The Accountant
Zambia's Accountancy Journal

Zambia Institute of Chartered Accountants
Competence, Integrity and Virtue

Issue No: 60 | April – September 2018

FACTORS AFFECTING INFLATION IN ZAMBIA: AN ANALYSIS
Page 8

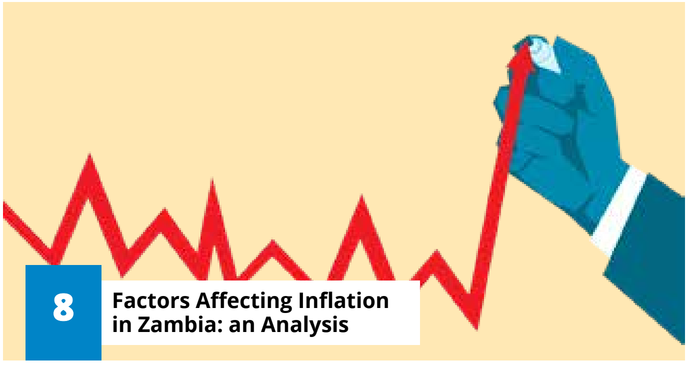
BE GOOD AMBASSADORS
Page 28

CYBERCRIME – A CLOSER LOOK!
Page 6

WORKING AROUND CPD CHALLENGES
Page 18

STEP UP
Page 31

Contents



ROSC – Accounting and Auditing, AML/CFT and Sinking Fund

It is once again my honour and privilege to welcome you to this edition of the Accountant Journal. In this edition I would like to comment on three (3) issues; the 2017 Report on Observance of Standards and Codes – Accounting and Auditing (ROSC A&A), Anti-Money Laundering/Combating of the Financing of Terrorism (AML/CFT) and the Sinking Fund.

First and foremost, the World Bank in partnership with the Zambian Government launched the ROSC A&A on 10th April 2018. The report is aimed at determining reforms that would further strengthen the accountancy profession in Zambia to accelerate its contribution towards economic and social development. The Steering Committee chaired by the Secretary to the Treasury approved the report.


Jason S. Kazilimani Jr
PRESIDENT

The review of the Standards and Codes in Accounting and Auditing was requested by the Ministry of Finance and, conducted using the revised World Bank ROSC A&A two (2) methodology in a consultative approach with many stakeholders in the country. This report focusses on two of the 12 standards and codes of the joint Initiative of the World Bank and the International Monetary Fund (IMF).

The successful implementation of the study recommendations will enhance the accountancy profession's contribution to improving the Zambian business and investment climate, and advance governance and financial accountability in both the private and public sectors.

A growing economy requires both a strong professional accountancy organisation and a strong professional qualification. In the report, the World Bank commended the Institute for launching a premier global professional accounting qualification, the Chartered Accountant Zambia (CA Zambia) that enables young people pursuing the qualification have both local and international mobility. The CA Zambia meets all international standards. One key differentiator is the accompanying practical training that is important in the development of the world-class chartered accountant. In this vein, the Institute is appealing to all organisations, auditing firms and financial institutions in the private and public sectors, to support in strengthening the CA Zambia PQ by partnering with the Institute in producing chartered accountants in Zambia.

One of the key deliverables from the report was that the profession should strengthen the self-regulatory mechanism in the short-term and, in the medium to long-term, a process to establish an oversight body needs to be explored, subject to government appetite to go that route.

Secondly, Zambia is a member of the Eastern and Southern Africa Anti-Money Laundering Group or ESAAMLG. ESAAMLG is a Financial Action Taskforce (FATF) styled regional body that now covers 18 countries. The FATF is an independent inter-governmental body formed in 1989 by the Finance Ministers of its Member jurisdictions. As ZICA, we are a member of the Anti-Money Laundering/Combating of the Financing of Terrorism (AML/CFT) committee of senior officials alongside other professional bodies and entities. In 2016, there was a national assessment of Zambia on its compliance with adoption and domestication of various regional and international protocols.

The mandate of FATF is to promote the effective implementation of legal, regulatory and administrative measures to combat money laundering-ML, terrorist financing-TF, financing of proliferation of weapons of mass destruction-FP and related threats in order to protect the integrity of the international financial system. At the 35th ESAAMLG Taskforce meeting of Senior Officials, AML/CFT held in April 2018, Arusha, Tanzania, a senior member represented ZICA.

The report of the 35th meeting identified major achievements made by the grouping but noted that Zambia and other countries had not fully ratified some of the regional and international protocols in this area. Without going in detail, I wish to point out that a number of core and key recommendations were made for Zambia to be fully compliant but the ratings for Zambia were either 'noncompliant' or 'partially compliant' with no score for 'largely compliant' as per their scale. The Institute is concerned about the lack of progress in this matter. We note the progress made so far but more needs to be done to move to a 'largely compliant' rating. I, therefore, wish to appeal to the relevant bodies to start the ratification processes.

Last but not the least is the establishment of the Sinking Fund. In the 2016 National Budget, Government established a Sinking Fund for the purpose of building adequate capacity to repay the Eurobonds as and when they fall due. To this effect, the Minister of Finance initially allocated K536.2 million to the Sinking Fund. This is a Fund accumulated out of government's revenue and invested to repay a long-term debt. We welcomed the establishment of the Sinking Fund as it ensures that the loan commitments do not create a cash flow crisis when the bonds fall due in 2022 and 2024. Further, the measure will calm fears of possible default on payment by bondholders and allay any possible sale of the bond to Vulture Funds. Since its inception, budget allocations to the Sinking Fund have been conspicuously missing for the past three fiscal years and there has been no publicly available information on the Fund. This raises the question of the country's ability to repay the bonds as they fall due and increases the repayment risk that could signal to bond holders that we are likely to default on the debt. The increased repayment risk would also translate into a higher interest rate on future borrowings.

We, therefore, wish to urge Government to set aside funds annually to make payments against the principal. Traditionally, Sinking Funds should be adopted only in the case of a government revenue surplus. However, we envisage that a surplus is unlikely to happen any time soon in Zambia. It is only prudent that Government reserves a portion of the current revenue receipts for this fund even in the context of government deficits. Alternatively, specific revenue streams should be identified for channelling into the Sinking Fund.

I once again welcome you all to this edition of The Accountant Journal. Please enjoy reading the interesting articles in it. ■

CPD key to the Accountancy Profession

In this edition, we have published an article on Continuing Professional Development (CPD). It is cardinal to have knowledge of it, its importance and relevance to the accountancy profession.

CPD includes the learning activities professionals participate in to advance and enhance their abilities. It assists learning to become conscious and proactive rather than passive and reactive. CPD combines different methodologies of learning, such as training workshops, conferences and events, e-learning programmes, best practice techniques and idea sharing, all focused on an individual accountant improving and having effective professional development.

Hapenga M. Kabeta
ZICA CEO

CPD also refers to the process of tracking and documenting the skills, knowledge and experience that one gains both formally and informally as they work, beyond any initial training. It is a record of what one experiences, learns and then applies. The term is generally used to mean a physical folder or portfolio documenting one's development as a professional. The CPD process helps one manage his/her own development on an ongoing basis. Its function is to help one record, review and reflect on what he/she learns. It is not a tick-box document recording the training one has completed; it is broader than that.

Engaging in Continuing Professional Development warrants that both academic and practical qualifications do not become out-dated or obsolete; allowing individuals to continually 'up skill' or 're-skill' themselves, regardless of occupation, age or educational level.

Continuing Professional Development is widely recognised as fundamental to the improvement of standards and skills for individuals and their industries. Prior to attempting to understand how to make the most of the various CPD opportunities available, it is important to understand why CPD is important, why it exists and its primary purpose. Continuing professional development is important because it enhances one's competence in their profession. It is an ongoing process and continues throughout one's professional career.

CPD is important as it helps in ensuring that further learning is progressed in a structured, practical and relevant way to guarantee that there are applied efficiencies in learning. CPD allows an individual to focus on what specific skills and knowledge they require over a short-term period, say annually, in order to be confident there is identifiable improvement within their proficiency and skill sets.

In an ever-increasing globalised and competitive society, the importance of Continuing Professional Development cannot be over-emphasised. The world's industries are forever evolving, which creates exciting opportunities but which also comes with challenges. CPD enables an individual to regularly pay attention to important areas of development and takes appropriate action to reduce any shortfalls in knowledge. Equally, an individual must see Continuing Professional Development as a way to remain competitive with his or her peers, and as an opportunity to differentiate themselves during job interviews or in tenders for new work assignments. As more people become professionally qualified with similar qualifications, CPD becomes more important as a means of distinguishing oneself from the pack.

ZICA has a CPD Policy that attempts to compel members to continuously upskill themselves and remain relevant to their employers. It is designed in similar lines as that of International Federation of Accountants (IFAC). ZICA uses a three-year cycle for CPD compliance and every member should ensure that in the three-year cycle, he/she should have achieved 120 hours of CPD. As members of IFAC, ZICA submits what is referred to as a Statement of Membership Obligations (SMOs) in which ZICA reports the extent of member compliance with the CPD policy. Where a member does not fulfil his/her obligations in CPD, the member may be charged with professional misconduct and may even end in removal from the register of members of the accountancy profession.

CPD plays an important role in maintaining competency in the accountancy profession. The main aim of undertaking CPD is to acquire new technical knowledge pertaining to the profession. The International Federation of Accountants (IFAC) requires professional accountants to continuously acquire and maintain their professional knowledge and skills (Berg, 2007). Therefore, a person can only claim to be a professional accountant if he/she fulfils this requirement of IFAC.

In 2007, the World Bank carried a review and produced a Report on Observance of Standards and Codes in Accounting and Auditing (ROSC – A&A). One of the key findings of the review was that despite requiring members to comply with CPD, the cost of attendance of CPD events was very high and held in distant locations making it difficult for members to comply. The need for CPD compliance has now become more pronounced, as accounting, auditing, ethical and educational standards keep changing and their need to be implemented as per the effective dates.

Following the 2007 ROSC – A&A, ZICA has deliberately made CPD programmes available to members at cost effective locations according to member preferences. One key service the Institute offers to its members is the Accountants Forum, Practitioners' Forum where members do not pay anything at all for their attendance as a member service but adds to the member's CPD hours.

Other CPD programmes that ZICA offers in the course of the year include technical sessions during the following workshops aimed at meeting the specific needs of members in their respective areas of operation: Pre – AGM workshop, Tax Updates workshop, IPSAS workshop, Practice Management workshop for Practitioners, Internal Auditors Conference, Annual Business Conference, Auditing Standards Updates, Local Government Financial Management workshop, and Accounting Standards Updates.

In the last two years, ZICA introduced new services for the Chief Finance Officers and local government financial management teams to make them more aware of developments in their respective areas. We therefore urge all ZICA members to take keen interest and participate in any of the CPD activities offered by the Institute in order to up-skill and reskill themselves with latest trends in the profession. ■

Cybercrime – a closer look!

CYBERCRIME is a criminal activity done using computers and the Internet. It encompasses anything from downloading illegal music files to stealing millions of kwachas or funds from online bank accounts. It is not limited to monetary crimes only but also includes non-monetary offenses such as creating and distributing viruses on other computers or posting confidential business information on the Internet. The computer or device may be the agent of the crime, the facilitator of the crime, or the target of the crime. In short, cybercrime is "any crime that is committed using a computer network or hardware device".

Cybercrime, especially through the Internet, has grown in importance as the computer has become central to commerce, entertainment, and government. It is a bigger risk now than ever before due to the sheer number of connected people and devices. As the Internet, mobile phones, and other computer technologies have flourished, criminals have found ways to use them for old-fashioned goals such as theft, fraud, intimidation, and harassment.

Because of the importance of Cybercrime, Georgia just passed a broad cybercrime bill effective 1st July 2018. Further, Reuters reported on 2nd February 2018 that the Japanese Metropolitan Police Department opened a new “Cyber” building and gathered 500 of its agents into a law enforcement unit dedicated to tackling cybercrime. According to the report, this move came in the wake of January's $532 million hack of Japanese exchange Coincheck, dubbed the biggest crypto theft in history. Beyond this single event, statistics released by Japan’s National Police Agency (NPA) revealed that over $6.2 million (¥662.4 million) in cryptocurrency was defrauded or stolen in 2017. Japanese police received 69,977 reports of cybercrime between January and June of 2017. The NPA found 200,000 fake shopping sites in a cybersecurity survey December 2017. The websites were said to be written in “unnatural” Japanese.

Cyber-crimes are broadly categorised into three categories, namely crime against individual, property, and government. At individual level, this can be in the form of cyber-stalking, distributing pornography, trafficking and “grooming”. At property level, just like in the real world where a criminal can steal and rob, even in the cyber world criminals resort to stealing and robbing. In this case, they can steal a person’s bank details and siphon off money; misuse the credit card to make numerous purchases online; run a scam to get naïve people to part with their hard earned money; use malicious software to gain access to an organisation’s website or disrupt the systems of the organisation. At government level, these crimes are referred to as cyber terrorism. If successful, this category can wreak havoc and cause panic amongst the civilian population. In this category, criminals hack government websites, military websites or circulate propaganda.

Cybercrime can take the shape of: theft of personal data; copyright infringement; fraud; child pornography; cyberstalking; and bullying.

There are various kinds of cybercrime some of which include:

1. Spam: This is unsolicited mass e-mail. These messages are often used to trick people into giving up sensitive personal information such as their identity and bank details. Spams may at times be used as carriers for computer worms and viruses. Additionally, opening spam e-mail could leave you vulnerable to “spoofing” - where a spammer gains the ability to send more of this junk e-mail through your account to your contacts and other people.
2. Identity Theft: this is very common and has since become a major problem with people using the Internet for cash transactions and banking services. The world has now gone digital with 95% of transactions in developed worlds being completed online. Hence, criminals have taken this route as a cash cow. A criminal accesses data about a person’s bank account, credit cards, Social Security, debit card and other sensitive information to siphon money or to buy things online in the victim’s name. Huge financial loses have resulted in the past and has also ended up spoiling the victim’s credit history.
3. Dissemination of Offensive Materials: This includes, inter-alia, sexually explicit materials, racist propaganda, and instructions for the fabrication of inflammable and explosive devices. Sometimes it takes the form of stalking using telecommunication systems in which persistent messages are sent to an unwilling recipient. Sometimes, a person’s identity is used to impersonate the victim and send inappropriate material to others.
4. Bullying, Harassment, And Cyberstalking: This is online harassment where the victim is subjected to a bombardment of online messages that are offensive in nature. Often, the stalkers know their victims and they don’t want their identity to be known. Hence, they resort to using the Internet to stalk as a way of running away from the law. Sometimes, the stalkers may use both online and offline stalking to make the victims’ lives more miserable.

The stalkers may at times steal their victims' online passwords to impersonate them on the Internet or monitor their e-mail accounts and obtain confidential information. Bullies may at times post obscene messages to the victim on social media sites like Facebook or uploaded embarrassing videos of them to sites like YouTube.

5. Distributed Denial of Service: A denial-of-service (DoS) is any type of attack where the attackers (hackers) attempt to prevent legitimate users from accessing the service. In a DoS attack, the attacker usually sends excessive messages asking the network or server to authenticate requests that have invalid return addresses. It involves large-scale attacks on computers, websites, and networks such as jamming or hijacking a satellite or phone network. The cybercriminals usually hijack computers that they then turn turned into "zombies." These "zombies" are then used to spread malicious codes, or paralyze a website by repeatedly trying to gain access to a website. This paralysis of the website is called a "distributed denial of service" (DDoS) attack. The targeted website is basically unable to operate.

6. Hardware and Software Hijacking: Hackers ride on the weakness in a web browser to place a Trojan horse virus onto the unprotected victim's computer. Once a Trojan has been transferred, it can: give the attacker backdoor control over the computing device; record keyboard strokes to steal the user's account data and browsing history; download and install a virus or worm to exploit a vulnerability in another program; install ransomware to encrypt the user's data and extort money for the decryption key; and turn the computer into a zombie bot that can be used to carry out click fraud schemes or illegal actions.

Here is an example of how a Trojan can be used: The victim receives an official-looking email with an attachment. The attachment contains malicious code that is executed as soon as the victim clicks on the attachment. Because nothing bad happens and the computer continues to work as expected, the victim does not suspect that the attachment is actually a Trojan horse and his computing device is now infected. The malicious code resides undetected until a specific date or until the victim carries out a specific action, such as visiting a banking website. At that time, the trigger activates the malicious code and carries out its intended action. Depending upon how the Trojan has been created, it may delete itself after it has carried out its intended function, it may return to a dormant state or it may continue to be active.

7. Electronic Money Laundering and Tax Evasion: Money laundering is a generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such proceeds appear to have derived from a legitimate source. Electronic funds transfers have assisted in concealing and in moving the proceeds of crime. Sometimes, legitimately derived income may also be more easily concealed from taxation authorities. With advancement in technology, large financial institutions will no longer be the only ones with the ability to achieve electronic funds transfers transiting numerous jurisdictions at the speed of light. The development of informal banking institutions and parallel banking systems may permit central bank supervision to be bypassed, but can also facilitate the evasion of cash transaction reporting requirements in those nations which have them.

Of all cybercrime forms highlighted above, the most prominent is identity theft, in which criminals use the Internet to steal personal information from other users. Two of the most common ways this is done is through phishing and pharming.

Phishing happens where a person receives a supposedly legitimate email with a link that leads to a different website, usually a hostile website. This happens online. Phishers are nothing more than tech-savvy con artists and identity thieves who disguise themselves most often as victim's bank or credit card agents. Of the many methods used, they often use spam, fake web sites, crimeware and other techniques to trick people into divulging sensitive personal information, such as bank and credit card account details. They then capitalize on the victims' information to either defraud the victims by ways such as opening up new accounts using the victim's name or draining the victim's bank accounts or by selling the information on the black market for a profit. In most cases, phishers send out a wave of spam email, sometimes up to millions of messages. Each email contains a message that appears to come from a well-known and trusted company. Usually the message includes the company's logo and name, and it often tries to evoke an emotional response to a false crisis. Couched in urgent, business-like language, the email often makes a request of the user's personal information. Sometimes the email directs the recipient to a spoofed Web site. The bogus Web site urges the visitor to provide confidential information — social security numbers, account numbers, passwords, etc. The Web site, like the email, appears authentic and in some instances its URL has been masked so the Web address looks real. Once the link is clicked, the PC can then be infected with a virus.

Pharming is a form of online fraud very similar to phishing as pharmers rely upon the same bogus websites and theft of confidential information. However, where phishing must entice a user to the website through 'bait' in the form of a phony email or link, pharming re-directs victims to the bogus site even if the victim has typed the correct web address. While there are several ways to pharm, the primary method stems from an older attack called Domain Name System (DNS) cache poisoning in which an attack is made against the Internet naming system that allows users to enter meaningful names for websites. The naming system relies upon DNS servers to handle the conversion of the letter-based website names, which are easily recalled by people into the machine-understandable digits that whisk users to the website of their choice. When a pharmer mounts a successful DNS cache poisoning attack, they are effectively changing the rules of how traffic flows for that portion of the Internet

Both of these methods (Phishing and Pharming) lure users to fake websites (that appear to be legitimate), where they are asked to enter personal information. This includes login information, such as usernames and passwords, phone numbers, addresses, credit card numbers, bank account numbers, and other information criminals can use to "steal" another person's identity. For this reason, it is smart to always check the Uniform Resource Locator (URL) or Web address of a site to make sure it is legitimate before entering your personal information.

Having known what Cyber-crime is and its various forms, the biggest question begging for answers still remains; how does one protect himself/herself from Cyber-crime? That's the subject of another (next) article. Make a date!

References:

1. Kate Beckham, (April 3rd, 2014), Risk of Cyber-attacks will increase with end of XP support; http://www.faronics.com/news/blog/risk-of-cyberattacks-will-increase-with-end-of-xp-support/
2. Eric Cole, 2nd Edition, (2009), Network Security Bible, (Wiley Publishing, Inc., Indianapolis, Indiana)
3. Emerging Cyber Threats Report for 2009, Georgia Tech Information Security Centre, 2008
4. Marie Huillet, Japan Streamlines Its Cybercrime Forces, Opening New Building In Tokyo, https://cointelegraph.com/news/japan-streamlines-its-cyber-crime-forces-opening-new-building-in-tokyo
5. http://www.crime.hku.hk/cybercrime.htm
6. http://www.aic.gov.au
7. http://en.wikipedia.org/wiki/International_cybercrime
8. Zhang Jianwen, The Current Situation of Cyber-crimes in China, National Prosecutors College, 2006
9. Understanding Cybercrime: A Guide for Developing Countries ITU Telecommunication Development Sector 2009
10. http://www.faronics.com/news/blog/7-types-of-cyber-criminals/
11. www.getsafeonline.org/nca

About the Author

Manns Hachibozu,
MBA-Strat. Plan., BAcc, FCCA, FZICA, MIIA.
Financial Reporting at Bank of Zambia.
Email: mhachibozu@boz.zm / hachibozu@gmail.com
Cell: 0966 124444

Factors Affecting Inflation in Zambia: *an Analysis*

Introduction and background

INFLATION is an age-old topic of concern to economists, governments, entrepreneurs and the general public. Specifically, high and unstable rate of inflation comes along with a lot of uncertainty and challenges in the business world. This study did not concern itself with the positive and negative effects of inflation per se. Instead, it attempted to find out to what extent these factors have been affecting inflation in Zambia based on economic theory and empirical findings.

Definition

Inflation is a sustained increase in the general level of prices for goods and services in an economy over a period of time, usually a year (Mankiw, 2007). The value of a kwacha does not stay constant when there is inflation. The value of the kwacha is observed in terms of purchasing power, which are the real tangible goods that the money can buy. When inflation goes up, there is decline in the purchasing power of money. For example, if the inflation rate is 2% annually, then theoretically a K1 pack of sweets will cost K1.02 in a year. After inflation, your kwacha cannot buy the same goods it could beforehand.

Factors of inflation of interest to this study:

Gross Domestic Product (GDP) - is the total value of final goods and services produced within a country's borders in a year.

Money Supply (M2) - consists of coins and notes in circulation, traveler's cheques, small saving accounts and money market funds.

Nominal Interest - (IR) is the real cost of borrowing money plus expected inflation.

Statement of the problem

Despite most of the determinants of inflation being known, generally Zambia has not been exempted from the problems that arise from it and the benefits that are reaped from maintaining a stable price level. While a tighter monetary policy can help cut inflation, Zambia still has serious problems with high inflation and has continued to have a high public debt (World Bank Report, 2015). Fluctuations are always there and worse still have no definite direction despite the policy measures that are being taken to tackle the problem. The implications of these fluctuations on the Zambian economy are diverse, ranging from uncertainty and destabilising effects in the economy.

Significance of the study

A stable price level characterised with low inflation is definitely one of the most important ingredients for economic growth and development. Depository institutions fall into the deficiency of funds to finance investment activities since the levels of savings fall as the currency keeps losing value (Mishkin, 2004;47). The end result is slow or stagnant economic growth. This research will help equip policy makers and other stakeholder to direct efforts and attention to factors of concern.

General Objective:

To **examine** factors affecting inflation in Zambia.

Specific Objectives:

To find out the link between GDP and inflation.

To assess the effects of nominal interest rates on inflation.

To examine the impact of money supply on

inflation

Model of specification

$$\mathbf{INFR}_t = \alpha_0 + \alpha_{1i}\mathbf{M2}_t + \alpha_{2i}\mathbf{GDP}_t + \alpha_{3i}\mathbf{IR}_t + \varepsilon_t$$

$INFR_t$ = Inflation rate

$M2_t$ = the money supply

$GDP_{t=}$ the nominal Gross Domestic Product (measured at current prices).

IR_t = the nominal interest rate.

α = is the unknown parameter.

$\varepsilon_{t=}$ the stochastic error term which includes other factors that affect inflation.

Previous studies on the relationship between inflation and economic growth have revealed the complexity of this subject.

This research examined the relationships between inflation and it's factors in Zambia based on economic theory and empirical findings. The research used data collected from the Central Statistical Office (CSO) on inflation, unemployment and price level while data on interest rate, money supply and Gross Domestic Product (GDP) was obtained from the Bank of Zambia (BoZ) and Ministry of Finance (MOF) between the year 1980 and 2015. The data was then subjected to statistical testing and analysis using E-views to ascertain the relationship of inflation in Zambia and its factors.

Theoretical Review

Several literatures have explored a number of theories on inflation; theories explaining the behaviour of inflation and its factors.

Some of the major theories include: Classical Quantity theory of money, Keynesian liquidity preference theory, Theory of the Philips Curve (Mwansa, 1998).

Empirical Review

The main purpose of this study was to ascertain the nature of the relationship between inflation and its factors in Zambia. In doing so, the study sought to unravel the short and long run dynamics between inflation and its factors as well as establishing the nature of causality. The study reviews both theoretical and empirical aspects of inflation and its factors. Time series analysis involving Unit Root Analysis, stationarity tests, co-integration tests, Granger causality tests and vector autoregressive analysis (VAR) were employed.

Findings and Conclusions

The study finds no co-integration between inflation and its two factors, GDP and money supply. The non-existence of co-integration implies that there is no stable long-run equilibrium relationship between inflation and GDP. They have different trend processes and cannot stay in a fixed long-run relationship. However, the VAR analysis reveals that inflation significantly and negatively impacts GDP in the short-run. The study further reveals that there is unidirectional Granger causality running from inflation to GDP. These results concur with several studies reviewed that; inflation is and has been detrimental to economic growth. Impulse response analysis also shows that a one standard-deviation shock in inflation changes GDP growth by about one percentage point in the current period.

One important policy implication of our study is that by knowing the past values of GDP and M2, we cannot predict what inflation rate will be in future. On the contrary, the past values of inflation help predict future rate of GDP and M2. Furthermore, having established that it is inflation that affects GDP and M2 and this happens in a negative way, the study finds co-integration between inflation and Nominal interest. In the short run, the higher the interest rates, the lower the rate of inflation while in the long run the higher the interest rates the higher the rate of inflation. Interest rates are a short-term measure of inflation.

Policy Implications

Policy makers should worry more about controlling inflation in the short-run. Any measure that is likely to fuel inflation in the short-run will also depress economic growth and increase M2 and further worsens inflation.

Policy makers should also aim at achieving the highest GDP growth rate possible, as doing so will not be a trade-off by introducing short-run inflationary pressures in the economy.

Policy makers should also worry more of maintaining a low and stable interest rate as inflation and interest rate are positively related in the long run as from

Limitation

Firstly, the data used in the study is somehow sensitive to different modeling. For example, OLS econometric model was employed. Future research should consider employing non-linear models and probably include more countries within the region to repeat the estimation process and check the robustness of the results.

References

Frederic S. Mishkin, *"Globalization and Financial Development", Journal of Development Economics*, Vol. 89, #2 (July 2009), pp. 164-169.

H.L. Ahuja, *Modern Economics* 16th Ed. S.Chand Publishing, 7361 Ram Nagar, New Delhi.

Nicholas Gregory Mankiw, *Macroeconomics*, 7th Ed. Worth Publishers, 41 Madison Avenue, New York.

World Bank Report, 2015.

www.boz.zm/snapshot-htm

About the Author

Erlad Nkwale is accounting officer in the Ministry of General Education

He is a ZICA Licentiate and holds a Bachelor of Arts Degree in Economics and Finance.

Phone: 0976 693 903

E-Mail: e.nkwale@yahoo.com

Govt Austerity Measures require strong Leadership in order to achieve intended goals

By the Accountant Reporter

On September 11, 2018, the Zambia Institute of Chartered Accountants (ZICA) president Mr Jason S. Kazilimani held the third quarter media briefing on pertinent issues in line with the institute's mandate of regulating the education and practice of the accountancy profession in Zambia, and to advise the Zambian government on matters relating to economic development of the country.

Mr Kazilimani addressed key matters on:

- Auditor General's Office;
- The Austerity measures;
- The IMF Support;
- The Health Insurance Bill;
- SI 34 Regulation of Accountants and Auditors fees;
- SI 42 Public Financial Management Act; and
- The CA Zambia and the Diploma in Accountancy.

Auditor General's Office

Mr Kazilimani noted that in the Institute's past quarterly briefings, it consistently raised concern relating to the appointment of the Auditor General, the operationalisation of the Public Audit Act, 2016 and the State Audit Commission Act, 2016, matters that have remained unattended.

He noted that the departure of the acting Auditor General after serving in a temporary capacity for two and half years was unfortunate.

"Our considered view is that these matters have continued to affect the stability and effectiveness of the office of the Auditor General in performing its constitutional responsibilities. We wish to reiterate our call to Government to issue the Statutory Instruments that will bring these two pieces of legislation into effect. We also call upon the government to expedite the process of filling the vacant position of the Auditor General," Mr Kazilimani intimated.

He indicated that ZICA is concerned with the situation because the Auditor General's office is a very important governance institution which should not be left unoccupied for a long time.

"We urge Government to address this matter as a priority as it is an important tool in the fight against corruption," he urged further expressing concern that the acting Auditor General does not appear to qualify to occupy the office of Auditor General as provided for in the Republican Constitution.

The Public Audit Act No 29 of 2016 stipulates that the qualifications of the person to be appointed as Auditor General's Office shall include, a qualified Accountant, a member of the Zambia Institute of Chartered Accountants, served as an auditor for at least ten years, of which at least five years should have been at senior management.

"Who is going to sign the next Auditor-General's report since the acting incumbent does not qualify to do so? There are many Zambians who are suitably qualified for appointment and can professionally execute the functions of this office in the best interest of the public as espoused in the Republican Constitution," Mr Kazilimani stated.

The Austerity Measures

Mr Kazilimani noted the austerity measures announced by the Minister of Finance, Margaret Mwanakatwe, to address adverse economic conditions the country has been subjected to.

Although the measures have been long overdue, Mr Kazilimani held that it is a positive move by the government to put the economy back on the recovery track.

"In our view, these measures will only materialise with the full commitment to fiscal discipline by government and the right tone at the top as well as the presence of a fiscal framework that will prevent excessive public expenditure in future," he stated. "The measures must also be backed by public disclosure of the expected gains or savings from these austerity measures as well as a clear roadmap on how the country intends to achieve the economic recovery. This will ensure that citizens are provided with the basis on which to assess government fiscal stewardship and prudence. It is also our considered view that the austerity measures must not be executed in a lukewarm manner but require strong leadership in order to achieve their intended goals. The Institute is desirous to see unfettered commitment and practical steps to actualise the objectives of the austerity measures that will address impulsive and wasteful expenditure that has characterised public spending."

Mr Kazilimani as the austerity measures are being implemented, it is important to reflect on what made the country come to "this situation".

He urged the government to enhance its procedures to ensure fiscal responsibility and debt sustainability.

With lessons learnt from excessive public spending and the high propensity for debt contracting, Mr Kazilimani stated that there is need for long-term measures that would prevent Zambia getting into a debt trap.

"According to Zambia's Debt Sustainability Analysis, the country's external debt stands at US$9.3 billion, up from US$8.7 billion accrued in 2017 while domestic debt stock (government securities) amounted to US$5.2 billion from US$4 billion last year," he stated.

"It is important that these measures culminate into prudent financial management and fiscal discipline that will be sufficient to mitigate the growing public debt and fiscal deficit. We implore the Minister of Finance to also expedite the process of enacting the Planning and Budgeting Act that will increase discipline in fiscal management, promote transparency, accountability and citizen participation in public finance management. We believe that the Act will ensure effective appraisal of capital projects before they are implemented."

IMF bailout

Mr Kazilimani expressed concern over the collapse of the negotiations with the International Monetary Fund, which remain suspended since August 2017.

"We are even more concerned with the recent recall or departure of the IMF Representative to Zambia. We take note that government has assured the people that the departure of the IMF Resident Representative should not be source of concern as it was normal when office bearers changed. It is important that the matters around the IMF bailout are clarified," Mr Kazilimani stated.

According to the institute, without the IMF support, the risk of debt distress would continue to impact negatively on the economy and expose the country to numerous economic challenges such as:

- excessive spending and mounting fiscal imbalances between revenue and expenditure;
- increased high debt burden, with the possible emergence of external payment imbalances;
- increased pressure to raise domestic resources through a multiplicity of taxes and non-tax measures; and
- social and economic hardships for ordinary Zambians.

Mr Kazilimani urged the government to revisit its borrowing plans to avoid compromising the country's debt sustainability strategy.

"It is prudent that in future, Government should also be more transparent in sharing information on the status of negotiations with cooperating partners," Mr Kazilimani advised.

The Health Insurance Bill

In April this year, the Zambian government signed into law the National Health Insurance Act No. 2 of 2018 meant to achieve Universal Health Coverage for all Zambians.

The Act aims at ensuring that the National Health Insurance Scheme provides all Zambians with equitable access to quality health care irrespective of their status in society.

"We appeal to government to ensure that the funds collected from the citizens are strictly ring-fenced and utilised for the intended purpose in line with the objectives of this scheme. We hope that this scheme will be implemented to the letter and result in improving health care delivery with medicines available in health facilities," Mr Kazilimani stated. "It would be grossly unfortunate to subject citizens to a multiplicity of taxes while the health care service delivery system remains poor."

SI 34 on Regulation of Accountants and Auditors fees

Mr Kazilimani stated that the Institute welcomes the decision by government to issue Statutory Instrument (Accountants [Client Fees] Regulations, 2018 [Statutory Instrument Number 34 of 2018]) to regulate the minimum charge-out rates applied by practicing accountants when determining their fees for professional services rendered to clients.

The new fee structure [see page 19] will ensure that fees chargeable reflect the cost, risk and quality of professional services offered to the general public.

Mr Kazilimani held that the absence of the framework to regulate professional fees compromised the integrity and quality of the accountancy professionals and the benefits organisations obtained from audit services.

"In the past, fees charged by accountants in practice and auditing and non-auditing firms were not based on any framework, legal or regulatory. The SI stipulates the minimum charge-out rates for professional services offered to the public. As a professional accountancy organisation, we believe that the objectives of this SI would safeguard and enhance the integrity of the accountancy profession, protect both the accountants and clients, and help in the growth of the accountancy firms,." Mr Kazilimani stated. "It is however important to clarify to the public that what was regulated is the charge out rates and not the payable fees."

However, Mr Kazilimani stated that the SI was received with mixed feelings from various stakeholders in the economy who expressed fears that its implementation would significantly increase the cost of accountancy services and ultimately the cost of doing business.

"We are pleased to announce that in response to these concerns, the Minister of Finance called for a stakeholder meeting at which the SI was discussed in detail. The output from that meeting was that the Institute has since made proposals to revise the rates in order to reduce the initial impact of implementation of the SI. A final decision from the Minister of Finance is being awaited and stakeholders and the public will be informed accordingly," stated Mr Kazilimani.

SI no. 42 of 2018 Public Financial Management Act

The Institute applauded the Zambian government for finally issuing the Statutory Instrument number 42 of 2018, which brought into effect the Public Finance Management Act number 1 of 2018 which has been strengthened.

The Act empowers the Secretary to the Treasury to deal with non-performing Controlling officers and Controlling bodies in order to improve service delivery in the Public Sector and in turn contribute effectively to national development.

"The Public Finance Management Act is a progressive piece of legislation, which if well managed and implemented will enhance the management of public resources, Mr Kazilimani stated. "ZICA commends the government for the successful enactment of the Act as well as its operationalisation through the Statutory Instrument. We are delighted that it has provisions that address the weaknesses in the internal control environment, which have been the major source of perennial financial irregularities in government."

Mr Kazilimani stated that the Institute was also elated that sections 49 – 54 introduce a more punitive financial misconduct regime that not only ensures that culprits of financial irregularities are brought to book but also provides for recovery of financial loss suffered by government because of any act (or willful default or gross neglect of duty) of any office holder.

"We note that Section 40 requires the Secretary to the Treasury to prepare and include audited financial statements in respect of projects funded by, among others, public debt in the financial reports. This is a welcome measure as it addressed the public outcry on the need for government to disclose the actual public indebtedness as well as allowing for proper accountability on the utilisation of borrowed funds,"

Mr Kazilimani stated.

He also welcomed the controlled restrictions imposed by Section 26 on contraction of financial obligations.

"In view of the observed propensity to acquire loan facilities for various projects, this provision will curtail the practice of binding Government to unplanned and avoidable future financial commitments," stated. "We wish to call up the Secretary to the Treasury as Chief Controlling Officer to ensure that the Act does not just end up as a good document that is not enforced. It is also gratifying to note that the Secretary to the Treasury has been empowered to stop any expenditure during the fiscal year in public interest and impose restrictions on the release of categories of payments if found to be contrary to the provisions of the Public Finance Management Act or indeed any regulations made under this Act."

Mr Kazilimani noted areas that should have been given attention in the Act and these include, increased role of Parliament to exercise necessary oversight on public expenditure and confirmation that public money was spent according to its authority.

"Other than the reports and statements of statutory corporations and state owned enterprises, the Act does not compel the Minister of Finance to present Financial Reports of the Republic before Parliament. This would give Parliament an opportunity to ensure that public expenditure is in line with the law and for Parliament to exert necessary oversight role on management of public resources," Mr Kazilimani stated.

The CA Zambia and the Diploma in Accountancy

The Institute launched the CA Zambia and the Diploma in Accountancy qualifications on 10 August 2017.

The two qualifications clocked one year on the market last month (August).

Mr Kazilimani informed member that the qualifications were very well received in the market.

The CA Zambia is a premier qualification with a global recognition aimed at developing business leaders. Since the launch of the qualifications, two examination sessions have been held in December 2017 and June 2018, with a good number of candidates. The Institute is making more efforts to market the qualifications both locally and internationally in order to develop more ZICA Chartered Accountants on the market. ■

International Accountancy and Law Professions Further Anti-Corruption Mandate Ahead of Global Economic Leaders' Meeting

IFAC (International Federation of Accountants) and the International Bar Association (IBA) have announce their shared commitment to continue their work combating corruption in all its forms. Published ahead of the gathering of global economic leaders (G20), taking place in Buenos Aires, Argentina from 30th November to 1 December 2018, the signed IBA and IFAC Anti-Corruption Mandate highlights the role of business and government in safeguarding a fair and transparent future for all.

"Grounded in a strong ethical code, professional accountants across the globe play a critical role in the fight against corruption, bringing essential transparency, relevance and integrity to the systems that underpin vibrant economies," says IFAC CEO Fayezul Choudhury. "We are proud to partner with the IBA to highlight and advance the role of our global professions in serving the public interest now and in the future."

According to the International Monetary Fund, bribery, which is just one aspect of corruption, costs the global economy nearly $2tn – approximately two per cent of global GDP – each year. However, where governance architecture is strong, the role played by professional accountants in tackling corruption is amplified, such as in G20 countries and in countries that have adopted anti-money laundering laws in line with international recommendations.

The presence of professional accountancy organisations is another important factor, as they advance the adoption of ethical, educational, investigation and discipline requirements that are central to the profession.

According to research from IFAC, there is a strong link between the percentage of professional accountants in the workforce and more favourable scores on the main global measure of corruption.

Mark Ellis, IBA executive director, commented: "Corruption is a significant impediment to economic stability and development, tarnishing public trust in institutions and inhibiting citizens' access to opportunities and prosperity. With empirical research that demonstrates the world's poor pays the highest percentage of their income in bribes, the imminent meeting of the G20 Finance Ministers and Central Bank Governors presents an important opportunity to remind leaders that every stolen dollar, euro, lira, peso, pound, rand, real, rouble, rupee, yen or yuan robs someone of an equal opportunity in life, and that everyone has a responsibility to combat corruption. The IBA-IFAC cross-sector collaboration aims to reinforce the role and responsibility of international professions to tackle corruption, and we are delighted to be partnering with IFAC."

In all its variations, corruption has far reaching negative consequences, including when money is misappropriated through illicit financial flows that can lead to the funding of organised high-level crimes such as drug trafficking, human trafficking and terrorism.

The international accountancy and legal professions continue to promote core ethical values, facilitate national and international cooperation in the fight against corruption, and advance monitoring and enforcement systems in the public interest. With the IBA and IFAC global membership spanning more than 170 countries, they play a vital role in training, educating and supporting professionals to uphold the highest levels of integrity and ethics in business.

About IFAC

IFAC is the global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of more than 175 members and associates in more than 130 countries and jurisdictions, representing almost 3 million accountants in public practice, education, government service, industry, and commerce.

About the International Bar Association

The International Bar Association (IBA), established in 1947, is the world's leading organisation of international legal practitioners, bar associations and law societies, spanning more than 170 countries. It is comprised of specialist committees relating to practice areas of law, including the Anti-Corruption Committee and the Anti-Money Laundering Committee. Through its global membership of individual lawyers, law firms, bar associations and law societies, the IBA influences the development of international law reform and shapes the future of the legal profession throughout the world. ■

Financial Literacy Amongst Informal Enterprise Owners in Zambia

By Dr Stephen Chewe Mpembele

(PhD, Associate member of the Zambia Institute of Banking and Financial Services. He holds a PhD – Finance; Master of Business Administration (MBA) – Finance; Master of Accountancy – Financial Reporting and Audit; Certificate in Business Administration and Bachelor of Accountancy.)

ABSTRACT

FINANCIAL literacy is a major determinant of demand for financial services. Socio-demographic factors such as age, gender, level of education and economic status may affect levels of financial literacy. Financial illiteracy is widespread among the young, elderly, women, the poor, the less educated, and the underprivileged.

The lack of access to credit/finance is a major cause of failure and stunted growth of Small Medium and Micro Enterprises (SMMEs), many of which are informal in nature. For their part, financial institutions cite the limited knowledge of financial services among owners and managers of SMMEs as a major reason for denial of credit/finance.

This study seeks to determine the levels of financial literacy of informal enterprise owners and to establish the link between financial literacy and enterprise usage of financial services, and at the same time to determine socio-demographic and enterprise characteristics that may affect levels of financial literacy, and enterprises' usage of financial services.

The Organisation for Economic Co-operation and Development/International Network for Financial Education (OECD/INFE) financial literacy measurement household telephone survey questionnaire was adapted and administered to informal enterprise owners. Financial literacy was measured by adding up scores in financial knowledge, financial attitude and financial behaviour. Financial service usage was assessed by asking respondents whether their enterprise had used any of specified services. SPSS was used for data analysis.

Most respondents (90.6%) scored low to medium (0 – 14.9). Only the respondents' educational level had a significant and positive effect on the financial literacy score. Registration status, annual sales revenue and type of business activity had an effect on financial service usage.

However, the majority of informal enterprises (73.5%) had used financial services. This could be attributed to the broader definition of financial services used for the study and the urban location of most respondents.

Field of Research: Finance

Keywords: Financial Literacy, Informal enterprises, Owners, Financial Services, Usage

1.0 Introduction

The contribution of well-functioning financial markets to economic growth and development is generally not disputed. Given the high levels of poverty and unemployment in Africa, economic growth is necessary to move the majority out of poverty. However, low levels of financial inclusion have been recorded in Africa, with many economic units financially excluded due to constraints on the supply and demand side of financial services.

One effective way to grow economies and create employment is to foster entrepreneurship through Small, Medium and Micro Enterprises (SMMEs) (Ministry of Commerce, Trade and Industry (MCTI), 2006). Despite the informal nature of most SMMEs in developing countries, studies have shown that they have the ability to drive economic development (Tang & Boon, 1996; International Monetary Fund (IMF), 2012). However, access to financial services has been identified as a major hindrance to the growth of SMMEs in Africa (African Development Bank (ADB), 2012). On the demand side of financial services, lack of awareness of such services on the part of SMME owners and managers has been identified as a major factor (Financial Sector Deepening Kenya (FSD Kenya), 2013).

According to Finscope Zambia (2009), the main barriers to financial access include poor physical access, unaffordable and inappropriate financial products, a lack of confidence in formal financial services, and poor understanding of available products and services. The last two barriers relate to what is referred to as financial literacy. Financial literacy is variously described as financial capability, financial education, consumer literacy, financial culture, or financial insight. Atkinson and Messy (2012:14) define financial literacy as "a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being".

Financial literacy has attracted attention around the world because of its importance in financial decision making. A number of economic, demographic and social developments have further highlighted its significance. These include over-indebtedness, financial scams, financial crises, globalisation, changing demographics, and sophisticated and complex financial products and services (OECD, 2005). Information asymmetry in financial markets implies that financial service providers possess information advantages over consumers, which can be detrimental to consumers. Market conduct rules, transparency and disclosure norms enshrined in consumer protection regimes may complement financial literacy efforts. The Finscope Survey of 2009 found that 16% of adults in Zambia reported using more than half of their income to service debt, while 18% said they had missed a loan repayment in the previous 12 months (Finscope, 2009).

Financial literacy benefits everyone: consumers, financial market players and institutions, government, employers, civil society organisations and donors. Financial literacy encourages appropriate and productive use of financial products and services by individuals, households and business enterprises (OECD/INFE, 2013). Several countries have now embraced financial literacy at policy level. The Zambian government has adopted the National Strategy on Financial Education (NSFE) and the New National Education Curriculum, and also participates in the annual International Youth Literacy week (Musona, PiprekGerda & Simbotwe, 2011; World Bank, 2012).

1.1 The Research Problem

SMMEs have been identified as a channel to create more equitable income distribution and much-needed jobs (MCTI, 2006). However, a major challenge facing SMMEs in developing countries is that they fail to survive beyond their launch, for a number of reasons, and most often remain informal (Ihua, 2009; Franco & Haase, 2010).

In Zambia, despite notable growth in access to financial services in the country, challenges remain, especially amongst vulnerable and marginalised groups such as the youth, women, SMMEs, rural inhabitants, low-income groups, the self-employed and those in the informal sector. Reasons include physical access and usage barriers (Finscope, 2005, 2009; Financial Sector Deepening Zambia (FSDZ), 2016).

This study, thus, identified financial literacy and financial services utilisation as potential causes of the failure of informal enterprises.

1.2 Research Objectives

The main objective was to measure the levels of financial literacy among informal enterprise owners and to determine the extent to which financial literacy impacts these enterprises' utilisation of financial services in three rural and three urban districts in Zambia. Other objectives were to establish the determinants of financial literacy of owners of informal enterprises in Zambia, and to determine the extent to which individual enterprise characteristics affect enterprise financial service usage.

2.0 Literature Review

In the broader sense, literacy consists of the use and understanding and knowledge of words, symbols and arithmetic operations. This idea of literacy is applied to particular skill set areas such as computer literacy (Wecker, Kohnle, & Fischer, 2007).

Financial literacy can thus be seen as having two broad dimensions: understanding financial matters or having financial knowledge, and using or applying such knowledge (Lusardi & Tufano, 2009; Huston, 2009). Ability and confidence is required to use financial knowledge to make decisions to improve one's financial well-being; this is considered appropriate financial behaviour.

Measuring financial literacy thus entails assessing how well an individual can understand and use financial information. However, there is no common measure of financial literacy. Different measures have, thus, been used by researchers United States Agency for International Development (USAID, 2009; Oseifuah, 2010; Wise, 2013; Sucualu, 2013). Most studies have used scores and indices as proxies based on financial knowledge, behaviours, attitudes and financial experiences (Oseifuah, 2010; Huston, 2010).

Miller, Godfrey, Levesgne, and Stark (2009) argue that while there is widespread agreement that financial literacy is generally low worldwide, there is relatively little objective and comparative data. In addition, consumers tend to overestimate their financial skills.

Several studies around the world reveal widespread financial illiteracy, especially among specific population groups (Bernheim, 1995; Lusardi & Mitchell, 2011; Klapper, Lusardi & Panos, 2012). Lusardi and Tufano (2009) established a relationship between gender, age and educational level, and financial literacy.

Few studies have been conducted on financial literacy in Africa so estimates of financial literacy levels are either scarce or non-existent (Sayinzoga, Bulte & Lensink, 2014). But the few studies done reveal varying levels of financial literacy, but generally levels are low amongst different demographic groups across Africa (Lusimbo & Muturi, 2016).

A diagnostic review of consumer protection and financial literacy in Zambia found high levels of financial exclusion associated with the high cost of financial products and low consumer confidence in formal financial providers (Musona, Piprek & Simbotwe, 2011).

Lack of awareness and appreciation of financial services and how to access them (financial literacy) has been identified as one of the major factors hindering SMMEs' access to financial services and financial inclusion (ADB, 2012).

The consumer buying decision economic model is based on assumptions of rationality, near perfect knowledge and utility maximisation; the consumer will take all available information into account in an objective manner before making a decision (Nicosia, 1966).

Kotler, Keller, Khosh and Jha (2009) identify five stages in the purchase process: problem or need recognition, information search, evaluation of alternatives, purchase, and post-purchase behaviour. Each stage requires awareness and knowledge to make the decision. The particular route the consumer takes will depend on the nature of the purchase, the importance of the purchase, the uncertainty of the task, the extensiveness of choice, and perceived buyer power (Bunn, 1993).

Given the complexity and uncertainty involved, prospective consumers of financial services also proceed within the above framework; they need information on, about, and around the service. They need knowledge, awareness and skills in relation to the product or service. Financial knowledge, skills and confidence result in positive financial behaviour exhibited through appropriate usage of basic financial services, subsequently moving on to more sophisticated services (Nunoo & Andoh, 2012).

This conceptualisation is in line with the definition of financial access in Finscope surveys, which define financial access as "the ability of an individual to obtain, and on a sustainable basis, use financial services that are affordable and appropriate to their financial needs" (Finscope, 2009:2).

The study focused on owners of informal enterprises in their capacity as decision-makers who may access financial services for the enterprise as individuals as there is usually no legal or practical distinction between the individual owner and the enterprise.

USAID (2009:5) defines a financially literate SMME owner/manager as "someone who knows what the most suitable financing and financial management options for his or her business at the various growth stages of his/her business; knows where to obtain the most suitable products and services; and interacts with confidence with the suppliers of these products and services. He or she is familiar with the legal and regulatory framework and his or her rights and recourse options".

Applying the above definition, and drawing on Kotler et al.'s (2009) five decision stages, for an SMME owner to decide to utilise financial services, he or she needs to be aware of his or her needs.

The theoretical framework for this study was adapted from the OECD/INFE (2012) under which measurement of financial literacy is based on Atkinson and Messy's (2012) definition of financial literacy. A financially literate person is expected to have basic knowledge of key financial concepts and the ability to display numeracy skills. He or she is also expected to exhibit positive attitudes and preferences in financial matters. Underlying traits relating to knowledge, skills, attitudes and behaviours are thus identified to measure financial literacy.

2.1 Hypothesis of the Study

In line with the conceptual framework, the following sets of hypotheses were developed:

Set A:

H_i: the informal enterprise owner's financial literacy has an effect on the informal enterprise's usage of financial services.

Set B:

H_i: the gender of the enterprise owner has an influence on his/her financial literacy score.

H_i: the level of education of the enterprise owner has an influence on his/her financial literacy score.

H_i: the age of the enterprise owner has an influence on his/her financial literacy score.

Set C

H_i: the level of sales revenue of the enterprise affects the enterprise's usage of financial services.

H_i: the investment outlay of the enterprise affects the enterprise's usage of financial services.

H_i: the location of the enterprise affects the enterprise's usage of financial services.

H_i: the type of activity of the enterprise affects the enterprise's usage of financial services.

H_i: the period of activity or existence of the enterprise affects the enterprise's usage of financial services.

H_i: the registration status of the enterprise affects the enterprise's usage of financial services.

H_i: the nature of the business formation of the enterprise affects the enterprise's usage of financial services.

H_i: the number of employees affects the enterprise's usage of financial services.

H_i: the number of hours worked affects the enterprises utilisation/usage of financial services.

H_i: the regularity of income/sales revenue affects the enterprise's usage of financial services.

3.0 Methodology

This was an exploratory, explanatory and descriptive empirical study that employed the survey research methodology. Data was collected by means of a paper-based self-completion, structured and pre-defined questionnaire. The questionnaires were administered by the Alliance of Zambia Informal Economy Associations (AZIEA).

The study adapted the OECD/INFE financial literacy measurement core questionnaire for informal enterprise owners with three explanatory variables: gender, level of education, and age.

The level of financial literacy was measured and scored in line with Table 1.:

Table 1 Financial Literacy Measure

COMPONENT	MEASURE	MAXIMUM SCORE
Financial Knowledge	Eight questions on a range of basic financial topics with correct and wrong answers. Correct response scored 1.	Maximum score 8 with 6 and above considered high score.
Financial Attitude	Three attitude statements on money and planning for the future requiring respondents to agree or disagree on a scale ranging from: Completely agree = 1 to Completely disagree = 5. Correct Attitude was given either 1 or 2 points depending on how positive the attitude is.	Maximum score was 5 with an attitude indicator of more than 3 considered high.
Financial Behaviour	Nine behaviour questions with responses on a scale ranging from Never = 1 to Always = 5. Correct behaviour was given either 1 or 2 points depending on the strength of the behaviour.	Maximum score of 9 with 6 and above considered high.
Financial Literacy	Overall financial literacy score ranging from 0 to 22.	Maximum score of 22 with average combined score of 13.7 for OECD/INFE pilot study countries.

Source: Author, April 2014

Informal enterprise characteristics were analysed in relation to utilisation of financial services, whereas owner characteristics were analysed in relation to financial literacy scores attained.

The sample size was 3 000 but only 1 000 (33.33%) correct responses were received. The survey areas were divided equally between rural and urban districts where financial services can currently be physically accessed. The population was 822 000 informal enterprises split into 419 000 urban and 404 000 rural (Finscope, 2009).

Purposive and convenience sampling was used to select 6 districts with a quota of 500 for each. Individual informal enterprises were then randomly selected.

The OECD/INFE coding guide was used to code responses to the survey questions and then input to SPSS Version 20 for analysis. Secondary data on financial literacy and informal enterprises' access to financial services was obtained by way of desktop research.

In line with Pauly and Satterwaite (1981) and Nunoo and Andoh (2012), the basic empirical model for analysis was as follows:

(1) (2).

= usage of financial service (0, 1)

= financial literacy level of owner of informal enterprise

= vector of owner characteristics relevant to obtaining

= informal enterprise characteristics (REV, INVES, LOC, ACT, PER, REG) and

= are random error terms

= the mechanical interpretation may relate to imposed financial service usage.

and are partial regression co-efficients.

Equation 1 expresses the relationship between usage of financial services and the financial literacy of the informal enterprise owner, with usage involving any of the following: transactions, investment, credit or risk management services.

Equation 2 regresses the financial literacy of the owner on owner characteristics namely: age (AGE), gender (GEN), and level of education (EDU).

(3). =

= random error terms.

to = relevant co-efficients

Equation 3 specifies enterprise characteristics that may be determinants of financial service usage: sales revenue (REV), investment outlay (INVES), location (LOC), type of activity (ACT), period of activity (PER), and registration status (REG) (Nunoo & Andoh, 2012).

4.0 Data Analysis and Results

The data was analysed and interpreted in line with the OECD/INFE pilot survey (OECD/INFE, 2013). Under the OECD/INFE approach, financial literacy consists of financial knowledge, financial behaviour and financial attitudes (See Table 1 above).

Of the 3 000 questionnaires distributed, only 1 000 responses were received giving a response rate of 33.33%. Though the response rate was low, it exactly meets the OECD/INFE threshold of a minimum of 1 000 respondents.

In terms of financial knowledge, only 8% of respondents scored 6 and above, which is considered a high score, with 92% scoring below 6. The most frequent score was 4 with 13.2% of respondents scoring 4. This is an indication that overall, informal enterprise owners in Zambia have low levels of financial knowledge.

In the OECD/INFE pilot study of 14 countries around the world, most countries recorded scores below six. South Africa, Peru and Norway recorded the lowest scores for financial knowledge although the last used different questions. At the other end of the scale, Malaysia, Germany, Czech Republic, Ireland, British Virgin Islands, and Estonia had higher average scores. Hungary had the highest score at 69 % (Atkinson & Messy, 2012).

In terms of financial attitude, out of the 1 000 respondents, 11.4% scored 3 or more, which is considered a high score with 88.6% scoring below 3. The most frequent score was 2 with 26.2% of respondents achieving the score. These are much lower scores than OECD/INFE pilot study findings.

In the OECD/INFE pilot study, Peru had the highest attitudes and preferences score with 71% of the respondents scoring above the average attitude indicator of above 3, followed by Albania and Hungary, British Virgin Islands and Germany, with Armenia having the lowest score followed by Poland, Estonia, the United Kingdom and Ireland .

In terms of financial behaviour, out of the 1 000 respondents, 8% scored 6 or above, which is considered high, with 92% scoring below 6. The most frequent score was 4 with 13.2% of the respondents achieving this score.

In comparison, there were large variations in scores in the OECD/INFE study, with Hungary recording the lowest saving behaviour at 27% and Malaysia the highest at 97 % (Atkinson & Messy, 2012).

Armenia had the highest negative behaviour (borrowing) at 47%. British Virgin Islands had the highest positive behaviour with 71% achieving at least a score of 6. The lowest scores were exhibited by Estonia, Hungary and Albania (Atkinson & Messy, 2012).

The three components' scores were summed up into a score of financial literacy ranging from 0 to 22. The average score for the 1 000 respondents was 10.3900, with a mode score of 10 and a standard deviation of 3.43368. The minimum score was 0 and the maximum 21. For purposes of analysis, the scores were classified into ranges: Low - 0 to 9.9, Medium - 10 to 14.9, and High - 15 to 22.

Just over half of the respondents (50.9%) scored Low, 65.1% scored Medium, and 9.4% scored High, with 44.7% scoring above the average score. This is an indication of a low level of financial literacy (See Appendix 1). The OECD/INFE average score was 13.7. However, it should be noted that OECD/INFE survey targeted households in general whereas this study targeted a specific demographic group – informal enterprise owners.

These findings are also contrary to findings by Nunno and Andoh (2012), who found high levels of financial literacy amongst SMME owners in Ghana. Oseifuah, (2010), also found above average financial literacy levels amongst youth entrepreneurs in South Africa.

The basic empirical model derived for analysis was as follows:

Pearson's Chi-square test for independence was used to test the hypotheses as categorical variables were mostly involved.

Set A:

There is a relationship between the financial literacy of the enterprise owner and the enterprise's usage of financial services (See Appendix 4).

Appendix.

Appendix 1 Total_Financial_Literacy_Score

N	Valid	1000
	Missing	0
Mean	10.3900	
Median	10.0000	
Mode	10.00	
Std. Deviation	3.43368	
Skewness	.182	
Std. Error of Skewness	.077	
Kurtosis	.058	
Std. Error of Kurtosis	.155	
Minimum	.00	
Maximum	21.00	

		Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Low	255	25.5	25.5	25.5	
	Medium	651	65.1	65.1	90.6	
	High	94	9.4	9.4	100.0	
	Total	1000	100.0	100.0		

Appendix 2 Logistic Regression Model Statistics

Characteristic Variable	Co-efficient B	Wald	Degrees of free-dom df	P value Sig.	B Exponent Exp(B)
Total Financial Literacy score	0.115	18.513	1	0.000	1.122
Nature of Activity		21.788	4	0.000	
Trading	-1.303	5.228	1	0.022	0.272
Manufacturing	-1.921	10.527	1	0.001	0.147
Engineering and Construction	-1.254	3.505	1	0.061	0.285
Security	0.345	0.162	1	0.687	1.412
Sales Revenue		14.162	4	0.000	
Up to K150 000	-0.718	4.287	1	0.038	0.488
K151 000 to K300 000	-0.038	0.012	1	0.915	0.963
K301 000 to K800 000	-0.078	0.045	1	0.832	0.925
PACRA Registration	-1.500	28.058	1	0.000	0.223
Licensing/ Registration		34.698	5	0.000	
Local Authority licensing	-0.955	1.975	1	0.16	0.385
ZRA registra-tion	0.126	0.034	1	0.853	1.135
ZEMA licens-ing	-0.254	0.129	1	0.719	0.776
ZCSMBA membership	-0.640	0.579	1	0.447	0.527
DBA member-ship	-0.694	0.695	1	0.405	0.499

Appendix 3 Type of Financial Service Utilised by Informal Enterprises

Type of Financial Service	Number of Respondents	Percentage	Cumulative Percentage
Pension	72	7.2%	7.2%
Fixed Deposit	39	3.9%	11.1%
Mortgage	10	1.0%	12.1%
Secured Bank Loan	26	2.6%	14.7%
Overdraft	18	1.8%	16.5%
Insurance	20	2.0%	18.5%
Shares	33	3.3%	21.8%
Bond	6	0.6%	22.4%
Savings Account	297	29.7%	52.1%
Zoona/Mobile Money Transfer	188	18.8%	70.9%
Leasing	8	0.8%	71.7%
All of them	18	1.8%	73.5%
Don't Know Any	40	4.0%	77.5%
Cannot Answer	225	22.5%	100%
Totals	1000	100%	100%

Source: Survey Results (2016)

Appendix 4 Regression Model Statistics

Relationship	Value	Degrees of free-dom df	P value Sig.	Asymp. Sig. (2-sided)
Gender and Total Financial Literacy score	5.147	2	0.076	0.076
Educational level and Total Financial Literacy score	99.073	14	0.000	0.000
Age and Total Financial Literacy score	23.034	14	0.060	0.076

Appendix 5 Financial literacy score by Gender

Gender	Low score 0 to 9.9	Medium score 10 to 14.9	High score 15.0 to 22	Total
Male	12.2%	36.3%	5.4%	46.1%
Female	13.3%	28.8%	4.0%	53.9%
Total	25.5%	65.1%	9.4%	100%

Appendix 6 Financial Literacy score by level of education attained

Education level	Low score 0 to 9.9	Medium score 10 to 14.9	High score 15.0 to 22	Total
University	2.0%	8.7%	2.8%	13.5%
Technical/voca-tional	1.4%	7.5%	2.6%	11.5%
Completed second-ary school	4.4%	16.7%	2.0%	23.1%
Some secondary schooling	7.1%	15.1%	0.6%	22.8%
Completed primary school	5.0%	8.3%	0.7%	14.0%
Some primary schooling	3.6%	6.4%	0.4%	10.4%
No formal educa-tion	1.3%	1.3%	0.3%	2.9%
Cannot answer	0.7%	1.1%	0.0%	1.8%
Total	25.5%	65.1%	9.4%	100%

Appendix 7 Financial Literacy Score by Age

Age Band/ Answer	Low score 0 to 9.9	Medium score 10 to 14.9	High score 15 to 22	Total
Cannot Answer	0.6%	0.7%	0.0%	1.3%
18 – 19	1.1%	4.5%	0.4%	6.0%
20 – 29	4.8%	11.5%	2.2%	18.5%
30 – 39	7.5%	16.9%	3.1%	27.5%
40 – 49	5.5%	15.2%	3.1%	22.2%
50 – 59	4.6%	14.8%	1.7%	21.1%
60 – 69	0.8%	1.1%	0.2%	2.1%
70 – 79	0.6%	0.4%	0.3%	1.3%

Working Around CPD Challenges

It may not be too far-fetched to assume that the most common approach to Continuing Professional Development (CPD) is to pursue the HR department at your work place to confirm if they are still certified as "Approved Employers" by your professional body, so that all that needs to be done is to tick a box and move on without having to worry about accumulating CPD hours through attending workshops or seminars.

The cost of workshops and seminars, which are the most common platform through which many CPD hours can be earned can be quite prohibitive, especially if you are looking at accumulating 40 CPD hours per annum, half of which may have to be backed up with evidence such as certificates. It can appear to be an expensive and pointless task.

At times it may even feel as though being a member of a professional accountancy body is a form of bondage. You complete your studies, graduate with top marks, but to practice in your chosen field, you have to continuously show that you are keeping abreast with relevant new developments and also you have to keep paying annual membership fees. You may even begin to admire people in other fields who seem to have it easier or even to wish you had just ended at an academic qualification.

The benefits of belonging to a professional body outweighs the challenges. Many times, we may not just know how to harness those benefits, but that's a topic for another article. Suffice to say professional bodies such as ZICA have done a commendable job in providing support to their members to allow them to obtain the full benefits. However, access to these benefits comes at a price, part of which is the annual CPD requirement.

If you are following a unit route, what this means is that you need to accumulate a specific number of hours per year of learning that is relevant to your current work or to the work you aspire to do in the future. This is where it gets interesting. Towards the end of the year, as the annual subscription reminders roll in, they come with a reminder to also submit your annual CPD declaration for the year that is about to end or that has just ended. If you have been fortunate enough to have attended workshops, courtesy of your employer, throughout the year, this is the moment when you just smile and pull out your attendance certificates, count the hours and happily submit your declaration. However, if you attended zero workshops, this is the time you make that trip to your HR department and start asking if they are up to date with their accreditation status. Woe unto you if your employer does not even know what accreditation is and worse still if they do not even offer in-house training programmes and their approach to training is to throw you in at the deep end and watch you sink or swim.

Don't despair because there is a solution. But you have to start early in the year and be committed to seeing the plan through. According to the CPD Certification service, based in the United Kingdom, 'Structured CPD / active learning involves interactive and participation-based study. It is typically proactive and can include attending a training course, conference, workshop, seminar, lecture, e-learning course or CPD certified event. CPD active learning also applies to when professionals take career orientated exams and assessments"

You can therefore accumulate relevant CPD hours through online courses and attending the Accountants' Forum organised by ZICA. Remember those data bundles you spent on social media? This year, plan to channel them towards registering for and pursuing free online courses offered by reputable e-learning providers such as Coursera, and Accounting CPD.net, amongst others. Depending on your area of interest, you can search for a subject you would like further training in e.g Financial reporting or Taxation and register for an online course. Most of the providers of these online courses will charge you but they also offer free courses and discounts. It is worth exploring and before you know it, you would have accumulated a good number of relevant CPD hours at minimal cost.

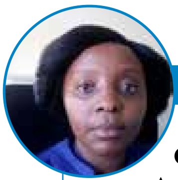
Thanks to the internet, you do not have to be physically present in a hotel board room, listening to a presenter, explain certain concepts to you. At the click of a button, you can receive the same information that will enable you to keep abreast with recent developments in your field. Just do your due diligence by making enquiries through the relevant regulatory authorities and ensure you only enrol with reputable online e-learning providers. It would serve you well to commit four hours in every month towards some kind of e-learning that is relevant to you. You will thank yourself later when you are submitting your annual CPD declaration and realise that you have accumulated even more than the minimum required hours.

If you are a technophobe and you do not trust anything "e", make use of the Accountants Forum organised by ZICA, free of charge to its members. All you need to do is to keep an eye out for the notices ZICA issues via email or the press, informing members of upcoming forums, at which specific issues relevant to accountancy will be discussed. Just by confirming your attendance and then actually attending the forum, you will earn yourself a minimum of two CPD hours. Just like that. It is well worth the transport cost and as most are held on Friday evenings, the "njikata" can be delayed for a while, as you gain some knowledge and a networking opportunity.

The opportunities for continuing professional development abound. You just have to know where to look. Plan well in advance and execute a CPD plan one month at a time. Use whatever options are available to you and always keep in touch with your professional bodies for opportunities that you may otherwise not know about. ■

References

1. http://www.zica.co.zm/?page_id=1662
2. https://cpduk.co.uk/explained
3. https://www.coursera.org/courses?languages=en&query=introduction+to+financial+accounting
4. http://www.accountingcpd.net/Courses



About the Author

Chipambaniso Chongo-Munyonzwe is an Associate member of ZICA and an ACCA Fellow. Holds an MSc in Professional Accounting from the University of London and works as a Tax Inspector for the Zambia Revenue Authority.

ZiCA
Competence, Integrity and Virtue
Zambia Institute of Chartered Accountants

CA ZAMBIA - FIRST GRADUATES

CONGRATULATIONS

The Zambia Institute of Chartered Accountants (ZICA) congratulates the first ever CA Zambia graduates who graduated on 11th October 2018 at the 12th Graduation Ceremony held at the New Government Complex under the theme, **"Celebrating 1st Anniversary of Developing Business Leaders".**

Banda Osman S (AZICA), Regional Accountant, Road Development Agency (RDA).

Tembo Mwale Muloyi (AZICA), Audit Supervisor, BDO Chartered Accounts Zambia Limited

Muneku Kawina (AZICA), Head Internal Auditor, Evelyn Hone College.

Kasamu Giston (FZICA), Director of Finance, Ministry of Finance, Western Province.

Emmanuel Nyemba (AZICA), Finance Manager & Company Secretary,General Alliance Insurance (Z) Ltd.

Chilongu Kelvin (AZICA), Project Accountant, ZESCO Ltd Lusaka Head Office.

Haboongo Solomon (AZICA), Manager – Audit and Assurance,

HLB ZAMBIA

CA CHARTERED ACCOUNTANT ZAMBIA

Not just an Accountant but a "CHARTERED ACCOUNTANT"

For further details contact: Zambia Institute of Chartered Accountants, Plot Number 2374/a Thabo Mbeki Road, P.O Box 32005, Lusaka. Phone: +260 211 374551 – 59 Website: www.zica.co.zm or email education@zica.co.zm

Africa could be the next frontier for cryptocurrency

Experts say conditions on the continent are great for virtual currency

By Pavithra Rao

INTEREST in cryptocurrency, a form of digital currency, is growing steadily in Africa. Some economists say it is a disruptive innovation that will blossom on the continent.

Cryptocurrency is not bound by geography because it is internet based; its transactions are stored in a database called blockchain, which is a group of connected computers that record transactions in a ledger in real time.

The difference between cryptocurrency and, say, Visa or Mastercard, is that a cryptocurrency is not now regulated by government and doesn't need middlemen, and transactions rely on the internet, which means they can happen anywhere in the world.

The big cryptocurrency global brands include Bitcoin, Litecoin, XRP, Dash, Lisk and Monero, but Bitcoin leads the pack in Africa. Created in 2009 by a person or people with the alias Satoshi Nakamoto, investors hope Bitcoin becomes the new mode of financial transaction in the digital age.

"Africa is rarely mentioned among the largest markets for cryptocurrency, but it may be set to steal a march over other markets," says Rakesh Sharma, a business and technology journalist.

Mr. Sharma says that citizens of countries battling high inflation are likely to opt for cryptocurrency, because "with their paradigm of decentralization, cryptocurrencies offer an alternative to disastrous central bank policies."

Stealing a march

South Sudan's inflation rate was 102% between September 2016 and September 2017, according to the World Bank. Other countries with double-digit inflation rates include Egypt, Ghana, Malawi, Mozambique, Nigeria, Zambia and Zimbabwe. It is no surprise that some of these countries are among the main Bitcoin economies in Africa. The main Bitcoin countries are Botswana, Ghana, Kenya, Nigeria, South Africa and Zimbabwe, according to gobitcoin.io, a website dedicated to Bitcoin news in Africa. The BBC adds that cryptocurrency is gaining ground in Uganda.

When Zimbabwe's inflation skyrocketed in 2015, forcing authorities to print \$100 trillion notes (each worth just \$40), some Zimbabweans turned to Bitcoin.

Zimbabweans and citizens of other African countries transact in Bitcoin "as opposed to their local currencies, which are plagued with hyperinflation," comments Emmanuel Tokunbo Darko, vice president of marketing for ICOWatchlist.com, a platform that hosts cryptocurrency tokens.

There will be 725 million mobile phone subscribers in Africa by 2020, according to the GSM Association, which represents the interests of mobile operators globally. That means more Africans will have the tools to plug into the cryptocurrency ecosystem, says Mr. Sharma.

"I check my Bitcoin every day [on my mobile phone] and any chance I can get. Any minute, any hour, anytime, as often as I can," Peace Akware, a Ugandan millennial, told the BBC.

Bitcoin spreads

That African governments are not now regulating cryptocurrency may be a factor spurring its growth on the continent; however, there is no guarantee that governments will not change their current mindset.

Rather than simply not wanting to, governments may be powerless to regulate cryptocurrency, the Nigerian central bank indicated recently. Currently tackling the country's 12% inflation rate, the Nigerian apex bank announced that it could not control or regulate Bitcoin, "just the same way no one is going to control or regulate the internet. We don't own it."

Fearing a collapse of the banking industry or arbitrary appropriation of money by the government, Africans without access to banks and who live in politically unstable countries could be attracted to cryptocurrency. "Bitcoin transactions help to eliminate the procedural bottlenecks that plague traditional banking and financial services," Mr. Darko explains.

Some 15 cryptocurrency-related operations began in Africa in the past year alone, reports Mr. Sharma. But South Africa–based Luno Exchange, established in 2013 and now boasting 1.5 million customers in over 40 countries worldwide, is the first to be based in Africa.

Others, particularly cryptocurrency-based remittance services, are popping up in various countries. These services include Abra, which operates in Malawi and Morocco, GeoPay in South Africa, BitMari in Zimbabwe and London-based Kobocoin, which was launched by Nigerian entrepreneur Felix Onyemechi Ugoji.

The Plaas Application is a mobile app that enables farmers to manage their stock on the blockchain.

Launched in 2013, Kenya's BitPesa facilitates virtual remittances transfers to both African and international locations, to and from individuals' mobile wallets, where cryptocurrency is stored. LocalBitcoins.com in Kenya reported trading volumes in excess of $1.8 million as of December 2017, underlining the lucrativeness of the business.

"I started mining Bitcoin [in Nairobi, Kenya] in September 2017 and, so far, this is the best business I have ever tried," Gladys Laboi told Africa Renewal, adding: "Under six months, I earned $800 after investing in $700."

Not to be left out, some governments are moving into the virtual currency terrain. Tunisia's eDinar is a government-issued digital currency. Senegal is in the process of creating eCFA, which, if successful, could be emulated by other Francophone countries in Africa.

There will be government-issued cryptocurrencies in Africa in the near future, predicts Shireen Ramjoo, ceo of Liquid Crypto-Money, a South Africa-based cryptocurrency consulting firm.

Industry experts believe that cryptocurrency will be around for years. That Bitcoin users can send money to just about anywhere there is an internet connection for relatively small fees and with no third-party interference is an advantage that standard government-issued currencies cannot offer.

"Every single computer device on the surface of the planet with an internet connection can access information on the blockchain and make 'transactional' inputs onto it. The information cannot be distorted, deleted, modified or destroyed, and [the] computer device has the same information as everybody," says Mr. Darko.

Another recommendation is that transactions are anonymous, and users' information is private and safe; there is little possibility of identity theft, which is common with other forms of digital payment.

As of December 2017, the global demand for cryptocurrency had increased to the extent that a Bitcoin sold for $20,000. Its value had been $1,000 one year prior.

Ponzi scheme

Nevertheless, some industry watchers refer to cryptocurrency as a risky and temperamental scheme, citing the crash to $8,700 in the value of Bitcoin last February, from a high of $20,000 in December 2017.

Without regulations, cryptocurrency is a double-edged sword; there may be gains from time to time, but any precipitous crash in price could leave investors with no escape route. Manasseh Egedegbe, an investment manager based in Nigeria, says that Bitcoin's frenzied prize surge seems like the dot-com bubble at the turn of the millennium.

There is also the fact that cryptocurrency can be used by criminals to funnel funds. In 2011 Bitcoin was a currency of choice for drug peddlers, according to the US Justice Department, which seized almost $48 million worth of illegal contrabands that year, and discovered that the criminals involved had made transactions totaling 150,000 Bitcoins (approximately $130 million.

Countries such as Bangladesh, Ecuador and Kyrgyzstan believe the risks outweigh the gains and have banned Bitcoin as well as initial coin offerings or ICOs, which are used by start-ups to evade the demand for capital by banks and other financing institutions.

Quartz Africa, an online business news publication, reported last December that a similar scheme, Mavrodi Mundial Moneybox (MMM), once had over two million users in Nigeria, while also operating in Ghana, Kenya, South Africa and Zimbabwe.

There are reports that South Africa's central bank is actively studying cryptocurrency and may institute guidelines to foster innovation. Those guidelines could be a slippery slope to regulation. The Sunday Times of South Africa reported in March that 27,500 individuals, including South Africans, lost more than $50 million when they were duped into transferring their Bitcoins into an online wallet. The publication called it "one of the biggest scams to hit South Africa."

At 22% (the world average is 48%), Africa has the lowest rate of Internet usage of any region, according to a 2017 report by the International Communications Union, which may undercut optimistic projections of cryptocurrency and blockchain technology on the continent. Also, poor power supply in many countries continues to impede the internet access on which cryptocurrency largely depends.

Despite some analysts likening Bitcoin and other cryptocurrencies to a Ponzi scheme, many Africans are taking the risk to invest in them.

Other experts, such as Mr. Darko, believe Africa should warmly embrace the innovation. "Truth be told, Africa needs blockchain technology and its resultant cryptocurrencies more than any part of the world," he says. ■

Africa Renewal

Global Ethics Board Resets Expectations of Professional Accountants Regarding Inducements

The International Ethics Standards Board for Accountants® (IESBA®) has released new enhancements to its global ethics code which address more fully the responsibilities of professional accountants around the offering and accepting of inducements.

The revised standard sets out a comprehensive framework that more clearly delineates the boundaries of acceptable inducements, and guides the behaviour and actions of professional accountants in business and in public practice in situations involving inducements.

"Incentives motivate behavior, and some inducements can be a powerful incentive to unethical behavior," said IESBA Chairman Dr. Stavros Thomadakis. "This revised standard complements our standard on NOCLAR to offer a full system of ethical defenses that relate both to malfeasance committed by others and to accountants' own involvement in potentially unethical behaviors."

Central to this framework is a new intent test that prohibits the offering or accepting of inducements where there is actual or perceived intent to improperly influence the behavior of the recipient or of another individual. The framework also:

- Clarifies the meaning of an inducement;
- Establishes a requirement to understand and comply with laws and regulations that prohibit the offering or accepting of inducements in certain circumstances, such as in relation to bribery and corruption;
- Guides professional accountants in applying the enhanced conceptual framework underpinning the International Code of Ethics for Professional Accountants (including International Independence Standards) where there is no improper intent; and
- Provides enhanced guidance on the offering and accepting of inducements by professional accountants' immediate or close family members.

The revised provisions become effective June 2019, including consequential amendments to the independence provisions of the Code addressing gifts and hospitality. The changes constitute the last piece of the recently revised and restructured Code.

About the IESBA

The IESBA is an independent standard-setting board that develops and issues, in the public interest, high-quality ethical standards and other pronouncements for professional accountants worldwide. Through its activities, the IESBA develops the International Code of Ethics for Professional AccountantsTM (including International Independence StandardsTM), which establishes ethical requirements for professional accountants. The structures and processes that support the operations of the IESBA are facilitated by IFAC. Please visit www.ethicsboard.org for more information, and follow us on Twitter @Ethics_Board. ■

Progressing with technology

In recent years, we have seen how people have changed the way they carry out their daily activities such as personal communication, advertisement, buying and selling of goods and services, and education, just to mention a few. Increasingly, we see organisations beginning to adopt technologies in their operations due to the many opportunities and benefits these technologies have to offer such as increased productivity, efficiency, accuracy and better analysis of organisational and business-related data for decision-making. One of the fields benefiting from the advancements in technology is the field of accountancy.

In this article, I share technologies and technological skills that are necessary for an individual practicing or working towards being an accountant who wishes to be competitive and marketable in the modern era.

There is a growing demand for accountants who have a diverse combination of attributes and skills-set including educational qualification, professional credentials, soft skills and technological skills. This is mainly because there is an increasing shift in accountancy from being a report-centred function to one, which is equally analytics-centred i.e. helping a business to maximise on its finances. Technology offers an accountant the tools or resources to work in a better and smarter way as they strive to be more productive and efficient in the execution of their duties. A productive employee is one who produces improved results for the users and clients, hence they become an asset to the organisation.

From a general point of view, when adopted and applied correctly, technologies offer better utilisation of human resources, enables automation of certain processes and better usage of data and information in decision-making. Therefore, it is important that practicing accountants and students working towards accounting careers seek to develop and acquire technological skills that will enable them to practice in an industry that is moving with technology.

Current trends of applications of Information Technology in accounting are pointing towards several disruptive technologies including; Big data, cloud computing, Enterprise Resource Planning (ERPs), data analytics and business intelligence software and the usual advanced spreadsheet applications as the major technologies to be utilised widely in the next five (5) to ten (10) years in accounting. Below is a detailed explanation of the key technologies that should be of interest to an accountant in the modern era:

a) Advanced Microsoft Excel: Microsoft Excel is an example of an application software called an electronic spreadsheet. An electronic spreadsheet is an interactive application that is used for storage, organisation and analysis of data usually in tabular form. Microsoft Excel is by far the leading tool for budgeting and planning compared to many other options such as IBM/Cognos, Oracle/Hyperion and SAP/BPC. Microsoft Excel offers several advanced concepts such inbuilt functions, formulas, pivot tables, what-if analysis and dashboards just to mention a few that offer diverse options accountants can use in their work.

b) Business Intelligence and data analytics software: Business intelligence (BI) is a general term that is used to refer collectively to the application software, infrastructure and tools, and best practices that facilitate access to and analysis of information to improve and optimise decisions and performance. Accountants use data analytics to help businesses uncover valuable insights which are not so obvious within their financials. These insights can help identify process improvements that can increase efficiency, and better manage financial risks of organisations. A variety of BI tools for analysing data include; online analytical processing (OLAP), data mining, and decision support systems.

c) Enterprise Resource Planning (ERP): An ERP system adopts a business process view of the overall organisation to integrate the planning, management, and use of all of an organisation's resources, employing a common software platform and database. An efficient system of financial management becomes the initial point of all the financial information that circulates around the enterprise. An ERP facilitates the task of compiling comprehensive financial information and delivers to the right users in the right format in an organisation.

d) Cloud computing: Cloud computing is a term that is used to refer to Internet-based computing that provides shared computer resources such as processing, data or storage to computers and other devices on demand. According to the report by Robert Hall of 2017 titled, "Benchmarking the *Accounting* and *Finance Function*", there is an increase on the adoption of cloud-based solutions among finance leaders in the U.S. for accounting and financial processes. It is reported that about 72 per cent of respondents at the time of that survey were either using cloud-based solutions or intending to do so.

e) Information security concepts: The fact that technology offers several advantages to an accountant, it must be mentioned equally that when not applied and adopted correctly, it can be a nightmare to an accountant. Technology comes with its own risks such as viruses, hacking, spam, social engineering, malware and employee wrongdoing or error. Hence it is important that accountants have knowledge of how they can protect information and data resources that they use in their work.

These technological skills and knowledge can be acquired through college and university training programmes, courses in information technology or information systems, workshops, seminars, free online courses and continuous professional development programmes.

It is therefore imperative that accountants stay up-to-date with latest technological advancements and use them to drive businesses. Technological advancements will enhance an accountant's ability to interpret data in a better, efficient and effective manner with relatively much ease. Having a strong training that will cover both technology and accounting concepts will be essential for future accountants' success in the workplace. ■

References

1. Robert Hall (2017), 2017 Benchmarking: The Accounting and Finance Function. Financial Executives Research Foundation.
2. Brian K. Williams, Stacey C. Sawyer (2010), Using Information Technology 9th Edition: A Practical Introduction to Computers & Communications. McGraw-Hill, New York.
3. R. Kelly Rainer Jnr, Casey G. Cegielski (2011), Introduction to Information System: Supporting and Transforming Business 4th Edition. John Wiley and Sons, USA.

About the Author

Robert Simushi Junior, *Master's degree in software engineering (University des Sciences et de la technologies Houari Boumediene (USTHB) - Algeria), BSc. Computer Science (USTHB)*

Information Technology Consultant/Corporate trainer, Diligent Consultancy and Training Limited, Ndola.

rjsimushi@gmail.com/ diligentcltd@gmail.com

Redundancy in Zambia

In legal terms redundancy occurs when employees are dismissed from their jobs for one or more reasons which are not directly related to the performance or behaviour of the individual. These reasons include the following:

1. *the business ceases to trade therefore has no work for the employee;*
2. *the business moves to another location which is too far for the employee to travel to;*
3. *business ceases the operate, or reduces the work which the employee is engaged in and for which the employee is uniquely skilled. (Sue Berry, 2010)*

Introduction

THIS article is written with consideration of the current law regarding the way the redundancy aspect of employment has been handled in Zambia. It is intended to provide a useful submission towards developing a workable solution that will see institutions and employees deal amicably with the matter without setting up unnecessary grounds for misunderstanding or prejudice.

In the wake of what has transpired in some institutions, I have been motivated to write this article and it is my sincere wish that the government, employers and the trade unions will find some information in this write-up useful and try to incorporate them in future considerations in industrial matters regarding redundancy.

Administration

The period from early 1990s to early 2000s Zambia embraced the Structural Adjustment Programme (SAP) following recommendations by the cooperating partners, principally the International Monetary Fund. The most prominent elements of Zambia's SAP was downsising the workforce in privatised institutions as well as the realigned statutory institutions. The aspect of downsising the labour force was prominently publicised as retrenchment. The technical description of the term *retrenchment* would be cutting off the excess branches, functions or positions in the institution to save the economic status of the institution from collapsing. As such, there was another terminology (pruning) which was used synonymously with retrenchment. We know that *pruning* is typically used by farmers when tending their crops, plants or orchards for quality produce. In the labour force, however, the legitimate terminology (to describe retrenchment or pruning) that suites the practice of reducing the employees' headcount in order to run the institution economically is known as **Redundancy**. And redundancy is the reason for this article.

Redundancy is the legal consideration which allows premature cessation of salaried employment contracts without attracting litigation. However, the application of redundancy does not lie in using the term in the letter of employment termination. Redundancy includes a number of conducts and considerations towards the termination of one's employment. Where the necessary steps are not complied with, the termination will not be recognised as legitimate redundancy, but something else. Michael Salamon writes: *"The essential qualities of a redundancy situation are that it arises primarily from* ***causes external to the performance and capabilities of the individual employees*** *affected and, most importantly, it involves a potential conflict of interest between management's immediate objectives of maintaining an efficient and profitable organisation and the employees' immediate objectives of protecting their jobs and income," (Salamon, 2000).*

Naturally, on one hand, the decision to hire and use labour for economic operations of the organisation is a sole responsibility of the organisation's management (the employer). On the other hand, the decision to improve or maintain economic operations of the organisation by cutting down the employees' headcount is still the sole responsibility of the same organisation's management. Therefore, in a redundancy situation, management will always initiate and effect redundancy. They effectively use the statement that says, '*the employer reserves the right to hire and fire'*. But the question is: what right does the employee deserve? Unfortunately, the employee will only deserve the right to desire and tire. These two respective interests by employers and employee will certainly cause despondency on the part of the employee when they are found in a redundancy situation. Since the employer is stronger and will always be expected to win in the battle of redundancy, the law however, would provide for the protection of the employee, the weaker party, through financial compensation of the employee. Financial compensation is justified where the employer cannot secure reasonable alternative job for the employee within the same organisation, or in some instances within an associate company.

The employee would be entitled to lawful redundancy pay as compensation for:

- The loss of job which guaranteed a periodic income;
- Lost opportunity for possible promotion arising from proven good performance in an organisation;
- Lost opportunity for institutional funded training;
- Lost opportunity for the award of full pension pay or contractual gratuity;
- Interrupted career development through practical experience;
- Potential loss of professional networks for career enrichment; and the list goes on.

While it may be tempting to argue that the employee would find a new job and recover all the opportunities lost in the previous job, there is no guarantee that the employee who has been dismissed would certainly find the new job. Even for the lucky ones, the new job would come after a spell of time, the situation which would be avoided had they not been dismissed out of their earlier job. This is the reason the compensation for redundancy is justified. However, in any given jurisdiction, compensation for redundancy is not given based on the employees' remaining economic period according to their contract. The compensation is based on the period they have completed serving the organisation regardless of the period remaining on the contract period. This in essence looks like an award for the services already rendered as opposed to calling it compensation.

Governments, institutions, trade unions and employees need to appreciate that redundancy is bad with or without compensation. The common terms for redundancy compensations will determine calculations based on the number of years lived rendering the service to the organisation (retrospective consideration). This looks like the dismissed employees will start living their lives backwards. In a typical redundancy package, there is no consideration for inflationary, interest rates or possible future salary increase adjustments. Another very striking fact in a redundancy calculation is that although years are used as units of time for awarding compensation, monthly or weekly salaries are used as units for financial awards for each unit of time (i.e. equivalent of one month's basic pay for each completed year of service). This looks like a dismissed employee will survive on one-month salary for the whole year. This must be food for thought for the governors. Despite the prominent use of the terminology of ***compensation*** for employees affected by redundancy, it will be noble to consider calling it ***redundancy award.*** This is so because the pattern of the award is directly proportional to the length of service one has completed in the organisation.

Opinions

As long as it is referred to as redundancy compensation, the personal perspective of redundancy compensation would look like this:

Compensate the affected employee by taking into consideration the number of years remaining to serve as regards their employment contract. For example:

1. For permanent and pensionable employees.

a. Consider the number of their remaining economic years according to the gazetted retirement age.
b. Pay his/her compensation by multiplying the remaining number of economic years by his/her annual basic pay;
c. Add to the amount calculated in (b) the pension benefit as determined in the prevailing labour laws or collective agreements;
d. Adjust the calculated amount in (c) by the estimated compound inflation rate over the remaining period;
e. Adjust the amount calculated in (d) by the estimated percentage change in salary scale over the period – This may as well read 0% adjustment.
f. Discount the amount calculated in (e) by the estimated interest rate to determine the present value;
g. Pay the employee the amount determined in (f) as compensation for redundancy.

2. For fixed contract employees:

a. Consider the number of their remaining economic years according to the contract period
b. Pay his/her compensation by multiplying the remaining number of economic years by his/her annual basic pay;
c. Add to the amount calculated in (b) the gratuity benefit as determined in the prevailing labour laws or collective agreements;
d. Adjust the calculated amount in (c) by the estimated compound inflation rate over the remaining period;
e. Adjust the amount calculated in (d) by the estimated percentage change in salary scale over the period;
f. Discount the amount calculated in (e) by the estimated interest rate to determine the present value;
g. Pay the employee the amount determined in (f) as compensation for redundancy.

Going by the above opinions, redundancy compensation would truly look like compensation, considering the fact that the employee has nothing to do with the redundancy event occurring in the institution, and so, their future hopes must be safeguarded. If not like it then some consideration near to it should be adopted. The current provisions for redundancy compensations in any known jurisdiction do not truly represent compensation and employers rarely think twice about effecting redundancy. They would rather declare a section of their business operations and pay out negligible compensations for redundancies. However, in countries like Zambia where unemployment levels are very high, declaring employees redundant, should be avoided. Where circumstances are beyond the control of employers, employees should therefore be compensated by considering their would-be future opportunities to develop their lives had they continued serving in the same organisation.

While the above recommendations may look even more attractive to the serving employees, the cost to meet the bill might however, weigh the employer down and ultimately cause them to give in to economic pressures they are trying to avoid. To serve the institutions from falling prey to redundancy bills, it would be prudent to put up a state managed contributory fund to take up the burden of paying redundancy compensations to affected employees. This fund should be raised and managed as an insurance fund, the same way as the Workers' Compensation Fund is managed. The employee would therefore be compensated by (a) receiving a percentage of monthly salary as they would if they were not redundant and receive a proportionate lump sum upon finding a new job, or (b) receive one off lump sum payment, equivalent to the five year fixed contract term gratuity for each five years band of their remaining economic years but not exceeding three terms.

Avoiding Redundancy

Truthfully speaking, all things being equal, it is both parties' desire to avoid redundancy for one reason or the other. For employers, they would desire to avoid effecting redundancy for the same reasons as they would desire to effect it. They would like to reduce their labour headcount in order to safeguard the economic soundness of the organisation by avoiding to incur costs in form of wages to the employees. As it may prove to be a costly one-off undertaking, the employer would also desire to avoid payment of redundancy compensations for the same economic reasons. In order to avert the cost of managing redundancy pay as well as keeping employees on the payroll, management would endeavour to secure alternative employment for the affected employees in another organisation. This decision would however, be contested for legal interpretation.

Under the sub-heading: *'Assistance to redundant employees'*, Michael Salamon writes that: *'If management assists a potentially redundant employee by securing fresh employment with another organisation and then mutually agrees with the employee to terminate the contract of employment so that the employee may commence employment with the new organisation, this will not, in legal terms, amount to* *dismissal. Therefore, the employee will have no statutory right to redundancy payment, although this does not preclude an organisational policy or agreement to make such a payment'* (Salamon, 2000).

Employees also would wish to avoid redundancy by remaining employed by the same employer as the first priority in order to safeguard the benefits of the rapport they have developed over time with that particular employer. Scholarships, promotions, paid leave and maternity leave for employees are usually offered to employees who have served the institution for the certain period of time. This is one of the more reasons why employees being put on redundancy should deserve financial compensation. Securing an alternative employment in another institution should only apply as additional but not compulsory consideration for the redundant employee. Remember, in a new institution, the employee would be required to work for another phase of time before they can be considered for some benefits such as indicated above.

With these conflicts of interests at play, it is critical for the government to consider redundancy as a major component of employment law and cover it extensively and more comprehensively for all classes of employment contracts.

The Zambian Law on Redundancy

The common law governing Zambia's employment regulations is summed up in the Employment Act No. 268 and the Industrial Relations Act No. 269 of the Laws of Zambia. However, the provisions of these two Acts do not sufficiently provide for adequate guidelines to consider when dealing with redundancy events in the institutions. This legal gap has led to rainbow considerations by different institutions when they are faced with a redundancy decision. Most institutions and employees would agree that this practice has been enhanced through tailor-made collective agreements between employers and employees' representatives known as trade unions. While the initiative to more extensively cover redundancy conditions through collective agreements would be appreciated, most stakeholders will admit that the lack of a clear-cut law on the matter has been the major cause for the known lawsuits quoting redundancy.

The most vivid legal guidelines for effecting redundancy in Zambia's employment jurisdiction has been covered under part 4, section 26B of the Employment Act No. 268 of the Laws of Zambia. However, although this provision has been referred to by most employers and employees, it does not cater for the employees whose employment contracts are deemed to be Written Contracts. The provision is only enough for **Oral Contracts of Services** as the preamble of part IV, clearly states that, *'16. The provisions of this Part shall apply to oral contracts'* (GRZ, n.d.). To uphold this view, the Case Law through the Supreme Court of Zambia (SC) has detached the legal ability from the provision to represent employers' and employees' redundancy affairs where the contracts under review would be deemed to be written contracts of services. See the cases of *Chilanga Cement v Kasote Singogo (2009)* and *Barclays Bank Zambia Plc v Paul Simfukwe (2017)* (Musa Dudhia & Co., 2017)

A more descriptive ruling in *Barclays Bank Zambia Plc v Zambia Union of Financial Institutions and Allied Workers (2007)*, Justice Lewanika in delivering judgement said:

> *'In enacting section 26 (B) Parliament intended to safeguard the interests of employees who were employed on oral contracts of service by which nature would not have any provision for termination of employment by way of redundancy'.*
> *(Council of Law Reporting, 2007)*

Going by this view of the Supreme Court, it is therefore, clear that employers and employees are at liberty to formulate laws on redundancy through their tailor-made written contracts of employment. Nevertheless, there is no legislation in Zambia that compels employers to provide for redundancy matters in their contacts with employees. And so, where there appears to be a redundancy-like termination of written employment contract, the courts would do nothing in enforcing compensation for redundancy if there was no clause about redundancy in the written contract. This is a legal oversight existing in Zambian laws and a call for consideration by the legislative wings of government.

Way Forward

In order to protect the interests of both employers and employees, there is need to formulate the legal framework for redundancy. The Government of the Republic of Zambia (GRZ) should formulate the minimum requirements as regards the Redundancy Law which should be adopted by all employers and portable by all classes of employment contracts, oral or written. The law should guide institutions on how to:

a. Clearly adopt the basic legislative definition of redundancy;
b. Formulate Redundancy handling procedures documents as a requirement under Corporate Governance;
c. Conduct systematic but fair assessment criteria for selection of employees to be put on redundancy;
d. Provide written procedures for handling redundancies to their employees;
e. Provide minimum bases for calculation of redundancy pays equivalent to or above the statutory minimum limit.
f. Outline any job placement policies the institution would provide for its affected employees.

The law should father provide for the introduction of the managed Redundancy Fund to which employers should be contributing to cover the risk of paying the entire bill once the event strikes. In this view, clear but fair guidelines for the benchmark calculation of redundancy compensations should be given in the law.

The Law should further give an outline of:

a. The rights of an employee under redundancy;
b. The duties of an employee under redundancy;
c. The rights of the employer under redundancy;
d. The duties of the employer under redundancy;
e. The conditions the employer needs to satisfy to claim redundancy bills from the fund;
f. The conditions the employee needs to fulfil to claim redundancy payment from the fund;
g. The minimum benchmarks for calculating statutory redundancy payments;
h. The dos and don'ts that would constitute fair criteria for selection of employees to be put on redundancy;
i. Any other necessary guidelines.

Having an effective Redundancy law will promote security of employment and commitment to, and realisation of the importance of effective labour planning by organisations.

Conclusion

It is important that institutions like ZICA can develop policies to govern redundancy beyond the statement of how much they would commit to pay the redundant employees if they are faced with the challenge. All the necessary steps to be undertaken should at least be outlined in the Redundancy Policy document. This also should be the major point of interest by the trade unions representing workers in the institution. This practice would alleviate rooms for misunderstandings, administrative errors, prejudice, undue influence from political or other external forces and industrial grievances among the parties concerned once the matter arises. A good intention to develop and support the labour market, should have a good reason to safeguard its rights and existence. ■

References

1. Council of Law Reporting, (2007) *Zambia Law Reports*, Lusaka: The High Court for Zambia.
2. GRZ, n.d. *Employment Act No. 268 of the LAws of Zambia.* 1st ed. Lusaka: Government Printers.
3. Musa Dudhia & Co., (2017) *Zambia Lii.* [Online] Available at: https://www.zambialii.org [Accessed 29 January 2018].
4. Salamon, M., (2000) *Industrial Relations Theory and Practice.* 4th ed. Landon: Prentice Hall.
5. Sue Berry, (2010) *Timeless Time.* [Online] Available at: https://timelesstime.co.uk [Accessed 29 January 2018].

Supplement to the Republic of Zambia Government Gazette dated Friday, 27th April, 2018

GOVERNMENT OF ZAMBIA

STATUTORY INSTRUMENT NO. 34 OF 2018

The Acountants Act
(Act No. 13 of 2008)

The Accountants (Client Fees) Regulations, 2018

IN EXERCISE of the powers contained in section 87 of the Accountants Act, 2008, and in consultation with the Council of the Zambia Institute of Chartered Accountants, the following Order is made:

Title

1. These Regulations may be cited as the Accountants (Client Fees) Regulations, 2018.

Scale of fees

2. A member shall charge a client, a service fee as set out in the Schedule.

Agreement between member and client on fee scale

3. A member shall, on taking instructions from a client, agree with the client on the fee scale to be applied.

Accountant not to charge fees below scale fees

4. An Accountant shall not charge a client a service fee below the fee scale set out in the Schedule.

SCHEDULE
(Regulation 4)

SCALE OF MEMBERS' FEES

Position	*Fee Unit per hour or proportionately for any part thereof*
Senior/Managing Partner	13,334
Partner	11,112
Senior Manager	10,418
Manager	8,334
Supervisor	7,640
Audit Senior	6,250
Semi Senior	5,556
Assistant Auditor	4,862

LUSAKA
16th April, 2018
[MOF.64/9/4C]

M. D. MWANAKATWE,
Minister of Finance

Copies of this Statutory Instrument can be obtained from the Government Printer, P.O. Box 30136, 10101, Lusaka, Price K4.00 each

Photo Focus

Secretary to the Treasury Mr. Fred Yamba (3rd from right) and ZICA President Mr. Jason Kazilimani (Far left) during the ROSC – AA launch at the Southern Sun Ridgeway Hotel in Lusaka

Members registering to attend the Accountants Forum at the Accountants Park

Left to right ZICA CEO Mr. Hapenga M. Kabeta, ZICA President M Kazilimani and the Deputy Accountant General Mr. Mumba Chan quarterly briefing at the Accountants Park

Panellists at the ROSC – AA launch at the Southern Sun Ridgeway Hotel in Lusaka

Membe

Senior members following proceedings of the ROSC – AA launch at the Southern Sun Ridgeway Hotel in Lusaka

Members following proceedings of the 2018 AGM at the AVANI Resort in Livingstone

Mr. Jason
da during a

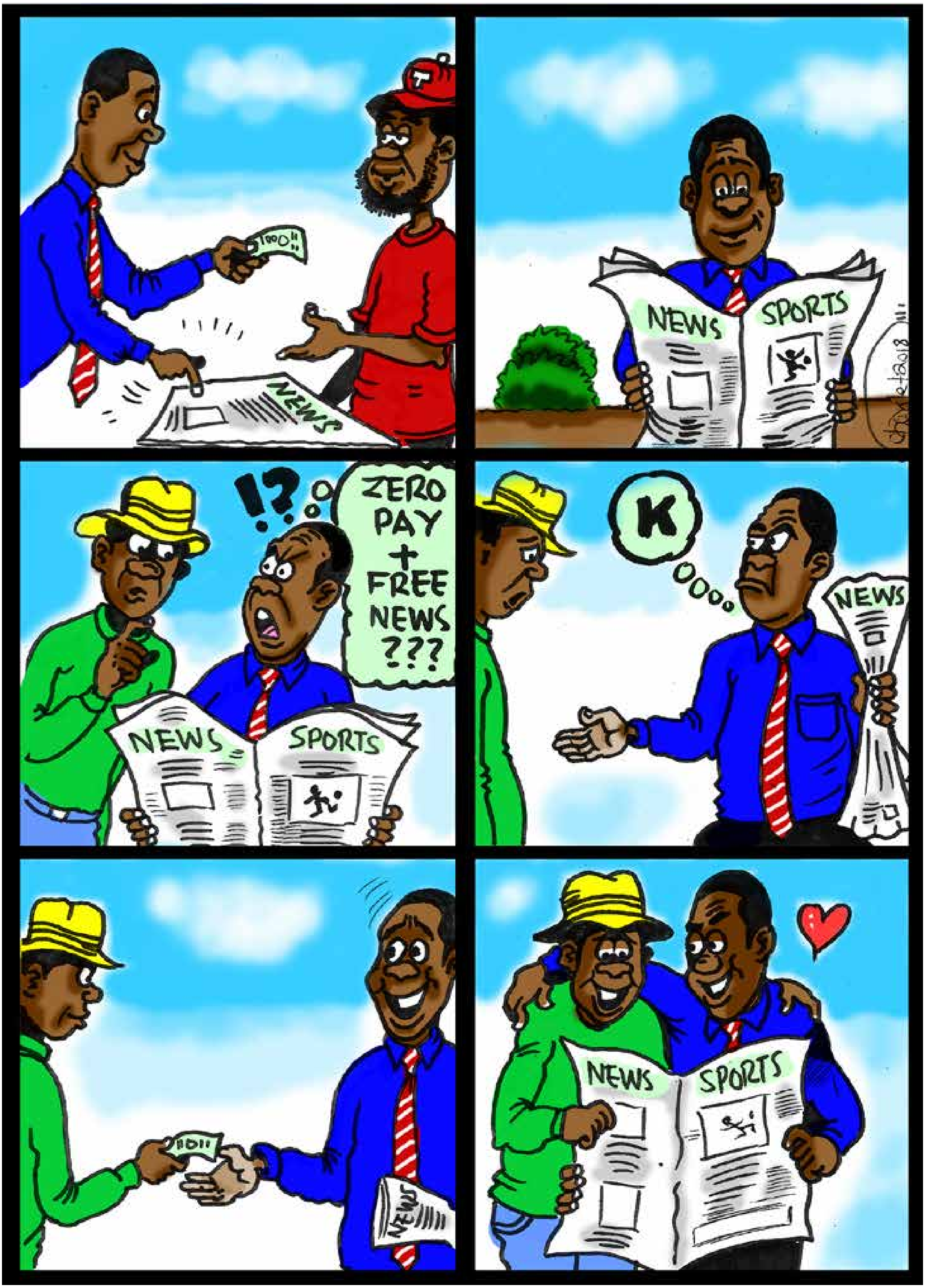
Members registering for the 2018 AGM at the AVANI Resort in Livingstone

rs attending the Accountants Forum at the Accountants Park

ZICA Director of Standards and Regulation Mr. Chansa Chiteba speaking at the IPSAS workshop at Fresh View Homes in Siavonga

Deputy Accountant General Mr. Mumba Chanda speaking at the IPSAS workshop at Fresh View Homes in Siavonga

Members attending the IPSAS workshop at Fresh View Homes in Siavonga


NEWS
NEWS
SPORTS
!?
ZERO PAY + FREE NEWS ???
NEWS
SPORTS
K
NEWS
NEWS
NEWS
SPORTS

Step Up

By Accountant Writer
Pictures by George Lonswana

CHRISTABEL Banda is a Chartered Accountant but also wears other hats. She is a business-lady, and an insurance practitioner. She is a mother too.

Her professional journey can be summed up into a word – tenacity. She has had quite an illustrious journey in her career, starting off as an intern in one of Zambia's prestigious state owned companies, the Zambia Consolidated Copper Mines then, to working as Finance Head and Audit Senior in Grant Thornton.

She is currently Managing Director of Zambia State Insurance Corporation Life (ZSIC Life). Christabel is current NRFA board chairperson and also sits on the investment committee of NAPSA.

Her only advice to female accountants is: "step-up and let's be involved in our profession".

In this profile interview, Christabel shares her journey.

Like most ladies, she would not mention when she was born. She is first born in a family of seven - five girls and two boys.

"That goes with a lot of responsibility. As a first born you tend to grow up early, you sort of become responsible early. So I have been in a leadership position since I was a co-parent," Christabel tells this writer.

Born in Kitwe and lived there most of her childhood years. She went to Kitwe Primary School and proceeded to Helen Kaunda in 1990 for her grade eight. In 1993, while she was in grade eleven, her mother moved to Mufulira where she got a job with Mufulira Municipal Council. She too had to move to Mufulira where she completed her secondary school education at Kantanshi Secondary School in 1994.

She then moved back to Kitwe for college in 1996.

Christabel had her initial encounter with money at a tender age when she would help out her auntie, one of her mother's young sisters, who used to make and sell ice-blocks. This experience was the initial trigger for her pursuing accountancy.

"Sometimes when I help out I would be given a small token, so I started keeping it and then after some time I had accumulated quite a bit and I was able to buy something. I can't remember what I bought but just the process sort of got me to appreciate money and I got interested in business," Christabel explains. "And so even at school I tended to gravitate towards the softer subjects and also the business subjects."

Office Practice was among the subjects she was very good in. She was also good in Commerce and Biology. However, she struggled in physics. When she wrote her grade nine examinations, Christabel did very well and she was then put in a pure science class. "There was this thing then, about girls and mathematics, we all assumed that it was hard and as a consequence generally the results in school being an all-girls' school would be terrible in, a situation where you write a test and may be only three would get above 40 per cent. We thought it was a normal thing [for girls not to do well in Mathematics], I was also in the group. But because I did very well in my grade nine, I was put in a pure science class, so I was doing commerce and the pure sciences."

When she moved to Mufulira's Kantanshi Secondary School, she was shockingly put in an all boys pure sciences class where she encountered the dreaded Additional Mathematics.

"It was a serious shock to me. The boys there were so charged and you know for a pure science class there, it was at a whole different pace; it was either you survive or you sink. So I had also to pull up my socks and when we had our first test, I had some miserable maths results and it was clear that I needed help as an emergency. My mother actually had to look for extra lessons for me to catch up, especially in my maths."

Christabel recalls her maths teacher, a Mr Nzunga, who she credits for helping her develop interest in mathematics and she improved tremendously.

However, young before then Christabel had not realised the link between business and mathematics.

"So after going through some lessons with him [Mr Nzunga], I started excelling in maths and then I saw now how it was connected to whatever business interests I wanted to do because I thought when it's time to go to college you throw away everything else and get on with commerce. I was actually thinking I was going to study Business Administration. When the maths came up, I started looking at prospects of what I could do with my new found interests," she explains. "The interest that was triggered in the maths [was] because I was put in this place where I had to really up my game and so when the maths component was added to it, it just became a natural progression and obviously this was leading to a career in accounts."

After secondary school, Christabel could not a place into the Copperbelt University School of Business, and so but opted to pursue accounting using the NATech programme, which had just been introduced in 1996. She attended Zambia Institute of Business Studies and Industrial Practice (ZIBSIP) in Kitwe.

"In the first year exams, people failed; some came out with completely nothing. I managed to pull through. I also picked up an academic excellence certificate award Financial Accounting," she recalls.

After her NATech programme, Christabel desired to get onto a professional course and she decided to pursue ACCA. However, Christabel started work as an accounts clerk in ZCCM, a job that gave her some grounding into the profession as a result of which she cruised through the ACCA programme.

Christabel worked as an intern at ZCCM for five months before she moved to Coalmen, a mine supplier, as company accountant. She only worked with the company for four months before she was offered a job at Total in Kitwe.

"Moving to Total was like one trying to upgrade oneself because now you want to get yourself a stable job, where you can actually see that you can progress through the ranks because there [Coalmen] I was the one who was doing the accounts work. So I went to Total in Kitwe. I was doing the accounts for Northern Region. But we were not the ones preparing the financial statements, that was done by Head Office in Lusaka, we were doing more of ensuring that all the financial data is captured correctly, everything is intact," she recalls.

"It was a good position for me at the time, I was even given a flat which was a big plus."

In December 1999, Christabel moved to Lusaka and stayed home for a year before Grant Thornton offered her a job in the Accounts department.

She worked there until she completed her ACCA studies. For two years in a row, Christabel got the most outstanding academic award, something that the firm used to give employees that excelled in their professional programmes.

But when she embarked on her MBA, the firm felt they were not getting the value from her skill set and transferred her to another department.

"And Grant Thornton has a very good policy of supporting staff through training. They will pay for your exams. If you fail and you try to repeat or rewrite a paper then it will become a loan. I credit my ACCA and MBA to Grant Thornton for the support I got," she says.

Christabel had a stint in the Audit Department as audit senior.

"I did a couple of audits which obviously I was heading but for me that wasn't really my interest, I would rather be the one doing the work than checking and the other thing that I found uncomfortable was when you are auditing you need to detach your emotions from the subject. If I find this person not doing the correct thing, I shouldn't even look at their face, I should just look at what they have done, the figures and report, because numbers don't lie. If I go in there and find that Mr X is doing abcd, I shouldn't even look at him and feel sorry, I should just report exactly what happened. The consequences of that are that sometimes people are fired, so that was the part I think for me I really used to find extremely uncomfortable."

However, Christabel did not last in audit department, her interest was more on "main cooking" as opposed to assurance work "check whether it's cooked or whether it is cooked the right way", so she requested to be taken back to accounts.

With her MBA behind her, Grant Thornton told her she could not continue in the Finance Department and they assigned her to MCS (Management Consultancy Services).

"So they just transferred me there because they were already saying that there was going to be some changes, so I became restless and I started looking for alternative challenges since I thought I had contributed enough after 6 years," she says.

"When I joined Grant Thornton, I just had my NATech and I think two papers in ACCA and they helped me, they groomed me and I think basically all I knew in terms of finances and preparation of financial statements. I think I had gotten to a stage where I felt ready to make a move. By the time the letter was coming, to say you are moving to MCS,

fortunately, I had already been offered a position as finance manager at one of the smallest insurance companies, it was the newest and smallest insurance company on the market in 2007. And this company was called Cavmont Insurance. They used to be part of the Cavmont Group of companies, they owned Cavmont Insurance, a bank, a stock broking, an asset management company among others."

Despite knowing very little about Cavmont Insurance, Christabel moved anyway.

"I had not even heard about the company; I had heard about the bank but not the insurance company, so I took a leap of faith and I went there. And it was indeed a leap of faith because when I went there not only was the company insolvent but (laughs) it was small and they had issues, it was technically insolvent but of course technical insolvency and financial insolvency are two different things."

Cavmont Insurance's recruitment of Christabel had been part of the turnaround process the company's Board of Directors had put in place.

"We went about trying to turn around the business. We were at a stage where the regulator in the industry had requested the company to be sending monthly financial statements, monthly management accounts to show how the company was being turned around. Because of that, it called for strict expense management. It

called for serious strategies in terms of growth; you had to monitor your performance, you had to make sure you are in line with your budget and staff also had to be motivated because you have to make sure that the team that is helping you in turning around is also committed and productive. So it really called for a whole lot of commitment and focus to put in place all the lessons that I had learnt over the years, all the strategic management lessons, the finance lessons, everything." "Fortunately, we had a very supportive board and the shareholders were also optimistic that things will turn around, as per their strategy and timeframe the Cavmont Group of companies disinvested from the Insurance business and another shareholder bought into the company and so it called for rebranding of the company."

In her first year at Cavmont Insurance, the company recorded growth, the auditors however refused to give an opinion on the financial statement saying they were being prepared on going concern basis when there were a lot of factors that would prevent this from happening…as the company losses had eroded the shareholder value over the years.

"So the shareholders injected some fresh capital in the company and we worked, we started changing [the fortunes such that] by the end of 2008, oh my goodness, the company had just turned around. By 2009 the company was rebranded to Diamond Insurance, because Cavmont pulled out of the company, people actually thought it was a new company on the market and everybody was excited," she recalls.

Christabel prides in the fact that she was among the company's leadership that presided over its turn-around from a literal deathbed.

In 2010, Christabel decided it was time to actively contribute to her profession, accountancy, she took interest in the operations of ZICA.

She requested to be placed in one of the ZICA committees and was assigned in the finance and administration committee where she served for a while. This experience made Christabel want to do more to contribute to the profession.

"From finance manager, I was elevated to chief finance officer in 2010," she narrates.

As she became more engrained in the institute, Christabel tried to get a position on council, the main governing body of the institute, in 2011, at the start of competitive elections in the ZICA.

She recalls that for the two positions that were available, 20 candidates applied for consideration. She did not go through.

"We had somebody from Bank of Zambia and Zesco that went through. But I am happy to mention that I came third. I lost with my head up."

Christabel did not give up her council aspiration and her resilience paid off a year later, in 2012, when she finally got onto council.

"In 2012 itself, I was appointed to act as CEO for Diamond. The CEO had just left abruptly so I was asked to step in. Of course, it was a sadden departure, so one, there was concern that there will be staff leaving; that customers would go, lose confidence, and all sorts of things, so we needed to hold the company together…thankfully, at the end of the period we didn't get any staff going, we didn't lose business, at least we managed to hold everything together," Christabel recalls.

But Christabel had just worked in the sector for just over five years so she could not take up the role of CEO substantively as per the Insurance Act.

For Christabel, Insurance is a very interesting but misunderstood sector, which has a lot of scope for growth in Zambia.

She then made up her mind to increase her insurance knowledge because she felt she needed to stick in the industry. To be comfortable in the sector, Christabel furthered her Insurance Knowledge by pursuing an Insurance qualification

"So I went to set up the Secretariat of the Insurers Association of Zambia in 2013. I left Diamond because I felt I was spent, I had done my time because now things had really taken off and the company was on a growth trajectory. We got a new CEO that came in with their own vision and at the time I had also become one of those people in the system that had seen the company from this [level] and done this so obviously for me it was a bit difficult to adjust to the new ideals. I actually felt frustrated. I am one type of person if I am not getting excited about work, I might as well not do it, because then you won't get the best of me, I won't be able to apply myself fully and I don't want to be asked to say 'madam I think it's time to go'. If something is not exciting me then I won't do it. I believe in applying myself completely and I started switching off and I thought the company would suffer, I was going to suffer as well because it is emotionally draining to operate below a certain level. So that's how I just thought it was time to leave."

Christabel was not completely without anything to do after leaving Diamond Insurance. She was already involved in farming and did some small businesses, while setting up the Insurers Association Secretariat.

At some stage Christabel found herself on the audit committee of the Ministry of Lands, and the board of the Non-Governmental Organisation Coordinating Council (NGOCC).

Christabel was among those that got enraged by increasing cases of gender based violence so she approached then NGOCC chairperson Beatrice Grillo, an accountant herself, to express her interest to join the women movement in Zambia.

She went to NGOCC just when there was a vacancy and she was taken on the board as Board Treasurer.

"That was my corporate governance experience. It was a big role and they do a lot of work, those women. What comes out in the papers looks like they just want to fight but what they do is amazing behind the scenes, all the issues that affect women, some of the things don't actually come out in the media. Maybe just as an example, there was that girl at UTH who went to check on the child, she saw the child was alive and when she went to check on the child again, she found that they showed her a dead child. Some of those things we just hear them in the papers and it ends there but for them (NGOCC) they follow up, provide legal services, they also give grants to these female groupings in rural areas to try and empower them," she says.

Christabel was also on the board of Insurance Association. She was treasurer. Given her experience, she was requested to help set up the Insurers Association secretariat.

"That's how I went there. There was a vision we had. The Association that was there was not permanent which made the Association not as effective as it was supposed to be. So my call of duty was to set up a secretariat. That's how I started setting it up first as a consultant. Then when the recruitment process for the Position of Executive Director started, I applied for the position as advertised and after the interview process, I was picked to be the first Executive Director in July 2013.

Christabel says the insurance industry exposed her to the issues and dynamics in the industry in a broader scale. She spear headed the advocacy for the Association, market development and consumer education, which saw a number of positive strides being registered in the market.

But even at Insurers Association of Zambia, Christabel did not overstay. While on the stage and people were clapping, she pondered leaving because now she thought she had done what she needed to do and was ready for a new challenge.

"The [Insurers] Association creates an environment for others, the players to thrive. Now I wanted to be among the players because there were certain things that you want to be done but since you are in the Association, you are interacting with the clients who tell you what they want, but you can't implement as an Association, you can only advise the insurers, who in some cases would say 'no, we can't'. I thought it's time now for me to move. I had clocked ten years in the insurance industry in 2017.

Christabel says the Insurance sector has experienced growth over the years from only six general and four long-term insurance companies at the time she joined the sector to more than 31 currently.

Back then one needed K1million "which was a lot of money" to set up an insurance operation.

"With time, it became very easy for people to raise the money and set up. So we saw the numbers doubling. By 2009, we had fifteen general insurance companies, so the numbers started increasing because it was easier to set up," she recalls. "As part of my work at the association which was to ensure there was a favourable environment for the growth of the insurance industry and to ensure that we had companies that are strong and companies that did what they had promised to do, we were party to lobbying government to increase the minimum capital because you want an insurance company to be able to pay claims, to be properly capitalised so that they are able to meet claims."

The minimum capital was raised because relative to other countries in Africa, Zambia's was among the lowest.

"That's how it was increased from one million to ten million for a general insurance company. For a life company, it went to K12 million. So that's when we saw a slow down in terms of new companies coming in. All the companies that were coming in were expected to be at the new capital level. The old companies were given two years within which to get to the minimum threshold."

But Christabel notes low Insurance uptake in Zambia.

"In other countries where the uptake of insurance is high, you can even see it translated into improvement in the standard of living because you are talking about not just uptake of motor vehicle insurance, because that's the only insurance that is well known in Zambia, but life insurance; we are talking about funeral policies; we are talking about health insurance because insurance at the end of the day is supposed to protect your well-being because what happens now is that when someone is sick, you've got a sick child, you have to dip into your pocket, you've got a sick nephew, you have to dip into your pocket, that money you can spend it on something else. Your TV breaks at home, you lose your phone, you have to replace instead of going to put in a claim and replace it."

Christabel bemoans that Zambians have not well appreciated the importance of insurance.

"And you can see that only 2.8 per cent of adult Zambians have insurance cover. These were the numbers as revealed by the 2015 FinSCope study and that's what we are currently using," she says.

"The strategic plan, the time I was at the Insurers Association, was to get at least six million Zambians with an insurance policy by 2019. That's what we were trying to work on. And also the contribution to GDP of the sector is also very low at less than two per cent. And then you have countries like South Africa, Kenya; Kenya has over three per cent, South Africa is over ten per cent. You also want to have those meaningful numbers."

To her, the Insurance Industry has not done enough sensitization to the masses on the importance of the service.

She recalls that in the 2015 FinSCOPE, a survey carried out to measure the uptake of financial services, it revealed that people were not taking up insurance, citing that some people had not heard about insurance.

"The ones that had heard about it didn't know how it worked…they were thinking it was just for motor vehicles, because it is compulsory when getting road tax."

While serving her notice at Insurers Association of Zambia, Christabel was head-hunted for an assignment to help with the transition at ZSIC Life.

But for Christabel, the biggest issue in insurance business is people not seeing value in products.

"I am not going to part away with money if I don't see the value – 'if you don't give me the service that I want and in the format that I want it, I won't give you my money.' Because now we've got a situation where our consumers, most of them are now actually well informed. People watch DSTV and compare, with the services they are getting locally. For the industry to grow, we need to provide services that are responding to what the clients want," Christabel advises.

"There is this tendency of giving a one size fits all, you just change one or two things, we need to go beyond that and look at what the client wants."

Christabel reckons that there are many misconceptions around insurance but advises players to embrace micro insurance, a latest segment, as part of their response to what the public wants.

"If you look at the Zambian population, most of the adults are employed in the informal sector. If you start looking at the products that we have as an insurance sector, they are all tailored to meet people who are in offices and you are talking about less than twenty per cent of the population, what about the other part? It doesn't mean that they don't need protection. What you need to do is to give products that are suited to the needs of the bigger chunk [but] because we don't want to think about innovative ways of collecting money, we are thinking of a monthly salary…people in the informal sector don't have a salary every month, sometimes you have a lump sum, a bigger sum at the end of the year or at the start of the year…tailor make your products such that they respond to that segment of the population," she suggests. "These are some of the things we need to do as a sector. We need to respond to the public and also offer products that are tailored for such segments of our society, so microinsurance that is the way to go. Simply put, this is insurance meant for the low income. If you say low-income, people think it is meant for the poor, not necessarily, it is also meant for the mass market, it's insurance that can be rolled out on a large scale. I am sure you have heard of some products where you just pay K1 per day or K5 per month. There are such products that are being rolled out, so we need more of such products and when we do that then we will see a lot of people coming to enjoy the insurance service."

Christabel has no illusion about the qualities of an ideal auditor - someone who has integrity, are meticulous, cautious of time, pay a lot of attention to detail, and stick to programmes, among others.

"You need to detach yourself from the subject. You focus on the work, the rules and the guidelines, regardless of the face behind those numbers. If you don't have this, then don't go into audit because then you won't do the right thing."

"For accountants, the issue of integrity is cross-cutting, the issue of ethics is cross-cutting. I remember when I just started out my career, my mother used to say 'I have heard of stories of accountants who have run away with money, you know what you need to do. Just look at money like just paper, don't even think it's money'. In her own way she was trying to say you need that integrity to detach the person from the organisation's cash. The funds for the organisation and your funds should be totally different," she advises.

In a very competitive world, especially in the insurance business, Christabel reckons accountants are always under pressure.

She also reckons that the turnover at chief financial officer level in the insurance industry is very high because of the pressure to ensure that the numbers are positive.

"There is that danger to compromise, it's important for accountants to always stand their ground and say 'no, because it's very easy to be swayed. In the Insurance Industry there are a lot of provisions, you do a lot of provisioning, those are quite subjective and a good accountant should always justify why they are making the provision," she says.

"For the upcoming accountants, the ones I speak to, first of all it's important to keep yourself updated with education because even when you do your training, things become outdated pretty quickly, you have to constantly keep studying, keep improving yourself. You keep yourself updated with ethical requirements, issues of integrity, because if you are aware of these things, you become very cautious because you know that these dangers exist and it's easier to keep you in check as an accountants."

> "… it's all about tenacity and constantly pushing and just being consistent."

Christabel also advises accountants to understand the business of their companies in order to be effective and efficient in their work.

She notes that there are a number of female accountants in the profession.

"The only advice is step –up and let's be involved in our profession. It's very difficult to get the female accountant to come forward and express their views and contribute positively to the growth of the profession," she says. "I am glad now we have a specific chapter to look at the welfare of the female accountants as part of ZICA. Now council has 50 per cent representation. There is a lot that we can do as female accountants not to mention that for a woman to touch what they are not supposed to touch, they have to be extremely brave. If you did a survey you will find that most of the fraud cases are not committed by female accountant. Females make very good accountants. Of course, on the flip side we have got our own issues being the primary care givers, when a child is sick etc, I think that's part of the whole package, we can't detach ourselves from those as female accountants.

Christabel says her mother had a lot of influence in her career, teaching her at a young age to go for what she wants and not sitting and waiting for things to happen.

"Most of the things I have been able to go through in my career, it's all about tenacity and constantly pushing and just being consistent. Just like the law of gravity, when you are working and pushing in the right direction, you will move," says Christabel. ■

Be good ambassadors, Kazilimani urges accountants

By Accountant Writer

Zambia Institute of Chartered Accountants (ZICA) president Mr Jason Kazilimani Jr has challenged accountants in the country to be good ambassadors of the profession and chief marketing officers of the institute's various programmes.

Meanwhile, Minister of Works and Supply Felix Mutati has hailed the positive reports on uptake of the Chartered Accountant Zambia programme that was launched last year and encouraged accountants to embrace the qualification as their own.

During the Annual General Meeting ball at Avani Hotel in Livingstone on April 28, 2018, Mr Kazilimani told accountants that they were justified in patting themselves on the back on account of the profession and the Institute being the most admired in the country.

"It is befitting therefore that I start this address by expressing gratitude to the government, members and various stakeholders for the support rendered to ZICA. You may recall that during the year, we launched several products on the market that have been performing well and in some cases beyond our expectations. As you will recall Honourable Minister, we launched CA Zambia, Diploma in Accountancy and Postgraduate Diploma in Public Sector Financial Management in 2017. This in our view is great achievement hence looking at 2017 with pride."

"But while we marvel, cherish and celebrate the new product launches of the CA Zambia, and other products, we are mindful that the launches alone are not an end but the beginning of a long journey in ensuring that the set high standards are maintained."

Mr Kazilimani impressed upon the accountants to be ambassadors and chief marketing officers of the various ZICA programmes on whatsApp groups, in their communities and organisations for young people to study any of the ZICA qualifications, stressing that the need for accountants in the country is ever increasing and it is imperative that these professionals are qualified in both theory and practice of accountancy for them to contribute to national development.

"According to the ROSC A &A Report, there is a deficit of accountants in the country. It is therefore important that the Institute continues to train more accountants for the local and the MRA markets. It will be sad if

Zambia will be a net recipient or importer of accountants in the APEI region for the free movement of accountants. We have to realise that in this global environment, our voice will only be recognised and make a difference when we train more people and be net exporters of accountants in COMESA. If we do that, our relevance in this country and beyond will be enhanced. I strongly urge you to encourage more of our siblings to join this noble profession. Let us be good role models to enhance the uptake of accountancy as a profession. We also call upon the government to continue to support the Institute's programmes."

Mr Kazilimani informed delegates that ZICA is implementing a diversification strategy that requires their buy in.

He encouraged members to buy units in the ZICA Property Fund.

"It is important to reduce our burden of annual increases of subscription fees by supporting the diversification strategy. We have realised that the business as usual model does not work. We should avoid the road of procrastination and take the stairs up and develop alternative income streams for the Institute. Enhancing the financial sustainability of the Institute should be central to our hearts. The diversification strategy is part of the strategic plan which comes up for review later this year."

Mr Kazilimani informed the delegates that ZICA has in the pipeline the development of facilities in Kitwe, Livingstone and Lusaka, a dream that can only come true if members took the initiative to invest in the ZICA Property Fund.

"When we start others can come to support us. The question is, if not us, then who? I hope that you have all applied using the forms that Secretariat distributed earlier today."

"Allow me to cite the words of wisdom of Zig Ziggler. Ziggler says, 'at the end of the day, do not be the type of person who says 'I wish I could, I wish I could, I wish I could. Be the type of the person who says 'I am glad I did, I am glad I did, I am glad I did.' It is my submission that we feel it in our hearts that we did right. We can only have that feeling if we invest heavily in the property fund."

Mr Kazilimani emphasised the need to fully adopt IPSAS by the government as a financial reporting framework, saying it is self-evident that economies that have adopted the framework have seen tangible improvements in the management of public resources.

He said the Institute cannot afford to overlook the public sector and reported that a number of meetings with the heads of the public sector accountants were held in relation to public financial management.

"It is however anticipated that the full adoption of accruals IPSAS in this country will take effect in 2022. We can only be optimistic that the set timeline will not change. We want to be part of the process to make or influence the change we want."

Mr Kazilimani took time to praise those that have diligently served the accountancy profession.

"There is no shortage of noble chartered accountants who have been sacrificing their time and resources for the sake of the Institute. It is befitting, that at this moment, you join me is saluting a humble servant of the profession, Mr Chikusi Banda, who has retired from the Council of ZICA where he was a notable and valuable representative of the accountants in business and industry. Mr. Banda has voluntarily retired though he was eligible for re-election. We realise that life is like a relay race such that when you run, you have to pass on the baton to another member of the team. It is my hope that you will be the goodwill ambassador of the profession in your everyday life. We thank you for your dedication and selflessness."

Mr Kazilimani also welcomed Mr Julius Zyambo following his election to Council and Mr Mukelabai Wambulawae for being re-elected to the Disciplinary Committee during the AGM.

"As I conclude, let me take the opportunity to remind you all that you are the torch bearers of the Institute. Your ethical conduct and your behaviour, in your professional and personal lives, has a great reflection on the profession. You are professionals because you subscribe to the tenets of professionalism. Following ethical codes is not an option but a must. Remember that you belong to a profession that jealously safeguards its image. Remember again, that we are custodians of the financial resources of our government, companies and firms that we serve. Let us be diligent, let us show our values, and let us stand for that which we profess with pride."

Mr Kazilimani also informed members that the ZICA Chief Executive Officer Mr Hapenga Kabeta will be retiring on November 30, 2018.

He also thanked Mr Mutati for sparing his precious time to be with ZICA members at the annual ball.

"We are most comforted and glad that the government considers ZICA as a partner in development. We wish to reiterate our resolve to continue being useful partners in the regulation and promotion of the accountancy profession in Zambia and region."

And Mr Mutati reiterated the government's commitment to strengthening accountability and transparency systems in the country.

He said in this regard the government had requested the World Bank to undertake a second Zambia Report on the Observance of Standards and Codes-Accounting and Auditing (ROCS A&A).

The aim of the review was to determine reforms that will further strengthen the accountancy profession to accelerate its contribution towards economic and social development, Mr Mutati said.

"May I take this opportunity to congratulate the Institute for implementing eight out of nine recommendations made in the 2007 Report. It is my considered view that even as we receive new recommendations arising out of the current review, the institute will be steadfast in implementing the recommendations in order for the profession to significantly contribute to the achievement of the objectives of the 7th National Development Plan."

On the institute's diversification strategy, Mr Mutati noted the slow pace of uptake of units in ZICA Property Fund.

"Ladies and gentlemen, those who do not yet believe in the project and doubt the immediate and future results are to say the least victims of procrastination which we all know is a thief of time."

"The Institute has no room for those who refuse to believe and to act. My appeal to all those who are still standing on the fence is that time is of essence in such projects. Come on board and let's change the face of Lusaka City and that of our institute for good and forever."

Mr Mutati stated that it is important for ZICA to put its footprint in infrastructure development in Lusaka and Livingstone and assured the institute of government support.

And ZICA CEO Hapenga Kabeta indicated that the Institute continued with its upward movement during the year 2017 and that its successful performance is a collective responsibility of its members, the council, management and staff.

Hailing the members for supporting the Institute last year and the Council members and is various committees for their "tireless effort" in ensuring that the Institute continued to be relevant to the public and fulfilling its mandate, Mr Kabeta thanked management and staff of the Institute for their hard work and dedication to duty during the year.

He also hailed the teams behind the organisation of the Pre-AGM led by Chansa Chiteba; the AGM coordinated by Charles Mutale, and the Annual Ball by Modest Hamalabbi.

"You, the members have been great and please continue your interest in your Institute. You have always responded positively once we give you the signal," Mr Kabeta told delegates.

With changes in information and communication sector, Mr Kabeta does not want members to lag behind and emcouraged members to keep pace with the digital era.

"We wish to appeal to you to embrace ICTs when making payments for any service to the Institute; when registering for various events use the ICT platform. Being a BBC is not an excuse. We want to serve you better. With the change to new website, our next stop will be to establish a ZICAAP to make doing business with ZICA as easy as possible."

Mr Kabeta also took time to appreciate members of the Institute of Chartered Accountants of Malawi, led by Dr Gondwe. ■

Facing short-termism as a CFO

Chief Financial Officers are under increasing pressure to deftly manage short-term expectations from investors and management against wider long-term goals. **Andrea Murad** asks how today's CFOs tackle the demand for instant results

SHE spoke with Gavin Maitland CA, Owner and CFO of BoomCom; Richard Peach CA, Senior Vice President, CFO and Chief of Corporate Operations of Schnitzer Steel Industries; and Nik Rupp CA, CFO of Specialized Bicycle Components.

Why does short-termism sometimes overshadow long-term goals?

A sense of urgency can push companies to spend money on initiatives that will drive faster results, however, very few companies can take a short-term view, particularly those in industries with life cycles that can extend out for decades, like pharmaceuticals or energy. Shareholder-driven short-termism in public companies can be especially challenging for CFOs.

"You start with the vision and mission, and you create strategic initiatives and plans around that and build out three to five-year financial plans that everyone agrees with," explained Nik Rupp CA. "It's harder for public companies to stay the course because investments may be contrary to market conditions."

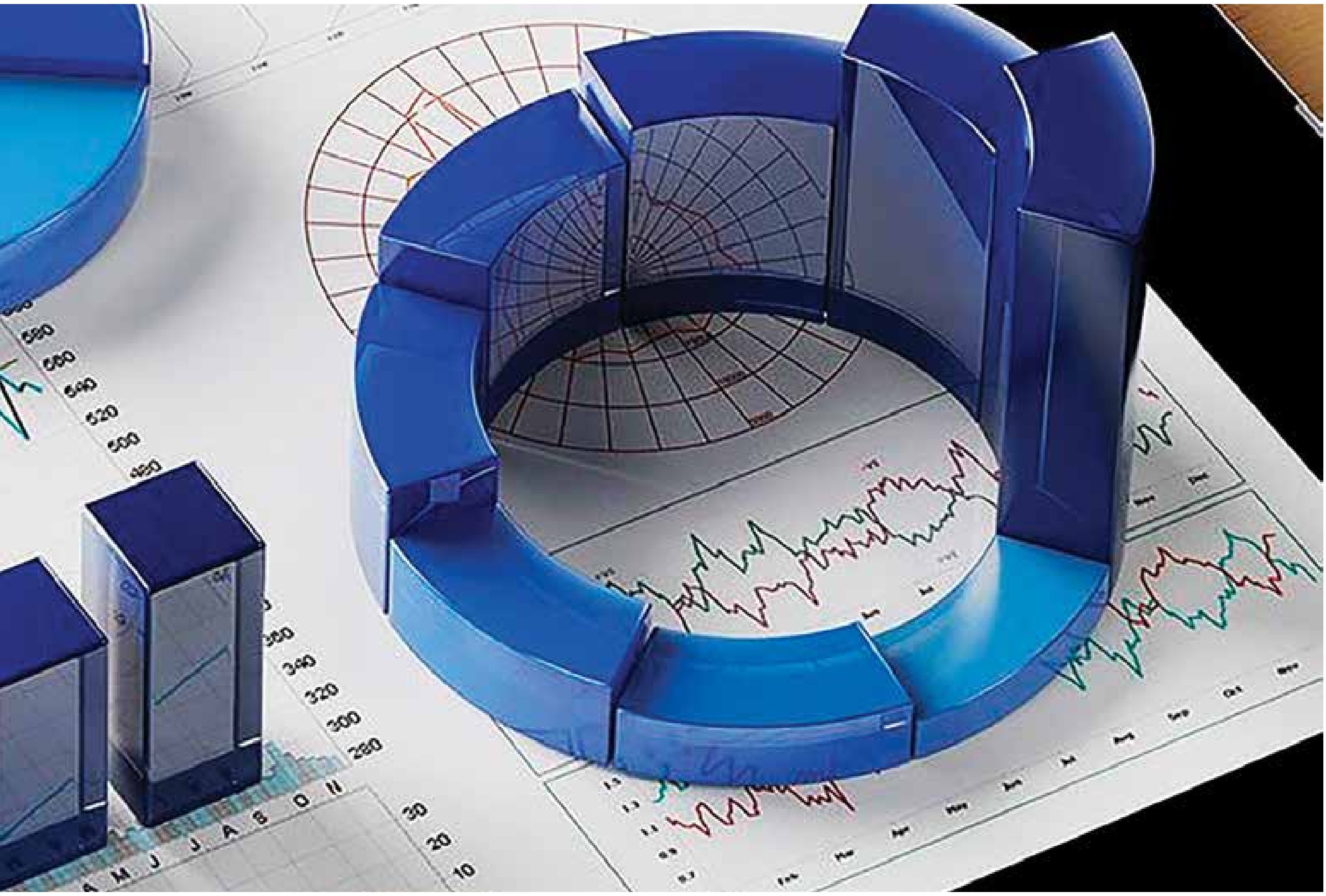
> The short term can be an easy trap to fall into because of the nature of the reports.

At a private company where the owner is the only shareholder, there's less pressure to focus on the short-term. At Specialized, "[the owner is] intimately involved in the day to day, and if there's a challenge, his knowledge helps to deflect issues," said Nik. "Results are still important to us – we want to hit our quarterly earnings and deliver at the annual level as well.

"The short term can be an easy trap to fall into because of the nature of the reports – we also have a quarterly review of the strategic initiatives that are there to drive the growth over the next three to five to 10 years. We have a view of how those results in the presentations ground the leadership back into the strategic initiatives."

How do you stay focused on long-term goals despite the attention on short-termism?

"Short-termism is a huge issue, and it's become much more so in the last five years for everyone – investors, shareholders and lenders – because they want to see what you're doing immediately and they can't wait for results," said Gavin Maitland CA. "If you're buying a building or making another capital investment, they want to know what's going on very quickly."



> It would be more difficult to make capital allocation decisions without that multiyear context.

Richard Peach CA believes that establishing a sustainable short-term performance trend provides confidence over the ability to achieve long-term goals: "If you're only focused on the short-term without developing long-term goals, it would be hard to know where you were going.

"If you didn't have a long-term target or objective, it would be more difficult to make capital allocation decisions without that multiyear context of what you're trying to accomplish."

What else can affect these planning goals?

"Being aware of the key risks affecting a business and ensuring they're being proactively and appropriately managed is a challenge," said Richard.

"An uncertain macro environment makes planning difficult, so management should focus on what it can control. We closely monitor economic and industry trends, and we follow what's happening on the political and regulatory front to keep abreast of developments, but we don't speculate on outcomes for the purpose of building our plans."

How do CFOs drive business forward?

Buy-in across an organisation's senior team is important for initiatives and goals, and creates a foundation for growth that everyone can get behind. "We all then have a role for bringing our teams along and people can rally behind the long-term plan and mission," said Richard. "You want to make sure everyone is going in the same direction, which is a good thing for the culture."

To do this, CFOs need to connect and communicate with teams beyond just sending emails.

"Getting to know regional leadership and spending time with them to understand their issues and problems helps me give them a voice and helps me understand budgets and how to go after new initiatives," said Nik. "That helps me build trust much more rapidly."

> If you make one mistake and it's significant, the board will lose confidence over accountant errors

Technical competence and an understanding of the rules and financial statements are also crucial for gaining trust. "If you make one mistake and it's significant, the board will lose confidence over accountant errors and this can be irrecoverable," said Gavin.

"The CFO has to be someone who can challenge and have a strong point of view with people at all levels throughout the company," added Nik. "You've got to bring folks along with you, but also bring tough messages and still make those things work – that comes down to communication and leadership styles."

Why does transparency matter when it comes to achieving goals?

"We're very open with our financials and we expect people to deliver on projects, but they have to understand how their contribution fits into the overall structure," said Gavin.

"I try to make my financials very clear and understandable, and I try to split things out so people can find information very easily. Even if one business line isn't profitable, how that is working with the business as a whole is very important – people on the board who aren't financial accountants can leverage their experience and get the financial picture they want."

This article originally appeared in the October issue of CA North America. ■

Andrea Murad, CA Today

The Case for Public Service Broadcasting at ZNBC

In 2012, one local Zambia National Broadcasting Corporation (ZNBC) corporate client had just paid in its contribution to the football rights required for a Confederation of African Football (CAF) qualifying match sponsorship when a 'corporate life' threatening scandal broke out involving the said corporate client.

The obvious commotion in the public broadcaster's editorial newsroom about handling the corporate client's scandal was the biggest challenge of the day. ZNBC had to be pressured to report the scandal hesitatingly and reluctantly!

That episode is a classic conflict of interest that is unwelcome when a Public Service Broadcaster – PSB - participates commercially in the advertising industry.

A political story that is adverse about a ruling party in Zambia where the PSB is state "controlled" creates the same problem as highlighted above with heavier negative pressure on the PSB's editor-in-chief aka Director General in the case of ZNBC.

In order to help you the reader understand my submission, I propose to define a few terms that I may repeat in this article.

Public broadcasting includes radio, television and other electronic media outlets whose primary mission is public service. In much of the world, funding comes from the government, especially via annual fees charged on receivers. Public broadcasting may be nationally or locally operated, depending on the country and the station. In some countries, public broadcasting is run by a single organisation. Other countries have multiple public broadcasting organisations operating regionally or in different languages. Historically, public broadcasting was once the dominant or only form of broadcasting in many countries (with the notable exception of the United States).

Commercial broadcasting on the hand is mass media outreach that is invested into for profit as opposed to public service.

In between commercial and public broadcasting is a spectrum of hybrid broadcasting outfits that are mixed in objectives but may also be single objective like Islamic or Christian broadcasting

In a constitutional democracy, PSB is an integral part thereof. It is virtually impossible to have a functional democracy without a Zambia-centric PSB! The one million dollar question is: is it possible for Zambia to have a thriving or proper PSB in a polarised country? I think it is.

If other man made PSBs exist in the world, Zambia can also make it. The BBC and Swedish Radio are some of the world's best examples of national PSBs. Zambia can actually have a thriving PSB that works for everybody. It is a question of resetting the design of the power play currently in motion. The good news is that ZNBC, a public service broadcasting orientation by law and its own ethos. One just has to listen or view the ZNBC news time and the words from the newsreader will be ZNBC, "your public service broadcaster"!

I used to listen and view all ZNBC channels as part of my employment duties but currently struggle to follow any ZNBC channels on radio and TV except when I feel it is absolutely

necessary to get first hand on "ceremonial report"

I doubt if my current experience with ZNBC is not uncommon with many other Zambian public!

I am a PSB fan! There is a case for PSB even in this day of a million channels under digital migration. That is simply because we still all need credible and unbiased reports and analysis on what is happening in the country! The truth is unfortunately that we cannot have a proper PSB in Zambia until we resolve four fundamentals about ZNBC i.e. governance, financing, independence and trustworthiness! We simply need a FIT PSB i.e. financially stable, independent and trustworthy PSB. It must be remembered that patriotism in Zambia is not about blind loyalty to the President and government of the day or even a popular opposition leader and his party but rather it is loyalty to the wellbeing of Zambia as a whole not polarized!

How can Zambians enjoy this 'utopia' of a PSB in the name of ZNBC? Four fundamentals need to be in place namely, representative equity powered Governance, Financing, Independence and Trustworthiness. That is what delivers a FIT PSB! A short summary of the four pillars follows below:

Governance

Governance of the ZNBC must be equitably charged to the people's parliamentary representatives and other representatives from across the spectrum of Zambian society. This national larger body can then choose a smaller body of Trustees made up of eminent Zambian patriots. They can choose an MD from among themselves or indeed headhunt a Zambian who is given to Zambia's interest at large and not sectarian.

Financing

If PSB proper is guaranteed, this matter is the easiest to deal with. It is commendable that Minister of Finance proposed an overdue 66% increase on the eroded K3 per month TV Levy. At K5 per month it is a mere 4,000,000 TV/radio signal receivers and gadgets and TVs required out of the more than 11m simcards registered by ZICTA! From my own experience at ZNBC K20m a month should be able allow space for the PSB to be financially stable!

Independence

Independence can only be assured by financial stability. Neither the Politician in power nor the Businessman is capable of assuring public service broadcasting because of their very specific and short-term interests. This means that the public must fully fund a PSB in order for the znbc to be walking the talk of PSB in a manner similar to the way best PSBs operate worldwide.

It is not an exaggeration to say that BBC and Swedish radios are among the best PSBs in the world today. Whatever, we do we must wrestle or rescue ZNBC from both business and politics if we are serious about a thriving PSB! This works well if ZNBC withdraws from commercial broadcasting directly to allow a level playing field for those in broadcasting who are there for the money! It must be remembered that the other commercial players also fund the PSB as publics or individual citizens.

Trustworthiness

In the fourth place Trustworthiness is a non-negotiable character for a successful PSB. An untrustworthy PSB is a misnomer. Trustworthiness is what will give ZNBC its license to operate sustainably into the future!

ZNBC cannot have its cake and eat it at the same time! Commercial broadcasting must be cut off from ZNBC. Any business that is viable must be separated from the PSB. The businesses within ZNBC could for example be transferred to the Industrial Development Corporation-IDC which is a government business/commercial entity or group.

If there is any financial viability in the ZNBC business divisions, subsidiaries and/or associates, let the entities compete openly and prove themselves in the open market of commercial broadcasting as opposed to hiding behind the statutory body.

ZNBC is by definition a Public Benefit Organisation-PBO!

Conclusion

I submit that there is still a place in the world for FIT PSBs. ZNBC can become one of such Fit PSB and be the beacon of public broadcasting in Africa.

Two things key to this journey of proper public service broadcasting are already in place. The one is the legal framework which currently provides for public broadcasting with perhaps a bit of adjustments. Secondly, the proposed TV Levy increase and improved collection methods announced by the Minister of Finance in the 2018 budget speech on 29 September, 2017.

I argue that both the Politician and/or Businessman are to be treated using the 'arms length' principle if a country actually wants a proper PSB! With the governance and financing pillars resolved ZNBC could finally be the much-awaited best PSB in Africa!

About the auther

***Victor Nyasulu**, is a former CFO at ZNBC and now runs MCGMA, an accounting firm.*

Human Resource Manager

The Omnipresent Management Peer

In many organisations, the HR manager's peers are other departmental managers. For example, the HR manager's counterparts are department managers for sales, finance, facilities etc. Given the structure of some organisations, the HR department manager is responsible for ensuring departmental managers handle workforce issues consistent with the company's policy and labour laws. These managers are peers, yet the HR manager and, in some cases, an HR specialist - may have the final word on employment decisions, such as discipline, suspension and termination.

Operations Managers, also referred to as line managers, work on the front lines of a business to increase productivity and reduce costs. This is their focus and what drives them. On the other hand Human resources professionals engage in protecting both the company and its employees (including management) from employment blunders that could be costly to the business.

Therefore, in all circumstances, the Human Resources Managers should admittedly assert that they have legal and moral obligations to define how people are managed, implement the management process and equip the line managers with all the necessary tool-kits and skill sets required to successfully manage the people.

Without this, the organisation cannot build its competitive advantage around its people. It will be difficult to have an integrated approach to people engagement, and there will be problems with leadership, motivation and teamwork.

In organisations where management considers HR function as an administrative support role instead of a management function where the human resources managers operate at strategic partnership level, there is bound to be constant conflict over the duty, relevance and significance of the HR Department.

Organisations experience constant frictions between the HR Department and line managers on various issues, consequently, the HR managers perceive line managers as arrogant, overbearing and meddlesome and the line managers see the human resources department as bureaucratic, reactive and inflexible to business changing realities and the clients they serve.

But wait! I don't mean to state the obvious, but it's not as if HR departments fall from the heavens prepared to stand in the way of progress by following outdated, irrelevant, work-hampering rules. HR department, just like any other department in an organisation, is a reflection of that organisation's needs and values.

It is therefore imperative for every practicing Human Resource Manager or officer to analyse their environment and become relevant.

More often than not, the thinking of the line managers is that if they have to carry out their technical functions and manage their people, then HR Managers are only as good as rubber stamps or administrative endorsers of implementation of their people management programmes. However, the reality is that line managers have little or no understanding of labour laws. This gap is the value that the Human Resource Management department adds to every organisation.

HR Department – Critical to the overall success of the Organisation.

More than just performing administrative duties, the modern HR team is crucial in the success of the company. From the start of their hiring processes to managing the workplace balance, HR department's hand is almost omnipresent.

Skills Enhancement – The HR Department helps employees develop professionally by identifying training needs for members of all departments and making the necessary recommendations to top management. Seminars designed to hone presentation skills, interpersonal management skills and communication skills are just some but a few examples of training programs arranged and managed by HR specialists.

Conflict Resolution – Diverse personalities within the office make employee clashes virtually inevitable. An HR specialist trained in conflict management can be counted on to bring the involved parties to a resolution and restore working harmony essential to the company's enhanced productivity.

Employee Satisfaction – Identifying

> It's almost like the HR function is perceived as a bunch of mere messengers for other people's decisions. It's also perceived by many as having little to nothing to do with increasing revenue, controlling costs or mitigating risk...kind of like a department of filing clerks.
>
> \- **Anonymous**

motivating factors and complaints among employees and addressing needs accordingly help the company keep its best people. The HR department is tasked with gathering feedback from the workforce, through surveys and staff meetings, to help pinpoint and solve problem areas and keep the employees motivated.

Extra-curricular Activities – The success of company outings and parties lie in the hands of HR, which is the *de facto* department responsible for planning and organising such events. This responsibility includes selecting venues, contacting suppliers, and coming up with creative games and activities.

Succession Planning – Through succession plans which are drawn out by HR specialists, the company is able to identify employees who show the most promise and are ready to move up the ranks. This process ensures that the company's best people are rewarded appropriately, and the organisation remains strong.

Performance Appraisal – The process of employee evaluation is vital to a company's success. Setting the criteria for employees at different levels and different departments is an important function of HR. By identifying the skill sets and standards by which employees must be measured, HR defines performance expectations that the workforce has to live up to.

Budget Management – By staying updated on employment and salary trends, HR helps the company formulate competitive and realistic wage scales. It also helps manage company spending by negotiating better rates for employee benefits like health coverage, car plans, and insurance packages.

Company Image Building – The employers that are most attractive to jobseekers are those that treat their employees well. By offering competitive salaries, benefits packages, and training programmes, HR managers help the company build a solid reputation, which makes them an employer of choice.

Promoting Corporate Philosophy – HR plays a central role in ensuring that the employees embrace the corporate philosophy. This is achieved through orientation sessions for new hires, motto-bearing posters hung within office premises, and staff meetings that stress the importance of living up to the company's ideals.

Empowerment

Lastly, though not least, the HR specialists empower department Managers to ably handle their departmental employment matters without constantly seeking the advice and counsel of the HR team every time an HR related action needs to be approved. Empowering departmental leadership entails teaching them about employment law, fair employment practices and workplace policies. Although many organisations provide department managers and supervisors with leadership training that includes a review of employment law, they must have more extensive training to make the kinds of decisions that the HR function supports.

It is beyond doubt that the Human Resource department provides invaluable benefits to an organization. The difference is, HR has to want to do that and must be led to do so.

References

1. Dennis M. Daley (2002), Strategic Human Resource Management: People and Performance Management in the Public Sector. Pearson Publishers. North Carolina State University
2. Gary Dessler (2016), Human Resource Management 15th Edition Florida International University, Florida. Pearson Publisher.
3. Raymond Noe and John Hollenbeck and Barry Gerhart and Patrick Wright (2015) Fundamentals of Human Resource Management6th Edition. McGraw Hill Education. New York.
4. Kathleen Barnes and George Smith (2016) Taking Sides: Clashing Views in Management 5th Edition. Pearson Publishers. London.
5. Robert Bacal (2012), Performance Management 2/E2nd Edition. McGraw Hill. London.

About the Author

Chimbala Lumano, *MA (Buckinghamshire New University), BA (CBU), Dip (ICM).Human Resource Management Consultant/ Lecturer Zambia ICT College, Ndola.*
chimbalal@yahoo.com

ZICA Q2 Briefs

Sinking Fund on Spotlight

In the 2016 financial year, the government announced creation of a sinking fund specifically for debt repayments.

Real fears have been expressed on the country defaulting on debt repayments.

However, a sinking fund, according to the Institute, should be adopted only in the case of a government revenue surplus. However, ZICA envisages that a surplus is unlikely to happen any time soon in Zambia.

"It is only prudent that Government reserves a small portion of the current revenue receipts to be earmarked for this fund even in the context of government deficits. Alternatively, a specific revenue streams should be identified for channeling into the sinking fund," stated ZICA president Jason Kazilimani.

The full statement:

Ladies and Gentlemen,

You are welcome to ZICA for the Second quarter briefing on matters that affect the accountancy profession and the nation as a whole. As you are already aware, apart from our mandate of regulating the education and practice of the accountancy profession in Zambia, we have a mandate to advise Government on matters relating to the economic development of Zambia.

At the beginning of 2018 we observed a number of issues that deserved our comment. The economic fundamentals appear to be stable despite an increase in year on year inflation. There has been a tight monetary policy as the interest rates appear to be coming down and exchange rates continue to be stable.

In this report we intend to address the following key matters:

- Public Finance Management
- Tolling of Roads
- Borehole Drilling
- Water and sanitation (Cholera Related)
- Transfer Pricing
- Reports of the Financial Intelligence Centre (FIC)
- Sinking Fund

1. Public Finance Management

a) IPSAS

In the last six months we have held meetings with public sector accountants on matters related to public finance management. We have advocated and encouraged government on the need to adopt the International Public Sector Accounting Standards as a financial reporting framework. As far back as 2010, the Institute invited officials from the Republic of Uganda to share their experiences in the implementation of IPSAS. We made the IPSAS a key agenda item so as to regularly check where we are on this important matter. The effective dates of implementation have been changing and most recently to 2022. We are however happy that government has appointed a consultant to carry out a gap analysis and is due to appoint a steering committee to lead the process. It is our hope that we shall move steadily on the roadmap to IPSAS implementation in 2022. As IPSAS is an accrual based accounting framework, similar to IFRS, we believe that its adoption will help resolve all disputes about the size of Zambia's loan books as all borrowings will be fully on the balance sheet and those not yet contracted for but committed to, will adequately be disclosed.

b) Auditor General's Office

In our last quarterly briefing, we raised matters related to the appointment of the State Audit Commission and the confirmation of the Acting Auditor General. It is still a matter of grave concern to the accountancy profession that such important institutions remain untended to. As a professional body, we are of the view that the current acting Auditor General is qualified and has accounted for himself very well despite operating in an environment of uncertainty.

The Constitution of the Republic of Zambia provides for the establishment of the State Audit Commission and as far as we know Parliament has discharged its legislative duty in this matter. It is our considered view that this matter should be treated with the urgency it requires. When this commission is in place, it will ensure that all matters to do with public financial management are well looked after as per the spirit of the Constitution.

c) Public Financial Management Act

The Institute has taken note of the progress made towards the enactment of the Public Financial Management Act, which gives power to the Treasury to take the necessary actions against erring officers and denying funding to government departments that do not comply with financial regulations. There is however need to clearly clarify the roles of accounting officers, internal auditors and controlling officers so that there is elimination of management override of procedures and regulations.

Following the elevation of the positions of Accountant General and Controller of Internal Audit and the subsequent creation of directors of Finance for Ministries and Provinces, the Institute expects that only qualified professionals who adhere to professional code of ethics are appointed to ensure full compliance with the Public Financial Management Act.

d) Planning and Budgeting Act

Going side by side with the Public Financial Management Act is the need to expeditiously enact the Planning and Budgeting Act, which provides a framework for preparation of a fit and proper budget. This Act will also require a thorough and formal appraisal of any major investment project. This would prevent unsustainable and unprofitable projects. This bill is important as it will contribute to the correction of the situation where the expenditure budget of the Republic of Zambia has been increasing from as low as ZMW26 billion rebased to about ZMW73 billion over the last ten years without a discernible corresponding reduction in poverty. The poverty levels in urban and rural areas have not been declining significantly despite the increasing budgetary expropriation over the years. Whilst there is a commendable and noticeable drive to build new roads, several feeder roads are currently still dilapidated. The poor road network makes the cost of doing business in the rural areas even more expensive. There is therefore need to expedite the enactment of this bill.

2. Tolling of Roads

In the recent past, Government introduced tollgates on all major roads to extract user fees from transporters. The purpose of tolling roads is to improve the road infrastructure to global standards. This is a commendable achievement but we still wait for the full benefits for such payments. One matter that needs urgent attention is that before the legislation on the tolling of roads was enacted, motorist were paying a "*fuel levy*" managed by Energy Regulation Board to finance the maintenance, rehabilitation and modernisation of the road infrastructure. It is important to repeal the legislation for the fuel levy and reduce the financial pressure on motorists. This appears to be a form of double taxation.

3. Statutory Instrument on Borehole Drilling

The Government through the Ministry of Water Development, Sanitation and Environmental Protection launched three (3) Statutory Instruments (SIs) on groundwater and boreholes, licensing of drillers and the revised raw water fees and charges. The purpose of these SIs is to ensure the regulation of drilling and adherence to laid down standards pertaining to utilisation of water sources. The SI on raw water fees is meant to ensure that the government provides efficient and effective management of water resources across all sectors. We understand that the government took this move in response to public outcry on the lack of proper supervision among the drillers. We commend the government for this move and hope that it will add value in order to improve the quality of water in the country.

It is however important to note that the ramifications of this action also has an effect on the poverty situation in the country. In order to improve food production, farmers in rural areas want to improve water supply for their crops since farming is a business. It is important to listen to the cry of the Zambia National Farmers Union. The fee structure should be moderated so as not to discourage rural businesses.

4. Water and sanitation (Cholera Related)

We commend the government and all

stakeholders who took part in making sure that the cholera outbreak which hit the country in the 1st quarter of 2018 was brought under control. We also commend the government for bringing sanity to the Central Business District of Lusaka and surrounding areas by removing street vendors and cleaning up the area with a hope of avoiding another outbreak of cholera. The treatment for cholera is good hygiene at the family level. We therefore urge our fellow citizens to continue with the cleaning exercise of their surroundings and live in a clean environment to prevent another outbreak of cholera in our country. We also encourage our fellow citizens to drink and use safe water, wash their hands with soap or hand sanitisers and to make sure that solid waste is disposed of properly.

There are lessons learnt from the Cholera situation and another cholera outbreak would be very unfortunate.

5. Zambia Report on Observance of Standards and Codes (ROSC) – Accounting and Auditing

The World Bank in partnership with the Zambian Government launched the 2017 Report on Observance of Standards and Codes – Accounting and Auditing (ROSC A&A) on 10th April 2018. The report is aimed at determining reforms that would further strengthen the accountancy profession in Zambia to accelerate its contribution towards economic and social development.

The review of the Standards and Codes in Accounting and Auditing, was requested by the Ministry of Finance and, conducted using the revised World Bank ROSC A&A two (2) methodology in a consultative approach with many stakeholders in the country. This report focuses on two (2) of the 12 standards and codes of the joint Initiative of the World Bank and the International Monetary Fund (IMF).

The successful implementation of the study recommendations will enhance the accountancy profession's contribution in improving the Zambian business and investment climate, and advance governance and financial accountability in both the private and public sector.

A growing economy requires both a strong professional accountancy organisation and a strong professional qualification. In the presentation of the report, the World Bank commended the Institute for launching a premier global professional accounting qualification, the Chartered Accountant Zambia (CA Zambia), that will ensure that the young people pursuing the qualification have both local and international mobility. The CA Zambia meets all international standards. One key differentiator is the accompanying practical training that is important in the development of the world-class chartered accountant. In this vain, the Institute is appealing to all corporate organisations, auditing firms, financial institutions in the private and public sectors to support strengthening the CA Zambia PQ by partnering with the Institute in developing Chartered Accountants in Zambia.

6. The Anti-Money Laundering/ Combating of The Financing of Terrorism (AML/CFT)

Zambia is a member of the Eastern and Southern Africa Anti-Money Laundering Group or ESAAMLG. ESAAMLG is a Financial Action Taskforce (FATF) styled regional body that now covers 18 countries. The FATF is an independent inter-governmental body formed in 1989 by the finance ministers of its member jurisdictions. As ZICA we are a member of the Anti-Money Laundering/Combating of the Financing of Terrorism (AML/CFT) committee of senior officials alongside other professional bodies and entities. In 2016, there was a national assessment of Zambia on its compliance with adoption and domestication of various regional and international protocols.

The mandate of FATF is to promote the effective implementation of legal, regulatory and administrative measures to combat money laundering – ML, terrorist financing –TF - financing of proliferation of weapons of mass destruction-FP and related threats in order to protect the integrity of the international financial system. At The 35th ESAAMLG Taskforce of Senior Officials, AML/CFT, held in April 2018, Arusha, Tanzania. ZICA was represented by a senior member.

The report of the 35th meeting identified major achievements made by the grouping but noted that Zambia and other countries had not fully ratified some of the regional and international protocols in this area. Without going in detail, I wish to point out that a number of core and key recommendations were made for Zambia to be fully compliant and the ratings for Zambia were either noncompliant or partially compliant with no score for largely compliant as per their scale. The Institute is concerned about this lack of progress in this matter. We note the progress made so far but more needs to be done to move to largely compliant rating. I therefore wish to appeal to the relevant bodies to start the ratification processes.

7. Transfer Pricing

Transfer pricing is a matter that has been topical in the recent past within the circles of taxation and accounting. The term may be defined as the rules and methods for pricing transactions within and between enterprises under common ownership or control. In transfer pricing there is potential for cross-border controlled transactions to distort taxable income, tax authorities in many countries can adjust intragroup transfer prices that differ from what would have been charged by unrelated enterprises dealing at arm's length.

In 2017, government held various consultations with various stakeholders on the same subject matter. On 6th April 2018, government issued a Statutory Instrument No 24 of 2018, which is on the Income Tax Amendment Regulations on transfer pricing in Zambia. This is in line with the global trends where various countries are taking elaborate steps to domesticate the Organisation for Economic Co-operation and Development (OECD)'s base erosion and profit shifting (BEPS) final recommendations.

In our view, the amendment enhances the Transfer Pricing (Regulations), 2000 and provides detailed guidance on the application of the arm's length principle and Zambia's Transfer Pricing documentation requirements. It is our understanding that these regulations provide general and specific guidance on comparability analysis to be performed by the taxpayer with respect to controlled transactions and coming up with the most appropriate transfer pricing method as well as to arrive at an arm's length price or financial indicator (or range of prices or financial indicators) and thus plays a central role in the overall application of the arm's length principle.

The release of the Regulations is a positive step and provides taxpayers with clearer guidelines in discharging their TP obligations. The Regulations also signal the ZRA's likelihood of more formal, rigorous, and perhaps more frequent transfer-pricing audits. The regulations bring clarity to Tax experts and practitioners, Financial Intelligence Centre and academicians alike.

On behalf of the profession, I wish to commend the government on this score as it has been overdue.

8. Sinking Fund

In the 2016 National Budget, Government established a Sinking Fund for the purpose of building adequate capacity to repay the Eurobonds as and when they fall due. To this effect, the Minister of Finance initially allocated K536.2 million to the Sinking Fund. This is a Fund accumulated out of government's revenue and invested to repay a long-term debt. We welcomed the establishment of the Sinking Fund as it will ensure that the loan commitments will not create a cash flow crisis when the bonds fall due in 2022 and 2024. Further, the measure will calm fears of possible default on payment by bondholders and allay any possible sale of the bond to Vulture Funds. Since its inception, budget allocations to the Sinking Fund have consciously been missing for the past three fiscal years and there has been no publicly available information on the Fund. This raises the question of the country's ability to repay the bonds as they fall due and increases the repayment risk that could signal to bond holders that we are likely to default on the debt. The increased repayment risk would also translate into a higher interest rate on future borrowings.

We therefore wish to urge government to set aside funds annually to make payments against the principal. *Traditionally, a sinking fund should be adopted only in the case of a government revenue surplus. But we envisage that a surplus is unlikely to happen any time soon in Zambia. It is only prudent that Government reserves a small portion of the current revenue receipts to be earmarked for this fund even in the context of government deficits. Alternatively, a specific revenue streams should be identified for channeling into the sinking fund.*

We are aware that government is finalising the 2018 Debt Sustainability Analysis following the last one published in August 2017. We welcome this exercise and look forward to engaging further with the Ministry of Finance so as to gain a full understanding of all its nuances, which will enable us to make meaningful comment.

The Loans and Guarantees Act needs to be amended so as to ensure that all future borrowings are approved by Parliament.

I thank you for coming. ■

Investing in Africa is sound business and a sustainable corporate strategy

By Ayodele Odusola

The best time to invest in Africa is now. However, foreign investors have not moved into the continent as quickly as expected because foreign investment decisions are often methodically over-structured. One of the major factors cited is too much risk. But risks and profits are inseparable twins: high-risk ventures are frequently associated with higher profits.

Africa is the most profitable region in the world. A report by the UN Conference on Trade and Development states that between 2006 and 2011, Africa had the highest rate of return on inflows of Foreign Direct Investment: 11.4%. This is compared to 9.1% in Asia, 8.9% in Latin America and the Caribbean. The global figure is 7.1%.

Examples of companies benefiting from bountiful profits in Africa abound: Sonatrach's turnover from oil and gas alone was $33.2 billion; MTN Group's turnover was about $10 billion; and Dangote Group's turnover was $4.1 billion—all in 2017. A variety of factors drive up Africa's profit prospects, making it imperative for European, North American, Asian, and Latin American businesses to invest, helping to foster the continent's economic progress.

Africa's economic growth prospects are among the world's brightest. Six of the world's 12 fastest-growing countries are in Africa (Ethiopia, Democratic Republic of the Congo, Côte d'Ivoire, Mozambique, Tanzania, and Rwanda). Further, between 2018 and 2023, Africa's growth prospects will be among the highest in the world, according to the IMF. Good news: sectors where foreign companies could have a comparative advantage, such as banking, telecommunications and infrastructure, are among the drivers of current economic growth in Africa—creating clear investment opportunities for foreign businesses.

Africa's growing, youthful population, amidst an aging population in most other regions, constitutes a formidable market. The continent's population is predicted to quadruple from 1.19 billion in 2015 to 4.39 billion by 2100. In 2015 alone, 200 million Africans entered the consumer goods market. Maximising this bourgeoning market size calls for actively engaging Africa's structural economic transformation.

Africa's youthful population contributes to an abundance of labour, which is one of the region's highest potentials for labour-intensive industrialization, and lowers production costs, leading to benefits that far outweigh the cost of doing business on the continent. The hourly wage in Africa is less than 50 cents (for example, it's $0.27 in Mozambique, $0.34 in Nigeria and $1.62 in Morocco) compared to $10.49 in UK, $7.25 in the USA and $6.57 in Japan. Engaging more foreign companies may help raise wage rates in Africa, improve labour market efficiency and generate additional resources for those left behind on the age ladder.

Africa's large deposits of natural resources promise a bright future for developing value chains. Agriculture and the extractive sectors are linchpins of national, regional and global value chains. Africa hosts 60% of the world's uncultivated arable land. In 2015, the continent produced 13% of global oil, up from 9% in 1998. The growth trend of oil and natural gas production between 1980 and 2012 was amazing: from 53.4 billion barrels to 130.3 billion barrels for oil; for natural gas, from six trillion cubic meters in 1980 to 14.5 trillion

cubic meters in 2012. As of 2012, Africa also controlled 53.9% of the world's diamond resources.

In 2017, the Democratic Republic of the Congo alone accounted for 58% of the world's cobalt (used in electronics production) while South Africa accounted for 69.6 % of the world's platinum production in 2016 (used for catalytic converters and in other goods). Actively investing in adding value to these commodities, among other extractive activities, will shape global economic activities over the next five decades.

Finally, emerging domestic developments lend credence to actively engaging Africa's economic transformation agenda. Some of these developments include improvements in macroeconomic prudence and overall governance. For instance, evidence from the 2017 Ibrahim Index of African Governance shows that Africa's overall governance index improved at an annual rate of 1.4% since 2007, an improvement of more than 5% in at least 12 countries, including Côte d'Ivoire, Tunisia, Rwanda and Ethiopia. This improvement helps to mitigate perceived risks for many investors on the continent.

African governments should build on this positive trend to maximise foreign investments. This includes eliminating corruption; improving safety and security; strengthening macroeconomic environment, investing in quality education and skill development in science, technology and innovation; and avoiding a 'race to the bottom' syndrome, that gives unnecessary tax holidays and waivers to foreign companies.

Investing in Africa is good business and a sustainable corporate strategy for foreign investors. Advanced and emerging countries' governments and the private sector should leverage these profitable, emerging investment opportunities. Using official development assistance to leverage and de-risk the investment climate in Africa is a key component in attracting FDI. Japan's Nippon Export and Investment Insurance (NEXI) initiative, to insure a facility in Ghana, is a laudable effort that should be scaled-up and supported by other actors.

Implementing the Sustainable Development Goals (SDGs) in Africa offers investment opportunities to foreign companies. Good examples abound: the Sumitomo Chemical's insect-proofing mosquito nets technology is helping to fight malaria; the Sonatrach, JGC, and Hitachi's desalinating seawater technology is accelerating access to clean water; and the Commodity Risk Management Group and the Sompo Japan Niponkoa's weather index insurance is helping to mitigate climate change. In Africa, each SDG offers business solutions and investment opportunities to foreign companies.

The UN Development Programme (UNDP) is working with African governments and private sector actors to de-risk and improve the continent's investment climate. Developing industrial strategies and clusters, promoting special economic zones, improving energy access, facilitating innovative funding, advocating for value chain development across countries and supporting investment promotion through the International Conference on the Emergence of Africa are some of UNDP's efforts.

The best time to invest in Africa is now.

Dr. Ayodele Odusola is the Chief Economist, UNDP Regional Bureau for Africa. ■

Africa Renewal

The Anti-Money Laundering Compliance programme is set, what next?

Know your customer (KYC) refers to the due diligence activities that financial institutions and other regulatory companies must perform to ascertain relevant information from their clients for the purpose of doing business with them.

It has been observed in most institutions that the setting up of compliance programmes on anti-money laundering is just one step towards fighting money laundering. But is setting up the AML programme equivalent to mitigating or combating money laundering? Definitely No.

Why the AML compliance programmes fail

In most cases the money laundering and terrorist financing programmes that institutions set always have gaps and undermine the integrity and stability of financial institutions in relation to their internal systems. Having an effective anti-money laundering programme in place will provide comfort to the customer in a challenging environment. Equally important, an AML programme will help support compliance with regulation to prevent large fines, expensive legal battles and damages that can have a long-lasting effect on the organisation.

The most common reasons why AML programmes are ineffective or fail, resulting in regulatory penalties might be the under listed:

1. Lack of understanding of how modern technology is operating

The influence of technology on payment systems is creating a greater challenge on conducting a proper customer due diligence (CDD) and enhanced due diligence procedures. This automatically causes a failure to provide adequate monitoring of the relationship after the initial customer contact.

2. Inadequate suspicion activity identification and reports

Mostly financial institutions struggle to file SARs on a timely basis because of insufficient record-keeping and filing process. Lack of employee training and oversight or insufficient systems that do not allow suspicious activity to be identified easily might be another problem.

3. Lack of adequate employee training

Employee training is one of the key pillars of any robust AML programme, which should be designed to help employees to identify red flags and suspicious activities and be knowledgeable about the appropriate reporting mechanism. When employees are not familiar with the organisation's AML programme and policies, as well as regulatory requirements, they might not understand the significance of compliance. This can result in suspicious transaction and activities by customers not being identified.

What's needed to be done by institutions?

Your business must subject its AML programme to a Periodic Review to ensure its adequacy. The scope and frequency of this review should be commensurate with the risk of the financial services provided by the institution. Such a review should be conducted periodically based on the risks faced by the institution and the requirements of the local regulations. If the local regulations do not specify who must conduct the review, the review may be conducted by an officer or employee of your business, but it cannot be conducted by the person who is designated as the Compliance Officer.

Finally, it is important that you create record-keeping files for your AML programme. These files can then be readily accessed if your business is examined/audited by regulators. In addition to files containing the information described above, you should have files that are clearly labelled and contain at least the following:

1. A file with a copy of this guide along with any other compliance guides you may receive from other customers, trade associations, accountants, lawyers, etc. The content in these materials can serve as a guideline for your programme. However, you must create a programme that includes your business' internal procedures.
2. A file for your completed Adoption of Compliance Programme, Designation of Compliance Officer, Employee Training and Periodic Review forms.
3. A file with multiple blank copies of the Suspicious Transaction Report forms or their equivalent and High Currency Amount Transaction Report forms (if required). This is also where you should maintain copies of any completed Suspicious Activity forms or High Currency Amount Transaction Report forms that you file with the government, along with any supporting materials. Communications containing any updated information you receive from regulators or law enforcement agencies regarding money laundering or terrorism. ■

References

1. FATF Recommendations of 2012
2. FATF mutual evaluation published in October 2012 (www.esaamlg.org/userfiles)
3. Pwc (know your customer- reference guide – January 2016) (www.pwc.com)

About the Author

Francis Lamya
Member of Association of certified Fraud Examiners (Zambia Chapter), (Anti-Money Laundering Investigations and review – University of Pretoria)

Technical Updates

The technical updates for this quarter's edition are drawn from a presentation made by the Accountant General Dr Dick C. Sichembe at the 2018 IPSAS training held at Fresh View Homes in Siavonga (27TH - 29TH March 2018)

The Accountant General's address was read on his behalf by his Deputy, Mr Chanda Mumba.

The address:

It is my pleasure to join you today, for the opening of the annual training on International Public Sector Accounting Standards (IPSAS) for public sector accountants. Allow me to commend ZICA for the role the Institute is playing in raising awareness on the accrual basis IPSAS adoption process. Besides the workshops, I must also mention that ZICA has been holding consultative meetings with my office over IPSAS project to ensure that we are on track. I wish to reaffirm government's commitment to implementing accrual basis IPSAS, which began in 2014, though the full roll out is expected to be completed by 2022. My office is currently laying a foundation for accruals-based IPSAS adoption process by establishing financial reporting systems, which in most respects comply with the principles of the Cash-basis IPSAS.

Wider Government PFM Reform programme

Ladies and gentlemen, I have been asked to talk to you about ongoing reforms for the accrual basis public sector accounting standards. This topic is a timely reminder that good financial management requires good management tools and in this respect allow me to digress a bit to share other ongoing Public Financial Management reforms. Government is taking a number of steps to develop effective tools to achieve our fiscal objectives. Amongst these include:

The Planning & Budgeting Bill which is currently being reviewed with the main aim of ensuring that all key stakeholders are involved in the process of budgeting. In addition, the Bill would ensure that project appraisals are done before any major investments are undertaken.

Introduction of Performance Based Budgeting System which will shift the focus on the relationship between programme funding levels and expected results from that programme to ensure improved service delivery;

Public Finance Management Bill currently being enacted to ensure improved public financial management and also stiffening penalties for erring public service workers.

Single Treasury Account has been rolled out to help with cash management and central processing of payments

The IFMIS is also in the process of being enhanced (in areas such as commitment control – annual and multi-year) and interfaced with other financial management systems such as the Payroll Management and Establishment Control System, Revenues Systems, Debt Mangement Systems. These enhancements and interfaces are aimed at enhancing financial accounting and reporting and will ease the migration from IPSAS Cash to IPSAS accrual.

Automation projects to strengthen revenue collection mechanisms

Capacity building in the Internal Audit Function through enhancing the skills base of the department, provision of tools and handbooks on forensic and IT audits, introduction of Computer Assisted Audit Techniques which has been implemented to help highlight anomalies, revise the Audit Committee handbook for the Ministries

Government is also working on ensuring budget credibility and harmonization between the Annual Budget, Mid-term plan and the 7th National Development Plan.

The Benefits of Accrual IPSAS

Improved Government Decision Making

Ladies and Gentlemen, let me share with you on some of the benefits that migration to accrual basis IPSAS will bring in Public Financial Management and why it is of paramount importance to Zambia

Underpinning decision-making in all the above reforms is the quality of information those decisions are based on. To this effect, I wish underscore the importance of accrual IPSAS in efficient and effective public financial management. I am very optimistic that accrual IPSAS will go a long way in not only improving transparency and accountability but will enhance the quality of decision making in public expenditure. Accrual IPSAS will offer us a fresh start from the cash basis accounting system presently in use, which has a tendency to underestimate total public consumption and expenditure. I am confident that Government stands to benefit from accrual accounting through informed decision-making, better and transparent resource allocation and improved planning due to availability of comprehensive cost information. In the long run, this will result in sound financial information to aid government with insights to improve decision-making in terms of allocating resources to various sectors of the economy and other competing priorities.

IPSAS will also greatly aid in managing and accounting for loan obligations due to its ability to reflect actual loan contracting. It will provide a broader picture of Governments debt stock and other liabilities like staff obligations leading to better management of scarce resources. It will also provide a clearer indication of utilisation of public financial resources in a fiscal year. Under such transparent circumstances, citizens are provided an opportunity to assess the managerial performance of their government and the effectiveness of the utilization of public resources.

Improved Transparency and Internal Controls

Accrual IPSAS has the inclination to increase transparency by requiring that financial transactions like stock, intangible assets, property, plant and equipment, accounts payable and accrued staff benefits to be recognised or disclosed. This manner of disclosure of financial and operational information will stimulate confidence among citizens and cooperating partners thereby giving rise to increased fiscal and political support. Inherently accrual IPSAS will necessitate certain additional operational and financial controls into the public financial management system by ensuring compliance with the new accounting requirements. Consequently, strengthening of internal control mechanism will be integral to the IPSAS project. A good example would be the recognition requirements for items of Plant Property and Equipment in the general purpose financial statements. With accrual IPSAS, Government will be required to establish proper tracking, valuation and recording mechanism of assets to enable completeness and accuracy of captured information on all public assets. This will also facilitate proper management and depreciation of assets over their useful life as well as facilitate their timely replacement. With a strong functioning system of internal controls in Government, IPSAS will enable enhanced public service delivery and attainment of government objectives.

Improved Financial and Resource Stewardship

Accrual IPSAS will provide a reliable framework for financial information to a variety of stakeholders who have vested interest in Government financial management. These include taxpaying citizens, cooperating partners and Civil Society Organisations who want to hold Government accountable for the utilisation of public funds. Therefore, this calls for existence of the highest levels of transparency across public financial processes. IPSAS provide that reliable basis for evaluating and understanding of government finances before making commitments for new programmes and services. IPSAS requires reporting entities to establish a complete and documented account of assets, liabilities, revenue and expenses leading to enhanced financial and resource stewardship. With the adoption of accrual IPSAS, Government will be better placed to discharge its public stewardship role in the following areas:

Under the current scheme of accounting, inventories such medicines, vaccines and office supplies are not recognised in the government financial statements. This makes it difficult to understand the extent of stock held by government. As a result government constantly experiences lapses in stewardship and logistics management for stock with many reports of expired drugs. However, recognition of stock under IPSAS will ensure that physical verification of all stock in hand is done. Further, during the process of recognising and valuing stock, government will be in a position to develop and devise procedures for managing these assets.

IPSAS require that the cost of fixed assets, including property and equipment to be disclosed and capitalised when acquired as well as depreciated over their estimated useful life. However, government has not been recognising assets in its financial statements. As such, a central repository system in the form of fixed asset register holding the extent of government property and equipment is not available. With the advent of IPSAS adoption, government will be required to identify and recognise all fixed assets leading to better understanding of the following:

Fixed assets held across government establishment;

Land and buildings exclusively owned and operated by government; and

The estimated cost of maintaining infrastructure by way of annual wear and tear charge to these fixed assets.

This information on the assets owned by government together with their remnant useful life, will permit preparation and planning for future capital infrastructure requisitions.

Better Management of Staff Related Liabilities

Under the cash basis of accounting, staff benefits are presently only shown as expenses when payments are actually made. However, IPSAS requires that employee benefits be recorded in the period they are earned and not when paid. Therefore, accrual accounting will result in significant change in recording and management of the staff related liabilities including accumulated annual leave, pension, gratuities and other terminal benefits. Ideally government is supposed to accrue or recognise these employee related liabilities over the period staff have served the civil service but not paid out.

Cross-party support for the adoption process

Because of the fundamental nature of the IPSAS adoption project, I would like to appeal for cross-party support for the adoption process. This is a large scale project that will require careful planning and management. You may be aware that financial reforms of this nature may also require change in the culture of public service. This is likely to take time and effort and requires buy in of key senior government officials and stakeholders to help push this reform. Allow me also to assert that the IPSAS adoption process is not an accounting project but a wider reform that will impact on all operations of government. It has far reaching consequences on management of assets and government liabilities including the stringent disclosure requirement that comes with IPSAS compliance. My appeal to stakeholders is that we need to adopt an integrated approach that will have the entire public sector on board. You may wish to know that my office will be responsible for consolidation of all public sector entities' financial statements including those of parastatals. It is, therefore, imperative that during this process, all autonomous government agencies consult with my office to create uniformity in the chart of accounts and financial reporting frameworks to reduce incidences of reconciliations and adjustments during the consolidation process. I also wish to enlist the support of ZICA in terms of technical support and enforcement mechanisms for the IPSAS project. Further, your Institute will be key in galvanising support from various stakeholders as we develop the change management strategy to support this migration to accrual IPSAS. We will need to work together and see how this can be supported within the framework of the wider Government PFM Reform program.

IPSAS Status updates

Ladies and gentlemen, one of my objectives today is to answer some questions about our collective journey down this road to improve the quality of financial accounting and reporting by government. In this respect, I want to share with you the status updates on the following:

What is the progress to date?

Currently, government has identified an International Consultant to undertake an IPSAS Gap Analysis and develop IPSAS strategy and roadmap for the government to facilitate the migration from IPSAS Cash to accrual. The contract has been cleared by Attorney General and is expected to be signed before the end of this week (starting April 24).

Who is on this journey with us?

The Secretary to the Cabinet, the Secretary to the Treasury, Auditor General, Controller Internal Auditors, ZICA and other key stakeholders are with us and are aware of Government's plans to migrate to IPSAS by 2022.

What are the obstacles?

The obstacles essentially will be issues of resistance, capacity and financial resources required to undertake this mammoth task.

What are the new timelines for IPSAS adoptions?

As indicated above, the timeline is 5 years starting this year and completing the process end of 2022.

What can we, as a profession and public sector accountants, do?

As Accountants, we need to explain in simple terms to all stakeholders what the process entails and what the benefits are of migrating to IPSAS accrual.

Going Forward and next steps

Going, forward, Government will constitute an IPSAS Steering Committee comprising of all key stakeholders to provide oversight during implementation. To spearhead implementation, a Technical Committee shall also been established and a budget provided for this reform.

As I conclude, I expect that as you leave this conference and go back to your respective organisations you will start facilitating the implementation of the IPSAS and its successful adoption.

I thank you.

…….

In his opening remarks, ZICA Secretary and Chief Executive Officer Mr Hapenga M. Kabeta commended the Republican President, His Excellency Mr Edgar Chagwa Lungu for his decision to elevate the positions of Accountant General and Controller of Internal Audit to Permanent Secretary Level.

He also congratulated the Accountant General for the well-deserved promotion, indicating the Institute has always lobbied for this development.

"Our wish is that in future the position of the Accountant General must be turned into a constitutional office in order to ensure independence of decisions and for the office to be able to exert appropriate authority over excesses in public financial management."

Mr Kabeta briefed delegates that the workshop was meant to equip them with knowledge of transition processes and application of accrual basis International Public Sector Accounting Standards (IPSAS) implementation.

"Accountant General, it is our belief that more vigor is needed in this process," Mr Kabeta stated.

"Whilst we note the measures being put in place to ensure that GRZ implements IPSAS, there is negligible traction regarding the progress being made, awareness on the project amongst public sector accountants and also the leadership tone on the project has been conspicuously lukewarm. Being a key reform project in Public Financial Management and as a tool for enhancement of transparency and accountability, we are highly expectant that the New Minister of Finance will pick up from where her predecessor left and possibly bring in more energy in the process. We are concerned that at the current pace of the project, we may have reform fatigue where those at the forefront of the changes in government entities lose the sense of urgency and enthusiasm needed to implement the reforms, particularly if no benefits emerge early in the process. I wish to emphasise the need for a dedicated project team, with the appropriate financial and non-financial skills. A communications strategy is also vital to ensure that officials across all ministries and departments are aware of what is required and that successes and challenges are reported back to the project team. With most public sector accountants trained in private sector accounting standards and the finance functions in some ministries and departments already stretched, capacity building will be required, and recruitment and training will need to be coordinated across government."

Mr Kabeta informed the participants that following the adoption of International Financial Reporting Standards (IFRS) in 2005, the Institute launched the use of the three tier financial reporting framework in Zambia on 15th December 2010.

"Under the three tier financial reporting framework, it is a requirement that all entities in Zambia use one of the three reporting frameworks, depending on the type of entity. In the similar vein, the Institute has issued an accounting pronouncement to give guidance on the applicability of accrual basis International Public Sector Accounting Standards (IPSAS) in Zambia."

This entails that effective 1st January, 2022, all Government Ministries, Provinces and Spending Agencies will be required to prepare financial statements under the accruals IPSAS framework. The coverage includes Central Government, local authorities and related government entities such as agencies, boards, commissions and other related bodies. Secondly, all non-governmental public sector entities and *non-profit organisations* whose line of business is non-commercial in nature, are required to use accrual basis IPSAS for their general purpose financial reporting effective for financial statements for periods ending on or after 31st December, 2019, although earlier adoption is permitted. This mandate is derived from the Accountants Act of 2008 which empowers ZICA to develop, promote and enforce internationally comparable practice standards in Zambia."

Budget Technical Updates

Legal and Regulatory changes

On 28th September 2018, the Minister of Finance Honorable Margaret Mwanakatwe presented the 2019 National Budget under the theme "Delivering Fiscal Consolidation for Sustainable and Inclusive Growth". In this edition, we highlight the Tax Measures proposed in the 2019 National Budget.

Direct Taxes

Under direct taxes the following measures have been proposed:

- Reduction of the Corporate Income Tax rate from 35% to 15% for companies that add value to copper cathodes.
- Increase Withholding Tax ("WHT") rate from 15% to 20% on interest, dividends and remittance of branch profits to non-residents
- Limit interest deductions to 30% of the earnings before interest, tax, depreciation and amortisation when ascertaining the taxable income of a company
- Abolish the current Turnover Tax regime and reintroduce a flat rate of 4% on business turnover below K800, 000.

From the Mineral Royalty regime the following are the proposed measures

- Make Mineral Royalty Tax a non-deductible expense for Corporate Income Tax purposes
- Increase mineral royalty rates by 1.5 percentage points at all levels of the sliding scale as shown in the table below:

Norm Price Range	Current Mineral Royalty Rates	Proposed Mineral Royalty Rates
Less than US$4,500	4 percent	5.5 percent
US$4,500 but less than US$6,000	5 percent	6.5 percent
US$6,000 but less than US $7,500	6 percent	7.5 percent
US$7,500 and above		10 percent

- Introduce a fourth tier mineral royalty rate of 10% for copper that will apply when prices go beyond US$7,500 per metric tonne.
- Increase the mineral royalty rate on cobalt from 5 percent to 8 percent;

In terms of Transfer Pricing regulations

- Increase in penalty for noncompliance with the transfer pricing regulations from 10,000 penalty units (K3000) to 80 million penalty units (K24,000,000)
- Extend the retention records for transfer pricing purposes and allow for assessments to be made beyond the period of six years to not exceeding 10 years.
- Restriction of interest deduction on loans to 30% of the earnings before tax, depreciation and amortization (EBITA). The measure is in line with the Base Erosion and Profit Shifting Action plan pronounced by the OECD.

Value Added Tax

The Budget has proposed the following measures under the Value Added Tax (VAT) provisions

- Abolish the Value Added Tax system and replace it with a Sales Tax system. Sales tax is a consumption tax imposed by the government on the sale of goods and services levied at the point of purchase from the consumer. Unlike VAT which is deductible by the seller of goods and services, sales tax is non-refundable. It is an example of an ad valorem tax that is based on the price of the item sold. The proposed effective date for the implementation of Sales tax is 1stApril 2019;
- ***Definition of Electronic fiscal device***. The Minister proposes to replace the definition of "fiscal cash register" with "electronic fiscal device" and defined it as an electronic device approved by the Commissioner General, which has a fiscal memory, capacity to generate and record tax invoices and other reports and to transmit invoice data in real-time to the Zambia Revenue Authority Tax Invoice Management System and includes a Fiscalised electronic register, electronic fiscal printers and electronic signature devices. The measure broadens the definition as an electronic cash register is one type of electronic fiscal device;
- ***Prosecution of Directors or Managers of a company in case of offence***. The Minister proposes to amend the VAT Act to make every Director and Manager of a company liable, upon conviction, for offenses committed by the company, as if the Director or Manager had personally committed the office. The measure will bring in the practical aspects of charging a corporate entity so that a charge for an offense by companies is attached to the individuals responsible for its affairs;
- ***Treatment of trade and cash discounts***. The measure seeks to provide a legal basis for the current practice where unlike trade discounts, taxpayers are required to account for tax on the gross prices as opposed to the discounted price where they offer a cash discount. This measure aims to align legislation with practice.

Casino, lottery, betting and gaming taxes

The Budget proposes to abolish the 20 percent Casino Levy and replace it with a new tax regime as follows:

1. Casino live games at 20 percent of gross takings;
2. Casino machine games at 35 percent of gross takings;
3. Lottery winnings at 35 percent of net proceeds;
4. Betting at 10 percent of gross stakes; and
5. Gaming at K250 to K500 per machine per month

Customs and Excise Duty

The Minister has proposed the following measures under Customs and Excise Duty:

- Introduce 5% Customs Duty on importation of Copper and Cobalt Concentrates
- Introduce 15% Export Duty on precious metals including gold, precious stones and gemstones
- Introduce Excise Duty of 30 ngwee per litre on non-alcoholic beverages
- Increase Excise Duty on plastic carrier bags to 30% from 20%
- Increase Customs Duty on used and re-treaded tyres from 25% or K3 per Kg to 40% or K5 per Kg
- Increase Customs Duty on powdered milk to 15% from 5%
- Increase in the period of absence from Zambia required for a returning resident to qualify for a rebate on Customs Duty payable on a motor vehicle per household from 2 to 4 years
- Lift suspension of Export Duty on Manganese Ores and Concentrates and reintroduce Export Duty of 15%.
- Lift the ban on the export of raw hides and skin and introduce an Export Duty of 10%.
- Suspension of Customs Duty on Light-Emitting Diode (LED) lights
- Removal of Customs Duty rebates in the construction of shopping malls

Effective date

Other than the Sales Tax proposal which is effective 1st April 2019, these measures will be effective 1st January, 2019 once Parliament approves the Budget.

Auditing and Assurance Consultation on the revised ISA 315

The international Auditing and Assurance Standards Board (IAASB) is undertaking consultations on the Exposure Draft: Proposed International Standard on Auditing 315 (Revised) Identifying and Assessing the Risks of Material Misstatement and Proposed Consequential and Conforming Amendments to Other ISAs.

The IAASB is proposing more robust requirements and improved guidance to:

- Drive consistent and effective identification and assessment of risks of material misstatement;
- Modernise ISA 315 to meet evolving business needs, including information technology, and how auditors use automated tools and techniques, including data analytics, to perform audit procedures;
- Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities; and
- Focus auditors on exercising professional scepticism throughout the risk identification and assessment process.

IAASB approves the final text of ISA 540 (Revised)

The IAASB approved ISA 540 (Revised) Auditing accounting estimates and related disclosures, as a final standard. The revised ISA will be effective for audits of financial reporting periods beginning on or after 15 December 2019. Early adoption is permitted and encouraged.

In finalising the standard, the Board focused on the scalability of the ISA to very simple accounting estimates as well as the most complex accounting estimates. The IAASB also clarified the relationship between ISA 540 (Revised) and other ISAs, and using the work of a management's expert as audit evidence in testing how management made the accounting estimate.

Guidance for audits of small business

The International Federations of Accountants has updated its Guide to using ISAs in the Audits of SMEs to help firms efficiently and proportionally apply the international standards during SME audits.

The fourth edition is updated to reflect recent changes to the ISAs including IAASB projects on:

- Auditor reporting;
- Disclosures;
- The auditor's responsibilities relating to other information; and
- Using the work of internal auditors.

Volume one of the guide covers the fundamental concepts of a risk-based audit in conformance with the ISAs while volume two contains practical guidance on performing SME audits, including two illustrative case studies.

Ethics and inducements

The International Ethics Standards Board for Accountants has released new enhancements to the global ethics code that addresses the responsibilities of accountants around offering and accepting of inducements.

The final pronouncement, Revisions to the Code Pertaining to the Offering and Accepting of Inducements, sets out a comprehensive framework that delineates the boundaries of acceptable inducements. It also guides the behaviour and actions of accountants in situations involving inducements.

The framework introduces the new 'intent test' that prohibits the offering or accepting of inducements where there is actual or perceived intent to improperly influence the behaviour of the recipient or another individual.

The revised provisions become effective in June 2019.

Financial Reporting

The Revised Conceptual Framework for Financial Reporting

The IASB issued the revised Conceptual Framework which sets out a comprehensive set of concepts for financial reporting, standard setting, and guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

International Public Sector Accounting Standards (IPSAS)

Proposed amendments to IPSAS 36 AND IPSAS 41

The International Public Sector Accounting Standards Board (IPSASB) published for consultation Exposure Draft (ED) 66 Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36) and Prepayment Features with Negative Compensation (Amendments to IPSAS 41).

ED 66 proposes amendments to converge with the narrow-scope revisions to IAS 28 Investments in Associates and Joint Ventures and International Financial Reporting Standard (IFRS) 9 Financial Instruments made by the International Accounting Standards Board (IASB)

IPSAS 41 Financial Instruments

IPSASB has published IPSAS 41 Financial Instruments to improve the relevance of information for financial assets and financial liabilities.

IPSAS 41 replaces IPSAS 29 Financial Instruments: Recognition and Measurement and strengthens that standard's requirements by introducing:

- simplified classification and measurement requirements for financial assets;
- a forward looking impairment model; and
- a flexible hedge accounting model.

Though IPSAS 41 is based on IFRS 9 Financial Instruments, developed by the IASB, it also includes public sector-specific guidance and illustrative examples on:

- Financial guarantees issued through non-exchange transactions;
- Concessionary loans;
- Equity instruments arising from non-exchange transactions; and
- Fair value measurement.

Membership Matters

The Zambia Institute of Chartered Accountants admits members into four categories: Fellows, Associates, Licentiates and Technicians. Fellows and Associates are Chartered Accountants (CAs) while Graduates, Licentiates and Technicians are Affiliate members of the Institute. The Membership Committee has admitted the following members:

March 2018 Associates		
1	Emmanuel Emilio Mundu	A010912
2	Isaac Mutale	A010925
3	Marlon Phiri	A010944
4	Chilangwa Rayno Silunjili	A010957
5	Jennipher Chongwe	A010963
6	Faith Renee Ntambo	A010965
7	Ng`andu Sarah Gwanu	A010970
8	Ruth Mulondiwa	A005417
9	Martin Mulenga	A006169
10	Memory Sakala	A009503
11	Oscar Chinyanta	A008393
12	Chikatizyo Musonda	A004574
13	Prudence Muchinouta	A009677
14	Tembo Ruth	A008690
15	Muwana Isaac	A009235
16	Richard Luneta	A003054
17	Mukuku Kaleyi	A004298
18	Elizabeth Tembo	A008190
19	Choolwe Natala	A004147
20	Anthony Mhango	A006407

March 2018 Fellow		
1	Scolastica Banda	F002943
2	Godfrey Kabengele	F002754
3	Sanga Mataka	F002555
4	Kabondo Lucky Muntanga	F004580
5	Mutinta Nkombo Buumba	F004302
6	Kasongo Benjamin	F004168
7	Kimani Andrew Kariuki	F007078
8	Oscar Lameck Lungu	F007081
9	Bwalya Zebby Mututa	F007017
10	Chipili Kalumba Banda	F006618
11	Ason Banda	F004910
12	Siandela Matantilo	F005671
13	Clementina Chitalu Namusokwe	F000991
14	Helen Kansankala	F005685

April 2018 Associates		
1	Wiika Nachangwa	A011029
2	Canaan Ryan Chiinga	A011030
3	Daliso Tembo	A011031
4	Tembo Gregory	A009703
5	Musenge Chilambe	A011032
6	Masautso Mwale	A011017
7	Chibwe Francis Kasonde	A011016
8	Mutimbwa Simasiku	A011015
9	Kaunda Philimon	A007636
10	Mildred Monde Nyambe	A003289
11	Ray Mumba	A004703
12	Kawanga Janet Macheleta	A008161
13	Lackson Munakabayo	A000282
14	Mulambo Likambi	A005488
15	Temwani Nyirongo	A009005
16	Mwananyau Emely	A007626
17	Lucy Habumbeni	A007046
18	Jerome Mwewa Kunda	A006688
19	Fredrick S Munkombwe	A005293
20	Mushimbei Ndolo	A003862
21	Murimi Peter Ngari	A010739
22	Chibanga James	A005604
23	Chiyasa Mutinta Mbozi	A009124
24	Alice O M Mwila	A008482
25	Micah Kalabwa	A003109
26	Chanda Muyembe	A007715
27	Paul Hamanchili Muleya	A009286
28	Edward Mwanza	A004207
29	Dokowe Mazuba Tomaida	A009621
30	Bizwell Isaac Mwala	A008408
31	Mainza Michelo	A007140

APRIL 2018 FELLOW ADMISSIONS		
1	Nakapite Mwaka	F004624
2	Pearl Nalavwe	F004645
3	Victor Palangwa	F002910
4	Thomas Phiri	F002356
5	Brian Ntanda-Yalumunyika	F007124
6	Naomi Hara	F007125
7	Billy Katongo Litana	F007016
8	Chilwalo Mweemba	F005670
9	Chabinga Malilwe Katumbi	F005545
10	Johnathan M Shoniwa	F001050
11	Banda Kolonalio	F005390
12	Violet Mukumbuta Lichaha	F006009

May 2018 associate admissions		
1	Felix Nsama	A011090
2	Krupa Patel	A011089
3	Barbara T Namutenda	A011100
4	Rabecca Njovu	A011130
5	Manyani Mwandila	A011066
6	Mwango Pauline S Musonda	A007554
7	Mwila Doris Kaunda	A000773
8	Harold Hanyuma	A004901
9	Chandalala Chipili Anorld	A009736
10	Mukokwa Mulenga	A008201
11	Chilemalema Jesse Cornelius	A008265
12	Marah David Mbewe	A001278
13	Jessie Mulakonda Chirwa	A005512

May 2018 Fellows admissions		
1	Machawi Cecilia Litaka	F005795
2	Mercy Chomba Malisawa	F005507
3	Mbela Chewe	F007441
4	Chikonde M Chikonde	F007439
5	Chaleka Kalima Kabaso K	F007442
6	Busiku Hanjalika	F007437
7	Custom Thewe	F007438
8	Daka Newton	F007435
9	Zephenia Mbewe	F006544
10	Kelvin Mapulanga	F001038
11	Victor Ngebe Kapalu	F004284
12	Theresa Zulu	F004576
13	Peter Hibeene	F004598
14	Moses Nkandu	F003500

ASSOCIATES

JUNE 2018 ADMISSIONS

NO.	NAME	MEMB. NO.
1	Nalukui Imbuwa	A011134
2	Chimbimbi Goliath	A011157
3	Alick Ganizani Sakala	A008990
4	Sibanda Tinos	A005897
5	Eness Vwapa	A005430
6	Aaron Mumba Mwamba	A004124
7	Oliver Mpaambu Mubambe	A002700

8	Haboongo Solomon	A008178
9	Zulu Francis	A008483
10	Maxwell Mwale	A005582
JULY 2018 ADMISSIONS		
1	Rex Sepiso Mubu	A000789
2	Philip Kambole Sikazwe	A001492
3	Stanley Mapulanga Phiri	A001926
4	Ephraim Liyanda	A002818
5	Martha Ng'anjo	A002981
6	Mable Muswema	A004730
7	Jamack Simwaka	A006308
8	Mabula Mwiinga Kalyanga	A007555
9	Nana Chanda Mwila	A007662
10	Solomon Kafunda	A009563
11	Kennedy Shakacha Simbotwe	A009835
12	Andrew Chikwenya	A011203
AUGUST 2018 ADMISSIONS		
NO.	NAME	MEMB. NO.
1	Banda Anderson	A009118
2	Temwani James Ngoma	A011307
3	Mushimbwa Shankaya	A011281
4	Denis Kasala Kabamba	A011251
5	Phelile Nkhoma	A008931
6	Medrine Mutamba Mumba	A001191
7	Lesa Virginia	A008811
8	Chilufya Theresa - Maria Chibichabo	A008370
9	Lesa Ezron	A006175
10	Jairous Nyirenda	A008821
11	Jane Tembo	A006482
12	Eleutherious Syamutondo	A006782
13	Francis Chansa	A002503
14	Diana Musonda Chishimba	A005204
15	Mwanza Maureen	A009879
16	Ngunja Martin	A009565
17	Mwango Chanda	A008987
18	Mwenya Mulenga	A008723
SEPTEMBER 2018 ADMISSIONS		
NO.	NAME	MEMB. NO.
1	Godfrey Kaumbu	A000926
2	Chanshi Kasunga Michelo	A004279
3	Yvonne Kabwe Chanda	A005508
4	Nancy Simwaka	A006329
5	Simon Anashi	A006464
6	Emmanuel Moffat Chipili	A006868
7	Victor Elemu	A007822
8	Liswaniso Nyambe	A008919
9	Muyoma Mwiinga Hapeza	A009716
10	Alexander Chilenga	A009874
OCTOBER 2018 ADMISSIONS		
NO.	NAME	MEMB. NO.
1	Mwiinga Berry	A009100
2	Mboni Chowa D M	A011385
3	Lungu Edgar	A011378
4	Richard Njolomba	A011372
5	Ennerty Muchima	A008894
6	Joshua N Simwawa	A006324
7	Nakauma Chinyama Diangamo	A011068
8	Chita Marron C	A010125
9	Phiri Chikumbutso Msanide M.	A005230
10	Imasiku Hayden S	A004064
11	Kangwa Valentine	A008276
12	Kally Miyoba Kasunka	A007952
13	Mercy Mpundu Lumbwe	A008825

FELLOWS

JUNE 2018 ADMISSIONS		
NO.	NAME	MEMB. NO.
1	Ntonongela Lawrence	F005594
2	Leah Mbewe	F000720
3	Mwamba Mpabalwani	F004526
4	Mbita Mwenya	F004011
5	Jenipher Nsiku Nyendwa	F001228
6	Cheela Anthony	F005732
7	Royd Konde	F006617
8	Mwansa Kafula	F007583
9	Isaac Nkhoma	F007584
10	Timba Milimo	F007585
11	Stewart Zimba	F007589
12	Taona Nyirenda	F007590
13	Basil Theu	F007588
14	Niyaas M Igubal Dalal	F007586
JULY 2018 ADMISSIONS		
NO.	NAME	MEMB. NO.
1	Laphius Banda	F001276
2	Elizabeth Nedeljkovic	F003257
3	Brian Nyembe Malangisha	F003622
4	Nomsa Mubanga Kapoka	F005334
5	Racheal Gondwe	F006011
6	Cephas Mwanza	F007774
7	Dawda Bobb	F007777
8	Abiola Mharuf Aderinola	F007784
9	Florence Musiniwa	F007788
10	Lucy Kambuza N. Banda	F007789
11	Anthony John Lowe	F007797
AUGUST 2018 ADMISSIONS		
NO.	NAME	MEMB. NO.
1	Prisca Sikanyiti	F002199
2	Geoffrey Ndanjiwa Banda	F007781
3	Chomba Kapoma	F007775
4	Bwalya Priscilla Seketi	F007635
5	Kasamu Giston	F005607
6	Zawadi Mhango	F005419
7	Vernon Chileshe Kangwa	F007633
SEPTEMBER 2018 ADMISSIONS		
NO.	NAME	MEMB. NO.
1	Pricaria Mwanangombe Mwanza	F002043
2	Victor Mulenga	F003168
3	Stephen Bwalya	F005397
4	Bridget Ng'onga Mooba	F005471
5	Barbara Mukasoko Hambaba	F006236
6	Cosam Ngoma	F006454
7	Mundeke Shamatanga	F006888
8	Hamza Muhammad Abanur	F007792
OCTOBER 2018 ADMISSIONS		
NO.	NAME	MEMB. NO.
1	Maando Lendson Hakweebwa	F004293
2	Amos Lumpa	F002951
3	Charles M`shanga	F001429
4	Elijah Mambwe Chitalu	F003368
5	Hachongo Kantu	F007864
6	Scott Shaw	F007865
7	Elisha Sakutemba	F007866
8	Kashema Nambo	F005076

CHANGE OF ADDRESS

Please notify the secretariat of any change of address/position by filling in this coupon. Return to:

The Secretary and Chief Executive Officer
Zambia Institute of Chartered Accountants
2374/a Thabo Mbeki Road
P. O. Box 32005
Lusaka, Zambia
Tel. 0211 374 550 - 59
Fax. 0211 255 355
Email: membership@zica.co.zm
Website: www.zica.co.zm

2nd Floor, Mukuba Pension House,
Room 333, President Avenue,
P. O. Box 23593, Kitwe, Zambia.
Tell: +260 212-222002.
Email: kitwe@zica.co.zm

Name: --

ZICA Registration No: --------------------------------

Membership Grade/Student Programme:

New Address: --

Employers Name: -------------------------------------

Employers Address: ----------------------------------

Position: --

Tel: ---

Fax: -------------------- Mobile: --------------------

Preferred address for mail: --------------------------

Email: ---

Signature: Date:

CAUTION TO THE PUBLIC

Before any person engages an accountant to perform any work, they must verify their membership with the Zambia Institute of Chartered Accountants. ZICA membership is only valid with payment of annual subscription fees. Even if a member submits a membership certificate, which is issued once at registration, it is not valid until they have paid their annual subscription fees for the year. Members of the public can verify valid membership by accessing the list of members on the ZICA website or by contacting the institute. Checking the validity of members before engaging them for any work will avert penalties that are chargeable to employers who contravene section 18 and 19 of the Accountants Act 2008.

The list of ZICA members is available on the website www.zica.co.zm, Email: membership@zica.co.zm

CALL FOR ARTICLES

We urge anyone and all members of ZICA to contribute articles of their choice but relating to issues of management, developmental, auditing, accounting, environment, money laundering, stock exchange, marketing, advertising, etc, to The Accountant. We are now receiving articles for the next edition. Email to: ksyacika@zica.co.zm

An amount of K650 will be paid for articles written with 1,000 words and above, K400 for 800 to 999 words

I WOULD LIKE TO TAKE OUT A SUBSCRIPTION

Applicable to non-ZICA members

Simply fill in your name and address below an send this form with K60.00 for 4 issues to:

The Secretary and Chief Executive Officer
Zambia Institute of Chartered Accountants
2374/a Thabo Mbeki Road
P. O. Box 32005
Lusaka, Zambia

Tel. 0211 374 550 - 59
Fax. 0211 255 355
Email: zica.admin@zica.co.zm
Website: www.zica.co.zm

Bank Certified cheques should be made payable to ZICA

Name: --

Payment enclosed: ------------------------------------

Number of issues ordered: ----------------------------

Address: ---

PHOTOCOPY OF THIS FORM IS ACCEPTABLE