

# SIX SMALL AND MEDIUM PRACTICE FIRMS

WHAT MAKES THEM DIFFERENT?

**S**AICA receives a great deal of feedback from small and medium practice (SMP) firms regarding challenges and difficulties faced in the SMP environment. However, this sector of the CA(SA) industry also offers vast opportunities, especially in light of the ever-growing focus on small and medium enterprises (SMEs) and their role in the South African economy.

Our SMP firms are at the coalface of this economic sector and have an important and vital role in supporting the success of SMEs to ensure sustainable growth in the South African economy. In light of the above, SAICA put out a call for nominations of SMP firms in order to showcase successful firms and to inspire SMPs and prospective SMPs to grab opportunities and to identify “what makes them different” and use this to take their practice to the next level. The categories for nominations were the following:

- Firms that successfully provide unique or out of the ordinary offerings
- Firms that have successfully developed a business advisory section of the practice
- Firms that service high-profile clients
- Those that have achieved large year-on-year growth
- Firms with specific industry expertise and known for their expertise in this area

- Firms that have developed unique practice management processes to improve the efficiency/effectiveness of the firm
- Those that have gone through a merger or acquisition
- Black-owned firms

From the nominations that were received, the following firms were selected to be profiled.

## MEREDITH HARINGTON

Since Meredith Harington (MH) was founded by Peter Meredith in 1979, they have had a single objective in mind – to offer their clients more than just an audit. It’s a philosophy that has seen Meredith Harington establish an enviable reputation over the past three decades as a leading provider of audit, accounting and advisory services that add value to their clients and, more importantly, as a progressive and professional company that has a lot more to offer South African businesses than just number crunching.

Meredith Harington is a full-service mid-sized accounting firm providing primarily Cape Town businesses with accounting, audit, tax and company secretarial compliance, as well as a broad range of value-adding financial solutions. The firm is managed by a team that includes five CAs(SA).

## What makes Meredith Harington different?

Meredith Harington is a well-documented practice who has experienced firsthand

the benefit of sound practice management policies and procedures. It might be fair to say that most businesses today – not just accounting practices – are too reliant on a small group of people (directors and managers) to carry the knowledge of the business through the years. Having well-documented procedures and practices frees up these individuals to broaden their involvement in areas of the business that are not strictly within their portfolio. These procedures and practices are agreed on and are added to the code of good practice, procedures manual, business continuity plan, quality control manual, audit programmes, completion checklists, etc. This enables everyone in the firm to have a reference library of “what to do” in an easily accessible resource to refer to online.

MH no longer have physical paper audit, accounting or tax files, as everything is stored and worked on electronically. They use numerous online tools and packages to get maximum efficiency out of being paperless. MH also keep a close eye on their own business: their management accounts are out within ten days of month-end which allows them to keep track of not only their financial results but also their staff’s productivity.

The firm prides itself on its lock-up (work in progress and debtors) averaging only 55 days. This is primarily due to the use of a progress tracking tool (Workpool), which has allowed them to incorporate more critical and value-adding steps to the way they approach and carry out assignments. They have also built in additional checks



Peter Meredith MEREDITH HARINGTON



Glen Bresler MEREDITH HARINGTON



Struan Robertson MEREDITH HARINGTON

and reminders which have improved lock-up even further, allowing them to manage their work in progress proactively and actively managing their deadlines.

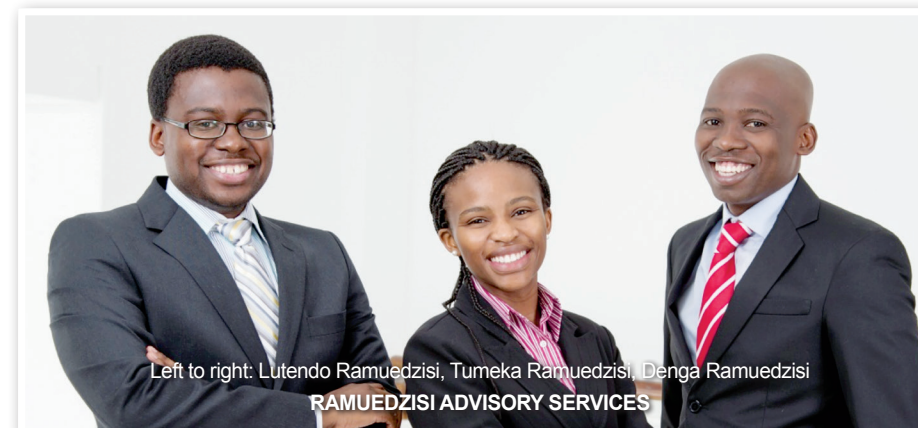
Meredith Harington offer a number of innovative online solutions to clients. mhONLINE and BIZShare – their client portals – provide a secure environment to upload information and are changing the way documentation, information and financial statements are being shared with and approved by clients. MH’s online advisory service puts them into a different league and has impacted positively on their existing product range. For example, on the advisory side start-up businesses can do MH’s online test to determine areas they need to consult MH on. Cloud accounting allows the client to assume all or most data-capturing responsibilities and allows MH to clearly differentiate between bookkeeping (always extremely price sensitive) and value-added accounting support. MH believe that offering cloud services will expand their profitability and position in the market as a service provider that is passionate about adding value.

## RAMUEDZISI ADVISORY SERVICES

Ramuedzisi Advisory Services (RAS) is a firm of chartered accountants and registered auditors based in Johannesburg. They specialise in providing accounting, business advisory, tax and auditing services to their clients.

Their team comprises experienced and talented professionals whose backgrounds include financial management, auditing (internal and external), accounting, investment banking, and general business advisory.

RAS was started by Denga Ramuedzisi in 2006 as a part-time commitment helping out small clients and doing odd jobs while he was still learning the ropes in the investment banking space. At the beginning of 2008 Denga decided to focus more on his investment banking and private equity career and during this time Tumeka Ramuedzisi took responsibility for clients. In 2009 Lutendo Ramuedzisi joined the firm on a part-time basis and in 2010 Denga returned to the firm on a full-time basis. Currently all directors are working on a full-time basis.



Left to right: Lutendo Ramuedzisi, Tumeka Ramuedzisi, Denga Ramuedzisi  
RAMUEDZISI ADVISORY SERVICES

## What makes RAS different?

RAS partners turned down glamorous careers in big corporates in order to achieve work-life balance in a family-operated and -owned practice. Their firm has experienced rapid growth and grew from two clients to 60 clients in just under eight years. They have gone from a one-man show working from a living room to a three-partner business with 15 employees servicing clients across the country.

RAS’s main focus and primary service offering is outsourced financial management. They differentiate this service from bookkeeping services and pride themselves in the value-added element of the service. RAS offer their clients a full financial management function at a fraction of the cost of a full-time FM/CFO with the benefit of having access to a wide range of expertise from investment banking, capital raising, audit experience, internal controls, accounting and management experience, as well as a mixed balance of risk appetite, thus always offering the client a balanced and carefully considered view.

At the heart of their business principles are values centred on people – they strongly believe in innovation and people development. They highly value the people they employ. Their rigorous recruitment process ensures that they hire the people best suited to their working environment and culture. They always strive to operate a flat structure. For example, a graduate who joins the firm is exposed to a vast array of activities and tasks with the appropriate mentorship in place. This breeds accountability, ownership of work at hand, confidence, and strong well-rounded characters which have so far proven valuable to clients and all in the firm.

RAS believe their entrepreneurial drive gives them the edge when servicing clients. This has been proven by them bagging the



business of SMEs through to parastatals and even some multi-billionaires. Growing their client base was challenging and involved approaching friends and family, asking clients for referrals, and even cold calling. However, they persevered and today boast a reputable and growing client list.

#### MD ACCOUNTANTS & AUDITORS

MD Accountants & Auditors Inc, owned and run by Alexis Sacks and Dave Rich, is a multi-disciplinary firm of registered auditors and business advisors based on the Kenilworth Race Course in Cape Town. Since 1997 their aim has been to provide objective and professional business advisory services to private and corporate clients, with particular regard to financial planning and corporate requirements.

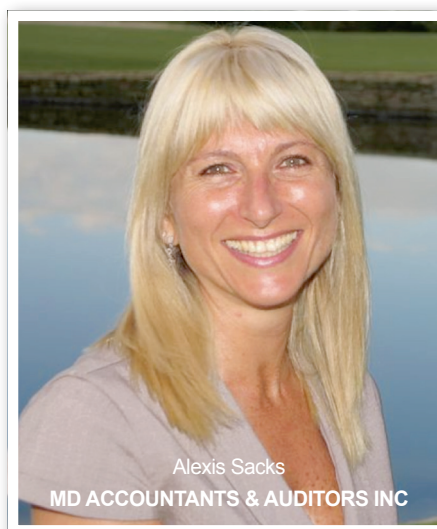
Their extensive portfolio of services includes accounting, auditing, B-BBEE verification, business consulting, business rescue, company secretarial, estate planning, forensic consulting, monthly accounting, payroll bureau, personal planning, retail consulting and taxation.

Their team of 26 staff and professionals are fully committed to the importance of the client relationship and utilise their considerable expertise to deliver a top class service. They are able to assist their clients to achieve their business goals, ensuring measurement and management of the business. This gives clients more time to operate, drive and grow their businesses.

#### What makes MD Accountants & Auditors different?

MD Accountants & Auditors have successfully diversified their services into niche services and markets, for example B-BBEE advisory and verification, business rescue, the wine industry, and voluntary trading and franchise industry expertise. MD achieved this success through always ensuring they are well informed about all changes and are 100% up to date in the business arena and with legislation so that they can offer their clients what they need to achieve their business goals. MD has actively sought opportunities that align with their core business and focus and add value to their clients.

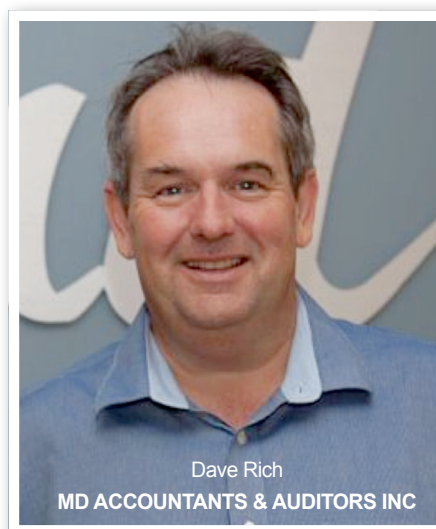
One of their key drivers in deciding which services to offer is that the product offering must fall into an arena that they are passionate about. They saw B-BBEE and business rescue services as product offerings that would add a high business value to the clients utilising the services, and in areas in which they had or wanted to develop professional expertise. Another important consideration for MD was that these services would not only add value to some of their existing clients but also expose the practice to



a new client base at the same time.

MD formed their sister company, MD Retail Management Consultants (RMC), in 2001 when they identified the need for an in-store hands-on system and financial consulting service to the voluntary trading and franchise industry. Through their experience and networks in the Spar Group they were able to tailor a unique service to meet their clients' exact needs. The firm has always identified that the best form of differentiation is through providing value-added business advisory services. They continually innovate their advisory services to appeal to both their clients' and the market's needs and have developed business plan facilitation workshops and continually monitored developments in the market. This led to Dave Rich being one of the first business rescue practitioners to be appointed by the Companies and Intellectual Property Commission (CIPC) and to date he has completed several successful business turnarounds. Similarly, MD identified how critical B-BBEE legislation was going to be to future business sustainability and invested extensively to become leaders in this arena. The partners have authored professional publications and given presentations on B-BBEE for the Chamber of Commerce and have developed a unique blog platform to reach a wider audience.

MD Accountants & Auditors have managed to secure the business of some well-known clients: Fairview Wine Estate, Spice Route Wine Estate, and Spar stores in the Western Cape. The secret to their success is primarily due to them focusing on niche services and developing skill sets in industries and service offerings which they are passionate about. At a point in time, MD were the advisors to six of the top industry leaders in the Western Cape, which resulted in them being seen as industry experts. They



thus attracted business through the direct referrals of satisfied clients who are proud to be ambassadors for what they are able to offer businesses.

They also endeavour to employ highly qualified staff and retain their services on a long-term basis. This, together with their philosophy of providing a personalised partner service, offers their clients continuity and generates confidence in their services.

MD Accountants & Auditors have always been committed to developing their client relationships, maintaining their integrity in their service offering. They have not been afraid to turn away clients where they were either not the correct fit or where they couldn't provide the service required, thus remaining true to their core.

#### THE CORE GROUP

Previously known as Havenga Rossouw Viljoen Consultation Services (HRV), The Core Group was founded in 1993. Through hard work, determination and a mission of delivering a service by being proactive, utilising technology and technical knowledge to the maximum, clients' expectations were exceeded through the adding of value to each client.

The Core Group is more than just an audit firm. They act as a business partner each of their clients, servicing their needs to succeed in the very competitive economic climate. With their head office in Bloemfontein, over the past 20 years The Core Group expanded to be more than just an audit and accounting firm.

They are living up to their mission statement: the future – now; keeping themselves busy with their clients' future – but doing it now. Being constantly proactive they have expanded their services to a group of 16 legally independent professional

# INDEPENDENT REGULATORY BOARD FOR AUDITORS

## Call for nomination of persons to serve on the Board of Independent Regulatory Board for Auditors (IRBA)

The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.

In terms of section 11 of the Auditing Profession Act, Act 26 of 2005, the Minister of Finance must appoint not more than ten non-executive members to the IRBA.

The general functions of the IRBA are to:

- Take steps to promote the integrity of the auditing profession, including:
  - Investigating alleged improper conduct;
  - Conducting disciplinary hearings;
  - Imposing sanctions for improper conduct; and
  - Conducting inspections.
- Take steps it considers necessary to protect the public in their dealings with registered auditors.
- Prescribe the standards of professional competence, ethics and conduct of registered auditors.
- Encourage education in connection with, and research into, any other matter affecting the auditing profession.
- Prescribe auditing and ethics standards.

The Minister of Finance must appoint competent persons, including registered auditors, to effectively guide the activities of the IRBA, based on their knowledge and experience.

A member of the IRBA appointed in terms of section 11 of the Act will hold office for a period not exceeding two years, and may be reappointed, but may not serve more than two consecutive terms of office.

Eligible persons who wish to be considered for appointment are invited to submit applications to:

The Chairman: Nominations Committee  
Independent Regulatory Board for Auditors  
PO Box 8237  
Greenstone  
1616  
Docex 008, Edenvale

Or by e-mail to [board@irba.co.za](mailto:board@irba.co.za)

Applications must include a curriculum vitae detailing the applicant's knowledge, experience and suitability as a Board member, together with copies of the applicant's qualifications. A standard application form, as well as further information regarding the Board, is available on [www.irba.co.za](http://www.irba.co.za). Click on 'The Board', then click on 'Committees' or go to direct link: [www.irba.co.za/index.php/component/content/27?task=section](http://www.irba.co.za/index.php/component/content/27?task=section).

**The application form must be completed by all applicants.**

The closing date is **30 September 2014**.  
The IRBA will only contact shortlisted applicants.

Enquiries should be directed to **Willemina de Jager**,  
tel: 087 940 8800 or via e-mail to [board@irba.co.za](mailto:board@irba.co.za)







Left to right: D C Prinsloo, Linda van den Berg, Johannes Kriel, Erick Liebenberg (managing partner), Suné Kotzé  
**THE CORE GROUP**

companies offering the following specialised services: accounting; audit; BEE verifications and consultation; brand development and management; business development; cloud accounting; cloud platforms; company secretarial services; executive training; IT support; labour-related services; life insurance and investments; medical practice management; short-term insurance; tax-related services; and trust services and estate planning

#### What makes The Core Group different?

What makes group different is that they offer all these specialised services under one roof and under one name, The Core Group. They offer their clients, who already enjoy a relationship with them as their trusted accountants, a one-stop service as specialists in each service area.

Small and medium practitioners have an advantage over other professional service providers in that they have an ongoing relationship with their clients who

entrust them with their business. Clients need a broad range of services but often prefer to deal with someone they know and trust. This led to The Core Group being established in order to expand the services they could offer their clients. They decided on a model where the client can still have only one contact within the group but would have access to a wide range of specialists assisting the client partner.

The Core Group have had an overwhelming response to their new brand and service offerings. Not only did existing clients take up new services, but it also created an inflow of new clients.

The Core Group's next step is to grow nationally by partnering with SMPs under one banner. Member firms would remain independent but practise in association with one another utilising the Core Group of Service Companies to render a variety of specialised services to local clients.

The Core Group wish to inspire and empower other SMPs and enable them to spend less time on day-to-day

administrative clutter and start focusing on the core of their business, their clients.

#### LUMENROCK

LUMENROCK started out four and a half years ago as KSE and Associates with the merger of four small Southern Cape one-person auditing/accounting firms.

By the end of 2013 LUMENROCK had four offices (George, Mossel Bay, Oudtshoorn and Sedgfield) and decided to take on a new vision, LUMENROCK 2020, to be a national company by 2020 with 20+ branches, being represented in all nine provinces and all major centres of South Africa, but also to offer professional financial solutions in more than 30 different services. They have a specific intention to extend their group beyond our borders, especially into, but not limited to, Africa. In 2014 offices have been already opened in Cape Town, Durban and Klerksdorp with Sandton to follow in September. They also have associated companies in Limmassol in Cyprus, as well as an affiliate of one of the Cypriot companies in Bangui, Gambia.

The staff complement stands at more than 70, and together with the CAs(SA) having joined the group in 2014, LUMENROCK now boast six CAs(SA), two qualified attorneys, several professionals with industry-related qualifications, and a number of CAs(SA) in training and a doctor in relational leadership.

Over time, they have added many new services to the usual repertoire of accounting and auditing businesses, like short-term and long-term insurance, investments, handling of foreign exchange transactions, cloud accounting, international structuring, and sports management (managing golf and rugby players).



Left to right: Pieter Esterhuizen (managing director), Ignus Kempen, Cobus Coetzee, Charl Viljoen  
**LUMENROCK**

## WHAT MAKES A CA(SA) DIFFERENT?

“What you learn after you think you know it all is what separates the best from the rest.”

#### “A CA(SA) never stops learning.

Obtaining a CA(SA) designation means completing one of the finance world's most rigorous training processes. Maintaining it requires ongoing Continuous Professional Development. It is this never-ending thirst for knowledge that gives CAs(SA) their unique ability to take change in their stride and add holistic business value to any organisation. Unique business leaders do not claim to know it all – instead they are eager to explore more possibilities, new horizons and fresh solutions.”

Jana Duvenage CA(SA) & Celeste Hendrick CA(SA)  
Co-directors: Donna HD Chartered Accountants  
and small business developers



That's the difference CAs(SA) bring to any small & medium business.

Find one near you. Visit [www.findacasa.co.za](http://www.findacasa.co.za)



What makes LUMENROCK different?

To merge four small practices into one medium practice was a big challenge, with partners having to learn to adapt to each other's practices; employees having to learn to use one system; and for everyone to learn to work in a bigger practice environment. From the start they tried to focus on the bigger picture and future goals rather than trying to change everything immediately. They also utilised the best modern information technology they could afford, incorporating terminal servers, VOIP, skype and video conferencing, etc. They use iPads, workflow programmes, and similar technology to be able to service clients and employees from anywhere and at any time.

They also try to manage the effect of fast growth by having good systems in place, setting up a strong management team, and having the advantage of an MD who can devote most of his time to managing the practice. Part of their management process is a "senior management group" that was created about two years ago to train their senior-level people to become better managers and which is now bearing fruit. In 2013 they divided their business into nine portfolios. These portfolio managers are equipped to take certain management decisions and propose ideas to the directors whilst involving other employees in management, and they are looking for many more professionals like these..

LUMENROCK has developed some unique offerings. The sports management business idea was born when Ignus Kempen joined the Louis Oosthuizen Academy on a tour to Dubai for the annual Dubai Open. He met golfing agents and golfers and soon realised this was an industry the firm could get involved in, as they could offer a unique approach by adding a financial and accounting service element – something almost no other international agent offers. They searched for the right golf

management professional and together they set up a new company to offer this particular service. Out of this a rugby management company was born with a similar approach.

They have recently been approached by a UK legal firm to market and facilitate the legal and accounting processes for their "Kingdom Plan", a tailored approach to helping entrepreneurs to emigrate to the UK and obtain permanent residence within six years. Several of their directors have been involved in the process already and they are one of the few professional groups which can offer to facilitate the whole process through their variety of service offerings and professionals.

They work hard to ensure a professional approach in all services offered and keep reminding their people that they are professionals and that the ethics and other positive aspects of the auditing and accounting and legal professions have to be applied throughout the group. They try to position themselves as innovative market leaders and do this also by ensuring they have specialists backing up their broad range of service offerings and continually adding new products and services and tailoring solutions to their clients' specific situations.

LOCKHAT INCORPORATED

Lockhat Incorporated was established in 2008 after the founder felt that there were some shortcomings in the traditional business model of accounting and audit practices. Imraan Lockhat founded the practice alone and within three months added another partner and staff member. Thereafter he firm grew by purchasing a small rural-based practice. The rural labour-cost advantages allowed a significant competitive edge when dealing with national clients. Lockhat currently practises in KwaZulu-Natal and Gauteng (although their Port Shepstone office mainly services

large clients in the Eastern Cape). Lockhat Incorporated operates the attest division, while Coastal Accounting houses the budget accounting division. They have recently amalgamated with Pretoria-based MEL Incorporated to form what is intended to be a niche consulting division.

The firm currently has three partners, Imraan Lockhat, Ismail Lockhat and Muhammad Lockhat, and offers services such as: audit; reviews; compilations; due diligence procedures; accounting; taxation services and planning; trust and estate services; business consulting; cash flow management; business valuations; and property management.

What makes Lockhat Incorporated different?

Lockhat Incorporated was founded during the height of the recession with three partners all under the age of 35. They managed to grow their firm from a complement of three staff members to 42 six years later. Convincing clients to trust a young company with service delivery has always been a challenge, but recruiting the right calibre of staff, as well as implementing strong internal controls for a growing practice, has contributed to their success.

Lockhat grew primarily through hard work and elastic flexibility to quickly establish a market presence. Some challenges encountered were motivating and retaining key personnel balanced against budgetary constraints.

Lockhat has achieved an average of 30% growth in fees year on year for the last seven years. They attribute this success to the personal drive of the founders to succeed. The recession also assisted as many businesses were looking for new ideas and the firm was able to assist. They also took advantage of SARS introducing more stringent compliance, which has aided them in creating new services. □



Imraan Lockhat  
LOCKHAT INCORPORATED



Ismail Lockhat  
LOCKHAT INCORPORATED



Muhammad Lockhat  
LOCKHAT INCORPORATED

# SUCCESSION PLANNING FOR YOU AND YOUR FIRM

THE GLOBAL ACCOUNTING ALLIANCE RECENTLY UNDERTOOK RESEARCH TO QUANTIFY AND ASSESS THE ATTITUDES AND OPINIONS THAT PUBLIC ACCOUNTANTS HAVE TOWARD BUSINESS SUCCESSION AND CONTINUITY PLANNING. IN THIS ARTICLE,

BRIDGITTE KRIEL LOOKS AT THE RESPONSES OF SAICA MEMBERS TO THE SURVEY

In May 2014 the Global Accounting Alliance (GAA), in cooperation with the 11 member bodies that make up the alliance, undertook a research study to gather, quantify and assess the attitudes and opinions that public accountants have toward business succession and continuity planning. The purpose of this initiative was to identify members' comparative level of knowledge and preparedness in relation to succession and continuity planning and to identify which, if any, new or additional services may be of benefit to members.

The research, which looks at results from a global, national and regional perspective, aims to inform the GAA and its global partners of the issues unique to each member base, while also providing global benchmarks. The global survey results will be released in November 2014 and will be made available to members together with local comparatives. The results published in this article are based solely on SAICA's member responses.

The research objectives were the following:

- To identify opportunities to better engage members on topics surrounding business succession and continuity planning
- To determine which, if any, barriers exist that are preventing senior staff from writing a formal business succession plan
- To provide international benchmarks on business succession and continuity planning, and
- To segment results by each member base and region

The survey was conducted online among SAICA members between 27 June and 23 July 2014. The respondents all work in public practice in one of the following roles:

- Sole practitioner/owner
- Managing partner/managing owner/managing director
- Partner/owner – other than managing partner/managing owner
- Employee or consultant in a public practice firm with multiple

owners/partners

- Employee or consultant of a sole practitioner/owner in public practice

A total of 213 SAICA members participated in the survey with 51% of respondents representing sole practitioner firms and 49% representing multi-partner firms.

The survey was split into three parts: views of employees of small and medium practice firms; views of sole practitioners; and views of partners of multi-partner firms and.

VIEWS OF EMPLOYEES OF SMALL AND MEDIUM PRACTICE FIRMS

Over half (52%) of public practice employees didn't know whether their firm had a formal business succession plan in place.

Two-thirds of employees/consultants working in a public practice firm agreed (strongly or somewhat) that they would be "more likely to stay with their current firm if they knew they would be offered ownership in the future" (69%) and that "they're interested in becoming an owner in their current firm" (66%). However, only 48% indicated that their owners had had discussions with them regarding ownership opportunities.

Owners should therefore engage seek to identify and engage with their employees whom they view to be potential owners early on, as this may strengthen the firm's ability to retain their talented employees and enhance their succession planning strategy.

The future seems positive for growth in the SMP environment with 41% of employee respondents stating they are interested in starting their own practice.

VIEWS OF SOLE PRACTITIONERS

SAICA may see a significant portion of late retirees among sole practitioners in public practice, with almost three in ten (27%) planning on retiring only after they turn 70 years of age. While SAICA is aware that some practitioners enjoy remaining active and involved in the profession, it is concerning that such a large proportion of our practitioners expect to retire after 60 or 65.

A contributing factor to late retirement may be that only 27% of