

STUDENT
Accountant

ISSUE NO.20 DECEMBER 2018

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Modest Hamalabbi
Director, Education and Training

Adapting to Change

In this edition of the Student Accountant Magazine, we feature an article on “Dealing with Change”. In the article, the author has given us hints or ways on how to deal with change. One of these ways is by adapting to change.

Adapting is defined as “a physical or behavioural process of change by which an organism or species becomes better suited to its environment”. In the context of this editorial, adapting is looked at from the behavioural change perspective that as individuals we ought to exhibit in order to fit in the new environment or new ways of doing things. It is said that change is the only constant in our lives. Therefore, change is inevitable and instead of fighting it, we ought to embrace that change and adapt to it. Many times, we resist to adapt to change because of wanting to continue doing things the same way we are used to and also for fear of the unknown effects the change may bring to oneself.

In this editorial, I wish to remind the students that while they are in this “student journey”, changes to the examination and education processes leading to the attainment of your qualification are bound to happen. These changes will happen in an effort to serve you better. At all times we should try to accept such change, and not resist it. For instance, when the payment due date for the June examinations was changed from 30th April to 31st March each year, and the de-registration date for non-payment of subscription fees was changed from 31st March to 28th February each year, many students instead of accepting the new ways of operating resisted the changes. In the process some students were adversely affected as they had to pay huge penalties for non-compliance to the new regulations.

When CA Zambia and Diploma in Accountancy qualifications were launched, the qualifications brought in new changes to the entry requirements, the style of examining students, and the certification process. Again these changes, despite being for the good of the qualifications and their acceptance on the market, many students who transitioned from the ZICA Accountancy programme resisted these changes. Some to the extent of switching to other programmes. Up to date, many CA Zambia students are still resisting the need to undergo supervised practical training in order to qualify as a Chartered Accountant.

Students are therefore urged to adapt to change. One such a way of adapting to change is by acceptance of the changes. Once you accept the change, move on as the world will never wait for you. Every change brings in fear. Fear can paralyze you from making progress and from growing. In order to adapt to change, you need to face your fears. Facing your fears requires as other say “holding the bull by its horns”. Without facing your fears, you cannot progress and grow. Adapting to change can also be achieved by changing one’s perspective. Look for the benefits rather than the negatives in the change. Getting support from others who may have gone or are going through the same change greatly helps to adapt to the change. It brings comfort that you are not the only one undergoing the change. Support helps you learn from other people on how they survived change.

Students ought to adapt to change for a number of reasons. Firstly everything and everyone is changing. The faster you get used to the idea that the world is constantly changing, the easier you will adapt to new challenges in your life. Start accepting change as a normal thing, and then you will discover how much easier it is to adapt in such a fast-paced world. Secondly, change is good for your personal development. Without changing the way you do things, it would be hard for you to grow spiritually, intellectually, and emotionally. In order to live a better life, you need to start changing your habits, change your attitude towards yourself and other people and change your point of view for the world. Thirdly, change allows us to let go of old ideas and adapt to new ones. Things that were popular yesterday, may not be feasible today. Each change in your life is like closing one chapter and opening a different one.

In conclusion, change is inevitable and must be adapted. As much as change can be painful, it also makes us grow spiritually, intellectually, and emotionally. Therefore, as students, we ought to be more flexible and have a more positive frame of mind. By embracing and adapting to change in your studies, you will deal much more easily with stressful situations, and you will enjoy the benefits of such changes in your studies.

“Have a Merry Christmas and a prosperous 2019”.

DO YOU WANT TO BECOME A CHARTERED ACCOUNTANT?



Enroll on the CA Zambia programme and become a Business Leader. To register, you need to posses:

- Filled in CA Zambia application form
- Examination Council of Zambia (ECZ) Certified copy of your Grade 12 results or equivalent with Merit Grades or better in 5 subjects including Mathematics and English.
- Two (2) passport size photos
- A photocopy of your National Registration Card (NRC).

REGISTRATION DEADLINES:

June Examinations - 28th February
December Examinations - 31st August

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AUDITING - A GENERAL OVERVIEW

By Peterson G. Mumbuluma, FCCA, AZICA

It should be observed that internal auditors have a professional body, the Institute of Internal Auditors (IIA) which offers specific training and assessments and certify those who meet the requirements.

Auditing a practical subject:

When compared with other papers offered by most accountancy examination bodies, auditing is, like taxation, a subject that is practical in nature. Practical in the sense that what students learn in the preparation for examinations is what is actually being done in the real life by practicing accountants.

With the advent of computers for example, most accountants do not take part in the preparation of financial statements because this has been taken over by accounting packages which range from simple excel based packages to sophisticated packages used by large organizations. The exception to this are the small firms which still use manual accounting systems but even for these there are cheap user friendly accounting packages available on the market.

Most of auditing carried out by professional accountants is still performed manually and there is a need that the auditors fully understand the subject matter. What is taught in theory is what actually goes on in practice.

Students studying auditing at whatever level, therefore, have to have a basic understanding of how organizations are run specifically with regards the purchasing cycle, the sales cycle, inventory and inventory controls and the financial aspects of the organization and the related internal controls. It should be obvious that students who have practical work experience and those who work for practicing firms will have an advantage over the students who do not have any work experience and are studying auditing.

The need for competent auditors is apparent in an advent when the world has experienced large corporate failures in the recent past. The role of the statutory auditor is very important in the current business environment.

The relevance of auditing in commerce and industry:

The need for external or statutory audits arises mainly from the

separation of ownership of businesses and management. This occurs as businesses grow and it becomes more difficult for the proprietors to manage and control the business and so engage other people to manage the business on their behalf.

This separation of ownership and management grows from the lowest level of a sole trader growing to a partnership or growing into a private limited company and eventually to a listed company with shares being traded on a stock exchange such as the Lusaka Stock Exchange (LUSE).

Using the case of a listed company, it should be observed that the shareholders are the owners of the company in which they hold shares. When shares change hands, new shareholders become the owners to the extent of the shares that they hold.

The management of listed companies is in the hands of management who are employed by the company. It is unusual for shareholders to involve themselves in the management of the company. For most shareholders, the only link with the company is at the annual general meeting where the financial statements are presented by management.

The financial statements are presented to the shareholders at the annual general meeting and are approved by the shareholders. It is possible that there will be a conflict of interest between management and the shareholders with the shareholders pursuing their own well-being and interest. This is usually referred to as 'the agency problem' Further, the financial statements may be prepared with a view to please the shareholders and so not show the correct performance of the company.

It is important to understand that in addition to the shareholders there are other groups of people and entities who have interests in the activities of listed and other companies. These are known as stakeholders and include lending institutions, the public when making investment decisions, the community etc. These stakeholders rely on the financial statements prepared by management to make decisions.

Further, the stock exchange is a source of capital for many developed and developing countries. It is important that confidence in the stock exchange is maintained otherwise the public will be unwilling to buy shares on the stock exchange. The stock exchange is concerned that managements of listed companies run the companies in the best interest of the shareholders and so the financial statements should be a reflection of what is going on in the company.

The need for independent audits of the financial statements must be obvious from what has been said above. The external auditors carry out audits and gather evidence to enable them form an opinion on the financial statements. The shareholders appoint the external auditors to carry out this task because the auditors are experts in the field of auditing.

Auditing the subject:

It should be noted that most examination bodies have two papers in auditing. The first one being the introductory paper with the second the application and advanced paper. Most of the topics covered in the lower paper are usually also in the advanced paper. The only difference between these papers is the way they are examined.

The same topic is examined differently at the two levels and the higher paper assumes full knowledge of the lower paper. Further, in view of the fact that auditors audit financial statements, it is expected that candidates will have studied a financial reporting paper before attempting auditing. It is unlikely that a candidate who has not studied financial reporting will pass an auditing examination.

Basically any auditing paper that is studied simply deals with the issue of separation of ownership and management and the role that the external auditor has. Management prepare the financial statements and the auditor conducts audit procedures and forms an opinion on the financial statements. The auditor then issues a report to the shareholders who appointed the auditor.

The subject should be considered as one large topic that is split into various sub topics for ease of delivery when teaching.

The external auditor's row is basically to:

1. Plan the work that he is going to carry out.
2. Gather evidence on the figures contained in the financial statements.
3. Conclude on the evidence that has been gathered.
4. Form an opinion on the financial statements and
5. Report to the shareholders.

Auditing subject will deal with all the above matters and also how the auditors are appointed as well as ethical issues that concern the auditor. It is important to connect all the strings as everything is connected with a view to give assurance from an independent perspective.

Relationship of statutory auditor and the client:

The relationship the statutory auditor and the client has is commonly known as an **assurance engagement**. It is an engagement in the sense that there is a binding contract that is entered into by the parties concerned and this is contained in the letter of engagement.

Briefly we shall examine here the elements that are contained in this engagement and use the information in this article to illustrate them.

There are five elements which we shall consider and they are considered here in a logical manner.

- **Three party relationship** – The assurance engagement involves three parties namely the shareholders, the entity and the assurance provider who is the auditor.

The shareholders are the owners of the company and are the ones needing assurance on the financial statements prepared by management.

Management are the stewards who manage the company on behalf of the shareholders and prepare the financial statements.

The auditor examines the financial statements prepared by management and forms an opinion on the financial statements and reports to the shareholders who appointed the auditor.

- **Subject matter** – in performing their duty of managing the company on behalf of the shareholders, the shareholders prepare financial statements. It is through the financial statements that shareholders determine how the management managed the company on their behalf.

The financial statements are the subject matter of the assurance engagement and they are considered and discussed at the annual general meeting.

- **Criteria** – The criteria is the yardstick against which the financial statements have been prepared. The accountancy profession has put in place guidelines as to how the financial statements should be prepared. These are in the International Financial Reporting Standards and other regulations. In Zambia, financial statements are prepared according to the Companies Act 1994.

Auditors use the standards and companies act as a yardstick against which they measure adherence with these in the preparation of the financial statements. In the event that the financial statements are not prepared in accordance the applicable financial reporting framework the auditors will conclude that they do not show a true and fair view and report as such to the shareholders.

- **Evidence** – In order for the auditor to conclude on whether the financial statements have been prepared in accordance with the applicable framework they need to gather evidence. This is done by performing audit procedures on the assertions contained in the financial statements.

The auditor will obtain sufficient appropriate audit evidence and document this. Based on the conclusions drawn from the evidence gathered the auditor will form an opinion and issue an appropriate report.

- **Report** – This is the final of the elements of an assurance engagement. It is the outcome of the audit conducted by the auditor and is issued to the shareholders who appointed the auditor.

Students should understand the elements of an assurance engagement and in doing so should be able to identify these in any given scenario in the examination.

The mnemonic **CREST** (**C**riteria, **R**eport, **E**vidence, **S**ubject matter and **T**hree party relationship) is commonly used to help students remember the elements of an assurance engagement. A clear understanding of the logic as explained above will also help the student learn and understand the elements of an assurance engagement.

Conclusion:

Auditing as a subject basically deals with the provision of assurance by the auditor to the shareholders by examining the financial statements and forming an opinion thereafter.

THE HISTORY OF ACCOUNTING

By Alex G. Muzuma

LUCA PACIOLI



November 10 is International Accountants Day. That's the date in 1494 when Venetian mathematician Luca Bartolomeo de Pacioli published an epic tome that included an in-depth look at bookkeeping practices.

HIS LIFE

Luca Pacioli, an Italian Mathematician was born between 1446 and 1448 in the Tuscan town of Sansepolcro in Italy where he received an abbaco education (a Mathematics School). He was educated in the vernacular (i.e., the local tongue) and after Graduating from Mathematics School, he started working as a tutor to the three sons of a merchant and wrote his first book, a treatise on arithmetic for the boys he was tutoring between 1472 and 1475. In 1497, he accepted an invitation from Duke Ludovico Sforza to work in Milan. There he met, taught mathematics to, collaborated, and lived with the famous Leonardo da Vinci (Father of Science) in 1499

PACIOLI THE FATHER OF ACCOUNTING

His manuscript where written between December 1477 and 29 April 1478. It contains 16 sections on merchant arithmetic, such as barter, exchange, profit, mixing metals, and algebra in his book called *Tractatus mathematicus ad discipulos perusinos* (Ms. Vatican Library, Lat. 3129)

His great famous work on accounting was written in His book called *Summa de arithmetica, geometria, Proportioni et Proportionalita* (Venice 1494), a textbook for use in the schools of Northern Italy. It was a synthesis of the mathematical knowledge of his time and contained the first printed work on algebra written in the vernacular (i.e., the spoken language of the day). It is also notable for including one of the first published descriptions of the bookkeeping method that Venetian merchants used during the Italian Renaissance, known as the double-entry accounting system. The system he published included most of the accounting cycle as we know it today. He described the use of journals and ledgers, and warned that a person should not go to sleep at night until the debits equaled the credits. His ledger had accounts for assets (including receivables and inventories), liabilities, capital, income, and expenses – the account categories that are reported on an organization's balance sheet and income statement, respectively. He demonstrated year-end closing entries and proposed that a trial balance be used to prove a balanced ledger. He is widely considered the "Father of Accounting". Additionally, his treatise touches on a wide range of related topics from accounting ethics to cost accounting

PACIOLI'S OTHER WORKS

Pacioli also wrote a treatise on magic and mathematics, notable for being the first known guide to performing card tricks. As well as instructions on juggling and fire-eating, the book also included a collection of mathematical puzzles. For unknown reasons, it was never published in Pacioli's lifetime, languishing in Bologna University's archives and appearing in English only in 2007.

He also translated the *Elements of Euclid* and wrote a book about the application of proportion in architecture. This book is notable for its early use of skeletal solids and for discussing the use of perspective in painting.

HIS DEATH

Luca Pacioli died at about the age of 70, that June 19, 1517, the location of His Death is unknown up to Date.

IMPACT ON ACCOUNTING AND BUSINESS

Pacioli dramatically affected the practice of accounting by describing the double-entry accounting method used in parts of Italy. This revolutionized how businesses oversaw their operations, enabling improved efficiency and profitability. The *Summa's* section on accounting was used internationally as an accounting textbook up to the mid-16th century. The essentials of double-entry accounting have for the most part remained unchanged for over 500 years. Accounting practitioners in public accounting, industry, and not-for-profit organizations, as well as investors, lending institutions, business firms, and all other users for financial information are indebted to Luca Pacioli for his monumental role in the development of accounting. The industrial revolution spurred the need for more advanced cost accounting systems, and the development of corporations created large groups who were not part of a firm's management but had a vested interest in the company's results—namely, shareowners and bondholders who provided external financing. The rising public status of accountants helped to transform accounting into a profession, first in the United Kingdom then in to United States and the rest of the world.

FAST FORWARD TO THE 19TH CENTURY

Chartered Accountants (CAs) were the first accountants to form a professional accounting body, initially established in Scotland in 1854. The Edinburgh Society of Accountants (1854), the Glasgow Institute of Accountants and Actuaries (1854) and the Aberdeen Society of Accountants (1867) were each granted a royal charter almost from their inception. The title is an internationally recognized professional designation; This Institute is where Zambia institute of Chartered Is the Member and among other Countries. Zica is providing the Course CA-Zambia. Chartered accountants (CAs) are not to be confused with with Certified Accountants

References:

Authored by Luca Pacioli

- Book Entitled: *The Rules of Double –Entry Bookkeeping*
- Book Entitled: *Ancient-Double –Entry Book Keeping*
- Book Entitled: "*Summa de Arithmetical, Geometria, Proportioni et Proportionalita.*"

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”.



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*Not just an Accountant but a
“CHARTERED ACCOUNTANT”*



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NAILING YOUR JOB INTERVIEWS

By Warren Ngwenya

The purpose of this article is to help you be prepared for the questions you are likely to be asked in an interview. The article will mostly lean towards the accounting profession but the same approach can be applied to other professions. The potential questions you should expect and research on will be looked at in two parts. The first part will relate to questions surrounding the profession, in this case, the accounting profession. The second part will relate to general questions that could be asked.

An interview is an opportunity for you to sell yourself to a potential employer. It is a crucial moment for all you've worked tirelessly for, this includes the sleepless nights you spent preparing for the exams, the number of job applications you sent, the connections you had to make or contact, the hustle you went through just to acquire the suit or dress you intend to wear for the interview and God knows what else had to happen for you to make it to the interview room. All this, stresses how crucial putting up a good performance in an interview is and it can only be done through advance preparation of the answers to questions you are likely to be asked.

PART 1. INTERVIEW QUESTIONS RELATING TO THE PROFESSION.

Interview questions relating to the profession or job you applied for, are for the most part, likely to be practical in nature. This means that if the position is for an accounts assistant for example, the majority of the questions will not center on whether you know your debits from your credits, but rather what actually goes on in an accounting department. Questions are of course likely to vary depending on the position or whether or not you have worked before, but the following questions are likely to give you a broader look as to what you should expect to be asked together with the possible answers and suggestions (Bear in mind that questions can take any order);

I What accounting software packages are you familiar with and tell us five examples of their use?

It's always better to know more than one software package, mentioning two of them in this case would be ideal, considering the number of examples you have to give for their use. An adequately prepared candidate will be expected to answer this question with little difficulty. Always remember though, to be totally honest of how proficient you are with the software packages you've mentioned.

II Walk us through the three main financial statements?

The three main financial statements include the balance sheet or statement of financial position, the income statement or statement of profit or loss and the statement of cashflows. The balance sheet shows the assets, liabilities and the shareholders equity, while the income statement shows the income and expenditure for the period, plus other comprehensive income. The statement of cashflows on the other hand shows cash generated from operating, investing and financing activities. See that? Brief, simple and straight to the point is how you should keep it.

III If I had only one statement and wanted to review the overall health of a company, which statement would I use?

Cash is king. The cash flow statement gives a true picture of how much cash a company is generating.

IV What are the different types of methods of payment?

The question is basically asking for the means of payment such as cash in hand payments, cheques, debit or credit card payments and direct bank transfers. But you are in competition with others mind you, so nail questions like these with some expert knowledge.

The most common methods of payment include Exchanging and Provisioning, of which the means of payment mentioned above fall under. Other methods include the Batter system and the use of Stock issues as consideration.

V Why is it important for an accountant to pay attention to detail?

One of the roles of an accountant is paying attention to detail. For example, if you worked in accounts payable, paying attention to details that could save the entity money, such as ensuring the entity pays its suppliers within the discount period offered.

VI Why are bank reconciliations performed?

Bank reconciliations are performed because there are instances where amounts paid into and out of the entity's bank account are not recorded in the cash book and instances where amounts recorded in the cash book are not yet recorded in the banks record of the account. To see if any of these things have happened, the cash book entries need to be compared with the bank statement.

VII Take us through the process of preparing a bank reconciliation statement?

The answer to this question is likely to be a mouthful and we are really not going to get into the details of it here. If you have practiced lots of bank reconciliations before, explaining the process should come as second nature. Just remember to state where you got the bank statement from, it didn't just end up in your hands.

VIII If you worked in accounts payable, how would you make a payment to a supplier after an invoice has been received?

Payment will be made according to the terms stated in the invoice or

the entity's policy towards making such payments. Payment will of course only be made if the invoice is legitimate and accurate. This means that before the invoice is entered into the accounting records and scheduled for payment, the invoice must reflect what the entity ordered (purchasing order), what the entity received (Receiving report) and the proper calculations and terms.

IX How would a receipt of payment be accounted for?

The journal entries would be to debit cash and credit the receivables (Debtors) account.

General questions in an interview will most likely form part of the warm up or as part of the last questions to be asked. Such questions are meant to give the interviewers an early indicator of the person they are dealing with, how prepared he/she is and how reasonable or flexible the candidate is. Let's take a look at some of them;

PART 2. GENERAL QUESTIONS OF AN INTERVIEW.

I Tell us your National Registration Card number?

Such a question can easily throw you off if you've forgotten some of the digits or if you always have to look at your NRC before you write the numbers down.

So ensure you know such little details about yourself, this includes your contact details (phone numbers, email addresses, box address) in case the interviewer tries to be funny.

II Tell us about yourself?

Talk about yourself in summary. Your work history and list of qualifications can be found on your CV after all, so focus on elements that you want to highlight rather than going through everything. It's okay to talk about your personality and the ambitions you have. The key is to give the interviewer a positive insight into how you would fit in as an employee.

III What do you know about our organization?

This is a question you simply can't afford to mess up on. Know the organization that invited you for interviews, this includes knowing when it was established, the goods or services it offers, its clients or customer base, the location of its other offices, its motto, mission, vision and its values.

IV Why do you want to work for us?

Knowing the organization should help you answer this question too. For example, if the organization is a growing one, you could say, "I am in the early phases of my career, and working in a growing organization such as this one, would help me become a more rounded professional than working in an already established organization with little room to grow".

V Can you list your strengths?

A list of adjectives such as 'capable', 'hardworking', or 'diligent', won't really portray you well because anyone can make such claims about themselves. Instead think about three things that you do well and give concrete examples if you can.

VI What weaknesses do you have?

Never say that you have no weaknesses. Everyone who does this comes across like they have simply not prepared for the interview. Remember that being able to identify a weakness is a strength. Point

out what your weakness is and state how you would like to improve on it. Interviewers want to understand that you have the ability to be honest about yourself and to seek self-improvement.

VII If we choose you to come and work for us, when would you be available for work? Today.

That should bring out a chuckle from the interviewers, unless they lack humor. Of course that answer can only work if you are not employed. If you are working, explain what would have to happen before you show up for your new job if you got it. The key is to present a picture that you won't keep them waiting for long.

VIII What are your salary expectations?

This is a tricky question. Some argue that saying a figure 'that is reasonable' shows that you have researched as to what amount the market rate for similar jobs is. Others argue that saying a figure could scare away your potential employers or you could end up selling yourself short.

It can be said though that if you are more than qualified for the job or currently working, you are in a much better position to negotiate than someone who hasn't worked before.

It is okay to talk about pay in terms of ranges and not to be specific about a particular number. The key to answering this question is to sound reasonable and flexible and not rigid.

IX Do you have any questions for us?

The most important question they want to hear from you is "when can I expect to hear from you?"

Another tip is to ask about an area you think wasn't covered in the interview.

Hopefully the above questions have given you a good idea of what to expect in the interview. Practicing is key to getting an interview right. Just remember not to make the answer come across as rehearsed; rather, just remember the gist of your answer and then trust yourself to let the sentences flow freely during the interview, which gives the interviewer a much better impression of you. Best of luck!!!

References:

- www.thebalance.com/accounting-interviews-question
- Smallbusiness.shron.com/functions-account-payable
- www.monster.co.uk/career-advice/what-are-the-most-common-job-interviewquestions



ZICA crew with Angelina Tembo Secondary School grade 12 pupils in Kabwe after a careers talk



ZICA crew with Namwianga Secondary School Southern Province grade 12 pupils after a careers talk



Education Officer Samuel Olaniyan pre-registering grade 12 pupils for the CA Zambia programme in Lusaka



Education Officer Samuel Olaniyan conducting a careers talk at Kalonga Secondary School in Kabwe



Marketing & Corporate Affairs Officer King Syacika promoting the ZICA qualifications at Hillcrest Secondary School in Livingstone



Education & Training Manager Sherlyn Hanene after presenting CA Zambia scholarship at Rusangu University

PHOTO FOCUS



2018 graduation ceremony



12th Graduation Ceremony



Graduates - CA Zambia



12th Graduation Ceremony



12th Graduation Ceremony



ZICA President Jason Kazilimani during the 12th graduation ceremony



DEALING WITH CHANGE

By Mafuta C. Nkonde

“It’s who I am; this is how I was created. I don’t need to change for anybody. This has always worked and I have always gotten positive results, why do I have to change it now?”

Those are statements said a thousand times by individuals who refuse to acknowledge the change that is inevitable in their lives and the world around them. They fear that changing how they have always done things will adversely affect the results and the things they have worked so hard to build and acquire. Managers might feel they are being side-lined by the new changes.

At a more personal level, changing something that we are accustomed to and have to come to believe as truthful can be quite challenging. We often dwell so much on what we have going for us that we fail to notice the changes constantly happening around us. When the change finally takes place we feel we have been treated unfairly and that we do not deserve such treatment. This often leads to stress and sometimes depression

We might argue that indeed at times we may need a little heads up when it comes to changes that may take place. As a matter of fact, there is an accounting standard that helps managers and employees alike anticipate and deal with change, IAS 37-Provisions, Contingent Assets and Contingent Liabilities. To be precise, it talks about the Restructuring that may take place in an organisation and the Managements responsibility to inform its employees about the changes. Even then however it may still be difficult for some to follow through with the change.

How should we look at change and subsequently deal with it both in our personal lives and at our work place?

PAY ATTENTION AND ANTICIPATE CHANGE

Change should be viewed as something to be taken advantage of. In everything that happens be it positive or negative there is a lesson to be learnt. We have to pay close attention to the things happening in our lives so that we are not caught unaware when something big happens. We have to anticipate change; we have to think of what our actions would be if something drastic was to happen or if indeed something positive happened. In Accountancy this is called Scenario Planning. Though it has its own shortfalls, it emphasises the need for managers to look both at the best case scenario and worst case scenarios thereby anticipating change and coming up with strategies that would benefit the organisation.

Change will always be a constant part of our lives, we therefore need to pay attention and move with the changes. We have to strive to make the necessary changes in our lives if we are to survive. Borrowing the words of Dr Johnson Spencer in his book ‘Who Moved my Cheese’, he says **“If you do not change you become extinct”**. When we refuse to acknowledge the changes constantly happening around us by sticking to the old ways of doing things because they make us feel safe or refusing to accept that maybe we ought to change a certain behaviour or trait about ourselves that is clearly working to

our disadvantage, we risk being left behind and ultimately becoming extinct, or as it were, not valuable. Our business might begin to crumble or our character making it difficult for co-workers to get along with us.

SELF-APPRAISAL

Taking the time to critically analyse who we are as individuals, our strengths and weaknesses, goals and objectives, what we strongly believe in, be it spiritual or social norms and culture will prove to be really beneficial as reflecting on these things will give us an idea of what we have to work on and what things we need to correct to make things work out better for us. The Japanese call this “Kaizan: Continuous Improvements at every level of the production process”. In this case Continuous Improvements in all aspects of our lives. We have to actively look for the changes in our lives and be ready to adapt to them. Dr Spencer phrases it this way: ‘Smell the cheese often so that you know when it is getting old’.

MAINTAIN A POSITIVE MINDSET

Change is often shunned because to most people it is like walking into in to a dark alley with no torchlight and no idea what lies ahead. However this should not be the case. After having carried out a self-analysis, we will be able to realise the areas in which we lack and changes we need to make. Reflecting on the positive results that would come out of the new changes will give us the energy and vigour to pursue them. As Napoleon Hill once said, ‘whatever the mind can conceive and believe you can achieve.’ It is also often said that you become what you think about all day. Therefore, never entertain the luxury of a negative thought for such thoughts can mentally destroy you.

ADAPT AND MOVE ON

Once you realise the importance of the changes you have to make, let go of the old ineffective ways of doing things. This way you will find it easier to adapt to change and get used to it. Sticking to something that no doubt does not help you in any way will only leave you frustrated and disappointed. Embrace the change and move on.

The accounting profession for one is constantly changing, new standards are being formed and the old are being revised, all this done to make Accounting easy to understand and of course enjoyable. How you respond to change is all that matters. Notice the change before it even happens, that’s being proactive. Be ready for change and embrace it, only then are you going to enjoy its benefits.

References:

- Dr Johnson Spencer, Who Moved My Cheese?
- International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS)
- Wikipedia



ENROL ON THE ZICA DIPLOMA PROGRAMMES AND ENTER THE WORLD OF BUSINESS

REGISTER IN THE FOLLOWING PROGRAMMES:

- 1 Diploma in Accountancy**
- 2 Diploma in Public Sector Financial Management (PSFM)**
- 3 Diploma in Taxation**

REGISTRATION DEADLINES:

June Examinations - 28th February
December Examinations - 31st August

NOTE:

ZICA DOES NOT PROVIDE TUTIONS. PLEASE SEE THE LIST OF ACCREDITED TUTION PROVIDERS BY VISITING WWW.ZICA.CO.ZM

To register you need to possess:

- Examination Council of Zambia (ECZ) Certified copy of your Grade 12 results or equivalent with Credit Grades or better in 5 subjects including Mathematics and English.
- Two (2) passport size photos
- A photocopy of your National Registration Card (NRC)

** PSFM minimum qualification is the ZICA Technician qualification or its equivalent.

All applicants should complete the appropriate application form.

CONTACT US ON:

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Phone: +260 211 374550/9, +260 212 222002, Fax: 0211 374560, Email: education@zica.co.zm, Web: www.zica.co.zm



PAYROLL MANAGEMENT AND ACCOUNTANTS

By Justin Kaluba

Payroll refers to the list of employees that are on a Company's pay sheet or schedule. However, most of the time, payroll refers to the amount of money that the company pays to its employees. At times this can be a variable expense or fixed expense and if not managed well it can cost the company huge sums of money. In case of the public sector, huge sums of money are spent on payroll. Therefore, in a nutshell, payroll management is the administration of financial records of all employees' salaries, wages, bonuses, and all other forms of remuneration.

This article highlights the importance of sticking or following the laydown procedures and regulations for prudent management of public funds in relation to payroll management. One thing that must be pointed out is that, Public Sector has the best regulations be in financial or in payroll matters, the problem has always been with implementation. Those charged with the responsibility do not follow the laid down procedures and that always has negative repercussions. We have seen a number of times how the government has come up with policies and procedures to help manage payroll. Such policies have to be embraced by all Accountants who are worth their salt.

One step that has been taken to improve payroll management is introduction of the Payroll Management and Establishment Control (PMEC) system that brought an end to the system called Legacy Payroll where officers where paid their salaries over the counter. The Legacy system had its own advantages and disadvantages. It is imperative, however, to state that the Legacy system had more disadvantages than advantages. The fruits of the PMEC system are well seen by all, especially government workers.

The main reason for the introduction of the PMEC system by government is to help manage public expenditure as far as payroll for public servants is concerned. In the past, government used to pay more workers than the workers who were in the system, otherwise loosely referred to as ghost workers. In addressing this and cutting down on costs the government introduced the PMEC system. However, it is very easy and common to misuse this system and this can be the case in events where Accountants take a back seat in managing payroll issues.

Let me now talk about why payroll has

become a hot issue in our day.

As you may be aware, audit is now more of the compliance audit and is less investigative in nature. In this light, the attention is more on how officers are managing payroll related issues. It is thus important that payroll is looked at with all the seriousness it deserves.

Therefore, this article will highlight some of the ways and roles Accountants can play to improve payroll management. This issue has for many years been for Human Resource Officers and many people wonder if payroll is a Human Resource or Accounting matter. It is a known fact that payroll is traditionally founded in the Finance department as this is where calculations are made regarding payments due and payable to each employee on a monthly basis.

Payroll is mainly a finance department function for the following reasons:

1. Payroll involves taxation. Payroll requires that one handling it has good understanding of local tax laws. For example here in Zambia salary related allowances are all supposed to be treated under pay as you earn and every year the government through the Ministry of Finance provides guidelines on how to tax salaries under pay as you earn among other things. It is very rare that you will find Human Resource Officers are up to date with taxation laws.
2. Payroll is accounting as the tax bill payable to the Zambia Revenue Authority is part of accounts payables and finance department is responsible in ensuring that all liabilities are settled, be it to state departments or otherwise. Payroll requires that proper ledgers and journals are maintained, which, as a means to an end, leads to accurate financial

statements.

3. Data on payroll needs to be analyzed and information generated can be used in strategic management or in implementing government policies
4. Payroll is part of the company budgets or the national budget and finance department is responsible with the generation of the budgets.

Therefore, it is true that Accountants need to take an active role in management of Public Resources through payroll related cases because when things go wrong that involve finances, it comes back to the staff in the finance department.

Familiar cases on payroll

There are quite a number of cases or queries that come from payroll related issues. Among them are: Salaries paid to unknown officers, Salaries paid to officers on disciplinary cases, irregular payment of allowances to officers, among others. It is well explained that salaries and its related allowances are to be paid to officers who qualify to get them.

We have heard and witnessed a number of cases that have ended up in Courts of Law and some of these cases have been as a result of lack of knowledge on implementers and some due to lack of proper training. But one thing we have to note is that all the cases are manageable, some were caused due to someone who was supposed to check and advice failed to do so and in some cases Accountants have been sidelined on payroll matters.

Just a word to all employers and supervisors in Companies and Public Sector at large is that, Accountants need to be incorporated or involved in all payroll cases if payroll related

cases were to be reduced.

Among the things Accountants can use to establish the accuracy of the payroll system are.

- Establish the authenticity of the allowances paid to officers. This can be ascertained by having supporting documentation to the paid allowance.
- Head count of the officers at the given branch, office or department.
- Monitoring deletion of officers who exit the Company for various reasons.
- Proper record keeping for each officer at a given branch, station or department.
- Establishing availability of vacancies before officers are hired or recruited.
- Reconciliation of system payroll to that of actual officer or employees at a given station, station or department.
- Authorizing varying system rights as to who can add an employee, delete an employee from the system, etc.

We have to understand our roles and what we contribute towards economic sustainability. A well designed payroll management has the potential to raise economic growth. The question some of us can ask ourselves is how payroll can contribute to national development. There are several reasons, but in this article we will focus on two.

Failing to manage our offices as regards Payroll management makes the national expenditure rise. Too much money may be spent on officers who are not eligible to get certain allowances even salaries. These monies can be used on National Developmental activities and thus enhancing the economy of Zambia. We have so many areas when money saved from payroll can be spent on. For example:

- i. These monies can be used for infrastructure development such as good road network, hospitals, clinics, schools, among others.
- ii. Good management of payroll related cases may result in the employers to employ more and more people as a result of savings from payroll. Many are the times we feel there is too much of unemployment in our country not knowing that for government to recruit there must be vacancies. Such vacancies are created by employees leaving their jobs and join to work somewhere, may be ministerial transfers or even resignations. But it is sad to note that some of these officers are maintained on the government payroll. When you try to look at the history you will find that such ones have getting salaries for as far as five years. Now think of the monies that were spent on that just one officer.
- iii. Good management of payroll related matters will enable the government even

private firms to manage their resources well, thus reducing on borrowings. The government borrows money sometimes such money go towards payroll issues. At the same time savings that may come from payroll related matters may be put to other use thus helping the government not to borrow.

It is clear then that all Accountants have a role to play in payroll management as it is our responsibility to manage finances. So be it payroll or anything else for as long as it involves finances, the Accountant has an important role to play.

References:

- Citizens' Budget 2015 by Ministry of Finance page 2 and page 23;
- Terms and conditions of public service pages 30, 48,49;
- Financial regulations 2006 page 1623 part iii (10), page 1613 part VI;
- Speech by Deputy Minister of Finance Hon. Janet Z. Mbene at the official opening of the training on change management and strategic planning.

If not managed well, payrolls can cost a company huge sums of money.



DO YOU WANT TO BECOME A PUBLIC SECTOR FINANCIAL MANAGEMENT EXPERT?



Enroll on the Diploma in Public Sector Financial Management programme and enter the world of business. To register, you need to possess:

- Examination Council of Zambia (ECZ) Certified copy of your Grade 12 results or equivalent with Credit Grades or better in 5 subjects including Mathematics and English.
- Two (2) passport size photos
- A photocopy of your National Registration Card (NRC)

And should complete the CA Zambia application form



Sherlyn M. Hanene
Education and Training Manager

STEPS FOR BECOMING AN APPROVED EMPLOYER FOR CA ZAMBIA PRACTICAL TRAINING

APPLICATION

- 1** ZICA writes to an employer requesting the employer to consider being an approved employer for CA Zambia practical training.
- 2** Employer applies by filing in the Assessment form for an Approved Employer and submits it to ZICA together with a list of proposed mentors (supervisors) and their CVs. In the form the employer is required to indicate how many trainees from outside the organisation it will take per year and how many internal trainees are available (if any).
- 3** ZICA carries out the assessment of the application based on the prescribed criteria and notifies the employer of the outcome of the assessment

MoU SIGNING

- 4** For employers who meet the standard, a standard draft MoU is prepared and sent to the Employer for their review and comments (if any)
- 5** After the review and comments, the Employer sends the reviewed MoU to ZICA for finalisation and printing
- 6** ZICA prints and signs three copies of the MoU. Signed copies by ZICA are sent to employer for signing. After signing, the Employer retains one copy and sends back the other 2 copies to ZICA.

Benefits of Practical Training to the employers

The objective of practical training is to give the student supervised opportunities to experience the essential practical tasks emphasised in their professional studies and also to provide opportunities to apply their acquired skills and knowledge in working life.

Investing in training is not only good for your internal employees but it delivers real, lasting benefits to your business and your bottom line as well.

Here are some of benefits to the employers for investing in practical training:

- 1** Lowers staff salary related costs - Practical Training leads to savings in staff salary related costs because trainees are not normally paid salaries that are equivalent to full time employees. Also, the salary of one full time management employee may be able to cater for salaries of two or three trainees. Further, employers do save on gratuity as trainees are not normally paid a gratuity at the end of the three year training contract.
- 2** Lowers recruitment costs - Instead of spending on adverts for recruitment of entry management positions in finance or accounts, a number of these positions can be filled in by the trainees and hence reducing the employer's recruitment costs. Further, in the long run, investing in practical training will lead to your organisation attracting the best candidates to apply for practical training opportunities, and you'll be more likely to hold onto to such employees for longer, reducing your recruitment costs.
- 3** Achievement of desired outputs at a minimal cost - The trainees are enthusiastic to achieve the targets as they try to use their acquired professional knowledge and skills in real life situations. In doing so they are keen to do as much as possible in order to get exposed while delivering improvements to the business. Therefore, the desired outputs are achieved at minimal cost.
- 4** Helps measure your staff's progress - Professional qualifications, such as CA Zambia, are a useful benchmark for staff development, and provide a clear method of setting targets, measuring progress and structuring career expectations. This makes it easy to measure how your staff are developing, and gives them clear targets to aim for.
- 5** Improves your business performance - Practical training develops not only the trainee but also the supervisor's abilities to identify improvement areas and develop better ways of working, improving business performance and morale.
- 6** Gives your business a mark of excellence - Investing in professional training for your staff will identify your organisation as investing in professional standards, and provide both your employees and your company with a mark of professional credibility.
- 7** Lowers your continuous professional development costs for employees - The Chartered accountants who will be involved in mentoring trainees will be entitled to claim 15 CPD hours in a year, hence reducing the cost of continuous professional development for the employer.
- 8** Improve your bottom line - All of the above contribute to making your company more efficient, your workforce happier (less stress) and more motivated, your recruitment costs lower, and your business performance higher, and ultimately contribute to increased revenue and improved profits.

List of Examination Centres

NO	CENTRE NAME	CENTRE CODE	PROVINCE
1	NIPA	003	LUSAKA
2	MONGU TRADES	004	WESTERN
3	ZIBSIP	005	COPPERBELT
4	TVTC	006	COPPERBELT
5	ZAMIM - CHINGOLA	007	COPPERBELT
6	CHIPATA SKILLS	008	EASTERN
7	EVELYN HONE COLLEGE	009	LUSAKA
8	SOLWEZI TRADES	010	NORTH WESTERN
9	MULUNGUSHI UNIVERSITY	011	CENTRAL
10	MANSA COLLEGE OF EDUCATION	013	LUAPULA
11	LUKASHYA TRADES	014	NORTHERN
12	VICTORIA UNIVERSITY	015	SOUTHERN
13	ZAMBIA ICT	016	COPPERBELT
14	NKUMBI INTERNATIONAL COLLEGE	017	CENTRAL
15	ZCAS	018	LUSAKA
16	LUSAKA BUSINESS TECHNICAL COLLEGE	019	LUSAKA
17	ZICA	022	LUSAKA
18	ZIMBABWE	023	ZIMBABWE
19	ST. PAULS	024	SOUTHERN
20	TAZARA	025	MUCHINGA

Exemptions to Holders of Local and Foreign Qualifications

The Zambia Institute of Chartered Accountants consider applications for recognition of local and foreign qualifications for the purpose of pursuing ZiCA programmes.

The following is considered:

- Certified Statement of Results or Transcripts of Results
- Exemption is given on a paper by paper basis
- A paper will be awarded an exemption if;
 - ➔ It covers at least 80% of the syllabus
 - ➔ The pass mark is 50%
 - ➔ Test and assignments do not exceed 40% of the final grade for academic programmes.

Exemptions fees are payable on applications and are equivalent to the ruling examination fees for the subjects that have been applied for.