Rivalry on the books

Accountants at sixes and sevens over changes

BUSINESS OWNER
CLAIRE HEANEY

KEY accounting body the Institute of Public Accountants is wooing disgruntled accountants as rival group CPA Australia moves to get its house in order after months of disquiet.

IPA, along with the Chartered Accountants Australia and New Zealand and CPA, is one of the peak bodies for thousands of accountants.

IPA says many of its members operate as small businesses and service the small business sector.

This week IPA has launched a new-look logo it says has been part of a long-planned refresh for the brand , with more offerings to be rolled out in coming months.

IPA chief Andrew Conway assured members that the group's "marketing effort will be modest without the need of exorbitant advertising campaigns".

CPA chief Alex Malley left last month after concerns about spiralling costs, including high wages and the funding of his tilt at being a television interviewer.

"The change of logo is just the beginning as we roll out a number of new initiatives for our members in coming weeks including a change to our professional academic program to incorporate a fully fledged MBA," Mr Conway said. While the IPA said it had not commented on the CPA upheaval, judging it as an internal governance and brand issue, it has stepped into the fray.

Its president, Damien Moore, said an announcement by the Professional Standards Council — advising that the CPA Australia Professional Standards Scheme would cease in October — could be concerning for CPA accounting members.

The scheme covers accountants for professional liability, but in its absence they will need to increase their own professional indemnity cover.

CPA is seeking for it to be continued but there will be a lapse before any new coverage starts.

"We respect the right of the Professional Standards Councils to make their determinations in the public interest and we need to work collaboratively to provide a solution to CPA Australia members.," Mr Moore said.

"This is not about revenue raising or membership growth. This is about ensuring more than 7000 CPA Australia practitioners have a pathway to continue to practise with confidence in the best interests of their clients."

IPA is awaiting professional standards coverage, which exists in New South Wales, to be extended nationally within weeks. Chartered Accountants has also invited CPA members to apply for membership.

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DOCTORS ON CALL AND APP TO DATE

CLAIRE HEANEY

Vikram Balakrishnan, Kruti Balakrishnan, and Krupa Bhagani from myBeepr, which improves doctor communication.

THE ordeal of caring for their chronically ill father over more than a decade led sisters Krupa Bhagani and Kruti Balakrishnan to question how the communication between medical staff could be improved.

"We saw first hand how broken the communication is between multiple care teams that looked after him," Mrs Balakrishnan said.

"We noticed how difficult it is for doctors to collaborate between teams in a hospital environment, as they rely on one-way communication systems such as phones, faxes and pagers."

Mrs Balakrishnan said in one instance, when the renal and vascular teams did not communicate, an incorrect drug was prescribed for her late father.

"It makes patients' lose trust in the system," she said.

Ms Bhagani said to fix doctor-to-patient communication, the doctor-to-doctor communication needed to be improved.

Their answer was myBeepr, a real time, secure workflow application customised for medical workflow.

"It is designed for healthcare professionals to use their smartphones and communicate on patient cases instantly within and between care teams" Mrs Balakrishnan said.

"Users can assign tasks and connect with on-call specialists immediately and not go through the cumbersome approach of having to call their internal switch system."

The sisters enlisted Mrs Balakrishnan's medico husband, Vikram Balakrishnan, so that they could build myBeepr.

Dr Balakrishnan, who is undertaking specialist training as a colorectal surgeon, noted through his training that there was a "significant deficiency in hospital communication".

Through their customer research they found healthcare professionals were using social media to share sensisitve patient health information.

Dr Balakrishnan said myBeepr was committed to protecting the privacy and security of personal health information.

Planning their way to success

MANY small businesses are failing to develop business plans despite overwhelming evidence that they help.

New research by business advisory house RSM Australia found only 69 per cent of businesses created a regular business plan to progress and track their businesses.

This was 4 percentage points up from a year ago, down from 76 per cent in 2012.

RSM spokesman Peter Saccasan said of the companies polled for the ThinkBIG 2017 research that had a business plan, 53 per cent said they achieved growth.

"Companies that did not complete a business plan were less successful, with only 38 per cent reporting growth and 18 per cent reporting a decline in revenue," he said. It showed many businesses did not understand the link between planning and growth.

"It is dangerous for small business owners to operate according to an informal or unwritten plan as it relies on that one person being present and capable of working in the business well into the future, making long-term growth and sustainability difficult," he said.

As volatility looms, July is a good time to take stock

THE SHORT CUT
with ANDREW MACKEN

AUSTRALIA is one of the few countries in the world that ends the financial year in June.

So to Australian investors, we wish you a happy financial new year and ask what will be of the year to come?

The 2017 financial year was kind to equity investors.

The MSCI Total Return Index (global market) delivered investors more than 18 per cent.

And the nature of these returns is even more interesting: since the election of Donald Trump last November, global equity has delivered unusually consistent monthly returns.

Over this eight-month period, the global market put on 15 per cent, but with a maximum and minimum monthly return of 2.8 per cent and 0.4 per cent, respectively.

Contrast this to the preceding 15 months, which delivered a negative return of nearly 2 per cent, with maximum and minimum monthly returns of 7.9 per cent and negative 6.6 per cent, respectively.

The final eight months of the 2017 financial year can be characterised as a perfect Goldilocks scenario.

Global monetary conditions remained highly accommodative, Chinese fiscal stimulus remained in full force and the Republican triple-sweep in the US election provided the markets with fresh anticipation of new fiscal stimulus.

The stars aligned in recent months, but where to now?

Well, a logical place to start would be to examine the drivers of the recent Goldilocks period and consider the extent to which they will persist.

First on monetary conditions: the most important recent development was the US Federal Reserve's third interest rate rise for the 2017 financial year. But the increase in the Fed's policy rate was not the main event.

For the first time since it began its quantitative easing program in 2009, the Fed announced it would start a gradual unwind of its \$US4.5 trillion (\$5.9 trillion) balance sheet this year. This means a major buyer of Treasuries and mortgage-backed securities will be exiting the market.

This should result in weaker bond prices and, therefore, higher bond yields.

And this means higher borrowing costs for corporates and households.

Next, the Chinese stimulus has well and truly marked its first anniversary. The nature of growth, of course, is that all of last year's achievements need to be repeated, and then some. This is becoming increasingly difficult for the Chinese economy, given the size of its 2016 stimulus and growth has already started to slow.

And what will become of Mr Trump's fiscal stimulus?

It is far from a done deal. Recent attempts to "repeal and replace" Obamacare have uncovered sharp divisions in the Republican Party, suggesting agreement over tax reform is far from assured.

Yet, global markets have already banked a lot of Mr Trump's intended gains.

Should they not materialise to the fullest extent, then equity markets are looking expensive. Consider the price-to-earnings ratio of the global market — a crude measure of the market-wide valuation level. Today it is around 21 times. In 2015, it was around 19 times. In 2013, 17 times; and in 2010, 15 times.

No one knows what the future year will hold.

But a repeat of the past eight months is unlikely. What is more likely is a return to volatility.

And while volatility can be uncomfortable, for the prepared investor, it can be a period of terrific opportunity.

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