BA

BUSINESS & ACCOUNTING

REVIEW

New CFO Designation

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JUNE '15
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CFO exclusive

Editor's letter

Emancipating the accounting profession – one designation at a time. Building something revolutionary is not easy. From original feelings of euphoria and discovery, to inevitable feelings of self-doubt and inadequacy – innovation is a hard slave master. It is much easier to follow and conform. The New does not tolerate dissent. As one decision is made, another is lost. As one path is chosen, another is closed.

"New" as a concept must firmly be grounded in reality. It cannot be irrational or illogical, and must instantly be convertible from abstract thought to hard currency. "New" as an action, invites ridicule and rejection from the status quo. The faithful must quickly see the New being crystallised as it depends for its lifeblood on loyalists, feverishly believing in the coming change. "New" must not only answer the old – but reveal the inevitable. Being a SAIBA member and holding one of the designations is mostly "new". Most members have joined within the last two years. SAIBA boasts the youngest members' base of all institutes and is the most organically transformed body in the industry. It provides a home to all accounting and financial professionals based on their ability – and not exclusively on their qualification.

The New is what drives SAIBA to transform the accounting industry into a new era. Our designations reflect our vision for the new emancipated accounting profession.

SAIBA membership and designations
By allowing aspiring accounting and financial professionals to become SAIBA members, we create a community of future designation holders. SAIBA membership is open to anyone with an interest in furthering the professionalisation of his/her career or future practice.

Typically, a career journey starts with being appointed in a financial administrator role, such as debtors or creditors clerk. Through hard work and dedicated study new appointments higher up in the accounting or financial department may follow. These appointments include that of financial accountant, financial manager, financial director and even CFO.

The designation, Business Accountant (SA) level is ideal for those persons, employed at the entry stages of the accounting or finance department. The designation, Certified Business Accountant (SA) reflects a person's continued evolvement into the role of senior financial executive and is ideal for mid-career appointments as financial accountants or financial managers. Certified Financial Officer (SA) reflects the status achieved over many years of work and study, to be appointed in a senior financial executive position as a CFO or FD.

The designation Business Accountant in Practice (SA) reflects the competency needed to successfully practice as an accountant, accounting officer or independent reviewer.

The "new" actualised
To fulfil this vision of making the profession accessible, SAIBA has recently signed Memorandums of Understanding (MOUs) with a number of professional bodies including the South African Institute of Tax Practitioners (SAIT), the Institute of Certified Bookkeepers (ICB) and the Chartered Institute of Management Accountants (CIMA) and are in talks with the Institute of Management Accountants (IMA), the Chartered Institute of Public Finance and Accountancy (CIPFA), and International Association of Financial Executives Institutes (IAFEI).

A constant message
All of our communication tools support our approach to the profession. The BA Review, Accounting Weekly, newsletters, events and branding will continue to drill home the message that the profession is open to all those with a desire to achieve and professionalise.

We believe that we have struck a chord. What first started as a soft whisper is fast developing into a chorus of voices announcing the new way of becoming an accounting and financial professional – the SAIBA way.
In this edition, we feature many articles that resemble the new and the future.Articles include Currencies of Change, Trending, 21st Century Leadership. Are you Ready? and the Future of Taxation. Take on the future of the profession, geared and ready. Enjoy the read...

Nicolaas van Wyk,
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BUSINESS & ACCOUNTING REVIEW

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Matthew co-founded New Normal and leads the company as Business Coach and Strategist. As a Life Coach, Matthew guides all entrepreneurs through their Brand Building processes with a focus on Personal, Entrepreneurial Development and Business Strategy. New Normal is a team of creative problem solvers who are passionate about setting up start-ups and expanding existing businesses. They like to turn big ideas into reality. Research, strategy, coaching, business tutorials, design, website - they do it all in a neat package tailor-made for the new generation of entrepreneurs, the New Normal.

Ronel Blom
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Based in the Strand, Helderberg, Ronel boasts with more than 30 years' travel expertise. She specialises in both leisure and corporate travel as well as in group travel.

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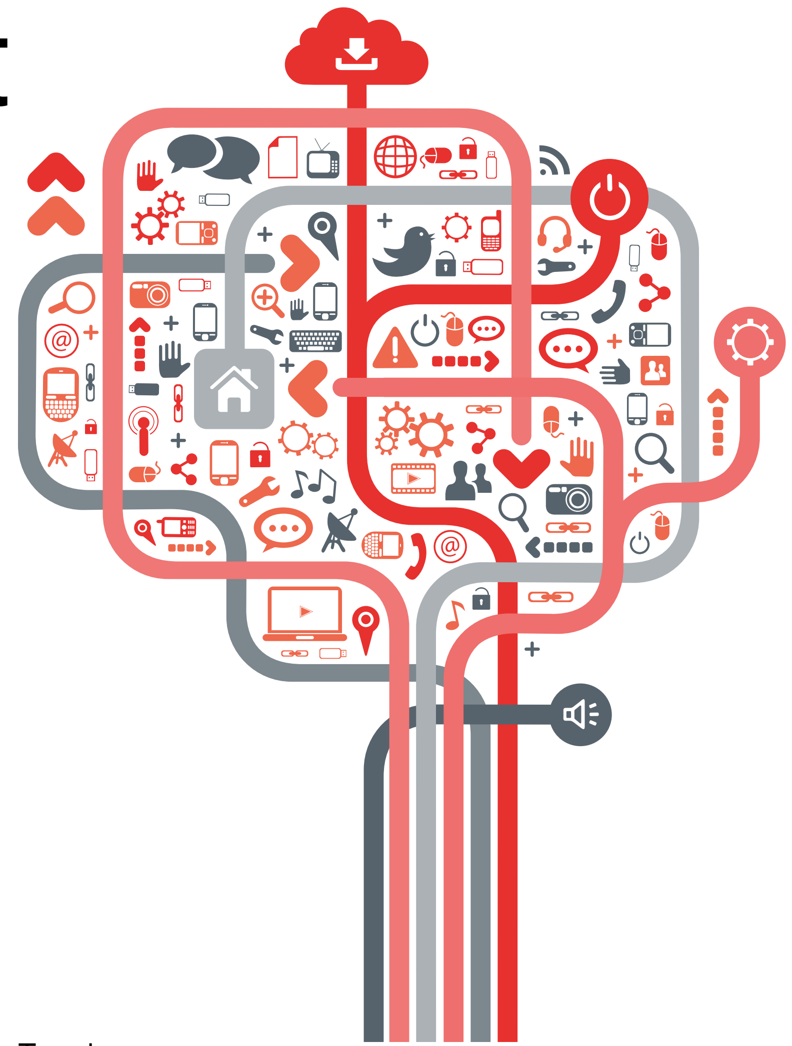
Trend Report

Follow these finance trends and keep up with the future of accounting and finance.

Dante Ludolf | **Business Accounting Review**



We take to the World Wide Web once again in search of relevant and informative sources producing financial fare that's worth reading. In our previous edition we had a look at the funnier side of finance. So this month we're reeling it in a bit and shining some light on accountants who engage on twitter in ways other than simply re-posting *Finweek* headlines …

@tomhood

Tom Hood is the CEO of the *Maryland Association of CPAs*, and his twitter profile is a great place to rack up some know-how and insider information. This is a man who is keen to share his knowledge. He constantly posts about documentaries, panel discussions and financial journalism – all of which is undeniably useful to anyone working in the financial sector.

@gabrielleluoma

Ms Luoma is a small CPA firm owner, and her daily twitter contributions consist of inspirational quotes and sage advice. What makes her twitter profile really interesting though, are her tweets during some of the most progressive and interesting accounting conferences that take place in America. This means that you don't necessarily need a ring-side seat to benefit from the ideas mentioned there. She is also a wonderful example to follow when it comes to marketing financial businesses on social media.

@retheauditors

Francine McKenna is one of the most inclusive and dynamic accountants using social media, and she answers her followers' questions with honesty and gusto. She constantly updates her feed with interesting topics of discussion and interacts with those who wish to strike up a debate on the matters at hand.

@MorningAccount

The Morning Account is a great one-stop place for accumulating daily news regarding finance, business and accounting. If you're a commuter or just an early bird, a scroll through their updates is sure to leave you in the know.

@cheapaccounting

"I would rather give up wine than tweeting for Lent." Enough said.

Trends

Then there are the trends! According to accountingtoday.com and accountingweb.com, there are certain upcoming trends that can seriously change the way you work:

- Spying

Social media is not solely for promotional purposes. Many companies and firms take to the internet to spy on competitors and build on their strengths and weaknesses. This is definitely a double-edged sword, as we can all benefit from this, and suffer from it too.

- Talent management and succession planning

Here we see some progressive firms taking the time to plot long term trajectories and allocate duties and strategies accordingly. Succession planning is also on the up, as companies start to anticipate what needs their business will have when certain members of the team retire or get promoted, leaving an empty seat behind. Talk about organised!

- Client service

Technology and the possibility of global interface have entirely changed the game with regards to client service. We no longer have to rely on face to face connections and physical presence to seal a deal, and businesses everywhere integrate their technological resources with their client service divisions to create a more streamlined and more accessible formula for client interaction and service delivery.

Calendar

SAIT

08 June 2015
Tax Indaba 2015
Location: Johannesburg, Gauteng
Time: 08:00 - 17:00

Academics: Tax Indaba 2015
Location: Johannesburg, Gauteng
Time: 08:00 - 17:00

Tax Indaba 2015
Location: Johannesburg, Gauteng
Time: 08:00 - 17:00

19 June 2015
Transfer Pricing Workshop
Location: La Lucia Ridge, Durban North, KwaZulu-Natal
Time: 09:00 - 12:30

24 June 2015
2015 SARS Webinar
Topics: to be confirmed
Time: 12:30 – 14:30
24 June 2015
2015 SARS Webinar
Topics to be confirmed
Time: 15:00 - 17:00

13 July 2015
2015 Tax Issues for SMME
Location: Pretoria, Gauteng
Time: 08:30 - 13:00

14 July 2015
2015 Tax Issues for SMME
Location: Polokwane, Limpopo
Time: 08:30 - 13:00

15 July 2015
2015 Tax Issues for SMME
Location: Mogale City, Roodepoort, Gauteng
Time: 08:30 - 13:00

16 July 2015
2015 Tax Issues for SMME
Location: Johannesburg, Gauteng
Time: 08:30 - 13:00

21 July 2015
2015 Tax Issues for SMME
Location: Durban, KwaZulu-Natal
Time: 08:30 - 13:00

22 July 2015
2015 Tax Issues for SMME
Location: Boksburg, Gauteng
Time: 08:30 - 13:00

2015 SARS Webinar
Topics: To be confirmed
Time: 12:30 – 14:30

2015 SARS Webinar
Topics: To be confirmed
Time: 15:00 – 17:00

27 July 2015
2015 Tax Issues for SMME
Location: Somerset West, Cape Town, Western Cape
Time: 08:30 - 13:00

28 July 2015
2015 Tax Issues for SMME
Location: Port Elizabeth, Eastern Cape
Time: 08:30 - 13:00

29 July 2015
2015 Webinar: Tax Issues for SMME
Time: 08:30 - 13:00

Transfer Pricing Workshop
Location: Parktown, Gauteng
Time: 09:00 - 12:30

31 July 2015
Transfer Pricing Workshop
Location: Woodstock, Cape Town, Western Cape
Time: 09:00 - 12:30

19 August 2015
2015 SARS Webinar
Topics: To be confirmed
Time: 12:30 – 14:30

2015 SARS Webinar
Topics: To be confirmed
Time: 15:00 – 17:00

22 September 2015
2015 Webinar
Topics: Specific Technical Topic to be confirmed
Time: 15:00 - 17:00

23 September 2015
2015 SARS Webinar
Topics: To be confirmed
Time: 12:30 - 14:30

23 September 2015
2015 SARS Webinar
Topics: To be confirmed
Time: 15:00 – 17:00

06 October 2015
Transfer Pricing Workshop
Location: Parktown, Johannesburg, Gauteng
Time: 09:00 - 12:30

09 October 2015
Transfer Pricing Workshop
Location: Woodstock, Cape Town, Western Cape
Time: 09:00 - 12:30

21 October 2015
2015 SARS Webinar
Topics: To be confirmed
Time: 12:30 – 14:30

2015 SARS Webinar
Topics: To be confirmed
Time: 15:00 – 17:00

18 November 2015
2015 SARS Webinar
Topics: to be confirmed
Time: 12:30 – 14:30

2015 SARS Webinar
Topics: To be confirmed
Time: 15:00 – 17:00

25 November 2015
Transfer Pricing Workshop
Location: Parktown, Johannesburg, Gauteng
Time: 09:00 - 12:30

27 November 2015
Transfer Pricing Workshop
Location: Woodstock, Cape Town, Western Cape
Time: 09:00 - 12:30

SAAA

17 June 2015
Certificate in IFRS
Location: Riverside Hotel, Durban, KwaZulu-Natal
Time: 09:00 - 16:30 (CPD not incl)

18 June 2015
Certificate in IFRS
Location: Lord Charles Hotel, Somerset West, Cape Town, Western Cape
Time: 09:00 - 16:30 (CPD not incl)

22 June 2015
Certificate in IFRS
Location: Diep in die Berg, Pretoria, Gauteng
Time: 09:00 - 16:30 (CPD not incl)

23 June 2015
Certificate in IFRS
Location: Glenhove Conference Centre, Johannesburg, Gauteng
Time: 09:00 - 16:30 (CPD not incl)

23 June 2015
Director's duties and NCA seminar
Location: Riverside Hotel, Durban, KwaZulu-Natal
Time: 09:00 - 13:00 (CPD incl)

24 June 2015
Director's duties and NCA seminar
Location: Lord Charles Hotel, Somerset West, Cape Town, Western Cape
Time: 09:00 - 13:00 (CPD incl)

25 June 2015
Director's duties and NCA seminar
Location: Diep in die Berg, Pretoria, Gauteng
Time: 09:00 - 13:00 (CPD incl)

26 June 2015
Wanderers Club, Johannesburg, Gauteng
Director's duties and NCA seminar
Time: 09:00 - 13:00 (CPD incl)

15 July 2015
Webinar: Financial instrument under the IFRS for SME's and general aspects
Time: 14:00 – 16:00 (CPD incl)

20 July 2015
Preparing Financial Statements under IFRS for SME's
Location: Wanderers Club, Johannesburg, Gauteng
Time: 09:00 - 16:30 (CPD incl)

21 July 2015
Preparing Financial Statements under IFRS for SME's
Location: Diep in die Berg, Pretoria, Gauteng
Time: 09:00 - 13:00 (CPD incl)

23 July 2015
Preparing Financial Statements under IFRS for SME's
Location: Lord Charles Hotel, Somerset West, Cape Town, Western Cape
Time: 09:00 - 13:00 (CPD incl)

24 July 2015
Preparing Financial Statements under IFRS for SME's
Location: Riverside Hotel, Durban, KwaZulu-Natal
Time: 09:00 - 13:00 (CPD incl)

SAIBA REGIONAL FORUMS

East Rand Forum
Location: Fly Inn Conference Centre
Date: To be confirmed

Cape Town Forum
Location: Somerset West Golf Club
Date: To be confirmed

FASSET

June 2015
Labour legislation update and anti-money laundering
Date, time and venue: To be confirmed

July 2015
Effective client services and return on investment
Date, time and venue: To be confirmed

August 2015
Compliance with changes in Legislation
Date, time and venue: To be confirmed

CFO SOUTH AFRICA

30 July 2015
Corporate Growth
Location: Sandton, Johannesburg, Gauteng
Time: 16:00 - 20:00
Type: networking, meeting, reception, round table, master class, café

31 July 2015
Platinum Member Meeting
Location: Johannesburg, Gauteng
Time: 11:30 - 14:30
Type: platinum, member, meeting

17 September 2015
Digital Transformation
Location: Sandton, Johannesburg, Gauteng
Time: 16:00 - 20:00
Type: networking, meeting, reception, round table, master class, café

18 September 2015
Platinum Member Meeting
Location: Johannesburg, Gauteng
Time: 11:30 - 14:30
Type: platinum, member, meeting

19 November 2015
Risk, Compliance & Control
Location: Johannesburg, Gauteng
Time: 16:00 - 20:00
Organized by CFO South Africa
Type: networking, meeting, reception, round table, master class, café

20 November 2015
Platinum Member Meeting
Location: Johannesburg, Gauteng
Time: 11:30 - 14:30
Type: platinum, member, meeting

National News

KPMG using game technology to recruit future stars

By Ciaran Ryan

Big Four firm KPMG will use technology to help screen the 10 000 graduates that it expects to apply for 300 available positions at the firm.

The *Australian Financial Review* reports that graduates hoping to grab one of the jobs at KPMG will have to traverse an online game overlaid with psychometric tests that the accounting giant will use to filter applicants before recruiters look at a single resume.

The firm expects that this process will filter 60 percent of the applicants before KPMG's recruiters look at a single curriculum vitae.

The new self-service paradigm aims to make KPMG's recruitment process faster, more efficient and a more positive overall experience for candidates. It also screens candidates' "level of personal impact" by getting them to film a four-minute "selfie" video.

"These young people are digital natives. To get a true understanding of their potential we have to immerse them in an assessment where they will respond naturally," KPMG head of human resources, Susan Ferrier said.

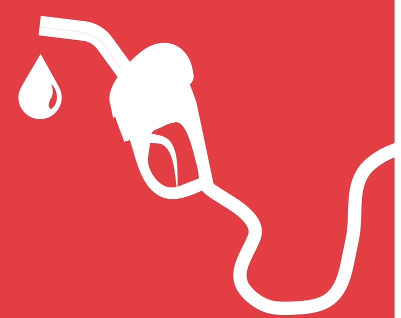
KPMG has ceased rolling recruitment this year, meaning that rather than continuously hiring grads throughout the year, most of its intake occurs between February 23 and April 12.

In the old regime, KPMG tested applicants for logical reasoning, numerical and verbal skills. In the brave new self-service world, it also tests the way candidates' prioritise tasks, their ability to change direction, and make decisions.

In the past, the KPMG's team of six HR specialists sifted through 10,000 CVs, whittling the pile down to 4000 to send on to partners. This year, KPMG's HR team plans to send 900 CVs to partners.

Inflation falls to 4 year low, helped by weaker fuel prices

By Ciaran Ryan



Two bits of information out, show the extent of weakness in the economy. Inflation slowed to a four year low of 3,9% (year-on-year) in February, down from 4,4% in January. News on the retail front was worse than most economists predicted, with trade sales up 1.7% year-on-year in January, after increasing by a revised 2% (3.4%) year on year in December. This was below the consensus forecast of 2,7% expected by economists.

According to *Business Day,* consumer inflation increased by 0.6% between January and February.

A lower petrol price in February and slower increases in food inflation were the main reasons behind the deceleration.

February was the sixth consecutive month that inflation was within the 3%-6% target range.

ETM Analytics economist Manisha Morar said the firm expected inflation to remain within the target band for the first half of this year but edge higher in the second half of the year due to the effects of a weaker rand and a significant electricity tariff increase.

Eskom will raise electricity tariffs by 12.7% this year.

Investec chief economist Annabel Bishop said the 96c/litre increase in the petrol price in March and a potential R1.70c/l increase in April were likely to prevent a further drop in inflation.

Ms Bishop said Investec expected only one interest rate hike of 25 basis points in July this year and then a 50 basis points increase in January next year "as the global monetary policy cycle normalises and SA follows suit".

The transport index fell by 2.5% between January and February mainly due to a 93c/l decrease in the petrol price.

The food and non-alcoholic beverages index increased by 0.4% between January and February, while the annual rate fell to 6.4% from 6.5%.

The prices of fish; bread and cereals; oils and fats; hot beverages; milk, eggs and cheese; sugar, sweets and desserts; vegetables; and cold beverages increased, while those for fruit and meat decreased.

The alcoholic beverages and tobacco index increased by 1% between January and February, while the annual rate increased to 8.2% from 7.4%.

The miscellaneous goods and services index increased by 5.2% between January and February mainly due to a sharp increase in health insurance

Black CA's must play greater role in economy, says Nene

By Helene Cilliers

The number of black chartered accountants (CA's) has not risen significantly since professor Wiseman Nkuhlu qualified as the first black Chartered Accountant. This is according to a speech delivered by Finance Minister Nhlanhla Nene at a recent dinner of the Association of Black Accountants of South Africa (ABASA).

"Admittedly the number is small, but where are those CAs and what role are they playing in ensuring that the pipeline of CA's never dries up," Nene asked.

"Recognising that we have to be proactive in increasing the pool of highly-skilled accounting professionals especially for the public service; we at National Treasury started the Chartered Accountancy Academy programme in 2008. To date, 30 Chartered Accountants have graduated from our programme. This year we achieved 86 per cent pass rate on the Qualifying Examination Year 2. We have continued to steadily grow our site offices in three metros and a few departments and we are also in collaboration with State Owned Entities to grow our programme. Admittedly, these efforts are making a small dent, but they are not insignificant. What we need to do is to ensure that we continue to grow the pool. The ratio of qualified CAs is terribly out of synch with the needs of the country and this should be corrected."

He said the second question is whether our communities are better off now that we have more black CA's.

Nene suggested that the contribution of the programme needs to be significantly higher. Organisations such as ABASA need to realise where they come from and the obligation and burden that history has bequeathed them.

"I call on all of you here to ensure that you contribute to the efforts to transform our economy."

Nene said the need for highly-qualified financial management professionals in the public service is well-documented and he would welcome a conversation with ABASA members as to what they can do to assist the country in this regard.

"I would gladly discuss how we can explore a partnership that would see organisations such as yours assist our efforts to improve financial management capacity in the public sector."

"This country defeated apartheid because of committed activists. Today we need a different kind of activism and I would like to believe that many of us have an activist within us. I am of the view that ABASA needs to be at the forefront of transforming the profession. Perhaps members of ABASA could assist trainees with preparation for board examinations, mentor those who aspire to join the profession and generally give support to various initiatives meant to assist others to rise to greater heights," said Nene.

He said another challenge to ABASA is its individual or collective contribution to the infusion of entrepreneurial spirit amongst black people.

"Where are the men and women who use the collective intellect that you have here to bring creative solutions for our country? It is common knowledge that when everyone seeks to be employed we are not being entrepreneurial. The future of our country does not so much lie with big business, important as they are. It lies with SMMEs that are building our economy in order to create more employment opportunities."

Nene also wanted know why newspapers don't get exposed to a spectrum of thoughts from members of ABASA who should be leading in building a body of knowledge that can be tapped into.

He said black accountants allegedly make a miniscule, if any contribution to the process of public comment before National Treasury through the Accounting Standards Board issues standards for publication.

"I would like to encourage you to participate in the development of the technical standards and the technical competencies needed to advance the growth of our country and its standing in the world. That way, you can claim your rightful place in the current reality of our country.

"While ABASA continues to strive for the advancement of black accountants, I challenge you to work towards the advancement of all of our people, especially the underprivileged."

Nene said he would like ABASA to think and act in the public interest, and specifically the interests of those who remain marginalized in our society.

Nene left the delegates with the following questions to ponder on:

- To what extent has ABASA exploited the opportunities created by a democratic government particularly to advance black business?
- To what extent has ABASA contributed to shaping government policy?
- How many of ABASA's founding members and those that joined in the earlier years, are still active in ABASA programmes? Is ABASA's institutional memory well preserved?
- Is ABASA grooming a fresh cohort of cadres who will continue to advance the interests of its members and of all black people in general?

News **Flash**

1. It has been revealed by President Zuma's lawyer that he was offered R20million to quit as Deputy President in 2003
2. *The South African Compensation fund* is planning to wipe out a backlog of outstanding claims of 231 000 outstanding claims, reaching R23bn by the end of June 2015
3. Strong demand in key emerging markets ahead of the Easter holidays, boosted *SABMiller's* fourth quarter with as much as 3% share raise
4. South African sugar industry is losing $81Million from the drought in th KwaZulu-Natal province
5. *Telkom SA SOC Ltd* is looking to sell a phone-tower network that may fetch the struggling mobile service $500 million to $1 billion

International news

Big 4 still dominates list of Top 100 US firms

By Adri van Zyl

The annual list of the Top 100 Firms in Accounting for 2015 in the US holds no surprises.

Ranked on revenue ***Deloitte*** topped the list, with almost $15 billion in revenue, followed by ***PwC*** ($11.8 billion), ***Ernst & Young*** ($9.9 billion) and ***KPMG*** ($6.87 billion).

The full report includes information on which practice areas are seeing the most growth, with assets, M&A services, and state and local tax leading the pack – as well as which issues are of greatest concern to the firm's executives. Recruiting and retaining qualified staff remains a major worry for firms all across the country.

Read the full report *(http://www.accountingtoday.com/digital_edition/digital/2015-top-100-firms-regional-leaders-73805-1.html) for all the details, including the benchmarking data and our in-depth analysis.*

UK tax collection under fire

By Adri van Zyl

The British Public Accounts Committee (PAC) has called on the revenue service to further its efforts to crack down on businesses that evade tax.

An investigation by the PAC revealed that the ***HM Revenue and Customs (HMRC)*** is failing to clamp down on both evasion and aggressive tax avoidance.

Margaret Hodge, chairman of the PAC, says the complexity of tax law and constraints on HMRC's resources mean the Revenue is "fighting an uphill battle against those who are determined to cheat the tax system".

Further, the committee argues HMRC is failing to provide a successful deterrent against evasion by following a policy of civil settlement, rather than criminal prosecutions.

"HMRC needs to show that it comes down hard on tax cheats," Hodge said.

Hodge went on to cite the recent scandal surrounding HSBC's Swiss Bank, where evidence suggests that the bank's staff were actively helping clients to evade tax.

While more than 1000 names of suspected evaders were handed to HMRC, there has only been one prosecution to date, and it remains unclear as to what action – if any – is being taken against HSBC.

The PAC also recommended a thorough review into the role and implementation of tax reliefs, arguing that the large number of reliefs available – there are currently 1,140 tax reliefs – made it easy for avoiders and evaders to exploit the system.

"For as long as the UK has such a complex tax code, opportunities for aggressive tax avoidance and evasion will continue to be exploited," Hodge explained.

The PAC also criticised the Revenue's unwillingness to introduce a tougher code of conduct for tax professionals, and questioned HMRC's "cosy" relationship with the Big Four accountancy firms.

"We remain concerned that HMRC's relationship with these large accountancy firms is too cosy, and it needs to get much tougher in challenging the advice they give to their clients," she added.

Internal audit role evolving rapidly

By Adri van Zyl

The majority of US companies have gone through or are going through a business transformation in response to market changes and the internal audit function should also extend its role to play a more proactive role as trusted advisor, according to a new report by ***PricewaterhouseCoopers***.

Accounting Today quotes Jason Pett, PwC internal audit services leader, in saying that internal audit functions should be at the forefront of where the company is going, not where it's been. "As companies evolve and transform, senior management and boards are looking for internal audit functions to be actively involved in business imperatives and offer proactive perspectives on all business risks."

In its 2015 State of the Internal Audit Profession study, PwC found that only 11 percent of chief audit executives characterise their current internal audit functions as providing value-added services and proactive advice to the business. Sixty percent of CAEs and just over 45 percent of stakeholders expect internal audit to extend its traditional assurance provider role into a more proactive trusted advisor role within the next five years.

In order to do this, Pett says that internal audit functions should develop their own strategic plan that is aligned to the broader business imperatives. Such a plan should focus on the right risks, outlining strategies to define and close talent gaps, and on expanding the use of data analytics across the audit life cycle and leverage tools to provide valuable business insights.

For a copy of the report, visit

www.pwc.com/us/2015internalauditstudy.

Switzerland no longer a tax haven

By Adri van Zyl

Switzerland, long perceived as a safe haven for unaccounted wealth, has made progress on meeting international tax compliance standards and has been upgraded to phase 2 of the Organisation for Economic Cooperation and Development's (OECD) tax transparency review process.

The Global Forum on Transparency and Exchange of Information for Tax Purposes, which was set up to test tax compliance standards in member states, gave Switzerland the thumbs up on Monday when announcing the results of its supplementary report into the alpine nation.

Last year, Switzerland enacted a number of legal changes to meet the Global Forum's standards on exchanging tax information with other countries. Among the changes were laws that removed the need to inform bank clients if they were under investigation by tax authorities. Switzerland also signalled its intention to introduce automatic exchange of tax information with other countries by 2018 and amended a number of double taxation treaties with other countries to bring them up to international tax data sharing standards.

However, Switzerland faces a potentially tougher examination in the coming months, particularly regarding the use of stolen bank data by other countries to request information on suspected tax cheats.

BDO outperforms Big Four

By Helene Cilliers

Second-tier national accounting firms in the US are outgaining the Big Four, according to auditanalytics.com.

Audit Analytics says ***BDO*** in particular had a great year in terms of Securities and Exchange Commission (SEC) audit clients, winning 54 new clients compared to 14 losses, for a net increase of 40 engagements in 2014, to go along with a net increase of 57 last year. While BDO's growth in 2013 was largely due to acquisitions, 2014 saw more organic growth

Other firms to post strong wins in 2014 were ***KPMG*** (+15), Marcum (+15), and Grant Thornton (+12).

At the other end, ***EY*** (-43) and ***PwC*** (-28) had heavy losses, continuing a trend seen in 2013. EY lost 65 total clients against a gain of 22. Of the 65 losses, 31 went to other Big Four firms, including 15 that switched to KPMG. PwC lost a total of 49 clients against 21 wins. 32 of their losses switched to other Big Four firms, including 13 to EY.

But client wins and losses don't quite tell the whole picture, says the survey. Deloitte, for example, may have lost a net of 8 clients, but their net increase in audit fees was $27.6 million. In other words, the clients that they won brought in significantly more fees than those they lost (assuming the fees remain relatively constant).

News **Flash**

1. Investment holding company ***Bait SE*** will acquire an 80% interest in ***Virgin Active*** health clubs for £682 million (R12.2 billion).

2. ***Euromonitor*** that the healthy food market will experience "high growth and high margin", set to reach $1.1 trillion by 2019.

3. ***GoPro's*** Nick Woodman is about to become the highest paid CDO in the USA. The 39-year-old was given 4,5 million restricted stock units, valued at $284.5 million, which gives him the top spot on the Bloomberg Pay Index.

SAIBA News

SAIBA cares

One of SAIBA's dearest members, a 68-year old pensioner, was very excited to receive a call from one of SAIBA's consultants.

Elaborating about her experiences as a SAIBA member, she told the consultant "how I enjoyed attending events!" Thankful for the contribution SAIBA made to her business, she added that the yearly birthday wishes from SAIBA made her day especially special!

SAIBA offers a CA bursary

SAIBA is passionate about the profession. In support of those accountants working towards their CA qualification, SAIBA is giving away one bursary for the CA Board Exam Course. Any SAIBA member that hopes to qualify as a CA, should submit a motivation letter and a letter of interest to saiba@saiba.org.za.

New web chat

The SAIBA website has been updated to include a live chat function. Members visiting the website will immediately be greeted by an online invitation to chat. This function has greatly improved our ability to engage with new applicants and existing members.

Officially affiliated with the IAFEI

In April SAIBA's official affiliation to theInternational Association of Financial Executive Institutes , the IAFEI, was passed. Now SAIBA can enjoy the benefits of an international association. Read more in our CFO section.

Certificates posted

New membership and designation certificates were posted to all members during March and April. The post office strike may have affected delivery times, so please contact us immediately if you have not yet received your newly designed and branded certificates.

SAIBA announces new Independent Review tool for members

SAIBA members that have obtained the:

- Designation Business Accountant in Practice (SA) and the
- Certificate in Independent Review Engagements©
- may perform independent review engagements for certain types of companies. New working papers are now available to all members.

SAIBA and SAIPA has the same recognition level for performing independent review engagements. That is review may be performed for companies:

- That are non owner-managed i.e. Only some of the shareholders have been appointed as directors of the company
- That have PI Score of less than 100 points

The Companies Act, 2008 (section 30(7)(b)) empowers the Minister to determine by way of regulation the accreditation of professions whose members may perform independent reviews for companies for which such reviews are a mandatory requirement.

Although the Companies Regulations, 2011 does not specifically provide for an accreditation model, regulation 29(12) does require that professional bodies should file an annual report with the Companies Commission.

According to this regulation every profession recognised by the Minister under section 60 of the Close Corporations Act, 1984, and whose members are entitled to perform an independent review as set out in sub-regulation (4) (b) (ii), must annually file a report with the Commission demonstrating that it:

- Has proper mechanisms for ensuring that its members participate in continued professional development and achievement of professional competence,
- Has mechanisms to ensure that its members are disciplined where appropriate,
- Is, and is likely to continue to be, financially and operationally viable for the foreseeable future,
- Keeps and maintains a proper register of its members,
- Has in place appropriate programmes and structures to ensure that it is actively endeavouring to achieve the objective of being representative of all sectors of the South African population,
- Meets any other requirements that may be determined by the Commission from time to time.

The Auditing Profession Act 26 of 2005 sets out the statutory role and responsibilities of the IRBA. These responsibilities are restricted to audit and work that is undertaken in accordance with auditing standards by registered auditors. The task of the IRBA is to protect the public by regulating audits performed by registered auditors. An independent review is only required for companies that may be classified as non-owner-managed and non-public interest. Section 30(8) clarifies that an independent review of a company's annual financial statements required by this section does not constitute an audit within the meaning of the Act.

Independent reviewers and their professional bodies are not required to apply for accreditation with the IRBA in order to perform or monitor the performance of an independent review engagement.

SAIBA has prepared a short guide to assist members performing review engagements. This guide, together with the newly launched online working papers, are available at www.saiba.org.za.

All review engagements must be performed in terms of this guide and the International Standard on Review Engagements (ISRE 2400).

Members performing reviews are also required to submit reportable irregulatories.

To assist members with performing their engagements to the required standard SAIBA has collaborated with SACIR to make independent working papers available to all members

Accounting officer reports revised

By Nicolaas van Wyk

13 Statutes and regulations require an accounting officer to issue an accounting officer report.

These reports therefore play an important part in the South African legislative and economic environment.To better address the needs of users SAIBA has revised the format of the accounting officer report.

The new format provides for a better understanding as to the exact duties performed by the accounting officer, enabling users of financial statements to make informed decisions as to the reliance that can be placed on the financial statements.

An added benefit of the new report is the reduction in liability it offers the accounting officer. In the past accounting officers had no real guidance as to the procedures they should follow or the questions they should ask prior to issuing an accounting officer report.

The new report format explicitly states the procedures followed by the accounting officer and frames these procedures within International Standard on Related Service, specifically ISRS 4400: agreed upon procedures. Using ISRS 4400 within the accounting officer engagement grounds the report within international best practice and guides the accounting officer in selecting appropriate procedures. This is especially helpful where the accounting officer is required to state whether the financial statements agree to the accounting records.

In addition to incorporating ISRS 4400 into the accounting officer report SAIBA has issued a framework for accounting officer engagements. This framework provides guidance to accounting officers in those instances when they are required to state whether the accounting policies as applied by the corporation are appropriate.

Making such a statement cannot strictly be answered whilst applying ISRS 4400, hence the need for a separate framework that guides the consideration of a corporations accounting policy.

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SOUTHERN AFRICAN INSTITUTE FOR BUSINESS ACCOUNTANTS

New B-BBEE codes apply from 1st May

By Helene Cilliers

According to the ***Department of Trade and Industry (DTI)***, any business that goes for B-BBEE verification after the 01st May 2015 will be verified against the Revised codes, irrespective of their financial year or measurement period. The DTI further states that a B-BBEE verification process can be conducted on any 12-month period, regardless of the company's financial period.

This, of course, should be within reasonable limits and can include overlapping periods, says Trevor Tshabangu, a director at Transcend Corporate Advisors. Tshabangu said in a letter on Transcend's website that pressure is mounting on verification agencies to deliver on both the normal cycle verifications of their clients, and also clients who were trying to beat the deadline on the 01st of May 2015.

"What this means is that firms that would not necessarily be verified in this time are applying for verification and being audited. The reason for this rush is that most companies want to "ride" on the old codes for the next twelve months whilst they gear their strategies against the revised codes. One likely implication of this urgency is that verifications 'may' be rushed and the quality might be compromised. This can be due to a number of factors, including lack of capacity, fatigue and other relevant factors related to work pressure within the verification space."

Tshabangu says there are challenges of not having a valid B-BBEE certificate that expires in the 2016 calendar year. He says considering that most companies are already being verified, their old codes certificates will expire by 01st May 2016 and this gives them an edge over those businesses whose certificates expire within the 2015 calendar year.

"What this also means is that some firms may have at some point, two valid certificates. Furthermore, if a business has not taken advantage of the 01st May deadline, they would have to be rated on the Revised codes regardless of their measurement period, and whether they have prepared for the Revised codes or not. This poses a serious challenge, especially when a firm is expected by their customers to have a valid B-BBEE certificate, and firms that respond to tenders for work." He says in light of this and other developments, businesses need to take into account a number of strategic issues. "First, companies need to make a decision as to whether they want to be audited on the old codes before the 01st of May 2015. If so, what will be the measurement period, and how soon can they prepare and get audited? Second, speak to your Verification agency now and book your B-BBEE audit date. Third, as you prepare for this current codes verification, consider your financial period and plan how the next verification cycle will be handled. Fourth, start "tilling the land" in preparation for the revised codes verification. This means putting strategies together which talk to the revised codes, taking into account how far you are from the end of your financial year, as certain interventions are income statement items. In other words, some businesses may have to run the two processes, old and revised codes strategies, side by side."

More importantly, says Tshabangu, businesses must measure their B-BBEE performance on the revised codes monthly, rather than quarterly. This will help to close the gaps over time, considering that these codes are fairly new and some of the issues within the codes are still open to wide interpretation by consultants and verification agencies.

Namibia - a country in need of accountants

In 2006 *SAIBA* made a strategic decision to expand the SAIBA brand into Namibia, a country whose growth is severely crippled by the shortage of accounting professionals. Nicolaas van Wyk explores the economic challenges Namibian residents face, the responsibility that rests on the shoulders of their accountants and the silver lining that is SAIBA.

Nicolaas van Wyk I **SAIBA**

In a recent presentation to Namibian accountants, the Namibian Minister of Trade and Industry, Carl Schlettwein, confirmed the important role, played by accountants in ensuring the growth of the SME sector. The Minister correctly asserted that the shortage of qualified accountants in the country is hindering the growth of small businesses, many of which fail or go dormant because of inadequate audits or supervision by accounting officers. Struggling or failing firms lead to less job opportunities and thus a lower contribution of tax by the SME sector.

Consequently, Namibian accountants have their work cut out for them in helping the Namibian government grow the fragile economy. This is also reason to celebrate the significant growth in SAIBA Namibian membership. With only 20 members in 2010, SAIBA (Nam), now boasts with more than 150 members. This is an important development for the Namibian economy, as an increased number of accountants give way to more economic growth.

There are three main accounting bodies in Namibia:

1. The Institute of Chartered Accountants of Namibia (ICAN) with around 530 members. The Southern African Institute for Business Accountants (SAIBA (Nam)) with just more than 150 members.
2. The National Institute of Professional Accountants (NIPA) with 130 members.

SAIBA members and their colleagues have to serve approximately 500 000 taxpayers.

According to a World Bank Report, Namibia has maintained a track record of consistent economic growth, moderate inflation, limited public debt and export earnings.
Namibia's economy is closely linked to South Africa's economy through trade, investment and common monetary policies. The Namibian dollar is pegged to the South African Rand, making many economic trends (including inflation) closely follow those in South Africa.

The Report further states that Namibia has made significant progress in addressing many development challenges. Access to basic education, primary health care services and safe water is high and growing. Namibia maintains social safety net programs for the elderly, disabled, orphaned, vulnerable children and war veterans, as well as national programs that provide maternity leave, sick leave, and medical benefits to workers.

The Report highlights that although Namibia's per capita income of $5,840 (2013, Atlas method) places it in the World Bank Groups (WBG) upper-middle income grouping, average income paints a misleading picture. In reality Namibia's income distribution is among the most unequal in the world, with a Gini coefficient estimated at 0.5971 by the latest (2009/10) household survey.

Poverty incidence is high, although it has declined somewhat during the past decade: 21% of individuals had consumption below $1.25/day in 2009, compared to 49% in 1993 (WBG calculations). Unemployment has remained extremely high for decades and was estimated at 29.6% in 2013.

Bringing these statistics back to the role of accountants - one has to consider the ability of government agencies to register new companies.

Again the World Bank provides some interesting figures. The following table illustrates how Namibia compares to Sub-Sahara Africa and the OECD:

Indicator	Namibia	Sub-Saharan Africa	OECD
Procedure (number)	10.0	7.8	4.8
Time (days)	66.0	27.3	9.2
Cost (% of income per capita)	13.0	56.2	3.4
Paid-in min. capital (% income per capita)	0.0	95.6	8.8

Namibian accountants will also help to improve the new business entry density, defined as the number of newly registered corporations per 1,000 working-age people (those ages 15–64). The units of measurement are private, formal sector companies, with limited liability.

The World Bank and the Kauffman Foundation collected this data:

Country	Year	Density	Newly registered corporations
Namibia	2012	0.85	1157
South Africa	2012	6.54	217 624

SAIBA – a brand beyond South Africa

SAIBA (South Africa) was established in 1987 and now boasts more than 5500 members. In 2006, the then-SAIBA Board made a strategic decision to expand the SAIBA brand into Namibia.

On the 1st of July 2006 (gazette 3658) SAIBA (Nam) was officially incorporated as a Non Profit Company under the Companies Act 1973. With the support of ICAN, SAIBA (Nam) received recognition as a body for accounting officers under the Close Corporations Act 1984.

SAIBA (South Africa) or SSA is the originating mother body for business accountants in Southern Africa. Therefore they own all related intellectual property including: trademarks, know-how, branding and any other matter owned, controlled or associated, whether directly or indirectly, with SSA, whether corporeal or incorporeal. This covering includes South Africa and all her neighbouring states.

SAIBA (Namibia) or SNB was established as the Namibian branch of SSA and in accordance with local laws and regulations, was registered as a separate legal entity.

The objectives of SSA and SNB are to:

- Establish and provide membership, tiered recognition, designations, certifications and licensing for persons to be employed, or self-employed as accountants and finance professionals in commerce, private practice, the public sector and academia.
- Afford designatory letters to qualifying members and provide these members with a professional identity.
- Promote and enforce appropriate standards of competence, practice and conduct among members of the Company so engaged.
- Influence the development of national and international policy to ensure that members are free to pursue their career and practice ambitions to the fullest extent possible.
- Do all such things as may advance the character of the profession of accountancy whether in relation to practice, or as applied to service in commerce, the public sector and academia.

SSA shall be responsible for establishing uniform standards, policies and guidelines as part of a global strategy to expand and grow the SAIBA brand and membership throughout Southern Africa specifically, and internationally.

Licensing SAIBA (Nam)

The licensing agreement between SSA and SNB means that SNB shall continue its functions in Namibia in an independent manner. SNB shall determine its local activities and are authorised to use the SSA intellectual property and branding.

The agreement allows SSA and SNB to share resources, thereby reducing the cost of membership. All members, regardless of geographical area, are registered on the SSA membership platform. SSA will assist SNB to establish a website and/or electronic corporate identity that conforms with the branding and identity already established by SSA. It will also link with SSA's existing membership platform. SSA is the main administrator on the membership platform and shall assist SNB with the follow up of members and general administration, such as sending out mailers to members on behalf of SNB.

SSA sends out invoices for membership fees on behalf of SNB, however payments for SNB membership fees are received by SNB in their local bank account.

SSA and SNB meet annually to set the SNB budget and strategic plan. The SNB budget considers all necessary expenses required to maintain a local office for SNB inclusive of office, equipment and staff.

SNB's main function is to promote and ensure the growth of SNB membership.

New offices for SAIBA (Nam)

In response to members' requests, SAIBA Nam will open offices in Windhoek. The offices will allow SAIBA Nam to improve the service delivery to members and provide the ability to organise affairs and marketing events.

SAIBA (Nam) Board

SAIBA Members in Namibia are eligible to elect their own Board and engage with the Board to ensure their needs are met.

Membership queries should be directed to Yvonne Nell at saiba@saiba.org.za. Issues specific to Namibia can be addressed directly with the SAIBA (Nam) Board:

Mix Business with Networking: SAIBA forums

Don't miss the opportunity to network and learn from the mistakes and triumphs of other finance professionals. *SAIBA* hosts regional forums, and you can join in.

Este Niemandt | **SAIBA**

SAIBA has embarked on a mission to establish regional forums for its members and other professionals. These forums will ultimately become a a networking mechanism for members and finance professionals, giving a platform to discuss matters relating to taxation and accounting on a regular basis.

The SAIBA executive team envisage for local regions to set up their own forums, running them independently through the means of a committee, under the auspices of SAIBA. The areas they have in mind within Gauteng are Pretoria, Johannesburg, West Rand, East Rand and Vereeniging. SAIBA also recently launched their first Western Cape forum in Somerset West. From there, the forums will move into all the provinces.

Most accountants who presented at the East Rand Forum did not have a budget for their own practice. It was found that even though all accountants know how to do it, they hardly implement this in their own practice.

- How much to charge your clients?
- What do you as an accountant want to earn?
- How you can make a profit?
- How to spend your tie productively?
- CIPC.
- UIF/WCA.
- Taxation and SARS.

Some of the topics discussed in these forums were:

Existing Forums and Forums in Progress

The East Rand has already successfully established its forum with Chair Person Grant Richardson as Leader. He extends an open invitation to SAIBA members from surrounding areas to attend, and learn how such a forum is to be run, and so equip members to go out and establish forums in their own regions.

Roland Gemmel is a SAIBA Business Accountant in Practice (SA) member. He attends the East Rand Forum. According to Gemmel, the forum is about sharing knowledge and experience with like-minded people in the same profession. It is beneficial to attend the forums because you realise that you are not alone and that others have the same frustrations and problems that you have.

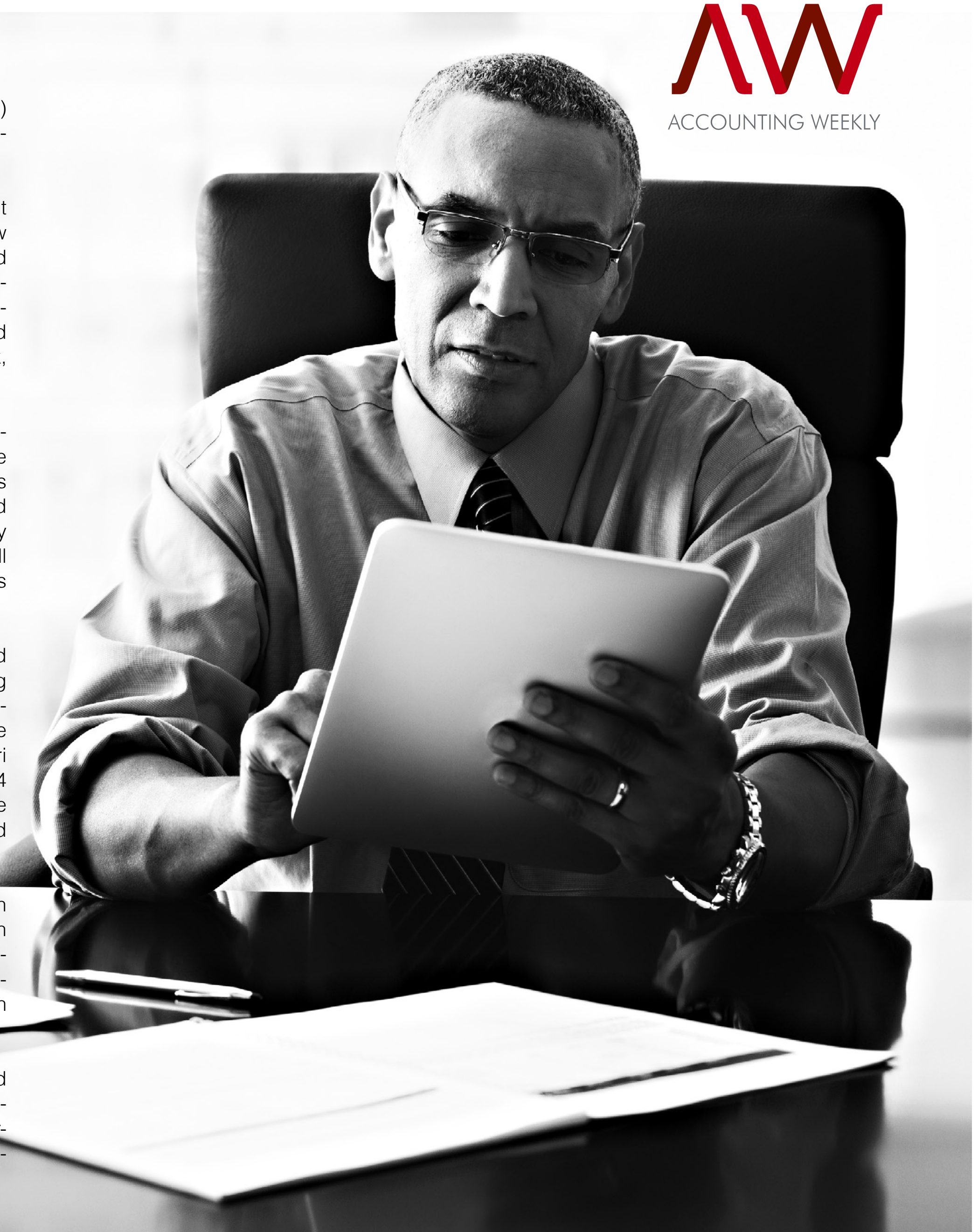
Cape Town's Regional Forum launched on the 9th of April. The acting chairperson is Albert Richter. He is a partner of The First Accountants and has more than 20 years' experience as a small and medium accounting practice owner.

Keep your eyes on SAIBA newsletters and Social Media communication for the launch of the next two regional forums in Durban and Port Elizabeth. If you would like to volunteer on a committee for a Regional Forum, or would like to start one, please email *nlodi@saiba.org.za*.

I never planned to fail, *I just failed* to plan

SAIBA's Newest Family Member: Accounting Weekly

At last it is here – a news site, exclusively for finance and accounting professionals. And *SAIBA* is at the front and centre. Get your news here!



SAIBA has partnered with *Accounting Weekly* (AW) to provide members with a useful, relevant and resourceful news platform.

"We received so many requests and questions about the finance and accounting industry. We just knew that there was a hunger for more information in and around the accounting industry. So, our team got together and found a place where people as passionate about the industry as we are, could gather and get the relevant information," says Nicolaas van Wyk, CEO of SAIBA.

The new accounting site is at the forefront of the industry, and it is evident in the numbers. With more than 12 000 visitors in the first month, the site shows great promise. "It is imperative that accountants and finance professionals stay up to date with industry trends, so this portal is a one-stop-shop to get all your accounting, business and finance news," says Cara-Ann Carstens, marketing manager at SAIBA.

On accountingweekly.com, you will find analysis and insight on developments affecting the accounting profession. AW's award-winning journalists review local and international news and deliver it in a concise format. Journalists include Helene Cilliers and Adri van Zyl, both previously employed by the Media24 group. Reading this news site will ensure you are the most informed accountant among your clients and colleagues.

The daily updates provide news and information with a distinct accounting flavour. Its approach is both local and global, providing updates from developments within the Big Four to smaller firms. The balance of the content will interest CFOs, accountants in practice and financial experts.

Accounting Weekly aims to inform, educate and grow those who frequent the site. It features top-quality content, curated to showcase stories by top journalists and industry experts. And as an added bonus, readers will even get their daily lifestyle fix.

Where do you fit in?

Here is an overview of the SAIBA membership tiers, giving you an overview of where you fit into the family.

SAIBA's designations are all unique, catering for different people at different places in the financial industry.

The newest edition to the family, the Certified Financial Officer (SA) is an exclusive designation, for existing Chief Financial Officers and aspiring CFO's in South Africa. The Business Accountant (SA) focuses on the debtor's clerk to the financial accountant. The BA(SA) also includes business consultants and financial managers.

SAIBA also just launched the Certified Business Accountant (SA), a designation, designed for the for senior financial managers with honours level qualification..Off course, we can't leave out the famous Business Accountant in Practice (SA) – the designation that allows members to sign off financial statements and operate their own practice.

saiba ACCREDITATION

BA(SA)

CBA(SA)

BAP(SA)

Cert. Fin. Officer (SA)©

DESIGNATIONS	SAQA REGISTERED	TARGET MARKET	QUALIFICATION
SAIBA	Not applicable (memebership)	Students and other persons wishing to associate with a professional body	Not applicable
BA(SA)	Registered	Finance/Accounting department staff, consultants, non-financial managers working with the finance/accounting department Finance/Accounting department staff, consultants, non-financial managers working with the finance/accounting department	National diploma/degree
CBA(SA)	In Process	Senior financial accountants and financial managers that heads up the accounting department	Bcom Honours degree / CTA
BAP(SA)	Registered	Accountants in pracitce providing services to the public for a fee typically as accounting officers, independent reviewers	MComm degree / MBA
Certified Financial Officer (SA)	In Process	Finance Executives that perform at the highest level within the finance/accounting department	National Diploma in Accounting / BComm + 5 core subjects

saiba ACCOUNTANT OF THE MONTH

It's finally here – SAIBA's Accountant of the Month! Don't miss this exclusive initiative where members get to boost their business through informative publicity.

In the middle of the hustle and bustle called life, we at SAIBA like to pause and celebrate some of our members. Moreover, we like to pick their brain, so that we can all be inspired, educated and geared for our next challenge.

This campaign carries great promise, and lends our selected members to expose their practice to finance professionals and key stakeholders. Based on our 2014 Welcome Campaign, we foresee great enthusiasm about SAIBA and our unique members.

To kick off our newest initiative, The Accountant of the Month, we would like to introduce **Nicole Holborow-Browne.** She is an Accountant in Practice and has been a member of SAIBA since 2013.

We asked her a few questions about her journey and for some practical advise that you can apply to your career or practice.

Q: Tell us about your journey and how you came to work at this practice.
My father, Bill Ardley, was a tax practitioner in private practice. I joined him as an assistant bookkeeper in 1996. We had a wonderful working partnership and grew a successful business, until he passed away in 2011. Since then I have continued to build this business on the strong foundation we set, and it has grown from strength-to-strength.

Q: What services do you offer?
I specialise in assisting small to medium sized businesses with all their bookkeeping, accounting and tax compliance needs. I offer a wide variety of services that include in-house and on-site bookkeeping, Pastel assistance, payroll assistance and registrations with SARS, COID and the Department of Labour. I can also help small businesses in proper office administration and basic control measures to ensure ongoing compliance. I have a large group of personal tax clients that I assist with their tax planning and tax return submissions.

I am a registered Pastel Re-seller, as well as a registered Pastel Online Consultant. I think it's important to try and accommodate the specific needs for each individual business and client. I have a small but remarkable team, and that ensures we provide quality service to our client base.

Q: What drives you?
My family is my main driving force. I have a loving, supportive husband and three (expensive) children! They are behind me every step of my journey! I completed my studies in 2012. I studied part-time and ran a business simultaneously. It was definitely a challenge! Without their unwavering support, I would not have been able to reach my goals as a business woman.

Q: What 3 practical pieces of advise can you share with our readers:
1. Draw up basic procedures and ensure that all staff follow these procedures.
2. Set up a good system for following up queries and unresolved items.
3. Always have a good team to support you - in and out of the office!

Q: What has your biggest challenge been since the start of this journey?
My biggest challenge has been to manage my work and personal time. When you love your job it can be difficult to remember that it is vitally important to sometimes close the laptop and spend time with your family!

Q:What is your personal work motto?
Do what makes you happy and do it well!

Q: Please give us insight into a recent case study that will provide our readers with a practical lesson from inside an accounting practice.
I often have new clients that have a business idea, but they don't know where to start! I help them by doing a thorough investigation of what type of business they will need and discuss all the various registrations with SARS, COID, CIPC or the Department of Labour. I like to assist them with business requirements, but also try and help them get a basic understanding of the process.

Once we have agreed on all their various registrations, I spend time with the client, setting up their procedures. The small details, like filing invoices, checking if a tax invoice is VAT compliant, and basic Payroll knowledge, is essential. This can also cover more detailed procedures, such as costing of projects, etc. I'll give you an example. When clients receive an invoice from a supplier, they don't check if it's complaint. By the time they send it to us for capturing, it's too late. This happens often. They should know what procedures to follow. This process has to be an ongoing partnership between a business and their accountant.

Moreover, if their bookkeeping is done on-site, I assist the client in choosing the correct software packages. Once you set up these initial details, the reporting information available to them can be invaluable in making sound business decisions. I provide them with basic staff training, help them implement procedures and recommend that proper controls are in place to ensure compliance.

Q:How did SAIBA benefit your practice?
On completion of my qualification, I was able to register with SAIBA. This enabled me to act as an accounting officer for businesses and provide audit reviews. This has greatly expanded the services I am able to offer my clients. My clients also have the assurance that I am accountable to an accounting body, and that there is a standard of work they can expect to receive from me.

Q: What are the future plans for your practice?
I have a lot of future plans for my business! I'm always thinking about how I can better serve my existing clients, while attracting new clients. I love working with so many different companies! Each day brings something new! My client base is very diverse. It includes a fabric showroom, a large-scale painting contracting firm, a home automation installation company, a fish tank cleaning and maintenance company, and even a tattoo shop!I certainly hope to continue to attract new and interesting businesses! I believe that personal growth is vital. Self study and seminars are important as it sets you up to provide a better quality service to your clients. I believe there is a lot of scope to introduce more small businesses to the world of online accounting. I think it's an incredibly efficient tool for clients and accountants to seamlessly work on the same platform. I definitely think we will focus more on online accounting in the near future.

In short, I grow my business with the latest technology available. I believe this makes the bookkeeping, accounting and tax environment less daunting for clients!

Q: What is your take on the future of accounting? Please give us an insight into the future of the profession from your perspective:

Accounting is always evolving! If I think back to the procedures we had in place when I started in this industry compared to this day and age, it is vastly different!

SARS e-filing has made such a remarkable difference, not only in terms of efficiency of us being able to submit information to SARS immediately, but also in the receipt of correspondence from SARS. Assessments are issued immediately and some returns are finalised within 24 to 48 hours, which translates to better service delivery for smaller clients.

Dealing with smaller businesses has become a lot simpler, allowing accountants more time to focus on the elaborate requirements of larger companies.

Accounting will never be boring! With all the self-study of changing legislation, to keeping up to date with the latest technological developments - I honestly cannot wait to see what the future holds!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Keith Engel and SAIT

Energetic, dynamic and somewhat humourous, we sat down with *SAIT's* deputy CEO, Keith Engel, to dig into the partnership between *SAIBA* and their sister organisation.

Helene Cilliers **I The Business Accounting Review**

Keith Engel started out studying law at *Georgetown University* in the United States. At first, this American by birth did not regard tax law as a serious matter, compared to criminal law, for instance. But today he is a tax lawyer, currently the deputy chief executive at the *South African Institute of Tax Professionals (SAIT)*. He says it is the accuracy and mathematics of tax that drew him in.

In a recent interview with *Business and Accounting Review,* Engel said he is primarily involved with the technical unit at SAIT. This includes pulling people together for the annual Tax Indaba and Tax Talk, the official journal of SAIT, as well as reviewing the weekly policy updates from National Treasury, SARS and the *Davis Tax Committee*.

He spent fourteen years at the Treasury, and resigned there as chief director of legal tax design. Without a doubt, their loss is SAIT's gain. Simply put, Engel has insight – not only into what taxpayers want, but also into what the country needs. He can take into account the current sensitivities at Treasury about South Africa's lack of economic growth and SARS's struggle with collecting enough tax money in a climate where taxpayers are not happy with the way their tax money is being spent.

In a country on the verge of a tax revolt, as Engel has already publicly stated, it is important to try and keep a balance between the needs of taxpayers and the government.

Some of the signs of the beginnings of a tax revolt are noticed in the fact that many citizens refuse to, for instance, pay e-tolls and traffic fines, businesses under report especially their cash income, improvements are called "maintenance" and some people just don't register as taxpayers.

"In this regard, SAIT cannot encourage its members to act outside or above the law," says Engel, "even though relationships between the government and the private sector are strained on all levels". In its role as a lobbyist, SAIT must try to work more closely with SARS and facilitate in connecting its members to the right people within SARS.

"People can get lost in the SARS machinery and some of the big issues they struggle with are tax refunds, tax clearance certificates and controversies around the filling in of forms," says Engel.

Keith's career journey

January 2014 to the present:
Deputy Chief Executive Officer, South African Institute of Tax Professionals

Part-time teaching:
Teaching the basic LLM tax course at University of Johannesburg; honorary adjunct professor at University of Cape Town, affiliated with Northwestern University.

July 2013 to December 2014:
Partner (EY), African Tax Policy

November 2005 to June 2013:
Chief Director: Legal Tax Design, (South African) National Treasury.

Mar. 2005 to October 2005:
Senior Advisor to the General Manager, South African Revenue Service: Large Business Centre.

Sept. 2001 to Feb. 2005:
Director: Tax Legislative Oversight & Policy Co-ordination, (South African) National Treasury.

Aug. 2000 to Sept. 2001:
U.S. Tax Policy Advisor to South Africa: U.S. Treasury Technical Assistance Program.

July 1995 to July 2000:
Professor in the U.S. at Washington & Lee Law School (plus visits at Boston University, Georgetown Law Center and Texas University Law School).

Dec. 1992 to June 1995:
Senior Associate: U.S. Law Firm of King & Spalding.

Nov. 1991 to Dec. 1992:
Attorney Advisor: U.S. Internal Revenue Service, International Tax, National Office (Washington D.C.).

Award: Special Act Award 1992.

Sept. 1988 to Oct. 1991:
Attorney Advisor: U.S. Internal Revenue Service, Corporate Tax, National Office (Washington D.C.).

Aug. 1987 to Sept. 1988:
Judicial Clerk for Chief Judge Smith, U.S. Court of Federal Claims.

Sept. 1987 to Sept 1988:
Judicial Intern for Chief Judge Smith, U.S. Court of Federal Claims.

June 1986 to Aug. 1986:
Judicial Intern for Judge Miller, U.S. Court of Federal Claims.

1991:
Advanced Tax Degree: Georgetown Law Center

1987:
Law Degree:
Georgetown Law Center: Concetration Tax

1984:
University Degree: Georgetown University

"SAIT's relationship with the Office of Tax Ombud also eases the institute's work," says Stiaan Klue, chief executive of SAIT.

He says SAIT's members and their clients look to the Ombud for solutions, as SAIT can report problems to SARS, but does not have the same authority as the Ombud in getting issues resolved.

Engel mentions that one of the functions of SAIT is to protect the reputation and credibility of the accounting profession.

"As an organisation, our members would like to see people being tax compliant – otherwise they will be out of business."

"Therefore SAIT would be willing to identify risk areas and report them to SARS," he said.

"We also don't want rogue practitioners."

Engel echoed Klue, saying that in essence SAIT wants to ensure credibility of the profession, which is one of the reasons why the institute is involved in education. They aim to ensure that their members — of which quite a few work at SARS — are being kept up to date on the latest information and changes affecting the accountancy profession.

SAIT members are also assisted in getting access to SARS and the National Treasury. It makes educational tools available to its members and disciplines members who act illegally.

"Clients must know that our members can be trusted," Engel said.

> "We have identified SAIBA *as a strategic partner,* as many of the work of its members *and ours* **overlap.**

As part-time lecturer at various South African teaching institutions, one of Engel's responsibilities at SAIT is to ensure that its members and educational institutions are kept in the loop when it comes to the ever-changing tax laws and policies.

He says the South African tax system is in transition and educational institutions do not always keep pace of the changes. "In the last fifteen years education has evolved from a modestly complex system to a very complex system."

One of the things on Engel's to-do list, is ensuring that students have access to practical information by assisting in making student papers more relevant.

Since 2013, the educational and other benefits that SAIT offers to its members are also available to members of the *Southern African Institute of Business Accountants (SAIBA).*

"We have identified SAIBA as a strategic partner, as many of the work of its members and ours overlap.

For instance, some SAIBA members also offer tax services to their clients, whereas some SAIT members also offer general accounting services.

A Memorandum of Understanding (MOU) was signed between the two professional bodies which gives both of their members access to each other's support networks, updated legal and regulatory information and educational networks.

SAIT registered tax practitioners receive resources and benefits in excess of R18 500 per annum and SAIBA members have access to these benefits, apart from SAIBA's comprehensive continuous professional development (CPD) programme including webinars, seminars, workshops, certificates, and conferences.

Other SAIT membership benefits include a 24-hour tax technical helpline, a monthly free CPD update on selected tax matters, a free annual online CPD online assessment, daily SARS updates and alerts as well as tax legislation changes, assistance with practice management tools, access to and networking opportunities with leading tax specialists and personalities, tax directory listings and access to relevant publications.

> "In a country on the verge **of a tax revolt,** it is important to try and keep a balance between *the needs of taxpayers and the government.*

SAIT members who also become members of SAIBA can offer their services as both tax professionals and as accountants. Benefits include a license to practice as an accountant, independent accounting professional, accounting officer or an independent reviewer.

These tax professionals can also earn CPD training points, related to accounting through SAIBA, and will have access to advice on accounting related matters. In addition, the MOU makes it possible for members of both bodies to obtain membership of one another at a 50% discount in membership fees.

New regulations that were implemented last year impacted significantly on the tax industry and demand that any practitioners who offer tax services, have the qualifications and experience required to improve general accuracy and compliance with tax regulations.

The MOU helps both tax and accounting professionals to expand their practices into either field, while adhering to the new regulations. SAIT's primary focus is to regulate and support tax practitioners and professionals and SAIBA does the same for accountants in practice, as well as for accounting and finance professionals in business.

The memorandum signed by SAIBA and SAIT solidifies the relationship between the two bodies and essentially presents members of the two bodies with the best of both worlds. SAIBA members who wish to provide tax services to clients can register with SAIT at a discount, and vice versa. Practitioners can therefore obtain membership of both professional bodies, each dedicated to providing a specialist service to its members.

"This is a unique relationship that benefits accounting and tax practitioners in respect of service delivery to the public and staying up to date," Klue says. He says many practitioners who only do general accounting work are not registered with an industry body. "It is nevertheless important to be part of such a community," he said.

"It is also important for practitioners to show that they take part in continued education and stay abreast of standards to ensure they are aware of best practice," Klue concluded.

The Tax Ombudsman

At some point or another, and for various reasons, taxpayers have been unhappy with *SARS*. But who can they turn to in their time of need? In this article we look at how the *Office of the Tax Ombud (OTO)* can assist.

Helene Cilliers I **Business Accounting Review**

One of the biggest challenges for South Africa's fairly new O*ffice of Tax Ombud (OTO)* is to ensure that stakeholders such as accountancy industry bodies and individual taxpayers are made aware of the office's independence from SARS.

Legislation should be improved to ensure the OTO's institutional independence. So says retired Judge, Bernard Ngoepe, who was appointed as the OTO's first ombud in October 2013.

The main function of the office is to provide a free service to taxpayers who have legitimate complaints against SARS relating to matters of service, administration and procedure, but only after complainants have exhausted SARS's internal complaints resolution mechanisms.

Ngoepe says the initial difficulty was that the OTO is linked to *SARS* in terms of jurisdiction, combined with the OTO's mandate that forbids the first ombud to review complaints that arose a year before the OTO was established.

Nevertheless, older cases did end up on the ombud's desk, some of which raised serious concerns. Approval was sought from the minister of finance to review these cases.

"It is quite limiting. The OTO should be able to tackle old complaints," said Ngoepe during an interview with Business and Accounting Review.

Ngoepe said any person who is employed by the OTO, must be employed according to SARS's policy and with approval of himself as well as the Commissioner of SARS.

He says the idea was probably to try and facilitate in getting the OTO operational, however the finances of the OTO are also tied up with SARS.

"I believe this office needs to have its own funds and control thereof without involvement from SARS."

Ngoepe said these difficulties have been raised with the minister of finance in its annual report to Parliament.

"In a recent meeting with the minister he has indicated that he will find a solution."

"But these difficulties are not unique to the OTO," says its CEO, advocate Eric Mkhawane.

Mkhawane says the concept of having a tax ombud is still relatively new to the few other countries that have so far established such an office.

As far as independence goes, South Africa fares better than for instance the United Kingdom, where the tax ombud reports directly to the tax commissioner.

"Our legislation is largely based on that of Canada, although the dynamics there are slightly different. We are very concerned with independence."

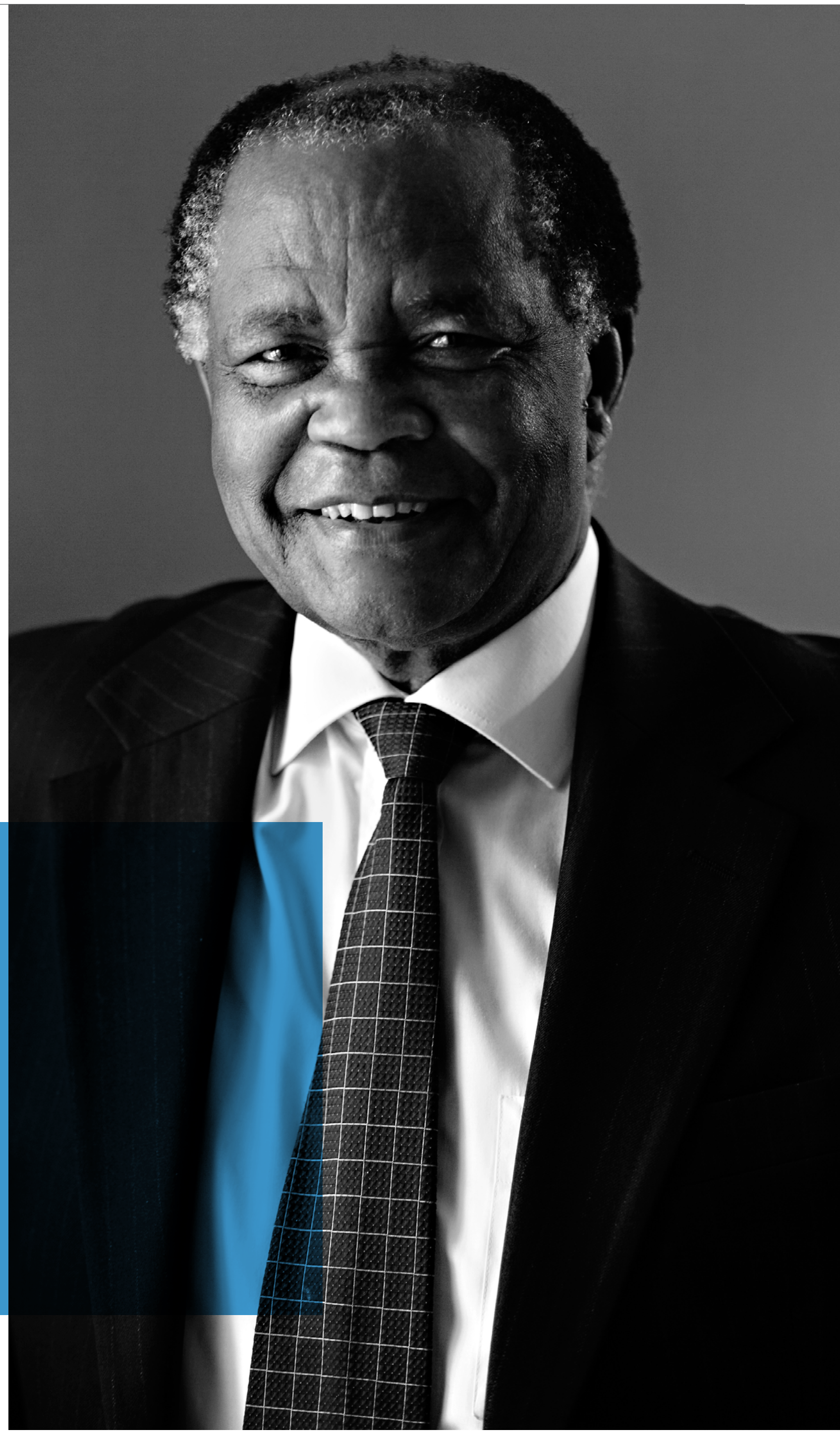
Mkhawane says the OTO battles with many of the same challenges as other tax ombuds, of which communication and creating awareness about the ombud's services is one.

Another challenge is to win the trust of taxpayers and stakeholders by ensuring them of the OTO's independence from SARS and getting their complaints resolved.

"In this regard SARS is really forthcoming and acts on the OTO's recommendations," says Mkhawane.

"They have to, because all serious issues are published in our annual report which becomes a public document."

Ngoepe confirms this: "Our relationship with SARS is very professional. We work together within a framework determined by law and so far we found that they take our recommendations very seriously."



Typical Complaints reviewed by the OTO so far include complaints about refunds not being paid on time or paid into the wrong accounts, eFiling fraud and wrong classification of taxpayers.

He goes on to say, "It is in the interest of SARS itself that they do, because it enhances the credibility of the tax system and if customers are treated fairly, they will strive to be tax compliant."

Ngoepe also states that tax issues are difficult and very often emotional.

"All over the world, the tax man is given drastic powers, and understandably so. But where someone has such drastic powers, there is a need for a counter balance in the form of the tax ombud," he says.

"From my previous occupation (where he heard and decided seminal cases, including business and tax matters), I knew people got frustrated in their dealings with SARS. In many cases it is due to ignorance and lack of understanding on their part, so clearly help was needed," says Ngoepe.

He adds that the public needs to know that not only is the OTO independent from SARS, but also that in the ombud's dealings with tax payers' information, this information will not be conveyed to SARS unless authorised by the customer.

"Stakeholder engagement is equally important to the OTO and is one of the strategic issues it needs to address," says Ngoepe.

"We hope to involve as many professional bodies and accounting professionals as possible, because they help to define issues and identify problems."

Pearl Seopela, senior manager: communication & outreach, says the OTO has already met with SAICA members and is planning countrywide outreach programs and roadshows to make sure it reaches its target markets.

"We hope that by the end of this year people will know more about what this office can do."

Mkhawane says many people regard the professional bodies highly. “So it is important to have good relationships with them and get them to have confidence in this office, because they have a voice. For instance, regarding our independence, the professional bodies will look at how we deal with complaints and how we resolve them.”

According to Talitha Muade, head of complaints resolution, the OTO will also ensure that SARS educates taxpayers about their rights.

“It is not our function or within our mandate to educate taxpayers. But taxpayers are often afraid to deal with SARS directly and scared that they will make mistakes. They feel it is easier to deal with us and we try to be fair to them as well as to SARS.”

There are also plans under way to expand the OTO to other provinces. Ngoepe says the OTO wants to grow the office and create a sense of confidence among taxpayers.

“We would like them to believe this is an office which will always, seriously and with determination take up their complaints against SARS.”

About complaints:

The OTO can only review and address complaints regarding service, procedural, or administrative issues relating to their dealings with SARS.

Complaints pertaining to the following cannot be dealt with:

- Tax policy.
- SARS policy or practice unless it relates to a service matter or a procedural or administrative matter.
- A matter subject to objection and appeal under a tax Act, except for an administrative matter relating to such objection and appeal; or a decision of, proceeding in or matter before the tax court.
- Typical complaints reviewed by the OTO so far include complaints about refunds not being paid on time or paid into the wrong accounts, eFiling fraud and wrong classification of taxpayers.

When taxpayers are not satisfied with the service they received from the OTO, they can either approach a court or the Public Protector.

Taxpayers cannot approach the tax board or tax court for matters involving administrative, procedural or service issues.

The complaints procedure:

1. Complete a complaints form within a reasonable time after SARS has completed its review of the complaint. If a taxpayer is represented by a practitioner, the practitioner must confirm their authority to act on behalf of their client.

2. Obtain a complaint form by contacting the Tax Ombud by telephone, fax or email or download a copy at www.taxombud.gov.za/docs/complaint-form.pdf.

3. Complete the form and document the facts of the complaint in chronological order.

4. Return the form together with all supporting documentation.

Ask for assistance if you are unsure whether your problem falls within the mandate of the Tax Ombud, or if you are unable to write your complaint. Trained professional staff members will listen to your complaint and advise you accordingly.

The OTO staff:

Apart from the Ombud and CEO, the office started out with a few people seconded from SARS.

Since then the office has advertised positions and by this year all vacancies would have been filled with employees coming from SARS as well as from outside of SARS. This includes a legal adviser and senior legal adviser.

The majority of employees come from the audit environment and must be all-rounders who can calculate assessments, interpret the law, understand the SARS processes and procedures, be able to read financial statements and understand whether a complaint falls within the OTO’s mandate or not.

Contact the OTO

Phone:
0800 662 837 or (+27) 12 431-9105

Fax:
012 452 5013

Email:
complaints@taxombud.gov.za

Postal address:
PO Box 12314; Hatfield; 0028

Physical address:
IParioli building, Block A3, Ground Floor; 1166 Park Street (Between Jan Shoba/old Duncan & Grosvenor Streets), Hatfield, Pretoria, 0157

A BEE download

This page references the minimum requirements to issue an Exempt Micro Enterprise (EME) certificate and provides helpful rules and guidelines.

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) has to make the following annual declaration to SAIBA.

Go to the SAIBA website to get your mandatory annual EME competency declaration.
Background

The Broad-Based Codes of Good Practice were launched in 2007 and provided a framework for measurement of Broad-Based Black Economic Empowerment (BBBEE) in terms of the BEE Act 53 of 2003.

On 11 October 2013, an amendment to the codes was published. The amended codes included a transitional period during which companies could prepare for measurement under the amended codes. The original transitional deadline was 12 October 2014. This deadline was extended on 18 March 2014 to 1 May 2015, stating that all measured entities must use the amended codes as a basis for measurement.

The amended codes apply to Exempt Micro Enterprises (EME), Qualifying Small Enterprises (QSE), and Generic Sized Entities (GSE).

EMEs Old vs New codes

In terms of the previous codes EMEs where required to obtain an EME certificate from an accounting officer stating whether the EME did in fact qualify to be an EME. In terms of the new codes, from 1 May 2015, the verification as an EME is no longer dependent on obtaining a certificate, issued by an accounting officer.

The thresholds determining whether an entity qualifies as an EME has also been amended.

Under the new amended codes an EME is only required to obtain a sworn affidavit from the owners/manager on an annual basis confirming the following:

- Annual total revenue of R10 million or less; and
- Level of black ownership

Any misrepresentation in terms of in respect of the above constitutes a criminal offence. Under the new codes any enterprise with an annual turn over of R10 million or less qualifies as an EME.

An EME is deemed to have a B-BBEE status of level 4. However, an EME which is 100% black owned qualifies for elevation to level 1 contributor, having a B-BBEE recognition level of 135%. An EME, which is, at least 51% black owned qualifies for elevation to level 2 contributor, having a B-BBEE recognition level of 125%.

Verification of QSEs and GSEs may only be performed by either a SANAS accredited verification agency or an IRBA accredited auditor. Accounting officers may not issue verification certificates for these types of entities.

Accounting officers under the new code

Acting as Commissioner of Oath
From 1 May 2015, EME's be able to submit an affidavit attesting to its EME status. This affidavit must be taken in front of a Commissioner of Oaths. Accounting Officers that are registered with SAIBA as Business Accountants in Practice (SA) are recognised as Commissioner of Oaths and may therefore assist clients in this manner.

An example affidavit for BBBEE purposes is available on SAIBA's website

Steps to performing an oath is available on SAIBA's wevbsite

Issuing EME certificates on a voluntary basis

The new codes only require an entity to submit an affidavit in respect of its EME status. This does not mean that the entity cannot request additional and independent confirmation of its EME status.

On the request of the entity, an accounting officer may perform the same engagement as was performed under the previous codes, and issue an EME certificate. The accounting officer would have to follow the same rules of engagement as required under the previous codes and enumerated below. All the thresholds and other requirements related to ownership will just have to be amended in line with the new codes.

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/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 – view relevant procedures on SAIBA's website
- Review your work
- Obtain management representation letter
- Issue an appropriate EME report on SAIBA's website

Speed Up Your VAT Refund where things currently stand

Get access to your VAT refund and more insight on the 21-day *SARS* rule.

Lesedi Seforo | **SAIT**

Refunds: a frustrating process

You know the story. Company XYZ's tax practitioner submits a VAT return to *SARS* and the company is fortunate enough to be in a refund position. The initial jubilation experienced at the prospect of obtaining much-needed funds quickly dampens when a notice is received from SARS to the effect that an audit has to be performed. Unfortunately, we've learnt the hard way that being audited means no refund until SARS is done. The audit then drags on for months and months with no communication from SARS regarding its progress. Finally, everything is concluded 18 months later when the VAT refund is paid into XYZ's bank account.

The above is an all-too-familiar tale that tax practitioners have experienced ad nauseam. On many occasions I've had to assist tax practitioners to escalate such matters to the relevant persons at SARS, who can assist with quickening the refund process.

Surprising bad news

What most people may be horrified to learn is that the law does not compel SARS to pay out a VAT refund within a specific time-frame. "But shouldn't they pay within 21 business days of me submitting the tax return?" you ask. This is an unsurprising question, given the following excerpt from the SARS website:

"If a vendor is entitled to a VAT refund, SARS is required to pay that VAT refund within 21 business days of receiving the correctly completed VAT return in respect of that VAT refund…"

A similar statement is repeated throughout SARS' VAT404 Guide for Vendors, the non-technical 'bible' for VAT specialists.

Unfortunately, this guide itself states that it should not necessarily be relied upon to make a legal argument. Consider the following paragraph from the preface of the guide:

"The VAT 404 is a basic guide where technical and legal terminology has been avoided wherever possible. Although fairly comprehensive, *the guide does not deal with all the legal detail associated with VAT and is not intended for legal reference.*" (own emphasis)

If you read further, the guide states that "any statement made in this guide does not have a binding effect…"

My belief is that the misunderstanding of the 21 business days stems from the fact that many people have misinterpreted section 45(1) of the Value Added Tax Act No. 89 of 1991 (hereafter the 'VAT Act').

The provision, titled "Interest on delayed refunds", reads as follows:

"Where the Commissioner does not within the period of 21 business days after the date on which the vendor's return…. is received by an office of the *South African Revenue Service* refund any amount refundable in terms of section 44(1), interest shall be paid on such amount at the prescribed rate (but subject to the provisions of section 45A)…"

It does not state that SARS must refund a vendor within 21 business days. All that is mentioned, is that if the refund is not paid within that time, SARS must, in addition to the original refundable amount, pay interest over to the vendor.

The actual provision in the VAT Act that deals with refunds, section 44, also doesn't provide a time period within which SARS must refund vendors. Prior to its deletion, all that was stated in section 44(1) was that:

"Any amount of tax which is refundable to any vendor in terms of section 16(5) in respect of any tax period shall, to the extent that such amount has not been set off against unpaid tax in terms of subsection (6) of this section, be refunded to the vendor by the Commissioner…"

Section 44(1) was deleted because the Tax Administration Act No. 28 of 2011 (hereafter 'the TAA') had a similar provision dealing specifically with refunds; section 190. Unfortunately this provision also doesn't provide a due date within which vendors must be refunded by SARS.

OUR TAX EXPERT, LESEDI SEFORO FROM THE SAIT

In light of the above, one can only surmise that the 21 business days is internal SARS policy. They technically don't have to do stick to it, but usually do so as part of their attempt to provide good service to taxpayers. It's actually rather impressive, if you think about it, that they've managed to stick to that deadline so regularly that people have assumed that they were legislatively required to do so.

Another problematic issue is that there is no law that forces SARS to compete an audit within a set time. Consequently, an audit could drag on for years (and often does). The law (section 42 of the TAA) only states that SARS should provide the taxpayer with a progress report of the audit after every three months. And SARS doesn't even seem to regularly comply with this rule. So Mr. Tax Practitioner gets bombarded with numerous weekly phone calls from a business owner asking "have you heard anything from SARS about my refund?" And the more phone calls he gets, the more incompetent he looks; all because SARS does not stick to the rules.

Security to the rescue

So, what can you do to get your refunds more speedily from SARS? The solution is so advantageous that to this day I wonder why more taxpayers do not make use of it. Remember earlier I pointed out that being audited means you don't get your refund until the audit is completed? Thankfully, the lawmakers have seen fit to include an exception to the rule. The exact words appear in the aforementioned section 190. Subsection 3 reads:

"SARS *must* authorise the payment of a refund before the finalisation of the verification, inspection or audit if security in a form acceptable to a senior SARS official is provided by the taxpayer". (own emphasis)

Good news indeed. The great thing about this provision is the word "must". As in, SARS don't have a choice in the matter. If you can provide security (i.e. collateral) in a form that is acceptable to a senior SARS official, then SARS *must* pay the refund, even before they have finished verifying or auditing the particular tax return. This law was presumably enacted to allow SARS to protect itself from situations where a refund is paid, but an audit performed at a later date reveals that the refund should have been lower. In such a case, if SARS has some form of security, it will be able to recover the overpaid portion of the refund from the proceeds obtained from the sale of the secured asset. Since security is the domain of lawyers and not tax advisors, appropriate legal guidance should be sought in determining which assets to pledge or cede to SARS as well as how to go about doing so.

Acceptable security

A possible point of contention is whether the security provided by the taxpayer will be accepted by SARS. Assets such as company equipment, vehicles and machinery may qualify, assuming they have been fully paid off. Conceivably, the easier it is to sell an asset, the more likely it will be accepted as security by SARS. In this regard, listed shares, unit trusts and fixed deposits come to mind. The Memorandum on the Objects of the Tax Administration Bill, 2011 specifically mentions a cash deposit as an acceptable form of security. It is not difficult to cede these kinds of financial assets. Consequently, one is likely to succeed in convincing a SARS official to accept them as security.

What about entities that do not have assets which could qualify as security? An example of this would be a car rental company still paying off all vehicles purchased in terms of an instalment credit agreement. Unfortunately, none of those vehicles could qualify as security to provide to SARS because they have already been pledged as security to the bank.

The tax law arguably provides an answer to this dilemma. Section 161(5) of the TAA allows a senior SARS official to require shareholders, trustees, members or the management of those entities to sign a contract of suretyship. A shareholder could therefore conceivably offer his or her own financial assets to SARS as security for their company (which, you will remember, is owed a refund). It's definitely worth an attempt.

Risks

Are there any risks to my suggestion that taxpayers provide SARS with security in order to expedite a refund? My opinion is that if a tax practitioner has done an accurate job of calculating the VAT refund, then there's really no risk of the secured assets being lost to SARS. On the other hand, if the tax advisor carried out his or her duties in a haphazard manner, providing security to SARS could prove to be a fatal error.

The great care should thus be taken by taxpayers when choosing tax advisors.

Plucking the Geese – the art of taxation in a globalised world

TaxTalk Editor, Yolandé Botha, gives an overview of the art of taxation in a globalised world and talks about companies trying to reduce tax bills.

Yolandé Botha | **TaxTalk**

Louis XIV's Finance minister, Jean-Baptiste Colbert, famously declared: "The art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest possible amount of hissing." When it comes to taxing companies, a modern finance minister might rephrase this as "the largest possible amount of revenue with the smallest possible amount of economic and political damage".

In a globalised world, high taxes may simply lead businesses to move to places that offer more competitive rates or tax breaks to companies that set up operations within their borders.

> "Studies have shown that high corporate-tax rates discourage business investment and entrepreneurship, and countries that try to squeeze their firms too hard often have larger informal economies.

Yet, if the public suspects that companies are not paying their fair share of taxes, governments come under pressure to take action. Multinationals have plenty of scope to reduce their tax bill, because different governments offer a choice of rates and ways of taxing businesses, including tax breaks for activities such as research and development.

In recent years the public has increasingly come to believe that big businesses can get away with paying little or nothing in the way of profits tax. Many people now think that corporate taxes in their present form are no longer fit for purpose. Executives from ***Amazon***, ***Google*** and ***Starbucks*** were brought before a parliamentary committee in Britain in late 2012 and berated for paying very little tax there. The coffee company was so embarrassed that it promised a £20m (R385m) voluntary payment to the British tax authorities. Yet defenders of corporate-tax tactics point out that executives have a fiduciary obligation to shareholders to maximise profits and dividends, and there is no reason for them to pay any more tax than is legally required. If the tax rules have left loopholes, the best remedy would be to change the rules.

The G20 group of leading economies recently asked the OECD *(Organisation for Economic Co-operation and Development),* a mainly rich-country think-tank, to take a look at corporate-tax avoidance. In its report on "base erosion and profit-shifting", released last year, the OECD expressed concern that "due to gaps in the interaction of different tax systems, and in some cases because of the application of bilateral tax treaties, income from cross-border activities may go untaxed anywhere, or be unduly taxed at a lower rate."

The debate about taxation in a globalised context rages on continuously, but what is clear, is that as governments try to crack down on the multinationals' tax strategies, the tax code gets more and more complex, increasing the administrative burden for small companies.

Tax rates across the globe:

In each country, the wage earner takes home the following proportion of his or her salary.

1. Italy - 50.59% (takes home $202,360 out of $400,000 salary)
2. India - 54.90%
3. United Kingdom -57.28%
4. France - 58.10%
5. Canada -58.13%
6. Japan - 58.68%
7. Australia- 59.30%
8. United States - 60.45% (based on New York state tax)
9. Germany - 60.61%
10. South Africa - 61.78%
11. China - 62.05%
12. Argentina - 64.02%
13. Turkey - 64.64%
14. South Korea - 65.75%
15. Indonesia - 69.78%
16. Mexico -70.60%
17. Brazil - 73.32%
18. Russia - 87%
19. Saudi Arabia - 96.86% (so you take home $387,400 out of the $400,000 salary)

Information from http://www.bbc.com/news/magazine-26327114

Section 90 of the Companies Act: pain or gain for auditors?

In this article, Steven Firer, analyses Section 90 of the Companies Act 2008 and how it applies to the auditing profession.

Steven Firer | **Nkonki**

Interpreting S 90 (1), (2) and (3) of the Companies Act 2008

1. Applicability of Section 90

Section 90 (1), (2) and (3) have given rise to a wide variety of interpretation challenges which currently have a profound negative impact on the auditing profession in South Africa. Confusion has been created as a result of the misconception that s 90 (2) of the Companies Act 2008 prohibits a registered auditor from providing auditing and certain non-audit services to the same client.

The purpose of this article is to show that auditors are not prohibited from providing additional services as this should be determined on a case by case basis.

Section 90 must be read in conjunction with s 94 (7) (a) of the 2008 Act. Section 94 (7) (a) places the sole responsibility of the appointment of the auditor on the company and its directors. As s 90 is entitled "Appointment of auditor" it is safe to conclude that s 90 applies to the company and its directors. Section 94 (7) (a) reads as follows: An audit committee of a company has the following duties: "To nominate, for appointment as auditor of the company under section 90, a registered auditor who, in the opinion of the audit committee, is independent of the company". It is important to note that s 90 (2) contains very specific employment relationships that a registered auditor may have with his or her client that if existed would preclude the company and its directors from appointing the registered auditor as the external auditor of a company.

These employment relationships are the most crucial from a policy perspective and if violated would detract from the objectives of the 2008Act. Section 90 clearly places the onus on the company and its board of directors to ensure that the auditor is independent of the company.

It would be an unlawful act – a contravention of s 90 – by the company and its directors if a registered auditor were appointed where such an employment relationship existed. In addition, any registered auditor who consents to be appointed as auditor for any company, knowing that he or she is in of the employment relationships of such a registered auditor, may have also committed an unlawful act, but not in contravention of s 90 but in contravention of s 41 of the Auditing Profession Act 2005.

In addition s 93 of the 2008Act says: An auditor appointed by a company may not perform any services for that company that would place the auditor in a conflict of interest as prescribed or determined by the Independent Regulatory Board for Auditors (IRBA) in terms of section 44(6) of the Auditing Profession Act; or as may be determined by the company's audit committee in terms of section 94(7)(d). So it is not s 90 that applies to the auditor, but rather s 93. As stated previously, any registered auditor who consents to be appointed as auditor for any company knowing that he or she is in the employment relationships of such a registered auditor, may have also committed an unlawful act possible in terms of s 93 of the 2008Act and s 41 of the s 41 of the Auditing Profession Act 2005.

2. Interpretation of various sections of the Act

- Subsection (1A)

A company referred to in section 84(1)(c)(i), or a company that is required only in terms of its Memorandum of Incorporation to have its annual financial statements audited as contemplated in sections 34(2) and 84(1)(c)(ii), must appoint an auditor:

a) in accordance with subsection (1), if the requirement to have its annual financial statements audited applies to that company when it is incorporated; or
b) at the annual general meeting at which the requirement first applies to the company, and each annual general meeting thereafter.

The appointment of the external auditor in the case of a private company, a personal liability company or a non-profit company that must have its financial statements audited in terms of the 2008Act[1] or the regulations[2], must be upon incorporation of that company appoint an auditor in the same manner as in ss 1. This applies to those companies who do not require an audit. They may incorporate such a requirement in the MOI – this would then create a statutory requirement for such a company to have an audit. An auditor must then be appointed. Only if such a requirement is included in the MOI during the incorporation process must such an appointment be made. For those companies that do not include the requirement to have an audit at a later date or only satisfy the regulations at a date other than at incorporation, must appoint the auditor at the annual general meeting at which the requirement first applies to that company. The cross reference to ss 1 appears to be unnecessary, as that ss merely refers to the position in a public company or a state-owned company, a situation that is not applicable to the companies in ss (1A). It should also be borne in mind that the reference to an annual general meeting could only apply to a public company, as this is the only company required by law to hold the annual general meeting.

However, it is submitted that that if a company (other than a public company or state-owned company) is required to have an auditor, whether in terms of the 2008Act, the regulations or voluntarily[3], it is obliged to hold an annual general meeting. The reference to the appointment of the auditor and the procedure if the company is "required only in terms of its Memorandum of Incorporation to have its annual financial statements audited" implies that ss (1A) applies only under these circumstances, and not if the company has decided, by way of a shareholders' or directors' resolution in terms of s 30 (2) (b) (ii) (aa) to have the financial statements audited.

- Subsection (2)

This subsection deals with qualifications for a person or firm to be appointed as the auditor of a company, as well as with the disqualifications to such an appointment.

- Subsection (2) (a)

The first step in appointing an external auditor to a company is to determine whether the auditor is registered with the IRBA. It is the company's responsibility to ascertain this. However, it must be noted that it would be unlawful for a person to accept such an appointment if they were not registered as required. The unlawfulness of such conduct can be found in the Auditing Profession Act 2005. If a company or its directors appoint a person who is not registered with the IRBA, the company and its directors are in breach of the 2008 Act as there is a legal obligation to appoint an auditor who is registered.

The 2008 Act defines registered auditor as the meaning set out in the Auditing APA "an individual or firm registered as an auditor with the Regulatory Board". The reference to "auditor" in the 2008 Act denotes both a firm and an individual who is a registered auditor and must not be confused with the terms "individual auditor" or "designated auditor" as these terms have different meanings. Thus, as is the case in terms of the 2008 Act certain of the duties imposed upon an auditor apply only to an individual who is the registered auditor, while other provisions apply both to the appointed firm and to the designated individual.

This provision is simplistic in its interpretation and is stand-alone in that the only obligation that is created by such a provision is one that places upon the directors that they can only appoint an auditor as required by ss 1 and ss 1A that is registered with the IRBA.

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- Subsection (2) (b)

This provision creates additional conditions over and above the requirements in ss (2) (b). These additional requirements consist of a set of complex and contentious provisions, which specify a range of employment relationships, which, if they existed, would preclude the company and its directors from appointing the registered auditor as identified in ss (2) (b). It is important to repeat that these conditions are not prohibiting provisions as far as the registered auditor is concerned. They are relationships which if existed would prohibit the company and its directors from making an appointment.

- Section 84 (5)

In addition to being a "registered auditor", for a person or firm to be appointed as auditors of a company, a person may not be appointed as auditor of a company if such a person is disqualified to be a director of a company (ss (2) (b), read with ss 84 (5), 84 (4) (b) and 69 (8)). In terms of s 69 (8) a person is disqualified to be a director of a company (and, therefore, also disqualified to be appointed as auditor) if (1) a Court has prohibited that person to be a director, or declared the person to be delinquent in terms of s 162, or in terms of s 47 of the Close Corporations Act No. 69 of 1984; or (2) the person (i) is an unrehabilitated insolvent; (ii) is prohibited in terms of any public regulation to be a director of the company; (iii) has been removed from an office of trust, on the grounds of misconduct involving dishonesty; or (iv) has been convicted, in the Republic or elsewhere, and imprisoned without the option of a fine, or fined more than the prescribed amount, for theft, fraud, forgery, perjury or an offence (a) involving fraud, misrepresentation or dishonesty; (b) in connection with the promotion, formation or management of a company, or in connection with any act contemplated in s 69 (2) or 69 (5); or (c) under the Companies Act, the Insolvency Act 1936, the Close Corporations Act, 1984, the Competition Act 1998, the Financial Intelligence Centre Act, 2001, the Financial Markets Act 2012, or Chapter 2 of the Prevention and Combating of Corruption Activities Act 2004.

- Subsection (2) (b) (i)

The registered auditor (whoever that person maybe) must also not be a director or prescribed officer of the company. Both "director" and "prescribed officer" are defined in s 1. Consequently, each of the persons referred to in the definitions is disqualified from being appointed as auditor. If the company and its directors appoint a registered auditor that is also a director of the company, this would constitute a breach of this provision. This provision does not prohibit a registered auditor from also being a director of the company. However the registered auditor would have a legal duty not accept such an appointment. If such an appointment is accepted it may be considered unlawful in terms of the APA but not in terms of this provision.

- Subsection (2) (b) (ii)

The registered auditor (whoever that person maybe) must also not be an employee or consultant of the company who was or has been engaged for more than one year in the maintenance of any of the company's financial records or the preparation of any of its financial statements.

- Employee

Any person, excluding an independent contractor, who works for potential auditee or who receives, or is entitled to receive, any remuneration.

- Consultant

A person who provides expert advice professionally. The auditor does not provide expert advice in the normal course of his or her duties. Therefore, an auditor cannot be a consultant for the purposes of this section. An example of a consultant in this context may be a person who provides expert advice in the interpretation and application of financial reporting standards. Another example would be a person who was engaged to compile the financial statements on behalf of the board of directors. The consultant in this section is limited to financial records and financial statements and does not apply to any other area of expertise.

- Engaged

It is submitted that this refers to the consultant more than to the employee. The reason for this is because there is no doubt that an auditor may not also be an employee of the auditee. The emphasis appears to be on the word "engaged" – meaning that the consultant has been separately contracted to act in such a capacity and not on an ad hoc basis. There cannot be any other meaning for the word engaged as the IRBA Code of Professional Conduct make abundantly clear that although the board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework; the audit process necessitates dialogue between the auditor and the auditee in respect of the application of accounting standards or policies and financial statement disclosure requirements. The IRBA Code is clear that such dialogue is considered to be a normal part of the audit process and do not, generally, create threats to independence.

The IRBA code explains that the auditee may request technical assistance from the auditor on matters such as resolving account reconciliation problems or analysing and accumulating information for regulatory reporting. In addition, the auditee may request technical advice on accounting issues such as the conversion of existing financial statements from one financial reporting framework to another (for example, to comply with group accounting policies or to transition to a different financial reporting framework such as International Financial Reporting Standards).

Again the IRBA Code is very clear that such services do not, generally, create threats to independence provided the firm does not assume a management responsibility for the client. This poses a problem for those who do not see the word engaged to mean a separate engagement. Quite clearly by providing such services as described above, an auditor could be perceived to be engaging in the preparation of the auditee's financial statements. Yet such services are considered to be a normal part of the audit process. As a result it cannot be that the word engaged means anything but separately engaged to prepare the financial statements.

- For more than one year

The separate engagement must have been ongoing for more than one year. The emphasis appears to be on the words "for more than one year", so that a person who is called in only temporarily to perform the duties of a bookkeeper, eg when the permanent bookkeeper is away, or who has done so for not longer than a year, pending the appointment of a permanent bookkeeper, would not be disqualified in terms of this subsection.

A part-time bookkeeper, however, who is permanently employed as such, is consequently disqualified.

- In the maintenance of any of the company's financial records or the preparation of any of its financial statements

Emphasis must be placed on the words "maintenance" and "preparation". Neither is defined in the 2008 Act.

In an audit engagement, an auditor reviews the financial statements prepared by the directors for compliance with IFRS and Fair Presentation and issues a report on whether the directors have complied with these two requirements. If discrepancies are identified the auditor may either insist on appropriate changes in the financial statements or include a statement that these legal principles have not been complied with[4].

The following discussion places in context what is not to be considered as "preparation".

The IRBA Code of Ethics for Professional Accountants (the IRBA Code) establishes ethical requirements for registered auditors. Section 290 of the IRBA Code addresses the independence requirements for assurance engagements.
The issue surrounding the interpretation of the term "preparation" in the context of an auditor's independence may involve the evaluation of different circumstances, or combinations of circumstances, which may be relevant in assessing threats to independence.

It is impossible to define every situation that creates threats to independence and to specify the appropriate action. Therefore, this paper establishes a framework that requires auditors to identify, evaluate, and address threats to independence in the context of the term "preparation".

It is submitted that the interpretation of such a term is not susceptible to any precise and or generally applicable form of legal definition as it would depend on two important criteria: First, Independence of mind – the state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgement, thereby allowing an individual to act with integrity, and exercise objectivity and professional scepticism. Second, Independence in appearance – the avoidance of facts and circumstances that are so significant that a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances, that a firm's, or a member of the audit or assurance team's, integrity, objectivity or professional scepticism has been compromised.

In other words; has the auditor in assisting the board of directors to prepare the annual financial statements assumed a role that could well be perceived that the board of directors have abdicated their responsibility of the preparation of the annual financial statements to the auditor? And that the auditor may be perceived to be preparing the annual financial statements on behalf of the board of directors and proceed to monitor their own compliance with IFRS and Fair Presentation.

Section 290.168 of the IRBA Code states: "Providing an assurance client with accounting and bookkeeping services, such as preparing accounting records or financial statements, creates a self-review threat when the firm subsequently assures the financial statements".

This provision clearly indicates that there is a threat to an auditor's independence when the auditor prepares the financial statements on behalf of an assurance client. However the IRBA Code recognises various practicalities in this context. Section 290.196 of the IRBA Code explains that the audit process, necessitates dialogue between the auditor and management of the audit client, which may involve: (a) the application of accounting standards or policies and financial statement disclosure requirements, (b) the appropriateness of financial and accounting control and the methods used in determining the stated amounts of assets and liabilities, or (c) proposing adjusting journal entries.

These activities are considered to be a normal part of the audit process and do not, generally, create threats to independence. Section 290.17 expounds on these principles by example: there are many occasions where the client may request technical assistance from the auditor on matters such as resolving account reconciliation problems or analysing and accumulating information for regulatory reporting. In addition, the client may request technical advice on accounting issues such as the conversion of existing financial statements from one financial reporting framework to another (for example, to comply with group accounting policies or to transition to a different financial reporting framework such as International Financial Reporting Standards). The IRBA Code is definitive in this context: such services do not, generally, create threats to independence provided the assurer does not assume management responsibility for the client.

However the IRBA Code suggests that the application of such principles must be considered in the light of the public interest of the company being assured. The IRBA Code explains that there a are different criteria that must be applied in assessing independence of assurers; depending on whether the assured company has a public interest benefit or not.

- Subsection (2) (b) (iii)

The registered auditor (whoever that person maybe) must also not be a director, officer or employee of a person appointed as company secretary. If the company secretary is an individual the registered auditor may not also be an employee of such an individual. Where a company or other body corporate is performing secretarial work for a company, every director, officer and employee of that secretarial company or body corporate is not qualified for appointment as an auditor of the company.

This provision has nothing to do with the duties and responsibilities of the company secretary. The question arises as to whether the registered auditor may perform such responsibilities as set out in s 88. The answer is probably 'no' as if such duties are performed the auditor is performing duties associated with a prescribed officer of the company and therefore the registered auditor may be deemed to be an officer of the company and therefore is not allowed to be considered for appointment as the registered auditor of the company.

- Subsection (2) (b) (iv)

The registered auditor (whoever that person maybe) must also not be a person who, alone or with a partner or employees, habitually or regularly performs the duties of accountant or bookkeeper, or performs related secretarial work, for the company.

Neither the Companies Act 2008 nor any other legislation defines the term accountant, bookkeeper or secretarial work. Secretarial work as intended in this provision does not have the same meaning as set out Subsection (2) (b) (iii). Subsection (2) (b) (iii) deals specifically with legally defined duties and responsibilities "company secretary in terms of Part B of this Chapter". However where these duties overlap it is submitted that the auditor's statutory independence duties would be contravened.

- Alone

The registered auditor is conducting the "work" by him or herself and has no partners or employees.

- Partner

The term partner does not only mean someone with whom the registered auditor is in partnership (legal partnership agreement) with. The meaning of the term partner must be extended to any juristic person with whom the registered auditor controls/has significant influence or has an agreement with to conduct such "work".

- Employees

No employee (as defined above) of the registered auditor may conduct the "work".

- Habitually or regularly

The emphasis appears to be on the words "habitually or regularly", so that a person who is called in only occasionally to perform the duties of a secretary or a bookkeeper, eg when the permanent secretary is away, would not be disqualified in terms of this subsection. A part-time secretary, however, who is permanently employed as such is an officer of the company and is consequently disqualified (Liquidator Zululand Motor Co (Maritzburg) Ltd v Boswell 1928 NPD 376 at 379).

- Accountant

An accountant is a practitioner of accounting or accountancy, which is the measurement, disclosure or provision of assurance about financial information that helps managers, investors, tax authorities and others make decisions about allocating resources.

- Bookkeeper

The bookkeeper brings the books to the trial balance stage. An accountant may prepare the income statement and balance sheet using the trial balance and ledgers prepared by the bookkeeper.

- Subsection (2) (b) (v)

The effect of this subsection is to disqualify from appointment as auditor of a company every person who, at any time during the five financial years immediately preceding the date of appointment, was a person contemplated in ss (2) (b) (i)–(iv).

- Subsection (2) (b) (vi)

The effect of this subsection is to disqualify from appointment as auditor of a company every person who, at any time during the five financial years immediately preceding the date of appointment, was a person related to persons contemplated in ss (2) (b) (i)–(iv).

- Subsection (2) (c)

The audit committee must ensure that the appointed auditor is independent of the company, regardless whether the appointment of such audit committee is required by this Act (in the case of public company or state-owned company (see s 8)) or whether it has been voluntarily appointed (in the case of a private company, a personal liability company or a non-profit company).

- Subsection (3)

In terms of s 44 (1) of the APA, where a firm is appointed to perform an audit, that firm must immediately decide as to the individual registered auditor(s) within the firm that will be responsible for the audit. The first name and surname of such individual must be forwarded to the company (as well as to the IRBA on its request). It is this person who only has to comply with ss 2.

This is the very reason why s 90 does not apply to the auditor. In the context of s 90; ss 3 only applies to the designated auditor and not the firm. The directors only have a responsibility to ensure that the provisions of ss 2 apply to the designated auditor when making such an appointment. However, this does not preclude the provisions of the APA prohibiting the firm from accepting such an appointment as the APA applies to the firm and the designated auditor. So the company may offer the firm the appointment as the designated auditor may comply with ss 2, but the firm may have to decline because there may be a situation where the other registered auditors within the same firm are not independent, but not in terms of ss 2 but in terms of the APA.

[1]There are only two companies that are, according to the 2008Act, obligated to appoint an external auditor: a public company or state-owned company. All other companies are only required to appoint an external auditor if provided for in the regulations. Reg 28 supports this view – in addition to public companies and state owned companies. . .However, a company not requiring an audit may incorporate such a requirement in the MOI. This would then create a statutory requirement for such a company to have an audit –an auditor must then be appointed.

[2]Reg 28: In addition to public companies and state owned companies. . . any profit or non-profit company if, in the ordinary course of its primary activities, it holds assets in a fiduciary capacity for persons who are not related to the company, and the aggregate value of such assets held at any time during the financial year exceeds R5 million; any non-profit company, if it was incorporated: directly or indirectly by the state, an organ of state, a state-owned company, an international entity, a foreign state entity or a foreign company; or primarily to perform a statutory or regulatory function in terms of any legislation, or to carry out a public function at the direct or indirect initiation or direction of an organ of the state, a state-owned company, an international entity, or a foreign state entity, or for a purpose ancillary to any such function; or any other company whose public interest score in that financial year, as calculated in accordance with regulation 26(2): is 350 or more; or is at least 100, if its annual financial statements for that year were internally compiled.

[3]The term voluntary must not be misconstrued to mean a "voluntary audit" meaning the company and its directors can at any time decide on whether to allow the company to undergo an external audit as provided for in the term "audited voluntary" as used in s 30 (2) (b) (ii) as it relates to s 90 (1A) applies to a company that is required only in terms of its Memorandum of Incorporation to have its annual financial statements audited. The reference to the appointment of the auditor and the procedure if the company is "required only in terms of its Memorandum of Incorporation to have its annual financial statements audited" implies that subs (1A) applies only under these circumstances, and not if the company has decided, by way of a shareholders' or directors' resolution in terms of s 30 (2) (b) (ii) (aa) to have the financial statements audited.

[4]ISA 450 para 8: The auditor shall communicate on a timely basis all misstatements accumulated during the audit with the appropriate level of management. The auditor shall request management to correct those misstatements. The only source of the errors is the auditor's own workings and this by its very nature raises an independence issue as the directors include information provided by the auditor in the AFS which are the responsibility of the directors. The auditors are auditing their own work.

21st Century Leadership. Are you ready?

Look to the future to guide your Leadership style, and be prepared to be the change.

Matthew Slabbert | **NewNormal**

Envisioning a 21st century leader first requires a thorough understanding of the basic definition of leadership. In a broad sense, a leader is somebody who brings people together, guides them towards a common goal and reaches it.

To reach this common goal a leader is required to have a certain skill set. Using these skills he or she needs to analyse the internal and external environments of an organisation, visualise ideas on how to reach their goal, construct a plan and rigorously execute it.

The 21st century is a time of great change. And to be able to anticipate and analyse how best to utilise his or her skills and achieve a goal, a 21st century leader needs to consider that the internal and external environments are rapidly changing.

The type of leadership that is necessary is dependent on these environments, and to wholly understand what a 21st century leader should look like, we need to look to the future.

The 21st Century

We live in one of the most exciting times in history. The world is moving faster than ever. The 21st century promises to be something straight out of a science fiction novel. Technology is the catalyst that will drive change across all industries, throughout local and international landscapes.

There are shifts across many sectors, industries, governments, business and the economy. Examples of things that are changing include the following:

How we generate energy
In 2015, Costa Rica became the first country in the world to generate all its electricity from renewable sources.

How we use energy
For the first time electric cars like the *Tesla Model S* and the *BMW i3* have become viable replacements for its fossil fuel counterparts.

How we use, share and store information
The volume of data being produced nowadays is staggering. According to *SINTEF*, a Norwegian research company, 90% of the world's data has been produced in the past two years.

On *Twitter* for instance, the average number of daily tweets have gone from 3.5 million in 2009 to 500 million today. According to hardware manufacturer Sea Gate, by 2020, 38 terabytes of cloud storage will be created each second, totalling 7.2 Zetabytes. That is an enormous amount of data.

The list goes on . . .The disruption of industries, the extinction of long-standing institutions, the collapse of authority, the empowerment of the voiceless – these are extraordinary changes happening in the 21st century.

The ways of living and leading in the 20th century are being superseded.

As a leader these, this is a time to get excited by challenges presented. The challenges we face in this century are as immense as the advances we will be making.

The environment is taking tremendous strain after more than a century of industrialisation, only to be hit by a fresh round of development by 3rd world countries, essentially driving their growth on the back of fossil fuels.

Global population growth is steadily increasing at 1.5% per year. Some estimates put global population at 16 billion by the end of this century, which will put considerable pressure on natural resources like agriculture and water.

Furthermore, the world's economic centre is rapidly shifting from the west to the east. China now accounts for 16.5% of the global economy when measured in real purchasing-power terms, compared with 16.3% for the US.

For any prospective leader, these will be demanding and dynamic times.

One has to consider, given these inevitable dramatic future changes, whether the previous century's criteria for good leadership are adequate enough for the next?

20th Century Leadership

In order to understand this we need to look at how leadership was defined in the previous century.

In the 20th century there were a considerable amount of theories available for defining leadership.

They included amongst others:

- The Great Man theory.
- Trait Theory.
- Contingency Theories.
- Transformational Leadership

Most of these theories are underpinned by the classic words that describe leadership. Words like 'top-down', 'authoritarian', 'linear', 'centralised', 'efficient', 'specialist', 'boss-to-employee' and 'inside-out'.

And, considering the space and time that they were born into, leadership in the 20th century has been established by words just like these.

In the 20th century, industrialisation was in full swing. Business and government largely focussed on creating efficiencies, making large volumes of product, bringing them to untapped markets and increasing the bottom line. In the process of creating these efficiencies, companies built massive rigid hierarchical leadership structures, enforcing a lengthy top-down chain of command.

These structures, although still necessary in some instances, are not built to adapt to the fast-paced change that is our current reigning reality and imminent future.

What new headspace must leaders occupy to handle these rapidly changing environments?

Looking to the future: Innovation in the face of change.

The greatest challenge business leaders face today is how to stay competitive and add real value amid constant turbulence and disruption.

Like their 20th century predecessors, 21st century leaders have to anticipate what the future holds and craft strategy accordingly. However, unlike the antecedents, the 21st century leader has to act at a more rapid pace – this merits its own special skill set.

There is one key factor that will drive relevant innovation in the face of change:

5 Tips to get a *Future-Download*

1. Read! Stay up to date with industry-related articles.
2. Look outward: Read up on what other industries are doing. Many trends are transferrable.
3. Educate yourself with courses.
4. Ask questions. It always pays to stay inquisitive.
5. Network. It is important to attend events to gather with people from the industry.

Breeding a new type of leader: the Change Leader

The Change Leader

A Change Leader is somebody who inspires changes in organisations with the purpose of creating new and innovative solutions for society's problems. The purpose of the Change Leader is not to provide for these needs by creating and implementing solutions himself. Instead, he needs to be the advocate for transformation so that the solution emerges from the organisation. John Kotter expands on this topic in his book Leading Change, where he maintains that "successful transformation is 70 to 90% leadership and only 10 to 30% management." If we want to create organisations that stay relevant and grow, we need to breed Change Leaders.

What are the attributes of Change Leaders?

They accept the need for change.

The initial step is for the leader to accept and drive home the fact that change is requisite within the organisation. On a personal level change is something that humans resist. The leader must transcend this urge to not change and have the courage to take steps that will create tension in the organisation.

They define and initiate change

The Change Leader must define and determine where change is needed within the organisation. He must have the capacity and understanding to define it in the wider context of the organisation, but also to the smallest levels of detail.

They manage change on an organisational and operational level

The Change Leader needs to build a vision for change that's based on the organisation as a whole and effectively communicate this vision to all the required individuals and teams. He or she needs to redirect all involved to effect that change, by translating the broad vision into the context of specific change in the individual parts of the organisation. At this level the Change Leader needs to take into account the different cultural dynamics of the current hierarchical structure and how to translate the vision into reality across divisions. An important part of this process is to create a practical route, balancing the current reality with the desire to arrive at the goal as quickly as possible.

They keep the organisation stable amidst change

Change in organisations are turbulent. Kotter says: "part of the problem is that all hierarchies, with their specialised units, rules, and optimised processes, crave stability and default to doing what they already know how to do."

The Change Leader must create stability when change creates an inherent feeling of destabilisation in an organisation. He or she is responsible for planning the evolution, causing the change, and transforming the organisation with the purpose of creating growth.

They redefine 'failure' as learning

Striving to learn is critical to having a growth mind-set. Eric Schmidt, the chairman of *Google*, said: "to innovate, you must learn to fail well." *Google* is a prime example of an enterprise that has a myriad of commercial successes, but also failures. Failures like *Google Print* and *Media Ads,* Buzz, Wave and lately some would say *Google Plus* and *Google Glass.* You may not have heard of some of these – and that is exactly the point. You don't hear of failure, therefore making the success you see as a consumer only the half-truth. For rapidly growing business, to create new products and services, they must embrace the necessary risk of failure and, more importantly, learn from it . . . fast.

They have a growth mindset

In *Change Leader*, Michael Fullan cites Dweck's theory of "two mindsets" to argue the importance of learning from mistakes.

- The first is a "fixed mindset" which sees mistakes as personal flaws and results in leaders getting "stuck."
- The second is a "growth mindset" which views mistakes as learning experiences and results in leadership that gets better and better.

In Fullan's view, Change Leaders are those who believe that they can change and grow with experience and not only improve their own leadership, but also benefit the organisation.

They have a systemic approach to leadership

In Kotter's newest book, ***Accelerate***, he states that classic thoughts on change leadership within hierarchical structures are not enough to successfully adapt to the current rate of disruption. This is where the leader must move even further than before and change how he or she views and leads an organisation systemically.

The aim of a systemic or "whole system" approach is to create something that is greater than the sum of its parts. To achieve this, a leader needs to create organisation-wide leadership networks – free from silos and hierarchical layers. Since there is less bureaucracy it permits collaborative learning, autonomy, creativity, innovation and the ability to adapt to change much faster.

This takes us from the 20th century perspective of the leader as the Hero, to the 21st century view of the leader as the Anti-Hero. A leader confident and humble enough to 'let go' and enable this distribution of power.

In conclusion – there will be challenging times ahead. Therefore, we need to become educated on what the future holds and how to respond accordingly. This does not mean we need to discard the wisdom of the past. Instead it means that we must consolidate what we have learned about leadership with new ways of thinking that are fit for these challenges.

The Change Leader is somebody who embodies collaboration, humility, listening, empathy and integrity. He takes a systemic approach to leadership, creates an organisation that is more effective because everyone works together, inspires leadership in others and takes himself from leader to servant of others.

This is a clear picture of the type of leader and the skills set that is needed in the 21st century to tackle society's challenges. The question is, are you leading at the speed of change?

Six Leadership Lessons for Tough Times

Finance executives can glean a few insights from how some Fortune 500 CEOs are riding out the recession.

Rick Telbergh | **CPA Trendlines**

Few business people accurately predicted exactly when the global economic bubble would go bust, nor how much carnage would be caused.But a few savvy business executives knew how to react adroitly to limit the damage. What they did and how they did it, offer lessons for finance and accounting professionals.

In a series of interviews with 14 CEOs and chairmen of major firms including Fortune 500 companies, McKinsey & Co. highlights a few of the keys to corporate leadership in this time of turmoil. They produced a now widely-read report titled “Leadership lessons for hard times.”

The consultants devised six useful principles that any CPA can take to heart:

1. Confront reality — and do it early.
McKinsey tells the story – soon to be legendary, I'm sure – that Ingersoll Rand's business was still booming when Chief Executive Herbert Henkel noticed a line in an operating report that alarmed him: a sudden slump in the company's transport refrigeration business. To Henkel, falling demand for perishable foods spelled big trouble in the global economy. “I couldn't help thinking, what if that figure really is indicative of what's out ahead?” he told McKinsey researchers. “What are we going to do about it?” Henkel cut the division's growth forecasts to zero, though analysts thought he was crazy. It turns out he was wrong; growth fell by only 15 percent. But, Henkel said, “by not ignoring that one indicator, we did get a head start.”

2. Put strategy at the center of every decision.
Top companies are putting strategy on the agenda at every top-level meeting. “The world moves at a pace that requires strategy to be front and center all of the time,” NCR chief executive Bill Nuti told McKinsey. “There are too many variables that come into play in a normal cycle, let alone this one, that can rapidly change the course of your company, so I bring strategy up at every single meeting.”

3. Be transparent with employees …
McKinsey predicts that “one legacy of the current downturn will be a reinforced belief in the value of frequent, transparent communication with employees.” Uncertainty can cause its own calamities. So savvy leaders work hard to dispel rumors and keep people focused on the job at hand.

“The only way to address uncertainty is to communicate and communicate,” said Terry Lundgren, Macy's chief executive. “And when you think you've just about got to everybody, then communicate some more.”

4.…and with investors, bankers, suppliers, partners and other stakeholders.
Much to the consternation, I'm sure, of corporate lawyers, investor relations reps and the finance executives responsible for the U.S. Securities and Exchange Commission (SEC) filings, Northrop Grumman Chief Executive Ron Sugar told McKinsey, “Our policy is: ‘If in doubt, communicate.’ We always want to conduct our business with integrity and forthrightness.” And Pepsi Bottling Group Chief Executive Eric Foss agreed: “We're facing up to our issues” and in this way, “demonstrating that we have a management team that knows what it's doing.”

5.Build and protect the corporate culture.
“A healthy company enjoys not only strong financials but also a culture and values that bind it together,” according to McKinsey. They tell of the story of AutoNation, the car retailer turned around by Chief Executive Michael Jackson. When he came to the company, he confronted a “growth at any cost” mentality. “We wanted entrepreneurialism, but we also wanted the highest standards of integrity.” Over the next three years, he purged many of the “high-performing money makers whose risk profile would keep you awake at night.” This amounted, McKinsey said, to “a cultural revolution that has delivered a sustainable competitive advantage — and one that he isn't about to jeopardize by shedding his best talent.”

6.Keep faith with the future.
Despite daily crises and emergencies, top executives need to remain focused on the long term. McKinsey calls it keeping faith with the future. But, just as importantly, many of the chief executives McKinsey talked with seem to have seen the economic downturn as an opportunity.

McKinsey doesn't directly address painful layoffs, plant closures, divestitures or restructurings. Instead, the consultants say, “Many of the CEOs we interviewed were determined to ensure that their companies emerge from this recession with a competitive advantage by setting the course for higher productivity, acquiring a footprint in a new market, or not squandering a company's talent or reputation in pursuit of lower costs.”

Proctor & Gamble, for instance, is increasing investments in research and development and innovation, McKinsey says. “You can't cut the things that will impact your ability to reach your vision,” said NCR's Nuti.

None of this, of course, is revolutionary. And the CEOs and chairmen McKinsey interviewed are the first to admit it. What is clear, however, is their resolve in pursuing principles they thought were right, often in the face of opposition and equipped with uncertain information. They could have guessed wrong. Only time will tell. But in the meantime, they demonstrate how leadership becomes both more important and more difficult in tough times.

The retail giant held on to the top spot on the Fortune 500, edging out Exxon Mobil for the second year in a row. For fiscal year 2014, Wal-Mart's net sales totaled $473.1 billion, up 1.6% from the year-earlier period. While its sales grew domestically, Wal-Mart said the expiration of a payroll tax cut, reductions in the U.S. food stamp program, and poor winter weather hurt its results. But in the U.S., Wal-Mart is bullish about its plans to open even more small stores, which compete with drugstores and small grocery stores.

In 2013, Exxon Mobil's total revenue dropped 8.8% to $438.26 billion, and net income fell an even steeper 27%. Oil production took a tumble in 2013, all while capital and exploration expenditures increased. While Exxon has said it plans to start production at a record 10 major projects this year, capital spending is expected to decline 6.4% from 2012. Deepwater projects in the Gulf of Mexico and a liquefied natural gas project in Papua New Guinea are among the ventures scheduled for this year.

Chevron, the U.S.'s second-largest oil company after Exxon Mobil, posted a 5.4% decrease in total revenue in 2013, to $228.9 billion. Chevron Chief Executive John Watson said results were hurt by lower global crude oil prices and refining margins, as well as fewer asset sale gains and higher expenses. The company expects production will increase in 2015 and beyond. Chevron says it has also made progress with its projects in Australia and the Gulf of Mexico.

An overview

Top 10 in the United States 2014's Fortune 500 companies:

1. **Wall-Mart Stores**
Revenue: $476294 million
2. **Exxon Mobil**
Revenue: $407666 million
3. **Chevron**
Revenue: $220356 million
4. **Berkshire Hathaway**
Revenue: $182150 million
5. **Apple**
Revenue: $170910 million
6. **Phillips 66**
Revenue: $161175 million
7. **General Motors**
Revenue: $155427 million
8. **Ford Motor**
Revenue: $146917 million
9. **General Electric**
Revenue: $146231
10. **Valero Energy**
Revenue: $147758

Information taken from www.fortune.com. For more information on Fortune companies, visit: www.fortune.com

Seven Strategy Questions

"Finance and accounting leaders can't develop and execute effective strategy without first gathering the right information." So says ***Harvard Business School*** professor Robert Simons, a Canadian chartered accountant.

Robert Simons | **CPA Trendlines**

In his new book, *Seven Strategy Questions: A Simple Approach for Better Execution*, Simons explains how managers can identify holes in their planning processes and make smart choices.

Here, he outlines the seven questions every finance and accounting manager should ask.

1 Who is your primary customer?

It's easy to try to duck the tough choice implied by the adjective 'primary' by responding that you have more than one type of customer. This answer is a guaranteed recipe for underperformance: the competitor that has clarity about its primary customer and devotes maximum resources to meet their specific needs will beat you every time.

2 How do your core values prioritise shareholders, employees and customers?

Real core values indicate whose interest comes first when faced with difficult trade-offs. For some companies, shareholders come first. For others, it may be employees. In other companies, it may be customers. There is no right or wrong, but choosing is necessary. To illustrate this point, Simons contrasts Merck's $20 billion decision to pull Vioxx from the market with Pfizer's decision to continue marketing Celebrex.

3 What critical performance variables are you tracking?

Tracking performance goals requires you to set the right goals, assign accountability, and monitor performance. It's easy to fail this important aspect by focusing on the wrong performance indicators or monitoring scorecards that have an overload of irrelevant measures. Underperformance is the result. You can't track everything; the key is determining which variables are truly critical.

3 What strategic boundaries have you set?

Boundaries control strategic risk. They protect you from the types of errant actions that destroyed *Enron* and brought financial service firms such as Fannie Mae and Lehman Brothers to their knees.

4 How are you generating creative tension?

Spurring innovation is woven into the fabric of every healthy organisation, but people fall into comfortable habits, sticking with what they know and rejecting things that cause them to change their ways.

5 How committed are your employees to helping each other?

Many accounting firms can, and should, be built on self-interest, with every man or woman working for him or herself. But if you haven't addressed this choice openly – and committed to making it happen – you have increased the potential that your strategy implementation will fail.

6 What strategic uncertainties keep you awake at night?

No matter how good your current strategy is, it won't work forever. There will be booms and busts, customer preferences will change, competitors will introduce new products, and disruptive new technologies will emerge in unexpected places.

Why Strategy Execution Unravels – and what to do about it

Having a good strategy is one thing. But how does one actually convert said strategy into results? Everyone has their own ideas, but in this article we debunk five of the most destructive myths and replace them with a more accurate perspective that will help managers effectively execute strategy.

Donald Sull, Rebecca Homkes, Charles Sull | **Harvard Business Review**

Since Michael Porter's seminal work in the 1980s we have had a clear and widely accepted definition of what strategy is. Yet we know a lot less about translating a strategy into results. Books and articles on strategy outnumber those on execution by an order of magnitude. And what little has been written on execution tends to focus on tactics or generalise from a single case. So what do we know about strategy execution?

We know that it matters. A recent survey of more than 400 global CEOs found that executional excellence was the number one challenge facing corporate leaders in Asia, Europe, and the United States. This covers some 80 issues, including innovation, geopolitical instability, and top-line growth. We also know that execution is difficult. Studies have shown that two-thirds to three-quarters of large organisations struggle to implement their strategies.

Nine years ago Donald Sull began a large-scale project to understand how complex organisations can execute their strategies more effectively. The research includes more than 40 experiments where we made changes in companies and measured the impact on execution, along with a survey administered to nearly 8 000 managers in more than 250 companies. The study is ongoing but has already produced valuable insights. The most important one is this: Several widely held beliefs about how to implement strategy are just plain wrong. And we can prove it to you.

Myth 1: Execution Equals Alignment

Over the past few years we have asked managers from hundreds of companies, before they take our survey, to describe how strategy is executed in their firms. Their accounts paint a remarkably consistent picture. The steps typically consist of translating strategy into objectives, cascading those objectives down the hierarchy, measuring progress, and rewarding performance. When asked how they would improve execution, the executives cite tools (such as management by objectives and the balanced scorecard) that are designed to increase alignment between activities and strategy up and down the chain of command. In the managers' minds, execution equals alignment, so a failure to execute implies a breakdown in the processes to link strategy to action at every level in the organisation.

Despite such perceptions, it turns out that in the vast majority of companies we have studied, those processes are sound. Research on strategic alignment began in the 1950s with Peter Drucker's work on management by objectives, and by now we know a lot about achieving alignment. Our research shows that best practices are well established in today's companies. More than 80% of managers say that their goals are limited in number, specific, and measurable and that they have the funds needed to achieve them. If most companies are doing everything right in terms of alignment, why are they struggling to execute their strategies?

To find out, we ask survey respondents how frequently they can count on others to deliver on promises — a reliable measure of whether things in an organisation get done (see ***Promise-Based Management: The Essence of Execution***, by Donald N. Sull and Charles Spinosa, HBR, April 2007). A total of 84% of managers say they can rely on their boss and their direct reports all or most of the time — a finding that would make Drucker proud, but sheds little light on why execution fails. When we ask about commitments across functions and business units, the answer becomes clear. Only 9% of managers say they can rely on colleagues in other functions and units all the time, and just half say they can rely on them most of the time. Commitments from these colleagues are typically not much more reliable than promises made by external partners, such as distributors and suppliers.

When managers cannot rely on colleagues in other functions and units, they compensate with a host of dysfunctional behaviours that undermine execution: They duplicate effort, let promises to customers slip, delay their deliverables, or pass up attractive opportunities. The failure to coordinate also leads to conflicts between functions and units, and these are handled badly two times out of three — resolved after a significant delay (38% of the time), resolved quickly but poorly (14%), or simply left to fester (12%).

Even though, as we've seen, managers typically equate execution with alignment, they do recognise the importance of coordination when questioned about it directly. When asked to identify the single greatest challenge to executing their company's strategy, 30% cite failure to coordinate across units, making that a close second to failure to align (40%). Managers also say they are three times more likely to miss performance commitments because of insufficient support from other units than because of their own teams' failure to deliver.

Whereas companies have effective processes for cascading goals downward in the organisation, their systems for managing horizontal performance commitments lack teeth. More than 80% of the companies we have studied thus far have at least one formal system for managing commitments across silos, including cross-functional committees, service-level agreements, and centralised project-management offices. Yet only 20% of managers believe that these systems work well all or most of the time. More than half want more structure in the processes to coordinate activities across units – this is twice the number who wants more structure in the management-by-objectives system.

Myth 2: Execution Means Sticking to the Plan

When crafting strategy, many executives create detailed road maps that specify who should do what, by when, and with what resources. The strategic-planning process has received more than its share of criticism, but, along with the budgeting process, it remains the backbone of execution in many organisations. *Bain & Company*, a global management consulting firm that regularly surveys large corporations around the world about their use of management tools, finds that strategic planning consistently heads the list. After investing enormous amounts of time and energy formulating a plan and its associated budget, executives view deviations as a lack of discipline that undercuts execution.

Unfortunately, no Gantt chart survives contact with reality. No plan can anticipate every event that might help or hinder a company trying to achieve its strategic objectives. Managers and employees at every level need to adapt to facts on the ground, surmount unexpected obstacles, and take advantage of fleeting opportunities. Strategy execution, as we define the term, consists of seeing opportunities that support the strategy while coordinating with other parts of the organisation on an ongoing basis. When managers come up with creative solutions to unforeseen problems or run with unexpected opportunities, they are not undermining systematic implementation. They are demonstrating execution at its best.

Such real-time adjustments require firms to be agile. Yet a lack of agility is a major obstacle to effective execution among the companies we have studied. When asked to name the greatest challenge their companies will face in executing strategy over the next few years, nearly one-third of managers cite difficulties adapting to changing market circumstances. It's not that companies fail to adapt at all: Only one manager in 10 saw that as the problem. But most organisations either react so slowly that they can't seize fleeting opportunities or mitigate emerging threats (29%). Or they react quickly, but lose sight of company strategy (24%). Just as managers want more structure in the processes to support coordination, they crave more structure in the processes used to adapt to changing circumstances.

A seemingly easy solution would be to do a better job of resource allocation. Although resource allocation is unquestionably critical to execution, the term itself is misleading. In volatile markets, the allotment of funds, people, and managerial attention is not a onetime decision; it requires ongoing adjustment. According to a study by McKinsey, firms that actively reallocated capital expenditures across business units achieved an average shareholder return that was 30% higher than the average return of companies that were slow to shift funds.

Instead of focusing on resource allocation, with its connotation of one-off choices, managers should concentrate on the fluid reallocation of funds, people, and attention. We have noticed a pattern among the companies in our sample: Resources are often trapped in unproductive uses. Fewer than one-third of managers believe that their organisations reallocate funds to the right places quickly enough to be effective. The reallocation of people is even worse. Only 20% of managers say their organisations do a good job of shifting people across units to support strategic priorities. The rest report that their companies rarely shift people across units (47%) or else make shifts in ways that disrupt other units (33%).

Companies also struggle to disinvest. Eight in 10 managers say their companies fail to exit declining businesses or to kill unsuccessful initiatives quickly enough. Failure to exit undermines execution in an obvious way, by wasting resources that could be redeployed. Slow exits impede execution in more-insidious ways as well: Top executives devote a disproportionate amount of time and attention to businesses with limited upside and send in talented managers who often burn themselves out trying to save businesses that should have been shut down or sold years earlier. The longer top executives drag their feet, the more likely they are to lose the confidence of their middle managers, whose ongoing support is critical for execution.

A word of warning: Managers should not invoke agility as an excuse to chase every opportunity that crosses their path. Many companies in our sample lack strategic discipline when deciding which new opportunities to pursue. Half the middle managers we have surveyed believe that they could secure significant resources to pursue attractive opportunities that fall outside their strategic objectives. This may sound like good news for any individual manager, but it spells trouble for a company as a whole, leading to the pursuit of more initiatives than resources can support. Only 11% of the managers we have surveyed believe that all their company's strategic priorities have the financial and human resources needed for success. That's a shocking statistic: It means that nine managers in 10 expect some of their organisations' major initiatives to fail for lack of resources.

Unless managers screen opportunities against company strategy, they will waste time and effort on peripheral initiatives and deprive the most promising ones of the resources they need to win big. Agility is critical to execution, but it must fit within strategic boundaries. In other words, agility must be balanced with alignment.

Myth 3: Communication Equals Understanding

Many executives believe that relentlessly communicating strategy is the key to success. The CEO of one London-based professional services firm met with her management team the first week of every month and began each meeting by reciting the firm's strategy and its key priorities for the year. She was delighted when an employee engagement survey (not ours) revealed that 84% of all staff members agreed with the statement "I am clear on our organisation's top priorities." Her efforts seemed to be paying off.

Then her management team took our survey, which asks members to describe the firm's strategy in their own words and to list the top five strategic priorities. Fewer than one-third could name even two. The CEO was dismayed — after all, she discussed those objectives in every management meeting.

Unfortunately, she is not alone. Only 55% of the middle managers we have surveyed can name even one of their company's top five priorities. In other words, when the leaders charged with explaining strategy to the troops are given five chances to list their company's strategic objectives, nearly half fail to get even one right.

Not only are strategic objectives poorly understood, but they often seem unrelated to one another and disconnected from the overall strategy. Just over half of all top team members say they have a clear sense of how major priorities and initiatives fit together. It's pretty dire when half the C-suite cannot connect the dots between strategic priorities, but matters are even worse elsewhere. Fewer than one-third of senior executives' direct reports clearly understand the connections between corporate priorities. The share plummets to 16% for frontline supervisors and team leaders.

Senior executives are often shocked to see how poorly their company's strategy is understood throughout the organisation. In their view, they invest huge amounts of time communicating strategy in an unending stream of emails, management meetings, and town hall discussions. But the amount of communication is not the issue: Nearly 90% of middle managers believe that top leaders communicate the strategy frequently enough. How can so much communication yield so little understanding?

Part of the problem is that executives measure communication in terms of inputs (the number of emails snt or town halls hosted) rather than by the only metric that actually counts — how well key leaders understand what's communicated. A related problem occurs when executives dilute their core messages with peripheral considerations. The executives at one technical company, for example, went to great pains to present their company's strategy and objectives at the annual executive off-site. But they also introduced 11 corporate priorities (which were different from the strategic objectives), a list of core competencies (including one with nine templates), a set of corporate values, and a dictionary of 21 new strategic terms to be mastered. Not surprisingly, the assembled managers were baffled about what mattered most. When asked about obstacles to understanding the strategy, middle managers are four times more likely to cite a large number of corporate priorities and strategic initiatives than to mention a lack of clarity in communication. Top executives add to the confusion when they change their messages frequently — a problem flagged by nearly one-quarter of middle managers.

Myth 4: A Performance Culture Drives Execution

When their companies fail to translate strategy into results, many executives point to a weak performance culture as the root cause. The data tells a different story. It's true that in most companies, the official culture (the core values posted on the company website, say) does not support execution. However, a company's true values reveal themselves when managers make hard choices — and here we have found that a focus on performance does shape behaviour on a day-to-day basis.

Few choices are tougher than personnel decisions. When we ask about factors that influence who gets hired, praised, promoted, and fired, we see that most companies do a good job of recognising and rewarding performance. Past performance is by far the most frequently named factor in promotion decisions, cited by two-thirds of all managers. Although harder to assess when bringing in new employees, it ranks among the top three influences on who gets hired. One-third of managers believe that performance is also recognised all or most of the time with nonfinancial rewards. This includes private praise, public acknowledgment, and access to training opportunities. To be sure, there is room for improvement, particularly when it comes to dealing with underperformers: A majority of the companies we have studied delay action (33%), address underperformance inconsistently (34%), or tolerate poor performance (11%). Overall, though, the companies in our sample have robust performance cultures. Yet they struggle to execute strategy. Why?

The answer is that a culture that supports execution must recognise and reward other things as well, such as agility, teamwork, and ambition. Many companies fall short in this respect. When making hiring or promotion decisions, for example, they place less value on a manager's ability to adapt to changing circumstances (an indication of the agility needed to execute strategy) than on whether he/she has hit his/her numbers in the past. Agility requires a willingness to experiment, and many managers avoid experimentation because they fear the consequences of failure. Half the managers we have surveyed believe that their careers would suffer if they pursued but failed at novel opportunities or innovations. Trying new things inevitably entails setbacks, and honestly discussing the challenges involved increases the odds of long-term success. But corporate cultures rarely support the candid discussions necessary for agility. Fewer than one-third of managers say they can have open and honest discussions about the most difficult issues, while one-third say that many important issues are considered taboo.

An excessive emphasis on performance can impair execution in another subtle but important way. If managers believe that hitting their numbers trumps all else, they tend to make conservative performance commitments. When asked what advice they would give to a new colleague, two-thirds say they would recommend making commitments that the colleague could be sure to meet. Fewer than one-third would recommend stretching for ambitious goals. This tendency to play it safe may lead managers to favour surefire cost reductions over risky growth, for instance, or to milk an existing business rather than experiment with a new business model.

The most pressing problem with many corporate cultures, however, is that they fail to foster the coordination that, as we've discussed, is essential to execution. Companies consistently get this wrong. When it comes to hires, promotions, and nonfinancial recognition, past performance is two or three times more likely to be rewarded, than a track record of collaboration. Performance is critical, of course, but if it comes at the expense of coordination, it can undermine execution. We ask respondents what would happen to a manager in their organisation who achieved his objectives, but failed to collaborate with colleagues in other units. Only 20% believe the behaviour would be addressed promptly. As much as 60% believe it would be addressed inconsistently or after a delay, and 20% believe it would be tolerated.

Myth 5: Execution Should Be Driven from the Top

In his best-selling book, ***Execution***, Larry Bossidy describes how, as the CEO of *AlliedSignal*, he personally negotiated performance objectives with managers several levels below him and monitored their progress. Accounts like this reinforce the common image of a heroic CEO perched atop the org chart, driving execution. That approach can work — for a while. AlliedSignal's stock outperformed the market under Bossidy's leadership. However, as Bossidy writes, shortly after he retired "the discipline of execution … unravelled," and the company gave up its gains relative to the S&P 500.

Top-down execution has drawbacks in addition to the risk of unravelling after the departure of a strong CEO. To understand why, it helps to remember that effective execution in large, complex organisations emerges from countless decisions and actions at all levels. Many of those involve hard trade-offs: For example, synching up with colleagues in another unit can slow down a team that's trying to seize a fleeting opportunity, and screening customer requests against strategy often means turning away lucrative business. The leaders who are closest to the situation and can respond most quickly are best positioned to make the tough calls.

Concentrating power at the top may boost performance in the short term, but it degrades an organisation's capacity to execute over the long run. Frequent and direct intervention from on high encourages middle managers to escalate conflicts rather than resolve them, and over time they lose the ability to work things out with colleagues in other units. Moreover, if top executives insist on making the important calls themselves, they diminish middle managers' decision-making skills, initiative, and ownership of results.

In large, complex organisations, execution lives and dies with a group we call "distributed leaders," which includes not only middle managers who run critical businesses and functions but also technical and domain experts who occupy key spots in the informal networks that get things done. The vast majority of these leaders try to do the right thing. Eight out of 10 in our sample say they are committed to doing their best to execute the strategy, even when they would like more clarity on what the strategy is.

Distributed leaders, not senior executives, represent "management" to most employees, partners, and customers. Their day-to-day actions, particularly how they handle difficult decisions and what behaviours they tolerate, go a long way toward supporting or undermining the corporate culture. In this regard, most distributed leaders shine. As assessed by their direct reports, more than 90% of middle managers live up to the organisation's values all or most of the time. They do an especially good job of reinforcing performance, with nearly nine in 10 consistently holding team members accountable for results.

But although execution should be driven from the middle, it needs to be guided from the top. And our data suggests that many top executive teams could provide much more support. Distributed leaders are hamstrung in their efforts to translate overall company strategy into terms meaningful for their teams or units when top executives fail to ensure that they clearly understand that strategy. And as we've seen, such failure is not the exception but the rule.

Conflicts inevitably arise in any organisation where different units pursue their own objectives. Distributed leaders are asked to shoulder much of the burden of working across silos, and many appear to be buckling under the load. A minority of middle managers consistently anticipate and avoid problems (15%) or resolve conflicts quickly and well (26%). Most resolve issues only after a significant delay (37%), try but fail to resolve them (10%), or don't address them at all (12%). Top executives could help by adding structured processes to facilitate coordination. In many cases they could also do a better job of modelling teamwork. One-third of distributed leaders believe that factions exist within the C-suite and that executives there focus on their own agendas rather than on what is best for the company.

Many executives try to solve the problem of execution by reducing it to a single dimension. They focus on tightening alignment up and down the chain of command. They improve existing processes, such as strategic planning and performance management, or adopt new tools, such as the balanced scorecard. These are useful measures, to be sure, but relying on them as the sole means of driving execution ignores the need for coordination and agility in volatile markets. If managers focus too narrowly on improving alignment, they risk developing ever more refined answers to the wrong question.

In the worst cases, companies slip into a dynamic we call the alignment trap. When execution stalls, managers respond by tightening the screws on alignment. This include tracking more performance metrics, for example, or demanding more frequent meetings to monitor progress and recommend what to do. This kind of top-down scrutiny often deteriorates into micromanagement, which stifles the experimentation required for agility and the peer-to-peer interactions that drive coordination. Seeing execution suffer but not knowing why, managers turn once more to the tool they know best and further tighten alignment. The end result: Companies are trapped in a downward spiral in which more alignment leads to worse results.

If common beliefs about execution are incomplete at best and dangerous at worst, what should take their place? The starting point is a fundamental redefinition of execution as the ability to seize opportunities aligned with strategy while coordinating with other parts of the organisation on an ongoing basis. Reframing execution in those terms can help managers pinpoint why it is stalling. Armed with a more comprehensive understanding, they can avoid pitfalls such as the alignment trap and focus on the factors that matter most for translating strategy into results.

Practitioner's Diary: avoid the deadline-doom: let's prioritise

Darryl Nunes | **Darryl Nunes Accounting**

In our business of public practice, priority is always given to the closest deadline – whether it is the normal run of the mill monthly returns, submissions or some annual declaration. Whatever the case may be, the method is always the same: We focus our attention on whatever we need to complete and submit first.

In this sense, our paths for the financial year are often laid out almost automatically. Despite this, we often find ourselves in a constant state of panic as we battle along to meet our goals. We've known about them for weeks and months in advance, but at times, it is almost as if we cannot help but wander helplessly towards our impending doom in the same way insects are fatally attracted to open flames.

Why is it that the deadline-doom catches us every time? Why, despite a large chunk of our planning seemingly done for us, are we still chasing the game? This is something I have already experienced at three different firms, and am now experiencing at my own firm as well. We take the time to implement the usual project management software, keeping track of what has to be done and by when. We plan ahead for any unforeseen circumstances and for the most part this works. We keep ourselves and our staff busy, we accomplish our goals and objectives one by one and this builds a great sense of accomplishment and achievement within. We feel as though we are finally winning, that we are, dare I say it, beating the game.

It is usually at this point that we lean back in our leather-bound office chairs, hands behind our heads with a satisfying smile or a pleasing grin on our faces. This is also normally when we notice for the first time a piece of paper, oddly stashed away with an eerie sense of foreboding about it. Or, a clerk appears at our office door with a look not dissimilar to a child who lost their puppy, holding such piece of mysterious paper. We can't help but reach for it, out of sheer dumb curiosity and lo and behold, this is when the grin or smile vanishes from sight and memory, as we realise the horror of our discovery.

How did we miss this? This should have been submitted weeks ago. We all know that sinking feeling, the sweat glands working overtime, that lump in the throat that we just can't swallow. The utter disappointment in ourselves for missing it. Some throw around profanities, some throw objects, others wallow in silence. Whatever the reaction to our mistakes, it is the next course of action that define us as accountants. We all eventually come to the realisation that we simply cannot control everything, that mistakes and oversights will always happen, and that something will always be forgotten. No matter how meticulously we plan, there is always the potential for something to go wrong. It is the nature of our beast and the environment in which we operate. We have variables beyond our control. Our planning and prioritising must always be able to change and adapt to the needs at the time.

Mind you, it is not always our fault. We have had many instances where clients themselves simply forgot about a deadline, or chose to ignore repeated reminders to meet a deadline that either we or SARS have set for them. We had a long-standing client, who because of the nature of his profession, can legally, only practice in his own name and not through another form of entity. This is a huge problem as the fees written by the individual are substantial, and therefore carry VAT. For someone in the service industry, VAT is already a huge problem on the individual's cash flow.

In addition, substantial provisional taxes must be paid, plus his previous year's assessments which are always late and carry hefty interest. Effectively, this puts the individual in a position where he might actually be technically bankrupt. This, however, is not taken into consideration in the individual's own mind.

To the person concerned, the way of life goes like this – I make a lot of money, thus I can spend a lot of money. But in reality, there is no money, only substantial and significant debt. We have previously applied for Tax Relief and were successful in our application, but we doubt the success of any future applications.

Although the tax burden is manageable when thinking about one tax year in isolation, I can tell you that after about five years, the snowball effect borders on ridiculous. We have pleaded with the individual countless times to cut back on his spending, to budget better and to prioritise. We have even suggested that we draw up a budget for him based on his spending. Nobody needs to eat out every single day, three times a day, at high-class restaurants. Nobody needs a collection of pens costing the same as a small car, especially since they all sit in a showcase and are never written with anyway.

It is this kind of lavish spending that has placed the individual in his current position. I bring you back to prioritising. On the whole, it works for us as accountants, and we need to instil that into our clients as well. The problem does not go away, it only gets worse. Take the blow, and deal with it.

B-BBEE and the key role of the accountant

With this simple guide, you will get insight on the B-BBEE laws and what it actually mean for accountants.

Anton de Wet | **Middel & Partners**

Broad-Based Black Economic Empowerment (B-BBEE) has now become a business imperative and in effect a license to trade for most businesses.

Since the inception of the first Codes of Good Practice in 2007 (old codes), South Africa has seen a wave of transformation initiatives from all sectors and by businesses of all sizes, in an effort to meet the scorecard requirements and satisfy the requests from their clients to prove their B-BBEE status. The status of a business impacts on their clients' scorecard and ultimately their client's own B-BBEE status. This is what drives B-BBEE and keeps it alive within the business arena. The targets in the old codes were quite easy to achieve for especially some businesses and in the opinion of government has therefore not achieved the level of black economic empowerment it was expecting. This realisation lead the department: trade and industry to develop a new set of codes which we will refer to as the "amended" codes. These appeared on 13 October 2013, and finally became effective for implementation on 1 May 2015.

These codes have raised the playing field to a whole new level. It also left many businesses in the dark, not knowing where to begin to plan for the potential impact it could have on their B-BBEE status. They were also left confused as to how much of their market share they will be able to retain over the medium to long-term.

In 2014 the B-BBEE Act has also been amended. Probably the most significant feature is the criminalisation of the practice of "fronting".

Fronting is now clearly defined in the amended act but basically refers to the misrepresentation of the true B-BBEE status of a business.

In the past, some businesses created the perception of having black ownership or black management, while this was only true on paper. The penalties for now being found guilty of fronting by the soon-to-be appointed B-BBEE Commissioner are severe. A business may be faced with a financial penalty of up to 10% of its annual turnover or up to 10 years imprisonment in the case of an individual involved. A register of transgressing companies will be kept. These companies will be prohibited from doing business with government for a period of up to 10 years.

The generic amended codes consist of five elements. Certain sector codes to be published are expected to have more elements, which comprise the areas within an enterprise that will be measured. Except for certain majority black-owned enterprises, all enterprises with an annual revenue exceeding R10 million will be measured on all five elements. These are Equity Ownership, Management Control, Skills Development, Enterprise and Supplier Development and also Socio-Economic Development. Although addressing all five elements is not compulsory, all five will be measured during the annual verification. What differentiates the amended codes from the old codes is that by not addressing, and thus obtaining a zero score on any one of the five elements (including Equity Ownership), the measured entity will battle to achieve even the entry level 8 B-BBEE status. Compliance will, in most cases, be dependent on a comprehensive B-BBEE strategy that addresses all five elements (the entire B-BBEE scorecard) in a sustainable manner.

So, where does the accountant fit into this picture?

The accountant plays a vital role in measuring a business's B-BBEE initiatives, as it is based on accurate financial reporting. Different from in the past (under the old codes), the amended codes have been designed in a way that requires a business to formulate a precise strategy as to how it will achieve the targets set in the codes. As accountants are aware, before performance can be managed, proper measurement needs to take place. It is no different when it comes to B-BBEE. The targets in the amended codes are extremely onerous and can only be accurately measured if accurate and up-to-date accounting records are available.

Unlike in the past, where B-BBEE was seen as an annual compliance issue, meeting the requirements in the amended codes will require that progress is monitored on preferably a monthly basis, so that relevant initiatives can be implemented during the financial year and not at the very end as an emergency plan. This will require accurate and up-to-date financial data. As an example, the Preferential Procurement score is based on a base amount known as the Total Measured Procurement Spend, which includes Cost of Sales, Operational Expenses and Capital Expenses, but excludes items such as Depreciation, Employee Costs, Imports and Government Spend. In order to determine this base amount to which the total spend is compared, it is crucial that the accountant is able to provide the relevant information at the push of a button to whoever has the responsibility of drafting the monthly scorecard.

In my opinion, the technical and interpretive nature of the amended codes has made B-BBEE measurement a specialist field of expertise. Businesses are advised to partner with external service providers that specialise in this field in a way similar to having an external tax consultant, auditor, attorney or broker. Endeavouring to take on the new scorecard requirement alone would be like trying to do the work of these other specialists yourself. There is no doubt that in time business owners as well as accountants will build on their own knowledge and expertise.

But let's come back to the accountant. At present, only agencies accredited and verified by the *South African National Accreditation System* and registered auditors approved by the *Independent Regulatory Board for Auditors* (IRBA) and *SAIBA's* Business Accountants in Practice (SA), may perform the annual B-BBEE verification and issue a certificate. There are already around 300 registered auditors approved by the IRBA and so the verification infrastructure has arguably already been set in place. An area of practice that is still wide open for the taking is that of B-BBEE consulting. Consultation is at present not yet regulated and in the light of the amended codes, it offers a huge opportunity especially for accountants in practice to get involved in this exciting field. Because all businesses require B-BBEE advice in the short-term, legislation has created a significant and sizable new market for this offering. Accountants in practice are advised to "partner" with an IRBA approved registered auditor of their choice as a mentor and guide. By means of their verification work many auditors have over the past three years gained extensive knowledge and experience on B-BBEE and are willing to share this with the market. For businesses to be verified by these auditors, other accountants in practice can play an important role in referring their clients to the auditor they are working with and in the process gain the exposure and experience on their road to becoming a B-BBEE consultant themselves. It is advisable that a proper Memorandum of Understanding is put in place between the practitioners. This symbiotic relationship can't only hold significant benefits for the accountant and auditor involved, but more importantly for the client.

How so?

The amended codes by their interpretive nature require that before a business implements any B-BBEE initiative they enquire whether the planned initiative will meet the requirements of the codes. This is the wise course of action, as many initiatives that may have qualified under the "old" codes may not qualify under the amended codes. For example, training delivered by non-accredited training providers in the past was fully recognised, but in terms of the amended codes are capped at 15% of the value of the total skills expenditure for the measurement year.

By far the most controversial issue around the amended codes is that of Equity Ownership now being one of the five elements on the scorecard that could make or break any B-BBEE strategy. As one of the priority elements, with its 40% sub-minimum criteria, not addressing this element representing 25 of the 100 main points on the scorecard, will – for most companies – equate to B-BBEE non-compliance.

Two important B-BBEE compliance steps to remember:

Step 1

The most important thing is to not forget the seriousness of the fronting risk mentioned above. The first step on this mind-shifting journey of black ownership is to consider having a specialist perform a cost-benefit analysis based on your financial figures in order to see on paper whether such a decision will make business sense or not.

Step 2

Identify the black equity partner that will pose the least risk to the business, yet offer some kind of value-added contribution. Active participation on some level is very important in order to move away from the perception that B-BBEE simply enriches a few black operationally inactive individuals. Once the right partner has been identified and the best terms negotiated, implement a transaction at the best possible cost structure. Professional advice is strongly recommended.

Especially medium-sized businesses are now in need of low risk, cost-effective and legitimate alternatives to traditional B-BBEE solutions. At Middel & Partners we have collaborated with some top minds in the industry and have developed just such alternatives that also address the Equity Ownership element successfully.

ANTON DE WET IS A BEE SPECIALIST, FROM MIDDEL & PARTNERS, ASSOCIATED WITH BEE NAVIGATOR.

Touch Points: the consumer journey

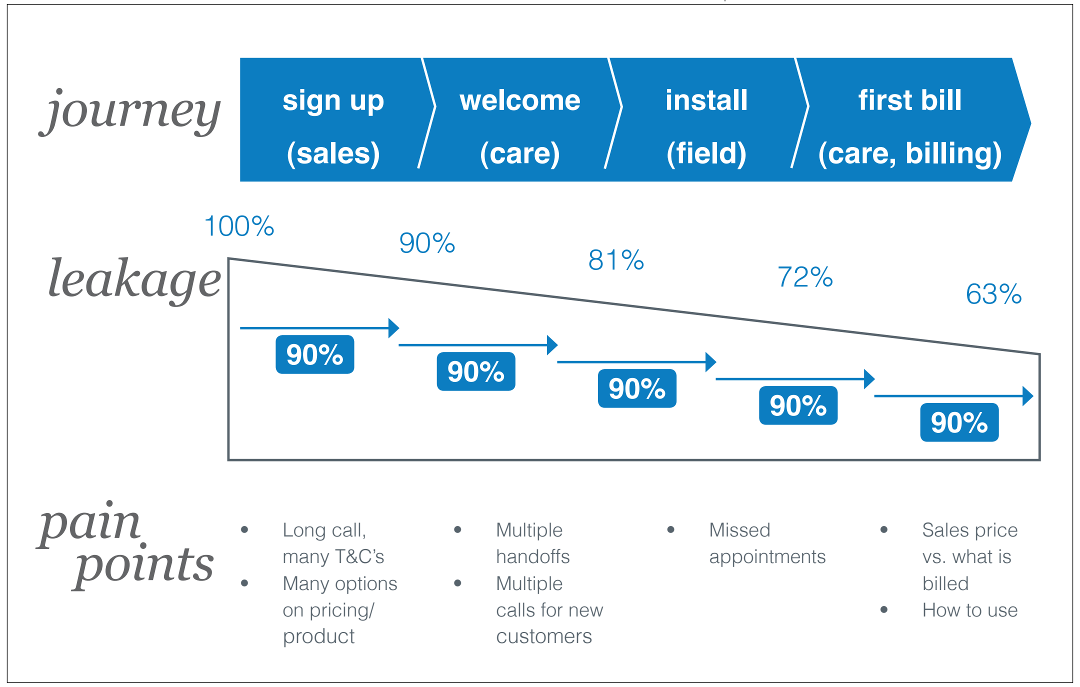
Get in touch with your customers by using what you already have - well. Marketing guru, Yanic Smit gives insight on how to increase customer experience.

Yanic Smit | **This is Y**

Customers interact with an accounting organisation by going on a journey, which cuts across different individual touch points, visiting various departments, with different functions. The challenge for most companies is to deliver a full and positive beginning-to-end journey customer experience. This is due to the fact that more than one person is responsible for the customer's beginning-to-end experience.

Due to our profession, accounting firms are not hard-wired to focus on the customer experience from beginning to end. As accounting firms, we tend to focus our touch points on deliverables and meeting with our clients, which limits our insight into customer expectations and functional handoffs. We need to transform our traditional service delivery expectations from the accountant delivering accounting services, to a beginning-to-end positive experience approach.

DON'T RUSH THE EXPERIENCE. YOUR CLIENTS NEED AN ALL-IN APPROACH.



Staff members need to be incentivised, not only for delivering the best accounting services, but also for providing the customer with the best beginning-to-end client service experience within the firm. From the first call at reception, to the final transactional satisfaction – we need to pull through a golden threat of excellence. Every single experience that the customer has with various people within the organisation needs to portray the same values and brand promise of the organisation.

Think of *Woolworths*.

Woolworths' brands promise is quality. Each department, from men's clothing to food, right through to the customer helpdesk, portrays the same essence and promise: quality. The quality of the brand is visible in the product, the shelving, and in the way the staff dress. Quality is seen everywhere, from the cheapest t-shirt to the most expensive leather jacket. Companies that excel in delivering journeys tend to win in the market.

The challenge to create the same experience for our customers from beginning to end

Performance data of departments are usually stored within silos. This result in different customer service delivery and expectations, and therefore beginning-to- end customer experience is difficult to manage, because those silos need to be moved from top-down to a horizontal flow of information resulting in holistic communication.

Companies that excel in delivering the same customer experience from the beginning to the end display six hallmarks.

These companies:

1. Deliver a compelling value proposition.
2. Know the customers' need and the journey that matters, and why these matter to the customer.
3. Continuously innovate the beginning-to-end customer experience.
4. Use the customer journey to reinforce the front like culture of the organisation.
5. Optimise operational processes and systems to ensure consistent delivery.
6. Use the customer journey to define metrics and governance systems.

How to start the beginning to end customer experience journey

The focus must be in driving the cross-functional performance of the customer journey all the way to the frontline. This will enhance the customer experience and create the value add factor for your company.

Step 1:
Get insight: Start by gaining insight into your current customer base and their journey with your firm. This research can be done by creating a short questionnaire on *SurveyMonkey*. Capture as much customer feedback as possible to get a customer perspective across the chain.

Step 2:
Process efficiency: Simplify the process where possible. Once this is done it is important to standardise this process.

Step 3:
Staff performance management: Now that the process is standardised it is important to set objectives for each team member within the beginning-to-end customer experience chain. Once the objectives are agreed on ensure to set it out on staff KPI's. Each employee must get measured on the customer experience and not only by the product that the company delivers.

Step 4:
Organisational skills: The onus lies on the company's management to instil a customer centric culture. Management thus needs to define clear roles, governance and responsibilities. They must also educate staff members on the brand promise of the organisation.

Step 5:
Change the mindset and staff behaviour: It is not easy to change the mindset and culture of the employees of an organisation, but remember: "Build your people and they will build your brand". Work together across the entire chain to change behaviour of staff to a customer centric approach. Increase role modelling and coaching by managers.

By mastering the beginning-to-end customer centric approach your business will become a market leader and a brand that customers want to engage with.

Automated client acquisition

What are you doing to get clients? James Molfetas, author of ***Accounting Clients on Tap,*** gives advice on how accountants can use the Internet to gain new clients without too much hassle.

James Molfetas | **Writer**

If you are like most accountants, you probably hate marketing, even though you know that it is essential to the growth and in fact, the survival of your business.

The traditional client acquisition methods often no longer work. Accountants cringe at the thought of cold calling, are tired of wasting time networking and find it difficult to ask their clients for referrals.

Another phobia seems to be technology and in particular, "the Internet". However, in this day and age, it is impossible to avoid.

But there is good news for accountants on both fronts. There is a powerful way to harness the power of the Internet to create a consistent stream of new clients into your practice at will. This is known as an automated online sales funnel and this is how it works . . .

Once you clearly identify your ideal client, it is definitely easier to find them online than offline. However, defining your ideal client is one of the most difficult tasks in all of marketing. Who is your ideal client? By the way, the answer to that question is not "everyone" or "everyone that runs a business" or some other generic statement that contains the word "everyone"!

While it may seem counterintuitive to exclude a large portion of your target market by specialising, the narrower you define your niche, the easier it is to attract more quality clients and the more money you will make. Let us look at the example where an accountant decides to specialise in say, just attorneys.

A tightly knit and clearly defined group like attorneys are very easy to find. All you have to do is answer the question, "who has access to attorneys"? Your job then becomes to convince that person to give you access to these attorneys.

For example, you could approach the law society and advertise in their industry magazines or newsletters. You could even approach companies that provide software solutions to attorneys, or organisations that provide education services. Just a little bit of "out of the box" thinking will provide you with a virtually unlimited stream of potential clients.

Failing this you could use ***Facebook*** or ***LinkedIn*** advertising to laser in on your target market. LinkedIn is a particularly good platform for the Business-to-business space, because you can use their strong filtering features to zone in on exactly who you want to target. For example, you could have your ads show only to attorneys who are owners or partners, who are within a 50 km radius of your office, for example, and who have less than 10 employees. This is all possible because in order to register on these social networks, we are "encouraged" (read "required") to give them all of this vital personal information. As the social networks are in the business of selling advertising, they are more than happy to share this information with us as advertisers.

Here's what we would do next. The way we would get our target market to visit our website is by using the information that we gathered when defining our ideal client and in particular, by using an emotional "hot button" that would spur them to action. The best way to do this is by answering the biggest burning question that you think they would have, as it pertains to the services that you offer. Make your advert compelling enough for them to want to click on it. When they do click, we send them to a special page on our website that I call a "squeeze page" or a lead capture page. The sole objective of this page is to "squeeze" their email address out of them so that we can begin a meaningful relationship with them.

By offering them something of significant value for free, we get them to voluntarily part with their precious email address. This would generally be a digital product of some kind, like a short pdf report, a checklist or video that can be instantly downloaded.

If we follow through on the idea of addressing their biggest burning question, we may offer a report highlighting the 5 biggest errors that attorneys make which prevents the Law Society from renewing their annual indemnity certificate. This is a big deal for attorneys, because without this certificate, they can no longer practice. This is what "keeps them awake" at night.

Once the attorney opts into your list by exchanging their email address for your report, their details are captured on a very special piece of software that operates "invisibly" behind the scenes, called an autoresponder.
This allows us to send them continual email communications in future. While there are a multitude of things that we can and should email them, the ultimate goal is to get them to eventually buy our products and services and preferably to appoint us as their accountant to handle all of their personal and professional affairs.So at this point, only half of our job is done. We have now captured a lead or a prospect. Now we need to work on converting this prospect into a paying client.

> **"The narrower** you define your niche, *the easier it is* to attract more quality clients and the more money you will make

We need to make an immediate offer to our new subscribers when they opt in, while their motivation levels are still high. In many ways, this will be the most important sale that you ever make to your customers. I call this offer a tripwire – it is designed to do 3 things:

1. To start recovering the advertising investment we incurred to get the prospect to opt in.
2. To create a new customer.
3. To get the prospect to pay us for a consultation.

Remember, the primary objective is to convert them into a new customer. Statistically across all industries, a customer is a minimum of 10-20 times more likely to become a repeat buyer than a prospect is to become a first time customer.

And the good news is that is does not matter how much or how little they pay to become a customer. This means that we can charge a ridiculously low price just to get a customer. Typically, a price point less than R100 is good, because nobody needs to ask permission to spend R100. The goal is to offer something worth at least 10 times the asking price.

So in our example, you may offer a webinar for R99 or a pre-recorded video going over all of the issues facing attorneys when it comes to making sure that they get their indemnity certificate renewed. There is obviously more information in the tripwire than there was in the short lead magnet report.

But here is the best part . . .
In addition to the webinar or video you also offer to "throw in" a 1-on-1 consultation to discuss any issues with them in person.
The effect of this is devastating! Let me recap what just happened so you can appreciate the true power:

1. You identified your ideal customer (an attorney who is also an owner or partner).
2. You identified their number one burning question (failed trust audit).
3. You used this information to get them to click on an advert that took them to your website (a first micro-commitment).
4. You then enticed them to give you an email address by offering a free report with vital information that they really want (lead magnet on your squeeze page – a second and bigger micro-commitment).
5. You then offered them insane value for money – something that was worth at least 10 times the ridiculously inexpensive price they paid (webinar for R99 – a third and even bigger micro-commitment).
6. You drove your trust index through the roof by showing that you are a real and credible person. Not only are you prepared to stand behind your product, but you are prepared to ensure that their needs are fulfilled (offering a personal consultation).

You have not been required to hard sell at any point in this process. In fact, your prospects did all of the hard work. You put the system in place, but they kept on clicking and eventually they decided to pay you money for the privilege of allowing you to consult with them and in so doing, find out what all of their issues are so that you can provide them with (that is, sell them) the solutions!

They have self-qualified themselves. You are only dealing with people who have been prepared to pay you money to consult with them. This means that they are hyper responsive. My clients routinely convert at least 8 out of 10 of these consultations into long term paying customers.

All you have to do now is to present the most professional consultation you can. In other words, you just do what you are good at and what you always do.

Now it is your turn to design a high converting sales funnel that will allow you to add new ideal clients to your practice any time you want.

Url: http://infinitesalesfunnels.com/
Cell: 083-460-1735
Email: james@infinitesalesfunnels.com
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The Small Business accounting software guide

An informed buy is the best buy. Learn how you can purchase the accounting software that's best-suited for your business needs.

Gerhard Theunissen | **SAIBA**

To impulsively buy accounting software and just run with it can be tempting. Leading brands such as ***QuickBooks*** and ***Pastel*** leap to mind, followed by a quick price evaluation. Pick, click and done, right? While this approach is very common it is also commonly wrong. Why? Because you end up buying the tool before you properly define the function it needs to fulfil.

The best plan is to make a list of all the tasks you need the accounting software to fulfil. This list will become your go-to guide by which you judge all accounting software available at your disposal. Your top consideration should be whether you need a full accounting programme that can do everything or a lightweight invoicing/ expense programme that simply helps you to stay on top of your cash flow.

You can extract the data your accountant needs for tax filing purposes from either type of programme, and many of these software programmes let you import the data into one or more tax preparation programme as well.

The choice really has more to do with the details you want to see in your daily operations. Want to know how your business and your investments are doing? Go for complete accounting software solutions. Want to know who owes you money, who is in arrears and whether you're on budget? Then go for one of the lighter programmes such as ***Wave Accounting*** or ***FreshBooks***. In this guide we will look at both these accounting software solutions and see if they can fit your business needs.

Now that you know what features you need, all you have to do is compare products to your list. This will allow you to narrow it down to those products that can do what you actually need. Next, compare those software choices based on their security features, ease-of-use and price.

Let's look at some of the lightweight and free accounting software solutions that could potentially satisfy your needs.

FreshBooks

While not truly specified as an accounting system, FreshBooks is a good fit for service companies that are primarily interested in an invoicing application with expense and time tracking. There is a free version, but it's extremely limited in terms of the number of users and customer accounts allowed. You can however, upgrade the free version to add users or customer accounts – or both – starting at only $9.95 (roughly R120) per upgrade unit.

www.freshbooks.com

Wave Accounting

Wave Accounting is by far my favourite accounting software and also the software I would recommend to everyone, from small to larger entities. It's free of charge, so you have nothing to lose. With over a million small businesses trusting in Wave Accounting and over $50 billion in income and spending processed through Wave Accounting, all for free, it's not difficult to see that they are a step above the rest.

Features like Invoicing, Receipts, Accounting, Payroll and many more is at your disposal within seconds of visiting their website.

Wave Accounting is the world's fastest growing small business accounting software. Made specifically for entrepreneurs, freelancers, consultants and small businesses with 9 employees or less.

www.waveapps.com

With both Wave Accounting and FreshBooks invoices etc are managed online, through a web interface. Online software like these have many benefits that you may not know about, such as creating invoices or even reporting from your smartphone or tablet. And the best part is that you can do this from anywhere and at any time, by simply going to the application's web address. If a device can connect to the Internet you can most likely use the software on that device.

What about security and data integrity? It is understandable that you may have concerns about this. However, fear not, both these solutions are completely secured and 256bit encrypted, so the chances of data loss is around 0%. A daily backup of all your data occurs free of charge, and also eliminates the necessity of data backup software that is needed on your personal computer.

Hopefully you can see that some of these smaller accounting software solutions have many benefits. Why buy the complicated software with features you don't need, when you have free user-friendly software, with just the things you really need at your disposal?

Currencies of change

Why customers of tomorrow will expect good behaviour to be more than just its own reward. Consumers on a never-ending quest for self-improvement will embrace currencies of change: discounts, vouchers, rewards and more incentivse a desired behaviour.

Trendwatching.com

In 2015, brands who really have a HUMAN side must realise that a million-and-one faux-HUMAN social media voices and brand-vanity 'experiences' will never be enough: it's time for real action.

66% of consumers feel that their relationships with brands are 'one sided', with them as the sole contributors and brands as the sole beneficiaries (Edelman, October 2014).

One way that smart brands will take action when it comes to customers' quest for personal enhancement in 2015? By taking the (ever-more widely adopted) smartphones and wearable devices*, and deploying them to offer more personal, innovative, fun, timely, targeted and ultimately relevant rewards in order to help people achieve their goals.

** Of course, like any trend that caters to such a basic human need, tech-driven innovations aren't the only solution. Check out some of the low-tech innovations below too.*

Why Now?

The quantified self has failed to measure up. Yes, self-tracking has given people millions of data points about their lives. But for many, it's not enough.

Digital self-tracking promised to be a self-improvement revolution. Now, the results are in, and they tell a more nuanced story. It's true that the uptake of self-tracking has been impressive.

21% of US adults already owned a wearable device (PWC, October 2014)

An online global study of **24,000** consumers in **24 countries** found that 8% owned a wearable fitness monitor, 7% a smartwatch, and 6% a wearable health device. 40%, 41% and 39% respectively plan to buy one in the next five years (Accenture, January 2015).

But despite this, evidence shows that self-tracking alone is not an effective long-term motivator for most users.

A third of US consumers who have owned an activity tracker stopped using it within six months.

Yet the tension between *'who I am' and 'who I would like to be'* remains

The desire to self-improvement is only getting stronger in more affluent (and self-obsessed?!) societies.

Disappointment with the Quantified Self movement doesn't change the fact that self-improvement is one of the deepest-rooted imperatives in human nature. What's more, it's a fundamental driver of behaviour inside the modern consumer arena, where people strive to present an interesting – and aspirational – face to the world.

We know in materially affluent societies, where basic needs are easily met, human motivation quickly shifts away from what I have to who I am. The result is a never-ending quest for personal enhancement that can play out across countless axes: health, formal education, informal skills and knowledge, creativity, ethics, values and many more.

The problem? Other, self-sabotaging impulses and faults that are just as much a part of human nature: lack of motivation, poor time management, loss of focus, and yes, plain old laziness (hey, we're all guilty ;)

In a survey of US consumers,

89%

said taking personal responsibility for health is the best way to stay healthy.

Meanwhile,

91%

admitted to snacking all day on candy, ice-cream and chips.

The solution?

Combine new technologies with a deep understanding of human behaviour and resolve this tension with compelling rewards that help customers become people they want to be.

37% of Millennials would be strongly motivated to use a wearable device if it 'rewarded those who frequently use it with loyalty points'; a figure that rises to 52% if the rewards were monetary.

"A financial incentive from a brand I love would make me more motivated to stick to a new habit. I think the most effective incentives would be simple; anything too complex and I might give up. But an effective scheme would really show that the brand cares about their customers."

Letitia Tanaka – Fashion College Professor, Brazil

Changing the Self

See how these brands and businesses are incentivising change that improves the individual wellbeing.

- *Oscar Insurance*: An insurance company who rewards consumers for walking,
- *Tencent and Razer*: In-game rewards awarded for real-world exercise
- *Weight Watchers:* Campaign offers reduced fees to members who hit weight loss target,
- *SBT*: Vending machine that swaps cigarettes for leisure experiences.

Changing for Society

See how these brands are incentivising consumers who want to be better members of society.

- *Fitbit and Feeding America*: Consumers burn calories to give food,
- *Prince Albert Police Service*: Canadian police partner with local businesses to reward civic-minded behaviour,
- *MaximusLife:* Online platform for goal tracking syncs with charitable organisations.

Changing for the Planet

See how these brands are incentivising consumers who want to live more sustainably.

- *Changers CO2:* App rewards users who travel sustainably,
- *Seda*: Brazilian haircare brand exchanges shampoo bottles for cellphone credit ,
- *McDonald's:* Stockholm citizens pay for burgers using cans,
- *Mamut*: Uruguayan shoe brand accepts plastics bottles as payment.

Time to mint your own Currency of Change?
Want to apply this trend? Ask: what forms of change are important to our customers bit overlooked by other brands or firms? What is the most compelling currency to offer?

Low cost, high reward?
Technologies that enable rewards to be ever more personal and relevant to customers' aspirations for change. But currencies of change don't have to be tech-driven or expensive. Check out the creative, low-cost way that McDonald's showed customers they cared about trash too.
Apply some sympathetic pricing.
Turn flexible pricing into a lever that supercharges customer self-improvement by offering purposeful discounts that support a shared value. During the 2014 Winter Olympics in Sochi, Dutch airline Corendon offered cheap flights to Russia for gay rights activists.

Help your customers develop some instant skills
Meaningful self-improvement is at the heart of the currencies of change trend. But customers will also embrace innovations that empower them to produce great results with close to zero effort. Hey, everyone wants a shortcut sometimes...

And if all else fails…
Forget incentivising and find innovative ways to PUNISH customers for bad behaviour. The Pavlok wristband, funded on Kickstarter in October 2014, gives a small electric shock when a user fails to meet a personal goal. Whatever works.

Who's Managing Your client contact information?

Kepczyk emphasises the importance of centralising contact information and gives tips on how to get started.

Roman H. Kepczyk | **CPA Trendlines**

Many firms store and maintain contact information within multiple applications such as practice management, Outlook, tax systems, and other marketing and CRM (customer relationship management) programmes.

Too often, a significant amount of time is wasted pulling together contact information, reconciling and verifying lists for mailings, invitations and even organisers. It is critical that firms centralise the updating of contact information for consistency and efficiency.

The American Accounting Association survey says that 82% of firms maintain their contact/prospect list in their practice management application, while in 87% of firms email has become the primary means of communication.

Here's an example of what can happen: Tax personnel, who are often the first to be made aware of a change, may update such information within their tax programme without informing others thereof. Instead, all changes, from every source, need to be sent to administration where one person can update ALL databases for consistency. Many firms utilise a client contact form on their intranet that can be routed to the administrative department via email. This person is then trained to update all applications.

In the next few years, the number of different databases a firm maintains will reduce as the major vendors integrate their products around a central contact list, namely the practice management application. The latest products from *CCH* and *Thomson Reuters* function on SQL databases and can be integrated with Microsoft Exchange so that any changes made in practice can automatically be made in Outlook. If the firm is also using the same tax vendor as their practice management vendor, the new versions can also be integrated so that firms can access one contact list.

Some firms will utilise a dedicated CRM application. However, we recommend that this is only used by the marketing department and for individual marketing campaigns. We anticipate the core users in the firm will rely on the contact data within time and billing that is linked to their other applications. Put procedures in place to avoid inconsistencies with best practices. Thus, get one person to update all necessary databases.

Recommended actions to save your information:

1. Create a standard contact form incorporating all current contact database information.
2. Implement a centralised process to update all databases, particularly the practice management system used by the firm.
3. If using an older time and billing system, evaluate new practice management applications with superior integration.
4. Upgrade soon.

Can Accounting Firms lead with work-life vision?

Five practical ideas to help create real work-life balance at your firm.

Bitendra Patil | **CPA Trendlines**

Do you want **employees who have:**

- greater engagement in their jobs
- higher levels of job satisfaction
- stronger intentions to remain with their employers
- less negative and stressful spillover from job to home
- less negative spillover from home to job
- better mental health?

I'm sure these are the things most accounting firms would want their employees to experience.

In a 2014 ***National Study of Employers*** conducted under the "When Work Works" project, Families and Work Institute and the Society for Human Resource Management noted that employees in more effective and flexible workplaces are more likely to have such desirable traits as mentioned above.

Do you and/or your employees work 12-14 hours a day or 50-60 hours a week, don't exercise, always feel tired, sleep poorly, eat junk food more often (mostly at your desk) and find it difficult to meaningfully engage with those nearest and dearest to you?

If this is you and/or your employees, here's some advice: Manage Your Energy, Not Your Time. So says the ***Harvard Business Review*** citing reference to The Energy Project, which states 74% of employees are experiencing a personal energy crisis.

Further, one of the Top 5 Trends from "Employers in the US: Five Surprising Trends" states "The reason for providing employee supportive programmes is the retention of employees."

The 2014 employers survey uncovers a valuable plan of action that Consumer Protection Act firms can implement to help employees get the experience they crave. And these findings point to something that accounting firm leaders perhaps haven't really focused on till now, i.e: Creating A "Work-Life Vision" to Drive Your Firm Into a Better Future.

Appropriately published on Labour Day, Harvard Business Review highlighted some key findings from the survey in the article Give Your Organisation a Work-Life Vision. One of the most critical observations is that human resources policies almost never touch on the "what is overwork" factor, which is actually the most important aspect affecting the lives of employees every day! What a miscommunication between employer and employee! Can any firm really afford this disconnect?

And the only way to reconnect with the reality of employees' lives is to create a work-life vision for your firm.

How?

One of the key themes is Sustainable Engagement through a Culture of (human) Energy Management. If you have used or heard the term "burnout," it is a classic result of non-sustainable management of talent. The more capable a person is, the more he/she gets loaded with work and responsibilities, thereby resulting in burnout.

The simplest solution is to identify such talent and provide him/her with a small team (even a shared team or outsourced team will do) to which he/she can delegate and transfer skills. In the process, the aim should also be to document procedures so that future knowledge transfer is systematised.

According to a case study at ***Ernst & Young (E&Y)***, it's not the number of hours employees work that determines the value they create, but rather the energy they bring to whatever hours they work. E&Y found that the loss of employees whose value increases with each year significantly increases costs of recruiting and training people to replace them.

Help employees renew their energy intermittently during the workday by turning off emails for some time; having small but frequent healthy mini-meals every three to four hours; encouraging quick workouts at an in-house or nearby gym; using standing desks; using air ionizers etc.

Pick a few practical ideas from this free ***Workflex ToolKit***, 61 pages of actionable insights. It gives amazing tips such as "shift trading" and more. Create a form that your employees can fill out, rating each idea on a scale of 1 to 10 with 10 being the most liked item.

Compile the results, and implement the top three as chosen by your employees.

Creating the work-vision culture is not about writing a vision statement or process document. It requires two distinct things:

1. Provide visible resources that serve as reminders (e.g. posters, pictures on the wall) and that prompt employees to manage their energy efficiently
2. Have a measurement system that tracks every employee's use of such energy management resources.

Encourage desired behaviour by publicly celebrating small achievements of each employee. When any employee says he/she really feels great due to healthy meals and intermittent breaks, put it on your website and social media accounts and publish it visibly within your office. Enthusiasm is contagious.

As a person leading a business myself, I feel a well articulated "work-life vision" would tremendously help to attract talent to your firm. But the challenge is to implement the vision consistently and evidently to make employees actually experience it on a daily basis. How will you achieve this?

Yes to Self

Who said there is no room for improvement? Our go-to career coach, Chrizelda Walters looks at why it is a great idea to say yes to self-development.

Chrizelda Walters | **FAB Consulting**

I'm going to start with a bold statement: There is no choice when it comes to self-development.

> **Constant development** is the law of life,
>
> and a man who always tries to maintain his dogmas in order to appear consistent drives himself into a false position.
>
> *– Ghandi*

Self-development is a way for people to assess their skills and qualities, consider and discover their aims in life and set goals in order to realise and maximise their potential. Ultimately, self-development is a lifelong process.

Life is about being confronted with challenges, being pushed out of comfort zones, being challenged with assumptions, perceptions, preconceived ideas and judgement. These challenges include job insecurity, broken relationships, lies, illness, death, and the unknown. Life is also about new beginnings, fun, love, laughter, prosperity and abundance. For example, things like falling in love, birth, marriage, and friendships.

Life needs to be lived, and to live it we need to embrace it and develop ourselves. Because life as we know it, changes from one moment to the next. The changes that life presents are not just limited to our personal selves, but influences work and our professional capacities and identities.

What does it take to live?

Daring greatly. Brené Brown advocates that we can choose how we want to live and show up in our lives, and that it looks different for all of us. She says that daring belongs to all of us. She found encouragement and inspiration from Theodore Roosevelt's quote (below), which have been inspiring people for over 100 years. Brown's personal commitment is to keep showing up, being seen, and living brave (even when she is in fear and scarcity).

"It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat." – Theodore Roosevelt

Self-development is about establishing what you need to know and what you need to do today to move yourself forward.

What does Self-development entail?

It demands responsibility and allowing yourself time to do self-reflection. It is about not waiting for others to decide what you should do or focus on. It is about taking the lead for you and because of you.

You need to be aware. If you are not aware, you need to become aware. Awareness is knowledge or perception of a situation or fact. The situation or fact is YOU. According to leadership expert Robin Sharma, the old model of leadership is obsolete. Now, to truly excel in times of deep change, everyone – at every level – must show leadership and do their best work. Sharma is the founder of *Sharma Leadership International Inc,* a global consultancy with a single focus: to help organisations develop employees – *Lead Without a Title.* Robin Sharma's clients include many of the best companies on the planet such as *Starbucks, GE, Nike, The Coca-Cola Company, IBM, GlaxoSmithKline* and *The Royal Bank of Scotland.*

Robin advocates and truly believes that Leadership begins within. You can't do well at work until you feel good. You can't make someone feel great about themselves, until you feel good about yourself. You can't be a source of positive energy if you have no energy.

Robin suggests that on your next flight, you listen carefully to the flight attendant. "Put the oxygen mask on your mouth before you try to help anyone else." The logic is clear: if you can't breathe, you are useless to everyone else. This is a nice metaphor for personal leadership. He urges each and every person to;

- Make the time to care for yourself,
- Get into great shape,
- Read good business books and inspiring autobiographies,
- Plan and improve your skills,
- Spend excellent time with loved ones,
- Commune with nature,
- Enjoy life while you chase success.

He believes that by caring for yourself, you will be able to give more to others. By ensuring that you are on your best game, your leadership effectiveness will be guaranteed. And by making the time to enjoy life, you'll be more enjoyable to be around.

Growth is a consequence of self-development. Real growth isn't about reaching another level. It's not about constantly seeking something outside yourself. Real growth is about internal transformation.

When thinking of internal transformation, vivid images come to mind. Images of the great souls who accepted the call to greatness and rose up to their best. This is beautifully illustrated by a recent blog posted by Robin. He shares that a while ago, while on a visit to Johannesburg to deliver a leadership presentation, he had the privilege to have a private conversation with someone in Nelson Mandela's inner circle.

During the conversation he said that he has learned more of Nelson Mandela's visionary nature, his rare-air discipline and his longing to be a force for good in an increasingly chaotic world.

What has stayed with him most is that he heard Mr Mandela only became Nelson Mandela during his years in prison. In other words, it was the solitude, degradation, devastation and inhumanity of that time in confinement that made him who he became.

Robin writes that his point is this – it was the time away from the world that allowed Nelson Mandela to lead in the world.

While he was on Robben Island, he read the books of the iconic leaders. He studied the habits of the great souls. He reflected on the key moral virtues. He transmuted hostility into opportunity. He transformed his anger into forgiveness. And as the gorgeous result of his inner work, when he was made president of South Africa, his jailers were invited to the ceremony. When asked why, he replied that if they were not there, he'd still be in prison (because his mind would still be in chains).

So Robin asks with true respect whether we long to work and live in the world, but walk through our days with a mind shackled by chains.

Self-development gurus like Robin Sharma, Tony Robbins, Deepak Chopra, Wayne Dyer and the late Dale Carnegie and Stephen Covey all believe / believed that nothing is more important than becoming aware and building your inner architecture.

Nothing is more important than strengthening your character, elevating your thinking and releasing your fearful beliefs.

Nothing is more important than cleansing your heart of resentment and forgiving those who have wronged you.

Nothing is more important than shifting from selfish to selfless – and donating the rest of your life to a mission that is bigger than yourself.

Nothing is more important than developing yourself.

How to do it? - 9 Tips from the Gurus.

1. *Deepak Chopra: "In the midst of movement and chaos, keep stillness inside of you."*
How to do it: Meditate so you can be mindful even in the toughest of times.

2. *Eckhart Tolle: "The past has no power over the present moment."*
How to do it: Live in the here and now. By being present and aware we empower ourselves to become the creative beings we are made to be.

3. *Jack Canfield: "Most everything that you want is just outside your comfort zone."*
How to do it: Do one thing you think you cannot do. This will make you believe you can do practically anything.

4. *Jon Kabat-Zinn: "Wherever you go, there you are."*
How to do it: Again, mindfulness is the key here. "Wherever you go, there you are" essentially means to be present and in the moment. To accomplish that, practise mindfulness based meditations.

5. *Wayne Dyer: "If you change the way you look at things, the things you look at, change."*
How to do it: Don't just accept your own thoughts and beliefs as gospel. Challenge the way you look at the world. Look at things in new ways. This will change your perception of reality.

6. *Stephen Covey: "There are three constants in life . . . change, choice and principles."*
How to do it: Get into the frame of mind where you understand that your own sincerity and resolution of mind are what ultimately matter.

7. *Napoleon Hill: "A goal is a dream with a deadline."*
How to do it: Stop wishing on the future. Write down your life goal. State it precisely. Now attach a date to it. Pin it on the wall. You now have an official statement of what you will achieve and when. Now go do it.

8. *Tony Robbins: "If you do what you've always done, you'll get what you've always gotten."*
How to do it: Do something new, whatever it is. New action leads us to new places.

9. *Richard Carlson: "Don't sweat the small stuff . . . and it's all small stuff."*
How to do it: Put things in perspective. To be frank, your issues probably aren't that earth-shatteringly important. One day you'll look back and wonder what you ever worried for, so you might as well just stop worrying today.

It is about YOU

Start now, dare greatly and unlock the potential within you, asking to be expressed. Don't wait for someone to decide for you or to tell you. This IS your time, develop yourself.

Boost your bottom line with future value benefits

Owners of small to medium sized businesses can easily boost employee morale and loyalty with employee benefits. It's been proven that employees stay more loyal to their employers if they have employee benefits. By investing in the future of your employees, they will be more invested in your business.

Armand Redelinghuys I **Envestpro**

In this article we look at boosting your business' bottom line, your employees, with a pension fund or provident fund benefit. Both these fund options must be done with the agreement of the employees themselves, but will add value to the company's future employee benefits.

What are these, you might ask? Simply put, these are future value funds which the employer and/or employee contribute to on a monthly basis. It accumulates and earns interest over a set time, as agreed upon by the employer and his/her employees. In most instances these funds will increase in value until the employee retires, usually at the age of 55 or 65, the general retirement age for most employers and employees in South Africa. Once the employee reaches a certain age, the benefits of the fund will be paid to the employee in various ways as discussed below to ensure a continuous income for the employee after retirement.

Two fund types to consider:
Pension and provident funds, both discussed in short below:

Pension Fund
A pension fund is a fund set up by business owners for the benefit of their staff. The fund provides annuities or pensions for the members (employees) upon their retirement, or lump sum benefits for the dependants of such members upon death of the fund members. A pension fund serves as a vehicle that provides for the economic security of retired people by means of a regular income, thus, a pension.

Provident Fund
A provident fund is a fund set up by business owners for the benefit of their staff. This fund provides a cash lump sum benefit for the members (employees) upon their retirement, or lump sum benefits for the dependants of these members upon the death of the members. A provident fund has similar objectives to a pension fund, except that the full benefit can be paid as a cash lump sum. A provident fund may also be structured so that the benefit is paid as a pension. This must be done with the trustees' permission.

For both pension and provident funds, the joint contributions of the employer and the employees are invested to build up assets in advance of the benefits becoming due.

There is no hard and fast rule as to which organisation should have a pension fund and which should have a provident fund.

The advantages of pension and provident funds are:

- Advance funding by employers and employees in order to provide retirement benefits.
- Creation of a separate legal entity from the sponsoring employer.
- Tax concessions on contributions and benefit payments.
- Peace of mind to both employer and employee.
- Attraction and retention of staff made easier.

Government is changing the pay-out options of provident funds. In fact, the general pay-out terms of the fund will have been altered by mid-2016 in terms of the percentage of the pay-out given as a lump sum. New legislation will see the lump sum withdrawal of any provident fund fall away – members will only be allowed to withdraw one third of such a fund as a lump sum, leaving the other two thirds of the capital to be reinvested into a preserver fund. This will be made available for the members' consumption as a regular income. Whether it be monthly or bi-monthly, the options are endless. But restrictions have left a sour taste in the mouths of the employee. Nonetheless, both pension and provident funds are a great way to ensure the future wellbeing of your employees and their families.

Small Business leadership in the community

Believe it or not, making a difference in your community benefits your business too. Yolandé Botha explores why giving makes business sense. (Or...why giving is business savvy.)

Yolandé Botha **I SAIT**

Aside from the people they hire and the money they spend in local communities, successful small businesses can, and in many instances do, make a big difference within their communities.

Entrepreneurs have a lot on their plates. You have to juggle starting and building a new company, managing clients, training employees, handling finances, among a myriad of other responsibilities. Successful entrepreneurs have to manage a lot of tasks. Many feel they're too busy for much of anything else, especially community involvement.

Despite scant time resources, that plague most, if not all entrepreneurs, it is critical to recognise the value of being seen as a civic leader. Being involved in your community helps to build your reputation and can even lead to business opportunities.

Entrepreneurs, by definition, are leaders. Communities need people with the vision to recognise the potential for improvement in a particular area. This could include tackling hunger, improving after school programs, providing assistance for the disabled, or becoming involved with HIV/AIDS programmes.

Entrepreneurs have a unique skill set that can benefit their local communities. They are problem solvers and disruptors; they think creatively; they are resourceful. We all have a responsibility to give back to our communities and help others in whatever ways we can. There is no one right way to be an active and engaged community leader, but it is important that you maximise your talents and use them for the benefit of others.

This altruistic approach and reasoning will be persuasive to some, but not all. If this philosophy doesn't appeal to you or is not convincing enough, there are a number of business reasons to be a community leader. For example, becoming active in community organisations can boost your company's profile. You can also position your business as one that gives back, which is becoming an increasingly important component for customers.

Likewise, a big client or your latent market may support an organisation which you can align yourself with. Your activity in this community group or organisation could potentially provide a common reason to connect and could help you build stronger relationships with those current and/or potential clients.

Another benefit of community leadership, is that when you are seen as a civic and community leader, your network can grow exponentially. You are likely to find that it's easier to get introductions and meetings after you become more involved in your local community. You also are likely to find that other community leaders you interact with have large networks and can actually help make valuable connections for you.

Not only is community service good for your company's public image, but it can help with you internal operations as well. The best way to do this is to integrate community involvement into the corporate culture. Engagement inspires creativity, collaboration and teamwork if done correctly. Many companies have been successful in building a more synergistic work environment by encouraging their employees to be conjointly involved in civil projects. Many companies encourage teams of employees to work together on a community service project because it's a great way to build relationships and bolster morale.

It can also be helpful to make community involvement part of the hiring process. That way a candidate knows first-hand what the company is all about. There is more to a company than just providing a product or service. There is a philosophy to a brand. When people understand this philosophy upfront they have a much better chance of succeeding in the position and you have a much more valuable asset on your team.

Through community engagement, people will have a better understanding of who you are and what you stand for. You can't pay for that type of branding – customers have to see it first-hand. It also shows that you are truly invested in the community. Ultimately, any community service is beneficial to society, even if it is motivated purely from a business perspective.

lifestyle

On the Shelf: book review

Get these reads off the shelf and onto your reading list. These must-reads are both entertaining and educational.

Dante Ludolf | **Business Accounting Review**

1 The Journey Ahead: A New Roadmap to Collaboration in your Firm

By Sandra Wiley

Rating:

Sandra Wiley's *The Journey Ahead* takes a look at the future of teamwork and collaboration in various kinds of business firms. She also delves into client relations and how rapidly standard business practices and interactions are changing. She suggests that businesses should adapt to these changes via new and innovative approaches. It's a wonderfully informative read and Wiley has gone to great lengths to develop and strategise sound tactical techniques that will align businesses with current service structures and communication advancements.

2 Small Time Operator: How to Start Your Own Business, Keep Your Books, Pay Your Taxes, and Stay Out of Trouble

By Bernard B Kamoroff

Rating:

The new essential read for anyone looking to branch out and start a business, or for small business owners who want to hone their skills. It's a great, informal read that packs empowering ideas and guidelines for those of us who are left a bit confused by the daunting aspects of running a small business. The author took great care in assembling various bits of professional advice that includes how to acquire licenses, patents, superior bookkeeping procedures and tax payment do's and don'ts. A must read!

3 Contagious: Why Things Catch On

By Jonah Berger

Rating:

In *Contagious*, Jonah Berger affords us a fresh insight into the mechanisms behind trends and buying patterns. A professor of marketing at Wharton, Berger has spent the majority of his career answering questions about dips and booms, how influence lends to success and the causal chain that concerns the contemporary marketplace. Contagious: Why Things Catch On is a punchy book that attempts to rationalise and give perspectives on social transmissions. It also tells us why some products fare better than others.

4 Accounting Clients on Tap

By James Molfetas

Rating:

Described as a must-read for all modern accountants, Molfetas addresses practical methods to build a full email marketing business. It is the perfect guide to bring online marketing to the accounting firm.

Learn how to create a simple online system that will attract your ideal clients, allowing you to grow your practice at your own pace.

With predictable results, you grow your business with ease.

Tech review

As noted in our article about keeping your brain fit (p.97), we take a look at a few apps designed to help with cognitive strengthening. Here's to getting tech-fit.

Dante Ludolf | **Business Accounting Review**

LUMINOSITY

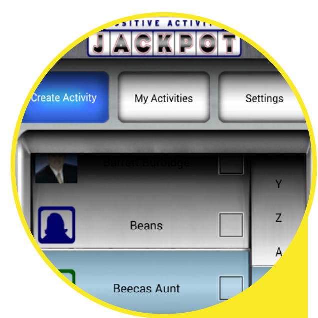
Where: NEED INFO
How much? $15 a month or $80 a year

This is one of the more popular 'brain-friendly' games and has had a very positive reception. *Luminosity* is split into various sections, and each section consist of three sessions, all carefully designed to strengthen various aspects of mental capacity. These sessions deal with memory, attention span, problem solving and processing speed. By taking on the challenges, your brain is forced to train itself to adapt to the game's requirements and thereby expands its input/output abilities. This is an overall great game and is totally addictive when you get into it. The developers of the game also update their challenges regularly, so it changes constantly and never feels repetitive.
How much? $15 a month or $80 a year (quite pricy but its well worth it). For a more affordable option, check out Brain Trainer Special, a similar app that gets the job done, but is not as polished or specialised as Luminosity.

EIDETIC

Where: App Store
How much? FREE on iOS

This app is a thing of rare genius. While not exactly a game, *Eidetic* is still fun and has a really useful objective in mind. It makes use of a technique called spaced repetition to help users memorise all sorts of need-to-know things. By installing Eidetic, you give the app access to your contact list and other particulars – this data is then used to test you. Memorise and communicate these in order to progress. It's great fun and definitely gives you a mental workout of note. The app also sends notifications that remind you to use it and make sure you retain the information you needed to memorise before.



POSITIVE ACTIVITY JACKPOT (PAJ)

Where: App Store
How much? FREE on Google Play

PAJ was designed for patients with PTSD or severe depression, but its uses are so much more than alleviation of spirit. As mentioned in our article on cognitive reserve (p), doing new things and exposing yourself to unfamiliar situations does wonders for the brain, and that's exactly why apps like Positive Activity Jackpot can make all the difference. The app uses your GPS to locate you, and when you 'pull the lever' it randomly selects a location/event in your vicinity. PAJ was developed from a form of behavioural therapy called pleasant event scheduling, a form of therapy that encourages you to place yourself in situations that uplift you and reinforce positivity. Either way, Positive Activity Jackpot is sure to get you exploring and soaking up some new experiences!

Documentaries review

From capitalism to business as usual. Sit back and enjoy some informative edutainment, recommended by our writer, Dante Ludolf.

Dante Ludolf | **Business Accounting Review**

Capitalism: A Love Story

Micheal Moore (2009)

Rating:

Michael Moore is America's most feared documentary filmmaker. He is one of those rare voices that holds no punches and swings at anything or anyone. He brings the kind of carte blanche attitude that enables viewers a better understanding of the powers that be. I thought it pertinent to review one of his films. *Capitalism: A Love Story* concerns itself with the ideological contradictions, birthed by the capitalist mentality. At the same time it takes a closer look at America's recovery stimulus, following the global recession and economic crisis.

As to be expected from a Michael Moore film, it's unnerving and really gets to the thick of why we can't steer clear of troubled waters. Here, we have Wall Street at its worst, with what Moore dubs a 'casino mentality' and some insight into for-profit prisons.

Capitalism: A Love Story illustrates the problems with free enterprise and big corporation in a duly shocking and informative manner, at all times critical without being naggy. It's a great film and the narrative style is crisp and impactful. A must-watch if you feel like instilling a sense of incapacitating helplessness in yourself. It's also funny and over the top, which is a welcome departure from standard documentary style. The comparative scene at the beginning, where Moore draws parallels between America and Ancient Rome, remains a highlight and begs the question of whether the global superpower will meet the same fate.

Not Business as Usual

Lawrence Le Lam, Rik Klingle-Watt (2014)

Rating:

Staying with capitalist critique, *Not Business as Usual* presents some novel ideas as to why consumer culture is faulty at best and how we can no longer adhere to our current financial systems and expect prosperity. This film claims that the baby boomers originated the urgency and obsessiveness we apply in our consumption, and that the mentality of 'the more I have, the better I am', is outdated and incredibly dangerous. It also states that there is only one metric award for companies and corporations to be rewarded with – and that is profit. This sounds obvious, but if you think about it; why is this the only thing we base success on? This pursuit of profit effectively facilitates a dog-eat-dog experience, which encourages those who seek to climb the socio-economic ladder to trod upon those below them to get where they need to be. It's a vicious cycle that's reinforced by the grandiose and excessive benefits awarded to those who manage to win the game. Not Business as Usual tries its utmost to suggest strategies and paradigms that promise a more effective and healthier financial world. But as is often the case with documentaries of this nature, the amount of data and reports on why we're doomed, makes optimism a faraway thought. One thing this documentary makes clear, however, is that we urgently need to start reforming our economic structures and distributing value in ways other than remuneration for the chance at a better communal life on Earth. This kind of can-do mentality and eager strives for change is the starting point, and we should all start considering the collective and that which will benefit it, instead of just brutally pursuing self-interest. A very good documentary that shows we still have a chance.

Swakopmund

This month we're taking a look at the beautiful town of Swakopmund in light of its numerous business opportunities and the lifestyle you could look forward to there. We thank Fritz Coetzee for his participation in the feature and for his insider's perspective on life in Swakopmund.

Dante Ludolf | **Business Accounting Review**

Swakopmund was founded a few years after Windhoek, when the increase of German trade in the area necessitated the establishment of more ports. What would become the town of Swakopmund was selected as the main port of the Imperial Colony in West Africa because it had fresh water and ample space for docking. But unlike similar ports along the coast, it did not offer any natural protection for the ships that were to dock there.

We mention its German occupation because their colonial heritage can still be seen in Swakopmund today. The buildings and architecture are nothing short of beautiful, painting a quaint seaside picture. Travelling to Swakop (yes, the 'mund' is generally omitted) will afford you the perfect blend between rugged outdoorsy activities and idyllic coastal life. The town's centre is almost entirely punctuated by colonial architecture, and the newer buildings have taken the colonial heritage into consideration, making the foggy town harmonious in an aesthetic way. In the words of Simon Horsford writing for *Time magazine*, "Imagine Bavaria by the sea".

The climate in Swakop is of the mild desert variety, as it is surrounded by the vast expanse of the Namib on three sides. Average temperatures range from 15 degrees to 25 degrees Celsius. Rain is quite a scarcity in Swakopmund – on average the town gets less than 20 mm per year. So, if you're planning to relocate, be sure to leave your umbrellas and raincoats safely tucked away in storage. Other than that, the presence of the Benguela Current makes itself well known, and cloaks Swakopmund and parts of the Namib in thick fog that can reach as deep as 87 km inland. Back in the day, this was very problematic to ships and sailors, evident when considering the numerous shipwrecks along the Skeleton Coast.

TOP 5 Favourite *things to do:*

1. Fishing
2. Golfing
3. Living desert, ocean and 4x4 tours
4. Dining
5. Mountain and quad biking

Life in Swakop looks easy and laid back. How could it not with such a beautiful and atmospheric setting? The locals are mostly employed in some capacity or another at the Uranium mines beyond the town limits, and busses transport them daily to and from work. While Swakop is undoubtedly a mining town, the many interesting coffee shops and restaurants breathe life into the streets with the various hot spots frequented by tourists and locals alike. The Village Café remains a local highlight, and boasts many a favourable review. Slow Town Coffee Roasters recently opened their doors to the public and coffee enthusiasts will delight in their freshly ground produce. ***The Brauhaus***, a local landmark of sorts, offers a bar-restaurant experience that transports visitors straight back into colonial Germany. Their 2 litre beers are a wonderful challenge that's bound to end in laughs all round.

Things for the To-Do list in Swakopmund might seem rather touristy when considering they all manifest in outdoorsy activities such as quad biking, skydiving, dune riding and coastal cruises. Considering that the locals take as much part in them as those visiting the beautiful town, it would seem that the activities in question are genuinely fun and of such a quality that even the residents remain eager to partake. The skydiving experiences of Ground Rush Activities receive incredible ratings and reviews. This is partly due to the amazing sights you get to see as you plummet down from high above.

With regards to the commercial opportunities of Swakopmund, Namibia is currently enjoying a 7% economic growth increase which means that businesses there generally succeed and flourish in their respective fields. Promising prospects indeed! In Swakopmund, artisanal exploits and craftsmanship fare well, with the residents preferring to support local industry and contribute to the success of their neighbours. Students in Swakopmund looking to study accounting can easily apply for bursaries from South African companies. The benefit? By having financial agents of Namibian descent the companies in question can save money on work permits when sending people to do financial audits in the region.

Wanting to know more about life in Swakop and the role the accountant can look forward to playing there, we asked Fritz Coetzee, a local accountant, a few questions to help us get a better of idea of Swakop and all its wonders.

Tell us more about yourself (this includes background/education)
I matriculated at *PK De Villiers High School* in Keetmanshoop, Namibia, in 1989 and studied Cost and Management Accounting at Central University of Technology in Bloemfontein, South Africa from 1990-1993. I joined Prestige Accounting and Tax Services in 2002. After gaining experience as a business entrepreneur, I returned to the accounting industry and completed my practical training in 2011.

I then became a registered accounting officer in practice and member of the Southern African Institute for Business Accountants (SA) Nam.
I am well organised, a team player and professional entrepreneur who believe in good service, satisfied clients and good relations. I am innovative and have a strong vision for the company. I am energetic and a sport enthusiast, playing golf from a single handicap, a keen mountain biker and I love outdoor activities

What was your first job?
I worked at the finance department of *Boland Bank Ltd* in Bloemfontein in 1993 while studying part-time.

What are the greatest victories/setbacks you have experienced professionally?
My greatest setback was the fact that I spent a lot of time in the retail business (although this gave me a lot of additional experience), rather than pursuing my dream to be an accountant. My greatest victories were when I decided to join *Prestige Accounting and Tax Services* and finally became a registered accounting officer in practice.

What are some of the things you would like to see developed in the financial sector of Swakopmund?
I would like to see more study and training facilities to be established by Educational Institutions and creation of more job opportunities. Also, I would like to see the manufacturing industry grow and become more independent from importing commodities.

Tell us more about the economic climate of Swakopmund.
Growth of Swakopmund began significantly in 1970 with uranium exploration in the Rössing area, and has increased steadily over the years. The town's population has more than doubled since 1991. A large proportion of the population is aged 20-39, indicating an influx of working people, hoping to take advantage of various economic opportunities. Swakopmund is, thanks to its favourable climatic conditions, a preferred refuge for many retired Namibians and South Africans.

Mining: Currently, the mining industry is the most prominent revenue earner in Swakopmund. The most significant contributors are large, medium and small uranium mines. Other smaller mining companies within the region quarry for marble, granite, semi-precious stones, sand and hydrocarbons (exploration). Swakopmund produces approximately 120 000 tonnes of edible salt annually, contributing to Namibia's claim as the largest salt producer in Sub-Saharan Africa.

Tourism: Tourism is important to the Namibian economy, generating a significant amount of foreign exchange. Swakopmund is a prime holiday destination for its close proximity to the ocean and desert, easy access to rare flora and fauna as well as its rich cultural heritage and historical landmarks. Running parallel to the tourism industry is the accommodation and catering industries, which expand to accommodate the influx of tourists during holiday seasons.

Businesses registered in Swakopmund consist mainly of small to medium enterprises. There are, however, large scale retailers, ranging from grocery stores to white goods retailers. We hope that the town's retail market will expand to sufficiently cope with the large influx of tourists in the peak holiday season. Swakopmund boasts a full range of services, from banking and telecommunications to an airport and car rental services. Due to the popularity of the town as a holiday destination, there are a significant number of eateries and accommodation facilities.

There are several high-income lifestyle investments available in Swakopmund. These include holiday homes and apartments in town and along the Swakop River, retirement villages and homes within the town and the proposed creation of a Swakopmund marina.

Where do you place the role of the accountant in Swakopmund and do you think development of the trade could benefit the town?
Because of Swakopmund's growth pattern, the role of the accountant will become more and more significant, when it comes to providing businesses with professional accounting and tax advice and for us to employ and develop trained and skilled employees.

What makes the services you provide unique?
Prestige Accounting and Tax Services CC is an accounting firm offering a broad range of accounting, taxation, bookkeeping, management and business advisory services at a reasonable price to small and medium sized enterprises in Namibia. Our clients range from private individuals to trusts and close corporations operating throughout a range of industries.

Our experienced team and integrated approach delivers innovation and insight into your financial situation, helping you to meet your taxation obligations, better manage your business and improve your business health.

Whether your business is just starting up, or is a long-standing organisation looking for personal attention, a different perspective or more efficient ways to work, partnering with us will help you achieve those goals more effectively.

What is the focus of your practice?
Our vision is to be a premier accounting, tax and business consulting firm where the interest of clients are being cared for in a professional way by meeting their needs in a responsive manner.

Our main purpose as a firm is to stay dedicated to the pursuit of professional excellence without compromise. We strive to build long-term relationships with our clients. This we aim to do through our uncompromising dedication to our eight *PRESTIGE* core values – Professionalism, Respect, Excellence, Synergy, Teamwork, Integrity, Gratitude and our Employees. These core values form the foundation of how we do our work and how we conduct ourselves. In an ever-changing world, our values remain constant.

What does your everyday routine look like?
For me no two days are the same. I continue to learn and adapt to new situations. As accountant and partner of the firm I am required to use a great deal of professional judgement to make appropriate decisions. A typical day would be as follows:

6:00	Quiet time
6:30	Breakfast at home
7:00	Drop my child off at school
7:15	Arrive at the office, go through my planning for the day
8:00-9:00	Staff meetings and priorities
9:00-10:00	Attend to emails and office matters/correspondence
	Consultations and meetings with clients
10:00-13:00	Lunch
13:00-14:00	Review employee tasks, annual financial
14:00-17:00	statements etc/staff training/CPD
17:30-19:00	Mountain bike ride

Best Parts of *living in Swakopmund?*

Being at the coast of Namibia with the fresh sea breeze in your hair every day, living in a relaxed atmosphere where people still have time for each other, great weather conditions all year round and many outdoor activities

FRITZ COETZEE IS A SAIBA NAMIBIA BOARD MEMBER.

Wide Open Spaces: Namibia

Take a trip South-West, where the open spaces meet the African open air – there you will find the warm embrace Namibia has to offer.

Ronel Blom | **Travel Counsellors**

Namibia recently celebrated 25 years of independence. It is a land blessed with over 300 days of sunshine annually – a must-see for most travellers.

Namibia is home to the world's oldest desert, the Namib, boasting a variety of interesting and fascinating facts, and showcasing a destination whose treasures are just waiting to be discovered. The country has a population of 2.2 million people with 13 ethnic groups.

The largest of the groups is the Ovambo, representing half of the population. Other tribes are the Herero, Himba, San (Bushmen) and Damara. The San still keep to their age-old nomadic or semi-nomadic lifestyle, as the men still hunt with bows and poison arrows, while women forage for edible plants, roots and wild fruits. This tribe can be visited on many Namibian excursions.

The Himba tribe is famous for covering themselves with otijze paste – and people call them "the red skinned". The Herero people still dress like colonists, clinging to the 19th century. Isn't this fascinating? These different tribes contribute to making Namibia a very interesting destination filled with wonderful people and diverse cultures.

Bordering South Africa, Namibia is accessible through any of its many border posts by car, or daily flights departing from both Cape Town and Johannesburg on their National carrier, Air Namibia.

The airline flies to various areas throughout the country and is positioned as a niche carrier serving domestic points within Namibia, the immediate regional markets of South Africa, Zambia, Zimbabwe, Botswana and Angola. Other continents and countries such as Asia, USA, The Middle East and Europe, are serviced in conjunction with partner airlines via gateways such as Frankfurt, Johannesburg and Lusaka. With daily flights from Windhoek to Frankfurt and vice versa on Air Namibia many guests can now enter from almost any country in the world. The airline also has interline agreements with other airlines, making access into Namibia possible. Regular offers include student/ scholar discounts as well as discounts for senior citizens. Air Namibia has recently introduced direct flights from Cape Town and Johannesburg to Walvis Bay.

5 Facts *about* Namibia:

1. Namibia's top income tax rate is **37%**
2. The unemployment rate in Namibia is **17.7%**
3. Inflation is **6.2%**
4. GDP growth averages at **4.3%** growth.
5. It takes **10** procedures, **66** days and a 4-month licensing process to launch a business in Namibia.

As mentioned above, many South Africans that prefer a self-drive holiday, can enter the country through one of its many border posts. Not only is this a cost-effective way of enjoying the country firsthand, but it also allows holidaymakers to enjoy their break at their own pace, exploring and stopping at will throughout and enjoying the beautiful scenery.

Namibia will take your breath away with its vast open spaces where your soul will be rejuvenated. For South Africans entering Namibia as tourists, no visas are required – an additional saving for those looking to make their money stretch even further.

Namibia's many attractions are scattered throughout its vast expanse, ensuring that no matter which area of the country you visit, you will always have something of interest to see and enjoy. One of its main tourist attractions is its magnificent wildlife with approximately 18% of its surface area covered by game reserves and game parks spread throughout the country. In fact, there are 23 government owned parks and reserves and 161 privately owned game reserves in Namibia, ensuring that its famous wildlife is in abundance throughout the region and that tourists will experience wildlife here, in its natural environment.

Enjoy a self-drive holiday to Etosha National Park with accommodation options within the park itself, as well as 4* and 5* lodges, for a more intimate game experience. If you drive in the rugged Kuene region you will often find the desert-dwelling elephants padding down gravel roads. The mountainous region of Twyfelfontein in central Namibia is home to the largest collection of Bushmen rock engravings.

A combination holiday with Namibia and Botswana is also a must. Flights with Air Namibia go up north to the spectacular Katima Mulilo where you will find more beautiful game lodges on the Chobe River.

Or take one of the daily flights to Walvis Bay connecting you to Skeleton coast, Henties Bay and Spitzkoppe. Stargazing at Spitzkoppe between Swakopmund and Windhoek is one of the world's most striking rock spires. From Walvis Bay you can also drive down to Sossusvlei, taking in the unforgettable scenery along the way. The magnificent red dunes of Sossusvlei are among the iconic landscapes of Namibia's most photographed areas. You can also take a trip down to the Fish River Canyon, the second largest canyon in the world. Sights of these cliffs and their incredible layered colours of grey, purple, pink and orange are stupendous. Here you will also discover one of the oldest plants known to man, the Welwitschia. These living fossils are believed to be a couple of thousand years old.

Walvis Bay economy has grown tremendously. This town is visited by corporate travellers and holidaymakers worldwide. For leisure travellers from South Africa, Walvis Bay is a great weekend getaway; it is only 30 minutes from the picturesque town of Swakopmund, with its strong German influence. German architecture is seen throughout the town, boasting of great restaurants to visit. This coastline is also a haven for all types of fishermen, with the ever-popular Henties Bay. In and around Swakopmund you can also do excursions such as the Seal and Dolphin Cruise where they claim to serve the best oysters in the World. The adrenalin junkies can go quad biking, sand boarding, sand skiing or hot air ballooning. You can also learn more about the desert by hopping on the popular Desert Dune Safaris. For groups and conferencing, this is also a great stop. Hotels cater for this by taking groups into the desert for mystical desert dinners.

In terms of accommodation, there are a variety of options available, from international chain hotels, to B&Bs, lodges, game farms, self-catering accommodation and even camping options for those who prefer to rough it out or enjoy their holiday in the great outdoors. Whether it is accommodation, attractions or tourist activities, Namibia certainly offers its visitors great value for money.

For more information or special offers to Nambia please contact:

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Healthy balance

The balance sheets of your health might come less natural than those in the books, but this article looks at 6 easy steps to guide you to a balanced life.

Dante Ludolf | **Business Accounting Review**

If life is a general ledger then every task, every exercise and every single item on the to-do list is an expense. An expense of time and energy that should be tallied accordingly. The rat race more often than not, leaves much to be desired, and it's up to the individual to make the most of their situation. Thus, to ultimately achieve balance and lead a harmonious existence.

This lofty concept of harmony sounds ideal, and we'd all prefer it over the inevitable confusion and chaos that coincides with the daily grind, but to achieve it is another story altogether. To reach and maintain balance between work and play is a difficult objective at best, and can seem quite the task when affronted with other responsibilities and obligations that are expected of us. Mainly because achieving balance is not some flippant task that can be implemented by simply willing it to be. It is a conscious decision to change your dynamic and work at improving your situation. Nonetheless, it remains essential.

So, let's get philosophical about this – Aristotle believed that achieving eudaimonia, a Greek word which roughly translates to 'happiness', was only possible when living a life according to the golden mean. The golden mean is the measure of all actions and requires of a person to live rationally and reasonably in regards to their drives and appetites and basically knowing when to say no and when it is appropriate to say yes.

This was one of the great philosopher's more novel concepts, and one that would be echoed through the halls of time – and there is no better time than now to heed his sage advice and apply his theory of the golden mean.

We crave balance in that which we do. This state of affairs call for us to be both careful and disciplined in our financial expenditure. We suggest the following steps to lead a more balanced and rounded lifestyle – both personally and professionally:

1. Limit Time Wasting

This applies to both activities and people around you. Time is our most valuable commodity and should be treated accordingly. It's important to decide what is essential in your life and how you would like to spend your time. Once that's settled, simply distribute attention and make sure you stick to what you decided. Think of activities and social experiences in terms of their 'hourly rates' and how much they will cost you. Sometimes it's easier to calculate everyday doings in this manner – it makes it easier to leave behind that which is unnecessary. Be prepared to be strict with yourself however, as lengthy amounts of time spent on *Facebook* or those impromptu (and frequent) drinks after work undoubtedly wastes your time. Also, they often hold more consequences than benefits.

2. Get Structured

Having a developed and disciplined structure is a fail-safe way to ensure that you always have time for that which needs doing. And if you play your cards right, you'll also have time to do whatever you're in the mood for. So, establish a set of ground rules and principles that can be applied to various situations. Start with a map or diagram that allocates various times of the day to certain activities like checking emails, doing work and delegating tasks to co-workers. Then make sure to make time for you. This can be a quick lunch, lengthy scroll down ***BuzzFeed*** or some quality time spent on the sofa with a series. Now project your goals onto a monthly scale, allocating time spent on whatever needs doing or wants doing where appropriate. This kind of approach to life management is highly advantageous and as you get into it you'll see how easy it is to schedule time for work and play.

3. Ease off the Adrenaline

Last minute cram sessions or sudden sparks of creativity at point 99 are often an integral part of the working life. But it needn't be and even though it really does get the ball rolling, the stress that accompanies the sensation is not always welcome. This coincides with establishing structure. With careful planning and some assertive time management skills, side-stepping the dreaded late night productivity booms will be a thing of the past.

4. Work Smarter, Not Harder"

According to *The Guardian*, the recent trend of 'sleep hacking' has gained considerable prominence and people are doing anything they can to, train their bodies to need less sleep and function for longer. US Academic Matt Might, who runs a very informative work-life balance blog, contests this trend and calls it out for advocating unsavoury health practices. He reckons that people should spend less time worrying about the actual hours they put in and start upping the ante in terms of the quality of the work they produce. So, instead of operating at lower capacity for longer, keep your working hours at comfortable durations of time and make them count!

5. Give Perfectionism the Boot

Over achieving and excelling at whatever objective stumbles across your path can lead to some pretty obsessive behaviour. Marilyn Puder-York, author of *The Office Survival Guide*, reckons that perfectionism and striving to succeed beyond expectation is much easier to maintain at an adolescent age due to the relatively low levels of pressure and demands placed on you. Life, unfortunately, gets a little bit trickier along the way and should be approached accordingly. We're never going to get enough time to make everything as perfect and faultless as we'd like and more often than not we end up feeling disappointed when things don't turn out the way we want them to. Thus, a balanced life requires realistic expectations that are within our reach. No one needs to try and maintain standards that require more time than they have available, and by setting do-able goals the satisfaction you feel upon completing them successfully will leave you feeling validated and capable. We're not saying you should start slacking and letting go of your ambition, but moderation is key to keeping your sanity and maintaining balance between work and private life.

6.Don't take your work home

When you leave the office, make sure you really leave the office. Taking work home and sitting atop the mounting stress it incurs is never a good idea. When you have time to unwind and meditate on your situation without the pressures of work, do so (time that you should have plenty of if you've managed to structure your life). What happens in the office really should stay there. Home life has its fair share of issues to deal with. So devote home time to the home and inevitably to yourself. You need it.

Gain wealth, not weight

Keep your summer weight down with these easy steps and make sure you focus on your wealth and not your weight.

Dante Ludolf | **Business Accounting Review**

We all dread the moment when we find that our departed kilograms have come creeping back. We work so hard at shedding them, and their sudden return can be a major confidence killer. Everyone knows that keeping the weight off is the real victory, which also means it's the hardest part in the battle of the body. Plus, if your weight is under control and you manage to maintain a healthier lifestyle, you can focus on work and how to go about landing that coveted promotion.If you've been avoiding excessive eating as much as is humanly possible during the festive season and find your efforts have gone unrewarded, have no fear. We're going to advise you on a few strategies to tip the scales in your favour and keep those unwanted pounds far away from your hard-earned physique.

Weigh In
Keeping the (often dreaded) scale close by and weighing yourself regularly means you can spot a sudden increase in body mass quickly and resolve the situation before it gets out of hand. Many people stray as far away as possible from any apparatus that measures weight but if you're looking to shed pounds and keep them off it's of utmost importance that you know where you are in terms of how much you weigh and how far you still need to go. Give your scale a humiliating name so that you can exert some kind of superiority over the object that will undoubtedly be too honest for comfort at times.

No Skipping
Skipping meals might seem like a good idea when trying to eat less, but it's very counter-productive in the weight loss game. Skipping meals slows down your metabolism and can cause over-eating and unnecessary snacking later in the day. Make sure you control your portions and eat foods that are not going to weigh you down during the day. Pun intended.

Red Flags
Make a list that documents all the Don'ts. Whether it's inhaling a pack of crisps during a The Real Housewives marathon or stopping for AM snacks, put them on the list to reminder yourself of what is taboo.

Before & After
Post a before photo on the fridge. Seeing how far you've come and how your hard work has paid off will keep you motivated. It also adds necessary incentive to stay away from whatever dietary transgression awaits you behind the refrigerator's doors.

Adapt
Adapt your eating plan to your current weight situation. If you find yourself constantly gaining weight, alter your meals immediately to nip it in the bud. It's very important that you find an eating plan that works for you and what you want to accomplish, so experiment and get a feel for what suits you and your weight loss goals.

Stay Active
Don't stop working out, no matter how busy you are or how hard it is to get yourself to the gym. Or go for a run in your neighbourhood! It's imperative that you make time for exercise and continue to build on your fitness level. Upping the ante can also help in getting rid of the excess that accumulated over the festive season. Getting in shape and staying in shape is hard work, but the rewards far outweigh the struggles. Be sure to set things in place (like eating plans and exercise schedules) so that you can focus on more pressing matters.

Exercising and eating healthily should not be a hurdle to overcome or an absolute drag to do, and getting in the habit of doing so can seriously improve your lifestyle and quality of life. So be strict and persevere.

The state of your body and the successes you achieve in life are almost always correlated, so look after yourself and make sure you're keeping the chubs firmly at bay.

Healthy brain

Although this is vital, health is about more than just work-life and healthy eating. While we concern ourselves with maintaining our summer body, we often forget the importance of a healthy brain. Dante Ludolf looks at brain training.

Dante Ludolf | **Business Accounting Review**

Health concern has always been a universal human issue, and the preservation and improvement of our quality of life has become an important field of study. And lately, with Alzheimer's and other neurological diseases frequently rearing their ugly heads, various methods and techniques have arisen to supplement the growing need for mental strength. Leading a healthy and active lifestyle is no longer enough, and it's high time we start paying our brain the attention it needs. It's all about training your brain and keeping it performing at its best.

Like a Core Processing Unit of a computer, we need our processor functioning at optimum speed. So we've gathered a few tips and techniques to get your noggin' up to scratch and while they may not induce brain skills, they're sure to get you adding and subtracting calculator free in no time.

Anne-Marie Botek, the editor of *AgingCare.com*, argues that the key to keeping your brain fit lies in cognitive reserve. She goes on to say that this term has become a bit of a buzzword among the international medical community, as many believe that training and facilitating maximum capacity for cognitive reserve lessens the chances of neurological regression and other uglies, such as dementia and short-term memory loss.

But what exactly is cognitive reserve, and how do we keep it healthy and functional? Cognitive reserve, according to Botek, "the mechanism by which a person's mind can compensate for damage to their brain". In other words, a healthy cognitive reserve is our best bet against fighting off signs of mental decline and can be of utmost benefit in preserving our neurological capability.The art of enhancing your cognitive reserve lies in simple techniques and 'exercises' that when performed, help stimulate your brain in ways that your everyday routines don't. This variation of stimuli keeps your brain on its toes and allows it to receive sets of information it isn't used to, a highly necessary component in cognitive workouts.

The easiest way to do this is to pretend that every second day of the week is opposite day. Meaning, brush your teeth/do your make-up/eat breakfast with your non-dominant hand. This is a simple, effective trick and gives your brain a challenge in recalibrating its usual responses to whatever situation is at hand. Personally, I like to swap hands when typing on my laptop. Its incredibly challenging at first, as striking the keys has become an almost instinctual process, but it does give an intense feeling of satisfaction when accomplished. Other tips include eating with your eyes closed, and deducing what foods you are consuming by taste alone. Then of course there's the switching things up and variety issue, so why not navigate a different route to work in the mornings? These are quick tips that can easily be integrated into any daily routine, and should be.

Of course eating right and taking the right medication also contributes to cognitive health, as leading a generally healthy lifestyle has positive effects throughout. Many medications are considered anticholinergic, and block the development and effects of acetylcholine, a chemical that is of utmost importance to memory circuits. So, be sure to take that into consideration and ask that your doctor or pharmacist prescribe medication that does not contain ingredients of this nature.

Thanks to the advent of the technological era, there are many games and apps that have positive effects on cognitive health and can really benefit your mental fitness regime. Please see our app section for more details. With all that in mind, it's important to note that Alzheimer's can still befall someone with optimum mental strength, and that the disease is mainly attributed to a variety of genetic and environmental factors.

But, enhancing your cognitive reserve and creating more opportunities for mental exercise can never be a bad thing, and the positive effects it will have on your everyday life are numerous (and sought after!).

So, start challenging your brain and let us know of the positive results! The Business Accounting Review team will do the same and hopefully reach a verdict on whether or not it has visibly contributed and improved our daily lives. A change is as good as a holiday, he says as he accidentally starts brushing his cheek instead of his teeth. #blameitonthelefthand.


student

Tertiary Education needs to meet market needs

Experience is the universal requirement on all job advertisements. Students leave tertiary institutions as qualified individuals, but how useful is a degree or diploma when practical skills are lacking? Abram Molelemane takes a look at why tertiary education must meet market needs.

Abram Molelemane | **Fetola**

Globally, nine out of 10 businesses will hire someone with relevant work experience over someone without any. In fact, a large scale study, conducted by *PepsiCo USA*, confirmed that graduates with one year of work experience under their belt were far more likely to get employed than those with no industry experience whatsoever.

Many international education institutions are aware of these findings, and have therefore made internships an essential and compulsory part of their syllabus. They have learned that they serve society (and their students) best by incorporating experiential learning programmes into their education process.

Puzzlingly, this model is quite rare in South Africa. Most of our graduates leave colleges and universities with no work experience whatsoever. For most employers, this is a challenge – too many candidates lack the most basic skills needed by the business. These include computer skills, written and spoken communications skills, teamwork and understanding of workplace culture and ethics.

It is true that formal education is important and valuable to develop critical learning, analysis and interpretive skills, but this element alone is not enough to prepare graduates for the workplace. Local tertiary institutions (universities, colleges and technical training institutions) simply have to improve the work readiness and on-the-job training component of the courses and degrees they offer if they are to meet the needs of the market and get our graduates into jobs.

Developing graduates who are able to slot into the workplace seamlessly is profitable for the educational institution and for the country as a whole. The more employable graduates are, the more these institutions can confidently promote statistics such as the percentage of their students who find work after their studies are concluded. From a South African graduate's perspective, the appetite for internship is certainly there. *The Graduate Asset Programme* (GAP), an online portal that matches grads seeking internships with businesses seeking interns, currently has over 20 000 registered graduates on its database, a figure which is growing by about 10% per quarter.

This is not surprising, since internship and experiential learning makes sense for prospective work-seekers for a number of reasons. They can help to:

Gain work experience and boost employability

Students who have work experience in addition to educational qualifications by the time they graduate, really stands out to employees. This automatically makes them more marketable; as they may require less training and can presumably handle more responsibilities.

Gain practical experience, by applying methods and theories learned in class

Many people learn best by being hands-on. But everyone can benefit from seeing the things that they have been learning in class, put into action, whether this happens in a chemistry research lab, a marketing meeting, or a substance abuse counselling session.

Network with professionals in the field

Internships provide networking opportunities for graduates; this is one of the most crucial parts of getting started in one's career. Internships will help graduates meet new people and establish business contacts, some of whom may turn out to be future partners or employers.

Develop new skills and refine others

While doing an internship, graduates or students learn about their strengths and weaknesses through feedback from mentors or supervisors. This is a unique learning opportunity that they may never experience again as a working adult.

Research from abroad and feedback from local employers suggests that it is absolutely critical for SA's future, that learning institutions collaborate much more with internship programmes, work-placement initiatives and experiential learning organisations so that they can help their students get the hands-on working experience they need. A major element of any tertiary degree or diploma should relate to the needs of the market (employers), so that our next generation of graduates is not just educated, but employable as well.

The Graduate Asset Programme

invites tertiary institutions to come on board as partners with a view to helping their students find internships during and after their studies.
Visit *www.gogap.co.za* or email Chantal de Kock on *cdekock@fetola.co.za* to learn more.

From Intern to employee

A look at what you should do to make a good impression at your internship.

Abram Molelemane | **Fetola**

Internships can help you get your foot in the door of the working world and also help build your career. Not only have internships become the preferred solution (both in South Africa and worldwide) to help graduates gain work experience, but they also help increase your chances of landing a permanent job, once the internship is complete. In fact, according to research, successful interns have as much as a 70% chance of being hired by the company they've interned with. But this does not come easy; interns are constantly being scrutinised as potential permanent employees and therefore, have to prove themselves worthy.

In this article we share some of the attributes that an intern must demonstrate if he or she would like to land a permanent position after their internship ends.

Follow the links below for other *related articles:*

- http://careers.theguardian.com/careers-blog/interns-permanent-role
- http://hiredgroup.com/8-golden-rules-turn-internship-job-offer/
- http://www.gogap.co.za/toolshed/download/22
- http://www.gogap.co.za/toolshed/download/105

1. **Be a Great Intern:** An internship is like an audition. So it would be wise to conduct yourself in a manner that will impress your employers – be punctual at all times, be enthusiastic about your work, work hard and tackle every task with diligence. Most importantly, ask questions and learn as much as you possibly can.

2. **Step Forward:** Some departments constantly seek extra hands. Tasks like writing blog posts for the company website, making coffee for the boss (yes, even the minimal duties count a lot), updating social media accounts and doing odds and ends for other departments at crunch times can really make you stand out.

3. **Be Realistic:** If you don't get hired at the first place you intern, try and make sure that you get a solid recommendation to use when applying for other opportunities. Also bear in mind that you may sometimes need to do multiple internships before you find paid work in the industry. And once you are offered a paying job, be realistic about your salary expectations.

Learn more about this subject here:
http://www.studentbrands.co.za/salary-expectations-reasonable/

4. **Work Hard:** Dedication is an attribute that every employer looks for in their employee. Not only will hard work gain you favour and put you in your boss's good books, it will also help you climb the ladder to success at your company. And this attribute should be found in all that you do, especially when you are looking to get employed permanently. Be the first to arrive at the office and be the last to leave. Even with the most onerous tasks, do your best to complete them successfully, ask questions where you don't understand and ask for help where you need it. Remember that this is your shot – so you need to make a good impression.

5. **Show Professionalism:** Be mindful that your every move may be scrutinised. As an intern, you must understand that an employer watches everything you do. Even if you think it is a meaningless task, there is a reason for it, and it is important to your employer. If you handle the task with professionalism and diligence – even though you may think you are 'above' the task – it will reflect highly on you. So, watch your actions very carefully, be professional at all times, be careful not to use language that is profane or vulgar, make room for criticism and accept it as constructive. Remember to offer to help your colleagues wherever you possibly can.

6. **Network:** Network with your co-workers – both during and outside of working hours. Get to know as many of the people you work with, and socialise with them outside work as well. Join the company's soccer team. Attend the company picnic or party. Everyone you meet is a potential member of your network, and the more people who know you and your work, the more champions you will have when it comes to turning your internship into a job.

7. **Ask:** Don't be shy to ask about permanent job opportunities. Your employer won't know that you're interested in a job unless you ask. Also, be observant for opportunities where a position could possibly be created. Look for employer needs that aren't currently being met, and consider proposing a job to meet those needs. Look out for gaps that will work to your advantage.

With the job market being tougher than ever before, it is only wise that any job hunter who has little or no work experience and has just recently graduated, does an internship.

Visit websites such as *www.gogap.co.za* to see what internships are available out there.

Remember, it is no guarantee that when your internship is finished you will be employed permanently, but with the tips above in mind, you might just find your next meeting with your boss is one that changes your life forever.

"**Be the first** to arrive at the office *and be the last to leave.*

Note - *before your internship starts:*

1. What is the company's address?
2. How long is the travelling time from where I stay?
3. Does the company have parking facilities?
4. What is the company's mission statement?
5. Is there any required paperwork (request this prior to your first day)?

What to Wear on the first day of your internship?

It is not unusual to be nervous on your first day of an internship. To help calm the nerves, we look at one of the most popular concerns about starting an internship – what to wear on my first day?

Colleen Sabatino | **internships.com**

How to dress for your internship varies, depending on the corporate culture in your workplace. You can always ask your contact at the organisation or the Internship Manager for tips about dress code and materials you should bring with you.

Here are some general tips:

- Performance should represent 95% of business success, but the reality is that the split is 33% performance, 33% image, and 33% positive publicity (what people know about you). How you look is important since people draw immediate conclusions about you on first sight.
- Dress a bit more formally for the first day until you get a sense of the culture and style. A good rule of thumb is to avoid extremes in terms of clothing, jewelry, or scents at the start of your internship. Here are some general guidelines that may be helpful depending on your industry:

For the men:
- Men should wear a clean, ironed shirt, preferably white, with a conservative tie. If you wear a sport coat, go for a solid navy or one with a subtle pattern.
- Leave your baseball cap and sneakers at home along with your pinky rings, necklaces, or bracelets.
- Keep your dress shoes in great condition.
- Leave your baseball cap and sneakers at home along with your pinky rings, necklaces, or bracelets.
- Keep your dress shoes in great condition.

For the ladies:
- Check your neckline. If it is too low, wear something underneath.
- Wear the best shoes that you can afford and don't wear excessively high heels.
- Make sure your pants aren't too tight
- Skirt should not be too short, knee-length or just above the knee is generally a safe measure.
- A stylish white shirt is always a safe choice for the first day, preferably one with a collar.

Other things *to remember:*

- A backpack or a computer case with you to carry items.
- An Internship Roadmap. Set up a time to sit down with your Internship Manager and discuss company expectations and goals and performance assessment, using the Internship Roadmap or similar outline as a guide.
- A journal to keep track of all your activities, allowing you to assess your own performance.
- A pad of paper and pen might be handy to take instant notes as you meet new people. Jot down their names, so you can address them correctly the next day. Your new co-workers will be impressed by your efforts.
- You might want to tuck a snack bar or drink into your case for an energy boost on your busy first day.
- Have Fun!

The Next Generation

We look at Limpopo Education Development and how this unique organisation focuses on accounting education in South Africa.

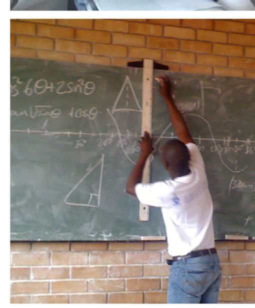
Ndzalo Ngobeni | **Limpopo Education and Development Organisation**

Education is such a big focus in South Africa. Zooming into education in the Limpopo Province, showed a specific struggle with accounting as a subject.

Limpopo Education and Development Organisation is a newly formed non-profit organisation, based in Giyani in the Limpopo Province. The aim of the intervention programme is to improve the academic performance of rural learners by providing extra accounting lessons. The current average pass rate of accounting in Grade 11 and 12 in Limpopo Province is very low.

This is a very sad phenomenon, which is exacerbated by a shortage of accounting educators in most schools in this province. A lack of other educational resources is not helping the situation. Community support of schools and household involvement in children's learning are practically non-existent. District support and monitoring functions are inadequate and ineffective.

"South Africa's education system is performing very poorly, diminishing the opportunities of millions of people, and hampering national growth and development. The problem is systemic – therefore, it requires systemic solutions, based on partnerships between the state, private sector and civil society. The Limpopo Education and Development Organisation has realised that improving our schools' performance is an urgent national priority – this is the main reason we started this programme," Goodwin Khosa, Jet Education Service (2010).



What this programme is all about:

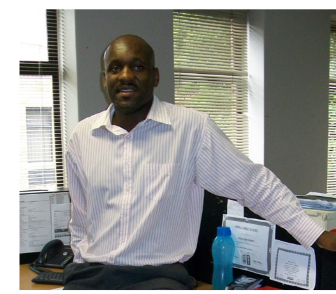
We have realised that Accounting, Mathematics and Physical Science are crucial subjects – unfortunately current statistics show that these are the most failed subjects across all our provinces. More specifically, the pass rate drops in rural areas, where teaching aids are very limited. The aim of the programme is firstly to help schools (both rural and urban) with learning aids and provide pupils with the assistance they require in order for these subjects to improve and the pass rate to increase. The goal is also to enable students to pursue their career aspirations. Secondly, to identify other organisations, community groups or other individuals offering the same or similar programmes in order to collaborate and form partnership to avoid programme duplication.

The Limpopo Education Development objectives are:

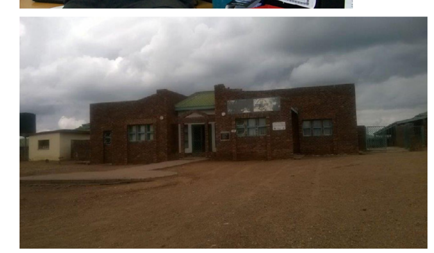
- To assist the department of education in teaching and providing learning aids in accordance with the Department of Education's rules and regulations.
- To create awareness about these subjects, more especially in rural areas where there is a lack of information and learning resources.
- To create an environment where disadvantaged learners can learn without the burden of financial expenses.
- To organise and arrange career exhibitions for learners in rural areas.
- To forge partnerships with educational institutions and other organisations with similar programmes and objectives.

What it aims to achieve:

- To increase the pass rate of accounting students in Grade 11 and 12 to 80% in the next five years.
- To encourage learners to study accounting.
- To reduce the number of school drop outs by emphasising the importance of education.
- To ensure that there is adequate educational support for learners.



LIMPOPO EDUCATION AND DEVELOPMENT ORGANISATION



HELPING OTHERS IMPROVE THEIR ACCOUNTING SKILLS

Challenges:

We have classified challenges into two groups:

Challenges faced by learners:
Lack of resources, especially in rural areas

- Computers (to access the Internet and conduct research, to type assignments and get end user computing lessons.)
- Laboratories (to conduct practical experiments more, especially in Physical Science)

Lack of Learning and teaching aids like
- Textbooks
- Study guides

Challenges experienced by the organisation

- Transport for educators. Currently, educators use their own personal resources and finance their transport costs to schools. The organisation does not have funds to finance the operational and programme costs,
- Educators use their own money to buy teaching aids,
- The organisation currently uses the house of one of its educators as its headquarters.

Where this programme is rolled out:

The programme is currently running in Limpopo province and covers 5 Districts, namely: Mopani District, Vhembe District, Waterberg District, Capricorn District and Sekhukhune District. It is our main objective to spread this programme to other provinces and the country at large.

Intangible assets

For some strange reason, many students cannot come to grips with the principle that something owned by a company that cannot be touched, driven or eaten, can still generate revenue. We look at the value of intangible assets.

Colin Jansen van Rensburg **I CPUT**

Dictionary description of "Intangible Asset"

An asset that is not physical in nature. Corporate intellectual property (items such as patents, trademarks, copyrights, business methodologies), goodwill and brand recognition are all common intangible assets in today's marketplace.

Perhaps we should start with a song that is a current favourite among most: "Four-Five Seconds". The singers are Kanye West and Rihanna, while Paul McCartney plays the guitar. How do they derive income from this beautiful song? They are not working in a shop where their CDs or DVDs are being sold.

They derive income because the intellectual property belongs to them. They have created something new and unique and should be rewarded for that. So, the song "Four-Five Seconds" is clearly an asset for Kanye, Rihanna and Paul.

Paul McCartney is indeed one of the wealthiest people on the planet, simply because he is probably the best songwriter in human history. He does not sell DVDs, but owns the rights to the music he composed on his own, as well as in collaboration with the late John Lennon.

So, is the song an asset?

Refer to the definition of the element "assets" in the CF. 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."

1. Clearly, the song is a resource, as Paul, Kanye and Rihanna will derive income from it,
2. Paul, Kanye and Rihanna would have registered their intellectual rights in at least Great Britain and the USA to have control,
3. here are multiple past events: ex-Beatle Paul wrote the song, it was recorded, etc.
4. Certainly all three artists will expect future economic benefits to flow to them.

Now that we have established that the song 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 the IAS1 definition, Intangible Assets 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 "Intangible Assets", namely IAS38.

Therefore, for items identified as possible Intangible Assets, this standard must be contemplated.

IAS38 defines an Intangible Asset as an item that is:

- Identifiable.
- A non-monetary asset.
- Without physical substance.

1. The song is certainly unique!
2. It is not a bank account, or coins and notes.
3. The substance is not the DVD, but its contents.

Enjoy your studies!

5 Types of Intangible Assets

1. Marketing-related intangible assets
   >Trademarks
2. Customer-related intangible assets
   > Customer lists
3. Artistic-related intangible assets
   > Musical works
4. Contract-based intangible assets
   > Licensing agreements
5. Technology-based intangible assets
   > Patented technology

Quick Questions

Famous chef, Heston Bloementhal, said: "And I like asking questions, to keep learning; people with big egos might not want to look unsure."

Accounting Coach

It's time to ask questions. And sometimes, we need to have the most basic questions answered. So, to avoid you looking unsure, we address some of the most basic accounting questions here. In this edition, we focus on bookkeeping and what lies behind the curtain of accounting:

What is the difference between periodic and perpetual inventory systems? In a periodic system the account inventory will:

- Have a constant balance (the ending balance from the previous period),
- Not include the cost of purchases (they are recorded in a Purchases account),
- Be adjusted at the end of the accounting period (so the balance reports the costs actually in inventory),
- Require a physical inventory at least once per year (and estimates within the year),
- Require a cost flow assumption (FIFO, LIFO, average),
- Require a calculation of the cost of goods sold (to be used on the income statement).

In a perpetual system the account inventory will:

- Be debited when there is a purchase of goods (there is no Purchases account),
- Be credited for the cost of the items sold (and the account Cost of Goods Sold will be debited),
- Have its balance continuously or perpetually changing because of the above entries,
- Require a physical inventory to correct any errors in the inventory account,
- Require a cost flow assumption (FIFO, LIFO, average).

It is possible that a company will use the periodic system in its general ledger and use a different computer system outside of its general ledger to track the flow of goods in and out of inventory.

What is the difference between a nominal account and a real account?

The difference has to do with the balances in the accounts at the end of the accounting year:

- The balance in a nominal account is closed at the end of the accounting year. As a result a nominal account begins each accounting year with a zero balance. Since the balance does not carry forward to the next accounting year, a nominal account is also referred to as a temporary account.

- The balance in a real account is not closed at the end of the accounting year. Instead, a real account begins each accounting year with its balance from the end of the previous year. Because the end-of-the-year balance is carried forward to the next accounting year, a real account is also known as a permanent account.

The nominal accounts are almost always the income statement accounts such as the accounts for recording revenues, expenses, gains, and losses. When the income statement accounts are closed at the end of the accounting year (perhaps through an income summary account) the net amount will ultimately end up in a balance sheet equity account such as the proprietor's capital account or the corporation's retained earnings account.

The real accounts are the balance sheet accounts such as the accounts for recording assets, liabilities, and the owner's (or stockholders') equity. However, the sole proprietor's drawing account, which is reported on the balance sheet during the year, is a temporary account because it is closed directly to the owner's capital account at the end of the year.

What is the difference between expenses and payments?

Under the accrual method of accounting, expenses are costs that have been used up or have been incurred in the process of earning revenues and/or operating a business. For example, a retailer will report its cost of the goods sold as an expense of the period in which the related sales occurred (even if the retailer has not yet paid for the goods, or has paid for the goods in an earlier period). Some expenses are allocations of a cost that was paid in an earlier period (e.g. depreciation of an asset purchased in a previous year, the allocation of a 6-month insurance premium). Expenses also include costs incurred in the current period that will be paid in a later period (e.g. current advertising that will be paid for in the next accounting period). Interest on a loan is a daily expense even though all of the interest will be paid when the loan comes due in the next accounting period.

A payment is a disbursement of money (usually in the form of a cheque or currency). Some payments are current period expenses (e.g. the current month's rent payment), but many payments are not expenses of the current period. Here are a few examples of payments that are not expenses:

- A payment to purchase the land adjacent to a company will never become an expense,
- Payments that are cash dividends to stockholders will never be a corporation's expense,
- Principal payments to reduce a loan payable will never be an expense,
- Payments to remit payroll tax withholdings will never be an expense.
- Payments to reduce liabilities resulting from expenses reported in earlier accounting periods (e.g. payments to reduce interest payable, accounts payable, taxes payable) will never be an expense.

Some current period payments will result in expenses in future periods:

- Payments for construction of a building that will be put into service next year,
- Payments for an exhibit at next year's trade show,
- Payments for services to be received in a future accounting period.


CFO
exclusive

Obtaining the designation Certified Financial Officer (SA) – a Competency Framework for Financial Executives

Nicolaas van Wyk | **SAIBA**

Due to international trends in the development of financial executives, and in the interest of ensuring equitable access within South Africa to all persons that have obtained relevant experience and that can demonstrate skill and ability, it is necessary to develop a competency framework for senior leaders in the accounting and financial sector.

Within the financial world, a senior financial executive such as a chief financial officer is the highest-ranking position a professional can hold, and it is usually the third ranking position within the overall company or organisation. Due to the important role played by financial executives in ensuring the success of large corporate entities, and the related growth in our nation's economy, a competency framework will ensure that these individuals have the necessary skills and expertise to make a lasting contribution. The competency framework highlights the four roles of financial executive: Steward, Operator, Catalyst and Strategist, and allocates required competencies to each role.

The framework enables aspiring financial executives to map their career pathway in line with these competencies. Achievement of the competencies and objective verification will ensure that individuals are appointed as senior financial executives in a transparent and objective manner. Existing financial executives may use the competency framework to ensure that their skills remain relevant. It also provides an opportunity for continued lifelong learning.

The adoption of the competency framework enables the registration of a professional designation on the *National Qualifications Framework (NQF)* under the auspices of the *South African Qualifications Authority (SAQA)*. This will allow for the development of a professional designation to be awarded upon achievement of the required competencies of the financial executive role.

The *Southern African Institute for Business Accountants (SAIBA)* bestows this designation under the name Cert. Fin. Officer (SA).

Background

Persons currently occupying the position of senior financial executive do not have a professional designation unique to their job function and career pathways. This competency framework provides an understanding of the senior financial executive role and identifies the competencies a professional person needs to develop so that he/she is able to progress to the senior financial executive level and function effectively.

Professionals working towards becoming a senior financial executive may have obtained an existing designation such as CA, CCA, CPA, CFA, CCA, CMA, CBA (SA) and others. However, these designations in themselves do not reflect the competencies required to become a senior financial executive.

The Cert. Fin. Officer (SA) designation, on the other hand, is based on the competency framework as adopted by SAIBA. The framework identifies and examines the necessary competencies required for these professionals to develop over a career, culminating in becoming a senior financial executive.

For example, accounting designations such as CA, CPA, CCA, CMA, or CBA (SA) are bestowed on persons that meet the criteria to act as accountants and perform audit work, or are qualified to prepare financial statements using financial reporting standards. MBAs, attorneys and engineers are trained to either manage or practise law, or design infrastructure, and may during their career migrate into the role of senior financial executive.

International research has determined that senior financial executives require a unique skill set not currently provided by any designation or qualification. The SAIBA Competency Framework is based on the research conducted by Queens University in Canada.

Bestowing the designation Cert. Fin. Officer (SA) will give recognition to persons occupying the position of senior financial executive irrespective of their underlying qualification.

The Cert Fin Officer (SA) designation will therefore contribute to the development of a unifying competency framework for senior financial executives and enable:

- Employers to better design and measure the career development of employees that aspire to become senior financial executives.
- Employers to better evaluate the competence of applicants for senior financial executive positions.
- Learners and university graduates to develop a career path to qualify as a senior financial executive.
- Improved business performance by ensuring that learners, employees, employers and training institutions align their resources to develop competent senior financial executives.
- Improved tax collection due to improved business profits achieved as a result of the adoption of a standardised competency framework for senior financial executives.

Pathway to the Cert. Fin. Officer (SA) designation

Aspiring senior financial executives can follow various pathways to obtain the designation Cert. Fin. Officer (SA). Following these pathways will ensure that the required competencies are met to be awarded the designation.

1

SAIBA specific pathway

1. Register as a SAIBA member.
2. Obtain a National Diploma or Degree at NQF 6.
3. Obtain 2 years' relevant work experience in the finance/ accounting department.
4. Complete the assessment for the designation Business Accountant (SA).
5. Obtain another 2 years' relevant work experience in a role as financial accountant working in the finance/ accounting department.
6. Complete the assessment for the designation Certified Business Accountant (SA).
7. Obtain another 8-10 years' experience in a senior financial management position.
8. Complete the assessment for the designation Cert. Fin. Officer (SA).

2

General professional pathway

1. Obtain a qualification and experience related to the following professions: chartered level accountant (CA, CIMA, ACCA), chartered director (IOD), chartered marketer (CIM), law (LSSA), business (MBA), engineering (Engineering societies), or analyst/consulting (CFA). Typical experience will be obtained over a 2-3 year period.
2. Obtain relevant work experience in your chosen professional field (4 years).
3. Obtain a professional designation in your chosen professional field.
4. Obtain an MBA-level qualification and start working with the finance/accounting department.
5. Obtain a senior financial management position (for 4 years).
6. Complete the assessment for the designation Cert. Fin. Officer (SA).

3

General experience pathway

1. Obtain relevant work experience in your chosen professional field (10 years).
2. Attend numerous in-house or short courses relevant to the job function.
3. Obtain a senior financial management position (for 4 years).
4. Complete the assessment for the designation Cert. Fin. Officer (SA).

An aspiring senior financial executive's career typically develops alongside the following routes:

Route 1:

Start as an entry-level accountant, move up to chief accountant, accounting manager and then Cert. Fin. Officer (SA).

Route 2:

Start as an auditor, financial analyst, investment banker, tax advisor, business system analyst or financial consultant and move up to the position of chief accountant, accounting manager and then Cert. Fin. Officer (SA).

Route 3:

Start in an entry-level financial or other position and work your way up within the same company without completing any graduate program.

Building a Solid Foundation – Academic Achievement and Workplace Experience

The standard qualification to obtain the designation Cert. Fin. Officer (SA) is a Master's degree in Financial Management, Business Administration or Accounting. However, Recognition of Prior Learning will be applied to persons that have an unrelated or part qualification, but have obtained leadership experience or obtained skills through volunteer work and working with a mentor. Typical qualifications required to obtain the Cert. Fin. Officer (SA) designation include:

- Master's in Accounting Sciences,
- Master's in Business Administration,
- Master's in Finance.

Candidates should obtain eight to 10 years' experience in a managerial or senior position. Workplace experience typically includes:

- Developing the company's strategic plan or goals together with the CEO, Board of Directors and other executives,
- Developing and implementing financial strategies and monitoring their performance,
- Managing/Overseeing the company's or organisation's financial departments (i.e. human resources, accounting, investments, taxes, legal, loan, budgeting, equity and debt financing, payroll, etc),
- Facilitating benefits packages to be as cost-effective as possible,
- Helping the company or organisation through acquisitions or mergers,
- Ensuring all necessary financial information is filed or reported according to regulations,
- Reporting the company's or organisation's financial status to the Board of Directors and other relevant parties,
- Directing all relevant risk management procedures (such as preparing for audits, insurance coverage, forecasting, legal issues and reporting and preventing financial risks),
- Acting as a liaison between the company or organisation and banks, investors and other financial entities as well as for financial services that have been outsourced.

Competency Assessment

Competency assessment takes the form of an examination of experience, sponsor confirmation and a peer review process. The competency assessment is linked to the agreed competency framework. The candidate must demonstrate how the competencies were met by completing an examination by experience. This examination must be supported by verification from a sponsor. In addition, each applicant is subject to a verbal assessment performed by a committee consisting of senior financial executive peers. Applicants have the right to request an additional verbal assessment if they do not agree with the initial outcome. A separate committee will be appointed independently.

Competency Structure

The framework assists potential applicants to develop the competencies necessary to obtain the designation Cert. Fin. Officer (SA). It is based in most part on the *ICAO/Queen's University* Collaborative Study, which incorporated a combination of prior literature and a comprehensive survey of financial executives. It begins with a list of 34 competencies structured within four general roles.

The complete framework is available at www.cfosa.org.za.

Persons interested in applying for designation may contact the SAIBA membership department on 011 643 1800.

CFO Cheat Sheet?

BA Review journalist Helene Cilliers highlight some aspects of a letters from Warren Buffet to his shareholders, ideal to advice to any CFO's career.

Helene Cilliers I **Business Accounting Review**

Warren Buffett's letters to shareholders of *Berkshire Hathaway Inc.* released on in February, contain valuable "cheat sheet" for CFOs. Read the list below as compiled by Maxwell Murphy, senior editor of CFO Journal at the Wall Street Journal.

1. Keep it lean lean at the top

"Berkshire's yearend employees – including those at Heinz – totaled a record 340,499, up 9,754 from last year. The increase, I am proud to say, included no gain at headquarters (where 25 people work). No sense going crazy".

2. Buybacks good for the goose, not always the gander

"With this tailwind working for us, Charlie and I hope to build Berkshire's per-share intrinsic value by (1) constantly improving the basic earning power of our many subsidiaries; (2) further increasing their earnings through bolt-on acquisitions; (3) benefiting from the growth of our investees; (4) repurchasing Berkshire shares when they are available at a meaningful discount from intrinsic value; and (5) making an occasional large acquisition. We will also try to maximize results for you by rarely, if ever, issuing Berkshire shares… Meanwhile, stock repurchases at Coca-Cola , American Express and Wells Fargo raised our percentage ownership of each…"

3. Goodwill is worth much more than carrying value – or much less

"The cost of the goodwill, however, has no bearing on its true value. For example, if an insurance company sustains large and prolonged underwriting losses, any goodwill asset carried on the books should be deemed valueless, whatever its original cost…Under present accounting rules (with which we agree) this excess value will never be entered on our books. But I can assure you that it's real."

4. Weekend filings don't have to be bad news

"[A]ll shareholders should simultaneously have access to new information that Berkshire releases and should also have adequate time to analyze it. That's why we try to issue financial data late on Fridays or early on Saturdays and why our annual meeting is always held on a Saturday. We do not talk one-on-one to large institutional investors or analysts, treating them instead as we do all other shareholders."

5. Be careful handing out shares as deal capital

"I have made plenty of mistakes…The most gruesome was Dexter Shoe… Berkshire paid $433 million for Dexter and, rather promptly, its value went to zero. *GAAP* accounting, however, doesn't come close to recording the magnitude of my error. The fact is that I gave Berkshire stock to the sellers of Dexter rather than cash, and the shares I used for the purchase are now worth about $5.7 billion. As a financial disaster, this one deserves a spot in the Guinness Book of World Records."

6. Beware of private equity

"The second choice for sellers is the Wall Street buyer. For some years, these purchasers accurately called themselves "leveraged buyout firms." When that term got a bad name in the early 1990s – remember RJR and Barbarians at the Gate? – these buyers hastily relabeled themselves "private-equity." The name may have changed but that was all: Equity is dramatically reduced and debt is piled on in virtually all private-equity purchases. Indeed, the amount that a private-equity purchaser offers to the seller is in part determined by the buyer assessing the maximum amount of debt that can be placed on the acquired company. Later, if things go well and equity begins to build, leveraged buy-out shops will often seek to re-leverage with new borrowings. They then typically use part of the proceeds to pay a huge dividend that drives equity sharply downward, sometimes even to a negative figure. In truth, "equity" is a dirty word for many private-equity buyers; what they love is debt. And, because debt is currently so inexpensive, these buyers can frequently pay top dollar. Later, the business will be resold, often to another leveraged buyer. In effect, the business becomes a piece of merchandise."

7. On the popularity of spin offs

"Voluntary spin-offs, though, make no sense for us: We would lose control value, capital-allocation flexibility and, in some cases, important tax advantages…Moreover, the parent and the spun-off operations, once separated, would likely incur moderately greater costs than existed when they were combined."

The Value of Professional Certifications for Financial Executives

We look at the finance community, and why executives will and should look into joining an exclusive community of finance executives.

Nicolaas Van Wyk **I SAIBA**

Competent financial executives are arguably the single most important success factor in any organisation - driving business growth and therefore national economic development. Economic expansion solves multiple problems, ranging from political to social, by expanding participation and spreading wealth. Therefore, any country that seeks to move from recession to growth should do everything possible to ensure a steady supply of qualified finance executives.

However, competencies are difficult to assess due to market asymmetry. Companies and employment agencies go to great lengths to match a candidate's personality and skills with a particular corporate culture. This matching game makes for an objective, measurable and reliable mechanism to smooth the selection process. Professional certification fulfils this function within society. The benefits of professional certification lie in its ability to smooth out any information asymmetry between employers and applicants. Professional certification usually requires a person to complete a tertiary qualification, such as a degree in commerce or business administration. Thenceforth one is required to obtain a number of years of experience and finally, take part in an evaluation, which is conducted by a professional body. Successful completion of the evaluation will result in the body issuing a designation to the applicant. The purpose of the evaluation is to test the applicant's ability to integrate academic knowledge with practical experience and present his future employers with a well-rounded, stable and competent individual.

Recent research has tried to understand and explore the relationship between certification and employability.

For example, financial executives in the hospitality industry use the designation "Certified Hospitality Accountant Executives" or CHAE - as a means to indicate their enhanced skills and experience relevant to this industry. Research conducted in this sector compared designation holders with non-designation holders and found that CHAEs receive on average higher compensation than non-designated finance executives . Nearly 75% of CHAEs indicated that having the designation showed a commitment to professionalism, whilst 66% believed that the designation provided proof of technical expertise.

A similar study amongst financial planners supported this notion that industry specific designations enhance earning potential. The study results indicate that the CFP designation as used by financial planners, is associated with a significant increase in income when compared to planners with no designation .

An informal survey conducted locally in 2014 by the South African Institute for Chartered Accountants (SAICA), found that 74.3% of CFOs from listed companies, possess a professional designation.

This seems to indicate a strong correlation between a professional designation and being appointed as a financial executive. It would seem reasonable to extrapolate the research and declare with a fair amount of certainty that the balance of 25.7% of CFOs would also possess some form of professional certification.

Professional certification is by in large the domain of professional bodies such as SAIBA and SAICA. A recent survey conducted by the well-known employment agency, Robert Half International, found that 86% of polled senior executives said that participation in professional organisations is valuable to an employee's career.

The reasons for this are numerous and include building a contact base and attending networking opportunities, obtaining valuable information through industry magazines, workshops and training sessions, and obtaining access to standards of best practice.

The Journal of Accounting and Finance recently published a paper entitled "The Role of Education and Experience in CFO Career and Compensation" by Chahyadi and Abusalim (2011). The paper examined the educational and experiential backgrounds of chief financial officers (CFOs) of large and medium firms, and investigated how measures of education and experience affect CFO career and compensation. The research found that, compared to medium firms, large firms have more CFOs with MBA degrees and fewer CFOs with M.Acc degrees or who are also CPAs. This suggests that large firms prefer CFOs with more general knowledge to CFOs with specific knowledge. CFOs may choose to specialize in the study of accounting practices or broaden their vocation to include the more generalised study of business and finance. CFOs in large firms have different education characteristics from CFOs in medium firms. Results show that large firms value CFOs with more general skills than CFOs with more specific accounting skills. Specifically, large firms have a higher proportion of CFOs with an MBA, compared to CFOs in medium firms. Interestingly, large firms have a lower proportion of CFOs with an M.Acc or CPA certification, compared to medium firms. CFO compensation is mostly driven by the size of the firm, the CFO's tenure at the current company, and previous experience as a CFO at another company. Conversely, the CFO's education or experience showed little impact on CFO compensation

An added benefit of comparing and selecting a professional body to provide you with certification, is that they provide various pathways to obtain your goal of being appointed as a financial executive.

Some companies may require their CFO appointee to have a more control-oriented role, in which case a classical accounting (i.e. chartered accountant) certification would be appropriate. However, companies at different stages of development may require certification of strategic and operational competencies. Under these circumstances an MBA (i.e. business accountant) certification is preferable.

Nonetheless, large, listed and public companies have to respond to their immediate and long-term needs within a specific environment. Companies may prefer to appoint a CFO, FD or FM with either an accounting designation or an MBA-based designation. They may also just be looking for specific industry expertise, in which case the designation would not be the deciding factor in the appointment decision.

Aspiring and existing financial executives have no control over the final decision of the employer. The only thing they can control is their own strengths and the value they can bring to a company. Obtaining an accounting based CFO designation or opting for an MBA-based designation, will be a personal decision informed by individual strengths and employment history. Employers use credentials or designations as guideposts to help them navigate the appointment process. Designations such as CA (SA) or Certified Financial Officer (SA) are therefore not limited to test competency as a financial executive alone, but are also strong indicators of a desire and a commitment to professionalism, and thus as the research has shown, provide better employment opportunities.

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[1] Damitio, J. W., & Schmidgall, R. S. (2001). The value of professional certifications for hospitality financial experts. The Cornell Hotel and Restaurant Administration Quarterly, 42(1), 66-70.
[2] Arman, J., & Shackman, J. (2012). The impact of financial planning designations on financial planner income. The Service Industries Journal, 32(8), 1393-1409.

We asked a few of the SAIBA Cert. Fin. Officer applicants:

Why become a certified executive? This is what they had to say:

Sfiso Nsibande

Head of Finance I The Construction Industry Development Board

Why become part of a CFO community?
Being a member of the CFO community demonstrates that you possess thorough knowledge, the necessary competencies and professionalism to successfully steer a career in the field of finance. Owing to the fact that one qualifies for membership through a stringent process conducted by peers in the industry, membership admission declares the acceptance of your skills and awards you recognition.

What would you gain the most from a CFO community?
The CFO community serves as a portal of information where experts in the field of finance share invaluable knowledge.

How would this designation benefit you?
I believe that the designation will help establish my personal brand and play a pivotal role in distinguishing yours truly as one of the future leaders in finance. The SAIBA's Certified Financial Officer is an exclusive appointment and speaks volumes about your ability in the field of finance. Being a Cert. Fin. Officer communicates your potential in developing the company's strategic goals, together with the CEO, Board of Directors, and other executives.

Moses Mwewa

Director I Harvest CA and Management Consultants (Pty) Ltd

Why become part of a CFO community?
It gives you the opportunity to tap into the rich knowledge, skill and experience acquired from a network of respected CFOs.

What would you gain from a CFO community?
Interaction with this community will help me sharpen my skills and enhance my competencies – enabling me to provide the best possible service to clients in both the public and private sector. I base this on the idiom: "Iron sharpens iron."

How would this designation benefit you?
I believe that the designation will elevate my status as a finance executive.

Golden Phiri

Why become part of a CFO community?
A CFO community plays a pivotal role in mapping the road of a business. A business' main objective is to maximise return on investment, which is measured by key performance indicators, such as a return on equity and asset turnover. These financial vehicles require a bank of financial skills, which,needs to be utilised. In order to fully employ the skills I need to operate at a CFO level, meaning that I have the necessary qualifications and experience to perform and be part of the CFO community.

What would you gain the most from a CFO community?
CFOs are the future CEOs. As a CFO community member, I would gain helicopter leadership and technical skills to manage all types of businesses and contribute toward the success of the global economy. Businesses operate in an interactive global system which most CFO community members have access to.

How about doing this Part-time?

We always imagine our careerpaths up the corporate ladder, but as the industry changes, the requirements change – and ultimately its opening up different ways up the mountain. Rowan De Klerk tells our readers about the benefits of being a part-time CFO.

Rowan De Klerk I **The FD Centre – South Africa**

It's every entrepreneur's dream that their business flourishes with annual turnover increasing into the tens of millions of Rands. Unfortunately, this kind of growth, comes at a price, often putting severe strain on company cash flow and posing a unique set of financial challenges to the business. To such an extent, that even the most determined business owner can't always handle the pressure on their own.

High growth, medium-sized businesses, with turnovers exceeding R20 million per annum, don't always need a full-time finance director (FD). However, situations sometimes call for an ad hoc financial advice or work on a temporary basis, as the business usually doesn't want the financial burden of a qualified, full-time FD.

This is where our business model steps in- to fill that gap. The *FD Centre*, part of an International Group originating from the UK, now with offices in over 30 locations around the globe, has been serving clients in the major commercial centres of South Africa for the past 5 years. We offer access to highly skilled, commercially experienced Finance Directors on a part-time, flexible basis, at a fraction of the cost of a full time resource. FD Centre is the number one provider of Finance Director Services to mid-tier businesses, globally, offering the benefit of experience and expertise usually only available to large corporations.

We have seen the demand for our services grow considerably since our launch in July 2010. Both Mid-tier companies and larger corporations enjoy the flexibility of having senior financial talent on tap and tend to rely on the credibility of our highly skilled team of associates and unique, best practice model of execution.

Our aim is to deliver value to clients in three distinct dimensions: firstly from a Strategic perspective we strive to enhance shareholder wealth by providing the tools and expertise to enable business leaders to realise their vision. We become the "science" behind the plan, giving greater confidence to actualising and achieving long-term goals. For example, developing a 3 to 5 year "Exit Plan" for a client would involve: 1. Preparing the business for sale 2. Formulating relevant financial models and valuations 3. Drafting an information memorandum for prospective investors 4. Assisting with negotiations, final deal structure and terms and conditions of settlement.

Secondly, from an Operational stance we drive value by understanding how people and systems can best deliver optimisation and efficiency solutions to the business. Improved processes and controls; high quality and timely reporting; profit, cost reduction and cash flow improvement initiatives.

Thirdly, from an Opportunity Cost perspective we deliver time-savings to our clients by assisting with managing non-core business functions and certain key stakeholder relationships both in-house e.g. HR, IT and external e.g. auditors, attorneys, bankers, etc. Unlike other consultancies, *FD Centre* fosters long-term relationships with its clients through confidence and trust, meaning support continues throughout the life of an organisation, not just for the duration of a project. Although we are sometimes involved in consultancy work or short-term assignments for three to six months, we do prefer long-term partnerships with our clients, which extend into several years rather than a few months. All of *FD Centre*'s associates are highly experienced, commercial, strategic finance directors from a broad range of industries, so you can be assured that after a detailed consult with your business, *FD Centre* will provide you with the best cultural and commercial match for your business needs.

When you engage with our team, all our members are vetted and have gone through a stringent recruitment process. They all have a minimum of ten years senior management or board experience and are qualified chartered accountants. What's especially advantageous is that there is hardly an industry that we don't have expertise in. Where we do experience lack of depth of knowledge however, we have the ability to tap into our international network of over 300 FDs worldwide to obtain the appropriate advice for our clients.

The *FD Centre* understands that a good finance director is an essential ingredient to growing a business both from a viability and sustainability perspective. However, we also offer support for non-finance related challenges by referring clients to our country-wide distribution partner network of highly credible, professional and business support services.

When is it time for you to consider appointing an FD?

1. Once your business turnover exceeds R20 million per annum,
2. When you are experiencing accelerated growth and feel that cash flow and financial control are at risk,
3. If you can no longer cope acting as the company's FD, plus focusing on growing the business and managing other priorities effectively.
4. When you have financial challenges that you and your current team can't deal with effectively. This includes survival solutions when your company is under pressure.
5. When you need access to further capital to support growth initiatives and don't have the ability to prepare and package the information required by the financial institutions or investors in support of your request.
6. When you decide it's time to plan your exit and you need to start preparing the business for sale.

So, you might be well in your career and looking for a change. Why would a Financial Executive consider a career in part-time work? Well, here are some key reasons that might get you to move into a different pace:

ROWAN DE KLERK, CFO AT THE FD CENTRE

Freedom
The main reason most finance directors and executives take the part-time option is – freedom from the corporate life and more balanced lifestyle. Taking a part-time role is, means you won't have to work 5 days a week, anymore. Suddenly, you have time for other important things in life and career. Some part time executives lecture, others spend more time with the family or take up a new hobby. Have you considered Scuba?

Community
The executive also becomes part of a group of like-minded professionals, opening the opportunity to learn and share in an environment where they could bounce ideas and concepts from one another.

Play to your strengths
One of the best benefits is that you can play to your strengths, whether strategic, commercial, evaluation, or operational, you will be able to focus on your best skills, further developing that specific role or skill set.

At the FD Centre lean towards commercial, strategic, forward-thinking and planning work roles. We don't focus on compliance work, instead, we leave compliance to auditors and accountants. We are part of the strategic growth sector in the world, "looking into the future, not the past". Our focus is the future, whereas the accountant or auditor, who looks at the past or check the past.

Diversity
At the FD Centre, we give variety in our portfolio, which means that each person has 4-6 clients at a time, which brings a massive benefit of diversity.
Independence

Part-time finance executives gain independence, as they advise from an independent professional platform, which gives more objectivity.

No shelf life
If you're competent there is no shelf life to your role. Finance executives can work well into your sixties. With the FD centre, it forms a kind of a business within a business. As long as they are competent and doing their work, you are valuable to the centre.

Low risk
Working part-time actually poses lower risk than a full-time position. Working part-time, means your eggs are in more than one basket. You can loose a client, gain a client and the risk is spread across 5-6 clients.

Learning environment
Working as a part-time executive, creates a learning environment, where best practice is continually being implemented, researched and communicated. Any changes globally are being fed into the FD Centre community, in order to implement the best practice.

Contact:

FD Centre
e-mail
infosa@fdcentre.co.za

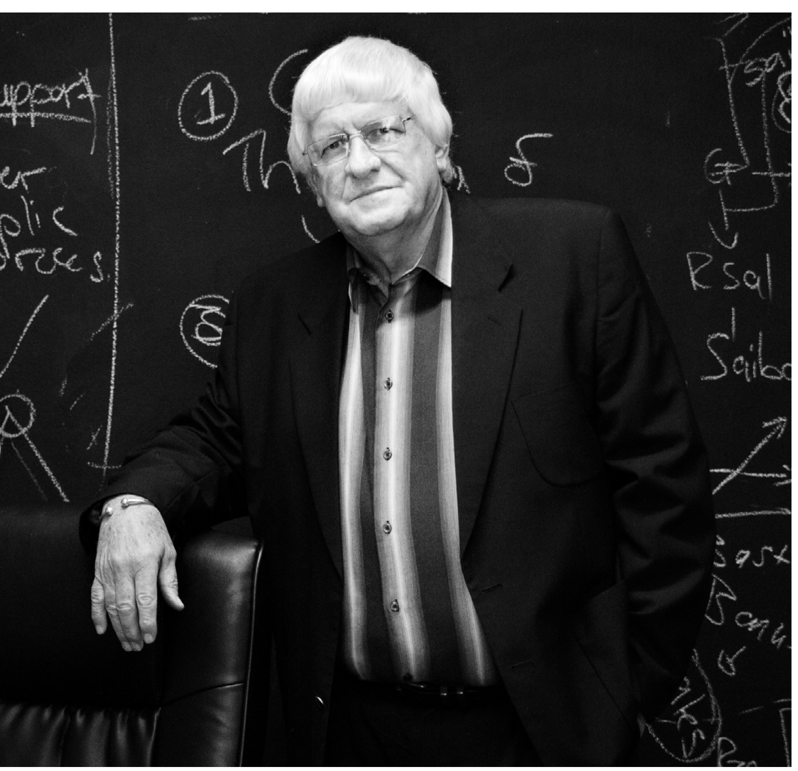
Visit
www.fdcentre.co.za
Benefits of becoming a part-time cfo

The CFO - skills, contributions and what the future holds

After years of corporate experience, Dr Renier Nell stepped into his own firm. In this article, he gives as an outsider's perspective of what it means to be a CFO.

Dante Ludolf | **Business Accounting Review**

This month we've asked Dr Renier Nell for his opinion on the role of the Chief Financial Officer (CFO) and what the position can contribute to the development of the South African economy. An accomplished business accountant, Nell stepped down from his corporate pursuits in the mining and financial industries to focus on establishing his own accountancy firm, RC Nell Accountants cc, which he heads along with his son. They offer both financial and taxation services. He was kind enough to give us a breakdown of the role, to talk about the relevancy of the CFO and also about the qualities they should possess. We thank him for his time and valuable insights into the matter.



1: Describe the role of the Chief Financial Officer.

To answer this question it is important to distinguish between the position of Chief Financial Officer (CFO) and that of Financial Director (FD).

There are various views on the differences between a CFO and FD as organisations require the skills of professionals to oversee and direct the financial and accounting operations of the organisation. The responsibilities of a CFO and a FD can be very similar, but some feel that a CFO have additional responsibilities and plays a key role in the top executive team.

The differences in responsibilities also depend on the type of organisation and its size. Some small organisations' financial officer/accountant also claims the title of CFO, but in essence their activities are only basic bookkeeping and/or financial accounting and management.

The CFO is mainly accountable for the:

- Administrative, financial, and risk management operations of the organisation,
- The development of a financial and operational strategy, tied to that strategy,
- Ongoing development and monitoring of control systems designed to preserve organisation assets and report accurate financial results.

I share the view that a professional CFO should:

- Be an effective strategist and a key member of the executive team,
- Balance the responsibilities of stewardship with organisation partnership,
- Act as the integrator and navigator for the organisation,
- Be an effective hands-on leader of the finance and accounting operations,
- Add value with professional qualities to the role and the organisation.

2: What are the biggest challenges as a Chief Financial Officer?

The world is experiencing a period of rapid change unlike anything it has experienced before. These changes are clearly visible in both political and economic fields in Southern Africa. As a result of these changes, new challenges confront the business and public sectors.

The fast changing environment and tough economic conditions together with a greater need for improved effectiveness and efficiency make the role of the CFO more important, as Commerce and Industry is no longer satisfied with just another accounting professional. The business community requires Creative Accounting Professionals and not Creative Accounting.

The CFO is the vital link between the financial and non-financial components of an organisation and his/her task is to assist the executive team to perform their tasks in such a manner that the organisation not only increases its profitability, but that it is ensured of a long-term existence and continuous growth. This will require vision and positive thinking from the CFO. Above all, it will need:

- New and unconventional thoughts,
- Revaluation of existing values and
- An ability to convert threats into opportunities.

Economic conditions in Southern Africa are to a great extent unique. A developed formal economy has to be reconciled with a developing informal economy. The CFO must be able to act as a catalyst to bring different economic expectations, perceptions and realities together and to focus them on one common objective – the creation of wealth in South Africa.

3: How can a Chief Financial Officer facilitate/accommodate growth?

Businesses' growth faces a range of challenges. As a business grows, different problems and opportunities demand different solutions at that point in time. It is important to take into account that what worked in the past might not be the best approach at present.

Recognising and overcoming the common pitfalls associated with growth is essential if a business is to continue to grow and thrive. Crucially, make sure that the steps taken and actions implemented don't create additional problems for the future. An effective hands-on CFO will help to make the most of the opportunities to create sustainable growth for the future.

4: What are the "dominant constraints" affecting growth that a Chief Financial Officer must deal with?

A number of surveys have been done regarding constraints affecting growth, whether business or economical, and to my view the results/conclusions thereof are of theoretical nature. I make this statement from a business point of view following a survey that I have conducted a few years ago, namely "Why do businesses fail?". The common reasons given by the shareholders/members/owners were fiscal and monetary policy, inflation, interest rates, and statements like "my accountant does not understand my business" etc.

According to my findings, however, the main reason for failure was the lack of financial management with specific reference to a lack of proper cost control and cash flow management by the owners. The reasons given by them could have played a role, but if it was managed properly by employing a qualified accounting professional, a number of these businesses could still have been in operation.

That there are constraints affecting growth is a fact, but through effective hands-on financial management it can be managed positively.

5: What are the essential requirements/procedures necessary for a successful budget?

A budget is a quantitative expression of a plan of action and an aid in coordinating and implementing such plan of action. In brief, a budget is a plan, a directive, an authorisation for action and means of control.

Every organisation regardless of its size and even individuals has to determine their future needs. Unfortunately in many organisations future needs are forecast in a haphazard manner and on a very limited scale. In many cases the forecast is done for such a short term that many of the potential advantages of the accurate and planned determination of needs are either lost completely or come into their own very unsatisfactorily.

It is also important to draw attention to the fact that such a determination of needs should take the form of a development programme of the organisation in all its facets. All the expectations, yields and costs should be combined in one dynamic programme. Everything that has to take place in the period under review should be combined into one mutually causal relationship.

Furthermore, due to the continuously changing environment, I prefer a rolling budget. This means that the budget is adjusted monthly, with the result that you are hands-on with the conditions under which the organisation operates.

Essential requirements to budget properly are:

- Clearly defined responsibilities according to the structure of the organisation,
- Accurate and complete record keeping,
- Realistic and easily adaptable expectations of the future,
- All employees committed to the budget,
- Precedence of mutual interests over self-interest,
- Continuous communication.

I would like to stress that the mere drawing up of a budget serves a limited purpose. However, if used actively, it becomes a useful management tool.

If the requirements are implemented effectively, it will lead to sustainable profit and growth. If not, "failure" will be written in capital letters. We have experienced this in a number of organisations in both the public and private sector. A very good example is Eskom.

6: How important is effective communication skills in being a Chief Financial Officer?

Good communications skills are an imperative part of a CFO's make-up as he/she must convey complex financial results and business performance information to external stakeholders while championing specific initiatives internally.

What is the future of the Chief Financial Officer and its role in the South African economy?

The rapidly changing environment and tough economic conditions have a significant impact on the future role of a CFO, and it creates enormous challenges politically as well as economically. The emphasis will be on:

1. **Effective** financial planning and control
2. **Consolidating** and reconciling of business strategies
3. **Ensuring** continuous growth and stakeholder wealth
4. **Reconciling** technology advancement and manpower stability. other account.
5. **Compliance** to regulatory changes

CFO Buzz

We love to know what's going on in the world of a CFO. Here it is, fast facts and some important news flashes to inject your monthly facts.

Cara-Ann Carstens | **Business Accounting Review**

5 Ways to enable high performance

1. Align strategy
2. Transform operating models
3. Manage and measure performance
4. Embrace digital

5% of companies use a BSC *(Balanced Scorcard)*

FirstRand's CEO retires

In March 2015, Sizwe Nxasana (57) announced he will step down as FirstRand's CEO. CEO since 2010, Nxasana started his career KwaZulu-Natal's first black audit firm in 1989, and since listed Telkom at the JSE in 2003 and more than doubled FirstRand's market cap to R295 billion in 2015. Last week he announced that he will step down as CEO in September.

Getting the team motivated is as easy as 1,2,3

1. Get the worst done first
2. Make more time
3. Reward

From CFO to CEO

One of the most famous CFO's to turn to move into a CEO position: Ian Dyson. Apart from being group FD of Rank Group, Dyson is best known for being CFO of Marks & Spencer, where he stayed for five years. Dyson left Marks & Spencer to become CEO of Punch Taverns, the UK's largest pub operator. Taking, along with this new title, a £3bn pile of debt.

Google greets new CFO, Ruth Porat with $70M pay package

In May 2015, Porat will start her new job at Google with a massive raise. The tech giant will be paying her $70 million in cash and stock to make the move from Morgan Stanley, where after she will earn a relatively modest $600 000 annual salary.

6% of companies use a cash flow indicator in their budget and forecast

USA CEO firings drop to lowest level since 2005

CEO Succession Practices published that firings of CEO's was the lowest since 2005. Less than 16% of CEO turnover in 2014 was due to dismissal. That is 23.8% down from 2013.

CFO role shifts from cruncher to business leader

It's no longer only about the numbers. It's about being part of the decision-making process and helping to lead the business.