EXAMINERS' COMMENTS FROM PREVIOUS DIETS

ARDENFIELD IS RECRUITING: Partner CPA Arnold Ahereza shares what it takes to join the winning team

CPA CONNECT

WE CREATE IMPACT

The Student's Magazine for The Institute of Certified Public Accountants of Uganda (ICPAU)

ISSUE 12 - APRIL 2024

UNPACKING IFRS 17: A CLOSER LOOK AT INSURANCE CONTRACTS

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EMPOWERING ACCOUNTANTS TO TRANSFORM COMMUNITIES

Beginning January 2024, the Institute of Certified Public Accountants of Uganda is implementing a new strategic plan which will last for five years until 2028. In line with our renewed purpose, our vision, mission, core values and tag line have changed.

VISION

A globally recognised promoter of accountants for sustainable economies

MISSION

To develop and regulate accountants for professional excellence and sustainable impact

CORE VALUES

- Professional excellence
- Accountability
- Integrity
- Responsiveness

WE CREATE IMPACT

CPA Uganda

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To share your views or comments, write to communications@icpau.co.ug

CPA Uganda

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EDITORIAL BOARD

MESSAGE FROM THE SECRETARY/CEO

Dear student,

I extend warm greetings to you and trust that the year is progressing well.

If you are in the habit of annual goal setting, you might have drafted some resolutions at the beginning of the year and as the third quarter approaches, it is important to take stock of the progress. While we evaluate our performance, our focus for the next five years comes to mind.

Creating impact is critical to our role as accountants and as we go about our work and studies, we need to continuously ask ourselves whether our efforts are creating positive change and leading to transformation. So how can you create impact? one may ask. Let's review five areas where your impact is needed.

In fulfilment of the fundamental principles of the Code of Ethics for professional accountants, that is, integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour, your foremost goal as a student should be the completion of your studies and attaining a professional qualification. This enhances your competence and the ability to deliver exceptional performance. Attaining the qualification will not only enhance your career prospects but it will bring you closer to joining a professional body, which is key for accountants. The key is to set Specific Measurable Achievable Relevant and Time-bound (SMART) goals and commit to them. Remember that adequate preparation is the key to passing examinations, therefore, devote sufficient time to this.

Progressing along your studies requires you to meet your student obligations, which include paying your annual renewal fees as they fall due. This guarantees your eligibility to register for examinations and provides you with benefits such as subsidised rates at the Institute's events and exclusive access to job opportunities within the profession. Your subscription also contributes to the sustainability of the institute. You are also encouraged to respond to invitations for events and other engagements. These are crucial for your professional development as they will enable you to remain abreast of industry trends and expand your professional network, as you navigate your way through the workforce.

Are you employed or self-employed? Diligence is paramount. What is the quality of service that you are offering? Do you abide by the terms of your employment contract? Do you provide solutions to the organisation's problems? What value do you bring to the table? If you are in self-employment, you must seek to distinguish yourself from your competitors.

Service to the community is one of the areas that accountants should be concerned with. How are you leveraging your skills and knowledge to make a positive impact in your community? Whether through pro bono work, volunteering, or other initiatives, your contributions can create meaningful change and foster a sense of social responsibility. Therefore, we should continuously seek to spread our expertise in the religious, cultural and other social spheres through voluntary service.

Above all, you must remember the core values of the profession; professional excellence, accountability, integrity and responsiveness as these form the blueprint for our work as accountants.

With these in mind, may you find success in all your endeavours.

CPA Derick Nkajja
Secretary/CEO

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MESSAGE FROM THE DIRECTOR EDUCATION

Dear Students,

I take this opportunity to welcome you to this issue of CPA Connect.

The decision to pursue a professional accountancy career is very important in your life. In the long run, you will realise that the path you have taken will set you apart from your peers. The course you are pursuing will open a lot of doors for you in the arena of employment and self-employment. You will be knowledgeable on matters many educated people are ignorant about. However, you must be committed to long life learning, to avoid being obsolete.

As part of preparing, you for the May 2024 examinations diet, we organised students' engagement webinars in the months of March and April 2024. Take time to reflect on the discussions by the experts. Should it be necessary, revisit the recordings on our portal. We have noticed that students who attend these webinars and / or listen to the recordings, tend to perform well. Therefore, if you missed any of the webinars for the subjects you are sitting for, listen to the recordings. They are available on the ICPAU portal

The information communication technology skills are very important in the career you have chosen to pursue. I encourage you to polish your skills for the world of work. You are also aware that the final examination requires ICT skills. Elevate your skills to high level. These competences may accelerate your career progression.

As you approach the May 2024 examinations note the following:

1. The Institute has produced tailor made study materials. Ensure that you secure a copy for yourself. It should be your companion all the time. Should you have some free time, read some topic. Therein, there are reference books for supplementary reading.
2. Ensure that you have covered the entire syllabus. Take a pencil and go ticking off the areas covered. Ensure that you have read all areas of the syllabus. The examination covers approximately 80% of the syllabus. Therefore, there is no room for spotting.
3. It is important that you look at the learning outcomes. They spell out the competences expected of a candidate. Note the verbs used. You will find them reflected in the examination. You may have the content but how you write your answer matters a lot. Look at the model answers coupled with the respective questions to ensure that you are o=aware of the expected standard.
4. Some people say "practice makes perfect". I dare say "practice makes permanent". Many of you are football fans. When you see the players dribbling the ball, making passes, shooting etc, it is not by chance, they have practiced and practiced. Therefore, ensure that you do practice questions to consolidate the learning process.
5. Make use of the examiners' comments. They are available on our portal. Read comments for various diets to avoid those pitfalls that many students fall in. You will realise that they are very helpful.
6. Have a positive perception towards examinations. Confidence is 50%. Go to the examinations room ready to pass and not to try.
7. Give your body and mind sufficient rest. In many instances, students tend to stretch themselves towards the examinations because they have not been exerting themselves sufficiently or committing sufficient time. Approach the examinations in a relaxed mood to maximise your chances of passing.
8. Examinations rules should be part of your preparation. Please study the rules and compliance will be easy for you. They are accessible via the Institute's website.
9. Ensure that you have the tools for the examination. These include; examination permits, calculators, pens, pencils, rulers and some books for those doing open book examinations.
10. Time keeping is important. Reach the venue in good time. If you arrive late, you will be in panic mode and may fail even when you prepared well.
11. Remember to pray. God will bless the works of your hands.

I wish you SUCCESSS.

John Bosco Ntangaare
DIRECTOR - EDUCATION

EXPERTS

CPA Frederick Kibbedi is the 8th President of the Institute of Certified Public Accountants of Uganda. He is a Partner at PKF Uganda since 2014. Prior to joining PKF, he was a Partner at AA&L Associates and a part-time Director Audit at Nakabuye & Co. He also worked with: the Uganda Export Promotion Board as a Finance Manager, the National Medical Stores as Management Accountant, and Myriad Medical Stores as Finance Manager. He is a Bachelor of Commerce graduate of Makerere University and a Certified Trade Advisor of the International Trade Centre.

CPA Simon Peter Wanume is a Senior Examination Officer at Bank of Uganda, specialising in examination of commercial banks to ensure regulatory compliance and assess risk exposure. With over seven years of experience, he offers specialised expertise in financial scrutiny and risk analysis. CPA Wanume is a tutor at MAT ABACUS Business School. He holds an MBA in Finance and a Bachelor of Science in Quantitative Economics, both from Makerere University.

CPA Benard Bwire is a holder of CPA(U), CTA, Masters in Financial management from Amity University and Bachelors in commerce (Accounting option) from Makerere University and Currently undertaking a PHD in Accounting and Finance University of Malawi, with over 10 years' experience in finance having managed the finance departments of CFAO Motors – Volkswagen Franchise, International Medical Group and of recent Impact Health organisation in Sudan, Head of Finance at CoRSU Comprehensive Rehabilitation Services of Uganda and Currently a Technical Advisor Financial Management at Impact and Innovation Development Centre. Previously Benard was a CPA Tutor until December 2018.

Dr. Sylvia M. Aarakit is a senior lecturer and scholar at Makerere University Business School. She is a professional advisor at the Law Development Center, a member of various boards, a director of SENARA consultants and a managing partner of JESE Property Holdings Ltd. She has 18 years of teaching experience in strategy, entrepreneurship, management, renewable energy, and program evaluation. She has published extensively, received numerous research awards, and served as a reviewer for a number of Elsevier journals.

CPA Rehema Nakirembe is a Tax Administrator at Uganda Revenue Authority. Additionally, she is also a Certified Change Management practitioner. CPA Nakirembe is a member of the Events Management Committee of the Institute of Certified Public Accountants of Uganda.

CPA Charity Akatukwasa Uwizera is a self-employed free-lance tax consultant and tax agent. She has previously worked as an officer at Uganda Revenue Authority Domestic Taxes Department and as a tax consultant at PricewaterhouseCoopers (PwC) from where she retired at the level of Manager in June 2016. CPA Akatukwasa is also a graduate teacher. She holds a Post Graduate Diploma in Tax and Revenue Administration (PODITRA).

Ms Jackie Nampala is an Associate Director with PricewaterhouseCoopers Uganda. She is the driver of the financial services industry group and she is also in charge of audit transformation and assurance staff matters at PwC Uganda. She has over 13 years of experience providing assurance services in Uganda, Rwanda and the United Kingdom. Ms Nampala holds a Bachelor of Statistics from Makerere University.

CPA Esther Kalyowa Kisakye is an Examinations Officer at the Institute of Certified Public Accountants of Uganda, with over 7 year's experience in Cost and Management Accounting, Taxation and Auditing. She holds a Masters in Business Administration from University of East London.

Ms Caroline Nassuuna

Ms Caroline Nassuuna is a Communications officer at the Institute of Certified Public Accountants of Uganda. She is a Public Relations Officer with a bachelor's degree in Journalism and Mass Communication from Uganda Martyrs University. She has experience in the field of communication having worked in the different spaces of journalism for over five years.

EDITOR'S NOTE

LET'S BE DELIBERATE ABOUT CREATING IMPACT

Dear reader,

A while back I stumbled upon an article about an accountant who took an early retirement from a high-paying corporate job in a top accounting firm to become a high school Math teacher.

Sounds like a not-so-good idea, right? I thought as much when I read the headline. But on closer interaction with the details, my perception changed instantly. In the article, the accountant speaks of a void he desperately sought to fill in the later years of his career. Yes, he was making good money, but that was not enough! He sought an intrinsic fulfilment which his corporate job no longer provided. He took a job as a high school Math teacher and never looked back, noting that he was keen to do something which had a purpose so that he could contribute back to society in a way.

There are several ways to create impact. The key is to be deliberate about it. Ultimately, creating impact is about causing a transformation, creating a difference and improving the lives of those around us. In the cutthroat struggle to scale the corporate heights, we are often consumed by the demands of the corporate world that we forget to pay attention to the people around us. Over and above our conventional career roles it is important to make a deliberate effort to serve and support.

If you are a top candidate, how can you assist your colleagues who might be struggling with their studies? Are you able to create time to facilitate group discussions? At the workplace, are you supportive of colleagues in other departments or do you focus only on the roles in your job description? The family is the foundation of society. How are your parents and siblings faring? Are you progressing with them? How about the community in which you live? When did you last participate in a meeting? Do you serve in church or at the mosque? Questions to ponder over.

In this edition of the magazine, we feature CPA graduates who speak of the difference that the course has made in their lives, and how they are applying the knowledge and skills to support organisations and the communities. We also feature reigning Accounting Firm of the Year, Ardenfield who share their impact story of diligent service to clients and how they are transforming the lives of young accountants through career opportunities.

Be inspired.

Nancy Akullo
Head of Communications
Institute of Certified Public Accountants of Uganda

By Caroline Nassuuna
Communications Officer
Institute of Certified Public Accountants of Uganda

ICPAU AWARDS 250 GRADUATES AT 14TH GRADUATION CEREMONY

The Institute of Certified Public Accountants of Uganda (ICPAU) has awarded 250 graduates at its 14th Graduation ceremony held on Thursday 7 March, 2024, at the Imperial Royale Hotel, in Kampala.

The event that was filled with glitz and glamour, had 231 Certified Public Accountant (CPA) graduates, four Certified Tax Advisor (CTA) graduates and 15 Accounting Technicians Diploma (ATD) graduates. They completed their courses in 2023.

The Chief Guest, CPA Daniel Nangalama, the Ag. Executive Director, Uganda National Bureau of Standards (UNBS) urged the graduates to embrace continuous learning in this competitive era, to enable them improve their employability and productivity.

"You can shine at any time, therefore, keep moving until you find your shining place," said CPA Nangalama.

"Avoid being comfortable in the same place for long, move and remember to remain as productive as possible, while you build and preserve the legacy of the accountancy profession," he added.

This year's graduation had quite a lot of uniqueness, compared to the past, including the group being the first to graduate under the Institute's revised

syllabuses. The CPA graduates are also the first group to sit for computer-based examinations for Integration of knowledge (the final paper of the CPA course).

While speaking at the event, the ICPAU President, CPA Josephine Okui Ossiya, expressed her gratitude about the growing numbers of professional accountants and called upon the graduates to prioritise integrity so as to obtain trust from the people they serve. She also urged them to represent the Institute diligently.

"The Institute has entered a new strategic season in which we aim to enhance the transformational role of accountants so that they can create impact in their areas of service, within an evolving landscape, by applying the knowledge, skills and values, which they have attained," said CPA Ossiya.

The Secretary/CEO of ICPAU, CPA Derick Nkajja advised the graduates to apply for full membership of ICPAU, having attained a professional accountancy qualification, which is a basic requirement for membership enrolment with the accountancy organisation.

The event's Guest speaker, CPA Charles Busingye, the 2023 Young Accountant of the Year described the relevance of CPA, noting the importance of belonging to a fraternity and urged graduates to embrace mentorship.

"Skill up, add value to yourself, and do not forget to do anything to emulate the tenets of a good accountant, as you remain flexible and versatile to become whatever you want to be," advised CPA Busingye.

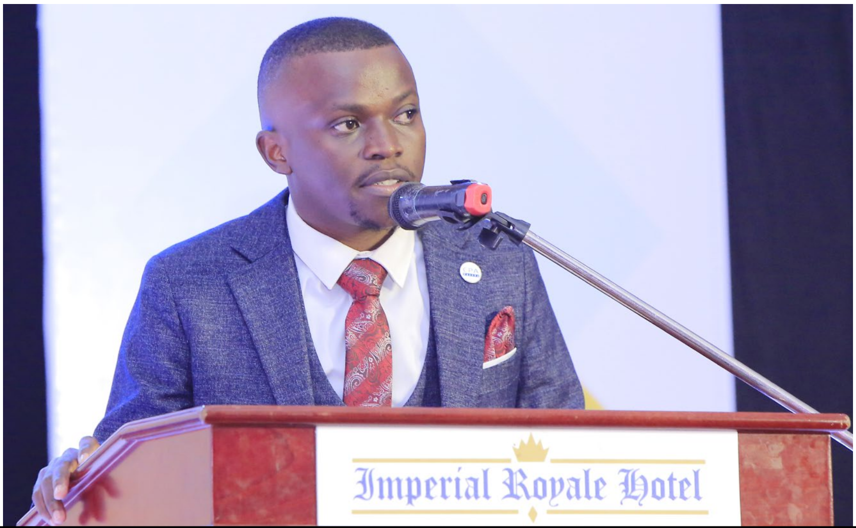
Over 90 students received certificates of merit at the event, including Difasi Nasasira, who received special recognition for completing the CPA course in 2 years and Prossy Nyabonyo who emerged as the overall top student of ATD at Level three.

ANGELLA AKURUT
CPA 18 Integration of Knowledge – Best female student
May 2023 Examinations

DIFASI NASASIRA
Completed CPA in 2 years

By Nancy Akullo
Head of Communications
Institute of Certified Public Accountants of Uganda

WHAT NEXT AFTER CPA?



Reigning Young Accountant of the Year CPA Charles Busingye has urged graduates of the Certified Public Accountants (CPA) course to resist the temptation to rest on their laurels after their most recent accomplishment.

He advised them to expedite their full membership enrolment with the Institute of Certified Public Accountants of Uganda (ICPAU) so that they can belong to a fraternity.

"The Institute is there to ensure that you are regulated," said CPA Busingye.

"A person without an accountability partner is as good as lost," he added.

CPA Busingye was speaking at the 14th ICPAU Graduation ceremony. He was the Guest Speaker.

He further advised the graduates to seek mentors along their membership journeys, referencing scripture from Proverbs 27.17 in the Bible, "As iron sharpens iron, so one person sharpens another".

"The nature of accountancy is that we have legacies left by those who came before us, and because the profession is dynamic, you need like-minded people to sharpen you and remind you of the values of the profession," said CPA Busingye.

Accountants operate in a dynamic environment marked by changing tax laws, evolving accounting standards and volatile financial markets, hence the need for them to skill up and continuously add value to themselves.

The profession offers the flexibility and versatility to enable accountants to explore several career options, for example, in tax, audit, insolvency practice, financial analysis, investment analysis and asset management, among others.

According to CPA Busingye, it is only when accountants commit to continuing professional development that they can reap the full potential that the profession offers.

"Your human capital is a part of your economic net worth," he noted.

He encouraged the graduates to emulate the tenets of the profession, by building trust within their various spheres.

The 14th ICPAU Graduation Ceremony was held on 7 March 2024 at the Imperial Royale Hotel. There were 250 graduates: 231 for CPA, 4 for the Certified Tax Advisor (CTA) and 15 for the Accounting Technicians Diploma (ATD). The graduates completed their studies in 2023.

By CPA Rehema Nakirembe
Tax Administrator at Uganda Revenue Authority

CREATING IMPACT THROUGH GROUP AUDITS: ENSURING FINANCIAL INTEGRITY IN COMPLEX CORPORATE STRUCTURES

Amidst all the hustle and bustle of major cities in the world, stands majestically pronounced brands for different powerful companies that may form part of a group of companies. These are usually as diverse and dynamic in nature. These group of companies form what in the business language is referred to as Corporate structures/ conglomerates and managing them can turn out to be complex.

Conglomerates and corporate groups stand as pillars of economic growth and innovation in the intricate landscape of modern business. However, with complexity comes the challenge of maintaining financial integrity across multiple entities. Conducting group audits emerges as a crucial mechanism to ensure transparency, accountability, and ultimately, to create a lasting impact in the realm of financial governance.

Group audits entail examining the financial statements of a parent company and its subsidiaries as a single economic entity. This approach offers a holistic view of the group's financial health while also identifying inter-company transactions, risks, and potential areas of concern. Such audits serve as a cornerstone for stakeholders, providing them with reliable information to make informed decisions.

In the pursuit of impactful group audits, several key considerations come to the forefront:

- Understanding the Group Structure: Before commencing the audit, it's essential to grasp the intricacies of the corporate structure. This involves delineating relationships between the parent company and its subsidiaries, identifying significant subsidiaries, and assessing the risks associated with the group's operations.
- Coordination and Communication: You may prefer to call it Team Work. Effective communication and coordination among audit teams are paramount in group audits. Given the dispersed nature of operations within corporate groups, auditors must collaborate seamlessly to gather relevant information, share insights, and ensure consistency in audit procedures. Team Work is often sighted as a core value in many organizations.
- Risk Assessment and Materiality: Comprehensive risk assessment lies at the heart of every audit. In the context of group audits, understanding the unique risks inherent in diverse business operations is crucial. Auditors must determine materiality thresholds that appropriately reflect the size, nature, and complexity of the group's activities.
- Evaluation of Controls and Compliance: Group audits involve assessing the effectiveness of internal controls and compliance mechanisms across the entire corporate structure. Auditors must ascertain the adequacy of control environments within individual entities and evaluate the group's overall compliance with regulatory requirements and accounting standards.
- Treatment of Inter-Company Transactions: Inter-company transactions present a significant challenge in group audits, as they can obscure the true financial position of the group. Auditors must scrutinize these transactions rigorously, ensuring that they are appropriately recorded, eliminated, and disclosed in the consolidated financial statements.
- Reporting and Transparency: The ultimate goal of a group audit is to provide stakeholders with clear, transparent, and reliable financial information. Auditors play a pivotal role in achieving this goal by issuing comprehensive audit reports that highlight significant findings, disclose uncertainties, and provide insights into the group's financial performance and position.

By adhering to these principles and best practices, auditors can create a tangible impact in safeguarding the financial integrity of corporate groups. Beyond mere compliance, impactful group audits instill confidence among investors, creditors, regulators, and other stakeholders, fostering trust and sustainability in the corporate ecosystem.

In conclusion, conducting group audits is not merely a regulatory obligation but a means to drive meaningful change and create lasting impact in today's dynamic business environment. By embracing the challenges posed by complex corporate structures, auditors can fulfill their mandate to uphold financial transparency, accountability, and integrity, thereby contributing to the long-term success and sustainability of corporate entities worldwide.

EXAMINERS' COMMENTS

ACCOUNTING TECHNICIANS DIPLOMA

ATD 1: PRINCIPLES OF ACCOUNTING

- Candidates are advised to appreciate partnership accounts with emphasis on how to prepare partners appropriation account, partner's capital and current account.
- Generally, candidates need to appreciate understanding of the underlying doctrines on the double entry as this affects the preparation of financial statement and other transaction treatments.

ATD 2: BUSINESS COMMUNICATION

There is a need for the candidates to find out the new trends and transformations in the organisational procedures within the global and dynamic world of business. They ought to apply knowledge attained to real business situations. Mastery of the basics of English grammar is key.

ATD 3: PRINCIPLES OF BUSINESS AND COMPANY LAW

This examination tests the knowledge of legal principles, application of the principles in different practical scenarios and the skill to identify only the relevant issues from the given facts. While resolving relevant issues, candidates are advised to argue based on the law instead of arguing the facts. Candidates should avoid re-writing the facts of the case.

ATD 4: BUSINESS MATHEMATICS AND STATISTICS

Candidates should present their solutions in a logical order, show all necessary workings to their computations and adhere to the required degree of accuracy. Endeavour to use the appropriate formulae provided at the back of the question paper.

ATD 5: PRINCIPLES OF COST AND MANAGEMENT ACCOUNTING

Candidates are advised to comprehensively study the syllabus to enable them to make the best choice of the examination questions. The first 15 minutes of the exam should be used to understand the questions for proper allocation of the examination time. Candidates should seek expert guidance from lecturers and practitioners and discuss previous examinations questions to get a feel of the examiners' expectations.

ATD 6: ECONOMICS AND ENTREPRENEURSHIP

Candidates are advised to revise all topics seriously if they are to pass well. They should endeavour to master the elasticity concept in microeconomics through group discussions and utilising the information on the internet. For better scores, candidates should master basic economics concepts and practise providing explanations in their answers.

ATD 7: INFORMATION AND COMMUNICATIONS TECHNOLOGY

- Active Learning: Supplement passive learning (e.g., reading) with active learning strategies like practice exercises. This applies to both theory and practicals. This will solidify knowledge retention and enhance application.
- Critical Analysis: Develop critical thinking skills by actively questioning and analysing the presented material. This will equip learners to interpret scenarios and apply relevant theories effectively.
- Scenario Analysis: Allocate dedicated time to thoroughly analysing each scenario presented in the questions. Identify key elements, underlying principles, and relevant theories applicable to the situation.

ATD 8: BUSINESS MANAGEMENT

Candidates should be able to explain both the leadership traits in the scenario and the characteristics of an effective control system. They should be able to identify the secondary objectives of businesses and demonstrate a good understanding of the changes in the environment.

ATD 9: FINANCIAL ACCOUNTING

Candidates are advised to pay the same level of attention to all topics of the syllabus as this paper is the foundation of the higher papers of the course. It is important to appreciate comprehensive understanding of the underlying doctrines of the double entry as this affects the preparation of financial statements and other transaction treatments.

ATD 10: PRINCIPLES OF TAXATION

- Candidates are expected to know the rates applicable for the taxation of most incomes. This requires that, as part of preparation for exams, candidates read the Income Tax Act.

ATD 11: PRINCIPLES OF FINANCE

Candidates should read and understand the key areas of the syllabus most importantly investment appraisal techniques, cost of capital, portfolio analysis, working capital management, time value of money, financing decisions and financial markets as these form the core of the paper. Pay attention to both computational and theoretical concepts to gain marks in both areas. Always attempt the theoretical parts of the questions as the chances of misfiring on such questions are lower compared to computational questions.

ATD 12: PRINCIPLES OF AUDITING

Candidates are advised to enhance reading in the overall areas covered by auditing starting from developing the audit strategy and the considerations, contents and considerations of an audit plan, the tests and procedures when executing an audit engagement for the different items of the financial statements, the available opinions and ethical considerations of auditors and other assurance services that can be provided by auditors other than auditing.

CERTIFIED PUBLIC ACCOUNTANTS

CPA 1: FINANCIAL ACCOUNTING

- Candidates are advised to understand all the formats of the components of financial statements.
- Candidates should appreciate end-of-year adjustments and how they affect the preparation of financial statements.

CPA 2: ECONOMICS AND ENTREPRENEURSHIP

- Candidates are advised to provide specific answers as required by the questions, and address discussion abilities for good scores. Keen interest should be paid to the entire syllabus.

CPA 3: QUANTITATIVE TECHNIQUES

- Candidates are advised to identify the basic concepts or terms used in each question in order to answer the questions appropriately. Always apply the specified method to any given question. Make use of scientific calculators appropriately in computational questions that demand a degree of accuracy. Remember to attempt only the required number of questions as stated in the instructions.

CPA 4: MANAGEMENT & INFORMATION SYSTEMS

- Candidates should improve their analysis of scenarios so that responses are tailored accordingly. Actively engage with the scenario, move beyond rote memorisation, and actively construct your own understanding and responses.

Paper 5

CPA 5: BUSINESS & COMPANY LAW

- Acquaint yourself with the Contracts Act 2010, Partnership Act 2010, Company's Act 2012, Law of sale of Goods 2018, Cooperative Societies Act 2020, Employment Act 2010 and agency law to effectively answer this paper. Candidates are reminded that this examination tests the knowledge of legal principles, application of the principles in different practical scenarios and the skill to identify only the relevant issues from the given facts.

CPA 6: COST AND MANAGEMENT ACCOUNTING

- Candidates are advised to comprehensively read the syllabus to enable them to make the best choice of the examination questions. For proper planning and formatting of answers, utilise the first 15 minutes to understand the questions.

CPA 7: FINANCIAL REPORTING

- Candidates at this level need to take keen interest in understanding the application of financial reporting standards covered in the syllabus, how they connect with each other, their integration and application in the practical environment

CPA 8: FINANCIAL MANAGEMENT

- Adequate preparation is recommended. Students need to take great care in presenting answers to numerical questions. It is good examination practice to show workings.

CPA 9: AUDITING, ETHICS & ASSURANCE

- Acquaint yourself with the different legal frameworks that affect the different policies and procedures in an organisation. Candidates should enhance their knowledge of the topics on public sector and private sector auditing, and assurance and non-assurance engagements which are new examinable areas on the syllabus. They can also make use of the public sector audit guidelines as issued by ICPAU.

CPA 10: MANAGEMENT DECISION & CONTROL

- Candidates should improve the presentation of their answers including correct numbering. Avoid crisscrossing answers. For proper internalisation, candidates should read the questions in entirety. Balance the attempt on computational and discursive requirements.

CPA 11: TAXATION

- It is advisable to thoroughly read scenarios and plan solutions. Candidates should acquaint themselves with the various tax laws and the application.

CPA 12: ADVANCED FINANCIAL REPORTING

- Place emphasis on the applicability of the financial reporting standards, not forgetting standards and principles of lower-level papers that feed into this paper such as Financial Accounting & Financial Reporting. Attention should also be paid to disclosure requirements under each financial reporting standard. At this level, reporting and communicating results is emphasised. Go beyond computing figures, interpret the figures, and report on them through acceptable reporting requirements/ principles of reports, memos, etc.

CPA 13: PUBLIC FINANCIAL MANAGEMENT

- Candidates are advised to familiarise themselves with the challenges identified in the implementation of the NDP I and NDP II, Code of Conduct and Ethics for Uganda Public Service and to internalise each of the statements and schedules in financial reporting by Local Governments.
- Relatedly, candidates should appreciate the Government of Uganda budgeting process with particular focus on budget framework paper and fiscal risk statement and National Development Plan (NDP III) as well as the processes involved in public procurement and disposal of public assets, the documents, programmes and priorities from which the public sector entities derive their annual budget objectives and programmes.
- Candidates should acquaint themselves with practical and theoretical knowledge and application of the various IPSAS in public sector financial accounting and reporting.

CPA 14: STRATEGY, GOVERNANCE AND LEADERSHIP

- Candidates are strongly advised to widely read and pay attention to all aspects of the syllabus. They should acquaint themselves with the facts in the case as a way of enabling them to relate their answers to the case provided. General responses to a question often fetch very basic marks that may not enable one to score a pass in the exam.

CPA 15: ADVANCED FINANCIAL MANAGEMENT

- Read and understand the key areas of the syllabus most importantly capital budgeting, financing decisions, risk management and financial markets as these form the core of the paper as well as the role of finance managers. While presenting solutions to computational questions, it is good examination practice to show workings as professional marks are awarded for demonstrating the principle even if the candidate has made numerical errors.
- Ensure full coverage of the syllabus in line with the learning objectives. Update yourself with new developments in the financial management field and develop the ability of applying financial management principles in the day-to-day operations of the business.
- Comply with instructions pertaining to the number of questions to be attempted so as to circumvent unnecessary wastage on time. Always attempt the theoretical parts of the questions as the chances of misfiring on such questions are lower compared to computational questions.

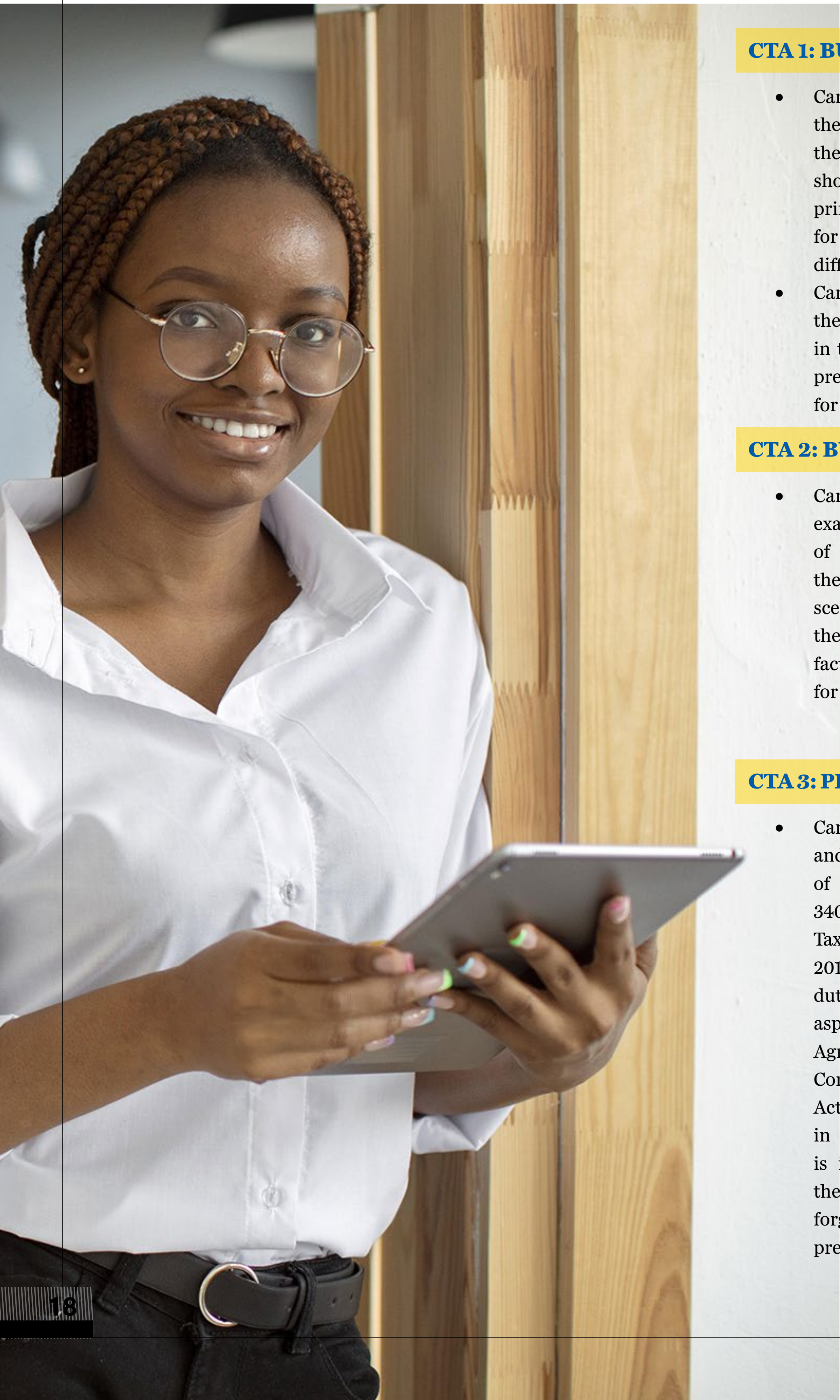
CPA 16: AUDIT PRACTICE AND ASSURANCE

- Candidates are advised to continue reading the International Standards on Quality Management (ISQM) 1 and ISQM 2 and their application in the accountancy profession.
- They should pay attention to the emerging issues in the auditing field.

CPA 17: ADVANCED TAXATION

- Candidates are advised to read widely and understand the application of the updated Income Tax Act (ITA) Cap 340, VAT Act (VATA) Cap 349, the Tax Procedures Code (TPC) Act 2014, Stamp Duty Act, 2014 and East African Customs Community Management Act (EACCMA) 2004 in preparation for sitting examinations.

CERTIFIED TAX ADVISOR



CTA 1: BUSINESS ACCOUNTING 1

- Candidates are advised to appreciate the double entry and the format of the financial statements. Emphasis should be placed on learning the principles involved when accounting for depreciation when applying the different methods of depreciation.
- Candidates should familiarise themselves with all the topics outlined in the syllabus, with special focus on preparation of financial statements for the different forms of business.

CTA 2: BUSINESS LAW

- Candidates are reminded that this examination tests the knowledge of legal principles, application of the principles in different practical scenarios and the skill to identify only the relevant issues from the given facts. They are encouraged to prepare for all areas of the syllabus.

CTA 3: PRINCIPLES OF TAXATION

- Candidates are advised to read widely and understand the application of the Income Tax Act (ITA) Cap 340, VAT Act (VATA) Cap 349, the Tax Procedures Code (TPC) Act 2014, Excise duty Act (LED), Stump duty Act, International Taxation aspects such as the Double Taxation Agreements (DTAs), East African Community Customs Management Act (EACCMA) 2004 and case laws in preparation for examinations. It is important to keep updated with the new tax amendments, but never forgetting the applications of the previous or repealed tax provisions since some tax cases or tax audits look at periods before the implementations of the new tax amendments and periods after the tax amendments especially when the tax authorities carry out tax audits for different tax periods.

CTA 4: MANAGERIAL ECONOMICS AND PUBLIC FINANCE

- There is a need for the students to work on their discussion abilities in order to earn good marks.

CTA 5: BUSINESS ACCOUNTING 2

- Candidates are advised to appreciate the double entry that relates to hire purchase transactions and the effect on the financial statements. They should appreciate the accounting standards, the disclosure requirements and application, and pay more attention to the computational sections of the syllabus.

CTA 6: INDIRECT TAXES

- Pay attention to handwriting, grammar and spellings as these have the potential of altering the meaning of statements and subsequently affecting performance. Make use of the solutions and examiners' comments regarding the workflow presentation and arguments. Reference to the relevant sections of the applicable tax laws and cases earn marks to candidates especially as a Certified Tax Advisor.

CTA 7: CUSTOMS

- Keep updated with the policy changes for the most current financial year. Candidates are encouraged to pick interest in the emerging issues in international trade and current affairs generally, such that they can ably answer the questions.

CTA 8: INCOME TAX

- Candidates are advised to read widely and understand the application of the Income Tax Act (ITA) Cap 340 (including Subsidiary Regulations and Practice Notes) and the Tax Procedures Code (TPC) Act 2014) in preparation for sitting examinations.
- When referencing the Act, cite the Section, Subsection (and paragraph) whenever possible. Do not quote wrong sections of the laws as this may lead to loss of marks.
- Be abreast with the amendments of the current year tax laws and other developments as they impact the application of some provisions of the Tax laws. Pay attention to case law as it is a precursor to Tax Amendments especially where a lacuna is detected

CTA 9: TAX COMPLIANCE & ETHICS

- Students are encouraged to familiarise themselves with recent developments in taxation of Uganda including recent court rulings, tax amendments and new compliance procedures as stated in the laws and enforced by the Uganda Revenue Authority. Read widely and understand the application of the Income Tax Act (ITA) Cap 340, VAT Act (VATA) Cap 349, the Tax Procedures Code (TPC) Act 2014, the East African Community Customs Management Act, Double Taxation Agreements, International Tax Conventions plus regulations and any other laws that affect tax administration in preparation for sitting examinations.

CTA 10 : INTERNATIONAL TAXATION

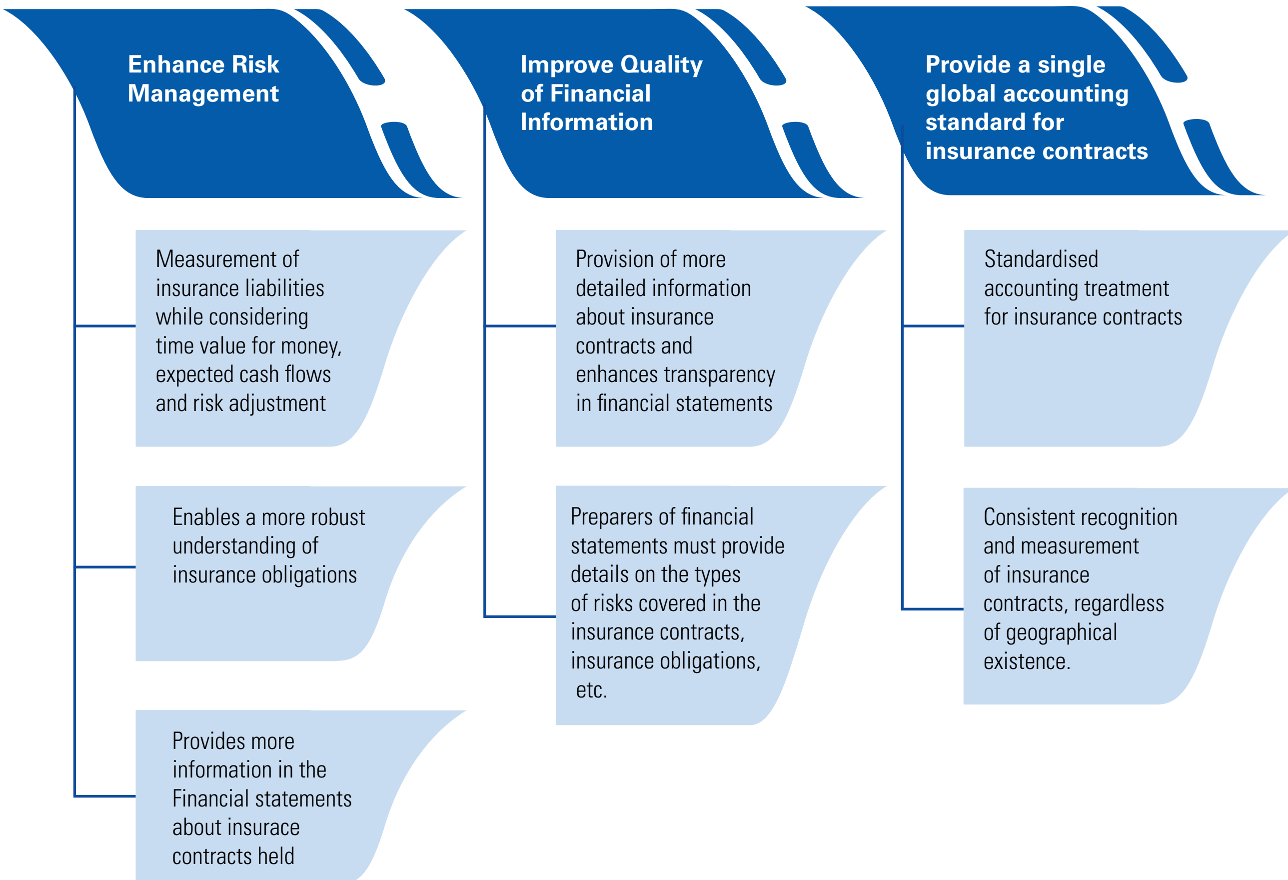
- Candidates are advised to prepare widely and in detail, to review the updated syllabus and keep abreast with the latest developments in both the local and international spheres. Quote applicable case law and address the key facts of the case, the ruling and its applicability to the scenario in question. Candidates should read the questions carefully and limit their responses to principles being tested, to manage time.

By CPA Benard Bwire
Technical Advisor Financial Management
Impact and Innovation Development Centre

UNPACKING IFRS 17: A CLOSER LOOK AT INSURANCE CONTRACTS

IFRS 17: Insurance Contracts is broad and applies to entities such as reinsurers, mutual funds, and other financial institutions that issue insurance contracts. It aims to provide a uniform approach to accounting for insurance contracts and to improve comparability across entities and jurisdictions.

Preparers of financial statements from the onset need to understand the objectives of IFRS 17 which are illustrated below;



Definition and classification

It is key to be able to identify if a contract constitutes an insurance contract and how to classify it to be able to present such transactions correctly in the financial statements. IFRS 17 defines an insurance contract as a contract under which an entity accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Recognition and Derecognition

While preparing financial statements, it is key for an entity to understand the recognition criteria and the derecognition criteria of an insurance contract. This will enable proper carrying of the insurance contract in the financial statements and inform the entity when it is no longer viable to present an insurance contract in the financial statements.

Initial Recognition of an Insurance contract at the earliest of;

1. The beginning of the coverage period
2. The date when the first payment from policyholder is due or actually received if there is no due date
3. When an entity determines that a group of contracts become onerous

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognised at the later of:

1. The beginning of the coverage period of the group; or
2. The initial recognition of any underlying insurance contract.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction.

An insurance contract is derecognised when:

1. It is extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
2. The contract is modified and certain additional criteria are met.

Measurement

Fulfilment cash flows (FCF) within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that an entity expects to collect from premiums and payout for claims, benefits, and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- are based on a probability weighted mean of the full range of possible outcomes.
- are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates.

- For contracts measured under the Premium Allocation Approach (PAA), unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the Liability for Incurred Claims(LIC).

Insurance acquisition costs

The insurance acquisition costs incurred from selling, underwriting, and starting a group of insurance contracts that are directly attributable to individual or group contracts or to a portfolio of insurance contracts to which the group belongs are normally considered in measurement of the insurance contracts.

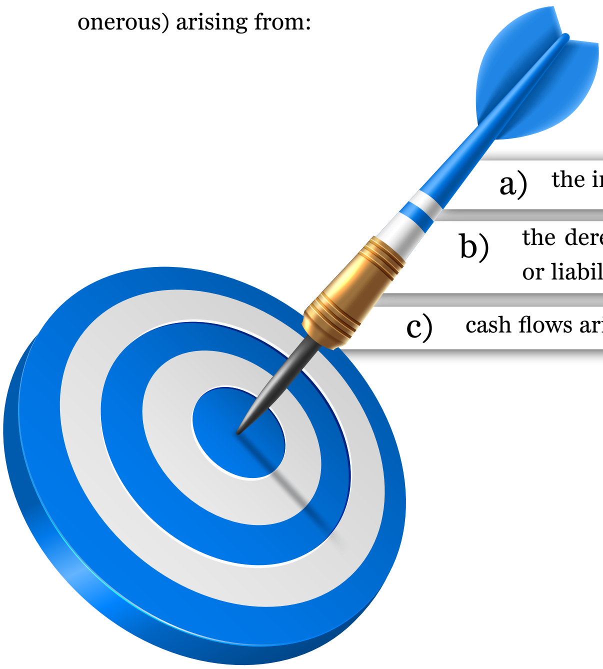
Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

Initial measurement - Groups of contracts not measured under the PAA

Contractual Service Margin (CSM)

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides coverage in the future. At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:



a) the initial recognition of the FCF;

b) the derecognition at the date of initial recognition of any asset or liability recognised for insurance acquisition cash flows; and

c) cash flows arising from the contracts in the group at that date

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately with no CSM recognised on the balance sheet on initial recognition.

Subsequent measurement - Groups of contracts not measured under the PAA

The carrying amount at the end of each reporting period of a group of insurance contracts issued at the reporting period is the sum of:

a. the LRC, comprising:

i. the FCF related to future service allocated to the group at that date; and

ii. the CSM of the group at that date; and

b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

Amounts recognised in comprehensive income

Insurance revenue

As an entity provides services under a group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the entity expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- ❖ Amounts relating to the changes in the LRC:
  - ✓ Insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding amounts related to the loss component; repayments of investment components; amounts of transaction-based taxes collected in a fiduciary capacity; and insurance acquisition expenses.
  - ✓ Changes in the risk adjustment for non-financial risk, excluding changes included in insurance finance income (expenses); changes that relate to future coverage (which adjust the CSM); and amounts allocated to the loss component;
  - ✓ Amounts of the CSM recognised in profit or loss for the services provided in the period; and
  - ✓ Experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

Presentation of insurance assets and liabilities

IFRS 17 requires all rights and obligations from a group of insurance contracts, such as insurance liabilities, policyholder loans, insurance premium receivables and insurance intangible assets, to be presented net in one line on the balance sheet, unless the components of the insurance contract are separated.

Groups of insurance contracts in an asset position are presented separately from those in a liability position (no offsetting).

Groups of insurance contracts issued are presented separately from groups of reinsurance contracts held. When applying IFRS 17, investment components, certain embedded derivatives and goods and non-insurance services are separated from insurance contracts if and only if they are distinct from the insurance component.

IFRS 17 requires an entity to include in the measurement of groups of insurance contracts all fulfilment cash flows (FCF), including directly attributable acquisition cash flows, unless the entity elects to expense these acquisition costs when incurred for insurance contracts measured under the PAA. Therefore, a separate asset associated with the acquisition of insurance contracts is not recognised. ◆

By Jackie Nampala
Associate Director
PricewaterhouseCoopers Uganda

THE SHIFT TOWARDS RISK-BASED AUDIT METHODOLOGY: HERE'S WHY

Given the evolving business environment in which entities operate, the increasing use of technology and the increasing complexity of entities and financial reporting frameworks, the traditional audit approach is no longer sufficient to effectively assess and manage risk. As a result, many organisations are turning to a risk-based audit methodology to enhance their audit processes and improve decision-making.

The International Audit and Assurance Standards Board approved major changes to the ISA 315 - *Identifying and Assessing the Risks of Material Misstatement* effective for periods beginning on or after 15 December 2021. The revised standard expanded on the requirements of extant ISA 315 considerably in several key areas. It established robust requirements and guidance to drive auditors to perform appropriate risk assessment procedures in a manner commensurate with the size and nature of the entity, thereby facilitating a more focused response to identified risks. It is focused on enhancing the auditor's approach to understanding the entity, its environment (including its internal control) and risk assessment activities.

Risk-based audit methodology is a strategic approach that focuses on identifying and assessing risks within an organisation, and tailoring audit procedures towards addressing those risks.

Risks at the financial statement level relate pervasively to the financial statements as a whole and potentially affect many assertions. Risks of material misstatement at the assertion level consist of two components, inherent and control risk:

- **Inherent risk** is described as the susceptibility of an assertion about a class of transaction, account balance or disclosure to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls. Examples of inherent risk factors include complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or other fraud risk factors.

- **Control risk** is described as the risk that a misstatement that could occur in an assertion about a class of transaction, account balance or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's system of internal control.

The auditor is required to obtain an understanding of the entity's risk assessment process relevant to the preparation of the financial statements, through performing risk assessment procedures, by:

- Understanding the entity's process for
  (I) Identifying business risks relevant to financial reporting objectives
  (ii) Assessing the significance of those risks, including the likelihood of their occurrence; and
  (iii) Addressing those risks.
- Evaluating whether the entity's risk assessment process is appropriate to the entity's circumstances considering the nature and complexity of the entity

One of the key advantages of a risk-based audit methodology is its ability to provide a more targeted and efficient audit process. By identifying and prioritising significant risk areas, auditors are able to focus their efforts on areas that are most critical to the entity, rather than conducting a broad and general audit that may not provide meaningful insights.

Furthermore, a risk-based audit methodology enables auditors to better understand the business and its operations, as they assess risks within the context of the entity's objectives and strategies. This deeper understanding allows auditors to provide valuable insights and recommendations to management, helping to improve decision-making and drive performance improvements.

Another benefit of the risk-based audit methodology is its ability to enhance the overall effectiveness and value of the audit function. By aligning audit procedures with the entity's risk profile, auditors can provide assurance that is relevant and timely, increasing the credibility and impact of the audit function within the organisation.

Implementing a risk-based audit methodology requires a fundamental shift in mindset and approach, as auditors need to move away from a one-size-fits-all approach to audit planning and execution. It also requires strong communication and collaboration with key stakeholders within the entity, including management and the board of directors, to ensure alignment on risk priorities and audit objectives.

The implementation of a risk-based audit methodology can revolutionise auditing practices by providing a more targeted, efficient, and value-driven approach to assessing and managing risk. As organisations continue to navigate an increasingly complex business environment, adopting a risk-based audit methodology can help them stay ahead of the curve and drive sustainable business growth. ◆

By CPA Frederick Kibbedi
8th President of the Institute of Certified Public Accountants of Uganda

DECIPHERING CORPORATE HEALTH: A SHAREHOLDER'S GUIDE TO MASTERING FINANCIAL INDICATORS

This article aims to elucidate the principles and significance of International Financial Reporting Standards (IFRS) for a diverse audience, including finance managers, shareholders, and stakeholders, who may not have a specialised background in accounting. In this context, the article will emphasise the relevance of IFRS in the preparation and interpretation of general-purpose financial statements in East Africa, particularly in Uganda.

Navigating the Nuances of IFRS: A Guide for the Non-Accountant

In today's dynamic business environment, the clarity and reliability of financial reporting are paramount. For stakeholders in East Africa, understanding these reports is crucial, even more so when these reports adhere to International Financial Reporting Standards (IFRS). IFRS serves as a global benchmark for financial reporting, offering a consistent, transparent, and comparable view of a business's financial health. However, for those not steeped in accounting jargon, these reports can seem complex.

The Essence of IFRS: A Brief Overview

At its core, IFRS is about standardisation and transparency. It ensures that a company's financial statements – the balance sheet, income statement, statement of changes in equity, and cash flow statement are prepared using a globally recognised set of rules. This uniformity is crucial, especially for multinational companies or those seeking foreign investment. For instance, a Uganda-based company, like MTN Uganda, which adheres to IFRS, instils greater confidence in international investors, owing to the comparability and reliability of its financial reporting.

Decoding the Financial Statements

Understanding these statements under IFRS can seem daunting, but it is about knowing what to look for. For example, the balance sheet provides a snapshot of a company's financial position at a specific point in time. It shows what the company owns (assets) and owes (liabilities), and the difference between these (equity). Equity is of particular interest to shareholders, as it reflects the residual interest in the assets of the company after deducting liabilities.

Income Statement Insights

The income statement is where revenue and expenses dance. It shows how the revenue (the income a company earns from its normal business activities) matches against the expenses (the costs incurred in earning that revenue). A profitable company, like Safaricom in Kenya demonstrates consistent revenue growth and controlled expenses, a positive sign for investors and stakeholders.

The Significance of the Auditor's Opinion

An aspect often overlooked by non-accountants is the auditor's opinion. This is where an independent auditor examines the financial statements to ascertain their accuracy and compliance with IFRS. A 'clean' or 'unqualified' opinion means the financial statements present a true and fair view of the company's financial position. This is a green light for stakeholders, indicating reliability and adherence to high reporting standards.

Case Studies: Listed and Non-Listed Entities

Consider the contrast between a listed entity like Equity Bank of Kenya and a non-listed entity in Uganda. While both adhere to IFRS, the listed entity faces stricter scrutiny and higher expectations for transparency from regulators and the public. This means their financial statements are often more detailed and rigorously reviewed.

Maximising Benefit from Financial Statements

For shareholders and stakeholders in East Africa, the ability to interpret financial statements under IFRS is empowering. It enables informed decision-making, whether for investment, partnership, or understanding the economic dynamics of a region buzzing with potential. By familiarising oneself with the basics of IFRS-compliant financial statements, one can glean insights into a company's performance, prospects, and position, making for a more informed and engaged financial community. The following tips can be very helpful;

1. Revenue Growth: The Pace Setter

Revenue growth is the increase (or decrease) in a company's sales over a period. Consistent revenue growth is often a hallmark of a performing company. It indicates an expanding business, possibly due to market dominance, product innovation, or effective marketing strategies. For a shareholder, steady revenue growth can signal the company's robust market position and potential for long-term profitability.

2. Equity Growth: Building Value

Equity growth refers to the increase in the owners' stake in a company over time. This can result from retained earnings or additional investments by shareholders. A steadily growing equity suggests a company is effectively using its profits and investments to enhance shareholder value. For stakeholders, this is a positive sign, indicating the company's ability to generate wealth for its owners.

3. Profitability: The Bottom Line

Profitability, typically measured by net income, is the surplus after all expenses are deducted from revenue. A consistently profitable company is often considered a safe bet for investors. Profitability indicates effective management and a viable business model. For shareholders, profitability not only implies potential dividend payouts but also a company's capability to reinvest in growth and withstand economic downturns.

4. Dividend Policy: Sharing Success

The dividend policy of a company indicates how it distributes profits to shareholders. A company with a stable or increasing dividend payout is often viewed favourably. It suggests not only current profitability but also management's confidence in future earnings. For shareholders, dividends are a direct benefit and a source of regular income.

5. Gearing Ratios: Leverage and Risk

Gearing ratios, such as the debt-to-equity ratio measure a company's financial leverage. High gearing means a company is using more debt compared to equity to finance its operations. While some leverage can enhance returns on equity, excessive debt can signal high risk, especially in uncertain economic times. Shareholders need to assess whether the company's leverage aligns with their risk tolerance.

6. Going Concern: Future Prospects

The going concern principle assumes a company will continue its operations in the foreseeable future. Auditors assess this when reviewing financial statements. If doubts about going concern arise, it could indicate severe financial distress. Shareholders should be cautious, as it might affect the company's ability to maintain operations, meet obligations, and protect investments.

7. Statements of Cash Flows: The Cash Reality

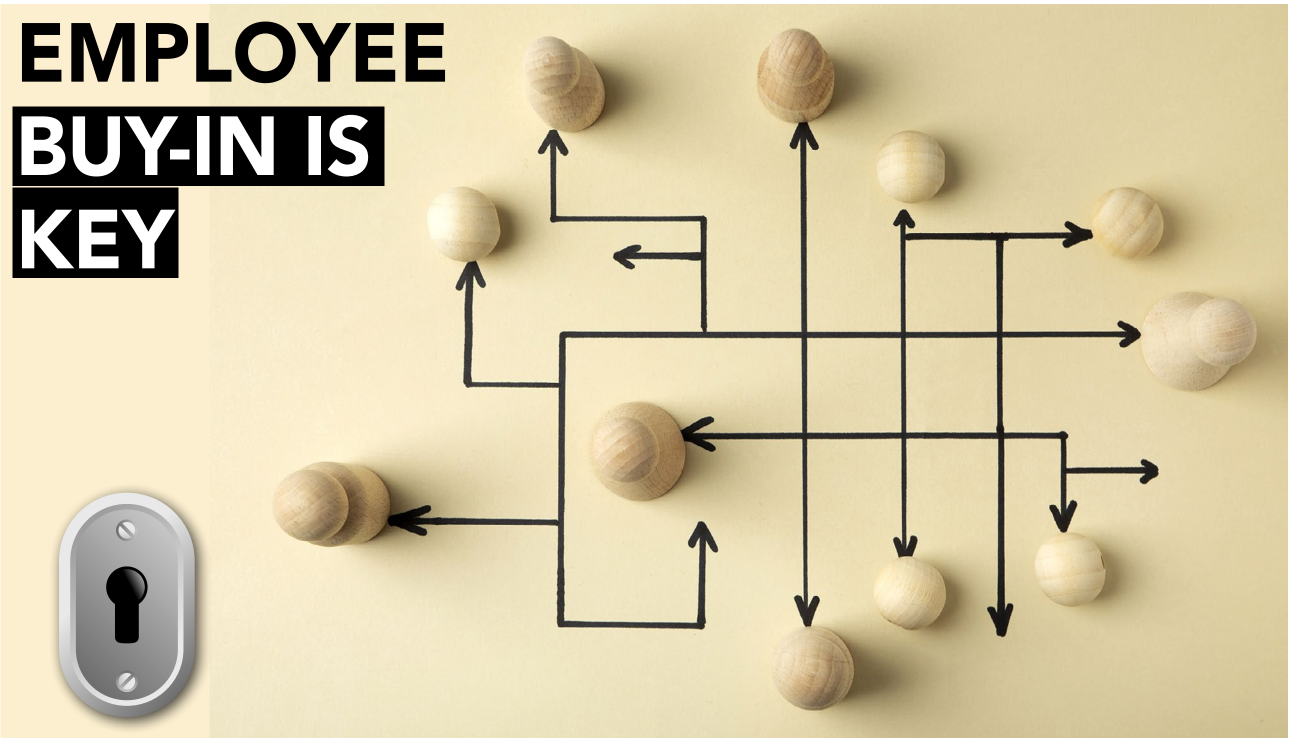
The statement of cash flows shows how a company generates and uses cash. It is divided into cash flows from operating, investing, and financing activities. Positive cash flow from operations is a good indicator of a company's health, as it means the business is generating enough cash to sustain itself. For shareholders, understanding cash flows is crucial, as it reveals the company's true cash position, often obscured in profit figures due to non-cash accounting adjustments.

This article serves as a guide for shareholders and finance professionals in East Africa to navigate the complex landscape of financial reporting and analysis. By understanding key concepts like revenue growth, equity growth, profitability, dividend policy, gearing ratios, the going concern assumption, and cash flow statements, stakeholders can make more informed decisions.

The ability to interpret these financial indicators not only reveals the current health of a company but also its future potential. With this knowledge, stakeholders in East Africa can better position themselves to capitalise on investment opportunities, mitigate risks, and contribute to the region's burgeoning economic landscape. This understanding is crucial in a world where financial literacy is not just an asset but a necessity for navigating the intricacies of modern business environments.

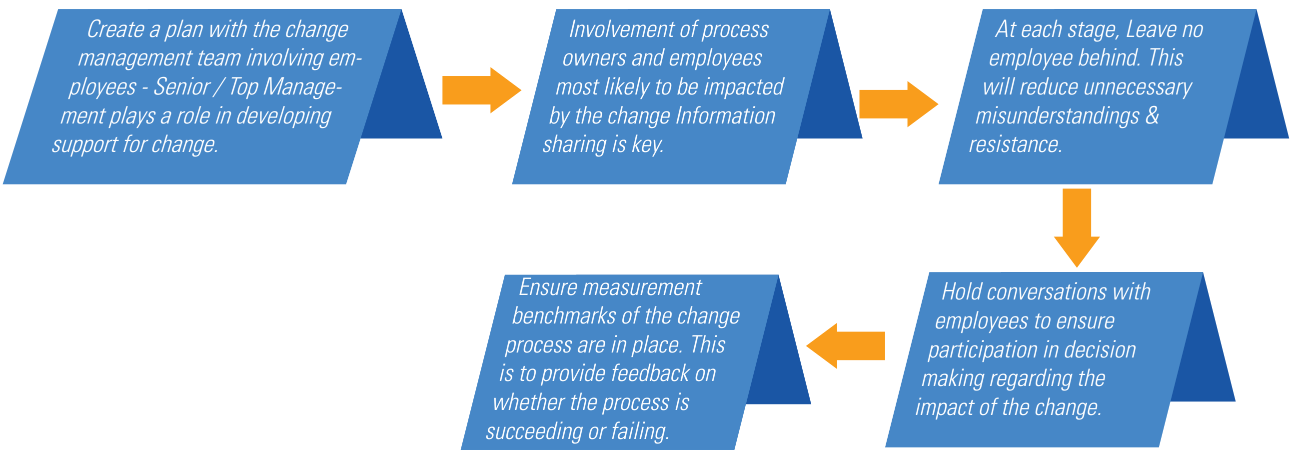
By CPA Benard Bwire
Technical Advisor Financial Management
Impact and Innovation Development Centre

IMPLEMENTING ORGANISATIONAL CHANGE?



Change management is a critical aspect in any organisation, and the success of any organisation largely revolves around how change is managed and how the employees are involved in this process. Employees will always be the key drivers of change management in any organisation, and a successful change management process will always revolve around how employees embrace the anticipated change, their participation, and the various roles they play in the whole process.

There certain steps that an organisation can adopt to involve its employees in the process of change. The steps can be illustrated as:



- Normally, the change process will face some resistance and the strategies put in place by the organisation to handle the resistance will always inform how successful the whole change management process is. Naysayers will at some point affect the positive impact of the change process if not well handled/ addressed. Sometimes organisations delay in identifying the impact brought about by the unbelievers of the change process, and this would likely dim the positive energy from other employees. The key is to have in place a timeline for handling the scoffers.

From various studies, transitioning individuals through change requires influential change managers. Change managers are people that employees overwhelmingly look up to more than others during the change management process.

The Role of Managers

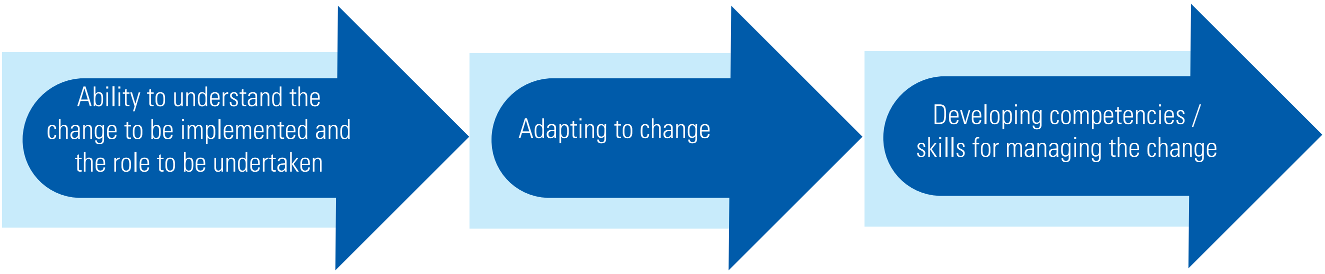
Managers can either be positive contributors to change or they can be an obstacle to the successful implementation of change. The turnaround time of adopting change within an organisation is greatly dependent on the manager's ability to lead the employees through the change process.

Prior conducted research has revealed actions that are key for managers in the change process, and if these actions are well articulated and implemented during the process, then there is always a very high possibility of success.

- Change managers, supervisors and lead employees should ensure that during the change process, they are well-equipped and with an in-depth understanding of the repeatable process change and the goals. There should be a well-defined workflow and availability of tools to facilitate a smooth process. With this, managers are likely to have better outcomes from the employees.

  The underlying best practice for change management is normally, employees first then managers second. Managers must ensure that they are acquainted with the change before they can effectively guide employees through the change process. This kind of change management framework manifests in two phases i.e., preparing self for change and leading employees through the change process.

Preparing self for Change



Leading Employees through the Change process

Resistance to change is always expected during the change management process, and the way managers handle resistance will inform the success of change. Identification of resistance is one of the first phases of change management. Therefore, managers should ensure:

- Evaluation of the change intended to be made and how it will impact the employees and the organisation at large. Action plans can be developed for handling resistance.
- Supporting the change process by embracing the change itself and then proceeding to lead the other employees.
- Building abilities to lead change and manage subordinates.

Through increased involvement of employees, change will always have a high success rate.

By CPA Esther Kalyowa Kisakye
Examinations Officer
Institute of Certified Public Accountants of Uganda

WHAT YOU MUST KNOW ABOUT SERVICE COSTING

In today's competitive business landscape where efficiency and profitability are paramount, understanding service costing is critical for driving organisational success and fostering sustainable growth. In practice, determining the suitable cost unit to be used for cost ascertainment is a major problem in service costing. Selecting a realistic cost unit that represents a suitable measure of the service provided is difficult hence the need to explore this subject further.

For students, understanding service costing goes beyond memorising formulas; it is about grasping the underlying principles that govern cost allocation and management in service costing. Comprehension of this knowledge will not only enhance analytical skills but it will also improve students' strategic decisions and enable them to formulate well-reasoned solutions.

What is service costing?

Service costing is a method of determining the cost of providing services. It involves identifying, analysing and allocating costs associated with delivering services. It is extensively used in service organisations such as transport companies, hospitals, hotels, education institutions, power generation and distribution companies, financial institutions, and insurance companies.

Why do I need to cost my service?

In an organisation, service costing is relevant in creating value and managing resources as managers can use service costs to:

- Assess service profitability
- Decide which service to perform/deliver
- Set service prices (fees)
- Plan and control costs

Which steps do you follow when calculating service costs?

Service providers will follow the following steps to determine the cost per unit of the service:

1. Compile your fixed costs
2. Assess your variable and semi-variable costs
3. Determine the unit to measure
4. Calculate the unit cost by adding all variable, semi-variable, and fixed costs together then divide by the number of units

Ascertaining a service cost unit

The cost unit related must be simple or composite:

- Simple i.e., one that employs one parameter to calculate the cost of a service.
  Examples of simple cost units:

Service industry	Unit cost
Transport services	Per passenger, per kilometre, per ton
Hospital	Patient per day, room per day, or per bed
Hotel	Per room
Electricity	Per kilowatt
Education institution	Per course, per student/pupil

A composite unit where two parameters are combined to form a single cost unit.
Examples of a composite unit:

Service industry	Unit cost
Transport services	Per Passenger-Kilometer
Hospital	Per Bed-Day, Per Patient-Day
Hotel	Per Room-Day / Per Room-Night / Per Bed-Day
Electricity	Per kilowatt-Hour

Ways of computing a composite cost unit

(i) Absolute (weighted average) basis

This is the summation of the products of qualitative and quantitative factors. For example, to determine the absolute Ton-Km for a goods transport we calculate the:

$$\bigstar(\text{Weight Carried} \times \text{Distance})_1 + (\text{Weight Carried} \times \text{Distance})_2 + \ldots + (\text{Weight Carried} \times \text{Distance})_n$$

(ii) Commercial (simple average) basis

This is the product of average qualitative and total quantitative factors. In the case of goods transport a commercial Ton – Km is arrived at by multiplying the total distance km., by the average load quantity.

$$\star(\text{Distance}_1 + \text{Distance}_2 + \ldots\ldots + \text{Distance}_n) \times \frac{(W_1 + W_2 \ldots\ldots + W_n)}{n}$$

Note: In both instances, the variable cost is dependent on distance and is a quantitative factor. Weight carried does not affect the variable cost therefore it is the qualitative factor.

Illustration

ABC Transporters has lorries that transport goods to various parts of the country. A lorry started with a load of 20 tonnes of goods from Kampala. It unloaded 5 tonnes at Mukono and the rest of the goods at Jinja. On its way, back to Kampala, it was loaded with 10 tonnes of goods from Jinja. The distance between Kampala and Mukono, Mukono to Jinja, and from Jinja to Kampala is 22 Km, 57 Km, and 80 Km respectively.

Compute the absolute tonnes-km and commercial tonnes-km.

Solution

Absolute tonnes-km

$$\star(\text{Weight Carried} \times \text{Distance})_1 + (\text{Weight Carried} \times \text{Distance})_2 + \ldots + (\text{Weight Carried} \times \text{Distance})_n$$

(20 tonnes X 22 km) +(15 tonnes X 57 km) + (10 tonnes X 80 km)

= 440 + 855 + 800

= 2,095 tonnes-km

Commercial tonnes-km =

$$\star(\text{Distance}_1 + \text{Distance}_2 + \ldots\ldots + \text{Distance}_n) \times \frac{(W_1 + W_2 \ldots\ldots + W_n)}{n}$$

(22 km + 57 km + 80 km) X (20 + 15 + 10)/3

=2,385 tonnes - km

Computation of service costs

Example

Air Link Uganda operates 2 flights a week between Entebbe and Arua. The airline operates a single aircraft with a 160-seat capacity. The normal occupancy is estimated at 70% throughout the year of 52 weeks. The distance between Entebbe and Arua is 232 miles.

The one-way fare is $87.

The cost of operation for a flight is:

Fuel per flight	$1,170
Food served on board on a non-chargeable basis per passenger	$3
Commission per fare applicable on all bookings	5% of fare
Salaries to the aircraft crew per flight	$1,320
Aircraft lease per flight	$4,268
Landing charges per flight	$878

Determine the net operating income per flight and the revenue per available seat per mile.

(i) Air Link Uganda expects its occupancy rate to increase to 95% per flight if its fare is reduced to 100. Advise whether this proposal should be implemented or not.

Solution

Number of passengers = 70% X 160 = 112

	$	$
Revenue (112 X 120)		13,440
Less variable costs:		
Fuel	1,170	
Commission	487.2	
Salaries:	1320	
Food	336	3,313.2
Contribution per flight		10,126.8
Less fixed costs		
Lease	4,268	
Landing charges	878	5,146
Net income per flight		4,980.8

Revenue per available seat per mile

Available seat per mile =160 X 232 =37,120

Revenue per available seat per mile $= \frac{160 \text{ X } 120}{37{,}120}$

= $0.52

(ii) Number of passengers = 95% X 160 = 152

	$	$
Revenue (152 X 100)		15,200
Less variable costs:		
Fuel	1,170	
Commission	487.2	
Salaries:	1320	
Food	336	3,313.2
Contribution per flight		11,886.8

The proposal should be accepted as there is an increase in the contribution by $1,760

Points to Note:

Cost units in service costing are key, therefore, familiarising oneself with the generally accepted metric of measuring that variable in a particular industry is essential. It is also important to note the cost classification for each industry to separate variable and fixed costs.

By CPA Charity Akatukwasa
Partner/Tax Consultant,
Value Impact Management and Finance Consultants

EMERGING ISSUES IN THE TAX AMENDMENTS FOR THE PERIOD JULY 2023 TO JUNE 2024

On 15 June 2023, the Minister for Finance, Planning and Economic Development read the budget speech for the financial year 2023/24. Under the domestic revenue mobilisation strategy, new tax measures were introduced as well as amendments in the tax laws with respect to Income Tax, Value Added Tax and Excise Duty. There were also amendments to the Tax Procedures Code Act.

In this article, we examine some of the adjustments and the likely impact.

Income Tax

- Major policy change with the removal of initial allowances. The 50% and 20% initial allowances granted on new eligible property and industrial buildings respectively have been removed. Apparently, the government views this prior incentive to persons deploying new business assets as not necessary, as it seeks to increase revenue collection.

- Exemption from income tax the employment income of a prosecutor in the office of the Directorate of Public Prosecution ("ODPP"). This is to align the tax treatment with other employees in the criminal justice system like the police, prisons services and other specific security organisations.
- Interest capping for micro-deposit taking institutions and tier-4 micro-finance institutions has been removed. This means these financial institutions will be allowed a full tax deduction in respect of their interest expense.
- Unit trusts have been excluded from the definition of a company. This means that distributions to unit holders do not constitute dividends in the hands of the recipients and therefore cannot be taxed as such as the Uganda Revenue Authority has been arguing.
- Carry forward of assessed losses allowed up to seven years. After a period of seven years of income, the taxpayer shall only be allowed a deduction of 50% of the loss carried forward in the following year of income and the subsequent years of income in determining the taxpayer's chargeable income.

Deduction allowed after a period of seven years of income

50%

of the loss carried forward

- Providing for the taxation of non-resident persons deriving income from providing digital services in Uganda to customers in Uganda. Digital services have been defined in Section 86A (3) and a tax of 5% imposed. This is to comply with the provisions of avoiding the base erosion and profit shifting where multinational companies do not pay the right taxes where they supply digital services due to the difficulty of determining the source of income.
- Winnings derived from sports betting and pool betting have been excluded from the definition of property income. Such winnings will going forward be treated as "other" property income and the 15% withholding tax no longer applies to such winnings.

Value Added Tax

- VAT on auctioned goods will have to be charged by the auctioneer, putting him/her in place of a supplier. However, VAT on the auctioning services supplied by the auctioneer will be accounted for separately.
- The place of supply rules for non-resident suppliers of services under section 16(2) of the VAT Act have been amended to include that; a supply of specified services by a person who does not have a place of business in Uganda shall take place in Uganda if the recipient of the supply
  - a) is not a taxable person;
  - b) does not make supplies exceeding the annual VAT registration threshold of UGX 150 million; or
  - c) is a government entity that is not registered for VAT.
    - The definition of electronic services has been widened to mean services supplied through an online or digital network by a supplier from a place of business outside Uganda to a recipient in Uganda. The detailed listing of the digital services is included in Section 16 (5). These amendments are aimed at ensuring that the specified services provided by non-residents to non-taxable persons, small businesses or unregistered government entities in Uganda

  are brought within the ambit of VAT.
- There are new restrictions on the ability to claim a credit for VAT input tax as follows:
  - Non-residents providing services which are deemed to take place in Uganda under section 16(2) will not be entitled to claim input VAT credits.
  - Input VAT incurred on membership in a club, association or society of a sporting, social or recreational nature will now be akin to entertainment for which a claim is not allowed.
  - Claims for input VAT can only be made against the "related business generating a taxable supply".
- Non-resident suppliers of services who have VAT filing and payment obligations in Uganda under section 16(2) will now be able to file returns and pay the respective tax in USD. This amendment may make it easier for non-residents to make their quarterly VAT declarations to URA.
- The First Schedule of the VAT Act has been expanded to include ZEP-RE (PTA Reinsurance Company) as a public international organisation.
- The following have been added as exempt supplies in the Second Schedule:
  - The supply of animal feeds and mixed components such as eggshells, feed additives, wheat bran, maize bran, premixes, concentrates and seed cake
  - The supply of billets for further value addition in Uganda.

- The following items have been removed from the list of exempt supplies and now attract VAT at a standard rate of 18%: diapers, cotton seed cake, production inputs necessary for processing hides and skins into finished leather products in Uganda and the supply of leather products wholly made in Uganda and production inputs into iron ore smelting into billets;

Excise duty rates

- Opaque beer - Reduction in the ad-valorem rate by 8% as well as a reduction in the fixed rate by Shs.80
- Spirits - excise duty category amended to introduce a reference to the alcoholic strength of the un-denatured spirits for ease of categorisation of spirits that fall under the paragraph.
- A new excise duty category for locally produced and imported un-denatured spirits of alcohol strength of less than 80%.

Other amendments can be obtained on the URA portal/ Legal and Policy/Laws, Acts and Regulations

Tax Procedures Code Act (TPCA)

Widening the stamp duty base in that any local authority, government institution or regulatory body will require a tax identification number before it registers an instrument that is subject to stamp duty.

The order of payments by a taxpayer has been further clarified such that any payment against a tax liability will be applied first to the outstanding principal tax until it is fully paid up. The wording implies that this clarification will apply retrospectively. This will resolve the varying interpretations that the URA applies regarding the order of payments against tax versus penalties, often to the taxpayer's disadvantage.

The power to waive any tax will now be exercised by the Minister subject to Parliamentary approval.

Any interest and penalty outstanding as at 30 June 2023 were waived where the taxpayer would have paid the principal tax by 31 December 2023. Because the President assented to the Act late, the URA has appealed to the Minister to have the waiver extended to 30 June 2024.

A taxpayer will be restricted from providing additional information when objecting to a tax decision or during Alternative Dispute Resolution proceedings where they failed to provide such information upon a prior formal request for such information from the URA. However, the restriction shall not apply to a request for information that is more than three years old or which goes beyond the past three financial years.

The TPCA introduces the following new offences:

- Unauthorised interference or tampering with a digital tax stamps machine subject, upon conviction, to a fine not exceeding UGX 100 million or imprisonment not exceeding ten years or both.
- Fixing tax stamps on wrong goods, brands or volumes, upon conviction subject to the same sanctions as above. ◈

By Dr. Sylvia M. Aarakit
Senior lecturer
Makerere University Business School

LEVERAGE OPPORTUNITIES IN CHANGE

In the dynamic landscape of today's globalised world, change is the only constant. Change is a fundamental concept that refers to the process of transformation or transition from one state, condition, or form to another. It involves a shift, alteration, or modification in the way things are or the way they operate.

Change can occur in various aspects of life, including personal, social, organisational, and environmental domains and it can impact individuals, communities, and entire societies. The primary goal of change management is to facilitate a smooth and successful transition, minimising resistance and maximising the positive outcomes associated with the change. This process recognises that change can be challenging for individuals and groups, and it aims to provide the support, communication, and resources necessary to help them adapt.

In Uganda, a nation with a rich tapestry of culture and history, navigating through uncertainty requires a strategic and adaptive approach to change management. Whether it is economic shifts, technological advancements, or pandemics like the one experienced in recent years, the ability to manage change effectively becomes paramount for sustainable growth and development. Change in Uganda is not a new phenomenon. From the pre-colonial era to the present day, the country has undergone numerous transformations. However, the pace and scale of change in the 21st century pose unprecedented challenges, demanding a more proactive and resilient approach to managing uncertainty.

Uganda's economy has been marked by resilience and growth, but it is not immune to global economic uncertainties. Fluctuating commodity prices, trade disruptions, and external shocks can create an unpredictable economic landscape. Effective change management in such times involves fostering adaptability within organisations and industries.

The government plays a pivotal role in steering the nation through uncertain times. Policies that promote flexibility, innovation, and diversification are crucial. A proactive approach to policy adjustments can create an environment where businesses and communities can thrive despite external challenges. For instance, during the COVID-19 pandemic, the Ugandan government implemented stimulus packages, tax reliefs to some companies, debt waivers, and support for affected sectors. Such swift and adaptive responses demonstrate the importance of effective change management at the governmental level.

▸▸ The digital revolution has ushered in unprecedented changes across the globe. Uganda is not exempt from this transformation, with increasing connectivity and the proliferation of technology. Embracing digital innovation is a key aspect of change management in uncertain times. Businesses that invest in digital capabilities can pivot more easily in response to market shifts. E-commerce, telecommuting, and digital communication tools become essential components of a resilient business strategy. However, it is not just about adopting technology but also cultivating a digital mindset within the workforce to ensure a smooth transition. Many organisations have failed to monitor efficiency and effectiveness of remote working and online meetings. Generational change and the increased entry of a technologically savvy workforce into the job market has in many ways affected the planning and budgeting process of many organisations. Additionally, some managers have not leveraged the critical use of technology to enhance their performance.

Uganda's diverse cultural landscape adds another layer of complexity to change management. Social values, traditions, and community dynamics play a significant role in shaping the response to uncertainty. Effective change management must involve a nuanced understanding of these cultural dynamics. Engaging communities in the decision-making process, incorporating local knowledge, and respecting traditional practices can contribute to the success of change initiatives. Community buy-in is crucial for the sustainability of any change effort, and a collaborative approach ensures that the benefits of change are widely distributed.

Effective leadership is the linchpin of successful change management. Leaders must be visionary, communicative, and agile in their decision-making. They set the tone for organisational culture and resilience. In Uganda, leaders need to balance global best practices with an understanding of local contexts. During times of uncertainty, leaders must foster a culture of transparency and open communication. Keeping employees informed and involved in the decision-making process can mitigate resistance to change. Additionally, leaders need to be adaptable and prepared to recalibrate strategies as the situation evolves.

Employees are the backbone of any organisation, and their engagement is crucial for navigating uncertainty. Change management strategies should prioritise clear communication, training, and support for employees to adapt to new ways of working. Ensuring that employees feel valued and supported fosters a resilient workforce capable of weathering uncertainty. Investing in employee development programmes, upskilling, and reskilling initiatives can empower the workforce to embrace change proactively. Recognising and rewarding adaptability further incentivises a culture of continuous improvement.

While change during uncertainty presents challenges, it also brings opportunities for growth and innovation. Organisations that view change as an opportunity rather than a threat are better positioned to thrive in the long run. Embracing a positive mindset and fostering a culture of innovation can turn challenges into stepping stones for success. In times of uncertainty, collaboration becomes a powerful tool for change management. Organizations, government bodies, and communities can achieve more by working together and sharing knowledge. Collaboration facilitates the pooling of resources, ideas, and expertise, leading to more robust and effective solutions. Knowledge-sharing platforms, industry alliances, and public-private partnerships can be instrumental in building a collective response to uncertainty. By leveraging the strengths of various stakeholders, Uganda can navigate challenges more effectively and emerge stronger.

Navigating uncertainty mandates dexterity, tenacity, and foresight. Masterfully executed change management lays the groundwork for endurance and renewal amidst turmoil. Prioritising adaptability, embracing technology, encouraging innovation, practising compassionate leadership, crafting compelling narratives, tackling opposition head-on, developing personnel capacities, and seeking synergies unlock untapped possibilities. Amidst relentless change, those adept at managing transitions shall prevail.

By CPA Simon Peter Wanume
Senior Examination Officer
Bank of Uganda

THE IMPLICATIONS OF MONEY LAUNDERING ON FINANCIAL MANAGEMENT IN UGANDA

Money laundering (ML) poses a significant threat to financial management in Uganda, as criminal organisations exploit vulnerabilities in the financial system to legitimise illicit funds. In recent years, the Government of Uganda has taken steps to strengthen anti-money laundering measures, but the challenges persist. This article delves into the implications of money laundering on financial management in Uganda, examining the regulatory landscape, economic consequences, and the latest initiatives taken to combat this pervasive financial crime.

Money Laundering in Uganda: An Overview

Money laundering involves the process of disguising the origins of illegally obtained money, making it appear legitimate. Criminals engage in various techniques, ranging from traditional methods like fraud and embezzlement of public funds to sophisticated schemes using digital currencies and complex financial transactions. The consequences of money laundering extend beyond individual institutions, affecting the broader financial management landscape in Uganda.

▸▸ In February 2020, the Financial Action Task Force (FATF), an inter-governmental body responsible for setting standards and promoting effective implementation of legal, regulatory, operational measures for combating money laundering, terrorist financing (TF), and other related threats to the integrity of the international financial system, placed Uganda on its 'Grey-list' which implies that the country was identified as having strategic Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) deficiencies. Grey-listing can spell dire consequences for an economy including but not limited to restricted cross-border transactions, limited foreign investments, and difficulty in obtaining credit by the state. Additionally, grey-listing damages a country's reputation and affects its international standing.

Updated Regulatory Landscape

Uganda has recognised the severity of the money laundering problem and has implemented measures to address it. The Anti-Money Laundering Act of 2013 and the subsequent amendment in 2017 form the cornerstone of the country's regulatory framework. The Financial Intelligence Authority (FIA) was established as the central coordinating agency responsible for implementing and enforcing anti-money laundering measures.

In 2019, Uganda underwent a mutual evaluation by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), resulting in recommendations to further strengthen the country's anti-money laundering legal framework among others. Uganda has subsequently made efforts to enhance its legal framework and six laws were amended and assented to by H.E. Yoweri. K. Museveni, the President of which include: The Anti-Money Laundering Act, 2022, The Companies Act, 2022, The Partnerships Act, 2022, The Trustees Incorporation Act, 2022, The Cooperative Societies Act, 2022, and The Anti-Terrorism Act, 2022 demonstrating Uganda's commitment to combating money laundering.

Economic Consequences

Money laundering has profound economic implications for Uganda, affecting financial stability, investor confidence, and economic growth. One significant consequence is the distortion of economic competition. Illegally acquired funds infiltrate legitimate businesses, providing unfair advantages over law-abiding competitors and compromising the principles of fair market practices.

Moreover, money laundering contributes to the erosion of tax revenues. Illicit funds often evade proper taxation, depriving the government of resources needed for public services, infrastructure development, and poverty alleviation programmes. This economic imbalance can exacerbate existing disparities within Ugandan society, leading to social unrest and hindering sustainable development.

Furthermore, the proliferation of money laundering exacerbates existing social and economic disparities within Ugandan society. By allowing criminal elements to flourish unchecked, money laundering perpetuates inequality and undermines the Government's efforts to achieve sustainable development and poverty reduction goals.

Financial institutions operating in regions with weak anti-money laundering controls may face reputational damage, increased regulatory scrutiny, and difficulties in attracting investors. This, in turn, impacts their ability to contribute to economic development, hindering the overall growth of Uganda's financial sector.

Initiatives to Address Money Laundering

In response to the challenges posed by money laundering, the Government of Uganda has implemented several initiatives to strengthen its anti-money laundering framework which include:

The Financial Intelligence Authority (FIA) which was established as the central agency responsible for implementing and enforcing anti-money laundering measures in Uganda. It acts as a financial intelligence unit, collecting, analyzing, and disseminating information related to money laundering and other financial crimes.

Legal Framework: The Anti-Money Laundering Act of 2013 and subsequent amendments provide the legal basis for anti-money laundering efforts in Uganda. The legislation outlines the responsibilities of reporting entities, establishes penalties for non-compliance, and empowers the FIA to investigate and prosecute money laundering offences.

Mutual Evaluation: Uganda's participation in the mutual evaluation process with ESAAMLG reflects its commitment to international standards. The evaluation provides valuable insights and recommendations for strengthening the country's anti-money laundering framework, enhancing its effectiveness.

National AML/CFT/CPF Strategy: In September 2020, the Ministry of Finance Planning and Economic Development (MoFPED) formulated the National Strategy for Combating Money Laundering and the Financing of Terrorism and Proliferation for FY 2020/21 – FY 2024/25 in line with FATF's requirement of adopting a national AML/CFT strategy. This strategy aimed at developing a consolidated vision and strategy for improving the AML/CFT regime in Uganda with the goal of securing Uganda and its citizens from potential damage and havoc arising from ML and TF.

Training and Capacity Building: The government, in collaboration with international partners, has invested in training programmes and capacity building initiatives to enhance the skills of financial institutions, law enforcement agencies, and regulatory bodies involved in combating money laundering.

Public Awareness: Efforts to raise public awareness about the consequences of money laundering and the importance of reporting suspicious transactions contribute to a more vigilant and informed society.

Ongoing Efforts and challenges

On 23 February 2024, the FATF at its plenary sitting in Paris, exited Uganda from its list of countries/jurisdictions under increased monitoring (grey list) after it resolved that the country had fully implemented its action plan. Removal of Uganda from the grey list was a culmination of the concerted efforts and commitment by the government to foster and preserve the integrity of the country's financial environment. Several reforms were undertaken to enhance the robustness of Uganda's AML/CFT/CPF regime such as adopting a national AML/CFT/CPF strategy, developing and implementing a risk based supervision of the financial and designated non-financial businesses and professions (DNFBPS), enhancing the use of mutual/legal assistance, maintaining comprehensive statistics, and ensuring judicial authorities apply the ML offence consistent with the identified risks as well as establishing procedures to trace and seize proceeds of crime. The challenge going forward remains to consolidate the progress made and ensure that the country never slips back onto the grey list.

Despite the registered progress, challenges persist in combating money laundering in Uganda. Regulatory enforcement, institutional capacity, international cooperation, and technological challenges remain areas of focus. Strengthening regulatory enforcement, enhancing institutional capacity, fostering international cooperation, and addressing technological challenges are essential for effectively combating money laundering in Uganda.

The implications of money laundering on financial management in Uganda are extensive and require a multifaceted response. The country has made commendable efforts in implementing and strengthening its anti-money laundering framework, as evidenced by legislative measures, institutional establishments, and international collaborations. However, continuous vigilance, regulatory updates, and international cooperation are essential to effectively combat the evolving nature of money laundering and ensure the stability and integrity of Uganda's financial sector.

ARDENFIELD IS RECRUITING

Partner, CPA Arnold Ahereza shares what it takes to join the winning team!

Briefly tell us about yourself

I am Arnold Ahereza, a practising accountant with over 20 years of professional experience and a member of the Institute of Certified Public Accountants of Uganda (ICPAU). My professional expertise lies in accounting, audit, wealth planning and strategic leadership. Outside of work, I am a Rotarian and a Toastmaster, currently serving as the President at Kampala Toastmasters Club. I am a family man, a husband to one wife, Racheal and a father.

What inspired you to pursue a career in accountancy?

My father. Earlier in my education around P.6, I was very good at Math and a gentleman whom I respected mentioned how I would make a good auditor like my father. I was intrigued for three reasons; 1) I had a deep respect for my father and wanted to follow in his footsteps; 2) I liked the fancy title "auditor" and 3) I enjoyed Math at school and I looked forward to practising it in accounting. My sight was set on accountancy from that point on.

Briefly tell us about Ardenfield Certified Public Accountants

Ardenfield CPA is an indigenous consultancy firm established in 2004. It was registered as a Partnership with the Uganda Registration Services Bureau (URSB) in 2008 and licensed by ICPAU in 2010. The Firm is led by two founding partners, Arnold Ahereza and Dennis Ahimbisibwe (hence the name; Arden-Field). We aspire to be the leading business solutions provider of choice – currently focusing on audit, accounting, tax, financial management and business advisory services. Our offices are located at Mirembe Business Centre, 3rd floor along Lugogo by-pass.

What does it take to start an accountancy practice?

ICPAU (2013) defines accountancy practice or practice of accountancy to mean offering to perform or performing accountancy services, for a client or potential client. Such services include audit, assurance, accounting, taxation, forensic or fraud investigation services, advisory and risk management services. Setting up an accountancy practice requires one to possess the necessary professional qualifications and competence in the above-mentioned services, a deep passion to serve clients (public) and an investment in people (staff) and processes. The prosperity of any firm is driven by its ability to meet the needs of its clients.

What is a day like in the life of a practitioner?

Practitioners wear many hats but they are primarily advisors and entrepreneurs. This requires a mindset of continuous learning and development, self-discipline, strategic planning and time management. While no single day is the same, the practitioner's day revolves around the needs of two key constituents - clients and the staff.

The clients category includes both existing and prospective clients. A practitioner's day will involve addressing client's needs – meetings, decisions, reviews, etc. and allowing time to pursue new business opportunities from prospective clients. The practitioner must also set aside time for learning – listen to a podcast, read an article, reflect on the challenges and achievements of the day, etc.

For staff – this entails being available to your staff to make decisions, support, empower and train as needed.

As an entrepreneur and business owner, the practitioner must allocate time to run the business. No day is the same and for some of us, that's all the motivation and challenge we need.

What makes a good practitioner?

Being intentional to establish the right culture within the firm by defining and living/exemplifying the core values that shape the overall identity of the firm. A good practitioner must have a clear vision of the kind of firm they intend to build. They must be lifelong students, keen on continuous learning and professional development. This is because the accounting profession evolves very fast and one must continually be in a learning mode to keep abreast of new developments and possible new value propositions. Another important example in shaping the direction of the firm is the practitioner's attitude towards compliance in all aspects. The firm and staff will most likely emulate whatever the practitioner does or allows as acceptable within the firm.

Ardenfield won the Accounting Firm of the Year Award at the 2023 Accountancy Services Awards (ASA) for among other attributes great improvement in the firm's quality management systems. How do you ensure quality at the firm?

At Ardenfield, quality is an important element within the firm's culture. Every staff member at Ardenfield strives to be a champion for quality. Apart from that, we follow the International Standards on Quality Management (ISQM) to ensure that all quality aspects are considered in what we do. We have developed frameworks and checklists for reference in ensuring quality is a top consideration in how we do what we do at Ardenfield.

How has winning the 2023 Accounting Firm of the Year Award impacted the firm?

First, we are grateful to ICPAU for finding us worthy to merit the prestigious Accounting Firm of the Year award. We were deeply humbled to receive this award. A number of our clients called us to congratulate us and we have seen a good number of business referrals due to the increased confidence and trust that clients and the public have in us. It has created goodwill for us in the market place and our employees have increased confidence in working and learning with us. While we recognise that we continue to be a "work-in-progress", the Award was a validation of our vision and efforts to establish an indigenous accounting firm that offers quality service to our clients and an engaging & rewarding experience for our staff.

What is the organisational culture at Ardenfield?

Our organisational culture is deeply rooted in our core values. Embracing the belief that 'culture eats strategy for breakfast,' as famously stated by management consultant Peter Drucker, we prioritise communication as a cornerstone of our culture. We recognise that we are a work-in-progress, continuously striving to validate our efforts and vision while delivering exceptional service quality to our clients.

Our culture emphasises continuous learning, integrity, excellence, reliability, and client satisfaction. To keep our employees motivated and engaged, we adopt various strategies, including regular communication, aligning individual contributions with organisational objectives, and providing opportunities for personal and professional growth. This collective approach ensures that our team remains motivated and committed to addressing both challenges and opportunities, ultimately shaping a workplace where everyone thrives.

How does the firm keep employees motivated and engaged?

Keeping employees motivated and engaged in an accounting firm or any workplace, involves a combination of various strategies that cater to individual and collective needs. Here are some that we have adopted at Ardenfield:

a) Clear Communication: At Ardenfield, we regularly communicate the firm's goals, vision, and how individual contributions align with these objectives. We refer to being able to do your work well as "creating a little miracle". We promote an open and approachable management style that encourages employees to share their thoughts, concerns, and feedback about the firm's direction.

b) Recognition and Rewards: We implement a recognition programme to acknowledge and reward outstanding performance.

c) Professional Development: The firm also provides periodic trainings, learning and development opportunities for employees to enhance their skills and stay updated with industry trends. We support the academic endeavours of our staff through part-sponsorship for the CPA programme.

d) Technology and Tools: We believe in technology and process automation. The firm has deliberately invested in modern and efficient tools and technology to support our staff. We see technology as an enabler and a driver of competitive advantage in the marketplace.

e) Team Building Activities: Occasionally, we organise team building activities to foster a positive and collaborative work environment as a firm.

f) Employee Involvement: Every employee plays a part in most decision-making processes and the firm usually seeks their input on matters that affect their work thereby encouraging a sense of ownership in the various projects and initiatives.

A combination of these strategies and others has been vital in creating a positive and engaging work environment at Ardenfield.

Is the firm currently recruiting? What do you look out for in team members?

Yes. We are constantly on the lookout for individuals who can add value both to our clients and the existing staff. We are currently actively looking for experienced Audit Seniors and an Audit Manager.

We love candidates with an inquisitive mind, good communicators, team players, and problem solvers. We like people who embrace "problems" and accept the challenge to deliver solutions. Technical qualities are equally important and the expectations differ depending on the specific requirements for the role.

What does the future look like for Ardenfield?

Extremely bright and promising!

Our journey at Ardenfield is akin to a construction project. Over the last couple of years, we were laying the foundation and today, it is fully in place. As we look towards the next level(s) of this project, our vision and purpose are crystal clear and this clarity of vision is our North Star, illuminating the path ahead and inspiring unwavering determination and commitment among the partners and staff. We look to the future with great focus, conviction, and excitement at the solutions we will craft and deploy for our clients, the impact we will have in our communities and the rewards that will accrue to all associated with Ardenfield.

Ardenfield Employees share experiences working at the firm

Emmanuel Malingha, Auditor: Working at Ardenfield has been an incredibly rewarding experience. The firm's environment of togetherness as one family has fostered a strong sense of mutual trust, friendship and support among the staff.

Furthermore, the firm's steadfast commitment to developing the skills of its staff has provided me with valuable opportunities for professional growth. Working alongside approachable superiors has allowed me to receive the necessary support to thrive in my role.

During my time at Ardenfield, I have experienced significant personal and professional growth, particularly in the areas of audit, accounting and tax. I take pride in being part of a firm that is dedicated to the growth and development of its staff.

Ms. Leslie Laker Okot, Regulatory & Compliance Associate:

At Ardenfield, we are surrounded by a diverse team of talented individuals, all coming together to share our unique perspectives and experiences. Every day brings engaging challenges that push us to learn and grow. Collaboration is the key to excellence and we are constantly empowered by a supportive, team-oriented environment that thrives on open communication and mutual respect.

Our client's achievements are more than just a metric, it is a cause for celebration. Our clients get to see the impact of our professional touch and immaculate execution firsthand, knowing that we thrive at making a real difference. We are driven by a shared commitment to exceeding client expectations and we speak a language of solutions.

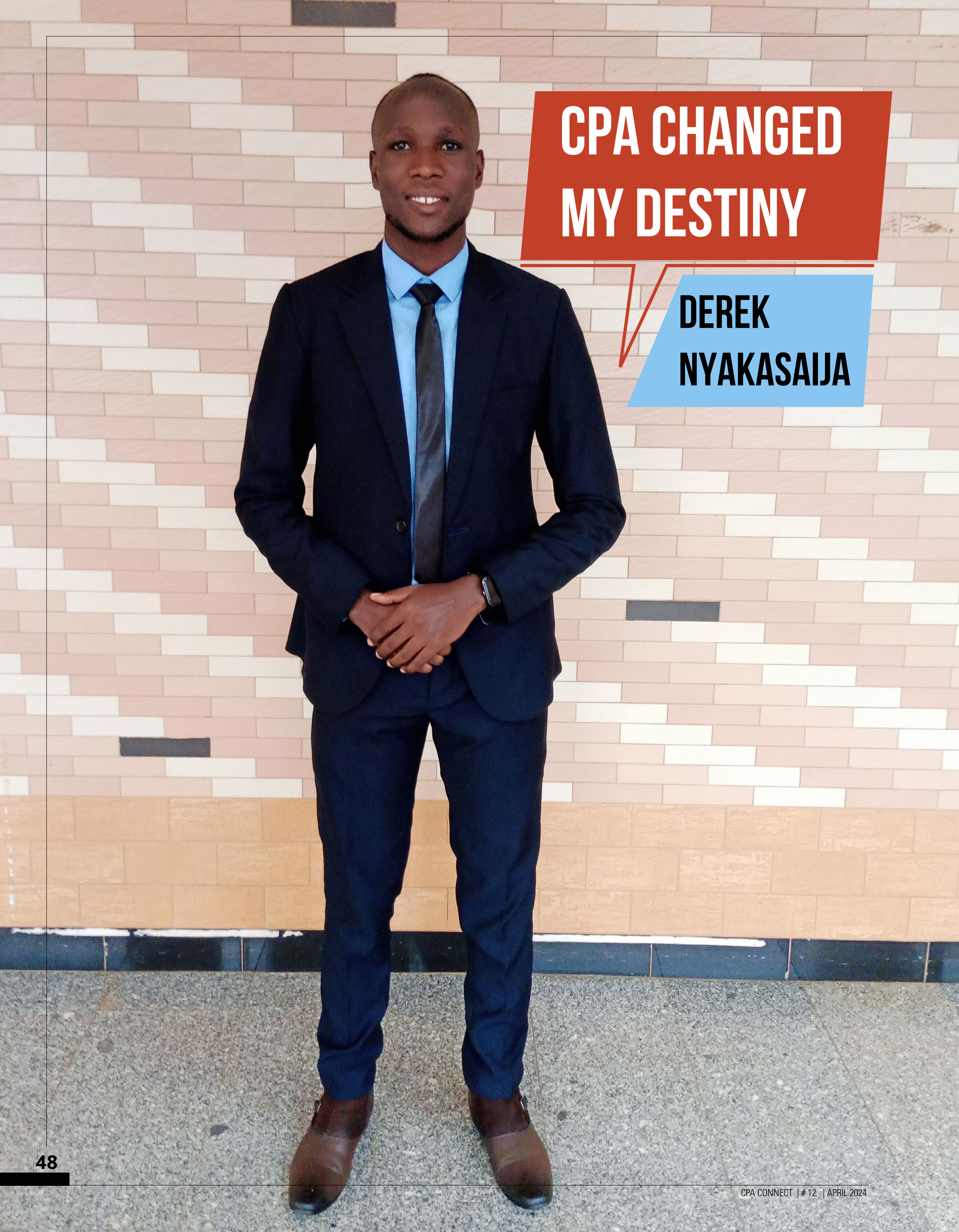
At the centre of Ardenfield is a strong and supportive leadership that provides mentorship, encouragement and a clear vision for the future. Working under this solid leadership feels like being part of a dynamic think tank, pushing boundaries and growing together, one innovative solution at a time.

Do you yearn to contribute your talents to a winning team, join us at Ardenfield and experience the difference.

CPA Arnold Ahereza was interviewed by Miss Joan Abaasa, Communications Officer at ICPAU

CPA CHANGED MY DESTINY

DEREK NYAKASAIJA



Derek Nyakasaija is a Tax Investigator at Uganda Revenue Authority (URA). He holds a Bachelor's degree in Economics and Statistics from Kyambogo University. He previously worked with BRAC Uganda Bank Ltd and Pride Microfinance (MDI) in various roles including credit assessment, customer service and internal audit. Mr Nyakasaija is a two-time top candidate for the Certified Public Accountants (CPA) Papers, Integration of Knowledge, November 2024 diet, and Business Law.

In an interview with Miss Joan Abaasa, a Communications Officer at the Institute of Certified Public Accountants of Uganda, he shares his passion for accounting and his career plans.

What was your experience studying CPA?

My CPA journey commenced with the bold challenge from my late uncle to forge a career in accounting, despite pursuing a different academic path at the university. Upon recognising the profound significance of attaining a professional accountant status during my tenure at a financial institution, I resolved to enrol for CPA classes in 2017, standing steadfast against discouragement from naysayers. Adversity surfaced when I was reassigned to a new duty station, presenting obstacles to attending classes.

After temporarily halting my studies, I eagerly resumed with the October 2021 examination sitting, determined to conquer the 15 remaining papers. Balancing professional responsibilities and academic commitments was no easy feat, but I embraced the challenge with indomitable courage and perseverance. With unwavering determination, I set my sights on completing the course by the conclusion of 2023, and I am proud to say that it happened. What seemed to be impossible became possible. The hard work and determination finally paid off.

Throughout this journey, I have fostered strong relationships with my immediate supervisors and I have always held myself accountable, which has been instrumental in overcoming the trials I faced during my CPA journey.

Tell us about the transition from customer care to internal audit.

In October 2019, I joined Pride Microfinance Ltd as a customer care executive. In October 2021, I resumed pursuing the CPA course, excelling as the top performer in Business Law. Following an internal recruitment in 2022, I was promoted to Internal Auditor. My performance in the few CPA papers I had completed by then, was key to this promotion.

What is involved in tax investigations?

At the Tax Investigations Department, we perform risk-based investigations of suspected tax evaders with a view of enhancing voluntary compliance with the established statutes and prosecuting the culpable offenders.

How are you applying CPA in your new role?

I apply the knowledge obtained from CPA in almost every aspect of my work since my role is related to forensic audit. The knowledge obtained from auditing, accounting and taxation is applied daily in my role.

Can you share an example of a challenging situation you encountered in your role and how you navigated it?

Conflict of interest is one of the challenging situations that I have encountered many times but by maintaining professionalism I always navigate it. Whenever I sense a conflict of interest, I declare it and I do not participate in such an activity.

Please share some of your career goals and how you see CPA aligning with your long-term aspirations.

For now, I want to give my best to my employer. In future I wish to join accountancy practice and the CPA qualification is everything to this long-term aspiration.

Plans for ICPAU full membership enrolment?

I have already started working on my Practical Experience Training (PET) and hopefully by June 2024 I will have enroled as a full member of the Institute of Certified Public Accountants of Uganda.

What do you do to wind down?

I love jogging, watching soccer (both local and international games) and spending time with my family.

By CPA Irene Namatovu
Associate member of the Institute of Certified Public Accountants of Uganda, & Senior Audit Associate at KLSA Chartered Accountants in London, an affiliate of PKF Uganda

APPLYING CPA IN THE UK

An interaction on Facebook with CPA Frederick Kibbedi, a Partner at PKF changed my destiny. During our chat, we discussed career prospects and CPA Kibbedi informed me of some vacancies at PFK. He encouraged me to apply, which I did.

After a successful recruitment process, I was hired.

I started at the graduate trainee level at the firm and I was later transferred to the UK office.

Let me take you back a bit to the beginning of my CPA journey. You see, I would not be able to effectively execute my assignments if I did not have the CPA qualification.

I heard about the Institute of Certified Public Accountants of Uganda from a friend who sent me to Zenith Business College to learn more about the Certified Public Accountants (CPA) course. There, I met a tutor who sold the course well and encouraged me to pursue it. I registered for CPA in September 2012 after completing secondary school.

The classes were interesting. I remember passing the first papers in one examinations diet. The challenge I faced was that I did not have prior knowledge in accounting so I had to constantly read. I had a tutor for the tough subjects but I also studied on my own for the most part. I completed the course in August 2017 and graduated in 2018.

At KLSA, I currently lead audit and tax assignments, and I offer audit training to junior staff. Regarding the application of accounting standards across jurisdictions, there is no difference in the application of standards for companies that report following the guidelines of International Financial Reporting Standards. However, the firm's clients mainly follow the Generally Accepted Accounting Practice in the UK (UK GAAP) and report using the FRS 102, The Financial Reporting Standard which is the principal accounting standard in the UK financial reporting regime.

In the future, I would like to venture into tax consultancy. To get there, I plan to widen my knowledge and understanding of the tax systems of the UK and East Africa.

In my other world, when I am not interpreting and applying accounting standards, I rest, hang out with friends at the beach, attend concerts, listen to podcasts and music that edifies my soul.

LIST OF ICPAU RECOGNISED TUITION PROVIDERS

No.	Institution	Name/Contact Person	Email	Contact
1	Alba Professional Business School Ltd	CPA Beatrice Wanyirigira	aprofessionalacademy@gmail.com	0750 947527/ 0781603674
2	Basewood Consult (U) Limited	Bruce Ntege	www.basewoodconsults.ac.ug info@basewoodconsult.ac.ug	0781-497134
3	BEAMCO (U) Ltd	Andrew Eddy Kafeero	beamco.consultants@gmail.com	0701916155
4	Budz Professional Trainers & Consultants	Budalah Nsubuga	budzprofessional@gmail.com	0775-581435
5	Capital College of Accountancy and Management	Nandeba Julius	nandeebajulius@gmail.com	0776-646606
6	Destiny International Business Institute	Alice Namyenya	aliceedith92@gmail.com	0776-702797
7	EPATAC Accountancy College Limited - Mbale	Abdala Washakyi	washakiabdl@gmail.com	0704442998
8	Glory Consultants and Professional Trainers Limited	Gloria Tuhaise Wakooba	gprofftrain@gmail.com	0773-130368
9	Harvest Training & Consultancy (U) Ltd	Innocent Mugisha	imugisha@harvestuganda.com	0772-998049

10	Kabale University	Arthur Sunday	arthursun2001@gmail.com, asunday@kab.ac.ug	+256 772 929740
11	MAT-ABACUS	Romano Alabiike	romano.alabiike@matabacus.ac.ug, mat@matabacus.ac.ug, classnotes@matabacus.ac.ug	0414-253081
12	Multitech Business School	Edward Kisaka	kisdward@yahoo.com, multitech@multitech.ac.ug	0752379958
13	PACTAS (U) Ltd	Elizabeth Nanyama	nanyamaelizabeth@gmail.com	0701625991
14	PAT Professional Trainers Uganda LTD	Saphurah Kezaabu	saphurahkezaabu@gmail.com,pat2023@gmail.com, www.pat.ac.ug	0776-583940
15	RMA Resource Center	Ronald Mutumba	mutumba.ronald@gmail.com	077-3212712
16	Sammy Professional Trainers & Consultants	Samuel Mankati	smankaati4@gmail.com	0705504439
17	Uganda Management Institute	Othieno Wilson	othienouw@yahoo.co.uk	0776021206
18	Uganda Martyrs University Main Campus	Sr. Marie G.Nakitende	cssebagala@umu.ac.ug, mkasenge@umu.ac.ug	0784-824441
19	Universal Virtual Content (UVC)	Andrew Mwesigwa	info@uvc.ug	0393208779

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