

BA

BUSINESS & ACCOUNTING
REVIEW

Exclusive interview
with **Xolani Qubeka**
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We talk to Pieter de Jager
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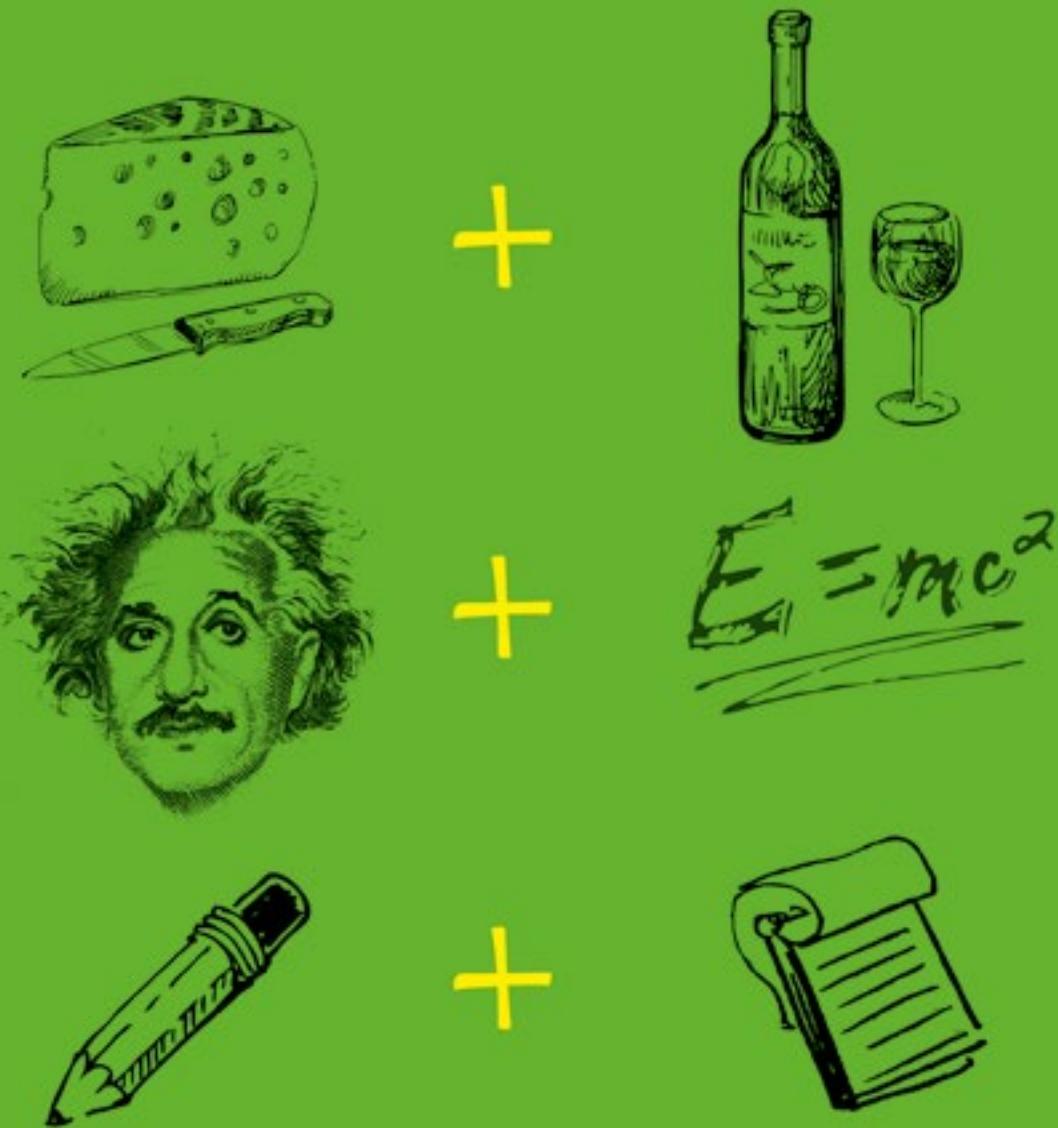
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FEBRUARY '15
QUARTER 1

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Editor's letter

With a new SME Ministry and talk of creating more black industrialist opportunities, South Africa is set for growth, delivering jobs and wealth. Economics 101 identifies the four elements underlying growth: land, labour, capital and entrepreneurship and the two drivers of growth: private property rights and freedom and security of contract. We see all these elements come into play in the current South African economic debate.



Strangely though growth, and its drivers are sometimes thought of as mystical concepts that only the initiated few can understand. However, growth is not hidden, difficult or mysterious – it is available for everyone. Growth and its corollary jobs are infinite concepts waiting to be used and is available in unlimited quantities. We need not be concerned with trying to cut the growth pie in equal shares but instead share in its multiplication.

Growth is freely available for everyone and it comes from human action and interaction. It cannot be owned but must be applied.

Let us therefore, study what works, learn from our peers that have walked the growth path before, and try to apply what we have learned in a way that reflects our own unique personality.

In keeping with our SME growth theme, this edition includes an interview with Xolani Qubeka, chairperson of the Black Business Council and SAIBA member. He shares his personal journey from SME owner to listed company director. The FRSC shares with us how accounting standards are adopted in South Africa and what the future holds for small company reporting. We consider tax in a digital economy and visit Mthatha – sharing the success story of local accountant, Lewis Mhlanga.

Then, we also launch our very first CEO section, focusing on the role of the CFO. We speak to Pieter de Jager, CFO of listed company, Andulela Holdings and holder of the newly launched SAIBA designation, Certified Financial Officer (SA) about what it means to be a CFO in a tough economic environment. We consider consumer trends and how accountants can apply these trends in becoming better business advisors.

As we expand with a new Certified Financial Officer (SA) designation and grow into SAIBA's future role as member of the international CFO body the IAFEI and much more.

Lets celebrate growth and make growth our constant companion.

A handwritten signature in black ink, appearing to read "N. van Wyk".

Nicolaas van Wyk,
Editor Business Accounting Review
CEO Southern African Institute for Business Accountants



Contributors

Abraham Molemane

Media Coordinator, Fetola
www.fetola.co.za

Chrizelda Walters

FAB Consulting
www.faabconsulting.co.za

CPA Trendlines

www.cpatrendlines.com
Books by authors, featured from the CPA website are available at <http://store.cpatrendlines.com>

Dante Ludolf

Freelance Writer

Darryl Nunes

Darryl Nunes Accounting Services
www.dnaccounting.net

Gunter Smalberger

Managing Director, MyPlanner
www.myplanner.co.za

Lesedi Seforo

Technical Tax Assistant, The SAIT
www.thesait.co.za

Timothy Stuurman

Media Intern, Fetola
www.fetola.co.za

Yanic Smit

Managing Director, This is Y
www.thisisy.co.za

Yolande Botha

Editor at Large, TaxTalk
www.taxtalk.co.za

The Team

Editor at Large

Cara-Ann Carstens
caraann@saiba.org.za

Editor

Nicolaas van Wyk
nvanwyk@saiba.org.za

Creative Director

Bianca Geater
bianca@thisisy.co.za

Designers

Tertia Nourse
tertia@rockberry.co.za

Marketing

Este Niemandt
eniemandt@saiba.org.za

Publisher

This is Y
www.thisisy.co.za

Printed by

Paarl Media Paarl

Digital

Miranda Rautenbach
miranda@thisisy.co.za

THE COWWS



Laughing Stock

Spice up your financial reads, and browse on these popular sites.

Dante Ludolf | **Writer**

We've been aching to read about finance with a twist. Which brings us to this month's selection of fine candidates. We've been on the lookout for genuinely funny, engaging people commenting on the state of finance and economics. People who seem to actually care about the content *and* the way it's presented, that is, people who don't sound off in the same way as the 70-year-old Accounting Studies teacher you unfortunately found yourself shackled to in ninth grade:

Limericks Economes

<http://www.limericksecon.com/>

Find yourself gravitating towards economic commentary that ends in a rhyming couplet? Then this one is definitely for you. Dr. Goose proceeds to convey the relevant topics in (surprisingly) well-structured poetic verse. It's not all fun and games though, as he still offers a sage perspective on the topic he has chosen to discuss. The results are nothing short of genius. For instance:

- Housing construction has had
- A month that's exceedingly bad
- And the drop may be due
- To Millennials who
- Live at home with their Mother and Dad.
- The trouble of this generation
- Finding jobs after their graduation
- Has certainly stalled
- The stat that is called
- The rate of new household formation.
- It's up to America's young
- To climb on the opening rung;
- From the nest you must fly
- So the housing supply
- Will not be so much overhung.



Yoram Bauman, The Stand-Up Economist

<http://standupeconomist.com/>

This guy is all about the LOL. A hysterically intelligent PhD recipient, Bauman redefines the role of the economist. He is incredibly well informed and has an obvious knack for dissecting everything you know about the economy and marketing techniques. Some of his work can be found on his YouTube channel, but I feel that giving him centre stage at your end of year function is definitely worthy of consideration. If 'Hyperinflation in Hell' doesn't get you roaring, you might be devoid of a funny bone.



Tim Harford, Dear Economist

<http://timharford.com/articles/deareconomist/>

Who could've imagined that addressing economic concerns in an Agony Aunt format would get the job done? Whether it's making a complete mockery of consumer activity or delivering a searing, witty rebuttal in the face of criticism, Tim Harford has perfected the art of marrying current affairs with a humorous approach.

Economists Do it With Models: <http://www.economistsdoitwithmodels.com/> Warning: "Graphic" Content. Enough said. Probably the best pun I've seen in years.

Calendar

Benjamin Franklin famously said: "Tell me and I'll forget. Show me and I remember. Involve me and I learn." SAIBA advocates involvement in the industry, and one way to get involved is through CPD events. See our calendar for the New Year and book your seat to learn.

SAIT

19 February 2015

2015 Budget Breakfast

Location: Bloemfontein, OFS
Time: From 07:30 until 11:00

Location: Pretoria, Gauteng
Time: From 07:30 until 11:00

Location: Durban, KZN
Time: From 07:30 until 11:00

Location: Port Elizabeth, Eastern Cape
Time: From 07:30 until 11:00

Location: Cape Town, Western Cape
Time: From 07:30 until 11:00

Location: Johannesburg, Gauteng
Time: From 07:30 until 11:00

06 March 2015

Tax Amazing Race - Johannesburg

Location: Johannesburg, Gauteng
Time: From 08:00 until 17:00

13 March 2015

Tax Amazing Race - Cape Town

Location: Cape Town, Western Cape
Time: From 08:00 until 17:00

08 - 12 June 2015

Tax Indaba 2015

Location: Johannesburg, Gauteng
Time: From 08:00 until 17:00

SAAA

03-20 February 2015

CIPC Update

Location:
3 February 2015: Cape Town, Lord Charles Hotel

9 February 2015: Durban, Riverside Hotel

12 February 2015: Johannesburg, Wanderers Club

20 February 2015: Pretoria, Diep in die berg

Time:
Morning Seminar: 09:00 until 13:30
Afternoon Workshop: 14:00 until 16:30

04-25 February 2015

CPD Fest 2015

Time: 09:00 until 16:30
Location:

04 - 05 February 2015: Lord Charles, Cape Town

09 - 10 February 2015: Amazing Place, Johannesburg

16 - 17 February 2015: Riverside Hotel, Durban

24 - 25 February 2015: Diep in die Berg, Pretoria

18 February 2015

How to unlock the goldmine sitting in your email (client) list

Time: 14:00 until 16:00
Online Webinar

24 March 2015

Getting leads and customers from LinkedIn

Time: 14:00 until 16:00
Online Webinar

13 - 16 April 2015

Delivering Outstanding Client Service & Better Billing. Better Collections. Lower Lock Up.

Time:
Seminar 1: 09:00 until 12:30
Seminar 2: 13:00 until 16:30

Location:

13 April 2015: Wanderers Club, Johannesburg

14 April 2015: Diep in die Berg, Pretoria

15 April 2015: Lord Charles Hotel, Cape Town

16 April 2015: Riverside Hotel, Durban

National News



R26 million facelift for accountancy offices

By Helene Cilliers (accountingweekly.com)

International accountancy firm, Grant Thornton is giving its Johannesburg offices a R26 million face lift.

"The Willows" in the Wanderers Office Park will be renamed within the next couple of months and is scheduled for completion in March this year.

The development is set to be the Johannesburg office's solely-owned premises and will bring Grant Thornton's 500 Johannesburg-based employees under one roof for the first time since Grant Thornton & PKF's Johannesburg operations merged in July 2013. The office space of 11000sqm is located over three floors.

Turner & Townsend, the global programme management and construction consultancy, will support renovations to the existing building, including an upgrade to the exterior, and will oversee the rollout of the interior's fit-out.

On completion staff and tenants – including Grant Thornton investee companies, ORCA and Prism – will benefit from two lifts, open plan office space, large communal atrium areas and greenery, with a touch of purple throughout – this being the corporate colour of Grant Thornton.

Andrew Hannington, CEO at Grant Thornton said the new office will be a milestone in the history of the firm. "The partners and directors of our firm will become proud owners of their premises for the very first time."

Small Business Owners 'Need Support with Handling Tax Affairs'

By Amanda Visser | *Business Day Live*

The cost of regulatory compliance for small businesses and entrepreneurs in SA is "prohibitively expensive" with current research showing that this could run close to R60,000 a year for a typical business.

The South African Institute of Tax Professionals is calling on the South African Revenue Service (SARS) to establish a small business centre to support and guide small business owners in their tax affairs.

"SARS enjoys success with their large business centre, which is a world-class facility that helps large businesses fulfil their tax obligations. Now is the time to focus on small businesses and to provide them with the tools and support services so they can develop, create jobs and contribute to the economic wellbeing of the country," said the institute's CEO Stiaan Klue.

He referred to the release of the 2014 Tax Statistics bulletin, compiled by SARS and the Treasury, which pointed to an increase in the tax burden.

Everything indicates that the burden will rise even further next year. The figures showed that individuals contributed 34.5% of the total tax revenue in 2013-14 compared with the declining 19.9% from companies.

Mr Klue said the general belief was that there is little room left to increase tax rates in SA, and that the only sustainable solution to the impending financial woes — resulting from weak economic growth and hence a higher tax burden — was to work towards growing the economy.

Recent figures from Statistics SA showed that the number of people running informal businesses declined from 2.3 million in 2001 to 1.1 million in 2009. It increased marginally to 1.5 million last year.

At the launch of the survey in August, statistician-general Pali Lehohla said many people started their own businesses because of unemployment. The survey shows that the informal sector accounts for 5%-6% of SA's gross domestic product, but contributes 15.8% of total employment. Most of those who started generating their own income had to borrow from friends or family to do so. However, loans obtained from commercial banks for this purposes have risen from 4% in 2001 to 16.6% last year.

Mr Klue said support for small and medium-sized entities was vital if the country wants to avoid a "precarious financial position" and achieve the economic growth rates required.

In a recent survey by the tax professionals body, 65.5% of participating tax professionals said they considered compliance with tax laws as "the most daunting challenge" for small businesses.

More than 46% of respondents said in their experience the SARS service was not helping to support small businesses.

KPMG Set to Muscle in on Small Accounting Firms

By Nicolaas van Wyk

In a statement that is sure to rock the small accounting firm market, KPMG in the UK announced that it would invest £40 million in developing a customised offering for SME clients – competing directly with small accountants currently servicing this sector.

According to Iain Moffat, KPMG's UK head of regions this investment is the biggest they have done in the SME market in the past 30 years. KPMG has developed a small business accounting platform that includes a subscription-based cloud accounting tool, which will allow

them to compete at a much lower fee base.

KPMG's current market share at this level is split between upper middle market (25%) and lower middle market (10%). It is planned to increase the lower market to around 25%.

In a bold statement, Moffat declared that SME will be able to pay KPMG "...the same as your current accountant but we'll give you more".

As what must be seen as a game changer, KPMG views Google and Amazon as the biggest threat to SME accountants. "The reason I say that is because today, our profession is all about data. The more data you have, the more powerful you are. With big data you can create more-effective KPIs, better benchmarking, and more accurate insights. That's the secret. That's what the future holds."

Similar low cost services are already offered by a number of small accounting firms that have streamlined their services, which enable them to lower costs dramatically. The site, www.cheapaccounting.co.uk is one such firm that offers a comprehensive service for £33.50 per month.

Auditing Amendment Act will Give Board a Greater Role in Training

Amendments to the Auditing Profession Act are proposed which will give the Independent Regulatory Board for Auditors (Irba) a greater role in the training of prospective auditors.

Currently, the South African Institute of Chartered Accountants (Saica) plays part of this role, but Irba CEO Bernard Agulhas said on Wednesday that the Irba was better placed to do so as Saica was more involved in the development of business leaders and other aspects of training such as costing, financial accounting, tax and internal controls.

"We understand what competencies auditors require for current and future relevancy in public practice," he said.

The Irba – a statutory body that registers auditors – would be closely involved with candidate auditors over the 18 months following their three-year professional training and assessment to qualify as a chartered accountant through Saica.

The candidate auditors will specialise in auditing and together with their supervisors will have to present the Irba with a portfolio of evidence at the end of the 18 months to demonstrate that they have acquired the audit competencies necessary to be registered as an auditor with the Irba.

New Auditing Standards: Will they Make a Difference?

Business Day reports that new auditing standards announced in January by the International Auditing and Assurance Standards Board (IAASB), will contain less jargon while explaining in greater detail the audit process.

They will also force auditors to be more skeptical in preparing their reports. Independent Regulatory Board for Auditors CEO Bernard Agulhas said that the new standards were the most significant changes the profession had seen in 20 years. But SAIBA CEO Nicolaas van Wyk is less convinced that these standards will cure the public perception that auditors are at least in part responsible for the financial scandals that rocked the world of business over the last decade.

Says van Wyk: "In the wake of worldwide financial scandals, auditors have been trying for years to make up lost ground due to their perceived shared responsibility for the scandals. In an effort to win back public trust in the audit profession, the international audit standard setters have now issued these new standards that will see more information reported in the auditors' reports. It is hoped that this will give decision makers such as investors more relevant information that will provide a clearer picture of the true health of the organisation."

"A concern for business would, however, be whether auditors truly understand the business models and process. Management may believe the company to be financially sound with limited risks. There is also a danger that auditors may overcompensate and highlight risks that are not that relevant."

Exacerbating the above is the fundamental problem facing all auditors. They are employed by the company but report to shareholders and now also to the investing public. This relationship does raise fundamental questions of auditor independence. Should audit firms be allowed to provide both audit and advisory services?

"A key test of whether the new reports will add any value is to see if auditors will have the courage to report on the sustainability of banks and the true effect of quantitative easing on the balance sheets of banks and governments," according to van Wyk.

According to *Business Day*, the new audit changes enhance the communication process between auditors and the audit committee, and increase the pressure on auditors to be more skeptical about their audit. "The auditor will be obliged to publicly report any material uncertainty relating to the company existing as a going concern," Mr Agulhas said.

This was aimed at preventing auditors from signing off on financial statements only for a company imploding a month later, he said. Another positive change was that the audit opinion would be at the top of the report and no longer at the end. The name of the audit partner must be noted in the report and an expanded list of the auditor's responsibilities.

PwC Africa assurance leader Brendan Deegan said the auditor's report up to now had been referred to as a one-page "pass or fail" report.

In future, the report would tell the "audit story" and how significant audit risks had been addressed or mitigated.

The South African Institute of Chartered Accountants (Saica) welcomed the

JHB – most visited city

SA's economic hub Johannesburg will retain its title as Africa's most visited city for the second year in a row, a study has shown.

"Johannesburg is set to be the most popular destination city in Africa for the second year, followed by Cape Town," the latest destination index published by MasterCard on Thursday showed.

At least 4.3 million people are expected to have visited the city by the end of next month, a 4.9% increase over last year's 4.1 million visitors.

The tourists are expected to spend about \$3.2bn compared to \$3.06bn last year.

The study ranks 132 cities worldwide in terms of international visitor arrivals and their spending.

Johannesburg is followed by Cape Town, which should get 1.6 million out-of-towners as the second destination of choice in Africa.

Trailing Cape Town is Cairo in Egypt with an expected 1.35 million visitors, followed by Nigeria's Lagos with 1.33 million, and then Morocco's Casablanca with slightly under a million tourists.

Globally, London tops the list for the third time, followed by Bangkok, Paris, Singapore and Dubai, according to the study.

SARS, Pillay Reach Settlement: CCMA

Helene Cilliers (accountingweekly.com)

The Commission for Conciliation, Mediation and Arbitration said the matter between the South African Revenue Services (SARS) and suspended deputy commissioner, Ivan Pillay, had been settled but lawyers for Pillay would not confirm the outcome of the CCMA-process.

**Cape Town Introduces Open Data Portal**

By Cara-Ann Carstens

Cape Town has joined cities such as New York, London and Helsinki with its introduction of an Open Data Portal. The portal will make public sector data available to the public at no charge, which will be especially valuable to entrepreneurs.

Apart from the data sets which are immediately available on Cape Town's newly introduced Open Data Portal, the public are invited to request data they would like to see on the portal.

How Many Accountants Does It Take?

IFAC says that it represents more than 2 000 000 accountants world-wide. With most of these individuals members of local professional bodies – how many accountants can the world afford?

According to reports the US based AICPA has more than 335 000 members making it the largest accountancy body in the world. The Chinese CICPA is second with more than 250 000 members and the UKs ICAEW third with around 129 000 members.

However although the UK population represents only 1% of world population they account for 13% of all accountants worldwide.

According to Accountancy Live the size of the US profession is driven by issues such as

- The largest population of the industrialised nations
- A large equity market economy
- An abundance of regulation
- Tendency towards legalism and litigation

Although Germany and Japan has larger economies than the UK they have less accountants. Apparently the UK accountants are better able to wrestle work away from lawyers, engineers or specialist tax advisers. It also helps that the UK was the birthplace of "modern professional accountancy", that the UK have more company participation in its

equity markets, and that the focus is more on shareholders than creditors. All these factors drives the growth of accountants in the UK.

In addition in Germany and Japan the main suppliers of credit have been the banks, "and the needs of creditors have been rated more highly than those of shareholders".

Lastly, it is observed that the number of accountants registered in a country, will also be affected by such issues as audit exemption threshold, the perception of the public as to the value of the audit, and the unwanted perception that accountants are only good for audits. This last point will limit the opportunities for accountants to branch into advisory services.

The composition of the profession in South Africa is similar to that of the UK. The UK has more than 5 professional accountancy bodies compare to South Africa's 10:

- Southern African Institute for Business Accountants (SAIBA)
- South African Institute of Chartered Accountants (SAICA)
- South African Institute of Professional Accountants (SAIPA)
- Chartered Institute of Management Accountants (CIMA)
- Association of Chartered Certified Accountants (ACCA)
- Institute of Accounting and Commerce (IAC)
- South African Institute of Government Auditors (SAIGA)
- Institute of Chartered Secretaries of South Africa (ICSA)

SAIBA is now the third largest body in South Africa with more than 6000 members and 30 000 associates.

International news

**£12 billion earned by top 75 UK firms**

By Nicolaas van Wyk

The top 75 UK firms have increased their fee income with more than 6% compared to 2013.

Not surprisingly the big four firms accounted for nearly three quarters of that income. Higher fee income imply increased demand for staff. Partners and staff employed by the firms has also increased amid a growing war of talent.

PwC remains the largest UK firm with £2.8bn in fees and 18,000 members of staff, followed by Deloitte, KPMG and EY. However Grant Thornton placed fifth and BDO placed sixth saw income growth of 9% and 25% respectively.

Growth among the top firms has been supported by an increase in audit tendering, expanding traditional tax and advisory services and moving into the SME sector.

By partnering with online accountancy software such as Xero large firms can offer accounts, bookkeeping, payroll, VAT and corporate tax services for small companies and compete with smaller accountancy practices.

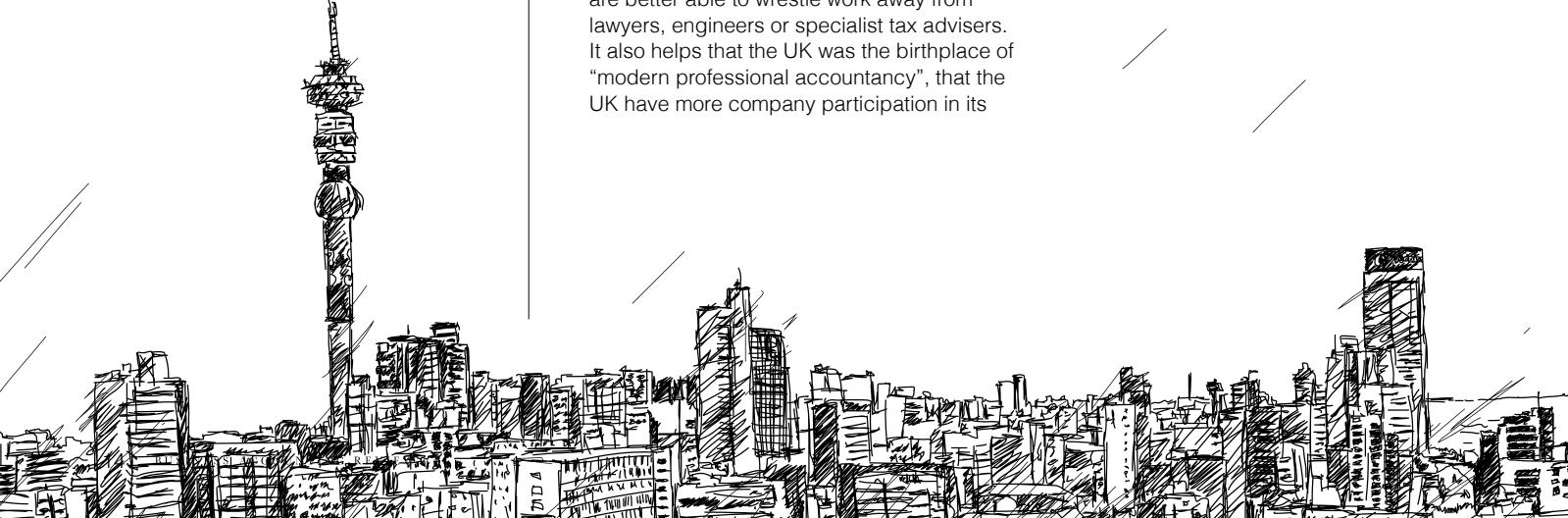
Many firms have also bought or partnered with technology and consultancy firms. BDO acquired Morgan Franklin, a consultancy company that specialises in financial management and technology. PwC acquired technology company Mokum and data collection company GeoTraceability. KPMG acquired an identity and access management company. Grant Thornton bought analytic and consultancy firms.

Lowering the cost of accounting education

Thinking of studying accounting overseas. A new report compares the costs of various education models and finds that the most affordable accounting programs for online master's degrees in 2015 in the US would cost \$12,650

According to a new report from Accounting Degree Review fees for the online master's degree programs at American Military University and American Public University, both located in Charles Town, West Virginia, totaled \$12,650, the lowest of all the regionally accredited institutions that were examined by Accounting Degree Review, a website that provides resources for current and prospective accounting and finance students. Western International University in Tempe, Arizona, came in third at \$12,800.

The Labor Department predicts more than 166,000 new openings will be created in accountancy by 2022. Other jobs of note that were ranked include financial advisor (25); bookkeeping, accounting, audit clerk (40); financial analyst (65); financial manager (69); and compliance officer (84).



Growth of Deloitte UK slows

Deloitte UK has seen its growth slow to 1.4 per cent, as revenue increased to £2.55bn (around R45bn) for the year ending 31 May 2014, compared to £2.52bn last year, reports the International Accounting Bulletin. The growth figure marks the lowest level in four years and a sharp fall compared to the 8 per cent revenue increase witnessed in 2013 and 11 per cent growth in 2012, which was mainly on the back of strategic investments. Among the firm's service lines, audit fell 1.8 per cent, from £719m (around R12.7bn) in 2013 to £706m (R12.5bn).

The decrease comes after last year's 12 per cent increase in fee income in audit. The decrease in audit is likely down to pending mandatory audit firm rotation and many FTSE350 already re-tendering their audit contracts. Last week PwC forecasted 56 of the FTSE350 are to put their audit out to tender this year. For Deloitte UK tax revenues remained flat at £562m (R9.9bn), compared to £563m last year. Consulting increased slightly (0.5 per cent) from £619m (around R11bn) last year to £622m, while corporate finance bucked the trend with a 4.7 per cent increase to £424m (around R7.5bn) from £405m (R7.1bn) in 2013. Profit distributable to partners for 2014 fell from £571m (R10.1bn) in 2013 to £554m (R9.8bn) at the end of May, with the average profit earned by partners also decreasing in 2014 to £750,000 (around R13.3bn) from £772,000 (R13.7bn) the previous year.

Overall, employment figures increased from 3,000 to 3,500 - with 72 new partners and 1,500 new entry-level positions added.

Grand Thornton continues its merging strategy

The International Accounting Bulletin reports that Grant Thornton International has carried out 22 mergers and acquisitions across Canada, Taiwan, Switzerland and Vietnam in the 10 months leading to 1 August 2014. This latest announcement suggests the international network continues its external growth strategy started in 2012 with the addition of several PFK International member firms around the world, and most notably in Australia and South Africa. According to the International Accounting Bulletin 2014 World Survey, Grant Thornton International ranked as the sixth largest international network with a reported 8 per cent average growth rate, to \$4,519m (around R44 190 000) in the year to 30 September 2013. Making it the best-performing top-10 network in 2013.

Lawsuits against big four audit firms

The Guardian reports that Hewlett Packard plans to sue the UK arm of accountancy firm Deloitte over its role in auditing Autonomy, the software company HP acquired, but later accused of inflating financial figures.

HP's allegations of accounting improprieties, misrepresentation and disclosure failures at Autonomy have prompted an investigation by the US Securities and Exchange Commission and the Federal Bureau of Investigation, as well as the UK's Serious Fraud Office. HP announced a \$8.8bn (R97bn) write-down in November 2012, just over one year after buying Autonomy, and linked more than \$5bn (R55bn) to accounting fraud and inflated figures by Autonomy executives. The British company and its executives have denied any wrongdoing.

Reuters reports that a federal judge on Wednesday ordered PricewaterhouseCoopers to face a \$1 billion (R11.2bn) lawsuit claiming that its bad accounting advice was a substantial cause of the October 2011 bankruptcy of MF Global Holdings Ltd, a brokerage run by former New Jersey Governor Jon Corzine. U.S. District Judge Victor Marrero in Manhattan said PwC's [PWC.UL] advice on "re-purchase-to-maturity" transactions through which Corzine bought \$6.3 billion (R69bn) of European sovereign debt affected how MF Global implemented its strategy and in turn contributed to its alleged losses. "This line of causation gives rise to a plausible claim that PwC proximately caused harm to MF Global," Marrero wrote.

Accountancy Live reports that PwC has been fined \$25m (R27m) and suspended from consulting work for New York-regulated banks for two years after the New York State Department of Financial Services (DFS) found the firm had watered down an official report to the regulator and failed to provide details of a Japanese bank's US sanctions violations. The DFS has not found PwC guilty of breaking the law, but said that it had 'improperly altered' and 'whitewashed' an oversight report on sanctions and money-laundering compliance for one of its clients, the Bank of Tokyo-Mitsubishi (BTMU).

Free SAIBA Membership for Palladium clients and business partners

Este Niemandt | **SAIBA**

Palladium Software has partnered with the Southern African Institute of Business Accountants (SAIBA) and will now offer its clients and business partners a year's free membership with the Institute. This strategic move is of great significance to Palladium clients and business partners who will now be able to align to a prestigious institute and receive all the associated benefits at no added cost. The partnership was prompted by new industry regulations, proposed by the World Bank Group, which aims to amend the form, structure and regulation of the accountancy profession in South Africa. It is drafted in response to the South African Report on the Observance of Standards and Codes (SAROSC): Accounting and Auditing, issued by the World Bank in June 2013. The Government is reviewing the proposals and is set to impose many of its recommendations. It may have far-reaching effects on the local profession.

"We realised that this strategic partnership would be beneficial for both SAIBA, as well as for our customers and partners, notwithstanding the World Bank Report. We believe that, as a progressive accounting software company, it made sense to partner with a progressive accounting institute like SAIBA," Corrigan explains.

Palladium Software's Managing Director Stephen Corrigan says recent steps taken by the World Bank will mean good news for the industry as a whole. "Ostensibly recommending that all persons functioning in the industry from a credit controller to an accountant or bookkeeper, belong to a governing body," Corrigan said.

"This is particularly beneficial to our business partners who are not yet aligned with a professional body, as they will now have support of the Institute's technical department for advice. This also gives them more credibility when dealing with clients as the SAIBA membership bestows them instant trustworthiness with the ethics and code of conduct associated with a professional body," he explains.

In general, SAIBA offers membership and two professional designations, Business Accountant (SA) and Business Accountant in Practice (SA). In addition to receiving SAIBA member-

ship, Palladium clients and business partners will also be eligible for the aforementioned designation, Business Accountant (SA).

But how does this work? In short, Palladium clients and business partners automatically qualify for free SAIBA membership for one year. In addition, the Palladium clients and business partners that have successfully completed the Palladium Accounting training course and have obtained at least two years of practical work experience, in line with the SAIBA competency framework, will also be eligible for the designation Business Accountant (SA).

Chief Executive of SAIBA Nicolaas van Wyk is in favour of this new regulation and believes it will go a long way towards protecting small businesses. He speculates that the World Bank proposals would see the Independent Regulatory Board for Auditors or its successor body being required to accredit, register and monitor professional accounting bodies.

"The time is now to join a professional body and ensure your compliance to the new regulatory model. The last thing you want is to fall outside of the new requirements and lose your ability to trade and earn a living," he says.

Corrigan concludes: "We see no downside for our clients as they receive all the benefits at no cost. These include access to a range of professional designations; career recognition and

More about Palladium Software

(www.palladium.co.za)

Palladium Software is a division of MyERP Software, a company that has been offering tailor-made business solutions to businesses throughout Africa since 2002. They've assisted everyone from the single-user SME to large multi-user, multi-site corporate customers.

MyERP prides itself on providing best-of-breed software that can be tailor-made to the client's precise business requirements. All products are Microsoft Certified, and use the Microsoft SQL Server Database, ensuring that its clients are exposed to the highest quality in software development.

The Palladium product range offers clients affordable feature-rich 'out of the box' functionality, while AccountMate and Acumatica offer clients the ability to modify the core source code itself, affording them complete flexibility with cloud or desktop deployment options. This functionality is supported by MyERP's highly qualified business partners, consultants and developers.

guidance; personal and professional development seminars; updates on legislative changes; industry representation and many networking opportunities".

Power in Partnership

SAIBA sets out to sign powerful agreements with sister institutes. Read more about the benefits of partnership.

Nicolaas van Wyk | SAIBA

SAIBA is actively searching for meaningful relationships with other professional bodies. Joint agreements provide access to members to focused and specialised services provided by a variety of quality professional bodies.

Typically, an agreement may provide for the following:

- Continuing Professional Development Programme at member rates
- Electronic Newsletters at member rates
- Access to library and information services
- Participation in special interest groups at member rates
- Participation in regional groups
- Participation in networking/business events
- Joint submissions to policy makers
- Joint marketing initiatives
- Sharing of costs

SAIBA currently has agreements with the following professional bodies:

- South African Institute for Tax Practitioners (SAIT)
Through our strategic partnership with SAIT, we offer a joint membership scheme between SAIT and SAIBA.
- Institute of Certified Bookkeepers (ICB)
Through our strategic partnership with ICB, we offer ICB members with an NQF 6 qualification access to a relevant SAIBA membership and designation.

In the past few months, SAIBA has also aligned with CIMA and IAFEI:

CIMA

CIMA is the world's largest and leading professional body of management accountants, recognised as a professional body in South Africa and engaged in providing educational support to the Chartered Institute of Management Accountants (United Kingdom) in respect of its members in Africa.

CIMA and SAIBA have established a mutual support agreement and have developed a membership pathway for SAIBA members to obtain CIMA membership.

Specifically the agreement provides for the following benefits for members:

SAIBA will be included in the CIMA Masters Gateway route. The inclusion will be available to:

- SAIBA members that have obtained the designations Business Accountant or Business Accountant in Practice, and

- That have obtained an accounting or management accounting Masters qualification with a CIMA accredited/listed University, or
- That have obtained an MBA with a CIMA recognised institution

1. CIMA Learnership Pathway vs designation pathway

CIMA will allow SAIBA to incorporate the CIMA learnership programme into the SAIBA education and training programme. SAIBA students and members will be eligible to register as CIMA students, while SAIBA approved employers will be eligible to register with CIMA as training providers.

2. SAIBA designation pathway

CIMA students that have obtained the qualification, Advanced Diploma in Management Accounting will be eligible for SAIBA membership and the designation Business Accountant or Business Accountant in Practice.

3. Recognition of CPD - Members can attend either SAIBA or CIMA events

4. Technical support

Both parties agree to make available and provide access to technical resources including: Access to newsletters and magazines, use of articles from publications in the manner and form as specified by each party, distribution of technical newsletters or parts thereof to the member base of the respective parties.

5. Access to member forums

IAFEI

SAIBA is in the process of becoming an affiliate of the International Association of Financial Executives Institutes or IAFEI. The IAFEI is an association of Financial Executives Institutes from all over the world founded in 1969.

IAFEI currently has 17 Member Institutes in the Americas, Asia, Europe and the Middle East, with a total membership of over 12,000 financial executives. ■

How to Create an EME certificate

SAIBA members that have been awarded the designation Business Accountant in Practice (SA) - BAP(SA) – are recognised as Accounting Officers in terms of the Close Corporations Act, 1984. Accounting Officers may issue EME certificates for entities. EME certificates are used to determine the B-BBEE level of certain types of entities.

A BAP(SA) has to ensure that the EME certificate is issued in terms of the guidance and rules as issued by SAIBA. This page references the minimum requirements and provides the guides and rules.

In addition to the above requirements a BAP(SA) as to submit an annual declaration of competence to SAIBA.

Background

The B-BBEE Codes of Good Practice prescribes that any enterprise, including a sole proprietor, with total annual revenue of R5 million or less qualifies as an Exempt Micro Enterprise (EME). In instances where Sector Codes are applicable, the threshold for qualification as an EME may be different from the generic threshold of R5 million. To date the approved Sector Codes with different thresholds are the Tourism Sector Codes, which is R2.5 million and the Construction Sector Codes (only applicable to the Built Environment Professional (BEP) subsector), which is R1.5 million.

EMEs are deemed to have B-BBEE status of level four (4) contributor having B-BBEE procurement recognition of 100%. In instances where EMEs are more than 50% black owned, such enterprises qualify for promotion to a B-BBEE status of level three (3) contributor having B-BBEE procurement recognition of 110%.

Sufficient evidence of qualification as an EME is an auditor's certificate or similar certificate issued by an Accounting Officer (as contemplated in Section 60 of the Close Corporation Act, Act No 69 of 1984) or a SANAS accredited Verification Agency. The Code of Good Practice Gazette No. 29617, paragraph 4.5 of Statement 000 Eligibility as an Exempted Mir-

co-Enterprise states that "sufficient evidence of qualification as an Exempted Micro Enterprise is an Auditor's certificate or similar certificate by an Accounting Officer or Verification Agency".

The Department of Trade and Industry (www.thdti.gov.za) prescribes the format of the B-BBEE certificate for exempt micro enterprises. However, no requirements or guidance are issued as to the procedures that an accounting officer should follow before issuing the required certificate.

Rules

The accounting officer is required to confirm:

- That the annual turnover of the above-mentioned entity was less than or equal to R5,000,000-00 (Five Million Rand) in terms of the most recent annual financial statements
- The percentage black and black female shareholding of the company
- That the entity is/is not a Value-Adding supplier in terms of the dti Codes of Good Practice
- That the entity is not a Level Three (3) Contributor, and has 110% B-BBEE procurement recognition

Certificates issued by an accounting officer will be issued on his or her letterhead with the practice number and contact number clearly specified on the face of the certificates.

When confirming the validity of such a certificate, the following should be detailed on the face of the certificate:

- The Accounting Officer's letter head with full contact details
- The Accounting Officer's practice numbers
- The name and the physical location of the measured entity
- The registration number and, where applicable, the VAT number of the measured entity
- The date of issue and date of expiry
- The B-BBEE Status Level of Contribution



obtained by the measured entity

- The total black shareholding and total black female shareholding
- The professional body that they are registered with
- The standard used to perform the required work

A SAIBA member that accepts the appointment to issue a B-BBEE certificate for an EME should agree with the EME the nature and extent of the work to be performed. The parties may agree that the service should be conducted in terms of the following engagement principles and standards:

- The SAIBA framework for accounting officers reporting engagements, as appropriate to the context
- The accounting officer duties as prescribed in the Close Corporation Act, 1984 with necessary amendments to the context
- ISRS 4400: Agreed-Upon Procedures

The minimum procedures that an accounting officer will have to perform before issuing an EME certificate are:

- Sign an engagement letter with the client
- Obtain an understanding of the clients business
- Maintain documentation of the engagement
- Obtain evidence
- Review your work
- Obtain management representation letter
- Issue an appropriate EME report ■

IFAC World Congress: Rome wasn't built in a day

The 2014 IFAC World Congress of Accountants was hosted in Rome, Italy.

Nicolaas van Wyk | **SAIBA**



The theme '*learning from the past, looking to the future*', aptly describes this year's focus. Key to all the discussions and presentations was that the accounting profession is changing to become more focused on business and less on accounting.

The new, integrated reporting approach ensures that traditional facts and figures, as presented in an accounting model, are prepared in a way which reflects the internal and external forces that drive business growth.

In a new world of slow economic growth, more competition and pressure from external stakeholders, accountants need to do more to remain relevant to their clients. They can do this by learning more about their clients' businesses and reporting in a way that would show clients how to save costs, increase revenue, change their business models and improve operations.

Finance and accounting are important for control, decision-making assistance and compliance. However, this function has become a commodity, with even Banks entering the territory. In the future, SAIBA and its members should become known as the MBAs of the profession. Delegates at the congress were exposed to new and innovative reporting models that have been adopted in various jurisdictions. These included the new small company audit standards being developed in Norway, and the Australian development of assurance reports being issued on systems replacing traditional audit reports.

Clients have moved beyond compliance and now demand value-added services – which means Business is the new Accounting.

At an organisational level, SAIBA met with a number of professional bodies to start the process of co-operation and mutual recognition. Interviews and discussions were held with the CPA Australia, IPA Australia, Institute of Chartered Accountants in England and Wales, Institute of Management Accountants in the US, and Association of International Accountants UK.

What was interesting to see was the new collaborative approach adopted by the larger professional bodies. Most of these bodies are actively seeking partnerships with existing professional bodies in jurisdictions outside the UK and US. What is on offer ranges from the sharing of technical information to assistance with the development of local qualifications and quality monitoring. New alliances and frontiers are opening up at a rapid pace. This will be of benefit to SAIBA and its members.

SAIBA, with its focus on being a body for business accountants, should therefore lead the charge in setting up a new collaborative approach in the profession globally.

The congress was held in Rome from 10 to 13 November 2014 and was attended by more than 4000 accountants from more than 130 countries. If you would like to take a closer look at some of the activities from this year's congress, go to our Facebook page to view the photographs we posted. ■

There is Always Room for improvement in the New Year

Transformation, engagement and communication strategies for the next generation professional organisation.

Nicolaas van Wyk | **SAIBA**



Keep improving yourself in your career

If you are in the accounting or finance industry and you are not a member of a professional body, get ahead of your career in 2015 and obtain one of our professional designations.

- Business Accountant BA (SA) for professionals in the corporate industry.
- Business Accountant in Practice BAP (SA) if you are running your own practice and want to act as an accounting officer or independent reviewer.
- Our latest designation, a CFO (SA) Certified Financial Officer, which is an executive designation for finance executives.

SAIBA was invited to the Professional Bodies, Associations and Societies Summit, held from 17-19 November 2014 at Emperors Palace, Kempston Park. Here, representatives from the Institute gained insight on how to continue to develop members and the Institute itself in the New Year.

Professional bodies, associations and societies play a vital role in terms of furthering the professional development of their members, protecting their interests and setting standards for the industry as a whole. In South Africa, these activities are of critical importance to the economy, given the urgent need to resolve the skills shortage and to upskill and train a large percentage of the working population.

Several themes and challenges have emerged which are common to professional bodies, associations and societies, regardless of which sector they are in. These include transformation of the professional organisation, membership growth, engagement and communication, board structure, fundraising, marketing and many more. The three-day conference was based on these issues and how to manage them in your organisation.

We were impressed with the presenters and the applicable knowledge we learnt from other professional bodies to help grow SAIBA membership and give members the support they require. Employees from different organisations shared ideas. Ultimately, our goal is to keep improving SAIBA and developing our members to maintain a high standard in the industry. ■

SAIBA Magazine causes industry buzz

Overwhelming feedback gears SAIBA's Business Accounting Review for the year ahead.

Cara-Ann Carstens | SAIBA

SAIBA launched its member magazine in November 2014 - the Business Accounting Review. And it launched with a bang! The magazine was received with overwhelming positive feedback. With more than 30 000 copies sent to finance professionals in South Africa, it was a risk that paid off. Members and industry alike came back with comments that gave our team the confidence to drive this magazine to a whole new level.

The BA Review is a business magazine for all accounting and finance professionals. The magazine was inspired to view accountants as managers and business people, whether they are employed or working in private practice.

The BA Review is designed to educate, engage and entertain. The modern design and dedicated delivery system will ensure that the magazine is read by all accountants and stakeholders in the profession; including members, students, academia, government and business.

Read some comments and overviews here:

Accounting Bodies Readers are Affiliated with:

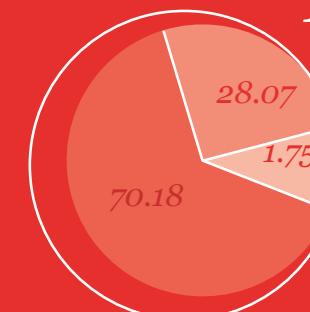


“Great magazine guys, exactly the type of magazine we want.”

Jacques Joubert | SAIBA member

Design Feedback

70.18% - Hot (I like a lot)
28.07% - Warm
1.75% - Luke Warm
0% - Cold

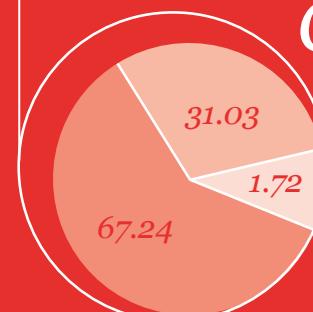


“Very good layout with well-positioned articles. The design of the magazine is good and easy to access. Unusual but holds attention.”

Mark Walsh | SAIBA member

Content Feedback

67.24% - Hot (I like a lot)
31.03% - Warm
1.72% - Luke Warm
0% - Cold



“Very informative and objective. I am an Accounting and Business Studios educator. Some of the topics are very relevant to teaching and I will be able to use them to explain certain concepts. VERY useful articles! When I received the initial link, I thought: ‘Oh man, not another magazine!’ But I was pleasantly surprised! Very insightful content!”

Lynette Botha | SAIBA member

“Interesting, informative and relevant ... Great!”

Danie Papenfus | SAIBA member

The Magazine was developed to improve the profile of SAIBA and our members, as it will bring the accounting profession within reach of everyone with an interest in accounting and finance. It is published in three formats:

- Print edition
- Digital edition
- Web edition - available at www.bandareview.com

SAIBA: meet our Board of Directors

Know your Board of Directors and even find out a fact or two you might not have known.

Meet three of the Board and see who helps direct the future of SAIBA.

Meet

Nicolaas van Wyk

Nicolaas was appointed as the acting CEO of Southern African Institute for Business Accountants (SAIBA) in January 2013. SAIBA is a professional accountancy body with more than 2000 members. He was appointed at a time of radical changes and it is his responsibility to reposition and rebuild SAIBA.

His previous roles within the accounting profession included being appointed as the Technical and Standards Executive of the South African Institute of Professional Accountants (SAIPA) and Technical Manager for ACCA South Africa.



Did you know?

Nicolaas is an avid motorcyclist and has dreams of experiencing the Isle of Man TT. He drives a Honda CBF 1000.

Nicolaas has extensive experience in accountancy and he specialises in the interpretation and application of tax and commercial law. He obtained his B.Com in 1994 and his B.Com Honours in 1995 from the University of Pretoria. In 2007 he completed his MBA through the Gordon Institute of Business Science at the University of Pretoria.

He has drafted numerous submissions and papers on the financial reporting requirements in the Close Corporations and Companies Act and also presented a number of seminars on these topics. During the initial stages of the Companies Act reform, Nicolaas acted as the Co-ordinator for the DTI Working Group on Company Formation.



Nicolaas van Wyk | SAIBA

Meet *Stiaan Klue*

Stiaan is the founder and Chief Executive of the South African Institute of Tax Professionals.

As a "previously disadvantaged" student at Point High School in Mossel Bay, North-West University offered him a full bursary to study chartered accountancy. In 2003, Stiaan completed his studies and joined Deloitte in Johannesburg. He continued his studies during his training contract and in 2005 he completed his masters degree in taxation cum laude and top of his class.

In addition to his full-time position as Chief Executive of SAIT, he founded and serves as the Chairperson of the Centre for Association Research and Intelligence. Additionally he acts as the Vice president of the Southern African Institute for Business Accountants.

Stiaan was instrumental in the establishment of the African Association of Tax Institutes, where he serves as Vice President. In 2011 Stiaan was elected President of the International Tax Directors' Forum - the global forum for tax professional bodies.

As an entrepreneur himself, he has a revolutionary passion for entrepreneurship. Although SAIT is no longer a small enterprise, Stiaan remains an activist and champion for small businesses development. He believes that the success of South Africa depends largely on citizens' ability to rally behind the National Development Plan, its Vision for 2030 and the fact that South Africa needs to radically transform her economy. In this vain, he presented to Parliament in 2013 and publicly called upon President Jacob Zuma to establish a small business Ministry. In May 2014 President Zuma established a dedicated Ministry for Small Business Development. Subsequently, Stiaan was appointed to the ministerial task team developing a SMME colloquium with the objective to ultimately present a master plan for small business development in South Africa.



Did you know?

Stiaan started his career as an Academic before he started the South African Institute for Tax Professionals.

Meet *Professor Dovhani Thakhathi*

Dovhani Thakhathi is a Professor of Public Administration with extensive experience in teaching, research and community engagement. He has addressed many conferences and events in more than 22 countries. Professor Thakhathi holds a PhD degree in Commerce and Management from UNISA.

He is a chairperson of various boards, councils and university committees. Prof Thakhathi was a member of various national initiatives including Dr Nelson Mandela Presidential Review Commission, which came with good recommendations on the size and shape of the new Public Service. Prof Thakhathi has received many academic awards.

He held many notable leadership positions including: HOD, Deputy Dean and DVC at University of Venda, Director of Business School at University of Limpopo and Chief Director (TOT) at SAMDI.

He is presently the Executive Dean of the Faculty of Management and Commerce; University of Fort Hare. He is also a member of the University Council representing Senate.



Did you know?

Professor Thakhathi comes from Songozwi village in Mkhgado town, Limpopo. He was promoted from Standard 3 (Grade 5) to Standard 5 (Grade 7) during his primary education.

business intelligence



Back to Business with Xolani Qubeka

Exciting and somewhat controversial, BA Review sat down with the CEO of the Small Business Development Institute, Xolani Qubeka, learning about his will to really change the small business economy in South Africa.

Dante Ludolf | **Writer**

Waiting for Xolani Qubeka to arrive at his offices in Midrand, I asked his friendly employees to tell me about their boss and what it was like to work for a man of his calibre. The responses I received depict Mr. Qubeka as an eloquent, driven man – wholeheartedly involved in business development in South Africa.

From Hair Vision to the Black Business Council, Mr. Qubeka, or rather XQ as he is popularly known, has done it all. And he's done it well.

During our interview, XQ shares his plans and visions, including the development of small business in South Africa. It soon became clear that he possesses an ambition that is both admirable and staggering in its depth. XQ is an invaluable asset to South Africa. But these broad descriptions are merely a way of beating around the proverbial bush. What Mr. Qubeka is, is a goldmine of ideas and suggestions.

XQ works 18-hour days and every decision he makes is in accordance with his trust in the free market system and an unwavering belief in the opportunities created by entrepreneurial interests.

At present, his economic and political outlook is driven by the fact that he is the CEO of the Small Business Development Institute (SBDI). An earlier stint as chair of the Black Business Council and his proven affinity with entrepreneurship also equip him with the skills required to change the face of an emerging economy.

Before we delve into that, *let's start at the beginning*.

XQ's career has been an incredible journey – one that was punctuated by political struggle, which had dominated every aspect of his life until 20-odd years ago. As often happened during Apartheid, XQ was one of the many people who, were prevented from completing school and thus had to devise an innovative approach to be able to make a living for themselves.

That journey started with him selling anything from newspapers on trains to food for tired train commuters, to collecting bundles of dry cleaning in and around his neighbourhood.

His first formal employment was that of a car salesman at the General Motors dealership in Soweto. At General Motors, XQ built a reputation for himself as a business-savvy individual. He credits that experience as helping him in building a firm foundation in running and operating a business successfully. His business-savvy approach helped him to earn a myriad of awards from Wesbank, but ultimately, the political climate placed restrictions on the business. Various obstacles hampered the growth of black business during the years of Apartheid, and more often than not, would-be black entrepreneurs faced challenges that had them resorting to alternative means to get the job done. Working around the system has been one of his trademarks, from short-circuiting artificial restrictions forced on him by an unjust system, to networking with high-level government officials – he knows how to get the job done.

During the 1980s, for example, people living in the townships would often build a 'garage' on their property, which they would divide into two rooms to create rental stock to generate extra income or facilitate the running of an informal business. This is a trend that continues to this day. With his knowledge about and connections to



XOLANI QUBEKA
IS A FORCE TO BE
ROCKONED WITH

the car industry, this was how XQ started a brokerage in one such garage. He extended his services to help others to buy cars, working out discounts for them and generating commission to keep him afloat.

Other entrepreneurial interests included opening various black hair salons, Hair Vision, and launching a magazine focusing on hair and hair products for his clientele. At the advent of what would become the black hair industry, XQ literally created the initial market conditions. This led to a partnership with FABCOS (Foundation for African Business and Consumer Services) and eventually, XQ would be appointed general manager in FABCOS. These projects effectively jump-started the trajectory his career would follow to make him the entrepreneur and business leader he is today. He understands the benefits derived from establishing business chambers and professional associations, which gives the individual businessman an opportunity to become part of a bigger representative body. Being part of a unified front means better business, especially black business, enabling the influence of policy and shape the business environment.

XQ has one of the keenest eyes around when it comes to spotting opportunities and turning them into profitable ventures. His infallible ability to adapt to market needs is indicative of his multi-disciplinary training – which he describes on his LinkedIn profile as, "A graduate of hard work and exceptional work ethic. Self Taught." Xolani Qubeka is a self-made man who has risen to greatness despite the odds almost never having been in his favour.

Today, he is involved with a near inconceivable number of projects, his fingers vastly outnumbered by the proverbial pies. His current priority, the SBDI, is proposing to accomplish an incredible amount of work in a very short time. The formation of the institute is something he told me was long overdue, and given an earlier inception, it could have already resulted in a better business environment for its members.

He realises that lofty promises of job creation – made all too often by South African politicians – have absolutely no chance of coming to fruition without the necessary attention spent on the development of SMMEs. In the words of XQ himself, “ We urgently need to create new wealth.”

The plan is to create, by 2030, 1000 businesses, 50 000 new jobs, and to achieve a revenue target of R500 million against an eventual total revenue target of R10 billion. Also in the pipeline is establishing a collaborative supplier development fund, developing sector-centric supplier development programmes in tandem. All in all, this exercise is expected to have an estimated R18 billion impact on South Africa's Gross Domestic Product, both direct and indirect.

This is not only a tall order – it's a colossal one. But XQ seems perfectly capable of fulfilling the task which he has set for himself. However, the development of the SBDI and its eventual realisation do not rest entirely on his shoulders, and XQ is quick to stress improvements needed to gov-

XOLANI QUBEKA



ernment's approach to small businesses. He maintains that the flow of funding both from government and banks must improve and that we should no longer be investing large amounts in our already stable big businesses, but instead should be allocating funds towards establishing a foundation for smaller businesses to develop and succeed.

He is very committed to the expansion of the middle class and injecting funds where – according to him – they are needed most: mainly, the realisation of new institutions and businesses. He says, “ The private sector is not investing enough, the flow of South African money needs to be directed to the right places so that it does not get stuck in higher income brackets.” Establishing companies that rival the big South African businesses, like Sanlam, is something he is passionate about – and he believes the trickle-down effect that would happen as a result would create thousands of jobs and give the economy a much-needed boost.

From an economic perspective and in the face of continued bleak outlook presented by international rating agencies of South Africa's economy, it is reassuring to know that businessman like XQ remains enthusiastic about South Africa. When someone with such a firm grasp talks shop, every suggestion and hypothetical policy makes perfect sense, and it starts to feel as though the country might just be able to get on the right track.

At the National SMME Colloquium hosted in October last year, he brought up a number of compelling arguments regarding the future and fate of South African business. One of the propositions he made at the colloquium was a call for all South African businesses to become part of a relevant chamber, much like the sys-

tem in use in Germany. Working as individuals will have little impact – becoming organised, will strengthen the voice of businesses and ensure positive policy outcomes. XQ is also a firm supporter of recent calls establish of a 'Black Bank' - a bank that caters for and addresses the needs of the black South African business community.

Consider his approach in the development of black industrialists. XQ views the model used by the Afrikaner in the early 1900s to move that demographic from an agricultural society to world-renowned industrialist as a possible blueprint from the development of black business. Addressing the socio-economic rift present in our country in such a manner is also a relatively fail-safe way to ensure fairness in both approach and practice. Thus, with the need to uplift and develop black industry and create institutional environments that enable development, why *shouldn't* there be a black bank?

In the words of XQ himself, “The upliftment of one group is not discrimination against another.”

The proposal was deemed highly controversial among his peers at the colloquium, but it resonates soundly when considering the rationality present in his attempt to get the South African economy on an equal footing demographically.

Xolani Qubeka's plate might be full, but his determination and will to succeed create promise in terms of that which he has set out to accomplish.

On the role of accountants and the importance of their role, XQ credits them with being pivotal cogs in the business machine. As an example, he points to the support provided by the Southern African Institute for Business Accountants (SAIBA) in establishing the National SMME Colloquium. SAIBA was appointed strategic partner to the Colloquium whose purpose is to influence government policy towards SMMEs. XQ recog-

nises the role played by the SAIBA CEO, Nicolaas van Wyk in transforming the accounting profession to become true business partners. He shares SAIBA's views that the current training of accountants is too ambiguous, and suggests a more focused, role-specific approach to their education. XQ believes that one cannot distinguish between or separate the accountant from the core functions that operate in a business, as the accountant is the essential component that ensures all parts that constitute a functioning business comply with the formal policies and standards. XQ has also recently joined SAIBA as a member and believes accountants should see SAIBA as their own “business chamber” to ensure that they share in the future economic growth of South Africa.

He considers accountants of any rank and caliber to be unofficial partners in a business – because having a business team member with a firm understanding of structure is an invaluable asset to business efficiency and success.

XQ thanked SAIBA for creating a space that functions as a middle ground for accountants and for presenting South Africa with an institutional network that maintains communication between accountants and the accounting sphere.

During the interview, we had asked him whether, during the time of Apartheid, he ever thought about when the Apartheid struggle would end and what he considered his role to be at the time. To which he replied, “I never thought it would happen in my lifetime. Not for one second did I think – in the face of such dominance and overarching power – that we would succeed.”

But he did succeed. Extraordinarily so – and the odds are finally firmly in his favour. ■



An Inside Look: Financial Reporting Standards Council

We sat down with FRSC CEO, Diederik Esterhuizen to talk about financial reporting and how standards are being adopted. Read more about his take on financial reporting and how to enjoy the journey to the top.

Dante Ludolf | Writer

DIEDERICK
ESTERHUIZEN

As Financial Experts, we need to ensure that we align with financial reporting standards. So, we contacted someone right at the centre of accounting regulations and financial standards.

To make sure we didn't miss a thing, we looked at work done by the Financial Reporting Standards Council (FRSC) – in the hope of gaining insight into how the FRSC affects firms and businesses. So, we asked FRSC CEO Diederik Esterhuizen a few questions:

1. How did you start out?

I was in Standard 6 (now Grade 8) when I got introduced to Accounting. The first lesson I had was that Equity = Assets less Liabilities, and that Debits must Equal Credits. The concept was so logical to me that I went up to the teacher after that very first lesson and asked what the highest qualification in this subject was and he said Chartered Accountant. My response? "*So that is what I will become.*"

I received a bursary from Coopers & Lybrandt's (now PwC) Tzaneen office in Standard 10 (Grade 12). When the Tzaneen office closed down during the merger with PriceWaterhouse, it worked out that my contract was cancelled and I was given an articled position at PwC's Pretoria office. I completed my articles in the Public Sector division and shortly thereafter received an offer for a position in PwC's Technical division. I was there for nine years. When the opportunity to work for the FRSC was presented. I knew that working for the FRSC would be a real honour and that working with the FRSC members would really expose me to a much wider set of experiences.

2. What qualifications do you possess?

I studied at the University of Pretoria for my BCom and BCom Honours in Accounting Sciences, as well as my CTA. I received my CA(SA) from the South African Institute of Chartered Accountants (SAICA).

3. What would you say is the best part of working in your specific field?

Accounting is really a logical field and that really resonates with me. But although I studied accounting science, it is not an empirical science, it is a human science, because it evolves over time as humans gain better understanding or as their needs change.

4. What is the most challenging aspect?

There is a lot of emotion attached to this field. It really impacts people's wallets and thus there are always conflicting views on the best way forward. I am a purist and would want accounting to be reflective of the story of the reporting entity. However, the more I get involved in the actual standard-setting process, the more I get to appreciate the wide and diverse needs of users and the fact that there might not always be only one solution in dealing with a transaction.

5. What advice would you give individuals looking to follow a similar route as you?

Passion. It is a long and hard road with lots of obstacles along it. I think it is worth it, and I have really actually enjoyed it thus far.



6. What is the role and function of the FRSC?

The Financial Reporting Standards Council is the legally constituted financial reporting standard-setter for South Africa.

7. What has been the biggest challenge for the FRSC since its inception?

I would say that finding their feet in the international standard-setting world. The Accounting Practice Board from SAICA was the previous standard setter and SAICA has very strong ties with the international bodies. It has been a challenge to get the FRSC recognised and taking ownership of those relationships. The relationship of the FRSC with the Department of Trade and Industry, of which the FRSC is part, has also been an ever-evolving one. Getting the law makers to understand why and how the FRSC is fulfilling its mandate has also been very challenging.

8. How does the FRSC ensure that South African interests are reflected in Financial Reporting Standards?

The FRSC has taken the view that South Africa needs to be represented on all possible forums of the International Accounting Standards Board. Some of the appointments are still built on the legacy SAICA had built, but the FRSC has succeeded in appointing Bruce Mackenzie to the IFRS interpretations committee and Garth Coppin to the Advisory Council. We also appointed Kim Bromfield, who is a member of Accounting Standards Advisory Forum and Dumisani Mana representing South Africa on the Emerging Economies Group. Other South African representations are Prof. Wiseman Lumkile Nkuhlu, who is a Trustee on the IFRS Foundation, and Darrel Scott, who is an IASB Board Member.

The FRSC has also entered into a Memorandum of Understanding with the Accounting Practices Committee from SAICA to assist them in commenting on the discussion documents and exposure drafts as issued by the IASB. They send out invites to practitioners, academics, industry etc. to assist them to draft the comments to ensure the South African interest is taken up. Any persons interested in getting involved with this process can contact SAICA to ensure they are included in these invites.

9. Has the FRSC ever advised the Minister that a standard should be amended before it is adopted in South Africa?

No, the FRSC has taken the position that all standards issued by the IASB are applied as is. This is the whole objective of the IASB – to have one framework applied across all jurisdictions. If local changes are made, investors from across the world would no longer trust that the South African standards for companies' financial statements are in line with international best practice.

10. Does South Africa perform impact assessments before a new standard is adopted in South Africa?

Due to a lack of resources, that has not occurred. Going forward, that will start to happen. What should be noted is that due to our strong history of leadership in the accounting world, issues that are encountered by industry is fairly quickly communicated via the auditors or the entities themselves, and so communicated to the various channels available.

What should also be remembered is that these are international standards, and that if there is an issue, it is mostly an issue across the world. One example that I can give is the following:

DIEDERICK
ESTERHUIZEN



When IFRIC 14 - IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction was issued, it was immediately realised that we needed further guidance on how this is impacted by the South African Pension Fund Act. The APB, at the time, then issued AC 504, which indicated that should the Trustees of the Fund be in control of the surplus in the Fund, then the employer does not have an unconditional right to the surplus. No further guidance was issued in the rest of the world.

The IFRS IC has since received the question from the UK and arrived at the same conclusion. Now there are massive adjustments that the UK (as an example) needs to make, as they did not apply this. South Africa dealt with it internally and if we had engaged the IFRS IC at that stage and requested them to further clarify and ensure it is clear, then, this would not have happened. But because we thought we were unique, we handled it internally and, thus, the rest of the world missed out on our expertise.

11. How does the standard adoption process work? Who pays for the FRSC expenses and who is represented on the FRSC?

The Standards are automatically applicable in South Africa as the Companies Act makes it clear that IFRS and IFRS for SMEs, as issued by the IASB, are required to be applied. Since it is in the power of the Minister, in terms of section 29(4) of the Companies Act, to make regula-

tions prescribing financial reporting standards, it is enabling only, there is no obligation on the Minister to do so and, by implication, the Minister is not obliged to consider and approve each individual financial reporting standard. The FRSC is a council of the Department of Trade and Industry and is thus funded by the DTI.

12. What is the view of the FRSC on Micro-Gaap standards for small companies?

Issue 1: The quantum of the stakeholder group calling for third tier standards:

Currently the sub-committee could merely speculate as to whether this call for third tier standards is widespread among companies or whether the view results from isolated requests. Further work needs to be done in this regard.

There might also be other users of financial statements of third tier companies (stakeholders), who are not companies, such as providers of funds to these companies (banks), providers of assurance on these financial statements (auditors and reviews) and regulators (SARS and possibly others) whose views need to be considered.

Issue 2: The level of understanding of the stakeholder group of the new financial reporting and audit regime: The Act, including its financial reporting and audit regime, is new and very different to the Companies Act, 1973. It is unclear to what extent the said stakehold-

er group is aware of the relief provided in IFRS for SMEs and when this set of standards can be used. It is also unknown as to whether third tier companies mostly have audit or review requirements, either as a result of regulation or due to a requirement by stakeholders, such as banks or parent companies. In such an instance, scaling down on financial reporting requirements beyond IFRS for SMEs could have a significant impact on the auditor or independent reviewer's ability to provide assurance. This needs to be further investigated.

Issue 3 – What stakeholders want: Assuming Issue 1 establishes that the stakeholder group supporting third tier standards is significant in size and Issue 2 results in the conclusion that the third tier standards are for entities outside the audit requirement, further work needs to be done to understand to what level of simplicity the proposed third tier standards should be scaled down. This would be informed by the other stakeholders mentioned before, such as banks and others and how the third tier standards will impact the company from a regulatory, financier and assurance provider point of view. This assessment can only be done after Issues 1 and 2 have been answered.

Proposal: It is evident that significantly more work needs to be done, which might include processes such as market research and stakeholder interaction through possible questionnaires and interviews. This is clearly not a small task and should be well planned, scoped and executed. In order to achieve this, resources in the form of staff and funding will be required. ■

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by Sage Pastel

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What is the Relationship Between International Standards and Reporting Engagements performed by Business Accountants?

Nicolaas van Wyk | SAIBA

Business Accountants in Practice (SA) have the authority to perform various types of reporting engagements such as reviews, factual findings, accounting officer engagements and compilations. These are reports issued on the financial statements as prepared by the client. The client therefore always signs off on financial statements whereas an authorised practitioner signs off the report issued on the financial statements.

In order to perform a successful engagement, a practitioner should follow a generally accepted process. This means that the process must be generally accepted as best practice to ensure that results obtained would be the same irrespective of who performed the work.

Best practice procedures include steps to interview the client, plan the work, document the engagement, perform enquiries, apply professional judgement, form a conclusion and issue a report.

IFAC or the International Federation of Accountants is the recognised international authority issuing standards for reporting engagements. However, professional bodies operating in their own country may adopt these standards and require their members to follow them. Professional bodies may also issue their own reporting engagement guidance or standards. For example, SAIBA has adopted the IFAC standards, but has in addition to these standards also issued an authoritative guide for Accounting Officer engagements.

In general, engagements to issue a report on financial statements should be performed in terms of relevant statutory requirements, common law requirements related to professional competence, due care and a code of conduct issued by a professional body. A report may only be issued once all of the above requirements are met.

Reporting engagements classified as an audit, review or compilation, should in addition to the above requirements, adhere to standards as issued by IFAC. Accounting officer engagements are not classified as an audit, review or compilation engagement and hence do not fall within the ambit of the IFAC standards.

IFAC is recognised worldwide as an organisation that represents the accountancy profession. Founded in 1977, its mission is to serve public interest by continuing to strengthen the worldwide accountancy profession and contributing to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards, and speaking out on public interest issues, where the profession's expertise is most relevant.

IFAC¹ recognises that a fundamental way to protect public interest is to develop, promote, and enforce internationally recognised standards as a means of ensuring the credibility of information upon which investors and other stakeholders depend.

IFAC established the International Auditing and Assurance Standards Board (IAASB) to establish a code of ethics for professional accountants ('the Code'), International Standards on Quality Control 1 (ISQC 1) and International Standards on Auditing, Review, Other Assurance, and Related Services ie ISAs, ISREs and ISRSs.

Although SAIBA is not yet a member of IFAC it has adopted the Codes and Standards as issued by IFAC. SAIBA members are therefore obligated to adhere to the requirements as detailed in the Code, ISQC 1 and the ISAs, ISREs and ISRSs where relevant.



The IAASB² requires that:

- International Standards on Auditing (ISAs) are applied in the audit of historical financial information
- International Standards on Review Engagements (ISREs) are applied in the review of historical financial information
- International Standards on Assurance Engagements (ISAEs) are applied in assurance engagements other than audits or reviews of historical financial information
- International Standards on Related Services (ISRSs) are applied to compilation engagements, engagements to apply agreed-upon procedures to information and other related services engagements as specified by the IAASB.

ISAs, ISREs, ISAEs and ISRSs are collectively referred to as the IAASB's Engagement Standards. ISQCs must be applied for all services falling under the IAASB's Engagement Standards.

Accounting officer reports, as required by various statutes, contain elements of ISREs, ISAEs and ISRSs and do not explicitly require adherence to these standards. IAASB standards do not override³ local laws or regulations and accounting officers are prohibited from stating compliance with the IAASB standards unless the accounting officer has complied fully with a particular standard. A separate framework is therefore applied in the performance of an engagement to issue an accounting officer report.

Independent review reports should be issued in terms of ISRE 2400 and compilation reports issued by independent accounting professionals or accountants should be issued in terms of ISRS 4410. ■

The Small Business Corporation Tax Regime: where things currently stand

Lesedi Seforo | SAIT

For a number of years now, the Small Business Corporation (SBC) tax regime has helped small but profitable businesses to pay income tax at a much lower rate than their larger counterparts. The regime is currently available to businesses with a turnover below R20 million.

In the first draft of the 2014 Taxation Laws Amendment Bill (TLAB), however, the Treasury proposed that the lower tax rates be done away with and that small business corporations (SBCs) be subject to the same 28% income tax rate as bigger companies. What is the rationale behind this?

The Davis Tax Committee (DTC)

You may be aware of the ever-present dialogue in the country about how important small businesses are to our nation's quest to fully optimise economic growth and development. This, combined with other factors, led to the formation of the Davis Tax Committee (DTC) which was established to investigate how the tax laws could be improved, and how tax policy could be used to provide a helping hand to SMMEs.

The DTC released its *Small and Medium Enterprises: Taxation Considerations* interim report in July 2014 to present its findings and recommendations to the public. One of its recommendations was incorporated by the Treasury into the first draft of the 2014 TLAB.

Quoting from the report, the Treasury focused on the finding that:

"The Tax Review Committee concluded that the lower tax rates for small business corporations are not effective, do little to support the objective of small business growth and do not address tax compliance costs. The current regime provides tax relief to only 50 000 businesses..."

In addition, businesses in a tax loss position don't benefit from the current SBC regime, despite having the same tax compliance burden as profit-making enterprises."

In response to these findings, the Treasury then proposed that, from 1 January 2016, SBCs will pay income tax at the 28% rate.

Alternative: the refundable tax compliance rebate

The DTC also found that SMMEs spend considerable amounts in tax compliance costs. With this in mind, it was proposed that SMMEs be provided with some tax relief to assist them in bearing the compliance burden.

It is proposed that the assistance would be in the form of an annual refundable tax compliance rebate (RCR) amounting to R15 000. In essence, it is as if the government is giving SBCs R15 000 to help them to pay their tax accountant to prepare and submit their tax returns. The caveat is that the SBC must be compliant in terms of its tax returns and liabilities. If an SBC's tax liability for the year exceeds R15 000, the rebate will be used to reduce that tax liability.

Should an SBC have a tax loss for a particular year, there will be no tax liability for that year. However, SARS will pay the rebate into the SBC's account; much the same as VAT vendors who receive VAT refunds from SARS when their input VAT is greater than output VAT.

Will you better or worse off under the RCR regime in comparison to the SBC regime?

Under the RCR regime, SBCs making losses will have a zero tax liability for the particular year. In addition to that, they will receive the rebate of R15 000 in cash, assuming that they are fully tax compliant. Under the SBC tax regime, however, while they would have had a zero tax liability, there would not be a R15 000 cash rebate. Loss-making SBCs are thus better off under this proposed rebate system, as opposed to the current SBC regime.

Other winners would include those SBCs with a taxable income that would result in a tax liability below R15 000. For the 2014 tax year, R53 571 is the level of taxable income that would result in a tax liability of R15 000. Therefore, if a small business corporation earned a taxable income of R50 000, which is subject to a tax rate of 28%, it would result in a tax liability of R14 000. That amount would be set off against the R15 000 rebate, to arrive at a refund of R1 000 for the SBC. Under the SBC regime, the only benefit for such small business corporations would be a zero tax liability. There would be no refund.

Other than the above-mentioned groups, all other SBCs will pay more tax under the RCR regime.

Raising our concerns with the legislators

This, obviously, did not sit well with those who would be adversely affected by the proposed change and the various recognised controlling bodies, such as the South African Institute of Tax Professionals (SAIT), made submissions to the National Treasury and presentations on the topic to the Standing Committee on Finance (SCoF) on the 26th August 2014. SAIT's main submission was to delay the implementation of the proposed RCR scheme, subject to further consultation with industry and other stakeholders.

On the 15th October 2014, a Response Document from the National Treasury and SARS was presented to the SCoF. Both organisations addressed the prominent issues, which came out of their consultations with the public. The relevant portion, relating to the RCR, reads:

"Comment: The proposal to replace the graduated tax rate structure for SBCs with a Refundable Compliance Rebate (RCR) of R15 000 generated a mix[ed] response. Some do not support it at all while others argue that the proposed credit is too low and that it should increase with taxable income. It was noted that many small businesses would be in a worse tax position under the proposed RCR, and that this will negatively affect their cash flow and ability to grow their businesses. It was also noted that the proposed RCR amount was insufficient to cover the actual compliance costs of small businesses."

Response: Accepted. This proposal will be withdrawn for further consultation with stakeholders, including the new Small Business Ministry and the Davis Tax Committee."

It certainly is encouraging to note that legislators take public consultation seriously enough to delay the implementation of what was initially thought to be a good idea, pending further engagement with the relevant stakeholders. Business owners should be especially encouraged by the fact that the new Small Business Ministry and Davis Tax Committee are working together to ensure that the tax policy is perfectly inserted into the government's overall policy concerning SMMEs.





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BUT THANKS TO OUR
TAX PRACTITIONER OUR
TAXES AREN’T.”**

Every day SAIT tax practitioners turn the ordinary into the extraordinary by helping South Africans submit their tax returns easily, honestly and on-time.

Assurance vs Non-Assurance Engagements – what is the difference?

Nicolaas van Wyk | SAIBA

Business Accountants in Practice (SA) are authorised by thirteen different statutes and regulations to issue reports on financial statements. This includes review engagements, factual findings, accounting officer engagements and compilations.

The basic difference between these reports is whether the practitioner's report includes an opinion on the financial statements or only verifies compliance on a factual basis. The reports that include an opinion are referred to as *assurance engagements*. Those that do not, are referred to as *non-assurance engagements*.

In an assurance engagement, an auditor or independent reviewer is required to issue an independent written report that provides assurance in the form of an opinion. Users may rely on this opinion. The International Framework for Assurance Engagements (IFAE) defines an assurance engagement, as an "...engagement in which a practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party, about the outcome of the evaluation or measurement of a subject matter against criteria".

For example, an independent reviewer evaluates financial statements to determine their adherence to a financial reporting framework such as International Financial Reporting Standards or IFRS for Small and Medium-sized Entities. The reviewer then forms a conclusion and reports his opinion to shareholders.

In a non-assurance engagement, a practitioner issues a statement containing information that will assist users in forming their own opinion about the financial statements. In other words users of reports issued as part

of non-assurance engagements are required to form their own view of whether the financial statements are fairly presented. Accounting officer and compilation engagements may be classified as non-assurance engagements.

For example, an accounting officer report is addressed to the close corporation itself, whereas audit and review reports are addressed to shareholders. An accounting officer is required to consider factual findings and whether accounting policies adopted by the entity are appropriate for that entity.

The accounting officer report does not include an evaluation of financial statements against an appropriate accounting framework to assess and conclude on fair presentation. By way of contrast an auditor expresses reasonable assurance and a review practitioner limited assurance on whether financial statements have been prepared in accordance with an appropriate accounting framework.

All types of engagements should be performed in terms of common law, ethical, engagement standard and statutory requirements.

The table illustrates the relationship between ethics, quality control and engagement standards as they relate to reporting engagements.

It illustrates the framework within which assurance and non-assurance services should be performed. It also clearly distinguishes between assurance and non-assurance services or related services.

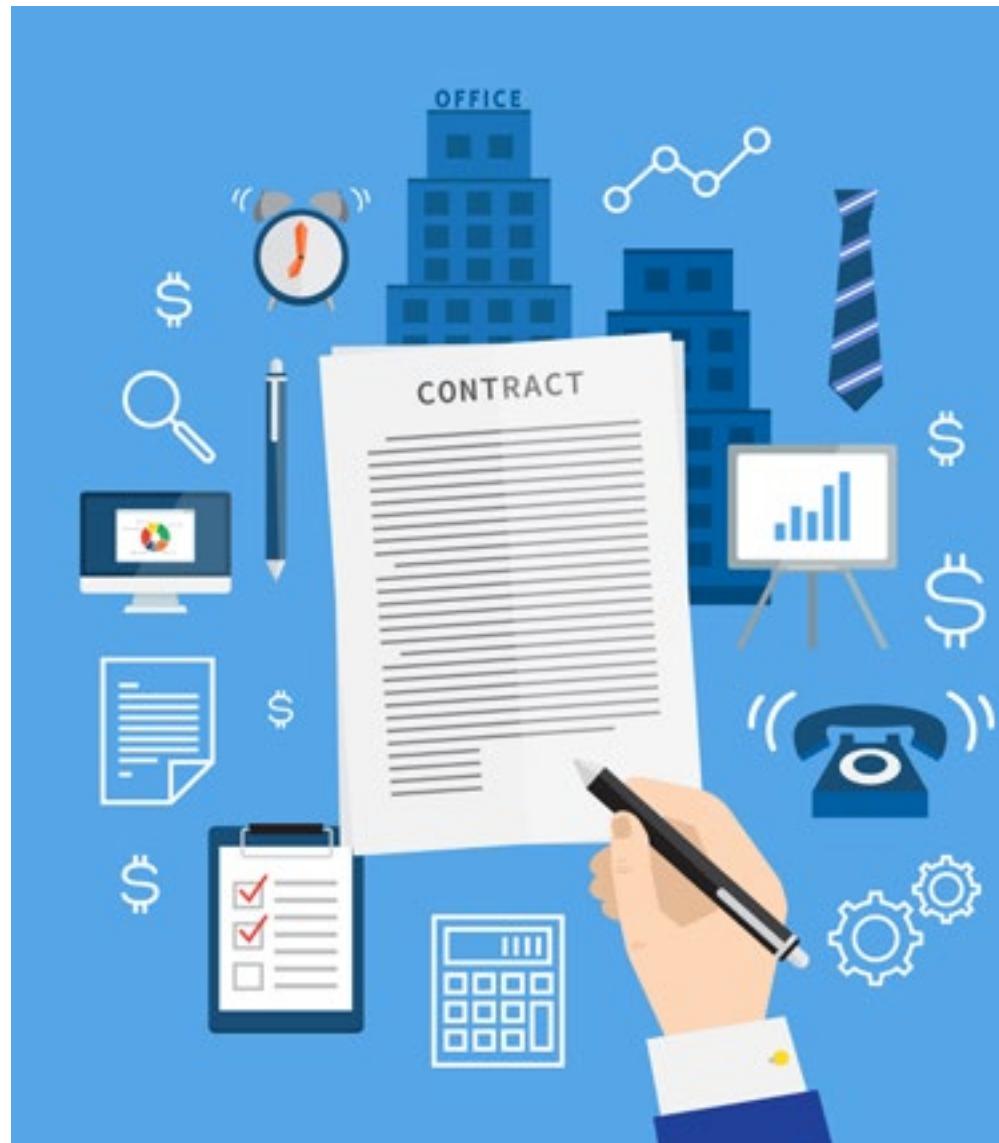
Reporting engagements should be performed in compliance with:

ETHICS	
ISQC 1 OR SIMILAR	
ASSURANCE	NON-ASSURANCE
INTERNATIONAL FRAMEWORK FOR ASSURANCE ENGAGEMENTS	
Audit ISA	Independent review ISRE 2400
	Agreed-upon Procedures ISRS 4400
	Compilations ISRS 4410
	Accounting officer (SAIBA Guide)
STATUTORY REQUIREMENTS	

- A code of ethics. This code should preferably be aligned with the Code of Ethics as issued by the International Federation of Accountants (IFAC), as is SAIBA's code.
- International Standards on Quality Control 1 (ISQC 1) or similar quality control policy and procedures. Adoption of quality control standards will help the firm to ensure that laws and regulations are adhered to and that reports issued are appropriate.

Assurance engagements should be performed in terms of International Standards on Auditing (ISAs), International Standards on Review Engagements (ISRE), or International Standards on Assurance Engagements (ISAE). Non-assurance (ie related services) should be performed in terms of International Standards on Related Services (ISRSs).

Engagements that are not part of IFAC engagements standards would still be subject, in terms of common law and professional body requirements, to a relevant code of ethics, quality control principles and requirements related to professional competence. Accounting officer engagements would typically fall into this category. ■



Emotional Capital: A Bite-Sized Introduction to contemporary behavioural economics and why it matters

What is the thinking behind financial matters? Our writer takes a look at the marriage between psychology and economics as he investigates Behavioural Economics.

Dante Ludolf | **Writer**

Anyone who has ever studied the business section of the newspaper or buried themselves in a book on financial matters has probably read the word 'anomaly' or seen something described as an 'unexplained market phenomenon'. There have always been times in which the system has experienced glitches resulting in the sudden plummeting of stocks and shares. It's inevitable and always wholly unwelcome.

Now, more than ever, people are trying to explain these instances and to find the reasons behind the madness and how to avoid it happening. Very much in accord with the scientific worldview, the study of behavioural finance, or behavioural economics, tries to make sense of the reasons and causes behind some of the world's most perplexing financial 'mysteries'.

More and more people are warming up to the idea that the psychological aspects of consumerism – as it occurs in humans – affect buying power. This in turn affects the market in a way that, if carefully studied and analysed, could benefit investors and financiers in ways a hopeful market model never could. It's all about who buys what, where and why. As a marriage between economics and psychology, behavioural finance aims to discover the emotional aspects behind buying patterns and the reasons behind the success of some investments or products and the failure of others.

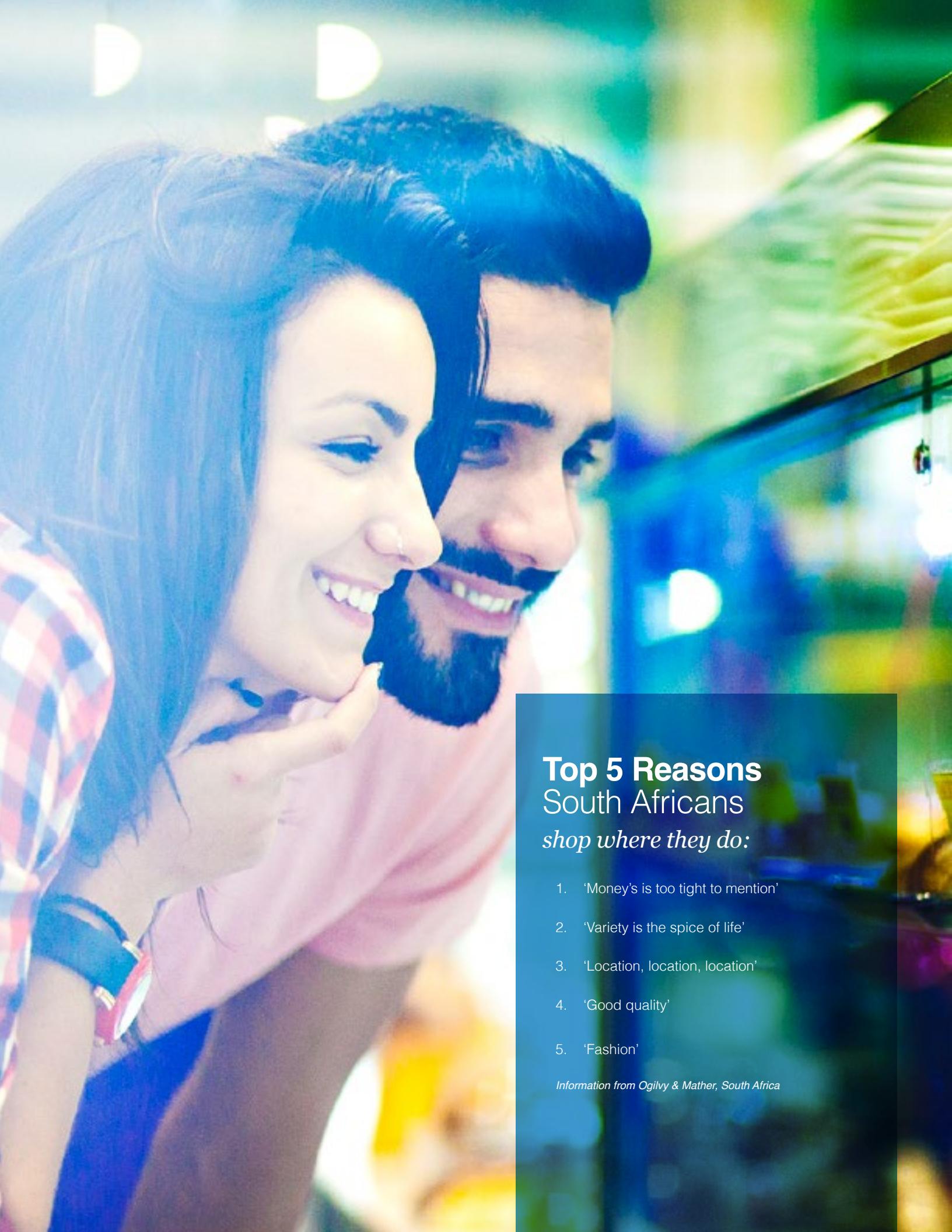
And yes, it should go without saying that market participants or buyers are directly responsible for the behaviour or shape of the market and vice versa, as it all goes back to the fundamental formula of supply and demand. It's an age-old conclusion that seeps into every fibre of financial

education and everyday practice. But where behavioural economics now plays a role bigger than simply being an aid to market analysis, it is its potential to influence and shape policies regarding consumer protection that is interesting.

The assumption is that, by improving consumer protection via a series of beneficial policies, you can influence behaviour in terms of what consumers buy. Thus, consumer protection tries to change market conduct by implementing a comfortable legislative space for the consumer. This seems to be a mutually beneficial approach, as being looked after in terms of what we buy is a welcome departure from simply having the carrot dangled in front of us, buying that carrot and then going on our merry way. Adversely, there is the increasingly popular notion that we are walking wallets with the occasional tendency to act in an emotional manner – and that even that irregularity in otherwise consistent consumption can be studied and tabulated for future use.

But we live in a capitalist world, where every untapped opportunity or market gap can be manipulated into financial gain, so this approach to consumerism and the psychologies behind it should come as no surprise.

However, every cloud has a silver lining and this one is no different. The fact that practices are being measured and studied in terms of their results means that more time and effort will be devoted to establishing policies that eventually result in better buying conditions, which means more money to the sellers – but also means that we, as consumers, are less likely to be done in by the people that want our cash. ■



Top 5 Reasons South Africans *shop where they do:*

1. 'Money's is too tight to mention'
2. 'Variety is the spice of life'
3. 'Location, location, location'
4. 'Good quality'
5. 'Fashion'

Information from Ogilvy & Mather, South Africa

Taxing the digital economy

We are living in an age of unprecedented technological innovation where each year seems to bring with it a slew of products capable of performing feats that would have seemed impossible even a decade ago. With these changes in technology, also come a change in our approach to taxation, argues TaxTalk's Yolandé Botha.

Yolandé Botha | **TaxTalk**

“

Currently the world seems to be

dominated by two contradicting trends.

Political analysts have written paper upon paper commenting on the so-called disruption of centralised power due to Web 2.0 innovations. This is evidenced by the fact that customers are able to bring corporations to their knees with an unfavourable tweet. Young Arabs have been able to organise a revolution partially through the help of their cellphones, and WikiLeaks is one of the biggest threats the great powers have faced in recent years.

But on the other hand, there is another trend. The former first world is becoming increasingly plagued by inequalities that were foreign to these rich nations just twenty years ago. It is not uncommon for young professionals around the world to be necessitated to offer their services for free, as internships dominate the entry-level job market and the top one per cent keeps raking up money while flooding the contemporary political consciousness with dissent.

These trends, although contradictory, are very real and interrelated. As we see

a rise in the decentralisation of power, there seems to simultaneously be a boundless concentration of power, especially economic power, among the hands of a few.

The first person to have anticipated this phenomenon was Ted Nelson. He predicted, in the 1960s, that people might use digital networks for collaboration and expression. He also foresaw some of the problems that we may face and provided a potential solution. Nelson's solution looked like this: institute a universal micro-payment system. Keep track of where information is coming from and remunerate people according to mar-

ket dictations for the information they supply.

We are well into the age of digitalisation and it is only now that a universal digital currency is rising to prominence in the form of bitcoin. Bitcoin is a software-based online payment system: a medium of exchange that is electronically created and stored. With physical money, when the payer transfers money to the payee, the payer obviously cannot keep the money. It is now in the hands of the payee. Because digital money is just a computer file, the payer could potentially spend the same money again and again, copying the file over and over.

The way the bitcoin system prevents this from happening is by using the public ledger (block chain), to keep track of who has how many bitcoins at a certain point in time. If I use my bitcoins to buy goods and services, the transaction is added to the block chain, and will show a decrease in the quantity of my bitcoins and a corresponding increase in the quantity of bit-

coins belonging to the person I am paying. By tracing each and every bitcoin spent, the potential for double spending is curbed. The coins are stored in a 'wallet' that one can install on a computer or smartphone. There are also bitcoin exchanges all over the world where one can exchange traditional money for bitcoin and vice versa. In South Africa, this function is currently performed by BitX.

In South Africa very few companies accept bitcoin as a form of payment. However, during July 2014 PayFast partnered with BitX and is now offering bitcoin as a payment option to affiliated merchants. Buyers will now be able to pay in bitcoin, while sellers will receive South African Rand in their PayFast accounts. This development is likely to raise awareness of the currency. This does have tax implications and there's no doubt that tax authorities are becoming increasingly aware of this.

The Internal Revenue Services (IRS) of the Unit-

ed States has issued a notice declaring that for income tax purposes, virtual currencies like bitcoin will be treated as property, rather than a form of currency. The Brazilian tax authorities (the BRS) have adopted a similar approach, deeming digital currencies to be financial assets for income tax purposes. SARS, on the other hand, has been silent on bitcoin. Likely because very few residents know about the currency - let alone use it. After all, there are currently only six companies in the whole country that accept bitcoin as a form of payment. It would seem, though, that even if SARS were to persist with their silence, section 24I of the Income Tax Act provides enough clarity on how to treat the gains and losses from speculating in the currency.

What is apparent is that the implications of digitalisation and its accompanying globalisation are only becoming clear to us now, as we as people, together with our economies and our tax systems, become increasingly connected. ■

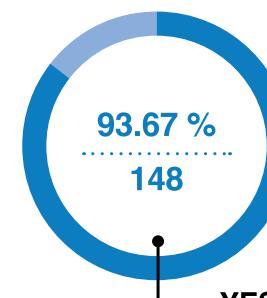


Africa: SME Accounting and Financial Reporting Requirements from an accountant's perspective

SAIBA has been appointed as part of ministerial task group. Part of our role is to provide the new Ministry with guidance on how to reduce red tape for SMEs. In a recent survey on Financial Reporting Requirements, these were the findings. Have a look and test where you stand.

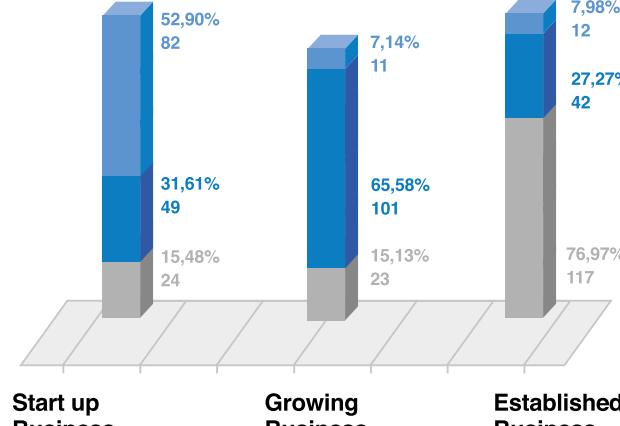
Q1: Is the establishment of the Ministry of Small Business Development a positive move by Government?

Answered: 158 Skipped: 1



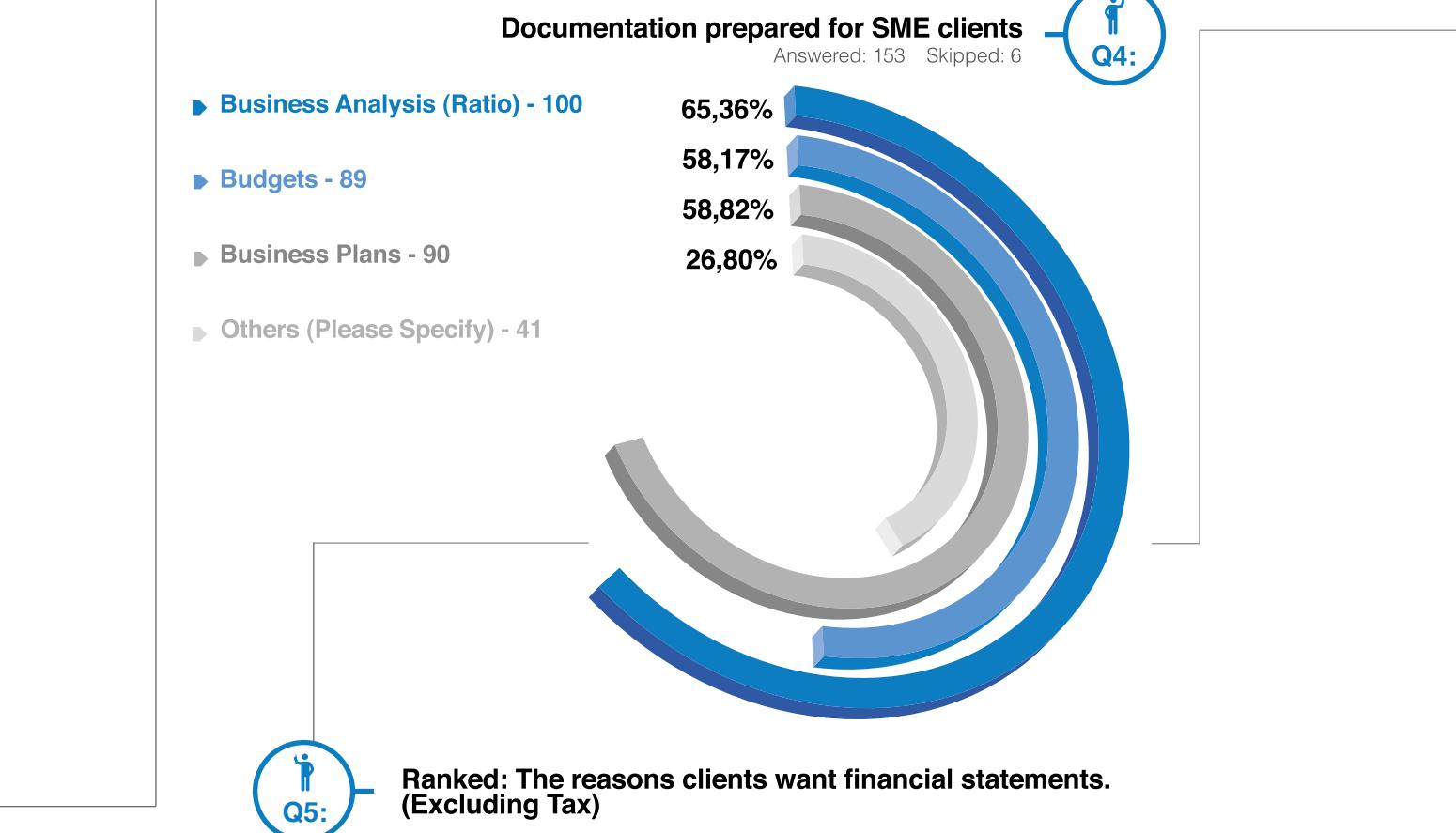
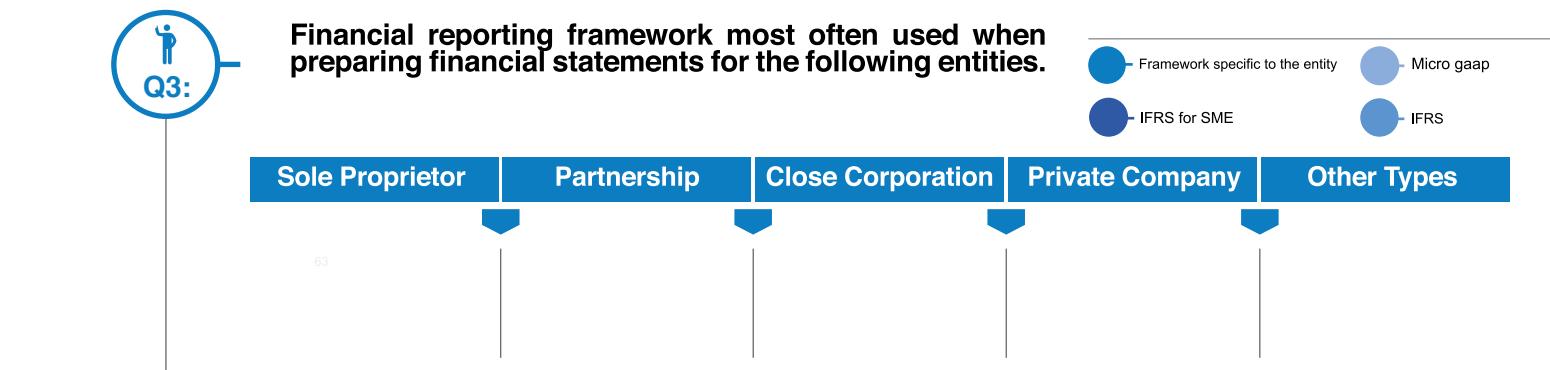
Not all clients are similar. Some clients require full accrual accounting others due to their size only want basic cash accounts. We asked which of your clients require the following?

1. Full accrual accounting (Prepare accounts from invoices and make adjustments, provisions, accruals)

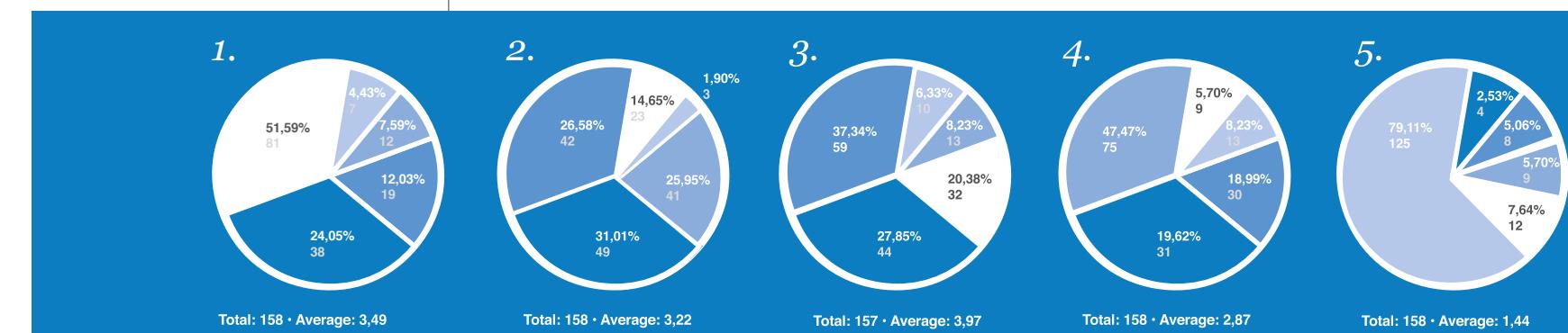


2. Part accrual/Part cash (Prepare accounts from bankstatements and provide for debtors, creditors, depreciation)

3. Full cash (Prepare accounts from bankstatements only)

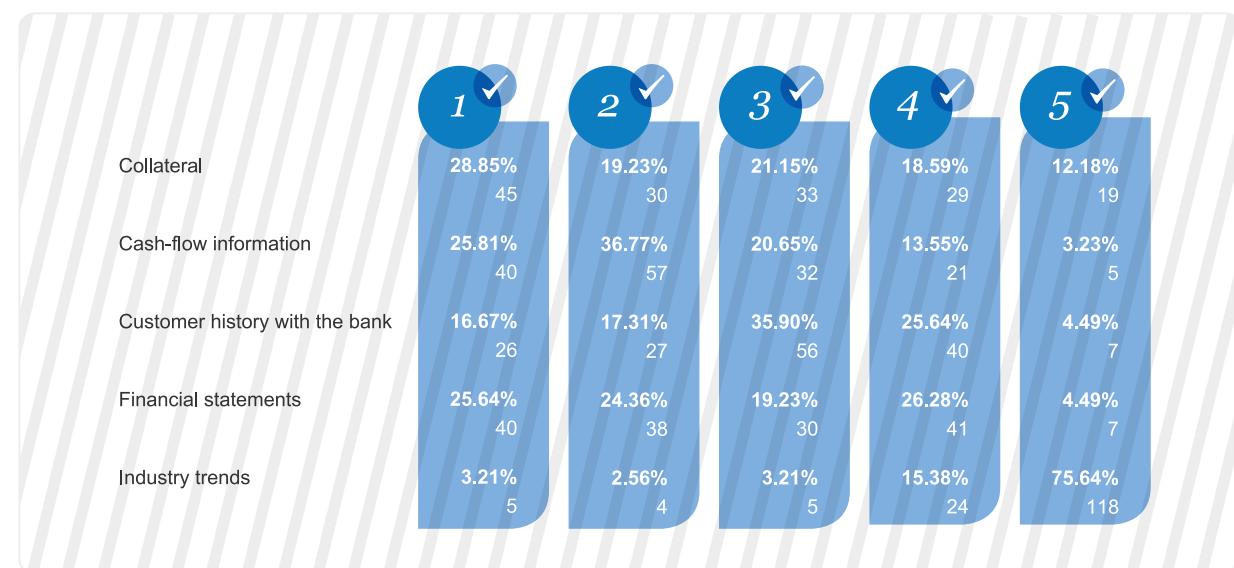


Q5: Ranked: The reasons clients want financial statements. (Excluding Tax)

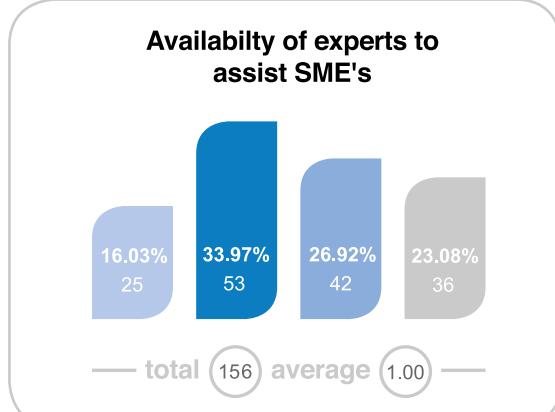
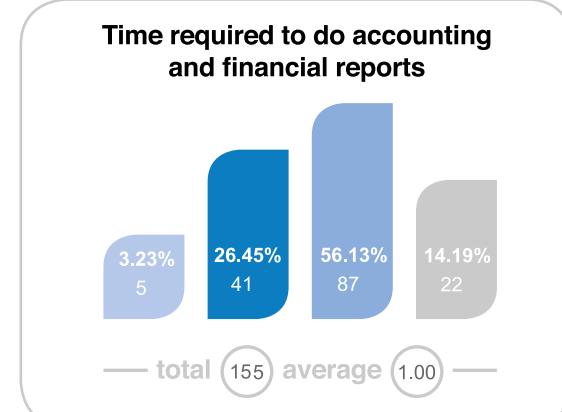
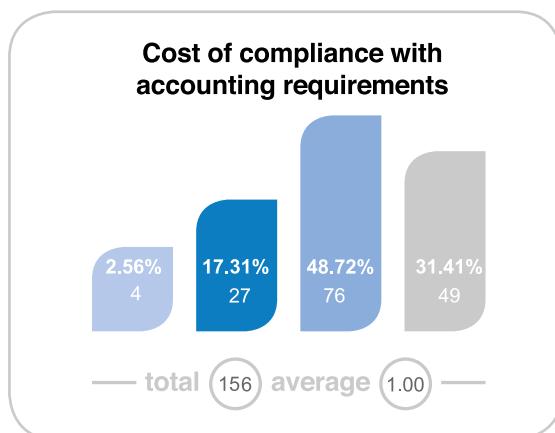
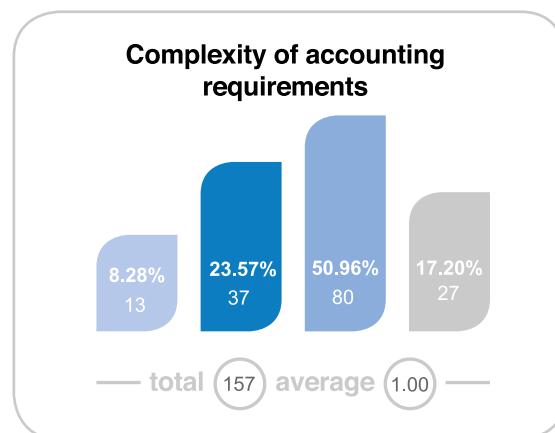




Q6: Ranked: The importance of the following elements that banks consider before making a loan to clients.



Q7: Reducing red tape for SME is important.
Rated: Complexity of doing business in South Africa



Very low Rather low

Rather high Very high

6 Ways to Know what you don't

A new client within an unknown industry? Set yourself up for success by following these steps.

Ed Mendlowitz | **CPA Trendlines**



Question:

Occasionally I get a new client in an area I am unfamiliar with. How do I find out what I do not know?

Response:

This happens to everyone and probably more often than we expect. Thankfully we will continue to get new business and getting clients in areas we are unfamiliar with enables us to grow.

Here is what I suggest:

1

Find out if there are any specialised practice requirements for the client's industry. Government, not-for-profits with federal grants, foreign ownership of local businesses, partnerships or real estate, employee benefit plan audits and construction contractors are some that have specialised qualification and/or reporting requirements. Go to the AICPA and Thomson's PPC websites for practice aids and procedure manuals; ask your peer reviewer, if you have one; and find out if your state CPA society has a committee for that specialty and call the chairman or their hotline.

2

Search the web to find articles on that specialty.

3

Call the industry association, if any, and see if someone there could help you.

4

Call a more experienced Business Accountant you know to see if they have clients in those areas.

5

Find out what states the client does business in and then call a Business Accountant in those states to find out any special state tax compliance or filing requirements.

6

Also, go online and get the state tax form instructions and the forms to register new businesses in that state.

I am part of a large firm, and whether or not I understand the rules, there is a strong likelihood that anything I missed will be picked up on review. However, that is usually too late for the period that has already lapsed. I, too, need to reach out as soon as I get the client – or even earlier when quoting a fee range.

Finding out what you don't know takes work – it is always best to do it early on. ■

8 Tips for profitable brainstorming

Hear from CPA Trendlines CEO and learn that a few simple rules can guarantee success.

Rick Telberg | **CPA Trendlines**



Creativity is a management issue. Indeed, it must be when it can lead to new ideas that push businesses forward and increase productivity and profitability.

The kind of creativity that leads to those gains for organisations and clients can be taught, nurtured and enhanced, or, in other words, managed. Creative problem solving is not limited to creative types. Any firm or department that wants to leap forward, innovate or simply refresh their energy after busy season can benefit from the techniques. Indeed, accountants and finance managers do a lot of creative brainstorming already, although it is routinely done in a casual, off-hand way in between meetings or after work. Smart managers know how to harness that energy to produce real, actionable results.

Here is an eight-step plan that often works with otherwise jaded professionals. Feel free to customise it for your group.

1 Be Inclusive:

For departmental sessions, invite people from other departments or even board members. Perhaps they have faced the same kinds of issues your department is facing and know of applicable technologies or other approaches.

2 Be Prepared:

At least two days in advance, notify all the participants of the purpose of your brainstorming session, and ask them to come ready with one or two ideas. You may have to set the tone, so be equally prepared with your own ideas.

3 Be Engaging:

Give your sessions titles that are stimulating and fun, rather than ominous or boring. For example, a session title such as "We are at a million in sales. How do we reach a billion?" is better than "Improving services" or "Beating the competition". Or for nonprofits, "How can we work so badly that we lose all the current funding?" is better than "In what ways could the government shift their strategies that would really harm us?"

4 Fuel the Fire:

Provide munchies and drinks at the sessions. The profits from one good idea should more than recover the cost of some bagels and doughnuts.

5 Fuel the Mind:

Use a whiteboard or flipchart to keep the attendees' minds focused on the issues at hand. Assign a note taker to write everything in front of everyone. To enhance each others' ideas, use sketches or drawings, such as a stick man, color coding, arrows, triangles, stars and crooked lines to connect the thoughts as they pop up.

6 Defer Judgment:

Do not stop at each idea to evaluate it or to announce, "We don't have enough money or staff for that." Fear of such on-the-spot rejection can stifle thinking. And don't stop when you feel you've reached a good solution because a better one might come in the next few minutes. Brainstorming is in fact "storming". Keep running until you reach a dead-end or your time expires. Write down everything and then search for the nuggets among them.

7 Follow Up:

Type up the notes and share them with the team and, perhaps, some people who weren't part of the meeting. Invite each to add three more ideas.

8 Elaborate and Improve:

Connect two or more ideas to create a combined one, and be willing to modify a plan by looking at it from the perspectives of others such as other departments, clients, board members and, for nonprofits, your funding sources.

In addition to improving profits and operations, bringing brainstorming to a higher level should also make the organisation a place where good people want to join and stay. ■



Why Interns make good business sense

Invest in the next generation through internships. Here are 5 benefits of taking a chance on an intern.

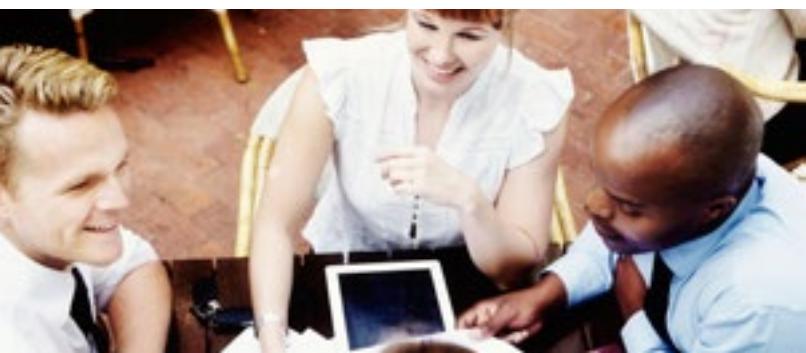
South African business owners are ambivalent when it comes to the use of interns in their organisations. On the one hand, many business owners are hesitant to hire young graduates due to their lack of work place experience. On the other, the rapid growth of initiatives such as the Graduate Asset Programme (GAP), which helps businesses find interns who meet their requirements, suggests an increased appetite for interns, especially among small businesses. So, how can hosting an intern add value to your bottom line?

1 Test Drive – Try before you buy

Hosting an intern allows your business to test the value of a vast array of skill sets with peace of mind, knowing that the appointment is a low risk, flexible option that you can gear to benefit your business. During the internship period your business is not burdened with long term contracts, making it easy to bring about changes if you are not satisfied with the candidate after the internship period has ended.

2 Score BEE scorecard points and claim Youth Wage subsidies

You can potentially earn B-BBEE points for both skills development (due to hosting an intern) and employment equity (should you usher a black South African through an internship and then give them a permanent job). You can also potentially claim the Youth Wage Subsidy incentives if your intern meets the criteria.



3 Learning – Gain deeper insight into certain aspects of your business

Interns enter your business environment feeling enthusiastic, objective, and mentally unrestricted. They will often ask questions and make suggestions that have the potential to open your eyes to new / improved business practices you may not have considered before. In essence the internship process becomes a learning environment for both the intern and yourself.

4 Productivity – Extra hands on deck make it easier to get things done

Interns allow a business to test new areas and research new opportunities that may have been on the 'wish list' for a while, but not followed up due to lack of time and resources. Many young SA graduates are also tech-savvy, and can confidently take charge of areas such as social media, website updates, online marketing etc.

5 Contribute to a better future for all of us

Employing an intern is not just good for your business, but good for the country as a whole. With almost half of the young people in SA unemployed, every opportunity we can create to give a first-time job seeker a chance to prove their worth is invaluable and important to our collective future prosperity as a nation.

If you would like to host an intern in your business, there are a growing number of internship initiatives available to help you find the right intern for you. The biggest of these is the Graduate Asset Programme (www.gogap.co.za), a free online intern-to-business matching tool which hosts a database of over 20 000 graduates from all fields of study from all over South Africa. ■

Timothy Stuurman | **Fetola**

Practitioner's Diary: the change challenge

What enforces change in your business? Darryl Nunes shares his experience on change in their practice. Get ready for a challenge ...

Darryl Nunes | **DNA Accounting**

Accountants hate change. We are creatures of habit. It is in our DNA, encoded in our blood, and mingled in with the copious amounts of coffee and stress that comes with the accounting game. Variations in our work are almost always an indication that something is wrong.

Change, for us, has always portrayed error and cause to sound alarm. Like the sound of a dreaded SARS audit ringing loudly in our ears. Yet every year, whether we like it or not, our industry does in fact change and with it, we are forced to fall in line or fade away. A new law here, a new tax there. Software updates, new staff, old staff who after the December holiday start to perform like new people. New clients and old clients with new crazy ideas. It's hard to keep up sometimes!

With the constant shifts happening around us, it is no small wonder that we try to cling onto the few things we can control. But should we? Evolution should after all make us better at what we do. It shouldn't bring about all these negative feelings of panic and despair.

Why is it that change is almost always the result of something or someone else? Very seldom are we proactive enough to bring about our own evolution. Even when we do, we find that keeping to those changes requires twice as much work to avoid falling back into old habits.

My question is, why can't we bring about our own change? Why must we constantly be forced by others and adapt to *their* ways? Are we so caught up in our habits and time constraints that the thought never even occurred to us?

In our practice, we recently implemented the idea of shared storage with one of our clients to overcome a problem regarding access to the same information. A shared common folder where they can find and share all their tax and accounting information directly with us. It was immensely worrying at first – what if they delete something they shouldn't? What if we delete something we shouldn't? But it has been working so well, that we are now encouraging all our clients to sign up and make use of the service, even if the idea of a shared folder is completely foreign to them. This has saved us so much time and has also cut down on printing and travelling costs.

In keeping with this month's theme, I propose that we all try to find one thing in our practice to evolve, revolutionise or change completely. Take the time to find that one process that needs refreshing. Automate a paper process, eliminate a redundant, repetitive task. Perhaps it's an environmental change – switch from the plethora of forests we print on, to a digital storage medium.

Take the time to make a change – it's really not as bad as we think! Go on, enjoy the change challenge. ■



“
With the constant shifts happening around us, it is no small wonder that we try to cling onto the
few things
we can control.
But should we?

Can You hear me now?

Gain some insight from author of Professional Services Marketing.3.0 Eight reasons why accounting firms need to work on internal communications first.

Bruce W. Marcus | CPA Trendlines

A terrific definition of chaos is when a client asks two different people in your firm the same question – and gets two different and conflicting answers.

Another form of it is when there's a crisis, and the press calls and gets somebody on the phone who hasn't been briefed – but who answers the questions anyway. There's real horror for you.

A managing partner bemoans the fact that his or her clear and well-defined vision of the firm has become so diluted by the time it gets transmitted down the line that there's cause to wonder if everybody is working for the same firm.

It's at times like these that somebody gets the idea that maybe the concept of internal communications is more than a management cliché. But how much more? Where does internal communications begin? With email? Or regular staff meetings? A private social network platform?

Why do so many internal communications programs so consistently fail to communicate important information within a firm?

The answer, we find, is not in the mechanics and devices of communication, which is too often the first stop for an internal communications

plan, but in the *content*. It's only when we realise the difference between content and mechanics that we can properly formulate an internal communications program that works. *Content is the gold. Mechanics are merely the vehicles.*

Technology fools us into thinking that because we have facts, we have information. We now have incredibly sophisticated ways and devices for gathering and distributing facts. But in reality, we are inundated with the flow.

Information Overload

Experience now tells us that a major cause of the failure of internal communications is trying to tell everything to everybody, randomly and often irrelevantly. Information overload, no matter which communications devices are used, results in people not hearing information they really need. Information overload, then, means no information at all.

A basic tenet of a sound program is that not everybody has to know everything about everything. Success lies in defining who has to know what, and why.

Nor does internal communication do much when it's random and disorganised, and not focused on objectives. It does work, though,

when there's a plan and a program, no matter how simple, for your own firm, no matter how large or small.

The Profound Need for Internal Communications

The consultant David Maister talks about the *one-firm firm*, in which all of the people in a firm, regardless of their specialties or positions, function together to enhance the firm and its objectives. Everybody understands those objectives, and recognises that what's good for the firm is good for them. Of the many elements that contribute to the harmoniously successful firm – *the one-firm firm* – none is more fundamental than good internal communications.

At the same time, internal communications is bidirectional. Allowing people to be heard – internal communication must work both ways – is crucial to making a firm of any size function as a solid phalanx to the marketplace. Relegating internal communications to second-class status can be costly, even to the smallest firm ...

These compelling reasons dictate that internal communication not be arbitrary or random; that carefully designed programs are both necessary and cost-effective. ■

The Cost of Poor Internal Communications

1

The service promise you make to clients can't be fulfilled if the people who have to make the promise a reality don't understand and accept it.

2

In most firms, people go to clients, to the offices of other firms, to other cities. With half the staff off site on any given day, an internal communications program is necessary to keep everybody informed of everything they must know in order to function productively.

3

In even the best run firms, turnover can be high. That means that new people must be educated constantly, either from scratch or by updating. No goal can be fulfilled, if the people who have to make the promise a reality don't understand and accept it.

4

Motivation begins with communication. If everybody who shows up for work every morning has a different view of why he or she is there, then there's no cohesive motivation. All the motivational speakers in the world aren't going to help.

5

If there's no clearly defined internal communication plan, the most urgent directive, no matter how clear or simple at the outset, is garbled, distorted and diluted as it goes down the line to the people who have to act on it.

6

Cross-selling is doomed if the firm's professionals are uninformed about all aspects of the firm's range of skills and experience.

7

There is a great deal of information that must be imparted to every individual in the firm. But each person has a different degree of responsibility, experience and access to the firm's practices. Each must use the information differently. Each bit of information means something different to each individual in a firm.

8

And of course, there's always the need to **fight rumors and misinformation**.



How to Communicate Professionally in the workplace

I once overheard an employer tell one of his friends that he ignored an email simply because it contained a lot of grammar and spelling mistakes.

Abram Molemane | **Fetola**

If you are asking me for a job

and you send me an email that has a lot of errors, it tells me you are not serious about your application; why should I consider you, if you didn't bother to proofread your work," he said

Believe me, this employer is not the first to chuck out a job application or ignore an email because of incorrect grammar and spelling; many employers quite pointedly ignore any communication that does not suggest care, accuracy, effort and professionalism.

In truth, in today's age many people appear to have lost the art of written and oral communication. The college student, the entry-level worker, the global workforce – most just don't communicate the way employers need and expect them to.

While social media has been praised for a number of reasons, including the ability to connect and communicate with people all over the world at any time, I believe it had negative side effects on our written and verbal communication.

This is evident in the communication we send out, be it an email, report, school assignment, letter, or a job application; too many written pieces contain what we call cyber slang, a term used to describe shortcuts, alternative words or even symbols used to convey thoughts in an electronic document. In actual fact, texting and the slang that goes with it have crept into our formal writing and have caused us to miss out on many opportunities.

Just as there is an appropriate way to dress in the workplace, there is an appropriate and professional way to communicate, be it in verbal or written form.

So how does one communicate professionally in the workplace?

Avoid using shortcuts to real words, emoticons, jargon or slang

Adult 'business people' using shortcuts such as "4 u" (instead of "for you") and "Gr8" (for "great") in business-related emails is not acceptable. If you wouldn't put a smiley face or emoticon on your printed business correspondence, you shouldn't put it in an email message. Any of the above has the potential to make you look less than professional.

Take your time

Whether you're applying for a job or working on a report, step back after your first draft. When you come back to it, you will have a fresh set of eyes, enabling you to see more errors and any unsuitable phrases you may not have seen if you had proofread immediately after drafting.

Follow the links below for more tips on workplace communication etiquette:

<http://blogs.hbr.org/2012/07/i-wont-hire-people-who-use-poo/>

http://www.gogap.co.za/toolshed/graduate-tools#.VEpYyxYxj_M

<https://www.linkedin.com/pulse/article/20140917205228-82758444-spelling-and-grammer-its-improtant>

<http://www.mildredtalabi.com/how-one-grammar-mistake-can-cost-you-millions-aka-the-topshop-blunder/>

Proofread your message for spelling, grammar, accuracy and clarity

It is critical to revise your messages by eliminating spelling and grammatical errors. To be sure your message is free from errors, use the spell-checker and review option, as well as the thesaurus that comes with your word processing software. Take care to not overuse the latter. The spelling and review option helps eliminate any typos or misspelling and makes suggestions to improve grammar sentences, while the thesaurus suggests alternative synonyms.

Make it social

Even if you do proofread your work, you may still miss some errors. For this reason, it is advisable that you ask one of your co-workers or peers to review your work, looking for spelling and grammar mistakes. Although this step is often overlooked because of time pressure, it is one of the most powerful steps for reviewing your work and ensuring accuracy. If something is out of place or plain sloppy, the careful eye of a friend, colleague or a family member will catch it much more readily than you would, so please share.

With texting, tweeting and instant messaging taking a toll on the use of complete sentences, many have adapted to this style of communication. But in the working world it is still largely considered unprofessional, and as a result many people have missed out on opportunities.

With that in mind, it is important that you learn the appropriate grammatical rules and try to abide by them when writing and speaking, especially in the workplace! ■



Say What? Gain talk for your business

We continue to investigate marketing touch points in more detail. Get your most credible marketing channel to work in your favour. Business communications expert, Yanic Smit, looks at the effects and how-to's of *Word of mouth*.

Yanic Smit | **This is Y**

"Have you heard?" Such a basic line. Yet, in the world of business and marketing this simplistic line holds more power than one can imagine. Consider that, throughout the ages, storytelling has been an integral part of human culture and civilization.

Let's investigate this often-overlooked and underrated marketing channel: *Word of Mouth*.

Businesses invest a lot of money into marketing: website design, online promotions, printing and distributing flyers. Some even pay for additional advertising in print or on a digital platform. We spend a considerable amount of time determining where we will receive the best return on our investment. While most businesses give substantial thought on how to allocate our marketing budget, we often neglect the best and cheapest form of marketing - *word of mouth*.

Word of mouth is not a brand touch point per se, but rather an idea that can be communicated through having a particular encounter with your business. This experience is often triggered when a customer experiences something far beyond what they expected.

Word of mouth, also known as *earned media*, is the most powerful form of marketing.

You can't buy *word of mouth* - you need to earn it by generating buzz. It is one of the most credible marketing channels, as consumers and/or clients get recommendations from friends, peers and colleagues, either through personal interactions or social media channels. The fact is that people are like sheep and consequently, they like to follow a herd. We follow leaders and do what other people do. Get your first "follower" and the masses will follow.



“Word of mouth - what it means:

An unpaid form of promotion in which satisfied customers tell other people how much they like a business, product or service.

In fact, *word of mouth* is so powerful that websites that specifically influence word of mouth, have been launched. Think of Hellopeter.com. The entire website is based on consumer ratings and feedback, generating credible referrals for businesses. However, as you browse through the likes of Hellopeter, it is apparent that *word of mouth* can easily leave a bad taste, which may ultimately result in closing the doors of your business.

So, how do you plan word of mouth?

Create an exceptional experience – positive word of mouth is triggered by well-executed touch points. Slightly exceeding expectations is not enough. It all comes down to service and creating an exceptional experience at every brand touch point. People like to feel valued and to receive the required service that they've paid for.

Ask yourself: Does my website encourage interaction? Do I create content which sparks interest? Which payment options are available for my clients?

“

Learn leadership lessons from a dancing guy.

Learn leadership lessons from a dancing guy.
How to gain your first follower by Derek Silvers:
<https://www.youtube.com/watch?v=fW8amMCVAJQ>

Here are 5 tips to encourage positive talk:

- 1 Find people who will talk about you. Identify your target audience and focus on generating talk from them.
- 2 Give people a reason to talk. Create a *different* experience.
- 3 Be a thought-leader. Think out of the box. Read up on the most current trends and topics in order to kick-off a conversation and gain talk.
- 4 Don't depend on staff to generate word of mouth. Good customer service is too sporadic and partial.
- 5 Physical, non-verbal statements are the most dependable. Focus on architectural or kinetic elements.

By focusing on a holistic brand experience, you will effectively create the most credible, successful, marketing channel. From the very first mailshot, to the in-store experience and social media communication channels – opportunities abound to make word of mouth work for you. ■

10 Actionable Opportunities for 2015

Growth on the lion continent shows no signs of slowing down, and neither do African Consumers. Run with these ten trends to engage consumers – alternatively, enjoy being inspired by other's ideas.

Trendwatching.com

Growth on the lion continent shows no signs of slowing down, and neither do African Consumers. Run with these ten trends to engage consumers – alternatively, enjoy being inspired by other's ideas.

Growth in sub-Saharan Africa is forecast to accelerate to 5.8% in 2015 (IMF, October 2014), driven by the continued convergence of a number of big shifts: expanding middle classes, productive urban centers, better education, deeper mobile penetration, greater access to credit, and more. In the consumer arena, this will mean rapidly changing demands and expectations from the hundreds of millions of individuals eager to participate in, and benefit from new opportunities.

Amid all that excitement and expectation, how to get an edge?

1 Heart on the Sleevers

Tangible, visible and wearable manifestations of cultural heritage.

2 Info-chameleons

Information becomes Jolification!

3 Benevolent Brands

Because in 2015, 'being nice' pays.

4 Destination Africa!

Intra-continental tourism explodes.

5 Better Tech

Bettering the continent, one 'tech' at a time.

6 Creative Cross-polynations

Collaboration. Curation. Creation.

7 Eco-Reverence

Sexy, sustainable solutions for 2015 & beyond.

8 New African Deal

Empowering the laity.

9 On-demand Delight

The 'Uberification' of everything arrives in Africa.

10 Brand Stands

Brands call out corruption in 2015

1. Heart on the Sleevers



*Tangible, visible and wearable manifestations of cultural heritage.
How cultural 'storysellers' will win the hearts (and sleeves) of proudly African consumers 2015.*

These increasingly confident Heart on the Sleevers will celebrate culturally significant causes, movements and heritage in ways that go beyond merely consuming products that are Made in Africa.



In 2015, Heart on Sleevers will also demand that African brands break the cycles of bland consumerism by making even bolder, more expressive (wearable) statements, reinforcing important facets of their culture and deeper beliefs.



So what cultural stories can you visibly embed into your products and services in 2015?

Legacy Collection, Heel The World and MaXhosa by Laduma

In 2014, to celebrate 20 years of democracy, the Legacy Collection by South African Charmaine Taylor, created a limited edition range of art and jewellery pieces fabricated from the Robben Island prison fence that held Nelson Mandela captive for 18 years.

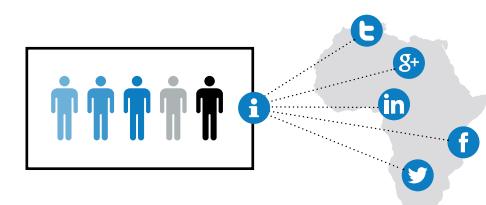
Ghanian premium shoemakers, Heel The World, announced in 2014 the release of a Black and Gold collection (representing hard work and success, respectively) to celebrate the success of the Empowerment Beads.

In Q2 2014, South African fashion label, MaXhosa by Laduma launched 'My Heritage, My Inheritance'. The fashion film for his knitwear collection depicts a tribal initiation. His pieces contain design elements required to be worn by Xhosa initiates after the ceremony.

2. Info-chameleons



Information becomes Jolification! Fun, novel and unconventional information channels will be welcomed in 2015.



Simply put, Africans today are bored of being force-fed contrived, controlled, censored and, yes, dull information. What's more, they're ever more aware of the information gaps left by mainstream media and government.

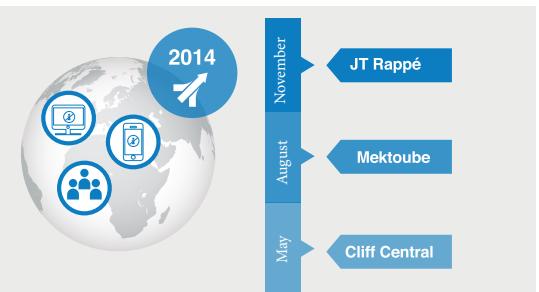
One example? Nine journalists, known for blogging about political repression and human rights, have been detained by the Ethiopian government since April on the grounds that their use of social media causes instability (BBC, July 2014).

JT Rappé, Mektoube and Cliff Central

JT Rappé, a Sengalese online newspaper delivers local weekly news via YouTube rap videos in both French and Wolof. As of November 2014, there were over 2 million views of the channel.

In August 2014, Muslim dating site Mektoube published Le Famille Bentaba, a satirical online comic tackling taboo, yet relevant issues for the Maghreb singles such as racism, divorce and single-parent families.

Launched in May 2014, Cliff Central is a South African online 'uncensored, unhinged, unradio' station, which streams shows on popular instant messaging platform, WeChat.



Benevolent Brands

Because in 2015, 'being nice' pays. Time to flip the social hierarchy in 2015 and serve the African masses.

From unequal societies that only give kudos to the affluent and the authority figures, to archaic work/ family/community structures, the African masses are used to being ignored at best and maltreated at worst. And that has extended to the brand/consumer relationship, too.

In 2015, rising numbers will demand that brands become 'nicer', by acting in ways that benefit individuals and society as a whole. Like Brandhouse's roadblock, Benevolent Brands will find surprising ways to reward customer patronage and good behaviour.

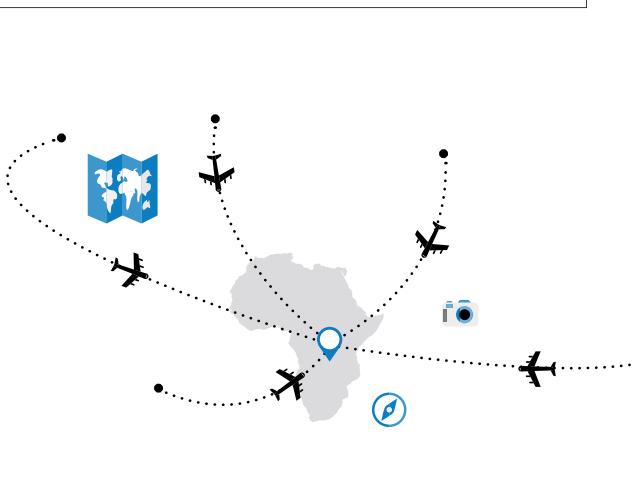
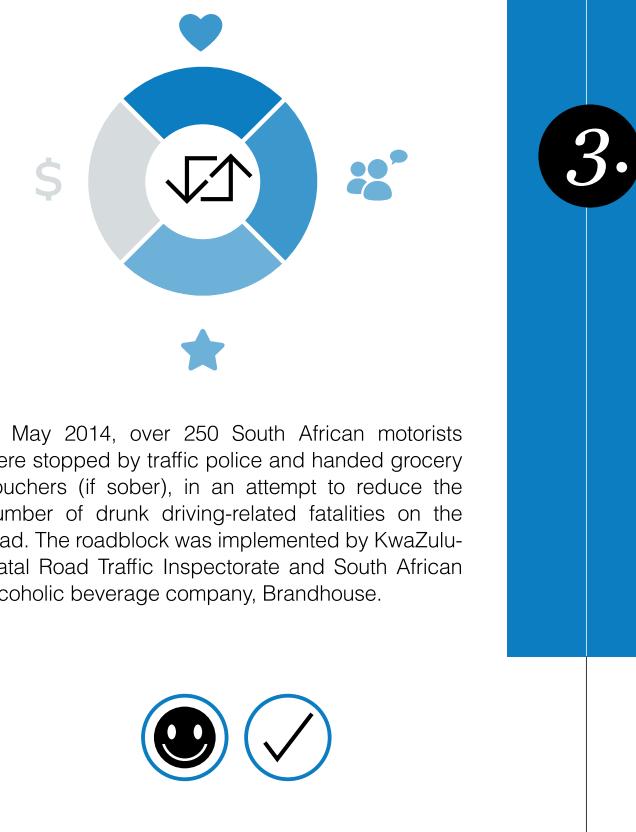
And remember, it's inevitable that the brands that are benevolent now will earn the trust and gratitude of tomorrow's middle class consumers. How will you win over, entice, surprise and excite African customers?

Coca-Cola & BT Global Services, Brandhouse & KwaZulu-Natal Liquor Authority

From October 2014, Coca-Cola and BT Global Services began offering free Wi-Fi Internet access to those living in impoverished communities of the Eastern Cape using Coke's vending machines.



As African pride continues to grow, the continent will, in turn, continue to become an attractive travel destination – for other Africans. No longer will *holidaying* in Africa solely be about adventurous safari-beach-loving foreigners. Indeed, the African tourism industry has already begun catering to local (and cross-continent) tourists. For example, after stagnating growth, the Mauritian government boosted tourism by relaxing visa regimes for over 30 African countries (*African Development Bank*, 2013). In 2015, expect travel operators to begin innovating to attract and delight other Africans in search and leisure. Remember, you don't have to be in the travel or tourism industry to cater and delight destination Africa travelers!



La Campagne Tropicana and Tastemakers Africa

In early 2014, the Ivory Coast Minister of Tourism announced plans to partner with Nigeria's La Campagne Tropicana, in order to replicate their African cultural beach resorts in 20 locations across the Ivory Coast.

Launched in November 2014, Tastemakers Africa is an online platform introducing Africa's cultural scene to young, discerning African travelers.

5. Better Tech

There is a lot being said about M-Pesa, USSD, and other jugaad innovation / no-frills / B.O.P / low-tech solutions. And yes, a tech-fueled life is still not on the radar for many Africans.

But progress is happening. One example?

Angola Cables plan to increase Africa's mobile coverage by 20% in 2015 with fiber-optic cables.

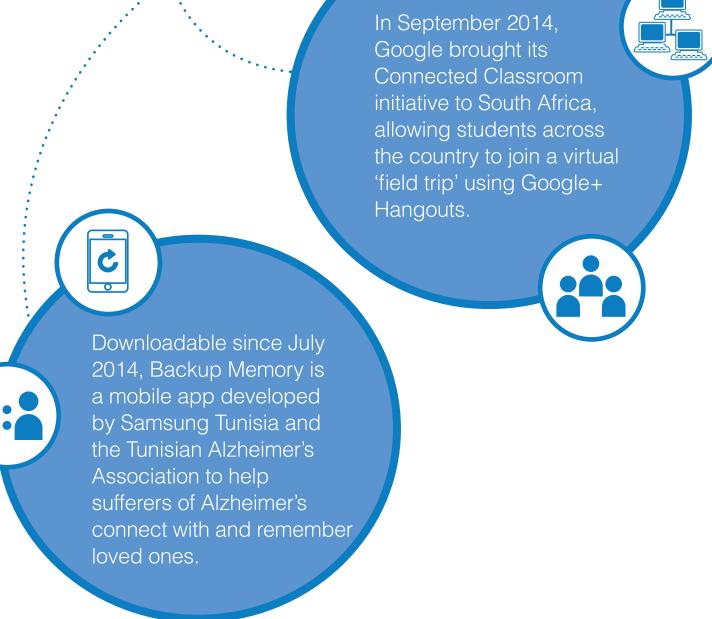
With manifold challenges facing the continent – from healthcare to education and more – consumers in 2015 will eagerly reach for smarter tech solutions that truly improve lives, empower individuals and improve wider communities.

You must however move first and fast. Anticipating and responding to tomorrow's interconnected Africa is an opportunity too hot to bypass.



Bettering the continent, one 'tech' at a time. 2015 will see even more forward-thinking.

Google and Samsung



6. Creative Cross-polynations



Collaboration. Curation. Creation. In 2015, African nations will strike creative partnerships with those outside continent.

The British Council's 2014-2015 Connect ZA is a collaborative program of creative (art and music) activities and opportunities between the UK and South Africa, in celebration of twenty years of democracy in South Africa.



From Dar es Salaam's Diamond, to South Africa's Mafikizolo, culture-craving African consumers (and those in the diaspora) are lapping up a burgeoning array of local talent. Nigerian box office revenues, which have nearly doubled since 2009, are projected to grow an additional 70 percent by 2018 (PricewaterhouseCoopers, September 2014). Yet the media and entertainment sector also struggles with fundamental shortcomings, such as lack of professional equipment, promotional channels or project funding. Of course, Africa is brimming with diverse talent awaiting exposure, training, the right resources, and more.

?

So one key opportunity for non-African nations and organisations in 2015?

Creatively cross-pollinate with or contribute to the continent's creative economies.



The NollywoodWeek Film Festival's second edition took place in Paris, in June 2014. The festival, a collaboration with the Nigerian government, screens seven of the most talked about Nigerian films over a four-day period.



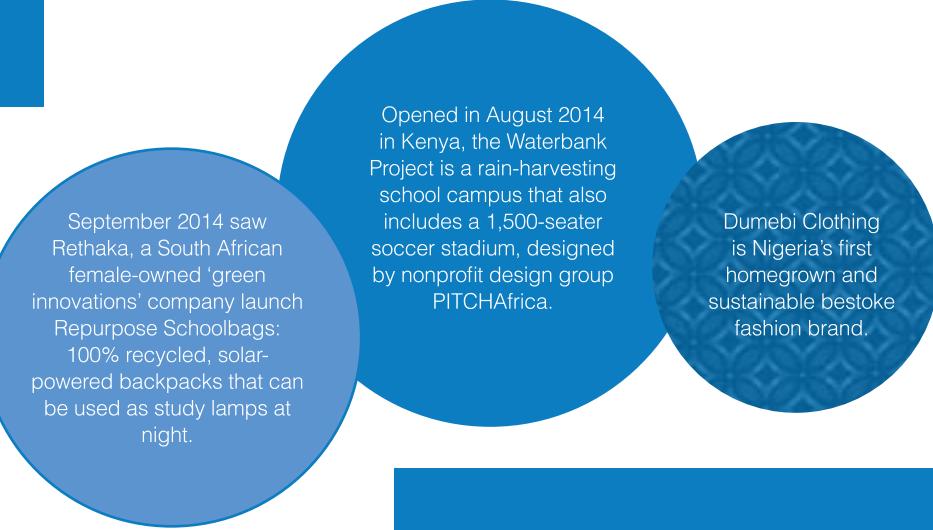
7. Eco-Reverence

Sexy, sustainable solutions for 2015 & beyond. Why African-made, sustainable solutions will rule for 2015's eco-conscious consumer.



Spurred on well-traveled consumers – and a growing appreciation of what it means to live in (and protect) Africa among the non-traveled masses – many are now realising that going green doesn't necessarily mean 'backwards', no-frills solutions. A growing number of Africans today want to demonstrate respect for their environment through the products they consume. In 2015, increasing experience of eco-innovations that truly improve quality of life will spur a new Eco-reverence among African consumers, who will embrace a plethora of eco-solutions, and push new, homegrown eco brands further forward. So how will your products drive the green agenda in ways that will contend with those of the West?

Rethaka, PITCHAfrica and Dumebi Clothing



8. New African Deal

Empowering the laity. African workers will demand an invitation to the African grown party in 2015



Up until now, the unprecedented progress of the continent hasn't been inclusive of all inhabitants. Take Nigeria, which in April 2014 overtook South Africa to become the continent's largest economy: 74% of the population remains below the MGI Empowerment Line, which refers to an 'economically empowered' standard of living (McKinsey Global Institute, July 2014).

Many hardworking African are seeking ways to both contribute to and benefit from growth. In 2015, smart brands will heed the call of the masses and supercharge rising Africa by letting everyone join the party.

Ask yourself: What will the new African deal mean for your brand?

Tomato Jos, For A Fifty and Coca-Cola

A Nigerian startup, Tomato Jos empowers Nigerian farmers through education, logistics and resources that ensure tomato production is a more sustainable and profitable endeavor.



Launched in August 2014, For a Fifty is a South African micro-jobs marketplace that breaks down large outsourced projects into tiny tasks, offering ZAR 50 per task to its freelancers.



In July 2014, 25 Nigerian females graduated from the Lady Mechanic initiative: an NGO, sponsored by Coca-Cola, providing women with a three-year training program in automotive engineering.

9. On-demand Delight



The 'Uberification' of everything arrives in Africa. Yes, in 2015 Uberification will be at work in Africa too!



Cheap labour costs means Africa already has a well-developed mindset around outsourcing everyday tasks. But now, expectations around how that will be done are transforming thanks to Uber and others. Since 2000, the middle classes of Africa's 11 largest economies have grown from 4.6 million households to 15 million today (Standard Bank, August 2014).



In 2015, these time-stricken, middle class Africans will expect the ability to tap an app or login to an online platform and outsource routine tasks. Accustomed to stressful and inefficient services, they'll embrace the greater transparency and quality control allowed by outsourcing platforms and apps.

What would your offering look like if it went on-demand in 2015?



10. Brand Stands



Brands call out corruption in 2015. African brands will finally take a stand against corruption.

“ Over half of sub-Saharan Africans believe that their government is largely run by big entities acting in their own best interests, instead of the public good (The African Development Bank, May 2014).

Already some African brands, such as fast-food chain Nando's, are trailblazers in humorously addressing serious issues regarding governance, politics and corruption (see examples below). And the increasing popularity of their campaigns prove that consumers will look up to and support brands who are brutally honest about corruption.

So for 2015, how your brand can lead the way in taking a stand against the perpetrators?



Nando's: Blue Light Brigade & Every Party Needs A Puppet

First broadcast in August 2014, the controversial Blue Light Brigade advert mocks government officials and their police escorts as they collide at an intersection. The ad's intention was to spark debate amongst South Africans about issues surrounding government ministers and corruption. In the run-up to South Africa's national and provincial elections in May 2014, Nando's Every Party Needs a Puppet campaign caricatured real-life candidates. The campaign encouraged viewers to buy finger puppets and tweet open letters to party leaders who they believed were behaving 'like a muppet'.



Why Firms Need document retention standards

Gear yourself with digital backing. Author of *Quantum of Paperless* gives two steps can set your firm on the right path.

Roman H. Kepczyk | CPA Trendlines

Managing digital files is in many ways similar to managing paper files in that the firm must have standards for who can create a document, add to or edit a document, file it and eventually purge the file. Unfortunately as digital files are on the network and "out of sight," many firms are not really aware of:

- What files are stored,
- The most current versions and
- Whether or not they should be deleted.

As firms transition to the "less-paper" environment, it is critical that they implement a digital document retention policy and make users accountable for adhering to this policy.

Microsoft Windows Explorer is one of the weakest and least reliable document retention solutions as virtually anyone on the network can create, edit, overwrite or even delete any document without recourse. Firms won't know a file has been damaged or destroyed until the point at which they can't find it or try to load it, which can be days, weeks or even years after the change, and obviously too late.

On the flip side, not having good naming conventions and directory structures can lead to multiple versions of the same document, leading to confusion and errors as to which document should be used, further wasting professional time.

“

According to the AAA 2013 Survey,
only 53 percent
of firms

had an electronic document destruction procedure.

The solution to this is developing a digital document retention policy and training personnel on adhering to firm standards. Ideally, firms will use a dedicated document management system that has an integrated or forced retention policy. This means that based on the document's profile, it would be flagged for deletion at its expiration date. The firm would have the option to keep or delete the file. This is much better than the current situation where someone would have to access every file to determine what should be done with it. ■

Recommended action:

1. Update firm document retention policy to include electronic documents and annually remind all personnel on firm retention policies.
2. Evaluate firm's document retention cycle and promote accountability for cleaning out obsolete files.

Turning Over a new leaf

A new year, new beginnings. Use coaching to launch your business into new heights.

Chrizelda Walters | **FAB Consulting**

The saying "to turn over a new leaf" actually refers to turning a page in a book – and dates back to the 1500s. The implication is that one turns over the page with the bad behaviour to start anew on a fresh page. Thus, this commonly known phrase is used to mean making a fresh start. It is often used specifically to describe changes in personal behaviour. People are often encouraged to turn over a new leaf when they are in need of change, i.e., increased motivation, higher energy levels, improved performance and relationship satisfaction.

The practice and act of coaching links beautifully with this saying. Coaching entails reflection, coming to terms with one's own contribution, responsibility for and consequences of choices, behaving in a certain manner, identifying changes and committing to new behaviour – which means: turning over a new leaf, starting afresh.

The Lonely Leader

Small and Medium Enterprises (SMEs) have been identified as productive drivers of inclusive economic growth and development in South Africa. Researchers estimate that SMEs make up 91% of formalised businesses and provide employment to about 60% of the labour force. The total economic output from SMEs accounts for roughly 34% of the South African GDP.

Business Partners Limited's SME Index reveals that although confidence levels are high, it would seem that SMEs are in dire need of business mentorship. The numbers show that entrepreneurs often find their work environment to be tough and lonely. A possible challenge for the SME business leader is that formal leadership development opportunities are limited or non-existent. To illustrate, the *Hay Group*, a global management consulting firm, recently released its ninth annual Best Companies for Leadership Study and Top 20 list. The study ranks the best companies for leadership around the globe and examines how these companies build and accelerate the development of great leaders.



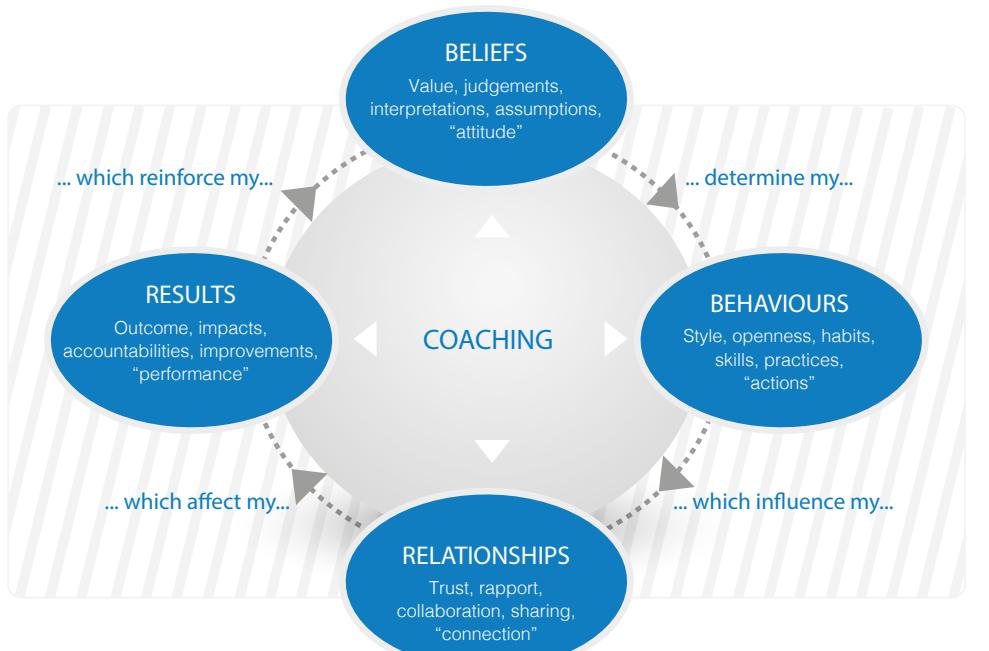
According to the *Hay Group's* study, the *Best Companies for Leadership* take a determined and disciplined approach to help leaders develop and rise within their organisations. A key finding from this year's study was that 80% of the Top 20 companies had established clear career paths for their employees, compared to only 48% of all other companies. Similarly, 80% of the Top 20 were well ahead of their peer groups by providing career development experiences for their organisation's staff with the highest potential, ensuring that a company would have the right people with the right skills for the most critical roles when needed.

"This year's research shows that the world's leading organisations are purposefully developing leaders who will be able to drive innovation and transform their organisations," said Ruth Malloy, global managing director of Hay Group's Leadership and Talent practice and co-leader of the Best Companies for Leadership Study. "These best-in-class organisations are providing non-traditional, more diverse career paths and training high-potential employees to meet specific business challenges and develop the skills required to help their organisations succeed in today's increasingly volatile, global environment."

The Solution: Coaching as the Tool

Creating a Coaching Culture is an essential practice and a vital step in the evolution of a high-performance team and organisation.

There are several coaching models that could be implemented. It is, however, advisable to find the right fit for what the business and its people need. Herewith an example of what underpins a possible coaching model:



The GROW Model

The GROW Model is a simple yet powerful framework to structure **coaching** and/or **mentoring** sessions. GROW stands for:

- Goal.
- Current Reality.
- Options (or Obstacles).
- Will (or Way Forward).

The model was originally developed in the 1980s by performance coach Sir John Whitmore, although other coaches such as Alan Fine and Graham Alexander also assisted in the development of the model.

A good way of thinking about the GROW Model is to think about how you'd plan a journey. First, you decide where you are going (the goal), and establish where you currently are (your current reality).

You then explore the various routes (the options) to your destination. In the final step, establishing the will, you ensure that you are committed to making the journey, and are prepared for the obstacles that you might encounter on the way.

1. Establish the Goal

First, you need to look at the behaviour that you want to change, and then structure this change as a **goal** that needs to be achieved.

Make sure that this is a SMART goal: one that is Specific, Measurable, Attainable, Realistic, and Time-bound.

2. Examine the Current Reality

Next, you need to describe the current reality. This is an important step: Too often, people try to solve a problem or reach a goal without fully considering their starting point, and often they miss out on some information that they need in order to reach their goal effectively.

3. Explore the Options

Once you have explored the current reality, it's time to determine what is possible – meaning what all the possible options are to reach the objective.

4. Establish the Will

By examining the current reality and exploring the options, you will now have a good idea of how the goal can be achieved.

The final step is to obtain commitment to specific actions in order to move forward towards the goal. In doing this, will and motivation are established.

Coaching holds awesome power. When implementing a coaching culture the following results could occur:

- Employees experience greater focus, clarity, and purpose
- Improved performance in all areas of one's life
- Increased power and confidence
- Elimination of stress
- Provoking breakthroughs
- Achieving goals one could never reach on one's own
- Being more organised
- Taking control

What is the value of the above? Leadership development is experienced and the bottom line performance is directly impacted.

It is clear that coaching is important for sustainability and growth. The facts are: A new year is upon us, SMEs are an invaluable contributor, individual leaders play a critical role, demands are increasing, and things are changing. One cannot expect different results, growth, newness and sustained energy levels by thinking and behaving in the same old way. Turning over a new leaf is not optional – and neither is coaching. ■



Designing and Implementing Successful HR Strategies

Abram Molelemane gives tested tips to implement a working Human Resource Strategy that will set your business up for the year ahead.

Abram Molelemane | **Fetola**

Effective HR strategies are critical components of ensuring productive and maximum success in business. HR professionals play an important role, as they need to come up with the right strategies to support organisational direction. However, to achieve this, they must possess the ability to think beyond tactics to identify the high-level areas of focus that will drive success.

In this article, we share some tips on how to develop and implement the best working human resource strategy.

1. Define company vision

To start, you will need to develop a solid vision for the company. Maybe you have already established a company mission statement, or you have a general idea of the direction in which the company is going. It is important for the development of human resources strategy to have a clear vision for the company. Knowing where the company is headed will give guidance on how human resources can assist the company in reaching its goals. Communicating those goals to the human resources department will help to provide concrete methods for use in determining the course of HR strategy.

2. Establish the human resources department's role

After the company's vision has been clearly identified and communicated, the next step in developing an effective HR strategy is to establish the role of the human resources department. When designing a strategy for the HR department, understanding the specific tasks that HR will handle is essential.

3. Develop a company overview

Once the role of the HR department is clearly outlined, a company evaluation must be completed. In effect, a total workplace plan must be established. This will help the HR department to develop an idea of where they currently are in reaching their business goals, while maximising human resources. Establishing a strategy that will work must include feedback from people at all levels of the organisation. Discussions with the financial department and company executives can determine the staffing needs of the company and ensure that an adequate number of people are hired as needed. The HR manager should meet key employees in all departments to compile the characteristics of the best employees for each position.

4. Examine company needs

Then, the next step in developing an effective HR strategy is to start looking for essential human resources. This part of the strategy includes not only hiring a talented workforce, but determining the methods of how to attract that workforce.

- Would attending a job fair be a useful means of attracting potential employees?
- Does placing a classified ad generate the type of skilled labour force you require?

This may require an evaluation of the demographics of the existing labour force. Aging workforces face employee retirement, typically higher wages, and the need for retraining in new methods.



Visit www.gogap.co.za to learn other **HR-related tips**.

Also see these links below.

<http://hrcouncil.ca/hr-toolkit/planning-strategic.cfm>

www.gogap.co.za

http://www.hr.vt.edu/about_us/strat_goals/index.html

<http://www.hrvoice.org/the-link-between-strategic-planning-and-human-resource-planning/>

5. Evaluate HR processes

As soon as the HR strategy is put into place, there needs to be an evaluation of the processes used. Consistent redesign and tweaking allow the company's employees to adhere to the policies and procedures of the HR department, while exercising creativity and innovation. Designing a training programme to develop corporate culture will be beneficial to an effective HR strategy.

6. Put plan into action

Many organisations create a strategic plan, but fail to execute it. Setting goals for your teams is worthless without actually making yourself accountable to reach them. Chart a year plan for your organisation, based on the strategic plan and your three-year goals. Ideally, the head of each team should create their own department's plans. Based on that, they can then create monthly work plans for themselves, and depending on whether management agrees, attach monthly targets to those as well.

7. Measure success

For an HR strategy to be effective, it must be measurable. Determining specific and measurable objectives is necessary to ensure that the strategy works and that it is beneficial. These objectives must include clear indications of how the success of a strategy would be measured.

Developing an actionable strategic plan revolves around proper design; hopefully, these few simple rules we have shared with you will help to increase the likelihood that your strategic plan becomes an actionable one, rather than a document that gathers dust. ■

info@cosyvibe.com



On the Shelf: book review

We focus on five books that will give you background knowledge and skills to outwit your competitor. Visit our Facebook page and let us know what you think of these books.



1 Quality of Earnings: The Investor's Guide to How Much Money a Company is Really Making

By Thornton L. O'glove (1998)

Rating:

This is a relatively old book, but its advice and analytic suggestions remain useful and practical. While it is very much written for the world of American business and tax laws, the author has established a solid set of principles for measuring a business's success, or, adversely, how to tell when it's failing. He also provides strategies for the selling and buying of stocks that are still relevant and applicable to today's financial climate even though the market was way different back in '98. The book has a tendency to be a slow read at times, and the fare takes a dull turn now and again, but the propositions and tactics therein are sound and worthy of your consideration. *Quality of Earnings* is a very good book for business owners and shareholders to read, and while it is not substantial enough to act as a reference tome in helming your business, it's bound to leave you with good advice to approach professional matters.

2 The Shock Doctrine

By Naomi Klein (2007)

Rating:

Naomi Klein is a contemporary legend when it comes to investigative journalism and as with her previous novel, *No Logo*, she has again gone where no one has gone before and uncovered facts about the way our societies work that are at times both terrifying and uncomfortable. *The Shock Doctrine* investigates Disaster Capitalism, and how fear and panic are used to generate buckets of profit for those clever enough to manipulate consumer emotions in such a way. It is an unnerving look at free market policies and how adept global leaders and big businesses are at using crises as lucrative opportunities. It's not an easy book, but it is a necessary look at the machinations behind our economies and the core functions that drive them. It is not a book that should be ignored or scoffed at – this is not a speculative account, it is an inconvenient truth. Take note that Klein does at times neglect to frame her assertions and opinions in tune with the overall tone of the book, which makes the delivery of evidence feel flippant.

Dante Ludolf | Writer

3 Business Strategy: Managing Uncertainty, Opportunity & Enterprise

By J.C. Spender (2014)

Rating:

Business Strategy: Managing Uncertainty, Opportunity & Enterprise is a very interesting addition to the array of books on strategy available today. Most books of this calibre play on logic and rationality in resolving ideas and their implementation. But in a way that's very modern, Business Strategy pre-empts the need for logic and such and in turn realises the growing need for niche markets and untapped opportunities and how to go about cashing in on them. J.C. Spender attempts to suggest an approach that recognises imagination and vision and, subsequently, how to turn them into a reality in a way that doesn't sacrifice traditionally safe business practices. "The rhetorical practice that shapes the creative actions of others is precisely what makes the modern firm possible." This quote effectively encompasses Spender's objective and approach, and the deduction he makes with regard to the contemporary market atmosphere and how to tap into it is refreshing and innovative. The steady decline of once-popular business models and formulas comes under harsh criticism here and Spender goes to great lengths to explain why. By the end of this book, you will undoubtedly be ready to adopt new strategies that allow flexibility and creativity – and you'll wonder how you ever considered anything to the contrary.

4 XLR8: Accelerate – Building Strategic Agility for a Faster-Moving World

By John P. Kotter (2014)

Rating:

Our global economy and marketplaces are changing rapidly. So rapidly, in fact, that many of us are unable to adapt and accommodate the changes because these hyper-accelerated developments are adding facets that are alien to us. In comes XLR8, a sturdy, well-defined exploration of changes such as these and about how to walk the fine line between stable business models and reinvention. More than ever, obsolete strategies are piling up by the dozen as a result of the ever-changing world business environment – and more often than not, the only advice on how to sidestep these unwanted occurrences is some base blog post found in a godforsaken corner of the internet. But Kotter has accumulated a wealth of contemporary examples to illustrate his sage strategic advice to counteracting redundancy and set up a platform within your business that enables reform without compromising effectiveness. One of the better books on strategy to appear in recent years. We strongly recommend it!

Tech review

Get into your groove in 2015 with these apps to help you focus, get organised – or just have some mindless fun!

Dante Ludolf | **Writer**

With the festive season behind you and work steadily picking up speed again, it's no secret that most of us are feeling a little worse for wear and isn't all that excited about getting back into the daily grind. But thanks to the small marvels always at hand – smartphones and tablets – escapism is but a few swipes away. This month we're reviewing apps and games that'll help take your mind off the grind and give you some time away from that ever-expanding to-do list:



WAVE APPS RECEIPTS

Where: App Store
How much? FREE on Apple and Android devices.

While receipts aren't technically a fun thing to do or the perfect way to break away from it all, Wave Apps has designed a super-sleek, functional app to add and store receipts. Perfect for keeping track of expenditure over the holidays and seeing exactly where your hard-earned money went. The interface is beautiful in its simplicity and receipts can be uploaded via web, mobile or e-mail.

Receipts by Wave means an end to stuffed wallets and pockets overflowing with pieces of paper telling you how much you spent – and that in itself is reason alone to get the app. It's a real no-fuss approach to keeping a record of your receipts and can be merged with your existing Wave accounts to form a comprehensive accounting system.



WHITE NOISE LITE

Where: App Store
How much? FREE on Apple and Android devices.

White Noise is one of our favourite apps. It looks exactly like your standard audio media player – except that, instead of chart-topping tracks, this app plays a variety of calming, soothing sounds which you have probably encountered before at one point or another. From ocean waves, rain falling on a car, a lively, thriving Amazonian jungle, to even the almost indiscernible sound of crowds conversing. The app is perfect for a lunchtime distraction or power nap, but

popping in your earphones and listening to the steady sound of a river streaming past can also help you to focus and cut out distractions while working. Dr. Oz heavily recommends this app and it's no wonder why – it's the perfect way to relax and transport yourself somewhere else when the going gets a little too tough. The app is also recommended to sufferers of anxiety and tension, as the calming effect is uncanny.



FRUIT NINJA

Where: App Store
How much? FREE on Apple and Android devices.

Fruit Ninja is for those among us who crave mindless fun. When a quiet moment strikes and you find yourself with time to hack away at innocent pieces of fruit, the pure satisfaction gained from doing so will make everything else just a little bit easier. That's a gross exaggeration – but this game is incredible fun for short bouts of time. You literally swipe your finger hither and thither, trying to slice and dice as many fruits as possible within a specific window of time, taking care not to cut bombs and such. Not exactly the most intelligent piece of gaming fare you'll find on the web, but it's undeniably enjoyable.



NUN ATTACK: RUN & GUN

Where: App Store
How much? FREE on Apple and Android devices. (In-App Purchases)

Nun Attack is a nod to the classic games of yesteryear and if you ever found yourself scraping together tokens to play at the local arcade, this will definitely stir up welcome feelings of nostalgia. Basically, you get to choose from a variety of cartoon nuns to play and must then race through various stages crammed with all manner of ghoulish nasties trying to block your way. It's one of the best smartphone games on the market and its gameplay is both rewarding and addictive. Plus, as you progress in terms of stats, you are able to soup up your weapons and life bar – slowly but surely becoming a near-indestructible nun. This game is the perfect distraction and sessions can (and will) be fitted into any spare moment of the day. If you're looking to immerse yourself in a zany, fast-paced frenzy, then Nun Attack: Run & Gun is just the game for you.



PICSART

Where: App Store
How much? FREE on Apple and Android devices.

Forget VSCO Cam and Pixlr – Picsart is the best photo-editing app available right now. If you find yourself with a plethora of uninspiring, lacklustre holiday snapshots or family photos that need a little sprucing up, look no further. The interface and layout are super-engaging and soon you'll have mastered the comprehensive features Picsart provides and be well on your way to becoming a photo-editing wunderkind. There are tons of effects and filters for you to choose from and, compositionally speaking, the app allows for some impressive alterations. It's a great app and doesn't require regular updates. Just don't spend too many a lunch hour adjusting your precious holiday moments as it might lead to a bout of depressed yearning.

Watch and Learn: documentaries review

Be the person at dinner parties that everyone admires. Make your downtime count and watch these documentaries – a fun way to entertain and educate.

Dante Ludolf | **Writer**

This month we're taking a look at conspiracy theories and before you turn the page and conjure up unwelcome images of Ancient Aliens-esque nonsense, take the time to read and consider the claims these documentaries are trying to substantiate. The truth is often that which seems most unlikely...

1 In Lies We Trust: The CIA, Hollywood & Bioterrorism

Leonard George Horowitz (2007)

Rating: 

If you often marvel at the unnerving investigative prowess of the CIA and FBI agents we see on film, be prepared for a rude awakening in regard to the representation and purpose of government officials in American movies. Horowitz unleashes shocking evidence concerning America's near tyrannical influence on culture and medical propaganda, and how one nation has developed an inescapable formula in asserting their influence. *In Lies We Trust* takes considerable efforts to expose and analyse the CIA's strong-armed direction of Hollywood as well as the profit to be gained from duping American citizens into thinking they are dying.

It sounds crazy – as well it should – as Horowitz delves into the interconnected nature of Amer-



ican industry and 'helping hand' policies that ensure big business stays well within the bright side of the profit margin. There is also speculation over the exact nature and authenticity of America's dire predictions regarding the advent of bioterrorism and the health concerns that arise as a result. We already know that the testosterone industry is based on the manipulation of the masculine identity; now we have to start questioning whether or not we are as susceptible to disease and illness as the corporations would like us to think.

The intention behind what we are fed visually and what is prescribed by the pseudo-professionals looking to make a profit by twisting our trust is not always the first thing that comes to mind when we are struck down with a case of something or other, but that is essentially what *In Lies We Trust* is hoping to address and change. Awareness and suspicion are strongly advocated, and because the influence of America as a global superpower is ever present, no one is exempt from its deceptive ploys to expand its dominating industries.

In Lies We Trust comes heavily recommended and I implore you to open up to the possibilities of its claims.

It's both an unnerving look at how easily we are coerced as consumers and how unethical advertising and manufactured medical hysteria can be.

ON A LESS SERIOUS NOTE,
WE ARE LOOKING FORWARD TO THESE UPCOMING SHOWS

Watch out: coming soon

Cabaret

10 March - 08 May 2015
The Fugard Theatre, Cape Town
Tickets available from Computicket

One Republic

19 June 2015, Johannesburg
21 June 2015, Cape Town
Tickets available from Computicket

Johnny Clegg

29 March 2015
Kirstenbosch Gardens

2 The International Banking Cartel

Rating: 

What once was but an unsubstantiated conspiracy has become certainty.

Well, that's what this documentary would like us to think. *The International Banking Cartel* is rooted in myths and conspiracy theories regarding who owns us, and who sits atop the gold mine that is the global economy – myths that, upon considerable investigation, have become a trendy topic. Released on YouTube to widespread popularity, this documentary seeks to provide factual evidence devoid of speculation and conjecture to ascertain who exactly it is that controls money and what they use it for.

The documentary takes considerable jabs at the Rothschild family, with a net worth estimated at US\$100-500 trillion, bringing evidence into play that indicates their involvement in a number of historical and contemporary events that would go on to shape the world.

There is evidence pointing to their involvement in various wars throughout the years, by always funding both sides of the fray to remain neutral and in favour with whoever would emerge victorious. Interestingly enough, the wartime victor would often be the side that received the majority of financial support from the family. Their commercial and industrial influence is staggering and frightening – and *The International Banking Cartel* delves deep into exactly how far their connections go.



The Rothschild family all but own the entire fuel industry and are said to have complete control over the policies of both the United States of America and the United Kingdom. They are also said to have an age-old relationship with the Vatican and the papacy, and the final conclusion is that the Rothschild family are indeed, drum roll please, the dreaded Illuminati. The evidence presented in *The International Banking Cartel* is deeply unsettling and proposes a harsh consideration: that we are entirely at the whim of a small group of vastly wealthy individuals.

While the claims made in the documentary seem very credible, due entirely to their comprehensive nature, an enormous extent of fact checking would have to be done to ensure its validity. All things considered, it remains an entertaining (albeit frightening) look at power relationships and the history of influence. If you're a fan of Dan Brown-esque speculative fiction and find yourself scrolling through far-out conspiracy theories on the web, this informal documentary is sure to leave you pondering.

Mthatha: the next urban centre

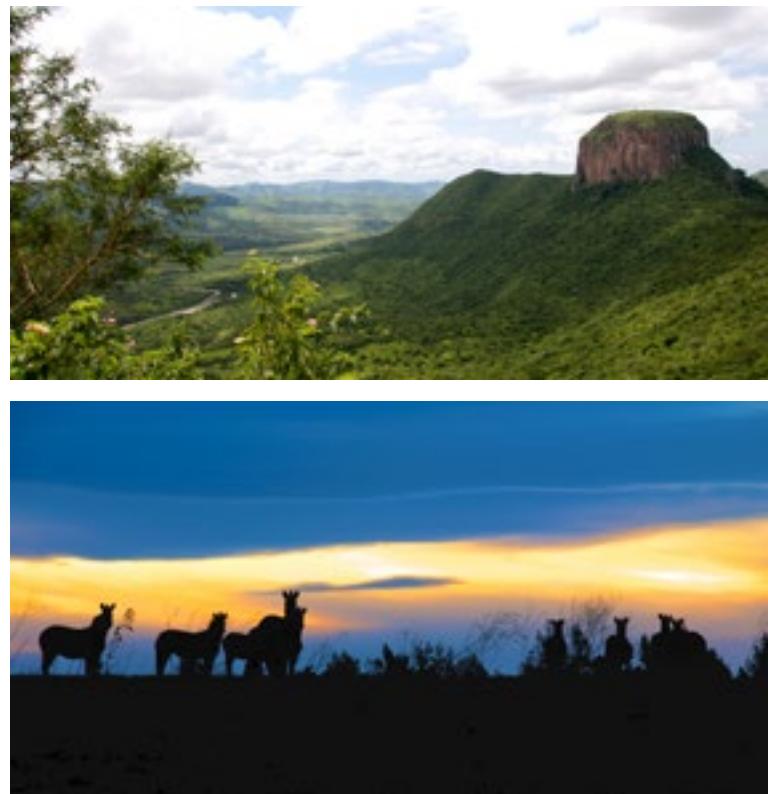
Dante Ludolf | Writer

In Town of the Month, we've set our sights on the beautiful Mthatha in the Eastern Cape. Renamed in 2004, what once was Umtata is now steadily developing into a noteworthy hub of economic activity with rich possibilities.

It's too early to tell whether Mthatha's recent steady ascent into safer financial waters will prove to hold – but things are certainly looking better for this town. After the collapse of the Apartheid regime in 1994, countrywide large numbers of citizens relocated to what was then understood to be traditionally white areas. They moved on the basis of the slightest possibility of economic prosperity. As a result, there was an almost national urgency to urbanise – which left many rural sections of our country in a tight spot. Mthatha was no exception.

Recently, however, there has been a sudden boom in activity and interest in Mthatha. The full and bustling streets of today are early indications of promising change. Perhaps there hasn't been a more impressive example of rural rejuvenation yet – and that's why, this month, we investigate the opportunities that Mthatha offers – and take a peek at the lifestyle one could expect to find there.

UMHLANGA
IS BOOMING
WITH BEAUTY
AND ECONOMIC
GROWTH



Transport MEC Thandiswa Marawu also has plans to introduce projects and developments which would allow Mthatha to eventually become the next big urban centre. With roads and railway lines already crisscrossing the region, the new plans to upgrade the airport and its surroundings – including hospitality establishments and related businesses – will undoubtedly bring some much-needed foot and other traffic to the region. This course of action could mean huge economic leaps for Mthatha and its potential to become South Africa's next big city – since it is already a focal point of development in the Eastern Cape and given its vicinity in regard to the Wild Coast.

While the established industries are narrow both in scope and field, Mthatha is one of the most beautiful places in South Africa. Given the right attention and with a directed course of action – one that would side-step the area's troubling sustainability – this place could be one of the most visually spectacular cities in our country.

But looks aren't everything, and one must consider the state of things to come and the trajectories they'll follow. For now, many people consider Mthatha a town brimming with hawkers and street vendors. This view, however, shows the beginning stages of a very comfortable relationship between Mthatha and South African agriculture, as most of the vendors buy their produce locally, making a living for themselves and providing a market for small-scale farmers.

Another element to consider when looking at emerging urban sectors is urban life itself. A city is essentially a large area filled with buildings that can either house human beings or provide operational space for business and trades. But is that *all* a city is?

The answer is a decided no, as a key element to positive urban spaces is the atmosphere that is created. That's not something that can be analysed in terms of fiscal merit, but it is crucial when you want to look at what makes a city tick.

In terms of atmosphere, Mthatha reigns supreme. It is flanked by some of the most picturesque scenery imaginable and has a semi-rural feel that paints an idyllic picture. The Nelson Mandela Museum is also definitely something to write home about. The people are warm and friendly and the smiles outweigh the frowns by far. It is quite literally pumping with activity and the hustle and bustle rival (if it doesn't surpass) Capetonian street life. Healthcare and sanitation problems aside (and these are in dire need of attention), the people of Mthatha seem genuinely happy to be there. But what exactly does it mean to say that Mthatha is on the rise? It is an emerging powerhouse – exactly that. Emerging.

And to make us understand what it is all about, we've asked an insider – business accountant Lewis Mhlanya – to provide us with perspective.

Tell us about yourself and your career journey

I'm originally from Zimbabwe. I completed high school at Guinea Fowl High School in 2000, then enrolled for my first degree, Bachelor of Accounting, from Africa University from 2001 – 2005. From 2012 to date, I have been enrolled for a Bachelor of Theology degree with the South African Theological Seminary (SATS). I am in my second year of a two-and-a-half year Masters in Business Administration (MBA) programme.

In 2005, I joined the chartered accountant firm Trust Chikohora & Company in Zimbabwe to do my articles. There, I rose through the ranks to become the audit manager. Thereafter, I joined Switch Power Electrical, a medium-sized company in the retail sector of industrial and domestic electric appliances and parts, as an accountant from March 2009 to February 2010. In 2010 I relocated to South Africa. Breaking into the job market was not easy, but after working as a lecturer and sales consultant, I joined Meroda Footwear in Cape Town, a medium-sized shoe and shoe components manufacturer, as an assistant accountant in 2010.

In March 2011 I left to join Kei Fresh Produce Market (KFPM) in Mthatha in the Eastern Cape. KFPM, an entity in the fast moving consumer goods (FMCG) wholesale industry, supplies

major retail and small scale companies in and around the Eastern Cape. I rose to the position of senior accountant reporting to the market master and the board of directors, a position I currently hold.

Where does your love for accounting come from?

My love for accounting can be traced back to childhood; it has been a lifelong goal to become an accountant.

How did you end up living in Mthatha?

I relocated from Cape Town after I found an opening at Kei Fresh Produce Market. Initially, I thought my stay would be short-lived, but it's now been three years. Mthatha has become a home away from home.



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Mthatha has become
a home
away from
home

LEWIS MHLANGA
IS A LOCAL
ACCOUNTANT
WITH HIS OWN
PRACTICE

THE MHLANGA
TOWN CENTRE



What is the biggest lesson you have learnt since moving to and working in Mthatha?

Passion is like a fire; it fires the committed and fries the uncommitted. If you love what you do, you will do what you love. Above all, my lesson in humility is self-discipline, commitment, honesty and integrity – these things will set you above the rest.

What makes it unique to provide your financial services within the economic climate of the suburb of Fort Gale?

More than just supplying a service, at *Dawn of a New Era* (Lewis's own Accounting Practice) we see every relationship with each of our clients as a partnership, and we are committed to providing the best resources to match the expectations of our clients. We thrive under conditions of long-lasting relations, integrity and trustworthiness, professionalism, honesty and creativity – the pillars on which our business is based. Our objective is to be your first point of contact for all your financial, advisory and compliance needs. To attain this, we provide sensible advice and tailored solutions to help you achieve your commercial and personal goals.

Background about the current economic state of Mthatha

Economically, Mthatha is in a phase of growth. In and around the Eastern Cape, it's a hub of construction, tourism agriculture, and trade. Mthatha has such great business potential, people refer to it as Little Jozi [Johannesburg] because it is so busy. Mthatha draws people from as far as Pretoria and Cape Town to do business.

What role does your practice play in the Fort Gale financial services sector?

Dawn of a New Era was born in 2013, after realising the potential of a

niche market in the accounting and business advisory sector in and around Mthatha. We assist our clients with company registration, business start-ups, project management, accounting and bookkeeping, training, IT solutions, payroll services, business evaluations, tax, internal audit and business advisory services.

Will you please tell us about one of the greatest victories or setbacks you have experienced since you started your practice?

Self-discipline – the ability to do what you need to do when you are supposed to. Our victory to date is to serve our customers well; that we do this is evident from the many referrals we benefit from.

What are the five top things you love to do in your town?

First and foremost, I go to church – RUCC Ministries. I love the outdoors and Mthatha is so rich in outdoors activities and places to hang out. I enjoy braais at Mthatha Dam, Mabeleni Dam, the Nelson Mandela Museum and sightseeing. Redefining nature – in and around the Wild Coast at such places as Dwesa Natural Resources, Hluleka Nature Reserve, Luchaba Natural Resources, Port St Johns, Kei Mouth, Hole in the Wall.

What words do you live by?

With God all things are possible. Problems are permanent, challenges are temporary. The difference between the two is my outlook.

What does your every-day routine look like? From home to work...

- Planning
- Meeting with clients
- Scheduling work plans
- Periodically training

Sight-seeing sites to guide you:

https://www.google.co.za/?gfe_rd=cr&ei=CY1gVJmpFeo8wfW2oLQBg#q=hole+in+the+wall

<http://www.safarinow.com/destinations/mthatha/naturereserves.aspx>

<http://www.keimouth.co.za/>

<http://www.safarinow.com/destinations/mzamba-beach/casinos/wild-coast-sun-casino.aspx>

<http://www.ksd.gov.za/mthatha%20&%20mabheleni%20dam.html>

<http://www.mthathaonline.co.za/index.php/using-joomla/extensions/components/content-component/article-categories/89-tourist-attractions>

What is the focus of your practice?

Our practice focuses on new business start-ups, (registration, formation and sustainable growth, regulation, compliance, etc.), the preparation of financial statements (accounts management, periodically and annually), asset management, statutory returns and business advisory services.

Any New Year's resolutions or goals for your business?

- To be a one-stop accounting and business advisory service, to both existing and new customers.
- We hope to tailor our services around customer needs, so that we can better serve them.
- Increase our market share.
- Network and share information with like-minded individuals and companies. We hope to be the students of those above us, fellow travellers with those on the same level and mentors to those below.
- Create a learning environment for our staff so that they keep up with the changes in the industry and the economy at large.

Evidently, Mthatha has what people are looking for. It's a city of opportunity and people go there eager to tap into some of the action. They know that being a part of something at the beginning will make the end result much more rewarding. Mthatha has a lot going for it and the interest being shown in developing the city shouldn't slow down any time soon.

Pack your bags, book a trip – because who knows, this could be the place where you land your big break. ■

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Mthatha has such great business potential,
people refer to it as
Little Jozi

Escape to Zanzibar

Is the New Year already getting to you? Spice up your year with a quick long weekend to Zanzibar, reload and get back to work with a renewed energy.

Gunter Smalberger | **MyPlanner**

Picture yourself relaxing on an unspoilt beach in Zanzibar, also known as the Spice Island. This is where time stands still and everything moves at a slower and gentler pace. Zanzibar is famous for its dazzling white beaches and clear turquoise waters. This is, without a doubt, a bathing, diving and snorkeling heaven.

On your first day of arrival, unwind and just soak up the beauty of the place. You and your partner can take a stroll next to the ocean, stop along the way and enjoy a magical sunset while sipping on an ice cold cocktail.

Zanzibar is where Arab and African cultures first clashed, resulting in a uniquely blended Arab-African culture. Have dinner at one of the charming restaurants – if you love seafood coupled with Asian and African flavours, Zanzibar is the ultimate destination for you.

The next day, explore Stone Town at your leisure, and enjoy the culture and nightlife it offers. Stone Town is a captivating labyrinth of narrow streets and winding alleyways. Lose yourself in the buzz of the markets, check out the many mosques and grand Arab residences. You can spend hours just wandering along the alleys and through squares, drinking strong coffee from pavement vendors or eating local snacks. Optional activities include tours of the ruins of the Sultan's Palace, the Jozani Forest, or a city tour.



6 Facts about Tanzania:

- Politics:** Tanzania enjoys stability. Multi-party politics was introduced in 1992
- Economy:** The annual growth rate has averaged 6,7% since 2006, one of the best in sub-Saharan Africa. Power supplies are erratic and fall short of demand. Gold earnings have been rising, and the discovery of a major offshore gasfield is promising
- International:** Tanzania hosts thousands of refugees due to conflict in the neighbouring Great Lakes region
- Environment:** Experts fear a planned highway threatens the Serengeti game park, Tanzania's biggest tourism drawcard. Poaching is a major issue.
- Currency:** The Tanzanian shilling is freely exchangeable. Most major facilities accept major credit cards; Visa and MasterCard are the most widely accepted.
- Population:** 1,1 million



Zanzibar, 'the Spice Island,' has an interesting history and culture since it was the centre of the slave and spice trades in the 1800s. Many of the old buildings have been restored to its heyday glory thanks to an ambitious and far-reaching preservation programme funded by UNESCO and the Aga Khan Foundation.

As the name Spice Island illustrates, the history of Zanzibar also rests on cloves, nutmeg, cinnamon, pepper and many other spices, which of course are also essential ingredients in the everyday life of every Zanzibari.

Zanzibar and spices come together in a romantic entanglement that dates back to the 16th century. Apart from spices being important commodities on the trade routes, you can visit the plantations where they are grown just outside Zanzibar town. This is also a fantastic opportunity to see the countryside and rural areas of Zanzibar – and to meet some of the locals. A special Spice Tour has been developed for interested visitors, with in-depth information not only about spices, but also organically grown herbs, with detailed descriptions about their uses.

There is also a guided walking tour through villages and spice plantations. You will cross the borders of the farms as spice workers climb trees, seek out specific plants and present you with various barks, letting you see, feel and taste everything. You will also be decorated with palm leaf accessories such as ties, rings, bracelets and glasses. At the spice farms you will have an opportunity to taste some of the exotic fruits of Zanzibar. Stock up on your spices at the spice farms – this region has probably the best spices in the world!



The exotic island of Zanzibar, with its endless palm-fringed beaches and azure waters, was the favourite haunt of the sultans of Oman in the Middle Ages. Zanzibar exudes Middle Eastern charm to this day, which blends seamlessly with the beat of Africa. Follow in the footsteps of the sultans and make Zanzibar your favourite island destination.

The following day, take it easy and enjoy the peaceful surroundings of Kendwa. Relax on the beautiful white sandy beaches, soaking up the African sun. Savour some delectably fresh seafood and spend a lazy day on one of the endless, pristine beaches. Or experience world-class diving in the shallow reefs.

You can also stroll to Nungwi, the centre of Zanzibar's traditional dhow-building industry, which is the beach capital of Zanzibar.

Zanzibar is the place where all your senses will be stimulated. A place where you can rejuvenate and relax.

Your time there will be simply magical! ☺

Contact:
Sarina Steenkamp
Email: Info@myplanner.co.za | Tel: 021 461 2720

Naturally Inclined

Healthy living isn't always obvious. Here are some alternative ways to de-stress and stay healthy.

Dante Ludolf | **Writer**

Antibiotics, probiotics, paracetamol, codeine. Etc. Etc. Etc. The amount of chemicals we consume when the flu comes calling or when some other unwanted ugly rears its head seems a normal, unremarkable response to fighting pain and infection. When faced with discomfort in terms of health or bodily pain that we don't understand, the obvious thing to do is to arrange a rendezvous with the GP.

But our reliance on medical care from the professionals – who supposedly devote their lives to the healing arts – has recently come under fire. The attempts to debunk modern healthcare myths are escalating and there is abundant criticism aimed at pharmaceutical companies for what is seen as their strategic tendency to misinform consumers.

It seems we are constantly being tricked into thinking our mortality is two coughs away, with the super-powered pills the healthcare professionals prescribe as the only remedy.

The scepticism about the medical world has reignited the interest in alternative medicine, but the concept of alternative medicine itself is vague at best. Some people disregard all practices that fall under the umbrella of alternative medicine as entirely unscientific and say it is impossible to prove that it can heal or alleviate pain. Others believe such practices are nuggets of healthcare gold, passed down for centuries and are as effective as popping any number of pills – if not more so.

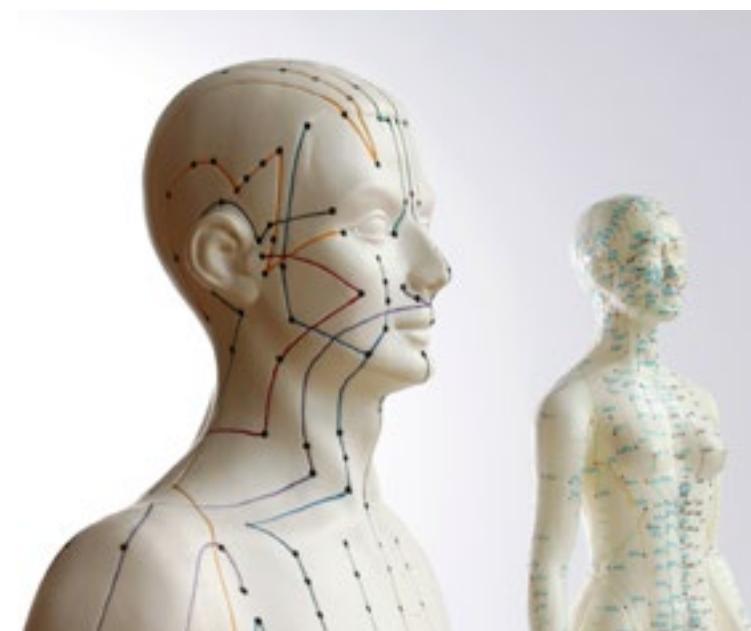
But if there is even a slight possibility that alternative medical methods could help to treat ailments and sickness, isn't it worth a shot? We are already constantly consuming unwholesome chemicals through the food we ingest and germs floating around us – and by that reasoning alone, seeking alternative healing methods could be a welcome departure.

A good example of the regular use of alternative medicine on a big scale can be found in China, where medical services are offered in the style of either xiayao (Western Medicine) or zhongyao (Chinese Medicine). There the scales have largely tipped in favour of zhongyao, as most Chinese citizens prefer the use of herbal medicine and alternative procedures to chemicals, which they consider as excessive for treating minor sicknesses such as fevers and flu. But where we Westerners tend to think of medicines and treatments as entirely remedial in times of need, people who follow the traditional Chinese medicinal methods also understand that maintaining a balanced general wellbeing is essential to lead a healthy life. Thus, the effective use of traditional Chinese medicine (TCM) seems to lie in both regular ingestion and exercise being components of daily life.

This month we take a look at some lesser-known ways to rid yourself of ailments. The idea is to try to understand exactly what alternative medicine offers us – and whether it's a case of the placebo effect or utter genius when it works.

Herbal Medicine/ Homeopathy

This is the most popular form of alternative medicine, as most vitamins and ointments already contain herbs and plant extracts. Herbal medicine is widely used and some kinds have even been scientifically found to be beneficial to health conditions. This does not mean that anything sprung directly from the Earth is going to have a beneficial effect on your health. Therefore, careful research must be done when attempting to heal or relieve pain with the help of herbal medicine. Many pills and tablets that lay claim to herbal contents are so 'watered down' that only trace elements of the actual herb remain. The fact that most herbal medicine contains incredibly small doses of the stuff that is supposed to heal you is the main reason why scientists are unable to pin down whether it works or not.



Consulting a qualified homeopath is always better when you want to go the herbal route as their expertise will point you in the right direction to provide you with remedies suited to your specific situation. Well-known herbal remedies (as per the Mayo Clinic Book of Alternative Medicine) known to yield results are:

- Chamomile: Helps to soothe stomach pain, alleviates depression and has a calming effect
- Garlic: Reduces risk of heart disease and cancer, lowers cholesterol
- Ginseng: Has important benefits for heart patients and helps with depression
- Fish Oil: Helps prevent heart disease and arthritis

Moxibustion

Moxibustion is the burning of herbs above a pressure point in the body, and is usually used in conjunction with acupuncture. Moxibustion is not known to have any specific effect or remedial ability and has no scientific value in the healing process. It is believed to transfer some of the herb's essence directly onto the skin, where the essence then helps to relieve symptoms. Even though there's no certainty as to whether it actually works, moxibustion is practised regularly.

Acupuncture

Acupuncture is probably the most infamous (and intimidating) form of alternative medicine. The procedure entails the insertion of multiple, extremely thin needles or metallic pins into various parts of the body. The needles are inserted and twirled into 'pressure points' and it is believed to relieve muscle and joint pain, as well as other ailments like arthritis and osteoporosis. Although no scientific evidence exists as to its healing prowess, many people enjoy positive results from acupuncture and credit it with being a remarkable technique that is much more beneficial than, for example, chiropractic techniques and bio-kinetics.

While homeopathy is not exclusive to Chinese culture, two other techniques featured in this article originated in China. These techniques have developed over thousands of years. The fact that they are sought-after in terms of their remedial qualities puts them squarely on the list of pros of alternative medicine. However, China is not the sole source of alternative medical techniques, and here we take a look at other popular practices:

Hypnosis

Hypnosis is an age-old technique that sends patients into a quasi-unconscious state, in which they are more susceptible to suggestion and psychological coding. Hypnosis has had a profound impact on helping some people to quit smoking or lose weight. It has also been used to treat individuals suffering from insomnia. While there have been various case studies verifying the results of hypnotic therapy, the fact remains that the experience is a subjective one and varies from patient to patient.

Meditation

Meditation is free and can be done anywhere, any time. Meditating requires a calm space, somewhere you can sit with your eyes closed to focus on your breathing. In doing so, you put your mind and body at ease and create a sense of balance and inner harmony. Many people find meditation relaxing and claim that it helps to relieve tension and anxiety.

Massage

I'm sure you would be very happy to hear that massage is considered a form of alternative healing and was originally developed to soothe bodily pain and ailments. Massage has long been a part of our lives as a form of pampering and luxury, but it was originally used as a way to help the frail and weak. Massage therapists manipulate muscles to relieve tension and inflammation, easing the body and increasing blood circulation. Regular massage therapy has even been shown to have positive results for HIV patients, bringing about improved immune system functioning.

Despite any potential benefits from alternative medicine, people who face terminal diseases or other harsh afflictions should not forgo the use of conventional methods. If anything, alternative medicine should be used in conjunction with the treatment and procedures suggested by your specialist. But if you're simply looking for a change, then treatments such as acupuncture, hypnosis and homeopathic remedies shouldn't hurt. Be sure to consult specialists in the various fields because the variety available can seem daunting at first. A specialist's advice will help you to figure out what approach to take. Every opinion regarding the effectiveness of alternative medicine alludes to the same thing; it's what you make of it and whether you can open your mind to it or not.

A woman with long, wavy hair and sunglasses is smiling while holding a wine glass. She is standing outdoors, possibly at a beach or poolside, with other people and a car visible in the background.

student

Property, plant and equipment

Here are some important notes on how to determine if an item qualifies in terms of IAS16. Read more from CPUT lecturer, Collin van Rensburg.

Colin van Rensburg | CPUT

In this article, you are reminded that the Conceptual Framework (CF) identifies five elements that make up the double-entry accounting system. The first step is therefore to decide which of these elements Property, Plant and Equipment (PPE) will fall under. After all your studies, and going with your "gut-feel", you should come to the conclusion that it is an asset (or a collection of assets). *Why?*

Because of the definition of the element "assets" in the CF, of course. Paragraph 4.4(a) states: "An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity."

Now that we have established that it is an asset, we have to decide whether it is a current or non-current asset. Here we have to refer to International Accounting Standard 1 (IAS1). Paragraph 66 defines a current asset particularly, and a non-current asset as simply an asset which cannot qualify as a current asset. In terms of this IAS1 definition, PPE items are clearly non-current.

Next we have to determine whether there is an international reporting standard that specifically deals with this unique element. The answer is, **yes**. There is indeed a standard published by the International Accounting Standards Board (IASB) called "Property, Plant and Equipment", namely IAS16. Therefore, for items identified as possibly PPE, this standard must be considered.

IAS16, in paragraph 6, defines PPE as ASSETS (pre-determined) that are:

Tangible and:

- (a) are held for use in the production or supply of goods or services; for rental to others; or for administrative purposes; and
- (b) are expected to be used for longer than one period.



Stop for a moment. Haven't we forgotten something? Oops, before any item may be recorded, it must also comply with the recognition criteria of an element. We'll have to refer to the CF for that ...

Paragraph 4.38 of the CF states:

An item that meets the definition of an element should be recognised if:

- (a) it is probable that any future economic benefit associated with the item will flow to or from the entity; and
- (b) the item has a cost or value that can be measured with reliability. ■

FAQs

Q What is depreciation?

A Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. (IAS16 paragraph 6)

Q Why is depreciation necessary?

A₁ Because the value of assets deteriorate over time.

A₂ According to the definition of an asset [CF par 4.4 (a)] future economic benefits will become less as time goes by.

Q What is an impairment loss?

A₁ IAS 36 par 6 describes it as the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

A₂ In essence, it means if depreciation has not (systematically) reduced the carrying amount of an asset to a reasonable value, the additional loss in value should be recognised as an impairment loss.

When Experience doesn't add up

Before you apply for Articles, get insight from a firm's perspective from the Practice Doctor. Here are some valid reasons why employing a graduate really does add up to be beneficial for the company.

Ed Mendlowitz | CPA Trendlines



Question:

I need to hire an experienced person and am looking for someone with two to three years' experience. I know you don't think this is advisable. Why not?

Response:

If you hire people who already had their first job, the chances are they were not trained *your way*, and something happened that made them want to leave that is still in them and will be duplicated in some form in your firm.

If they weren't learning or growing fast enough, then their level of experience might not be good enough for you, since their experience probably froze at some point. That point wasn't on the last day of their employment with their previous firm – it more likely was after four or five months; so you are hiring (and paying for) a "two-year" person with the experience level of a five-month person. That person will need to be debriefed on the bad habits he or she acquired before you can even start on what you want them to learn from you. Actually, you hired the person for his or her experience – are you planning on debriefing and retraining?

Another type of "experienced" person is someone who worked for four or five firms in 10 years. She or he most likely did not get any type of consistency in their training. Taking the problem I described and squared or cubed it. Pretty sharp! Note that there are exceptions, but as a general practice, this is so.

What happened is that the first job lasted about two years, at which time they left and got a new one with a firm that actually needed someone more experienced, but liked the story at the interview, was probably desperate to hire someone and had expectations beyond the ability of the new hire. Once hired, they are usually given work to do that has been lying around the office that is late and needs to "get done and out." This is work that would be performed with minimal supervision and almost no oversight or review, and the firm is thrilled that it has been completed and sent out – whatever condition it ended up in.

Once the backlog is basically caught up (a month or two later), regular work is assigned. Again there is no training or oversight because of the "great" job done on the catchup work. Now it is three months later and it is starting to dawn on you that this person is not doing such a good job. However, they are handling regularly scheduled work, know some of the clients and you don't want to go through the firing and hiring process so a decision is deferred, rationalising that the work is getting done (with a little extra effort by you), and maybe things will change, i.e. the person will get better. At raise time, you compromise and



give a higher raise than you would like to, but not high enough to keep the staff person thrilled – so they stop doing any extra effort, and a pattern of apathy on both your parts sets in until just after the next raise time when the person leaves and gets a new job because of the poor raise – and your firm's "lack of opportunity and growth and overly boring work."

This process repeats itself for their next three or four jobs until you interview and hire them. What has happened is the person you hired with 10 or so years of working in the profession has in actuality the experience level of someone with about 3½ years when measured against someone who started with one firm and got consistent, deliberate focused training.

Someone with 10 years with one firm, no matter how limited the firm's work or client base, would have a better chance of working out in a new environment as long as the new boss has the patience to figure out the level they would be at on their firm's scale of experience and then picking up from there. However, the hiring process should weed out those with experience so narrow that it is not compatible with your practice. An example is to not hire someone who worked for a CPA firm that specialised in taxi owner/drivers and beauty salons where the new hire is needed to perform audits of publicly traded companies. Note: The person with 10 years with one firm would be my second choice. First choice is someone out of school. There is no third choice!

Interviewing the person who wants to return to public accounting creates another tough choice, forcing you to settle between the person described above and someone who left public accounting who is now seeking to return because they probably got laid off and can't find another job in the corporate sector. Again, there are exceptions and exceptional people, but in general you now end up trying to make the better of some bad choices.

So, I prefer to hire people out of school and train them properly in my systems, procedures, techniques, style and methods. This way you won't have to settle for what's available.

If you don't do this, think about *your reality*. On some basis, what you have been doing isn't working, so think about trying something new – something that the largest and most successful CPA firms have always done – hire people out of school! This is my first choice!

Ask yourself, what is the alternative to getting what you want? The answer is reduced expectations! You are a bright, driven, independent skilled professional and businessperson. Why do you continually put yourself in a position where you are forced to settle?

One final caveat: Don't take any offense about the taxi owners and beauty salons – give me 100 of them and I will show you how to make a fortune. ■

How to become a CA

We ask the question: How do I become a CA(SA) using the SAIBA BAP(SA) designation as a pathway?

SAIBA identified 6 simple steps to guide you to become a CA. Look at steps to guide your career in the right direction

1. Get the right school qualification

Obtain a National Senior Certificate with matriculation exemption and pure Mathematics (not Mathematical Literacy)

2. Get the right university qualification

Register with a University that has been accredited by the SAICA and SAIBA:

- Obtain a BCom Accounting degree.
- Obtain a Certificate in the Theory of Accounting (CTA) or equivalent qualification.

Part-time study

If you plan to study part time you can enter into a training contract with a registered SAICA training office. The duration of the training will be

five years. During this time you will have to complete your BCom Accounting degree.

You can either first complete your BCom degree on a full-time basis, and then obtain a four-year training contract at an accredited training office and complete your CTA or on a part-time basis.

Full-time students

Study full time and complete both your BCom degree and your CTA, then obtain a three-year training contract with a registered SAICA training office.

3. Get the right training

During or after your studies you must enter into a SAICA accredited learnership programme, also known as a training contract with a registered SAICA training office.

4. Register with SAIBA and obtain your BAP(SA) designation

After you have completed your studies and your training contract, you can apply for SAIBA membership and obtain the designation Business Accountant in Practice (SA), giving you the authority to open your own practice. This means after three years of study and three years of training you can start acting as an accountant, accounting officer and independent reviewers.

5. Pass SAICA's professional examinations

If you want to continue in obtaining a CA(SA) designation, there are only two steps left: pass the SAICA Initial Test of Competence (ITC) and the SAICA Assessment of Professional Competence (APC). These exams are set and administered by SAICA.

6. Registering as a CA(SA)

You are now ready to step into your role as a CA(SA)



Social Privacy

Ever wondered how much of your personal information is displayed on the Internet? Here are a few guidelines to make sure you don't sign up to anything without double-checking.

Dante Ludolf | Writer

There's a lot of panic and irrationality surrounding online privacy and information theft these days – it's enough to make you want to delete every social media account you ever opened and revert to smoke signals as means of communication. But is there really that much cause for concern or do big businesses want us to be scared into coercion? Never mind the answer, the debacle that has arisen as a result of the confusion regarding the *whats*, the *whys* and the *hows*, is reason enough to stop and consider. There are countless articles and forums dedicated to the topic, each as confusing as the next.

Here are the basics to make you aware of what it is you're doing online and how it could prove to be detrimental to you and / or your business:

Terms of Agreement

When we sign up for any online service we are asked to sign the terms of agreement (also known as Terms and Conditions or Ts and Cs) laid out by whatever supplier /website we want to be a part of. Take considerable care to stop and read those terms, because more often than not we are duped into disregarding it as a hindering, irrelevant step that's to be clicked as soon as possible, just so we can move on to the next step. Many have a hidden clause and online businesses should be especially cautious of these. Facebook, for instance, has a clause that enables them to supply third parties with the user's personal information and online particulars. Using the Facebook Messenger App requires access to your cell phone number, contact lists and data network. Why exactly that is, we are yet to find out, but allowing Facebook to send messages on your behalf to anyone on your contact list is scary, to say the least.

Copyright

If you post ideas online, your portfolio or even a body of work, you run the risk of some opportunist seeing it and claiming it as their own. This effectively diminishes the authenticity and originality of what you are doing and allows others to reap the rewards of your hard work. And as we contribute to a system that rewards people on productivity and out-of-the-box think-

5 Social Media Sites with the most personal information displayed:

1. Facebook
2. LinkedIn
3. Personal websites / Blogs
4. Twitter
5. Instagram



ing, this is obviously not ideal. Be careful, but don't be so careful that you end up locking your work up in a basement and hope that someone will eventually show interest. The Internet is a place of opportunity, and that has both positive and negative extensions.

Piracy

The verdict is out on this one, so before you start pointing fingers and shunning everyone who has ever been the 'owner' of a pirated film, stop to consider that *copying* is not *stealing*. Recent doctoral recipient Stefan Larsson wrote a ground-breaking thesis on understanding copyright law in a digital society. It's a shockingly necessary read for anyone trading online or looking to expand their business via the possibilities of online transactions. Larsson reckons that the terms of metaphorical extension government uses to address online 'theft' is an irrelevant application of empty rhetoric – and that they are not so much 'thieves' and 'pirates' as they are sharers and copiers. Interesting when you consider that the alternative to the occasional movie being downloaded illegally is near complete censorship and federal observation.

Personal Information

Unfortunately, your personal information (cell phone number, email address, online profiles and occasionally physical address) is made public by search engines and /or third parties who are given access to said information by the site /service in question. Privacy settings are there for a reason – use them and refrain from oversharing details regarding your (coveted) personal information.

Quick questions

Have you ever had basic questions about your career? We look at fundamental career questions that will help set you on the right path.

Which career path you're going to take, is a big enough decision. Once you have made a choice, you are most likely going to be faced with more questions than answers – what next, how and where? It's like opening a can of worms. In this article we scrape the barrel by answering three basic questions asked by accounting students:

1. Should I delay graduation for an internship?

If an accounting internship is an option, there are many factors to consider. Students who have been leaders in their university accounting organisations, and who have been approached by several accounting firms, will likely have job offers without participating in an internship program. Other students, who have fewer things going for them and who are burnt out from pouring over accounting theory, may need to work in the accounting field before taking another course. For these students an internship is an all-important opportunity.

In short, some students will excel in their careers without an accounting internship. Other students will excel in their careers because of their accounting internship.

2. What is the difference between financial accounting and management accounting?

Financial accounting focuses on financial statements, which are distributed to stockholders, lenders, financial analysts, and others outside of the company. Courses in financial

accounting cover generally accepted accounting principles. These principles must be followed when reporting the results of a corporation's past transactions; on its balance sheet, income statement, statement of cash flows, and statement of changes in stockholders' equity.

Managerial accounting focuses on providing information within the company so that management can operate the company more effectively. Managerial accounting and cost accounting also provide instructions on computing the cost of products at a manufacturing enterprise. These costs will then be used in the external financial statements. In addition to cost systems for manufacturers, courses in managerial accounting will include topics such as cost behaviour, break-even point, profit planning, operational budgeting, capital budgeting, relevant costs for decision making, activity based costing, and standard costing.

3. What is the difference between an accountant and a bookkeeper?

Before we render a distinction, you should be aware that some people use these words interchangeably.

Generally, a bookkeeper is a person without a college or university degree in accounting, who performs much of the data entry tasks. This includes entering the bills from vendors, processing payroll data, preparing sales invoices, mailing statements to customers, paying bills, etc.

The accountant is likely to have a college or university degree with a major in accounting, and takes over where the bookkeeper leaves off. The accountant will prepare adjusting entries to record expenses that occurred but are not yet entered by the bookkeeper. Examples of adjusting entries include the interest on bank loans since the last loan payment, wages earned by employees that will be processed the following week, the calculation and recording of depreciation, and establishing allowances for non-collectable accounts. After making the adjusting entries, the accountant prepares the company's financial statements (income statement, balance sheet, statement of cash flows). The accountant also assists the company's management to understand the financial impact of its past and future decisions.

The differentiation between accountant and bookkeeper keeps changing as accounting software and other software programs evolves. For many years, companies used the title of accounting clerks for employees doing the tasks formerly performed by bookkeepers. Accounting clerks are commonly supervised by an accountant.



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First things first: the truth about being a CFO

Stepping into the role of CFO. We sit down with Certified Financial Officer (SA), Pieter de Jager, to get an inside view of what it takes to be a CFO in today's economy.

To coincide with our new CFO section and launch of our designation Certified Financial Officer (SA), we're interviewing SAIBA members who are actively pursuing excellence in the development of South African financial management. We deem this kind of recognition of utmost importance. Therefore, it is with great honour that we present to you men and women whose diligent efforts serve in improving the standards of the financial discipline.

This month we are focusing on Pieter de Jager, a CFO of a listed company and one of the first persons to have obtained the designation Certified Financial Officer (SA) in South Africa. He is currently CFO of Andulela Investment Holdings, a company listed on the Equity Investment Instruments sector on the JSE Limited. The company aims to manage and distribute primarily South African investments in metal and mining companies. As can be expected, such a position requires incredible strategic ability and iron clad managerial skills. We asked Pieter to elaborate on his position, what his role as a CFO entails, and the challenges it presents:

Tell us about your education and the qualifications you hold:

I hold a B.Com in Accounting Sciences from the university of Pretoria, a B.Compt (Hons) from UNISA and a MBA from GIBS/ University of Pretoria. I completed my auditing articles with Ernst & Young.

Where did you grow up and were you always set on honing the financial discipline?

I grew up in Pretoria and attended Waterkloof High School. During my school years I participated in various cultural and sports activities at provincial and national levels. To earn extra cash I worked part-time at a fuel station. It was during this time that my interest in business finance and accounting developed.

Dante Ludolf | **Writer**

As one of the first persons to have obtained the designation Certified Financial Officer (SA), and CFO of a listed company elaborate on the challenges this position presents. What are the effects similar positions at other companies, could have on the development of financial procedure as a whole?

Firstly, I am extremely honoured and excited at the prospect of SAIBA taking this world-leading initiative to register the CFO designation with the proposed developmental support programmes. The position of CFO is internationally accepted as a senior-executive in a multi-company group structure. The position requires a multi-disciplinary skill set ranging from ground-level operational experience and know-how, to high-level strategic corporate finance, board and shareholder management. By creating a CFO designation and applicable developmental training and support programmes, SAIBA has embarked on setting best-practice standards through multilateral enlargements and round table discussions amongst CFO's from different industries and sizes companies. This can only serve to strengthen the professional regard for the CFO position as well as providing CFO's with a critical support framework and tools to service their companies and industries even better.

How do you see the role of the CFO changing and evolving within the next decade?

I see a significant move towards compliance and reporting in an ever-increasing, complex regulatory framework. As a result, the board and shareholders are placing ever more reliance on the CFO to be on top of all such regulatory updates and to provide good insight and guidance on these matters.



How do you personally suggest developing financial management in our country?

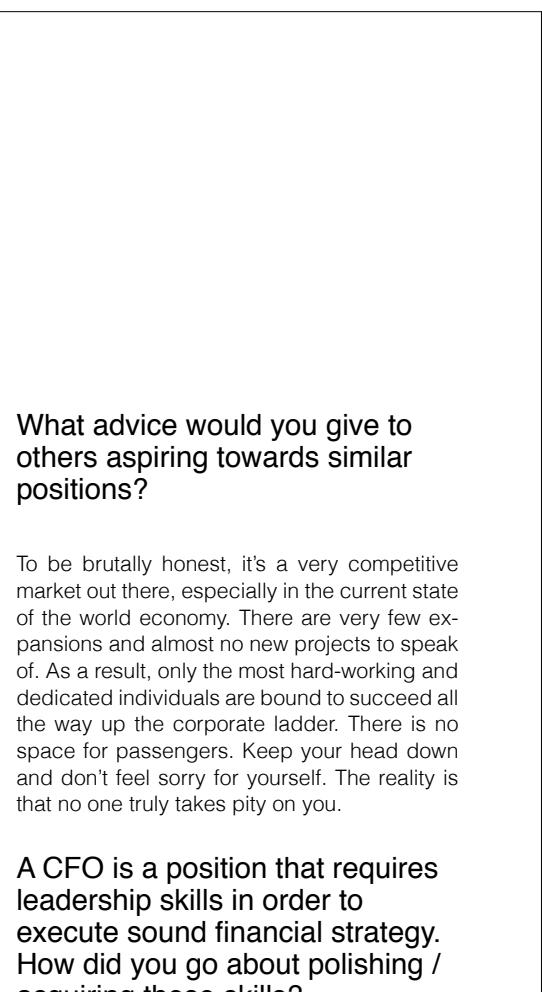
This is a very good question, because there are no textbooks to prepare you for the challenges and skill-sets required for operating as a Financial Manager, Financial Director and ultimately a group CFO. I reckon that SAIBA has bravely stepped up to the plate and will embark on an exciting and ground-breaking journey to develop training and mentoring programmes to get more financial managers and directors certified with the CFO designation. With inputs from current CFO's like myself, we will develop a comprehensive programme that will hone the future CFO's skills across all business disciplines. Each individual aspiring CFO will have to be assessed to ascertain in which areas he or she requires more training or practical experience through mentorship.

Do you have any role models or a source of inspiration that drives you towards excellence?

I guess my source of inspiration is drawn from an inherent competitive spirit I have always had. To constantly improve, excel, to be the best at your game, and most importantly to stop and give yourself a pat on the back every now and again. (smiles)

What is the biggest recurring challenge you experience as a CFO?

Working with a diverse workforce where individuals have vastly different skills, perceptions, expectations and drives. This makes setting goals and handing down projects and tasks challenging, due to the varying amount of workloads you can distribute and still expect successful completion. Different employees require different amounts of training and explanation. Some don't require any form of detailed guidance, whilst others need to be carefully managed. This must be executed with just the right amount of oversight, as micro-management may potentially offend employees.



What advice would you give to others aspiring towards similar positions?

To be brutally honest, it's a very competitive market out there, especially in the current state of the world economy. There are very few expansions and almost no new projects to speak of. As a result, only the most hard-working and dedicated individuals are bound to succeed all the way up the corporate ladder. There is no space for passengers. Keep your head down and don't feel sorry for yourself. The reality is that no one truly takes pity on you.

A CFO is a position that requires leadership skills in order to execute sound financial strategy. How did you go about polishing / acquiring these skills?

Planning and implementing financial strategy can only be mastered through experience, and under the guidance of good mentors. There are too many variables that influence the outcome of a strategy to mention here today, but let me summarise by saying that young and upcoming future CFO's must identify a good mentor and have the freedom of mind to approach such individuals to formalise the mentorship arrangement (if one doesn't already exist within the organisation). Moreover, request exposure to strategic planning, implementation and execution scenarios in order to learn from them for future reference. There are various business schools, which present programmes in strategy and planning, but exposure to the real-life, hardcore boardroom sessions are definitely of more value than anything you are going to gleam from a stack of notes.

I was very fortunate to have had excellent financial executives as mentors throughout my career in the various economic sectors where I have worked. I drive myself very hard and as a result, I advanced up the corporate ladder to executive level at a relatively young age. The learning never stops and one should never purport to know everything. Be open to new ideas and learn to *really* listen and pay attention to your colleagues.

Could you possibly tell us of any new projects you have on the horizon?

Apart from being a CFO of a JSE Listed group, I am involved with a TSX listed Rare Earth Element mining venture in the Western Cape in an advisory capacity. This project has the potential to be a game changer for the mining and production of Rare Earths outside of China. I am very excited to be a part of it. ■

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International CFO: the IAFEI

IAFEI benefits the global accounting sphere in many ways. But how will membership profit SAIBA? Dante Ludolf explores this organisation's history and considers the pro's of affiliation.

Dante Ludolf | **Writer**

SAIBA has recently applied for membership to the IAFEI (International Association of Financial Executives Institutes) and the potential of this union holds great promise. The IAFEI is an esteemed organisation that benefits the global accounting sphere in many ways, and in this article, we are taking a look at the association's history and how membership and affiliation can benefit SAIBA, as well as the practice of financial management as a whole.

The origins of the IAFEI can be traced back to the 1950s, where pre-war industrial models came under scrutiny. As with most developments that took place at the dawn of the modern era, professional organisations experienced changes in both structure and policy. Considerable thought was being given on how to lubricate interaction between peers in the international financial sector.

During the 1960s, the rise in popularity (and necessity) of national institutes lead to the need for international interaction between individuals who found themselves honing their skills in the financial discipline. Various meetings between national institutes took place that go on to produce sound formats and operative models for future relations. With the status of international affiliation and interaction at its beginning stages, the International Association of Financial Executives Institutes (IAFEI) was formed, an umbrella organisation established to accommodate and facilitate global developments in financial management and organisation.

The IAFEI was officially formalised at the second World Congress in 1970. Fifty-five representatives of 15 institutes were present. Here they could recognise government speakers and peer business professionals within a constructive space- effectively laying the foundation for the productive international discourse they sought to achieve.

The 1980s saw the IAFEI furthering their objectives with regards to international relations, and through events like the International Congress and various area conferences, they were able to expand upon their already impressive accumulation of ideas, experiences and techniques. This

shared knowledge would prove invaluable when conducting inter-institutional exchange, and would also go on to serve as the symbolic model for the core mechanism that drives the IAFEI and its mission. By collaborating and contributing to the IAFEI, members and affiliates would benefit from belonging to a collective, wholly dedicated to the expansion and development of financial regulation and principles. Following a string of attendances at various committees and summits during the 1980s, the IAFEI edged closer and closer to one of their ultimate goals: The contribution toward the eventual harmonisation and unity of global accounting procedure.

During the 1990s and leading up to the millennium, the IAFEI continued growing as an organisation and as a valued component of international finance. This period brought change and exploration of the association's goals and primary objectives, culminating in a more effective frequency of World Congresses and Area Conferences, as well as amendments to the IAFEI's by-laws. Then, with the advent of the internet and the possibilities it presented, ease of international interaction and communication soared to new heights. The IAFEI's primary goal, i.e. the networking between individuals and peers of the financial discipline - had gained a new vehicle with which to approach this challenge. In the late 1990s, the IAFEI published their first official Model Code of Professional Conduct- an effective tool with which members and affiliates could develop their own institutes Code of Conduct.

Continuing success in bringing financial institutes together on a global scale, the 2000s saw increased membership and wider geographical inclusiveness in the IAFEI's roster. In 2012, to meet the demands that accompany a wider, more dispersed database, the IAFEI established four technical working committees to streamline their system and allow the institute a higher operative functionality.

There could not have been a more opportune moment for SAIBA to request entry into the community. We look forward to the opportunities our affiliation with the IAFEI will undoubtedly bring.



In joining the IAFEI, SAIBA looks forward to the productive interaction and connectivity membership will produce. This non-profit, non-political association is fiercely committed to the co-ordination and uniformity of beneficial financial procedures. Financial institutes that pledge association, will go on to benefit from years of accumulated innovative ideas and proven techniques. Moreover, affiliates can use the models and codes established by the IAFEI to ensure their own financial policies and procedures are in accordance with internationally recognised ethical and legal parameters. The IAFEI counts 12 000 financial executives as members from an impressive 16 countries.

The opportunities that this association presents in terms of networking is incredible. SAIBA looks forward to the productive engagement we will experience in expanding our contact with other financial institutes.

Apart from those benefits, associates can look forward to the *IAFEI Quarterly*, a publication distributed electronically to all members and institutes. It primarily deals with issues and developments that are of interest to financial executives the world over. A directory containing contact information and particulars of those serving on the advisory council, as well as officers within the IAFEI, is made available annually. Additionally, a Secretariat Database may be requested when looking to network or get in touch with other members of the association and their respective institutes. It is evident that the IAFEI is a great family to belong to and a priceless resource to have access to - especially when considering the like-minded nature of its members and their shared objectives with regards to financial standards.

At this point in time, SAIBA has applied for membership and we are hopeful toward a positive outcome. We look forward to presenting our institute to various international associates, exchanging valuable insights and information, and contributing to the development of financial standards and procedures.

Here's looking forward to a 2015 filled with positive change, opportunities and growth! ■

Become a CFO: a guide in the right direction

Re-awaken the dream. Yes, it is possible to become a CFO. SAIBA looks at 3 possible routes to get you there.

Cara-Ann Carstens | **SAIBA**

As we step into a new year, we step into new resolutions and goals. Turning a new page always brings promising prospects – especially in our career. And, somehow, 2015 seems to be holding increased promise. With this promise comes the excitement of advanced career development.

SAIBA would like to challenge our members and affiliate finance professionals: Take a look at your future and current career opportunities, and gear yourself to step into the direction and become a CFO.

Yes, it is time to step out of the box and into new dreams - or awaken the dreams you've always had.

With this, we outlined a simplistic how-to guide, outlining three routes to become a CFO:



SAFRA CFO,
ADA CATZ

Did you know?

The 2014 highest paid woman in corporate America is a CFO. Safra Ada Catz, Oracle CFO and President ranked at the top with *Find the Best Research*. She earned a massive \$44.3 million in the year 2013-2014 and ranked #24 on the *Forbes 2014 Power Women* list.

Photo from www.forbes.com

4 Roles fulfilled by a CFO

What does a typical CFO look like? Have a look at some guidelines from SAIBA and test your capabilities.

So, we asked the question: What does a typical CFO look like? This is not only a significant question to us as an institute for CFO's, but also for our members aspiring to become the best at what they do.

So, here it is – four critical roles of a CFO, identified by SAIBA.

Characteristics of a CFO:

- Co-develop the company's strategic plan
- Develop and implement financial strategies and monitor performance
- Oversee the financial department
- Develop cost effective benefits packages
- Help lead the company through acquisition or mergers
- Ensure financial and non-financial information is reported according to regulations
- Report on the financial status to the Board of Directors
- Direct all relevant risk management procedures
- Acting as a liaison between the company and investors
- Governance Leader

Cara-Ann Carstens | **SAIBA**

4 Roles of a CFO(SA) - Test your Capabilities

1

Steward

Accounting, control, risk management and asset preservation are the province of the Steward. The Steward must ensure company compliance with financial reporting and control requirements. Information quality and control rationalisation are top-of-mind issues for the Steward (8 competencies).

2

Operator

Efficiency and service levels are the primary areas of focus for the Operator. The Operator must dynamically balance cost and service levels in delivering on the finance organisation's responsibilities, and adapt finance's operating model as necessary. Talent management, offshoring and shared service decisions are often the key issues to be addressed. This role is oriented toward best practices of the finance function itself (9 competencies).

3

Catalyst

The Catalyst is an agent for change, focused on establishing a value attitude throughout the organisation. The Catalyst gains business alignment to identify, evaluate and execute strategies, and serves as a business partner to other decision makers including business unit leaders, the chief information officer, and sales and marketing leaders. The Catalyst establishes a structure of enterprise accountability directed toward results, drives enterprise execution and gains acceptance from business management as the organisation's catalyst. This role is oriented toward best practices of the entire organisation (9 competencies).

4

Strategist

The Strategist is a director, focused on defining the future of the company to enhance business performance and shareholder value. The Strategist provides a financial perspective on innovation and profitable growth; leverages this perspective to improve risk-awareness, strategic decision-making and performance management integration; and translates the expectations of the capital markets into internal business imperatives. This role is oriented toward long-term, strategic issues, and is outwardly directed (8 competencies).

5 Famous South African CFOs:



1

Simon Ridley
CFO: Standard Bank



2

Aarti Takoodeen
CFO: JSE Limited



3

Tsholo Molefe
CFO: Eskom



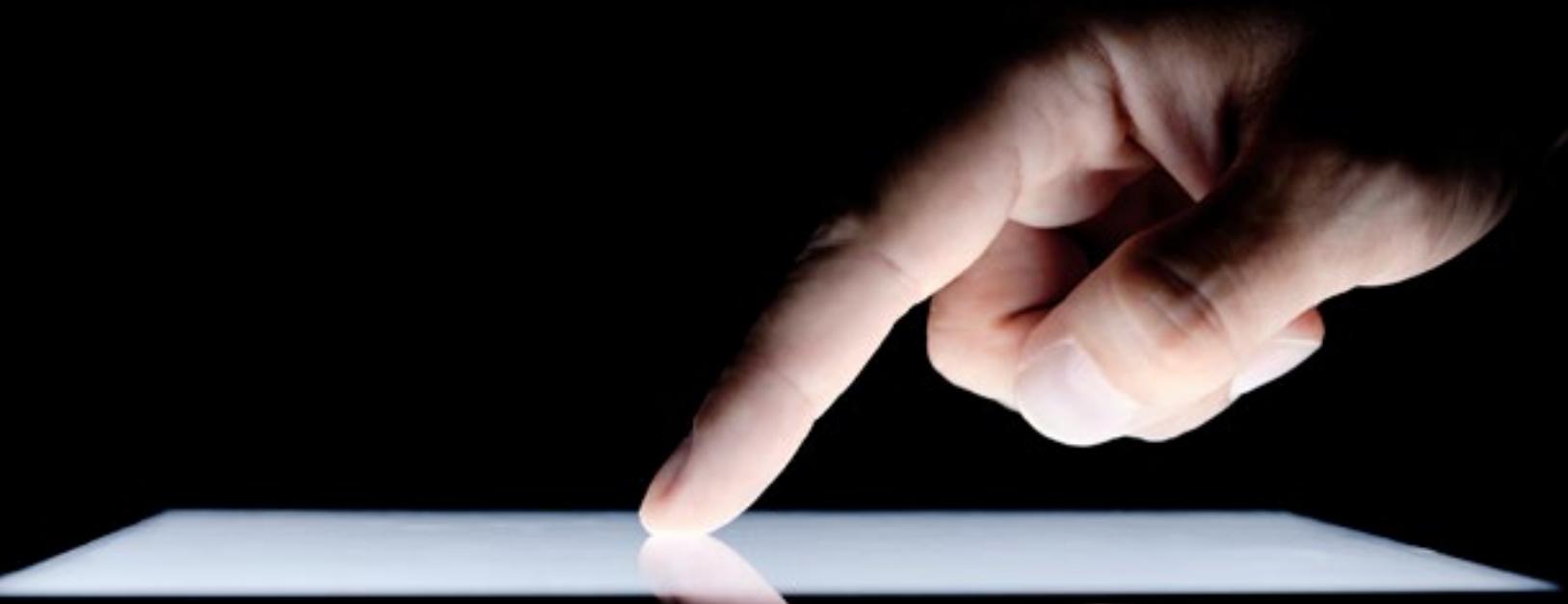
4

Brett Goschen
CFO: MTN



5

Brett Tromp
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