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# African Footprint

Technical Newsletter of the Crowe Global African firms

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# Crowe Reunion



Abdoullah Lala



Amina Lala

Crowe Reunion has been a member of the Crowe network since 2012. Crowe Reunion is an independent and multi-disciplinary firm based in “La Réunion”, a French island located in the Indian Ocean.

The firm has 15 employees and two partners - Abdoullah Lala, Present of Crowe Reunion (CPA/Auditor) and Amina Lala, Executive Director (CPA/Auditor).

It also has a branch in Paris, France with three main partners - Martine Marandel, CEO (CPA/Auditor), Patrick Piochaud, Executive Director (CPA/Auditor) and Gérard Picault, (CPA/Auditor).

Crowe Reunion has four main service offerings -

- Audit
- Accounting
- Advisory/Consulting
- Training

Crowe Reunion is located in the heart of Saint-Denis as well as a second office in the south of the island. It provides support to its clients in the areas of management, human resources, social and legal services, business development and business coaching.

The staff remains in constant contact with the decision-making bodies of our client companies, ensuring a reliable and rapid service to advise, build and develop the regional SMEs of the island. With more than 100 clients, the firm is involved in all sectors of activity: real estate development, retail, crafts, liberal professions, associations, banks, construction and public works, hotels and restaurant, industry, engineering, public sector and more.

The international network, Crowe Global, aims to be present in all overseas territories with significant influence and substantial economic development. With an increase in the number of companies each year, Reunion Island is a notable example. In 2017, the number of new businesses has increased by 3% with 6200 new entities.

Reunion Island is also strongly represented in the Indian Ocean and Asia (Southern Africa, Madagascar, Mauritius, India, etc). Its growth has made this area a prime location for the establishment of the Crowe Global network. The turnover of Crowe Reunion in 2017 including the Reunion and Paris offices was around 2.7 million Euros.

Abdoullah Lala  
Crowe Reunion  
Reunion



# New Revenue Guidance: IFRS 15 - Revenue from Contracts with Customers

Do you know how to transit from IAS 18/IAS 11 to IFRS 15?

IFRS 15 issued by the International Accounting Standard Board (IASB), is effective for annual periods beginning on or after January 1, 2018. Almost all Companies will be impacted by the new standard to some extent and the impact may vary depending upon the operations, industry and the current accounting policies followed by the entities.

IFRS 15 replaces IAS 18/IAS 11 with a single model for performance obligations. IFRS 15 shifts the focus from Risk and Rewards to Control and also provides vast guidance on the accounting treatment for various transaction types like multiple element arrangements, variable considerations, repurchase arrangements, contract costs and so on.

IFRS 15 stipulates a five step revenue recognition model:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue when performance obligations satisfied

IFRS 15 brings several challenges to the smooth implementation such as:

- Assessment of transitional impact
- Identifying performance obligations
- Factors relating to transaction price - estimating variable consideration, adjusting consideration for effects of time value of money, non-cash considerations
- Allocation of transaction price
- Gathering of information for increased disclosures

Effective implementation of IFRS 15 requires considerable and timely effort from management. There is a need to understand the requirements of the standard, assessing IT systems, business processes, controls, contract terms, management report etc., in order to gather adequate data and information to ensure appropriate accounting treatment and adequate disclosure.

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# Time Man - time management system



Suresh K S Sewraz

Crowe ATA recently unveiled its in-house time management system which was presented by Mr Vijay Lutchmun on 21st September at the 2018 Africa Audit Seminar in Nairobi.

Tracking time accurately and delivering timesheets based on your work has never been so easy! Time Man offers you an intuitive interface to get your team on board effortlessly. Both desktop and cloud versions available.

Time Man was designed especially for audit firms but that does not restrict its usage. Lawyers, agents, consultants and even some doctors bill their clients based on hours spent working on a specific engagement. Managing this process accurately requires more than a clock. It also needs a hook into the billing and invoicing software, often the back-end accounting system, and sometimes even a variety of employee monitoring systems in order to keep tabs on time management. Although used in the English language, it can also be customized for other languages.

## Features

- Creating and keeping deadlines
- Delegation
- Goal setting and meeting goals
- Decision making
- Team management
- Project management

## Reporting

- Visual breakdown of all tracked time
- Summary and weekly reports
- Set hourly rates, and calculate billable hours
- Filter and group time entries
- Save and share reports with clients
- Print and export timesheet data in PDF which can be attached to CHIAT file

Suresh K S Sewraz  
Crowe ATA  
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# The importance of the discount factor when working on a hotel arbitration

We are aware about the time value of money and how money today is worth more than in the future, owing predominantly to inflation and opportunity cost

Over the past years, the cost of borrowing in the Middle East has been gradually increasing. Some economists attribute this to continuously depressed oil prices, which directly impact the liquidity of oil dependent economies. Lower liquidity directly increases the opportunity of money and hence, the cost of borrowing.

In a recent arbitration we were working on, the key element of the claim was around the discount factor. Essentially, when the deal was struck 5 years ago, interest rates used to forecast the future earnings of the hotel were significantly lower.

How does the greater cost of borrowing today impact the forecasted earnings? An argument arose that the increased interest cost means the hotel now needs to provide a greater return in future. This is not as simple as increasing occupancy charges to boost RevPAR. This is certainly the case in an economy where there is a significant expected and imminent inflow of hotel rooms which impacts RevPAR. One may argue that rising tourist numbers will absorb this, however, that is subjective. For example, whilst the London Olympics did boost tourism, many argue that it was not to the levels expected.

Of course, when a feasibility exercise is for internal management purposes, it can be easily modified to suit expectations considering changing economic conditions and tourism numbers. When it is being used for the basis of a financial arbitration, the discount factor can be the centre of attention.

We are keen to know if other experts have worked on similar situations and have dealt with varying discount factors.

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## About Crowe Global

Ranked eighth largest accounting network in the world, Crowe Global has over 200 independent accounting and advisory firms in 130 countries. For almost 100 years, Crowe has made smart decisions for multinational clients working across borders. Our leaders work with governments, regulatory bodies and industry groups to shape the future of the profession worldwide. Their exceptional knowledge of business, local laws and customs provide lasting value to clients undertaking international projects.