



# Australian Chapter of the Institute of Chartered Accountants of India - Brisbane Inc.

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## Message from the Chairman

Greetings, fellow members.

With the elections now behind us in both India and Australia, it is now time to settle down and focus on the way ahead. Unfortunately, both our birth country and adopted country could not make it to the Cricket World Cup Finals. Better luck next time.



Coming up shortly is India's 73<sup>rd</sup> Independence Day and on this day, it reminds me of Nobel Prize Winner Rabindranath Tagore's famous poem, which I humbly quote below.

*"Where the mind is without fear and the head is held high, where knowledge is free. Where the world has not been broken up into fragments by narrow domestic walls. Where words come out from the depth of truth, where tireless striving stretches its arms toward perfection. Where the clear stream of reason has not lost its way into the dreary desert sand of dead habit. Where the mind is led forward by thee into ever widening thought and action. In to that heaven of freedom, my father, LET MY COUNTRY AWAKE!"*

As is the custom of our Chapter, we will meet on the 18<sup>th</sup> of August to break bread together and celebrate the 73<sup>rd</sup> Independence Day of our Mother Country and also the 70<sup>th</sup> CA Day, which was on 1<sup>st</sup> July, 2019. On this occasion, a few of us members are getting together to organise a blood donation to the Australian Red Cross. If anyone else is interested, do reach out.

Look forward to seeing you in large numbers on 18<sup>th</sup> August.

Warm regards,

C.A. Benno Parackal

## NOTE FROM THE EDITOR

Everyone must be enjoying Winter in Brissy with bright sunshine and beautiful days.

July is an important month of the year; the month of CA day, lot of new activity in all sectors with the beginning of new financial year in Australia, and tax time both in Australia and India.

July is also the time for all of us to renew our membership for next year. Please also encourage others in your circle to join the chapter.

In the last financial year, the chapter has conducted many insightful technical sessions and also social activities, which surely must have benefited all the fellow members.

Thanks to all the members who are sharing important news items and useful information on the What's App group. It is good to see collaboration and knowledge sharing happening with all modes of communication available to us.

Thanks also to all the fellow members for their contribution in this newsletter.

Please keep sharing knowledge for the benefit all members of this community.

Hoping that you all will enjoy reading this newsletter. As always, please share feedback, good or bad!

Best regards,

Sandeep Dayal  
[sdayalca@hotmail.com](mailto:sdayalca@hotmail.com)  
Editor

## Chapter News and activities

### Session on Cloud Computing

By CA Manju Kharel

The topic of April's technical session was Cloud Computing. "Change is the only constant in life", said Heraclitus. Everything else around the world is undergoing rapid changes and technology is mainly driving this change. Cloud computing is a product of technological advancement that has revolutionized all industries and professions.

Vineet Arora conducted a 2-hour informative session on 15th April 2019, at Ernst & Young office, Eagle Street, Brisbane, to keep the members informed of the latest developments in the field of cloud computing. Vineet is an experienced professional in the field of Technology Risk & Cyber Security including cloud computing.

In the session, members get to know about Cloud computing, different types of cloud models. Benefits and risks associated with cloud, importance of security in cloud and auditing requirements for a cloud environment. The session was formally wrapped up with active participation of all members in an open discussion about cloud computing.

The session was well attended by 15 professionals including few non-members. The members not only got the opportunity to learn about this important subject but also had networking opportunity with other fellow professionals.





## Session on Personal Taxation

*By CA Sandeep Dayal*

It is tax filing time of the year and May was an opportune time for a refresher on personal taxation. The Chapter organised a session on Personal Taxation on 18<sup>th</sup> June at Lives Lived Well office, Boundary Street. The session was conducted by Chapter Member, Mr. Ritambha Thapa, an expert in the field of personal taxation. He also has interest in crypto currency and shared valuable insights about taxation on income generated from dealing in crypto currencies.

The session was attended by 14 fellow professionals and the attendees got great insights about personal taxation, including taxation of small businesses, individual business income, capital gains taxation and income from crypto currencies. The recent changes in tax legislation, particularly income generated from investment property was the highlight of the session.

The session started with networking within the group, nibbles and drinks. The Chairman introduced speaker, followed by an enriching session by Mr. Ritambha. Mr. Deepak Vasa concluded the session with a vote of thanks and presented a small gift to Mr. Ritambha on behalf of the Chapter.





## Members' Corner

The current edition of PwC Global Economy Watch focuses on the outlook of the world economy. Energy efficiency needs to get better if the world's economies are to meet their climate change abatement targets while continuing to grow. Read the article to find out more about how the global economy has become more energy efficient, how the other Asian economies are benefiting from US import substitution, how worried should we be about global economy, and Global economic projections.

<https://www.pwc.com/gx/en/issues/economy/global-economy-watch/energy-efficient-global-economy.html#The-global-economy-has-become-energy-efficient>

## **A thaw coming in to winter...and it's not caused by global warming**

*CA Payal Pachory, Balanz Advisory*

A number of factors over the past month show signs of boosting confidence and feeding in to an improved outlook:

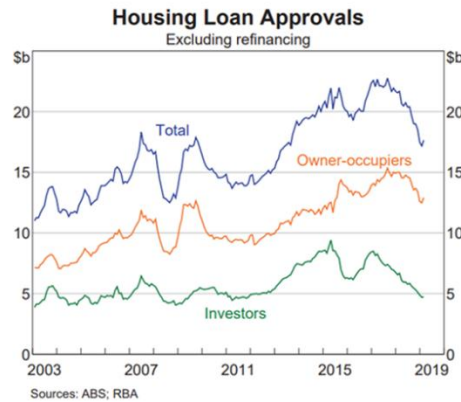
- Coalition victory in the Federal election and hopefully a workable Senate
- RBA statement confirming likely reduction in cash rate
- APRA providing first opportunity for Banks to loosen the affordability criteria for home loans

Whilst the chatter in the press generally has been about the very tight credit environment, we believe the real issue has been a *crisis of confidence* and credit enquiry falling (as opposed to getting a "no" for an enquiry). Balanz Advisory has had hundreds of discussions with clients (and numerous completed transactions for new debt every month) this calendar year and the overriding message to date has simply been the courage required to confidently commit to projects, acquisitions and growth given the plethora of perceived storm clouds

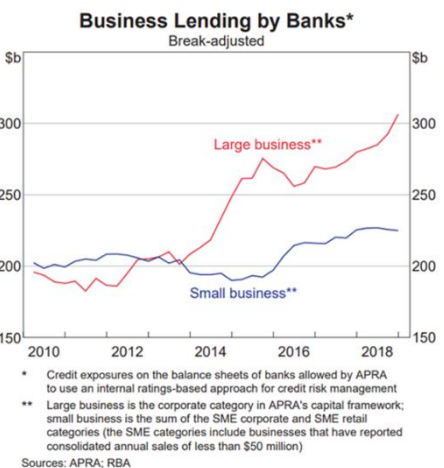
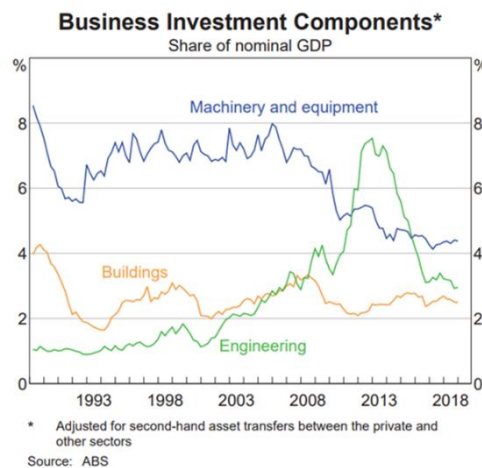


on the horizon.

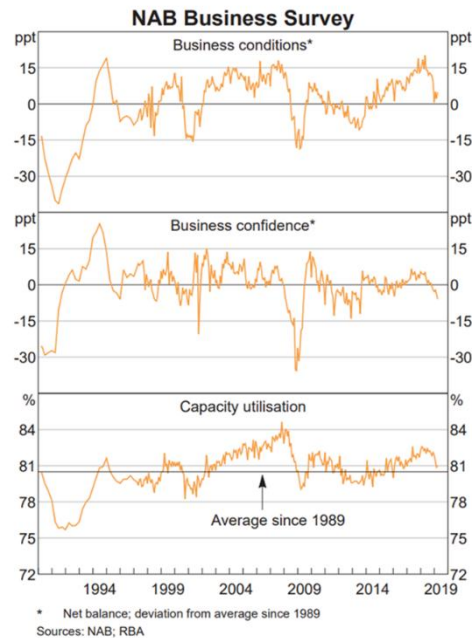
And for good reason, our developer clients need end product to sell and most purchasers need debt. Housing Loan Approvals have shown steep declines since early 2018:



and yet during that time, **business investment and lending to business by the Banks has remained at satisfactory levels.** This became even more pronounced as Banks business lending books pivoted to non-property transactions over the past 12 months.



And yet the calcification of business confidence occurred in spite of largely available credit and overall benign economic conditions (see below).



During this time, **credit has remained available for transactions** - it has taken twice as long and required a lot of work to get done but the results of clients over the past 18 months speak for themselves. The debt options have also expanded during this time with credible non-bank lenders emerging and establishing their niches. Out of interest, Balanz Advisory spends a lot of time meeting all these new lenders and at last count had met > 60 lenders operating in the business / property lending space!

We know interest rates (dated 01/07/2019) are very low against historical levels and they seem to be about to head lower (for the Short-Term Rates at least).

#### Short Term Rates (BBSW)

|               |                       |
|---------------|-----------------------|
| RBA Cash Rate | 1.25%                 |
| 3 Month       | 1.2100% (Yesterday's) |

#### Indicative Swap Rates (Qtly BBSW)

|          |       |
|----------|-------|
| 1 Year   | 1.04% |
| 2 Years  | 1.00% |
| 3 Years  | 1.02% |
| 4 Years  | 1.08% |
| 5 Years  | 1.15% |
| 7 Years  | 1.31% |
| 10 Years | 1.53% |

and the Banks are definitely keen to lend to non-property businesses. That said, the same fundamental rules apply around **Right Information, Right Banker and Right Time** apply. For example, we are just completing a transaction for a business that imports their own branded product and sells domestically. They demonstrate great growth and profitability but their P&L is ahead of their Balance Sheet until Retained Earnings catches up (ie the usual for most growth businesses). There is good funding available to support the continued growth of that great business.

And.... the thaw on property lending is starting. There are definitely options available without having to give up a first born and give most of the

development profit to the Lender (somehow debt started taking equity returns and equity got stuck with debt returns!) With the likelihood of home lending loosening and Banks now lending for development again, we are hearing of a large number of development sites going under contract which augers well for construction activity.

## Summary

Beginning of the new financial year, thoughts should turn to **debt planning** as much as tax planning. The two may not be comfortable bed fellows but they do go well together.

- Banks continue to be keen to provide lending for non-property transactions
- Property lending is also thawing and in some cases, there is good appetite
- Banks will continue to support clients who have their financial reporting, cashflow and forecasting in order.

## Exploring what matters – the action for happiness

*-CA Sandeep Dayal*

In this 5<sup>th</sup> section in the series, let's explore "What makes for great relationships".

"Emotional and Social Intelligence" refers to our skills in awareness and management of our own emotions, our awareness of the emotions of others and our behaviour in social interactions.

For many years, intelligence (or IQ) was considered the most important factor in determining success in life or work. However, it is now recognised that how we handle our emotions and how we relate to others have a huge impact too. In fact our emotional and social intelligence may even matter more than our IQ; and the good news is that they can be learned and improved over time.

Here are three interesting facts relating to this week's theme, taken from the latest research. Take a few minutes to absorb them and think about their implications.

### 1. Relationships are a matter of life and death

We all share a basic psychological need to feel closely connected to others. Studies of the happiest people find that they always have close relationships in their lives and high levels of social integration are also associated with significant health benefits too.

Our ability to form close relationships (and hence our lifelong wellbeing) is very strongly affected by the connections we have with our caregivers in our earliest years. Children who are "securely attached" to their caregivers tend to have better relationships in later life as well as being more independent and successful. Conversely, children whose caregivers are inconsistent, neglectful or abusive tend to be much more prone to behavioural problems,

anxiety and depression.

However, bad experiences in our early years don't necessarily condemn us to poor relationships and an unhappy life. Evidence shows that people can recover and still flourish as adults.

## 2. Our small daily interactions have a big impact

Our day-to-day interactions with others matter. Studies of hundreds of couples show that the ratio of positive interactions (e.g. praise or support) to negative interactions (e.g. anger or criticism) is strongly related to relationship success. An average ratio of 5:1 is found in stable relationships, as opposed to 0.8:1 in unstable relationships. Astonishingly, studies of such interactions have been found to predict future marital stability or divorce with an accuracy of around 80%.

Also the way we feel – and the way we make other feel as a result – has a contagious impact through the social networks that we're part of. Our happiness has been shown to affect people we've never even met, across three degrees of separation (i.e. the friend of a friend of a friend).

## 3. There are practical things we can do to improve our relationships

Having good relationships isn't just about making sure we spend time with people and look after them – although this obviously matters. There are practical habits we can adopt that have been proven to enhance our connections with others. Here are four examples:

- **Really listen to what people are saying.** We spend more time listening than any other form of communication, but often very little of what we hear is really taken in or understood. Being a good listener is a skill.
- **Respond to others' good news.** We tend to think that being there in the tough times is the most important aspect of a close relationship. But research shows that what's even more important is how we react to other people's good news.
- **Raise issues constructively.** A sign of strong relationship is the ability to raise concerns and issues without this undermining the relationship. The key is to describe the issue in a non-judgemental way and to explain how it makes you feel and why.
- **Tell people how much you appreciate them.** An effective way to enhance our relationships and our happiness is to take the time to tell people how much they mean to us. In one study, people who delivered a letter of thanks to someone they were grateful to saw a significant boost in happiness and a reduction in depressive symptoms for a whole month.

Here are some useful resources to help exploring this theme.

- Why you should care about having friends at work–  
*[https://www.huffingtonpost.com.au/2013/07/08/work-relationships\\_n\\_3561568.html](https://www.huffingtonpost.com.au/2013/07/08/work-relationships_n_3561568.html)*
- Psychology Today: Relationships



<https://www.psychologytoday.com/au/basics/relationships>

***“People will forget what you said, people will forget what you did, but people will never forget how you made them feel” – Maya Angelou***

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