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Dear Members,

In the first quarter of 2013, SAIPA announced the split off of our professional journals, into an electronic-only version as part of our ‘going green’ campaign. The Tax Professional journal has been moved into the online domain.

There are great benefits to having a professional journal online. These include:
- The magazine reaching the members much earlier as there will be no postal problems.
- Direct interaction with some of the writers of articles
- The opportunity of hyper-linking important documents to articles
- Details on short articles can be attached
- Advertising becomes interactive
- We now have the chance to add supporting documentation to articles where sources are referenced.

As part of a transition to creating a tax services centre with huge added value for our members, all tax-related services are slowly moving under the umbrella of the SAIPA Centre of Tax Excellence (CoTE). The Tax Professional journal will be made available to all SAIPA members for the rest of 2013, and from 2014 it will only be made available to the members of the SAIPA CoTE (Centre of Tax Excellence).

SAIPA members who are not members of CoTE will not receive the Tax Professional journal from January 2014. All tax services and products are currently being absorbed into the SAIPA CoTE for CoTE members only.

We are excited about our new initiatives for CoTE and look forward to providing our members with world-class tax services. Future issues of the professional journals will see members getting the Professional Accountant sent to them by post and the Tax Professional made available only online.

SAIPA endeavours to keep providing value-added benefits that are crucial to the development, support and empowerment of our members. There are many more exciting things to come, so watch this space.

Till next time

Janine Connor, Marketing and Communications Executive, Managing Editor

SAIPA TAX MOVES UNDER THE WING OF CoTE

SAIPA is active on social media platforms and we invite members to connect with us and become part of the conversation in this space.

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WHO HAS THE KEY TO THE GATE OF AFRICA?

The notion of South Africa as a gateway into Africa has been perpetuated for decades. It made for a nice story in the early years of democracy, but is it still a relevant hook in 2013? Kerry Dimmer asked an economist, a political analyst and an academic for their perspectives.

Differences of opinion

The three are not exactly butting heads, but there are some differences of opinion, particularly when it comes to whether SA’s so-called gateway status is valid. Ncube says yes, SA is still the gateway to Africa; Silke believes the country’s lead as a conduit is somewhat threatened; and Padayachee says that the notion of a gateway makes no sense.

Padayachee has a point. What exactly does it mean to be a gateway? Is it that South Africa is geographically placed to provide opportunities to access the continent? Or, maybe, because its infrastructure connects somewhat efficiently to global and regional markets. Perhaps we need to look at its economy and stable government.

Essentially, it’s all three…surely? A sort of eco-geopolitical concept. Padayachee is not convinced. “In some colloquial way I can picture an investor in London thinking that if he wants to invest in six out of 10 fastest growing economies in the world, South Africa would be a good launch pad into Africa. It has, after all the only capitalist economy on the continent and is seriously industrialised. People won’t argue with this logic, but our economy is growing at a very slow rate and we have all kinds of uncertainties that make us less attractive to the world.”

Economic drivers

Padayachee is, of course, right in many respects, particularly when it comes to economic drivers. Foreign
investment in South Africa has been disappointing and not, he says, in the quantum numbers hoped for pre-1994. ICT is another disappointment. Our system, as he rightly points out, is archaic, over-priced and inefficient. “It’s a mess, quite honestly. Kenya has an ICT system that is far cheaper and better connected to ordinary people. It, along with Uganda and Rwanda are pioneering innovation in the use of ICT as a banking tool and as a trade enabler. It’s no wonder that Microsoft was happy to bypass South Africa and go straight to Kenya.”

Mining and labour issues have also stimulated a waning confidence. “It’s inevitable that other markets are catching up,” Padayachee says. “We might be miles ahead in terms of industrial development, but whether that alone makes us a gateway, I’m not sure. People are looking for new growth opportunities, looking at rates of growth rather than absolute figures. I’d rather see us focusing on addressing poverty and inequality and, even more crucial, regional integration, which will facilitate the free movement of people, trade and investment.”

Regional blocks and integration
Africa’s economic goals are compromised, particularly because of the regional economic blocks that exist throughout Africa. “The rapid integration of the continent out of the mess of existing myriad and overlapping regional models is, in my view, an urgent priority. That integration is about trade, about people, about investment and about integrating infrastructures and synchronising complementary capabilities. It is less about politically driven imperatives of a common African currency and a continental central bank and, in this context, the notion of South Africa as some kind of ‘gateway’ makes no sense.”

“A preoccupation with white elephants, like a central banking system, is seemingly far more important than the movement of people, goods and capital which are not being given the attention they demand because it’s just not sexy enough for the politicians,” says Padayachee. “It doesn’t require any grand scheme to improve communication systems, infrastructure, travelling conditions, flows of trade for example, and certainly Africa doesn’t need South Africa as a gateway to make that happen, although it might be in the country’s best interest to disproportionately finance some of those things.”

“There may well, in the future, be a dozen gateways into the continent, so much the better, but that does not mean that I do not believe in South Africa’s importance for the growth and development of the continent. However, while South Africa must, and does matter, Africa should matter more in the future,” Padayachee concludes.

Superior infrastructure
Ncube, however, does see things differently. “South Africa is, indeed, a gateway into Africa,” he says. “Its economic dominance on the continent and in the southern region is an accepted fact.” He mentions SA’s membership to the G20 and its admission into BRICS as examples, and refers to the 2012-13 Global Competitiveness report where the World Economic Forum ranked South Africa second globally for the accountability of its private institutions, and third for its financial market development. And let’s not forget the JSE that is ranked among the top 20 in the world in terms of size.

“The country is politically stable, has a well-capitalised banking system, abundant natural resources, well-developed regulatory systems as well as research and development capabilities and an established manufacturing base,” Ncube continues. “South Africa has also been rated as one of the continent’s top innovators.”

“Being a gateway means that multinational companies could use South Africa as a hub for regional headquarters, utilizing South Africa’s superior services infrastructure to coordinate regional activities. Multinationals and South African corporates could also take advantage of the relatively advanced transport and distribution networks that are not found anywhere else in Africa.”

Distribution hub
“South Africa can be used as a sourcing hub for goods destined for regional markets,” Ncube says, reminding us that Johannesburg and the surrounding Gauteng province is the largest urban economy in sub-Saharan Africa. “It is the centre of sophisticated services networks, which underpin a range of economic activities increasingly centred on regional markets. Network services comprising transport, energy, finance and communications arguably constitute the backbone of Johannesburg’s competitive proposition. They are readily available at relatively reasonable cost compared with other sub-Saharan countries.”

The South African SME sector gets a big tick from Ncube, given that its manufacturing sector contributed 12.3% to GDP last year. “With such a strong manufacturing base, SA can easily become a sourcing hub for SMEs. For the foreseeable future, the perception of South Africa as the distribution gateway for regional markets remains strong. Its entrepôt role seems relatively secure and this is linked to global value chains that, in turn, benefits SMEs.”

He expands by saying that there is domestic value addition to be had by linking imports to expanding regional exports, which could generate substantial jobs and foreign exchange as well as other complementary service activities such as transportation, distribution and finance.

In complete contrast to Padayachee, Ncube believes that the developing regional integration plans are likely to be successful and should not be measured by European standards. “South Africa’s location and the regional physical geography favours economic
interaction between South Africa and other countries, but only if transport infrastructure links those nations closely and if there are compatible economic activities between all."

The emphasis is that the states of southern Africa depend upon South African infrastructure, be that railway, road, air or sea to connect to world markets. “Just look at air transportation. The entire sub-Saharan region is tied to OR Tambo International Airport in Johannesburg. This is an indicator that the range of South Africa’s gateway depends upon its specific functions,” he says.

“South African investment dominates in the southern states, most likely channelling overseas capital to the region, and it serves as a hinge joint for commodity chains. The JSE is also a conduit for financial flows from the rest of the world to the entire continent, and is a sourcing hub for SMEs.”

**Investment destination**

Despite the various positives that highlight South Africa’s gateway status, Ncube is aware that there are other challengers in intra-sub Saharan locations. “General Electric Corporation chose Nairobi for its African headquarters and is actively chasing headquarter investments by offering an attractive policy mix, including, for example, low tax rates, expedited visa processes and cheap office rentals.

“South Africa, by contrast, does not seem to have a focused and internationally marketed headquarters strategy,” says Ncube. “Rather, the impression is that the government relies on what it considers the country’s natural status as a gateway to Africa. However, it may take considerable time for other nations to catch up with South Africa as a regional hub.”

Silke concurs, somewhat. “I think other African nations realise that South Africa is on the front burner as an investment destination, but are prepared to take on the fight and challenge the gateway status of South Africa. Those nations well understand that South Africa has complex policies as well as the inability of the South African government to establish clear policy directives.”

**National policy frameworks**

Silke’s concern for the economic policy future of South Africa is compounded by the uncertainty surrounding broader labour issues, such as the mining environment and its ongoing strife. “In other African countries, where there isn’t a well-developed labour union regiment, you simply do not find the same linkages between the ruling political parties and unions.”

Yet another policy area where Silke feels not enough is being done, and this applies throughout Africa, affects SMEs which, he says, are critical drivers of economic growth. “SMEs are themselves also beholden unto the limitations of national policy frameworks in which they find themselves,” he continues. “They need to continuously lobby national governments to create favourable regimes for business, such as pushing for access to affordable telecommunications, better infrastructure, and improved labour laws. If policies are not conducive to SME business, they will struggle to survive.”

Despite the policy issues, Silke believes South Africa remains the most sophisticated economy on the continent. It has, he says, a good mix of outstanding professional services when compared with other African economies. “South Africa has had an unassailable lead for decades, but I suggest that there are other economies and countries that are catching up and present a competitive threat to SA’s status as a conduit or leader,” he says. “But if South Africa is seen as politically obstructionist to profit-making, why shouldn’t other countries exploit the opportunity to open other gateways?”

**Gateway status**

“I think what must be a critical consideration is that economic policy frameworks and guidelines that are emerging from other African economies are very often expressly developed to encourage foreign entry, in particular Botswana, Mauritius and Nigeria. They are all looking to become conduit leaders and this does, certainly in the medium term, pose a competitive threat to South Africa’s gateway status.

“What’s going to count in such efforts is the provision of accountable and transparent professional services, such that will gain global respect,” says Silke. “Companies that have a long history for transparent accounting and good legal frameworks are going to be particularly targeted by foreign investors looking for business channels. So, to me, the institutions of business are critical, but clearly these need to be supported by welcoming and innovative policies like tax breaks, incentives, and economic processing zones.”

Silke says that if there is, indeed, a race for gateway status, then it is the mix of private institutions supplying professional services with a progressive, far-sighted national economic and investment strategy that will win at the end of the day.
As an accountant you shouldn’t ignore the fact that your clients are increasingly operating in the cloud. In fact not only should you be able to meet them there, if they aren’t there already you should be leading them into cloud computing. The cloud is such a clear trend that it offers professional service providers the perfect opportunity to showcase their own leadership qualities and provides a quite unique moment for you to offer added value. Taking this leadership position can only enhance your own business reputation.

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There is nothing difficult about the mobility tools available today. You’re already using a smart phone, right? And you’re either already using a tablet (iPad, Galaxy Note, etc.) or would be able to familiarise yourself with one very quickly. What makes both devices truly mobile is the range of software and apps that allow you to work on the move. Indeed, some of them are actually more efficient and effective than some of the software you have on your desktop. The really clever mobility apps put the power of your desktop on your tablet. With the right apps on your smart phone and the right software on your tablet, you can transact anywhere at anytime.

The scenario might look something like this: you’re out and about and a client calls and asks a complicated question about their account. You need to go into the account to find the answer. Right then and there you open your tablet, call up the account using a clever app like Sage Evolution Mobile, find the answer, and give it to them on the spot in full confidence that you’ve given them the latest up-to-the-minute information. Job done!

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As this heightened level of efficiency changes your behaviour, so it has the potential to impact on your bottom line by increasing your capacity to offer high value services and additional services, plus it gives you more time to take on more clients. This is just a glimpse of a smarter future. If your clients aren’t already asking questions about online accounting, certainly you would be missing a trick if you weren’t introducing it to them.

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SRS 4410 deals with the practitioner’s responsibilities when engaged to assist management with the preparation and presentation of historical financial information without obtaining any assurance on that information, and to report on the engagement in accordance with this ISRS. Appropriate consideration may need to be given as to whether the engagement should be undertaken in accordance with this ISRS.

ISRS 4410 applies to compilation engagements for historical financial information. It may be applied, adapted as necessary, to compilation engagements for financial information other than historical financial information, and to compilation engagements for non-financial information. Different financial reporting frameworks can be used to prepare and present financial information, ranging from a simple entity-specific basis of accounting to established financial reporting standards. The financial reporting framework adopted by management to prepare and present the financial information will depend on the nature of the entity and the intended use of the information.

Factors that indicate that it may be appropriate to apply ISRS 4410
- The financial information is required under provisions of applicable law or regulation, and whether it is required to be publicly filed.
- External parties are likely to associate the practitioner with the financial information, and
- There is a risk that the level of the practitioner’s involvement with the information may be misunderstood, for example:
  - If the financial information is intended for use by parties other than management or those charged with governance, or may be provided to, or obtained by, parties who are not the intended users of the information; and
  - If the practitioner’s name is identified with the financial information.
Companies Act 71 of 2008
S29 requires that all sets of financial statements prepared by a company, including AFS, set out on the first page:

a) Name and professional designation, if applicable, of the person who prepared or assisted with the preparation of the financial statements;
b) The fact that the financial statements were subjected to an audit, or a review or neither.

“ISRS 4410 applies to compilation engagements for historical financial information.”

Compilation vs. Assurance
It is important to note that a compilation engagement is not an assurance engagement.
A compilation engagement does not require the practitioner to verify the accuracy or completeness of the information provided by management for the compilation, or otherwise to gather evidence to express an audit opinion or a review conclusion on the preparation of the financial information.

Who is responsible for the information?
Management retains responsibility for the financial information and the basis on which it is prepared and presented. This responsibility includes application by management of the judgment required for the preparation and presentation of the financial information, including the selection and application of appropriate accounting policies and, where needed, developing reasonable accounting estimates.

Requirements to conduct of a Compilation Engagement in Accordance with ISRS 4410
The practitioner shall have an understanding of the entire text of ISRS 4410, including its application and other explanatory material, to understand its objectives, and to apply its requirements properly. The practitioner shall comply with each requirement of this ISRS unless a particular requirement is not relevant to the compilation engagement, for example if the circumstances addressed by the requirement do not exist in the engagement. The practitioner shall not represent compliance with this ISRS unless the practitioner has complied with all requirements of this ISRS relevant to the compilation engagement.

Ethical requirements
The practitioner shall comply with relevant ethical requirements.

Professional judgment
The practitioner shall exercise professional judgment in conducting a compilation engagement.

Engagement Level Quality Control
The engagement partner shall take responsibility for:

a) The overall quality of each compilation engagement to which that partner is assigned; and
b) The engagement being performed in accordance with the firm’s quality control policies and procedures, by: (Ref: Para. A25)

- Following appropriate procedures regarding the acceptance and continuance of client relationships and engagements;
- Being satisfied that the engagement team collectively has the appropriate competence and capabilities to perform the compilation engagement;

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- Company and CC searches
- Publication of notices in Government Gazette and newspapers
- Name reservations
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Being alert for indications of non-compliance by members of the engagement team with relevant ethical requirements, and determining the appropriate action if matters come to the engagement partner’s attention indicating that members of the engagement team have not complied with relevant ethical requirements;

Directing, supervising and performing the engagement in compliance with professional standards and applicable legal and regulatory requirements; and

Taking responsibility for appropriate engagement documentation being maintained.

Important aspects of the compilation engagement

- Understanding the client and his adopted accounting policies
- Communication
- Judgement
- Ethics
- Independence from the client is not an issue

Implementation date

ISRS 4410 is applicable to compilation reports prepared on or after 1 July 2013.

Compilation report
The compilation report should include the following:

1. The report title;
2. The addressee(s), as required by the terms of the engagement;
3. A statement that the practitioner has compiled the financial information based on information provided by management;
4. A description of the responsibilities of management, or those charged with governance as appropriate, in relation to the compilation engagement, and in relation to the financial information;
5. Identification of the applicable financial reporting framework;
6. Identification of the financial information, including the title of each element of the financial information if it comprises more than one element, and the date of the financial information or the period to which it relates;
7. A description of the practitioner’s responsibilities in compiling the financial information, including that the engagement was performed in accordance with this ISRS, and that the practitioner has complied with relevant ethical requirements;
8. A description of what a compilation engagement entails in accordance with this ISRS;
9. Explanations that: Since a compilation engagement is not an assurance engagement, the practitioner is not required to verify the accuracy or completeness of the information provided by management for the compilation; and accordingly, the practitioner does not express an audit opinion or a review conclusion on whether the financial information is prepared in accordance with the applicable financial reporting framework.
10. The date of the practitioner’s report;
11. The practitioner’s signature; and
12. The practitioner’s address.
Competition Commissioner, Shan Ramburuth highlighted the need for companies to instil a “competitive culture” within their organisations. One of the ways to achieve a competitive culture is to adopt an effective competition law training and compliance programme. However, many organisations have no online compliance solutions. These solutions provide an e-learning platform for legal training and education. Here are some reasons why companies should use them as part of their corporate compliance programme:

**Efficiency**

Online compliance solutions are efficient. Through the use of technology, manual processes such as monitoring, delivery of training, testing and record-keeping can be streamlined. Rather than conducting labour intensive tasks such as checking whether employees have attended training and scheduling diaries, those responsible for compliance can spend more time analysing results and identifying areas of risk to the organisation.

**Commitment**

Companies who adopt an online compliance programme demonstrate a commitment to compliance to regulators and to staff. Organisations can provide accurate data and reports to regulators, proving that appropriate risk mitigation strategies are in place. In some jurisdictions such as the United States and Korea competition compliance programmes are formally regarded as mitigating factors by competition authorities in the assessment of penalties. Although South African competition authorities have not considered this issue, it is likely that the use of an effective competition compliance program will be viewed as a mitigating factor in the consideration of penalties.

**Consistency**

A successful online compliance programme delivers a consistent message to the entire workplace. All employees can review the same content and take the same competency tests.

**Relevance**

Online compliance solutions can be easily be tailored and updated to cater for new case law or other changes to the law. Many providers offer updates as part of the solution thus making them continuously relevant and reducing an organisation’s exposure to non-compliance.

**Flexibility**

Online compliance solutions are flexible because first they allow employees to complete training at their own pace or when it suits the employer's plans. There is no need to conduct traditional training sessions several times in order to accommodate unavailable employees.

**Accountability**

Online compliance solutions make each employee accountable. Tests can be taken several times if an employee fails at first. If a particular division of the company scores poorly, the company’s legal advisor can identify the need for additional training and adopt the content appropriately. Companies using an online compliance program can analyse results to identify problematic or difficult areas of the law which may require further attention. The ability to easily check an employee’s grasp of the law, allows immediate action to be taken thereby reducing risk of non-compliance.

**Reporting**

Online compliance solutions can be used to monitor and produce reports on progress. Sophisticated monitoring and reporting tools, which are often a feature of online compliance solutions, ensure that those responsible for the compliance function have the information required to effectively manage the organisation’s progress in fulfilling its compliance obligations. Establishing records and maintaining an accurate audit trail is an essential component in any organisation’s compliance program. The record keeping functionality of an online compliance solution provides a level of assurance to senior managers, who may be required to certify that their employees have undergone and understood their compliance obligations.

**Costs**

There are costs involved in an online compliance solution. But once established, the benefits far outweigh the initial outlay.

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As a Professional Accountant, you are no doubt familiar with financial reporting as an everyday activity which provides necessary insight into how the businesses of your clients are performing. However, particularly in the wake of the Global Financial Crisis and many high-profile corporate failures, you are also highly likely to be aware of the emergence of a new type of reporting which goes beyond the financial numbers. Integrated Reporting incorporates additional disciplines to complement the financial data, thereby providing insight into how an organisation’s strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term.

While it's direct applicability may be limited, Faith Ngwenya, SAIPA Technical Executive, explains why you should know more about IR. “It is a process that starts with how the business is governed, what are its values its strategic plans as well as its entire philosophy. The myth that needs to be dispelled is that the Integrated Reporting is only for large entities; while it is true that currently in South Africa it is only compulsory [though exceptions are possible] for listed entities, the report can be prepared for and be useful for all types and size of entities.”

It is therefore prudent to know more about Integrated Reporting. That’s because, says Ansie Ramalho, CEO, the Institute of Directors of South Africa (IoDSA), financial reporting is no longer fit for purpose. “It is like looking at a company’s performance through the rear-view mirror as the information is historic, while the information is also quite narrow as finances are not the only performance indicators.”

Her view is backed by Jeremy Grist, a director responsible for Ernst & Young's Climate Change & Sustainability Services, who says, “Essentially, by 2009 the King Committee [responsible for the King Recommendations on Corporate Governance] realised that the information contained in Annual Financial Statements and annual reports just wasn’t giving all the information needed for stakeholders to understand what was going on in a company. Better context of what the company is all about is required; integrated reporting not only provides the necessary information on where the company is now, it also provides a better idea of future performance and sustainability.”
It’s about performance
Continuing, Ramalho says the IoDSA is advocating for companies to have a broader understanding of performance. “Performance includes financial performance, but this should be viewed in the context of the impact that the company has on the environment and the societies within which they operate. This is why King III now refers to the ‘triple context of company performance’, namely economic, environmental and societal performance.”

“...The myth that needs to be dispelled is that the Integrated Reporting is only for large entities; while it is true that currently in South Africa it is only compulsory [though exceptions are possible] for listed entities, the report can be prepared for and be useful for all types and size of entities.”

Integrated reporting (IR), says Ramalho, links all of these aspects of reporting so that the company is able to provide a more holistic view of the value that it has generated for shareholders and other stakeholders. “IR also aims to provide forward-looking information so that the user of the report can come to a reasonable conclusion as to the ability of the company to sustain value-creation [beyond financial value] in the future.”

Ngwenya, too, believes SAIPA members should explore opportunities to introduce and apply IR more broadly to their clients. “It is clear that every business regardless of size can benefit. The depth and length of the integrated report will of course be different, but the underlying philosophy of transparency of the business and its operations stays the same. However, what appears to deter especially the small and medium sized organizations from producing integrated reports is fear - of cost, how to access or produce information for the IR, and of exposing risks or strategy to their detriment.”

A brief history
IR is a global phenomenon, driven by the necessity for better information for shareholders and stakeholders particularly in listed companies. But it has its genesis right here in South Africa. The roots of IR were laid back in 1994 with the issue of the first King Report on Corporate Governance, chaired...
by retired Supreme Court judge Professor Mervyn King. If not a household name, retired Judge King is certainly broadly recognised in the financial and professional services industries. While Sustainability Reporting and Risk Management, which form components of IR, were initially introduced in the 2002 King II Report, it was only later that Professor King realised that these elements should be included in a single company report. As a consequence, with the 2009 King III Report, governance, strategy and sustainability were integrated to produce what is today recognised as IR.

“IR also aims to provide forward-looking information so that the user of the report can come to a reasonable conclusion as to the ability of the company to sustain value-creation [beyond financial value] in the future.”

Producing an IR should be done in line with the framework provided by the International Integrated Reporting Council (IIRC). This is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. The IIRC is chaired by Professor King; the framework can be downloaded from its website www.iirc.org.

IR is not compulsory, nor is it likely to be
It is notable that for the vast majority of SAIPA members, IR is not of direct consequence (though Ngwenya believes you should step up your interest – it is a way to add more value to those clients who are interested). “IR is currently completely voluntary and we do not believe that this will change in the near future,” says Ramalho. “IR is recommended in King III, and the JSE listings requirements make it compulsory for listed companies to apply King III or to explain why a principle has not been applied. Currently, therefore, listed companies can explain why they do not follow the principle of an IR.”

That may beg the question of why SAIPA members should bother with IR. Grist provides a view by noting that some forward-looking private companies are seeing the value in IR and, as a result, are producing these reports of their own volition. Aligning with Ramalho’s perspective, he says this reflects an acknowledgement by businesses of the shortcomings of ‘financial only’ reporting.

“If directors and auditors’ are only reporting to financial standards, attention isn’t being formally focused on other risks the company faces and the potential consequences of those risks,” he says. “What IR does is to talk about key issues facing the business, so the process itself brings this front-of-mind. When directors have to explain what these [issues] are and how management plans to handle it, the ability of the company to cope is improved,” Grist explains. He is of the opinion that the principles of IR can extend to many companies.

For those who are concerned that an IR may simply represent a lot of work which is consumed by a very limited audience, Ramalho acknowledges that this is a valid concern. “Therefore, much work is being done to bring shareholders into the fold,” she says.

However, as an individual who reads many company reports in the execution of his daily work, Grist makes no bones about his perception of IR. “I like it because it gives far more information on what is going on in the business. It makes company reports interesting to read; previously, annual reports tended to focus on compulsory disclosures which were made only to comply. Moreover, the orientation of the IR is towards the long-term investor and it provides a strong focus on other stakeholders, such as public interest, which was previously absent from annual reports.”

Producing an IR: What does it take?
Of course, while Professional Accountants are comfortable producing Annual Financial Statements and other financial reports, delivering an IR is not as straightforward a matter, agrees Grist. It involves broader participation. “To give you an idea – I’m a CA, but in my team we have six environmentalists, another three CAs, a ‘green building’ person, a ‘carbon’ person, and a government specialist.”

The multidisciplinary approach also provides a strong hint that the production of an IR is also a substantially more costly exercise than that of statutorily-required Annual Financial Reports and annual reports. For Professional Accountants, says Grist, “You have to be aware that there are a whole lot of other issues that must be considered for the IR. While that means more work, it is certainly also a lot more interesting and rewarding to prepare an IR.”

But it doesn’t have to be like that for every business, stresses Ngwenya. “Professional Accountants possess the skills to assist clients with IR. What is most important is careful planning. The IR is the culmination of activities that span beyond the current reporting period. The organisation should ideally have controls to verify information and safeguard its integrity.”

It is also a question of the company owners and executive management seeing value in the exercise. “IR is groundbreaking stuff. When business leaders see what it is about and the value it adds in terms of broadening vision, they tend to rather enjoy it,” Grist concludes.
Patrick Mbokazi
Treasury Manager, Mondi Limited

Q: Why and how did you get into the accounting industry?
A: My passion for accounting started at high school in 1987 when we were made to make a choice between Science and Commerce subjects. Accounting made a lot of sense back then compared to Science as I was a photographer at the time in order to make spare cash given that we were being raised by a single mum at home. The love of Accounting developed rapidly when I saw that my exam marks were excellent every year. The three core Commerce subjects; namely, Accounting, Business Economics, and Economics started to make sense of how businesses and the governments are actually funded and operated. After matric, I always wanted to do a BCompt degree and further my studies to become a Chartered Accountant, which was the profession that everyone in our Accounting class at high school dreamt about. Unfortunately, due to financial constraints, I ended up doing a National Diploma in Accounting and it required us to do 3 year in-service training in order to obtain a Diploma. Through my years of training with The Beare Group and Bakers Biscuits (National Brands), my involvement in the accounting field took a big step.

Q: What is best part of your job?
A: After obtaining my Accounting Diploma, I was employed by Feltex Automotive as a Cost Accountant, which gave me some insight to the business operations. However, after my move to Mondi Limited in 1999, I was moved into different positions (Financial Accounting, Management Accounting, Cost Accounting, Internal Audit, and Corporate Governance) and I simply fell in love with internal audit. It made me understand the controls required around the different aspects of the business. That love of the internal audit was soon replaced by treasury in 2004 when I took over the position of a Treasury Manager within Mondi Limited. Treasury is my current job, and the bank relationship aspect is my best part of the job.

Q: What are the most challenging aspects of your job?
A: Annual price review and negotiations of lending facilities with the banks are the most challenging aspects of my job. I always need to be on my toes and understand my game. You simply need to understand what the market offers and at the same time be willing to keep the relationship going.

Q: Any career highlights worth mentioning?
A: I completed my BCompt degree in 2006 through part-time studying through UNISA and further did my International Treasury Management Certificate with ACT (Association of Corporate Treasurers). I have been appointed as a Trustee and member of the Audit Committee of the Mondi Mpact Group Fund since 2008.

Q: What are your thoughts on the accounting industry as a whole?
A: The accounting industry has become too sophisticated and as a result too many changes have emerged in the past decade. Given the changing economies and global crisis that we have seen since 2008, the accounting industry is definitely faced with challenges; not only of reporting but of intensifying the accounting systems to mitigate prevalent fraud risks. There is certainly a huge need of qualified accountants in our country, more especially from the black communities. In my view, there are more opportunities than threats in the accounting industry given the number of EDs (Exposure Drafts) that we see almost every year to keep up with the changing economies.

Q: What do you do for fun, when you’re not ‘crunching the numbers’?
A: I am heavily involved in a charity organisation that I formed last year called the ‘Living Trinity Foundation’. We sponsor high school kids that are from underprivileged communities with uniforms and school fees. We also donate clothing to churches for fundraising. I also spend some time scoring domestic and international cricket games for Cricket South Africa and KwaZulu-Natal Cricket Union. However, my passion is golf and I play for fun and to distress whenever possible.

“I always need to be on my toes and understand my game. You simply need to understand what the market offers and at the same time be willing to keep the relationship going....”
INVESTING IN YOUR HEALTH; INVESTING IN YOUR FUTURE

Whether you’re an entrepreneur running your own business or a professional working your way up the corporate ladder, investing in your health should be one of your priorities, says Dr Anuschka Coovadia, a health and risk management expert at KPMG South Africa.

“Most people don’t realise it, but the cost of neglecting your health is often greater than the cumulative return generated by your entire investment portfolio,” she warns.

The ultimate price is life itself, with all too many career-focused people succumbing to heart attacks and strokes. For every one of these extreme cases, many others are afflicted with debilitating and costly maladies like diabetes, depression and ulcers, many of them avoidable.

The solution? “You need to apply the same discipline to investing in health as you would to creating wealth.” Coovadia says successful business owners and executives tend to be very goal-oriented and performance-driven. She urges them to apply these same principles to their own health and well-being.

“Whether you run a business or work in one, you need to treat yourself as a business, understanding the risk factors and acting decisively to mitigate them. You are you own capital.

“This realisation can be empowering and liberating. For example, instead of viewing exercise as a waste of time you could be spending at work, you’ll see it as a valuable investment in your future productivity. “And by adopting a positive attitude to exercise and other healthy lifestyle choices, like quitting smoking, you’re more likely to stick to your new regimen. It’s a self-reinforcing cycle.”

According to Coovadia, insurers and medical aid providers are increasingly recognising the importance of their clients leading a healthy lifestyle and several now offer incentives for attending gym, buying healthy groceries and sticking to their medication and treatment plans.

Forward-looking businesses are also realising that a healthier workforce has a measurably positive impact on their bottom lines. “It’s not just about the obvious things like fewer sick days. It doesn’t take a genius to realise that healthier employees are more productive. But it goes further than that, with positive effects on staff motivation and morale as well as decreased staff turnover.”

Recognising this, increasing numbers of businesses, multi-national corporations among them, are turning to advisory firms to help them minimise the risks posed by health issues and maximise the benefits offered by a healthier workforce. On an individual scale, this means identifying risk factors – for example a family history of heart disease, diabetes or cancer – and taking steps to address them, preferably working with suitably qualified health and wellness professionals.

“Then make those small incremental changes. Having the motivation to stick to those changes can be difficult. We all know the importance of healthy eating and regular exercise, yet these are things we give up first when we’re under pressure. “It helps to get buy-in from your work colleagues. And you’ll certainly need your family’s support if you’re to stick to a healthy eating programme.”

For Coovadia, the sooner a business or individual makes the required changes, the better. She likens the process to investing in stocks or property.

“Investments in good habits accrue benefits that are enjoyed over a lifetime. Wise investors understand that in order to build wealth, they need to start investing or saving early. Similarly with health, early adoption of a healthy lifestyle is the cornerstone to preventing the development of chronic diseases, as well as staving off cancers related to poor lifestyle choices. And most importantly, while financial assets can be measured in Rands and cents, the benefits from having a strong, healthy body are intangible – happiness, peace of mind and vitality.”
We all know or encounter people who irritate us in our personal and professional lives, but what we don’t realise is that these people are really telling us something about ourselves that we possibly don’t want to hear. When I am engaging with executives on my executive renewal programme or with Next Gen Leaders on my mentorship programme, one of the things that often comes up is how to handle the irritating behaviour of others.

Let’s face it, when you’re leading and/or managing people, you have to put up with all sorts of behaviour from people and you’re not at liberty to tell them exactly what you think of their behaviour. You quickly learn that it doesn’t help to, what I call, “take the bait” when they engage in behaviour that you find irritating, so you try to ignore the behaviour and focus on getting the job done. But that doesn’t resolve the behaviour issues and just creates a breeding ground for further problems. If you simply choose to ignore the behaviour, though, you are missing a vital piece of information that could help you grow, change or master something in yourself, and it’s based on one of the eternal Laws of the Universe, a law known as the Law of Reflection.

The Law of Reflection says that all positive and negative traits you respond to in other people are traits you recognise in yourself. That’s a tough one! Let’s look at it from another way. The Law of Reflection causes people to recognise in others what they recognise in themselves. So, if you recognise good qualities in others, like honesty, integrity, reliability, nobleness and so forth, you’re recognising those qualities in others because they already exist in you. That’s why a dishonest person will never recognise honesty and truthfulness in someone else because it does not exist in him, and will also never trust anyone else.

That’s also why mediocre people recognise, and even applaud, mediocrity in others (doesn’t that one baffle you?), while intelligent people recognise intelligence in other intelligent people. They’re really just seeing the reflection of themselves in others.

So, simply put, the things we react strongly to and are irritated by in others, are certain to be found in ourselves, and they are often things we are afraid of in ourselves. Take what goes on in families as an example. You may be highly irritated by things you see in your parents or by things your children do. Guess what? Dig deep enough and you will find that those very things are to be found in you. If your father’s lack of punctuality drives you up the wall, maybe you’re seeing that same quality in yourself!

Furthermore, that which you resist in yourself, you will dislike in others. If you find yourself becoming irritated by someone or dislike a quality in another person, instead of reacting to their behaviour, try to identify in yourself the thing that you’re seeing in them and work on accepting it in yourself and then changing it. Everything you perceive in the “outer” world is actually a reflection of the “inner” world of your thoughts and feelings.

This was what Swiss psychologist Carl Jung was referring to when he said, “Everything that irritates us about others can lead us to an understanding of ourselves.” This is a very deep subject to which a few words can do very little justice, but I urge you to start becoming conscious of your inner world and use the reflections you are seeing in others to advance, increase and expand yourself. You cannot change others. You can only change yourself. It stands to reason – when you look in the mirror to comb your hair, you don’t try to comb the hair of the reflection. You comb the hair on your head!

Why, then, do other people irritate you? They irritate you to help you find in yourself what you need to change in yourself to move toward self-mastery. So next time your mother-in-law, your boss, your partner or your child does something that irritates you, before flying off the handle about it, stop and ask yourself what is being reflected that’s inside you. When you change your inner world, you will change your outer – personal and professional - world!

Alan Hosking is the Publisher of HR Future magazine, www.hrfuture.net. He conducts a unique executive renewal programme for senior executives wishing to “down age” by 10 to 15 years and re-energise their physical, mental and emotional performance.
All too often, businesses fail due to a lack of knowledge when it comes to financial matters. Yet what is it that businesses look for in an accounting firm and what are the criteria upon which they base the decision to take on the services of one firm over another? The degree of external accounting assistance that is required by a business largely depends on the complexity of its financial operations. However, regardless of their complexity, most businesses are aware of the importance of bringing in a professional who has the correct financial expertise to handle the accounting function.

Cost
While one would assume that cost plays an important role in the decision to take on the services of a particular accounting firm, a number of surveys on the subject have revealed that while clients point out a need for ‘reasonably’ priced services, it is certainly not the deciding factor. Indeed, while business owners don’t want to pay too dearly for necessary expenses, they are willing to pay for the best accounting services they can afford. That said, a good tax expert should save the company money over and above his fees.

Service
What does seem to play a significant role in the decision is service. Clients in the market for an accounting firm set great store in finding an accountant who will take a personal interest in learning their business and playing a guiding role in its transactions. To this end, they are looking for a firm that will assist them in the day-to-day matters of running the business, providing sound advice and working accurately – ensuring that financial matters are handled correctly without costly mistakes.

Understand the needs of your client
Understanding the client’s needs is another key factor. Over and above the ability to provide effective accounting and planning services, communication is important. For example, taking calls from the client and understanding the needs of the business have been listed as important in the decision of what firm to use. Of course, by understanding the needs of a client’s business, the accountant will be able to play a more proactive role in the relationship, providing not only an auditing or tax function, but also seeking areas in which the client can actually save money on tax and operations. Central to this need is that clients want an accountant who will listen to them and take an interest in growing the business, essentially taking on the role of trusted business advisor. Inherent in this role is the ability not only to service the existing needs of the client, but also to have the ability to predict and address unforeseen challenges that may occur in the future.
**Reputation**

It goes without saying that qualifications are taken into account when a business begins to look for a good accountant. To this end, membership to an industry body such as SAIPA is important, lending the firm credibility and ensuring that the accountants working there adhere to a stringent code of ethics. Many clients many even ask potential accounting firms for their membership numbers to check that they are, in fact, members of the relevant industry bodies.

Following on from that, a decision is frequently made based on the reputation a particular firm holds in the market. A study examining how clients make the decision to take on professional services firms, including accounting and financial services, revealed that 87% of clients will network, asking a friend or colleague for advice and recommendations, while only 10% search for such services online. The study serves to highlight the importance of building and maintaining personal relationships with existing clients, as well as networking. Here again, membership to industry bodies can play a helpful role in the networking process.

**An understanding of financial and managerial accounting**

Most clients look to retain the services of an accounting practice that has a sound understanding of both financial and managerial accounting. While the basics of financial accounting form the backbone of any business, the job does not stop there. A good accountant must be able to use the company’s financial statements as a basis for budgeting and cash flow. Expertise in tax matters is also a plus, as the business may need an accountant who has the ability to prepare and certify tax returns as well as maximise business expenses and minimise income to lower tax liability. Financial planning is an additional important skill as many clients look to their accountants to help run the business from a financial perspective, using planning to reduce unnecessary penalties.

**Experience**

When looking to retain the services of an accounting firm, most clients will select one that has experience across a wide spectrum of different industries. Knowledge of a variety of software accounting systems is also considered important as most clients have neither the time, nor the know-how to train an accountant on the software they utilise. That said, there are certain cases where specialisation is a necessity. In this case, it stands to reason that the client will look to engage with a firm that has expertise in his specific area of operation.

**Become a member of the team**

In today’s financial climate, added value has become a buzzword for clients looking to hire a service provider. To this end, research has shown that clients value an accounting firm that will also provide them with new ideas and perspectives, ultimately leading to improved decision-making in the business. Accountants are valued when they perform a solution-oriented function, collaborating with the client and becoming a trusted member of the team.

**Deliver on your promises**

It’s important to note that clients’ requirements change once they have taken the decision to work with a particular firm. When a client is seeking an accounting firm they look at factors including qualification, new ideas, expertise and collaboration. However, once they have signed on the dotted line, different factors come into play that will ultimately influence loyalty. Most importantly, clients want to build a trusted relationship with their accounting firm. While they want an accountant who will assist with solutions to their business challenges, they also want to work with people who are willing to invest time into building sustainable relationships. Furthermore, they expect the firm to deliver on its promises and, ultimately, to do what they have been hired to do, producing the right results.

### Factors affecting the choice of accountant:

- Cost
- Service
- Understand the needs of your client
- Reputation
- An understanding of financial and managerial accounting
- Experience
- Become a member of the team
- Deliver on your promises

Ultimately, what has become clear is that in the current financial climate, clients seek more value from their service providers. When it comes to hiring an accounting firm, the function is seldom as cut and dried as finding a professional to prepare tax returns and financial statements. Indeed, more and more companies are seeking to partner with accounting firms that are willing to take on the role of business advisor on a range of issues. These days it is not unusual for accounting professionals to assist their clients with functions as diverse as banking and investments, asset control, personal finance – even management structure and marketing issues.
DIVORCING YOUR CLIENT – THE ETHICAL WAY TO DO IT

Heide van der Westhuizen, Legal and Ethics, SAIPA

Many of the cases that are dealt with by SAIPA’s legal division involve complainants who wish to terminate the services of their accountant. The services of a new accountant are enlisted by the client. This new accountant then attempts to get financial statements from the previous (outgoing) accountant. The outgoing accountant, however, refuses to hand over the records to the new accountant. There are apparently many reasons why accountants are reluctant to let go of longstanding clients. Sometimes the reason for terminating the services of an existing accountant is innocent - for example, the relocation of the client. More often than not, the relationship between client and accountant ends when the accountant experiences growth in his business to the extent that he/she can no longer cope with the greater volumes of work.

Whatever the reason for the breakdown in the relationship between the accountant and his client, when one or both parties exhibits a desire to end the professional relationship, certain formal requirements must be met. These requirements are:

- A letter must be written by the client wherein the services of the accountant are terminated. It is important that this letter is in writing to avoid any disputes at a later stage. The mere aspect of terminating an accountant's services can be problematic in itself. This is often the case if, at the beginning of the relationship, nothing was formalised between the accountant and his client. It is far easier and more professional if a written contract (engagement letter) is entered into that details each and every aspect of the relationship between the parties. In the legal division the lack of a contract or engagement letter is often encountered. This leads to various problems which have to be dealt with by the Investigations Committee (IC) or even the Disciplinary Committee (DC). The accountant and his client enter into a verbal agreement at the beginning of their relationship. The parties assume that their relationship will be permanent. No written agreement is put into place. Years down the line this relationship turns sour for various reasons. The accountant has utilised a lot of his skill and expertise and instinctively wishes to guard the records or files that he has created. The client appoints a new accountant and demands his financial records from the outgoing accountant to enable the new accountant to adequately perform his accounting duties. If a contract was put into place that stated clearly what each party's duty is and who the owner of documentation and/or financial statements and/or files is, any dispute regarding ownership could be avoided and the termination of the accountant's services can be handled in a professional manner.
The receiving accountant should ascertain in writing from the existing accountant whether there are any professional reasons he/she should not accept the appointment. If this is not done, the existing accountant must not volunteer information about the client's affairs. The client should give permission in writing, that his affairs may be freely discussed between the existing accountant and the receiving accountant.

If the receiving accountant does not receive a reply within reasonable time from the existing accountant and he has no reason to believe that any circumstances exist that would preclude him from taking over as account, he should send a letter to the existing accountant stating that he/she will now assume that no professional reason exists why the appointment should not be accepted.

It must be emphasised that the fact that fees may be owing to an existing accountant is not a professional reason why another accountant should not accept the appointment. On a daily basis, members and/or their clients lodge complaints with the legal department that revolve around the fact that an existing accountant refuses to hand over books and papers to the new accountant due to the fact that fees are outstanding. An existing accountant may only withhold documentation and/or papers if he has a legal right to do so. If no such right exists the existing accountant must transfer all papers/books without delay.

The appointment of new accountants to replace existing ones is an everyday occurrence and happens for many reasons. Replacement of one accountant by another must be conducted in a professional manner. Members should always act in a manner that is consistent with the good reputation of the Institute and the accounting profession in general, and must refrain from conduct that might bring the Institute and the accounting profession into disrepute. Members should conduct themselves professionally at all times. Consideration must be given to clients, third parties, other members of the accountancy profession, employers, and the general public.

Unfortunately, people tend to remember the wrong that we do much more readily than that which we do right and excel at, so if a client wishes to terminate his/her relationship with you, the accountant, make sure that you act in an ethically correct and legal manner. Thereby you will avoid tainting the reputation of the accounting profession in general.

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Everyone is no doubt familiar with the saying that it takes all sorts to make this world. So too, it takes all sorts to make a business function the way entrepreneurs dreamt it would. In the same way that a person is more interested in being an entrepreneur rather than being an employee, other people are more interested in other vocations. This is fortunate because it means entrepreneurs can employ people to do the things they do not care about and are consequently not very good at.

Because it is up to the entrepreneur to choose the right person for the right job at the right time, they’ll need to get to know the personality types that make their business work. These are the visionary, technician, manager, worker and bean counter. They are the personality types around which the founding entrepreneur needs to grow the expanding early-stage business, because no one individual possesses all the attributes required to single-handedly build a successful enterprise.

An entrepreneur might have an aptitude for sales and marketing. This could be due to their sociable nature, ability to network and a knack for satisfying people’s needs. By understanding these core strengths, they will also understand by extension that they might fall down when it comes to other functions. Perhaps they are a brilliant pie salesperson but know very little about what actually goes into the production of pies, and how to maintain the consistent quality of what they are selling. Once the entrepreneurial pie salesperson has recognised the weakness illustrated above, they can begin hiring the right technicians to build the quality control systems that will minimise the chaos resulting from inconsistent pie quality.

Now that an appropriate example to illustrate the necessity of hiring the kind of people who will make systems work has been used, let’s take a closer look at these personality types.

The Visionary
The starting point of this article is that the entrepreneur is the visionary. They are the person whose original commercial vision has created the need to employ all the other personality types, and in fact, given them their raison d’etre.

While the founding entrepreneur is visionary number one, it is important to understand that there is indeed room within the organisation for other visionaries. While there can only be one founding entrepreneur, the organisation will always need visionaries to lead it into the future. And they may as well be hired during the entrepreneur’s tenure. So don’t be afraid of that bright young spark who waltzes into the office one day. That brash attitude could be masking significant potential that could make a lot of money!

The Technician
The technician is the person who is unusually adept at cranking out whatever product or service it is that the SME offers to the market. They will usually live, sleep and breathe whatever line of work they are in, and in fact, tinkering with gizmos is not work at all, it’s pleasure in its purest form. It is worth highlighting that in early-stage businesses the
The founding entrepreneur is usually both the visionary and the technician.

This stems from the fact that great start-ups are often the result of technicians who discover new and improved ways of doing things while in the employ of other people. As the business takes off, it is vital the original technician surrounds himself with similarly-skilled technical types who can improve on the original concept.

The Manager
The manager is the person who the entrepreneur will want to enter an early-stage business and start setting up the systems, policies and procedures that begin to create a semblance of order so different from the heady, chaotic and intriguingly-fulfilling early days of flying by the seat of one’s pants.

The manager is especially valuable because the systems they start putting in place are the ones that will give the original founding entrepreneur room to start manoeuvring out of the business so that it can eventually be sold as an independent asset of value.

The Worker
As bright as the visionary may be, or as efficient as the manager may be, no business can function without the elbow grease of the worker. The entrepreneur would be well-served to surround themselves with workers who add value to the business by displaying the traits of loyalty to the firm, dedication to the task at hand and respect for the colleagues they are required to interact with in pursuit of the company’s objectives.

With reference to these three traits, past behaviour is the best indicator of future performance, making thorough background checks especially worthwhile.

The Bean Counter
The bean counter’s responsibilities go far beyond the nickname, because they are of course not counting beans but wholly responsible for the lifeblood of the entire organisation. This is why, in any large organisation worth its salt, the CFO is situated as close to the CEO as possible without actually sitting on their lap.

Even though their passion sometimes dictates otherwise, the founding entrepreneur needs to understand that good service and great products amount to nothing if the money is not coming in. Cash flow is a challenge for most early stage businesses which makes a switched on money person one of the best investments an entrepreneur can make.

“In conclusion, hiring the right employees and securing the right consultants is vital because the entrepreneur cannot possibly possess all the skills required to make the dream a reality. Good luck with the dream and happy hunting for the right people!”

Pavlo Phitidis is CEO of Aurik Business Accelerator, an organisation that works with business owners to grow their businesses into assets of value and a director of Aurik Enterprise Development, an organisation serving big businesses with ED solutions.

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You’ve served as a public member of the IESBA for nearly two years. What first drew you to volunteering to serve on the board?

As a Director General for the European Commission during the financial crisis, I had the opportunity to work with accounting standard setters and many others on the European Union’s response to the crisis. I saw how important it was for the profession to work closely with legislators and internationally to put in place structures that would help build financial stability and prevent future crises. I volunteered for the IESBA because I could see a need for different elements of the global supply chain, including accounting, to collaborate more on global solutions. I’ve also served as the Budget Director for the Swedish Ministry of Finance, so I’ve been talking to accountants, finance ministries, and regulators for years and I felt, with my experience, I could bring a good perspective and help bridge that gap between an accounting mind-set and a financial legislative mind-set.

What does it mean to be the first independent chair of the IESBA?

Well, on a personal note, first let me say that it’s an honour — all the more so because of my predecessor, Ken Dakdduk, who has shaped the board’s agenda and played a large role in helping the board gain international recognition and acceptance. I’d like to thank Ken for his service and his legacy of excellence on which we can continue to build. But, back to your question: I am independent of the accounting profession and, as such, do not face perceived conflicts of interest that might be faced by an accountant. The Monitoring Group, when reporting in November 2010 on the effectiveness of the IFAC reforms, recommended that the chair of IESBA be independent of the profession.

In your mind, what is the role of the IESBA in responding to the global financial crisis?

The IESBA has a responsibility to the public to continue to strengthen global ethical standards for accountants that, when implemented properly, will help prevent future crises, strengthen investor confidence in financial reporting, and generally contribute to a global financial infrastructure that promotes investment and development. I know that these are lofty goals that cannot be achieved overnight. What we are doing right now, for example,
is working on a project that will change the way accountants are expected or required to act if they encounter an illegal act committed by a client or an employer. Under the proposals, the accountant would, in certain situations, be expected or required to disclose the act to the appropriate authorities if the matter were not properly addressed by the client or employer. This standard would give accountants a more active role to play in bringing financial reporting crimes to light. Breaching client or employer confidentiality is not a trivial matter but, in certain circumstances, it is appropriate because of the accountant’s responsibility to act in the public interest.

Q4 How important is proportionality of ethics standards?
I would say critically important, as in order for the IESBA’s Code of Ethics for Professional Accountants [the Code] to be universally applicable to all accountants, we need to take into account that practices come in many different sizes with different operating procedures. We need a Code that can be applied by all, be it a sole practitioner or a transnational firm with thousands of employees, a professional accountant working in a small or medium-sized entity or an accountant working for a large multinational corporation.

Q5 What are some of the objectives you hope to achieve during your first year as chair?
I am very much looking forward to beginning my tenure as chair. Having been on the board for the past two years, one thing that’s really impressed me is the calibre of its members and their depth of experience. I feel confident that with this group, we’ll be able to move forward the critical projects on our agenda. In addition to driving our technical agenda, outreach work with key stakeholders, including engaging with the investor community is very important to me. I plan to have an ambitious outreach program and I’d like to strengthen our engagement with institutional investors. In fact, it would be great if we could get some on the board. But my main outreach will be with the regulators and the profession.
I would like to hear from regulators about their concerns, and since I am not an accountant, I will carefully listen to the views and concerns of the profession itself.

This article was first published in International Accountant, the official magazine for the Association of International Accountants (AIA).
Who is the most useful person in the office? A question that troubles most of us, and, for a minority, something that consumes them. Is it kind Mrs Miggens who has the key to the Paracetamol cupboard when pre-presentation nerves bring on a migraine from the 9th circle of Hell? She’s a close contender. Maybe it’s Phineas, the boom gate guard at security who turns a blind eye when you park in the Chairman’s bay, given that he’s never there. Again he’s on the list, but not at the top. What about Gladys the telephonist who has a savant-like ear for voices that she knows you don’t want to engage with and will politely tell said person you’re on a course - usually the back nine at Houghton on a summer’s Wednesday afternoon. Then there’s Sankree in accounts whose mother has a secret crush on you and makes you samoosas with the assistance of a little cooking angel from heaven. Pastry so light it melts on the lips, and a filling that is saffron-infused and evokes memories of your last trip to the subcontinent where you fell in love with a Bollywood star called Priyanka. Enough of that, let’s move on.

What about Gerald the dogsbody who tried 19 times to pass his board exam but never did. He’s so grateful for the job, he’ll do anything. Even give up his last samoosa while slaving over your presentation on a Friday afternoon while you’re entertaining a client on the deck of that new place in Sandton. Bless Gerald, you cry, as another round of jelly-shooters arrives, but he should have worked harder, you say. You make a mental note to prank-call him later and pretend to be from the SARS personal income strike audit team. (PS, he doesn’t declare his casino winnings. And he’s good. He has a system, he tells me.) We’re not going near Anwar the IT guy. For one big reason - he thinks he’s the most useful person in the office. He actually is. But we don’t like to tell him because of his arrogance and attitude. When our desktop dies we don’t need to be told the binary mega-loop isn’t connecting with the DOS through-flow code. Just get me back to Microsoft Word, dammit. So the vote goes to Morne. That gangly, goofy kid who’s in technical maintenance and who is a photocopy machine whisperer. Just as you need a pile of useless documents reproduced for the Crapola merger, the dreaded words appear on the LED screen – Paper Jam. You jab all the buttons at once which make more lights come on. You panic. You call Morne who whispers something into the ink cartridge, and the smooth whirr of productivity starts again. We love you Morne and you’re useful. The most.
THE NEW COMPLIANCE RISK MANAGEMENT PLAN (CRMP) WEBSITE IS NOW AVAILABLE AT WWW.CRMP.CO.ZA.
This project was spearheaded by the Compliance Institute Southern Africa in line with their Generally Accepted Compliance Practice framework.

The CRMPs are exclusively available to companies that employ members of the Compliance Institute Southern Africa, IoDSA, SAICA or SAIPA.

A CRMP is an invaluable compliance tool that will assist you to:

• Easily identify and assess applicable regulatory requirements;
• Analyse the objective of the requirement and how it applies to you;
• Identify the associated compliance risk;
• Record the control measures that are in place to mitigate this risk;
• Document any additional controls required; and
• Email additional controls and target dates to responsible person.

CRMPs currently available:

• Consumer Protection Act (Rights) and (Interactions) (2 Plans);
• FAIS Act suite (3 Plans);
• Financial Intelligence Centre Act;
• Occupational Health and Safety Act (Core duties) and (Offices) (2 Plans);
• Companies Act
  ◦ Private companies (Governance) and (Authorisations) (2 Plans);
  ◦ Public companies (Governance) and (Authorisations) (2 Plans); and
• Municipal Finance Management Act (Municipality accounts).

The site will continually be updated with new CRMPs as they become available.

Visit www.crmp.co.za and “take a tour” to learn more about features such as:

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