



# Accumulo Consulting

## Client Newsletter

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## Welcome

Welcome to the first Accumulo Consulting (Pty) Ltd newsletter. We are sure you will find, in here, some articles of interest to you or your business. The newsletter has our company news and client related information near the front. The later

articles deal with business issues and important changes in legislation.

If you would like to suggest some topics for future editions, feel free to let us know.

## Neville Egan

We would like to introduce our newly appointed Corporate Secretarial manager [Neville Egan](#). Neville is an associate member of both The Southern African Institute of Chartered Secretaries and Administrators and The Institute of Credit Management of South Africa and holds their respective national diploma. He is also a registered member of Professional Practice Group of the Southern African Institute of Chartered of Secretaries and Administrators. In addition he completed the diploma course in Sectional Title Management offered by the University of

Cape Town. He has served on several boards of directorship of both listed and non listed companies in the capacities of Group Financial Director, Group Company Secretary and Executive and Non Executive Director.

In January this year Neville joined Accumulo Consulting as the Manager Corporate Secretarial, Legal and Compliance. We believe Neville's experience will enhance the quality of service we offer to our clients.

## Gareth Hardy

In order to ensure the highest levels of technical standards and service levels are met we have made a recent appointment. We would like to welcome [Gareth Hardy](#) to the taxation team. Gareth has been appointed as Tax Manager for both Individual taxation as well as corporate taxation.

large listed entities as well as high net worth individuals.

In addition he has consulted to South African revenue services as a specialist on high profile cases and technical matters gaining invaluable experience.

He holds a CMA, BComm and an H Dip Tax, he is a taxation specialist. Gareth has worked as a taxation manager in an investment bank, large listed ICT company and has consulted to various

He has in excess of 11 year's taxation experience at various levels both in Corporate, Trusts, and Individual taxation. Gareth joined the team in January 2012 as the taxation manager.

## Accumulo's New Companies Act Road Show

Accumulo Consulting is holding road shows for our clients to highlight the changes in the New Companies Act, the King III Report and how to comply therewith. We know this topic will interest many of our clients and feel it is of

supreme importance to sound business going forward.

Dates will be advised shortly. Please keep an eye open for an email we will be sending.



## Company Highlights 2011



Spring Day Breakfast



Heritage Day



Accumulo Group Photo

# Client Newsletter

## Promotion of Access to Information Act (PAIA) Manual Submissions

In December, last year, Accumulo produced and submitted PAIA manuals on behalf of clients to the South African Human Rights Commission (SAHRC). These documents needed to be submitted electronically on or before 31-December-2011. A five year imprisonment or a hefty fine was imminent for non-compliance.

There were a number of problems with the implementation of the PAIA Manual Submission process. Firstly there was no clear indication of submission fees, and each time you questioned them you were getting different information on costs and procedures to follow. Secondly the act is vague about which business apply. This act appears to cover businesses in both the formal and informal sectors, where "information records are gathered or collected and stored". Basically anybody who is doing anything vaguely like business needs a PAIA manual, to allow third parties to request information.

### Extension Granted

At the eleventh hour on 30-December-2011 the SAHRC declared an additional extension for another 5 years to qualifying entities. To qualify for the extension you need to employ less than 50 people and have an annual turnover below a certain amount. The amount varies for different sectors of industry and the figures are vary between R5 million and R10 million per year. The Agricultural industries have to produce a PAIA manual when their annual turnover is greater than R2 million per year.

### Where is the manual which was submitted?

Bulk e-mails will shortly be sent out shortly containing a link where you can download the publicly accessible PAIA manuals for your relevant organizations. These will be sent to the contacts we have listed for your organizations.

## Media statement – Cheque Item Limit Reduction Statement by the Payments Association of South Africa (PASA)

After careful consideration and consultation with key stakeholders, PASA has agreed to reduce the maximum value for which a cheque can be written. The current maximum value per cheque is R5 million and this will be reduced to R500 000. The new limit will come into effect from 16 July 2012.

One of the main reasons for the reduction is related to risk. Although less than 1% of cheques are signed for values above R500 000, these high value cheques account for more than 40% of the total industry fraud losses. A reduction in the cheque limit will thus directly curb cheque fraud.

Further, the customer impact is low. On average, only 0.7% of customers issue cheques for more than R500 000. Walter Volker, Chief Executive Officer of PASA believes that the continuous decrease in cheque volumes in general can be attributed to the number of different electronic payment options developed over the last 10 years.

"South African customers now have a variety of payment options at their disposal, including card, internet and mobile payments," says Volker. Electronic payments are safer, faster, cheaper and increasingly preferred by customers.

Cheques have also recently received a lot of attention in the United Kingdom, with suggestions of abolishing cheques by 2018. Volker clarifies that, "the South African scenario is very different. The reduction to the cheque item limit is certainly not a strategy to do away with cheques. Although the use of cheques has been declining rapidly - 24% year on year for the past five years - further analysis is required before any major decisions on the future of cheques are taken."

The South African Reserve Bank has also endorsed the decision on the basis that it reduces risk, protects customers and because of the availability of electronic alternatives.



Volker stressed that there will be no immediate change. "Between now and July 2012, the banks will be undertaking clear, direct communication with impacted customers, helping them to understand the electronic alternatives available.

There will also be preparation within the banks to effect the system changes. After 16 July 2012, no cheques written for amounts above R500 000 will be accepted", says Volker.

## From Percy's Corner

South Africa faces many challenges each day but the one challenge we can all work against is UNEMPLOYMENT.

Unemployment brings with it the breakdown of the moral fibre of our nation and we can and must attempt in our unique ways to assist those less fortunate than ourselves.

We see headlines revealing retrenchments, factory closures, short time and the like and such sensational news stories increases sales of media publications.

However when you make a concerted effort to increase employment this does not always have the same news worthiness and often goes un-noticed.

The challenge to you this year is to create 4 new jobs in 2012. Remember these can be menial jobs, casual jobs or even one day a week jobs but whenever you create a job you are handing the recipient thereof a chance to regain his/her dignity and if we can all make this little contribution it will have a hugely positive effect on the other serious challenges we face as South African each day.

## Public Interest Score: Clarifying some of the uncertainty.....

This article highlights the points breakdown of public companies public interest score ("PI Score") in connection with determination of the level of audit required for your company, if any. Regulation 28 defines which companies require an audit in respect of a financial year. Regulation 26 (2) defines the manner in which such a company shall determine its PI Score at the end of each financial year. The following framework is provided within the regulations:

- PI Score below 100 > owner-managed > no audit or independent review required
- PI Score below 100 > non owner-managed > independent review required.
- PI Score above 100 but below 350 > owner-managed > books of account and annual financial statements internally compiled > independent review required.
- PI Score above 100 but below 350 > owner-managed > books of account internally compiled > annual financial statements independently compiled - neither audit nor independent review required.
- PI Score above 100 but below 350 > non owner-managed > books of account and annual financial statements internally compiled - audit required.
- PI Score above 100 but below 350 >

non owner-managed > books of account internally compiled > annual financial statements independently compiled independent review required.

PI Score above 350 > audit required. The phrase "independently compiled and reported" per Regulation 26(1)(e) creates the complexity. Basically two instances exist where neither an audit nor an independent review is required. No doubt many companies will endeavour to fall into one of these categories. Interestingly, a company may from one year to the next be subject to an audit, then to an independent review and in the third year perhaps neither, based upon the above analysis.

Sound corporate governance does not seem to be served by such oscillations;

and it makes the task of the auditor very difficult, not to say more expensive. Comparatives might be difficult to verify and the lack of continuity would not serve an outside stakeholder well.

Another area of uncertainty is that most companies Memorandum of Understanding and Articles of Association mention that they require an audit. This is not the case with each company. Your specific business would need to relook at these documents, and with our assistance, make the relevant changes.

*With acknowledgements to CA-Governance.*

## Keyman Insurance

Many business undertakings rely on key personnel whose services are the key to success of the business. Prudent businesses purchase Keyman Insurance

to protect the business against the loss of such key skills, which loss, could arise from a variety of circumstances.



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The default position of any Keyman Insurance acquired after the 1 st January 2012 is that the policy is non conforming in terms of Section 11 (W) of the Income Tax Act which means the premiums payable will not be tax deductible unless you opt for it to apply. In order for the policy to be conforming, which will allow the related premiums to be tax deductible

6 criteria must be met.

All Keyman policies acquired prior to 1 January 2012 need to be amended before 30 June 2012.

Clients to to examine this sphere of their business because there could be certain adverse effects on their estate planning

## Additional Services

As you are aware Accumulo Consulting acquired Tax Smart in 2009. Our highly motivated team of tax consultants specialises in providing these services to individual taxpayers:

- Registration as taxpayers
- Compiling all documents for rendering of annual return
- Managing all correspondence and communication with SARS
- One-on-one consultation
- Salary structuring
- Registration as provisional taxpayer

- Lodging of objections as required
- Obtaining tax clearances and certificates of good standing
- Application for tax directives and renewals thereof
- Obtaining foreign investment clearances
- Obtaining of emigration clearance
- Tax and pension funds on retirement

For more information regarding the above mentioned services please visit [www.taxsmart.co.za](http://www.taxsmart.co.za).

## In Closing

We would like to thank all our clients for their continued support and look forward to a prosperous 2012. As always please

feel free to contact us should you have any queries or questions.