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# RekNUUS



Algemene nuusgids van die SKOOL VIR REKENINGKUNDE

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## Lokaal 1039 gemoderniseer

'n Splinternuwe ultramoderne Lokaal 1039 in die Van der Sterr-gebou is aan die begin van die tweede semester deur die HonsBrek-studente van die Skool vir Rekeningkunde in gebruik geneem. Hierdie lesinglokaal is gedurende die eerste helfte van die jaar aan die hand van die Universiteit se nuutste spesifikasies vir auditoriums vernuwe met meer as 300 gestoffeerde sitplekke, uitstekende akoestiek, ingeboude kragpunte vir elektroniese toestelle in banke, verbeterde beligting en verskeie onderrighulpmiddels, wat 'n raakskerm-rekenaar, dataprojektor en dokumentkamera insluit.

Die lokaal beskik oor genoegsame WiFi-bandwydte om aan ongeveer 300 studente gelyktydige WiFi-toegang vir hul skootrekenaars, tabletrekenaars en slimfone te bied. Dit skep opwindende geleenthede vir die innoverende gebruik van inligtings- en kommunikasietegnologie in die klas en die gevorderde toepassing van 'n gemengde leer ("blended learning") onderrigmodel. Verder is die lokaal toeganklik vir mense met gestremdhede deurdat dit voorsiening maak vir rolstoeltoegang en ook oor 'n spesiale kanaal beskik waarop persone met gehoortoestelle kan inskakel vir beter klankgehalte.

Die lokaal is spesifiek ontwerp om simultane tolkdienste te akkommodeer. Dit maak dit moontlik om Engels- en Afrikaanstalige studente gelyktydig te bedien deurdat die dosent in een van die twee tale klasgee terwyl 'n tolk wat in die lokaal teenwoordig is, die dosent se woorde tolk na die ander taal, terwyl studente met spesiale oorfone op die getolkte klankbaan kan inskakel.

Hierdie projek vorm deel van 'n groter inisiatief binne die Fakulteit Ekonomiese en Bestuurswetenskappe om lesinglokale op te knap en nuwe kantoorruimtes in die Van der Sterr-gebou in te rig. Beide dosente en studente wat die lokaal gebruik is baie opgewonde oor die nuwe geleenthede wat die lokaal en sy fasiliteite bied en sien uit na die voltooiing en ingebruikneming van ander lokale en kantore wat deur die Fakulteit se projek geraak word.

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## Eerstejaars Prestige-aand

Die Vise-Rektor het op 19 Maart 2014 die Eerstejaars Prestige-aand te Neethlingshof aangebied om aan top-presterende eerstejaarstudente van 2013 erkenning te gee. Elkeen van die top studente moes dan die dosent nomineer wat die grootste invloed op sy/haar sukses gehad het en toekennings is aan hierdie dosente oorhandig. Die jaarlikse dinee vorm deel van die Eerstejaarsakademie-inisiatief om eerstejaarstudente te motiveer en dosente te ondersteun om die akademiese ervaring aan die Universiteit Stellenbosch te verbeter.

Eloise de Jager, Mareli Greyling en Sybil Smit van die Skool vir Rekeningkunde het tydens hierdie geleentheid elkeen 'n toekenning ontvang en verskyn op die foto saam met onder andere die studente wat hulle genomineer het.



Agter v.l.n.r. : Mareli Greyling, Prof. Arnold Schoonwinkel, Angelique Koen, Prof. Garrett Slattery en Prof. Ronel du Preez

Voor v.l.n.r. : Wei-Ren Mao, Leandri Scholtz, Sybil Smit en Eloise de Jager

## Topdosente binne die Fakulteit kom van die Skool vir Rekeningkunde

Nie minder nie as agt van die twaalf dosente wat vir Die Burger se Topdosent-toekenning genomineer is, was van die Skool vir Rekeningkunde afkomstig. Die wenner van die kompetisie, wat binne die Fakulteit Ekonomiese en Bestuurswetenskappe aangebied word, is in Oktober vanjaar by 'n glansgeleentheid in die Bontevlei-funksielokaal buite Stellenbosch aangekondig.

Twee vrouedosente is vanjaar as die topdosente binne die Fakulteit aangewys – albei verbonde aan die Skool vir Rekeningkunde. Gretha Steenkamp, 'n senior dosent in Rekeningkunde op Honneursvlak, is die algehele wenner van die kompetisie, terwyl Sophia Brink, wat Finansiële Rekeningkunde op voorgraadse vlak doseer, as naaswenner aangewys is.



Die dosente binne die Fakulteit Ekonomiese en Bestuurswetenskappe wat as Topdosente genomineer is

V.l.n.r. : Prof. Sarel Steel (Departement Statistiek en Aktuariële Wetenskap), Rudie Nel (Skool vir Rekeningkunde), Danielle van Wyk (Skool vir Rekeningkunde), Gretha Steenkamp (Skool vir Rekeningkunde – Wenner), Sophia Brink (Skool vir Rekeningkunde – Naaswenner), Rousseau Lötter (Departement Ondernemingsbestuur), Eloise de Jager (Skool vir Rekeningkunde), Natasha Sexton (Skool vir Rekeningkunde), Elmarie Swanepoel (Skool vir Rekeningkunde), en Magdel Zietsman (Skool vir Rekeningkunde), Prof. Niel Krige (Departement Ondernemingsbestuur)

Afwesig: Prof. Pierre Erasmus (Departement Ondernemingsbestuur)



Die kompetisie, wat vanjaar vir die vierde maal aangebied is, is vanjaar uitgebrei om ook Honneursvlak in te sluit, nadat slegs voorgaande dosente voorheen hiervoor genomineer kon word. Volgens prof. Ronel Du Preez, die Fakulteit se Visedekaan van Leer en Onderrig, is dit gedoen om die kompetisie meer inklusief te maak. 'n Rekordgetal van meer as 50% van die Fakulteit se derdejaars- en honneursstudente het vanjaar aanlyn hul kruisie getrek deur vir hul topdosent te stem. "Die feit dat soveel studente vanjaar die moeite gedoen het om aanlyn te gaan stem, dui vir my aan dat ons gelukkige studente het wat by die leerervaring betrokke wil wees. As jou ervaring negatief is, sal jy nie stem nie."

"Uitstekende onderrigvemoë" is volgens studente die belangrikste eienskap waaroor 'n topdosent moet beskik. "'n Goeie dosent moet 'n uitstekende vakkennis hê, passievol oor die vak wees en boonop toeganklik wees. Om kennis vir studente te ontsluit is die belangrikste deel van hul werk," het prof. Du Preez bygevoeg.

## Soon Nel successfully defends his PhD dissertation



Soon Nel, a Finance lecturer at the School of Accountancy, successfully defended his PhD thesis entitled *The development of optimal composite multiples models for the performance of equity valuations of listed South African companies: an empirical investigation* at his oral examination on 9 September 2014. A total of seven publications stemming from his PhD studies have already been published or accepted for publication in six different NRF-accredited international finance journals.

Also stemming from his PhD-related studies, three papers were presented at three international conferences in France, Italy and Switzerland in 2013 and 2014. The paper that he presented in France in June 2013 received the prize for the best joint paper, along with two MIT alumni from the USA. All three these papers have also been accepted or are in the process of being finalised for publication in internationally accredited journals. Soon hopes to finalise another four papers before the end of 2014 to bring the total number of NRF-accredited publications from his PhD-related research to ten. His PhD study also produced 32 coded functions, which were developed in the R-package, an open source programming language that lends itself to statistical analysis and graphics. His PhD supervisors were Prof. Wilna Bruwer from the School of Accountancy and Prof. Niel le Roux from the Statistics and Actuarial Science department. Soon is currently in the process of extending the scope of his study via bi-additive principle component-based biplots, nonlinear regression analysis and bootstrapping.

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## SAICA Accreditation: What you should know

Did you know that not just any academic institution may offer academic qualifications that eventually lead to qualification as a Chartered Accountant (South Africa) ('CA(SA)')? In order to be recognised by the South African Institute of Chartered Accountants (SAICA), such qualifications must be 'accredited' by SAICA. But what does accreditation entail?

SAICA's Accreditation Criteria assist academic units (in other words departments or schools of Accounting within an academic institution) to identify their quality control policies, procedures and processes and benchmark them against international and local criteria.

To have its qualifications accredited for the first time, an academic unit must apply to SAICA. A team of academics from other academic institutions that present accredited qualifications and representatives from SAICA then visit the academic unit to perform a review of a myriad of aspects of the academic unit and the academic programmes (degrees and/or diplomas) it wishes to accredit. This visit is preceded by the preparation of extensive information for SAICA in the form of a self-evaluation against SAICA's Accreditation Criteria, with supporting documentation and a detailed file of information for each subject included in the academic programmes for which accreditation is being sought. The preparation of this information is a comprehensive process that often takes many months to complete.

Once SAICA has completed its review, the academic unit is afforded an accreditation status of one of the following:

1. **Accredited;**
2. **Accredited, needs improvement** (accredited, but with conditions that have to be met within a specified time frame for the accreditation to continue); or
3. **Accredited, subject to meeting SAICA requirements** (indicates that it is the responsibility of the university to take steps immediately – failure to take appropriate action could result in the programme losing its accreditation.)

According to SAICA's Academic Review Procedures, accreditation implies that the academic unit has appropriate resources that, if utilised effectively, should enable it to deliver academic programmes of the appropriate quality and standard, and that the academic programmes involved meet SAICA's standards in respect of teaching and learning. In other words, accreditation is essentially SAICA's 'stamp of approval' for the programmes offered by the academic unit.

Once an academic unit's programmes are accredited, accreditation becomes a process of quality control by means of monitoring by SAICA. This takes the form of:

- The submission of an annual self-evaluation to SAICA, to which a response is received from SAICA; and
- A monitoring visit at least once every five years, followed by a detailed report from SAICA.

Accreditation can therefore be regarded as a process by which SAICA assists academic units to maintain and continually improve the quality of their accredited programmes.

SAICA currently accredits the programmes of 15 South African universities, of which 9 are in the 'accredited' category and 6 in the 'accredited, needs improvement' category. The BAcc- and BAccHons-degree programmes offered by the School of Accountancy of Stellenbosch University have held the 'accredited' status for many years. A list of the South African universities and their accreditation status at SAICA is available on SAICA's website at <https://www.saica.co.za/Portals/0/LearnersStudents/documents/List%20of%20accredited%20programmes.pdf>.

SAICA paid a monitoring visit to the School of Accountancy at Stellenbosch University from 29 September to 1 October 2014. The preliminary feedback from this visit was very positive and the management and lecturers of the School received many compliments from the SAICA monitoring team about all aspects of the BAcc- and BAccHons-programmes.

*This article was written by Prof. Pieter von Wielligh, an Auditing lecturer at the School of Accountancy and Co-Program Coordinator of the HonsBAcc- and BAcc-programmes at the School.*

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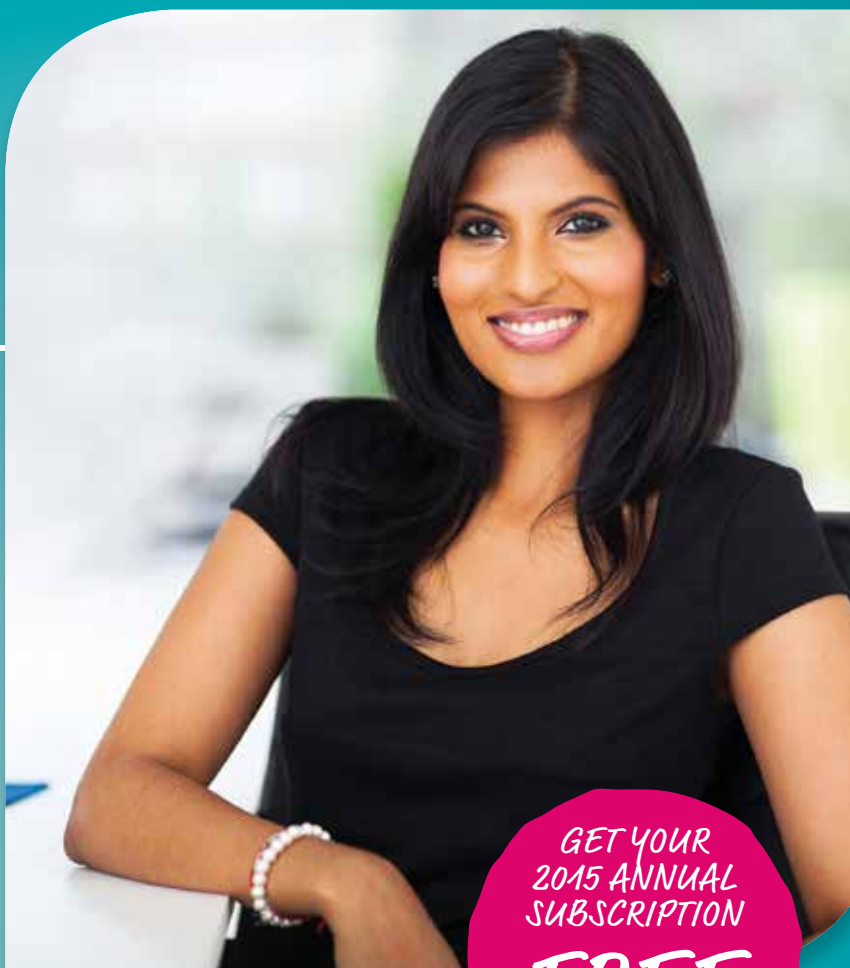
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# Be the **BRAINS** behind the business



## Students exploit Moringa, the world's most nutritious plant

Two of the School of Accountancy's students, Montedi Maputla and Juvan Caillet, participated in the Innovus Launchlab Entrepreneurship Competition by pitching Moringa, the world's most nutritious plant. They won the competition and received seed funding of R10 000 to start their company, Mimoringa.

Moringa has been used for the last 4 000 years but has been neglected over recent years because of mass market production of other products that are more profitable. The plant, originally native to India, is slowly gaining recognition in the Western world. The UN, UNESCO, churches, non-profit organizations, foundations and many others have programs promoting the use of Moringa to fight hunger and malnutrition in Africa.



*Montedi Maputla and Juvan Caillet, the founders of Mimoringa, at the Innovus LaunchLab Entrepreneurship Competition*

"In essence our idea, like the wheel, is not novel. We are just bringing the wheel to people who have never heard about it and adding a few modifications to it, like putting it on a really cool bicycle with all the bells and whistles", remarked the founders of MiMoringa. Despite the fact that the plant is not new, Montedi and Juvan won the completion thanks to their solid business model, which aims to create high quality, organic health and wellness products, while contributing to a solution for malnutrition and poverty around South Africa and in Africa. What makes their products unique is the ingredient Moringa, which is unparalleled in nutritional and medicinal value. There are over 101 uses for Moringa. In powder form it can be used to boost the nutritional value of smoothies, sauces, soups, omelettes, oats and yogurt, in a natural and organic manner. As some people don't like the green colour or the grassy taste of Moringa, Juvan and Montedi develop products that make it more palatable and convenient to consume.

The Moringa plant is relatively easy to grow and is drought resistant, but it does not cope well with frost. Mimoringa grows their trees in the Limpopo Province. As a start-up company they currently outsource most of their manufacturing and support services but they intend to acquire their own manufacturing facilities, probably in the Western Cape, as the company grows and more awareness is created about this amazing plant. They strive to set an example by creating value and by only using local people and companies as far as possible, as they believe that this is the only way to change South Africa. According to the founders their "biggest dream right now is to create hundreds of jobs in the rural areas where this plant thrives, and give rural communities an alternative source of income." Since the competition the company has acquired two potential bulk buyers in Germany. They will be releasing a range of powder, energy bars and tea at the beginning of next year.

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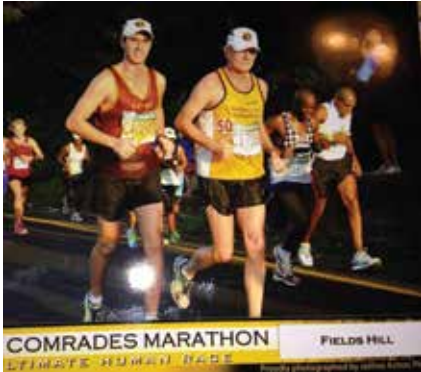
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## Sportprestasies deur studente



Henry Griffiths en sy pa, Gareth Griffiths (wat self al 21 Comrades Marathonne agter die blad het) tydens die Comrades Marathon

### Jongste deelnemer om Comrades te voltooi

Henry Griffiths, 'n derdejaarstudent aan die Skool vir Rekeningkunde, het in 2014 sy derde Comrades Marathon suksesvol voltooi. Die Ultra-marathon van 89km tussen Durban en Pietermaritzburg, is die wêreld se langste en oudste ultramarathon, wat binne 'n tyd van 12ure voltooi moet word. Henry se Comrades loopbaan het reeds in 2012 begin toe hy as lid van Maties Atletiekklub aan sy eerste Comrades deelgeneem het. Na afloop van die 2012 Comrades het Henry op 20 jarige ouderdom die Masterton-Smith trofee ontvang as die jongste persoon om die Comrades te voltooi. Hy het ook 'n toekenning ontvang vir die jongste deelnemer aan die Two Oceans Ultramarathon, sowel as die prys vir die Beste Mans Atleet: Padwedlope by Maties Atletiekklub.

### WP Mens Waterpolo brings the Currie Cup home

JJ Stegmann represented the WP Mens Waterpolo team in the Currie Cup that took place in Durban this year. The team managed to break a 8 year curse and to bring the Currie Cup home.



Nick Schooling, Lood Rabie and JJ Stegmann holding the Currie Cup



Conrad Burger by die SA Nasionale Kampioenskappe vroeër vanjaar

### SA Kleure in Atletiek

Conrad Burger, 'n eerstejaar BRek-student, het met sy afstand van 48,24m in Februarie vanjaar 'n eerste plek in die diskusgooi tydens die Boland Junior Kampioenskappe op Dal Josaphat, in Paarl behaal. Tydens 'n byeenkoms van Maties Atletiekklub in Maart het Conrad sy afstand na 50,76m verbeter en in April het hy tydens die SA Nasionale Kampioenskappe op Coetzenburg, Stellenbosch 'n silwer medalje behaal. Met sy afstand van 51,53m kwalifiseer Conrad om in die SA Atletiekspan opgeneem te word wat Suid-Afrika in Desember vanjaar in Bulawayo, Zimbabwe gaan verteenwoordig by die 2014 Africa Union Sport Council Region 5 Under 20 Youth Games. Ander Suidelike state van Afrika wat aan die Spele gaan deelneem sluit in Lesotho, Botswana, Swaziland, Namibië, Angola, Malawi, Mosambiek, Zambië, Mauritius en Zimbabwe.

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## Data is king

The majority of online services did not exist five to ten years ago. The most convenient mode of access to these services is through mobile devices. It is estimated that there are more mobile devices globally than there are people. These users use Data. Many offerings of cellphone service providers have expanded and include free talk minutes, data and SMS or MMS, with the data element being by far the largest portion of a total cellphone bill. While Cash use to be King, Data is the new King. There have been several media reports of incidents where people were charged thousands of Rand's for data and they cannot explain why or how this happened. Where does this data go? How can this data loss be stopped?

### Data loss a risk, why?

Mobile devices (referred to as device) have not only become smaller, faster and smarter; they have evolved into mobile computers. In the same manner as you would consider each programme you install on your computer, you also need to consider each programme (commonly referred to as 'applications' or 'apps') you install on your device. The characteristics and traits of each application differ from application to application. This includes their varying levels of use of data. Many of these applications are often developed in countries where data has a relatively low cost or is free and developers do not even consider the amount or the cost of data an application may require.

There are two causes of data loss (refer to the tables below). The most direct cost of data loss is an excessive cellphone bill. This is followed by the time and effort it takes to obtain an understanding of why the bill is high from your service provider's call centre agent. Data loss can also negatively impact your cellphone's operating performance where your phone is running applications in the background without your knowledge that might result in your phone running slower, hanging or draining battery life.

#### Expected causes of data loss

Viewing complex or large websites embedded software.

Sending and receiving emails with large attachments.

Video streaming from for example, *YouTube*.

Social networks such as *Facebook* and *Twitter* have an addictive factor associated with it.

Messaging services such as *WhatsApp*.

Video chatting using platforms such as *Skype*.

#### Unexpected causes of data loss

Many free applications use data on an on-going basis.

Some games interact with social media sites, online score boards etc.

Other applications such as *Prezi* operate 'thin applications' in which only the basic software sits on the phone.

Applications that sync online, such as *DropBox*.

Push notifications and real-time feeds that give you up to date information such as the daily weather report; traffic and news reports.

Automatic application updates and patches use a lot of data.

Cellphone GPS services (particularly those built on a *Googlemap* platform) are often based on the GSM network.

Viruses and other malicious software.

Setting up a wireless hotspot using cellphone data from a cellphone.

### Preventing data loss

Preventing data loss is a continuous process. It begins when purchasing a device or cellphone and continues during use. Do the following to prevent data loss:

- Before getting a new device
  - Understand what you are agreeing to when you get a new device or enter into a data contract.
  - Understand your usage patterns and buy the correct contract.



- Ask the sales person about the data usage of the new device and about customer complaints.
- Read the manufacturer's guide or visit their website.
- Think before downloading
  - Understand what you agree to when downloading any application. Read the terms and conditions.
  - Do not register for each and every website or service.
  - Think about how the device or application is set-up.
  - Monitor the application data usage.
  - Find alternative applications (that use less data) for the preload applications that come with your device. An example includes *Opera mini*.
  - Cache your data/application by saving information offline.
  - Download only the necessary such as email headers.
- Updating your device
  - Never click automatic syncs or updates. Rather set the updates to off-peak times or when you are connected to a data rich network.
  - Only update or backup the necessary files when syncing.
  - Plan when you are going to do updates and connect to the internet at home or hotspots on WiFi. Update your device using a USB connector or Bluetooth on your PC.
  - Install a third party data manger that will review your data settings.
  - Use applications that compress data before sending and uncompress upon receipt.
- Switch off the data function on your phone when you are not using it.
- Take responsibility for your cell phone account
  - Review your account on a monthly basis.
  - You can place a cap on the value of credit on your cell phone account.

## Can data loss be stopped?

By intentionally considering your habits with regard to mobile device use, you can prevent data loss.

*This article was written by Natasha Sexton, a lecturer in Auditing at the School of Accountancy and a registered student in the MComm (Computer Auditing) programme. The next cycle of the MComm (Computer Auditing) programme will commence in 2016. Further information about the programme can be obtained on the website of the School of Accountancy at <http://academic.sun.ac.za/accounting/maccomp.html>.*

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## #auditSexy

Students are growing up in a new era. An era which most individuals do not understand. Technology has much to do with this. Teaching and learning must evolve with the students and with technology.

Auditing has always been viewed by students as a 'boring' subject, the black sheep subject. During the course of 2014, the undergraduate Auditing lecturers at the School of Accountancy decided to make a concerted effort to challenge these views. They wanted to make Auditing as a subject sexy and fun and show students that Auditing is a practical subject, alive in the real-world around the students. Students were asked to take a photo or a video clip of any "internal control weaknesses" they came across in their everyday world. No restrictions were placed on the type or purpose of internal control weakness, the only requirement was that students either had to take a 'selfie' or 'photobomb' and include the hashtag #auditSexy in the submission. These photos/videos were posted, shared and liked on the closed #auditSexy Facebook group.

A **selfie** is a photograph that one has taken of oneself, typically one taken with a smartphone or webcam and shared via social media. (Oxford Dictionaries.com)

A **photobomb** is an attempt to spoil a photograph of (a person or thing) by unexpectedly appearing in the camera's field of view as the picture is taken, typically as a prank or practical joke. (Oxford Dictionaries.com)

SizweNtsalubaGobodo, an organisation that renders Auditing and Advisory services, came on board and sponsored three tablets and shopping vouchers for the best video and best photo as determined by the number of 'likes' the posts received and a panel of independent judges who made the final selection. Due to the unexpected amount of effort that the students put into making the photos and videos, the South African Institute of Chartered Accountants (SAICA) also sponsored a couple of smaller category prizes. Teboho Moephudi (SAICA Project manager: Universities) commented "The videos were amazing! I'm truly impressed and so thankful that you asked me to be a judge. I just had a smile on my face the whole time I was watching them because I couldn't have imagined how excellent they would be."



During the course of the project the Auditing lecturers used the learning opportunities that the project created to teach the students about issues that their behaviour as young professionals could have on the world they live in. Matters such as copyright infringements associated with re-using material online, possible legal consequences of brand damage, reputational damage, ethics and the practical implications of the concept of "professional behaviour" and the concept of disclaimers were inter alia addressed. Various internal control weaknesses identified were discussed, as well as the concept of compensating controls to address weaknesses identified by the students. This was done by means of a #auditSexy minute during lectures which highlighted issues that arose from the assignment. The assignment was concluded with a lecture on the risks associated with living in a social media era.

The best video prize was won by Geraldene Spangenberg, Leandri Scholtz and Unika Schonken, who highlighted the weak internal controls in coffee shops, while the best photo prize was awarded to Adi Mac Master, Stacey Horn and Jess Joubert, for highlighting the poor documentary controls in shops when issuing receipts for purchases. The category prize winners sponsored by SAICA were:

Category prize	Winners
Best production	Lara Diana du Plessis; Haydn Gouldie; Sabine Erbe
Best bloopers	Tayla Steyn; Khanyi Rashame; Farai Mubalwa
Best photo bomb	Devan de Lange
Best dramatic impression	Monique Fuls; Nicolette Kotze; Rize vd Bergh September; Minette Sieberhagen
Award for first post	Christine Lombard; Lisa Starker; Jacobus Lategan
Most likeable character	Pieter Coetzee; Leandi Giani; Frances Smit; Marle Joubert
Most likes	Devan de Lange; Le Roux Redelinghuys; Alna Louw



## SciMathUs oorbruggingsprogram help leerders met Rekeningkunde

Die Skool vir Rekeningkunde is reeds die afgelope 9 jaar by die SciMathUs oorbruggingsprogram betrokke. Die Sentrum vir Pedagogie van die Universiteit Stellenbosch (SUNSEP) het die oorbruggingsprogram in 2001 geloods en verskaf aan opvoedkundig-benadeelde skoolleerders 'n tweede kans om vir toelating tot tersiële onderrig te kwalifiseer.

Wandi van Renen, wat sedert 2012 die Skool se betrokkenheid by SciMathUs koördineer, het die vak Inleiding tot Rekeningkunde aangebied. Die 4 hoofvakke van die program is Inleiding tot Rekeningkunde, Wiskunde, Fisiese Wetenskap en Inleiding tot Ekonomie. Tydens die program het leerders ook blootstelling gekry aan onder andere Akademiese geletterdheid, Lewens- en Studievaardighede en Rekenaargeletterdheid.

Die SciMathUs program lewer 'n waardevolle bydrae tot transformasie binne die Fakulteit. Sedert die loodsing van die program het meer as 150 opvoedkundig-benadeelde studente wat nie na skool universiteitstoelating gehad het nie toelating tot die Ekonomiese en Bestuurswetenskappe Fakulteit se programme gekry. In 2014 het die twee toppresterders van die 2013 SciMathUs groep ook Thuthuka beurse ontvang. Hierdie studente presteer tans baie goed in hulle studies.



Die 2014 SciMathUs groep

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## Improving financial management skills of small business owners

This is the third year of yet another successful collaboration between various role-players to improve the financial management skills of small business owners in the Cape Winelands district. This year, 52 entrepreneurs attended the financial management training course developed by Corinna Kirsten (a senior lecturer at the School of Accountancy). The training course is designed to equip these small business owners with the necessary knowledge, skills and values to practice sound financial management to empower them to be self-reliant in making financial decisions in their businesses. Since 2012, 170 entrepreneurs have been empowered through this programme.



Corinna Kirsten and the Paarl entrepreneurs that attended the training

The success of this initiative is largely ascribed to the collaboration and co-ordination between the lecturers at the School of Accountancy, Stellenbosch Entrepreneur and Enterprise Development (SEED) Trust\* (and its business mentors), Cape Winelands District Municipality and accountants in practice (who mentored some of the entrepreneurs in the programme). This is a community interaction project in the true sense of the word, as all role-players bring together their unique skills, knowledge and resources to contribute toward developing critical skills required to manage sustainable businesses.



Mareli Dippenaar teaching the Stellenbosch entrepreneurs

Corinna and two of her colleagues, Ellane Van Wyk and Mareli Dippenaar, presented the financial management training course during April 2014 in Paarl, Robertson and Stellenbosch respectively.

This project will take place again from January to June 2015, and anyone interested in finding out more about this project or wishing to become involved is welcome to contact Corinna at: [corinnakirsten@sun.ac.za](mailto:corinnakirsten@sun.ac.za).

\*The SEED Trust is based in Stellenbosch, is a registered NPO and is a beneficiary of the Remgro SOS Project. SEED also provides points for companies' B-BBEE scorecards for those wishing to invest in Enterprise or Socio-Economic development according to the B-BBEE code.

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## Studenteprestasies in onlangse eksterne professionele eksamens

Die Skool vir Rekeningkunde is baie trots op die uitstekende prestasies van sy oudstude te in die onlangse eksamens van die onderskeie professionele liggame wat van die Skool se oudstude te na afloop van hulle formele studie aan die Universiteit Stellenbosch afgelê het.

Die Skool is ook baie dankbaar teenoor al sy dosente wat 'n direkte of indirekte bydrae tot dié merkwaardige prestasie van die Skool se oudstude te gelewer het.

### SAIGR se Initial Test of Competence (voorheen bekend as die KE 1 eksamen) – 2014

Die gekombineerde slaagkoers van die 2013 HonsBRek-studente van die Skool wat in Januarie 2014 en Junie 2014 die Initial Test of Competence (ITC) eksamen van die Suid-Afrikaanse Instituut vir Geoktrooieerde Rekenmeesters (SAIGR) afgelê het, was 93%.

### IRBA Openbare Praktykeksamen (voorheen bekend as die KE Deel II: Ouditkunde) – 2013

Die HonsBRek-studente wat in 2011 by die Skool vir Rekeningkunde afgestudeer het, het gedurende die tweede helfte van 2013 die Openbare Praktykeksamen van die Independent Regulatory Board for Auditors (IRBA) afgelê. 93% van die Skool se oudstude te wat die eksamen afgelê het, het geslaag, teenoor 'n landswye eerste poging slaagsyfer van 82%.

### SAIGR Kwalifiserende Eksamen Deel II: Finansiële Bestuur – 2013

Tien van die Skool vir Rekeningkunde se HonsBRek-studente van 2011 het die Kwalifiserende Eksamen Deel II: Finansiële Bestuur van die Suid-Afrikaanse Instituut vir Geoktrooieerde Rekenmeesters (SAIGR) afgelê.

Hierdie studente het 'n 100% slaagsyfer behaal, teenoor 'n landswye eerste poging slaggsyfer van 90%. Verder het een van die Skool se oudstude te, Yvette de Witt, die sewende plek landswyd in dié eksamen behaal.

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# Leiding oor die toepassing van IFRS 15 - Revenue from Contracts with Customers

## Agtergrond

In 2008 het die *International Accounting Standards Board (IASB)* en die *Financial Accounting Standards Board (FASB)* 'n gesamentlike projek geloods om beginsels vir inkomste-erkenning op te klaar en om 'n gemeenskaplike inkomstestandaard vir *International Financial Reporting Standards (IFRS)* en *United States Generally Accepted Principles (US GAAP)* daar te stel wat:

- inkonsekwentheid en swakhede in bestaande inkomste-erkenningsvereistes verwyder;
- 'n meer robuuste raamwerk vir die aanspreek van inkomste vraagstukke verskaf;
- vergelykbaarheid van inkomste-erkenningspraktyke oor entiteite, industrieë, jurisdiksies en kapitaalmarkte bevorder;
- meer bruikbare inligting aan gebruikers van finansiële state deur verbeterde openbaarmarkingsvereistes verskaf; en
- die voorbereiding van finansiële state vereenvoudig deur die aantal vereistes waarna 'n entiteit moet verwys, te verminder.

Inkomste-erkenning onder IFRS is voorheen ingevolge twee hoof inkomste-erkenningstandaarde, *IAS 18 Revenue* en *IAS 11 Construction Contracts* gedoen. Die twee standaarde het beperkte leiding verskaf en dit was soms moeilik om dit op komplekse transaksies en multi-element ooreenkomste toe te pas. *IFRS 15* is op 28 Mei 2014 uitgereik en vervang alle bestaande inkomstestandaarde.

## Omvang

*IFRS 15* verskaf 'n omvattende raamwerk vir die erkenning, meting en openbaarmaking van inkomste. Leiding word verskaf ten opsigte van die tydsberekening en omvang van inkomste wat op 'n kontrakbasis erken moet word. Die standaard verbeter die vergelykbaarheid van inkomste wat ten opsigte van kontrakte met kliente erken word en verminder die behoefte aan die ontwikkeling van geval-tot-geval leiding ten opsigte van inkomste-erkenningsvraagstukke.

Onder *IFRS 15* vind die erkenning van inkomste plaas deur die oordrag van goedere en dienste uit te druk in bedrae wat die teenprestasie (d.w.s. die betaling), wat die entiteit in ruil vir die goedere of dienste verwag, verteenwoordig. *IFRS 15* moet op alle kontrakte met kliente toegepas word, maar daar is enkele uitsonderings. Van die meer prominente uitsluitings is rente- en dividendinkomste wat voorheen binne *IAS 18* se bestek geval het, maar wat nou buite die bestek van *IFRS 15* val. Rente- en dividendinkomste word nou ingevolge *IFRS 9 Financial Instruments* erken.

## Sleutelbegrippe

Daar is twee sleutelbegrippe in *IFRS 15* naamlik 'prestasieverpligting' (*performance obligation*) en 'transaksieprys' (*transaction price*). Die twee begrippe word hieronder gedefinieer.

**'Prestasieverpligting':** 'n Belofte in 'n kontrak om 'n goedere-item of diens (of 'n bondel goedere of dienste), wat onderskeibaar is, oor te dra of om 'n reeks onderskeibare goedere of dienste, wat wesenlik dieselfde is en dieselfde oordragpatroon het, aan die klient oor te dra.

**'Transaksieprys':** Die bedrag van die teenprestasie wat 'n entiteit verwag om in ruil vir die oordrag van beloofde goedere of dienste, te ontvang.

## Stappe vir die erkenning van inkomste

Onder die nuwe standaard pas 'n entiteit die volgende vyf stappe by die erkenning van inkomste toe.

**Stap 1:** Identifiseer die kontrak met die klient. 'n Entiteit pas *IFRS 15* op elke kontrak met 'n klient wat kommersiële omvang het en aan ander spesifieke kriteria voldoen, toe.

**Stap 2:** Identifiseer die prestasieverpligtinge in die kontrak. Om die prestasieverpligting(e) te identifiseer, moet 'n entiteit oorweeg of die klient op sy eie of tesame met ander redelik beskikbare hulpbronne, voordeel uit die goedere-item of diens kan trek. Die entiteit moet verder ook oorweeg of die belofte om die goedere-item of diens te lewer afsonderlik identifiseerbaar is van ander beloftes in die kontrak.



- Stap 3:** Stel die transaksieprys vas. Die transaksieprys is tipies 'n vaste bedrag van 'n klant se teenprestasie. Die prys kan egter ramings van teenprestasies wat veranderlik is of wat in 'n ander vorm as kontant is, insluit. Faktore soos invorderingsekerheid en die effek van finansiering word by die berekening van die transaksieprys in ag geneem.
- Stap 4:** Allokeer die transaksieprys. 'n Entiteit allokeer die transaksieprys aan elke prestasieverpligting op die basis van die alleenstaande verkoopprijs van elke onderskeibare goedere-item of diens. Indien dit vasgestel word dat 'n kontrak 'n wesenlike finansieringselement bevat, moet die entiteit 'n aanpassing vir die tydwaarde van geld maak.
- Stap 5:** Erken inkomste wanneer 'n prestasieverpligting nagekom word. Inkomste word erken wanneer 'n entiteit 'n prestasieverpligting nakom deur 'n beloofde goedere-item of diens aan 'n klant oor te dra (m.a.w. die klant verkry beheer oor daardie goedere-item of diens). Inkomste word dus erken soos wat beheer oorgedra word – dit kan met verloop van tyd gebeur of op 'n spesifieke tydstip. Beheer word gedefinieer as die vermoë om die gebruik van die bate te beheer en om wesenlik die geheel van die voordele uit die bate te bekom.

## Effektiewe datum

IFRS15 moet toegepas word in 'n entiteit se eerste stel jaarlikse finansiële state ten opsigte van 'n tydperk wat op of na 1 Januarie 2017 'n aanvang neem. Die inwerkingstelling van die wyse waarop inkomste ingevolge IFRS15 erken word, gaan 'n beduidende invloed op entiteite se rekeningkundigestelsels hê.

*Hierdie artikel is geskryf deur Prof. Kobus van Schalkwyk, 'n Finansiële Rekeningkunde dosent en mede-koördineerder van die HonsBRek en voorgraadse BRek-programme.*

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## The proper construction of multiples

A key consideration when constructing multiples for valuation purposes is the identification of two value relevant measures; namely the market price variable (MPV) and a matching value driver. Although buy-side and sell-side analysts will not necessarily define multiples in the same way, a consistency check should be performed between a multiple's MPV, the numerator, and its value driver, the denominator. Although this may seem intuitively logical, none of the prescribed South African Finance textbooks clearly distinguishes between these two approaches and the underlying matching principle, it would seem, is not applied consistently in practice.

In practice, analysts may have preferences for equity- or company-based multiples. For example, while portfolio managers may prefer equity-based multiples, investment bankers may have a preference for company-based multiples. However, regardless of these preferences, valuation logic dictates that analysts should take cognisance of the matching principle when constructing multiples, i.e. the choice of value driver should match the choice of MPV. If an equity-based MPV is used, the value driver should also be equity-based and vice versa for company-based valuations.

Equity-based multiples are based on the market price (P) of a share or the Market Capitalisation (MCap) of a company. Therefore, when constructing multiples based on an equity-based MPV, one should only consider scaling the equity-based MPV with value drivers that constitute equity holders' claims. Company-based multiples, on the other hand, are based on the Market Value of Invested Capital (MVIC), i.e. MCap plus preference share capital plus interest-bearing debt, or a broader definition, such as enterprise value. Similarly, when constructing multiples based on a company-based MPV, one should only consider scaling the company-based MPV with value drivers that constitute claims of all fund providers of the company. The P/HEPS (HEPS refers to Headline Earnings Per Share) ratio construct, for example, has a consistently defined combination of an MPV and value driver since both these variables constitute equity values. Similarly, at a company level, the MVIC/EBITDA multiple is a consistently defined multiple since both variables reflect company values.

Why does it matter? The mixing of equity and company measures results in inconsistently defined multiples, which may lead to incorrect valuations. The P/EBITDA multiple, for example, comprises an equity-based MPV, P, and a company-based value driver, EBITDA. Since MVIC, the more correct MPV in this case, is substituted for P, which excludes the market value of debt, the numerator is lower. This will result in artificially lower valuations of shares for companies with substantial levels of debt on their statements of financial position vis-à-vis companies with insubstantial levels of debt.

*This article was written by Soon Nel, a Finance lecturer at the School of Accountancy.*

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## 'n Uitdagende jaar vir Anzél

Volgens Anzél Stofberg, 'n HonsBrek-student van die Skool vir Rekeningkunde, was 2014 "sonder twyfel die bedrywigste, maar wonderlikste jaar, van my lewe!"

Anzél het die jaar afgeskop deur deel te neem aan die Standard Bank Ysterman (Ironman) 70.3 driekamp-wedloop wat in Oos-London gehou is. Die wedloop behels 1,9km se swem in die see, 90km se fietsry en 21,1km se padwedloop – alles sonder enige ruskanse tussenin. Alhoewel die senuwees geknaag het, was Anzél deurentyd daarvan bewus dat so 'n vasbyt-ervaring haar sal help voorberei vir die tawwe HonsBrek-jaar wat op haar gewag het. Volgens Anzél was die medalje by die wenpaal genoeg beloning vir die uitmergelende paar ure wat dit voorafgegaan het.

Nadat Anzél in Februarie met haar HonsBrek-klasse begin het, het sy kennis ontvang dat sy uit die meer as 5000 aanvanklike inskrywings as 'n Top 12 finalis in die 2014 Mej Suid-Afrika kompetisie gekies is. Anzél sê dit was die begin "van 'n baie dol en deurmekaar, maar opwindende paar maande". Die twaalf finaliste was deel van 'n TV-reeks, Road to Miss South Africa, wat vir die doel van die kompetisie in Johannesburg en by Sun City geskiet is. As deel van die finaliste se program moes hulle verskillende lesings en seminare, wat deur diverse leiers in ons land aangebied is, bywoon. Tydens 'n strawwe program waarin daar min tyd was vir slaap, is die finaliste ook aan verskillende uitdagings, wat gewissel het van golf en lesings aanbied by skole in landelike gebiede tot fotosessies met roofvoëls, onderwerp.

Uiteindelik het die groot aand by die Sun City Super Bowl aangebreek. Vir Anzél het dit gevoel "of sy deel is van 'n sprokiesverhaal". Die aand het vir Anzél baie vinnig verbygegaan. Toe die Top 5 finaliste aangekondig is, was Anzél se naam onder die name vir die gesogte titel. Volgens Anzél was dit 'n verrykende ervaring gewees en al die vriende wat sy in die proses gemaak het, sal sy vir die res van haar lewe in haar hart koester.

Na al die opwindende ervarings verby was, het die werklikheid Anzél getref en moes sy weer haar plek in die HonsBrek-klas inneem. So het ure van swoeg en sweet in alle erns begin. Nodeloos om te sê het Anzél die res van die jaar, soos haar klasmaats, in 'n sweetpak en agter 'n lessenaar deurgebring.

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## Information Systems 284 supports the Breadtags for Wheelchairs Initiative

The Information Systems 284 module teaches students the basic principles of sustainable business strategies and the disclosure thereof in a business's Integrated Report. This module touches on sustainability concepts like 'reduce, reuse and recycle'. The class continued to support the Breadtags for Wheelchairs initiative as part of its practical application of the abovementioned concepts as this initiative collects and then sells used bread tags to the Polystyrene Council of South Africa for a minimal amount of money. They then use the money collected to buy wheelchairs for disabled people who cannot afford to buy wheelchairs themselves. It takes about 200kg's of bread tags to generate enough money for one wheelchair. In this manner the Polystyrene Packaging Council reduces the amount of bread tags that end up in our already full landfills and recycles it into seedling trays, cornices, skirting, outdoor furniture, coat hangers, poles and decking.

The class improved on the weight of bread tags collected last year (134kg) by collecting 173.9kg's of bread tags. Even though they did not reach their goal of 200kg's, the cumulative total for the two years combined is greater than 300 kg's, which can be interpreted as enough bread tags to buy one and a half wheel chairs. This year the Information Systems 284 lecturers were also surprised to receive an anonymous donation of one brand new wheelchair that was delivered to the School of Accountancy in support of this project. In order to motivate the students Mazars offered to provide a cash prize to the group of students that collected the most bread tags. The prize giving was held on the 16th of October and the winning student, Tayla Steyn, single-handedly collected a weight of 51kg's. A group comprising of two students, Ra'eesa Rahim and Zaiboonisha Mackay, came second with 18.3 kg's, and the student that came third, Miancke Knoetze, collected 14.8 kg's. The lecturers also managed to collect 22kg's. The winning student collected most of her bread tags through the help of various schools.

The Information Systems 284 Team will continue to support the National Breadtags for Wheelchairs Initiative in 2015 and invite everyone reading this article to join them and to save their bread tags from landfills and to donate it to the Breadtags for Wheelchairs project. For more information on this project watch the video at <http://www.youtube.com/watch?v=ulid64uesTo>.



From left to right: Nicola Grammenopoulos (Mazars: Head of Graduate Recruitment), Zaiboonisha Mackay, Ra'eesa Rahim, Tayla Steyn, Yolandie Ferreira (Mazars: Partner & Head of Audit) and Hanru Redelinghuys (Mazars: 1st year Audit Trainee) at the prize giving ceremony

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## Biometric Security – Next generation access

In modern society, we are relying more and more on passwords. Nowadays, we do not only need a password for our bank cards, but we have online profiles for almost everything and each profile requires a username and password. A strong password has several characteristics and the stronger the password, the more difficult it becomes to remember. However, writing down all passwords on a piece of paper or saving it on a cellphone as a note is very dangerous, as this would mean that someone who gets access to this document will get all your passwords and be able to gain access to all your profiles. As we use online applications for financial transactions, it becomes more important to have safe passwords and to regularly change these passwords in order to ensure that your online accounts remain safe.

In 2008 the SA Fraud Prevention Service reported that identity theft in SA could exceed R1bn in annual losses, while some estimates put the UK's identity theft at £1.7bn per annum at that time. Media24 CEO, Esmaré Weideman, lost about R360,000 in 2013 due to a sim-swap of her simcard and thieves getting access to her One Time Pin, generated by the bank when accessing her online banking profile. According to a survey conducted by Kaspersky Lab and B2B International in 2013, approximately 33% of online banking users do not feel safe when conducting financial transactions on smartphones and tablets. The survey also revealed that an additional 28% of smart device users do not feel comfortable engaging in financial transactions on the platform. This highlights the risk to expanding digital platforms as financial institutions increasingly shift toward online methods to deliver services to consumers. According to a survey conducted in 2011, it was estimated that global e-commerce sales would reach \$963bn in 2013 and continue to grow at almost 20%. First National Bank had approximately 600,000 users using its banking application regularly by December 2013 and approximately 10% of banking customers were using apps at that time for banking. FNB advises users to guard PIN numbers and passwords as if it is cash.

However, when you have more than 10 different complicated passwords to remember, and you have to change them regularly, it is inevitable that you would forget some of them, or use the wrong password on the wrong account, resulting in accounts being locked and endless trouble trying to have passwords reset. In a day and age where consumers are used to things happening immediately, this is simply unacceptable and a solution to this problem has to be found, without compromising security.

Biometric security is a system of verifying a user by using physical attributes. The most common forms of biometric measurements used for security purposes are fingerprint scanning, hand geometry, retina scans, iris scans, face recognition, signature verification analysis, voice recognition and blood vessel scanning in the fingertips. The major advantages of a biometric security system are that you can never forget the 'password' and you always have it with you. Another great advantage is that it is something that is physically part of your body and it cannot be replicated by a potential criminal.

However, biometric security systems are not fail-safe. Fingerprint scanning will work for a perfect fingerprint, but if something should happen to your finger, like burning or cutting it, the fingerprint reader would not be able to recognize you. Since biometric systems are unique, there would also be no other way to access the system. There is also the general fear that biometric access

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systems will result in more violent behaviour from criminals, as they would simply try to cut off your finger to gain access to fingerprint-controlled access systems. One of the ways to circumvent this problem is to use more complicated biometric access systems. A blood vessel scanner also requires the user to place his fingertip on a panel. The panel will then emit a very bright light which would enable the scanner to read the pattern of the blood vessels under the skin of the finger. Since the pattern of each person's veins in the fingertips are unique and there won't be any blood in a finger that is no longer attached to a body, this will provide a much safer method of controlling access than mere fingerprint scanning.

In an article posted on News24 on 6 February 2014, Say goodbye to PIN card ATMs, it was reported that Lumidigm is currently developing technology for SA that will use fingerprint scanning for ATMs. In Brazil and Kenya, ATM's are already using biometric access controls as a second form of authentication alongside the PIN to cut down on bank fraud. Bank of America is also investigating the introduction of Biometric ATM's according to this article. Lumidigm employs sophisticated algorithms for fake-finger detection, also called 'liveness detection' or 'spoof detection'. The algorithms can also be updated as new threats emerge.

Apple recently introduced the iPhone 5S, which also employs a fingerprint reader to gain access to the phone, although a conventional password could still be used in the event of the fingerprint reader not working. Meanwhile, Mercedes-Benz is reportedly working on new technology that will enable a future generation S-class to have body language recognition. The company claims that this future car will be able to recognise its owner when he/she approaches the vehicle and the car will then automatically unlock when approached by the owner. The car will also lock itself when detecting the owner is walking away, so you will never have to wonder if you did remember to lock your car.

Biometric access has been in use for many years, but it has not yet boomed into society, since the accuracy of the systems has not yet been proven. However, the technology is there and in the very near future, the concerns that prevented this technology from being implemented in everyday devices, will have been addressed. I believe that this is the way forward, as it ensures not only better security, but it is also much more user-friendly than remembering a password or carrying an access card.

We already have cellphones with biometric access systems. ATMs are already using this technology in some parts of the world and it is being tested in the automotive industry. Laptops have also used fingerprint scanners for some time. It is only a matter of time before all computers, tablets and cellphones will have biometric readers which will enable the device to communicate this to a server. This will enable any online profile to make use of the technology.

Up until now, bank cards have been passive devices, with the ATM or debit card machine reading from the device. Who knows how long it will be until the bank card becomes an active device, requiring its user to hold his/her finger on the device to activate the card for a short period of time, during which it can be used for a debit card purchase or in an ATM.

*This article was written by Alwyn Visser, an Information Systems lecturer at the School of Accountancy. Alwyn is currently busy with his MComm (Computer Auditing) degree. The next cycle of the MComm (Computer Auditing) programme will commence in 2016. Further information about the programme can be obtained on the website of the School of Accountancy at <http://academic.sun.ac.za/accounting/maccomp.html>.*

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## Sufficient Risk Disclosure ?

*"Good Risk Management fosters vigilance in times of calm and instils discipline in times of crisis."*

(Dr. Michael Ong)

The Global Financial Crisis took the world by surprise. More than seven years later the financial world still has not fully recovered from its effects. It had an effect on almost every country across the globe and made investors think differently about the risk they take when investing in companies. Investors feel that they are entitled to more information with regard to the risks the company that they are investing in faces, in order to consider whether the return is adequate based on the risk profile of the company.

In South Africa risk and risk management reporting is driven by the King Report on Governance for South Africa 2009 (hereafter referred to as 'King III'). According to King III the board of directors is ultimately responsible for risk management. It is compulsory for all companies listed on the JSE to produce an integrated report in which they certify that the King III requirements were met, or explain why it does not comply with King III.

King III requires the following disclosure with regard to risk:

- any 'undue, unexpected or unusual risks' and the related material losses incurred (including the causes of the losses) for the period under review;
- risks that may threaten the company's long-term sustainability; and
- the board's views on the effectiveness of the company's risk management processes.

A recent study by Prof. Wilna Bruwer, Zack Enslin (a former employee) and Christa Viljoen from the School of Accountancy focused on the risk related disclosure of non-financial Top 40 South African listed companies for financial year-ends between 31 March 2011 (when King III became compulsory) and 29 February 2012. The aim of the study was to inform management of South African companies of current international guidelines and local best practices with regards to risk disclosure.

The research objectives of the study were to develop a risk disclosure index to assist companies to improve risk disclosure in their annual integrated report and to determine the current benchmark for risk disclosure for the top listed companies in South Africa. The risk disclosure index was compiled based on both international and South African applicable guidelines and requirements. The focus was on narrative (and quantitative, in the limited cases where it was provided) disclosure in the integrated report, rather than quantitative disclosure as determined by International Financial Reporting Standards (IFRS). The disclosure index was classified into two categories (1) Disclosure regarding risk management; and (2) Disclosure regarding key risks identified, including how these risks are mitigated. In the case of risk management disclosure the disclosure of the necessary requirement could be inferred for 58.3% of the requirements, but in the case of risk identification and mitigation only for 33.3% of the requirements.

Improved risk reporting is beneficial to companies as it creates a more stable environment for investment activity and capital accumulation. Nonetheless, risk management disclosure remains a challenge as it is difficult to disclose sufficient information to enable stakeholders to take informed decisions based on the risk profile of the company, without, on the other hand, revealing sensitive information. Too much disclosure on risk could lead to the risk materializing. Best practices in South Africa seems to acknowledge that in order to be successful in risk management, there need to be a company-wide culture of understanding and management of risks and that risk management should be linked to company strategy. However, as far as risk identification and mitigation disclosure is concerned a significant majority of the companies did not link the risks they identified with strategic objectives and the impact thereon.

It is interesting to note that, despite the importance of risk disclosure, there are still large variations and deficits as far as disclosure is concerned. Risk disclosure is often generic, vague and retrospective, instead of addressing the possible uncertainties of the future. When they report on risk management the key driver for companies is compliance, rather than using it as a strategic tool in order to achieve a competitive advantage above their peers. The conclusion of the study was that limited and general discussion with regard to risk management and risk mitigation limit the informative value of disclosure. Risk disclosure is not done in a uniform way across the board, which makes comparison between companies based on their risk profiles difficult for investors.

Based on the research there is continual need for improved risk disclosure and streamlining the risk management process, even though South Africa is seen as one of the world leaders as far as corporate governance is concerned. To improve risk management efforts it must be regarded as an inseparable part of the business that supports the business objectives and mission.

*This article was written by Christa Viljoen, a Management Accounting lecturer at the School of Accountancy.*



## JJ launches Project Sustainable Community

Only after having completed Media 24's Rachel's Angels Program did JJ Stegmann, a third-year BAcc student, realise the true extent to which poverty stretches, not only in South Africa but within the Stellenbosch community in particular. Shortly after the completion of our Rachel's Angels cycle JJ heard about the Nedbank Sustainable Community Project Competition, a competition for BAcc-students around the country, and decided to enter.

Besides having to prepare a budget for R20 000 and a budget stretch for another R20 000, all the details for the project had to be submitted. Questions that had to be addressed included "Why is your project a good example of corporate social responsibility?", "How is your project sustainable?" and "How will you project-manage this initiative?"

Nedbank then chose six finalists, which included students from universities in Kwazulu-Natal, Bloemfontein, Johannesburg, Port Elizabeth and Stellenbosch. The six finalist were flown up to the Nedbank head office in Sandton where each had to present their projects to a panel of judges, which consisted of a Nedbank Chairlady, a divisional CFO, the head of Lead for Deep Green, a final year article clerk and a previous winner of the competition. JJ was fortunate enough to be crowned the winner of the competition and received R40 000 to start up his project, Project Sustainable Community. The aim of his project is to equip school learners from grade 4 to grade 7 with a paramount skill set of sustainability and entrepreneurship. He is currently busy implementing his project at three schools around the Stellenbosch area, namely Weber Gedenk (Jamestown), St Idas (Idas Valley) and Kylemore (Pniel).



JJ (standing on the left) receives his prize at the Nedbank prize giving ceremony



Project Sustainable Community involves building vegetable boxes for the various schools and then making the learners responsible for maintaining and growing the vegetables. Vegetables harvested will be sold to restaurants in Stellenbosch to help the schools to generate income. JJ encourages people to look out for the Project Sustainable Community stamp at their favourite restaurants. The idea is to equip the learners with skills which they can then use to start their own vegetable gardens at home in which they can grow food for their families or sell food to generate an income.

Each school that forms part of the project will also receive a 5000liter water tank which will be connected to the school's gutter system, gathering rain water which can be used to water the vegetable gardens and school plants, a worm farm in which household waste can be recycled to compost and liquid fertilizer, three large black bins to recycle cans, paper and glass items and gardening tools to maintain and look after the vegetable boxes.

JJ would like to thank Nedbank who made it possible to make a difference in the lives of these children. Thank you for *Making Things Happen*. If you would like more information on the project or would like to become involved financially or otherwise, contact JJ Stegmann by emailing him at [projectsustainablecommunity@gmail.com](mailto:projectsustainablecommunity@gmail.com).



# Jaarlikse Prysuitdelingsfunksie

Die jaarlikse prysuitdelingsfunksie van die Skool vir Rekeningkunde ten opsigte van studenteprestasies gedurende 2013 het op 18 September 2014 in Die Stal te Coetzenburg plaasgevind. Die funksie is deur KPMG geborg. Besonderhede van die pryse wat tydens hierdie geleentheid aan studente van die Skool vir Rekeningkunde oorhandig is, verskyn hieronder.

INSTANSIE & PRYS	OORHANDIG DEUR	PRYSWENNER
<b>EY (ERNST &amp; YOUNG)</b>	Mnr Frantz Scheepers	
Beste vordering in Finansiële Rekeningkunde II deur 'n BRek-student		Caryn Henniker
Twee pryse toegeken aan HonsBRek-studente wat die beste vordering toon		Christopher Moore Edward Home
<b>DELOITTE</b>	Mnr Adriaan Basson	
Beste tweedejaar BRek-student in Finansiële Rekeningkunde en Belasting		Nina Frenz
Beste derdejaar BRek-student in Finansiële Rekeningkunde en Belasting		Pia Lourens
Tweedebeste HonsBRek-student		Albertus Steyn
<b>GREENWOODS</b>	Prof Kobus van Schalkwyk	
Beste derdejaar BRek-student in Finansiële Rekeningkunde		Pia Lourens
<b>KPMG</b>	Mnr Gary Pickering	
Beste eerstejaar BRek-student in Finansiële Rekeningkunde		Angelique Koen
Beste HonsBRek-student in Finansiële Rekeningkunde		Niel Haasbroek
Phumzile Njomose Gedenkprys		Lauren Kleintjies
<b>LEXISNEXIS</b>	Me Syntyche de Waal	
Twee boekpryse aan verdienstelike BRek-studente		Angelique Koen Nina Frenz
<b>LITTLE BIG BOOKSTORE</b>	Me Renie Theron	
Beste derdejaar BComm-student in Finansiële Rekeningkunde		Michiel de Witt
Tweedebeste derdejaar BComm-student in Finansiële Rekeningkunde		Madalé Bezuidenhout
<b>PASTEL SOFTWARE</b>	Mnr Jerry Skei	
Beste derdejaar student in Inligtingstelsels		Pieter Brönn
<b>PRICEWATERHOUSECOOPERS (PwC)</b>	Mnr Hein Döman	
Beste tweedejaar BRek-student in Ouditkunde		Nina Frenz
Beste derdejaar BRek-student in Ouditkunde		Pia Lourens
Tweedebeste derdejaar BRek-student		Pieter Brönn
Beste derdejaar BRek-student		Pia Lourens
Beste HonneursBRek-student		Elizabeth Bussell
<b>ROUX VAN DER POEL-merietebeurse (PwC)</b>	Mnr Hein Döman	
Merietebeurse aan HonsBRek-studente vir prestasies in derdejaar		Pia Lourens Annemie Rossouw Dayne Roberts
<b>RADEMEYER WESSON</b>	Mnr Marius Strydom	
Beste derdejaar BRek-student in Finansiële Rekeningkunde, Belasting en Bestuursrekeningkunde		Pia Lourens
Beste tweedejaar BRek-student in Finansiële Rekeningkunde, Belasting en Bestuursrekeningkunde		Nina Frenz
<b>SANLAM</b>	Mnr Patric Hartnic	
Beste derdejaar BComm-student in Finansiële Rekeningkunde, Belasting en Bestuursrekeningkunde		Michiel de Witt
Beste tweedejaar BRek-student in Finansiële Rekeningkunde		Nina Frenz
Beste tweedejaar BRek-student		Nina Frenz



SAIPA	Mnr Shafiek Dollie	
Beste eerstejaar BComm-student in Finansiële Rekeningkunde		Aldu Duminy
Beste derdejaar BComm-student in Belasting		Michiel de Witt
LOGISTA	Mnr Danie Coetzee	
Beste eerstejaar BRek-student		Angelique Koen
Beste tweedejaar BComm-student in Finansiële Rekeningkunde		Sharné Davey
CIMA	Mnr Willian Smit	
Beste HonsBComm-student in Bestuursrekeningkunde		Irene Potgieter
SAIGR (Suid-Afrikaanse Instituut vir Geoktrooieerde Rekenmeesters)	Mnr Christiaan Vorster	
Beste HonsBRek-student in Belasting		Elizabeth Bussell
Beste HonsBRek-student in Ouditkunde		Albertus Steyn
Beste HonsBRek-student in Finansiële Rekeningkunde		Niel Haasbroek
Beste HonsBRek-student in Bestuursrekeningkunde		Elizabeth Bussell
Beste eerstejaar BRek-student in professionele vakke		
Beste tweedejaar BRek-student in professionele vakke		Wei-Ren Mao
Beste derdejaar BRek-student in professionele vakke		Nina Frenz
Beste HonsBRek-student		Pia Lourens
Beste eerstejaar Thuthuka-student		Elizabeth Bussell
Naasbeste eerstejaar Thuthuka-student		
Beste tweedejaar Thuthuka-student		Timwen Hendricks
Naasbeste tweedejaar Thuthuka-student		Jamie Ramplin
Beste derdejaar Thuthuka-student		Lauren Kleintjies
Naasbeste derdejaar Thuthuka-student		Lauren Davids
Beste HonsBRek Thuthuka-student		Russel Joshua
Naasbeste HonsBRek Thuthuka-student		Arlin Humphreys Amile Johnson Ashleigh Bornman

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# Creating value through change

Organisations implement change programmes for various reasons, but fundamental to all these reasons is the goal to create shareholder value. What most companies do not realise is that only 30 percent of change initiatives succeed and generate the intended value. The main reason for this is because organisations pay a lot of attention to forming the new organisational design, but pay much less attention to actually implementing the change. Employee distraction, demoralisation and resistance to change have a significantly greater negative impact on the success of the change initiative than insufficient resources.

## Four critical success factors

In order to manage the implementation of many different change initiatives and keep the organisation's energy levels high, four critical success factors, each driven by people, must be in place.

### 1. Setting a clear theme, vision or objective

In many cases employees find it difficult to support where the company is going because they do not know what the organisation's values are. For any team to work in the same direction they have to know what an organisation is looking for and feel a connection to this common vision or theme. Every organisation should have three themes:

- **Static (or long-term) theme:** is derived from the value proposition of the organisation.
- **Traditional (or medium term) theme:** drives delivery of the transformation through a clear governance structure with well-defined roles and objectives to address change in the way the business operates or responds to market demands.
- **Innovation (or short-term) theme:** enlists the active involvement of entry level staff with new perspectives on the market and organisation.

Having these different levels of themes will ensure opportunities are exploited, while sticking to the organisation's core values. This will also help ensure that managers and employees feel a strong sense of personal ownership towards the change initiative.

### 2. Building ownership

Employees should not only be involved in setting themes, they should also be given ownership of the change initiatives and be held accountable. The culture of not facing up to issues and blaming others can be detrimental to the success of organisational redesign. Ownership is only developed when considering the technical aspects, soft aspects and change management thinking (as outlined in the table).

Change requires all employees to think and work differently. Frontline employees tend to be more willing to accept change. Similarly, senior management involvement should not be underestimated. While change programmes can be delegated to experts with the necessary technical skills, these experts often lack the authority, capabilities, or drive to make change stick. Senior executives have the ability to influence change, but this can only be achieved if they adopt new roles as coaches and mentors.

Key capabilities for implementing change programmes	
Soft aspects	<ul style="list-style-type: none"> <li>• Clear, organisation-wide ownership and commitment to change across all levels of the organisation.</li> </ul>
Technical aspects	<ul style="list-style-type: none"> <li>• Effective program management and use of standard change processes.</li> <li>• Continuous improvement during implementation and rapid action to devise alternative plans.</li> </ul>
Management of change program	<ul style="list-style-type: none"> <li>• Ability to focus organisation on a prioritised set of changes.</li> <li>• Clear accountability for specific action during implementation.</li> <li>• Planning for long-term sustainability of change.</li> <li>• Sufficient resources and capabilities to execute change.</li> </ul>

### 3. Take time before implementing change

After accounting for the way culture and other organisational factors will affect the goals of a change programme, companies must put what they learn into action. Change programs should first be piloted in selected units before they are rolled-out across the entire organisation. Driving change too quickly can have unwanted consequences. Pilot programmes should be rigorously monitored and evaluated so that any early warning signs can be detected and the roll-out model adjusted accordingly. Many projects fail because people implement change too fast.



#### 4. Measurement matrix

Once full-scale implementation commences continuous improvement must be evaluated by using a clear measurement matrix of where an organisation and its employees currently are and where they want to be. Three forms of measurements are necessary. Shareholder value is the ultimate business outcome for any company. Whatever change programme is implemented, it should be making the business financially more successful. Measuring key business outcomes such as revenue, cost and risk is a priority. However organisations should also use an integrated set of metrics that spans operational improvements (such as time saved, improved output and quality), as well as health indicators. It is therefore important that the soft goals, such as coaching and learning, accountability, innovation, trusted leadership and job satisfaction are translated into hard measurements. It is important that these measurement matrices are tangible and can be tied to the clear high-level goal. Connecting goals to each employee's day-to-day work is critical.

#### Conclusion

If change programmes are implemented correctly, value is created. If you cut corners now, as all organisations (i.e. employees) are inclined to do, you are going to pay for it later.

*This article was written by Martinette Nieuwoudt, a junior lecturer at the School of Accountancy.*

## Showcasing Community Interaction



*The Thuthuka poster presentation*

Staff members of the School of Accountancy are involved in various community interaction initiatives, either as a group or in their personal capacities. Various staff members also serve on committees of professional bodies or represents professional organisations. Within the School of Accountancy there are four large community interaction initiatives: the Financial Management Skills Development Programme for entrepreneurs, the Teacher Enrichment Programme, Stellenbosch Thuthuka Programme and the Bread Tags for Wheelchairs project.

Some of these projects were showcased at the Stellenbosch University Community Interaction Symposium which was held in September at the Sustainability Institute in Lynedoch. The theme of the Symposium was Interacting for Inclusivity and Innovation.



*Corinna Kirsten presenting the poster for her SEED project*

This theme links community interaction as a core academic function directly with Stellenbosch University's Vision 2030 as expressed in the SU Institutional Intent and Strategy 2013-2018. The purpose of the symposium was to foster trans-disciplinary conversations and collaborations between faculties and support services at Stellenbosch University.

The symposium was attended by a wide spectrum of faculties and departments. Four community interactions programs from within the Faculty of Economic and Management Sciences were selected to be presented at the symposium, two of which were projects from the School of Accountancy, which were selected for poster-presentations.

Corinna Kirsten presented her SEED project that she has been managing for the past three years to develop the financial management skills of entrepreneurs operating their businesses in the Boland area. Read more about the SEED project on page 12 of RekNuus.

The Thuthuka project team presented a digital poster on the activities of the Stellenbosch Thuthuka Bursary programme. Read more about the activities of the 2014 Thuthuka group on page 28 of RekNuus.

## Thuthuka@Maties - 'n Jaar van groei...

Dit is tans die agste jaar wat die Thuthuka-program by die Universiteit Stellenbosch (US) aangebied word. Die studente wat deur hierdie inisiatief befonds word, het hierdie jaar tot meer as 120 studente gegroei. Dit is dus een van die grootste onafhanklike beurskemas in die Fakulteit van Ekonomiese en Bestuurswetenskappe aan US.



*Thuthuka seniors vorm 'n 10 op kampus om die tiende bestaansjaar van die beursfonds aan te dui*

### Tiende bestaansjaar van die Thuthuka beursfonds

Alhoewel dit slegs die agste jaar is wat die Thuthuka-beursfonds by US aangebied word, is dit vanjaar die tiende bestaansjaar van die Thuthuka beursfonds landswyd. Dit is 'n groot prestasie vir 'n beursfonds om in die huidige ekonomiese klimaat so lank suksesvol te wees. Die beursfonds het reeds byna 1000 studente wat by die program betrokke is. Om die tiende bestaansjaar te vier het die Thuthuka@Maties-studente 'n reeks aktiwiteite uitgevoer, wat gestrek het van die uitdeel van koekies en liedjies skryf vir Thuthuka tot 'n kankerbewustheidveldtog. Gaan kyk gerus na die video by: <https://www.youtube/watch?v=v9P1g1hXQwk>.

### Gemeenskapsinteraksie

Gemeenskapsinteraksie het sinoniem geword met Stellenbosch Thuthuka. Tesame met die projekte wat jaarliks uitgevoer word (soos die studente wat as kampeiers by die Thuthuka Wiskunde kampe dien en die Dress-a-Kid program, waar die studente help om skoolklere vir skoolleerders te befonds), het die Stellenbosch Thuthuka-studente gedurende 2014 twee afsonderlike gemeenskapsprojekte geloods. Die studente het deur beide van hierdie geleenthede besef hoe bevoorreg hulle is en dat daar soveel mense en kinders het wat met minder as die basiese benodigdhede dag tot dag moet leef.

Omdat hulle iets aan Stellenbosch se gemeenskap wou teruggee het hulle besluit om met 'n voedingskema in Stellenbosch te skakel en aan kinders in Cloetesville toebroodjies en appels uit te deel.

Die studente het ook by die Saartjie Baartman Sentrum vir Vroue en Kinders in Manenberg betrokke geraak en het gehelp om die speelgronde by hierdie sentrum met vrolike kleure op te helder deur die speelpark te verf. Die Sentrum huisves ongeveer 50 moeders en kinders wat daagliks omstandighede van drank-en dwelmmisbruik, sowel as mishandeling ervaar.



*Lungile Tshabala (regs op die foto), 'n Thuthuka eerstejaarsstudent, deel koek met die res van kampus.*

### Praktyk Mentorskapprogram

Omdat dit belangrik is dat die studente op hoogte bly van verwikkelinge in die werksplek en skakel met die professie, het die Stellenbosch Thuthuka-program in 2014 ook 'n praktyk mentorprogram geloods. Elke derdejaars-student het 'n gekwalifiseerde geotrooieerde rekenmeester (GR) as 'n mentor ontvang. Die mentor se rol is om aan die student leiding te verskaf en blootstelling te gee aan onder andere die rekeningkundige professie, hulle toekomstige werksomgewing en die industrieë waar hulle in die toekoms werksaam mag wees. Die program het baie positiewe terugvoer van beide die mentors en



*Die Thuthuka-studente tydens die kankerbewusmakingsveldtog – Pienk is die nuwe swart*



mentees ontvang en sal vir 2015 weer na die nuwe finale jaar studente uitgebrei word. Indien u betrokke wil raak by die program, kontak gerus vir Amber de Laan by die Skool vir Rekeningkunde by (021) 808 2342 of [amber@sun.ac.za](mailto:amber@sun.ac.za).

## Toekenning van die SAIGR

Die Universiteit het ook 'n toekenning van die Suid-Afrikaanse Instituut van Geoktrooieerde Rekenmeesters (SAIGR) ontvang wat die Skool vir Rekeningkunde se bydrae tot die groei en transformasie van die professie erken het. Die US is een van slegs 15 universiteite landswyd wat by die program betrokke is.

Die Universiteit en die personeel van die Skool vir Rekeningkunde is bedank vir die jarelange ondersteuning en toegewydheid om 'n verskil te maak in die lewens van verskeie anderskleurige studente. Die Stellenbosch Thuthuka-studente het 'n video gemaak om die feesvieringe en hul dankbaarheid uit te beeld. Dit is beskikbaar by: [https://www.youtube.com/watch?v=Vv3e\\_BMRW0k](https://www.youtube.com/watch?v=Vv3e_BMRW0k).

Soos in die verlede het die Stellenbosch Thuthuka alumni 'n groot indruk op die rekeningkundige professie gemaak, met alumni wat op verskeie komitees en professionele liggame dien. Die Stellenbosch Thuthuka Alumni het ook 'n groot rol in die stigting van die Nasionale Thuthuka Alumni vereniging, 'n struktuur geskep deur die SAIGR, gespeel.

Dit was 'n jaar van groei vir Thuthuka@Maties, maar ons het ongelukkig ook een van ons geliefde studente verloor. Nandi Eldean Cloete is vroeg in Januarie vanjaar tragies oorlede. Nandi het in 2013 haar graad voltooi en sou in 2014 in die Honneurs-klas wees. Dit was 'n jaar van verandering, 'n jaar van dink oor wat Thuthuka@Maties reeds gedoen het. 'n Jaar om te besin oor wat die toekoms moet inhou en ons te herinner waarnatoe ons oppad is. Thuthuka het reeds baie mense se lewens geraak en hopelik gaan dit nog vele se lewens positief beïnvloed.

Vir meer inligting oor die Stellenbosch Thuthuka-program en ander nuus oor die studente, besoek gerus ons webwerf by <http://www.sun.ac.za/accounting/thuthuka.html>. Die Skool vir Rekeningkunde bedank alle departemente en afdelings binne die Universiteit, buite-organisasies en die SAIGR vir hul toewyding en harde werk om van die Thuthuka-program 'n sukses te maak.

HIERDIE BLADSY IS GEBORG DEUR

A group of five diverse young adults (three women and two men) are smiling and holding hands in a circle, forming a ring. They are positioned against a vibrant red background. The individuals appear to be of various ethnicities and are dressed in casual attire.

The KPMG logo, consisting of the letters "KPMG" in a bold, sans-serif font, preceded by four small squares arranged horizontally.

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# The POPI Act - Possible impact on South African businesses

The Protection of Personal Information (POPI) Act was enacted into law on the 26th of November 2013. Certain provisions of this Act that deal with the establishment of the Information Regulator (IR), the enforcement body that still needs to be appointed, came into effect on 11 April 2014. The Act allows for the remainder of the provisions of the Act to only come into force after the IR has been appointed, but it has been advised that companies should use this preceding time to become compliant with the letter of the law.

## Possible enforcement actions

In light of the looming uncertainty of how the POPI Act will affect South African businesses one can look at the enforcement actions in terms of the Data Protection Act by the Information Commissioners Office (ICO) in the United Kingdom (UK) to predict how South Africa will be affected. This can be done due to significant similarities between the legislation of South Africa and the UK in terms of data protection. In an attempt to understand what could possibly happen in South Africa when the POPI Act comes into force de Bruyn (2014) summarised the enforcement activities of the ICO since they obtained their teeth in April 2010 until December 2013. Table 1 summarises the types of enforcement actions that the ICO used in the period under review and also indicates whether the POPI Act allows for similar action to be taken if non-compliance is confirmed.

Enforcement Action	United Kingdom Data Protection Act 1998	South Africa POPI Act 4 of 2013
Monetary Penalties	Yes (maximum £500 000)	Yes (maximum R10 million)
Enforcement Actions (to cease or change business process)	Yes	Yes
Undertakings (to improve data protection)	Yes	Yes
Prosecutions	Yes	Yes
Imprisonment	No	Yes (maximum 10 years)

Table 1: Comparison of data protection enforcement action types (Source: de Bruyn, 2014)

From the above table it is clear that the South African IR will be allowed to make similar judgements as the ICO, with the exception of the maximum monetary fine of R10 million and the ability to enforce an imprisonment sentence on a person for a maximum of 10 years. The ICO does not have the right to send convicted persons to prison and this has been identified as a shortcoming in the powers of the ICO by the UK Justice Committee.

## Enforcement actions applied

Enforcement Type	2010	2011	2012	2013	Total	%
Monetary Penalty	2	7	25	18	52	23.64
Enforcement Notices	0	1	4	6	11	5.00
Undertakings	0	71	31	28	130	59.09
Prosecutions	0	10	9	8	27	12.27
					220	100

Table 2: Number of Enforcement Actions taken by the ICO in the period April 2010 to 31 December 2013 (Source: de Bruyn, 2014)

The enforcement actions that were used most frequently by the ICO were agreed undertakings (59%) and imposing monetary penalties (24%). The reason for the high number of undertakings in 2011 and the gradual decline since then is attributed to the fact that the ICO started their regime by using undertakings as a precursor to a more harsh or formal action in an attempt to motivate and allow companies time to become compliant with the law. It would be interesting to see if the South African IR will follow the ICO's example or whether it will start its enforcing regime by issuing harsh monetary penalties from the onset. For this article it was decided to only elaborate further on the findings related to the monetary penalties.



The POPI Act, as well as the Data Protection Act, makes a distinction between ordinary personal information and personal information that is sensitive in nature (such as a person's religious beliefs, medical information, ethnicity and political views). For all the monetary penalties issued by the ICO in the period under review (52 in total) only one of the fines were issued for the disclosure of personal information that was not deemed to be sensitive in nature. From this it can be concluded that companies dealing with sensitive personal information are inherently exposed to a higher risk of receiving a monetary or harsher fine in case of a data protection infringement.

The enforcement of the POPI Act will be done on a complaint driven system, similarly as in the UK. To strengthen the above-mentioned argument it can be reasoned that data subjects whose private information were compromised will be more prone to issue a complaint with the authorities if the compromised information was sensitive in nature than if it was not. It was found that 51% of the total monetary penalties issued for the period under review were related to health (25%) and social (26%) services, both services that rely heavily on the record keeping of sensitive personal information. From this finding it is clear that all South African businesses that collect, save, store or processes sensitive personal information, including the South African health and social services sectors, have a greater exposure to harsher data protection risks in terms of the new Act.

### Penalties for contraventions

Nr	Contravening action	Ave (£)	Total (£)	Max (£)	Min (£)
1	Insecure disposal of hard drives containing personal data led to disclosure of sensitive personal information.	262 500	525 000	325 000	200 000
2	Sensitive personal information compromised due to attack on network. Controls implemented by data controller found to be inadequate.	250 000	250 000	250 000	250 000
3	Insecure storage of sensitive private information on paper records.	225 000	225 000	225 000	225 000
4	Direct marketing: Sending of unsolicited text messages.	205 000	615 000	300 000	140 000
5	Insecure disposal of paper records containing sensitive personal information.	175 000	350 000	250 000	100 000

Table 3: Monetary Penalties per contravening action (Source: de Bruyn, 2014)

The five contravention types that lead to the highest average penalty are displayed in Table 3. It is interesting to note that the insecure disposal and storage of paper (as opposed to electronic) records also lead to hefty fines in terms of the Data Protection Act. It is therefore important for South African businesses to ensure that they store and dispose of electronic, as well as paper records, which contain personal data, in a secure manner. Considering the type of contraventions in Table 3, the resulting monetary penalties could have all been avoided if adequate data protection controls were in place within the businesses.

It is clear that the implementation and enforcement of the new POPI Act will impact the South African businesses in a significant manner. Businesses should ensure that they start implementing the necessary data protection procedures and controls as part of their standard operating procedures as soon as possible. In addition all personnel that handle personal data should receive proper training on data protection principles and measures. This should be done before the IR is appointed to avoid any unnecessary contraventions of the Act, and resulting enforcement actions.

This article was written by Michelle de Bruyn, an Information Systems lecturer at the School of Accountancy.

### References

De Bruyn, M. 2014. "The Protection of Personal Information (POPI) Act – Impact on South Africa", International Business and Economics Journal, Vol 13, No 6.

POPI Act, Protection of Personal Information Act 4 of 2013 (RSA)

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## Personeellede van die Skool gradueer



Daar is deurlopend personeellede van die Skool vir Rekeningkunde wat hulself deur verdere studies in hul bepaalde vakgebiede beter bekwaam. Vyf personeellede van die Skool het gedurende die afgelope jaar by Stellenbosch Universiteit gegraduateer.

Op die foto verskyn v.l.n.r.: Carla Morris – MRek (Bestuursrekeningkunde) cum laude; Mareli Dippenaar – MRek (Belasting); Rikus Bruwer – Mcomm (Rekenaarouditering); Waldette Engelbrecht – MRek (Belasting) en Andrea Herron – MRek (Belasting).

## REKNUUSREDAKSIE 2014

Rika Butler      Michelle de Bruyn

Reknuus-kontakbesonderhede: e-pos: [rbutler@sun.ac.za](mailto:rbutler@sun.ac.za) telefonies: (021) 808 3703

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GEOKTROOIEERDE EN PROFESSIONELE REKENMEESTERS



Moenie vergeet dat jy anders kan wees as al die ander nie.....

Moenie vergeet dat jy eintlik reeds anders is as al die ander nie.....

Jy's dit aan jouself verskuldig om jou volle potensiaal te ontgin en ons kan jou help om dit te doen!



## Dans talent onder personeel en studente

Die Maties Dans Gemeenskap (MDG) het die populêre Dancing in Style-kompetisie op 19 April 2014 aangebied. Die formaat van hierdie geleentheid is gebaseer op die welbekende TV programme Strictly Come Dancing en Dancing with the Stars. Deelnemers is vir ongeveer twee maande deur 'n instrukteur van MDG in vier verskillende tipes danse opgelei, waarna daar teen ander sterre gekompeteer is. Die 'sterre' wat aan die Dancing in Style skougeleentheid deelgeneem het, was Universiteit Stellenbosch personeellede en nagraadse studente wat op komitees dien.

Drie personeellede van die Skool vir Rekeningkunde, wat op die foto langsaan verskyn, het aan hierdie geleentheid deelgeneem en het dit beskou as 'n wonderlike geleentheid om nuwe mense



Michael Kok en Mischka Jacobs

te ontmoet, te leer om te dans en om pret te hê. Roelof Baard en sy instrukteur, Kay Eksteen, en Eloise de Jager en haar instrukteur, Ross Vermeulen, het onderskeidelik 'n 2de en 3de plek in die kompetisie behaal. Twee van die instrukteurs is huidige BRek-studente, Greg Bermosky en Michael Kok, wat onderskeidelik 'n 1ste en 4de plek in die Dancing in Style-kompetisie behaal het.

Michael, 'n derdejaar BRek-student, was verder deel van 'n MDG-groep wat in Augustus vanjaar by die Universiteit van Kaapstad aan die jaarlikse Intervarsity danskompetisie deelgeneem het. Daar was ongeveer 150 paartjies van universiteite regoor Suid-Afrika wat aan die Intervarsity kompetisie deelgeneem het. By die kompetisie het Micheal en sy dansmaat, Mischka Jacobs, 'n eerste plek in die Brons-kategorie behaal en na die finale rondte van die Boogie deurgedring. Michael dans reeds die afgelope drie jaar by MDG, waar hy onder andere Ballroom en Latyns Amerikaanse danse, soos die Cha-Cha, Waltz en Tango dans.



Riana Goosen, Roelof Baard en Eloise de Jager



### SLUIT AAN BY 'N MEDIUMGROOTTE OUDITFIRMA PROPVOL GELEENTHEDE

- Is jy besig met jou B Rek (B Compt), B Rek Hons of B Com (met Rekeningkunde)?
- In jou 2e of 3e jaar van voorgaande studies?
- Wil jy graag jou SAICA- of SAIPA- of CIMA-klerkskap in Stellenbosch deurloop?
- By een van die toonaangewendste ouditeursfirmas in die Eikestad en die land?
- 'n Klipgooi van die middedorp, maar in die rustigheid van die boomryke Helderbergstraat?

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Ons dink jy sal sien dat ons nie 'n alledaagse ouditfirma is nie, maar dat ons steeds op soek is na ongewone en uitdagende geleenthede om ons kliënte die beste te gee (en geld te maak). En ons 70 klerke stem (amper) almal saam. ('n Mens sal seker moeilik almal tevrede stel, maar ons probeer hard ...)

Lees jy nog? Stuur gerus jou CV, eksamenpunte tot dusver en aansoekbrief aan Jock de Jager by faksnommer 086 206 9056, per e-pos: [jock@ldp.co.za](mailto:jock@ldp.co.za) of makliker nog, gebruik die aanlynfasiliteit onder "Vakatures" op die webblad. Wie weet, dalk pas ons bymekaar!

# PERSONEELAANGELEENTHEDE

## Nuwe Personeel

Die volgende personeellede het gedurende die jaar by die Skool vir Rekeningkunde aangesluit.



*Natasha Buitendag*



*Amber de Laan*



*Gail Fortuin*



*Cecileen Greeff*



*Nicolette Kloppe*



*Mari Patterson*



*Nadine Spies*



*Die Akademiese klerke: V.l.n.r.: Marcel Cupido, Nicolas Sideratos, Werner Jordaan, Stephan Spies en Hein Hendrikse*

## Personeellede wat die Skool se diens verlaat het

- Thelmie Potgieter was vir 5 jaar by die Skool vir Rekeningkunde betrokke as Finansiële Rekeningkunde 178, 188 en 278 dosent. Sy is nou 'n tuisbly ma wat na haar nuwe kleinding omsien.
- Carien Strauss was vir 12 maande werksaam by die Skool. Sy was betrokke by Belasting 399. Sy werk nou by Sanlam se Belasting-afdeling.
- Melissa Walters was vir 2½ jaar by die Skool vir Rekeningkunde werksaam. Sy het hoofsaaklik Finansiële Rekeningkunde 288 aangebied, maar was ook by Finansiële Rekeningkunde 171 betrokke. Sy is tans werksaam as 'n Besigheidsanalisis vir finansiële stelsels by Ackermans.
- Ilze Mey was vir amper twee jaar aan die Skool verbonde, waar sy Finansiële Rekeningkunde 188 en 389, Bestuursrekeningkunde 278 en Inligtingstelsels 188 aangebied het. Sy werk nou as Ouditbestuurder by Aucamp Scholtz Lubbe.
- Miriam Walters was vir 7 jaar lank 'n Administratiewe Beamppte vir Voorgaadse programme by die Skool vir Rekeningkunde. Sy is egter steeds by die Universiteit werksaam as Administratiewe Beamppte by die Sentrum vir Studente Administrasie se Roosterkantoor.



## Navorsing deur en ander betrokkenheid van personeel

Sophia Brink het 'n artikel in Volume 7(2) van die *Journal of Economic & Financial Sciences (JEF)* getiteld "The effect of the new revenue standard on client loyalty programmes" gepubliseer. Hierdie artikel het ondersoek ingestel na wat die impak van die voorgestelde nuwe inkomste-model op kliënteloyaliteitsprogramverskaffers sal wees. Die voorgestelde nuwe model sal ses bestaande rekeningkundige standaarde of interpretasies, insluitend IFRIC 13, vervang. Die artikel ondersoek die verskille en ooreenkomste tussen IFRIC 13 en die nuwe model asook watter gedeeltes van die nuwe model spesifiek op 'n kliënteloyaliteitsprogramtransaksie van toepassing is. Die navorsing is gedryf deur die feit dat die nuwe model minimale leiding spesifiek aan kliënteloyaliteitsprogramverskaffers insluit.

Sophia het ook twee artikels geskryf wat onderskeidelik in Volume 28(1) en 28(2) van *Tax Planning magazine* gepubliseer is. "Client-loyalty programmes: Two output VATs" het ondersoek ingestel na die korrekte BTW-hantering van 'n kliënteloyaliteitsprogramtransaksie. Daar is bevind dat 'n kliënteloyaliteitsprogramtransaksie vir BTW-doeleindes as twee aparte transaksies beskou en hanteer moet word, naamlik die oorspronklike aankooptransaksie ingevolge waarvan punte of myle toegeken word en die uiteindelijke inruil van punte of myle vir voordele. Op grond van hierdie bevinding sal die kliënteloyaliteitsprogramverskaffer op beide transaksies uitset BTW moet verantwoord. In haar artikel "Domestic debt discount" bevind Sophia dat selfs al word vereffeningskorting ontvang nie huidige in die hande van 'n niehandelndrywende natuurlike persoon belas nie, voldoen dit aan al die vereistes van van die algemene 'bruto inkomste' definisie en moet die vereffeningskorting ontvang teoreties by die natuurlike persoon se bruto inkomste ingesluit word.

'n Volgende artikel getiteld "New medical credit system disadvantageous for disabled persons", wat deur Sophia geskryf is, is in *TaxTalk magazine* gepubliseer en het ondersoek ingestel na die impak van die veranderde mediese kredietstelsel op gestremde belastingpligtiges. 'n Vergelyking is getref tussen die volgende jare van aanslag: jare wat die 2013 jaar van aanslag voorafgaan, en die 2013, 2014 en 2015 jare van aanslag onderskeidelik.

Sophia Brink en Danielle van Wyk se artikel getiteld "Talk to Tax Tim" is in Volume 28(5) van *Tax Planning magazine* gepubliseer. Die hoofdoel van die artikel was om belastingpligtiges met die voltooiing van hul jaarlikse belastingopgawes by te staan. Sophia en Danielle het by Tax Tim ('n aanlyn belasting assistent) gaan aanklop ten einde algemene struikelblokke in die voltooiing van 'n belastingopgawe te identifiseer en oplossings en verduidelikings daarvoor te verskaf.

Danielle van Wyk co-authored two articles which focused on audit efficiencies. The first article titled, "9 Tips for assisting auditors - The auditing process need not be a nightmare", was published in *OfficeLife* Volume 3(9). This article focused on audit efficiencies from the client's side and provided tips to clients on how to reduce the amount of stress and work involved during an audit. The second article titled "Audit efficiencies and inefficiencies: sharing responsibility" was published in the Summer 2013/2014 edition of *Auditing SA*. This article addresses how audit teams can, together with their clients, work to achieve a more efficient and effective output while performing fieldwork. Thorough planning is needed to eliminate inefficiencies in the audit process. There is however a responsibility on both the client's team and auditors' to ensure that an audit is carried out in the most efficient and cost-effective manner. Both parties should work together towards the common goal of getting the financial statements and audit report signed.

One of Danielle's articles, titled "The CA(SA) cake is only so big" was also published on the Accountancy SA's webpage on 21 April 2014. The article focused on career opportunities for newly qualified CA(SA)'s. Various factors have an impact as to why newly qualified CA(SA)'s struggle to find employment opportunities. Factors such as the current status of the labour market, the role of audit firms, having sufficient experience, as well as personal choice and perceptions are discussed in the article. At the end of the day the onus is on the individual to make his/her career a success and therefore practical tips are also provided to trainees for consideration. The article emphasize the fact that it is important that CA(SA)'s pay enough attention to plan and actively manage their careers from day one.



Sophia Brink



Danielle van Wyk



Gretha Steenkamp

Danielle van Wyk wrote an article together with Gretha Steenkamp titled, "Trade receivables: IAS 39 vs IFRS 9", which was published in the March 2014 edition of the *Accountancy SA*. Many companies sell goods or services to customers on credit, resulting in the recognition of trade receivables in their financial records. This type of financial asset is currently measured by most companies in terms of the International Accounting Standard 39 *Financial Instruments: Recognition and Measurement* (IAS 39). However, the International Accounting Standards Board (IASB) is in the process of replacing IAS 39 with International Financial Reporting Standard 9: Financial Instruments (IFRS 9). This article looks at the differences between the two standards with the focus on trade receivables. Taking into account the constant changes in economic conditions and the effect thereof on a company's clients, it is suggested that accountants make themselves familiar with IFRS 9. For more information on IFRS 9, visit [www.ifrs.org](http://www.ifrs.org).

Gretha also published an article titled "How pre-admission characteristics affect the performance of CTA students at a South-African University" in volume 7(2) of the *Journal of Economic and Financial Sciences* (JEF). The completion of a Certificate of Theory in Accounting (CTA) is an essential and challenging part of qualifying as a chartered accountant (CA) in South Africa. The objective of this research was to determine how certain pre-admission student characteristics impact CTA performance at a South African residential university (Stellenbosch University). Current CTA students were asked to complete a questionnaire which requested information regarding the characteristics that they possessed upon admittance into the CTA programme. Past performance in undergraduate studies showed the strongest correlation with CTA performance, and is thus a valid admission criterion. Characteristics that relate to reduced performance in CTA studies include: not completing the undergraduate programme in the minimum amount of time, being extroverted, underdeveloped literacy skills and focussing on the details rather than the big picture. Such students are at risk and could benefit from targeted interventions.



Leonard Willemse

Sophia Brink en Leonard Willemse het 'n artikel getiteld "An investigation into the future of discretionary trusts in South Africa – an income tax perspective" geskryf, wat in die *Journal of Economic & Financial Sciences* (JEF) gepubliseer is. Die artikel is geskryf na afloop van die 2013/2014 begroting ingevolge waarvan die Minister van Finansies aangedui het dat die regering verskeie wetgewende maatreëls voorstel ten einde die belastingmisbruik van trusts te voorkom. Op hierdie stadium is die voorstelle vaag en verwarrend, maar dit is te kenne gegee dat die geleibuis-beginsel onder oorsig is. Dit beteken dat 'n trust moontlik nie meer as 'n geleibuis sal dien waardeur inkomste vloei en die identiteit in die hande van die begunstigdes behoue bly nie. Die hoofdoel van die navorsing was om die voorgestelde belastingwysigings te verduidelik, die moontlike impak van hierdie voorstelle te ondersoek, en om te bepaal of diskresionêre trusts steeds 'n toekoms in Suid-Afrika het gegewe hierdie voorstelle. 'n Verkorte weergawe van hierdie artikel is ook in die populêre tydskrif *Tax Planning Magazine* gepubliseer ("Estate planning under threat – Use of discretionary trusts").

"An analysis of the barriers to entry for small business owners imposed by Income Tax legislation in the developing country of South Africa" was the title of the presentation that Leonard Willemse made at the ATINER conference. South Africa is listed as one of a number of developing countries by The International Statistical Institute based on specific criteria set by the World Bank and the United Nations. Sustainable economic growth is of the utmost importance for a developing country such as South Africa. To achieve this growth the South African Government has on more than one occasion stated that small businesses in South Africa are instrumental in the growth of the South African economy as it is a source of job creation and a counter to poverty. Research however indicates that small businesses face many obstacles, such as relatively high tax compliance and administrative costs. It was therefore proposed in the 2008 Budget Review that a turnover tax system be implemented for micro businesses with a turnover of up to R1 million per annum to simplify the tax compliance process. To date a very small number of businesses has made use of this system. Similarly Section 12E was introduced earlier in the Income Tax Act No. 58 of 1962 to offer additional income tax relief to small business owners. Sections 12E(4)(a)(iii) and (d) and paragraph 3(b) of the Sixth Schedule however prevent certain small business owners from making use of these concessions. The tax concessions currently provided by South African income tax legislation are deemed to be very exclusive and counterintuitive to the objective of promoting entrepreneurial development.



The conclusion is made that potential entrepreneurs are deterred by these concessions and that alternative incentives should be investigated. This paper investigates these barriers to entry and explores possible solutions to the problems presented by them.

In addition Leonard Willemse co-authored an article titled "A critical investigation of the interaction between sections 8(4)(a), 9H and paragraph 40 of the Eighth Schedule of the Income Tax Act No. 58 of 1962" which was published in the *Journal of Economic and Financial Sciences* with Carien Strauss, a former colleague at the School of Accountancy. Section 9H and paragraph 40 of the Eighth Schedule of the Income Tax Act No. 58 of 1962 ('the Act') determines that a person is deemed to dispose of all of his assets (bar a few exceptions) at market value when that person ceases to be a South African resident or passes away, respectively. This deemed disposal is treated as a disposal event for capital gains tax purposes in terms of the Eighth Schedule of the Act. The question that arises is whether this deemed disposal event gives rise to a recoupment in terms of Section 8(4)(a). In practice there currently seems to be uncertainty with regard to this issue as different interpretations and applications of these provisions exist. This article investigates the interaction between Sections 8(4)(a), 9H and Paragraph 40 of the Eighth Schedule in order to determine whether or not a Section 8(4)(a) recoupment should be included in the taxpayer's gross income according to paragraph (n) of the gross income definition found in Section 1 of the Act.



Carien Strauss

Verder het Sophia Brink, Leonard Willemse en Riana Goosen onderskeidelik referate gelewer by die 12th Annual International Conference on Accounting (ATINER), wat in Mei 2014 in Athene, Griekeland plaasgevind het. Sophia se aanbieding het gehandel oor die Inkomstebelastinghantering van kliënteloyaliteitsprogramtransaksies in die hande van 'n Suid-Afrikaanse verbruiker. Sophia het ondersoek in gestel of die bestaande bepalinge in die Inkomstebelastingwet Nr. 58 van 1962 en verwante plaaslike sowel as internasionale regspraak 'n basis bied, al dan nie, vir die belasbaarheid van 'n kliënteloyaliteitsprogramtransaksie in die hande van die Suid-Afrikaanse verbruiker. Daar is bevind dat wanneer die verbruiker punte of myle verdien of 'n kontantterugbewys ontvang, daar aan al die vereistes van die 'bruto inkomste' definisie voldoen word en dat die waarde van die punte of myle of kontantterugbewyse by die verbruiker se bruto inkomste ingesluit moet word.

Henriëtte Scholtz wrote an article titled "Assessment of the corporate governance compliance in the annual reports of companies listed on the Alternative Exchange (AltX)" which appeared in the *Southern African Journal of Accountability and Auditing Research* (SAJAAR). This research study provides a brief overview of the corporate governance practices in South Africa and discusses the corporate governance indicators which were used to compile a checklist against which companies were evaluated. This study assessed the corporate governance compliance of a sample of companies listed on the AltX in South Africa, based on disclosures in their annual reports. The corporate governance indicators tested inter alia include the boards of directors, audit committee, the governance of risk and information technology and the internal audit division. The results demonstrate substantial variation in rates of adoption of individual recommendations. Two areas namely IT governance and internal auditing had low adoption rates.



Henriëtte Scholtz

Wilmarie Grobbelaar published a number of articles during 2013 and 2014. She co-authored two articles which were published under different titles in popular magazines such as *Die Huisgenoot*, *You* and *Bona* magazine. The first article addressed the problems students face when transitioning from high school to university. The piece also gave advice on how to handle these challenges by recommending proactive strategies and a few actions in response to these challenges. It was published under the name "So oorleef jy die oorskakeling van hoërskool na universiteit"/ "Surviving the transition from high school to university", respectively in *Die Huisgenoot* and *You*. Wilmarie's second article titled, "Klop eksamenangs"/ "Overcome exam anxiety" proposed a winning strategy for studying and avoiding stress and anxiety before, during and after examinations. This article was published in *Die Huisgenoot* and *You* and was titled "Exam preparation" in the November 2013 addition of *Bona*. These articles were also syndicated to other online media publications.



Wilmarie Grobbelaar



Lize-Marie Sahd



Riaan Rudman

Lize-Marie Sahd and Riaan Rudman co-authored an article titled "Using Web 2.0 to improve service delivery" published in the Summer 2013/2014 edition of *Auditing SA*. Web 2.0 and social media technologies have had an undeniable impact on the private sector and the objective of this article was to identify potential areas where Web 2.0 can improve service delivery in the public sector. Improved internal and external communication is the primary benefit of introducing Web 2.0 technologies into the public sector. Additional areas where the public sector can take advantage of Web 2.0 were also identified. These areas include: creating alternate means of query resolution; introducing the delivery of new services; improved analytics; creating a platform for collaboration and knowledge sharing; and improved learning and development tools. Internationally, many benefits have accrued to public sector entities that use Web 2.0 technologies. US Congress, Downing Street, the Swedish National Tax Board, Canadian Government, the Washington State Department of Transportation and the British Columbia Ministry of Transportation have all expanded their online platforms. Employing Web 2.0 technologies will not fundamentally change the services that are delivered in the public sector, but will change the way a government and its citizens communicate and interact and provide an improved basis for service delivery.

Both Lize-Marie and Riaan have focused much of their research on new information technology and more specifically its impact on business operations and strategy in terms of the incremental risks introduced. Lize-Marie is in the process of completing her MComm (Computer Auditing) and her research is focused on mobile technology. The unprecedented rate at which mobile technology is developing and the extent of its proliferation in business has started a mobile revolution. This has led to a fundamental change in the way businesses operate and is primarily driven by consumer behaviour and continuous innovation. Despite the new opportunities and advances that the mobile revolution offers, significant risks and weaknesses are being introduced into business operations through the ad hoc adoption of mobile solutions. Businesses are however, often inadvertently, exposed to significant risks due to a lack of appropriate IT governance of mobile solutions. Lize-Marie has identified a gap in research relating to mobile technology. Extensive research exists in the fields of the technical functionality of separate components of the technology as well as the identification of selected risks relating to the deployment of mobile solutions. No study has however focused on linking the components of the technology with the specific risks it exposes a business to. Her research aims to understand the technology and its underlying components; identify risks relating specifically to each component; and formulate appropriate controls to address these risks.



Natasha Sexton

Natasha Sexton wrote an article titled "Section 45 of the South African New Companies Act: Thorny issue?" published by *GAA Accounting* on 15 April 2014. The article argued that several directors of small medium-sized companies in South Africa are not fully aware of the Companies Act requirements and do not realise that they may be personally liable for loans granted by the company to related parties or directors, which may constitute financial assistance, should those requirements be met. The article included a high level overview of the scope of financial assistance and the requirements of Section 45 should the transaction be deemed financial assistance. The article concludes that directors of companies need to be made aware of their personal exposure as should the requirements not be met, where it is indeed within the scope of financial assistance, the transaction will be void, may not be ratified by the directors and the directors can be held personally liable.

Natasha is passionate about the use of effective feedback in helping individuals grow to their full potential. One area being underutilised as a learning opportunity is performance feedback sessions. Natasha co-authored "Seven steps to a painless performance appraisal" published in *Officelife* with Riaan Rudman. This article highlights a few simple steps in giving feedback that can help rather than hinder personal growth. These steps are (1) Control the environment, (2) Give notice, (3) Be prepared, (4) Stick to the facts, (5) Discuss the impact, (6) Move forward and (7) Acknowledge and re-enforce change. She also presented the topic at the School of Accountancy's prize giving ceremony in September 2014.

As part of her studies of her Masters in Commerce (Computer Auditing) degree, Natasha co-authored two articles regarding data usage on mobile devices with Riaan Rudman. These articles were published in the June 2014 edition of *Accountancy SA* (title "Curbing the data thief") and "How to Improve your Data Usage" published by *GAA Accounting* on 4 June 2014.



Wandi van Renen published an article "South African students' perceptions of the usefulness of a management accounting simulation" in Volume 7(1) of the *Journal of Economic and Financial Sciences*. She collaborated with Riaan Rudman to address the requirement of professional bodies such as the International Federation of Accountants (IFAC) and related bodies such as the South African Institute of Chartered Accountants (SAICA) to integrate Information Technology (IT) with the professional subjects. Historically, universities have mainly focused on numerical problem solving, but there has been a shift in focus from numerical problem solving to integrating numerical problem solving with strategic and business matters. In order to address this, the School of Accountancy at Stellenbosch University developed a management accounting simulation in the form of a business plan project covering the entire process of launching a new business idea. Students select a new business concept, research the viability thereof and prepare various sets of financial information and a business plan. The learning objective of the simulation is to integrate management accounting with IT, and expose students to a real-life business experience. A questionnaire was developed to evaluate students' perceptions of the benefits and disadvantages of a simulation, including a business plan project as a teaching tool. Responses on the appropriateness of a simulation as a teaching tool were favourable. Respondents felt that it helped them to understand both management accounting as well as IT functionalities better.



Wandi van Renen

Wandi published another article titled "Using a group work project as an educational tool in management accounting education" that was also co-authored by Riaan Rudman, in Volume 13(3) of the *International Business and Economics Research Journal*. Pervasive skills are an imperative in the business world. The ability to work in groups is regarded as an essential pervasive skill, yet group work still forms a small part of most South African tertiary education teaching frameworks. The research investigates students' perceptions of group work. Students regard the ability to work in groups as an important skill to develop while at university, but believe it is underdeveloped. The study highlighted various obstacles which need to be considered when integrating group work into tertiary education. The research highlighted students' inability to select groups, form appropriate group sizes with the necessary skills. Students struggle to manage the group situation effectively.

Wandi is currently also pursuing her interest in ethics, planning to register for a MPhil (Applied ethics) in 2015.

Prof. Rika Butler and Martin Butler, of the Business School at Stellenbosch University compiled and distributed a survey to determine the password creation and management practices of South African online consumers. Based on the results of the survey they co-authored and presented two papers at the 2014 *Human Aspects of Information Security and Assurance (HAISA) Conference* which was held in July in Plymouth, England.

The first paper was titled "An assessment of the human factors affecting the password performance of South African online consumers". The objective of this study was to investigate South African online consumers' password behaviour in order to understand the factors that contribute to poor password performance. After constructing a password performance model, an analysis indicated that ignorance, incompetence and indifference were apparent causes for online consumers' poor password behaviour. It is suggested that measures aimed at improving password performance be tailored based on the underlying causes for poor password performance as indicated by this study.



Prof. Rika Butler

Their second paper was titled "Improving Internet banking security by using differentiated authentication based on risk profiling". The aim of this study was to determine if there are factors that could be used to create different authentication requirements for different users. That is, could internet banking users, for example, be directed to different authentication regimes after classifying their potential safety profile based on the browser that they are using? After using a construct for password performance (derived from the previous research on the same dataset), the browser used was compared with the prevalence of poor password practices among users. Based on the results a case could be made to have different authentication methods for consumers based on their selected browser to ensure a safer online environment.



Marise Vermeulen

Marise Vermeulen co-authored an article titled "Consolidation of the number of treasury shares: The South African experience" with Y.Yaffar of Stellenbosch University's Business School. This article appeared in Volume 45(1) of the *South African Journal of Business Management (SAJBM)*. Unlike most other values found in companies' annual reports, there are no accounting standards that prescribe the calculation of market capitalisation and net asset value per share. These two figures play quite a significant role when valuing and comparing different companies. It is also frequently used in determining when a company should repurchase its own shares. In South Africa the number of the holding company's shares can differ from the total number of the group's shares after consolidation, as subsidiaries and share trusts are allowed to hold shares in their holding company. The published financial statements of a sample of JSE-listed companies were investigated to determine which number of shares companies use to calculate net asset value per share and market capitalisation, and if it is used consistently. Eight different combinations of consolidated and unconsolidated numbers of shares were found in the calculations of market capitalisation and net asset value per share showing inconsistency in application across the JSE-listed companies.

Marise also wrote a second article titled "Share repurchases in the South African mining sector" which appeared in Volume 45(2) of the *South African Journal of Business Management (SAJBM)*. The purpose of this study was to obtain an overview of the share repurchase activities of companies listed in the mining sector of the JSE, and to determine the extent to which detail information of these share repurchases are available on public data sources such as SENS (Securities Exchange News Service - the office of the JSE that distributes all relevant company information electronically). The study focused on a period of 11 years, from July 1999 until the 2010 financial year-end. The annual reports of a sample of companies were analysed to determine the number of shares, as well as the monetary value of the shares that were repurchased. The SENS announcements were then scrutinised to determine the number of share repurchases recorded in the annual reports that were announced to shareholders. From a total of 55 share repurchase transactions, only 23 transactions were announced on SENS. The repurchase transactions were then further analysed in terms of the method used (general or specific repurchase), the repurchasing entity (company, subsidiary or share trust) and the subsequent sale of treasury shares from the subsidiary to the holding company.

It was concluded that the majority of share repurchases are announced. However, if only companies with primary listings on the JSE are considered, 60% of share repurchases are not announced. The use of the general and specific methods are more or less equal for companies with primary listings on the JSE, but for companies with secondary listings on the JSE, 98% of repurchases are general. Of the specific share repurchases of companies with primary listings about 46% are not announced, but of the general share repurchases about 77% are not announced. Since share repurchases made by companies with secondary listings on the JSE were significant in terms of numbers and value, it changed the total statistics substantially from what it would be if only companies with primary listing on the JSE were considered. Even though about 85% of total share repurchases are announced, studies on share repurchases cannot rely on SENS announcements only, since this would exclude a significant portion of the repurchase activities of companies with primary listings on the JSE (60%), and therefore lead to unreliable results.



Prof. Linda van Schalkwyk

Prof. Linda van Schalkwyk's article titled "The new understatement penalty regime: a sharp 'sword'?" appeared in Volume 7(3) of the *Journal of Economic and Financial Sciences (JEF)*. There are various uncertainties regarding the application of the new mandatory understatement penalty regime of the Tax Administration Act 28 of 2011 (as amended). The objective of this article was to form an opinion on the sharpness of the 'sword' of this new regime. A comprehensive literature review was done in order to determine the meaning and effect of the new *bona fide* inadvertent error-exclusion and how the new understatement penalty table is applied. The conclusion reached is that this sword is very sharp indeed based on its mandatory nature, the effect of the application of the highest penalty percentage and the current lack of guidance from the South African Revenue Service (SARS). It is imperative that comprehensive guidelines be issued expediently in order to prevent inconsistent application and to ensure the objectivity of all SARS officials.



Eloise de Jager het drie artikels geskryf wat gedurende die jaar gepubliseer is. Sy en mede-outeur EM Bitzer, van die Sentrum vir Hoër en Volwasse Onderwys by die Departement Kurrikulumstudie van die Opvoedkunde Fakulteit, het 'n artikel getiteld "Studenteterugvoerperspektief op 'top' universiteitsdosente se onderrig" geskryf, wat in Volume 53(4) van die *Tydskrif vir Geesteswetenskappe* gepubliseer is. Die gehalte van onderrig aan hoëronderrysinstellings word deur 'n velerlei faktore beïnvloed. Dit sluit die kenmerke van dosente en studente, die institusionele kultuur, dissiplinêre en klaskontekste en individuele benaderings tot onderrig en leer in. Dit is dus nie ongewoon dat onderwysnavorsers dikwels uitwys hoe die gehalte van onderrig met die eienskappe en optrede van uitstekende dosente en hul studente se beoordeling daarvan verband hou nie. Hierbenewens word studenteterugvoer oor onderrig as een van die aanwysers van onderriggehalte wyd aanvaar as 'n geldige wyse om elemente van effektiewe onderrig te beoordeel. Studente is aan die ontvangkant van dosente se onderrig en derhalwe sou dit irrasioneel en onverantwoordelik wees om hul menings te negeer. Hierdie artikel handel oor 'n analise van studenteterugvoer aan 'n universiteit waar goeie onderrig dikwels onderwaardeer en soms misken word. Terugvoer oor die drie dosente wat, volgens hul studente, die beste gevaar het in elk van nege fakulteite is ontleed en kenmerke wat gehalte in die onderrig van hierdie topdosente aandui, is uit die terugvoer afgelei. Vanuit die analise was dit moontlik om generiese faktore oor onderriggehalte aan te dui, wat vir leiers en bestuurders in hoër onderwys, praktiserende dosente, studente, professionele onderigontwikkelaars en selfs ouers van studente van belang mag wees. Die ondersoek toon egter ook dat daar kontekstuele veranderlikes binne fakulteite en dissiplines is wat nie veralgemeenbaar is nie en unieke vorme van onderriggehalte verteenwoordig.



Eloise de Jager

Eloise's article titled "Thuthuka students' perceptions of factors influencing success" appeared in Volume 7(1) of the *Journal of Economic and Financial Sciences* (JEF). South Africa has a shortage of black (African and coloured) chartered accountants. The Thuthuka project, initiated by the South African Institute for Chartered Accountant (SAICA), aims to increase the number of black students. The project includes funding, as well as a comprehensive support programme, to black students to study BCom Accounting (or equivalent) at a SAICA accredited university. This study reports on the factors that promote and hinder the success of the Thuthuka students. The findings of this study might help other students to achieve success and may assist in the transformation of the chartered accountant profession. Using a questionnaire to investigate the success factors of the Thuthuka students from all the SAICA accredited universities in South Africa, it was found that contrary to other research on accounting students, the main factor contributing to their success was support, followed by individual commitment. The results were also analysed by gender, academic year and repeaters or non-repeaters.

"IFRS 3 'grey area' regarding contingent liabilities" which was written by Eloise, was published in the *South African Journal of Accounting Research* (SAJAR). All South African listed companies must prepare their financial statements using International Financial Reporting Standards (IFRS). Although IFRS aims to provide a framework that can be applied to ensure comparable financial information, there are 'grey areas' where judgement needs to be applied. One such area, relating to the classification of contingent liabilities (specifically pending lawsuits) in a business combination, is explored during this research. A survey was distributed to the Top 40 JSE companies presenting different scenarios regarding lawsuits. The company's views on whether the specific scenario presented a possible obligation (which would not be recognised in a business combination) or a present obligation (which would be recognised) was gathered. Some statistically significant differences in opinion were noted between the companies, which could have significant implications on goodwill calculations in a business combination. The International Accounting Standards Board (IASB) has proposed changes to IAS 37 that could reduce this uncertainty and differences in interpretation, but until such time the treatment of pending lawsuits in a business combination continue to remain a grey area in International Financial Reporting Standards (IFRS). Eloise also presented a paper on this topic at the *World Finance Conference* which was held in July 2014 in Venice, Italy.

Michelle de Bruyn published an article titled "The Protection of Personal Information (POPI) Act – Impact on South Africa" in the November/December 2014 issue of the *International Business & Economics Research Journal*. This article explores the possible impact of the new POPI legislation on South African businesses. The findings are based on the actions performed by the Information Commissioners Office (ICO) in the United Kingdom (UK) since it obtained its enforcement powers with regard to the UK's data protection legislation in April 2010. There are significant similarities between the Data Protection Act of the UK and the POPI Act of South Africa. The study identifies specific industries exposed to high data protection risks as well as possible contravening actions that could have been completely avoided by the implementation of appropriate standard operating procedures.



Michelle de Bruyn



Soon Nel



Prof. Wilna Bruwer

Soon Nel wrote three articles, co-authored with Prof. Wilna Bruwer and Prof. Niel le Roux, which have been published in three different internationally accredited journals. The first article, titled "Multiples-based value drivers in South African context", appeared in the December 2013 issue of the journal *Risk, Governance and Control: Financial Markets and Institutions*. The paper investigated the relative valuation performance of 16 value drivers when valuing the equity of South African companies listed on the JSE Securities Exchange for the period 2001–2010. The empirical results revealed, among other findings, that earnings-based value drivers offer the highest degree of valuation accuracy, while cash flow- and sales-based value drivers offer the lowest degree of valuation accuracy. Dividend- and asset-based value drivers offer average results. An interesting phenomenon was that, contrary to popular belief, cash flow-based value drivers only offer marginal improvements in valuation accuracy viz-à-viz sales-based value drivers; and not consistently so.

The second article, titled "An emerging market perspective on peer group selection based on valuation fundamentals", appeared in the March 2014 issue of the journal *Applied Financial Economics*. In this paper, the valuation performances of 16 equity multiples were investigated, based on three single valuation fundamentals and three different combinations of these valuation fundamentals. The valuation performances of these 16 multiples were assessed in the equity valuation of South African companies listed on the JSE Securities Exchange over the period 2001 to 2010. The empirical results revealed, among other findings, that peer group selection based on a careful selection of valuation fundamentals could, on average, increase valuation accuracy of multiples by as much as 37.88%.

Soon's third article was titled "Precision, consistency and bias in emerging equity markets" and appeared in the May 2014 issue of the *Journal of Economic and Behavioral Studies*. This evidence in the paper firstly revealed that, when testing the valuation performance of value drivers, there is an inherent risk of biasing the design of a study of this kind, and therefore, its outcome. Secondly, the paper presented evidence in support of the consistency of previous research findings regarding the valuation performance of individual value drivers in the South African market over the period 2001–2010 and also introduced a new approach for the analysis of multi-dimensional equity valuation research data in the form of principal component analysis (PCA)-based biplots. Thirdly, the paper provided evidence that multiples-based modelling seems to be biased to the downside, which is an important consideration for analysts who typically choose to apply ex post adjustments to their multiples-based valuations.

Two papers stemming from Soon's PhD were also presented at two international conferences in 2014. Soon is currently in the process of finalising these two presentations for publication in NRF-accredited international journals. The first was titled "The impact of an industry-specific approach to peer group selection when employing multiples to perform equity valuations", and was presented at the *International Conference for Academic Disciplines* in July 2014 in Venice, Italy. In this paper, the valuation performances of 160 multiples were assessed in the equity valuation of South African companies listed on the JSE Securities Exchange over the period 2001 to 2010. The results indicated the following: Firstly, contrary to evidence from the cross-sectional analyses in the developed and emerging market literature, the industry-specific results suggested that there are no superior peer group variables. Secondly, the only consistent performance was offered by single valuation fundamentals, which, as was the case with the cross-sectional analysis, offered a dismal valuation performance. Thirdly, the superior valuation performance of multiples whose peer group selection is based on a careful selection of a combination of valuation fundamentals does not hold when subjected to an industry analysis. The implication is that each specific sector should be considered in isolation. Fourthly, the results indicated that there are substantial gains in valuation precision – of as much as 83.18% – that could be secured by a careful, industry-specific approach to peer group selection.

A second paper, titled "Market-based valuations in an emerging market from a biplot perspective", was presented at the *International Conference on Computational Statistics* in August 2014 in Geneva, Switzerland. This paper investigated the ability of market-based models to predict actual share prices in South Africa. In total, 16 market-based valuations were investigated on a single factor- and composite basis over the period 2001 to 2010. Since the composite market-based models were constructed from the single factor market-based models, the chief objective was to optimise the weight allocations to each of the single factor market-based models, which were included in the



composite model. To this end, the minimisation of the median of the valuation errors (MVE) was employed as the objective function for optimisation. The local optima problem was addressed using (i) random starts and (ii) employing the optimal solution set from the sum of absolute valuation errors (SAVE) procedure as starting values in the MVE procedure. The latter two-step procedure produced the most accurate results in comparison with the SAVE method and the MVE method with random starts. Given the multi-dimensional nature of the data, the use of biplots and correlation monoplots proved to be particularly adept at displaying the behaviour of the various single factor and composite models for market-based valuations.

Roelof Baard presented two papers at the *International Academy of Business and Public Administration Conference* held in July in Madrid, Spain. His paper titled "The effect of institutional changes on the profile of successful and at-risk first-year Accounting students at a South African University" investigates whether institutional changes have impacted the profile of successful and at-risk students in first-year Financial Accounting, thereby validating existing profiles.

The second paper, which was co-authored with George Nel, was titled "Symmetrical company-investor e-mail communications: Do actions speak louder than words?" The purpose of this study was to test the effectiveness of the internet to act as a mechanism to achieve more interactive communication between companies and investors (i.e. symmetrical communication).

George also presented another paper at the *International Academy of Business and Public Administration Conference* that was titled "The development of a measurement instrument to measure the level of internet financial reporting and investor relations". Corporate websites are an increasingly popular communication channel used by companies to communicate with investors. The current absence of standards regulating the use of websites as communication channel and the nearly unlimited layout options available to companies has resulted in a significant cross-sectional variation in information disclosed and therefore the usefulness thereof to investors. The purpose of this paper is to suggest a measurement instrument that could be used to measure the quality of Internet Investor Relations (IIR).



Roelof Baard



George Nel

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- Gillian Strydom vir haar hulp met borgskappe;
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- Wilmarie Grobbelaar vir die proeflees;
- Alle personeellede van die Skool wat inligting verskaf het;
- SUN MeDIA
- Prof. Pierre Olivier in sy hoedanigheid as direkteur van die Skool vir Rekeningkunde.





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