

Issue 31 - September 2019

African Footprint

Technical Newsletter of the Crowe Global African firms

Inside This Issue

Crowe Erastus & Co in Kenya	2
Angola - Introduction of VAT	4
IFRS 9 - Food for Thought for Hotel Asset Managers	6
Crowe named leading Charity Auditor for 11th Consecutive Year	7
Engaging and Developing Talent in a VUCA-World	8
Crowe Southern Africa Welcomes New Staff	10

Crowe Erastus & Co in Kenya

Crowe Erastus & Co is one of Kenya's top firms providing specialist services in auditing, taxation, risk advisory, strategic planning and other advisory services leading to the strengthening of private, public and non-profit organisations.

Registered in 1998 as Erastus & Co, the firm has rebranded, to Horwath Erastus & Co and most recently as Crowe Erastus & Co, having joined the Crowe Global Network of accounting firms. For over two decades, Crowe Erastus & Co has defined and cemented its reputation in the non-profit and commercial sectors in Kenya, providing impeccable service and value to clients.

Crowe Erastus & Co is well recognised for the provision of excellent and impactful professional services. Our tag-line of 'smart decisions, lasting value' reflects what we endeavour to provide our clients through the various services indicated below:

Commercial & Not For Profit Sectors

Audit and Assurance -

Covering statutory, institutional and grant/project audits as well internal audits.

Tax -

Tax planning, tax advisory, transfer pricing, tax health and preparedness audits, Kenya Revenue Authority audits and training, advisory services in Income tax, Value Added Tax (VAT), Withholding Tax (WHT) and Pay as You Earn (PAYE).

Risk & Advisory Services -

Risk consulting, capital restructuring, process re-engineering, Organisational Capacity Assessment, expatriate staff management, fund management, registration, de-registration and winding-up of corporations and offering a representative role for non-resident corporations among other services.

Non-Profit Sector Clients -

We work with many local and international Non-Governmental Organisations, as well as with multi-lateral and funding agencies. Our name and brand is recognised by major international funders and donors for our consistent ability to deliver quality and real expertise in the non-profit sector.

Public and Commercial Sector Clients -

We provide excellent and quality service to our clients in both the public and private sectors including manufacturing, healthcare, financial, public service and consulting industries. Our expertise and support to the industries has helped our clients make great leaps forward.

Incubation and Transition Support Services

We have a specialised unit supporting start-ups, or other entities in transition and those that wish to outsource specialised functions due to the need for privacy, independent handling, or as a result of capacity constraints.

Africa Outreach

Since our formal registration in 1998, we have diligently supported Non-Profit Organisations working in Kenya and in eighteen (18) other countries in Africa. We are formally registered in South Sudan, Burundi and currently working on our registration in Rwanda.

Crowe Erastus & Co

Operating with a dedicated team of over 75 staff, including 6 partners, we continue to reaffirm our commitment to enrich the value we bring to our clientele as entrenched in our mission statement “To provide technical support to clients in discharging accountability and transparency responsibilities, and to cost effectively and efficiently support continuous improvement of the same.”

Our Partners



FCPA Erastus Omolo
Managing Partner
Erastus.omolo@crowe.co.ke



CPA Donald Odera
Partner - International Liaison
Donald.odera@crowe.co.ke



CPA Cephos Osoro
Partner - Commercial Services
Cephos.osoro@crowe.co.ke



CPA Rahab Nyaboga
Partner
Rahab.nyaboga@crowe.co.ke



CPA Misheck Mwirigi
Partner
Misheck.mwirigi@crowe.co.ke



CPA Francis Ugango
Partner
Francis.ugango@crowe.co.ke

Crowe Erastus & Co
Nairobi, Kenya

Angola - Introduction of VAT

Since the oil price drop late in 2014, the Angolan tax authorities triggered actions to update the country's taxation system and collect taxes more effectively.

In this context, Angolan Tax Authorities have recently introduced new Tax Laws and upgraded IT systems to be fully prepared to introduce VAT.

The new VAT Code was approved by Law 7/19, later amended by Law 17/19. VAT will enter into force on 1 October 2019.

Under the new system, the acquisition of goods, services, and importations will be subject to VAT (with some exceptions). The VAT rate is set at 14 percent.

According to the size of the taxpayer revenues, VAT Code foresees different VAT regimes:

- General VAT regime that entails monthly VAT returns and payments, for the companies that are considered as Large Taxpayers (the remaining companies can also opt for this VAT regime).

- Transitory regime, for the remaining companies with a turnover above US \$250 000 p.a. VAT applies at a 3% rate, quarterly, on business revenues (income from sale of goods and services already paid by clients). There is the ability to deduct up to 4% of VAT borne on the acquisition of goods and services (supplier's map documentation is required to enable deduction).
- Companies with a turnover lower than US \$250 000 p.a. are not deemed to be VAT taxpayers and have no right to deductions (they can however ask to be in the General VAT regime).

VAT will be due not later than the last day of the month following the issue of an invoice. This may create financial distress in the case of late payments by customers.

Oil and gas companies have a VAT special regime, under which they do not deduct VAT usually payable to their suppliers but instead they pay that VAT contained in invoices from their suppliers directly to the Angolan Tax Authorities. VAT will then be a tax-deductible cost once oil production phase is reached and Oil Tax is due.

Complementary Legislation -

The Electronic Submission of Taxpayers' Accounting Elements was also introduced this year and is due to be initiated in January 2020. It includes the mandatory electronic submission of invoicing, accounting and inventory data of taxpayers, as well as the validation of the Electronic Data Processing System.

This applies to taxpayers with an annual turnover or value of imports exceeding 50 million Angolan kwanza (US \$150 000).

A new Legal Regime of Invoices and Equivalent Documents was published on 3 December 2018 and covers the issue, conservation and storage of invoices and equivalent documents, and entered into force in April 2019.

Companies will need to adjust their ERP's and use certified Invoicing software.

Deductions may be disallowed if invoicing requirements are not met by suppliers and service providers.

José Agante
Crowe Angola
Luanda, Angola



IFRS 9 - Food for Thought for Hotel Asset Managers

It has been a busy start for the 2019 Financial year, as Hotel Asset Managers were working closely with Finance Teams to apply changes in accounting policies under FRS 102 and assess the impact of IFRS 9, amongst other standards to ensure adequate disclosures are made in Financial Statements.

It is imperative that the credit risk of financial assets is carefully assessed as this impacts the expected credit loss recognised through other comprehensive income. One of key assets on almost every hotel's Balance Sheet is Trade Receivables, hence careful assessment of impairment needs to be made. Consideration needs to be given to the geographical spread, as country risk and the probability of counterparty default, will impact the expected credit loss, as IFRS 9 has introduced an updated impairment model. This requires management to assess the risk of non-collectability of trade receivables after considering the nature of activities and customers.

After applying the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value, the impairment must be recognised in other comprehensive income and may not reduce the carrying amount of the financial asset in the statement of financial position.

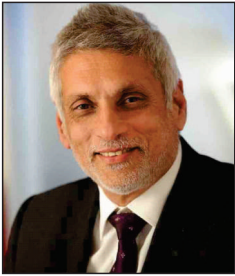
Similarly, advance deposits or payments from customers need to be assessed from an IFRIC 22 perspective, although in practice, the assessed impact of these are non-significant, when compared to the trade and other payables on hotel balance sheets. Hence, what is normally considered a good thing, requires further assessment to ensure only those that are not refundable are recognised as income.

Lastly, one of the lesser seen tricky items is investment in non-consolidated companies. Hotel groups need to assess whether they account for these financial assets at fair value through other comprehensive income, in accordance with the options permitted by IFRS 9. Should these investments form part of a long-term strategy that is independently verifiable and are not intended to be sold in the short term, they are no longer subject to an impairment assessment. This should make life easier for Hotel Asset Managers, at least in the long term.

As the implementation of IFRS 9 has only recently been required, we welcome community members to share their experience and thoughts.

Zayd Maniar
Crowe Mak, Dubai
zayd.maniar@crowe.ae

Crowe Named Leading Charity Auditor for 11th Consecutive Year



Pesh Framjee

For the 11th consecutive year, national audit, tax, advisory and risk firm Crowe has been named the top charity auditor in Charity Financials' annual Charity Audit Spotlight report.

Crowe maintains its leading position with 8.9% market share and fee income totalling £6.4 million. This is a position that Crowe has firmly held since 2009, further reinforcing the Non Profits team's long-standing commitment to the sector.

The Charity Audit Spotlight, produced annually by Charity Financials, examines the audit services provided to the top 5,000 charities in the UK. The result is a comprehensive overview of the current state of the competitive audit market in the charity sector. Providing an authoritative insight into the top charity auditors, the 'spotlight' is a useful reference point for charities to see who really specialises in this sector. This recognition follows Crowe's ranking in the Civil Society's Charity Finance Audit Survey 2018, in which the firm was named as the leading charity auditor.

Pesh Framjee, Global Head of Non Profits at Crowe, said: "Cost escalations, funding pressures, public trust, political uncertainty, and increased demand all impact on what charities do. As charities face challenging and uncertain times, it is important that their auditors have real hands-on experience of the issues and are able to provide a quality audit, while keeping them informed of the ever-changing regulations, financial management issues, reporting requirements and trends."

Naziar Hashemi, Head of Non Profits at Crowe, said: "We are proud to have maintained our leading position as the top charity auditor working with and supporting charities of all sizes across a diverse range of activities. Our focus continues to be on delivering quality and rigour, while supporting charities to enable them to maximise their impact for their stakeholders and beneficiaries."

Pesh Framjee
Crowe U.K. LLP, United Kingdom
pesh.framjee@crowe.co.uk

Engaging and Developing Talent in a VUCA-World



Nicole Badenhorst

Scaling the corporate ladder, the enduring gold standard for measuring talent or personal success, is no longer relevant. The organisational hierarchy is not what it used to be and the marketplace is now filled with insecurity and uncertainty – both on the part of the employer and the employee. We must now exercise judgment irrespective of the organisational level we are on, and make decisions in a VUCA-world (volatile, uncertain, complex and ambiguous). Given the reality of a VUCA-world, finding and retaining talent today is at the top of the business agenda. Unfortunately, many organisations have not created the talent management architecture to compete in a VUCA-world.

Emerging Good Practice

Securing the right people, in the right numbers and in the right roles, creating a strong employer brand and value proposition, and aligning your people with your company goals and vision are vital success factors for every business. Risk-intelligent organisations understand the value of attracting, developing and retaining highly competent employees, and make sure they have the programs, tools and processes in place to do so.

Crowe DNA are helping clients across all industries and sectors to adopt a more balanced approach. While it is acknowledged that employees must take ownership for their development, it is also understood that organisations must provide the necessary support, opportunities and tools for employees to self-manage in a way that meets both employee and organisational needs. Organisations therefore, are expected to pave the way for employees to embark on a talent-journey. We strive to enable talent management practices that provide the foundation of facts required to start creating the strategies, solutions and infrastructure needed to build the right workforce, create a performance culture and minimize the organisation's exposure to risk. Armed with data and years of collective team experience, we support business leaders to implement specific actions to close gaps and realign talent management processes, thereby reducing the organization's vulnerability and exposure to risk and becoming more agile in a VUCA-World.

Better insight into people capability allows our clients to adjust their talent strategy to suit the changing dynamics and ever-growing war on talent. Crowe DNA collects and uses crucial insights from psychometric assessments and people analytics that can be used in all stages of the talent management life cycle. Regardless of your industry, product or service, the use of integrated psychometric assessments can transform the success of your business by giving you better insight and understanding of your talent and selecting the right person for the job.

Due to their construction and scientific validity, psychometric assessments provide accurate and unbiased insight into people's behaviour and potential. It will allow you to differentiate your employer brand, recruit the right people, measure the attributes unique to your culture, manage and develop your staff more effectively, enhance employee engagement, make fair and objective talent decisions and boost retention. Ultimately, recruiting employees who will stay longer, be more engaged and perform better will lead to higher customer satisfaction and competitive advantage that will sky rocket business performance and bottom line.

Talent will always be your greatest asset when required to function in a VUCA world, and psychometric assessment is a strategic resource that can help you identify and resolve all your human capital challenges. Our data driven approach covers all aspects of talent management practices, including:

- Workforce planning
- Competency frameworks
- Talent attraction
- Selection practice
- Talent development
- Performance management
- Recognition and reward
- Succession management
- Retention
- Leadership culture
- Talent analytics
- Talent metrics
- Governance, and
- Risk management

About Crowe DNA

As a team of Registered Organisational Psychologists and HR Specialists, we offer an extensive and holistic approach which involves the design, implementation and reinforcement of strategies, structures and processes, moving beyond the initial efforts to implement a change programme to ensuring change is sustained over time. In order to excel in a VUCA-World, we focus on helping clients develop and implement strategies and practices to more effectively manage the selection, deployment, development and retention of talent to support current business strategies and to prepare for future challenges. Grounded in organisational psychology, we leverage research, analytics, expertise and industry insights to enable business performance by removing the guesswork from making decisions about people.

Nicole Badenhorst
Crowe DNA (Pty) Ltd
Winelands, South Africa

Crowe Southern Africa Welcomes New Staff



Angella Mutohora (CA(SA), CISA) has been appointed as Technical Director, with effect from 1 September 2019. Crowe JHB, CEO Mark Watson says “We look forward to Angella’s contributions and wish her success in her new role.”



Crowe Internal Control Solutions has appointed Bella Maziriri (CISA, BCom Business Informatics (BIN), Cert in QAR, COBIT Foundation Cert) as a Director.



Crowe Internal Control Solutions has appointed Chipso Mashiri (CIA, B.Compt, CCSA, PGD Information Systems Auditing, Cert in QAR) as a Director.

Crowe Internal Control Solutions looks forward to offering their advisory services to the broader African network and are recognised as a level 2 B-BBEE contributor. Their combined experience makes them an outstanding team for Crowe Southern Africa.

Mark Watson
Crowe JHB
Johannesburg, South Africa

Our African Network

Algeria

Hamza & Associés
Tele: +213 23 823515
Email: h.tarek@crowe.dz

Angola

Crowe Angola - Auditores e Consultores, SA
Tele: +244 926 286710
Email: jose.sousa@crowe.ao

Cote d'Ivoire / Ivory Coast

Uniconseil
Tele: +225 08212520
Email: tiemeleyaod@crowe.ci

Horwath HTL (Ivory Coast)

Tele: +225 20 30 49 71
Email: tiemeleyaod@crowe.ci

Cameroon

Okalla Ahanda & Associates
Tele: +237 33 427887
Email: jp.okalla@crowe.cm

Democratic Republic of Congo

Okalla Ahanda & Associates
Tele: +237 33 427887
Email: jp.okalla@crowe.cm

Egypt

Crowe Dr A M Hegazy & Co
Tele: +202 376 00516
Email: dramhegazy@crowe.com.eg

Ethiopia

Yeshanew Gonfa & Co
Tele: +251 911 678117

Ghana

Veritas Associates
Tele: +233 302 243952
Email: okay.ameyaw@crowe.com.gh

Kenya

Crowe Erastus & Company
Tele: +254 20 3860513
Email: croweerastus@crowe.co.ke

Liberia

T D Joseph & Associates
Tele: +231 0 881115927

Libya

Ahmed Ghattour & Co
Tele: +218 21 444 4468

Malawi

Crowe Horwath Malawi
Tele: +265 1 831605
Email: shadric@crowe.mw

Mali

Inter Africaine d'Audit et d'Expertise (IAE-SARL)
Tele: +223 20 286675
Email: moussa.konate@crowe.ml

Mauritius

Crowe ATA
Tele: +230 467 8684
Email: contactus@crowe.mu

Crowe SG
Tele: +230 403 0500
Email: info@crowe.mu

Crowe Fairfield
Tele: +230 403 0500
Email: info@crowe.mu

Morocco

Horwath Maroc Audit
Tele: +212 537 77 46 70
Email: adib.benbrahim@crowe.ma

Mozambique

Crowe Mozambique LDA
Tele +258 21 498 315
Email: contactus@crowe.mu

Nigeria

Horwath Dafinone
Tele: +234 1 4600518
Email: ede.dafinone@crowe.ng

Rwanda

Horwath HTL
+250 788 358 484
Email: fmustaff@horwathhtl.com

Réunion

Crowe Réunion
Tele: +262 2 6290 8900
Email: a.lala@crowe.re

Seychelles

Crowe Horwath Tax & Advisory Limited
Tele: +230 52 52 7543
Email: bernard.delomenie@crowe.org

Senegal

Max Consulting Group (MCG)
Tele: +221 33 860 84 66
Email: magattediattara@crowe.sn

South Africa**- Cape Town**

Crowe HZK
Tele: +27 21 481 7000
Email: contactus@crowe.za.com

Horwath HTL (South Africa)
Tele: +27 21 884 3200
Email: capetown@horwathhtl.co.za

- Johannesburg

Crowe JHB
Tele: +27 11 217 8000
Email: info@crowe.za.com

Crowe Tax & Advisory (JHB) (Pty) Ltd
Tele: +27 21 217 8000
Email: reINETte.theart@crowe.za.com

- Winelands

Crowe RMA (Pty) Ltd
Tele: +27 21 855 2917
Email: rowan.marais@crowe.za.com

Crowe DNA (Pty) Ltd
Tele: +27 21 855 2917
Email: dale.holloway@crowe.za.com

Sudan

Pioneers Global for Accounting, Auditing & Advisory
Tele: +24 99 99955577

Tanzania

Crowe Tanzania
Tele: +255 22 2115251
Email: chris.msuya@crowe.co.tz

Tunisia

Horwath ACF
Tele: +216 71 236000
Email: noureddine.benarbia@crowe.tn

Cabinet Zahaf & Associés

Tele: +216 71 962166
Email: mahmoud.zahaf@crowe.tn

Uganda

Crowe Horwath AIA
Tele: +256 771 803429
Email: ahmed.bholim@crowe.ug

Zimbabwe

Welsa International Chartered Accountants
Tele: +263 772 294 913
Email: oliver.masa@crowe.co.zw

Zambia

Welsa International Chartered Accountants
Tele: +263 772 294 913
Email: oliver.masa@crowe.co.zw



Contact Us

Editor - African Footprint
Kent Karro
Cape Town, South Africa
kent.karro@crowe.za.com
Tel: +27 21 481 7000

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.