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Lucubrate
Magazine

Sustainable Development



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inside

A skilled population is a key

The world is changing all around us. A skilled population is a key to a country's sustainable development and stability. We know that obtaining a quality education is the foundation for improving people's lives and sustainable development. To contribute to skill people over the next ten years and beyond, we must look ahead, understand the trends and forces that will shape our business in the future and move swiftly to prepare for what has to come. We must get ready for tomorrow today. We will make it possible for youth and young adults all over the world to gain skills they can use in the labor market or create their own jobs. We will make it possible for every person to have lifelong learning opportunities to acquire the knowledge and skills they need to fulfill their aspirations and contribute to their societies.

The creative power

Lucubrate project started in 2017 by NKB. The aim of the project is to become one of the world leaders in knowledge transfer independent of the country you live in. Lucubrate gives quality and service as a premier global supplier of a broad range of integrated learning systems, learning modules and components to skill people. To meet the changing needs for skills and ensure the students' success, we have a culture that values the diversity of people and thought.

The Lucubrate Magazine

The Lucubrate publishes a weekly magazine. The Lucubrate Magazine highlights education and development. Development in this context can be technological, educational, individual, social or global, and everything related to education.

Do Developing Countries Need Digital?

By Stela Mocan

We are living in an era of technological revolution that is disrupting and transforming business, government and society alike. All are being challenged to adapt and keep up with the change. This is especially true of governments, which have struggled to deliver growth and prosperity, are trapped in inefficient and obsolete development models, and now have a responsibility to lead digital transformation.



Photo: Pixabay

Technology to Respond to Challenges

The Future of Government Smart Toolbox, co-launched by the World Economic Forum's Global Agenda Council on the Future of Government, provides clear recommendations on how to embrace technology to respond to challenges such as corruption, inefficient bureaucracies, poor quality of services, low citizen engagement and trust, old-fashioned leadership, and resistance to innovation in government.

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Leading by example

For developing countries like Moldova, government inefficiency and corruption are the biggest challenges that undermine the nation's present and future, holding their citizens and business captive to outdated policies, institutions and practices. Failure of leadership to embrace digital tools will perpetuate inefficiency and corruption in the public sector, and continue to generate high transactions costs and low productivity in both government and business.

The time has come for governments to become champions of digital transformation and lead by example. The sooner governments embark on a digital transformation, the more capable individuals, business and countries will be in making the most of this opportunity.

Governments need to embed digital into their DNA. Here are four reasons why:

- **Government inefficiency and poor service delivery.** A redesign of archaic governance and service delivery models should become the default *modus operandi* in government. "Digital by default" will help to cut red tape, generate efficiency and provide higher-quality services.



Photo: Pixabay

- **Corruption is a major obstacle to economic development.** A study by Suffolk University found that as the use of information and communication technology by governments increases so corruption decreases (a 1% increase in the e-Government Index may result in a 1.17% decrease in corruption, according to the study). Meanwhile, it is developing countries that benefit the most. Good governance powers innovation.
- **Increasing the digital skills gap.** By 2020 more than 90% of jobs in the European Union will require digital skills. Governments averse to technology and innovation risk being late in responding to this challenge. By keeping their education policies and systems unchanged, governments risk continuing to produce irrelevant skills for their economy. To break the status quo, governments have to approach “talentism” differently and invest in digital capabilities and skills that can make their economies innovate and grow.
- **Getting ready for digital.** “The digital economy is simply becoming The economy,” said Günther Oettinger, EU Commissioner for the Digital Economy & Society, at the Mobile World Congress 2015 in Barcelona. Forward-thinking governments need to act as “digital brokers”, investing in digital compatibility for their people and businesses, providing incentives and supporting them as they strive to compete and integrate into the economy.



Photo: Pixabay

The technological revolution provides countries with unique opportunities to reinvent themselves and overcome the “developing country” status. Estonia did it, and is one of the best examples for small and large countries to follow.

The world is changing fast. Old solutions no longer work.

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From the article “4 reasons developing countries need digital” in World Economic Forum (Stela Mocan), March 2015



Photo: Fancycrave.com

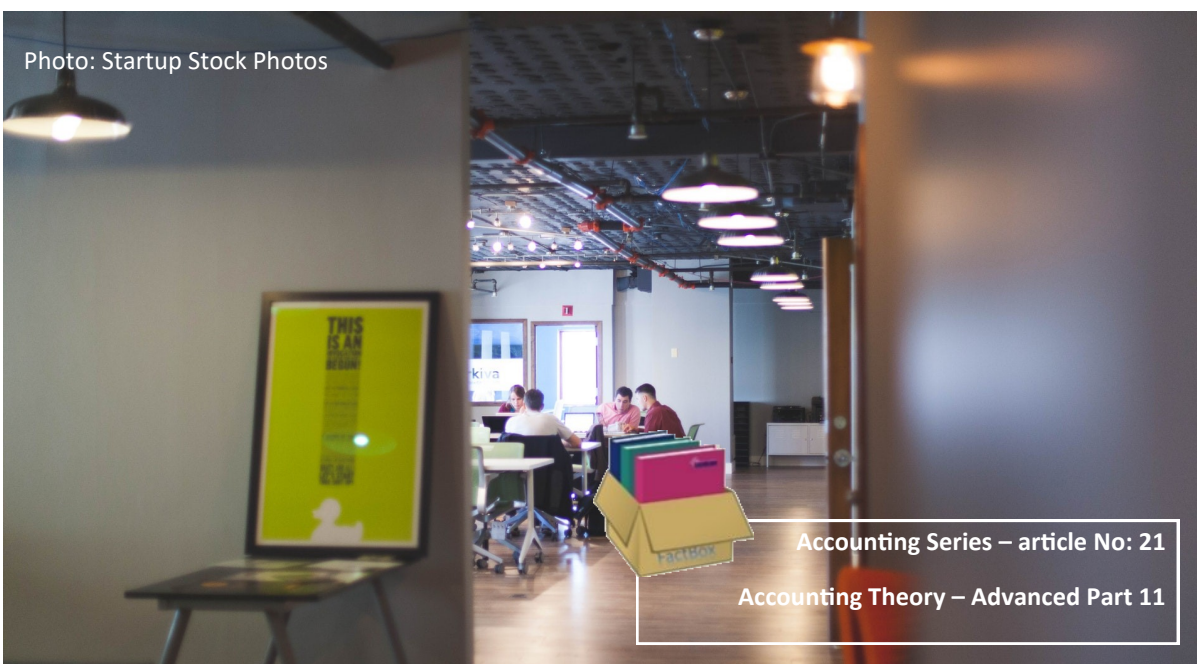
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Grants and Forgivable Loans

By Peter Welch, Georgia, CEO GlobalCfo.LLC

If 'there is reasonable confidence that the company will meet the conditions for receiving the grant', the basis and rationale for the 'reasonable confidence' conclusion, that 'the company will meet the conditions' must be thoroughly documented and supported.



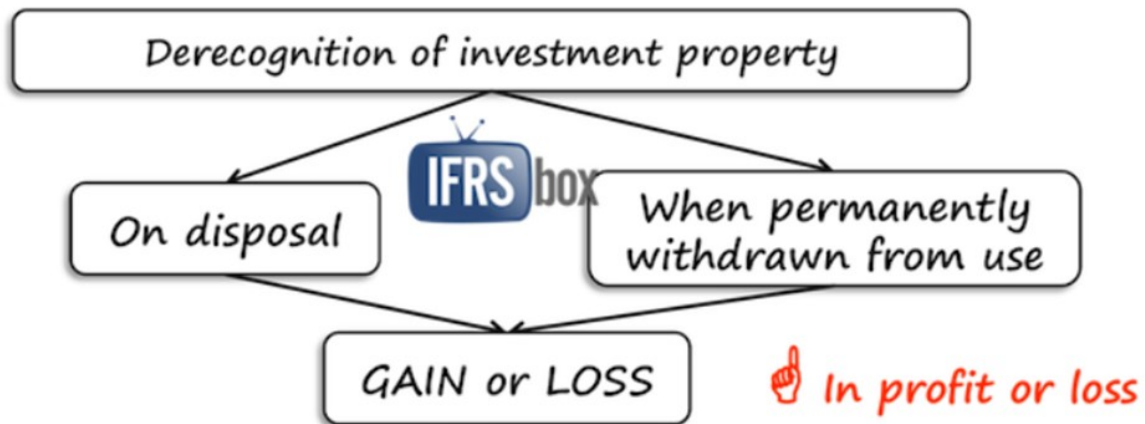
Before we address IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, this week's article.

Some may notice that we're not addressing IAS 17, Leases and IAS 19 Employee Benefits. IFRS 16 replaces IAS 17 and IAS 19 relative to IFRS 17 on Insurance is likely to undergo a review. Recently the IPSASB (International Public Sector Accounting Standards Board) issued Exposure Draft (ED) 63—Social Benefits. IPSASB usually are in sync with IFRSs and certainly with IASs.

But first, wrapping up last week's article on IAS 40. Continuing:

- You held a land for undefined purpose and recently, you decided to construct an apartment house to sell apartments when they are built (transfer from investment property to inventories). And:
- When you **transfer to investment property**, then the deemed cost is a fair value at the date of transfer. Difference between asset's carrying amount and its fair value is treated in the same way as revaluations under IAS 16.
- When you **transfer from investment property**, then the deemed cost is also fair value at the date of transfer.

Finally either sold (disposed) or no future economic value identified:



$$= \text{Net Disposal Proceeds} - \text{Carrying Amount}$$

Ok, IAS 20, what are we talking about here, some examples, courtesy of IFRS Workbook 2017:

Grants related to assets

These grants are given when a qualifying firm buys, builds or acquires long-term assets. Conditions will probably restrict the asset type, location, or time period for which the asset must be held.

Example:

The government wants to encourage investment in industrial machinery.

It offers a 10% cash grant for purchase of a range of machines.

The conditions are:

All machines must be used in the country. (No grants for exported machines.).

All machines must be bought within a 2-year period to qualify for the grants.

Grants related to income

These are grants that boost income, or reduce costs. For example, if the government wishes to encourage training in companies it may offer 25% reimbursement of cost for each training course undertaken from an approved list.

Forgivable Loans

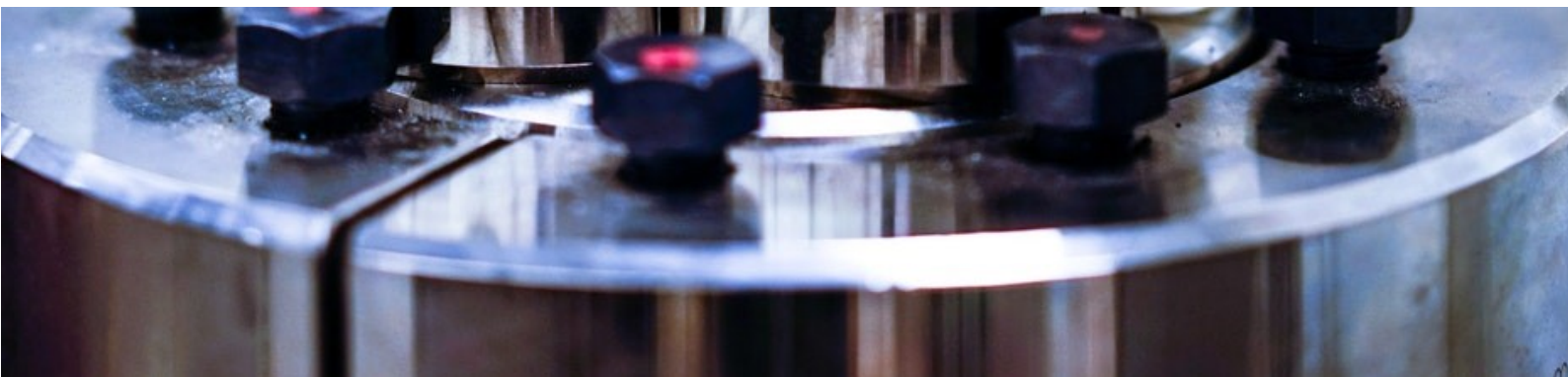
The benefit of a government loan at a below-market rate of interest is treated as a *government grant*. The loan shall be recognized and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. **The benefit is accounted for in accordance with IAS 20.**

IFRS Workbooks 2017 IAS 20 Accounting for government grants and disclosure of government assistance



Photo: Pixabay

Often the IASB will approve two different, more than one, accounting methodology at management's discretion, e.g., IAS 16 (cost vs revaluation). Depending here though and more upon the purpose of the grant, two IAS 20 approaches are permitted with one being more straightforward (asset offset) and the other approach requiring expenses to be tracked and off-set by the government grant over time (deferred income). Implementing an asset approach, simply creates a reduced depreciation charge and as with off-setting specific expenses both approaches equally increase net income over a period, the impact of the government grant. There may also be tax considerations that need to be factored in as well, such that amounts, timing and tax-years could become significant and material.



What does IASB, IAS 20 state:

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.”

12 Government grants shall be **recognised in profit or loss** on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

20 A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

24 Government grants related to **assets**, including non-monetary grants at fair value, shall be presented in the statement of financial position either by setting up the grant **as deferred income or by deducting the grant in arriving at the carrying amount of the asset.**

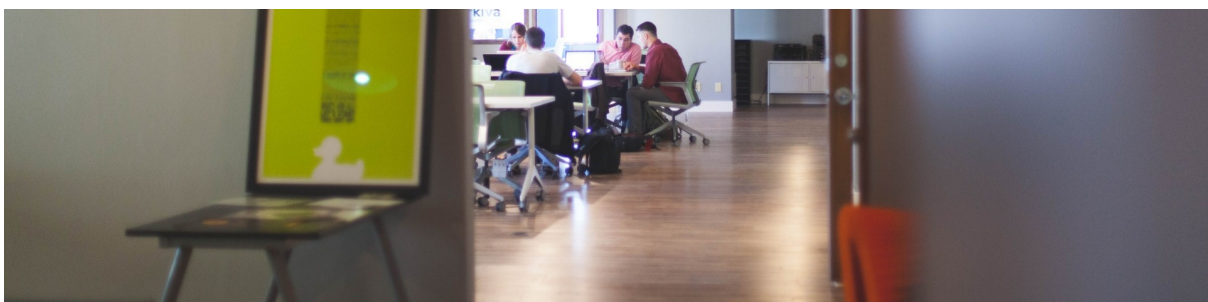
29 Grants related to **income** are presented as part of profit or loss, either separately or under a general heading such as ‘**Other income**’; **alternatively, they are deducted in reporting the related expense.**

Another documentation issue:

IAS 20 Accounting for government grants and disclosure of government assistance requires that a government grant should only be recognised when there is reasonable confidence that the company will meet the conditions for receiving the grant. Therefore, there must be reasonable confidence that the money will be received.

Emile Woolf Essential IFRS Guide 2018

Therefore if ‘there is reasonable confidence that the company will meet the conditions for receiving the grant’, the basis and rationale for the ‘reasonable confidence’ conclusion, that ‘the company will meet the conditions’ must be thoroughly documented and supported. Besides the CFO, certainly, if material, should be addressed at a Board meeting.



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More examples (Emile Woolf Essentials 2018), again 'documentation' supporting the transaction/accounting position:

Example:

A company receives a grant from a government department to assist it with a programme of staff retraining. The programme is expected to last for 18 months.

In this situation, the grant should be expensed to profit or loss over the same

18 month period as the associated retraining costs are incurred.

Example:

A grant is paid to a company to allow it to settle its outstanding accounts payable and prevent it from going into liquidation.

As the expense of the purchase has already been incurred, the grant should be released

Emile Woolf Essential IFRS Guide 2018

Next article addressing IAS 21, 'how to include foreign currency transactions and foreign operations in the financial statements of an entity'.

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Mr. Peter Welch, CEO of GlobalCfo.LLC

GlobalCfo.LLC is expert at developing entrepreneurs and building 3-5 year business plans and cash flow projections as a prerequisite for accessing financing sources. GlobalCfo.LLC targets accounting standards compliance and theory, sound infrastructure /process mapping and COSO 2013-17/solid internal controls, ERM, and last but not least documentation /Policy and Procedures and other manuals. Additionally interim CFO services (or Rent-a-CFO by the hour/day) are offered locally or remotely as well as training at all levels and all functions not just accounting; e.g., management and leadership skills. Pre/Post-M&A is also offered.

(<http://www.GlobalCfoLLC.Com>).

Acknowledgments

IFRS Workbook 2017 Inventory. *The set of books provides a book for every standard. Our acknowledgment to Mr. Prof. Robin Joyce.*

Thanks also to IFRSbox and Silvia for her valuable contribution as a reference source. Ms. Silvia Mahútová runs the website www.ifrsbox.com dedicated to helping people understand and learn IFRS in an easy way. In 2018, her website has over 130 000 visits per month and students come from more than 130 countries around the world.

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Vocational Education and Training for Sustainable Development

By capacity4dev

Vocational Education and Training (VET) is an important tool for a country's social and economic advancement. It offers an alternative educational path for youths and adults who wish to grow professionally, and at the same time provides qualified manpower needed across all sectors of the economy.



Photo: Dazzle Jam

VET has a prominent place in the 2030 Agenda for Sustainable Development. Equal access to affordable, high quality VET is a target of the Sustainable Development Goals (SDGs), together with a commitment to substantially increase the number of youths and adults with the relevant skills for employment, decent jobs and entrepreneurship by 2030.

VET programmes will be key to achieving both the 4th SDG, on quality education, and the 8th, on good jobs and economic growth. But the latter is not straightforward. "An important question is to what extent interventions in VET on their own can do something about the economy," said Kenneth King, professor emeritus at the University of Edinburgh and editor of NORRAG News.

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Photo: Abel Tan Jun Yang

If a project is focused only on how the Ministry of Labour or the Ministry of Education and VET institutions can create new VET graduates and there is no attention to the technology and migration policy of the country, to infrastructure development and foreign investment, those VET graduates may just walk out of the country,” said King.

In Europe, VET has experienced periods of intense policy innovation. Over the last decade, almost all European countries have introduced a national qualification framework and quality assurance systems.

Germany, Austria and Switzerland are well-known for their successful VET models, which are supported both by the private sector and by the government. The dual education system practiced in these countries combines an apprenticeship in a company with education in a vocational school in one single course.

VET comprises formal, non-formal and informal learning for the world of work. Young people, women and men learn knowledge and skills from basic to advanced levels across a wide range of institutional and work settings and in diverse socio-economic contexts. - UNESCO

These successful VET models are hard to export, as they are embedded in their specific economic and cultural context. European countries where traditional apprenticeship schemes have died out “are trying much less successfully to create a new apprenticeship system, which is very difficult to do,” said King.

Formal and informal

In developing countries, policymakers looking at reforming VET systems face very different challenges. In most developing countries formal VET systems coexist with education and training outside the formal system, in work settings and in diverse socio-economic contexts. South Asian and Sub-Saharan African countries, for example, largely rely on traditional apprenticeships to equip people with vocational skills in small, micro and medium scale industries.

According to King, “in many Sub-Saharan countries, the size of the population in education opting for a vocational secondary school is about 5% of the total, which may make sense because there is only a very small formal sector of the economy.”



Photo: Anamul Rezwan

Non formal and informal learning are part of each country's tradition and culture and are easily understood by young people, their parents and the labour market. In West Africa, it is still common for young men to go and live with the “master” and his family. At the master's, young men learn more than a trade: they take in how to work with customers, how to treat senior members of the community, where to get spare parts and, gradually, how to make them.

This type of apprenticeship can be lengthy and concludes with a big celebration. Interfering in arrangements of this kind, for example to regulate wages, is complicated. As King notes, "it is difficult to be sensitive enough to do anything that will not fail."

Education to employment

A lack of integration between the formal economy and VET systems makes the transition from learning to work much harder. In Nairobi, for example, the formal industrial area is largely owned by Kenyans of Indian origin who have developed their own system for training people. Finding work in a small engineering firm in Nairobi after attending a government vocational secondary school is not an easy task.

Formal VET often does not adequately prepare young people for work or for the fast-changing nature of modern economies. This is especially noticeable in developing countries, where the formal VET system is still strongly supply-driven. Private sector contributions are growing only slowly, due to a lack of trust between public and private stakeholders.

As a consequence of these challenges, reforming VET curricula is expensive and risky. According to King, being critical of "the modern way of constructing a VET project," and analysing and building on the country's context is crucial to developing locally viable projects.



Photo: Quintin Gellar

Investment gap

In developing countries, VET tends to be an underfinanced sector characterised by piecemeal, fragmented interventions. In most African countries, in spite of the importance attributed to VET in government policies, only 2-6% of educational budgets are allocated to technical and vocational skills development.

One of the reasons behind this is the difficulty in designing VET programmes that are attractive to financial and technical partners. As independent researcher Dr. Salim Akoojee explains, “the private sector needs to feel more effectively part of the solution rather than the problem.” This way, “decisions that are made in the boardroom will be responsible ones.”

Another issue is VET’s lack of popularity among young people and their families. Many individuals perceive VET as leading to less successful careers than general secondary education or academic tertiary education.

The EU is active in the VET sector, prioritising inclusive and sustainable growth for human development in its policies in line with the 2030 Agenda for Sustainable Development. DEVCO’s approach for international cooperation on VET projects and reforms relies on labour market intelligence, public-private partnerships and good governance of the involved institutions.

First published at EUROPEAID WEBSITE 16 March 2016

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Photo: Quintin Gellar

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Guide me to Find my Way for the Feeling of Satisfaction

By Sameh Nabil

A successful HR Manager must guide the employee to find his way to the sense of job satisfaction and help them to fill the needs.



As we promised the last article, we will continue our discussion about the feeling of satisfaction and the sense of being successful. Today, we shall start to look at the process of fulfillment. How can we approach this process? First, we need to look at the partners and the people responsible for this process. Who will gain and what are the impacts of this kind of operation? These questions and other questions must be kept in our mind when we talk about the feeling of satisfaction.

Who is needed to create the feeling of satisfaction? It is the employee, the company and both of them. My opinion and practical experience show that both of them must get the same feeling of satisfaction. If only the company work to get satisfied and get success without any thinking for the working environments and the benefits for the employee, you can risk that it can demotivate the employee. On the other hand, if only the employees have these feelings, the productivity and the profit may go down. This can lead to a demotivated climate for the company.

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We need to try to create a feeling of satisfaction for both employees and company to increase the profit.

As we have indicated, both the company and the employees should be satisfied to become a health company. The next question will then be who is responsible? In my view, both the team leader, the head of departments, the HR manager and the CEO are responsible for planning and working for processes that lead to a feeling of satisfaction for all. Each manager has to work for this. However, also the employee must search for this feeling and try to find it.

The HR Department has a general responsibility for ensuring that all parts of the company feel good and feel satisfied with the work and work environment. As we mentioned before, it is a win-win situation both for the company and the employees. The HR Department can develop systems to create the feeling of satisfaction. This may lead to success for all.



Photo: Cadeau Maestro

My advice for any HR Manager who wants to be a successful manager is to build systems that can create that feeling of being successful both for the employees and the company. You can guide all the employee to find his way for the feeling of satisfaction. When you reach this point, you will think that everything around you looks good. You will also see that the company will gain and the employee will get power and the enthusiasm to continue.

The next week we will talk in more details about the HR strategies and functions among the industrial companies.

Do you have a comment or do you want to give your feedback on this article? Do you want to write letters to the editor? Please use the link <https://lucu.nkb.no/feedback/>



Sameh Nabil, HR DIRECTOR

El Ghonemy Group - CARITAS EGYPT

Sameh Nabil has been working as a consultant for about 18 years in the field of Human Resources and Business Reformation. He holds a Masters Degree in Business Administration - MBA from Alexandria University

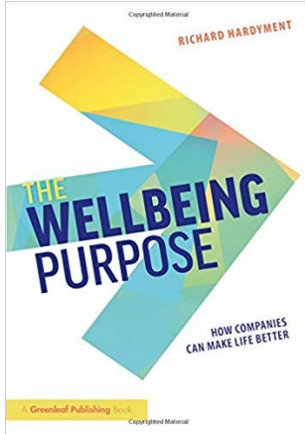


Photo: Trang Doan

Book

The Wellbeing Purpose

By Richard Hardymont



The Wellbeing Purpose: How Companies Can Make Life Better

The Wellbeing Purpose is the first book that explains how companies can make life better across their value chains, from sourcing raw materials to innovating, marketing and selling products and services. This book is a blueprint for raising life satisfaction for all those touched by a business – suppliers, employees, communities and consumers. It sets out the steps for any organization to create profits (wealth creation) whilst simultaneously making life better (wellbeing enhancement).

Sep 6, 2018

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The new platform gives you a quick overview: On the top you will find the latest news. Just under the menu you will find the latest issues of the magazine. A click on a magazine image, takes you to that magazine. The collage under shows the articles in the latest issue.

Where to find the Lucubrate Magazine?

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Lucubrate support education for building skills to all kind of businesses to create possibilities for jobs and make a lasting difference in people's lives. Globally. 24/7. The vision is to be the world leader in knowledge transfer across borders. Lucubrate publish on the web a weekly magazine. The Lucubrate Magazine highlight education and development. Development in this context can be technological, educational, individual, social or global, and everything related to education.

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We recognize the creative power that comes from encouraging collaboration and innovation among a team of knowledgeable experts. This unique energy is our greatest competitive advantage in the world marketplace.

- Our purpose is to bring Quality Education and Skills Everywhere.
- Our mission is to support education for building skills to all kind of businesses to create possibilities for jobs and make a lasting difference to people's lives. Globally. 24/7.
- To be the world leader in knowledge transfer across all borders.

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