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e-Mag of the Institute of Certified Management Accountants

Nov - Dec 2014

CMA AUSTRALIA

CERTIFIED Management Accountant ®

President' Annual Report

Michael Tse, CMA, IMAP

President, ICMA Australia

The Institute is now in its 19th year, having been incorporated in 1996. Over the past year the Institute was successful in canvassing for the role of 'Management Accountant' to be maintained for a fifth year in the Australian Government's Skilled Occupation List (SOL) for General Skilled Migration (GSM).

The ICMA is also continuing to lobby to attain the status of a migration assessment authority for Australia, and to get to get the CMA qualification recognised by the Australian migration authorities. Although the ICMA was not set up as a body for those seeking migration to Australia; but rather as a post-graduate level qualification for those already possessing the basic accounting qualifications required for migration; many members wanted to use their CMA for just that purpose.

In the last year, progress was slightly curtailed due to the sudden illness of our esteemed President, Mr Michael Vincent, who passed away in September. I wish to acknowledge the immense amount of work he carried out on behalf of the Institute. Michael's sage knowledge and witty insights will be solely missed.

Amongst the activities in the last year more under our control, was the launching of the International Management Accounting Collaborative (IMAC). The ICMA was the founder charter member of the IMAC, which is now the global organization for the management accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IMAC is particularly committed to enhancing the decision making capabilities of organisations; and in promoting good governance, risk management and sustainability, which are the key elements in achieving long term social, environmental and economic performance, and in enhancing investor and other stakeholder confidence. Professional management accountants have an important role to play in these areas, and IMAC is uniquely positioned to support member bodies in enhancing the competence and expertise of their members.

In the last year, the Institute's website was significantly updated and incorporates a Member's Section that could only be accessed by current financial members. I urge all members to make use of the membership fees you have paid, and go to this member's section as it provides a wealth of information. The eNewsletter On Target continued to be published and the web-analytics indicates that it gets on average 2,000 visits and 3,000 page views per month.

The ICMA continued to publish a world-class academic research journal, the Journal of Applied Management Accounting Research (JAMAR). Two issues were published in the year in both print and online modes. The latest JAMAR issues are also only available to current financial members. Research and professional development also continued in the two organizations set up by the ICMA: The Institute of Certified Carbon Analysts and Auditors (ICCAA) and The Institute for the Advancement of Corporate Reporting and Assurance (IACRA).

Expanded Library facilities for members were opened in March 2014. This was a special project of the former president, the late Mr. Michael Vincent. The Library now has over 12,000 texts and professional and academic publications, and has now one of the best libraries in Australia in the professional areas of management accounting and risk management. Another room with meeting/training facilities was also opened in June 2014.

At this time of the year, it is good to remind members as to the services provided by the Secretariat, and for what their membership fees is being used for:

- Maintaining the corporate website that is in keeping with the international profile of ICMA
- Maintaining a Members' Only area on the website.
- Publishing 5 copies of the On Target eNewsletter
- Maintaining a Library by over 12,000 texts and professional and academic publications
- Having a World-Class Customer Relationship Management (CRM) system to handle the membership, invoicing, examinations and accounts.
- Conducting Examinations in all Branch locations and in over 20 other countries where students undertake the CMA program by distance education.
- Maintaining the ICMA Blog, with links to Facebook and Twitter
- Continuing with the links to CEO Institute for Members

I wish all members Happy Holidays!

Michael Tse, CMA, IMAP
President, ICMA Australia

CEO Message: Membership, Competition and Pathways to the Profession

Professor Janek Ratnatunga, CMA, IMAP

CEO, ICMA Australia

At the Annual General Meeting held on November 26, 2014 it was reported by the Membership Committee chairman that the Institute had a 5% increase in CMAs; a 3% increase in Designation memberships, and an overall membership growth of 13%. Although membership growth is not a KPI of ICMA, which instead aims for quality by positioning itself as the only specialist professional body for senior executives with education programs at the master's degree level; members still represent the lifeblood of the Institute. The ICMA takes pride in being exclusive, and strives to differentiate itself from the volume-end of the market which is crowded with professional bodies catering to undergraduate level school leavers. The overall membership of the ICMA (including students) now stands at approximately 10,400 members in 50 countries, with the majority residing in Australia.

To facilitate its educational objectives the Institute has accredited a number of universities which have master's degree subjects that are equivalent to the CMA program. Some of these universities also provide in-house training and examinations of the CMA program. Accounting graduates can do CMA accredited units at these universities to qualify for CMA status. The universities accredited and the details of the subjects accredited are listed on the CMA Website.

Competition for members is intensifying. Many of ICMA's competitors are now targeting senior members by blatantly copying ICMA's educational strategies and membership pathways. As such it is good to remind members that your Institute offers a number of Membership pathways which are listed on the home page of its website. Please be ambassadors for the Institute and recommend to those you think worthy the benefits of CMA membership.

To counter competitive moves two additional pathways were recently introduced by ICMA:

Distance Education Scholarship Program: The ICMA is now providing its CMA program via Distance Education at a discounted price in selected countries in South Asia and Africa where there is no Recognised Provider Institution or the travel distances to a CMA program is prohibitive.

Emerging Professional Scholarship Program: The ICMA will be offering up to 100 scholarships per university annually to the top accounting graduates at selected universities in Australia and Asia to undertake the 'CMA Emerging Professional' Scholarship program on the completion of their degree.

Selected universities have entered into a simple agreement with ICMA, that they will nominate annually the top 100 graduating students who will be eligible to be awarded the scholarships by ICMA. The university will contact such students with the news that they have been awarded a scholarship for their professional studies in management accounting. It is up to the students themselves to accept/decline the scholarship. Those accepting will need to fill out the scholarship application form, and attach an endorsement letter from the ICMA designated academic at the university.

Details of the Emerging Professional Scholarship Program are provided elsewhere in this newsletter.

Best Wishes to all members in their professional life.

Happy Holidays!

Professor Janek Ratnatunga CMA, IMAP
CEO, ICMA Australia

Admission of Fellows

The following persons were admitted to the grade of ***Fellow Certified Management Accountant (FCMA)*** based on the outstanding work done on behalf of the Institute on a ongoing basis:

- *William Dix (Founder)*
- *John Miller (Founder)*
- *Leon Duval (Past President)*
- *Michael Sui Cheung Tse (President)*
- *Sandy Stewart*
- *John Donald*
- *Allen Wong*
- *Henry Ong*
- *Chintan Bharwada*
- *Kapila Dodamgoda*
- *Christopher D' Souza*
- *Roshani Perera (Past Treasurer)*
- *Paulina Permatasari*
- *Hans Ferdinand*

The following persons were admitted posthumously to the grade of Honorary Fellow:

- *Michael Vincent, immediate Past President*
- *Prof John Oliga (Past PNG Branch President)*

The ICMA congratulates these Fellows and wishes to sincerely thank them for the yeoman services provided by them to the Institute.

Emerging Professional Scholarship Program

The ICMA will be offering up to 100 scholarships per university annually to the top accounting graduates at selected universities in Australia and Asia to undertake the 'CMA Emerging Professional' Scholarship program on the completion of their degree.

Of these 100 students, the top 5 students will pay no fees at all. [There will be one 'free' scholarship for every 20 students enrolling in the scholarship program per university]. The balance 95 students will pay only a discounted fee of AUD 394 to complete the educational requirements of the prestigious post-graduate-level Australian CMA program.

The value of the scholarship for the top-5 students is AUD 3954, broken down as:

- ICMA student membership application fee (AUD 55)
- ICMA joining fee (AUD 99)
- ICMA annual GMA subscription fee for 3 years (in total AUD 330)
- ICMA exemption fee for 16 papers of GMA Program (in total AUD 1,760)
- ICMA Exam fee for the 2 CMA level subjects (AUD 110)
- ICMA Online Course Module (AUD 1,600)

The value the scholarship to the balance nominated students will be AUD 3,560, as they have to only pay a minimal discounted fee of AUD 394, to complete the program.

All nominated scholarship holders will join ICMA Australia as student members and have access to:

The online course modules of the CMA Program (2 subjects): *Strategic Cost Management* and *Strategic Business Analysis*;

One sitting of the *Exams* for these two subjects in English.

On the successful completion of the exams, the students will be entitled to use the post-nominals GMA (Graduate Management Accountant) for a three year period (after which time they pay annual membership fees).

Any 'emerging professional' can upgrade anytime to AMA (Associate Management Accountant) if they have 3-years business experience; or CMA (Certified Management Accountant) if they have 5-years business experience, upon the payment of the requisite upgrade membership fees.

The selected universities have entered into an agreement with ICMA, that they will nominate annually the top 100 graduating students who will be eligible to be awarded the scholarships by ICMA. The university will contact such students with the news that they have been awarded a scholarship for their professional studies in management accounting. It is up to the students themselves to accept/decline the scholarship. Those accepting will need to fill out the scholarship application form, and attach an endorsement letter from the ICMA designated academic at the university.

The university will announce the existence of the scholarship scheme to its students.

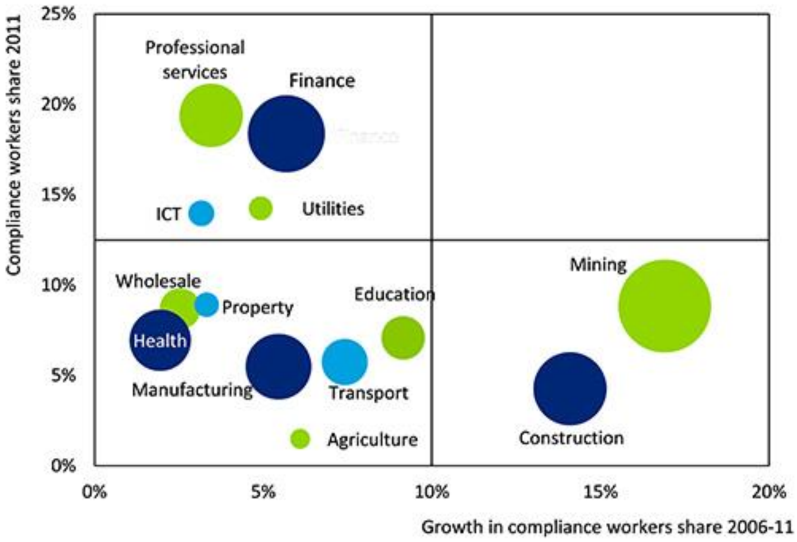
Click here for more information

Imposed and self-imposed rules cost the finance sector millions in profits and productivity

In addition to the record amounts financial services organisations are spending on implementing both global and national regulations, Deloitte Access Economics calculates that most organisations are costing themselves twice as much complying with their own rules.

The annual spend of each of the big four is projected to reach up to $300 million on projects relating to imposed regulatory change[1]. And according to a new Deloitte report, **Get out of your own way: Unleashing productivity**, Australia's finance sector is also wrapping itself up in its own red tape.

The chart below shows that almost one in every five workers in the finance sector is involved in compliance and that the share of compliance workers within overall employment in the finance industry is continuing to grow, albeit more slowly than mining, construction, transport and education.



The higher a sector is on the chart, the larger the share of compliance occupations in its total workforce. The further to the right on the chart, the faster the growth in the share of compliance occupations. Bubble size reflects the size of the sector in terms of output. Source: Deloitte Access Economics analysis of Census and labour force data

[1.] *http://www.australianbankingfinance.com/banking/basel-iii-to-cost-banks-billions/*

http://passport.finsia.com/BlogsMain/BlogViewer/?BlogKey=7ffbeb91-06f9-48d2-95c1-d27b1c8be726
Lucille Keen, 'NAB says compliance costs unsustainable', The Australian Financial Review, 14 July 2014

According to Deloitte Financial Services Risk and Regulation leader Kevin Nixon: "The financial services industry spends relatively less time on managing self-imposed rules than most organisations – but at 57% as a proportion of all time spent on compliance vs. 65% of all time for other industries, FSI's smaller share is likely to reflect the heavier impact on the sector of government regulation, rather than the sector being 'ahead of the game' on managing the significant impost of self-imposed red tape."

"The sector – and authorised deposit-taking institutions in particular – have to deal with a greater intensity of imposed regulation than most, so the current Financial Services Industry Inquiry led by David Murray which is due to report its recommendations to Government in the next four weeks, is of particular relevance at this juncture."

Nixon added that the post-GFC global regulatory agenda for financial services was still unfolding. The G20 under the Australian presidency this year has moved many of the critical elements forward towards completion. The G20 Leaders Summit in Brisbane 15-16 November will see significant policy announcements on Basel III, ending 'too-big-to-fail', and shadow banking.

Deloitte Banking Regulatory Leader Tim Oldham said it was the regulatory and industry response in the aftermath of the GFC that has been constricting the industry and had helped create a 'risk averse' culture within the banking sector that "seems to have triggered a licence to create an accumulation of internal checks and balances, many of which are less than cost effective.

"The GFC created such anxiety about risk that self-imposed risk appetites were progressively tightened at all levels of the organisation" Oldham said. "The good news is that the industry has been consolidating its self-imposed regulation for the last three years. But there is more work to do. So calling out the costs of self-imposed red tape as identified in this week's research – the fourth in the Deloitte *Building the Lucky Country* series – is very timely."

According to report co-author and **Deloitte Access Economics partner, Chris Richardson**, Australia's productivity is being choked by red tape, with the combined cost of administering and complying with public and private sector bureaucracy costing the nation $250 billion every year.

Strikingly, the cost of complying with self-imposed rules created by the private sector is double that associated with government regulations.

Self-imposed rules are costing the private sector $155 billion a year: $21 billion to develop and administer, and a stunning $134 billion a year in compliance costs Richardson said.

The research shows that the time required for employees to comply with self-imposed rules has become a crippling burden. Middle managers and senior executives chalk up almost nine hours a week complying with the rules that firms set for themselves, with other staff members spending six and a half hours a week on compliance.

Richardson said: "Where rules don't exist, we create them. Where they already do, we make more. They overlap, they contradict, they eat our time and they weigh us down."

"We've created a 'compliance sector' that employs more people than construction, manufacturing or education, and taking a long, hard look at the rules that individual organisations operate within will reduce the cost and complexity of doing business in Australia."

Tim Oldham said: "The key lever the financial services industry can use to manage the plethora of self- imposed rules is to challenge current duplications around processes and controls. By taking the view of what should go right as opposed to what could go wrong, we can help to create a culture of performance rather than compliance. We can also engage the organisation in identifying and removing the 'dumb' rules.

"You'd be amazed at how many dumb rules will surface in this way! The questions we need to ask on a tactical and functional level is how important is this rule?

"Rules are important, but they are not all equally important," Oldham said, adding that project managers are one of the fastest growing cohorts of rule makers in organisations. "Project managers are almost twice as costly as back office compliance workers," Oldham said.

"On a strategic level the executive also needs to ascertain where the organisational capacity for risk is relative to the current risk appetite and adjust its declared risk appetite accordingly. The days of 'set and forget' are long gone.

"In the current environment where meeting customers' expectations demands greater staff engagement, responsive service and innovative products, it is important there is intelligent risk management."

Nixon concluded that in both the public and private sectors, the nation's productivity and hence prosperity, will benefit from a new approach to managing risk.

How to Improve Your Communication and Become a Marketable CFO

by Caroline Stockman.

Today more than ever, successful interaction with one's Board is critical. For instance, requirements such as Sarbanes Oxley demand the interaction of the CFO with the Board. If the CFO cannot clearly communicate the issues and requirements, a company can experience serious repercussions.

Above and beyond the increased rules and requirements of businesses and, especially, finance functions, the trend is towards better business partnering. Better business partnering from finance professionals is seen as the future, but how can this be achieved without adequate communication?

A 'silo' mentality is no longer acceptable in business. Senior finance professionals are expected to have great versatility and flexibility, yet still maintain rigorous professional and technical standards.

As I develop the concept of the 'Marketable CFO', I find that financial leaders need not only to communicate rules and guidelines effectively but they also need to communicate about themselves. This is the only way they will demonstrate their competence and develop trust with the board.

How to Develop Your Own Personal Communication Strategy So You Can Perform at Your Best to Achieve the Results You Desire

Go With Your Strengths

Before you develop your communication strategy you must first understand your own natural style and strengths, as well as your weaker points. It's proven that using one's strengths to the fullest is far more likely to bring results than battling against one's weaknesses. So, tailor your communication strategy to your individual personality. You can benefit greatly by asking friends, family and trusted peers to give you feedback.

Remain Authentic and Flexible

The key is to understand that not everyone thinks the same way, nor interprets the same way, so you need to be able to 'flex different muscles', in different situations. However, to try to be something you are not will not only make you unhappy, but will be noticed by others. While trying different communication techniques, always remain authentic to oneself.

Plan Ahead of Time

It can be easier dealing with one-to-ones rather than groups, as one can tailor one's communication strategy more effectively. In this case, preparation and an understanding of who you are dealing with can be very important. Taking time to plan an important meeting can be invaluable — not only in terms of content, but approach as well.

Follow My Seven Steps to Becoming a CFO That Communicates Effectively

It is important to develop a plan or strategy, and treat this like a project. This will ensure you take it seriously, identify opportunities to 'practice', and allow monitoring and follow-up, to be sure to reach your goal.

- Next steps include:
- Set yourself a plan.
- Identify key meetings/occasions of potential influence.
- Research different styles, as well as your own.
- Get trusted feedback arranged.
- Try out different approaches, whilst still being yourself.
- Take time to think about your audience, and how they like to receive information.
- Work on your presentation skills.

If you take the time to think about how to communicate effectively, you may be surprised at how marketable you become!

About the Author

Finance and Commercial Director for the Southbank Centre, Caroline Stockman is an international keynote speaker and financial leader with a impressive track record for delivering outstanding results for companies like Unilever & Novartis Pharmaceuticals AG.

Through the glass ceiling and off the cliff

- Female CEO numbers fell in 2013
- CEOs appointed internally generate biggest shareholder returns
- Women CEOs comprised almost half government board appointments in 2012-13

Strategy&'s 14th annual study of chief executive succession in the ASX-200 has found that female CEO numbers are declining faster in Australia than globally, and that improved succession planning is tied to increased gender diversity and shareholder returns.

Strategy& partner and report author Varya Davidson said the annual study, which has covered 304 companies since its inception in 2000, had a special focus on gender this year.

"The ASX-200 is already lagging overseas markets on gender diversity in CEO ranks but the flip-side to this is the progress made at board level and especially on government boards and committees which are streaking ahead," Ms Davidson said.

Ms Davidson added that over the past decade the net number of women CEOs has increased but in the past five years – specifically in 2013, 2011 and 2009 – the retention of women CEOs has declined.

At ASX-200 companies in 2013:

- women comprised 2.2 per cent (one out of 46) of incoming CEOs, down from 6.7 per cent in 2012 (2 out of 30)
- overall female ASX200 CEO numbers in 2013 fell to 6 (3 per cent) from 7 (3.5 per cent) in 2012.

"Despite all the talk about improving gender diversity in senior management ranks, the ASX-200 has yet to make great inroads on the issue," Ms Davidson said.

Succession planning is the solution

Ms Davidson said the answer lay in improved succession planning.

"Australian companies are improving how they appoint CEOs with planned successions accounting for 68 per cent of all CEO turnover in 2013 compared with 60 per cent in 2012," she said.

"The number of planned successions in 2013 was the highest since the study began.

The shareholder advantage

Ms Davidson said shareholders were a clear winner from improved succession planning.

CEOs appointed from internal ranks generated median total shareholder returns of 14.2 per cent in 2013 compared with just 0.1 per cent for CEOs appointed externally.

In the period 2009-13 internally appointed CEOs who left due to planned succession achieved median annualised shareholder returns of 9.7 per cent compared with 4.2 per cent for CEOs appointed externally.

Despite insiders delivering greater shareholder value, internally appointed CEOs account for 67 per cent of Australian CEOs compared with 76 per cent globally.

Ms Davidson said improved succession planning would also help address gender diversity.

"Until more companies develop succession plans with deeper talent pools that identify female CEO candidates earlier in their careers we are unlikely to see a meaningful and sustained increase in the number of female CEOs.

"Australian CEOs' brief tenure combined with our track record of hiring outsiders shows that Australia's biggest businesses need to do more work developing their internal talent pools."

Women: Beyond the C-suite

The number of women represented on ASX200 boards and senior government boards and committees is significantly higher than in senior corporate management ranks, and it's on the rise.

Government boards and committees have more than double the share of women directors than the ASX200, which has nevertheless improved perhaps in part due to the ASX gender diversity recommendations.

In 2013:

- 47.6 per cent of the 1069 new government board appointments in 2012-13 were women
- women hold 41.7 per cent of total Australian government board appointments, up from 38 per cent in 2012
- women held 39.3 per cent of seats on the top 34 paid government boards and committees, up from 35.9 per cent in 2012
- women held 15.8 per cent of all ASX 200 board seats, up from 13.9 per cent in 2012

"The public sector is clearly leading the charge on promoting gender diversity at its most senior leadership levels," Ms Davidson said.

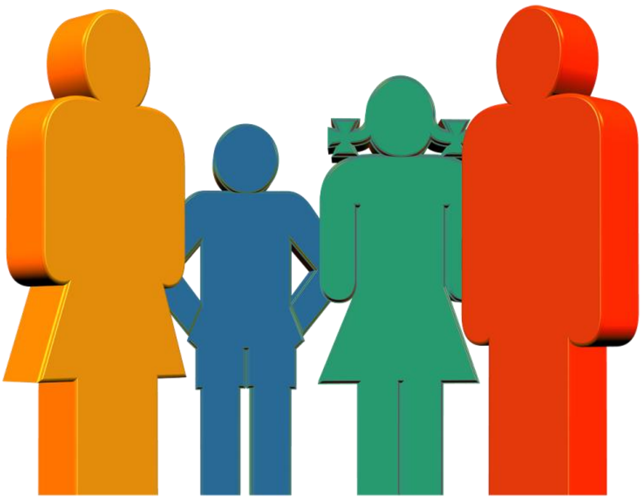
"Australian public companies need to find out why they are missing out on attracting the best female talent."

Life as an Aussie CEO: It's a short one

The lifespan of Australian CEOs stabilised in 2013 at 4.3 years, but remains below the global median of five years (up from 4.8 in 2012) and below the Australian median for 2006-13.

Those forced from the job have a median tenure of 3.1 years compared with 4.7 years for those who leave through planned succession. Forced turnovers also rose, but this was offset by lower M&A activity.

During the year 16.4 per cent of the ASX200 hired new CEOs compared with 15.2 per cent the year before.



Family businesses optimistic but future growth at risk

Despite 84 per cent of Australian family businesses being optimistic about sales growth over the next five years, they ranked below global averages in a number of areas critical to their future success.

PwC's global Family Business Survey found that just over half (53 per cent) of the Australian family businesses surveyed reported sales growth in the last 12 months, behind their global counterparts on 65 per cent.

David Smorgon OAM, PwC's Senior Advisor on Family, Business and Wealth, said the results provide "smoking gun evidence that Australia's family businesses are at risk of eroding the value or even derailing the business they've worked so hard to achieve."

"They're not doing enough to innovate and build blue sky potential in their business or apply simple measures to prevent minor niggles turning into full blown family conflict."

Almost 2,400 family businesses globally were interviewed for the survey with 90 representing Australia including, John Winning, CEO of The Winning Group, and Dr Tim Cooper, Managing Director of Coopers Brewery – both of who buck the trend.

Struggling to innovate

Like their global counterparts, Australian family businesses perceive the need to continually innovate as their biggest challenge over the next five years.

And while the majority (71 per cent) recognise why they should adapt to an increasingly digitised world, only 57 per cent understand the benefits of digital processes and less than a third (30 per cent) think attracting talent to make the digital conversion is important – compared to 43 per cent globally.

According to Sue Prestney, partner in PwC's Private Clients team, there are myriad reasons why businesses acknowledge the need to innovate but struggle to act.

"Accessing surplus funds is always a challenge but there are other issues that plague family business. Many owners hold onto their business too long and have lost the passion or risk appetite to take on something new prior to retirement. And then there are those handcuffed by their desire to stick with what's worked in the past.

"Whether they are private or public, here in Australia or overseas, businesses are chasing the same dollar. Those that fail to respond to global trends will find it difficult to compete and grow."

More family businesses looking to sell

The survey found that 38 per cent of the Australian respondents planned to sell or float their business, compared to just one in five globally, and only 24 per cent have plans to pass on management to the next generation – a reversal of the 2012 survey where more Australian family businesses wanted to pass on than sell.

Of those planning to sell or float their business, 68 per cent anticipate selling to another company, 32 per cent to private equity investors, 26 per cent to a management team and just 8 per cent aim to float.

"Many owners have been holding on, waiting for more favourable market conditions to cash in and retire. Others who haven't kept pace with innovation may be struggling to compete and see sale as their only option," said Ms Prestney.

"Buyers look for businesses that have growth potential: the more opportunity, the greater the bargaining power of the seller.

Owners who fail to plan their exit risk leaving wealth on the table when it comes time to sell."

Passing to the next generation

Less than half (47 per cent) of Australian businesses have next generation family members working in the business including 26 per cent who are senior executives – well behind the global average of 43 per cent.

"The next generation is not only critical to the continuation of the business, but is often the source of necessary transformation through new ideas, new experiences and new energy," said Ms Prestney.

Succession planning continues to elude family businesses with only 8 per cent of Australian respondents saying they have a robust succession plan in place; compared to the global average of 16 per cent.

Managing conflict

The survey found that Australian Family Businesses performed worse than their global counterparts in the majority of mechanisms typically adopted to deal with conflict including: family council, entry and exit provisions and family constitution.

"At a minimum, all family businesses should have a family constitution. Conflict can easily impact business and family harmony so it's a good idea to lay the ground rules early," said Ms Prestney.

"A healthy family business needs a healthy family. Owners need to spend as much time working on the family as they do the business to enable it to flourish," said Mr Smorgon.

Hedge accounting to align more closely with risk management

KPMG welcomes the International Accounting Standards Board's new general hedge accounting standard – IFRS 9 Financial Instruments (2013).

Companies with significant commodity price exposure most likely to welcome changes

KPMG welcomes the International Accounting Standards Board's new general hedge accounting standard – IFRS 9 Financial Instruments (2013) – issued today.

Patricia Stebbens, KPMG's Asia-Pacific IFRS financial instruments Chair, said: "Many preparers will support the new general hedge accounting standard. It provides a more principles-based approach that aligns hedge accounting more closely with risk management, which many constituents view as a positive step forward."

Stebbens commented: "Airlines, manufacturers and others that have to manage significant commodity price exposures will have the most to gain from the new ability to apply hedge accounting for risk components of non-financial items. Entities that manage their risk with options will also welcome this new standard. A company will be able to reflect in its financial statements an outcome that is more consistent with how management assesses and mitigates risks for key inputs into its core business."

The new standard also removes the rigid 'bright line' for assessing hedge effectiveness, which will allow for a more flexible principles-based approach to hedge accounting.

However, Stebbens cautioned: "Although the principles in the new standard will provide welcome relief, the application guidance in some areas remains complex. Significant effort may be needed to analyse the requirements and determine how best to apply them to a company's particular circumstances. While some entities may be eager to implement the new hedging model, they may need to apply a greater degree of judgement to comply with it. In addition, to complement a more principles-based approach, additional disclosures will be required to inform users of how an entity is managing its risks."

Currently the relevant Australian standard AASB 9 has a mandatory effective date of 1 January 2015. It is likely that the Australian Accounting Standards Board may defer the mandatory effective date. However, entities can elect to early adopt the hedging requirements if all existing IFRS 9 requirements are adopted at the same time.

A 'Six-Pack' of Tips for Aspiring Entrepreneurs

In 1984, armed with his great-great-grandfather's recipe, Jim Koch brewed a batch of beer in his kitchen. Shortly thereafter, equipped with bottles of his cherished brew, Koch went from door-to-door tenaciously selling it to local bars and restaurants.

He recognized early on that to be successful, the journey will come with mistakes – potentially million dollar mistakes. Drawing upon both past feats and failures, Jim Koch offers up a collection of lessons and tips he's used throughout his journey to make Samuel Adams one of the leading independent American craft breweries and a successful business.

Better and cheaper

One of the first valuable lessons Koch learned was that if you're going to bring out a new product, it has to be better or cheaper than the competition. If your product is neither better nor cheaper, you are not adding value for customers; and you probably don't have a business. Once Koch decided to start a beer company, he believed that by using quality ingredients and a traditional brewing process, he could make a better beer than anything that was on the market during the 1980s.

Think big, start small

Koch admits that early on, he occasionally forgot the simple truth that a business really starts when a customer buys your product. Luckily, his uncle reminded him of that one morning just before the first batch of beer was ready. Jim recalls, "My uncle called and asked what I had been working on. I told him that I planned to buy a computer to track sales. He pointed out that I didn't have any sales to track and suggested instead that I spend my time actually getting sales. Immediately, I got it. It all starts with your first customer." From that day forward, Koch followed the adage, "Have a big idea but start small."

We're all salesmen

When Koch was a student, Harvard Business School offered about 22 courses on marketing and not a single course in sales. Therefore, there was nothing that prepared students for the abject terror of a sales call. It was March 1985 when he walked into a local restaurant and delivered an ill-prepared pitch to a man behind the bar, who stood silently throughout. In that humbling moment, Koch gained instant respect for all sales people, and vowed to acquire selling skills. Great salesmen are sometimes born, but they can also be made. Today's business culture doesn't always pay adequate respect to the job of selling. Koch urges all young entrepreneurs to never look down at salesmen, because if you start a company, you become your first and most important salesperson.

The string theory

In the middle of graduate school, Koch decided to take a break and became a mountaineering teacher at Outward Bound. The program teaches participants self-reliance, teamwork, creativity and how to handle challenges. Through his teaching, Koch developed something he likes to call the "string theory." At the beginning of each four-week course, participants were given a supply of alpine cord (heavy nylon string) for lashing gear, pitching tarps, etc. Consistently, if participants received plenty of string, they would run out and need more. But, when they were given less and told they had only two-thirds of what they really needed, they would get incredibly creative and make the cords last.

Company values

In the beginning, when local distributors declined to carry Samuel Adams, Koch had to become his own distributor and sales force. He carried chilled bottles of Boston Lager to bartenders around Boston. They admired the fact that Koch was so hands-on, opting to brew small batches, rather than trying to compete with the larger brewers mass-producing mainstream beers. These early practices are the same ones Koch uses today. When you start your own company, be sure to instill a solid foundation of operations and processes throughout every step of the journey, to ensure that your business stays true to your philosophy and values.

Getting rich is life's great booby prize

Although the promise of financial success is what motivates some people to start their own businesses, the fact is money is nothing if you're not happy. Often, when young entrepreneurs embark on the journey of starting a business, they do it with the goal of getting rich. The unfortunate fact is that about 90 percent of businesses fail within the first five years. And, most of the businesses that do survive don't create great wealth for the owners. If your objective is to accumulate wealth, starting a business may not be the wisest path. On the other hand, if you get into business doing something you love, you have a very high chance of being happy. Ask any person: would you rather be rich, or would you rather be happy?

Koch knew he had to focus on the activities that provide the best return on time invested. To this day, he still tastes a sample from every batch, keeping an obsessive eye on quality and flavor. From the people to the product, Koch is as involved in the company's day-to-day operations as he was when Samuel Adams started. He makes decisions based on what's best for the beer, not the bottom line.

Hong Kong Branch Activities

The CMA Australia Hong Kong Committee Inauguration Dinner and 4th Anniversary celebration held on 30 October 2014 at the Aberdeen Marina Club was a great success, and over 300 guests including government officials, business executives, members and friends attended the event.

Hosted by Professor Janek Ratnatunga, Global CEO of ICMA, Australia, we were pleased to have Ms Angela To, Commissioner, Trade & Investment Queensland, Queensland Government Hong Kong Office, and Professor Bai Zhiqiang, Executive Vice Chancellor, Peking University Shenzhen Graduate School as Guests of Honour to address the audience, and were honoured to have received a congratulatory video from The Hon Jasper Tsang Yok-Sing, President of the Hong Kong Legislative Council, for this event.

Since CMA Australia Hong Kong Office's opening in 2010, the Hong Kong office has been expanding rapidly ever since. Currently, with over 750 students and members, the Hong Kong Office is one of the largest divisions amongst the 17 CMA Australia centres worldwide. Also, as a result of dedicated work and efforts by the management and staff of the CMA Australia Hong Kong office, the CMA Australia professional qualification has gained high recognition and popularity in a vast range of sectors in Hong Kong.

In continuing to promote the CMA Australia brand and qualification to the diversified Hong Kong community, CMA Australia Hong Kong office inaugurated 18 Hong Kong committees covering different sectors, and official appointment certificates were presented to the Chairmen and Vice Chairmen of the committees at this event.

- Committee of Banking
- Committee of China Affairs
- Committee of Corporate Advisory
- Committee of Corporate Governance
- Committee of Education – Continuing Education
- Committee of Education – Tertiary
- Committee of Education – Tertiary Self Financing
- Committee of Events and Entertainment
- Committee of Financial Services
- Committee of Hotel Management and Tourism
- Committee of Investment
- Committee of IT and Telecommunication
- Committee of Legal
- Committee of Public Services
- Committee of Retail and Trading
- Committee of Small and Medium Enterprise
- Committee of Strategic Development
- Committee of Training and Professional Development
- Committee of Youth Leadership

CMA Australia would like to take this opportunity to thank our sponsors, guests and members for your support in making the event such a success!

Surabaya Centre Activities

CMA Third Intake at Airlangga University

A very successful CMA Preparatory program was conducted at the Airlangga University (UnAir), in Surabaya, Indonesia in June 2014. The program was facilitated by Professor Janek Ratnatunga and a team of professors from the university. The picture above is of the student cohort and the picture below shows Professor Janek Ratnatunga delivering a lecture on *Strategic Business Analysis*.

Malang Indonesia Centre

Dr Ana Sopanah, CMA, Director of *Inspire Consulting*, and Head of the CMA Centre in Malang, commenced another research project with Prof Janek Ratnatunga on "*The Impact of Mythology, Legend and Astrology on Financial Value Creation*". One particular legend they will research is that of *Gunung Kemukus* Mountain, in Central Java, Indonesia. Legend has it that a wealth creating ritual started when a young Indonesian Prince, Pangeran Samodro, had an affair with his stepmother. They ran away and hid on Gunung Kemukus, but were caught and killed during sex and buried on top of the mountain in what is now an Islamic shrine. Pilgrims believe having sex at the site will not only bring them good fortune but also wealth. For the magic to work and for the wealth to happen, it's believed the sex partner for the ritual should not be a spouse (see *Courier Mail*, Brisbane, November 19, 2014).

Pictured above is Professor Janek Ratnatunga with Dr Ana Sopanah, directly behind him. The others are research staff of the Inspire Consulting Group.

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Dubai, U.A.E. Branch Activities

The 15th CMA program was conducted by Wisdom Institute in Dubai in November 2014. The program was again facilitated by Professor Janek Ratnatunga, the CEO of ICMA Australia. It was a lively 7-days of intensive leaning on the strategic issues of management accounting. Once again, the participants were extremely senior professionals from leading companies in the Gulf region including: the Al Tayer Group; Gulf Cement; Emirates C.A Group- Dubai; Abu Dhabi Airports Co; A&H Al Ghurair Group; Dubai Investment Real Estate; Al Hijaz Fire Fighting LLC; Abdul Latif Jamil Ltd Co.; Safari Trading Co. LLC; Edgen Murray FZE; Khan Saheb Civil Engrg LLC; Intesa Sanpaolo; and the Abu Dhabi Vocational Education and Training Institute.

The picture below is the student group with Professor Ratnatunga celebrating the end of 7-days that many said gave them *"practical insights that could be immediately implemented in their organisations"*.

Unfortunately, once again, there was only one lady participant, Ms. Vinitha Balakrishnan, who is pictured below with the good professor.

What's On in the World of the CMA?

- November 8-15, 2014: Wisdom Institute *CMA Intensive Program*, Dubai.
- November 11-14, 2014: CMA Secretariat 'Team Building' exercise, Blue Mountains, Sydney, Australia.
- November 26 2014: ICMA Annual General Meeting.
- December 3-9, 2014: 3rd CMA Preparatory Program, Airlangga University, Surabaya, Indonesia.
- December 20, 2014: CMA Executive Dinner
- January 10 – March 28, 2015: 33rd CMA Preparatory Program, CMA Philippines, Manila, Philippines.
- January 2015: IFRS Certification Program; Dubai, UAE.
- January, 12-22, 2015: Jubilee University *CMA Program* Port Moresby, Papua New Guinea.
- January 19-25, 2015: CMA Preparatory Program, Multi Media University, Cyberjaya, Malaysia.
- February 21 – March 1, 2015: Academy of Finance, *CMA Intensive Program*, Colombo, Sri Lanka.
- March 26-27, 2015: Balanced Scorecard Intensive Program, CMA Philippines, Manila, Philippines.
- April 16-17, 2015: Strategic Planning and Budgeting Program, CMA Philippines, Manila, Philippines.
- May, 25-31, 2015: CMA Preparatory Program, IPMI Business School, Jakarta, Indonesia.

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Institute of Professional and Executive Management, Hong Kong

AFA Research and Education, Vietnam

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Published by:
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