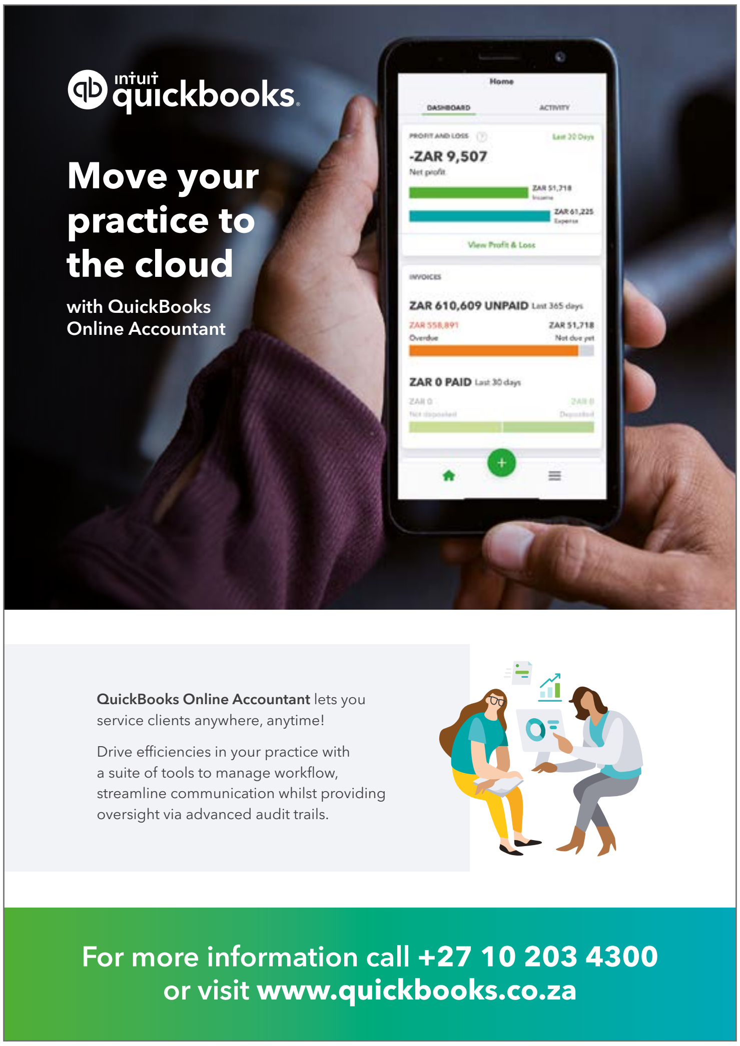
small medium PRACTICES

SMALL & MEDIUM PRACTICES

Newsletter

SMP Divisions Contact:
T: 011 621 6600
E: smp@saica.co.za

www.saica.co.za



IN THIS ISSUE

02	5 ways to get more of the referrals you really want
05	No diesel refund available
08	Public schools are missing out on much needed funding due to poor state of finances
10	SAICA laments the continuing practice of appointing fake auditors by governing bodies of public schools
12	Advance of the service economy
14	Valuation: Art or Science?
16	SMMEs, just hang in there!
18	Proposed Revisions to the Fee-related Provisions of the IESBA Code
20	The benefits of networks and associations
22	Robotic process automation powering up the audit
24	Audits of Less Complex Entities: The Way Forward
26	Progressive Workplace Strategies with Virtual Reality (VR): Making VR technology work for business in the era of COVID-19
28	Let SAICA assist you in building a strong, high-performing finance team

IN EVERY ISSUE

NEED TO KNOW 26
PRACTICE MANAGEMENT 28
TECH TALK 30

SAICA
THE SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS

Copyright (c) saica.co.za. Unauthorised use of this material is prohibited.
For queries call SAICA'S Contact Centre at 08610 SAICA (72422). Please quote your SAICA reference number when notifying the institute of a change in your details.
Non-profit organisation registration number: 020-050-NPO.

5 WAYS TO GET MORE OF THE REFERRALS YOU REALLY WANT

By **Mark Lee,** FCA, speaker and immediate futurist for accountants

There are three flaws in the common assertion that most established accountants gain most of their new clients from word of mouth and client referrals. In this article Mark Lee FCA, speaker and immediate futurist, explains those flaws and offers five key tips. These explain what accountants can do if they want to rely on referrals to secure new and worthwhile clients in the immediate and longer-term future.

YOUR CURRENT POSITION

Ask 100 accountants the best source of new clients, and 'referrals' is always way ahead of other marketing activities.

Part of the reason for this is that well-established accountants only tend to take on a limited number of new clients each year. They do not do much in the way of marketing and have an old fashioned, under-performing website. So, the most likely source of those new clients is recommendations and referrals. And they may well be right.

But is this also true for you and your firm?
Even if it is true, I suggest that there are three reasons even established accountants cannot rely on to ensure this flow of referrals continues far into the future.

1 – It's too random and uncontrolled

If you want to grow your practice, you need to take a more active role in generating new prospects and clients.

Few accountants I know planned to grow their practice by taking on more low-fee simple tax return clients. If you don't take active responsibility, you are just as likely to get referrals to small as to big clients. Do you want to be side-tracked by people who don't want to pay the fees you deserve to earn?

2 – It's based on a misconception

The theory that you should focus on securing referrals is not borne of the experience of other accountants who are keen to grow their practice. No. Instead, it comes largely from the experience of accountants who do NOT want to grow their practice significantly. Why should their experiences be relevant if you DO want to grow your client base?

Don't misunderstand me. You can grow your practice via referrals. But not if you do the same things as other accountants who are not looking to grow their practices.

3 – It ignores future trends

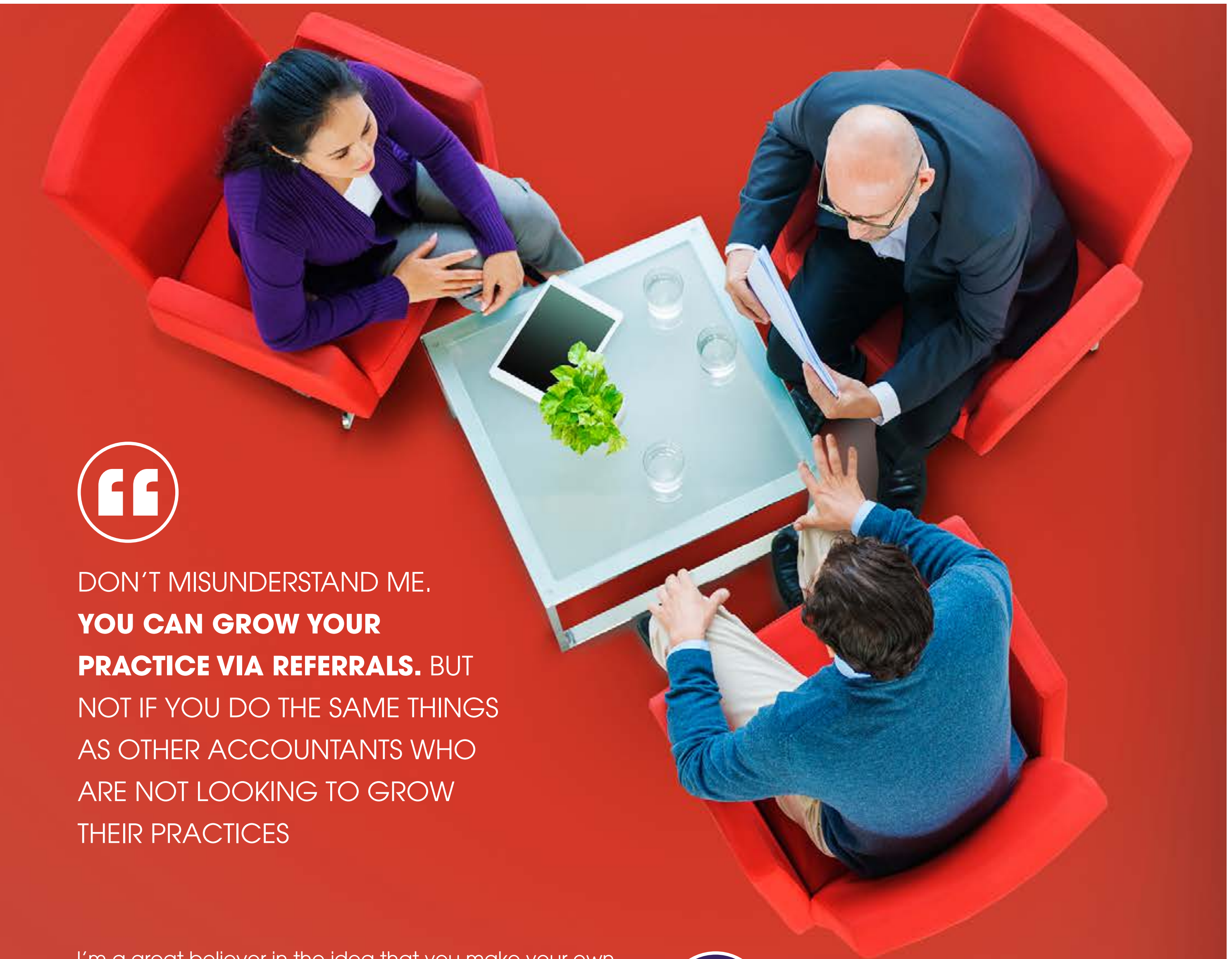
Even if we ignore the hype, the compliance needs of prospective clients are evolving. And the changes are going to happen faster over the next ten years than they have over the last ten.

Within five to ten years many traditional accountants will struggle to get good referrals. These will tend to go to more modern accountants who have embraced new technology, new systems and new processes. Not that many clients are bothered about such things – but the more modern accountants will be charging lower fees for doing the traditional work. And word will get around. The bottom line here is that doing a good job and hoping for loads of referrals will rarely enable you to achieve your growth ambitions.

DO YOU MAKE YOUR OWN LUCK?

Whether or not you currently get your best new clients through referrals, if you are like most accountants, you probably haven't thought about how you could make it easier for your contacts to make good referrals to you.

Most accountants leave this largely to luck.



DON'T MISUNDERSTAND ME. **YOU CAN GROW YOUR PRACTICE VIA REFERRALS.** BUT NOT IF YOU DO THE SAME THINGS AS OTHER ACCOUNTANTS WHO ARE NOT LOOKING TO GROW THEIR PRACTICES

I'm a great believer in the idea that you make your own LUCK (Labour Under Correct Knowledge). You can do this by taking conscious action to increase the prospect of generating more of the referrals you really want.

So, here is a quick five-point plan that will help you in this regard:

1 WHO TO APPROACH

Identify just ten people (your 'Target Ten') who might know people who could be ideal referrals for you. Your Target Ten might include some good clients, lawyers, bankers or other professionals with whom you have worked and established a mutually trusting relationship.

If your network doesn't yet contain any such people, you will need to find them on LinkedIn or at local net-working groups.

2 WHAT SHOULD THEY SAY?

Clarify what you would want your Target Ten to say when they are making referrals to you.

You could ask each of your Target Ten to refer the same type of clients to you or you may make different requests of each of your Target Ten. In each case, think about ONE person (or type of person) not a shopping list of possibilities. You will invariably get more specific and valuable referrals if you are specific.

Most accountants have a number of different types of clients. But if you list them all out, that list sounds the same as every other accountant and isn't memorable or distinct.

To maximise the referrals you receive, give each of your Target Ten just one type of person to think about whom you could help.

5 WAYS TO GET MORE OF THE REFERRALS YOU REALLY WANT CONT

3 STORIES

Craft a couple of stories about similar clients you have helped and how they felt about your service, etc. Tell the relevant stories to your Target Ten when you ask them to keep you in mind. Your stories will make it easier for your Target Ten to recall your request, as they can link this to their memory of your story if this resonates with them.

4 RECIPROCATE

Talk with your Target Ten to find out what you could do to help them. Yes, that's right. BEFORE you ask for referrals, ask what you can do to help them. Make notes so that you don't forget. Many of the people you offer to help will then ask you what they could do to help you. Or they may only do this after you have referred business to them. That's when you share the information you noted down at steps 2 and 3.

5 KEEP YOUR PROMISES

Keep the promises you make to help your Target Ten. After all, if you don't keep your promises you can hardly expect them to do the same for you. And the sooner you help them, the more the pressure mounts for them to reciprocate.

KEEP IN MIND

I should add what may be surprising news for you. No one really cares what you do as an accountant. Indeed, they assume you do the same as every other accountant they have ever known and that you do it in much the same way.

What people really care about is what you can do for them or for the people they know. And why your clients come back to you. What do they especially like about how you operate and how do they benefit from your service, style and approach?

Most of us find it easier to remember stories rather than bare facts. Telling stories about our clients (without breaching their confidentiality, of course) can make it a lot easier to secure more of the referrals you would like.

The alternative is that you continue to secure only the same old random referrals – some of which are time wasters and some of which are wholly unsuitable for the practice you are seeking to build.

Mark Lee FCA is a speaker and immediate futurist for accountants. Although based in the UK he is regular visitor to South Africa and invites readers to connect with him on Linkedin (www.linkedin.com/in/bookmarklee), to read his blog and to register for his weekly Magic of Success email tips for accountants: www.bookmarklee.co.uk

Mark Lee FCA
Speaker and 'Immediate Futurist' helping Accountants future proof their firms, departments and careers.
07769 692890

Author of articles with over ONE MILLION views on AccountingWeb.co.uk
Consistently ranked as one of the top online influencers of the UK accountancy profession

Let's keep in touch:

- Register here (GDPR compliant) for The Magic of Success - weekly tips, tricks and insights for accountants who want to be more successful
- Connect on Linkedin: Follow on Twitter:
  Website: BookMarkLee
- Could I help you by speaking at your next conference or away day?

NO DIESEL REFUND AVAILABLE

By **Piet Nel,** Project Director: Tax Professional Development

Users of fuel are entitled to a refund of part of the cost of diesel fuel used for qualifying purposes. An important requirement is that the fuel must be stored at the premises of the user.

The refund scheme:
Farming is a qualifying activity under the Diesel Refund Scheme. Most farming enterprises will qualify to be registered for the Diesel Refund Scheme. The person conducting the farming enterprise may therefore apply for registration at the Diesel Refund Scheme, provided the enterprise is registered for VAT. The Diesel Refund Scheme is currently administered through the VAT system – hence the requirement that VAT registration is a prerequisite for participation in the scheme.

Refunds under the Diesel Refund Scheme are processed by merely utilising the VAT administrative system. The concession is actually granted to qualifying purchasers under the Customs and Excise Act.

Once registered, the claim for a diesel refund will be made using the VAT201 return which is available on eFiling. A diesel refund claim will be offset against any VAT liability that is payable for the tax period concerned, or alternatively, the diesel refund claim will increase any VAT refund that is due to the vendor.

It is important to keep all the relevant documentation relating to diesel purchases, as well as the various log book entries or other records which indicate the actual amounts of diesel drawn from stock for eligible and non-eligible use during the tax period.

The calculation is done in terms of Schedule 6 of the Act, and this schedule sets out what "eligible purchases" would be, what would constitute "own primary produc-

tion activities in farming" and what other activities are included in primary production activities.

A farmer recently found out that a refund was not available in respect of certain diesel purchases where the diesel was actually used for own primary production activities in farming. This is reported in the case of the *Commissioner for the South African Revenue Service v Langholm Farms (Pty) Ltd (1354/2018) (2019) ZASCA 163 (29 November 2019)* and the report is available on the Supreme Court of Appeal website.

In this instance, the farmer transported farm produce from his farm to a factory. When the trucks delivered the pineapples to the factory, the drivers filled the trucks' tanks up with diesel fuel obtained at a co-operative dispenser – a depot located at the factory – before returning to the farm with the empty bins. In essence, the trucks that are used for the transportation to the factory were not refuelled on the taxpayer's farm.

SARS did an audit of the diesel refund and was of the view that the diesel obtained from the co-operative, was a 'non-eligible usage'. This was because SARS was of the opinion that a rebate could only be claimed in respect of diesel delivered, stored and dispensed from storage tanks situated on the farmer's premises. SARS was also of the view that the carting of the storage bins on the return journey from the premises of the factory was not a primary production activity.

SARS consequently indicated in a letter of audit findings to the taxpayer, that it intended to issue an assessment disallowing the refund. The taxpayer disagreed with this view and took the matter to the high court, seeking clarity on an issue of statutory interpretation that would influence the outcome of SARS' audit. In the high court, Judge Smith delivered judgment in favour of taxpayer (the farmer) and granted the following declaratory orders:

- '1.1 Section 75(1C)(a)(iii) of the Customs and Excise Act 91 of 1964 ... is to be interpreted and is properly interpreted, that diesel fuel used in the course and scope of the registration of the Applicant as user, is eligible for diesel rebate claims under the Customs and Excise Act when the Applicant's trucks are refuelled at the ... Co-op ...
- '1.2 In instances where the Applicant hired transport contractors on a dry basis, i.e. without diesel, the diesel purchased being to the account of the Applicant, that the diesel fuel purchased from the ... Co-op ... in East London for purposes of transporting of pineapples to or of farming requirements from ... premises in East London to the Applicant's farming property, such diesel purchases are eligible for diesel rebate under the Custom and Excise Act 91 of 1964 as amended.'

As indicated, SARS was of the view that the farmer "only

qualifies for the diesel rebate on diesel fuel that has been delivered to its premises ... and is being stored and used or has been used there." In their view the farmer was "precluded ... from claiming diesel rebates for fuel purchased at (the) factory site, a diesel depot owned by the Co-operative, because the factory is a distance from the farm where the respondent operates." SARS therefore disagreed with Judge Smith and took the matter to the Supreme court of Appeal.

The farmer was of the view that "it would be absurd to hold that the taxpayer could not claim for diesel fuel that is not stored on the farm and is stored offsite."

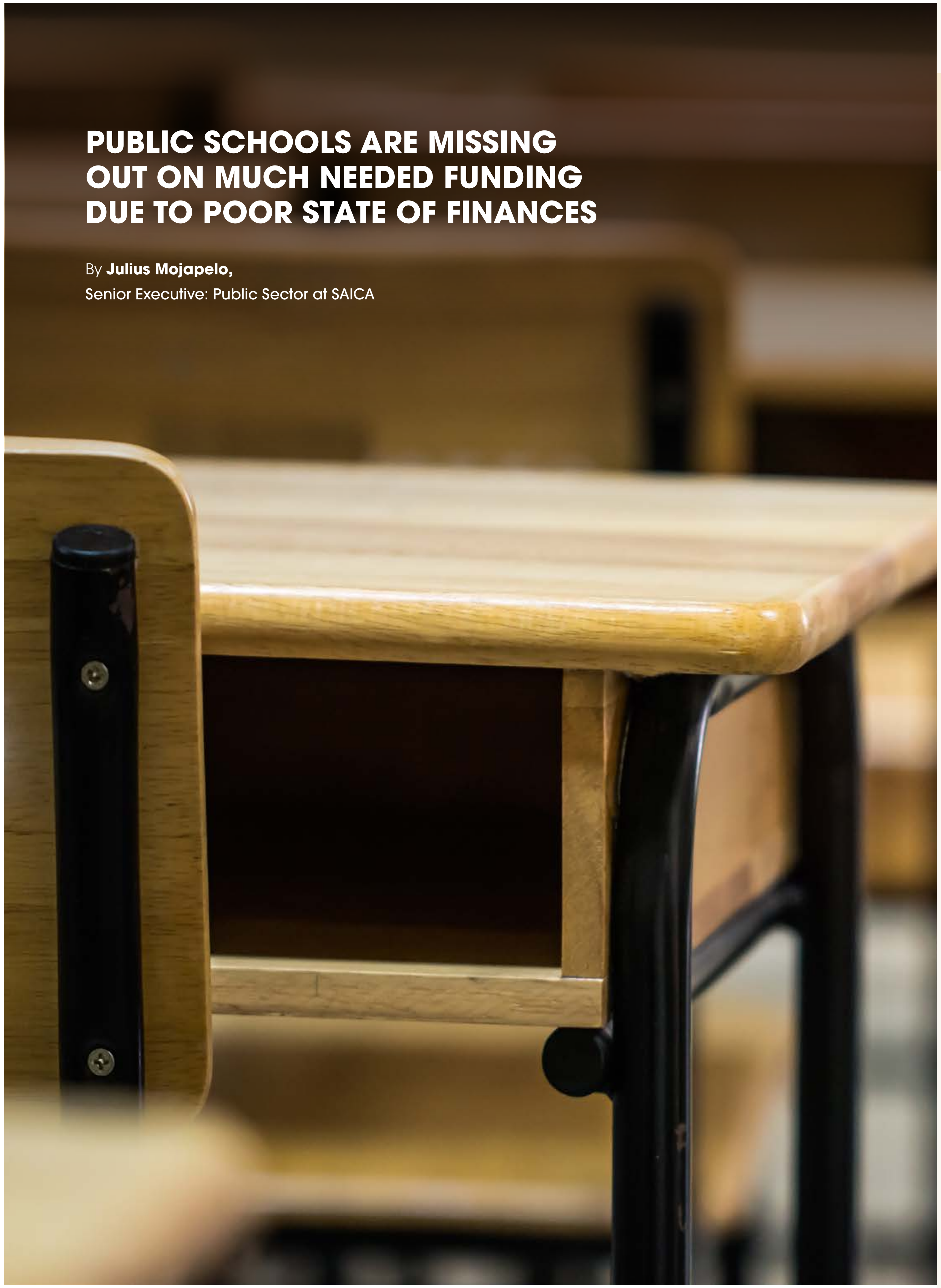
It is important to note that, under section 75(1C)(a)(iii) of the Customs Act, and notwithstanding the provision of subsection (1A), the Commissioner may investigate any application for a refund of such levies on distillate fuel to establish whether the fuel has been -

- duly entered or is deemed to have been duly entered in terms of this Act;
- purchased in the quantities stated in such return;
- <u>delivered to the premises of the user and is being stored and used</u> or has been used in accordance with the purpose declared on the application for registration and the said item of Schedule No. 6.

In Marble Vervoer versus die Kommissaris van Doeane en Aksyns, (Marble Transport versus the Commissioner of Customs and Excise), the Supreme Court previously held that "the refund relates to the use of fuel on a specific trip. The starting point should be the place where farming is carried on ..." The farmer would therefore be entitled to the refund in respect of the diesel used to transport and deliver its produce to premises away from the farm where the farming activities are carried out if it is a return trip. In this dispute, the farmer was of the view that the diesel acquired on such a return trip from a third party supplier's premises, would also be fuel used for qualifying purposes. In other words, whilst the fuel was not stored on the farmer's premises, it was used for "own primary production activities in farming".

Judge Salduker, in Langholm's case before the Supreme Court, held that "section 75(1C)(a)(iii) means that a taxpayer can only claim for the diesel fuel stored and used on its own premises." The judge, in other words, agreed that the farmer was not entitled to a refund in respect of diesel fuel acquired from the co-op. In the view of the judge, it is clear from the ordinary language of the section ("used" and "has been used") relate to the premises of the taxpayer, whether it is in the past or in the present, and not to any other premises.

CONCLUSION:
When claiming under the diesel refund scheme, users of diesel must take note that the refund is only available in respect of diesel delivered to, and stored on, the claimant's premises.



PUBLIC SCHOOLS ARE MISSING OUT ON MUCH NEEDED FUNDING DUE TO POOR STATE OF FINANCES

By **Julius Mojapelo,**
Senior Executive: Public Sector at SAICA

The level of inequality in South Africa's basic education is alarming, writes Julius Mojapelo, SAICA Senior Executive: Public Sector.

While some schools are able to give tablets to learners and offer extramural activities, many public schools are not able to cater for basic needs such as hygiene and security. Many of the schools affected by these challenges are township and rural schools. With government struggling to provide sufficient funding to public schools to address these challenges, one area that needs urgent improvement to enable public schools to effectively and efficiently utilise the limited funding that they get from government and also to attract additional funding from donors, is finance management. The challenges public schools face when trying to source supplementary funds is the trust deficit resulting from the poor state of finances at the schools.

The following are the main causes of the deficiencies in the public school finance management environment:

- There are no uniform guidelines for preparation of public school financial statements. Section 42(b) of the South African Schools Act requires that each province must issue guidelines for preparation of public school financial statements. Currently not all provinces have issued such guidelines, and those that are issued do not address all key financial transaction in the public school environment such as fundraising, textbooks and school fees. As a result, the financial statements issued by public schools are not useful for holding the school governing bodies accountable for the management of school funds.

- Schools appointing unqualified individuals to audit or examine their financial statements. Section 43 of the South African Schools Act requires that the financial statements of a public school must be audited by a registered auditor and where this is not reasonably practicable, the school may appoint a person qualified to be an accounting officer of a close corporation to examine and report on the financial statements. Regrettably, most public schools do not have the necessary expertise to differentiate between a person who is qualified to audit or examine and a person who is not qualified. As a result, the individuals appointed are conducting work that is not in line with international standards and issue reports that are not useful for the basic education departments. Such individuals are also not competent to give to the school the value-adding recommendations that they can implement to improve on how they manage their finances.

- Persons appointed to handle day-to-day finances at public schools are not competent to perform this role. In most public schools, the person who is responsible for office administration is also the same person responsible for the school's finance administration. Most of these individuals do not have a finance background, and this leads to failure to implement critical financial controls to safeguard the school funds and resources against misappropriation, misuse and theft.

The South African Institute of Chartered Accountants has over the years made a concerted effort to collaborate with the national and provincial education departments to support initiatives for building capacity in public school finance management.

THESE EFFORTS INCLUDE WORKSHOPS FOR PUBLIC SCHOOL FINANCE COMMITTEES, FACILITATING PLACEMENTS OF FINANCE INTERNS TO PROVIDE ON-SITE SUPPORT FOR UNDER-RESOURCED PUBLIC SCHOOLS, AND SUPPORTING THE NATIONAL EDUCATION DEPARTMENT WITH DEVELOPING UNIFORM GUIDELINES **FOR PREPARATION OF PUBLIC SCHOOL FINANCIAL STATEMENTS.**

SAICA LAMENTS THE CONTINUING PRACTICE OF APPOINTING FAKE AUDITORS BY GOVERNING BODIES OF PUBLIC SCHOOLS

By **Julius Mojapelo**,
Senior Executive: Public Sector at SAICA

With the audit cycle for public school financial statements to prepare for submission to their respective education departments by 30 June 2020 in full swing, it is concerning that there is still some confusion around who can audit financial statements of a public schools, writes Julius Mojapelo, SAICA Senior Executive: Public Sector.

The South African Schools Act (SASA) is stipulates that only a person registered as an auditor in terms of the Auditing Profession Act (APA) is allowed to audit the financial statements of a public school.

It is with deep concern that SAICA have noticed a prevalence of governing bodies of public schools appointing individuals holding out as auditors without the necessary registration at the Independent Regulatory Board of Auditors (IRBA).

The Act makes an allowance that where an audit is not reasonably practicable, the governing body of a public school must appoint a person to examine and report on the records and financial statements who is qualified to perform the duties of an accounting officer in terms of section 60 of the Close Corporations Act or who is approved by the Member of the Executive Council (MEC) for this purpose.

All auditors must be registered with the Independent Regulatory Board for Auditors (IRBA) and their registration can be confirmed on IRBA's website.

All accounting officers must be registered with at least one of the following bodies:

- Independent Regulatory Board for Auditors (IRBA)
- South African Institute of Chartered Accountants (SAICA)
- South African Institute of Professional Accountants (SAIPA)
- South African Institute of Government Auditors (SAIGA)
- South African Institute of Business Accountants (SAIBA)
- Southern African Institute of Chartered Secretaries and Administrators (ICSA)
- Chartered Institute of Management Accountants (CIMA)
- Chartered Institute of Business Management (MCIBM)
- Institute of Accounting and Commerce (IAC)

School governing bodies should insist on letters from accounting bodies to confirm the registration of auditors and accounting officers, as the use of fake auditors results in the conduct of audits that are not in line with international standards and issuing of reports that are not useful to the basic education departments, parents and other interested parties or stakeholders. The fake auditors are also not competent to give such value-adding recommendations to the schools that they can implement to improve on how they manage their finances.

Such reports are misleading to parents, donors and the departments of education and deny such parties the information required to hold the governing body accountable for the management of school funds.

SAICA calls on all provincial education departments to take decisive measures to address this deficiency in the public school audit process by ensuring that they do not accept financial statements that are audited by individuals who are not registered with the Independent Regulatory Board for Auditors or one of the other bodies listed above.

ADVANCE OF THE SERVICE ECONOMY

By **Gideon Botha** CA(SA), Senior Financial Manager: Nedbank Group, and Professor **David Venter** of Vlerick Business School

Consider the following timeline that illustrates the shift in the rise of the service economy: your child or grandchild who turned 18 in 2019 is younger than Amazon and Google. That child turned three with the arrival of Facebook, four with the creation of YouTube, five with Spotify, six with iPhone and eight with WhatsApp (Joyce, 2019).

The exponential growth in service organisations means that jobs and businesses will in the foreseeable future be driven by services. The completely diverse set of attributes of service organisations will, in comparison to manufacturing organisations, have far-reaching consequences for small and medium accounting practices (SMPs). Their clientele will increasingly consist of service organisations, and the form of the services provided to them therefore need to be adapted to the requirements of service organisations.

To better understand the impact that the growth of service organisations will have on SMPs, it is essential that the nuances between manufacturing and services be unpacked by way of an example. When a manufacturing organisation decides to launch a physical product to market – say a digital camera – it needs to ensure that the product will have a compelling market impact and that it possesses both the manufacturing and technical expertise to produce the camera. This is vastly different from rendering a service, which is intangible by its very nature. Because service organisations are not able to store their input and outputs, the associated failure cost increases. Also, their output needs to be customised for different customers who are not merely consumers of the service but could also be integral to its production.

Drucker (2001) stated that profit is the cost of the future; the cost of staying in business and operating a profitable service. Running a profitable service business was highlighted as a challenge by Frei (2008), with many of the management tools and techniques used by service managers having been designed for tackling the challenges faced by product companies, not service organisations. She consequently developed four guidelines for running a profitable service business. We will first discuss these guidelines, and then in each case the practical application thereof by SMPs.

The service offering

In service organisations, the most important element of providing a service is the design thereof, which needs to effectively meet the needs and desires of an attractive group of clients. Whereas product designers focus on characteristics that buyers will value, service designers need to make a shift in mind-set, focusing on the experiences that their customers desire.

When SMPs engage with service organisations, they need to expand their assessment of the services these organisations require, which may necessitate that they think outside the accounting, auditing or tax services frames. Thus, their involvement may also include advisory services that are tailored to assisting their clients with the costing of different services that are being offered. Because the services they offer are intangible, and in many cases unique to a specific client service, this is one of the biggest problems service organisations face.

In future, it will no longer be sufficient merely to provide clients with financial statements that are a historical record of the past financial year, as these statements will in future be increasingly developed in-house with the help of user-friendly software. SMPs will need to shift their emphasis towards becoming value-adding business advisers that guide companies in their decisions on how to take their businesses forward by restructuring, divesting and investing.

The funding mechanism

The pricing of services differs from that of physical products. Physical products use price to differentiate a superior product, whereas services often bundle various elements of value or rely on subscription. This results in clients deriving varying amounts of value for their money. For instance, a mechanism that could be used to enhance client experience while providing a decrease in price, is self-service offerings.

SMPs could provide service organisations with the software they require to perform their own accounting function, while providing them with advisory services to decrease the cost of this service and simultaneously offering alternative services to the client.

The employee management system

Organisations tend to live or die based on the quality of their workforce. This is even more pronounced in the case of service organisations, as they tend to be people intensive, placing an even stronger emphasis on employee management.

A well-integrated employee management system departs from the answers to the following questions: "What do our employees need in order to achieve excellence?" and "What motivates our employees to achieve excellence?" By considering the answers to these questions, organisations are able to translate their answers into company-specific policies and programmes.

The increase in service organisation clients may also require SMPs to redefine the skills sets of the employees servicing these clients. This may, for example, require that they consider appointing employees with dual degrees that afford them a competence in both accounting and coding, which then enables them to provide automation as well as data analysis services to their clients.

The customer management system

In a service environment, clients and employees both affect the cost and quality of the service that are delivered. The customers themselves can be involved in operational processes – sometimes to a very large extent – and their input influences their experiences and often those of other customers too. Thus, a proper customer management system should be implemented.

Due to the role that customers play in service organisations and consequently the influence that they have on the services provided by the SMP, very strict terms of engagement need to be drafted between the service organisation and the SMP. Furthermore, a proper customer management system will need to be implemented to address concerns in terms of the service provided by the SMP.

> **PROFIT IS THE COST OF THE FUTURE**; THE COST OF STAYING IN BUSINESS AND OPERATING A PROFITABLE SERVICE.

Drucker, P.F. 2001. The essential Drucker. New York: Harper Collins.

Frei, F.X. 2008. The four things a service business must get right. Harvard Business Review. (Online) Available from: https://hbr.org/2008/04/the-four-things-a-service-business-must-get-right

Joyce, H. (2019, May 2). Kids these days. Economist.

VALUATION: ART OR SCIENCE?

Is value determined by skilled negotiators or is it an accurate and well-founded calculation performed by a skilled valuer?

By **Johann de Lange**
Co-founder of Worth.Business

> **ONE NEEDS TO UNDERSTAND THE FOUNDATION OF ANY VALUATION:** FAIR VALUE IS ULTIMATELY THE AGREED PRICE BETWEEN A WILLING, INFORMED BUYER AND A WILLING, INFORMED SELLER.

There are two schools of thought on the determination of the value of an asset: Value is a function of negotiation in the marketplace versus the outcome of sophisticated calculations based on facts and statistics. This article explores the pitfalls of both and advocates a combined approach for the most credible outcome.

On the one end of the spectrum there are arguments that the relative skills and negotiation leverage of the different parties to a transaction determine the final value outcome. I have often heard sellers of a business saying that they don't need a valuation because they know what the price is that they will accept. Similarly, often buyers simply decide they will not pay more than a certain amount, or earnings multiple, as they can do better doing another deal. Supply and demand rule the roost! True, but how do these parties decide on what their negotiation ranges are? How does one party justify value to the other party?

The opposite argument regards the value of an asset as the outcome of accurate calculations supported by facts, statistics and sound assumptions relevant to the circumstances of the asset in question. This argument disregards the subjectivity of the valuer in question and the underlying assumptions are accepted as facts with no room for flexibility. This rigid approach more often results in an unrealistic value. One slightly miscued assumption can have a major effect on the ultimate outcome.

What about valuations for regulatory purposes, where there are not necessarily negotiators involved? How about extreme circumstances such as a fire-sale or where a highly sought-after technological asset is acquired? What if there are substantial synergy benefits sought by the acquirer? There might not be precedence to formulate assumptions accurately and therefore the foundation of the valuation may not be sound. There may also not be comparable values in the market and therefore nothing to guide a valuator to what ultimately is a reasonable value. Likewise, anomalies complicate the calculations and add to the subjectivity of the underlying assumptions.

Clearly both arguments have their merits but also their drawbacks. The rigid use of the one or the other often produces a result that is not credible. How is the gap bridged between the two approaches, is there any middle ground? I don't think the solution is a compromise but rather a process where the best of both approaches is combined.

One needs to understand the foundation of any valuation: Fair value is ultimately the agreed price between a willing, informed buyer and a willing, informed seller. The keyword here is 'informed'. This implies that both parties have a set of relevant factors that they seek to have recognised in determining a value. They may be subjective from the opposite party's perspective but documenting those create a platform for discussion and negotiation.

This is the function of a well-constructed valuation. It is a document that clearly states all the assumptions and applying them in a reasonable manner to derive a value. It is an agenda of issues to be discussed between the parties, who may have subjective views, perceptions and expectations. Such a discussion, however, brings a greater understanding and creates the opportunity for consensus. Areas of non-consensus can be identified and earmarked to be addressed by certain transaction mechanisms.

It is critical that a valuation is credible. It must be done within an accepted framework and applying standard and market-accepted valuation methodologies. The appropriate circumstances applicable to the specific asset valuation must be considered. Forecasts should be consistent with past trends, and where not, clear explanations should be given. Arguments and assumptions need to be coherent and not contradictory of one another. Finally, compare the value with market norms and benchmarks to ensure reasonableness. This approach will also ensure regulatory credibility as the value is based on well-constructed arguments.

Is a valuation art or science? I think it is both: it is a process where it is quantified but also argued. Ultimately the value is negotiated but to get there needs a solid set of arguments. A valuation is the tool for this discussion.

SMMES, JUST HANG IN THERE!

By **Sharon Smulders**, Project Director: Tax Advocacy

South African small, medium and micro-enterprises (SMMEs) are struggling with weak economic growth, load shedding and crime. The regulatory burden also continues to hamper the growth of these businesses and their employment creation abilities. The struggle is evidenced by the reduction in tax expenditure in relation to the Small Business Corporation incentive (an incentive providing small businesses with a reduced tax rate and accelerated asset allowances) from R2.8 billion in 2016/17 to R2.5 billion in 2017/18. This indicates that small businesses' taxable profits are on the decline, writes Sharon Smulders, SAICA Project Director: Tax Advocacy.

The 2020 Budget did, however, provide some light (albeit feint) in the darkness for small businesses.

Tax rates – to be reduced

The Minister of Finance, Mr Tito Mboweni, stated that the tax base would be broadened and tax rates would be reduced, as currently South Africa's 28% tax rate is higher than many of its trading partners. Broadening the base will involve minimising tax incentives, and introducing new interest deduction and assessed loss limitations. Rate reductions will be implemented in a revenue-neutral manner to encourage businesses to invest and expand production.

Micro businesses and Small Business Corporation tax rate changes

The tax rates for micro businesses remained unchanged from 2018/19 (see Figure 1 below). The tax rates for small business corporations (SBCs) changed slightly for the 2019/20 and 2020/21 years of assessment (see Figure 2).

Figure 1: Turnover tax rates for micro businesses

Financial years ending on any date between 1 March 2019 and 28 February 2020 (unchanged since the year before)

Taxable turnover	Rate of tax
R	R
1–335 000	0% of taxable turnover
335 001– 500 000	1% of taxable turnover above 335 000
500 001–750 000	1 650 + 2% of taxable turnover above 500 000
750 001 and above	6 650 + 3% of taxable turnover above 750 000

Figure 2: Tax rates for SBCs

Financial years ending on any date between 1 April 2019 and 31 March 2020

Taxable income	Rate of tax
R	R
0–79 000	0% of taxable income
79 001–365 000	7% of taxable income above 79 000
365 001– 550 000	20 020 + 21% of taxable income above 365 000
550 001 and above	58 870 + 28% of the amount above 550 000

Financial years ending on any date between 1 April 2020 and 31 March 2021

Taxable income	Rate of tax
R	R
0–83 100	0% of taxable income
83 101–365 000	7% of taxable income above 78 150
365 001–550 000	19 733 + 21% of taxable income above 365 000
550 001 and above	58 583 + 28% of the amount above 550 000

Regulatory costs – steps introduced to ease burden

To ease the very high regulatory burden and the cost of doing business in South Africa (South Africa has dropped to 84th out of 190 economies in the World Bank's *Ease of Doing Business* report; in 2008 South Africa was ranked 32), it was announced that it is now possible to register a new business with CIPC, SARS, the UIF and the Compensation Fund in one day on the CIPC BIZportal. Regulations are also being relaxed to help the flourishing FinTech sector, while the Competition Commission rulings released in December 2019 will result in lower data costs.

Funding – additional grants & loans

It was also announced that the Small Enterprise Finance Agency (SEFA) will continue providing support to smaller businesses through grants. In this regard, the Black Business Supplier Development Programme, Cooperatives Incentive Schemes and the National Informal Business Upliftment Scheme are allocated R1.4 billion over the medium term to support small businesses and cooperatives.

From a financing perspective, SEFA will be collaborating with government and the private sector to provide financing through a blended model involving loans and grants. The Small Enterprise Development Agency (SEDA) is also allocated R2.8 billion to provide support to SMMEs, including increasing the incubation network in rural areas and townships. Over the medium term, R107.1 million will be reprioritised to refurbish 27 industrial parks in various townships. Township economic development (including industrial parks) will form part of the mandate of a newly-created Economic Development Coordination Forum that has been established to improve the coordination of economic development initiatives between provincial and national governments.

This forum, chaired jointly by the National Treasury and the Department of Trade, Industry and Competition, will include participants from provincial treasuries and sector departments, as well as the Department of Small Business Development (DSBD), the Department of Cooperative Governance and the South African Local Government Association (SALGA). This forum will be tasked with examining data for economic development, policy, and alignment issues to ensure that an enabling environment is created for business development.

It was mentioned that the DSBD has also begun to operationalise the Small Business Innovation Fund (SBIF), and R2.8 billion has already been allocated through SEFA after Parliament asked for feedback on this process. It is interesting to note that, in terms of the DSBD's Annual Report 2018/19, it only met 62% of its set targets and transferred the bulk of its budget (over R840 million) to the SEDA, whereas over R350 million was used internally for grants.

Venture Capital Company (VCC) incentive – to be reviewed

The venture capital company tax incentive introduced in 2008 provides a tax deduction for the purchase of shares in venture capital companies, which in turn invest those funds in qualifying small businesses. Despite a dismal uptake of the incentive in 2008 (only 1), following various amendments, the incentive has seen a substantial increase in take-up in recent years. However, the industry has warned that the new thresholds for deductions that investors can make under Section 12J of the Income Tax Act enacted this year (deduction limited to R2.5m per year), will reduce the amount of funds that venture capital companies can raise. In terms of the 2020 Budget Speech, the effectiveness, impact and role of this regime will be reviewed to ascertain whether the incentive should be discontinued. It currently has a sunset clause of 30 June 2021.

In his 2020 Budget Speech, the Finance Minister reiterated that government is focusing on structural reforms to support small businesses. Although the allocation of funds and introduction of reforms sound promising, the effectiveness of the DSBD, and these funding initiatives and/or reforms, need to be tracked and evaluated. The proof that these measures are providing an enabling environment for faster and more inclusive economic growth among small businesses needs to be clearly evident to ensure that taxpayers' money is being spent wisely – at the moment, this evidence is far from what we would like it to be.

As many of the proposed reforms will only realise in the medium term, small businesses will have to "just hang in there" until the government initiatives have made a serious impact on the regulatory burdens, crime and the electricity supply shortages faced by small businesses.

PROPOSED REVISIONS TO THE FEE-RELATED PROVISIONS OF THE IESBA CODE

By **Viola Sigauke,** Project Manager: Regulatory Reporting

The International Ethics Standards Board for Accountants (IESBA) released an Exposure Draft (ED) *Proposed Revisions to the Fee-related Provisions of the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code)* for public comment.

The Fees ED includes guidance on identifying, evaluating and addressing threats to independence in relation to other fee-related matters and the proportion of fees for services other than audit to the audit fee. According to the International Independence Standards (IIS), it states that the nature and level of fees or other types of remuneration might also create a self-interest or intimidation threat to independence.

The IESBA was presented with the following focus areas:

a) Level of audit fees for individual audit engagements (level of fees);
b) Relative size of fees to the partner, office or the firm, and the extent to which partners' remuneration is dependent upon fees from a particular audit client (fee dependency);
c) The ratio of non-audit services fees to audit fees paid by an audit client;
d) The provision of audit services by a firm that also has a significant non-audit services business (business model); and
e) Fee-related safeguards in the Code.

Among the key proposed changes to the fee-related provisions are:

- A prohibition on firms allowing the audit fee to be influenced by the provision of services other than audit to the audit client;
- In the case of public interest entities (PIEs), a requirement to cease to act as auditor, if fee dependency on the audit client continues beyond a specified period; and
- Communication of fee-related information to TCWG and to the public to assist their judgments about auditor independence.

The Code also provides application material on how to address a self-interest threat to compliance with the fundamental principles relating to the level of fees, contingent fees, referral fees and commissions. The IESBA believes that potential threats to independence need to be considered when fees for professional services are negotiated with and paid by the client.

One of the proposals that auditors must consider when providing comments specifically deals with audit clients that are not public interest clients and the fee dependency related to total fees. The proposal states that when, for each of the five consecutive years, total fees from an audit client that is not a public interest entity represent, or are likely to represent, more than 30% of the total fees received by the firm, the firm shall consider safeguards to reduce the threats to independence to an acceptable level. The safeguards include:

- Before the audit opinion is issued on the fifth year's financial statements, a professional accountant who is not a member of the firm expressing the opinion on the financial statements, has to review the fifth year's audit work; or
- After the audit opinion on the fifth year's financial statements has been issued and before the audit opinion is issued on the sixth year's financial statements, a professional accountant who is not a member of the firm expressing the opinion on the financial statements, or a professional body has to review the fifth year's audit work.

Terminology and Fee Arrangements

The IIS states that the term "audit" applies equally to "review" – therefore the IESBA proposes to make it clear that the term "audit fees" in the proposal refers to fees or other types of remuneration for an audit or review of financial statements. In order to distinguish circumstances where the proposals make specific reference to the fee for the audit of the financial statements only, the IESBA proposes that the term "fee for the audit of the financial statements" be used. Also, to capture fees for all types of professional service other than an audit or review of financial statements, the proposals refer to fees for services other than audit (i.e. assurance services other than audits and reviews of financial statements, and non-assurance services). Members therefore need to take note that where the proposed revisions of the Code refer to audit, in most cases it would also apply to independent review.

REQUEST FOR COMMENTS

SAICA members and associates can submit any comments regarding the Exposure Draft to SAICA for consideration (violas@saica.co.za) by 6 April 2020. Alternatively, comments may be submitted directly to the IESBA through the IESBA website (https://www.ethicsboard.org/) by 4 May 2020.

THE BENEFITS OF NETWORKS AND ASSOCIATIONS

By **Jeanne Viljoen,** SAICA Project Director: Practices

Networks and associations are often described as associations into which a business may enter for branding purposes, gain clients (via referral) and share training or development initiatives.

The International Code of Ethics for Professional Accountants defines a network firm as "a firm or entity that belongs to a network" where a network is "a larger structure that is aimed at co-operation; and that is clearly aimed at profit or cost sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand name, or a significant part of professional resources". In essence, a network, be it formal or informal, utilises the skills and/or contacts of the other party for mutual benefit.

The International Federation of Accountants (IFAC) Guide to Practice Management for Small and Medium-Sized Practices (4th Edition) (the Practice Guide) refers to four different types of networks that an accounting firm could consider:

- A referral network – this is where several firms agree to refer or introduce potential clients to the others if the referring firm cannot provide a particular service required by a client;
- A network to assist in delivery of professional services;
- A network to benefit the management of the firm – at its simplest it could involve bulk-buying of services to gain savings that would not otherwise be available to individual firms; and
- A network that shares knowledge – these networks enable peers to solve challenges and problems, or gain access to expert advice.

According to the small and medium-sized practice (SMP) respondents of the 2015 IFAC Global SMP Survey, a survey conducted by IFAC on an annual basis, the top three benefits of belonging to a network, association, or alliance are:

- Attracting new clients,
- Broadening client service offerings, and
- Branding and marketing.

These benefits address many of the main challenges that SMPs face. Membership of a network or association can also expand SMPs' capabilities to serve clients internationally.

Additional benefits of being part of a network, association or alliance listed in the Practice Guide, include:

- It allows you to concentrate on the firm's core services and leave others to focus on the technical requirements of their service.
- It allows more flexibility, as there is not a need to incur fixed costs in setting up equivalent services and commit to additional employees.
- Each owner is responsible for having the resources to cope with their volume of transactions.
- Networks can be changed relatively quickly: when a better service provider joins, one can immediately start referring work to them. This also ensures that you are able to provide high quality service to your clients.
- It allows the firm generally to offer greater levels of client service.

There are, however, also disadvantages that one should take into account when considering being part of a network, association or alliance. These include:

- A network rarely guarantees the same degree of control when offering a particular service yourself, as you rely on other people to implement that service.
- If arrangements are made between the owners of two or more organisations, the delivery often happens through their employees, who might not always have the same degree of commitment as the partners. There is a hidden cost involved in creating and nurturing an alliance.

> A NETWORK, BE IT FORMAL OR INFORMAL, **UTILISES THE SKILLS AND/OR CONTACTS OF THE OTHER PARTY FOR MUTUAL BENEFIT.**

Based on the above, the South African Institute of Chartered Accountants (SAICA) developed a webpage where likeminded firms who are looking to become part of a network or association can connect with one another. For more information follow this link: https://www.saica.co.za/About/MemberServices/MembersinSmallandMediumPractices/NetworkFirms/tabid/4415/language/en-US/Default.aspx.

This article includes texts from IFAC Global SMP Survey: 2015 Results, published by the International Federation of Accountants (IFAC) in February 2016 and is used with permission of IFAC. This article also includes texts from the IFAC Guide to Practice Management for Small and Medium-Sized Practices, published by the International Federation of Accountants (IFAC) in May 2018 and is used with permission of IFAC. Such use of IFAC's copyrighted material and trademarks in no way represents an endorsement or promotion by IFAC. Any views or opinions that may be included in this article are solely those of the writer and do not express the views and opinions of IFAC or any independent standard-setting board associated with IFAC.

ROBOTIC PROCESS AUTOMATION POWERING UP THE AUDIT

By **Shaaheen Tar-Mahomed:** Partner at KPMG

The use of "digital labour" is on the rise and you may hear different terms referring to various types of this evolving form of labour. Digital labour covers a spectrum of different technologies that run from robotic process automation (RPA) (or robotics/automation) to machine learning (cognitive automation), and on to deep learning (artificial intelligence).

RPA is the simplest form of digital labour. Its significance is that it enables data to be collected, analysed or calculated at a speed and scale far greater than a human could manage.

While the common perception of "robotics" may be a robot or piece of machinery that automates a packing, picking or processing process in a factory, robotics is equally applicable to business processes, such as in the finance function, human resources, internal audit or external audit. RPA means that data can be processed in vast quantities, far beyond what was possible before.

Robotics in the audit

RPA has enormous implications for the audit — and is already bringing huge benefits.

In the analogue world where accounting was done with manual tools such as physical ledgers, the auditor would validate processes and transactions using statistically valid sampling or similar techniques. In today's digital world, where data is proliferating across digital networks and systems, auditors are bringing new capabilities to mine the mountain of data to identify audit risk, highlight anomalies and outliers, and perform further analysis.

Already, new technology is dramatically enhancing the analytical power of an audit. Using RPA allows an auditor to analyse 100% of certain datasets through various audit lenses. This means that auditors can quickly identify the outliers that need further examination. For example, an audit engagement team analysed a complete set of about 250 million transactions, isolating 50 to 60 items that were identified as outliers and brought these forward to the organisation for an in-depth discussion.[1]

Areas such as audit confirmations, reconciliations, generation of emails, automated emails, both internally and with the organisation's data, can all be facilitated with RPA.

A key use of RPA is to gather audit evidence by collecting information where there is data in different organisations' systems that are not integrated. This information can then be subjected to data analytics to inform the auditor when performing risk assessment procedures or provide audit evidence to support the auditor's conclusions. RPA is not, in itself "intelligent", but is a vital part of the process of gathering information that can then be intelligently analysed. RPA helps with collecting data, combining data from different sources and applying a basic order to the data.

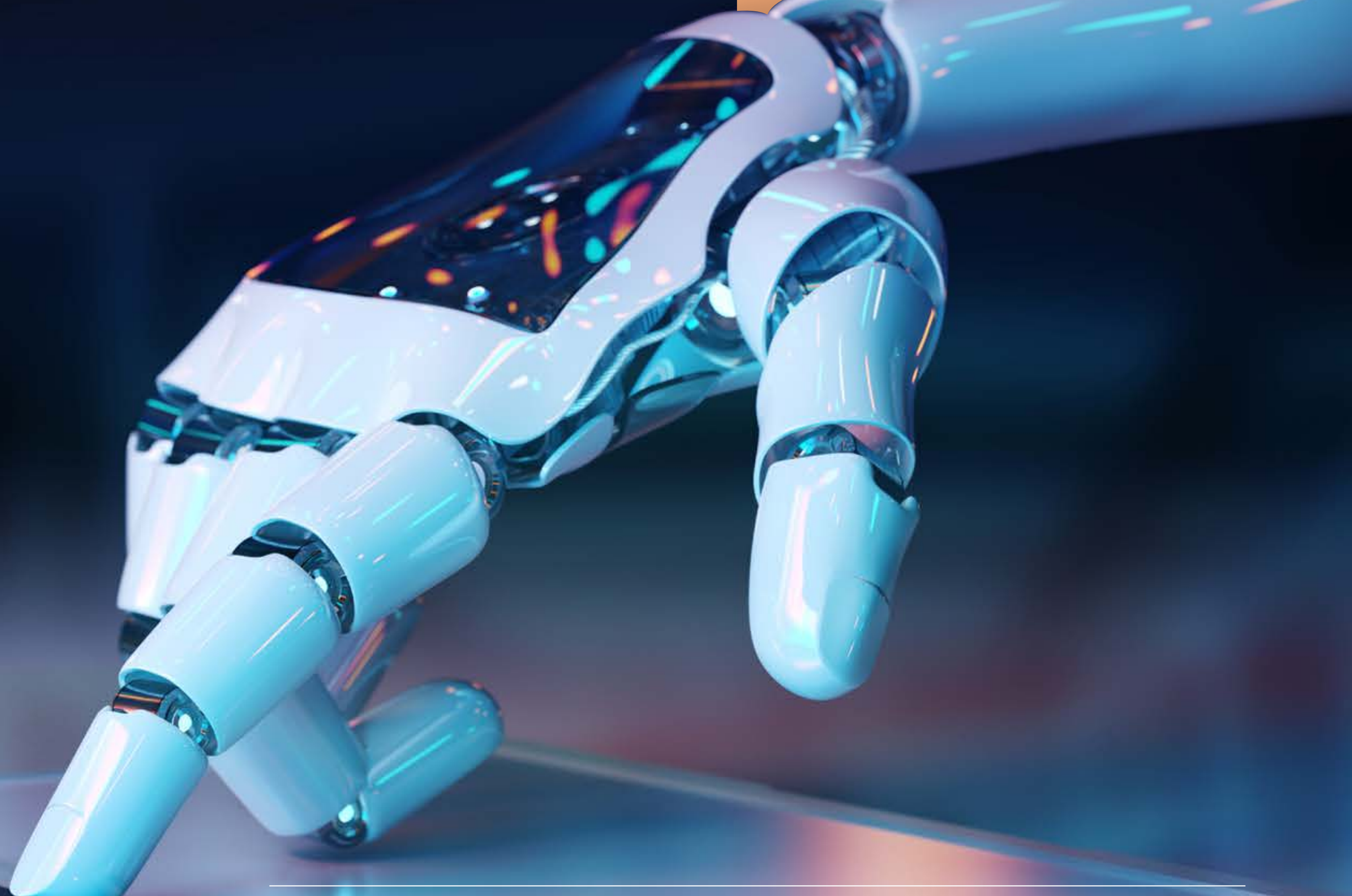
What impact could RPA have on audit quality?

The ability to analyse 100% of datasets rather than sampling provides clear benefits whereby the technology will enable auditors to focus their efforts on the outliers and anomalies, devoting more time to areas of higher risk.

The power of RPA — and other new, emerging technologies such as machine learning, natural language processing and deep learning — will mean that an audit, based on increasingly granular and sophisticated analysis of data, may provide richer, more detailed audit evidence, enhanced transparency and depth of audit procedures, and deeper views into a company's risks and controls.

The fundamentals of the risk-based audit approach will not change. The need for a human to apply professional judgment and professional scepticism in formulating the audit opinion will also always be necessary. The real-use case for new technologies is that they will enable us, as the auditors, to obtain – more easily, quickly, accurately and extensively than ever before – the corroborating evidence that is needed in an audit.

THE NEED FOR A HUMAN TO APPLY PROFESSIONAL JUDGMENT AND PROFESSIONAL SCEPTICISM IN FORMULATING THE AUDIT OPINION WILL ALSO ALWAYS BE NECESSARY.



[1] Outliers are defined as exceptions based on our audit lenses in assessing the transactions that were not consistent with an industry expectation, an accounting principle, or our expectation on how controls would have processed the information, among others.

AUDITS OF LESS COMPLEX ENTITIES:

THE WAY FORWARD

By **Jeanne Viljoen**, SAICA Project Director: Practices

The International Auditing and Assurance Standards Board (IAASB) issued a discussion paper in May 2019 titled *Audits of Less Complex Entities: Exploring Possible Options to Address the Challenges in Applying the ISAs* (the Discussion Paper), writes Jeanne Viljoen, SAICA Project Director: SMP.

The South African Institute of Chartered Accountants (SAICA) responded to the IAASB by commenting on the discussion paper in September 2019, and encouraging SAICA members to participate in the survey of the International Federation of Accountants (IFAC). This online survey was undertaken by IFAC at the same time as the discussion paper targeted at stakeholders who would not necessarily respond to the IAASB's formal consultation process, and was largely based on similar questions contained in the IAASB's discussion paper. Five percent (5%) of the respondents to the IFAC survey globally were SAICA members.

After the IAASB meeting in December 2019, the IAASB issued a feedback statement, the IAASB *Feedback Statement and Way Forward – Audits of Less Complex Entities* (the Feedback Statement), in which IAASB recognised the need to keep stakeholders informed of the progress in relation to the project. This feedback statement provides an overview of the key messages from the responses the IAASB received on the discussion paper, as well as key messages that emerged from the IAASB's various outreach activities around the world.

The IAASB's chairman, Tom Sedenstein, indicated in the feedback statement that, in the coming months, the IAASB will chart a clear course of action by taking into account the views expressed by all stakeholders.

Through the IAASB engagements, they received mixed views on the options presented in the discussion paper and indicated that the way forward would likely be a combination of the actions identified in the discussion paper. The actions are:

- Revising the International Standards on Auditing (ISAs);
- Developing a separate auditing standard for audits of less complex entities (LCEs); or
- Developing guidance for auditors of LCEs or other related actions.

The IAASB also indicated that it will continue gathering information until June 2020, at which time the IAASB will make a decision about the way forward.

The Feedback Statement identifies the following overarching themes:

- The need for a global solution;
- Support for the IAASB's work;
- The urgency to provide a timely solution;
- The solution to not be limited to one action, but rather for the IAASB to consider of all the possible actions;
- Digital solutions by transforming the standards into an electronic format; and
- Concern about regional and jurisdiction initiatives already developed or in progress relating to a separate standard for LCEs.

In the coming months SAICA will monitor this project closely and provide feedback through various channels to both the IAASB (to assist in determining the most appropriate way to best address the concerns noted), and SAICA members (to keep them informed of the developments as they progress).

The Media release on Audits of Less Complex Entities: The Way Forward includes text from IAASB Feedback Statement and way forward - Audits of Less Complex Entities, published by the International Federation of Accountants (IFAC) in December 2019 and is used with permission of IFAC. Such use of IFAC's copyrighted material and trademarks in no way represents an endorsement or promotion by IFAC. Any views or opinions that may be included in the Media release on Audits of Less Complex Entities: The Way Forward are solely those of the writer and do not express the views and opinions of IFAC or any independent standard-setting board associated with IFAC.

PROGRESSIVE WORKPLACE STRATEGIES WITH VIRTUAL REALITY (VR): MAKING VR TECHNOLOGY WORK FOR BUSINESS IN THE ERA OF COVID-19

By **Hassan Shaikh** (MA Interior Design, Work Place Design – University of Hertfordshire)
Founder and Principle Work Workplace Strategist, Revolve

Its crunch time for businesses and employees in South Africa. There are lots of questions on how and what we are going to do in order to continue being functional in this testing time, facing an unimaginable and unplanned onslaught in the form of the Corona-virus Disease 2019, known as COVID-19.

We hear a lot about the woes of Eskom trying to keep the lights on, the process of enabling staff to work from home, connectivity complexities and costs, and even wonder if staff are responsible enough to make remote working a success. However, South Africans are resilient and now we can once again do what we do best…..beat the odds.

Working remotely

Depending on the type of job functions you fulfil, working remotely may or may not be feasible. If you are able to work remotely, make sure that you and your employer have agreed on deliverables and feasibility for your deliverables. Connectivity and hardware are just the tools, and these will falter intermittently. The processes, work responsibilities, reporting lines and time-frames need to be clear and well defined. It's never too late to test and retest to ensure comfort for both parties. Business Continuity Management plans are now being truly tested. Remote working can be an extremely effective tool, when executed well.

Virtual Reality (VR)

If you are ready to shine and break the mold as an employer or business on what the future workplace is going to look like, buckle up. Although VR has the stigma of being used predominantly for gaming, the cross-over into the workplace is already taking place. We need to re-think the way we work. VR technology has the ability to provide solutions to everyday challenges we face in South Africa around traffic and the concomitant loss of time, further delays caused by load-shedding and now the unexpected need to socially distance ourselves due to the COVID-19 pandemic. Modern and innovative workplace solutions are key for people's wellbeing and productivity, most especially now, in these trying times.

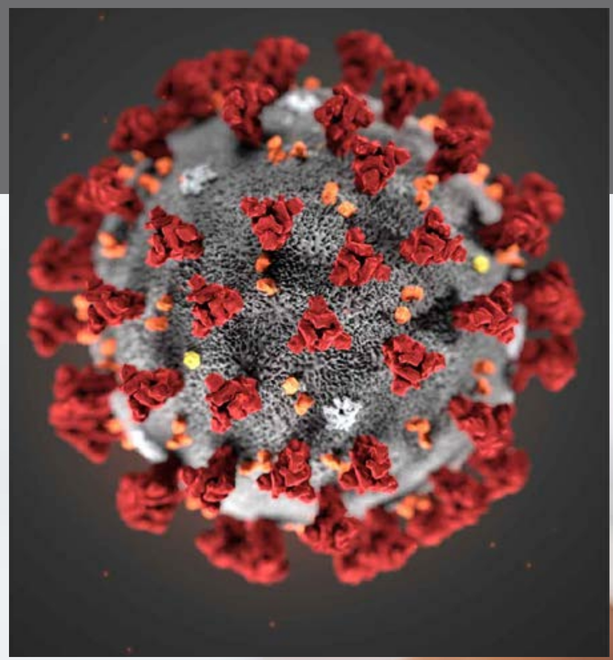
Here are some solutions that are already available, using tools such as VR, to enable you to continue to be productive:

- Meeting room virtual venues, with the ability to present PowerPoint slides, videos and objects.
- Interview rooms or smaller meetings.
- Lecture rooms.
- TED Talk platforms.
- Recording of talks or lectures that can be played back anytime and as many times as you need
- Training environments with quiz options.

This technology can support your business and your employees in this critical time.

A piece of advice from Simon Sinek, author of the bestseller Start with Why: How Great Leaders Inspire Everyone to Take Action, is that while we work remotely we must make sure that we check in with everyone in our teams to see how they feel. It's not about work or projects or to do lists only. It helps us to stay connected, maintain trust and maintain strong relationships.

Let's all do our best to stay safe and healthy.



LIMITING THE SPREAD OF THE VIRUS:

- Maintain social distancing. 10 people or less
- Urgent small group gatherings are possible under stringent control
- Self-quarantine if required
- Limit travel locally if possible

SOUTH AFRICANS ARE RESILIENT AND NOW WE CAN ONCE AGAIN DO WHAT WE DO BEST**.....BEAT THE ODDS**

TOOLS TO UPHOLD THE HIGHEST LEVEL OF **PROFESSIONALISM, DISCIPLINE AND PERFORMANCE**

LET SAICA ASSIST YOU IN BUILDING A STRONG, HIGH-PERFORMING FINANCE TEAM

Did you know that SAICA not only offers the prestigious chartered accountant (CA(SA)) designation, but also two other reputable, professional accounting and business designations to set you and your finance team off on a path to financial excellence?

1

Associate General Accountant (AGA(SA)) is our mid-tier accountancy designation, equipping professional accountants with multidisciplinary skills to measure and enhance organisational value. AGAs(SA) can help you accelerate your team's performance by bridging operation and strategic management functions within organisations.

2

Accounting Technician (AT(SA) is our practical, work-ready foundational designation. This entry-level accountancy qualification and professional designation offers a solid foundation in accounting, finance and business practice. AT(SA) is accessible to aspirant accountants who function at foundational business levels.

All three SAICA designations are underpinned by a solid ethical foundation, equipping you and your team with the tools to uphold the highest level of professionalism, discipline and performance at the relevant business level. As a finance leader you can be assured of continuous professional development, expertise and ethical conduct that will ensure the highest levels of performance.

That is why SAICA would like to meet for one hour with your internal Accounting/Finance teams to inform them of the benefits and value of registering with SAICA as an AGA(SA) or an AT(SA) , which will give them access to SAICA seminars, events and networking events, technical updates and technical assistance.

KINDLY LET OUR AT(SA) AND AGA(SA) BUSINESS DEVELOPMENT MANAGER, PHUMZILE PHATEDI, KNOW IF YOU WOULD LIKE TO HAVE THIS CONVERSATION WITH US. **PHUMZILE'S DETAILS ARE PHUMZILEP@SAICA.CO.ZA OR 011 621 6915.**

NEED TO KNOW - TECHNICAL UPDATES

CIPC NOTICES

Notice 01 of 2020:
Disparity of registration numbers and incorporation dates

Notice 52 of 2019:
Introduction of Compliance Checklist Button on e-Services Website

Notice 04 of 2020:
Discontinuation of third party model

Notice 05 of 2020:
Compulsory Name Reservation for Co-Operatives

Notice 06 of 2020:
Expansion of mobile service

CHANGE TO PRACTICE ON SANCTIONS FOR IMPROPER CONDUCT

The board of the IRBA approved a change to the practice on sanctions for improper conduct in relation to resigned registered auditors.

TWO IESBA WEBINARS TO EXPLAIN PROPOSED REVISIONS TO INTERNATIONAL INDEPENDENCE STANDARDS

These two webinars focus on the recently-released exposure drafts with proposals relating to non-assurance services (NAS) and fees that further reinforce auditor independence.

IASB CONSULTS ON APPROACH TO UPDATING ITS IFRS FOR SMES STANDARD

The International Accounting Standards Board (Board) is asking for views on its approach to updating the IFRS for SMEs Standard.

HELP SHAPE IFRS STANDARDS IN 2020

This engagement helps the Board to generate ideas and evaluate suggested solutions to accounting problems so that the IFRS Standards reflect the needs of the companies that use them when preparing their financial statements, and of investors that use those financial statements when making investment decisions.

FIGHTING CORRUPTION THROUGH BUSINESS EDUCATION

Corruption is a multi-dimensional problem requiring a similarly multi-dimensional solution, involving a variety of stakeholder groups – not only lawmakers and enforcers.

ACCOUNTING FOR SUSTAINABILITY: THE SOUTH AFRICAN CASE STUDY

Business leaders have turned their focus away from a sole fixation on financial performance to one that encompasses progress on an environmental, social and governance front.

PERFORMANCE AND FINANCIAL MANAGEMENT: KEY FACTORS FOR SMALL- AND MEDIUM-SIZED ENTITIES' (SMES') SURVIVAL IN A VOLATILE ENVIRONMENT

Small- and medium-sized practices can play a critical role in helping SMEs to navigate an increasingly volatile operating environment.

TIME TO REINFORCE PROFESSIONAL JUDGMENT

Professional judgment is described in paragraph 120. 5.A1 of the IESBA Code as "the application of relevant training, professional knowledge, skill and experience commensurate with the facts and circumstances, including the nature and scope of the particular professional activities, and the interests and relationships involved".

ACCOUNTANTS CAN SUPPORT SUSTAINABLE CORPORATE GOVERNANCE

We play an instrumental role at all stages of corporate governance: from informing decision-making and assessing investment scenarios, to designing internal controls, measuring performance, reporting and providing assurance.

PRACTICE MANAGEMENT

THE BLUE BOOK OF CO-BRANDING FOR CA(SA) AND AGA(SA) MEMBERS

How we communicate contributes greatly to the image people have of SAICA and your business. Please use this manual as a working reference for all forms of visual communication involving the SAICA brand.

CA(SA)DOTNEWS CLIENT NEWSLETTER

The information in CA(SA)DotNews is short, simple and topical – information of practical interest and value to your clients; information that will encourage them to seek your advice and assistance.

HOW TO ATTRACT A TALENT POOL DIVERSE IN EXPERIENCE

Many organisations make a concerted effort to build diverse and inclusive cultures, but even the best-intentioned ones may inadvertently exclude more experienced workers.

STARTING IN PRACTICE GUIDE

This guide shares thoughts, ideas and observations that will help to you on your journey of starting your own practice.

FINANCIAL RATIO TOOLKIT

This financial toolkit aims to assist practitioners and business owners in calculating some general financial ratios pertaining to a company.

KEY PERFORMANCE INDICATORS AND ORGANISATIONAL CULTURE: A NEW PROPOSITION

Key performance indicators impact behaviours in organisations – and incentivise required behaviour, or disincentivise undesirable behaviour.

SUCCESSION PLANNING GUIDE

This guide aims to encourage firm owners to acknowledge the importance of succession planning and to start taking action with regard to their own succession plan and how one should go about planning for succession.

CHECKLIST FOR PRACTITIONERS

The SMP Division has recently developed a checklist for practitioners to ascertain which legislation may be applicable to their clients' industries.

TEN STEPS TO SUCCESSFUL FIRM RISK MANAGEMENT

This article covers ten (10) steps for successful risk management.

PRACTICE CONTINUATION AGREEMENT

This guide serves to provide members with a basic reference tool when considering and compiling a practice continuation agreement.

WHEN IT COMES TO TALENT RETENTION, THINK FLEXIBLY

Attracting and retaining talent is a perennial issue for small- and medium-sized accounting practices.

SMP STAKEHOLDER FEEDBACK

We would like all our SMPs to share your satisfaction level with our stakeholders (ex SARS, Master's Offices, CIPC, DOL), by completing this short one-minute survey.

TECH TALK - TECHNOLOGY

Ten improvements in data quality provided by the internet of things
Good data quality is the foundation from which accountants provide effective decision-support and business partnering.

The impact of big data on finance: Now and in the future
Four key elements must be present for organisations looking to become data-driven.

Leveraging the four Cs to automation and advisory
Rapidly advancing technology capabilities and cloud ecosystems have and will continue to eliminate much of the data entry of accounting and tax preparation.

Are you ready for AI-based audit?
Firms must decide when to invest in Artificial Intelligence (AI) or which AI-enabled tool provides the best return on investment.

2020s vision: Tech transformation on tap
Data analytics, blockchain, and AI will profoundly change the accounting profession over the next ten (10) years.

Key factors in evaluating software investment
This highlights the importance of updated and optimised technology solutions that enable the global SMP community to stay ahead of the curve.

Taking control of cyber risk
Cybercrime is an escalating problem that demands constant attention to mitigate against financial and reputational risk.

Cyber and the CFO
The cyber threat is one of the most talked-about issues that businesses face today. Yet the level of awareness of the risk and the types of threats that organisations face is low.

How Data Analytics, AI & Automation are being integrated into External Audit - Parts 1&2
This podcast provides insights into the developments which are currently taking place at the frontier of auditing.

The passionate practitioner: developing the digitalised small and medium practice
The rapid growth of accounting technology offers significant opportunities for accountants to remodel their practices.

Taking control of cyber risk
Cybercrime is an escalating problem that demands constant attention to mitigate against financial and reputational risk.
