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2014 was a good year for HLB International, with over USD 200 million increase in worldwide net revenue representing a 13% increase over 2013. The successful launch of online referral reporting, whose preliminary results show a 89% participation rate from member firms, and the launch of an initiative to review the HLB mission and vision and set strategy and action plans in motion, are some of the projects demonstrating the dynamism and involvement of our members.

Strategic planning is essential to advance success of entities. Accounting firms must determine how the business environment is evolving in light of regulations, technologies and changing client needs for value added advisory services and cost effective compliance services. Successful accounting firms periodically evaluate their market position and determine areas where innovation will accelerate growth, improve profitability and ensure successful leadership succession plans.

Similarly HLB needs to periodically revisit mission, vision and strategy to assure continued and improving value to member firms. Key questions being analysed include: Which strategic actions will add value to HLB membership? How can HLB better assist firms in retaining existing and winning new clients with international needs thus providing greater growth and profit opportunities? What are the risks to the network and what actions and plans are needed to best manage potential impacts? How does HLB cost effectively provide reasonable assurance that firms have high quality and are well prepared for cross-border assignments?

I look forward to sharing the results of our strategy sessions and welcome input from member firms.

*Rob*

Rob Tautges – CEO

**Inspired Programme**

The HLB Inspired programme shines the light on the great community outreach programmes of our member firms, and provides added exposure to the organisations they support.

There currently appears greater media coverage of countries with challenges in providing equitable treatment and education of women. I would like to hear from member firms supporting organisations working to improve such conditions and I would like to participate in supporting them with you!



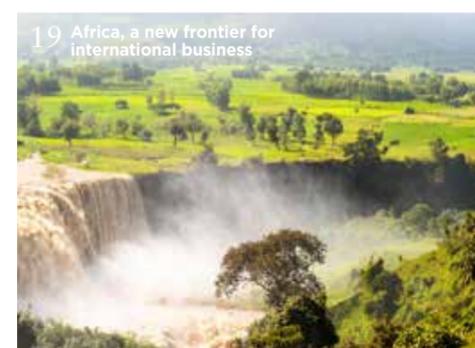
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## New members



1 DBA- France (Paris)

2 Garry Whiteknight - Uganda, Rwanda (Kampala, Kigali)

3 HLB Chile - Chile (Santiago, Valparaíso)

4 Cezam and Associates - Kenya (Nairobi)

5 Guadamuz Rueda, Martínez & Cia - Nicaragua (Managua)

6 Revik doo Sarajevo - Bosnia and Herzegovina (Sarajevo)

7 Trejos, Egan & Asociados - Panama (Panama City)

8 Cogep - France (North West)

9 HLB Bisheswar, Seebarran & Co - Guyana (Georgetown)

10 Getsix - Poland (Wrocław, Poznan, Warsaw)

11 THM Eduardo Molina & Asociados - Spain (Malaga, Marbella)

12 Wint AB - Sweden (Stockholm, Goteborg)

13 Alfaro y Asociados - Honduras (Tegucigalpa)

14 Blömer accountants en adviseurs - Netherlands (Nieuwegein)

15 HLB Mont Audit - Montenegro (Podgorica)

16 HLB Mozambique - Mozambique (Maputo)

17 Roy Varghese & Associates - India (Trivandrum, Cochin)

18 Villarreal Corporativo y Consultores - Mexico (Los Mochis)

19 Valdez Núñez y Osuna Contadores Públicos y Consultores - Mexico (Mazatlán)

20 HLB Italy - Italy (Milan)

## Appointments

**David Stene**

Partner at Eide Bailly, HLB USA, has been elected as the Chairman of HLB International. Dave served as HLB USA Chairman, Chair of the Minnesota Society of CPAs and is a current member of the American Institute of

CPAs Council. Dave takes over from Mogens Andersen, HLB International's Chairman since 2009 and Partner at HLB Beierholm in Denmark

**Richard De Rienzo**

Managing Partner of LGC+D, HLB USA, was elected Chairman of HLB USA

**Manoj Fadnis**

Managing Partner of Fadnis & Gupte, has been elected President of the Institute of Chartered Accountants of India

**Horacio Della Rocca**

Partner of Estudio Della Rocca-Piazza-Almarza, was appointed President of the Asociación Argentina de Estudios Fiscales (AAEF) and President of the local branch of the International Fiscal Association (IFA)

**Alejandro Piazza**

Partner of Estudio Della Rocca-Piazza-Almarza, was elected Vice-President of the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (CPCECABA)

**Raymond Cheng**

Managing Director of HLB Hodgson Impey Cheng, was appointed Chairman of the Ethics Task Force of the SMPs Committee of the International Federation of Accountants (IFAC) and re-elected into the Council of the Hong Kong Institute of CPAs (HKICPA)

## Happy birthday to

**HLB Fathy Kamel**  
Egypt 60 years



**HLB Gibro Group**  
Gibraltar 40 years



**HLB Michel Sindaha**  
Jordan 50 years



**HLB Morocco**  
Morocco 40 years



**HLB PACC Audit**  
Russia 20 years



## HLB's international tax experts present "Top 10 international tax topics" in Strasbourg

HLB international tax specialists from France, Germany and the US, met last January in Strasbourg to discuss the "Top 10 international tax topics" in front of a 50 people audience. Attendees were mostly clients and prospects of hosting firm HLB Groupe Cofimé and represented varied industry sectors such as banking, legal, accountancy, real estate, health & beauty and agriculture.

Strasbourg, located at the Franco-German border and home to the European Parliament, was the ideal location for this very international meeting. Topics addressed included transfer pricing, withholding tax, tax treaties, VAT issues and international structuring.



## HLB specialists from nine countries discuss estate and trust planning

Experts from HLB member firms in the UK, Ireland, Germany, France, Netherlands, Belgium, Spain, USA and Canada met recently at the offices of HLB Stueckmann in Bielefeld, Germany. The session considered the problems of passing capital down families in each country and the use of trusts and usufruct. The problems of some national tax authorities not recognising these concepts, issues of double tax and misfits of law were talked through using case studies and practical examples. This meeting testifies to the close collaboration between HLB firms in different countries, providing the ability to offer clients excellent cross border advice in the difficult area of estate and trust planning.

## HLB members in Munich and Barcelona organise successful event with Catalan manager of Bayern Munich, Pep Guardiola



HLB Bové Montero and LKC partners Ildjo Cesar Ferreira and Malte Thalemann with Pep Guardiola

HLB member firms LKC-Group (Munich) and HLB Bové Montero (Barcelona) have recently organised a joint event, entitled "Catalan discussions" and initiating a series of similar gatherings. The purpose of the meeting, which took place in the Skylounge over Munich and was attended by 150 people, was to connect international businesses and entrepreneurs and develop cross-border investments.

The discussion was dedicated to "Success through passion, creativity and discipline": a topic for which Bayern Munich's famous coach Pep Guardiola was of course the perfect match. Other high-profile guests included James Roures, producer of the movie Vicky Cristina Barcelona (directed by Woody Allen) and Pere Valles, CEO of Scyt! —a worldwide leading business in electronic voting systems.

## HLB UK Beaver and Struthers plays key role in £165 million fundraising

Beaver and Struthers provided key financial advice to housing association Boston Mayflower Group on raising £150 million via the bond market and a further £15 million from a private placement. As reporting accountant, Beaver and Struthers was responsible for the provision of financial information in the bond prospectus issued to potential investors, verifying

this to be accurate and not misleading, and confirming there had been no adverse change in the financial position of the Group since the latest audited accounts. Boston Mayflower owns and manages around 5,000 homes including specific schemes for older and vulnerable residents, and provides services to leaseholders and shared owners across Lincolnshire, East of England.



## Merger creates 600 staff entity for HLB in India

Ahmedabad-based multidisciplinary firm Manubhai & Co, a member of HLB in India, and Mumbai-based audit and corporate advisory firm Shah & Co, have merged to form a new entity called "Manubhai & Shah". The combined entity has 17 partners and staff exceeding 600 employees.

## HLB Netherlands: creating cash flow advantages for foreign companies

The Netherlands offer exceptional facilities to import and export goods in and out of Europe, used by many companies across the globe to create maximum financial and supply chain efficiency. In order to help foreign companies take full advantage of this situation, HLB Netherlands has created a new entity, HLB Fiscal Rep, with one purpose: handling VAT for companies from outside the European Union bringing their goods into Europe.

On all goods entering Netherlands from non-EU countries, VAT must be paid at the moment of import, before actual sale or distribution to another country have taken place. It is possible, however, for non-resident companies to avoid paying VAT upfront if they appoint a fiscal representative in the Netherlands. HLB Fiscal Rep can provide these fiscal representation services and through this, help foreign companies create a major cash flow advantage.



## Menzies goes into space

Menzies, HLB UK, has sent its logo into space thanks to local charity Disability Challengers, which provides leisure opportunities for disabled children and youth. Menzies donated funds to have its name engraved on a metal plaque mounted on Surrey Satellite Technology's TechDemoSat-1 spacecraft, which was launched from Baikonur, Kazakhstan.

Graham Seddon, partner at Menzies and a trustee of Disability Challengers said: "We act for many successful, innovative companies in the region and so are always keen to try something new ourselves. When Disability Challengers gave us the opportunity to send our name into space, we knew we could not pass up the chance to boldly go where no accountant had gone before."



## HLB member in Munich a beer industry specialist

HLB Linn Goppold Treuhand, a member of HLB in Munich, Germany, offers a full range of audit, tax, legal and business advisory services to a variety of industry sectors. One special expertise, however, is particularly worth noting: the firm's specialism in the beverage industry, including breweries. The firm's tradition of supporting companies in the beverage industry goes back to the 1930s. Along with its core services HLB Linn Goppold Treuhand has developed a specific tool which brings great value to medium-sized, community-based breweries: the Business Analysis for Breweries. The Business Analysis for Breweries' data analysis creates a solid picture of a company and its operations, with the identification of weak points and

opportunities for profitable action. The firm is also particularly expert at breweries valuation.

Last November, HLB Linn Goppold Treuhand was represented for the first time with a stand at the BrauBeviale in Nuremberg. BrauBeviale is one of the leading European exhibitions for the production and marketing of beer and non-alcoholic drinks —a great opportunity to get together with the various actors of the industry.



## HLB Mann Judd, great people delivering great results in Australasia

A country historically built on immigration and a net inflow of capital, Australia has always been open to the world and is a major business, investment and migration destination in the Asia Pacific region. HLB Mann Judd, HLB International's member in Australia and New Zealand and a Top 10 network locally, supports international business in Australasia with top expertise in key business areas and exceptional, recognised client service. The recipe for success? Great people, delivering great results.

**A country historically built on immigration and a net inflow of capital, Australia has traditionally been remarkably open to the rest of the world. This is still the case with the country being a major business, investment and migration destination in the Asia Pacific region where it offers political, economic and regulatory stability along with good opportunities for growth.**

**HLB International is well-established in Australia with long-time member HLB Mann Judd, and ranks in the Top 10 of international networks in the country. Based in New Zealand as well as Australia (which along with New Zealand and adjoining regions form Australasia), the HLB Mann Judd Australasian Association covers a wide range of specialties and industries, some with exceptional success such as IPO services for which the Association ranks 3<sup>rd</sup> nationally, and mining. The Association also has a reputation for excellent client service, as indicated by winning the BRW Client Choice Awards in the “Best Accountancy Firm” category both in 2013 and 2014, based on client feedback only.**

### **A focus on people as the recipe for success**

What can HLB Mann Judd's success be attributed to? For Tony Fittler, Chairman of the HLB Mann Judd Australasian Association and Managing Partner at HLB Mann Judd Sydney, “the HLB Mann Judd Association combines top expertise in all business key areas with a focus on people: that's our recipe for success. While we are a recognised strength in Australia in key services such as tax and corporate finance, or industries like mining, we also know how to focus on people: on our staff, on our clients. We make sure our staff have a good time working with HLB Mann Judd and a good work life balance as well. We do enjoy working for our clients and that comes through in our client service. We call our processes and practices around our people “Team HLB”: great people delivering great results.”

### **HLB Mann Judd: best accountancy firm according to clients' feedback**

BRW (*Business Review Weekly*) is an established and respected high-circulation Australian business magazine. The BRW Client Choice Awards are judged on the basis of feedback provided directly, and independently, by clients who have used professional services firms in the past 12 months. In 2012 HLB Mann Judd was finalist and in 2013 and 2014 was the outright winner in the category of Best Accountancy Firm (revenue of AUS \$50m – 500m).

“Being part of HLB International brings us credibility and recognition: it shows we're a quality firm, part of a quality network”

The HLB Mann Judd Australasian Association, comprising 12 member firms and 600 staff across Australia and New Zealand, was formed in 1981: it has therefore over 30 years' experience working together and has developed strong cohesion. “Our strategy is to be just like one firm: we have common training and common quality control, also saving costs and time and achieving better results. And getting the leadership of each firm together every year in our annual conference helps momentum” comments HLB Mann Judd's Chairman.

### **Strong regional and international integration**

This “one firm” strategy includes New Zealand as much as Australia. “We have a number of clients who operate in both Australia and New Zealand and while the HLB firms have always worked well together, being the one Australasian organisation enables us to enhance the services we offer” Tony Fittler continues. “While New Zealand and Australia have always been close business partners,

the growing trans-Tasman trade and business relationships, and the continuing work of the Australian and New Zealand Governments in moving to a Single Economic Market, mean that there are increasing cross-Tasman business needs”.

HLB Mann Judd is fully integrated into the HLB International network. For Tony Fittler, “being part of HLB International brings us credibility and recognition: it shows we're a quality firm, part of a quality network. HLB is very supportive of the Australasian group, we receive great support on business development for instance, and thanks to the network we can help our clients internationally: really help them, because we actually know the HLB people we work with in other countries”. Thus HLB Mann Judd actively participates in HLB's international exchange programme, receiving around ten secondees each year in Australia and sending out about the same number, who as a result become familiar with their colleagues abroad and the different ways of working.



“HLB Mann Judd combines top expertise in all business key areas with a focus on people: that's our recipe for success”  
– Tony Fittler, Chairman & Managing Partner, Sydney



“Australia offers political stability, safe regulations and an English speaking, well-educated workforce in the Asia Pacific region” – Neil Wickenden, Tax Partner, Sydney

## Australia, a leading business, investment and migration destination in the Asia Pacific region

**Because of its location and of the nature of its economy, Australia has traditionally attracted considerable inbound investment –with sectors such as mining requiring sizeable capital input.**

Among the numerous advantages the country offers to foreign investors are “political stability, safe regulations under common law jurisdiction, and an English speaking, well-educated workforce in the Asia Pacific region” comments Neil Wickenden, Partner at HLB Mann Judd’s Sydney office.

This long term macro-economic trend clearly translates into HLB Mann Judd’s activity: the Association

receives approximately USD 500,000 inbound referrals fees annually from other HLB members worldwide, mainly from the US, Canada, the UK, Germany, the Netherlands and Hong Kong. For Neil Wickenden “HLB Mann Judd has developed an expertise in assisting companies settle in the country. Issues for incoming businesses can be the high cost of living in the capital cities, and the amount of statutory regulation at federal and local levels. We can assist with goods & services tax issues for offshore business’ importing into Australia or, for those with a presence here, branch or company incorporation and back office services such as management accounting and payroll services.”



## Economic good health, another factor of attractiveness

Another attractive factor for foreign investors is the good health of the Australian economy. With 3.1% GDP growth in 2014, the economy has picked up after the downturn associated with the global financial

crisis, driven by low borrowing costs, expansions among major trading partners and strong population growth.

For Neil Wickenden, “there has been an improvement in consumer sentiment which may be equally attributable to the long period of low interest rates, the accompanying de-leveraging

of household debt, the relatively strong Australian dollar, the sustained quite low level of unemployment, and the rising stock market and housing market. I expect the Australian economy to continue to improve, and both consumer and business confidence to grow. But I also expect that after the experience of the global economic crisis progress will be cautious”.

## Business migration services to help international companies settle in Australia

Australia has also built its prosperity and wealth on the activities of overseas migrants seeking new opportunities. Since the post-World War II wave of Europeans, Australia opened to Asians in the 70s when Vietnamese refugees were assisted, and in the late 80s Chinese students were given visas to study in Australian universities. Skilled migrants have since made up an increasing share of arrivals with many professionals recently arriving to establish an Australian base for internationally-owned organisations. People born overseas now make up nearly 30% of the Australian population, comparing with 14.3% in the US, and 20.7% in Canada.

HLB Mann Judd is proactively assisting international businesses with their plans to establish in Australia. HLB Mann Judd’s Brisbane office recently acquired a business migration consultancy as part of its team. The new department, which comprises no less than ten business migration specialists, will eventually operate under the name of HLB Migration Services. “This is really a one-stop shop”, comments James Henderson, Managing Partner at HLB Mann Judd’s Brisbane office, “to help international businesses set up in Australia. We support them through all initial administrative, legal and

financial stages and help them establish relations here through bankers or lawyers”.

In Western Australia, where many opportunities have been pursued in the mining services, human resources and technology industries, HLB Mann Judd has forged close relationships with providers of business migration services to facilitate introductions to trusted Western Australia-based advisors who are well experienced in the migration process.

A recently signed memorandum of understanding between the Chamber of Commerce and Industry (CCI) in Western Australia and the HLB Mann Judd office in Perth has been undertaken pertaining to the services that CCI’s Migration Agents can offer HLB clients, with particular focus on business-sponsored visa advice. Established over ten years ago in Western Australia, CCI Migration Services is a professional migration agency providing reliable immigration consultancy and visa services.

All types of immigration are “incredibly important to Western Australia” comments Terry Blenkinsop, Business Services Partner in the HLB Mann Judd Office in Perth. “We are seeing the new wave of migrants bringing trade and

management skills, technology skills, and a strong work ethic to Western Australia, as they settle here and tap into the many opportunities present in this state.”

“By introducing those interested in establishing a business in Western Australia to the CCI Migration Services team, we know they will get the right advice about immigration compliance, monitoring issues, entitlements, the various visa obligations and the generally complex Australian immigration legislation that businesses may encounter” concludes Terry Blenkinsop.



“All types of immigration are incredibly important to Western Australia and we proactively assist international businesses to establish themselves here” – Terry Blenkinsop, Partner, Perth

## “Team HLB” gets its own social networking platform

A few months ago HLB Mann Judd launched “Clubhouse”, the Association’s Enterprise Social Network web platform for its employees. Enterprise social networking is the latest and most innovative stage in corporate collaboration and sharing tools: a revolution compared to traditional corporate intranets, it borrows many features from social media platforms such as Facebook or LinkedIn.

HLB Mann Judd was looking for a way to enable staff from the various member firms, service lines and industry groups to converse more effectively and efficiently, share knowledge at all levels of the Association and break down the traditional barriers of geography. As comments Jacqui Walford, Director of Marketing & Business Development, “Clubhouse will accelerate innovation and spread of ideas, speed up communication information flow, and foster improved collegiality and knowledge sharing. We are aware that employee engagement is crucial to the growth of our business and are building the collaboration tools and brand reputation for success”.

## HLB Mann Judd, a recognised practitioner in M&A and transaction advisory services



“International perspectives are developing well and in this context M&A cooperation between HLB members globally makes a lot of sense” – Simon James, Corporate Advisory Partner, Sydney

HLB Mann Judd is a recognised practitioner in the M&A arena, advising clients on acquiring or selling businesses. The firm provides M&A and transaction advisory services for clients in all sectors, with special expertise in the mining industry (including capital raising for junior explorers), food and agriculture,

or in the IT space where sophisticated Australian tax structures can add significant cash flow benefits to the acquirer. Most of the transactions involve overseas money, from widely varied countries of origin. “Right now we are assisting in the acquisition of a large business in the food industry, for a group who originates from Pakistan, has substantial assets in Indonesia and is based in Singapore” comments Simon James, Corporate Advisory Partner at HLB Mann Judd, Sydney. “We also deal a lot for high net worth families looking to invest in Australia”.

“Most of HLB Mann Judd’s M&A clients are privately held” says Simon James. “In M&A matters we generally deal with clients ranging from \$5 to \$300 million turnover, however acquiring firms can be very large”.

There are several reasons why HLB Mann Judd’s M&A services are among the best on the market: “Our process for due diligence is to ‘validate’ the numbers first and then only as a second step to analyse them. This is an important step when dealing with privately held companies that do not have sophisticated internal control structures. We also have a flexible methodology: we adjust the scope to fit the client’s

requirements, it is not a set and rigid process. Finally, we integrate our corporate advisory and tax advisory teams very well, resulting in seamless work and integrated reports as we all work closely together”.

Current M&A trends in Australia are very strong and according to Simon James “at HLB Mann Judd we see M&A work growing exponentially. Many clients have a lot of cash: in Australia there is a highly entrepreneurial baby boom generation about to retire and looking to sell good, profitable businesses. The market is responding well, and business valuations are at a sensible level where buyers and sellers can find common ground to complete transactions.”

“International perspectives are developing well” adds Simon James, “and in this context M&A cooperation between HLB members globally makes a lot of sense, to facilitate cross border transactions. An important landmark this year was the signature of a free trade agreement between Australia and China on the occasion of the G20 summit held in Brisbane in November: this should allow Australia to be the back door to China for US and European companies, as well as facilitating Australian business expansion into China.”

## Accompanying the changes in Queensland’s economy from HLB Mann Judd’s Brisbane office

HLB Mann Judd is very active in Brisbane, with a dynamic 80 staff office in Australia’s third largest city. Particular expertise of the Brisbane office include international business and business migration with the recent acquisition of a business migration consultancy of ten professionals, and special strength in the hospitality and accommodation, property, and construction and health specialist industry sectors. This includes for the latter all related services such as building contractors for example.

These strong points of HLB Mann Judd’s Brisbane office truly reflect the recent changes in the city and in Queensland’s economy, in which focus on mining is progressively shifting towards the property and construction sector. As James Henderson, Managing Partner in Brisbane, comments: “until three to four years ago the mining sector here was booming thanks to a sustained period of strong investment. We are now back to a more normal pace: mining projects are complete and have moved from

an investment to a production stage. As a result the region’s economy is diversifying, with a new focus on property and construction”.

HLB Mann Judd’s office in Brisbane provides a full range of audit, tax, corporate finance, business advisory and wealth management services to national as well as multinational clients. The latter mainly originate from the US, the UK, Singapore, Malaysia, Hong Kong and China, and have particularly strong presence in the mining sector, property industry and IT services.

“One of our international clients is a successful IT firm from the UK, referred by one of our HLB colleagues from the UK, whom HLB Mann Judd’s Brisbane office helped set up business from scratch in Australia and initiate relationships with relevant parties to secure offices, bank funding and provide a HR and payroll function. They are into their second year and achieving success in their relevant market”,

mentions James Henderson. Other international clients are within the mining operation and mining services and equipment, property and construction, or manufacturing imports sector.



“The expertise of HLB Mann Judd’s Brisbane office truly reflects the recent changes in the city and in Queensland’s economy” – James Henderson, Managing Partner, Brisbane

## HLB Mann Judd establishes new Asia practice



“We aim to be a one-stop-shop for our clients throughout the Asia-Pacific region” – Kim Chew, Managing Partner, HLB Mann Judd Chew

The HLB Mann Judd Australasian Association has created a new business, HLB Mann Judd Chew, to work more closely with the Asian business community and investors for both inbound and outbound

Asian investments in Australasia, and intra-Asia investments and corporate activities.

Leveraging the experience and skills of the HLB Australasian network and HLB Asian network, HLB Mann Judd Chew provides clients with the full suite of professional services including corporate advisory and M&A services, asset management and advisory services, taxation advisory, audit and other assurance services. The firm also provides individual high net-worth clients with migration and wealth management advisory services.

Prior to joining the HLB network, Kim Chew, Managing Partner of HLB Mann Judd Chew, has had almost 14 years of financial assurance and advisory experience with one of the Big Four, where he was also leading the Asia high net-worth individual market, Singapore Desk and Myanmar Desk. Kim Chew has had extensive

Asia-Pacific experience in the natural resources, property and private equity funds management sectors and has worked in Singapore, China and various Australian capital cities. He is bilingual in English and Chinese, and speaks several Chinese dialects including Hainanese, Cantonese, Teochew and Hokkian.

For Managing Partner Kim Chew the aim of the new entity is “to be a one-stop-shop for our clients throughout the Asia-Pacific region, providing strategic advice for investors including multi-national corporations, private equity companies, and family offices and high net worth individuals through our “Asia-capable” team. For instance an existing client is Korean Gas (KOGAS), a South Korean public natural gas company which is currently involved in two of the largest LNG projects in Australia, and for which we are lead adviser on aspects such as tax and compliance”.

## HLB Mann Judd, 3rd IPO services provider in Australia

HLB Mann Judd offers recognised IPO services, ranking 3<sup>rd</sup> at the national level. The Association’s IPO activity is mainly located in Perth where most of the mining and exploration is, in particular junior explorers needing to raise funds. HLB Mann Judd’s offices in Brisbane and Sydney also have extensive IPO expertise, while the Sydney office also offers an experienced corporate services specialisation dealing with merger & acquisitions.

### Over 100 listed mining company clients

HLB Mann Judd has historically been strong in the mining and resources industry with over 100 listed mining company clients. While these companies have traditionally had local operations, they now have increasing interests all over the world. Such international operations present audit and tax challenges where having the ever improving HLB network is a great asset. HLB Mann Judd is also an active part of the HLB mining group.

### Funds management: a globalised activity

Less well known is HLB Mann Judd’s involvement in the funds management business, which makes up approximately 5% of the firm’s fees. This includes mutual funds, private equity, infrastructure, REITs and financial advisers. This industry is also increasing globalisation with Australasia fund managers establishing operations overseas.

# An interview with David Dukes

Trade Commissioner, Australian Trade Commission (Austrade) in China  
Commercial Counsellor, Australian Embassy, Beijing

## Australia and China have very strong business links: can you give us a few significant facts?

China is Australia's largest trading partner, with one third of Australia's exports going to China. Australia ranks for its part as China's 7<sup>th</sup> trading partner. Exports from Australia to China are mostly in the resources industry, but China is also Australia's largest agriculture and services trading partner. In services you will find banking, but also education, construction and related services such as architecture.

## What about Chinese investment in Australia?

Chinese investment in Australia, while not as large as some other countries', is rapidly growing: in terms of accumulated investment, Australia is the number two destination for China. And

while Chinese investment used to focus on mining, it is now diversifying into port and power infrastructure, tourism and agribusiness industries to name a few.

## Any other developing sectors?

Tourism is also very important and increasingly so: Australia has welcomed more than 700,000 Chinese tourists in 2014, a 10.5% growth compared to the previous year. Another sector of interest is education: Australia is a favourite destination among Chinese students. We maintain a strong alumni network, and some alumni now hold key corporate roles back in China. There is also a rising number of joint university courses and dual graduate degrees across both countries.

## What impact do you expect from the recent signature of a free trade agreement between Australia and China?

The China - Australia free trade agreement (ChAFTA), which we expect will come into force by the end of this year, is a major opportunity. It is the most important FTA China has signed with any Western country, and one of the first in which China has included liberalized access to services along with goods.

With this treaty, an initial 85% of Australia's goods will enter China duty free, with tariffs continuing to be eliminated every year until they totally disappear. This will have direct impact on agriculture and processed food products, where it gives us a competitive advantage over countries such as Europe or the US,

while placing us on an equal footing with New Zealand and Chile who already have similar agreements.

In the field of resources, manufacturing and energy, over 99.9% of Australian goods will enter China duty free after several years when all tariffs are eliminated.

## So ChAFTA offers real progress where the liberalization of services is concerned?

Yes, regarding services we have obtained good commitments for market access from China. Australians will be allowed 49% ownership in joint ventures in banks and insurance companies, while Australian superannuation (pension) funds will have access to investment in Chinese shares.

Health and senior living sectors will be liberalized as well. On the Australian side the Foreign Investment Review Board investment screening threshold has been raised from AUD 248 million to AUD 1,078 million for privately owned Chinese companies.

This agreement creates very good prospects. The ChAFTA will be open to review and further liberalization in the future, while additional agreements have been signed alongside the FTA, for example reducing barriers to labour mobility.

## What would you say are Australia and Australian businesses' specific strengths?

"Brand Australia" is based on quality and on premium products. These are the market segments that are

our focus. We offer a safe, green environment, as well as a high degree of reliability and innovation.

## What is Australian businesses' competitive advantage compared to other countries in China?

Australian companies offer complementarity with the Chinese economy as they provide many goods and services China doesn't have or cannot meet demand for. At the same time there are many similarities, at least as far as some of China's regional markets are concerned. This is true particularly in Western China, where Australian companies bring long-time business experience in sectors widely developed in Australia. Thus, Australian companies are recognized experts in dry-land

farming, grass-land management, livestock farming, logistics and communications in sparsely populated areas, solar energy (in which field Australia is a world leader), and mining (technology, equipment, safety).

## What challenges do you see in China-Australia business?

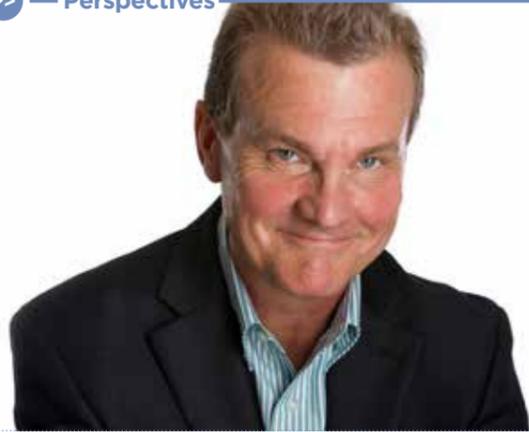
The culture of the Chinese market is changing very quickly. The young generation has become leaders of the market and created a very different way of doing business, with massive use of social media as a marketing tool. You could say that Chinese business has jumped directly from fax to social media. This is also an opportunity of course, but it would be dangerous to underestimate the importance of learning how to use the social

media in business in China. Generally speaking changes happen very fast in China and companies must be able to adapt.

## What are Austrade's main targets in China for the coming years?

We want to appeal to the fast-growing middle class with quality products; build our brand; adapt to rapidly changing markets; continue opening the market in Tier 2-4 cities; attract quality investment to Australia; bring more Chinese students to our country as well as establish more joint courses; and, finally, promote the benefits of the ChAFTA to both Australian companies and the Chinese market.

"Brand Australia" is based on quality and on premium products



## A fresh approach to the succession crisis

In this article originally published in *Accounting Today*, CPA and author Paul Fisher explains how successful succession planning is now more about re-thinking the whole value creation model than training new leaders to replicate the recipes of the past.

The easiest way for us to think about the succession crisis is to characterize it as the struggle to get the next generation of accountants to do the things that we retiring accountants did. We make plans to train them in leadership, communications, business development, and technical training. But the real test of the viability of our succession plans has less to do with getting the next generation to do what we did and more to do with positioning them to accomplish what we accomplished.

These are not identical standards. Growth and profitability that we experienced prior to the global economic crisis were funded by a seemingly inexhaustible supply of cheap and talented labor. In the future, growth and profitability will be created and sustained by our ability to produce outcomes in the economy through the management of value, despite the loss of our labor leverage. So before any planning begins, we need to look at our firms' value creation potential. The post-crisis economic environment now demands that we all produce far more value using far fewer people, whether we are CPAs, doctors, or factory workers.

The second piece of the productivity puzzle -delivering our solutions more valuably- cannot be solved quite so easily and will only occur gradually. Regardless of its size, an assessment of your firm's current value creation capabilities, along with a deliberate, realistic plan to grow them over the next decade, will determine your succession plan.

Output metrics such as revenue per employee and partner incomes can tell us where we've been. But if we want to know where we are going, we will be wise to measure input metrics that measure our firms' value creation horizon. Three attributes you'll want to measure currently and benchmark to future performance are: your social contract; your adaptation to allocative efficiency; your projected clinical position.

### Social Contract

One definition of a social contract is an agreement to engage in transactions motivated by a higher purpose than that of the transactions themselves. In medicine, for example, a transaction entered into for the immediate purpose of helping the patient is also part of the greater societal goal of continually improving the public health.

It is no secret that the mission of accounting has lost its attraction over the last few decades. There was a time when the measurement of earnings, financial position, and funds flow was a critical component of the decision-support function in the world economy. This has been eclipsed by a new standard of protection that is founded in relevance, transparency, and choice. Your firm's "reason for being" had better have a strong foundation in this reality or your practitioners will continue to depart your firm for the promise of a more meaningful future elsewhere.

### Allocative Efficiency

This macro-economic term refers to the tendency of the economy to remove resources from where they are not creating value and to redeploy them where they do create value. It is a core driver of real economic growth and productivity. Today, resources are not only leaving the accounting function as a percentage of the total economy but they are being removed and redeployed within the accounting function itself.

Tax returns, audits and financial statements need to be prepared, but if their production prevents us from providing timely decision support services during our busy seasons (those grounded in relevance, transparency and choices), we will continue to lose ground in the battle for real productivity.

Assessing your firm's revenue base by its contribution to the decision-support function in your clients' businesses will tell you what progress you are making towards successfully adapting to the economy's demands.

### Clinical Position

Today when we think about cultural fit in merger talks, we concern ourselves mostly with the new partner-political order. Can all partners agree on what they value? How will they value themselves with respect to one another? As the economy continues to pressure us to create value, however, your real job is not so much about finding potential merger partners that share your unique values but rather to envision and plan for where your firm's resources fit in a wider, more diverse universe of clinical services that is already taking shape.

There is a place for everyone in the future of value management. Tax and audit shops, larger outcome-oriented regional firms (along with the internationals) will be populated with procedural and integration specialists working together to manage the production of value in the economy. And we will need the aforementioned training (leadership, communications and business development) as we develop our successors. But your succession planning must begin with an honest evaluation and plan to address the productivity fundamentals associated with the new economy.

Your compelling, socially-directed growth imperative is the foundation of employee engagement in the future - as well as your retirement plan. So before you worry about leadership training for your troops, make sure you know where you're leading them. Prior to spending a lot of money on communications training, give them a clear message to deliver to the market place. And as we train them in business development it will be crucial first that they learn why it is so important to the world economy that they deliver more services to more people, more valuably.

*Paul Fisher, CPA, is the author of Beyond the Days of the Giants - Solving the Crisis of Growth and Succession in Today's CPA Firms (Productivity Press, 2013) after a 27 year career in public accounting. He can be reached at Paul@NewGiantsConsulting.com*

## The evolution of anti-laundering regulation in Luxembourg

Luxembourg was one of the first countries to adopt an anti-money laundering law: initially limited to the proceeds of drug trafficking (1989 law), the anti-money laundering framework has since then evolved considerably. In this article HLB Luxembourg member HLB Révilux provides some insights into a very topical issue.

### Legal framework: two founding laws

The legal framework for preventive anti-money laundering obligations is set out by the law of 12 November 2004, as amended, which implemented EC Directive 2001/97. In 2010 Luxembourg initiated a fundamental reform of its legislation following recommendations from the OECD's Financial Action Task Force (FATF). The law dated 27 October 2010 widened the definition of money laundering and the list of primary infringements as well as the types of professionals concerned. At the same time

professional obligations were strengthened. It increased significantly the applicable penalties and extended the powers of the authorities. Today the law targets all income from any crime punishable by more than six months in prison, including terrorist financing, and is applicable to all participants in the financial sector including notaries, auditors, chartered accountants, lawyers, financial and economic advisors, but also casinos, real estate agents and retailers of high value goods.

### Prevention, repression and information duty

Anti-money laundering rules are of two types: aiming at repression, or at prevention. With reference to the latter, financial actors are obliged to check the identity of their clients or of an asset's beneficial owners before a business relationship is established or a transaction made.

Transactions and the provenience of the funds

must be examined throughout the period a client relationship exists. Professionals are submitted to a continuous supervision duty and enhanced obligations depending on the degree of risk associated with a specific client. In this risk-based approach the risk assessment of each new client needs to be done prior to the client acceptance and the identification of the client has to be made on the basis of documentary evidence.

Any sign of money laundering or terrorist financing must be reported to the public prosecutor's financial information unit. The obligation to inform the authorities even applies when on the basis of an element of suspicion the professional refuses to enter into a relationship with a potential client. A tipping off is prohibited and the breach of professional obligations relating to fight against money laundering is a criminal offence.

Each professional concerned is obliged to have internal control and

communication procedures which are able to prevent money laundering transactions. He or she is obliged to fully cooperate with Luxembourg authorities in charge of the fight against money laundering and against the financing of terrorism. This obligation of denunciation imposed by law exempts the professional from professional secrecy duties.

### The latest developments

On 16 July 2014 further to the recommendations of the FATF, the Luxembourg Parliament has adopted Bill of Law n° 6625. This Bill changes the legal regime on bearer shares issued by Luxembourg companies, in order to ensure transparency of Luxembourg companies' shareholders for the purpose of anti-money laundering, fight against terrorism and tax evasion. The board of directors of the companies falling within the scope of the Bill (public limited liability companies and partnerships limited by shares) needs to appoint a depository who will have to keep the bearer shares.



As a regulated entity HLB Révilux and daughter and sister companies Fiduciaire Fernand Faber s.a. and Roosevelt Services s.a. (formerly FFF Management & Trust s.a.) conformed to the laws and respective regulations as well as to the specific rules of the professional bodies regulating and supervising their profession (auditor, chartered accountant, depository), establishing a compliance department and introducing internal control and procedures to prevent money laundering transactions.

HLB Révilux and its group companies have been devoted to an international clientele for over 60 years, dedicating a permanent effort to offer up-to-date solutions to their clients' issues. As such and in accordance with the new Luxembourg law concerning the compulsory deposit and immobilisation of shares and units in bearer form, the board decided that Roosevelt Services s.a. would offer the services of a depository to all companies falling within the scope of the Bill.

## Belgium: towards a more business-friendly tax policy?

HLB Belgian member HLB Sefico analyses the new, business-friendlier tax policy being crafted under EU debt pressure and focus on tax evasion.

Belgium has for long been characterised by high tax rates, with the balance between the different types of incomes (immovable assets; stocks, bank accounts and bonds; professional activities) also subject to criticism. Mainly, while professional incomes are taxed at higher rates, other incomes enjoy more favourable regimes – an analysis shared by all parties on the political spectrum.

### Several initial measures taken

The former centre-left government implemented some first changes, increasing the withholding tax rate on dividends from liquidation of companies (from 10% to 25%) and interest (from an average 15% to 25%). However in the meantime rates on professional incomes have remained unchanged. Since last year's general elections a new centre-right government has been formed who wishes to implement a more business friendly policy. One of the first measures taken was to establish a new tax regime on dividends from liquidation, recreating a more favourable regime for small companies while leaving the regime of dividends for larger companies unchanged.

Along with this, a first measure to diminish the overall taxation on professional incomes has been implemented, increasing the lump-sum deductible amount for professional expenses.

### New tax policy crafted under public debt pressure

Now, and partially because of EU commitment to decrease the overall public debt, the Belgian government is crafting a new general tax policy. The main subjects under discussion are: more effective taxation on real estate incomes; taxation on wealth or more effective taxation on portfolio incomes, potential taxation on capital gains (especially on short-term stock tradings); general decrease on tax rates for professional incomes; increase on VAT rates.

Discussions are driven by the question of public debt: any taxation decrease on specific incomes will have to be made up for by increase on others, leaving the overall tax pressure unchanged.

### Most likely scenario

It is not expected that the overall tax rate on real estate income will change much as

the current tax regime is fairly easy to implement for the tax administration (flat-rate system with no deduction of actual costs). Taxation on wealth is much debated, mainly for political reasons (Belgium actually has something akin to wealth tax in place, through the registration rights on real estate transactions and inheritance taxes). Capital gains on short-term stock tradings is the most likely taxation to be implemented – as of today with no information as to the applied rate. Professional incomes taxation will be reduced, although to what extent is still unknown. Finally, the government reserves the possibility of increasing VAT should reforms not meet targets in terms of public deficit reduction.

For the above reason, fight against tax evasion and tax avoidance has gained importance as it may allow to proceed with tax reforms without the need to increase tax rates on specific incomes by way of compensation. The so-called "Luxleaks" and "Swissleaks" have had direct influence on the governmental discussion and the next months are likely to be crucial for Belgian tax policy development.

# Africa

## a new frontier for international business

Abundance in natural resources and fast-growing, high potential economies have led to increased interest in what some call the "last frontier" of the global economy. True, it is not always smooth and easy for foreign investors in Africa; nor do we know how long term and sustainable the growth will be. However, foreign investors are now pushing and competing at the continent's door -mainly from China, US, Australia, Europe and Canada.

HLB International, whose presence has more than doubled on the continent over the last seven years, is clearly well positioned to assist international businesses grow in Africa. In the past two years only HLB has recruited members in Niger (also covering the rest of French-speaking West Africa with Senegal, Burkina Faso, Ivory Coast, Benin, Mali, Togo & Guinea-Bissau), Eritrea, Djibouti, Tanzania, South Africa, Kenya, Mozambique, Rwanda and Uganda in addition to existing members in Zambia, Zimbabwe, South Africa and Nigeria.

A witness to the network's dynamism in the region is HLB International's Middle East & Africa (MEA) conference, successfully hosted last November by HLB Appavoo & Associates in Mauritius, which brought together delegates from no less than 24 countries in MEA and the rest of the world.

## HLB young African leaders participate in Barack Obama's YALI initiative



Kader Kaneye, Regional Executive Partner of HLB KMC West Africa, and Raynatou Baro, Financial Auditor and Head of the firm's women initiative "Ladies Hub", have been selected out of 50,000 candidates as part of the 500 young African leaders of the Young African Leaders Initiative (YALI). The YALI initiative, launched by US President Barack Obama in 2010, is a programme dedicated to supporting and growing the young leaders who will build Africa's future prosperity.

The two young HLB professionals were selected into the Washington Fellowship, YALI's flagship

programme, including six weeks' studying in the US followed by participation in a three-day "Washington Fellows Summit" hosted by President Obama.

Kader Kaneye, who spent six weeks studying Leadership and Entrepreneurship at Northwestern University in Chicago, commented for *HLB Insight* on a "truly transformative experience. We learnt countless things, but one of the most valuable lessons is that we don't need to wait to be rich or famous to change the world around us. Everything we studied came from the 2014 updated Harvard, Stanford and INSEAD curriculum. It

was very rewarding to work on the same cases as the students of the most prestigious business schools in the world, and the exchanges we had with our professors were priceless. That's why as soon as we came back in Niger, we started travelling across the country to meet the youth and share this knowledge and experience with them." Kader Kaneye, who also won this year's recognised *International Accounting Bulletin Awards* in the "Young Accountant of the Year" category, is Vice President of the Professional Chartered Accountants Board ONECCA Niger –the youngest in the organisation's history.



HLB KMC West Africa is HLB International's member firm in Niger where it ranks in the Top 3, also covering Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Senegal and Togo.

# An interview with John Madew Senior Trade Commissioner for Africa, Australian Trade Commission (Austrade)

## What are Australian investment's characteristics and perspectives in Africa?

Australian companies are active across Africa, with a dominance in the mining sector including junior explorers and the mining equipment technology and services (METS) supply chain. At this stage other sectors are more potential than actual but we expect Australian companies to expand out of mining in the coming years.

Agri-business in particular offers great opportunities as Africa is home to over

45% of the world's arable unfarmed land along with valuable water resources. This is very relevant for Australian companies as they have great experience working for that industry. The gas sector is also an opportunity which Australian companies are currently looking at, particularly in East Africa.

At Austrade we're seeing more and more interest from general business, with companies asking what Africa can mean for them in the future.

## What are the current trends and challenges of doing business in Africa?

Africa is extremely diverse so it's difficult to look at it through one lense. On the whole I would say that in Africa things can move forward as well as backward, but overall the underlying trend is positive. Sovereign risk is present and can produce regressive measures for investors –for example Zambia's changes to mining taxation recently. The past year has been more challenging because of softening

commodity prices as well. The main challenges are the lack of information on which to make business decisions, the lack of technical and managerial skills, and the lack of infrastructures, which has an enormous impact on doing business. Corruption can still be an issue even if governance is improving –most Australian mining companies are listed and as such committed to high governance standards.

## Any particular targets for Australian investment in Africa in the coming years?

Given the positive perspectives we have increased our presence in Africa and Austrade now has three trade commissioners and eight business development managers across four sites covering each of the continent's main sub-regions. We are currently focusing our efforts on seven countries, chosen as the best match for Australian companies: South Africa, Zambia, Mozambique, Tanzania, Nigeria, Ghana and Kenya. On the horizon we also see good potential for mining

and agri-business in the Democratic Republic of Congo, and in Madagascar with the recent election of a new government.

## How does Australian investment accompany the development of the African continent and of its people?

We consider important to reach a sustainable balance between mining and providing the basic social infrastructures, and investing on communities, local suppliers and business skills makes sense from a business perspective as well. Along with investment our primary focus in Africa is education, i.e. bring tertiary

students to Australia. We welcome approximately 11,000 African students per year and do this hand in hand with our development assistance agency, offering numerous scholarships as we did (and still do) in Asia several decades ago. This leads to business over time.

## How can HLB Africa support Australian companies?

A network such as HLB International can bring great support to Australian companies in the African continent, with quality, local experts available to help them with their business and knowledge of local markets.

“We consider important to reach a sustainable balance between mining and providing the basic social infrastructures; and investing on communities, local suppliers and business skills makes sense from a business perspective as well”

# Australia's perspective

“Agri-business offers great opportunities as Africa is home to over 45% of the world's arable unfarmed land along with valuable water resources”

# HLB International supports Chinese investment in Africa

“We aim to facilitate the two-way exchange between China and Africa: natural resources on the one hand, Chinese products on the other. Our network and business channels in both markets are well-positioned to support this” – Coco Liu, Head of Business Channel Development, HLB International

HLB International is well positioned to assist Chinese investment's rise into all parts of the continent. HLB member firms have Chinese clients equally in Eastern, Central, Southern and West Africa, namely in Zambia (over ten Chinese clients), Nigeria, Eritrea, Djibouti, and in French-speaking West Africa and North Africa (Niger, Morocco), where China is calling France's historical domination into question.

As Coco Liu, HLB's Head of Business Channel Development, comments: “HLB International is eager to accompany Chinese trade and investment into the African continent –there is a strong current trend and our network and business channels in both markets are well-positioned to support this initiative. We aim to facilitate the two-way exchange between China and Africa: natural resources on the one hand, Chinese products on the other.” HLB members serve the biggest Chinese names in Africa such as Huawei in Niger and Zambia, China Overseas Engineering Group (COVEC) and China International Water & Electric

Corporation (CWE) in Morocco, and TBEA, Avic International and Good Time Steel in Zambia. Sinohydro is also one of these high-profile clients. Most of HLB's Chinese clients in Africa are large, well-known companies, some of which are also clients of HLB Chinese members. Clients are mostly in the construction and engineering, telecommunications, mining and exploration, transportation, manufacturing, and electronics industries, and HLB members provide audit, tax and accounting services to them.

Commenting on future trends, Coco Liu adds: “There is an estimated one million Chinese citizens currently living in Africa. With over USD 25 billion invested, there are over 2,500 Chinese companies established in Africa and 75% of them are privately-owned companies and SMEs. China aims to increase the investment to USD 100 billion and double today's trade volume to USD 400 billion by 2020, following a strategy of encouraging trade and diversified investment”. If nowadays Chinese investment

is dominated by resource-focused state-owned enterprises, “we expect to see more business activities from privately-owned companies, in less capital intensive sectors such as manufacturing, contributing to the local industrialisation, as well as further involvement in the rest of the supply chain” says Coco Liu. “We will also see more trade into Africa to accommodate the growing local buying power. Such large projects as China National Petroleum Corporation (CNPC)'s 542km natural gas pipeline in Tanzania will generate enormous business opportunities, attracting more Chinese trade and investment -in this case to Tanzania and East Africa”.

“HLB members serve the biggest Chinese names in Africa such as Huawei, Sinohydro, China Overseas Engineering Group (COVEC), Avic International, China International Water & Electric Corporation (CWE) and TBEA”

# New Frontier Group, a leader in digital transformation

New Frontier Group is a leader in digital transformation in Central and Eastern Europe and operates worldwide with direct subsidiaries in 17 countries.

With €200 million revenues and 2,000 employees, New Frontier Group ranks Top 10 in IT services in Central and Eastern Europe (Gartner), Top 3 to 5 in Russia, Serbia, Czech Republic and Romania, and is expanding rapidly in the other countries it is established in.

New Frontier Group's portfolio includes consulting services, integration of comprehensive IT solutions and services, internally-developed IP products and services as well as digital innovation. New Frontier Group contributes strategic value to its clients by guiding them through their digital transformation journey,

offering innovative, customer-facing products and consulting services to reshape business models. Clients belong to the financial industry, the telecommunications sector, the public sector including governments and utilities, along with heavy machinery and retail, among others.

In Vienna, where the headquarters are located, HLB International Austrian member HFP Steuerberater has been New Frontier Group's main accountant and tax advisor for several years. To support its client's international business and growth, HLB's Austrian member has referred New Frontier Group to other HLB firms in several countries as for example Romania, Serbia, Slovakia, France, Poland, Russia, Hungary, Germany and Turkey.

In those countries HLB members support the development of New Frontier Group's international activity with tax advisory and payroll services, assessing local tax legislation and advising the group on intercompany relations such as transfer pricing or withholding taxes. Services provided also include due diligence as part of companies acquisitions.

**HLB members in 10 countries support the international growth of New Frontier Group, from its headquarters in Vienna to subsidiaries across Central & Eastern Europe, Russia and beyond.**

**Georg Schoder**  
Chief Financial Officer,  
New Frontier Group

“We work with HLB International in many countries in addition to Austria for our headquarters. 90% of our tax-related enquiries internationally are addressed to HLB and I can say that we are very well serviced by HLB members.

What I really appreciate with HLB International is the great geographic coverage of the network. Thanks to it the HLB network has been able to accompany our international growth, particularly in Central and Eastern Europe.

Also, the pragmatic approach of HLB professionals is a great asset. They offer a concrete, simple approach, with clear, precise and to-the-point recommendations and excellent local knowledge.

Our collaboration works very well: the HLB team in Vienna led by Roland Zacherl is very well connected to the entire HLB network, and it takes them only a few days to get back to us with first recommendations from their HLB colleagues in other countries.”



Interview

**Victoria Salamatina, Energy Consulting (HLB Russian Group)**

An eventful past year on the Russian agenda left many wondering about actual consequences on the country's foreign investment environment. Victoria Salamatina, Head of Audit & International Liaison Partner at Energy Consulting, HLB Russian Group, goes through the recent evolutions on the national and international scene and gives an overview of investment opportunities in the Russian Federation.



“The sanctions haven't constituted an obstacle to develop business abroad: together with 9 HLB members from different countries we recently won the audit tender for over 20 foreign subsidiaries of a major global mining and metal company”

**How have international economic sanctions impacted the business environment in Russia?**  
 “The economic restrictions imposed on Russia target a list of people and companies, on which they establish asset freezing, visa limitations and a ban on business relations. Restrictions essentially affect the oil, aeronautics and defense industries. At the same time sectors such as health and pharma, including medical centres, clinical laboratories and medical equipment distribution, are becoming more popular among international investors –so it actually all depends on each particular industry.”

At Energy Consulting we note that the sanctions haven't constituted an obstacle to developing business abroad. The most recent supporting fact is our cooperation with nine HLB members from different countries: together we won the global audit tender for more than 20 foreign subsidiaries of one of the world's leading mining and metal companies.”

**Russian economy's deoffshorisation is subject to much controversy since the beginning of the year: is it a risk for foreign investors?**  
 “In April 2014 the government approved the “National plan of activities aimed at combating tax

evasion and the concealment of companies' beneficiary owners”. Among other measures the plan imposes restrictions on access to government orders for companies whose beneficiary or intermediary owners are offshore residents. It is important to understand that this new policy is aimed more at increasing finance transparency in general, and should affect Russian capital leaving Russia rather than the international investment environment.

Here I would like to add that the new law only affects foreign companies controlled by Russian residents and, ultimately, Russian residents themselves. The experience of our Russian clients shows that they modify their corporate structures to return to Russian jurisdiction. Foreign companies that carry out projects in Russia or have Russian subsidiaries do not come within the provisions of this law. They need not worry about it.”

**We see Russia strengthening cooperation with China: what are the perspectives for cross-border business development?**  
 “According to the Heritage Foundation Chinese investments in Russia exceeded \$3 billion in 2014, mostly in oil and gas (a \$400 billion gas agreement was signed between the two countries last year). Interest in metallurgy, transportation, real estate, agriculture, information

technologies and financial institutions has also developed.  
 At Energy Consulting we have anticipated the boom in Russia-China business and been working with our Chinese-speaking specialists on the promotion of HLB's China Desk locally, developing our Chinese clients portfolio. For instance we are now working on the investment project for the Amur Timber Company in Russia's Far East. For this client headquartered in Khabarovsk near the Chinese border we prepare business valuation and marketing research. The project is financed by the Bank of China. We expect this trend to continue, with more Chinese investment in Russia, supported by new projects we are working on together with our Chinese colleagues.”

**What about Eurasia regional cooperation?**  
 “The Eurasian Economic Union including Russia, Belarus, Kazakhstan, Armenia and very soon Kyrgyzstan, has come into force in January 2015. Countries have been working on a higher level of economic integration to improve competitiveness on the global market –with in mind free movement for goods, services, capital and people. With our HLB colleagues based in those countries Energy Consulting is ready to take advantage of this cooperation opportunity.”

“At Energy Consulting we have anticipated the boom in Russia-China business and been working with our Chinese-speaking specialists on the promotion of HLB's China Desk locally”

# HLB completes its digital renewal with launch of mobile App

The HLB App for smartphones and tablets, the latest of HLB International's digital initiatives, will be available for IOS and Android users in the coming weeks. The App will allow direct and user-friendly access to detail of HLB locations, firms and partners as well as keep users updated on HLB news, including technical updates and twitter feeds.

Of particular relevance to users are the advanced search features, allowing easy access to partners' expertise and bios as well as firm profiles, and including the use of maps to visualise member firms' location. While normal search is possible by member firm, country, city, state or partner name, advanced search allows the user to search by industry sectors, services or language spoken. Once the search completed and results identified, it is possible to email or call member firms and partners directly from the App.

The App is connected to the HLB International website so that changes made to the website are reflected on the App. Once the App is installed a local version of all data is downloaded, meaning that the App is available and fully functional offline. All changes made are automatically downloaded on the App the next time the user's device is online.

Abu Bakkar, HLB International's IT Manager, comments on the new launch: “HLB International is a network at the forefront of technology. The HLB App will provide clients and HLB member firms' growing mobile workforce with the ability to access and locate HLB members details on the move as well as keep up to date with the latest HLB news. The advanced search will help users find the right HLB expert for the service and industry sector they require.”

With this new App, HLB International joins the growing HLB App community, with a number of HLB members having already developed their respective Apps recently. The launch of the HLB App is also the last stage in HLB International's digital renewal: a new internet and intranet website has been online since last summer, with a focus on extensive, real-time databases as well as increased interactivity. Along with dynamic presence on the social media including LinkedIn, Twitter and Facebook, HLB International is now well-represented and easily accessible to all web and digital users.

“HLB International is a network at the forefront of technology. The HLB App will provide increasingly mobile clients and HLB members with the ability to access HLB members details on the move” – Abu Bakkar, IT Manager, HLB International



## HLB Beierholm elected Best Place to Work in Denmark

HLB Beierholm was elected Denmark's Best Place to Work on the occasion of the 14<sup>th</sup> edition of the Great Place to Work Awards. HLB's Danish member, with 650 staff in 19 offices throughout the country, won the first place among companies over 500 employees, receiving the prize from Denmark's Prime Minister in a ceremony held in Copenhagen. Over 25,000 employees from 125 companies took part in the Awards this year.

"We are very, very proud of this achievement" commented HLB Beierholm's Managing Partner Kenneth Jensen. "We have proved that it is possible to create employee satisfaction in an industry characterised both by periods of long working hours and leisure time often spent studying to support professional abilities. We have achieved this result thanks to our original

approach to management and to employee's well-being, now reaping the reward of our many efforts."

This is the 7<sup>th</sup> time HLB Beierholm participates in the Great Place to Work Awards, constantly improving its ranking (5<sup>th</sup> place in 2012, 2<sup>nd</sup> in 2013, 1<sup>st</sup> this year). In the same period of time, both size and revenue have increased for the firm, supporting Managing Partner Kenneth Jensen's statement that focus on well-being is a strategic axis to gain market share and increase HLB Beierholm's value: "The competition among audit firms in Denmark is tough, both to attract clients and the best employees. We do think that client satisfaction starts with satisfied employees, and employee well-being is highlighted loud and clear on page one of our business strategy."



## Kader Kaneye, HLB KMC West Africa, wins International Accounting Bulletin Awards

Kader Kaneye, HLB KMC West Africa's Regional Executive Partner, has won the *International Accounting Bulletin Awards* in the "Young Accountant of the Year" category. This prize rewards professionals less than 35 years old who have qualified in the past ten years and made a significant difference to their firm, with evidence of entrepreneurial flair, technical excellence and leadership potential.

Kader Kaneye was also one of the 500 young African leaders selected out of 50,000 candidates to take part in President Obama's Young African Leaders Initiative, along with colleague Raynatou Baro. WithumSmith+Brown (HLB USA) and Energy Consulting (HLB Russian Group) have also been shortlisted in the IAB Awards, in the Employer of the Year and IT Vendor of the Year categories respectively.

## Lynne Born, Seiler LLP (HLB USA), one of Silicon Valley's "Women of Influence"

Lynne Born, Chief Operating Officer at Seiler LLP, has been named to *Silicon Valley Business Journal's* Women of Influence List. The "Women of Influence" programme honours women executives who have made a significant impact in the private, public or non-profit sectors of the region, here rewarding Lynne's more than 20 years' experience as a business and community leader.



## HLB Poland's HLB M2 Audyt wins it all

Ewelina Nowakowska, Tax Partner at HLB M2 Audyt, has been named 3<sup>rd</sup> Best Tax Consultant in Poland in the category "Value Added Tax". This award was granted by *Dziennik Gazeta Prawna* – one of the leading economic newspapers in the country.

HLB M2 Audyt ranked 1<sup>st</sup> in the category "Audit and accounting - Small companies" in the *Book of Lists*, a prestigious publication issued by the *Warsaw Business Journal*.

Marek Szprega, Junior at HLB M2 Audyt, and his Warsaw School of Economics team took 2<sup>nd</sup> place in the Global Investment Banking Valuation Olympiad, one of the most prestigious international students competitions in the field of valuation and investment banking. The Warsaw School of Economics team was one of the 1,500 teams participating from universities around the world.

## HLB Ijaz Tabussum rewarded by the President of Pakistan

HLB Ijaz Tabussum, HLB International's member in Pakistan and Afghanistan, has for long believed in being a valuable entity in the business world as well as bringing a positive impact in the general society.

Since 1984 Senior Partner Ijaz Akber has been voluntarily associated with the Pakistan National Association of Heart (PANAHA), an NGO working for the prevention of heart diseases, as their financial and corporate advisor. Under his leadership other HLB professionals in Pakistan and Afghanistan have provided similar services in the welfare sector on an honorary basis.

PANAHA has been planning to establish a free hospital, catering to those less fortunate who do not have the financial means to battle cardiac diseases, and HLB Ijaz Tabussum has performed the

following activities: preparation of a feasibility report for the construction of the hospital; provision of advisory services for the creation of the trust which shall manage the hospital.

Valuing this legacy, Jazib Ijaz, HLB Ijaz Tabussum's Director Consultancy, has joined PANAHA and in light of his involvement has been elected President of Youth Wing PANAHA. Jazib Ijaz has worked hard from his election to organise a Charity Ball, raising no less than USD 60,000 for the new hospital. These efforts didn't go unnoticed by the President of Pakistan Mr. Mamnoon Hussain, who awarded a shield to Jazib Ijaz as a mark of appreciation.

After this well-received effort, HLB Ijaz Tabussum is now actively pursuing other corporate and social responsibility activities to contribute in.

## HLB UK Hawsons partner bikes 150 miles for charity

Martyn Weatherall, senior partner with Hawsons, HLB UK, has completed the coast to coast charity bike ride challenge, raising money for Weston Park Hospital Cancer Charity. This Sheffield-based hospital is one of only four hospitals in England dedicated exclusively to cancer treatment and research.

The 150 mile adventure started in Whitehaven, on the West coast of England, and finished three days later in Sunderland on the East Coast. The total raised on the ride was £28,000, and Martyn has raised over £5,000 in aid of Weston Park Hospital Cancer Charity so far.



## HLB Germany runs in HLB colours

Over 30 participants from HLB Germany took part in this year's Oldenburg Marathon in the North West of Germany. Competing in the 10km run, half marathon and marathon relay categories, enthusiastic HLB staff proved that team spirit and perseverance are part of HLB's values... and danced on the music of Pharrell Williams's "Happy" in a video realised for the occasion.

### Forthcoming Events and Conferences

#### Central-Eastern Europe Conference

Wroclaw (Poland)  
16-17 April

#### Latin American Meeting

Punta Cana  
(Dominican Republic)  
7-10 May

#### North American Conference

Puerto Vallarta (Mexico)  
11-14 May

#### Australasian Conference

Sydney (Australia)  
28-29 May

#### Asia Pacific Conference

Bangkok (Thailand)  
4-7 June

#### Audit & Tax Conference

Amsterdam (Netherlands)  
8-11 July

#### Winning International Business

Verbania (Italy)  
11-13 September

#### EurAsia Meeting

Yerevan (Armenia)  
17-19 September

#### International Conference

Bangkok (Thailand)  
21-25 October

#### European Meeting

Munich (Germany)  
14-15 January

#### International Conference

Phoenix (USA)  
19-23 October 2016

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experts

trust

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services

together

worldwide

quality

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