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CHANGE**

**EXAMINER'S
REPORT**

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Editorial: Accepting Change as a Positive Necessity

In this edition of the Student Accountant Magazine, we feature an article that focuses on the “FINTECH REVOLUTION” with a call for us to Prepare for Change. The author of the article reminds us that there is no stable and prosperous organisation that exists in today’s environment that is immune to change.

We do agree with this author on this stance as the environment in which we operate and do business in is constantly changing. No organisation can therefore afford the latitude of not moving with the times or responding to the needs of today’s environment, lest it tumbles.

Many times, change represents progress yet so often, it is met with resistance. At times, this resistance comes from the fear of the unknown which in turn affects the change it may bring to oneself. It is a well-known fact that we cannot control or stop changes in our environment as the only constant we can expect to face every day is change. Therefore, as Rita Balian Allen put it “shifting our mindset to one that accepts change as a positive necessity in our lives is likely to empower us for success”.

In light of the above, I wish to remind the students that the change from the ZICA Accountancy Programme to CA Zambia represents a forward movement that will put the accountancy profession in Zambia at the right position locally and globally. Though it is natural to have concerns on any change, students should not have any worries or fears about the CA Zambia professional qualification. We will continue to emphasize that CA is a globally recognised and respected professional accountancy designation and brand that will open doors to many opportunities for the graduates. I wish to assure our students that the change was necessary in order for the Institute to respond to the needs of the industry. The Institute awards qualifications in line with the demands of industry. If ZICA fails to

provide services that are in line with the demands of industry, then that would be a recipe for disaster.

CA Zambia brings with it a unique proposition on the market. CA Zambia is the only accountancy professional accountancy qualification in Zambia that offers specialized training for accountants in both the private and public sectors of the economy. Furthermore, the pitching of secondary school entry requirements at five (5) merits into the programme will enable the graduates to favourably compete well among peers on the local and global market. The stringent practical training programme will also enable CA Zambia graduates to compare well with similar CAs in the globe. The employer will recruit work ready graduates and hence reduce the time spent to obtain real value from the skills of the employee. To the graduates, the exposure to different business and finance scenarios during their practical training period will enable them become competent business and finance professionals who will add value to their employers.

In a nutshell, change is inevitable, be it on a process or product as it not only represents progress, but also innovation leading to more efficiency or effectiveness. Our goal in life should therefore be to embrace change and realize that we play a role in making it happen. Yes, it can be uncomfortable and challenging, yet change also allows us to grow and venture into new territories that may be quite foreign at first but very rewarding in the end. The three (3) compulsory practical training may look like a daunting task now but it will be a rewarding exercise to the graduates in future.

Embrace CA Zambia and make it happen!



Modest Hamalabbi
Director, Education and Training

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Prepare For Change



MECHANISATION -
Rise of IT



PHOTO FOCUS



FRAUD AND
CORRUPTION

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Chartered Accountant Zambia

A premier qualification with global recognition.





ZICA LAUNCHES CA ZAMBIA - PROFESSIONAL QUALIFICATION

With a view to meet the country's business needs and skills gap in the accounting sector, the Zambia Institute of Chartered Accountants (ZICA) on Thursday, 10th August, 2017, launched the Chartered Accountant (CA) Zambia and the Diploma in Accountancy at Radisson Blu Hotel in Lusaka. The CA Zambia gives an opportunity to local accountants to become Chartered Accountants. It is a premier professional qualification with global recognition as it meets international standards and also adheres to global business ethics.

The Chartered Accountant (CA) brand is a globally recognized and respected brand that will open doors to many opportunities. The CA equips individuals to think outside the box as graduates will serve as business advisors, finance experts, game changers, and problem solvers, thought leaders and decision makers in both private and public sectors of the economy. Its rich blend of courses in Financial Reporting, Management Accounting, Auditing, Taxation and Financial Management equips graduates with technical skills to help organizations thrive both at regional and global levels.

In line with the Institute's Education and Training Policy of reviewing their qualifications every five years to ensure that the programmes remained relevant to the requirements of industry, ZICA made a decision of rebranding its qualification to the CA Zambia and the Diploma in Accountancy. The Institute held extensive consultations with key stake holders in Zambia and other international accountancy professional bodies in coming up with

the two new qualifications. Prior to the launch of the two new qualifications, the Institute had been offering a professional accountancy qualification called the ZICA Accountancy Programme since 2008.

The last review of the programme was conducted in 2011 and in 2015 the programmes were due for another review which led to the rebranding of the qualification.

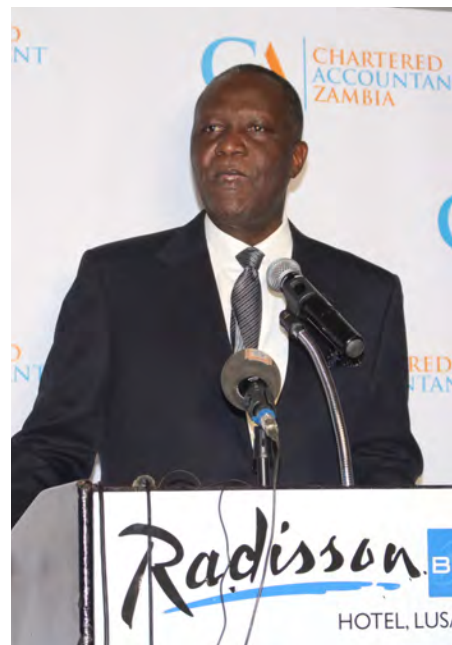
Two full Cabinet Ministers Honorable Felix C. Mutati (Finance) and Honorable Professor Nkandu Luo (Higher Education), the World Bank representative, the ZICA President and former Presidents, Zimbabwe's Public Accountants and Auditors Board CEO and distinguished guests witnessed the landmark event.

Statement by the Minister of Finance, Honourable Felix C. Mutati MP at the Launch

The launch of the CA Zambia qualification marks the birth of a baby which has better legs, longer horizon

and a much more international appeal.

The discipline of accountants must never be lost. This is critically important and must continue to be refreshed through measures. The CA Zambia answers to the baking [complaints of half-baked professionals] syndrome in Zambia.



I would like to call for enhanced partnership between the government and the accountancy profession to minimize twin risks – the risk of compromising integrity and prudence on one hand, and the risk of compromising transparency and accountability on the other. These two risks can impact on the management of the economy; on the stability of the economy and the growth that we want to undertake. We have travelled with you on this long journey. Part of the ways to minimize these twin risks will be based on two pillars: And the first pillar from the government perspective is how we can work with you [Accountants], to migrate from what predominantly cash is accounting in government to accruals accounting. Because that is going to enhance the quality of decision-making and it's going to assist in reporting the total picture.

The government has started major projects for payroll, loans and we are migrating from cash accounting to accruals so that at the end of the year, we are able to say on this particular loan, how much do we still owe, and how much haven't we paid, so that we have a better picture? We want the entire government system to move to accrual accounting, and then we are going to deal with the issues of integrity, prudence on one hand and transparency and accountability on the other hand, which is the second pillar of reforms. We have worked together with you accountants in transforming the profession to what it is now.

Statement by the Minister of Higher Education, Honorable Professor Nkandu Luo MP

Nobody in Zambia should be given any qualification, be it a basic degree or a master's degree, PhD without evidence of the practical aspect of that particular training because you have to have the theory at the same time you have to have the practical aspect to be able to get a good qualification.

I want to congratulate you [ZICA], in trying to develop your framework of these qualifications, CA and the Diploma; you have paid attention to detail; the detail of the theory that you have to offer and the detail of the practical exposure of the students. Those students when they leave the institution definitely are going to the world of work and it will be very easy



for them to be employed.

I would also like to call for the introduction of career centres in institutions because merely attending classes and writing examinations are not adequate. But the career centres would continue to counsel and prepare the students for the world of work.

Curriculum review should be a must in the Zambia's education systems. I would also like to emphasize on skills training where individuals can eventually be self-employed. Education is the best gift any country can ever give to its people. I am very pleased with the product you have produced as ZICA. You have led the way.

Statement by the World Bank Senior Financial Management specialist and government team leader Srinivas Gurazada

The new CA Zambia and the Diploma in Accountancy qualifications were aligned to the international best practice. There can be no better day for Zambia's accounting profession. It's an honour to stand before you on behalf of the multi-donor trust fund of United Kingdom, Germany and Finland, administered by the World Bank, which is supporting public financial management reforms in Zambia. Part of our support is the new Zambia Chartered Accountancy qualification.

If somebody wants to be a chartered accountant, probably in history, there has never been a better time than this. All over the world, we are seeing the



accounting profession emerging from being a support function to being the major managerial function and a partner in national building. Today accountants shoulder responsibilities much more than what is looked at as accounting, bookkeeping and auditing; we are now responsible for the financial health, economic health of countries. The World Bank believes that a very good professional body like ZICA and a mass of professional accountants in the country are a precondition for a good foundation for public financial management, transparency and good governance.

The accountancy profession plays a key role in improving governance and investment climate of any country. The World Bank is very pleased that Zambia has been one of the several countries in Africa where the accounting profession is on the right track. In 2007, the government of Zambia requested the Bank to conduct a review of the extent to which Zambia was complying with international best practice in the accounting profession. It is to the great admiration of the government and ZICA that Zambia made very rapid stride on accounting profession and we have a very strong accounting profession supported by ZICA.

“ The new CA Zambia and the Diploma in Accountancy qualifications were aligned to the international best practice.

Remarks by the ZICA President Jason S. Kazilimani



The CA Zambia and the Diploma in Accountancy are as a result of the rebranding of the current ZiCA accountancy programmes. Serious enhancement is required to make the ZICA qualifications more reflective and more responsive to the needs of our society, the economy, the public sector as well as the private sector.

This rebranding is as a result of our review and it is on the basis of a project that was undertaken jointly by ZICA together with the Institute of Chartered Accountant of England and Wales funded by the UK Department for International Development. In carrying out the review, the professional qualification that we have was benchmarked against global comparators both in content and in a number of courses that were offered by similar professional bodies.

I would like to assure you that extensive consultations with key stakeholders in Zambia were conducted, who advised on the need to rebrand the professional qualification to give it its rightful position as a premier qualification on both the local and global markets. As an Institute, we are 100 percent convinced that the design of this qualification, which responds to both the needs of the private and public sectors will enable it to be the premier accountancy qualification in the country. The launch of CA Zambia is a great achievement and it will change the education landscape in Zambia in as far as training of accountants is. The accountancy profession plays a critical role in strengthening transparency and accountability of both the private and public sectors in Zambia. For the profession to play its critical role effectively, it requires well-trained accountants with skills and knowledge

relevant to the Zambian business environment.

The CA Zambia qualification is targeted at developing Chartered Accountants and business leaders with the capacity to take up accounting and business leadership roles in both the private and public sectors.

The programme comprises examinable knowledge, application and advisory levels and a compulsory, mandatory supervised three-year practical training requirement and this is a key game changer, a key enhancement to our existing programmes. No one will be awarded the CA Zambia qualification without ZICA being satisfied that that person has acquired the requisite three years of practical experience. I would like to note that the quality of accountants that go through employers' doors vary. You will find two or three people with exactly the same qualification but when you put them to the test, you give them simple tasks to do, their level of competence varies; some will be very good, some will be so-so, and others will be totally mediocre, yet they've got the paper, they have passed exams but they are unable to execute the tasks that an accountant is required to execute. And CA Zambia is going to deal with this issue and sort it out so that if you as an employer employs someone who was trained, an accountant whether in Msanzala, Shangombo, Dundumwenzi, Lusaka or Kitwe, if he or she calls themselves a CA Zambia, you will be assured that what you are getting is consistent across the board.

The CA Zambia has been designed in such a way that at the advisory level, which is also the final level has three specialist routes - the public practice route for those who will go into public

audit and accounting; the public sector route for those that will go into the public sector, the government; and the business route for those who will go into general commerce and industry.

As you are well aware, all along the accountancy qualifications that have been available in Zambia focus primarily on training private sector accountants. But with this new programme, we have an avenue and a route for those who want public sector experience and they will be properly skilled up to work in the public sector.

The introduction of the Diploma in Accountancy is also important as it is a support qualification to the CA Zambia and a consolidation of the previous technician and licentiate programmes. ZICA is alive to the fact that SMEs cannot afford to hire CA Zambia accountants and the Diploma in Accountancy is meant to provide the SMEs with the right cadre of accounting professionals capable of serving their needs. The core subjects of financial reporting, taxation, auditing and management accounting will provide the graduates with the necessary skills required in preparing the various reports required by business, government and regulatory authorities as the case may be.

We introduced the CA Zambia in order to meet the employers' demands as the employers had complained to ZICA that some graduates were not able to hit the ground running. I would like to appeal to employers to partner with ZICA in providing students with supervised training. Going forward, Zambia's biggest employer the government may consider making it a prerequisite for anyone to be employed in an accounting position in the public sector to have undertaken the CA Zambia public sector route or at least have a diploma in Public Sector Financial Management.

The previous ZiCA qualifications will also continue to be valid and relevant for membership purposes. We have developed pathways, which will enable all holders of previous ZICA qualifications to obtain the CA Zambia qualification. But it is not going to be handed out on a silver platter, because every qualification has got to be earned. ZICA is very proud of our existing qualifications and we will continue to support them.

Remarks by the ZICA Chief Executive Officer Hapenga M. Kabeta



The launch of the CA Zambia and the Diploma in Accountancy is a fulfillment of one of the areas of strategic focus in the Institute's strategic plan of enhancing the quality of education and training systems in order to produce globally competitive accountancy professionals.

In line with our Education and Training Policy, we review our qualifications every five years to ensure that the programmes remain relevant to the requirements of industry. The Institute has been offering a professional accountancy qualification called the ZICA Accountancy Programme since 2008. The last review of the programme was conducted in 2011. In 2015, the programmes were due for another review. To make sure that our review was honest and independent, the Institutes of Chartered Accountants of England and Wales were contracted.

The CA Zambia and the Diploma in Accountancy qualifications are in all respects comparable to the world renowned CA qualification. It is worth mentioning that the CA Zambia Professional Qualification has a unique feature in that it has a component of public sector in it. This will definitely make it stand out among professional qualifications on the domestic market and the region, I should proudly say that the CA Zambia PQ is at the top of the park and will be and should be the torch bearer of the profession in Zambia. CA Zambia is very high on the Zambia qualification framework.

I would also like to mention that ZICA is an Associate member of the Chartered Accountant Worldwide (CAW), a non-profit organization of

11 Chartered Accountancy bodies, connecting and representing 1.6 million members and students globally. With the launch of the CA Zambia, ZICA will commence the process of conversion to full membership of the Chartered Accountant Worldwide. Once ZICA becomes a full member of the CAW, the international recognition that students have been crying for will be a thing of the past. We have what is called 'Love brewed in the African Pot' with full and appropriate flavours thus with a local and strong global brand.

“

I should proudly say that the CA Zambia PQ is at the top of the park and will be and should be the torch bearer of the profession in Zambia.



THE BEST GRADUATING STUDENTS FOR JUNE 2017 EXAMINATIONS

The Zambia Institute of Chartered Accountants (ZICA) wishes to congratulate the following June 2017 Best Graduating students. You have proved that good results can be achieved through hard work and determination. Our desire as an accountancy professional educator is to see your qualification and skills transforming the accounting fraternity, especially in enhancing best practices in Zambia. We sincerely hope that you will serve as our ambassadors in the industry. We wish you all the best in your endeavours

S/N	AWARD	NAME	SURNAME
1	BEST OVERALL PERFORMANCE – TECHNICIAN LEVEL	GEORGE	SIANI
2	BEST OVERALL PERFORMANCE – LICENTIATE LEVEL	MUKANDILA	MWEMA
3	BEST OVERALL PERFORMANCE – PROFESSIONAL LEVEL	MICHEAL NKANDU	KAMINSA
4	BEST PERFORMANCE IN ADVANCED FINANCIAL REPORTING	LAULES	MUDENDA
5	BEST PERFORMANCE IN ADVANCED MANAGEMENT ACCOUNTING	MICHEAL NKANDU	KAMINSA
6	BEST PERFORMANCE IN STRATEGIC FINANCIAL MANAGEMENT	MICHEAL NKANDU	KAMINSA
7	BEST PERFORMANCE IN ADVANCED AUDIT & ASSURANCE	ABEDINICO	SILUYELE
8	BEST PERFORMANCE IN STRATEGIC MANAGEMENT	EZWELL	NG'AMBI

The impact of the move from IAS 17 to IFRS 16 on Accounting in Zambia

By Byrne Kaulu

According to PwC (2010), the Zambia Institute of Chartered Accountants (ZICA) adopted full International Financial Reporting Standards (IFRSs) for all entities in 2005. This means that IFRS have been in use by accountants in the country as part of generally accepted Accounting Principles for over a decade now. One of the International Accounting Standards (IAS) in use is IAS 17 Leases which prescribes the accounting treatment for lease transactions. However, the International Accounting Standards Board (IASB) published IFRS 16 Leases on 13 January 2016 as part of its long-running project to overhaul lease accounting (Sivanantham, 2016). IFRS 16 replaces IAS 17 and will be effective for periods on or after 1st January 2019 (Deloitte, 2016). This change from IAS 17 to IFRS 16 is going to impact the accounting treatment for leases by both the lessee and lessor entities.

WHAT IS A LEASE?

Under IAS 17, a lease is as a transaction for the rent of an asset and leases are grouped into finance leases (those that transfer substantially all the risks and rewards incidental in the asset to the lessee) and operating leases (any lease that is not a finance lease). Two parties are involved in a lease agreement. These are the lessor (legal owner of the asset) and the lessee (person or entity renting the asset). Because a finance lease transfers substantially all risks and rewards to the lessee (who is not the legal owner of the asset), IAS 17 requires that the commercial substance of the transaction rather than the legal form be shown. Therefore, in a finance lease, the lessee (although not the legal owner of the asset) accounts for the asset as their own (showing the finance cost, carrying amount and depreciation of the asset as well as the non-current and current liabilities inherent in the lease in their financial statements).

IMPORTANCE OF LEASING

Leasing is an important means of financing a business. Take for instance an airline company that wishes to operate a 40 seater airplane between Lusaka, Ndola and Livingstone. If the

company was to buy the plane for \$60 million, it might tie up so much capital in the asset that it even fails to pay for other operating expenses. To manage the purchase, it might get into a finance lease where the aircraft manufacturer transfers substantially all the risks and rewards in the aircraft to the airline company. The airline may then pay for the aircraft in small manageable bits under the finance lease. Many writers argue that this is one way most airlines finance their businesses. The question that arises for accounting purposes is "How should the lessee account for the transaction?" The guidelines established in the previous paragraph apply to the accounting treatment of these transactions under IAS 17.

IMPACT OF CHANGE FROM IAS 17 TO IFRS 16

Unlike IAS 17; the change to IFRS 16 entails that a contract is only recognized as containing a lease or being a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Therefore, effective 1st January 2019, IFRS 16 Leases requires that other than short term and low value assets, all leases will be accounted for 'on-balance sheet'. According to Sivanantham (2016), the "new definition of a lease may result in some arrangements previously classified as leases ceasing to be so, and vice versa". On a global scale, the change from IAS 17 to IFRS 16 is expected to result in an increase in on-balance sheet transactions in the books of the lessee. According to PwC (2016) "Estimates suggest this change will mean that trillions of additional lease obligations will be added to the balance sheets of Airlines world-wide. As most lease obligations are denominated in US-Dollar, many airlines will also be exposed to additional foreign currency volatility into their profit or loss." The transition from IAS 17 to IFRS 16 is expected to include pre-existing leases with some relief on transition.

It is currently a cumbersome task to determine with precision how much impact the new IFRS 16 will have on accounting for lease transactions in Zambia. This is exacerbated by the fact that organized data is not readily

available. According to the Bank of Zambia (2015:17-19), the leasing sub-sector of the Non-Bank Financial Sector in Zambia had 10 registered leasing/finance companies as at the end of 2015 with branches scattered in Lusaka and Copperbelt provinces only. Lease companies are not the only entities involved in the leasing of assets. Banks are also major players in the leasing sub-sector with the major banks such as Stanbic Zambia Limited, Barclays Bank Zambia, First National Bank and others offering asset finance via leasing. Here, a customer can get an asset; for example a car, from the bank and rent it in a finance lease by way of paying off using agreed periodic payments. According to the Bank of Zambia's Banking sector consolidated income statement, leasing income in the sector from normal deposits for the first quarter of 2017 was K36.18 million.

Other Zambian companies expected to be affected by IFRS 16 include energy firms that lease Diesel tanks and Auxiliary Equipment, telecommunications companies involved in the leasing of towers and fibre optic networks/equipment, real estate and related companies that are involved in the leasing of buildings and land and farming giants that have leases for land. Whatever the lease arrangement, companies are better off assessing the accounting impact of IFRS 16 sooner than later as it will affect both on-balance sheet and off balance sheet transactions.



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PREPARE FOR CHANGE

By Trevor N Tembo

CHANGE IS A KEY COMPONENT FOR SUCCESS

There is no organisation that exists in today's environment that is immune to change, is stable and prosperous.

Change is the metaphysics of our age. Everything is in motion. Everything mechanical and technological has evolved by becoming better, more efficient and sophisticated.

In the business world for an enterprise to stay viable and relevant to the current trends on the market it's now a prerequisite to invest in new trends and innovations. All businesses should prepare for change in order to maintain or improve their market share in their line of business. Preparing for change involves all types of businesses from a 'kantemba' (small shop) on the streets of Zambia to large corporations in the hub of the capital city Lusaka and the Copperbelt region dotted with mining firms.

This article illustrates some of the benefits of financial technology to the Zambian economy and why all individuals and businesses should prepare for such innovations.

WHAT IS 'FINTECH'

According to Wikipedia Financial Technology, also known as FinTech, is an industry composed of companies that use new technology and innovation to leverage available resources in order to compete in the marketplace of traditional financial institutions and intermediaries in the delivery of financial services.

FinTech refers to new applications, processes, products or business models in the financial services industry. Since 2010 the term FinTech has expanded to include any technological innovation in the financial sector, including financial literacy and education, retail banking, investment and even cryptocurrencies like bitcoin (Investopedia).

EXAMPLE OF FINTECH INNOVATION-MOBILE MONEY

In 2009 one example of a FinTech innovation was introduced on the Zambian market. Today more than 60% of the low-income consumers use Zoonia, this is essentially a mobile money platform that offers emerging entrepreneurs an opportunity to provide money transfers and other payment services to low-income consumers, whilst earning commissions and creating employment opportunities.

Zoonia mobile platform is definitely a mobile money revolution in Zambia, with most banks in the country setting up their ATMs and traditional banking services in towns, Zoonia serves the person in parts of the country without an ATM and a bank nearby. We can also say that Zoonia has taken away the huge costs of installing and operating ATMs from the banks. Zoonia is a clear citation of why banks need to prepare for change as in the near future it will become cheaper to use mobile money

than an ATM.

MTN Zambia and Airtel Zambia also have mobile money platforms that have disrupted the way of making payments. Nowadays bills like water, electricity and DSTV services can be paid by using a cell phone, of which 70% of the population possess one. I remember when I was in my eighth grade in 1997, only one expatriate teacher from Ghana owned a phone. I guess no one imagined at that time a phone could be used to pay bills and transfer money. Years later, financial technology has come and changed the way of life which has also affected people's careers.

“When you innovate, you have got to be prepared for everyone telling you, you are nuts.

Larry Ellison, US co-founder, Oracle Corp. (1944)

Insurance companies have also joined the new innovations on the market in order to continue enjoying the market share and leverage of their resources. Today in Zambia one is able to buy motor vehicle insurance or medical health insurance using a phone. Just imagine how careers have changed with such innovations. Soon will see taxis without a driver and banks without Bank tellers. Therefore, prepare to change your career.

BENEFITS OF FINTECH

1. Financial inclusion

Companies that use new technology and innovation to leverage available resources in order to compete in the marketplace of traditional financial institutions and intermediaries in the delivery of financial services have contributed to financial inclusion of the unbanked through mobile payments platform.

FinTech has helped low and middle income segments unserved or underserved to access formal financial services. There is no formal banking or financial infrastructure in rural areas, due to the high cost of rolling out banking infrastructure. However, with the FinTech revolution a small scale farmer in the rural area is able to pay for fertilizer and transportation of his produce and he is also able to receive money through the phone from his customers.

This is the exciting thing about the FinTech revolution in Zambia. It is building an industry from scratch and doing things banks are not doing for the mass population without banking services especially in rural areas.

2. Creating employment and business opportunities

This financial Technology revolution has brought about an opportunity for most unemployed youths in Zambia. You will find that most mobile money services are operated by the youth in booths dotted across the country. FinTech has created employment hence improving the economic status of the youth.

On the other hand, Small Medium Enterprises (SMEs) have also invested in the mobile money transactions as they receive commissions from each transaction made. FinTech has opened a window for small businesses as a result of the low cost of startup capital to operate mobile money transactions. At the time of writing this article mobile payments had not gotten regulations to control it making it easy for entry.

Final thoughts - Prepare for innovation and change

FinTech has come with a challenge for everyone both individuals and businesses. Change must be uppermost in our minds. In 2012 at the AFCON when the Zambia National Football

team were crowned champions despite being considered under dogs at the tournament. This is because most teams came to the tournament with a similar mindset and eventually lost because they never changed their tactics. The next time Zambia went to the AFCON they came out in the first round simply because they went with the same attitude of being the winning team. When you think you have a winning team, there is a tendency not to make changes. However, that is when change must be uppermost in your mind.

Get your mindset around the idea that in this rapidly changing world, we will all need to be prepared to change our careers again and again and this applies to the business approach too. Now is the time to start preparing for the future, because it is already here. Innovation means creativity and thinking differently and as Steve Jobs put it "thinking differently" is not just cool or quirky—it matters to staff, to customers, and to investors.

Creativity involves the generation of ideas, alternatives, or possibilities, and the consideration of situations or problems in novel ways. Invention is the practical application of creative thought. When successfully realized, creativity and invention are highly motivating. They allow us to combine our innate desire for autonomy, purpose, and mastery.

“Companies that embrace creativity and innovation as “invasive and perpetual” are exciting places to be.

Consultant Stephen Shapiro

They also produce a sense of achievement, which is a key element in what Abraham Maslow described as the “Higher Order Needs” of motivation—the factors that allow us to feel value and self-actualization.

For businesses, establishing a climate of creativity has the dual benefit of enhancing employee satisfaction and improving its competitiveness. Excited by the pursuit of invention, employees will often work harder, longer, and more productively, yielding innovative solutions to problems, new cost saving processes, or profitable new products.

So significant is the competitive edge that can be gained that a 2010 IBM

survey listed creativity as the most sought-after trait in leaders.

As people who have benefited from innovation know, innovation is a vital ingredient for everyone, everywhere and all of the time.



Art work credit: Tony Breed, www.HitchedComic.com



About the Author

Trevor Ngozi Tembo is a ZICA Student pursuing the CA Zambia accountancy programme currently working as Administrative Manager for a German Cooperation funded Nutrition Project run by the Catholic Relief Services and CARITAS Chipata partnership. He has a passion for sharing information on personal development, financial literacy and Entrepreneurship

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PHOTO FOCUS

10TH ZICA GRADUATION CEREMONY



Professional Graduates with ZICA Council and Management members during the 10th graduation ceremony



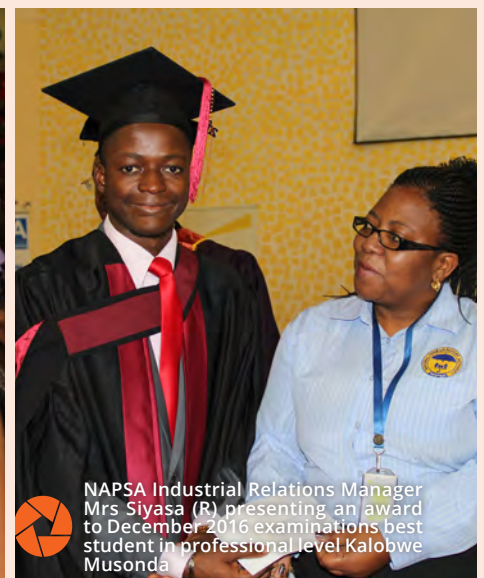
ZICA President Mr. Jason S. Kazilmani giving a speech during the 10th graduation ceremony at government complex in Lusaka



Professional Graduates during the 10th graduation ceremony



Professional Graduates during the 10th graduation ceremony



NAPSA Industrial Relations Manager Mrs Siyasa (R) presenting an award to December 2016 examinations best student in professional level Kalobwe Musonda

PHOTO FOCUS

10TH ZICA GRADUATION CEREMONY



ZICA CEO Mr. Hapenga M. Kabeta (L), ZICA President Mr. Jason S. Kazilimani (3rd R) and Director of Education and Training Mr. Modest Hamalabbi (Far R) at the 10th graduation ceremony.



ZICA President Mr. Jason S. Kazilimani presenting a certificate to a Licentiate graduating student at the 10th graduation ceremony in Lusaka.



ZICA Council and Management members with Licentiate graduates during the 10th graduation ceremony



ZICA President Mr. Jason S. Kazilimani presenting a certificate to a licentiate graduate



ZABMAC members of staff with 2 licentiate graduating students during the 10th graduation ceremony



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Taxation is a specialised field which draws on law, administration and accountancy. It is complex and diverse requiring specialised technical knowledge. The growing national economic has attracted huge international investments resulting into complex business practice it was with this background that the Zambia Institute of Chartered Accountants. (ZICA) developed the Taxation Programme. The programme is aimed at matching the technical expertise in taxation with the current economic demands.

Objectives

- Offer a thorough understanding of the Tax System and practice of taxation in Zambia to professional accountants.
- Enhance the understanding of tax among the professionals from a wide range of disciplines who may not have a background accounting but are actively involved in the various facets of taxation.
- Give an opportunity to those who require a recognised professional qualification in taxation.

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Closing Date for Registration

Registration closing date for December 2017 examinations is 31st August 2017.

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- **Self-study:** It is recommended that students on self –study purchase the ZICA study materials. These can be purchased from ZICA offices.

For more details, contact:

The Director – Education and Training
Zambia Institute of Chartered Accountants
Plot Number 2374/a Thabo Mbeki Road
P.O. Box 32005
Lusaka
Phone: +260 211 374550/9
Fax: 0211 374560
Email: education@zica.co.zm

The Regional Office- North
Zambia Institute of Chartered Accountants
2nd Floor Mukuba Pension House, Room 333
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P.O. Box 23593
Kitwe
Tel: +260 212 222002
Email: kitwe@zica.co.zm

2016 DECEMBER EXAMINER'S REPORT ON PAPER L1- FINANCIAL REPORTING

QUESTION 1

This question required candidates to calculate goodwill on acquisition of subsidiary to be taken to the consolidated statement of financial position in part (a). In part (b) candidates were required to prepare the consolidated statement of profit or loss and other comprehensive income. Part (c) was on preparation of journal entries to record intra group transaction involving sale of a non-current asset by the subsidiary entity to parent entity. Part (d) on the other hand, required candidates to explain control and to outline how it is determined. The notable adjustments to be considered by candidates to answer this question included:

1. Fair value adjustment relating to a piece of plant and depreciation on fair value adjustment;
2. Intra group transaction where subsidiary sold goods and non-current asset to parent entity at a profit;
3. Consideration in form of both share exchange and deferred;
4. Impairment of goodwill and investment in associate.

Performance

This was a 30 mark question. The highest got 30 while the lowest scored 0 mark. 41% of those who attempted the question passed. Being compulsory, the question was attempted by 529 out of 535 candidates representing 99%.

Common Mistakes

The reasons attributable to loss of marks by candidates in part (a) include:

- i. Not discounting deferred consideration. Candidates should know that present value of deferred consideration is what is considered when calculating goodwill.
- ii. Excluding pre – acquisition revaluation surplus from fair value of net assets figure. This should have been included.
- iii. Failure to calculate consideration in form of share exchange. This was equal to $16,000 \text{ (acquired shares)} \times \frac{3}{2} \text{ (exchange ratio)} \times K7.50 \text{ (market price per share of parent's equity shares at acquisition)}$.

In part (b) candidates made the following mistakes:

- i. Did not take into account intra group transactions when calculating group sales and cost of sales figures. Intra group transactions involving sale of goods are deducted in full from both consolidated revenue and cost of sales figure. Unrealized profits from the sale of both goods and non-current asset should have been added to cost of sales.
- ii. Further, depreciation charged on unrealized profit relating to non – current asset should have subtracted from cost of sales figure not added.
- iii. They consolidated 100% of all profit or loss items of the subsidiary ignoring that it was acquired half way during

the accounting period. They should have first multiplied them by 6/12. The post acquisition period was only 6 months.

- iv. Unwinding of discount or interest for 6 months relating to discounted deferred consideration was not considered in consolidated statement of profit or loss.

In part (c) most candidates lost marks by preparing ledger accounts instead of journal entries. Journal entries show accounts to be debited and credited.

In part (d) marks were lost because of:

- i. Not attempting this part;
- ii. Failing to explain control and outline how it is determined. This showed that candidates did not have knowledge of IFRS 10. Candidates would have earned marks by using their knowledge of IAS 27.

QUESTION 2

The question had three (3) parts. Part (a) was on preparation of the statement of profit or loss and other comprehensive income. Part (b) required candidates to prepare the statement of changes in equity and part (c) required them to prepare the statement of financial position. The notes to this question covered the following among others:

1. Revaluation of property at the beginning of the reporting period;
2. Expensing of development cost which did not meet capitalization criteria;
3. Bonus issue of shares utilizing share premium;
4. Increase in deferred tax relating to both profit or loss items and to revaluation surplus;
5. An item of plant leased under finance lease.

Performance

This was a 30 mark question. The highest got 30 while the lowest scored 0 mark. 47% of those who attempted the question passed. Being compulsory, the question was attempted by 529 out of 535 candidates representing 99%.

Common Mistakes

In part (a) candidates lost marks because of:

- i. Adding instead of deducting over provision of tax in calculating income tax expense. Further increase in deferred tax liability should have been added not deducted.
- ii. Wrongly calculating depreciation charge for the year relating to buildings and plant and equipment. Candidates were supposed to use revalued amount of K782,000 and remaining useful life of 17 years in calculating depreciation charge for buildings. Plant and equipment's depreciation charge should have based on the opening net book value of the asset.

- iii. Not deducting increase in deferred tax relating to revaluation surplus from revaluation amount taken into account under other comprehensive income.

In part (b) candidates made the following mistakes:

- i. Failed to value bonus issue of shares. These are valued at par.
- ii. Not knowing the format for the statement of changes in equity.
- iii. Not transferring the profit for the year figure and revaluation surplus net of tax figure correctly to retained earnings and revaluation surplus reserves respectively.

In part (c) the following errors were made:

- i. Candidates did not transfer components of equity figures for equity share capital, share premium, revaluation reserve and retained earnings to the statement of financial. These attracted principle marks for transferring them correctly.
- ii. Candidates did not adjust inventory figure for it to reflect lower of cost and net realizable value principle contained in IAS 2.
- iii. They did not split finance lease obligation into current and non-current liabilities.

QUESTION THREE

This question required candidates to prepare the statement of cash flow using the indirect method. The main figures expected to be calculated by candidates were:

1. Cash paid to acquire property, plant and equipment;
2. Taxation paid;
3. Cash proceeds from issue of equity shares;
4. Profit on disposal of plant; and
5. Dividends paid;

Performance

This was a 20 mark question. The highest got 18 while the lowest scored 0 mark. 21% of those who attempted the question passed. The question was attempted by 428 out of 535 candidates representing 80%.

Common Mistakes

Candidates lost marks by:

- i. Not knowing the format for the statement of cash flow. Knowing the format helps in earning free marks related to treatment of depreciation charge for the year, working capital changes, profit or loss on disposal of property, plant and equipment, proceeds from issue of shares, cash paid to acquire property, plant and equipment, tax paid

and dividends paid just to mention but a few.

- ii. Adding back cash paid to acquire property, plant and equipment, decrease in trade payables and dividends paid instead of subtracting.
- iii. Ignoring deferred tax balances in calculating tax paid. Tax paid in computed by taking into account current and deferred tax balances, income tax expense in the profit or loss account and any under or over provision of tax.
- iv. Not subtracting depreciation charge for the year and carrying value of equipment disposed of and not adding fair value of plant acquired under finance lease in computing cash paid to acquire property, plant and equipment.

QUESTION FOUR

The question had three (3) parts (a), (b) and (c). Part (a) was on calculation of basic earnings per share. In part (b) they were required to state four conditions that must be satisfied from the sale of goods to be recognized in accordance with IAS 18 and in part (c) to prepare statement of profit or loss for the head office, the branch and the combined entity.

Performance

This was a 20 mark question. The highest got 19 while the lowest scored 0 mark. 18% of those who attempted the question passed. The question was not popular. It was attempted by 196 out of 535 candidates representing 37%.

Common Mistakes

In part (a) the following mistakes were noted:

- i. Candidates did not know the formula for computing earnings per share. This is simply equal to profit after interest and tax divided by weighted average number of equity shares in issue.
- ii. Some candidates did not attempt this part of the question.

In part (b) candidates lost marks by not knowing the conditions which should be met for revenue from the sale of goods to be recognized. One of them is that the amount of revenue should be measured reliably.

The mistakes in part (c) were:

- i. Did not deduct unrealized profit from combined inventory figure.
- ii. Did not include transfers from head office under branch's purchases. They neither included transfers to branch under head office's sales.

QUESTION FIVE

This question had three (3) parts. Part (a) required candidates to state five (5) conditions that should apply for the sale to be highly probable in accordance with IFRS 5. Part (b) required candidates to describe calculation of impairment loss and state indicators of impairment. Lastly, part (c) was on accounting for construction contracts in accordance with IAS 11.

Performance

This was a 20 mark question. The highest got 16 while the lowest scored 0 Mark. 3% of those who attempted the question passed. The question was attempted by 344 out of 535 candidates representing 64%.

Common Mistakes

In part (a) candidates failed to state the conditions that should be met for the sale to be highly probable in accordance with IFRS 5. In part (b) on the other hand, candidates lost marks by not describing how impairment loss is calculated and failing

to state indicators of impairment loss in accordance with IAS 36. In part (c) candidates failed to compute amount due to or from contract customers. This is arrived at using the following formula:

Costs incurred to date	x
Add/less recognized profit/loss	x/(x)
Less progress payments made by customer	(x)
Amount due from/ (to) contract customer	x/(x)

In conclusion, candidates are advised to have an understanding of each area of the syllabus; go through past examination papers; and be prepared for written questions to increase their chances of passing.

Overall performance of candidates

Highest mark obtained in this paper:	88%
Lowest mark obtained in this paper:	0%
Overall pass rate in this paper:	21.68%

ONLINE EXAMINATION REGISTRATION AND PAYMENT STEPS

1. Navigate to www.zica.co.zm
2. Login to your account (If you do not have credentials send mail to helpdesk@zica.co.zm)
3. Click on Events Menu
4. Select Exams
5. Click to select examination center of your choice
6. Click on Register Myself button
7. Select the subjects you wish to be entered for.
8. Click on Proceed to Checkout You will be taken to 2 options which are Pay Now and Purchase Order
9. If you Select Pay Now to pay using your Visa/MasterCard you will be redirected to the payment page.
10. Under payment page you must enter the following data:
 - Card No: xxxxxxxx (this is the 16 digit number on your Visa or Master card. Must be entered without spaces)
 - Expiry date: xxxx (This is found on the front of card)
 - Security code: 3 digits at the back of card
11. Click Next Button to review your transaction.
12. Click Pay button to complete transaction. If the payment goes through, you will receive an order confirmation and a receipt via email.
13. If you Select Purchase Order (PO) to register without paying, enter the text 'BILL MUSTER' in the space provided and click on Submit Order button.
14. Scroll up and click on your Name. This will take you to account home page.
15. Select the Finance tab and click on pending invoices.
16. Click on the Export to PDF icon on the top left side of your page to extract a prefilled Bill Muster form in PDF. Print two copies.
17. You will need to deposit funds at Zanaco Bank using the printed Bill Muster forms.

2016 DECEMBER EXAMINER'S REPORT ON PAPER L2- MANAGEMENT ACCOUNTING

Candidates' general performance

Most of the candidates struggled in getting the passing mark. It showed that there was inadequate time of preparation for the exams. The following is the analysis of the candidates' performance.

QUESTION ONE

This question was compulsory meaning candidates had to attempt it. This was poorly answered by most candidates although a few managed to score very high marks. Candidates are advised to read questions carefully and understand the question asked before answering.

This question tests candidates' ability to prepare those budgets commonly used in practice. In particular how a principal budget factor affects the order of preparing budgets.

It was disappointing, to find that many candidates were not able to prepare a sales budget from production units budget. Budgeting is one of the most important tools that should be in the armoury of all management accounting students.

The common errors in part (a) include:

- i. Adding opening and closing stock to arrive at production units
- ii. Using the production capacity of product A as sales
- iii. Making no attempt to calculate production units, instead basing all costs as production units
- iv. Making errors in calculating inventory movements in the determination of sales volumes and materials purchases
- v. Incorrect phasing of materials costs to arrive at purchases costs
- vi. Failure to identify the limiting factor and rank the products in order of contribution per limiting factor
- vii. Failure to define a principle budget factor

Students must understand that where a part of the question depends on the answer from another part, a flow through approach of marking is followed. This means, if the calculated production units in Part (a) were incorrect, but correctly used in Part (b) to determine the sales budget, full marks were given for Part (b). It was very worrisome to find that students had different figures for production in Part (a) and those used in Part (b) to determine sales. This indicated that many candidates did not grasp the link between functional budgets and the principal budget factor.

Candidates:

- Must examine the examiners' answers from previous papers to confirm the depth of knowledge required to answer questions
- Must pay particular attention to the layout of answers
- Should clearly indicate if part of the answer to a question appears later in the answer book
- Must answer the question asked, not the question they would like it to have been asked
- Must show their workings as marks are awarded for appropriate procedures and calculations

QUESTION TWO

This question was on decision making comprising two parts (a) and (b). Part (a) was a make or buy decision using relevant costing principles. Part (b) was a pricing decision problem and calculation of the maximum profit.

More than 98% of the candidates attempted this question. In excess of 65% of these candidates managed to score more than half the total mark on this question

Part (a) was well attempted by the majority. However, some candidates could not ably provide notes to the figures in the relevant cost statement.

Part (b) (i) and (ii) were poorly attempted. There were two common problems here. Firstly, most candidates could not determine the fixed and variable components of the production overheads, hence failed to calculate the maximum contribution and selling price. Secondly, majority of the candidates tried to determine the demand/price equation and marginal revenue in order to get the optimum price and profit. This was not feasible as they were given a range of price/demand relationship and not the usual demand at current price.

QUESTION THREE

This question was on variance analysis, this was attempted by many students but it was poorly answered by most candidates considering that this is a similar topic which was done at technician level. Candidates are advised to read questions carefully and understand the question asked before answering as some students could not even explain the types of standing costing.

This question tests candidates' ability to prepare simple variance analysis that is commonly used in practice.

It was also disappointing, to find that many candidates were not able to prepare total material price and operating statement at this application level however some students did so well with some scoring maximum marks of 15 to 20 marks.

Conclusion:

- Students must be encouraged to start attending classes especially for this courses that require concepts to be understood.
- Must pay attention to the layout of suggested answers in the revision kits.
- Should clearly indicate the question number in the answer booklet to avoid makers searching for their answers everywhere.
- Must show their workings as marks are awarded for appropriate procedures and calculations.

QUESTION FOUR

This question required candidates to calculate the breakeven volume in part (a); prepare a summary budgeted income statement in part (b); prepare a summary income statement based on actual results using absorption costing in part (c) and in part (d) to prepare a similar statement as in part (c) but based on marginal costing approach.

Question four was the least popular question. Only about 25% of the candidates attempted this question. And out those who attempted, very few did justice to this question.

The classic formula to use in part (a) was $BEP = \frac{\text{Total Fixed costs}}{\text{contribution per unit}}$. Common errors were to include only the fixed overhead and leave out the fixed selling and administration overheads. As for the contribution per unit, the common error was only to use the variable manufacturing overhead and ignoring variable selling and administration overhead.

Part (b) was very well answered. But parts (c) and (d) posed challenges in the area of inventory valuation, under or over absorption calculation and use of wrong formats. Some candidates commented on operating performance in part (d) as a reason for the difference. Future candidates should note that difference in results in (c) and (d) was due to fixed overheads included in inventory valuation under absorption costing.

QUESTION FIVE

This question generally required candidates to show an understanding of management accounting information and specifically through put accounting. It was an easy question tackling issues which candidates are required to know at this level. It was also within the syllabus context. However, it was not a popular question with those who attempted scoring average marks.

Part (a): This part required candidates to explain four characteristics of management accounting and was worth 8 marks. This was perhaps the easiest part of this question and candidates were expected to score high marks. However, it was the most misunderstood part of the question as the candidates who attempted this question mistook this part as to mean the differences between financial accounting and management accounting information. It was poorly answered with most candidates scoring far below average.

Part (b): This part of the question was about through put accounting and was in three parts.

- i. I. This part required candidates to assess whether LK should cease production of product A looking at its through put ratio. This was worth 2 marks and candidates scored very well with a few exceptions.
- ii. II. This part required candidates to outline four other factors that the company should consider before a cessation decision is taken. This part was worth 4 marks and it was averagely scored. It was envisioned that candidates will bring out factors which are non- financial.

It was disappointing to note a total lack of knowledge in this area. However, some candidates scored well.

- iii. This part was worth 6 marks and required candidates to explain how LK could improve its through put ratio. Candidates who attempted this part scored well.
- iv. The question was fair even though it was not popular to candidates. Those who attempted scored well in part B while part A was not answered properly. Candidates took this area of the syllabus casually as they lack theoretical understanding of management accounting information.

Overall performance of candidates

Out of 673 candidates who sat for this paper only 109 passed representing 23% pass rate.

The paper recorded 70% as the highest mark obtained and 1% as the lowest mark.

MECHANISATION.... THE RISE AND RISE OF INFORMATION TECHNOLOGY. A GIFT OR A CURSE?

By Brian Mctribouy

All the way up to the early 1900's, almost all work was done by hand. From industries like telecommunication, manufacturing, accounting, motor, etc; the cost of running machines was very low.

For instance, in the manufacturing industry, there were very few products leading to few processes. Due to lack of mechanisation making multiple products was not possible because of the cost of labour. All packaging, review and dispatch were done by hand, this meant people had to get up early in the morning, head out to the factory and do these jobs in order to come up with finished products.

Back then, the largest cost for most of the industries available was the direct labour cost, comprising the majority of the total costs (or total production cost).

During the late 80's pioneer companies such as Microsoft, Apple, Dell and others started to see the need for mechanisation, not only in the IT industry but in our personal lives in our day to day living.

Hence, with the new millennium approaching, large strides were taken in ensuring that mechanisation became possible.

In accounting, the personal computer was introduced, with an accounting package to match it. Today in manufacturing, almost all processes

are mechanised. From processing raw products to packaging to delivering products to customers, and now with the labour costs falling, it is becoming cheaper to use machines. Companies are therefore switching systems. There are many products now produced compared to the past years.

Can you imagine a telephone operator sitting behind an operating machine transferring phone calls to designated homes all over the country? It's a tough break and very tiring job, but due to mechanisation this is no longer possible.

Recently things have drastically changed. Companies such as Google are leading the way in these areas. With the advent and testing of self-driving cars and android smart phones they too have joined the race.

Toyota in a bid not to be left behind are investing in "flying cars". Yes, life someday will resemble the movie "back to the future" and we know that Nike, the company that makes shoes and apparel, has already developed self-lacing shoes. It's a reality. Oh yes! This is the future.

Apple with its ios devices has not been left behind.

Companies such as Amazon are testing drones to deliver goods all over the world. And in China we have seen factories fully mechanised with only 2 individuals in the building.

Everything is getting mechanised.

There are many drawbacks to mechanisation. Firstly, think about the fall in labour cost. Yes, this means people have to be laid off to give way to machines, this means people have no jobs and therefore cannot feed their families. There will be very few jobs available on the market and some will be totally obsolete.

Secondly there are the effects of Garbage in Garbage out. This simply means that humans that program these machines, are not as perfect as the machines they are trying to create. One simple mistake in coding, and the program or machine that was intended to work in a certain way will now work in an undesirable way.

Although patches may be made to fix the problem it may not entirely be the solution. If the machine is in an area where internet may be difficult to access, what then do the affected people do?

Another possible major problem is that computers may be compromised by a third party. Most recently we have heard of the virus "ransomware" that has attacked many computers across the globe, disrupting services such as manufacturing and health care to service delivery. Hackers doing their damage, and now cars run fully by computers (although requiring a human driver), can be compromised and remotely controlled.

Let's not forget the research and development costs incurred by companies. These have soared in recent years with companies spending billions of dollars on research and further development.

Although the problems look huge the benefits outweigh them. We live in a time where we can send e-mail and not wait for a couple of weeks and months to receive a letter from a friend or family who lives far off. All jobs that would have taken time to complete are now done in a quick and reliable manner.

Safe guards such as anti-viruses and fire walls are developed to guard against cyber-attacks. Even closed systems are working just fine.

Banks are among some of the institutions that have benefitted a lot from mechanisation. Customers are able to deposit from ATMs, have loans approved from the internet, and bank online without even stepping foot in the building.

Competition between rival companies is very strong and no company can afford to be left behind, with consumer sales and customer spending growing day by day mechanisation makes service and goods delivery possible.

Think about social networking, complex accounting and lengthy jobs like audit made simpler, the manufacturing of motor vehicles done faster and better. Most areas of day to day jobs have benefitted from mechanisation.

In the manufacturing and production industry things have changed deeply. Previously not a lot of products were produced. So products underwent similar operations and consumed similar proportions of overheads. The cost of processing information has fallen drastically over the years, with the advent of mechanisation, while overheads have become a much larger proportion of total production costs. Companies have had to also change to systems like ABC (Activity Based Costing), to adapt to the complexity of manufacturing. This has produced accurate costs as compared to the

systems before.

Mechanisation a gift or a curse? This a question left only to the user.



About the Author

Brian McTribouy is a ZiCA Student (Final Level, Employed By the Ministry Of Finance. His other activities include Motivational Writing and Speaking.

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FRAUD AND CORRUPTION

By Thinkho Mayobvu



Fraud and Corruption are things that can bring down any organisation. An organisation which is being run by dishonest people is in danger of making losses and subsequently going bankrupt. It is for this reason that organisations should put in place measures on how to prevent and detect fraud and corruption and severely deal with those involved in the vices.

In this article we will discuss the strategies that can be employed to prevent, detect and deal with fraud and corruption in an organisation.

According to the **INTERNATIONAL INSTITUTE OF CERTIFIED FORENSIC INVESTIGATION PROFESSIONAL** these terms are defined as follows:

FRAUD

This is defined as deliberate act of deception in whatever means aimed at personal gain. It is an act of obtaining goods or money by giving false information. Fraud is also defined as misrepresentation of matter of fact whether by words or conduct or by concealing of what should have been revealed that deceives or is intended to deceive another so that the individual will act upon it to his or her Legal injury.

DETECTION

It is a discovery of ongoing wrong doing. To detect also means to uncover or reveal the fraudulent or corruption laden transactions or dealings.

STRATEGY

This is an approach deliberately designed to deal with fraud and corruption. Strategy refers to all systems, policies/procedures put in place to deal with fraud and corruption in an organisation.

According to the International Institute of Certified Forensic Investigation Professional, there are three basic types of fraud listed below

- Financial Statement fraud
- Corruption
- Asset misappropriation

In addition an other type of fraud is called Money Laundering.

FINANCIAL STATEMENT FRAUD

This is also known as fraudulent financial reporting. Fraudulent financial reporting includes deliberate falsification of accounting records, balances or disclosures and omissions of transactions from financial statements. It is usually done to present financial statements with a particular bias such as hiding liabilities to improve any analysis of gearing and liquidity ratios.

CORRUPTION

Corruption can be put into three categories namely:

- **Bribery:** is when money is offered to influence a situation. It is also involves receiving something of value to influence an official position. In bribery both the receiver and the giver are liable for bribery case that can be substantiated.
- **Extortion:** happens when one demands money to influence a particular outcome. It involves some kind of threat or denial of services or rights if the bribery is not given.
- **Conflict of interest:** the fraudster puts their influence to obtain a personal gain that affects the organisation. The fraudster may not benefit financially but may receive undisclosed personal benefit, for example a human resource officer may employ someone who is also a personal friend in order to maintain the friendship, a manager may approve expenses of an employee who is also a personal friend to maintain friendship.

ASSET MISAPPROPRIATION

This is the most common type of fraud that can happen in the organisation. The most known feature in this type of fraud is the theft of cash or other assets from the organisation. Asset misappropriation includes the following:

- Cash theft, is the stealing of physical cash from the organisation
- Fraudulent disbursement, happens when the organisation cash is being used to make fraudulent payments such as payroll schemes where cash is paid to fake employees and billing schemes where cash is paid to fake suppliers.
- Inventory fraud, is the stealing of inventory (stock) from the organisation which also includes stock pilferage
- Misuse of assets, happens when organisation's employees use assets for personal interest.



MONEY LAUNDERING

This is the process by which illegally obtained funds are made to appear legal. Money which are obtained from illegal activities such as drug trafficking, theft, human trafficking, corrupt practices etc are introduced to legitimate financial system such as buying of assets for resale to prevent any suspicious and to distance the fraudsters from these illegal activities.

For an organisation to operate smoothly, it needs to put in place clear strategies that can help to prevent and detect these evil vices. There are many strategies that exist but here we will focus on a few of them. These strategies are very basic and can be used in any organisation whether Government departments, sections, private enterprises and NGO's.

INTERNATIONAL INSTITUTE OF FORENSIC INVESTIGATION LISTS STRATEGIES AS FOLLOWS:

Strategy One: Internal Controls

The most common type of strategy is the internal controls. These are systematic measures such as methods and procedures put in place by the organisation in order to conduct its business in an orderly and efficient manner, safeguard its assets resources, deter and detect errors, fraud and theft. Controls act as first lines of defense against fraud and corruption including all types financial wrong doing.

Many organisations have internal controls but the question is are they implemented or just decorations?

We are going to explain some of the control procedures that can be employed in an organisation to combat fraud and corruption

- *Approvals and authorization policy or procedures.* Staff will be deterred from engaging in evil acts when they know that there is proactive approvals and authorization procedures unless there are loopholes for collusion.
- *Segregation of duties.* Each staff should know their duties and limits where their duties falls. One member of staff should not be allowed to complete transaction from the beginning to the end because he or she can easily defraud and cover up his/her trail since no one is watching
- *Oversight committees.* Oversight committees such as Audit committees must be very proactive in discharging its duties otherwise wrongs will go unchecked for a long time.
- *Authorization limits.* All staff must have limits officially imposed on their responsibilities so that they know where their authority reaches.

Strategy Two: The Tone at the Top

The tone at the top sets the example to be followed by all staff from top to bottom and also stakeholders. The people who are responsible for day to day running of the organisation should be seen to have zero tolerance to wrong doing otherwise all the staff will be following their wrong doing and the organisation will be found in bankruptcy. The people who are at the Tone of the Top include but are not limited to:

- The Board of Directors
- The Audit Committee
- The Managing Director
- The Chief finance Officer
- The Chief Internal Auditor etc.

Strategy Three: Inclusiveness of Staff

Staff who feel that they belong to an organisation rarely steal and are likely to report wrong doing by others. Staff may feel that they belong to an organisation if included in staff committees such as staff welfare. Staff may also feel part of the organisation if they are given a chance to participate in opportunities. For example all opportunities for promotions should be open to qualified and experienced staff and be seen to be fair to all staff.

Strategy Four: Going out of Beaten Track

Carrying out independent verification of assets and liabilities

Strategy Five: Whistle Blowing Policy

A whistle blower is someone who discloses wrong doing within the organisation to the public or to people in positions of authority. Whistle blowing therefore is an act in which one reveals to the public or those in position of authority any wrong doing such as fraud, malpractice, breach of any health or safety law or any other illegal act either on part of management or by fellow employees. The whistle blowing policy provides procedures for disclosing any wrong doing such as fraud, malpractice, breach of health and safety law or any other illegal act either on part of management or by fellow employees.

An employee shall be deemed to be communicating in Good Faith if there is a reasonable basis for communication of unethical and improper practices or any other alleged wrong conduct. Good Faith shall be deemed to be lacking if the employee does not have personal knowledge or facts of communication or where the employee knew that communication of such matters are false, malicious or not important.

Strategy Six: Disciplinary Action Against the Offenders

- This should be seen as consistent
- It should be fair, the punishment given out must follow procedures and must be seen to be human.
- It should be impartial, the punishment given out should apply to everyone who is involved whether senior or junior employees.

Strategy Seven: Annual Staff Records Reconciliation

The following records should be reconciled to each other to ensure that there are no ghost workers in the organization. There is also need to carry out physical staff count.

- a) Human resource records
- b) Payroll records and
- c) Attendance register

References

1. International Institute of Certified Forensic Investigation Professional USA Incorporation Forensic Training Master Class. Module 1 and 2



About the Author

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information from

EDUCATION AND EXAMINATION DESK

PASSING ZICA EXAMINATIONS

It appears that the words “ZiCA examinations” are synonymous with the word Hard and impossible. This is a misconception as the examinations are as good as you prepare.

Despite this misconception, it is evident that for one to pass ZiCA examinations, effective and focused revision is always the key to success. In fact, effective preparation is the best way to overcome any challenge faced during an examination. Here are some proven and tested tips to pass an exam:

1 MAKE A REALISTIC STUDY TIME TABLE:

Write down a time table giving appropriate weight to the subjects you are writing and allocate realistic amount of time for each subject.

2 ADOPT A REVISION STYLE THAT SUITS YOU:

Studying in quiet place or revising with friends sharing similar interests might be of help. However, do not let them distract you.

3 CUSTOMISE YOUR NOTES TO MAKE THEM MORE PERSONAL:

Take note of key points as you study for ease of reference when revising the study materials. The use of the notes on postcards or diagrams is recommended during the revision process. Diagrams, table, illustrations are useful, as they are easy to remember in an examination. Another way is creating acronyms of points that you need to remember during the examination.

4 MAKE SURE YOU UNDERSTAND WHAT YOU ARE READING:

If you come across something you do not understand, consult a colleague or find a new source of information that will help your understanding. Refer to additional books and materials such as revision kits to simplify the specific areas. Avoid memorizing notes.

5 FAMILIARISE YOURSELF WITH PAST EXAM PAPERS:

This will enable you to have an idea of the exam paper layout and how the questions are asked. Attempt or practice completing exam papers in the set time limit to improve your exam techniques. Allocate a proportionate amount of time for each question. Time management is important in every exam. Refer to the past paper

Question and Answers on our website on www.zica.co.zm. Click Education and then Examination and then Past papers and Select the preferred paper.

6 ANSWERING EXAMINATION QUESTIONS:

When you go to sit for examinations, always ensure that you understand what the question is demanding of you to do and where possible make some notes in the worksheet. The worst think for a student is to write a very good answer for a wrong question.

We wish you all the best during the exam and we hope the tips will help you pass the exam.



Sherlyn Musonda Hanene
Education and Training Manager

DOWNLOADING AN EXAMINATION DOCKET

Please note that dockets will not be available at the centres and must be downloaded through the student online accounts. The steps are outlined as follows:

Step 1: Login with your ZiCA username and password.

Step 2: Click on the EXAMS tab.

Step 3: Read the instructions under the EXAMS tab on how to generate and download the docket.

Step 4: DOWNLOAD generated docket and print.

DATES AND IMPORTANT DEADLINES FOR 2017 AND BEYOND

We wish to inform all students of the changes on the due date for subscription from 31st March to 1st January each year. For June examination session, the due date for new registrations/re-registrations, and examinations have changed to 28th February and 31st March respectively. This is effective from 1st January 2017. The table below shows the new due dates.

ITEM	JUNE EXAMS	DECEMBER EXAMS
New Registration/ Re-registration fees	28th February	31st August
Subscription fees	1st January	1st January
Examination/ Exemption fees	31st March	30th September
Note: Ensure that you adhere to the deadlines indicated above. All late payments will attract penalties.		

ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS DECEMBER 2017 EXAMINATION TIME TABLE

CA ZAMBIA PROGRAMME

11TH TO 15TH DECEMBER 2017

DATE	MORNING (09:00 - 12:00)	AFTERNOON (14:00 - 17:00)
Monday 11 th Dec	1.1 – Financial Accounting 2.1 – Financial Reporting 3.1 – Advanced Financial Reporting	1.5– Management Theory and Practice
Tuesday 12 th Dec	2.2– Management Accounting 3.5 – Advanced Management Accounting	1.3 – Business Economics
Wednesday 13 th Dec	1.2 – Business Statistics 3.3 – Strategic Business Analysis	1.6 – Business Communication
Thursday 14 th Dec	2.3 – Auditing Principles and Practice 3.2 – Advanced Audit & Assurance 3.7 – Public Sector Audits and Assurance	2.4 - Taxation 3.4 – Advanced Taxation
Friday 15 th Dec	2.5 –Financial Management 3.6 –Advanced Financial Management 3.8 – Public Sector Financial Management	1.4 – Commercial and Corporate Law

DIPLOMA IN ACCOUNTANCY PROGRAMME

11TH TO 15TH DECEMBER 2017

DATE	MORNING (09:00 - 12:00)	AFTERNOON (14:00 - 17:00)
Monday 11 th Dec	DA1 – Financial Accounting DA8 – Financial Reporting	DA7 – Principles of Management
Tuesday 12 th Dec	DA5 – Cost Accounting DA9 – Management Accounting	DA3 – Business Economics
Wednesday 13 th Dec	DA2- Quantitative Analysis	DA4 - Information Technology and Communication
Thursday 14 th Dec	DA11 – Principles of Auditing	DA10 – Taxation
Friday 15 th Dec	DA6 – Business Law	DA12 – Governance and Corporate Law

ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS

DECEMBER 2017 EXAMINATION TIME TABLE

TAXATION PROGRAMME

11TH TO 15TH DECEMBER 2017

DATE	MORNING (09:00 - 12:00)	AFTERNOON (14:00 - 17:00)
Monday 11 th Dec	C3 – Accounting for Tax Practitioners	C1 – Business Management D6 – Tax Audit and Investigations
Tuesday 12 th Dec	D4 – Personal Taxation	C2 – Economics & Financial Mathematics
Wednesday 13 th Dec	C4 – Direct Taxes D3- Business Taxation	D1- Business Information Management
Thursday 14 th Dec	D5 – International Taxation	C5 – Indirect Taxes
Friday 15 th Dec	D2 – Financial management	C6 – Law for Tax Practitioners

DIPLOMA PUBLIC SECTOR FINANCIAL MANAGEMENT

11TH TO 15TH DECEMBER 2017

DATE	MORNING (09:00 - 12:00)	AFTERNOON (14:00 - 17:00)
Monday 11 th Dec	PFM1 – Public Sector Accounting PFM6 – Financial Reporting Framework for Public Sector Entities	
Tuesday 12 th Dec		PFM3 – Governance and Management in the Public Sector
Wednesday 13 th Dec		
Thursday 14 th Dec	PFM5 – Public Sector Audits	
Friday 15 th Dec	PFM4 – Public Sector Financial Management	PFM2 – Legal Aspects of Public Sector Finance and Administration