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FiRe AWARD 2017
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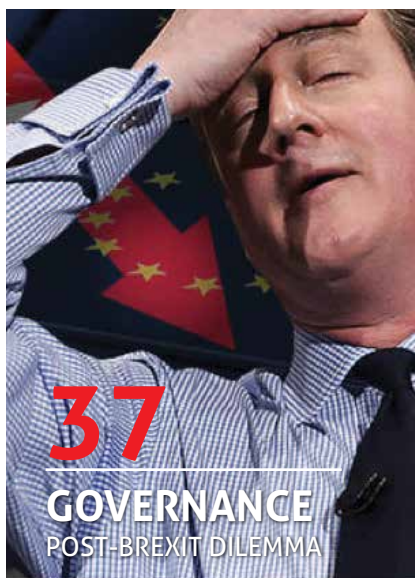
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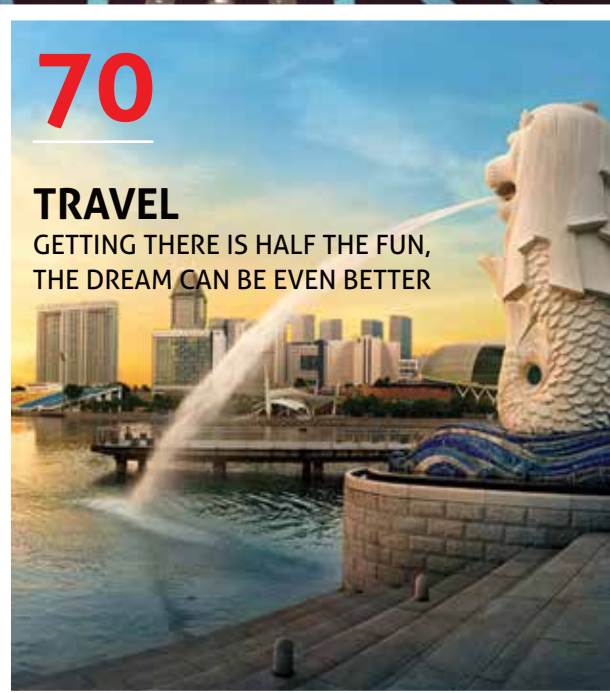
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Dear Reader,

Happy New Year!

Today, it is rare to be online and not come across terms like Bitcoin, Ethereum, Bitcoin Cash, Bitcoin Gold, Cryptocurrency, Blockchain etc. But very few people know what those terms mean and what they imply for the future of technology, payments, security and investing.

Our cover stories delve into among other things, the technical back end of cryptocurrencies, and the backbone of the entire system as well as recent trends in the virtual currency sphere. The writers examine where this new world of invisible, unregulated cryptocurrencies is going in the future. Most frequently asked questions include: What is Bitcoin? Where did it come from? What can it do? Is it regulated/taxed etc? To give you a deeper understanding of cryptocurrencies and the entire technological, internet-based system behind them, the authors first clarify a few things; There are many cryptocurrencies, but the back end that supports them is the same; the blockchain. They say cryptocurrencies are a sub-set of virtual currencies, themselves a part of digital currencies.

In the Economy segment, we bring you an interesting feature titled: is GDP a satisfactory measure of economic growth? The writer says that for more than half a century, the most widely accepted measure of a country's economic progress has been changes in its Gross Domestic Product (GDP). If ever there was a controversial icon from the statistics world, GDP is it. It measures income, but not equality, it measures growth, but not destruction, and it ignores values like social cohesion and the environment. Yet, governments, businesses and probably most people swear by it. Gross domestic product is the most widely cited economic indicator. As the old quip goes, we value what we measure. The author feels that the GDP does not adequately reflect the true health of a nation and needs to be replaced by more comprehensive measures.

Ever wondered why some employees despite their great work experience and knowledge, work just to get the 'job done'? Or have you ever been in a job where you performed just at the expected level so that you could maintain that job and not get fired? Have you seen employees who seem to be very busy when the boss is around, yet immediately the boss leaves start complaining and expressing their frustration about what is really going on? These employees appear to be unhappy and will usually give minimal output, miss deadlines, and create a toxic working environment for the rest of their colleagues. Find out how you can handle such situations under the heading; the priceless benefits of employee engagement.

Businesses depend on different forms of technology to survive the trends of the new millennia. This has brought to the surface a new form of criminal act; cybercrime; that works to ruin the new found avenue for business. Cybercrime is a growing pervasive occurrence that is worrying not only the government but also businesses and the public sector. Meanwhile, technology is transforming our private lives. Social media, instant messaging and apps in general are in widespread use globally, and in Africa too. Despite this, many finance professionals in Africa express reservations about the impact that technology might have on their working lives. Get more on this from the Information technology segment.

Researchers have always been aware of the potential of healthy eating to cleanse our blood and to rid bacteria from our bodies. Apart from regular exercise, there are certain foods that we need to eat frequently because of the antioxidant benefits that they provide. Although generally misunderstood, cleansing the blood is perhaps one of the most important weapons for achieving wellness and beating cancer. More of this can be found in the health section.

In Pen Off under the heading will your son or daughter become an accountant? The author explains that 'Metacognition'

means 'understanding one's own thought processes', or 'thinking about thinking'. People with strong metacognitive skills can think independently, reflect on previous actions and change their behaviour if something is not working for them. Parents can help their children to develop metacognitive skills by prompting them to think about what they know, and do not know, before helping them to plan how to fill the gaps in their knowledge. Find out how these interesting insights interact with your own mind.

Finally, the 2017 FiRe Award prize winners were declared at a magnificent event at the Carnivore in the evening of Friday 17th November 2017. The Guest of Honour at the Gala Dinner and Award Ceremony was James Chan. He represented His Excellency Dr. Mukhisa Kituyi, Secretary-General of the United Nations Conference on Trade and Development (UNCTAD). The promoters of the FiRe Award aim to enhance excellence in financial reporting, the disclosure of sound corporate governance practices and the disclosure of both corporate social responsibility and environmental reporting in East Africa. Entries were received from Rwanda, Tanzania and Uganda, in addition to those from Kenya. A Tanzanian bank won the prize in the banking sector. This year there was a new prize – the best "Integrated Reporting" company. In this 16th edition of the FiRe Award, where Sameer Africa Limited emerged as the overall winner, there were three hundred and sixty four entries in the public sector and ninety two entries in the private sector. Find out who the other winners were and what transpired at the 2017 FiRe Award; its theme this time was Inspiring Confidence through Excellence in Financial Reporting and Corporate Governance in East Africa.

These are the motivating articles we bring you along with your regular features in our first issue of 2018.

Mbugua Njoroge

Editor



INTERNAL CONTROL SYSTEMS ASSESSMENT IN AUDIT

By CPA Samuel K. Maritim



ISA 500 Audit Evidence paragraph 10 on selecting Items for Testing to Obtain Audit Evidence states, "when designing tests of controls and tests of details, the auditor shall determine means of selecting items for testing that are effective in meeting the purpose of the audit procedure."

An audit assignment should not just aim at producing Financial Statements for publication but should ensure that the systems upon which such financial statements are produced are reliable and adequate in every respect. In order to obtain such assurance, tests and procedures should be carried out to confirm the assertions held by management emanating from their systems. An Internal Control System is one such system.

Internal Control System (ICS) is the whole system of controls put in place by management in order to safeguard, secure and protect the assets of the company. Internal control may be the equivalent of steps and procedures put in place to mitigate against all business risks by an entity. The best evaluators of risks are auditors because they are external to the business and may have independent and objective third party approach. An ICS is business wide. It is present in every area of operation e.g. in payments, income/

revenue recording and recognition, in bank and cash management etc.

An audit cannot be complete in my view without having to undertake an Internal Control System Assessment in order to measure and evaluate the degree of risk the Auditor may be facing. Assessing the Internal Control System is in other words undertaking a risk based audit which is more value adding than a normal audit.

Structured Interviews

Arrange to carry out a series of structured interviews with senior management and other personnel at various organizational levels. Management and senior employees of the company hold important information that will help map out control procedures in the company. Remember some controls may exist in theory rather than in practice in a number of companies and they could be working very well. By holding such interviews, you may capture some undocumented control systems practiced by management.

Literature Review

The Assessor should review documented accounting procedures, policies and controls. He should further study the financial regulations and procedures and other organizational policies such as

human resource policies and practices. The Assessor should check compliance of internal controls and accounting systems by inspecting documents and records prepared and produced by these systems. The output results should be consistent with management expectations and intended outputs.

System Features and Action Points

In the process of executing a transaction, from commencement to conclusion, several actions are taken by different people to produce the final outcome. The Assessor should deliberately check for system points where specific action is required as an input in the process of producing a transaction. Such actions include but are not limited to checking and supervising, examining, validating and analysing content, quality and quantities and appropriate approvals or rejections. It is critical to note that all actions in the control points should be evidenced by use of initials, signatures, passwords and other security codes. Further all action points are segregated and distinct in nature.

Management Override

An Assessor should take necessary steps and procedures to check and examine for evidence of management override

on ICS. This is a situation where business owners overlook already existing controls and execute a transaction almost singularly from origination to completion e.g. payment of expenses. This risk is common with Small and Medium Enterprises where owners are exclusive shareholders, make overriding decisions and adopt autocratic management style. Where such evidence is available then the auditor may plan his audit procedures fully aware of such a risk.

Procurement and Commercial Practices

An Assessor should review purchasing and procurement procedures to determine whether sound commercial practices including competition were used, reasonable prices were obtained, and there were adequate controls on qualities and quantities. The basic consideration should be economic use of available financial resources. Evidence sought for here should prove consistency of market prices in relation to the prices paid by the company. The evidence should be gathered from the documents generated and kept by the company.

Walk-through Tests

An Auditor should sample out a number of transactions and test them through the system. These are called Walk-through tests. The purpose of doing this is to obtain some level of assurance that the procedures were followed and confirm that the systems operate as prescribed and that control procedures are consistently applied.

Physical Observation

An Assessor should undertake a physical observation on a transaction being processed in the system. He may be keen to track both a manual and a computerised procedure just to ensure that the system is working uninterrupted and properly. This is more relevant in a product manufacture where certain standards should be followed. An auditor may observe the manufacturing process from raw material input to final product in a coffee plant or a tea factory. Risks of pilferages, losses and wastages may be noted and practical recommendations may be made appropriately for improvements.

In a proper Audit Assignment there are many ICS Assessments that should be carried out in order to obtain reasonable assurance that the systems are adequate and sufficient to serve the

needs of the organization. These will be in the areas of Procurement, Expenditure, Incomes, Information Systems, Bank and Cash Management, Human Resource Management etc. This article will certainly not address all key matters in the above control areas.

I would now like to turn my attention to Procurement as an area which an Auditor may consider undertaking a risk evaluation in the audit assignment.

Procurement

An Assessor should confirm if there are any regulations, policies and procedures regarding purchasing and procurement and whether those policies and procedures are adhered to. Evidence should support the expenditure incurred by the organization as adequate and especially third party documentation such as letters of awards, work done, job cards, purchase orders, contracts, delivery notes, invoices goods received notes, inspection certificates, quality assessment and quantity confirmations and specifications are checked and signed for and goods returned notes are generated. All these are ideal documentations to be verified.

Assess and confirm that all items, quantities and deliveries relate to the organization's activities and that the expenditure has been incurred within authorized limits, planned budgets and are appropriately approved.

The Assessor should confirm that that procedures requiring special descriptions and technical requirements of the material, product, or service to be procured are in place and that the organization seeks an experts' and technical report and opinion on such highly complex procurements.

Receiving the Goods

Assess if there exist complete and sufficient procedures and steps to ensure that items purchased and delivered are not prone to spillage, spoilage, pilferage and fraud. All procured goods and items in transit should be secure and free from any risks.

The Assessor should review documentation procedures for receiving items such as goods received notes and confirm that they are signed for to signify delivery, receipt and acceptance. Further the receiving unit should verify and confirm that the initial specifications and descriptions are fulfilled by the actual goods delivered.

Storage of Goods

The Assessor should review stock maintenance procedures to ensure that the organization's stock records are accurate, stocks exist or existed at any one given time and that the values disclosed in the accounts are appropriately determined as reasonable. The stock maintenance procedures should be consistently applied and that at all times, the book balances agree to physical inventory counts and that any adjustments or deviations are fully explained. Some of the adjustments may arise due to natural losses, obsolescence or pilferage. Further review the policies and procedures regarding the physical access to stock and stock records and ensure that inventory items are not exposed to conditions that may subject them to risks that may render them obsolete or defective or they are in excess of the required demand.

Use of stock items

The Auditor should review the stock records to ensure that the use of such the stock items were for the purposes of meeting the objectives of organization. An Assessment on the control procedures in disbursing the stock items to ensure that proper approval and authorization should also be done.

Integrity of Financial Statements and Other Outputs

The overall purpose of an assessment on ICS is to enable an auditor form an opinion on the integrity of the resultant Financial Statements. Other than compliance with the necessary Statutory Regulations and International Financial Reporting Standards in all material respects, the numbers and disclosures in those reports should adequately and satisfactorily be supported. The accounts and reports should be consistent with the application of financial resources in accordance with the annual/quarterly budgets and plans, pre-approved work plans and that such resources are administered in accordance with the organization's regulations, rules and procedures, contracts and approvals especially in not for profits organizations or more specifically Non-Governmental Organizations (NGOs), Special Projects Accounts and Agency Accounting.

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LINKING IT AUDIT TO FINANCIAL AUDIT PROCESS

By Eunice Achenda

Audit quality is particularly improved by financial statement auditors' ability to evaluate and respond to an IT auditor's risk assessment. IT audits should be performed with consideration of their impact on financial statement audits. Working with audit components, financial statements assertions and IT assertions/control objectives creates a link between IT audit and financial statement audit.

The need for linkage of IT Audit to Financial Audit Process

The need for linkage of IT audit to financial audit calls for collaboration between the two types of audit. Financial auditors should rely heavily on the risk assessment of an IT auditor when assessing internal control risk and planning substantive testing. Hence IT auditors' work can improve both the effectiveness and efficiency of the financial statement audit.

The auditor should plan the audit and develop an audit approach so that the engagement will be performed in an effective manner. Adequate audit planning will assist the auditor to:

- Devote appropriate attention to important areas of the audit;
- Identify and resolve potential problems on a timely basis;
- Properly organize and manage the audit assignments;
- Select and assign team members to tasks; and
- Facilitating directing, supervision and the review of audit work.

International Standards of Auditing (ISA)

Linking IT audit to financial audit is embedded in the following International

Standards of Auditing (ISA): ISA 300.2, ISA 315 and ISA 330.

ISA 300.2 - Planning an audit of financial statements; requires an auditor to co-ordinate work done by auditors of components and experts.

ISA 315 - Identifying and assessing the risks of material misstatement through understanding the entity and its environment; requires an auditor to identify and assess the risks of material misstatement, through understanding the entity and its environment, including the entity's IT environment and IT internal control.

ISA 330 - The auditors' response to assessed risks also requires an auditor to design and perform further audit procedures whose nature, timing, and extent are based on and are responsive to the assessed risks (including IT risks) of material misstatement at the financial statement assertion level.

Linking IT assertions with financial statements assertions

IT assertions include confidentiality, integrity and availability. Confidentiality entails restricted access techniques to ensure that information and information resources are only accessible to those who have been authorized. Integrity means that information is complete, accurate and properly authorized. Availability means that information is available to only those who are authorized when they need it and back-ups are available for restoration in case of a disaster. Financial statement assertions include: occurrence, completeness, accuracy, cutoff, classification, existence, rights and obligations, valuation, allocation, classification and understandability.

IT assertions on integrity and availability of data have a direct link with the financial statement assertions of

occurrence, completeness, accuracy, cutoff, allocation and classification of financial statement balances. If the integrity and availability of data has an issue, then, the financial statement account balances may not be complete, accurate, may not have been allocated or classified in the correct financial period or account/budget codes and transactions may not have occurred. Meanwhile, confidentiality has a direct link on the existence of IT assets. If there is an issue with physical access controls of IT physical assets, as a result, the IT physical assets may not have existed as at year end.

Linking IT audit to financial audit process

According to ISA 315, the planning phase of a financial audit process requires an auditor to understand the IT internal control environment as part of understanding the entity. Significant risks identified in this stage are considered in risk of material misstatements in the financial statements. These key risks identified should be linked to financial statements balances and responses to the identified risks should be determined. This is in accordance to ISA 330, the auditor should determine the appropriate responses to the identified significant risks.

Secondly, when performing the audit program, test of controls and substantive test of details should include a response to the IT risk assessment. Finally, audit findings from IT audit should be incorporated in the management letter to

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the auditee. There should also be a linkage of internal control weaknesses that arose from significant IT risks identified.

Challenges of linking IT Audit to Financial Audit process

There are challenges that have been identified in linking IT audit to financial statements audit. These include:

- Lack of integration of IT controls weaknesses in the management letter;
- IT control weaknesses may not have been reported or communicated adequately and timely to financial auditors;
- Lack of clear understanding of IT Audit issues by Financial Auditors;
- Lack of clear understanding of Financial Audit issues by IT Auditors;
- IT control weaknesses follow-up has not been carried out beyond the planning phase;
- The risk of material misstatement at the financial statement level resulting from IT control weaknesses is not addressed during planning, fieldwork, audit conclusion and audit reporting phases.

Connecting the dots...

The following are practical suggestions of connecting the dots... between IT audit and financial audit process:

- Risk assessments should also include a rigorous IT risk assessment at planning phase. The IT internal control checklist should be filled accurately with sufficient details to identify significant IT risks that would affect the financial audit approach;
- Responses to significant IT risks assessed during planning phase should be documented throughout the audit process, i.e. in the risk of material misstatement, overall audit strategy, audit plan/audit program, reliance on key controls and audit procedures to be performed working papers;
- IT controls weaknesses should be reported accurately and timely to financial auditors so that they can be incorporated in the management letter to the auditee;
- There is need for training for financial auditors to understand significant IT risks and how they can affect their audit approach;
- There is need for training for IT auditors to understand how significant IT risks affect the financial statement assertions and hence financial audit approach;
- There is need for training for IT auditors to understand how to report IT controls weaknesses without using IT jargon, so that they can be easily understood;
- IT auditors need to collaborate more with financial auditors throughout the audit process; hence IT audit and financial audit findings should be reported jointly in one management letter. The two teams should work as one team;
- Financial audit findings that have IT control weaknesses related-causes should be escalated to IT auditor for a complex IT audit to be carried out.

Conclusion

Going forward, in complex information technology environments, audit quality will be particularly determined by financial statement auditors' ability to incorporate IT audit risk assessment in their audit approach.

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By FCPA Jim McFie, a Fellow of the Institute of Certified Public Accountants of Kenya

A blockchain is a distributed database, meaning that the storage devices for the database are not all connected to a common processor. The blockchain maintains a growing list of ordered records, called blocks. Each block has a timestamp and a link to a previous block. Cryptography ensures that users can edit only the parts of the blockchain that they “own” by possessing the private keys necessary to write to the file. The blockchain also ensures that everyone’s copy of the distributed blockchain is kept in sync. Imagine a digital medical record: each entry is a block. It has a timestamp, the date and time when the record was created. And by design, that entry cannot be changed retroactively, because the record of diagnosis, treatment, etc. has to be clear and unmodified. Only the doctor, who has one private key, and the

patient, who has the other, can access the information, and then information is only shared when one of those users shares his or her private key with a third party — say, a hospital or specialist. This describes a blockchain for that medical database. Blockchains are secure databases by design. The concept was introduced in 2008 by Satoshi Nakamoto, and then implemented for the first time in 2009 as part of the digital bitcoin currency; the blockchain serves as the public ledger for all bitcoin transactions. By using a blockchain system, bitcoin was the first digital currency to solve the double spending problem (unlike physical coins or tokens, electronic files can be duplicated and spent twice) without the use of an authoritative body or central server.

The blockchain owes its name to the way it stores transaction data—in blocks that are linked together to form a chain.

As the number of transactions grows, so does the blockchain. Blocks record and confirm the time and sequence of transactions, which are then logged into the blockchain, within a discrete network governed by rules agreed on by the network participants.

Each block contains a hash (a digital fingerprint or unique identifier), time stamped batches of recent valid transactions, and the hash of the previous block. The previous block hash links the blocks together and prevents any block from being altered or a block being inserted between two existing blocks. In this way, each subsequent block strengthens the verification of the previous block and hence the entire blockchain. The method renders the blockchain tamper-evident, lending to the key attribute of immutability.

The blockchain contains transaction



data but it is not a replacement for a database, messaging technology, transaction processing, or business processes. The blockchain contains verified proof of transactions. However, while the blockchain essentially serves as a database for recording transactions, its benefits extend far beyond those of a traditional database.

Why is the blockchain useful for business? The blockchain is used for the exchange of crypto currencies with anonymous users on a public network (as is the case with bitcoin). For business, a blockchain is a private, permissioned network with known identities. To appreciate the potential of the blockchain for revolutionizing business networks, one needs to understand the four key concepts of the blockchain for business. All accountants know what a ledger is and what it is used for. Ledgers have been

used in double-entry bookkeeping since the 13th century. What is new about the blockchain is the concept of a shared, distributed ledger — an unchangeable record of all the transactions on a network, a record that all network participants can access. With a shared ledger, transactions are recorded only once, eliminating the duplication of effort that is typical of traditional business networks. The shared ledger has a number of characteristics: (i) it records all transactions across the business network; the shared ledger is the system of record, the single source of truth; (ii) it is shared among all participants in the network — through replication, each participant has a duplicate copy of the ledger; (iii) it is permissioned, so that participants see only those transactions they are authorized to view — participants have identities that link them to transactions, but they can choose the transaction information that other participants are authorized to view. Blockchains can be ‘permissioned’ or ‘permissionless’: for a permissioned blockchain, each participant has a unique identity, which enables the use of policies to constrain network participation and access to transaction details. With the ability to constrain network participation, organizations can more easily comply with data protection regulations, such as those stipulated in the General Data Protection Regulation which the European Union (EU) will bring into force with effect from 25 May 2018, which is aimed at strengthening and unifying data for all individuals within the EU.

Blockchains are also more effective at controlling the consistency of the data that gets appended to the blockchain. With the ability to restrict access to transaction details, more transaction details can be stored in the blockchain, and participants can specify the transaction information they are willing to allow others to view. In addition, some participants may be authorized to view only certain transactions, while others, such as auditors, may be given access to a broader range of transactions. In a public blockchain, the level of detail of transactions can be limited to protect confidentiality and also anonymity. For example, if person X transfers an asset to person Y, both person X and person Y can see the details of the transaction. Person Z can see that X and Y have transacted but s/he cannot see the details of the asset transferred. If an auditor

or regulator joins the network, privacy services can ensure that they see full details of all transactions on the network. Cryptographic technology — this time through the use of digital certificates — makes this possible. Just like a passport, a digital certificate provides identifying information, is forgery resistant, and can be verified because it was issued by a trusted agency. The blockchain network will include a certification authority who issues the digital certificate.

In a business network where participants are known and trusted, transactions can be verified and committed to the ledger by various means of consensus or agreement. There can be ‘proof of stake’ — to validate transactions, validators must hold a certain percentage of the network’s total value — proof-of-stake might provide increased protection from malicious attack on the network by reducing incentives for the attack and making it very expensive to execute attacks; ‘multi-signature’ — a majority of validators, for example, three out of five, must agree that a transaction is valid; ‘Practical Byzantine Fault Tolerance (PBFT)’ — an algorithm designed to settle disputes among computing network participants, or nodes, operates when one node in a set of nodes generates different output from the others in the set. The blockchain for business features pluggable consensus — a way to implement whichever consensus mechanism is deemed best for any given industry segment.

When participants are anonymous (such as in the bitcoin world), commitment is expensive. On the bitcoin network, consensus is reached through ‘proof of work’. The network challenges every machine that stores a copy of the ledger to solve a complex puzzle based on its version of the ledger. Machines with identical copies of the ledger ‘team up’ to solve the puzzle they have been given. The first team to solve the puzzle ‘wins’, and all other machines update their ledgers to match that of the ‘winning’ team. The idea is that the majority wins because it has the most computing power to solve its puzzle first. ‘Proof of work’ is useful on a public blockchain, such as the one used for bitcoin, but it consumes considerable computing power and electricity, making it an expensive way to reach consensus. Such an expense is unnecessary on a private business network where all participants are known.

A smart contract is an agreement or set of rules that govern a business transaction; it is stored on the blockchain and is executed automatically as part of a transaction. Smart contracts may have many contractual clauses that could be made partially or fully self-executing, self-enforcing, or both. Their purpose is to provide security superior to traditional contract law while reducing the costs and delays associated with traditional contracts. For example, a smart contract may define contractual conditions under which a corporate bond transfer occurs or it may encapsulate the terms and conditions of travel insurance, which may be executed automatically when, for example, a flight is delayed by more than six hours.

Various participants on a blockchain network play a role in its operation. 'The blockchain user' is a participant, for example, a business user, with permissions to join the blockchain network and conduct transactions with other network participants; the blockchain technology operates in the background, so the blockchain user is unaware of it; there are typically multiple users on any one business network. 'The regulator' is a blockchain user with special permissions to oversee the transactions happening within the network; regulators may be prohibited from conducting transactions. 'The blockchain developer' is a programmer, or a number of programmers who create the applications and smart contracts that enable the blockchain users to conduct transactions on the blockchain network; applications enable users to access the blockchain. 'The blockchain network operator' is a person who has special permissions and authority to define, create, manage, and monitor the blockchain network; each business on a blockchain network has a 'blockchain network operator'. 'Traditional processing platforms' are existing computer systems that may be used by the blockchain to augment processing; this system may also need to initiate requests into the



blockchain. 'Traditional data sources' are existing data systems that may provide data to influence the behaviour of smart contracts and help to define how communications and data transfer will occur between traditional applications/data and the blockchain — via an application programming interface (API - a set of functions and procedures that allow the creation of applications which access the features or data of an operating system, application, or other service) calls, through 'message queue' ('MQ' series is an IBM standard for program-to-program messaging across multiple platforms) style cloud messaging, or both. 'A certificate authority' is an individual who issues and manages the different types of certificates required to run a permissioned blockchain, for example, certificates may need to be issued to the blockchain users or for individual transactions.

Let us examine whether the blockchain may be able to improve the way an organization conducts business. Businesses need to purchase goods and services on credit with end-to-end visibility to avoid and resolve transaction disputes. For example, IBM Global Financing (IGF) provides financing to its global partners, which enables them to purchase goods and services from suppliers with credit approved by IBM. With over four thousand partners and suppliers all using different and often incompatible systems, IBM moved all the information to the blockchain and presented it to users as a distributed ledger. The benefits of this implementation are: (a) complete visibility of the order-to-delivery pipeline; (b) a reduction in the number of disputes filed; and (c) a reduction in the time required to resolve disputes.

Businesses need a way to streamline the process of obtaining approvals from multiple legal entities (customs, port authorities, road or rail transportation firms, and so on) for the movement of goods across borders. The blockchain can be used by the legal entities to sign all

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approvals; the blockchain keeps all parties informed of the approval status, when goods are received, and when payment is transferred from the importer's to the exporter's bank. The benefits here include: (a) complex processes are simplified into a single process, all accessing a shadow ledger; (b) increased access to capital, because it is not caught up in long settlement times or errors and disputes; and (c) increased trust and accountability among enterprises, regulators, and consumers

The insurance industry can also use the blockchain. Insurance providers need an efficient way to process claims, verify that an insurable event (such as an accident) actually occurred, and provide customers with fair and timely payouts. With automated insurance claim processing, policy conditions are written into a smart contract stored on the blockchain and connected to publicly available data via the Internet. Whenever an insurable event occurs and is reported by a trusted source, the insurance policy is automatically triggered, the claim is processed according to the terms of the policy specified in the smart contract, and the customer is paid. The benefits for insurance are: (a) it eliminates the cost of processing insurance claims; (b) it reduces the opportunity for insurance fraud; and (c) it improves customer satisfaction.

A considerable amount of government work involves recording transactions and tracking ownership of assets, all of which can be made more efficient and transparent through the use of the blockchain.

Establishing trusted identity remains a problem due to forgery and expensive background checks required in verification. A number of persons all over the world may have forged their identity documentation and may not be exactly who they say they are. Many refugees and their children go undocumented. People in the poorer parts of the world may not have sufficient proof to establish identity as required by certain service providers; for example, banks normally require proof of identity.

Organizations can apply the blockchain by issuing digitally authenticated birth certificates that are unforgeable, time-stamped, and accessible to anyone in the world. The benefits are: (a) reduced costs and time in identity

verification; (b) a reduction in human trafficking; and (c) transparency in grant allocations.

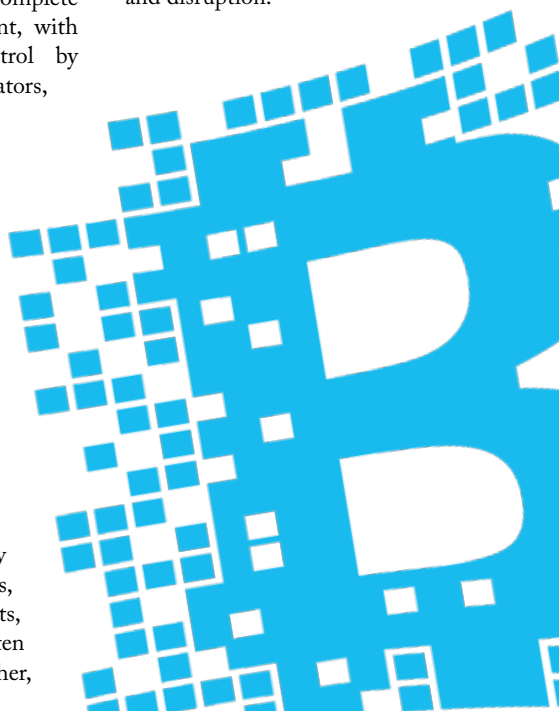
When something goes wrong with a complex 'system of systems', such as an aircraft, it is important to know the place of origin, through supply chain management, of each component, down to the manufacturer, production date, batch, and even the manufacturing machine. The blockchain holds the complete place of origin details of each component part, accessible by each manufacturer in the production process, the aircraft owners, the maintainers, and the government regulators. Thus: (a) there is increased trust because no single authority "owns" the place of origin information; (b) there are increased efficiencies that lead to reductions in time taken to diagnose and remedy a fault, and hence improving system utilization; and (c) specific recalls rather than cross fleet or generic recalls. Proof of origin is also important in the food supply chain. To find out how the blockchain can be leveraged to improve food supply chain traceability, go to the Food Supply page of the IBM website.

The healthcare industry can benefit too. Electronic medical records are currently maintained in data centers, possibly in a cloud-like environment, and access is limited to hospital networks. Centralization of such information makes it vulnerable to security breaches. The blockchain could hold the complete medical history for each patient, with multiple granularities of control by the patient, doctors, regulators, hospitals, insurers, and so on, providing a secure mechanism to record and maintain a comprehensive medical history for every patient. This provides a tamper-resistant means of storing medical histories, a reduced time in the resolution of insurance claims, increased efficiency in providing insurance quotes and a complete medical history of the patient for use by physicians for precise drug recommendations.

Freight logistics involves many different parties: manufactures, forwarders, shippers, custom agents, and insurers. Although parties often interact and depend on one another,

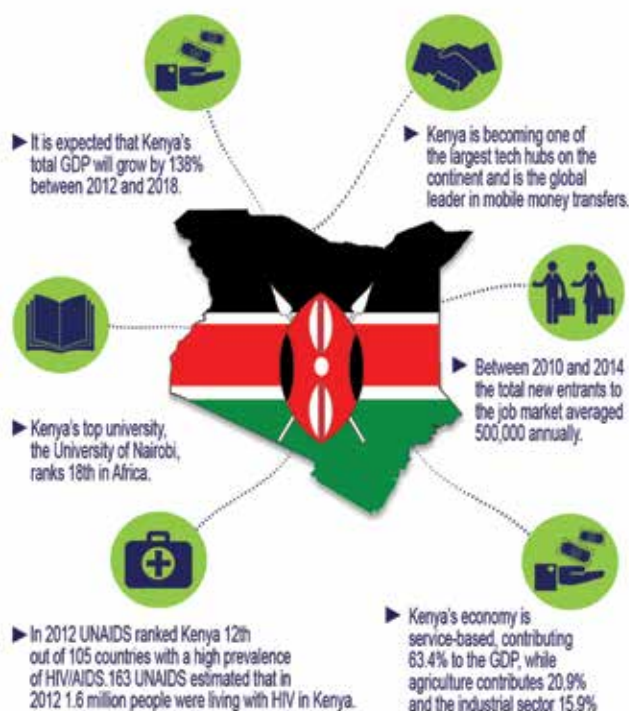
they may have different goals and use different systems to track shipments. An Internet of Things (IoT) enabled blockchain can be used as a shared ledger to record shipping containers as they move through the system. Smart contracts can be automatically updated through the IoT Foundation and can be optimized to exploit IoT enabled international trade on the blockchain. Thus: (a) greater transparency of shipment progress improves efficiency; (b) trust grows, as all transactions are indelibly recorded; (c) accuracy is improved and costs are cut through IoT participation; (d) participants gain the ability to optimize and automate business processes through the IoT.

The potential for blockchain technology to bring about widespread change has been predicted since 2011 and the emergence of Bitcoin. But it was this year, 2017, when the concept really started to capture people's attention. Perhaps spurred on by the meteoric rise in price of Bitcoin – the first tangible example of a blockchain technology – hype grew around encrypted, distributed ledgers in the financial sector. Blockchain-focused financial service startups raised \$240 million in venture funding during the first half of 2017. However, its potential was beginning to be recognized across other sectors and industries. 2018 is likely to see a continuation of this trend of innovation and disruption.



By Ndirangu Ngunjiri

IS GDP A SATISFACTORY MEASURE OF ECONOMIC GROWTH?



For more than half a century, the most widely accepted measure of a country's economic progress has been changes in its Gross Domestic Product (GDP). If ever there was a controversial icon from the statistics world, GDP is it. It measures income, but not equality, it measures growth, but not destruction, and it ignores values like social cohesion and the environment. Yet, governments, businesses and probably most people swear by it. Gross domestic product is the most widely cited economic indicator. As the old quip goes, we value what we measure.

The GDP does not adequately reflect the true health of a nation and needs to be replaced by more comprehensive measures. The GDP measures the nation's economic performance because it is determined by the market value of all final goods and services and has been used since 1934. Using this measure exclusively has placed Kenya at or near the top economically for decades in the region.

Yet, these measures are far too narrow to gauge the overall health of a nation and its people, GDP should not be used against equating its growth with well-being.

Economic growth is basically an accounting measure. It measures how much money is changing hands in the economy. Growth occurs when the value and number of commercial transactions increase in the economy. For example, if you cook food at home, the GDP doesn't increase. But if you eat at a restaurant, it does. Similarly, if parents raise their children directly, GDP doesn't increase, but when parents put their kids in a daycare center, GDP increases. Thus, it's only an account of the growth in the number of commercial transactions in the economy. It's not a very good measure to understand the development of a society. It is also highly value-neutral, which can be a bad thing.

WGDP measures mainly market transactions. It ignores social costs, environmental impacts and income inequality. If a business used GDP-style

accounting, it would aim to maximize gross revenue — even at the expense of profitability, efficiency, sustainability or flexibility. That is hardly smart or sustainable. Yet since the end of the Second World War, promoting GDP growth has remained the primary national policy goal in almost every country.

There are many things that are important to our economic well-being that GDP doesn't measure because they're not monetized. So, for example, when people provide care labor in their household, taking care of children, taking care of elderly people, disabled people, that doesn't get counted in GDP. Clean air doesn't get counted in GDP. The value of having a stable climate doesn't get counted in GDP. Open source information that people don't have to pay for every time they use it doesn't get counted. So part of the problem is that there are things that are really important to our economic well-being that GDP doesn't measure.

On the other hand, another problem is there are things that do get counted

in GDP that actually don't enhance our welfare. So GDP rather hopelessly, I'm afraid, mixes up good things, bad things, counts some of the bad things but not some of the good things, and is really not a satisfactory measure for average well-being in any society. Gains in income that come at the expense of future income, at the expense of future generations shouldn't really be counted as gain. They should be counted as borrowing against the future rather than lifting our level of income.

Development, on the other hand, is a



very political term the meaning of which changes from person to person. A good way to define it is that development leads to the increase in the quality of life of individuals, whether materially, socially, psychologically, politically, or spiritually. All individuals have some potential and some capabilities that would enable them to achieve their potential. Development removes the constraints that prevent individuals from unlocking their capabilities and realizing their potentials. These constraints include poverty, illiteracy, lack of skills, bad health, malnutrition, discrimination, totalitarianism, disasters (natural or man-made), etc.

Thus; development is not just about economic growth. It's about building a good society. This good society is one where individuals are affluent, educated, highly skilled, healthy, and well fed, and do not face discrimination and political

repression, and are not at the mercy of natural or man-made disasters.

What is the relationship between growth and development? Growth is only one of the means to achieving development. Growth alone cannot produce development - it can only lead to material affluence, though we don't know what the characteristics of that material affluence are. Does growth lead to equitable distribution of wealth or a concentration of wealth in just 10% of the society? Does growth lead to better education and healthcare for everyone, or does it lead to the creation of elite schools and hospitals? Does growth occur in an environmentally sound manner, or

changes in community capital—natural, social, human, and built—in an attempt to measure the extent to which development is using up the principle of community capital rather than living off its interest.

The continued misuse of GDP as a measure of well-being necessitates an immediate, aggressive, and ongoing campaign to change the indicators that decision makers are using to guide policies and evaluate progress. We need indicators that promote truly sustainable development—development that improves the quality of human life while living within the carrying capacity of the supporting ecosystems. We end with a call for consensus on appropriate

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Development is not just about economic growth. It's about building a good society. This good society is one where individuals are affluent, educated, highly skilled, healthy, and well fed, and do not face discrimination and political repression.

does it destroy the environment, making individuals vulnerable to natural and man-made disasters?

This issue is very contentious. Some economists argue that we should not worry about development and should focus only on growth. Development would then automatically occur. Other economists feel that we should focus on development primarily, and see growth as a means to development. Obviously, I subscribe to the latter group of economists.

Useful measures of progress and well-being must be measures of the degree to which society's goals (i.e., to sustainably provide basic human needs for food, shelter, freedom, participation, etc.) are met, rather than measures of the mere volume of marketed economic activity, which is only one means to that end. Various alternatives and complements to GDP can be used as measures of economic activity while others measure

new measures of progress toward this new social goal, many of the alternative indicators have been used successfully in various levels of community planning.

I think gradually we're moving away from GDP towards other measures, but we still have a long way to go. And I think what would really help are two things--first, if the national governments were to stop exclusively using national income as a measure of performance, economic growth as a measure of performance, and instead report and cite other important measures. And the other thing would be if the public at large actually demands better information and stops being bamboozled by the notion that a six percentage point increase in economic growth is better than a four percentage point increase regardless of what that growth consists of and what it leaves out.

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By Peter Mutui

WHEN ORDERS FROM THE BOSS ARE ILLEGAL

In many organisations, communication occurs between members of different hierarchical positions. More often than not, superior-subordinate communication exists in the workplace where superiors/bosses give orders to subordinates. This form of communication is commonly referred to as downward communication.

Anderson and Level (1980) cites the following as benefits of downward communication; better coordination; improved individual performance through the development of intelligent participation; improved morale; improved consumer relations; and improved industrial relations.

For downward communication to be effective, the superior should remain respectful to ethical standards and give legitimate orders. However, this is not

always the case as some bosses have reverted to unlawful orders and directives disguised as "Orders from Above" or "Powers from Above" or "Executive Orders".

How Do Bosses Manifest "Orders from Above?"

There is no question that bosses have tremendous influence over subordinates in coercing them to obey unlawful orders. Typically when serious wrongdoing occurs, at least 5 to 10 people are probably involved or know what is going on. The bosses set it in motion, but they do not do the work themselves. They pass it on. The people who do it are usually the subordinates. They do what they're told.

An "Order from Above" signifies authority from the superior. Ordinarily, if a subordinate refuses to comply, it implies

“insubordination” and the subordinate must be prepared to face disciplinary action from the higher authority. As such, failure to adhere to “Orders from Above” is followed by severe and intimidating consequences such as lack of job promotion, denying of employer’s sponsored training, exclusion from key meetings and decision making, unmerited transfers and even job loss.

Superiors disregarding ethical conducts and professional standards for selfish gains

budgets or contravenes relevant standards. Junior loan officers would be intimidated to sign off loans for individuals that are not worthy of loans because of their questionable credit and employment backgrounds.

These acts of unlawfulness coupled with insurmountable threats leave many employees with limited options. Some yield to the demands of their bosses to save their jobs. Consequently, there is a growing trend of subordinates that are seeing misconduct around them and feeling pressure to compromise standards themselves. Studies show that 10 percent of employees report that they feel pressured to compromise their standards in order to do their jobs, and of those 69 percent say the pressure is coming from their superiors.

Sadly, subordinates are getting brainwashed to the extent that they forget the code of ethics they signed at the point of entry and give their full allegiance to their superiors. It is becoming a norm that they go through their workday with ethical blinds on; focused on “doing our jobs” and “just following orders” and not thinking critically about the ethical implications of their behaviour.

Effects of Following Unlawful Orders

Let me start with the case of Nuremberg. In this case, a US Military Officer using the “I was only following orders” defence dates back to 1799. During the war with France, Congress passed a law making it permissible to seize ships bound to any French Port. However, when President John Adams wrote the order to authorize the U.S. Navy to do so, he wrote that Navy ships were authorized to seize any vessel bound for a French Port, or traveling from a French Port.

Pursuant to the President’s instructions, a U.S. Navy captain seized a Danish Ship (the Flying Fish), which was en route from a French Port. The owners of the ship sued the Navy captain in U.S. maritime court for trespass. They won, and the United States Supreme Court upheld the decision. The U.S. Supreme Court held that Navy commanders “act at their own peril” when obeying presidential orders that are illegal.

So do you have to do everything your boss tells you to, especially if it is against the law? Blindly following orders and engaging in illegal or unethical activities

on the job can wreak havoc on your career and possibly hurt other people.

Workers who engage in illegal activities are going to have a weak leg to stand on when law enforcement comes a knocking. “My boss made me do it,” is a defence that does not tend to hold up in court as in the Nuremberg ruling.

So if you are a subordinate and acting within the scope of your job duties but you do something illegal, it is unfortunate that you will most likely be liable, not your boss nor your employer.

What to do when orders from the boss are unlawful?

When people take oath of office or sign code of ethics, they pledge not to obey illegal orders. In the US, the Uniform Code of Military Justice demands obedience to the lawful orders of a superior commissioned officer and equally demands disobedience when the order given is illegal.

In simple cases where orders are illegal but there is no one at risk of serious harm, and no one’s rights are being violated, engaging your superior in a polite way may be all that needs to be done. Have the orders fully formalised in writing and inform the superior the consequences of going against the law. Or else, asking questions such as, “why are we doing it this way?” or “sorry, it’s probably just me, but how does this plan fit with the relevant policies?” Such questions may serve as a wakeup call. And that might be all that’s required.

In serious cases, if gentle prodding does not work, you may need to take more dramatic actions. Many organisations these days have hotlines you can call, usually anonymously, to report a serious violation of law. If the risk to the public or to fellow employees is serious and if no one inside your organisation is going to take action, then there is good reason to say you are ethically obligated to inform the media, the relevant regulatory agencies, or even, depending on the situation, the police.

Although it is not always easy to dissuade superiors from using nonsensical “Order from Above” tactics to subvert law for selfish gains, you do not have to do everything your boss tells you to, especially if it is against the law. There will always be a way to circumvent illegal orders.

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under the guise of “Orders from Above” or “Executive Orders” is nothing new. This manifests itself in numerous ways. For instance, superiors would intimidate junior accountants to make payments that lack supporting documentation and

CULTURE FEEDS ON STRATEGY FOR BREAKFAST

By GroBiz Africa

If left unattended even lunch and dinner: watch it or you perish

In my next session on Entrepreneurship Boot camp, I am focusing on this one thing; Culture. As one of the building blocks of sustainable business growth, an organization big or small should never ignore dealing with culture in a decisive manner as sooner or later it will be the cause of your headache and eventual collapse of the entire enterprise no matter how big or small; no matter how smart, whether you have great minds and strategies, plans or objectives.

I have worked long enough to know that for an organization to succeed and to grow sustainably, you will need systems and structures, policies, standards

and procedures which in essence act as the foundations of the organization's operations to ward off any opportunity for revenue leakages.

However, all these are not possible to hold when culture is wrong and when the founders of the organization did not take time to ensure culture fit at the formative years of the enterprise.

It pains me to note that this is where every financial distress begins, cash flows start to deep as a result of poor customer service, poor sales and everything to do with performance deeps, yet very few founders if any do anything about it.

Having spent my best working years in helping set up systems of internal controls in organizations especially Small and Medium Sized growth organizations and

enterprises, I am able to tell at a very early stage whether we are going to succeed or not just by testing an organization's culture.

In terms of readiness for culture and system change, I can identify about four types of organizations I have come across in my life:

Those who know that they don't know

There are those organizations which do things in a casual manner only because that is how they have known things to happen, they would like to do things differently but because of lack of know-how or resources, they are unable to initiate change until a pro-change champion shows up. In this case when you start something new



in terms of systems for internal control, they will quickly learn it and embrace it because they knew nothing.

Once bitten twice shy

There are yet another category of organizations that stayed with the old far too long until they were bitten by their lack of systems and structures either through massive theft of resources or a serious non-compliance hit that had to cost them an arm and a leg. This type will quickly adapt to a change and a new system because of past bad taste of not doing so, they are prepared not to go through that experience ever again.

Those who don't know what they want

Yet there is another type that think they want change but do not know why. They do not have any experience and are not prepared for any change but may just be talking about it because others have done or are doing it. Because they do not fall within the first two, they are not expectant of change in terms of how their systems work or should work. These types will require a very long change process but eventually would accept change slowly but painfully.

The toxic ones

The last group is of that whose culture is rotten, this group is impenetrable with change, strategy or whatever there could be on the earth to improve performance of your enterprise. When culture is rotten the only way to bring a change in such enterprises is to do a complete overhaul like an engine overhaul in your tractor if you want to improve the tractors acreage performance. Now this does not mean that I am proposing a retrenchment of all your team but this may be the only way, the hard way or you will soon close shop permanently.

In fact with this last group, I have witnessed system sabotage, a complete refusal to use a well-meaning process or policy and a reluctant adoption of systems and structures. With this culture you will end up alone and lonely on your desire to grow an enterprise.

This is why I am confident of a complete overhaul. Bad cultures do stand on your company's entry point or gate to welcome any new hires and begins to feed them with negative attitude even before you finish the induction programme. Have

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Your new hire is made up of up to 80% character which is invisible from sight while the visible 20% are skills gained from academic and professional programmes (CPA, Bachelors, MBAs etc).

you ever heard of this saying: “we will see how far s/he gets” or “what or who does s/he thinks s/he is? S/he'll just cool down soon” These and many more are some of the words thrown at your new hires, the one(s) you brought in thinking you have a new lease of life, somebody who could help you push that strategic agenda, the one you thought would help in implementation of that system, the one who was supposedly to help to seal that loophole you've been longing to seal-off completely, that is the bright chap who was to see things from a different perspective.

Sooner or later this person will be joining their camp, will be singing their chorus if not the whole song, they will be part of the entire rot and nothing will have changed but you will instead be a convert of the saying ‘the more things change the more they remain the same.’

So where do we really go wrong? The entire sack of potatoes has entirely gone wrong. There is this one rotten potato that has deliberately made sure that each potato in the sack is not spared, because you left it unattended, you did not watch out. Your strategy is going to the drain. Culture is eating it pretty fast.

So what are we supposed to do and where do we begin?

It starts and ends with how we hire. When your hiring process from the first employee to the last is focused on today and not tomorrow then you will definitely experience a culture problem in the near future. If your focus is more on education than on character your culture shock is just about to hit you.

I campaign for character and culture fit as the first and if possible, the only things

you should focus on when hiring in your enterprise.

You can train for skills but not culture. This concept became very clear to me when I sat to listen to a renowned business guru, the guy who runs a multi-billion enterprise selling chicken burger, out of all his talk I came out with one important lesson: that up to 80% of an ice-burg is hidden underneath the water while only about 20% is visible. Compare this to your potential new hire. Your new hire is made up of up to 80% character which is invisible from sight while the visible 20% are skills gained from academic and professional programmes (CPA, Bachelors, MBAs etc).

Hiring for tomorrow is the greatest challenge for many employers as they try to fill a gap that is created only today but forgetting that the employee may not be available for future growth of the company/organisation. Many if not (all) employers are focused on what a potential hire has in terms of qualifications especially academics relying on degrees while forgetting that a degree only gives skills but does not in many situations lead to character which should be any employer's key focus when hiring.

Therefore, most employers focus on the wrong thing skill (Academic qualification) and so fail to hire for the future. Woe unto you if you do not seek to recruit culture fit and character first and above all else, since you will soon be on the search again for the right candidate which you will never find until you change your focus to Character and culture fit... I rest my case.

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BITCOIN

THE ENIGMA VARIATIONS EQUIVALENT OF MONEY

By Clive Mutiso

One of the most frequently performed works of music is Sir Edward Elgar's *Variations On A Common Theme*, but although the work is so well-known, more than a hundred years after it was published, experts are still struggling to fully understand the work and to discover its hidden meaning. Elgar himself gave his Opus 38 the alternative title *The Enigma Variations* and the name has proved apt.

What *The Enigma Variations* are to music, Bitcoin digital currency is to money. The more that we learn about Bitcoin, the more we discover how little we really understand, and how much more there is still to be learned. The need to learn as much as possible, as quickly as possible, is emphasised by the fact that, incredibly, Bitcoin has become the most highly priced currency in the world, at well over ten thousand United States Dollars per unit. There are predictions

that it will hit \$20,000 per Bitcoin before the end of 2018.

Despite all the sudden interest due to the soaring price, some things are still completely unknown about Bitcoin, including, improbable though it might seem, who invented it. Satoshi Nakamoto is credited with being the inventor, but no-one knows whether that is the name of a real person, the team name of a group of people, or just another part of the puzzle. As recently as November of this year, Elon

Musk, the billionaire South African-born founder of Tesla, was constrained to deny that he is Satoshi Nakamoto. From the name, everyone assumes that there is some sort of Japanese connection.

What we know for certain is that there is no official issuing authority for Bitcoin, that it has no physical substance, there is no way of regulating it, there is no central repository, no single administrator.

The concept of Bitcoin was first made public in 2008, one year before the concept went live, in a scholarly paper that initially attracted limited interest outside the world of computer geeks. The author contended: "Commerce on the Internet has come to rely almost exclusively on financial institutions serving as trusted third parties to process electronic payments. While the system works well enough for most transactions, it still suffers from the inherent weaknesses of the trust based model."

So the basic proposition was that, for e-commerce to take off, the line community needed a new form of money, outside the traditional banking system, that could give an online seller the assurance that, once he had received a payment, that payment would be final. Or, as the author of the original Bitcoin paper explained it: "Completely non-reversible transactions are not really possible, since financial institutions cannot avoid mediating disputes. The cost of mediation increases transaction costs, limiting the minimum practical transaction size and cutting off the possibility for small casual transactions, and there is a broader cost in the loss of ability to make non-reversible payments for non-reversible services. With the possibility of reversal, the need for trust spreads.

"Merchants must be wary of their customers, hassling them for more information than they would otherwise need. A certain percentage of fraud is accepted as unavoidable. These costs and payment uncertainties can be avoided in person by using physical currency, but no mechanism exists to make payments over a communications channel without a trusted party."

Having summarised the challenge as he saw it, the author proposed a solution that, over the next eight years, was to make him, or her, or them, or whoever

Satoshi Nakamoto might be, a Dollar billionaire many times over: "What is needed is an electronic payment system based on cryptographic proof instead of trust, allowing any two willing parties to transact directly with each other

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With other forms
of monetary
transaction,
there is a transfer
of something
traceable. It can
be a metal coin, a
paper note issued by
a bank, a registered
bond, a cheque
or draft drawn
on a bank, with
an account being
debited and another
account credited for
each transaction.**



without the need for a trusted third party. Transactions that are computationally impractical to reverse would protect sellers from fraud, and routine escrow mechanisms could easily be implemented to protect buyers. “

Within one year of the publication of the original paper, Bitcoin was a reality, and its growth, although slow at first, has suddenly exploded during 2017. Increasingly, Bitcoin is being used for online purchases and payments without having to go through the banking system. Some users are especially attracted by the anonymity, untraceability, and secrecy of Bitcoin. The increasing popularity of the product has made it a target of investors looking for untraceable profits, and there are several hedge funds that have been set up and attracted millions of Dollars of subscriptions for investment solely in Bitcoin. It is this speculative investment that has been largely responsible for the increase in the price of a single Bitcoin from around \$1,000 at the beginning of 2017 to more than \$10,000 at the end of the year. In the short time between my having started this article and right now, the price has increased by another \$1,000.

The success of Bitcoin has led to an explosion of “me-too” products being brought to market, with some of them, in the space of just weeks, or days, or even hours, appreciating in price by hundreds of a per cent. This phenomenal growth is now raising concern, not least because there are no standards at all for accounting for crypto-currency transactions. The biggest risk inherent in Bitcoin, or any other crypto-currency, is the anomaly of double spending, and for anyone trained in the management of conventional money, that is a difficult concept to grasp.

With other forms of monetary transaction, there is a transfer of something traceable. It can be a metal coin, a paper note issued by a bank, a registered bond, a cheque or draft drawn on a bank, with an account being debited and another account credited for each transaction. But crypto-currency is not physical, and there is no centralised accounting system behind it, it is a self-contained electronic script of computer code. It is all too easy for the code to be cloned, and sent to more than one party, in exchange for value more than once.

Satoshi Nakamoto claimed to have solved this inherent Challenge: “The problem of course is the payee can’t verify that one of the owners did not double-



spend the coin. A common solution is to introduce a trusted central authority, or mint, that checks every transaction for double spending. After each transaction, the coin must be returned to the mint to issue a new coin, and only coins issued directly from the mint are trusted not to be double-spent. The problem with this solution is that the fate of the entire money system depends on the company running the mint, with every transaction having to go through them, just like a bank.

"We need a way for the payee to know that the previous owners did not sign any earlier transactions. For our purposes,

the earliest transaction is the one that counts, so we don't care about later attempts to double-spend. The only way to confirm the absence of a transaction is to be aware of all transactions. In the mint based model, the mint was aware of all transactions and decided which arrived first. To accomplish this without a trusted party, transactions must be publicly announced, and we need a system for participants to agree on a single history of the order in which they were received.

"The payee needs proof that at the time of each transaction, the majority of nodes agreed it was the first received. The solution we propose begins with a

timestamp server. A timestamp server works by taking a hash of a block of items to be timestamped and widely publishing the hash, such as in a newspaper or Usenet post. The timestamp proves that the data must have existed at the time, obviously, in order to get into the hash. Each timestamp includes the previous timestamp in its hash, forming a chain, with each additional timestamp reinforcing the ones before it."

However, that is not the final word on the issue of the reliability of Bitcoin. It is most certainly not the end of the debate, but only the beginning, and some heavyweights in the accounting



profession are applying their minds to the crypto-currency phenomenon, and calling for structured solutions. Yvonne Kam is an accounting standards specialist and a PWC Partner. She advised her clients in March 2017: "Cryptocurrency is virtual currency which seems to be created out of thin air. It is increasingly used IRL (in real life) to pay for goods and services and for investment purposes. Transaction volume is growing exponentially and values are volatile. There is no specific guidance in IFRS or US GAAP on accounting for cryptocurrencies, despite accelerating use."

Ms Kam says: "Intangible assets, say patents or brand names, have traditionally



“The payee needs proof that at the time of each transaction, the majority of nodes agreed it was the first received. The solution we propose begins with a timestamp server. A timestamp server works by taking a hash of a block of items to be timestamped and widely publishing the hash, such as in a newspaper or Usenet post.

been assets held for use in the production process. The primary objective is to generate revenue from the entity's ordinary course of business. Cryptocurrencies are used to pay for goods and services, to incentivize employees and for investment purposes. The use of an intangible asset feels very different from the use of a cryptocurrency. Fair value measurement feels like the most relevant measurement basis for a cryptocurrency because it's being used as a currency-equivalent or alternative investment vehicle. An intangible asset can be measured at fair value but only if there is an active market. Fair value movements must be recognized in Other Comprehensive Income (OCI).

"Cryptocurrencies are growing and are volatile. Shareholders and other lenders exposed to companies that hold cryptocurrencies need to know about them. New guidance may need to be developed to avoid diversity in practice and provide meaningful information. Until we have new guidance, disclosure is key to explaining how cryptocurrency is classified and measured."

For the time being, until cryptocurrencies are better understood, and perhaps also better regulated and managed, the safest rule might be to avoid speculation, and use them only for the purpose for which they were intended—exchanging them as quickly as possible for things of real value. Things like quails' eggs, maybe.

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BITCOIN

WHAT DO THEY PORTEND FOR THE FUTURE OF TECHNOLOGY?

Creating an eWallet

By James Mwangi

Today, it is virtually impossible to be online and not bump into terms like Bitcoin, Ethereum, Bitcoin Cash, Bitcoin Gold, Cryptocurrency, Blockchain etc. But very few people know what those terms mean and what they imply for the future of technology, payments, security and investing. This article will delve into the technical back end of cryptocurrencies, the backbone of the entire system as well as recent trends in the virtual currency sphere. We will also attempt to give a hint of where this writer thinks this novel and exciting world of invisible, unregulated cryptocurrencies is going in the future. Admittedly, the latter is more crystal ball reading than a hard prediction.

What is Bitcoin? Where did it come from? What can it do? Is it regulated/taxed etc? To get a deeper understanding of cryptocurrencies and the entire technological, internet-based system behind them, we will first clarify a few things. There are many cryptocurrencies, but the back end that supports them is the same; the blockchain. Perhaps that is a good place to start. Cryptocurrencies are a sub-set of virtual currencies, themselves a part of digital currencies.

What is Blockchain Technology?

As mentioned above, the blockchain technology is the backbone that supports cryptocurrencies. The blockchain can be accurately defined as a truly ground breaking and ingenious invention. It is known that it was created by a person or group of people known by the pseudonym Satoshi Nakamoto circa 2008. The true identity of the creator/creators remains unknown. Nevertheless, since then it has grown into something truly amazing.

The blockchain allows digital

information to be distributed but not copied, and this fact therefore created a new technological frontier for the internet. The blockchain was originally created specifically to support Bitcoin, but it has spawned other uses since then including product tracking.

Simply defined, the blockchain is an incorruptible ledger of economic transactions that can be programmed to record not just financial transactions but virtually everything of value. (Don and Alex Tapscott, authors Blockchain Revolution 2016).

What this means is that the blockchain is a distributed database. The simplistic definition, therefore, is imagining the blockchain as a spreadsheet that is duplicated thousands of times across a computer network. Then picture that this network is designed to update this spreadsheet regularly. That is the blockchain. The implication is that then, the blockchain's information exists as a shared and perpetually updated and reconciled database. Hence the term distributed database.

The benefits of using network technology this way is that the information is not stored in one location or computer, the information is truly public and not possible to be compromised by hackers because the information is not in a centralized server, which has been a major weakpoint of conventional databases. Some of the readers of this article may also be familiar with collaboration with Google Documents and Google Sheets. There is some similarity because everyone has the same version and changes are distributed to all and are also accessible and visible to all.

This feature also lends incredible robustness and durability to blockchain technology. This is important for a

technology that has to support Bitcoin, currently valued at hundreds of billions of US dollars. By having blocks of information that are identical across its network, the blockchain cannot be controlled by any single entity nor does it have a single point of failure. This also eliminates missed transactions, human error, machine error or unauthorized transactions. This secure and multiple record system brings accountability to an unprecedented level.

Thus, there are many connected computers that run the bitcoin system. This is the blockchain network. Each connected computer on this system is called a node and its main role is to validate and relay transactions. Each computer also receives a copy of the bitcoin blockchain upon joining the network. This second level network is very important to bitcoin and each node is an administrator or the network. Individuals join this network voluntarily and are rewarded in terms of getting free bitcoins in a process called mining, which is how new bitcoins are created. The important bit to understand about all this is that the nodes compete to solve computational puzzles (creation of new bitcoins is based on these puzzles) and, naturally, the more powerful a system a 'client' sets up, the higher chances of winning these new bitcoins. It is these new coins that are later traded in bitcoin exchanges. More on that later.

As we have seen, by design, the blockchain is completely decentralized. This is an inherent feature in order to keep a secure system. Everything that happens on it is a function of the entire network. The implications of this are several and the most important ones are this novel way of transaction verification removes the necessity of charges, the necessity of third party verification as well as the

instantaneous completion of transactions. Therefore, bitcoin is managed by its global peer-to-peer/ user-to-user network of computers not by any central authority.

What is Bitcoin?

Having seen the technological backbone that runs Bitcoin and other cryptocurrencies, what, then, is bitcoin. As earlier briefly defined, bitcoin is a blockchain based currency that enables anonymous payments without exorbitant transaction costs and exchange rate charges, avoids the risks associated with credit card payments and lets users transfer even very small amounts of money with minimal additional costs. As such, and based on our previous foray into blockchain, it is a currency of the internet. Without a connected internet network with working nodes and powered computers, there is no bitcoin.

It is important to note that bitcoin is similar to fiat money in the sense that it has no intrinsic value just like government money like the Kenya Shilling but rather only the value that the user attaches to it. But unlike national currencies, which have a central bank standing behind them to ensure trust in the fiat currency, that is not the case with bitcoin. Another big difference between conventional currency and bitcoin is that you can't hold a Bitcoin in your hand because it is purely digital and not physical currency.

How can I get myself some Bitcoin or other crypto currency?

The starting point is to create yourself an eWallet on an 'exchange'. The platforms that trade bitcoin and other crypto currencies are called 'exchanges' and are online websites. Picture this as a stock broker in the case of trading shares. The bitcoins or other crypto currencies that are traded will have a value against the main currencies e.g. euro, dollar, pounds etc which then someone acquiring crypto currency in any country can translate to value in local currency.

The eWallet will allow you to buy and sell crypto currencies as well as transact in the virtual currencies. An eWallet on a particular exchange will let you purchase any crypto currency of your choice and it will store transaction details as well as valuations of the currencies one holds. It is important to note that an eWallet must have two 'sides', a public side for receiving bitcoin payments and a private side for you to store or move your bitcoin. One option is to download a bitcoin wallet software to your computer and the second option is

to create an online wallet that resides on a third party website.

Many cities across the world now have Bitcoin ATMs. One may wonder, how can I get virtual currency at a cash point that issues physical money. The answer to that is that instead of the ATM spewing out notes, it will credit your bitcoin eWallet with the transaction details and value. Many establishments in various countries are also accepting payment in the form of various crypto currencies, signaling that the time when crypto currencies were more of whispered insider tips are long gone.

In Kenya there are several local apps and exchanges but it is advisable to create an eWallet on the main international exchanges to ensure maximum value per transaction. To get a comprehensive list of exchanges, take a look at bitcoincharts.com.

How can I transfer bitcoin?

Once your wallet is set up, you receive key to the public side of the wallet. This is a long alpha numeric string (numbers and letters) that you can safely give out in order to receive bitcoin payments. This is similar to your bank account number. The key to the private side of the wallet is a 51 character long code that should be guarded very securely. This is a long number to recall! Fortunately, it also comes as a QR code that you can safely store on your smartphone.

What can I use bitcoin for and what is its worth?

Bitcoin is a virtual currency (to perform transactions on the internet, primarily) but more and more brick and mortar establishments are accepting crypto currencies as payments especially in the developed world. Like any market, the exchange rate for bitcoin responds to supply and demand forces. At the moment the value of bitcoin is soaring (approximately \$11,000 per bitcoin) as the number of users and uses grows. The very first bitcoin transaction was only 10 years ago in 2009 and at the time the coin had no fixed value. A year later two pizzas were purchased for 10,000 bitcoin but in 2011 a value of one-to-one versus the United States dollar was pegged. Since then it has swung steadily upward and for those investing or speculating in bitcoin, price changes of more than 20% are not uncommon in a single day or hour.

It is the opinion of this writer that in terms of value we have barely even began to scratch the surface with crypto currencies.

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THE 2017 FINANCIAL REPORTING EXCELLENCE (FIRE) AWARD, THE COMPANIES ACT 2017 AND THE CODE OF CORPORATE GOVERNANCE 2015

By FCPA Jim McFie, a Fellow of the Institute of Certified Public Accountants of Kenya



FINANCIAL REPORTING AWARD



In the 16th edition of the FiRe Award, there were three hundred and sixty four entries in the public sector and ninety two entries in the private sector.

The 2017 FiRe Award prize winners were announced at a magnificent event at the Carnivore in the evening of Friday 17th November 2017. The Guest of Honour at the Gala Dinner and Award Ceremony was James Chan who represented His Excellency Dr. Mukhisa Kituyi, Secretary-General of the United Nations Conference on Trade and Development (UNCTAD). The FiRe Award Conference took place on Thursday 16th November 2017 at the Crowne Plaza,

in Upper Hill, Nairobi and was officiated by CPA Bernard Ndungu, the Chairman of the Kenya Public Sector Accounting Standards Board (PSASB) and the Accountant General, National Treasury.

The FiRe Award is an initiative of the Institute of Certified Public Accountants of Kenya (ICPAK), the Kenya Capital Markets Authority (CMA), the Nairobi Securities Exchange (NSE), and the Public Sector Accounting Standards Board (PSASB)-Kenya. The promoters aim to enhance excellence in financial reporting, the disclosure of sound corporate governance practices and the disclosure of both corporate social

responsibility and environmental reporting in East Africa. Entries were received from Rwanda, Tanzania and Uganda, in addition to those from Kenya. A Tanzanian bank won the prize in the banking sector. This year there was a new prize – the best “Integrated Reporting” company.

As is the case each year, many of the entries displayed a high degree of excellence. The judging process is carried out at three levels to ensure adequate quality in the process. A real thank you is extended to all those involved in the judging process.

The winners are as follows:

NO	CATEGORY	GROUP	WINNER	1ST RUNNER UP	2ND RUNNER UP
1	Agriculture	Sector	KTDA HOLDINGS LTD	WILLIAMSON TEA KENYA LTD	LIMURU TEA COMPANY LTD
2	Bank	Sector	CRDB BANKING GROUP LTD	BARCLAYS BANK OF KENYA LTD	EQUITY GROUP HOLDINGS LTD
3	Independent Offices & Constitutional Commissions Reporting under IPAS CASH	Sector	OFFICE OF THE CONTROLLER OF BUDGET	REGISTRAR OF POLITICAL PARTIES	PUBLIC SERVICE COMMISSION
4	Industrial, Commercial & Services	Sector	SAMEER AFRICA LTD	KENOL KOBIL LTD	TRANS CENTURY LIMITED
5	Insurance	Sector	JUBILEE INSURANCE	BRITAM HOLDINGS LIMITED	BRITAM ASSURANCE
6	Micro Finance Institutions MINISTRIES /	Sector	FAULU MICROFINANCE BANK	STATE DEPARTMENT OF FISHERIES	KASNEB RETIREMENT BENEFIT SCHEME
7	DEPARTMENT/AGENCIES	Sector	NATIONAL INTELLIGENCE SERVICE	KENGEN DEFINED BENEFITS (D.C) SCHEME	STIMA SACCO
8	Not for Profit	Sector	STRATHMORE UNIVERSITY	MWALIMU SACCO	JOMO KENYATTA FOUNDATION
9	Sacco	Sector	UN SACCO	KENOL KOBIL	KENYA COPYRIGHT BOARD
10	SME	Sector	DUNE PACKAGING LTD	IDB CAPITAL	EQUITY GROUP HOLDINGS LTD
11	LISTED	Category	SAMEER AFRICA LTD	BRAND KENYA	KCB HOLDINGS
12	STATE CORPORATIONS AND SEMI-AUTONOMOUS GOVERNMENT AGENCIES (SAGAs) UNDER IFRS	Sector	KENGEN	BARCLAYS BANK OF KENYA LTD	SAMEER AFRICA
13	IPSAS ACCRUAL	Reporting Framework	COMPETITION AUTHORITY OF KENYA	BARCLAYS BANK OF KENYA LTD	BRITAM HOLDINGS
14	IFRS for SME	Reporting Framework	KENYA BANKERS ASSOCIATION	CRDB BANK PLC	
15	IFRS	Reporting Framework	CRDB BANKING GROUP LTD		
16	Integrated Reporting	Category	SAMEER AFRICA LTD		
17	Environmental & Social Reporting	Category	UMEME LTD		
18	Governance	Category	SAMEER AFRICA LTD		
19	Promoters' Recognition	Sector	BARCLAYS		
20	Rwanda	Country	BANK OF KIGALI		
21	Tanzania	Country	CRDB BANK PLC		
22	Uganda	Country	UMEME LTD		
23	Kenya	Country	SAMEER AFRICA LTD		
24	OVERALL	Overall	SAMEER AFRICA LTD		



FiRe Award 2017 Overall Winners – Sameer Africa Limited

One area that could have been improved was compliance with the Companies Act 2015. I attach a checklist for this:

Business review to be included in directors' reports.

Section 655. (1) The directors shall include in their report a business review: it should contain:

- (i) a fair review of the company's business; and
- (ii) a description of the principal risks and uncertainties facing the company; and
- (b) is a balanced and comprehensive analysis of:
 - (i) the development and performance of the business of the company during the company's financial year; and (ii) the position of the company's business at the end of that year, consistent with size and complexity of the business.

(4) In the case of a quoted company, the directors shall specify in the business review (to the extent necessary for an

understanding of the development, performance or position of the company):

- (a) the main trends and factors likely to affect the future development, performance and position of the business of the company;
- (b) information about:

- (i) environmental matters (including the impact of the business of the company on the environment);
- (ii) the employees of the company; and
- (iii) social and community issues, including information on any policies of the company in relation to those matters and the effectiveness of those policies; and
- (c) information about persons with whom the company has contractual or other arrangements that are essential to the business of the company.

(5) If the business review does not contain information of each kind mentioned in subsection (4) (b)(i), (ii) and (iii) and (c), the directors shall specify in the review which of those kinds of information it does not contain.

(6) The directors shall include in the

business review (to the extent necessary for an understanding of the development, performance or position of the company's business):

- (a) an analysis using financial key performance indicators;
 - (b) if appropriate, an analysis using other key performance indicators (including information relating to environmental matters and employee matters); and
 - (c) references to, and additional explanations of, amounts included in the company's annual financial statement.
- (7) The directors shall also include in the business review references to, and additional explanations of, amounts included in the company's annual financial statement.

Contents of directors' report: statement as to disclosure to auditors.

Section 657. (2) The directors shall include in their report a statement that, with respect of each of the persons who was a director at the time the report was approved:



“

The promoters aim to enhance excellence in financial reporting, the disclosure of sound corporate governance practices and the disclosure of both corporate social responsibility and environmental reporting in East Africa. Entries were received from Rwanda, Tanzania and Uganda, in addition to those from Kenya. A Tanzanian bank won the prize in the banking sector. This year there was a new prize – the best “Integrated Reporting” company.

(a) there is, so far as the person is aware, no relevant audit information of which the company’s auditor is unaware; and
(b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company’s auditor is aware of that information.

Name of signatory to be stated in published copies of annual financial statement and reports, etc.

Section 675. (1) A company that publishes a document to which this section applies shall ensure that the document states the name of the person who signed it on behalf of the directors.
(3) In the case of a quoted company, this section applies to copies of: (a) its annual financial statement;
(b) the directors’ remuneration report; and (c) the directors’ report.
Auditor’s report on annual financial statement of company.

Section 727.(2) The auditor shall include in the auditor’s report:

(a) an introduction identifying the annual financial statement that is the subject of the audit and

the financial reporting framework that has been applied in its preparation; and

(b) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.

(5) The auditor shall, in the case of a group financial statement, clearly state in the report whether, in the auditor’s opinion:

(a) the consolidated balance sheet gives a true and fair view of the financial position of the undertakings to which the statement relates, taken as a whole, as at the end of the relevant financial year; and

(b) the consolidated profit or loss account gives a true and fair view of the profit and loss of those undertakings, taken as a whole, for that financial year.

(6) The auditor shall, in the case of an individual financial statement or a group financial statement, also clearly state in the report whether, in the auditor’s opinion, the statement:

(a) has been properly prepared in accordance with the relevant financial reporting framework; and

(b) has been prepared in accordance with the requirements of this Act (including the prescribed accounting standards).

Section 728. The auditor shall state in the auditor’s report on the company’s annual financial statement whether in the auditor’s opinion the information given in the directors’ report for the financial year for which the financial statement is prepared is consistent with that statement.

Section 729. (1) In reporting on the annual financial statement of a quoted company, the auditor shall: (a) report to the company’s members on the auditable part of the directors’ remuneration report; and

(b) state whether in the auditor’s opinion that part of the directors’ remuneration report has been properly prepared in accordance with this Act.

(2) For the purposes of this Part, “the auditable part” of a directors’ remuneration report is the part identified as such under regulations made for the purpose of section 660.



Section 730.(1) In reporting on the annual financial statement of a company, the company's auditor shall carry out such investigations as will enable the auditor to form an opinion:

- (a) whether adequate accounting records have been kept by the company and returns adequate for their audit have been received from the company's branches not visited by the auditor;
- (b) whether the company's individual financial statement is in agreement with the company's accounting records and returns; and
- (c) in the case of a quoted company—whether the auditable part of the company's directors' remuneration report is in agreement with those accounting records and returns.

Another area that could have been improved was compliance with the Code of Corporate Governance: companies which are quoted on the Nairobi Securities Exchange must take account of the Code as follows:

Where an issuer does not implement the Code after March 2017, the issuer shall disclose to the Capital Markets Authority the reasons for non-application, and clearly indicate the time frame required and the strategies to be put in place towards full application.

1.1.3 At the end of every year, the board shall disclose in its annual report a statement of policy on good governance and the status of application of this Code.

2.1.2 (a) The Board through the nomination committee shall on an annual basis review the required skills mix and expertise that the executive directors as well as independent and non-executive directors bring to the Board and make disclosure of the same in its annual report.

2.9.1 The Board remuneration policies and procedures shall be disclosed in the annual report.

The remuneration package to directors shall be appropriately disclosed.

5.2.4 The Board shall ensure that the company's performance on ethics is

assessed, monitored and disclosed.

6.1.2 The Board shall explain in its annual report its responsibility for preparing the annual report and accounts, and there shall be a statement by the external auditor about their reporting responsibilities.

6.4.1 The Board shall review the effectiveness of the company's risk management and internal control practices on an annual basis. The Board shall, at least annually, ensure that a review of the effectiveness of the company's risk management practices and internal control systems is conducted and report to shareholders that they have done so. The review shall cover all material controls including financial, strategic, operational and compliance.

6.5.2 The Board should disclose, in an informative way, details of the activities of the Audit Committee, the number of Audit Committee meetings held in a year and details of attendance of each Audit Committee member at such meetings.

7.1.1 The Board shall disclose in its

annual report whether it has an Audit Committee, the members, their qualifications, independence and the mandate of such committee.

7.1.1 The Board shall disclose whether evaluation of the Board, the chairperson, the Chief Executive Officer and company secretary has been undertaken in the annual report and financial statements of the company.

7.1.1 The Board shall disclose in its annual report whether independent and other non-executive directors constitute at least two thirds of the Board and if it satisfies the representation of the minority shareholders.

7.1.1 The Board shall ensure that the annual report includes a statement on the company's vision, mission values and strategic objectives and how these influence Board and management's behaviour towards maximization of shareholder value.

7.1.1 The Board shall disclose: (i) that a legal and compliance audit was carried out as required;

(ii) the level of compliance with laws, regulations and standards; and

(iii) any material departures from required compliance, the causes of non-compliance and the measures to address the non-compliance.

7.1.1 Current names of Board members shall be disclosed. Additional information to be disclosed includes:

(i) qualifications of directors;

(ii) other board memberships;

(iii) the selection process;

(iv) whether directors are regarded as independent and if so, the criteria used to support their independence; and

(v) any other material information.

7.1.1 The Board shall disclose the company's policy on corporate social responsibility and investment.

7.1.1 It shall also disclose the company's policy on conflict of interest.

7.1.1 The Board shall ensure that the company discloses its environmental, social and governance policies and implementation thereof in its annual report and website.

7.1.1 The Board should include a

management discussion and analysis. This is a narrative which sets out:

(a) management's assessment of the factors that affected the Company's financial condition and results of operation over the period covered by the financial statements; and

(b) known trends that are reasonably likely to have a material effect on the Company's financial condition and results of operations in the future.

7.1.1 The Board shall disclose whether

shareholding. In this regard, the following information should be disclosed:

(i) the top ten direct shareholders; (ii) a complete list of shareholders to the Registrar of Companies on an annual basis; (iii) in the case of a subsidiary, the name of the parent company and parent company of the group; (iv) as per IFRS requirements, consolidation and a discussion of the basis for consolidation that would include mention of relevant subsidiaries; and (v) the key stakeholders who may have an influence on the company's performance and sustainability.

7.1.1 The Board shall disclose the company's policy on procurement.

7.1.1 The Board shall disclose all related party transactions.

7.1.1 The Board shall, annually, disclose in its annual report, its policies for remuneration including incentives for the Board and senior management particularly the following:

(a) quantum and component of remuneration for directors including non-executive directors on a consolidated basis in the following categories:

(i) executive directors' fees;

(ii) executive directors' emoluments;

(iii) non-executive directors' fees; and

(iv) non-executive directors' emoluments.

(v) share options and other forms of executive compensation that have to be made or have been made during the course of the financial year; and

(vi) aggregate directors' loans.

7.1.1 The Board shall disclose resignation of a serving Board member in:

(a) two newspapers with national reach immediately it happens;

(b) the company's website immediately it happens; and

(c) the annual report at the end of the financial year.

7.1.1 The Board shall disclose the company's Whistle Blowing Policy on its annual report and website.

You can use these checklists to ensure that all the disclosure requirements are met.

“ Theme Inspiring Confidence through Excellence in Financial Reporting and Corporate Governance in East Africa ”

it has complied with the International Financial Reporting Standards (IFRS) in preparing their financial statements.

7.1.1 Any deviation from these financial standards should be disclosed.

7.1.1 The Board shall disclose that a Governance audit was carried out.

7.1.1 The Board shall include in its annual report the governance structure including the composition and size of the Board, the committees of the Board, management and their mandate.

7.1.1 The Board shall disclose the company's policy on information technology.

7.1.1 The Board shall disclose the company's risk management policy.

7.1.1 The Board shall disclose the key shareholders and the extent of their



Overall Winners - Sameer Africa Limited

SAMEER AFRICA IT IS!

Staff Writer

There was palpable excitement at the Carnivore Restaurant where the champions of the 2017 FiRe award were announced. Sameer Africa Limited was the proud winner of the coveted prize. As the night progressed, this company appeared to be getting quite a number of prizes and a win seemed inevitable. In the end, it had won medals in six categories.

The real clincher for Sameer Africa, explains the Chief Judge Dr. James Mcfie, was its corporate governance disclosure. It was also clear from the jubilation that engulfed various participants who had come to receive their Awards that they had gone through some anxious moments.

This was a culmination of hard work and meticulous effort to ensure that they met the unyielding standards of the FiRe Award, which is undoubtedly the most prestigious and coveted Award in East Africa for financial reporting. The annual Gala night is the place where entities that have excelled in financial reporting are recognized and awarded. The thought that a company that fulfills these stringent rules can win a prize in such a celebrated event, can galvanize anyone into action. It is an excellent opportunity for anyone and provides all the support necessary to put you on the right track. The key objectives of the FiRe Award are: promotion of Financial Reporting Excellence, fostering of sound corporate governance, and

enhancing corporate social investment and environmental reporting.

No doubt as globalization continues to take root, interesting trends are emerging and this was not lost to the accountants, auditors and stakeholders who were present that night. But why are winners' so happy to bag this prize? Why does it evoke so much emotion? From the Financial Reporting Perspective, this is an award that you get after your financial statements have been evaluated to determine if they have been prepared in accordance with all the provisions of International Financial Reporting Standards (IFRS) International Public Sector Accounting Standards (IPSAS), the provisions of regional Companies



REPUBLIC OF KENYA
PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

Acts, Sacco Societies Act of 2008, and any other regulatory provisions with respect to financial reporting in the jurisdiction.

With respect to the corporate citizenship perspective, the founding partners of the Award have collaborated with experts in the field of Corporate Governance and Corporate Social Investment to develop detailed evaluation criterion/checklists that characterize best practice. All submitted reports are evaluated against these benchmarks and marks are awarded according to the degree of conformity. Panelists involved in the evaluation of these reports in relation to corporate governance and social investment are experts selected from the respective fields. One of the things you have

Chief Guest, James Chan



to do is identify your weak points, follow the instructions and apply the lessons learned. From the Corporate Citizenship Perspective, the founding partners of the Award have collaborated with experts in the fields of Corporate Governance and Corporate Social Investment to develop detailed evaluation criteria/checklists that characterize best practice. As the winners will attest, so much preparation goes into this award, where the structure and content of statement of financial performance is analyzed and strict evaluation takes place.

It is essentially the result of a thorough assessment using globally accepted principles and best practice standards. These guiding principles include the applicable reporting framework (IFRS/IPSAS), best practices in governance and environmental and sustainability reporting as well as other legal and regularly reporting requirements that are specific to a particular reporting entity. The prize is open to all organizations that prepare annual reports, and audited financial statements. They are a healthy gauge for compliance trends among corporate entities.

The topic of the 16th edition of the FiRe Award, Inspiring Confidence through Excellence in Financial Reporting and Corporate Governance in East Africa, actually spells out many aspects of this affair. This event has continued to influence financial reporting in many positive ways.

This year, a total 456 institutions submitted their names for the awards; the majority came from the public sector. 364 were public financial institutions and 92 came from the private sector. Its promoters The Institute of Certified Public Accountants of Kenya (ICPAK) The Capital Markets Authority (CMA), The Nairobi Securities Exchange (NSE), and the Public Accounting Standards Board (PSASB) were of the view that to strengthen financial

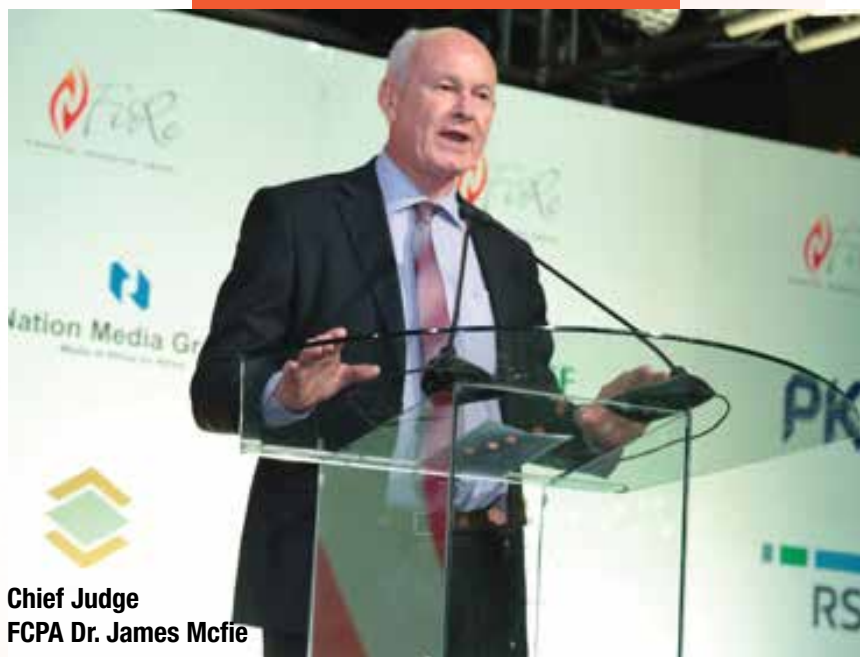
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This year's conference saw delegates discuss ways to enhance communication through financial statements and undertake an assessment of where the region is on integrated reporting. The conference also featured preparers, auditors, investors, academia and other users of the auditor report while deliberating on the merits of the proposed changes therein.

markets, and attract investment, business entities would have to make disclosure of their activities to enable a wide range of stakeholders use such information in making economic decisions. The one day pre- FiRe Award meeting that takes place annually (the day before the gala dinner) usually delves deeply into what's trending in financial reporting.

This year's conference saw delegates discuss ways to enhance communication through financial statements and undertake an assessment of where the region is on integrated reporting. The conference also featured preparers, auditors, investors, academia and other users of the auditor report while deliberating on the merits of the proposed changes therein. The topics discussed included; The FiRe Awards 2017; Trends and Evaluation Process – the judges' Perspective, Corporate Governance Disclosure and Transparency – Emerging trends on Corporate Governance practices, Financial Reporting and Accountability from a Kenyan devolved governance system perspective – are we on track? Others were; Past winners' experience – Reaping dividends from improved financial reporting, Compliance with

new audit requirements – Key Audit Matters (KAMS), the Company's Act requirements and other regulations, and finally the future of organization reporting in East Africa – exploring Integrated and Sustainability Reporting in East Africa. It was a great learning experience.



**Chief Judge
FCPA Dr. James Mcfie**

The guest of honour at the Award ceremony was Dr. Mukhisa Kituyi, United Nations Conference on Trade and Development (UNCTAD) Secretary General. Among other achievements, he has a wide ranging experience in trade negotiations, and in African and broader international economics and diplomacy. He was represented by James Chan who hailed the FiRe Award and the high standards it had set for Africa. He stressed the importance of transparency and quality reporting, adding that this inspires confidence. He also commended the organizations that had participated in the FiRe Award for their courage in voluntarily submitting their reports for scrutiny. He said the feedback was useful and encouraged more people to participate because of its invaluable benefits.

FCPA Joe Gichuki, Managing Partner JG Associates and CEO Kawai Consultants EA, discussed the future of organization reporting in East Africa – exploring Integrated and Sustainability reporting in East Africa. He quoted Mr. Charles Handy, the Leadership Guru, widely recognized and revered for his contributions to furthering our understanding of business in the context of personal and ethical questions. He explained how your thought process leads to where you are... Mr. Gichuki challenged the participants by asking them; if the profits they are making are a good indicator they are doing well; adding that you should see profits as a proxy for business. He stressed the importance of creating value. You need integrated thinking to ensure that your business functions well. These may include strategy, sustainability and operations. You should not make profit your only goal. This kind of thinking has made many companies fail. The CEO advised his audience to listen to those who have failed as well, as therein lay a lot of lessons. Several factors ensure the overall success of an organization. So you should incorporate resources such as human, social, relationship and intellectual capitals among others. The message from one of the sponsors NSSF was to encourage all members to contribute as much as they can to secure their future bearing in mind that compounded interest is applied. They also asked accountants to ensure that all the money deducted is paid. They said they had decided



ICPAK CEO, CPA Edwin Makori



PSASB Chairman, CPA Bernard Ndung'u



NSE CEO, Mr. Geoffery Odundo



CMA CEO, Mr. Paul Muthaura

as an institution to make an impact in this country. Other sponsors were KASNEB, ACCA, ICAEW, OFFICE OF THE AUDITOR GENERAL, EY, IRA, MASARS, DELLOITTE, GRANT THORNTON, and THE SACCO SOCIETIES REGULATORY AUTHORITY among others.

It is always good to look back and compare performances: it was therefore interesting to listen to the various presentations and compare notes; Speaking about 'Past winners' experience; reaping the dividends from improved financial reporting Ms Wangui Ndirangu, Financial Controller, Barclays Bank of Kenya, of Kenya said Barclays, which had operated in Kenya for over 100 years, had received many accolades. Barclays was the overall winner of the 2016 FiRe Award, and participants were interested in knowing what it had done to gain that position. Ms Ndirangu (referring to their 2016 win) explained that the bank had played many pioneering roles in many aspects. Including: influencing policy, giving women leadership positions, being listed in the NSE and listening to customers' needs among other milestones. Barclays had also ensured that it was involved in the FiRe Award in the early stages and had consistently participated in it.

CPA Benard Ndung'u, chairman of Public Sector Accounting Standards Board (PSASB) and who was also the Director General of Accounting and Quality Assurance Services at the National Treasury had said in 2016 that that the 2016 event witnessed the largest number of public sector entries. "Enhanced transparency in financial reporting is expected in Kenya's public sector, following increased participation in the Excellence in Financial Report Awards (Fire Award) this year," said CPA Ndung'u at that time. Mr Paul Muthaura, the CMA Chief Executive said during the 2016 FiRe Award ceremony that "responsible financial reporting contributes significantly to ensuring that financial information put out by the entities is reliable and enables investors make informed decisions as they participate in the capital markets."

The Gala night was a delightful one; stakeholders had an enjoyable night filled with comedy, succulent food, good music and useful interactions.

By CPA Benjamin Nyaoro

ACCESS TO FINANCE AND RELATED CHALLENGES FOR (SMEs)

The term SMEs has been vaguely and conveniently used by different players in the economy depending on what interests or agenda one wishes to advance. Several organizations such as the World Bank, African Development Bank and others have given various definitions to the term SMEs. In this piece I will restrict myself to the following definition of an SME - To be “a business establishment that employs between 0 and 99 employees and has an annual turnover of between 5million and 50 million in Kenya shillings” and focusing on people on the side of this scale. It goes without saying that for an economy such as ours, these businesses play an important role in contribution to our GDP (Gross Domestic Product), job creation and the socio-economic role of poverty reduction.

The collapse of the big corporations such as Nokia, is enough proof that these small and medium size companies are not spared in terms of business survival and growth. In the Accountant issue of July – August 2017 I indicated that one of the challenges these organizations face amongst many other challenges that hinder their growth is access to finance and in this case access to finance in good

time and in sufficient amounts. What can these businesses do to access finance?

Challenges such as lack of proper financial reports, inadequate financial management skills, lack of collateral, lack of credit history and poor managerial structure have posed these challenges. In this piece therefore, I try to examine the various challenges to access to finance and how SMEs can overcome some of them.

Challenges to Access to Finance

Finance no doubt is the lifeblood of any business. Like the human body needs blood to function and to keep the human being alive, every business needs financial flow to register success. It is the wish of every entrepreneur or business owner to have enough of this essential and scarce commodity. Unfortunately there is usually a price to pay in the name of overcoming certain challenges.

Based on my experience, reading and comprehension of existing literature, I will group the challenges into two categories: Challenges within the SMEs and challenges outside the SMEs and in this case, banks. In my years as an auditor at Daniel and Daniels BC and a consultant in this area of SMEs development I will

restrict this piece to my area of experience and stick to discussion of the former.

Challenges within the SMEs

These challenges are caused by failure by SMEs decision makers or managers to adhere to some basic principles of running a business some of which may be by design while others by cost reduction perception as outlined below;

a) Lack of proper financial records

Numbers don't lie and any business decision made without consideration of numbers is likely to be ineffective. Record keeping provides a decision maker with a history of transactions within which a platform for future business projections is possible. The custody of financial information is a prerogative of someone who is qualified enough to do so. Unfortunately, most businesses in this category believe that it is indeed expensive to engage someone to take up this role, a cost that most businesses would wish to avoid and at the end put their firms in a vague position where they are unable to tell how much is owed to the tax authority, how is their business doing in real terms and in what areas and what should they expect from their businesses



in the coming periods.

Unfortunately, lenders want to see numbers, they want to see analysis of those numbers as they do their own to assess the credit worthiness of any business. Failure to see this puts the business in question as far as its credit worthiness is concerned. No lender would put their money where they do not know whether it will come back let alone their return on investment. Failure to provide proper financial records to for assessment makes it difficult for financial institutions to lend.

b) Inadequate financial management skills

Because some businesses cannot afford while others are out rightly not willing to engage a qualified person to manage its financial affairs they end up denying their business good financial management practices. For a small business, it is important to put their working capital management top notch before they can move to address their capital structure since in most cases their capital structure is usually from the owners of the business. Some SMEs do not know how to follow up on debts or negotiate with their suppliers for affordable credit terms. Their financial statements may depict

a profit but you may find a debtors position more than 180 days being more than the profit recorded for that period with creditors having been paid up to a current position of 30 days but without any cash available in their cash accounts. This affects the liquidity position of any business and by extension their ability to collect and make available funds to meet their obligations when they fall due. Lenders will run away from this.

c) Lack of financial discipline

There is a tendency among small business to mix the affairs of the business and their own. Family shopping, school fees for their children, their personal entertainment and so on in most cases are financed from the business coffers and when the business require financing it also happens from the entrepreneur's pocket. This inter borrowing is not health for any business since it is extremely difficult to account for the firm's and owner's money separately. In such unclear instances no sane lender would put their investment to such a glaring risk where there is no certainty of repayment.

d) Formality Challenges

Formality is a motivator for business partners such as investors, lenders and even insurance companies. A formal business with formalized business operations is easy to work with for any kind of business. For example, at the moment we see in the media about the inferno at Gikomba market, some traders will lose whatever is destroyed by fire not because they are worth less but because most of these businesses either just have a business name to pay for licenses but beyond that no further efforts. If a lender feels that there is such risk, financing such businesses become unfortunately difficult. Even insurance companies cannot take such a risk.

Suggested Solutions to These Challenges

The above challenges fall squarely within the mandate of any business owner. To overcome these challenges, SMEs could try some suggestions below;

a) Services of a qualified accountant
For any business to be able to keep proper books of accounts, there is no doubt that the services of a qualified accountant are required. If as a small

business you feel you cannot afford to keep a qualified full time accountant, then engage an accountant who visit your premises once or twice a week or even once a month on part time basis depending on your transactions and he will give you professional advice on running the financial affairs of your company.

A qualified accountant will be able to advice on good financial management practices and ensure you have reliable books of accounts that can be presented at any financing institutions. You may find yourself paying for such services and end up providing a solution for the bigger problem of financing as opposed to saving the cost and end up prolonging the problem.

b) Peer Review and networks

Find out from your peers in the same industry how they manage the affairs of their business with regards to access to finance. What are they doing that you are not doing? Keep a network of business people and try to reach out to them to understand how the people in the same industry as you manage their financial issues.

c) Engage a banker

Walk into a banking institution and ask for a loan even if you are not ready for it. Ask them what you need to do in order to qualify for a loan, it doesn't hurt to do so because every banker is looking to increase their customer base and you never know, you could be a potential one.

d) Plan and Manage your working capital properly

For starters, working capital is the amount of money your business requires to meet the day to day obligations of the business as they fall due. Proper management of this facility will not push you to seek financing to buy stock or pay salaries. Try to negotiate cheaper and longer credit days from your suppliers and push your customers to pay you as early as possible. Sit down with your accountant and establish how much of stock is required by your business to avoid overstocking or under stocking. This will help you avoid tying up capital that would otherwise be used to settle an urgent obligation such as paying for electricity bills or salaries.

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POST-BREXIT DILEMMA

Kenya's Achilles' Heel

By CPA/FA William Irari

On Thursday 23rd June 2016, the people of Britain voted for a British exit from the European Union in a historic referendum. The outcome prompted jubilant celebrations among Eurosceptics around the continent which spontaneously sent shockwaves throughout the global economy. It was a closely contested opinion that saw the leave wing carry the day with a 52% majority against the Remain wing that garnered 48% and with that the fate of Britain to remain in the EU was sealed. After the declaration of the referendum result, the pound fell to its lowest level since 1985 and David Cameron resigned

as Prime Minister. When UK parliament passed the Brexit bill allowing the Prime Minister to trigger Article 50 and start Brexit negotiations, the pound hit an eight-week low against the dollar. Almost simultaneously, the Euro and the sterling pound strengthened sharply against the Kenyan shilling as the financial and monetary markets reacted to the historical referendum. Though it was expected that with the weakening sterling pound, Brit's exports would be lucrative to exporters, most Briton tourists would hardly afford foreign holidays in Europe as well as importing luxuries.

During the first anniversary, Brexit chief campaigner Nigel Farage said:



“

Granted, Kenya will be among the hardest hit nations when its former colonial master starts renegotiating more than 100 trade deals it has under the 28-member European Union.

“This time last year we dared to dream and then won an historic victory.” But there is great sarcasm behind it. A former journalist with the Guardian twitted, “the irony of the Brexit vote last June is that the Brits have suddenly become a lot more interested in what is happening in the rest of Europe. The continent of opportunity now seems lost.” Put in other words, it is now dawning on Britons that the decision to delineate from the EU could have been an economic blunder.

In its 2017 Kenya Economic Report, the Kenya Institute for Public Policy Research and Analysis, a renowned

economic think tank, recommended that the country should set in motion plans for engaging Britain over post – Brexit trade arrangements to avoid shocks to exporters and likely fall in official development funds. Kenya is listed among the top countries in the world that takes a huge market share of fresh produce exports to Europe. Basically this includes horticultural produce and freshly cut flowers among other exports such as tea and coffee. Granted, Kenya will be among the hardest hit nations when its former colonial master starts renegotiating more than 100 trade deals it has under the 28-member European Union. Put differently, this means that Britain would to a large extent spend all their time and resources in vetting and choosing whom to trade with from the larger European bloc, leaving Kenya and other countries to negotiate their own contracts with EU individual states. Brexit will affect the UK’s trade with the rest of the world, including Kenya which is part of the global economy. According to a recent report by PWC, EU has negotiated 36 free trade agreements with 58 non-EU countries. The UK would not benefit from those goodies once it leaves the EU. Though our country has made significant strides in agricultural exports to Europe, it has no doubt had a ride on the shoulders of the United Kingdom which apparently is a dominant player within the EU. Consequently, just like Britain, Kenya has had to go back to the drawing board and negotiate bilateral agreements with individual European states. It is also important for the reader of this article to be aware that as of now, the Brexit “divorce bill” is yet to be finalized by the EU. One of the options that Britain is mulling over if its unable to secure a post-Brexit deal with EU, is to form a trade alliance with the US, Canada and Mexico whose body is known as North American Free Trade Agreement (Nafta).

To bring this dilemma into perspective, it is good to delve deep into numbers so as to appreciate this impact of Brexit. An industry performance report by the Tea Directorate, the country’s regulator of the tea sector, indicates the volume of tea purchased by Britain dropped from 5.4 million kilograms in March 2016 to 3.1 million kilograms in the same month this year. The Directorate indicates that Britain is no longer buying same amount of tea from Kenya due to a reduced re-

exportation market to other European countries who have been securing the commodity from the UK. “We can comfortably attribute this decline to Brexit, Britain has been a major buyer of our tea in Europe and it was buying for both local consumption and re-export to other EU countries” to quote Samuel Ogola, the head of the directorate. But on the brighter side albeit slow-start, we have seen Kenya exporting directly to individual European countries with statistics from the same directorate indicating that volumes of tea exported to Poland and Germany grew up by 39 and 12 percent respectively within the period of review. Further, the country is on the right track as it trying to open up new markets such as China, which has the potential of buying more of the local beverage as a way of protecting farmers from low earnings. In addition local producers are gearing a ready market in the US after Kenya and an international tea-buying firm struck a deal to purchase all tea for distribution in America. International Tea Importers (ITI), an American tea buyer, and the Tea Directorate will see the export of purple tea to the US, a big boost at a time Kenya is trying to expand its market for the produce in the wake of post-Brexit effects. Similarly, apart from tea exports, flower imports also suffered a major blow considering that over a third of the EU’s cut flower imports come from Kenya with the UK and Netherlands being the top destinations. Recent reports indicate that by August 2017, total Dutch plant and flower exports have grown around 6%, reaching a record value of 4 billion euros but sales to UK are down by 7%.

Basically, the EU treaty policies provide that once a member state invokes article 50 so as to exit, the formal withdrawal can only take place after two years if not more. However, financial markets is all about reaction to information, thus we are likely to see a lot of re-alignments before the Brexit “divorce” is finalized by the EU policy makers. One of the major setbacks in negotiating new trade blocs, be it bilateral or multilateral, is the time and legal factor. Policy analysts indicate that it would take on average 3 or more years to finalize a bilateral agreement. This is mainly because of the competing interests of the parties to the agreement and different laws that may require

harmonization. It is even more difficult to negotiate and get accepted in a free trade area, such as the EU that UK chose to exit due to the privileges and obvious benefits that accrue to member states within the free trade area.

Our beloved motherland is a net importer, with the few exports being agricultural produce that have not undergone value-addition. Put differently, this position of shrinking cash inflows, more often than not leads to the balance of payments always in favor of our trading partners from developed countries. It has also been argued that as Kenya strives to form double-taxation treaties with countries such as China, Kenya will benefit less from the agreements. Countries all over the world are re-aligning themselves so as to maximize on absolute advantages or the comparative advantages they possess. Some big states within countries are seeking independence as they realize

that by doing so, they’ll have economic freedom to prosper. Examples include, Tibet seeking to delineate from China and more recently Catalonia seeking independence from Spain.

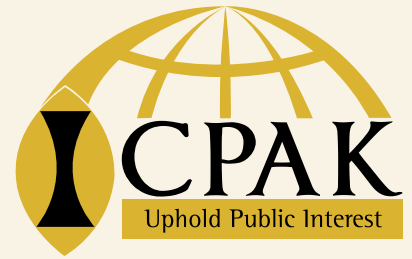
In conclusion, it is incumbent upon industry players, government and farmers to come up with strategies of value-addition on agricultural output and invest in high-end manufacturing, among other innovations so as to minimize market shocks arising from external factors such as Brexit. It is also imperative for African nations to forge formidable regional economic blocs, since most of the problems that afflict them are similar in nature and to a certain extent, their political ideologies are convergent. Echoing the words of Martin-Luther King, “We either stick together as brothers or we perish together as fools”.

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By Vijay Mistri

BUILDING THE COLLECTIVE

Building a Dynamic Board of Directors from the Ground Up

Decision making at the corporate level is a convoluted process that requires a small group of individuals to make decisions that affect large companies, large pools of employees, directors, executives, and shareholders. Developing a habit of making improper, impulsive, or overly aggressive decisions can place a number of people at risk and can have a major effect that should never be taken lightly. It is understood that the executive team is responsible for the operational interests of the company and therefore in charge of internal stakeholders (like employees); but what we want to address in this article is the governing body that is responsible for all stakeholders (like shareholders) directly or indirectly.





The board of directors is primarily tasked with providing oversight to the executive management team for the purpose of protecting the interests of the company's shareholders. This is its mandate and this is its purpose, everything beyond this is ancillary as the board is responsible for making sure that the shareholders investment in the company is protected. Whether the company is a private entity or a publicly traded company, the purpose of the board remains the same. However, how the board is developed and managed varies greatly between public and private companies. In a public company there are strict legal requirements that dictate how/when the board is elected, the terms of service for those board members, and the standard requirements of the board of directors on a continuous basis. Private entities have much more control over how the board operates and the extent of its power.

The challenge as it relates to developing a strong board of directors is to always remember the primary purpose of the board (as stated above); if this is done it becomes much easier to determine how the board should be built, how it should be managed, and how it will serve both the company and its shareholders.

In this article we are primarily focused on developing a board of directors for private companies with a small-medium roster of equity and financial shareholders, while many of these principles are viable for public companies, it should be noted that companies that are or are seeking to go public should review the legal statutes for board development and management before moving forward.

In the world of private companies there are few legislative bodies that are overtly tasked with protecting the interests of those shareholders, for this reason most investors are more tentative in making these private investments because the risks are much greater. Public companies have public requirements that present them in a transparent light, and in some manner, help to mitigate the risk associated with the investment through the presentation of information. Private companies don't have the same requirements (although they do have some in most developed nations) and it is critical that investors feel that they are able to trust the management team, but most importantly they need to feel as though there is a group that is there

to protect their interests. This is why those companies that have strong and effective boards are much more capable of raising private capital, because the presence of an effective board is a strong motivation tool for interested investors.

As the purpose of this article is to provide an ideological road map to create an effective board of directors; let us get started; when seeking to create a board that will be advantageous to the shareholders and the company you must concentrate on:

Experience – When I say experience I don't mean it as it relates to industry experience, executive experience, or management experience, I mean your board should have people on it who are experienced in being on a board of directors. The board does not serve as an offshoot of management, they don't serve as the superior to the management team, the board is an ancillary body that provides oversight and represents the will of the shareholders. Having executive and management experience is important, but you have to have people who understand the duties and responsibilities of the board of directors (especially at the head of the board). If the board overestimates its power then you are creating an atmosphere of conflict that may end up being extremely counterproductive. If the board is too tentative then the executive team is likely to run over them and thereby squash the will of the shareholders, which is what the board is supposed to emphasize. While it is important to have industry experience on the board, it is also important to have members who are fully

aware of their collective responsibilities as the board of directors.

Expertise – As stated above, you want people with board experience, but you also want industry experts on the board of directors. These executives and managers (generally retired) are the ones who have run similar businesses in the past and have a keen understanding as to the market landscape and how to best advise the company as it moves forward. Furthermore, these experts can provide sound advice to the shareholders as it relates to their financial interests, while simultaneously providing strong insight to the executive team as it relates to how the company can grow and develop. Finally, these industry experts bring along the type of credentials that must be respected by management, therefore they will be less apt to be weak in the face of conflict and they will likely be more diligent in their representation of the board of directors.

Diversification – It is important to have industry experts on the board of directors for the aforementioned reasons, but another key to developing a successful board of directors is diversification. To provide the necessary oversight to protect the shareholders' investments the board must be able to address numerous issues simultaneously. Whether those issues relate to financial health, management direction, emerging opportunities, human resources, etc. you want the board to be able to dissect and advise on all of these different issues. This is why we advise trying to bring in board members who have diverse skill sets, as it is the best

way to make sure that the board is well rounded and capable of meeting the full needs of shareholders.

Policies – Perhaps no other issue is as important to the development of a board of directors as the development of the policies which govern the board. When the board is formed, its power and limitations are illustrated in the policies ratified by the executive team and the initial shareholders (who in many cases are one and the same) in the initial corporate charter. Policies can make the board both effective and ineffective, by giving it too much control the board can actually limit (in some cases drastically) the effectiveness of the executive team, and by giving it too little control, the board can be rendered useless and will not be able to effectively represent the shareholders. When developing policies which govern the board of directors it is vital that the original framers of the policies understand the importance of an effective board, and it is important that they ratify policies that reflect that.

An effective board of directors is central to the development of private companies that have external investors. If a company wants a real shot at raising the capital necessary for them to grow and develop in emerging markets then they must have the type of board in place that will protect those investments. To get to this point a company needs to first build a strong board of directors and by focusing on the above topics that process can become much easier.

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By Beatrice Njoroge

THE PRICELESS BENEFITS OF EMPLOYEE ENGAGEMENT

You Can Get More Than 100% Return

Many leaders strongly believe that employees are their most valuable asset. In today's dynamic and continuously changing business world, it is the human assets and not the fixed or tangible assets that differentiate an organization from its competitors. Employees (knowledge, expertise, abilities, skill-sets, and experience) are the invaluable and intangible assets that can make all the difference for the survival of a company, if only they could all work actively towards a certain goal. Unfortunately not everyone in the boat is always actively rowing towards the same direction making it challenging for leaders to derive full benefits and optimal results from this important asset.

Ever wondered why some employees despite their great work experience and knowledge, work just to get the 'job done'? Or have you ever been in a job where you performed just at the expected level so that you could maintain that job and not get fired? Have you seen employees who seem to be very busy when the boss is around, yet immediately the boss leaves start complaining and expressing their frustration about what is really going on? These employees appear to be unhappy and will usually give minimal output, miss deadlines, and create a toxic working environment for the rest of their colleagues.

There is a lot of research and supporting evidence that managers do not necessarily have to use controlled measurements to

drive for higher output from workers. That in the presence of certain work conditions employees can be engaged to a level where they choose to increase their performance and energy levels which would result in optimal productivity.

According to a research by Gallup approximately 70% of employees in most companies are not performing at their optimal level since they are said to be disengaged.

Employee engagement is a concept in management that first appeared in the 1990s; it has spread in management practice since year 2000 and is now becoming well established in the practices of high performing companies and Human Resource Management.

Employee engagement has several definitions; one that captures the idea very well is that, it is the emotional state where the employees feel passionate, energetic and commitment- committed to their company and company goals. It is a workplace approach resulting in the right conditions for all members of a company to give of their best each day, committed to their company's goals and values, motivated to contribute to company success.

When an employee is engaged they go the extra mile. When employees are committed they offer discretionary effort to their work, they will work with the same level of passion and zeal whether it is on a Monday morning when everyone else is complaining of 'Monday blues' or Friday afternoon when

others are looking for a chance to start off the weekend early. Such an employee is excited to go to work, they know what they need to do each day, and will have thought of great ideas on how to do their work really well. Such an employee will be looking forward to seeing their team members and to helping or supporting them to perform their work to the best of their ability.

Discretionary effort is the effort or energy that an employee chooses to (or not to) exert in service to colleagues or customers at work. An employer pays for specific tasks or roles that the employee is recruited to perform. The employee's willingness to perform above and beyond the basic requirement of the job is a reflection of the employee's willingness to engage their discretionary effort.

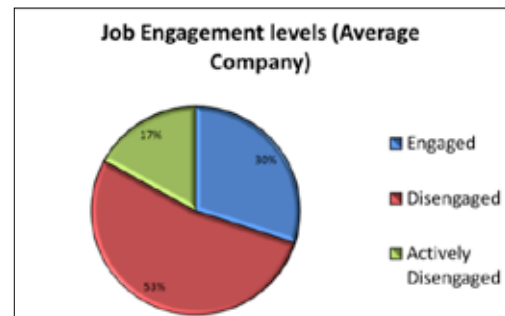
Employee engagement has gained such popularity in management practices in recent years because of its positive impact on productivity. Highly engaged employees are said to have certain characteristics which result to higher profitability for any company. Such employees tend to have an endless list of benefits. They are;

- Highly productive,
- Offer better services
- Organised
- Likely to stay longer with the company
- Focused on personal development and participate in alternative learning processes which benefit the company.
- Cooperative and supportive to others; they develop stronger networks

- Clear in communicating which improves relationships and supports better performance
- Rarely absent and have less work-related stress

Gallup survey results identify three types of employees (Engaged, Disengaged and Actively

Disengaged). The alarming results show that employers should not underestimate the elevated epidemic of employee disengagement. What's even more sobering is that companies with engaged employees outperformed those without by up to 202 percent.



Three Types of Employees



Engaged Employees:

These are employees who work with passion and are committed to the company and its goals. They feel a strong connection to the company and the on the forefront to drive innovation, world class service and move the company towards greater success. Only 30% of employees in an average company are engaged.



Disengaged Employees:

These employees are described to be 'sleepwalking through their work day' they put time to their work but they exhibit no energy or passion in what they do. 53% of employees in an average company are disengaged.



Actively disengaged:

These employees are unhappy at work and in addition are usually busy expressing their unhappiness. They are miserable at their jobs, lack motivation and usually will be found complaining about the company. These employees sabotage the company; undermine work done by the other employees and ruin projects at any opportunity. Gallup Survey indicates that 17 % of employees are in this category.

It is in the interest of both the employee and the leaders/employers to be engaged at work. An engaged employee is happier and because they bring more than 100% of themselves to work they unlock unlimited possibility towards a more improved life. Think of it this way, an engaged employee will bring their A game to work, which will result to recognition of their efforts, better prospects of promotion, better networks and possibilities of being referred in future opportunities, improved relationships and general wellbeing; the opportunities could be limitless.

As an employee, engagement would be when you experience the following;

1) A sense of belonging: That your personal values are aligned with the company values. A culture of trust builds engagement. This includes, trust in organization systems, colleagues & leaders. That you trust those you work with and that there is fairness in decisions made.

2) Purposeful contribution: Alignment with purpose, sense of personal accomplishment, visibility of how own effort contributes to company goals and objectives. It is about understanding your role as an employee and being energized by its level of importance on how it fits to the company goals. It is also about believing and understanding in the company goals, being given an opportunity to contribute

your ideas and views as decisions are being made.

3) Sense of personal growth and development: Ongoing learning opportunities help with engagement. Employees grow personally by updating their skills and learning different jobs; blended learning including through games where possible. Growth in the aspect of receiving objective developmental feedback, timely recognition and praise also boosts engagement.

There Is no formula or straight forward model of achieving employee engagement, many of the researchers and scholars do not agree on just how to achieve such increased employee engagement, neither is there a clear-cut prescription on where company can begin.

As a manager or employer, it is important that you maintain high level of employee engagement to derive its benefits. What can you do?

1) Be truly committed to the company and its goals. It is not easy to help others to get to be passionate and enthusiastic about their job if as a manager you are not yet there. Having a coach can also help you as a leader to experience and help other to get to high engagement levels.

2) Help others: This is by offering leadership, know your team, what are they

passionate about, what are their interests. Then create a work condition where they experience autonomy in their work, mastery of their skills so that they can feel that they have opportunity to grow and develop. Also make them understand how their individual work and role fits the purpose of the company so that they can appreciate that what they do is meaningful.

Some of the simple things that leaders can begin to do are;

- Give praise and give it often
- Invest in your employees' development
- Connect what you do with a higher purpose
- Be authentic; Build trust in the company and among individuals
- Play together; having team building activities not only breaks up the routine but also encourages creativity and collaboration.

According to Tim Eisenhauer, "The 'secret' to building employee engagement is that there is no secret. Want to know what types of things will help your employees feel more engaged? Ask them. You might be surprised by how simple the solution may be. Often, it comes down to the golden rule: Treat people as you'd want to be treated. Compassion, mutual respect, kindness and flexibility don't cost a thing.

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ESSENTIAL TIPS ON CYBERCRIME

How Growing Enterprises Can Effectively Tackle It

By Victor S. Mutindah

Businesses depend on different forms of technology to survive the trends of the new millennia. This has brought to the surface a new form of criminal act; cybercrime, that works to ruin the new found avenue for business. Cybercrime is a growing pervasive occurrence that is worrying not only the government but also businesses and the public sector (Zappa, 2014). It has developed to a low risk, high yield form

of crime thus attracting more individuals into the activity; creating bands of cyber criminals.

With the emergence of the World Wide Web enabling people to traverse borders, the crime has become international with banks seemingly being the most affected. SMEs are also fast becoming marked targets because they offer weak security easy to bypass and sub-standard protection that is hacked into (Zappa, 2014).

The rate of this type of crime has

increased with breaches having an annual increase of 50% per annum (EY, 2013). This type of misconduct has advanced from individual attacks and instead moved on to SMEs and large enterprises (Morgan, 2013). Crimes that are done over the internet bring about economic losses and expensive cleanup procedures once a network is hacked. Sadly some companies do not pick up after an attack, fading into the mountain of statistics affected by internet illegalities.

Types of Cyber Attacks

Cyber-attacks can be categorized into two distinct categories depending on the approach employed by the perpetrator; non-technical attacks and technical attacks.

Non-technical attack – The person with the malicious intent of committing cybercrime uses some type of ruse to reel in the victim who is oblivious (Turban, 2008). Through persuasion and nasty tricks they cause a person to divulge information that compromises their online security; they use the acquired data against the person.

Technical Attack – When it comes to the technical approach of cybercrime, the offenders use software and highly skilled expertise to perform the offense. Technical attack has many sub-categories, some are listed below;

1. Denial of Service (DOS) attack

A person under such an attack may be unable to access admittance to use a resource like a webpage because of overloading. An attacker uses software that generates numerous data packets that are used on a targeted computer network hindering the access.

2. Server/Webpage Hacking

Hackers gain access to a server and then once infiltration is complete, they'll

configure the technology to redirect unsuspecting people to scamming sites (Turban, 2008). The illegal access may also be for harvesting of data to use later when they can monetize this information.

3. Malicious Code

This constitutes viruses, worms, and Trojan horses. Malicious code is commonly referred to as malware and may be classified according to how it spreads. Any form of malicious code threatens PC performance and can spread to other devices connected to the infected computer. This form of attack is usually meant to destabilize or completely incapacitate the target.

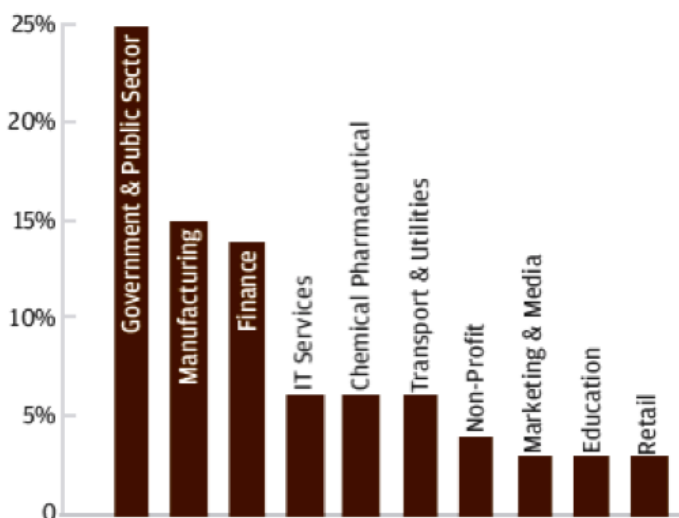
4. Phishing

A phishing attempt usually involves tricking on-line users into providing private information such as credit card numbers. This could be through sending spam email that alerts the target to a problem that requires information to fix. Phishing has developed into other sub-groups; spear phishing, vishing and smishing – that is the use of sms to infiltrate the system.

Phishing is among the types of attacks that boast of an upward positive graph over the years (Zappa, 2014). It is a key contributor to the demerits of cybercrime.

Cybercrime has become a subject of immense interest worldwide since almost every facet of life is digitalized (Zappa, 2014). Social media and world spread of information has helped the crime advance. Institutions and governments alike have to work at combating the act so as to avoid further losses that are predicted to rise even higher in coming years. It is paramount to keep ahead of the criminals and ensure internet security is upheld. An aggressive approach should be sponsored to develop a strategy that will combat cyber-crime and reduce the effects it imposes on the country and the world as a whole.

TARGETED EMAIL ATTACKS BY SECTOR



Source: Symantec Corporation. Internet Security Threat Report, 2011 Trends

5. Defacement

This is the unlawful and most definitely unauthorized change of a homepage affiliated with a certain website by a hacker. An act of defacement is a form of public demonstration of skill (Zappa, 2014). It can end up being catastrophic; incurring huge losses most occurring due to loss of customer loyalty.

6. Social Engineering

This is an advanced technique within the technical attack realm. It works by exploiting human behavior to gain information. Hackers pose as people of authority and easily get the necessary records (Zappa, 2014). It is an upscale of non-technical attack; the only difference is the hacker uses the internet e.g. corporate emails or memos. This attack relies on people's use of devices that access internet services.

or established enterprises are explained in the following paragraphs;

1. Theft of sensitive customer and employee data

Hackers tend to favor the theft of information such as date of birth, social security numbers, credit card information and addresses. For instance, SMEs in Mexico have higher risk of customer data loss (Zurich, 2015). With what they collect, they could blackmail companies or individuals gaining advantage over them. The data could also be used to perform further theft by gaining access to restricted zones both on-line and physically.

2. Damage of Company Reputation

After defacement attacks, companies lose loyal customers and investors. It becomes a case of once bitten twice shy because

enable rivals to spirit away some clients from the affected company.

4. Stealing of Money

Over the internet stealing of personal credentials, especially credit card numbers, enable money theft to occur easily via the web. The theft goes unnoticed, the victims remaining unaware, until when the bill comes, they go gobsmacked. Sometimes the theft helps the crooks to temporarily launder money through the online accounts that are linked to affected people, thus leaving a paper trail that does not lead back to them. Others leave debts that unsuspecting victims are forced to cover since the details used are theirs.

5. Identity theft

The wrongdoer uses the personal information gained to get access to restricted resources, information or funds. A person can also rob a company's identity for use in foreign lands (Zappa, 2014). This is an act which tends to be favored by counterfeiters.

6. 3rd party lawsuits

When companies are targeted, there begins a ripple effect through its networks. Indirect sufferers of cybercrime can sue the organization which they believe caused the attack due to negligence or disloyal employees.

7. The Loss of intellectual property

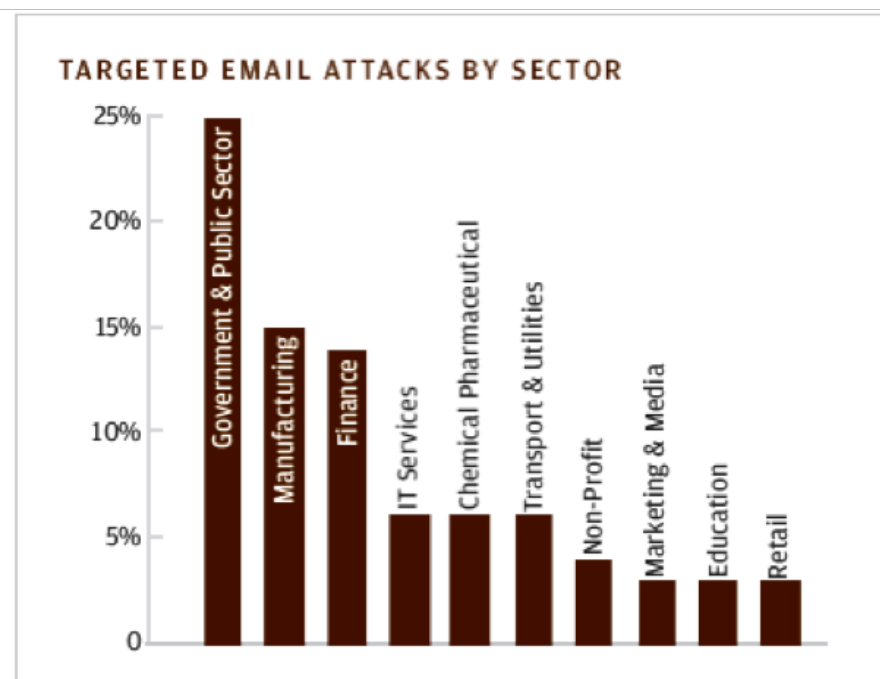
Intellectual property is any intangible assets, mostly ideas, which result from a person's creativity. Loss of such resources could flatten a company since it is such data that propels the company's success.

8. Fraud

Perpetrators gain access to company files through unlawful means like phishing. Access can be used to redirect customers or get credentials that they use as a front for committing crimes.

9. Industrial Espionage

Once victimized by hackers, companies risk their industrial information being leaked to rival companies by a disloyal employee for a price. This could prove fatal since secrecy helps stay ahead of competition.



Source: Symantec Corporation. Internet Security Threat Report, 2011 Trends

Demerits Associated with Cybercrime to Enterprises

There are a lot of disadvantages that come about once a business has fallen victim to cybercrime. Whether through any fault on their end or random act, the organization suffers losses, some foreclosures and even legal repercussions. A number of the issues that arise as an aftermath of any cyber-attack to a start-up business, SMEs

people are reluctant or not willing to be part of a company linked to cybercrime.

3. Disruption of Business activity

Internet assaults force enterprises to put on hold activities to access the damage, clean up the mess, set up stronger protection, and rebuild established loyalty. This may be an attempt to hinder a company from meeting deadlines or

10. Sabotage

The issue of sabotage arises from acts that hinder progress of any work. According to Zappa (2014), sabotage aims to stop or delay activities for a desired period of time. An act of sabotage relies on excellent hackers and one or two disloyal employees.

11. Extortion

Hackers may install malicious software onto a target's device that locks it (Zappa, 2014). Helpless, a victim is extorted by the offenders in order for the device to be unlocked.

12. Demonstrative Attacks

Groups that are protesting against the company cause DOS or Defacement attacks of the organization. This causes issues with running of the business.

Tackling and Controlling Cybercrime

Most businesses in this era are dependent on technology for their general running. It is therefore no surprise that they turn to it for securing of their systems (Turban, 2008). When it comes to E-commerce, companies work using two forms of technology: Tech that secures communication and tech that secures

servers and clients. They include;

Access Control – This measure determines who can access certain resources and which resource is member only. It can be used in biometric software. **Public Key Infrastructure** – It requires user certificate, a cornerstone for secure on-line payments. It is grouped into:

1. Private and Public Key Encryption – Scrambles data for safe transfer
2. Symmetric Key System – uses same key for encryption and decryption
3. Public Key Encryption – uses matched public keys for data scrambling and a private key for decryption

Secure socket layers work by making good use of normal permits for verification and data encryption (Turban, 2008).

Firewalls – These are virtual barriers that exist between trusted networks or PCs and any untrustworthy internet data. They block unauthorized access and hinder destruction by malware.

Virtual Private Networks – VPNs are networks that use any public internet to carry information but remain private and inaccessible to third parties. VPNs usually employ access control.

Intrusion Detection Systems – IDSs software is used to perform monitoring of activity across the set-up

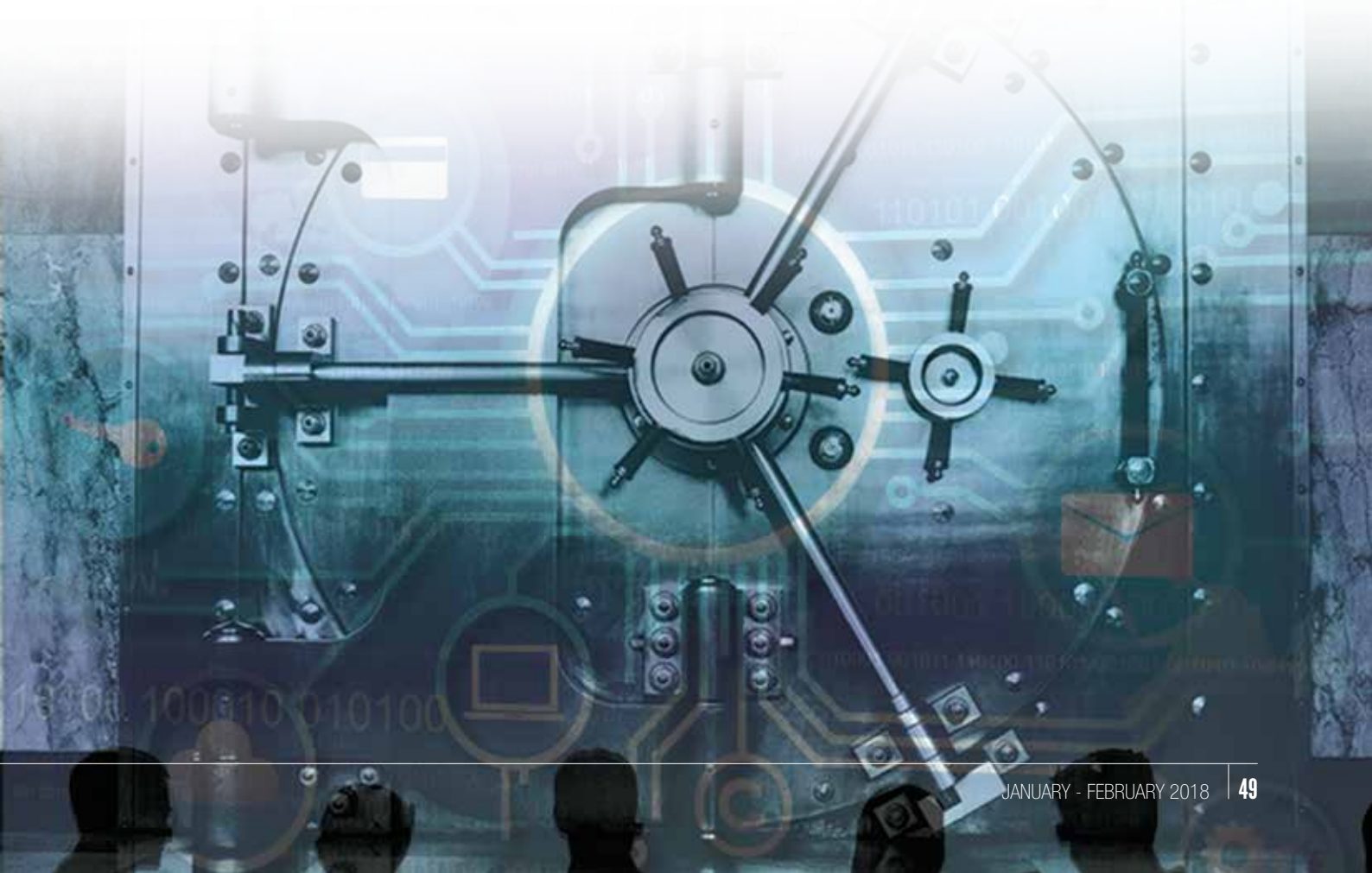
networks and computer links.

Hurdles Encountered in Combating Cybercrime

- i. Strong security discourages on-line commerce thus companies opt for fewer regulations which can easily be bypassed by hackers (Turban, 2008).
- ii. People are either ignorant or too lazy to follow through on safety precaution; they become easy targets for hackers.
- iii. Faulty security architecture that is outdated proves to be an easy break-in job for criminals because they have high-tech software that is up to date.
- iv. There is a lack of co-operation between governments and companies thus no follow up on hackers is conducted.
- v. Laws have not become well established to a point of even discouraging one and compelling them to look for work.

Conclusion

Cybercrime is a vice that affects a wider spectrum of people thus the need to counter it. It is an illegality that amounts to losses in terms customers, finances and even time too. It is a growing offence that requires prevention by keeping vigilant and acting fast in case of malware (Morgan, 2013).



By Theuns Holtshousen, Divisional Business Leader CaseWare Africa

LEVERAGING THE MACHINE



Technology is transforming our private lives. Social media, instant messaging, apps in general are in widespread use globally, and in Africa too.

Despite this, many finance professionals in Africa express reservations about the impact that technology might have on their working lives. Some of the key questions being asked are: Is it affordable? Is it secure? Do I have, or can I find, the skills to use it effectively? Will it replace me or my staff?

These questions must be addressed as a matter of urgency because one thing is clear: your competitors are already adopting technology, and you risk falling behind them if you do not. It is vital that you understand what technology can do for your business, and begin the journey now. However, finance professionals must also take the time to understand all the issues.

The following five considerations should guide their thinking when implementing technology:

Five key considerations to help African finance professionals adopt technology successfully and ensure they are competitive into the future

1. Technology adoption is real, and it focuses on automation. As I have already indicated, the march of technology is fundamentally changing all businesses. Finance professionals simply have to keep abreast of this trend or they will not be able to offer the agile, expanding and cost-effective services their clients require.

The key concept driving the use of technology within the finance industry is automation. Your clients are using accounting systems, ERP systems, reporting tools and so on. You need to be able to integrate with those systems to transfer data seamlessly, thus eliminating duplication and enhancing accuracy. By the same token, automating your own processes will generate massive savings in both time and money, thus freeing you and

your staff up to add more value to clients.

2. Take legacy systems and data into account. No company starts off with a clean slate; we all have investments in desktop systems and valuable data collected down the years. Both must form part of the road map for adopting technology. Data, in particular, is the key to understanding what clients want and how to service them more effectively.

3. Think carefully about cloud. Cloud is receiving a lot of media attention at present because it has such great potential. Companies are already gaining enormous benefits in terms of reducing capital costs and providing a platform for collaboration and automation. The cloud enables many, if not most, of the benefits that flow from technology.

But transitioning everything into the cloud at once is not always practical, especially if one wants to get all the return possible on existing technology investments. In reality, too, many African finance professionals are hamstrung by connectivity that is not yet ubiquitous or cheap enough. For them, as for the majority of companies globally, a phased approach is going to be best. The end result, now known as hybrid cloud, will already take them to the next level, technologically speaking.

For example, hooking up an existing desktop application to the cloud can add great value by enabling better collaboration and the creation of a single data store. The latter will immediately eliminate the problems that come with re-entering information, and set the stage for further automation initiatives when they make sense.

It is particularly important to integrate the collaboration potential of cloud into your business plan. The moment a company starts to move into the cloud, it becomes possible for it to collaborate with fellow professional practices in other areas, both within the same country or across borders. As African regional trade continues to increase, this will mean that an auditing practice in Kenya will

no longer have to refer a client with Zambian interests to a Zambian practice, but will be able to participate in the work of servicing that client. This will not only strengthen the bottom line, it will also allow a relatively small practice to provide the reach that a much larger competitor offers.

Indeed, this ability to compete on equal terms with big competitors is a general benefit of technology.

4. Do not automate a sub-standard process. As noted above, to get the benefit of investment in technology, companies will automate as much as possible. It is surprising that so many companies simply automate their existing manual processes, failing to seize the opportunity to improve processes during automation. When automating: look at where you want to be in the future, and design your automated processes with the end goal in mind. That way, you will begin to build a company that is future-proof.

5. Integration is the key to harvesting the benefits of technology. This point is implicit in what I have been saying, but it is so important it needs highlighting. The aim must be a single file across the full life cycle of any client. Thus, for example, the data in a client's accounting package must automatically populate the software used to produce the annual financial statements, thus avoiding the errors and time required to transfer them manually. Cloud-based storage can be used to hold the supporting documents, and for collaboration with multiple branches. The task of consolidating the financials can thus also be automated.

All of these considerations will help ensure that financial professionals "leverage the machine" effectively, and get the biggest return on their technology investment. In conclusion, though, never forget that leveraging the machine is only valuable if it is done in such a way as to leverage humans as well. In the end, people do business with people but the trick is using machines to maximise the benefits of that contact for both parties.

Brief biography: Theuns Holtshousen, Divisional Business Leader CaseWare Africa.

Theuns Holtshousen, Divisional Business Leader for CaseWare Africa, an Adapt IT company, plays a pivotal role in the strategic direction and growth of the business across the African continent. His focus lies in market strategy and growing market share.

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adapt IT

By Angela Mutiso

UNDERSTANDING THE CLOUDS THAT FLOAT ABOVE US

Can You Imagine The Universe Without Clouds?

When we feel stuck, look at the sky. The clouds remind us that everything changes

Kelly Martin

Clouds are part of our water cycle, and our water cycle is the natural way of recycling our water so we can drink it again. Without the water cycle (and clouds), we would have no drinkable drinking water!

All over the world, each day, people make decisions based on the weather. Meteorologists' give you the forecasts which make it possible for you to make the right decisions and to plan your day.

National Aeronautics and Space Administration NASA (nasa.gov) points out that one of the most interesting features of Earth, as seen from space, is the ever-changing distribution of clouds; they are as natural as anything we encounter in our daily lives. As they float above us, we hardly give their presence a second thought. And yet, clouds have an enormous influence on Earth's energy balance, climate, and weather. Clouds are the key regulator of the planet's average temperature. Some clouds contribute to cooling because they reflect some of the Sun's energy—called solar energy or shortwave radiation—back to space. Other clouds contribute to warming because they act like a blanket and trap some of the energy Earth's surface and lower atmosphere emit—called thermal energy or long wave radiation.

Cloud systems also help spread the Sun's energy evenly over Earth's surface. Storms move across the planet and transport energy from warm areas near the equator to cold areas near the poles. (For more details on the topic of Energy Balance, refer to NASA Facts 2005-9-

074-GSFC). NASA notes that even small changes in the abundance or location of clouds could change the climate more than the anticipated changes caused by greenhouse gases, human-produced aerosols, or other factors associated with global change. In order for scientists to create increasingly realistic computer simulations of Earth's current and future climate, they'll have to include more accurate representations of the behavior of clouds.

Clouds can both cool the planet, by acting as a shield against the sun, and warm the planet, by trapping heat. But why do clouds behave the way they do? And how will a warming planet affect the cloud cover? Julie Chao writing for Berkeley Lab on the science of clouds - Why They Matter, and Why There May be Fewer of Them says; Lawrence Berkeley National Laboratory scientist David Romps has made it his mission to answer these questions. "We don't understand many basic things about clouds," Julie quotes him as saying: "We don't know why clouds rise at the speeds they do. We don't know why they are the sizes they are. We lack a

fundamental theory for what is a very peculiar case of fluid flow. There's a lot of theory that remains to be done."

The Earth's response to changes in atmospheric CO₂ is studied using what are known as global climate models (GCMs), which run on supercomputers. Due to computational limitations, however, these GCMs are unable to explicitly model atmospheric phenomena less than 100 kilometers in size. Since convective clouds have sizes closer to 1 km, they cannot be resolved by a GCM. "So the GCM has to ask a submodel: what clouds do I have and what are they doing?" Romps says (briefly); The submodel takes the temperature and humidity profile of a column of air and has to answer the question, "what's happening right now?" Unfortunately, despite decades of research and development on these submodels, they remain far from perfect.

A cloud may look like just a billowing mass of air, but cloud dynamics in fact involve complicated physics. One of the most important factors in cloud dynamics, for example, is entrainment, which is when

convecting clouds take environmental air and fold it into themselves as they are rising—a turbulent exchange of air between clouds and their environment. The more they do this, the less buoyant the cloud becomes and the less likely it is to rain. This process is difficult to study and build a model for because of the phase changes and complicating influence of latent heat being released.

What's worse, the entrainment rate may be the single most influential factor on climate models. "The entrainment rate is this parameter representing this really esoteric process, and it's the parameter to which the climate is most sensitive — that's an awful state of affairs!" Romps says. "We don't understand entrainment." How would an improved understanding and model of clouds affect the global climate model? "It would rain in the right places," Romps says. "The large-scale winds would look better because the release of latent heat drives a lot of those winds, and climate sensitivity would be better constrained because not only is the base state highly dependent on convective parameterization but the model predictions for future climate change are also very sensitive to that as well." Romps has also tested theories on how future climate change will affect clouds. One of the biggest predictions is that higher temperatures will result in, roughly, fewer clouds, or more precisely, a smaller convective mass flux. Lawrence Berkeley National Laboratory addresses the world's most urgent scientific challenges by advancing sustainable energy, protecting human health, creating new materials, and revealing the origin and fate of the universe. Founded in 1931, Berkeley Lab's scientific expertise has been recognized with 13 Nobel prizes. The University of California manages Berkeley Lab for the U.S. Department of Energy's Office of Science.

What are clouds made up of?

Clouds are made of tiny drops of water or ice crystals that settle on dust particles in the atmosphere. The droplets are so small - a diameter of about a hundredth of a millimetre - that each cubic metre of air will contain 100 million droplets. Clouds will either be composed of ice or water droplets depending on the height of the cloud and the temperature of the atmosphere. Because the droplets are so small, they can remain in liquid form in

temperatures as low as -30 °C. Extremely high clouds at temperatures below -30 °C are composed of ice crystals. But, how do clouds form? Metoffice (gov.uk) in a recent article explains that this happens when the invisible water vapour in the air condenses into visible water droplets or ice crystals. There is water around us all the time in the form of tiny gas particles, also known as water vapour. There are also tiny particles floating around in the air - such as salt and dust - these are called aerosols. The water vapour and the aerosols are constantly bumping into each other. When the air is cooled, some of the water vapour sticks to the aerosols when they collide - this is condensation. Eventually, bigger water droplets form around the aerosol particles, and these water droplets start sticking together with other droplets, forming clouds. Clouds form when the air is saturated and cannot hold any more water vapour, this can happen when: The amount of water in the air has increased - for example through evaporation - to the point that the air cannot hold any more water and when the air is cooled to its dew point - the point where condensation occurs - and the air is unable to hold any more water. The warmer the air is, the more water vapour it can hold. Clouds are usually produced through condensation - as the air rises, it will cool and reducing the temperature of the air decreases its ability to hold water vapour so that condensation occurs. The height at which dew point is reached and clouds form is called the condensation level.

So, what causes clouds to form?

It is caused by: Surface heating - this happens when the ground is heated by the sun which heats the air in contact with it causing it to rise. ; Topography or orographic forcing - The topography - or shape and features of the area - can cause clouds to be formed. When air is forced to rise over a barrier of mountains or hills it cools as it rises. Layered clouds are often produced this way; Frontal - Clouds are formed when a mass of warm air rises up over a mass of cold, dense air over large areas along fronts. A 'front' is the boundary between warm, moist air and cooler, drier air; Convergence - Streams of air flowing from different directions are forced to rise where they flow together, or converge. This can cause cumulus cloud and showery conditions; Turbulence - A

sudden change in wind speed with height creating turbulent eddies in the air. It concludes that the range of ways in which clouds can be formed and the variable nature of the atmosphere results in an enormous variety of shapes, sizes and textures of clouds.

A summary from NASA

Satellite observations of global cloudiness, are leading to the most accurate and comprehensive database of Earth's clouds ever obtained. The observations will improve as future satellite missions with greater observing capabilities are launched. These observations are important for improving and validating models of Earth's climate, and for seasonal and longer-term climate predictions. Scientists are gaining new insights into how clouds control atmospheric and surface temperature, atmospheric humidity, and atmospheric and oceanic circulation and precipitation patterns, all of which affect our daily lives in fundamental ways.

The Earth-Sun System Division in NASA's Science Mission Directorate is dedicated to connecting these Earth observations to practical applications in society so that its science results serve society and the maximum number of people possible benefit from NASA research. This is a manifestation of NASA's vision to improve life here and its mission to understand and protect our home planet.

SOME CLOUDY QUOTES

Heavy hearts, like heavy clouds in the sky, are best relieved by the letting of a little water.

Christopher Motley


- *Try to be a rainbow in someone's cloud - Maya Angelou*

- *Some people are like clouds, when they go away it is a beautiful day!*

- *"The clouds, - the only birds that never sleep." - Victor Hugo*

- *Clouds come floating into my life, no longer to carry rain or usher storm, but to add colour to my sunset sky - quotesloveandlife.com*

cananews@gmail.com



John Fitzgerald Kennedy was an American statesman who served as the 35th President of the United States

THE UNCOMMON THOUGHT CREATES THE GREAT LEADER

By Joseph Nyanchama

Many leaders are concerned about the state of their countries and are discouraged because they do not know that just one uncommon thought can make a major difference.

There is a unique thought from an anonymous writer that inspired me and it

goes “When I was young my imagination had no limits, I dreamed of changing the world. As I grew older and wiser, I discovered the world would not change, so I shortened my sights and decided to change only my country. But it seemed immovable. As I grew into my twilight years, in one last desperate attempt, I settled for changing my family, those

closest to me. But alas, they would have none of it. And then as I lay on my deathbed, I realized if I had only changed myself first, then by example I might have changed my family! From their inspiration and enthusiasm, they could then change the community, who could then change other communities, which would then change the country. If the



country could be changed then the world could be changed.”

Putting this anonymous writer’s statements into perspective, I conclude that the key to changing the world is to make uncommon decisions that do not conform to what majority do. I mean to be great, it is necessary to think uncommon thoughts, do uncommon things and go

after uncommon ideals. Rolo May, the great psychologist and author of *Man’s Search for Himself* said, “The opposite of courage is not cowardice but rather conformity.” Conformity is people acting like everyone else without knowing where they are going and without questioning why. We dissolve into the mainstream rather than choose to be distinct. We tend to go with the flow rather than directing the flow. We have witnessed this behavior in our political landscape in Kenya where one leader says something and millions follow without a second thought. This behavior is as a result of ‘group think’ which occurs without distinct individual uncommon thought.

President John F. Kennedy after he and a group of close advisors had blundered into the Bay of Pigs asked, ‘How could we have been so stupid?’ Stupidity was certainly not the explanation. The group who made the decision was one of the greatest collections of intellectual talent in the history of American government. So

the question arises, ‘Why did the blunder occur?’ Without distinct independent thoughts, even the cleverest, most high minded and well mentioned of people can get into a blind spot.

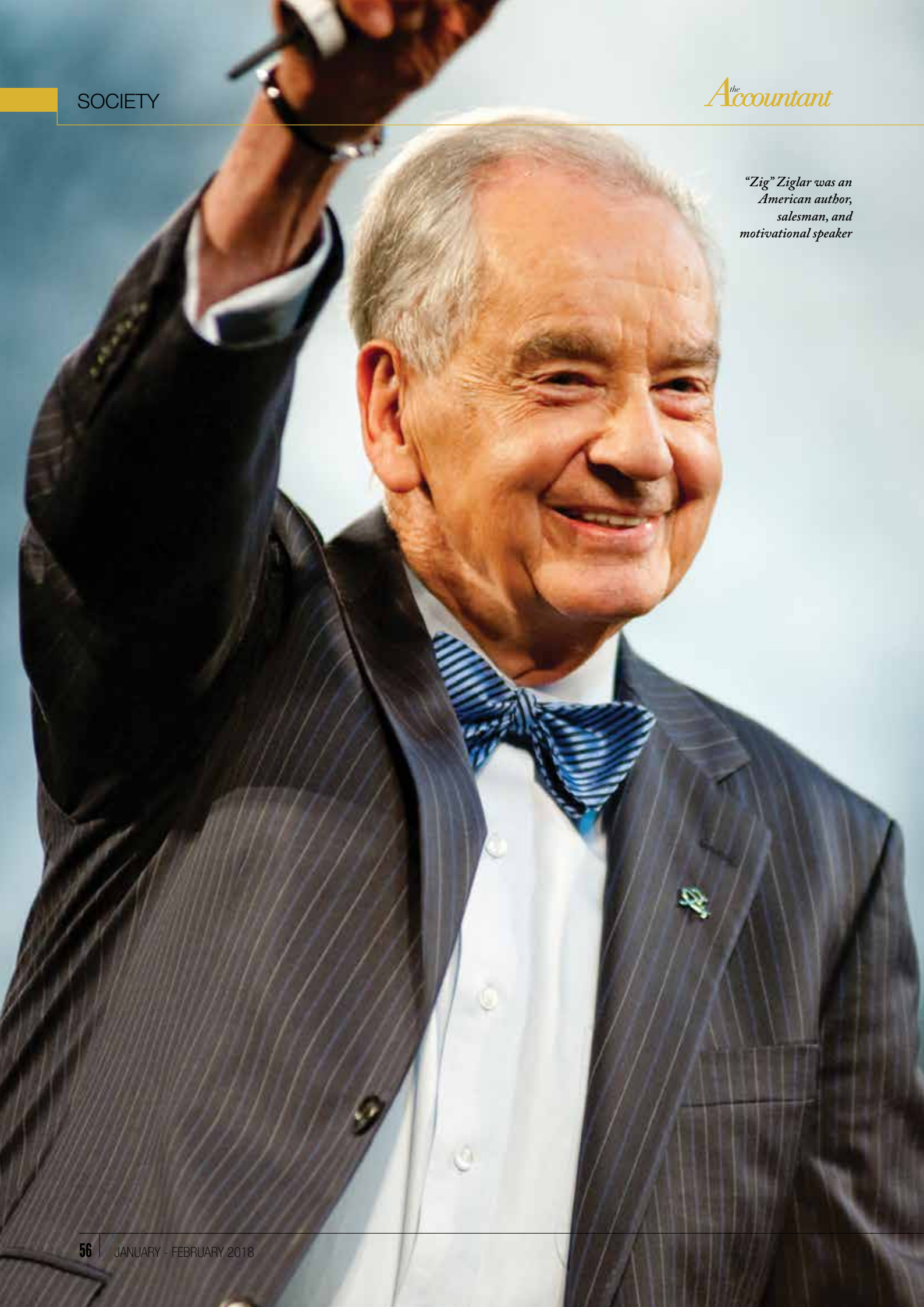
Karl Weick describes an experiment by Gordon Sin by saying that if you place in a bottle a dozen bees and the same number of flies, and lay the bottle down horizontally with its base to the window, you will find that the bees will persist till they die of exhaustion or hunger in their endeavor to discover an issue through the glass. On the other hand, the flies, in less than two minutes will all have escaped through the neck on the opposite end. What reason is offered for this finding? For the case of bees, it is their love of light and their very intelligence that is their greatest undoing. They evidently imagine that the issue from every prison must be there where the light shines clearest and they act in accordance and persist in too logical action. The flies, careless of logic, flutter wildly hither and thither

“

President John F. Kennedy after he and a group of close advisors had blundered into the Bay of Pigs asked, ‘How could we have been so stupid?’ Stupidity was certainly not the explanation. The group who made the decision was one of the greatest collections of intellectual talent in the history of American government. So the question arises, ‘Why did the blunder occur?’

Without distinct independent thoughts, even the cleverest, most high minded and well mentioned of people can get into a blind spot.

*"Zig" Ziglar was an
American author,
salesman, and
motivational speaker*



and discover the opening that restores liberty to them.

I am using the finding of this experiment to reinforce a point that any leader or person who wishes to be great must encourage independent thoughts and he or she must think in uncommon ways without necessarily following the so called advisors blindly. President Theodore Roosevelt had a common philosophy which made him stand out from the crowd. He said, "I choose not to be a common man. I do not wish to be a kept citizen humbled and dulled by having the state look after me. I will refuse to live from hand to mouth. It is my heritage to stand erect, proud and unafraid and act for myself and face the world boldly." These words portray Roosevelt as a man who always had independent thoughts and indeed he was. Due to this he was undoubtedly one of the greatest Presidents The United States has ever had.

Many times you hear people say in the political and business world that the leader is good but his advisors are the ones who mislead him or her. Remember that many times people buy what they want to buy but not what they need to buy. In other words, people buy things from people they like and in fact this is a proven customer behavior. Similarly, leaders do not get the advice they need but get advice for the kind of people they are. Loyalty to the leader's thoughts always overrides the conscience of each advisor. The advisors conform to the thoughts of the leaders and therefore end up becoming mind guards. They set themselves up as bodyguards to the decision. You hear them say, 'He needs all the support we can give him.' The doctrine of collective responsibility

“

**Zig Ziglar said,
“If you and your
boss reason the
same, one of you is
redundant.” If one
is redundant then
it means he is not
productive.**

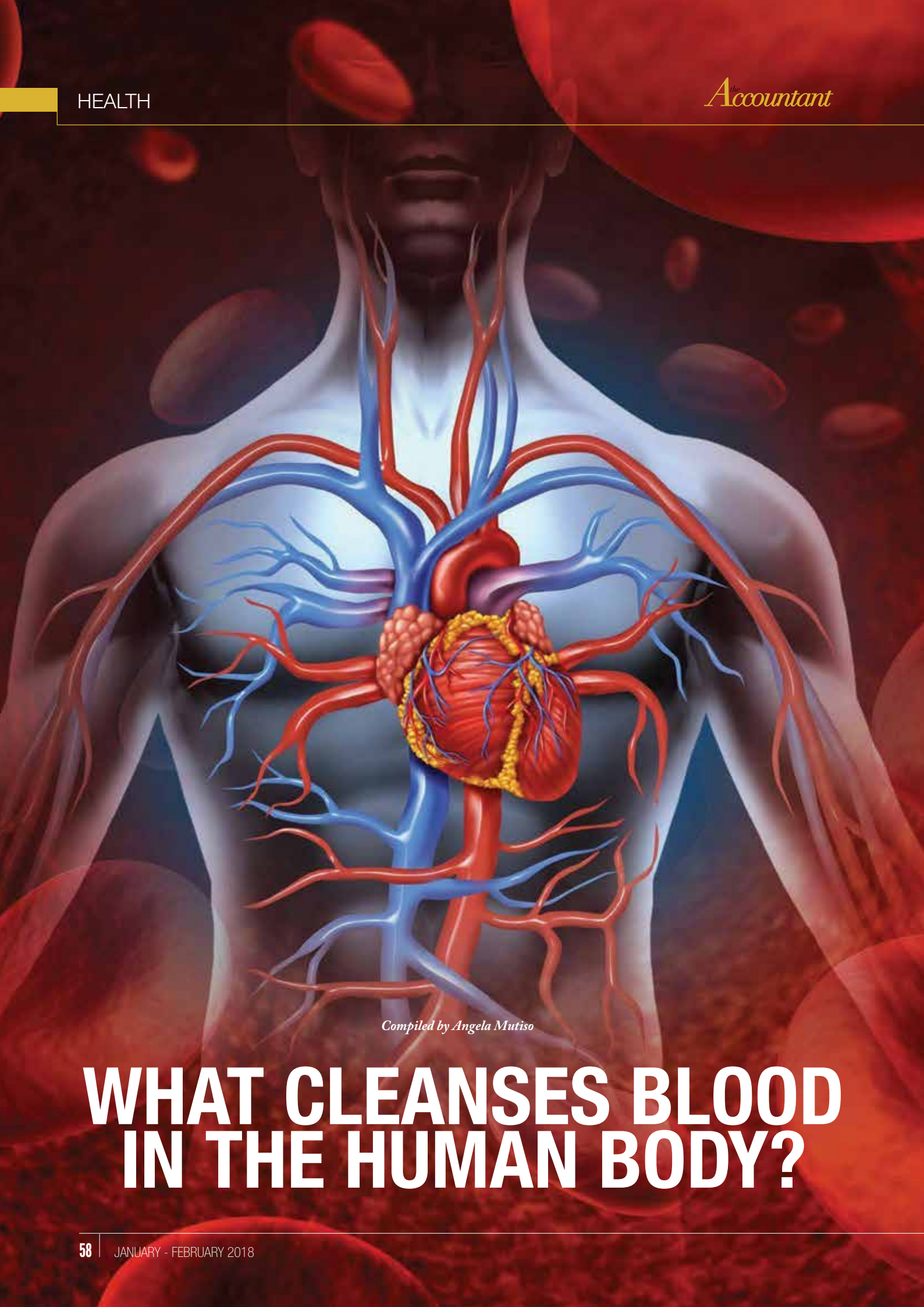
**Therefore folks, I
say to you ‘If you
wish to be great,
do it your way.
Think uncommon
thoughts, do
uncommon things,
and as Henry David
Thoreau said, “If
one advances
confidently in
the directions of
his dreams, and
endeavors to live
the life which he
has imagined, he
will meet with a
success unexpected
in uncommon
hours.”**

is invoked to stifle dissent thoughts that are outside the leader's thinking. They all want to reason in a common way like their leader and end up coming up with messed up decisions. No wonder many decisions that are made by leaders are so unpopular. Zig Ziglar said, "If you and your boss reason the same, one of you is redundant." If one is redundant then it means he is not productive.

John Henry Fabre placed caterpillars in a circle. For twenty four hours the caterpillars dutifully followed one another round and round. Then Fabre placed the caterpillars around a saucer full of pine needles (their favorite food). For six days the mindless creatures moved round and round the saucer, dying from starvation even though abundance of their food of choice was located less than two inches away. This experiment helps leaders to distinguish motion from progress and productivity from activity. A productive leader is the one who thinks of uncommon thoughts; one who does not let present circumstances stop him. He makes his dream come true by becoming creative and allowing his mind to soar. One who finds himself in the same environment which breaks others whereas he breaks the record.

Therefore folks, I say to you 'If you wish to be great, do it your way. Think uncommon thoughts, do uncommon things, and as Henry David Thoreau said, "If one advances confidently in the directions of his dreams, and endeavors to live the life which he has imagined, he will meet with a success unexpected in uncommon hours."

nyanchamajoseph@gmail.com



Compiled by Angela Mutiso

WHAT CLEANSSES BLOOD IN THE HUMAN BODY?

Researchers have always been aware of the potential of healthy eating to cleanse our blood and to rid bacteria from our bodies. Apart from regular exercise, there are certain foods that we need to eat frequently because of the antioxidant benefits that they provide. Although generally misunderstood, cleansing the blood is perhaps one of the most important weapons for achieving wellness and beating cancer.

How is your blood purified and why is it done?

You should cleanse your blood in order to rid toxins from your body and stay healthy. This is because the health of your blood is closely connected with your body's immune system and capacity to fight infections. Blood provides your body's cells with oxygen and nutrition and eradicates waste. So by purifying your blood you naturally protect your body against infections and diseases.

Blood is made up of 4 main components: plasma, red blood cells, white blood cells, and platelets. According to Dr. Matthew Hoffman on WebMD, plasma makes up about half of your blood volume. Plasma contains blood clotting proteins, glucose, and other nutrients. Purifying the blood naturally through the body's own cleansing system helps you fight bacterial, viral, and fungal infections more effectively. The two

main organs involved in cleansing toxins and pollutants from the blood are the liver and kidneys. According to PubMed Health, your liver helps to break down foods so that we get the proper nutrients from them. The liver also detoxifies and removes harmful substances from the blood where they get flushed out in urine or get released in the bowel.

Your kidneys actually play an important role in cleansing your blood from harmful toxins. For example, the National Institute of Diabetes and Digestive and Kidney Diseases points out that the kidneys prevent a buildup of waste and fluid in the body. They filter out waste products and help to detoxify and purify the blood. There are many foods and herbs that help your liver and kidneys to function better so that they filter out toxins and keep your blood clean. Some natural remedies also include ingredients that have antibacterial and antiviral properties that assist in keeping blood healthy. (healthyandnaturalworld.com)

So what steps should you take to cleanse your blood?

Drink water pure, clean water helps flush out unwanted toxins. It is vital to drink the right amount of water per your body weight; eat a healthy cleansing detox diet; exercise and stretch your body daily; stimulate your skin to detox naturally; sweat for perspiration waste elimination

and reduce stress. Today, with more toxins in the environment than ever, "it's critical to detox," says Linda Page, N.D., Ph.D., the author of *Detoxification: Programs to Cleanse, Purify and Renew*. Page recommends detoxing for symptoms such as: unexplained fatigue, sluggish elimination, irritated skin, allergies, low-grade infection, puffy eyes or bags under the eyes, bloating, menstrual problems, mental confusion (GAIAM)

Foods that can cleanse your blood include among others Apples beetroot, avocado, broccoli, cabbage, carrots, flaxseeds, garlic, ginger, kale, onion, parsley, pineapple, spinach, turmeric, wheat grass, lemons, coriander and asparagus. Below is a brief account of how we can benefit from some of them.

Beetroot

Beet root has been known to be one of the best natural blood cleansers. Z living, a leading media brand dedicated to showcasing the best of healthy lifestyle and wellness across multiple media platforms, including television, web, and on-demand streaming, describes it beautifully. It says: A root vegetable, beets have been cultivated and eaten for thousands of years. Most notably known for its ruby red color and a peculiar earthy taste, this vegetable which is a favorite amongst athletes is a nutritional powerhouse. Abundant in antioxidants, C, B1, B2, B6 vitamins, folic



and pantothenic acid, and the minerals – potassium, phosphorus, magnesium, calcium, sodium, iron, zinc, beetroot can be regarded as a secret weapon not only to enhance fitness but protect your heart, brain and stave off cancer. What's more, with only 43 calories in 100 grams, beetroot is the ideal vegetable for weight watchers. Beetroots are a great shield against cancer. Betacyanin, the phytonutrient that gives beet its rich crimson hue, is a powerful antioxidant which has been shown to deprive the growth of cancer cells. Beetroot extracts have been studied extensively in the prevention and treatment of several types of human cancer in the laboratory.

Betanin, the major betacyanin constituent, is thought to play an important role in the cytotoxicity exhibited by the red beetroot extract. Research has highlighted its vital role in preventing prostate, breast, pancreatic and lung cancer. Apart from its chem-protective properties, beetroots are also a great way to detox the system. zliving further says you can make a healthy detox juice by blending beets with a few fresh carrots, some apples and some green. Top this with some lemon juice to make a healthy breakfast smoothie. Nutritionists recommend eating raw beets closest to their natural form as opposed to boiling and eating them. Beets lose a lot of their nutritional value if cooked more than 15 minutes. Apart from making healthy vegetable juice, you add them to your salads by thinly slicing or shredding them for a raw topping it advises.

Apples - Keeping your colon clean says family life goals, means helping it move excrement from your body, reducing a build-up of toxins, but also keeping those toxins from creating an impenetrable wall on the inside of your colon. That wall can mean good nutrients aren't crossing over into your body. The apple diet provides huge amounts of fiber to your body, helping to clean out the entire gunk in your colon. Apples are beneficial for resetting your nervous system. Apples are also rich in minerals, vitamins and fiber; they have very few calories, amounting to around 80 to 100 calories depending upon the size of the fruit. You can eat a ton of these a day (actually around 3-3.5 lbs) Garlic - is anticancer and anti cholesterol. Reduces blood pressure, thins blood and makes blood flow easy. It also prevents infections from burns, cleanses the liver

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Beetroot can be regarded as a secret weapon not only to enhance fitness but protect your heart, brain and stave off cancer. What's more, with only 43 calories in 100 grams, beetroot is the ideal vegetable for weight watchers. Beetroots are a great shield against cancer

and is a natural antibiotic.

Meanwhile, talking about cleansing your arteries, fishertitus discussing cleansing your arteries, mentions some of the foods indicated below;

Avocado - helps reduce the “bad” cholesterol and increase the “good cholesterol” that helps to clear the arteries. It also contains vitamin E, which prevents cholesterol oxidation, as well as potassium, which is known to lower blood pressure... Avocados are a

delicious replacement for mayo on a sandwich, or as a salad topping, and of course, in guacamole.

Watermelon - is a great natural source of the amino acid L-citrulline, which boosts nitric oxide production in the body. Nitric oxide causes the arteries to relax, decreases inflammation and can help lower blood pressure. Watermelon also helps to modify blood lipids and lowers belly fat accumulation. Less fat in the abdominal area lowers the risk of heart disease.

Turmeric - Inflammation is a major cause of arteriosclerosis, or the hardening of the arteries. Turmeric reduces the damage to arterial walls, which can cause blood clots and plaque build-up. Turmeric also contains vitamin B6, which helps to maintain healthy levels of homocysteine,



which can cause plaque buildup and blood vessel damage in excess amounts.

Spinach - is filled with potassium, folate and fiber, which helps lower blood pressure and prevents artery blockage. One serving per day helps lower homocysteine levels, a risk factor for heart diseases such as atherosclerosis. It doesn't matter if you eat it raw or cooked, the benefits are the same. So try it in salads, smoothies and even on your omelet.

Whole Grains - contain soluble fiber, which binds to the excess LDL cholesterol in your digestive tract and removes it from your body. Whole grains also contain magnesium, which dilates blood vessels and keeps your blood pressure at regular levels.

Pineapple: according to organic facts helps improve oral and eye health, reduces inflammation of joints and muscles, boosts immunity and improves blood circulation it helps heal wounds and protects against infections, helps prevent arthritis, cancer and heart diseases, helps to heal wounds and protects against infections. It reduces risk of dementia and Alzheimer's disease and protects against constipation and irritable bowel syndrome. It warns that overdose may cause vomiting, nausea and headaches, it warns.

Wheatgrass - as explained by healthline is packed with a powerful combination of nutrients that make it extremely useful to your health. It has many therapeutic benefits and is known as complete nourishment. The extensive combination of vitamins and nutrients may make wheatgrass an exceptional choice to enhance your well-being. Wheatgrass has antioxidant, antibacterial, and anti-inflammatory properties. It can eliminate toxins; help with digestion,

boost your metabolism, lower cholesterol, boost your immune system, It can give you energy, lower your blood pressure, increase blood cell count, improve blood circulation and cognitive function. Wheat grass can also relieve anxiety, and help ward off Alzheimer's disease, diabetes and arthritis. Healthline further clarifies that one 2007 study found that people with breast cancer undergoing chemotherapy reduced their toxicity levels by taking wheatgrass juice. This may be because of its high chlorophyll content. Wheatgrass may also lower myelotoxicity that is caused by chemotherapy. Myelotoxicity reduces bone marrow function and can increase your risk for infection.

No doubt, there are several other steps you can take to stay healthy. As we have seen, the liver, kidney and spleen all play a role to play in cleansing your blood. Understanding what you should eat, and do will go a long way towards keeping you healthy and decontaminating your blood, thereby reducing your chances of getting sick.



Health Tips

- The basis of a healthy diet pattern should be to replace processed food with real food whenever possible. Eating food that is as close as possible to the way nature made it can make a huge difference to the way you think, look, and feel.
- Daily exercise and weight control will make you feel great!
- Fruits and vegetables will always win
- He who goes out of his house in search of happiness runs after a shadow
- The only thing that ever sat its way to success was a hen; get up and do something

THE POWER OF MENTORING

The time you take to sharpen your tools is never wasted

Compiled by Angela Mutiso



Have you ever asked yourself how many people in your life have had a degree of influence on you and how they have helped you become who you are today? Most mentoring associations are informal and your mentor may hardly know the profound impact he/

she) has made in your life and outlook.

What is mentoring why is it significant? Who has made the greatest impact in your life?

"Mentoring" is a process that always involves communication and is

relationship-based, but its precise definition is elusive with more than 50 definitions currently in use. One definition of the many that have been proposed, is; Mentoring is a process for the informal transmission of knowledge, social capital, and the psychosocial support perceived by the recipient as relevant to work, career,

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Mentors inspire, give sage advice, share perspective, motivate and help each of us develop new skills and new ideas. Mentors do more than help new employees learn the basics of the workplace.

or professional development; mentoring entails informal communication, usually face-to-face and during a sustained period of time, between a person who is perceived to have greater relevant knowledge, wisdom, or experience (the mentor) and a person who is perceived to have less (the protégé)”. In the United States, advocates for workplace equity in the second half of the twentieth century popularized the term “mentor” and concept of career mentorship as part of a larger social capital lexicon - which also includes terms such as glass ceiling, bamboo ceiling, networking, role model and gatekeeper - serving to identify and address the problems barring non-dominant groups from professional success. Mainstream business literature subsequently adopted the terms and concepts, promoting them as pathways to success for all career climbers. In 1970 these terms were not in the general American vocabulary; by the mid-1990s they had become part of everyday speech (Wikipedia)

Most of us were greatly influenced by our relatives and friends we grew up with...not forgetting our parents (I give credit to dad Clement and high school headmistress Sr. Antoinette). Our attitudes at work and at home and our social interactions and perceptions have been greatly influenced by so many people. Believe it or not, nearly everyone needs a mentor. Prospective successful business owners need assistance from others who have an inside understanding of how business works. Many small business owners try to get that information by reading. These can be useful alright; however, they are more helpful when combined with business mentoring. In a business mentoring relationship, a tested business owner links up with a new or likely business owner one-on-one to advice and encourage him/her.

Aston University explains that while Peer Mentoring can provide valuable support for students at critical points in their student life, it offers a host of other benefits for both mentor and mentee. Peer mentoring is a mutual way of learning and allowing both participants to develop transferable skills that will help them during their time at university and beyond. They say one Christiana, a final year Pharmacy student and Placement Mentor, told them about the benefits she gained through the programme- sample this;

Benefits of being a Mentee

- Gain practical advice, encouragement and support
- Learn from the experiences of others
- Increase your social and academic confidence
- Become more empowered to make decisions
- Develop your communication, study and personal skills
- Develop strategies for dealing with both personal and academic issues
- Identify goals and establish a sense of direction
- Gain valuable insight into the next stage of your university career
- Make new friends across year groups

Benefits of being a Mentor

- Improve communication and personal skills
- Develop leadership and management qualities
- Reinforce your own study skills and knowledge of your subject(s)



- Increase your confidence and motivation
- Engage in a volunteering opportunity, valued by employers
- Enhance your CV
- Increase your circle of friends
- Gain recognition for your skills and experience
- Benefit from a sense of fulfillment and personal growth ...

How did mentoring come about?

Huffington Post, in a document titled, power of mentoring for social change By Eli Wolf and Dr. Mary Hums states that: Mentoring is a modern, yet ancient, concept dating back to the classic tale of adventure and personal challenge known as *The Odyssey*. When Homer, the story's main character, goes off to war, he leaves his son Telemachus in the care of a trusted friend named Mentor who serves as a teacher and caretaker for the young man in his father's absence. Over the years, while the settings and circumstances to use a mentor have changed, the essence of Mentor's role lives on.

Today, just as in ancient times, mentoring is essential on so many levels. Mentors inspire, give sage advice, share perspective, motivate and help each of us develop new skills and new ideas. Mentors do more than help new employees learn the basics of the workplace. They also help others develop values and new

perspectives on the world. Mentors who embrace and embody social change, help mentees develop a sense of social impact. As a raft of mentees heads out into the world, their mentors' influence goes with them, impacting the future growth and development of social movements around the globe. Through mentoring, the human face of history is shared with the next generation, and we see how mentoring relationships sustain the efforts to build and expand civil rights and human rights through working for social change.

The authors further explain that a mentor must care about the people he or she is mentoring, not only about a specific issue or topic, but more broadly must care about mentees as whole persons. The mentor must also be available to stay in touch with those he or she mentors, meaning mentoring is a truly sustainable relationship. A mentor must also think of himself or herself as a role model, taking responsibility for the actions, activities and words he or she displays and represents. From the perspective of a mentee, a great mentor cares, is available and represents as a true role model. Remember, too, that the mentoring relationship is also a two-way street, and mentees must be willing to invest their time, energy and actions into heeding the wisdom shared with them. Meanwhile, discussing the power of a mentor, Dr. Don Meyer President of Valley Forge Christian College, Phoenixville explains that mentors can

give you insights you did not know, as they pass along information or perspectives which we need to hear. They come to us with wisdom which they have gathered over the years; they show you blind spots you couldn't see. They can be objective. If we allow them, they can point out attitudes or behaviors which if left uncorrected, can cause us enormous harm. They can show you strengths you hadn't developed; he says the positive, personal notes by his favorite professor on the research papers for his classes literally breathed life into his spirit. "His words spoke to my weaknesses and empowered me to keep going" he notes. Through them, you can get to have disciplines you couldn't build and potential you never understood. Mentors see potential that we don't see in ourselves. Meyer fondly narrates that one of the most important mentors in his life was Nathan Meyer, his father's cousin. When he wasn't sure what he should do, he asked him, "Should I or should I not go to college?" His advice to him; "The time you take to sharpen your tools is never wasted." "I wonder where I would be today had I not gone to college just then" - he wonders. Meyer adds that not only did he get an education, but that is also where he met Evie (his wife). He suggests that this may be a good day to make a list of all the formal and informal mentors we have had; they have indeed changed us forever.

In an in-depth article titled Seeking

a Mentor in a First Job Ginger C. Meyette, MSW, LISW, Ph.D wrote (for the new social worker) that a mentor in your new job should be someone who is experienced in the kind of work you will be doing, as well as in the work of this particular agency. This person should be able to take you under his or her wing, take you on home visits (if that is part of the job), guide you in the fine points of agency paperwork, and listen to you as you talk about your hopes and fears related to this new job. With a wise mentor early on in your career, you will be able to spread your own wings and work independently much sooner than you will if you have to navigate the responsibilities of this new job all on your own. Meyette says mentoring is important for many reasons: Agencies often house many different programs, sometimes in multiple

buildings. A mentor who has been in the agency for at least a year can often anticipate some of your questions before you know enough about the agency to ask them. This guided navigation through the various parts of the agency can be a lifesaver and contribute toward your own stress reduction during your first weeks at your new agency. A competent mentor can introduce you to various staff, accompany you to meetings, and pave the way for your acceptance into the milieu. Observing how your mentor interacts with other staff members can help you to see strategies that seem to work, so you do not inadvertently blunder into social and professional danger zones. Paper work and documentation are different in every social work job. A mentor can guide you through the intricacies of this part of your work, as well, helping you to see

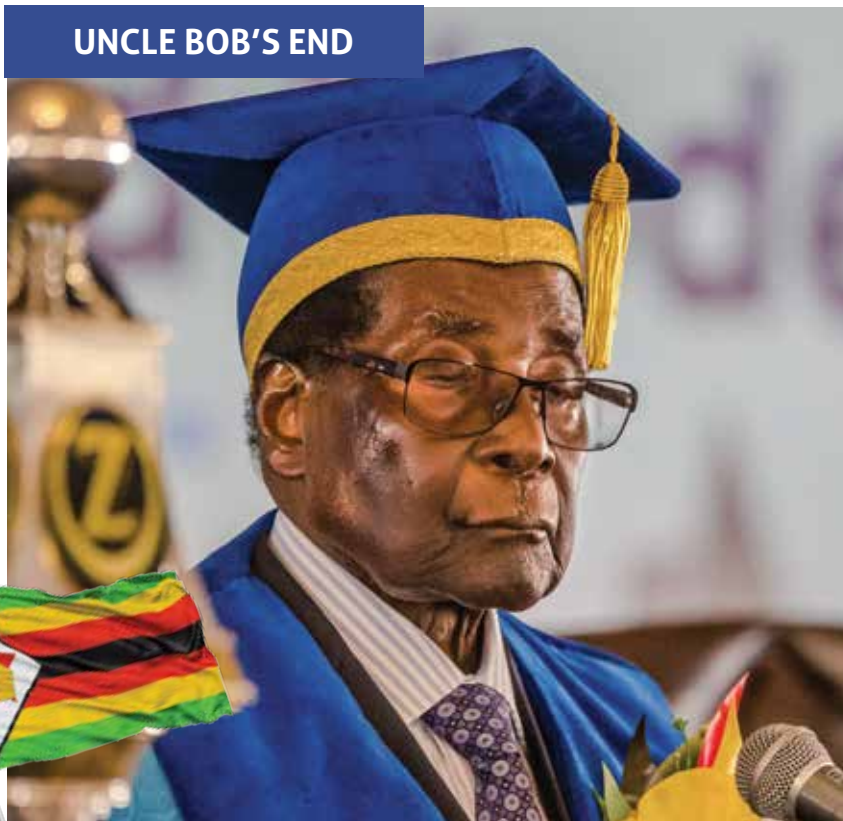
the importance of the documentation in “telling the story” of your work with each client, so colleagues can work effectively with you in providing services. Mayette says her mentor embodied the knowledge, skills, and values she has learned to value in social work. She was able to weave a safety net around her while, at the same time, allowing and encouraging her to spread her wings and fly. In seeking a mentor, she suggests that, during the first few weeks in your job, try to shadow as many social workers as possible (if there are multiple social workers in your agency), so you can observe their different styles of working. Ask one person whose style you admire whether he or she would be willing to serve as a mentor for you, at least during your first year.

Who was/is your favorite mentor?



*Cristiano Ronaldo
congratulated by
his old Manchester
United mentor Sir
Alex Ferguson*

UNCLE BOB'S END



Like any 93-year-old, Robert Mugabe nodded off often and struggled to maintain his health, and yet he seemed immortal. He'd resisted stepping down as president for over a decade, using questionable election results and brute force to stay in power. Citizens tried and failed to force him to step down.

Then, the military that had propped him up for years yanked him from power in a surprise move on Nov 14. The military has, without irony, said they are intervening specifically to stop Grace Mugabe's ascension to power. Their intervention was triggered by the axing of deputy president Emmerson Mnangagwa pushed aside in a "bedroom coup." Sidelining political rivals is a move that has served Mugabe well throughout his political career, but this time, he overestimated his power. Mnangagwa has returned to Harare, and Grace Mugabe has yet to surface in public.

Source: Quartz Africa Weekly Brief

PRINCE HARRY TO MARRY HIS AMERICAN ACTOR GIRLFRIEND MEGHAN MARKLE

Prince Harry is to marry his American actor girlfriend Meghan Markle in spring next year, Clarence House has announced. "His Royal Highness the Prince of Wales is delighted to announce the engagement of Prince Harry to Ms Megan Markle," it said in a statement. The ceremony is likely to be conducted by Justin Welby, the archbishop of Canterbury, who said he was delighted by the news and had been impressed by Harry's "immense love for his family". Harry's brother and sister-in-law, Prince William and Kate, said: "We are very excited for Harry and Meghan. It has been wonderful getting to know Meghan and to see how happy she and Harry are together."

Clarence House said the couple got engaged in London earlier this month. They were expected to show off the engagement ring at a photo call later. A date and venue for the wedding will have been decided already, with March being the most likely month, leaving enough time to ensure Kate is not about to give birth to her third child.

Source: the guardian



Sample some of Africa.com's selected stories, and then follow them up on the web.

ADrift in ALGIERS: AFRICAN MIGRANTS MAROONED IN A NEW TRANSIT BOTTLENECK



Residents say the house feels like a prison. Situated on the outskirts of Algiers, it has two floors, no roof, piles of bedding - and a teeming microcosm of at least 30 itinerant West Africans. The inhabitants come and go - people from Cameroon, Guinea, and Niger. They conduct their love affairs, conflicts, business, card games, and look for work wherever they can find it. Their principal aim is to move further north, to Europe. But since neighbouring Libya cracked down on migrants using its beaches as a launch pad to Europe, passage through Algeria has become more complicated. "Almost everyone we knew [there] is in Europe now," Josiane, a Cameroonian woman, said, looking at a picture of friends who have made it to Italy.

Source: *the guardian*

KENYANS TO GET CHEAP SOLAR POWER



From early 2018 Kenyans may get cheaper solar power from independent solar producers. This will be following an auctioning policy that would cut the cost at which the utility firm, Kenya Power, buys electricity from photovoltaic (PV) firms by half. This was announced by Dr Ken Tarus, Kenya Power's Managing Director and CEO on 24 October 2017. Dr Tarus said that the cost at which the company buys power from solar firms in Kenya will fall from Sh12 (US\$0.12) per kilowatt-hour to only Sh6 (\$0.06) per kilowatt-hour.

African Business Review

ARE ECONOMIC PARTNERSHIP AGREEMENTS HURTING OR HELPING AFRICA?

Since colonial times, African countries have been structured to supply primary goods or raw materials to European ones, which then exported manufactured products back to the continent.

Source: *African Business Magazine*



OPPORTUNITY FOR INVESTMENT IN GHANA'S HOSPITALITY INDUSTRY

As the industry continues to grow, novel avenues continue to emerge for investment along the value chain.

Source: *Africa.com*

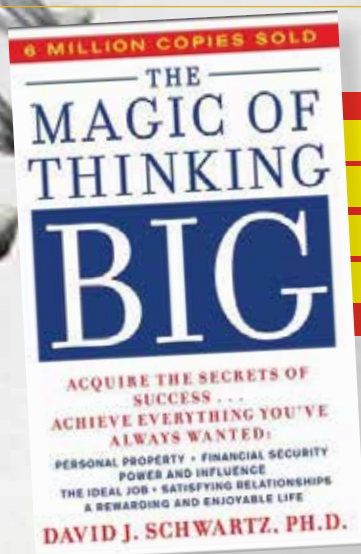


NIGERIA OIL SPILLS: SHELL BEGINS CLEAN-UP AFTER 10-YEAR DELAY

The clean-up of a contaminated fishing community in Nigeria has finally started, almost 10 years after two oil spills in Niger River Delta. In 2008 and 2009, Royal Dutch Shell's 55-year-old pipeline ruptured and spilled millions of litres of crude oil into the creeks and shores of Bodo.

Source: *AlJazeera*





Reviewed by Angela Mutiso, cananews@gmail.com

Title: The magic of thinking big

Author: David J. Schwartz

Category: Self help

Publisher: Fireside



Dr. David Schwartz, long regarded as one of the foremost experts on motivation, has provided his readers with invaluable information. Ideas they will cherish for as long as they live. This captivating book, starts with a bang, gets you absorbed through out and then, just like it started, ends with a bang. The summary the author gives at the end is a real recap of what he teaches us in the book. He says to be a more effective leader, some of the things you must do are; trade minds with people you want to influence; it is easy to get others to do what you want them to do if you will see things through their eyes. Secondly, apply the 'be human' rule in your dealings with others; ask, what is the human way to handle this? Third, think progress, believe in progress, push for progress; think improvement in everything you do. Four, take time to confer with yourself and tap your supreme thinking power. Managed solitude pays off. Use it to release your creative power.

The powerful topics he covers in this engaging book include issues we come across in our everyday lives. The first chapter for example is titled; believe you can succeed and you will, chapter two is titled; cure yourself of excusitis, the failure disease. In subsequent chapters, he tells you to build confidence and destroy fear, how to think big, how to think and build creatively, you are what you think you are, manage your environment; go first class and make your attitudes your allies. Other topics include: Think right toward people, get the action habit, how to turn defeat into victory, use goals to help you grow and how to think like a leader. The book referred to as a masterpiece by many has

been reviewed severally- sample some: More than 6 million readers around the world have improved their lives by reading *The Magic of Thinking Big*. First published in 1959, David J. Schwartz's classic teachings are as powerful today as they were then. Practical, empowering and hugely engaging, this book will not only inspire you, it will give you the tools to change your life for the better - starting from now. His step-by-step approach will show you how to: - Defeat disbelief and the negative power it creates - Make your mind produce positive thoughts - Plan a concrete success-building programme - Do more and do it better by turning on your creative power - Capitalise on the power of NOW Updated for the 21st century, this is your go-to guide to a better life, starting with the way you think.

The book, instructs people to set their goals high and think positively to achieve them. The author gives a step-by-step guide on how to achieve what one wants by changing their thought patterns and thought habits.

Schwartz argues that the major thing holding people back is the relative smallness of their thoughts. He explains the importance of 'Thinking positively toward oneself' He begins the book by relating a story of a salesman who sells significantly more product and makes more money than his co-workers. Schwartz points out that the man was not smarter, more educated or better connected than his colleagues. According to Schwartz, the man expected

to sell more so he did. Another important idea that Schwartz reminds us through this book is - 'To see what can be, not just what is'. He explains that visualization adds value to everything and thinking big means training oneself to see not just what is, but what can be.

The next message the book gives its readers is the necessity of - 'Broadcasting good news' He explains transmitting good news is win win, and we feel better and so do the people we are talking to. In this book, David J. Schwartz, talks about; "Make Your Attitudes Your Allies." Millions of readers around the world have improved their lives through the timeless advice David Schwartz offers in *The Magic of Thinking Big*. In this bestselling guide, Schwartz proves you don't need innate talent to become successful, but you do need to understand the habit of thinking and behaving in ways that will get you there.

There is a hard cover version: Filled with easy-to-understand advice, the special hardcover edition—perfect for gift giving—will put you on the road to changing the way you think, helping you work better, manage smarter, earn more money, achieve your goals, and most importantly, live a fuller, happier life.

It is an educative and informative book, no doubt.

This book is available in all leading bookshops and from some street vendors.

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More than 6 million readers around the world have improved their lives by reading *The Magic of Thinking Big*. First published in 1959, David J. Schwartz's classic teachings are as powerful today as they were then.

"Despicable" trade "from another era". These modern slavery practices must end and the African Union will use all the tools at its disposal,"

AU chairman, President Alpha Conde of Guinea; He was demanding prosecutions after it was reported that Libya was selling immigrants as slaves. CNN footage appears to show youths from Niger and other sub-Saharan countries being sold to buyers for about \$400 (£300) at undisclosed locations in Libya. This reaction came after migrants trying to reach Europe spoke of being held by smugglers and forced to work for little or no money and being allegedly sold off as slaves.

"For Mugabe, an almost president-for life-figure the scenes were difficult to believe. He'd always been accompanied by a motorcade of heavily armed troops, decoy cars, police vehicles, motorcycle outriders and a fully-equipped military ambulance. But in recent years, the fate of figures such as Saddam Hussein and Muammar Qaddafi, both of whom died or were captured after going on the run, had weighed on him, according to the officials who spoke on condition of anonymity."- Biz news

This was reported after former Zimbabwean President Robert Mugabe resigned after being in power for close to 40 years.

"Prince Harry, son of Charles and the late Diana, will wed Meghan Markle in spring of next year and in the process, treat the whole world to a brand new kind of fairytale. Markle is a feminist, a woman of colour, an activist, an entrepreneur and an actress. Thanks to her, the world's most famous family is set to gain all of these things and more

-they're about to get a properly multicultural makeover. Markle is an American and the child of a mixed-race marriage, the daughter of a black mother and a white father." – news.com
Announcement of the engagement of Prince Harry to Meghan Markle

"I will be President of all."

Kenya's newly-sworn President Uhuru Kenyatta on 28th November 2017; He also said members of the East Africa community will from then henceforth only need a national identification card to work and live in Kenya. Consequently, any African wishing to visit Kenya will be eligible to receive a visa at the entry ports, but to which shall be done on the basis of reciprocity-Standard Media.

"Professor Okoth Okombo fondly referred to as the Father of the Scientific Study of Sign Language in Africa; a title he earned following his decades-long study of sign language in Africa.

He succeeded in standardizing the sign language across most of Eastern and Southern African countries and created numerous employment opportunities for the deaf people of Africa. His pet subject of language policy and development has significantly transformed the way African countries plan for, and utilize the hitherto untapped potential of deaf people in productive enterprises."

Excerpts from Dr. Vincent Ongore: eulogizing the late professor Duncan Okoth -Okombo; Lecturer at Nairobi University Department of Linguistics and African languages. He died in November 2017

"There is nothing that threatens the security of a wife than the thought of another woman competing for the attention and affection of her husband. Nothing is more painful. Nothing is more disrespecting. Nothing is more insulting. Nothing is more belittling and degrading. Husbands, the reason why other women look attractive is because someone is taking good care of them. Grass is always green where it is watered. Instead of drooling over the green grass on the other side of the fence, work on yours and water it regularly. Any man can admire a beautiful woman, but it takes a true gentleman to make a woman admirable and beautiful. Dear wife; don't let the devil use your tongue to kill your spouse's image, self confidence and aspirations. Let God use your tongue to build up your marriage and bless and praise your spouse."

Excerpts from Bishop David Oyedepo on hardcore truth about marriage.

"The future is purchased by what you do in the present."
-Unknown

"You can't hit a target you cannot see and you cannot see a target you do not have."
-Zig Ziglar

"The cynic says, 'One man can't do anything.' I say, 'Only one man can do anything.'"
-John W. Gardner

"Innovation distinguishes between a leader and a follower."
Steve Jobs

"I'm a great believer in luck, and I find the harder I work the more I have of it."
-Thomas Jefferson



By Clive Mutiso

GETTING THERE IS HALF THE FUN, THE DREAM CAN BE EVEN BETTER

Sometimes when traveling, it is an enjoyable journey that makes the trip, even more than the destination. An overnight trip on a classic train, or a comfortable flight on a world class airline, or a leisurely cruise on a luxury liner can make getting there more fun than the arrival itself. But sometimes it is the destination that is the crowning glory of the journey.

I have been to Singapore, the island city-state off the South coast of Malaysia, which many people regard as the jewel of the East, but I have not had the opportunity of staying at Raffles. Now that this classic Victorian hotel is undergoing a massive renovation, due to be completed

next year, I have promised myself that I must travel half way across the world to see whether the owners have been able to improve on what many world travelers already regarded as perfection. Can they really make the world's best hotel even better?

Now I know that many others lay claim to the title of the world's best hotel, not least the glitzy establishments that bear the name of a certain orange-hued gentleman known for his addiction to Twitter. But what makes Raffles unique is the inimitable Oriental style of Singapore itself. Despite being the home of the second busiest port in the world, with 67 berths and an annual throughput of more than 32 million Twenty-foot Equivalent

Units, and lacking natural resources or agricultural land, Singapore is a bastion of culture as well as an economic miracle.

More than 800 years ago, a kingdom known as Singapura was founded around the only sheltered anchorage on the southern reaches of the Strait of Malacca. Then, as now, it was a trans-shipment port, thriving on the trade flowing out of China. By the 15th Century, competition from the Malacca Sultanate had forced Singapura into decline, and at the beginning of the 17th Century the kingdom was all but destroyed by a raiding force from the Sultanate of Aceh, which was in present-day Indonesia.

Modern Singapore was founded by a remarkable Yorkshireman, Sir Stamford



Raffles, who had been born at sea, off the coast of faraway Jamaica, on a ship, the *Ann*, captained by his debt-burdened father. Young Raffles was sent to boarding school in England, but left at the age of 14 to take up a clerkship in London with the British East India Company, the rapacious capitalist state-within-a-state that shipped away the wealth of the East to feed vast commercial fortunes in the British capital. Before he died at the age of 44, Raffles had written a seminal history of Java, mastered the Malay language, been Knighted by the Prince Regent, and assigned to increasingly important positions in the Colonial administration of the Far East. A keen anthropologist and the first president of the Zoological Society of London, he founded the London Zoo.

However it was the re-establishment of Singapore as the hub of Far East trade, greater even than Hong Kong, that was the crowning achievement of Raffles's life, and his fascination with, and profound respect for, the culture of the East made him enduringly popular in Singapore even today. There are two statues of Raffles in the city-state, one at the landing site that still bears his name, and another at the Empress Palace, but the most imposing monument of all is the Raffles Hotel Singapore, at the head of Beach Road. The hotel was opened in 1887 by the fabulously wealthy Armenian Sarkies brothers, founders of the Eastern and Oriental in Penang. No expense was spared in expanding and improving the hotel in its early years and, one hundred years later, the independent Government of Singapore declared it a National





“ More than 16 million tourists visit Singapore each year, which is more than three times the country’s population, and English is the most widely spoken of the four official languages

Monument. The accolade is hardly surprising, because the Raffles Hotel Singapore represents the pinnacle of Victorian opulence, which cannot be matched even in the capital city of the former Empire.

Raffles lays claim to the country’s national tippie. The management says: “The Singapore Sling, widely regarded as the national drink of the country, was first created in 1915 at Raffles Singapore by bartender Ngiam Tong Boon. Primarily a gin-based cocktail, the Singapore Sling also contains pineapple juice as the main ingredient, along with grenadine, lime juice and Dom Benedictine. Giving it the pretty pink hue are cherry brandy and Cointreau. Bartender Ngiam deliberately chose to give the cocktail this rosy colour. “Following the turn of the century in colonial Singapore, Raffles Singapore was

the gathering place for the community and Long Bar was the watering hole. It was common to see the gentlemen nursing glasses of gin or whisky. Unfortunately for the ladies, etiquette dictated they could not consume alcohol in public, and for the sake of public modesty, fruit juices and teas were their preferred beverage.

“The talented Ngiam thus saw a niche in the market and decided to create a cocktail that looked like a fruit juice, but was actually infused with gin and other liqueurs. Masking it in pink gave it a feminine flair and together with the use of clear alcohol, he cleverly led people into thinking it was a socially acceptable punch for the ladies. With that, the Singapore Sling was born. Needless to say, it became an instant hit.”

Regarded as the oldest existing bar in its original location in Singapore,

Bar & Billiard Room is an institution within Raffles Singapore. It occupies a standalone building built in 1896, and was the first in the country to have a lady bartender stirring up a storm in the 1920s. Inside, chandeliers hang down from the high ceiling and the floor tiles are replicas of the original. One of the five original billiard tables from the turn of the century can be found there, where guests are welcomed to play a round or two. Picture windows look out to the surrounding thick foliage, interrupted by elegant cast-iron frames that compose the terrace.

Part of the reason for the legend that has grown up around this mystical establishment is its association with great writers. Joseph Conrad was one of the first guests, and Rudyard Kipling made it a home from home. So too, in his time, did Michael Jackson. Liveried Sikh



doormen set the tone, and it is a tone that has attracted royalty, statesmen, celebrities and billionaires who settle for nothing less than butler service in suites that boast 14-foot ceilings. Among the 21st Century guests who have passed through its portals are George Bush and the Duke and Duchess of Cambridge - that's Wills and Kate to plebs like you and I.

Most of the facilities of Raffles have been closed since the beginning of the year to enable a three-phase renovation, but by the middle of 2018 there will be a grand re-opening. Until then, visitors will have to make do with one of the city's other 5-star properties, or one of the myriad hostels for those on a lower budget who still want value for their money. The major tourism hub is the immaculate 2-kilometre long Orchard Road district with its almost endless choice of hotels, malls, restaurants, and entertainment facilities. The watchword on Orchard Road is "shop until you drop," and one frequent visitor who needs no encouragement is Grace Mugabe. But there is no need to be intimidated - there are bargains to be had for as little as \$2 if you look for them.

More than 16 million tourists visit Singapore each year, which is more than three times the country's population, and English is the most widely spoken of the four official languages. Apart from the

universal friendliness of the people, the biggest single attraction, for many visitors, is the safety inherent in an extremely low crime rate. Singapore has zero tolerance of corruption and any sort of crime or disorder, which makes it a great family destination, day or night.

If you appreciate Oriental food, you can enjoy a different meal every day forever from a selection of Malay, Chinese, and all the different styles of food from the sub-continent of India. Some visitors don't bother with anything else but the food, which features some of the best seafood recipes in the world. But for those who believe that there is more to life than eating, there is an almost endless list of other things to do and see. If you want to learn all about the culture of the region, visit the National Gallery Singapore which has a trove of 8,000 Singaporean and Southeast Asian artworks.

Just south of the main island is Sentosa Island, a giant fantasy playground, and there are enough attractions to keep the whole family

entertained for a day or more. If you love movie spin-offs, start at Universal Studios Singapore, where you will find exhilarating movie-themed rides based on blockbusters like Transformers and Jurassic Park. Explore the seven zones and have a family portrait taken with characters like the Minions from Despicable Me. Get an adrenaline rush at the Skyline Luge, a part go-cart, part-toboggan action ride.

Try a lobster bun for lunch at the Tanjong Beach Club, then take a dip in the pool, or pass the Adventure Cove WaterPark for thrilling slides and encounters with marine life. Then hop on a bus and head for dinner at Quayside Isle at Sentosa Cove where you will be spoiled for choice - the catch of the day at Greenwood Fish Market, or Italian, Greek, or local food.

However, for me, as soon as I leave the enormous, pristine-clean airport, there will be only one destination where I shall be heading - magical Raffles.

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WILL YOUR SON OR DAUGHTER BECOME AN ACCOUNTANT?

By FCPA Jim McFie, a Fellow of the Institute of Certified Public Accountants of Kenya

I deal with many young persons on a day to day basis. I find that, in general, the quality of students who emerge from secondary schools is going down. I could tell you of many young persons of outstanding intellectual talent, human qualities and wonderful people to be with. What is it that makes some young people so different from the average? Will your son or daughter have what it takes to not only join but also succeed in the accounting profession where more and more routine work will be done by robots? I speak to many employers: they say that young people today do not know the value of work. Let me mention a few ways by which you can help your son or daughter be more employable in the future.

There is a lot of truth behind the old mantra that 'education begins at home'. Parental attitudes and behaviours towards children's learning, from infancy through to adulthood, contribute to academic success. A stimulating and supportive home learning environment, in which parents play, listen, talk and read with their children contributes to achievement in school, success in the labour market and overall wellbeing. Parents play a crucial role in fostering 'positive thinking patterns' in their children. By 'positive thinking patterns' is meant not only having an 'optimistic outlook on life'; instead it means a person's ability to understand their current knowledge, to be comfortable with questioning both themselves and others, to seek answers, to pick themselves up after setbacks and to persevere through times of uncertainty.

Recent research increasingly shows the importance of 'met cognitive skills'.

'Metacognition' means 'understanding one's own thought processes', or 'thinking about thinking'. People with strong metacognitive skills can think independently, reflect on previous actions and change their behaviour if something is not working for them. Parents can help their children to develop metacognitive skills by prompting them to think about what they know, and do not know, before helping them to plan how to fill the gaps in their knowledge. For example, imagine an eight-year-old student, Lerionka, who is excited to tell his mother how he learned about the solar system at school on Wednesday. Lerionka lists several new facts he picked up in class. As well as responding enthusiastically to Lerionka's new-found knowledge, Lerionka's mother could also prompt him to wonder about something new. If Lerionka knows that the Earth is a planet and has one moon, she could ask "What other planets are there? Do they have moons too?" Lerionka might then come up with questions of his own like "Do all planets take the same time to go round the sun?" Lerionka's mother can encourage him to think of more and more questions and then plan how he is going to try and answer them.

Positively appraising questions with expressions like "That's a great question, why don't you look it up and tell me what you find?" can also promote intellectual curiosity and metacognitive skills. Teaching children the tools to assess and expand their knowledge is a skill that could help them during their years in education as they encounter more difficult topics.

Parents can also use everyday conversations to develop their child's

metacognitive skills just by asking questions that inspire curiosity. Many families already catch up on the day's events and plan upcoming activities at the dinner table: this is really important. For example, the Mwose family where the children are not only asked what they learned at school that day but also questions like "Did you wonder about anything new today?" and "How could we find that out?" Family dinners may not be a daily event in every household but, when opportunities to sit down together do arise, parents can use these techniques to make the most of them. Time spent talking to children is essential to their development.

Many youngsters do not understand the value of effort. Parents can use 'mindset theory' to foster positive thinking patterns in their children. Professor Carol Dweck, a psychologist at Stanford University, and her collaborators have spent decades studying why people succeed and more specifically, how mindsets contribute to success in areas like education, health and relationships. The key message of mindset theory relates to how we interpret struggles. If we find something hard, does this mean that we do not have the talent to succeed and should just move on to something else, or can these challenges be overcome with effort? If we have what Professor Dweck calls a 'fixed mindset', we tend to believe that we are born with a fixed set of skills which are more or less unchangeable. If talent is all that matters, then practice may not make much of a difference. With this mindset, a student who is struggling with algebra may think that they do not have the natural ability to understand it and decide to concentrate

on other things. On the other hand, if we have a 'growth mindset', we believe that our abilities are shaped not just by our talents, but also by how much effort we put in. A student who finds algebra difficult, but has a growth mindset, understands that struggles are a normal part of learning. If they keep going, their ability will improve. Mindset theory does not apply only to academic ability. We reveal our mindsets whenever we talk about success. For example, consider the Kenyan marathon winners. We can all marvel at their indisputable talent, but those with a fixed mindset might stop there. Those with a growth mindset will also applaud their astonishing training regime and all the effort they put in to earn their medals. Those with a growth mindset see not just the talent, but the effort too.

It is helpful for parents to understand their own mindsets as their behaviour shapes the mindsets of their children. Do not worry if you tend towards a fixed mindset; that is not uncommon. In fact, many people find they have a fixed mindset about some things and not about others. For example, someone might have a fixed mindset about chemistry, but not cooking. Developing a growth mindset will take time. Professor Dweck and other psychologists say that all too often, students give up when they struggle because they believe they simply have not been born with the right talents to succeed. Mindset theory teaches us that talent is not all that matters – struggling is a part of learning and by taking on challenges, we can grow our skills. Having a growth mindset fosters a positive attitude towards one's own personal capacity and that of others. Although having a growth mindset is beneficial, it is not enough on its own to guarantee success. Students must also understand how to achieve their goals. Some researchers have managed to change students' mindsets with mindset training sessions. A typical session involves learning the differences between a fixed and a growth mindset. Students then hear about the neuroscientific basis of learning – every time we learn something new, new connections or 'synapses' form in the brain. When we work hard, these connections are strengthened. A study in the US found that students who completed this training were more motivated (according to their teachers) and performed better in mathematics over a two-year period when compared with others who did not

“A stimulating and supportive home learning environment, in which parents play, listen, talk and read with their children contributes to achievement in school, success in the labour market and overall wellbeing.”

complete the training.

Adapting responses to children's successes and failures could help to cultivate a growth mindset. Praising a child for effort acknowledges the challenge they took on and the hard work they put in to achieve their goal. It is easy to inadvertently promote a fixed mindset by praising only their talent e.g. "you're just so smart" or "you're a natural", instead of their effort e.g. "well done – your hard work has really paid off". Praising their talent can reinforce the idea that natural ability is all that matters. Researchers of growth mindset theory do not argue that talent does not exist. Rather, they try to show how talent influences the rate at which we acquire expertise. For example, many parents will have observed that some children find it easier than others to learn a musical instrument. If a child does not grasp something right away, that does not mean they will never be good at it; it simply means it might take a bit longer and require more effort than someone who is more naturally talented in that particular area. The risk of putting too much emphasis on talent is that if a child

struggles to learn a difficult piece of music, they may think it is because they are not talented enough to be a musician, and so they may prematurely give up. Even the best musicians struggle at times. Growth mindset theory teaches us to embrace these struggles so as to develop our skills to their fullest potential.

On the other hand, psychologists do not suggest that parents should encourage their children to continuously work on things they neither enjoy nor value. Sometimes, it is right to move on. We only have so much time and we cannot become an expert at everything. Parents can work with their children to decide which challenges are necessary and which are not. The message of mindset theory is not to make children persevere at everything, but rather to help them keep going when that is the right thing to do.

Using these techniques will take practice. For example, thinking of stimulating conversation starters for the dinner table will take time, as will reacting in a manner that promotes a growth mindset. In the long term however, these small actions could help to cultivate positive thinking patterns in children. As Professor Dweck aptly puts it: "If parents want to give their children a gift, the best thing they can do is to teach their children to love challenges, be intrigued by mistakes, enjoy effort, and keep on learning."

What strategies can parents teach their children to help them succeed? Parents can help to build skills like self-control and 'grit' so that children can be ready to deal with challenges as they arise. Self-control is the ability to control one's actions, behaviour and thoughts in a way that helps us achieve our goals. For example, if we set ourselves the goal of reading more, self-control helps us to stick to our plan in the moments when other activities seem more appealing. Self-control is linked to success at school – children with better self-control attend class more and spend more time doing homework.

It is also related to many life outcomes. One study in the US measured self-control in ten-year-olds and then checked how they were doing 20 years later. The researchers found that children with better self-control were more likely to live healthier lives, have higher incomes and be more law-abiding than those who showed lower self-control at age ten. Why are some children better at self-control than others? The 'Marshmallow Experiment',

conducted by Walter Mischel and colleagues helps us to answer this question. In these experiments, four- and five-year-old children were given the choice to eat one marshmallow immediately or wait just 15 minutes to receive two marshmallows. This scenario tested whether the children had the self-control to resist the 'instant gratification' of a marshmallow now to gain a larger reward in the future. Similar to the study above, children who had the self-control to wait were found to have been more successful ten years later. Those who could wait had higher SAT scores and were rated as more academically and socially competent by their parents. However, perhaps the more interesting finding of this study is how children who resisted the marshmallow managed to do it. To avoid temptation, some children stared at the ceiling, had conversations with themselves, picked their noses or invented games to keep their minds occupied. Mischel and his team were encouraged that the children who could wait were using strategies which could be taught to other children. The researchers then varied whether the marshmallow was hidden from sight. Children who could see the marshmallow waited on average less than a minute, whereas children who could not see the treat (but knew it was there) waited almost ten times longer, on average, when it was covered. This simple method of introducing 'friction', that is, making it less easy to succumb to temptation, can be an effective way to increase self-control.

A 'skill' that I think really needs to be developed in young people is 'self-distancing'. 'Self-distancing' involves thinking about our situation in the third person so as to help us think more objectively about a goal. For example, take George, who is trying to give up smoking. If he feels tempted to have a quick cigarette after lunch, he could practice reflecting on his situation in the third person. He might think to himself, 'George would really like to smoke now but knows that if he does, it will just make it harder to resist a cigarette the next time round.' Asking someone to refer to themselves as if they were a different person may feel strange for both of you at first, but it has been proven to be effective for some. Researchers in the US have tried this approach with three- and five-year-old children. Before choosing their positions

in a card game which measures 'executive functioning skills' (skills that help us to plan, focus our attention, remember and multi-task), the children were prompted by a researcher to consider one of the following three questions, depending on which group they had been assigned to. Group 1: "Where do you think this card should go?" Group 2: "Where does [each child's first name] think this card should go?" Group 3: "Where does Batman think this card should go?" Although the exercise had no impact on three-year-olds, five-year-old children who were prompted to use a fictional character (like in Group 3) did better; in fact they scored at the level expected of a six-year-old. Researchers have not yet tested whether self-distancing exercises like these can help directly with school work. However, they are certainly promising and I would encourage parents to give them a try. The aim of any exercise is to create distance between the child and the task so that they can think more objectively about their actions.

While self-control relates to how we overcome temptations in the moment that we feel them, 'grit' refers to one's passion and perseverance for very long-term goals. Passion in this sense means sustaining interest in a particular field for very long periods of time, whereas perseverance involves having the tenacity, diligence and resilience to carry on through times of frustration, disappointment and ambiguity. Grit is closely aligned to mindset theory; how we interpret struggles partly determines our 'grittiness'. Although researchers are still building the evidence base for grit, some early US studies show that it predicts success in areas like marriage, school and retention in the military. Emerging evidence on how to improve grit suggests that a combination of concrete goals and the right strategies can help in the short term. The Behavioural Insights Team (BIT) recently tried to help 16- to 18-year-old college students become 'grittier'. Students completed online modules teaching them the elements of what researchers call 'deep practice' – setting specific goals, staying focused and seeking feedback. Students who completed the online programmes attended almost 10% more classes on their courses.

Reflecting on how we can overcome the obstacles between us and our goals can help us to achieve them. Professor

Gabriele Oettingen and her team at New York University have developed a technique called 'WOOP' (Wish, Outcome, Obstacle, Plan) to help people of all ages achieve their goals. 'Wooping' combines two behavioural tools – 'mental contrasting' and 'implementation intentions'. 'Mental contrasting' means thinking about what we want in the future before visualizing the obstacles that stand in our way. Suppose someone wants to start running regularly to get fit – They could use the mental contrasting approach by thinking about a desired fitness level, before considering the obstacles that could prevent them from achieving it, like not being able to find time in their schedule to go running. 'Implementation intentions' involve making specific plans of what we will do and when, which can be in response to the obstacles we have identified. So, in our example, someone who wants to run more but cannot find the time might make a plan to go running in the estate for one hour every Sunday at 6pm instead of watching TV. Just by forming these simple plans, we are more likely to follow through with the behaviour when the time comes. Mental contrasting, implementation intentions and both combined as WOOP have shown to be effective strategies in lots of different situations, from helping students to achieve better grades, to aiding the unemployed to get back into work more quickly, to eating healthy foods, and even voting.

The techniques I have touched on above can be adapted by parents to try with their children. For example, parents can think about how they might praise the effort and not just the outcome the next time their child succeeds, or is disappointed. If a child is struggling with a homework assignment, a parent could suggest referring to themselves by their first name rather than using the pronoun "I". Or, if a child sets goals but then struggles to accomplish them, a parent could help them to plan what they will do each day to get them that bit closer to reaching their goal.

What I have mentioned above, which covers only a small fraction of what needs to be communicated to youngsters, will assist in making your children better citizens to face the ever growing problems in front of young people today – and if they so wish, to become great accountants more easily.

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