TOP TIPS TO IMPROVE PRACTICE EFFICIENCY

REVISED BEE CODES AND THEIR IMPACT

PROPOSED AMENDMENTS TO LABOUR LEGISLATION: WHERE ARE WE?

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WHAT IS THE SAIPA PLP ALL ABOUT?

LP stands for Premium Lifestyle Programme. This is a SAIPA loyalty benefits programme initiated and created by SAIPA exclusively for our SAIPA members.

SAIPA has found suitable business partners that we have negotiated preferred rates with on discounts, services and products which are uniquely customized for the SAIPA member only.

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We have taken down the current PLP webpage, which is under construction as we prepare to re-launch the PLP programme with brand-new member offerings, so watch this space...

While the year draws to an end, we would like to take this opportunity to wish all our Members a Joyous and Prosperous Festive Season and a Happy New Year!

All the best

Janine Connor,
Marketing and Communications Executive,
Managing Editor

Janine

WinTax, from Softbyte Computers (est. 1983), is undisputedly South Africa’s best and most user-friendly tax calculator software program

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The ease with which one can start and operate a business is an indicator which provides insight into how readily citizens – and non-citizens, for that matter – can engage in productive, commercial activities. It should, therefore, be of some concern that South Africa is going backwards on at least one key monitor which measures ease of doing business. According to the World Bank’s ‘Doing Business’ report, the country is ranked 41st out of 189 countries, down from a 2012 ranking of 35th. However, while this is worrying, all is not lost, as research from EY (formerly Ernst & Young) shows that South Africa remains a key destination for investment by foreign companies.

First, let’s consider the World Bank report. Writing in the preface, Sri Mulyani Indrawati, World Bank managing director, sums up the advantages of making commercial activity easy to get into: ‘A thriving private sector – with new firms entering the market, creating jobs and developing innovative products – contributes to a more prosperous society. Governments play a crucial role in supporting a dynamic ecosystem for firms. They set the rules that establish and clarify property rights, reduce the cost of resolving disputes and increase the predictability of economic transactions. Without good rules that are evenly enforced, entrepreneurs have a harder time starting and growing the small and medium sized firms that are the engines of growth and job creation for most economies around the world.’

In other words, governments are responsible for the provision of an enabling environment that will encourage local and international entrepreneurs to set up shop in any given economy. As South Africa’s position on the World Bank index slides, hard questions need to be asked of the government in terms of the restrictions placed on local businesses. That is especially relevant in the light of the fact that other African countries are moving ahead on the index; in the most recent iteration, Mauritius is rated as the easiest African country for business at 20th, while Rwanda has leapfrogged to (32nd).

According to the World Bank report, entrepreneurs can expect 19 days to pass, on average, before being ready to trade with a new company. That’s 64th out of all nations; getting electricity, however, can take 226 days on average, 150th of all countries.

The World Bank report is not without its critics; notably among these are countries that don’t rank
very well in terms of the ease with which businesses can be started and run. For example, France and China have argued that the World Bank index has an ‘Anglo-American’ bias; these nations ranked 38th and 96th, respectively, in the 2013 index.

Writing in support of the ‘Doing Business’ report, former Spanish foreign minister (and former World Bank vice-president) Ana Palacio provides insight into its methodology: “The 2013 report includes quantitative data grouped in 11 sets of indicators, ranging from the ease of starting a business to the availability of credit. The data are compared across economies and over time to rank 189 countries in ten categories of business regulation, such as ‘Resolving Insolvency’ and ‘Trading Across Borders’. Input from respondents around the world – more than 9,600 this year – influences the report’s conclusions.”

South Africa has long enjoyed its status as the ‘springboard’ from which many international companies launch their African operations. However, it isn’t ideally positioned from a geographic standpoint (a reality for Francophone Mauritius, too). A country like Rwanda, while landlocked, is arguably better placed; from its position in central Africa and with an evident determination to make it easy to do business, it has gone up in the World Bank rankings, from 143rd in 2009 to its present position.

What is it that makes doing business difficult? It starts with regulation

The things that make doing business difficult are fairly obvious, at least where the World Bank report is concerned, and they are typically rooted in regulations.

This is not to say that regulations are a bad thing. Quite the contrary, regulations and regulatory frameworks serve to define the environment within which businesses can operate. It is the transparency of regulations, the sensibility of them, and the ease with which prospective business owners can interface with the owners of the regulations (typically government institutions) that have a material impact on how well the environment works. Or as the World Bank report notes, ‘Smarter business regulation supports economic growth.’

The first item of regulation for most business owners is the need to register a company. The World Bank report continues: ‘Simpler business registration promotes greater entrepreneurship and firm productivity.’

But this is not an area in which South Africa has excelled. Back in 2010, a damaging debacle engulfed the Companies and Intellectual Property Office (CIPRO, now the Companies and Intellectual Properties Commission or CIPC) in terms of which an Enterprise Content Management tender was awarded to a company with questionable credentials. The project was never delivered; to this day, interfacing with the CIPC is difficult, with technical problems routinely plaguing the organisation.

Multiple challenges: Labour law, unrest,

South Africa faces multiple additional challenges outside of the poor administration of the regulations which apply specifically to business. Among these are restrictive labour laws which render the market inflexible and a potential minefield for entrepreneurs, thereby dissuading them from taking on workers to grow a business.

Furthermore, the tendency for workers to embark on often violent work stoppages, perhaps best embodied in recent times by the Marikana debacle (which has further raised the spectre of an ineffective, at best, police force), is a considerable brake on industry. The embargo that BMW AG has placed on investment in South Africa is a bellwether for what may continue to happen as companies will, naturally, seek to invest in places that don’t come with such challenges; it is, after all, an increasingly globalised environment.

That’s summed up in a note sent by an economist to clients: “BMW has clearly had enough of the labor situation and the risk/reward of further investment simply doesn’t make sense for them,” wrote Peter Attard Montalto of Nomura International Plc.

“According to the World Bank’s ‘Doing Business’ report, the country is ranked 41st out of 189 countries, down from a 2012 ranking of 35th.”

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PROFESSIONAL ACCOUNTANT
“There are many other companies thinking the same thing because of labor issues.”

Exchange controls, corruption – and e-tolls
Exchange controls, while relaxed considerably over the past decade, continue to present a thorn in the side of multinational companies which might seek to establish a South African presence. The issue came to a recent head when high-profile entrepreneur Mark Shuttleworth unsuccessfully took on the Reserve Bank to challenge regulations he believed unconstitutional; while it cost the Thawte founder R250-million, the country’s greater loss is that Shuttleworth, who has subsequently started several other initiatives, is now domiciled elsewhere. That can, at least in part, be attributed to the inflexibility of the monetary laws.

“While South Africa is, for the first time, going backwards on the index, EY notes that it still attracts more Foreign Direct Investment (FDI) than any other nation in SSA, with 154 new projects in 2012.”

Finally, the introduction of e-tolls in Gauteng, widely perceived to have the whiff of corruption about it, does no favours for ease of doing business in South Africa. With this province generating the lion’s share of economic activity (and taxes), what happens in Gauteng has an impact across the nation. The AA’s head of public affairs Graeme Scala explains why e-tolls are germane to making commerce harder: “The introduction of e-tolls will most certainly make doing business in Gauteng more expensive. For starters, the Gauteng Freeway Improvement Project (GFIP) is only the first stage of a provincial and eventually a national e-toll plan by government. This means that while the cost of goods and services will escalate as commodities are transported on these highways, the eventual cost will simply rest on the already heavily burdened shoulders of the consumer.

“For small businesses and entrepreneurs, this will also result in an elevated cost of doing business, especially those who either need to commute on the highways or who transport goods or provide services along these major routes.”

The whiff of corruption is something South Africans need no reminder of: from the Union Buildings and Parliament, to the local Metro police constable, it pervades society. Whether in the public or private
sector, corruption unfairly stacks the deck and restricts the ability for citizens to conduct their economic affairs effectively.

The good news (yes, there is some)
While the picture painted is a bleak one with ample evidence for the deteriorating position on the World Bank ‘Doing Business’ index, the South African economy is nevertheless resilient, sophisticated and, moreover, strategically significant. Economic growth in Africa is a reality; Derek Engelbrecht, a director at EY South Africa, frames it like this: ‘The African growth story is a very real phenomenon and it is seen as the driver for the future prosperity and growth of the world’s major companies.’

In its 2013 ‘Africa Attractiveness’ survey, the company covers all of the continent, including South Africa. The survey makes reference to the World Bank ‘Doing Business’ report, noting that of the sub-Saharan African (SSA) countries evaluated, 45 of 46 countries have improved their regulatory environments since 2005.

While South Africa is, for the first time, going backwards on the index, EY notes that it still attracts more Foreign Direct Investment (FDI) than any other nation in SSA, with 154 new projects in 2012. Most notably, EY’s research also found that, despite the many –and arguably, growing – challenges faced by South Africa, it is still perceived to be the most attractive African country in which to do business. Some 41% of all respondents to its survey put the country in first place, while 61% included it in their top three.

Vigilance required
Be that as it may, there is a clear and perhaps obvious necessity for vigilance. With Goldman Sachs’ South African head Colin Coleman on record in a SAPA release as saying ‘public administration is failing’, iWeek editor Martin Czernowalow sums up the situation in a recent editorial: “Under the current administration, technology and innovation have long been getting their fair share of lip service, but many fundamental boxes remain unticked. For example, not only are we still waiting on government to finalise a national broadband policy, we are also watching with morbid fascination as a bunch of inept bureaucrats continue to fumble along with digital TV migration – a process that has been dragging along for almost a decade now,” he writes.

Czernowalow drives his point home. “The public ICT space is virtually littered with the skeletons of unfinished projects and unattained goals that have collapsed along the way, while Cabinet ministers, director generals and other government pencil-pushers play musical chairs or, quite frankly, just don’t bother to do anything.”

Czernowalow’s message sums up the situation, as does the slide in the country’s ranking by the World Bank: the country should be developing, not regressing. It should be advancing, not retreating. It should be transforming, not transmogrifying. Achieving progress of the sort that encourages investment, stimulates business and rewards entrepreneurs for their efforts depends on sound governance and effective administration of regulations. In other words, an effective government is crucial for a bright economic future.
Time is money. Not only does doing things faster boost the bottom line by giving you the time to handle more clients, but efficiency also impresses your customers. By making use of technology, you can boost the performance of your accounting practice.

These top tips are the result of our interactions with many clients who run their own practices.

- **Equip your staff with mobile Internet**
  Collaboration is the cornerstone of efficiency. When your staff needs to work outside of the office – and many of them will, on secondments to clients or even working from home – make sure they have full access to the files and applications they need to do their jobs. Mobile Internet has come a long way; it offers the speed and reliability necessary for enterprise-grade accounting applications.

- **Don’t be afraid of BYOD**
  Bring Your Own Device is the industry term for the phenomenon of office workers bringing their personal gadgets, such as smartphones and tablets, into the workplace. While some may be inclined to stamp out the practice for security or other reasons, better advice is to work with it. Along with the consumerisation of technology, the lines between work and leisure are increasingly blurring. If you embrace BYOD with sensible policies (such as allowing access to the corporate Wi-Fi – but limiting access to inappropriate sites), you can boost not only productivity, but staff morale, too. People like to work on their device of choice; make the applications and data your people need to do their work on their tablet, and they are likely to respond positively. Indeed, embrace BYOD and equipping your staff with mobile Internet may be handled by them on their own. That’s because most devices are able to share their Internet connection with the company-issued laptop.

- **Training, training and training**
  Can it be emphasised enough? We don’t think so. The rules that govern accounting are constantly changing, and good staff is likely to have a thirst for knowledge, too. Investing in training, whether on industry developments such as IFRS or GAAP, continuous professional development, on the software applications in use by your practice, or on company processes and procedures, is money well spent. While a pay packet and harmonious work environment are two major factors towards achieving a satisfied and loyal staff complement, supporting career growth through training is another dead cert.

- **Go paperless**
  Since the dawn of modern times, paper has proved an absolute boon to those tasked with making and keeping records. However, the dawn of modern times was ages ago; by removing paper from many processes, you can significantly accelerate how long it takes to get things done. That’s not all: you can take out cost (paper and ink are expensive), improve the speed at which records are created and retrieved, and eliminate errors. This is the 21st century – so take a careful look at your business to see where Bronze Age methods can be improved.

- **Introduce dual screening**
  Noticed how the prices of high def TVs, computer monitors and almost everything that comes with a screen have dropped? That’s one reason to consider equipping your staff with a second monitor. The other is that with two screens, the ability to compare numbers and source reference material is enormously improved. It’s a convenience, efficiency and ergonomic improvement – and it can also reduce the need for printing, too.

- **Examine your software**
  Software is pretty amazing stuff. It is thanks to the advances made by various applications that today, we can work remotely, collaboratively (even when in different parts of the country), from home or from anywhere. Evaluate what you’re using today; if it’s just Excel and Word, there could be considerable opportunity to boost productivity by introducing purpose-designed solutions for accounting professionals.
As an accountant in private practice, the very best way to grow your business is to help your clients grow their businesses. You shouldn’t just be doing their accounts. You should be the most trusted adviser to the CEO or the small business owner, guiding entrepreneurs away from costly mistakes and, most importantly, supporting their growth ambitions by giving them expert advice on how to finance their business aspirations.

Most entrepreneurs are mavericks and are highly likely to think boldly and chase after big hairy goals that might seem over ambitious to the more conservative nature of the accountant. You will forever win the loyalty – and therefore the business – of the maverick entrepreneur that you help towards growth rather than hold back. Whereas we accountants are often risk-averse, entrepreneurs often succeed because they’re prepared to take risks. But they can take those risks with great confidence if they have a sympathetic accountant standing by with a strong parachute. So just how do you draw ever closer to your clients so that you can cultivate trusted advisor status?

One way is to be deeply and frequently involved in their financial decisions, and the best way of doing that is via an online accounting package like Pastel My Business Online. The Accountants Edition lets you work online with your clients accessing the same data, on the same version, anywhere, anytime. It allows you to keep track of everything they do and collaborate very closely with your clients.

With the My Business Online Accountants Edition, you view all your My Business Online clients in one place, so it couldn’t be easier for you to manage and access all your work. You have exactly the same functionality as your clients do, plus you have additional features that help you manage your clients and tasks. Accountants who use the program speak of how much time they save by being able to log into the same live system on which their clients work.

From your My Clients list, you can access your client’s data in a matter of seconds. You have a searchable client list and contact information for each client, as well as all the information you need to help you organise your time, such as the financial year end date, the next VAT submission date, and a reminder of any new notes or tasks, plus whether they are due or overdue (and we’ve heard it said that with this feature no task should ever fall overdue!).

You have a My Tasks feature which is designed to help you keep track of the various accounting or bookkeeping tasks that you do for each of your clients on My Business Online. You can create both one-off tasks and recurring tasks.

My Calendar is a useful tool to get an overview of the tasks and notes you need to work on each day. The Monthly and Daily views will display all tasks and notes as overdue, due today, and scheduled to start. Everyone who uses My Business Online loves the Dashboard, and you have your own Accountant Dashboard which is also available from the Home menu. In the best tradition of a vehicle dashboard it displays everything you need to know, from client’s company information and notes you need to action, to a Profit and Loss widget and another that contains all the banking information you need. There is also a Tasks widget that displays all tasks for your client’s companies together with status.

Here’s the best news. As part of the My Business Online Adviser Program, you get free access to the Accountants Edition. That’s huge. Learn more at: https://www.pastelmybusiness.co.za/Marketing/AdviserProgram.aspx

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WERKPLEKSTRES – DIE DOOD IN DIE POT!
Prof David Venter, Vlerick Sakeskool, België

Die Wêreldgesondheidsorganisasie, of te wel die World Health Organization (WHO), definieer werkplekstres as die respons van werknemers wanneer hulle met werkse gekonfronteer word wat hulle blootstel aan prestasiedruk wat buite verhouding tot hulle kennis, vermoëns en vaardighede is, en hulle derhalwe met uitdagings konfronteer word waartoe hulle nie in staat is nie.

Navorsing wat deur die American Psychological Association (APA) onderrneem is, toon dat 69% van werknemers hul dagtaak as 'n beduidende bron van stres beskou, en dat 'n verdere 41% spanning of stres gedurende die werkdag ervaar. Die erns van hierdie bevindings word verder onderskraag deur die volgende aanvullende feite:

- 51% van werknemers glo dat hulle as gevolg van werkplekstres minder produktief is;
- 52% van werknemers het al as gevolg van werkplekstres orweging daaraan geskenk om van werk te verander, bevordering van die hand te wys, of te bedank;
- die gemiddelde aantal werksdae wat in 2001 as gevolg van afwesigheid te wyte aan werkplekstres, angs en verbandhoudende toestande verloor is, was 25, terwyl die gemiddelde aantal werksdae wat as gevolg nie-fatale beserings en ander ongesteldhede verloor is, slegs ses beloop het;
- die gesondheidsorgkostes vir werknemers met hoë vlakke van stres is 46% hoër as gesondheidsorgkostes vir werknemers wat nie sodanige vlakke van stres ervaar nie;
- vroue is tot 'n meerdere mate aan werkplekstres blootgestel, daar van hulle verwag word om meerfasettige dagtake bestaande uit huishoudelike en beroepstake uit te voer, en derhalwe ‘n sware werklanding meebring dat hulle dikwels skuldgevoelens en vyandigheid as gevolg hiervan ervaar; en
- industrieë jaarliks $300 biljoen as gevolg van werkplekstres verloor.

Die verband tussen werkplekstres en gesondheidsklagtes is sterker as die verband tussen werkplekstres en enige ander lewensoorsaak, bv. finansiële of gesinsprobleme. Daar is ‘n veelheid betroubare navoringsbevindinge wat daarop dui dat werkplekstres onder andere die moontlikheid van kardiovaskulêre toestande vergroot (hoë bloeddruk en hartvattoestande), ‘n belangrike oorsaak vir rug-en verbandhoudende spierootstande kan wees, en die immuunsisteem sodanig kan onderdruk dat dit
tot ‘n toename in lugweginfeksies aanleiding kan gee. Uiteraard is daar dan ook ‘n gepaardgaande toename in werkplekafwesigheid.

Benewens bovermelde gesondheidstoestande en ‘n veelheid ander, is werkplekstres ook een van die belangrikste oorsake vir depressie, asook genees- en dwelmmiddelmisbruik. Depressie, wat dikwels as die siekte van ons tyd beskryf word, het ‘n beduidend negatiewe impak op produktiwiteit, daar dit dikwels aanleiding gee tot toenemend gereelde en steeds langer periodes van werkplekafwesigheid met gepaardgaande buitensporig hoë mediese koster. Hierbenewens is daar ook die negatiewe impak wat depressiewe persone op die algemene werkplekklimate het.

Alhoewel beide mans en vroue aan werkplekstres blootgestel is, is vroue dikwels as gevolg van hulle multidimensionele dagtaak tot ‘n meerdere mate blootgestel. Buiten dat van hulle verwag word om ‘n veelheid verskillende huishoudelike take te verrig, word ook van hulle verwag om hulle beroepstake nougeset te vervul. Hierdie dubbele werklading het dikwels tot gevolg dat hulle nie alles op hulle kerfies tot hulle bevrediging en die tevredenheid van ander kan vrag nie. Daar is gevolglik dikkwels ‘n opwelling van frustrasie en skuldgevoelens wat in baie gevalle tot vyandigheid teen ‘n ‘onregverdige’ lewensorde uitloop. Hierdie stres word verder vererger deur die sogenaamde ‘glasplafon’ wanneer hulle meeding met hulle manlike eweknieë vir bevordering.

Sakeondernemings, ongeag of hulle honderde of slegs ‘n beperkte aantal werknemers in diens het, kan hierdie versluiere gevaw van hulle strees aan in werkplekstres. Alhoewel werknemers wat ‘n beperkte aantal werknemers in die bedryf is, kan die bedryf morestaan van hulle strees deur die volgende basiese voorkomingsmaatreëls:

- strassvolle werksituasies op ‘n kalm en beredeneerde wyse te benader;
- op ‘n deurlopende grondslag inligting met werknemers te deel, ten einde onsekerheid of hul beroeps- en toekoms te vermindert;
- die rolle en verantwoordelikhede van werknemers duidelik en op die manier oor hulle gesprek te omskryf;
- seker te maak dat hulle op die manier oor hulle vrywillig en effektiewe wyse kommunikeer, nie op ‘n kleinselig en gemene wyse nie;
- werknemers gereeld konsulteer en aan hulle die geleentheid gee om te deel van die besluitnemingsprosesse wat op hulle verantwoordelikhede betrekking het;
- werknemers te konsulteer by die vaststelling van skedulering en werkreeëls;
- seker te maak dat dat die werkgedrag van hulle verhouding is tot werknemers se vermoëns en hulpbronne;
- onrealisties spedatumte te vermy;
- aan individuele werknemers vir aan te toon dat hulle na waarde geag word;
- seker te maak dat dat die werkgedrag van hulle verhouding is tot werknemers se vermoëns en hulpbronne;
- seker te maak dat dat die werkgedrag van hulle verhouding is tot werknemers se vermoëns en hulpbronne;
- seker te maak dat dat die werkgedrag van hulle verhouding is tot werknemers se vermoëns en hulpbronne;
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* Year ends

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The amendment to the BEE Codes of Good Practice was unveiled on Friday 11 October 2013. The Codes will only be applicable to businesses measured in terms of the general codes, while the Sector Codes will remain applicable to businesses operating within those sectors.

The most important provisions with respect to EMEs being measured in terms of the Revised Codes are:

1. Threshold for EMEs increased from R5 mil to R10 mil. Businesses with an annual turnover below R10 mil are now regarded as EMEs.
2. An EME receives an automatic Level 4 BEE Status as was the case in the past, but
3. 51% Black-owned EMEs receive an automatic Level 2 BEE Status; and
4. 100% Black-owned EMEs receive an automatic Level 1 BEE Status.
5. Start-up enterprises are measured as EMEs.
6. A sworn affidavit is sufficient proof of a business’s turnover and black ownership status for purposes of qualification as an EME.

Impact on Accounting Officers
The increase of the EME threshold and the elevated status for 51% and 100% Black-owned EMEs is good news and, if viewed in isolation, means that the market for Accounting Officers issuing certificates has now dramatically increased. Some of the enthusiasm with which this amendment was anticipated was at first glance somewhat tempered by the provision that sworn affidavits would be sufficient evidence for the EME status of such a business. We say ‘at first glance’ because upon closer inspection, the following soon became clear.

Statement 005 of the existing Codes has not been repealed. It states that Statement 000, Section 4 of the B-BBEE Codes of Good Practice (the current Codes) still applies for determining eligibility of an Exempted Micro Enterprise. Section 4.5 of
Statement 000 of the current Codes states that sufficient evidence of qualification as an EME is an auditor’s certificate or a similar certificate issued by an Accounting Officer or Verification Agency.

Even though EMEs will therefore be able to merely make a sworn affidavit with regard to their turnover and black ownership status, it will not affect the validity of certificates issued by Auditors, Accounting Officers or Verification Agencies for EMEs. Accounting Officers will still be able to issue certificates as evidence of the EME status of a business, except now they will also be able to do it for businesses with a turnover between R5 mil and R10 mil, which they were previously not allowed to do. We also expect that very few businesses will make use of the option to use merely an affidavit for the following reasons:

- It lacks the professional appeal of a certificate;
- It is not an independent confirmation like that afforded by a certificate;
- Inadvertent misrepresentation in the affidavit with respect to the BEE Status level could be met with fines of up to 10% of the annual revenue of the business or imprisonment of up to 10 years;
- Tender Boards of Government are not allowed to rely on affidavits in terms of the 2011 Preferential Procurement Policy Framework Act Regulations, but only on certificates;
- An affidavit can only be used to attest to black ownership and turnover, but aspects which have become relevant in terms of the new Codes, such as the EME’s ‘designated group status’ and ‘enterprise and suppliers development beneficiary status’, can only be attested to by means of a certificate.

If a business wants to merely use an affidavit, they will still require assistance with the content thereof and in this regard, professional accountants (especially those who are Commissioners of Oaths) are best positioned to assist those clients.

Although the above is good news for Accounting Officers, unfortunately the Revised Codes brought with them a lot of uncertainty as to their application and legal status as a whole. However, the overall state of affairs is positive for Accounting Officers as their market share of the industry has just increased significantly and BQSystems users will be able to use the EME online system to service their newly acquired market share. See Upcoming Amendments to BQSystems EME online verification tool.

Legal Status of Revised Codes
The Revised Codes only come into effect on 11 October 2014 and, although they contain a clause that attempts to introduce a transitional period for the next 12 months in terms of which businesses may opt into the Revised Codes, legal commentators are of the opinion that even the transitional clause can only become effective on 11 October 2014. Bad drafting has therefore led to mass confusion and you can expect many requests from clients to be issued with a certificate or affidavit in terms of the Revised Codes. Although this confusion will exist for the next 12 months, we trust that the Dti will provide clarity before the commencement of the Codes on 11 October 2014.

In the interim, we expect that there will be mixed acceptance, both in the private sector and, more specifically, at government tender boards, of

Choose BQ Systems to gain the advantage in EME certificate provision

Visit www.bqsystems.co.za to find out more!
certificates or affidavits issued in terms of the Revised Codes. The reason we expect government tender boards and those of parastatals to be reluctant to accept certificates or affidavits in terms of the Revised Codes is because they are compelled to make use of the scoring mechanism provided for in terms of the Preferential Procurement Policy Framework Act and its 2011 Regulations. The Act and the Regulations have not been aligned to the Revised Codes and won’t be for at least the next year. As far as the larger businesses in the private sector are concerned we also believe that very few, if any, will opt into the Revised Codes in the next 12 months because of the onerous requirements it introduces for these entities. As a consequence, some of them will not be accepting certificates in terms of the Revised Codes for purposes of calculating their procurement status under the existing Codes.

However, this will not deter some of your clients to insist on a certificate in terms of the Revised Codes and we do not believe that it is BQSystems’ place to be prescriptive to our clients about whether they can or cannot issue certificates in terms of the Revised Codes yet. Accounting Officers will, therefore, be met on the one hand with a demand for certificates in terms of the Revised Codes, but will on the other hand also need to be aware of the risks explained above for their clients when tendering for business with these certificates in terms of the Revised Codes.

**Upcoming Amendment to BQSystems EME online verification tool**

We have decided to amend the BQSystems EME Online tool so that you as an Accounting Officer will have the choice to issue a certificate in terms of either set of Codes or both, or to alternatively generate an appropriately worded affidavit for your client. Care will be taken with the wording of disclaimers on all these certificates and affidavits to cover both yourself and your client against inadvertent misrepresentation. The system will allow you to customise those disclaimers according to your preferences.

These amendments will take time, but we are aiming to have them completed and tested before the end of December 2013. In the interim, the system will be available for use as it has been to date for the issuing of certificates in terms of the existing Codes.

The amended system will enable you to continue adding value to your clients with the existing features of the system, but extended to affidavits, such as:

1) Automated annual reminders;
2) Repository of evidentiary documentation;
3) Professional-appearing certificates and/or affidavits;
4) Appropriately worded disclaimers;
5) Mitigation of risk of misrepresentation.

The BQSystems Online EME Verification Tool is available on home.bqsystems.co.za – register today!
**Q: Why and how did you get into the accounting industry?**

**A:** I was always good with numbers and decided that studying accounting would be a solid foundation going into the working world, and possibly starting my own business, since accounting is one of the building blocks of business. After finishing my BAcc degree at Stellenbosch, I did my articles at Moore Stephens and qualified as a Professional Accountant (SA). I always wanted to write and so applied for a bursary from Sake24 - the Afrikaans business daily in *Die Burger*, *Beeld* and *Volksblad*, as well as in Sunday's *Rapport* - to go and study a journalism honours degree at Stellenbosch. I received this degree cum laude in 2010 and I have been with Sake24 ever since - writing about tax issues, the accounting industry, the banks, SMEs, entrepreneurs and personal finance.

**Q: What is best part of your job?**

**A:** Not a single day of being a journalist is the same - you get to meet new people every day and find out what makes them tick. You get access to successful entrepreneurs and CEO’s of big listed companies. Knowing that my articles can inspire or help entrepreneurs or people with investment decisions makes the work fulfilling.

**Q: What are the most challenging aspects of your job?**

**A:** Meeting the daily deadlines to write two or more stories for the next day’s newspaper, while also writing more in-depth stories analysing industries and trends. Doing an interview with a big profile CEO and asking them very tough questions on their company, themselves or their industry can also be very challenging.

**Q: Any career highlights worth mentioning?**

**A:** I won Citadel’s financial journalist of the year award for the personal finance category and Best Newcomer at PwC’s tax journalist of the year awards.

**Q: What are your thoughts on the accounting industry as a whole?**

**A:** Ever-changing legislation is a threat for accountants, but it can also be seen as an opportunity to show that registered accountants, who belong to a body like SAIPA, are the ones which the public should use to represent them to act as their accountant and tax practitioner. South Africa has a shortage of accountants, which is a profession that is vital to a flourishing economy.
In the old days, say, 20 years ago, being a director was sort of a cushy job, at least for what was called outside (i.e. non-executive) directors. There is a humorous quote from Agatha Christie in her novel The Seven Dials, which very accurately describes how directorship used to be viewed:

‘got me in as a director of something or other,’ declares one character. ‘Very good business for me – nothing to do except go down into the city once or twice a year to one of those hotel places – Cannon Street or Liverpool Street – and sit around a table where they have some very nice new blotting paper. Then Coote or some clever Johnny makes a speech simply bristling with figures, but fortunately you needn’t listen to it – and I can tell you, you often get a jolly good lunch out of it.’

This has changed dramatically with the advent of corporate governance. In the past, most directors were also part of the executive team - in other words, directorship was usually associated with a management position. Now with the governance requirement to have a larger contingency of independent outside directors on the board in order to strengthen oversight, directorship has developed into a fully-fledged profession. We also place much more emphasis on the difference between the management role and that of directors.

Role of directors/board: A living person has a mind which can have knowledge or intention, or be negligent, and has hands to carry out his intentions. A corporation has none of these; it must act through living persons. This is essentially
the role of the board. The board is providing strategic direction whilst management executes the strategy. The board’s duty is dualistic: it needs to look after the performance of the company (contributing know-how, expertise and external information, networking, representing company, adding status; policy formulation, foresight and strategic thinking) and whilst keeping the company under prudent control (judging, questioning, supervising management, watchdog, confidant and safety valve, accountability, supervision of management). Boards need to use their judgment to achieve the right balance between conformance and performance, and it presents a dilemma that is insoluble. It should be clear from this already that it is no easy task to be a director. Add to that the greater responsibility that is placed on the shoulders of directors by legislative developments, and it is clear that we need very astute and experienced individuals to serve as directors.

“Companies need to develop a robust process and set of criteria for assessing the board skills they need, what the gaps are and how to identify suitable new candidates.”

The stereotype of the retired executive taking up directorships is gradually changing as younger people begin to see directorship as a career path in itself. And although it is an emerging profession, there are no professional standards for a person to serve as a director. The closest that we come to such standards are the disqualifications provided for in the Companies Act, 2008 due to insolvency, conviction of fraud, etc. The Institute of Directors in Southern Africa (IoDSA) was recognised as the professional body for directors at the end of 2012 and we have since launched the professional designation, Chartered Directors (South Africa) which lays down the standards for individuals to serve as directors. Currently the designation is voluntary, but our hope is that the market will start insisting that CD(SA)s serve on board in order to ensure quality of and effective stewardship by boards.

The new CD (SA) designation will provide these emerging professionals with a way of demonstrating that they meet a certain standard of knowledge and experience, and that they are committed to continuing professional development to maintain that standard. Holders of the CD (SA) designation will also have to adhere to a
Directors are elected by shareholders, normally. King III prescribes a system for nomination committees to assist the board and shareholders in the election of directors to ensure that the board is properly composed. The nomination committee vets candidates for whether they have the requisite skills and attributes to serve on the board, and then makes recommendations to the board as to which candidates should be put forward for election by shareholders.

But companies and prospective directors must do their homework before board appointments. Companies are hugely dependent on the skills and qualities of their directors for their long-term profitability and sustainability. This importance is reflected in the focus on the governance and performance of boards in new legislation, like the revised Companies Act, and voluntary codes such as the King Code of Governance for South Africa.

Not surprisingly, companies are increasingly concerned to ensure that their boards contain the right mix of skills and expertise to help them implement their business strategies effectively. “Companies need to develop a robust process and set of criteria for assessing the board skills they need, what the gaps are and how to identify suitable new candidates,” says Parmi Natesan, senior governance specialist at the IoDSA. “There are certain obvious things that everybody looks at, such as independence and experience, but there are other issues that can be forgotten, such as whether the prospective director actually has enough time available to discharge his or her commitments properly, or whether the fee required is affordable.”

Natesan goes on to say that prospective directors also need to take the time and trouble to perform a similarly intensive due diligence exercise on companies whose boards they have been asked to consider joining. This exercise would include researching the company’s current and future risks and performance, as well as the effectiveness of the board and its culture.

“Given the hugely increased exposure to personal liability that the new Companies Act imposes on directors, I can’t stress enough the importance of informing yourself about how the company is run and what risks it faces,” Natesan comments. “For example, consider the position of people who joined the boards of construction companies after the World Cup but before reports of collusion came to the fore. It’s an extreme example, but prospective directors can’t take anything for granted. While there’s no guarantee one will uncover all problems, the time to investigate is before one joins the board!”

Natesan is a member of the IoDSA’s Corporate Governance Network, which recently launched a guide to help companies and prospective directors conduct an effective and comprehensive due diligence exercise. The paper contains comprehensive sample questions that both companies and prospective directors should consider.

“The paper is intended to be a highly practical guide that provides a starting point for companies and individuals to construct their own due diligence exercises, not a checklist,” Natesan concludes. “It can also be tailored to meet the needs of trusts, parastatals and other entities with boards.”

If a director does not perform his/her duties properly they can be removed by shareholder or the board under the Companies Act. This is in order to hold them accountable to those who invest in the company. As a governance principle, directors retire on a rotation basis and on rotation they can make themselves available for re-election. This process prevents a situation where directors become entrenched in their positions.

Fees to directors are paid based on the number of meetings plus a retainer. It needs to be kept in mind that a director attends 4/5/6 board meetings in a year. To only rely on these for a sound understanding of the company is utterly foolish. Much homework is required between meetings to stay abreast of what is happening in the industry and also to attain the requisite knowledge of the company and its operations - hence the retainer.
Partner with the best Call Centre Help Desk in the world.

Sage Pastel Accounting recently took part in the Contact Centre World Awards in Las Vegas. We were up against over 600 companies from across the globe and some of the biggest names in the business, and we won gold in the category of Best Help Desk.

With a 170-seat contact centre that consistently exceeds 90% customer satisfaction scores, we’re ready to take your call. Choose Sage Pastel as your business partner of choice and experience world class support for you and your clients.
Over the last few years the Minister of Labour has tabled numerous amendments to existing labour laws. Once implemented, these changes will significantly adjust the landscape of employment law and the regulation of the employment relationship.

The amendments to the Labour Relations Act, No 66 of 1995 and the Basic Conditions of Employment Act, No 75 of 1997 are perhaps the most anticipated (and debated) of all the Labour Bills tabled by the Minister.

**Basic Conditions of Employment Amendment Bill (BCEA Bill)**

The Basic Conditions of Employment Amendment Bill, which has been passed by the National Assembly, seeks to increase the employee’s protection in the workplace. Salient amendments include provisions aimed at clarifying the jurisdictional powers of the Labour Court and the Minister’s powers to make sectoral determinations. The BCEA Amendment Bill tightens up the prohibition of child labour and related aspects. Of critical importance to many employers, though, will be the increase in penalties for non-compliance with the BCEA. The maximum term of imprisonment imposed for breaches of specific sections of the BCEA will increase from three to six years. Fines imposed on non-compliance will also head north with maximum penalties of R1500 per employee per breach permitted under the Amendment Bill (up from R500 maximum at present).

According to the BCEA Bill, the Minister will now have the power to prohibit the use of sub-contracting when making a sectoral determination. A sectoral determination is made by the Minister in respect of basic conditions of employment for employees in a sector and area. Sectoral determinations made by the Minister to date include those applicable to the security industry and domestic workers. Industries that typically use sub-contracting (such as the building or IT sectors) could have to re-consider their business models should a sectoral determination ever be made in respect of those industries.

There is currently no indication that the Minister is planning to increase the number of sectoral determinations to other sectors, but trade unions or employers’ organisations are entitled to apply to the Minister to investigate conditions of employment in their sector or area. The Minister could then instruct the Director General to conduct an investigation or request the Employment Conditions Commission to advise her on whether an investigation ought to be conducted.
With the current focus still firmly on labour brokers, sub-contracting and use of contract staff, it will not come as a surprise if trade unions seek to use this extension of the Minister’s power to limit the practice of employers sub-contracting work to independent contractors in order to avoid employing staff directly to do the work.

While this may have favourable consequences in instances where there has been abuse of this practice, sub-contracting work has allowed many entrepreneurs and start-up businesses to get their small businesses off the ground and grow the number of employees on their books. It would be a travesty if the legitimate use of sub-contractors were to fall victim to the general disgruntlement expressed by detractors of labour brokers and sub-contractors.

Sectoral determinations are only issued after an inclusive process that permits parties to make representations. The Employment Conditions Commission reports to the Minister on a number of factors (including the ability of employers to carry on their business successfully and the likely impact of any proposed condition of employment on current employment and the creation of employment) before the Minister issues a sectoral determination. There are currently 12 (twelve) sectoral determinations and 2 (two) ministerial determinations in operation. The current BCEA has been in operation since 1 December 1998, with minor changes introduced in 2002.

**Labour Relations Amendment Bill**

The Labour Relations Amendment Bill, which has also been passed by the National Assembly, will arguably introduce the most significant changes for employers and the manner in which they conduct business. The LRA Amendment Bill seeks to more actively regulate non-standard employment (fixed-term contract employees and staff employed through a labour broker). Various amendments will have the effect of removing certain protection or benefit currently enjoyed by clients of labour brokers. Employers making use of seasonal workers, employing staff through labour brokers or making extensive use of fixed-term employees should pay careful attention to the various amendments that will, at least, invite closer scrutiny of employment practices. However, despite earlier alarms ringing, the use of labour brokers has not been prohibited and employers are still at liberty to find appropriate mechanisms to address irregular employment patterns.

The Labour Relations Amendment Bill provides enhanced protection to fixed-term employees. The proposed amendment to s186(b) of the LRA Amendment Bill clarifies that an employee on a fixed-term contract could have an expectation for permanent employment. This issue was left in
doubt in the light of the wording in the current LRA that provides that the employee could only expect the renewal of the contract on the same or similar terms – thus, another fixed-term contract. Employees not retained at the end of a fixed-term would be able to claim inter alia claim that they expected to be offered a permanent position.

In terms of a new s198B an employee on a fixed term contract for a period in excess of three months may not be treated less favourably than an employee employed on a permanent basis performing the same or similar work, unless there is a justifiable reason for the differential treatment. The absence of such a valid reason will have the effect that the employee shall be deemed to have been employed on an open-ended or indefinite contract.

Section 198B effectively means that employers cannot make use of fixed term contracts that last for more than three months. However, s198B will not apply to:

- employees earning in excess of the threshold prescribed by the Minister in terms of the Basic Conditions of Employment Act, No 75 of 1997 (currently R193 805.00 per annum),
- employees who are employed in terms of a statute, sectoral determination or collective agreement that permits the fixed term,
- employers that employ less than ten employees, or an employer that employs less than 50 employees and whose business has been in operation for less than two years, unless the employer conducts more than one business or the business was formed by the division or dissolution for any reason of an existing business.

Furthermore, the proposed new s198B provides that an employer may engage an employee on a fixed term contract of employment for a period in excess of three months only if the nature of the work for which the employee is engaged is of a limited or definite duration, or if the employer is able to demonstrate any other justifiable reason for fixing the term of the contract. The employer bears the onus of proving at any proceedings that there exists a justifiable reason for fixing the term of the contract and that such term was agreed.

**Employment Equity Amendment Bill**

The Employment Equity Amendment Bill (EEAB) was accepted by the National Assembly on 24 October 2013. The Employment Services Bill is yet to be tabled in Parliament. The EEAB’s amendments will clarify the criteria of discrimination in the workplace and significantly increase the penalty for non-compliance with the affirmative action provisions of the Employment Equity Act, No. 55 Of 1998. Despite rumours to the contrary, the EEAB does not create criminal liability for non-compliance with the amended Act. The fines to be imposed will bring a tear to any Chief Financial Officer’s eye, though.

With regard to affirmative action, the Labour Department will have increased powers to fine companies who do not comply with their employment equity obligations. The quantum of fines will be increased significantly and may now also be determined by making reference to the employer’s annual turnover, as is the case under the Competition Act.

“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.”

Furthermore, the group of people who benefit from affirmative action will be limited to persons who were citizens of South Africa before the democratic era (or would have been entitled to citizenship, but for the policies of apartheid), and to their descendants. This means that the employment of persons who are foreign nationals, or who have become citizens after April 1994, cannot assist employers to meet their affirmative action targets. The amendments will also affect a company’s use of contract workers. In line with proposed amendments to the Labour Relations Act, No 66 of 1995, employees who are placed with a client by a labour broker for longer than six months will be deemed to be employees of the company for the purposes of affirmative action.

**Employment Services Bill**

The Employment Services Bill, 2012 (ESB) is a new government initiative which will set up a public ‘employment services agency’, and will also provide for the regulation and registration of private employment services agencies. These agencies are not labour brokers but institutions that will provide job seekers with certain services – such as matching job seekers with available work opportunities, registering job seekers, job vacancies and facilitating other employment opportunities. The Bill will also set up a nationwide database to monitor employment and assist with government’s goal of creating more jobs, decent work and sustainable livelihoods.

The latter bills are at the consultation phase and their provisions will still be the subject of debate and may be altered before they are enacted by Parliament.
DO YOU WANT TO AVOID MEETING THE SAIPA INVESTIGATION AND DISCIPLINARY COMMITTEES?

Here are some helpful hints to help you do just that:

- Make sure you have a letter of engagement which sets out all the work you will perform for the client. If you are performing work for the client as an entity and in their personal capacity make sure you have two different letters of engagement explaining all the work to be carried out for each client.
- Make sure you invoice your client on a monthly basis for all work performed for the month and that you have reconciled the client’s account each month. Remember to invoice each client separately.
- DO NOT accept client monies from SARS or from the client PAYABLE to SARS. Professional Accountants (SA) do not operate trust accounts and should not be performing such acts, especially because the professional indemnity cover will not assist in this regard if you have funds stolen. Make sure you understand what your professional indemnity covers and that you have additional cover if necessary.
- Cooperate and communicate with the client regularly.
- If you have an annual increment in fees inform the client. Do not take it for granted that the client will oblige. Be reasonable with your annual increments.
- Ensure your letters of engagement, alternatively, invoice stipulates an hourly rate or fixed rate for work performed.
- Where a client terminates your mandate, make sure you have a list of all documents you are handing over to the client and ensure you have a signed copy. DO NOT take longer than 7 days to complete the handing over process.
- Where client owes you money, please make yourself familiar with the policy applicable in this regard. This is not an automatic right to retain documents.
- Make sure you are organized and prepared for the tax deadline. Don’t leave your client’s work for the last minute because you were too busy doing someone else’s work. Every client is important. Any penalties that a client incurs because of the Professional Accountant (SA)’s negligence must be compensated by the Professional Accountant (SA).
- Make sure you have a paper trail especially when clients don’t return calls, or respond to emails. They will come back to blame you for not doing the work timely.

Professional Evaluation Update

The Professional Evaluation Exam which is the Institute’s gateway to membership is becoming increasingly popular. The November 2013 exam had over 600 candidates writing across the country. The next exam is scheduled for the 10 May 2014. To support candidates with exam preparation, the preparation course will be held during April 2014. Further details are available on the website, www.saipa.co.za.

Exam Extension!!

No examination required until 17th December 2013. Due to the enormous response received from our existing members to become members of CoTE, SAIPA has decided to extend the “grandfather period” for Centre of Tax Excellence registrations to 17th December 2013 giving all SAIPA members a last opportunity to register without having to be subjected to an examination.

Only SAIPA CoTE members will be allowed to use the SAIPA CoTE Member Corporate Identity on all their business stationery assuring clients that they are recognised by SARS as a credible tax practitioner. Other valuable benefits of SAIPA CoTE are:

- Dedicated Tax and Accounting support within ONE Institute;
- Access to a fully resourced online tax library, working paper templates, sample engagement letters, alerts and notifications for breaking news on any tax legislation changes;
- Verifiable online tax CPD hours on manuals and publications;
- Invaluable telephonic and email support by SAIPA CoTE for tax related technical queries and questions;
- New members receive R2.5m SAIPA Professional Indemnity (PI) cover which is included in their annual CoTE membership fee.

Visit our website www.saipa.co.za and register before 17th December 2013.
The acquisition of new clients continues to be a dominant driver of profitability for small- and medium-sized practices (SMPs). Indeed, in the latest edition of the IFAC SMP Quick Poll, the largest portion of respondents identified acquisition of new clients as the main driver of practice profitability—by a wide margin (see chart below).

While SMPs understand the importance of improving operational leverage (doing more with less), improving productivity (e.g., changing work practices or introducing technology), reducing overheads, and better utilization of assets, these are not the main drivers of profitability for most SMPs. This is not surprising given the fact that practice overheads are relatively fixed. The poll results seem to question the wisdom of many practice management ‘gurus’ who say that the cost of acquiring a new client is far higher than the cost of retaining, or selling more services to, an existing client. What those ‘gurus’ may be failing to recognize is the full potential and cost effectiveness of a marketing campaign that includes low-cost social media.

This article looks at promotion and marketing and, in particular, the role of social media in acquiring new clients and driving practice profitability.

Branding
The first step of a marketing strategy is to identify your target customers and what they need. You then have to determine how you can satisfy those needs at a profit and, at the same time, differentiate yourself from your competitors. This becomes your brand. The aim of your marketing strategy is to have people associate your brand with their needs and desires, choose you over the competition, and, if you do it right, pay a premium for your services.

Promotion and Marketing
An organic growth strategy involves leveraging promotion and marketing activities to build brand and attract new clients or sell additional services to existing clients. Remember that most businesses in the market are likely to already have an accountant. In the majority of cases, that means for you to grow your practice you will need to win clients from rival practices. And, in order to do that, you must offer a compelling reason for them to switch. This makes promotion and marketing more important than ever—and demands that practices build the capability to proficiently promote and market their brand and service offerings. You will likely be faced with the classic ‘make-or-buy’ dilemma, that of using (and training as needed) existing staff to do promotion and marketing, or else recruiting or outsourcing for the requisite skills.

Promotion and marketing efforts are most effective when a number of activities and channels are used simultaneously: this harnesses the momentum of such efforts and is likely to be more impactful. There are many ‘tried and true’ strategies for marketing but the newest one, social media, has already

- Acquisition of new clients
- Better retention of existing clients
- Increased productivity
- Increased average fee size
- Reduced overheads
- Better utilization of working capital and other assets
- Other
broken the mould. Social media marketing has rapidly grown in prominence and gone from marginal to mainstream in the marketing space. Social media is a low-cost channel with a very wide reach into your target market.

Social Media Marketing
Social media essentially has taken traditional word-of-mouth marketing (historically the norm for accountants) and moved it to a digital space, exponentially increasing opportunities to influence. It is one of the most powerful tools to engage customers and drive revenue growth. But according to Steven D. Strauss, small business expert and author of The Small Business Bible, while small business owners recognize how important social media is to their success, they’re not taking advantage of social media’s full potential. And, chances are, the same applies to SMPs: after all, SMPs are effectively small businesses in the accountancy sector.

Getting started in social media marketing and deciding whether it can benefit your practice can be quite overwhelming—even scary, at first. Here are some steps to take when building a social media presence:

1. **Set aside preconceived notions**—social media carries risks but the rewards are greater: it will take time and expense to plan and execute but there are many tools, resources, and articles to help.

2. **Learn about the what, why, and how**—take the time to read and educate yourself about social media, including Twitter (see Twitter’s Small Business Guide), LinkedIn, Facebook, and blogging, and see what your peers are doing.

3. **Check out the tools and resources available to help**—there is a growing suite of tools, resources, and guidance available, for example, the AICPA PCPS has developed a number of resources, many of which are available for free, including a social media toolkit and articles.

4. **Create a strategy and action plan**—define goals, decide how you will measure success and allocate responsibility, then start out small by, for example, pilot testing one of the tools. See “10 Questions to Ask When Creating a Social Media Marketing Plan.”

5. **Implement the plan**—aim to provide content that creates conversation rather than advertises and involve staff from the millennial generation as they often have the most experience.

6. **Periodically evaluate, analyze, and update the plan**—track your efforts and monitor the return on investment using common metrics including likes, shares, followers, traffic, and conversions.

7. **Consider the need for a policy**—this can help manage the risks and reap the rewards.


**RESOURCES**
IFAC’s website hosts a range of resources and tools to help SMPs grow their practices. See Resources and Tools in the SMP area of the IFAC website (www.ifac.org/SMP, especially the Guide to Practice Management for Small- and Medium-Sized Practices) and the SMP Committee’s Delicious page, which features bookmarked links to relevant free resources (see especially Practice Management, Module 3).
Slick Donoghue was... well, the slickest insurance salesman at Universal Life and Benefits (ULB), the 7th largest insurance company in the country. He knew the ropes, the jargon, and the numbers so well he could sell life cover to a corpse. In fact, he did once, and escaped the disciplinary charges saying he thought his pale and very thin client was just concentrating hard on his pitch with his eyes closed. Year in and year out Slick topped the sales tables and had been on so many incentive reward trips to Mauritius, many in the capital mistook him for the mayor of Port Louis. Slick was also a man who lived large and had expensive habits. He’d been married five times and had 9 children, the youngest of whom was three. At the age of 64 – albeit a toned and tanned 64 – he found the brat extremely annoying, but told his golf buddies that the six months he’d been with the mother (who was a retired Austrian gymnast and sex therapist) had been among his happiest and most exhausting. In order to lead his life of champagne dreams and caviar wishes, Slick had become profoundly adept at doing his monthly expenses. While he called it a creative expression of a high work ethic, ULB’s perpetually stressed CFO called it fiddling the books, but to date he’d never been able to catch Slick out. It had, in fact, become a game of cat and mouse. And as we’ve just pointed out, Slick was a very good mouse. A seven-hour session of tantric Thai massage therapy had been claimed as a strategic Far Eastern lifestyle consultation. A box of Cuban Montecristo Number 5s specially flown in from Havana has been put down to a presentation prop procurement for a health executive health benefit seminar to portray the dangers of smoking. We told you he was good. A bottle of Baccarat Les Larmes Sacrées de Thebes for delicious Debbie, his between-flings fling, had been claimed for as client loyalty incentive for 88-year-old Dorothy Miggens, his oldest client who probably needed perfume because she smelt of cats, mothballs and baked beans. But today Slick was in trouble. He’d gone, as they say, one bridge too far; had crossed the line; had in the CFO’s exact words, poked the bear. Sitting in the car park of ULD’s modest downtown offices was a vulture-black Lykan Hypersport with an engine noise that sounded like a banshee that had been kicked up the kiester with a size eleven bovver boot. Slick, in tight jeans and an even tighter shirt, was explaining to anyone who would listen that this was a high-end client acquisition transport solution. But for the CFO who brought his own lunch to work and drove a second-hand beige Toyota Cressida in order to display austerity, it was the final straw. In a fit of rage, he climbed into his vehicle, started the engine, gunned the motor, turned it to face the ostentatious sport car... then he picked up his non-smart prepaid cell phone, called SARS and said one word – audit. “In order to lead his life of champagne dreams and caviar wishes, Slick had become profoundly adept at doing his monthly expenses.”
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:

- Related laws;
- Dashboard;
- Diagrams and reports; and
- Hyperlinked references.
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