The visit to Gaborone by Andrew Rachliffe, President of the Institute of Chartered Accountants in England and Wales (ICAEW), was an inspirational experience for BICA students who gathered enthusiastically for a motivational workshop on 31 July.

An audit engagement partner with PwC, Andrew Rachliffe has spent his career leading a variety of large international audit engagements. He has wide experience in a range of industries and across borders. He has also worked on management buy-outs, IPOs and other transactions, risk assessment and control effectiveness, investigations for regulators and expert witness work.

‘Accountancy is the key cornerstone of each and every country,’ he told the students, noting that the three forces that affect accounting – namely technology, economy and computing – bring both opportunities and threats to the profession.

‘What are the future developments that will impact on the way business is done?’ he asked them, provoking a mixed bag of answers that included IT, globalisation, climate change and political factors.

He encouraged the student community to build their relationship skills, to help people to use resources wisely and efficiently because the challenges faced by the global community are shared.

The students were urged always to exercise sound moral judgment in all accounting activities, because accountants have the unique responsibility to provide clients with professional services while presenting a truthful and accurate assessment of a company’s financial health.

‘Integrity is an important fundamental element of our profession,’ he stressed. ‘It requires us to be honest, frank and direct with a client’s financial information. Accountants must remain free from conflicts of interest and other questionable business relationships when conducting accounting services.’

BICA’s Manager for Training and Professional Development, Othusitse Siele, said the Institute had entered into a twinning arrangement with ICAEW to facilitate the development of Botswana’s professional accounting qualification, called the BICA qualification.

‘Mr Rachliffe’s visit was important as it enabled our students to make their input not only about the forces that affect the economy but also on the strategic way forward that will ensure that relevant individuals are lobbied to garner support for the BICA Qualification.’

Giving the vote of thanks, BICA student representative Goitseone Tukula noted that the shortage of accountants was detrimental to the growth of the Botswana economy. He applauded the Government’s role in supporting and developing the BICA Qualification by sponsoring students to further their studies, and he urged students to take full advantage of opportunities to better themselves and their country.
Botswana’s water crisis is just part of a grim global picture.

BICA takes top spot at Consumer Fair.

Withholding tax on commission and brokerage fees: Get it right.

You make your personal balance sheet every minute of the day.

Audit evidence – are there gaps in ISA501?

Protecting yourself from identity theft.

The vultures that feed on countries in debt.

BICA six-a-side soccer tournament was simply scintillating.

Things you should know.

Vision
To be the leading accountancy professional body with an internationally recognised professional accountancy qualification

Mission
To protect public interest through:
• Promoting the accountancy profession
• Facilitating quality professional accountancy services through the monitoring and regulation of professional accountants
• Developing professional accountants

Core values
In order to motivate the right behaviour and culture that will support the implementation of the Vision and Mission statements, the BICA Core Values are:
• Integrity
• Excellence
• Independence
• Transparency and Accountability
Botswana’s precarious water situation is of great concern to us all. The country faces huge challenges if it is to achieve water security in the years ahead.

But Botswana’s water crisis is just a small part of a much bigger, and worsening, problem – one that confronts the whole world.

Water scarcity has been identified as the number one global risk to society over the next ten years. In addition, the management of water is now cited as one of the greatest risks to business continuity and growth.

From a human rights perspective, access to safe, clean drinking water supplies, hygiene, and sanitation are already risks in many world regions.

Risk factors include water stress (when local demand exceeds available freshwater in the area), drought, insufficient rainfall, flooding, and pollution. Already, around half of the world's major river basins, home to 2.7 billion people, face water scarcity at least one month a year, and the situation is projected to get worse with climate change. More than 70 major rivers are already so over-allocated that little of their water reaches the sea.

Given that the same amount of water is on the planet now as when it was formed, the question to ask is why is water scarcity increasing and what has changed? The answer is rooted in our increased use and pollution of water. Increasing population and urbanization are key features in the growing global demand for water for drinking, sanitation, food, and energy.

By 2030 the world’s population is expected to be 9 billion, with economic growth in emerging markets at 6% and more than 2.5% in well-developed markets. By this time, 4 billion people are expected to live in high water-stressed areas and global freshwater demand will exceed supply by more than 40% if the world continues to follow present ‘business as usual’ practices. For water-intensive business sectors such as water utilities, agriculture, energy, extractives, chemicals, and textiles, this represents a major resource risk in terms of continued supply, competitiveness, and resilience.

Water constraints will increasingly challenge ‘business as usual’.

So how can we manage water better? What would success in water management look like? Solutions will need to include global, regional, and local perspectives. For business, improving water management – Continued on page 12
Hard work, professional appeal and smart salesmanship earned BICA first prize in the Educational Institutions category at the 2015 Consumer Fair in Gaborone. Last year’s category winner, BOCODOL, was runner-up.

The aesthetic appearance of the BICA stand attracted a lot of interest and created a real buzz, with a steady stream of visitors keen to learn about the Institute.

The Consumer Fair, which marked its 10th anniversary this year, presented a perfect platform for BICA to showcase its operations to the general public as well as to engage with stakeholders.

The annual fair is designed to promote trade between local and foreign exhibitors with the aim of helping to diversify the economy. Professional accountants play a key role in economic development by providing services such as financial accounting, audit, taxation and assurance.

BICA, which introduced Botswana’s own professional accountancy qualification, the BICA Qualification, in 2011 with the support of the Ministry of Finance and Development Planning and the World Bank, also used the Consumer Fair to introduce the interim student representative, Goitseone Tukula, who spoke enthusiastically about the Institute and encouraged young visitors to show an interest in accounting as a satisfying and rewarding career.
Withholding tax on commission and brokerage fees: Get it right

By JONATHAN HORE
Senior Tax Advisor KPMG Botswana

With effect from 1 July 2011 payers of commission or brokerage fees ‘for or in connection with the procurement of any goods or services’ are required to deduct a 10% withholding tax (WHT) on payments to service providers. This tax was brought into force through the Income Tax Amendment Act No. 8 of 2011. We discuss below the pertinent issues to assist taxpayers with their compliance obligations.

Typically, insurance brokers, debt collectors, estate agents and marketing agents are some of the persons who usually earn commission or brokerage fees. The WHT should be deducted from the VAT-exclusive commission or brokerage fees due to a service provider, where applicable. For example, where a person is to pay commission or brokerage fees of say P224 000 inclusive of VAT, the WHT would be determined on the VAT-exclusive amount of P200 000.

WHT is not deductible if the annual commission or brokerage fee is less than P36 000. As payments for commission and brokerage fees are usually done on a monthly basis, it seems, based on my observations, that there is a practice of deducting the WHT only on the amount in excess of P3000. It should be noted that once the amount is P3000 or more, the 10% WHT is deductible on the full amount.

Some insurance companies have arrangements whereby brokers collect full insurance premiums from clients and then pass on the net premium to the insurer after deducting commission. Under normal circumstances the insurer would pay the commission to the insurance broker, deducting the WHT and remitting it to BURS. However, in the scenario described above it is the broker who makes the payment to the insurer as he/she would have collected the premiums from the insured. The question that then arises is: who should deduct and pay the WHT to BURS? It should be noted that the liability to deduct the commission or brokerage fees, irrespective of any industry arrangement, lies with the payer, i.e. insurer in this case. As such, the broker should, in addition to passing the net premium, also pass the amount of WHT to the insurer, who should then remit the tax to BURS. There is an option for brokers to obtain directives from BURS advising the insurer not to withhold tax in such circumstances. BURS issues such directives on the merits of each case.

Some employers have arrangements where salaried employees are also paid a commission when they sell certain products/services to clients. Such commission or brokerage fee forms part of their remuneration, and as a result is subject to PAYE. In such instances there will not be any need for the employer to deduct WHT.

A payer of WHT is required to issue a WHT certificate to the payee, currently the Form ITW 9, as proof of withholding. The WHT certificate, which should be stamped by BURS, can be used by the payee (assuming he/she is a Botswana tax resident) to claim a credit against his/her final income tax liability. In other words, the WHT is an advance tax, i.e. it is paid in advance to BURS but is claimable by the payee at year-end.

As with PAYE and Other-WHT, the tax so deducted is required to be remitted to BURS by the 15th day of the month following that in which payment of the commission/brokerage fee is made.

It is important to note that, legally, WHT is triggered by payment and not accrual of the commission/brokerage fee. This means that WHT should be accounted for when the commission/brokerage fee is paid, regardless of the provisions of the agreement giving rise to the amount.

Where payers of commission/brokerage fees may not have complied with the withholding tax requirements, they are required to rectify the situation. The Tax Act requires such persons to pay the full WHT due to BURS. It also provides that they can recover the tax paid from the payee.

We suggest, in such cases, that sufficient communication between the parties involved takes place before the recovery of the tax is done.

Interest charged for the late remittance of the WHT is borne by the payer. Such interest cannot be recovered from the payee because the payer is penalized for failure to comply with his/her withholding obligations under the Tax Act.

Payers of commission/brokerage fees are required to comply with the tax regulations and seek guidance where not certain.

Comments on this article can be addressed to taxservices@kpmg.bw

Disclaimer: The information contained in this article is of a general nature and is not intended to address particular circumstances of any person. KPMG does not accept legal liability for any loss occasioned through the reliance of information contained in this article.
I recently overheard someone complaining to his accountant that his personal balance sheet had taken a nosedive, with a huge decline in net assets. This had upset the man to the extent that he felt his accountant must either have omitted something or had not put the correct values of what he owned when preparing the personal balance sheet.

I thought about this scenario, wondering what the man could be complaining about, and I asked myself a simple question: who makes an individual’s personal balance sheet? I also wondered why a personal balance sheet should decline in value. Does the balance sheet have to go only one way, upwards, or increase in value?

I would like to share with BICA Bulletin readers some thoughts about this highly misconstrued issue of the personal balance sheet, in which the accountant is sometimes blamed for the wrong reasons. The fact is, your accountant does not make your personal balance sheet. You do. The accountant only helps to make it more presentable by using the knowledge and skills that he has acquired. You are the designer of your own personal balance sheet. This should be as clear as the day at noon.

Every moment of every day, doing or not doing anything, awake or sleeping, you are making your personal balance sheet.

A personal balance sheet is the summary of your wealth, showing your assets on one side and your liabilities on the other. The difference between your assets and your liabilities is your net worth, or simply your worth. This difference can be positive or negative, positive meaning that you are worth that much and negative meaning that you owe more than you own – that you are bankrupt.

Every time you buy an asset, say a fixed asset, you buy it on either a cash or a credit basis. If you buy it on cash basis you will go to the bank and withdraw the necessary cash. As a result your cash balance goes down and you asset level increases, depending of course on what you have bought. It is like moving your money from the left pocket to the right pocket. You cannot say you are any richer by that.

On the other hand, when you buy an asset on credit two things increase. Your asset increases as well as your liability. With time you will continue paying for your liability and as a result the liability will continue reducing and your asset level continue to rise, ceteris paribus. This is especially so when you buy an asset that increases in value with the passage of time.

‘It is like moving money from the left pocket to the right pocket. You cannot say you are any richer by that.’

Let us be a bit more practical. Imagine that you have bought a piece of land on credit through your bank. You now have the land, which is an asset. But you must repay the bank, which you do with monthly instalments, reducing the balance of the loan.

Assuming you had bought the land where plots are selling like magwinya (fat cakes in Botswana), then in the same period the value of your land will have gone up. At the same time your personal balance sheet will have increased in net worth, showing an increase in your value.

So, simply put, it means that if you were to sell all your assets and clear all your liabilities what you remain with is your wealth, the net worth.

When you spend cash on personal expenses there is no increase in the balance sheet. It simply reduces your cash position, which in the meantime will be reducing and not building your personal balance sheet, and your net worth declines. This means that to grow your personal balance sheet you have to keep growing your assets including cash.

There are various reasons that may lead to a decline in your net worth, which of course could lead to bankruptcy.

If you invest in risky projects that lower your returns, or fail altogether, the effect is that your net worth will decline accordingly. Also, when you sell off your assets to finance consumption without growing your assets (a recipe for trouble) then your net worth quickly declines. This also declines when you purchase an asset that drops in value, such as a car or furniture.

Every time you prepare your personal balance sheet make sure that you take into account the increase in such assets as buildings and land, the investment assets, jewellery, stock and bonds. This is called valuation. You do not have to make it complex but can use a thumb-suck estimate of the assets as long as they are sellable in an open market. Let the best value of the assets you own be known by you so that you are able to know the direction in which you are going, not only where you are coming from.

Similarly, make sure that you correctly value those assets that decrease in value – like vehicles – so that you do not overvalue or overstate your personal balance sheet. You cannot cheat yourself.

Preparation of your personal balance is a very important activity and is worth doing regularly and well. In this way you will keep tabs on your investments and will be encouraged to keep growing if you already know where you are and what you are worth.

I hope this helps to explain to you the value of that which you love – money’s worth – and encourages you to prepare your personal balance sheet as often as you can.

Peter Njuca can be contacted at amstkenya@gmail.com
Audit evidence – are there gaps in ISA 501?

By AMOS GICHEHA
B.Com (Accounting)
CPA (Kenya)
AICPA (Botswana)

ISA 500 is a general audit evidence, while ISA 501 deals with audit evidence with regard to specific account balances. The focus of this article is with regard to the demand by ISA 501 for the auditor to attend inventory count or to adopt other alternative procedures when attendance is impracticable.

ISA 501 requires the auditor to attend inventory count to ascertain the existence and condition of inventory. Attendance is required when inventory is material to the financial statements. If it is impracticable to attend, the auditor is supposed to adopt alternative procedures in order to be satisfied with regard to the existence and condition of inventory.

Thus if an entity has several locations and each location holds material inventory balances, then the auditor must attend the inventory count at each of these locations. With regard to possible alternatives to non-attendance, ISA 501 only suggests the observance of an inventory count at some other date other than year-end and performance of alternative procedures on intervening transactions. It is important to note that the ISA does anticipate that other alternative procedures could exist to obtain audit evidence with regard to the assertion of the existence and condition of inventory. However, alternative procedures will only be resorted to after the test of impracticability of attendance is satisfied.

Broad interpretations
The standard is not unequivocal on what constitutes impracticability, and this leaves room for broad interpretations. One may pose the question as to what happens when it is practicable to attend but the auditor fails to do so. This may not be a hypothetical scenario since in practice auditors have tended to pay lip service to physical attendance at inventory count. Should the auditor qualify the financial statements on the basis of scope limitation? Is this really scope limitation or failure by the auditor to do what is expected? The standard does not provide guidance on this. In my view a qualification on the basis of scope limitation would be in order. However, the auditor should also be cited for failure to do what dereliction of duty dictates. This is a potential instance of professional negligence and the regulator (BICA or ICPAK) should expect.

If it is impracticable to attend inventory count on 31 December 2011, would it be in order for the auditor to perform tests on transactions between 1 January 2011 to 31 December 2011 and thus satisfy himself as to the existence and condition of inventory? And to stretch the argument further, come 31 December 2012 can the auditor perform intervening tests on transactions between 1 January 2011 to 31 December 2012 (assuming it is impracticable to attend)?

Proceed by inference
While the standard does not provide direct answers to these questions, the way forward in such situations can be inferred from the objective of the standard. The purpose of attendance at inventory count is for the auditor to ascertain the existence and condition of inventory. If it is impracticable to attend at year end and the auditor attends at some other time and performs tests on intervening transactions, the effectiveness of the alternative procedures in satisfying the assertion of existence and condition of inventory can only be evaluated in light of the circumstances of the organisation. If the organisation has strong controls which can be relied upon to ascertain the existence and condition of inventory, then it is more probable than not that the alternative procedures will suffice in addressing the assertion of existence and condition of inventory. For example, suppose the entity maintains perpetual inventory records and based on past records no variances have ever arisen between the inventory records and the physical inventory counts. In addition to this, the entity has an efficient and effective system of isolating slow-moving and damaged goods. Under these circumstances, the alternative procedures would be deemed as providing sufficient and appropriate evidence to satisfy the assertion of existence and condition of inventory.

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Identities are defined as a set of features and other characteristics which uniquely describes a person or an object. Identity features can either be tangible or intangible. From the human perspective, identity comprises personal features and data elements which taken together can uniquely describe a particular person. It is this uniqueness of personal data that makes one’s identity an important asset or resource. The identity of people is normally associated with their wealth, lifestyles, and social status. Criminals are aware that one of the most effective strategies to evade the course of justice is to change their identities. Thus, the perception of people towards a particular criminal can change if the criminal successfully changes his name (which is associated with crime) to that of someone else.

Banks, immigration authorities and law enforcement agencies need one’s identity in order to make sure that they are dealing with the right person. The problem with human identity is that it is documented in passports, driving licences, voter registration cards, national identity cards, birth certificates, bank statements and other media. This makes human identity prone to theft as it can easily be tampered with.

Identity theft is a crime in which a person wrongfully obtains and uses another person’s personal data in some way that involves fraud or deception for economic gain (Wells). The personal data may include, name, address, date of birth, passport number, credit card number and other information.

How criminals use stolen identity data
Once a person’s identity data is stolen, the perpetrator can use it to commit other crimes. For instance, if a fraudster steals a passport he can make minor alterations to the owner’s image and use it to open bank accounts, credit card accounts, loan accounts, utilities accounts, applying for driving licence, etc.

Financial identity theft
Here is an example illustrating how career criminals use stolen personal data to illegally benefit themselves financially:

- When fraudsters steal personal data, they can use it to open savings or current accounts. Once an account is opened they make regular deposits to the account for some time in order to give the bank a false sense of security. They then apply for large loans or buy expensive cars using the bank’s credit facility. They even apply for credit cards.

- Once the bank gives them the loans or credit card facility, the identity thieves quickly withdraw all the money from their accounts, use the credit card facility to the maximum limit and disappear. Investigations are then conducted when the bank notices that the loan and credit card accounts are not being honoured. To trace the culprit, the bank relies on stolen identity information, which the fraudster submitted. The stolen identity information eventually leads the police to an innocent person who may be wrongfully arrested.

Profile of identity thieves
Although identity thieves can be friends, employees, and relatives, most of the fraudsters fall into one or more of the following:

- Illegal aliens needing new identities to evade immigration authorities or law enforcement agencies.
- Former convicts who served time in prison and wish to conceal their identity and integrate back into the society ‘normal’ persons.
- A university student looking for an easy way to work his/her way through school. The most common crime is where identity thieves use stolen certificates or degrees to get jobs. Criminals can even go to the extent of stealing certificates and diplomas belonging to the deceased.
- Criminals who want to launder money without trace.
- Career criminals who want to rob banks and people

How identity thieves get information from their victims
Here are some of the common methods used by identity thieves to get information from their victims.

Protecting yourself from identity theft

By ELLIOT LUKA PHIRI
FCCA, ACA, CFE, CRMA, MBA
Audit evidence – are there gaps in ISA 501?

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If, on the other hand, the entity has a history of unexplained variances between the perpetual inventory records and the physical inventory counts, then it is highly unlikely for the adoption of the alternative procedure to satisfy the assertion of the condition and existence of inventory. In such circumstances, the auditor’s scope is limited and the audit report must be appropriately modified.

ISA 501 recognises that inventory as at year end may be in the custody of third parties. It recommends the auditor to adopt either or both of the following methods to ascertain the existence and condition of inventory:
- Obtain confirmation from the third party.
- Perform inspection or other audit procedures appropriate in the circumstances.

The approach of the IAASB seems to suggest that the risk of misstatement is higher when inventory is held by the entity than when it is held by the third party.

In my view, there seems to be a contradiction in the way the International Auditing and Assurance Standards Board (IAASB) expects the assertion of existence and condition of inventory to be satisfied with regard to inventory under the custody of the entity and inventory under the custody of third party. The auditor is obligated to attend the inventory count (unless impracticable) to ascertain the existence and condition of inventory under the custody of the entity. As for inventory under the custody of third party, the auditor can address the assertion of existence and condition of inventory by obtaining confirmation (attendance is not mandatory) from the third party. The IAASB seems to have set two different benchmarks for inventory held by third parties and that held by the entity. There is no clear rationale in having a rigorous requirement for the inventory held by the entity. The approach of the IAASB seems to suggest that the risk of misstatement is higher when inventory is held by the entity than when it is held by the third party.

In light of the above, ISA 501 may need to be amended to clarify these issues.

Protecting yourself from identity theft

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- Sorting through discarded rubbish in dustbins.
- Intercepting incoming or outgoing mail.
- Using an accomplice within the organisation. This method is common in financial institutions.
- Through certificates, diplomas, licences placed on walls at work places
- Soliciting information from victims through job application schemes where applicants are given a form to fill. The applicant is made to give sensitive information in the form.
- Soliciting information through ‘competition entry forms’. Some criminals organise bogus competitions which require participants to complete application forms in order to enter.
- Such forms ask for sensitive information about IDs, contact and bank details, etc. In some cases, people are asked to make and submit copies of their IDs.
- Using pretext calls, where the fraudsters pretend to be a bank manager wishing to ‘confirm’ some information from the victim.

Preventing identity fraud

Here are some of the ways to prevent identity theft.

- Before providing personal information, make sure the individual or business requesting it has valid reason for requiring the information.
- Be careful when posting information on social media sites. Do not post sensitive information about your ID (date of birth, details of parents, medical status, sexual orientation, etc) on social media sites like Facebook, Twitter, etc. Identity thieves are active on these sites.
- Do not give identity information like national ID number, passport or credit card number on the telephone. Be careful when receiving calls from someone who want to ‘cross-check’ or ‘confirm’ information about you. If possible, ask them to give you their identities and contact details and follow them up using their official contacts (not the one given to you by phone). For instance, if someone calls you and describes himself as a bank official, take their ID and tell them that you will call them back. Don’t use the contact details given on the phone; rather use official contact in directories and other sources. If this is not available don’t call them back!
- Never give identity information like passport number, account number, on entry forms for a ‘competition’. Be suspicious if the competition entry form asks for information beyond your name and contact address.
- Identity information may be required only after you have won the competition and not before.
- Keep your birth certificate in a safe place.
- Close all unused credit card accounts. If possible make sure you know your credit card account number and the toll-free telephone number of your banker. This information is needed when you want to report a stolen or lost card.
- Avoid moving with a wallet full of credit or debit cards. Before you go shopping decide which card to take. It is easier to report if one card is missing rather than multiple cards from different banks.
- Report to the police or relevant authorities immediately when identity documents are stolen or lost.

In the next issue:

The next issue of BICA Bulletin will deal with medical identity theft – one of the most dangerous fraud schemes, which besides having financial implications can threaten your health. Medical identity theft has been described as ‘the fraud that kills’.

Elliot Luka Phiri is an expert in fraud investigations and public accountability solutions. He can be contacted on 74 119236 or elliotl@bac.ac.bw
The vultures that feed on countries in debt

A lot is being said and written about the level of debt in some developing countries and whether these countries should seek debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. The question of whether or not debt should be written off in the first place is not addressed in this article. It brings in a political and subjective debate which is not the intention of the article.

The HIPC programme has a number of conditions to be fulfilled, similar to those attached to IMF and World Bank loans; requiring structural adjustments and at times privatisation of public entities in the utilities sectors, like water and electricity. The country must also maintain macroeconomic stability and has to implement satisfactory poverty reduction strategies for at least one year.

Debt relief is part of a broader agenda aimed at ensuring debt sustainability for poor countries over time with aid cash inflows coming in as well. For debt reduction to impact positively on poor communities, the increased cash flows need to be used on programmes that increase social spending, reduce debt service as a percentage of GDP and improve public debt management.

The process of complete debt relief is long and at times painful to the indebted country. There are two broad steps to be satisfied before a country can qualify for full debt relief. The first step is the decision point which enables the IMF and World Bank to decide on the country’s eligibility for relief. Once a country reaches this point it may start receiving interim relief in its debt. To get to the decision point a poor country must fulfill the following conditions:

- It must be eligible to borrow from the World Bank’s International Development Agency (which provides interest-free loans and grants to the world’s poorest countries) and from the IMF’s Poverty Reduction and Growth Facility which offers subsidized loans to poor countries.
- The country must face unsustainable debt burden that cannot be addressed through traditional debt relief initiatives.
- The country must have established a record of sound reform and policies through IMF and World Bank supported programmes.
- It must have developed a poverty reduction strategy through a broad-based process in the country.
- The second step is the completion point which enables the poor country to receive full and irrevocable debt reduction under HIPC. The country must establish a further track record of good performance under programmes supported by loans from the IMF and World Bank. It must implement satisfactory key reforms agreed at the first step (decision point) and adopt and implement a poverty reduction scheme.
- From 1996 to 1999 a number of modifications have been made to the HIPC process but they have remained largely long and demanding and not easy for the poor indebted countries to follow.
- The processes outlined above apply to debt relief in respect of IMF, World Bank, African Development Bank, Inter-American Development Bank and all the Paris-Club creditors. Smaller multilateral institutions, non-Paris Club bilateral creditors and commercial creditors who together account for about 25% of total HIPC initiative amounts have honoured a small percentage of their expected relief so far. Some commercial creditors have gone to the extent of seeking litigation against HIPC initiatives.
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There is no evidence currently that HIPC initiatives protect poor debtor countries against commercial creditors, smaller lender institutions and non-Paris Club creditors. When a debt-ridden country considers going the HIPC route in getting debt relief it is important to analyze the composition of its creditors. If it has a portfolio of creditors not bound by the HIPC initiatives it has to proceed cautiously to avoid the possibility of vulture funds coming in and causing more damage than the original debt. Vulture funds that are used to prey on poor debtor countries are generally viewed as immoral and there are calls to make them illegal wherever they exist. It is however up to each potential victim country to be proactive and avoid being preyed upon.
The Botswana Tourism men’s and KPMG women’s teams are this year’s BICA six-a-side soccer champions.

Twenty-one teams competed in the PricewaterhouseCoopers sponsored tournament which took place at the Bank of Botswana grounds, cheered on by hundreds of supporters.

The teams were divided into two groups and had to fight hard to advance through the group stages, leading to scintillating semi-finals featuring Grant Thornton, Botswana Tourism, Botho University and BDO.

Botswana Tourism began their quest for glory by disposing of BDO, a win which ensured they booked their place in the final against the ever resilient Grant Thornton. Depending heavily on their leading striker, Botswana Tourism impressed in the final match and notched up a fantastic victory to lift the trophy. Grant Thornton got the consolation prize and Botho 3rd.

In the ladies encounters KPMG sent BICA packing at the quarter finals. Cash Bazaar disappointed as they fell out in the group stages, while the favourites Grant Thornton frustrated KPMG until the dying minutes of the game. Despite a resolute defence by Grant Thornton, the nimble footed KPMG attackers frustrated them by creating and converting a single chance at goal to be crowned 2015 ladies six-a-side champions.

It was a day to remember for all – the real winners being good sport and good fellowship.
Botswana’s water crisis

From page 3

as with wider sustainability improvements – requires a mixture of drivers and actors. Drivers include effectively enforced government regulation, market, and financial incentives, such as water pricing (assigning a price to water reflective of its true costs and benefits), and the need for supply chain traceability and accountability for risk and reputation reasons.

Industry best practice includes a business model shift from being ‘water users and polluters’ to ‘responsible water stewards’ focusing on protecting and enhancing freshwater resources for all the stakeholders that use them.

Technology innovations for water use/reuse, harvesting, and field- and factory-based improvements are key to rapid, leap-frog change.

The role of accounting and finance

Investors and, increasingly, accounting professionals have identified water-intensive sectors as having a high exposure to business disruptions from water-related issues. This can increase production costs and negatively impact profit and loss, and, ultimately, shareholder value.

While there is growing awareness in business and finance of the critical nature of water scarcity, it is still the elephant in the boardroom for many water-intensive sectors. Raising awareness of the water challenge and shifting mindsets beyond today’s mainly efficiency-based approaches to water stewardship is a key next step.

Incentives to drive action – regulatory and market – equal to the scale of the water challenge are still limited and an essential next step for enabling uptake of water management solutions. This is especially the case in emerging markets where water risk is already high. For example, where water pricing exists, it rarely reflects the true value of water and associated costs and benefits. As a result, the price is not high enough to drive the long-term water management solutions required. Beyond water stewardship business models, practices, and incentives, other next steps include investment in water management infrastructure suited to local and regional circumstances, government regulation to shift behaviour that is practically enforced, and collaborative platforms to enable scale and integration across stakeholders.

Did You Know?
The Accountants Act No.12 of 2010 makes it mandatory for all accountants to be registered with BICA.

DID YOU KNOW?
Those who hold themselves out as accountants without registering with BICA need to be reported because they are committing an offence.

DID YOU KNOW?
Those who carry out accounting and accounting-related services for a salary or fee without first registering with BICA may face a penalty of a fine not exceeding P500 000 or imprisonment not exceeding 10 years, or both.

WISDOM ON THE WALL

The difference between ordinary and extraordinary is that little EXTRA