a radical step for the ECB. But with eurozone unemployment at 11.9%, considerably higher than in the US and the UK, and with GDP forecast to grow by only 1.1% in 2014, the ECB is under pressure to act. But as in Japan, the effectiveness of such a step is likely to be doubtful if there are no major structural reforms that would enhance the supply potential of the eurozone economies.

The US economy is continuing to make gradual progress, mediocre by historical standards but stronger than in Japan and the eurozone. GDP growth in the fourth quarter of 2013 was revised slightly up to 2.6%, and our full-year forecast for 2014 is unchanged at 2.7%. After a hard winter, US consumer confidence rose to a six-year high in March, and house prices are increasing at a solid pace of more than 13% per annum. The labour market is improving, supporting the view that disappointing figures in previous months mainly reflected bad weather, and were not due to an underlying worsening.

The US economy created 192,000 new jobs in March. While this is fewer than expected, the trend is positive, and figures for January and February were revised up by a total of 37,000. The March jobless rate remained unchanged at 6.7%, but this is because more people are joining the workforce. Given this background, the Fed is likely to continue tapering its bond purchases at a steady pace of \$10bn (£6bn) per month. But with core annual inflation below 2%, the Fed will try to reassure the markets that official rates will not start rising until well into 2015.

The UK is continuing to enjoy its unusual status as the fastest-growing G7 economy in recent months. But longer-term comparisons show a less flattering performance. UK employment growth has been strong, but productivity is weaker than in other major economies and our public finances are still poor. The markets expect UK official interest rates to start increasing around the middle of 2015. But many heavily indebted consumers may find it difficult to cope with higher repayments on mortgages and other loans.

*David Kern of Kern Consulting is chief economist at the British Chambers of Commerce. He was formerly NatWest Group chief economist*

Source: [www.financialdirector.co.uk](http://www.financialdirector.co.uk)



## Bank Lending in Emerging Markets Worsens

By Vincent Ryan.

Bank lending in emerging economies deteriorated in the first quarter of 2014, reflecting “mainly weaker economic performance,” the Institute of International Finance reported Wednesday. The IIF’s [quarterly composite index of lending](#) — based on questions put to senior loan and chief credit officers in Latin America, Asia, Europe, Africa and the Middle East — dropped to its lowest level since the end of 2011. Domestic loan demand in those countries softened, the IIF said, and “weak import demand and softer exports dampened the demand for trade finance.” In addition, levels of nonperforming loans rose.

Consumer and residential real estate lending demand slowed markedly in many regions, especially the emerging market countries in Europe, Latin America and parts of Asia. That could be a poor sign for U.S. companies’ profit outlook, due to their increasing reliance on emerging market sales powered by the buying appetites of consumers.

Trade finance, meanwhile, presented somewhat of a mixed picture, with demand slowing in parts of Asia, Latin America and Sub-Saharan Africa, reflecting “softer exports and weak investment activity.” But trade finance demand picked up among businesses in the Middle East and North Africa, the IIF said.

Loan and credit officers are also seeing effects of the increase in private-sector debt that has occurred the past few years. Many banks across emerging markets are tightening credit standards. In addition, loan quality declined in

parts of Europe, Latin America and the emerging market nations of Asia, said the IIF. Credit officers in those regions expect further deterioration in asset quality this quarter.

If worsening lending outlooks in emerging markets foreshadow poor economic performance, there could be a knock-on effect in the United States. “Global developments will primarily determine whether [U.S. economic] growth largely holds up or weakens in the second half [of 2014],” according to the latest economic report by David Levy, chairman of The Jerome Levy Forecasting Center.

While the domestic sources of U.S. companies’ profits are relatively stable ([consumer spending rose significantly in March](#)), financial instability or other economic problems in foreign economies could cause an increase in foreign savings, Levy said. “Foreign saving remains the biggest wild card; it will probably trend moderately down (a boost to profits) unless conditions in the emerging markets notably worsen or the tepid recovery in Europe ends.”

Among some of the regional conditions cited in the IIF report were the following:

**Emerging Europe.** “Loan demand by businesses continued to increase robustly and the decline in commercial real estate loan demand moderated. On the other hand, demand for consumer and housing loans plunged, especially amid tight credit standards for such loans.”

**Latin America.** “Corporate loan demand continued to decline and commercial real estate loan demand fell again after recovering in the [third quarter]. Loan demand by householders maintained its downward trends, suggesting that consumer spending remains soft in the region overall ... The [supply] of trade finance [fell], probably due to tight funding conditions and risk aversion among banks.”

**Emerging Asia.** “Compared to other regions, [emerging markets in] Asia continued to have the most aggressive tightening in credit standards. ... With consumer spending recovering in the region, consumer loan demand continued to increase, albeit at a slower pace.”

**Middle East/North Africa.** “Loan demand for commercial real estate began rising and [demand] for consumer and housing loans accelerated further. On the other hand, business loan demand slowed. ... Meanwhile, the demand for trade finance remained robust ... and the supply of trade finance continued to increase.”

One-hundred twenty-five banks in emerging markets participated in the IIF survey.

Source: Article written by Vincent Ryan @ [www.cfo.com](http://www.cfo.com)

## The Key to Managing Stress: Identify causes and find simple solutions



(BPT) – If there is one aspect of life in the modern world that affects all of us, it's stress. In fact, it's so prevalent and can have such a serious effect on our health, that April has been named Stress Awareness Month. Yet despite the potential negative effects of stress, it can also be beneficial.

Stress can lead to a wide variety of health conditions including impaired immune function, headaches, sleep problems, cardiovascular diseases, uncharacteristic anger, anxiety and even depression, according to the U.S. Centers for Disease Control and Prevention. Stress can also have a negative financial effect. It has been estimated that stress related medical expenses, lost wages and lost productivity among employers costs the U.S. economy upward of \$300 billion per year.

The key to managing stress is in our ability to identify its causes, according to Anna Zendell, PhD, MSW, and Carol Shenise, MS, RN of [Excelsior College's School of Health Sciences](#). Events or conditions that cause stress trigger our mind and body into action in an effort to cope with the situation. When this happens, the body releases adrenaline and cortisol which can provide quick energy and sharpened focus. This can be beneficial when experiencing short-term situations such as running late for an appointment, preparing for a test at school, having to take a traffic detour, or making a presentation to our boss. It's when a stressful situation overcomes our ability to cope with it, or becomes the norm and continues for long periods of time, that its negative effects can become a real health problem.

Managing stress, whether short- or long-term, can depend upon the source of the factors or stressors that caused it in the first place. There could be environmental factors such as the change in seasons and natural or man-made toxins. Social factors such as living or working in crowded conditions and financial downturns are common triggers. Even our personal values and beliefs can come in conflict with everyday events which can cause or aggravate an existing situation. Understanding what causes or increases our stress levels is the first step toward finding [a means to lessen its negative effects](#).

The impacts of stress on daily life are often unique to each individual as these tend to manifest in our weaker areas. Our bodies and minds can become fatigued and we feel tired or worn out. Our immune systems can become slow to respond so that we become ill more often or recovery from an existing illness becomes much more difficult to achieve. One or more important areas of our social lives may be affected such as work and personal relationships, and parenting. We just don't find pleasure and take less time to do the things that will help to relieve stress and promote relaxation.

While we cannot always change or eliminate the things that trigger stress in our lives, we can make a conscious effort to change our behaviors in response to these factors. We can say no to new responsibilities, or put limits to what we take on. We can take care of our bodies by healthful eating, drinking plenty of water, and exercising. We can use various stress reduction strategies such as setting aside some quiet time for ourselves, adding humor to our day, visiting with friends, or getting a massage.

Stress-causing situations may be common place in our fast-paced society but this doesn't mean that we have to accept their consequences as a fact of life. This, Zendell and Shenise say, is where exercising our personal power to take control and either change the conditions or our response to situations can make all the difference.



## Dubai Branch News

The Dubai CMA Branch concluded its 14th CMA intake in May 2014. It had excellent participation from senior managers from many diverse industries, including from Emirates Airlines, Etihad Airways, System Construct; Gulf Film; Al Manara Insurance, Gulf Metal Foundry, Al Habtoor Motors, Mazars, Emaratech, Lindenberg Emirates and the Burkan Munitions Systems amongst others. This resulted in very interesting discussions and participation, especially on the impact of carbon emissions and climate change in the Gulf region.

Pictured are Mr. Shakeeb Ahmad, CMA, Director International Operations of the Wisdom Group, the recognised Provider Institution of ICMA in the UAE; Professor Janek Ratnatunga, CEO of ICMA; Ms. Chandalier Rafael Bujawe, the Financial Controller of Nedap FZE who was the only female participant in this group; Prof. Babu Nainan, Branch President of ICMA UAE and Mr Jayafar, CMA, the Chief Co-ordinator of CMA programs in Dubai.



## Bandung Indonesia Centre



A visit to conduct an in-house CMA program at the Telkom Corporate University was made by Professor Janek Ratnatunga, CEO of ICMA. Pictured below are the participants and Ms. Paulina Permatasari, CMA. Ms. Paulina and other lecturers from the Parahyangan Catholic University co-presented the CMA program along with Prof Janek.



During the visit, Dr Intiyas Utami, CMA from *Satya Wacana Christian University* in Salatiga, Indonesia, presented Prof Janek with a personal hand-designed CMA Batik to wear on formal occasions in Indonesia. This includes all lectures given on Fridays, which is batik day in Indonesia.

# Malang Indonesia Centre



Dr Ana Sopanah, CMA, Director of Inspire Consulting, and Head of the CMA Centre in Malang, organised a hectic round of activities for Professor Janek Ratnatunga, CEO ICMA during his official visit to Malang, Indonesia. He gave a guest lecture at University of Malang, co-organised by Ms. Puji Handayati, CMA. Who is also pictured below. Prof Janek is now sporting his official CMA Batik, designed by Dr Intiyas Utami, CMA, from *Satya Wacana Christian University* as the lecture was given on a Friday!

He next visited the offices of *Inspire Consulting* and met the team. Inspire Consulting has been involved in data collection and translation of the contingent valuation research conducted by Prof Janek and Dr Ana regarding the Lapindo Mud Disaster.



Prof Janek then presented another paper in the afternoon at the *STIE Malang Kucecwara*. Pictured below is the Faculty including Drs. Bunyamin, the Head of Faculty of Business and Economics.

Finally, the next day Prof Janek attended the graduation ceremony at the Widyagama University of Malan where Dr Ana presented the Key Scientific paper. Pictured below is Prof Janek with Dr Ana and her Honours student who has expressed an interest in joining the CMA program.





## What's On in the World of the CMA?

- April 2014: CMA Previews – MultiMedia University (Kuala Lumpur, Malaysia)
- April 10 & 11, 2014: Strategic Planning & Budgeting Program (Pasig City, Philippines)
- May 2014: Wisdom CMA Program (Dubai, UAE)
- May 8 & 9 2014: Balance Scorecard Intensive Program (Pasig City, Philippines)
- May – July 2014 – Business Sense CMA Program (Mandaluyong City, Philippines)
- May-June 2014 – Second Airlangga University, Surabaya, Indonesia CMA program
- June 2014: AFA CMA Program (HaNoi, Vietnam)
- June 2014: IPMI CMA Program (Jakarta, Indonesia)
- July 2014: Jubilee University CMA Program Port Moresby, Papua New Guinea.
- August 2014: Petra Christian University CMA Intensive Program

### Private Providers

Navitas Workforce Solutions, Australia

Wharton Institute of Technology and Science (WITS), Australia

Academy of Professional Education, India

Academy of Finance, Sri Lanka

IPMI (Indonesian Institute for Management Development), Indonesia

Multimedia College (MMC), Malaysia

Business Sense, Inc. Philippines

HBS for Certification and Training, Lebanon

Wisdom Group of Institutions (UAE)

Institute of Professional and Executive Management, Hong Kong

AFA Research and Education, Vietnam



## AUSTRALIA

Global Head Office

### ICMA Australia

CMA House

Monash Corporate Centre  
Unit 5, 20 Duerdin Street  
Clayton North, Victoria 3168  
Australia

Tel: 61 3 85550358

Fax: 61 3 85550387

Email: [info@cmaweblines.org](mailto:info@cmaweblines.org)

Web: [www.cmaweblines.org](http://www.cmaweblines.org)

### Australian Contacts

New South Wales  
Professor Chris Patel  
Branch President  
Macquarie University

North Territory  
Professor Gweneth Norris, PhD CMA  
Branch President  
Charles Darwin University

South Australia  
Professor Janek Ratnatunga, PhD CMA  
Branch President  
University of South Australia

Western Australia  
Dr. Vincent Ken Keang Chong  
Branch President  
UWA Business School

Queensland  
Dr. Richard Whitwell, PhD CMA  
Branch President  
Central Queensland University



Published by:  
The Institute of Certified  
Management Accountants  
Unit 5, 20 Duerdin Street  
Clayton North 3168, Victoria, AUS

© 2013 - The contents of this e-Mag are for  
distribution with ICMA acknowledgements.

## INTERNATIONAL CONTACTS

### CHINA

China (including Hong Kong and Macau)  
Mr. Allen Wong  
Chief Executive - Greater China  
12/F, Tai Yip Building, 141 Thomson Road,  
Wanchai, Hong Kong  
Tel: (852) 2574 1555  
Cell: (852) 9156 7561  
Email: [info@cmaustralia.org](mailto:info@cmaustralia.org)  
Web: [www.cmaustralia.org](http://www.cmaustralia.org)

### INDIA

Mr. Chintan Bharwada  
Branch President and Country Head  
Academy of Professional Education  
401/402 Horizon Apartment  
12 Gulmohar Road, JVPD,  
Juhu, Mumbai 4000049, MAH,  
Tel +91 8108440817  
E-mail: [chintan@cmaindia.co.in](mailto:chintan@cmaindia.co.in)  
Web: [www.cmaindia.co.in](http://www.cmaindia.co.in)

### INDONESIA

Jakarta Centre  
IPMI Business School  
Jl. Rawajati Timur I/1  
Kalibata, Jakarta  
Tel +62 21 7970419  
E-mail : [ipmi@ipmimba.ac.id](mailto:ipmi@ipmimba.ac.id)

Surabaya Centre (Petra)  
Business Accounting Program  
Petra Christian University  
Email: [kp-akbis@petra.ac.id](mailto:kp-akbis@petra.ac.id)

Bandung Centre  
Ms. Paulina Permatasari, CMA  
Parahyangan Catholic University  
Email: [plnpermatasari@gmail.com](mailto:plnpermatasari@gmail.com)

### LEBANON

Mr. Fawaz Hamidi, CMA, Branch President  
Hamidi Business Services  
Boulevard Centre-136  
PO Box 171, Tripoli, Lebanon  
Tel: 06-433761  
Email: [hbs@cmamena.com](mailto:hbs@cmamena.com)  
[www.cmamena.com](http://www.cmamena.com)

### MALAYSIA

Ms. Nor Hairiah MD Top CMA, Branch President  
Telekom Malaysia  
11th Floor, Wisma Telekom, Jalan Pantai Baru  
Kuala Lumpur 59200 Malaysia  
Tel: (+603) 768-1000  
Email: [nhairiah@telekom.com.my](mailto:nhairiah@telekom.com.my)

## PAPUA NEW GUINEA

Professor Simon Mpheo, CMA,  
Branch President  
Graduate School of Management  
P O Box 20 UNIVERSITY National Capital District  
Email: [icmapng@daltron.com.pg](mailto:icmapng@daltron.com.pg)

## PHILIPPINES

Mr. Henry Ong, Branch President  
Business Sense, Inc  
2502B East Tower Tektite Building  
Philippine Stock Exchange Center, Exchange  
Road, Ortigas, Pasig City 1600 Philippines  
Tel: (+63) 631-6241 or 634-6476  
Email: [hong@businesssense.com.ph](mailto:hong@businesssense.com.ph)  
Web: [www.cmaphilippines.com](http://www.cmaphilippines.com)

## SRI LANKA

Dr. Nalaka Godahewa, Branch President  
Imperial College of Business Studies  
No. 3, St Kilda's Lane, Colombo 3  
Sri Lanka  
Tel: +94 114 515253 or +94 112590113  
Email: [nalakag@icbsgroup.com](mailto:nalakag@icbsgroup.com)  
Web: [www.cmasrilanka.com](http://www.cmasrilanka.com)

## EUROPEAN UNION

Mr. Rajesh Raheja CMA, Branch President  
9, Taylor Close,  
Hounslow, Middlesex TW3 4BZ  
United Kingdom  
Mob: +44 79448 40169  
Email: [rajesh@cmadeurope.net](mailto:rajesh@cmadeurope.net)  
Web: [www.cmadeurope.net](http://www.cmadeurope.net)

## UNITED ARAB EMIRATES

Mr. Babu Abraham Nainan, CMA Branch  
President Dubai  
Nazih Trading Co. LLC.  
Group Finance Director  
P.O. Box: 13087, Dubai, UAE  
Tel: +96 13801727  
Email: [babu.nainan@cmadubai.org](mailto:babu.nainan@cmadubai.org)  
Website: [www.cmadubai.org](http://www.cmadubai.org)

## CYPRUS

Mr. Christos Ioannou BA (Hons), MBA (Finance),  
CMA, C. Mgr, CFC  
Business & Management Consultant  
Tel +357 99722443  
Email: [chioanou@cytanet.com.cy](mailto:chioanou@cytanet.com.cy)

