Russell Bedford

Business World

News, views and analysis from the **Russell Bedford** accounting network **September 2015**

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News, views and analysis from the **Russell Bedford** accounting network

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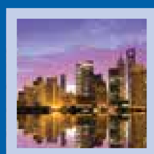

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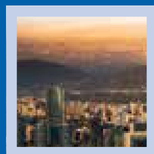

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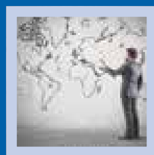

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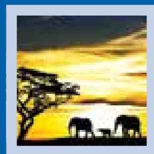

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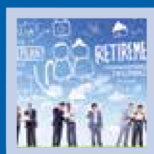

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The China (Shanghai) Pilot Free Trade Zone (FTZ) officially came into being on 29 September 2013. This was a significant move for China, designed to cement its global trade position. Just over a year later, further steps were announced to help the FTZ achieve its objectives.

In December 2014, the State Council approved the expansion of the FTZ from the 29 sq km FTZ Bonded Area to include Lujiazui Financial Area, Jinqiao Export Processing Zone and Zhangjiang High Tech Park, adding another 92 sq km in total. In addition, reforms were announced in the key areas of trade, investment, administration and finance.

In this article we will look at some of the changes that may be most useful to businesses looking to trade in China.

Access to the Negative List

For companies with foreign investors, there exist two official lists of business activities issued by the PRC government: a Positive List and a Negative List. Foreign companies outside the FTZ can only engage in activities on the Positive List but foreign investors in the FTZ can now invest in the Negative List subject to meeting some prescribed procedures.

Investing in activities on the Negative List requires a pre-approval procedure while activities other than those listed on the Negative List require only standard procedures with the relevant authorities. The good news is the number of activities on the Negative List is shrinking – the list has reduced from 190 to 135 in 2014, and 122 on the 2015 Negative List. Examples of activities that are off the Negative List include manufacturing certain medicines, construction vehicles, and certain types of battery.

Easier incorporation

Minimum registration capital requirements do not apply in the FTZ. Foreign investors are no longer required to contribute 15% capital within three months and the balance within two years of establishment. Shareholders of companies formed in the FTZ can agree among themselves the capital contribution, form of contribution, and any timescales.

There is now a one-stop application processing platform in the FTZ. Applicants can get all the necessary documents from the Shanghai Municipal Administration for Industry and Commerce (AIC); those outside the FTZ must deal with different authorities for different kinds of registrations.

Simplified customs requirements

Two newly adopted procedures – frontier opening and second-tier safe and efficient control – aim to ease the flow of imported goods into the FTZ and improve the customs administration process. Also, a consolidated duty payment system will help businesses to make monthly customs declarations.

To date, there are 14 pilot measures in the FTZ all aimed at cutting clearance costs and improving customs efficiency.

Foreign exchange restrictions lifted

In June 2015, Zhang Xin – the deputy head of the Shanghai headquarters of the People's Bank of China – said that the Shanghai FTZ is ready for full convertibility of the Chinese yuan. Several systems designed to prevent money laundering, terrorism financing, and tax evasion have been put in place.

Banks can now offer foreign currency services for trade and foreign direct investment to offshore companies and companies in the FTZ. Companies can also manage their yuan and foreign currencies under a unified system. This should help foreign and local exchange conversion and aid better management of foreign exchange risk.

Easier borrowing

Previously, non-financial companies could only borrow yuan from overseas up to their registered capital level. Banks could not borrow yuan from overseas at all. Companies and financial institutions in the FTZ can now borrow yuan and foreign currencies from overseas with far greater flexibility.

Under the FTZ's special free trade account system, companies, banks and brokerages need no administrative approval to borrow from overseas and can raise up to twice the value of their registered capital.

These new rules will reduce significantly the borrowing costs for companies and banks and create freedom for cross-border trade and investment. You can expect to see further financial reforms, such as capital account convertibility and interest rate liberalisation, in the future.

Tax and incentives

Incentives exist to encourage innovative business models. Examples include:

- Value added tax (VAT) refunds on exports for financial leasing companies in the FTZ
- Those investing non-monetary assets in companies in the FTZ can average their asset appreciation premium over five years for both corporate and personal income tax purposes
- Certain professionals receive preferential tax treatment on share-based income from companies in the FTZ.

Tax administrative procedures are simpler since ten online services became available. These include:

- Generating tax registration numbers without pre-approval
- Self-service tax filing
- Electronic invoicing
- VAT taxpayer online recognition
- Tax payment credit evaluation.

A four-level credit rating system exists to determine the online service and administrative level the business will receive.

Outbound investment

As well as aiding inbound investment by foreign and domestic investors, the FTZ also encourages domestic companies to invest abroad. Domestic companies only need to file a record for outbound investment projects rather than seeking approval from the relevant government authority.

This shows the government's willingness to reduce its influence over the economy and financial system.

What next?

Shanghai aims to set up eight international trading platforms in the FTZ for commodities in 2015 as part of the effort to build the city into a global trading centre.

As part of this plan, the Shanghai Stock Exchange will likely begin operating an international trading platform in the FTZ; this will provide a gateway through which foreign investors can enter the Chinese market. The platform will also offer fundraising services to businesses in the FTZ as well as to foreign investment institutions.

The China (Shanghai) Pilot Free Trade Zone is clearly a significant step designed to help provide more opportunities and easier access to the Chinese market for foreign investors. We will watch closely to see if it achieves its objectives of reducing bureaucracy, easing investment, opening up financial systems, and boosting trade.

Optimising the sale of your company

To achieve the best possible return on the sale of your company, the first step you must take is to set the highest possible asking price. However, you can only do this once you've laid the groundwork and put yourself in a solid negotiating position. Having done this, you must then plan your sale so you pay no more tax than you need to pay once the sale goes through.

We will now look at these steps in a bit more detail.

Setting the asking price

Don't fall into the trap of believing you can wait until you need to sell before you decide to sell. This will be too late. You will need three to five years to plan and complete the sale of your business. This will give you the time to plan and position your business to achieve the highest possible sale price – a rushed sale can never achieve this.

There are many factors that can affect the value of your business. Identify them, work on them, and you will put yourself in the best possible position.

Your employees are an asset

Your management team and a skilled and competent workforce can make your business more attractive to potential buyers. And more attractive means more valuable. A prospective buyer will be more eager to buy if a quality management team and workforce are already in place.

Maximise profitability

The more profitable your business the more valuable it is. In the run up to sale time you must assess every area of your business, find out which areas contribute the most profit and consider disposing of the areas that drag down your profit.

You should also consider holding on to only those assets that are necessary to the operational success of your business. If they're not, offload them. And before you begin talking to potential buyers, reduce your working capital to a level that accurately reflects your company's operating needs.

Settle any disputes

If you do have any legal actions, compliance issues or anything else that might damage your prospects of achieving the best possible sale price, make sure you settle them before you start the process. You don't want to give your prospective buyers any reason to walk away.

Negotiating the sale price

Taking a valuation approach is a good start point for negotiating the sale price. In fact, valuing your business annually is good practice as it helps you to understand how your business initiatives are contributing to the value of your business.

Potential buyers will look at more than earnings; they will also look at your balance sheet. If your business can show it's in good financial shape, it will look attractive to any potential buyer.

You may also want to consider basing the sale price on future business performance by including an earn-out clause in the deal. This gives you the potential for a higher sale price since you receive a bonus on future earnings.

Ensuring you don't pay too much tax

Whatever jurisdiction governs you, there will be various ways of structuring the sale; some will be more tax efficient than others.

Structuring the sale the wrong way may damage the sale and lumber you with unwanted and unnecessary tax bills. Ensure you seek professional advice.

If you put your business on a sound financial footing, prepare properly, and manage your negotiations well, you put yourself in the best possible position to get the highest possible sale price.

> Taking a valuation approach is a good start point for negotiating the sale price.

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Chile – a rocky ride to a brighter future

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Right now Chile is making the move from a middle-income to high-income country. The changes necessary for that transition, especially with regard to education, labour and fiscal policy, are making for a turbulent ride – although they are nothing more than what developed economies have been through already.

What the indicators tell us

International Monetary Fund data shows us that GDP growth fell from a strong 4.3% in 2013 and 5.5% in 2012 to an uninspiring 1.8% in 2014. Inflation is on the rise too, up from 1.8% in 2013 to 4.4% in 2014.

> Chile firmly occupies a prime spot in Latin America as an investment destination.

As for foreign direct investment, the amount of FDI slowed from USD28bn in 2012 to USD20bn in 2013. And labour costs shot up 127 points on the index in 2014; this is 27 points higher than 2009 and illustrates how quickly the cost of doing business has risen in only five years.

The political landscape

It's not only the economy that's in a state of flux; there has been social unrest too – protests and strikes disrupt some parts of Santiago quite regularly.

Politically things have been shaky. Relatively speaking, Chile has always been perceived as one of the less corrupt nations in Latin America. Not anymore. Corruption scandals have pounded the main parties, mainly involving tax fraud and fraudulent expense claims.

Nonetheless, the system is generally stable. The sometimes fierce political rhetoric and scandals aside,

snap elections are highly unlikely and the current ruling coalition is certain to hand over to the next one in an orderly manner in 2017.

Chile as an investment destination

Not everything is negative – Chile firmly occupies a prime spot in Latin America as an investment destination. There are three main reasons for this:

1. Chile scores well for financial stability, physical security, doing business, and expropriation.
2. The financial system operates without ideological influence and the banks are unlikely to collapse because they are subject to strict regulation – stricter than US and European banks were before the crisis.
3. Corruption, although present at the higher political and economic level, has not permeated into institutions that support the establishment of business, such as visa and permission issuing authorities.

This stable backdrop bodes well for the government's initiative to open Chile up to more FDI and strengthen competition in an attempt to spark investment and economic growth. Although such measures have not yet yielded tangible results, they are nonetheless attractive for new entrants into the market. Also, unlike other Latin American countries such as Bolivia and Venezuela, expropriation and nationalisation isn't the Chilean way. On the rare occasions the government intervenes in the public interest, the compensation is generous. Outside urban areas the risk of expropriation is virtually zero.

The present rise of Latin America more generally is also very helpful to Chile. Relatively high public security, an environment not overburdened by bureaucracy and a main port in Valparaiso, 100km west of Santiago, make Chile a hub from which to conquer other regional markets.

The outlook is bright

Chilean society is entrepreneurially minded and enthusiastic about new technologies, but a high level of social inequality prompted the current labour market reforms and restructuring of the education system. These reforms have generated a lot of uncertainty in the short-term and account for a sharp drop in investments. This should not deter foreign businesspeople, as they can fill that void and take advantage of various government initiatives. The move to higher growth may be turbulent but Chile is still growing faster than some developed economies. The country has a history of surviving worse.

Geopolitically, Chile finds itself in a tense security environment. There are historically tense relations with all its neighbours, but even though problems revolve around crucial issues like sovereign territory, armed conflict in the Southern Cone is highly unlikely. Chile's traditional and most potent ally is the United States. In recent times, however, Chile has also struck closer ties with China and Russia, resulting in rising trade with and capital influx from these countries. This reflects not only the Chilean government's pragmatic approach to economic policy but also its capacity to take advantage of the rising multipolar world order.

A return to higher growth is not likely this year, but probable by the end of the next. In the long run, as the education reforms take effect and better educated and wealthier consumers and employers appear, Chile will turn into a small but profitable market that investors will be unable to ignore.

Transfer pricing and SMEs in Europe

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The pace of globalisation continues to accelerate and with it world economies become even more interlinked. This is often characterised by a strong contrast between multinational enterprises (MNEs) and small and medium-sized enterprises (SMEs): MNEs account for around 60% of global trading transactions while SMEs focus more on internal markets. Indeed, a European Commission report from 2011 showed that although SMEs in Europe accounted for 99.8% of all companies, only 5% said they had overseas subsidiaries or joint ventures. On the other hand, that is still more than 1.2m companies.

Against this global backdrop, transfer pricing issues have become particularly relevant. And there are two stakeholders with competing agendas:

- Companies trying to understand their profitability, reduce tax and prevent double taxation when repatriating profits
- Tax authorities who see only lost tax revenue, and pursue and penalise poor transfer pricing practices, which they consider as tax avoidance schemes.

Increasing compliance burden

The rules and regulations surrounding transfer pricing are strict and are set to become even stricter. The Organisation for Economic Co-operation and Development (OECD) confirmed as much in a January 2014 discussion document on transfer pricing documentation, which predicted an increased compliance burden, particularly for MNEs but SMEs do not escape. Where SMEs often feel the pinch is the cost of complying with complex transfer pricing rules, faced with the lack of the necessary expertise and resources in-house.

Easing the burden for SMEs

Inside the European Union transfer pricing compliance has received particular attention. As for SMEs, the EU Joint Transfer Pricing Forum (JTPF) has acknowledged the need to stick to the EU's own proportionality principle (the principle that any EU measure must be appropriate, necessary and reasonable); this should help balance the need to apply transfer pricing rules with any burden it creates for SMEs who have to comply with the rules.

The European Commission recently produced a set of initiatives aimed at helping SMEs:

Pre-audit stage

- An electronically accessible source of information with details of whom to contact for help
- Create clarity and certainty by raising SMEs' awareness of transfer pricing processes
- Member States to develop simplification measures to reduce the compliance burden for SMEs

Audit stage

- Assure appropriate treatment of SMEs
- Consider simplification measures already in place in other Member States and contained in earlier JTPF reports

Dispute resolution

- Fast-track dispute resolution for the simpler, low-value SME claims
- Explore and implement auditor-to-auditor contact within the framework of mutual agreement procedures, and the EU Arbitration Convention.

We can perhaps draw some interesting conclusions from two recent JTPF studies of the transfer pricing situation across EU Member States. These were compiled in January 2011 and September 2012 and asked some probing questions. Here are some of the main findings.

Measures to make life easier for SMEs

Twenty-two of twenty-eight Member States have already introduced measures aimed at making life easier for SMEs (which are at times defined differently across Member States):

- Denmark, Estonia, Finland, Hungary, Ireland, Latvia, Portugal, UK: total exemption of SMEs from transfer pricing rules
- Belgium, Czech Republic, France, Germany, Greece, Italy, Slovakia, Spain, Sweden: simplified transfer pricing documentation requirements
- Lithuania, Netherlands, Romania: help from the tax authorities and lower costs for advanced pricing arrangements
- Bulgaria, Slovenia: 'benevolent' attitude shown by tax authorities.

Austria, Croatia, Cyprus, Luxembourg, Malta and Poland are the six Member States that have no facilitating measures in place.

So Member States have made efforts to help SMEs when dealing with transfer pricing, although there is still a lot to do. Despite these steps to simplify transfer pricing it is still a complex area, and European tax consultants have an important role to play in assisting the 1.2 million SMEs with potential transfer pricing issues.

The European Commission and most Member States have recently produced initiatives aimed at helping SMEs.

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Say Hello to the Elephants
Quadrant Four: Sustainability

We all have elephants – professional or personal problems, needs or truths that we ignore, usually to our detriment. In Say Hello to the Elephants, I offer a powerful system for confronting issues, along with tools to address problems, achieve clarity, and make decisions. I call this system Quadrant Thinking. In this, the last of four articles, I present an overview of Quadrant Four: Sustainability.

Sustainability

In Quadrant Three we looked at implementing the solutions you designed in Quadrant Two. In Quadrant Four we look at how you can sustain your plan once you've implemented it.

The sustainability phase is rather like a pilot who changes his flight plan to deal with unexpected weather conditions. Sustainability is, therefore, the practice of continuously reviewing your progress to make sure you are moving in the right direction. Sustainability is an essential part of clarity planning for these reasons:

- Circumstances change – you must not become committed to one solution and plough headlong towards disaster.
- You learn the solutions that work and those that don't – if your solution isn't working, it's time to change the solution.
- Your goals change – to move towards your evolving goals you need sustainability.

When done well, sustainability answers three simple questions:

1. What did you set out to do?
2. Did you achieve your desired results?
3. Do you want what happened to continue or change?

The sustainability process evaluates your current state of affairs and measures it against the results you expected.

Keeping it relevant

When sustaining your plan you need to ask yourself whether your solution is still relevant to where you are today. If your solution no longer works, or your goals have changed, you need to change your plan.

The Sustainability Quadrant holds all four quadrants together. It leads you back to the first quadrant and keeps your plan moving. Without this quadrant your plan will eventually grind to a halt.

So ask yourself:

- Is my solution still relevant to where I am today?
- Have my goals changed?
- Have conditions changed such that my solution no longer works?

Sustaining predictability

It is important that you create a link between behaviour and outcome. Understanding what actions you need to take monthly, quarterly and annually to replicate and sustain your results is part of your maintenance plan.

But things don't always work out the way you expect. By trying to create a predictable outcome, you begin narrowing down solutions so that you can find the link between behaviour and outcomes.

Paying attention to sustainability can save you a lot of stress and your business a lot of money. If you want to make sure your results are predictable, sustainability is your answer.

Sustaining the power

Because they change, you will want to evaluate how your current circumstances fuel your goals. To make sure you have allocated the right amount of power to your plan ask yourself these questions:

- Is what I'm doing bringing me the most value for the money I'm spending?
- Are there things that will make my plan more powerful?
- Is my plan too powerful? Is it creating a ripple effect that is touching aspects of my life or business that I had not calculated? Is it so successful that I can begin focussing my efforts elsewhere and take my foot off the accelerator?

Measuring outcomes

One reason people fail is because they don't track progress precisely. You must make your goals and solutions measurable, and then you must measure them.

The Quadrant Thinking process is guaranteed to work provided you commit to measuring outcomes and changing your plan if you don't realise your goals.

Measure your outcomes by asking these questions:

- Has the eventual goal been met?
- What is working?
- If successful, what are the specific and measurable outcomes that indicate success?
- How does my desired outcome relate to the present situation?
- What is not working?
- In what ways is the solution not working?
- Has the goal changed? Or did the solution fail to meet the goal?

Loving your elephants

Facing your elephants forces you to grow. If you cut and run at the first sign of trouble you will never move past your current situation. You might come to love your elephants – they challenge you and force you to become bigger, stronger, and more powerful.

The moral of the story is: welcome elephants into your home and shower them with affection. Get to know them. Ask them where they came from and why they are important. Then eat them, one bite at a time.

One final thought

In a sense, we all start the Quadrant Thinking process in Quadrant Four.

The process of creating Clarity really begins with assessing where you are now. Measuring and evaluating this state is the start point for testing yourself against the values and visions that have brought you to the point you've now reached in Quadrant Four. Answering the Quadrant Four questions creates the context for beginning the Quadrant Thinking process again. I think of this as an ascending spiral of upward progress, constantly working the process to become more effective, more fulfilled and happier in the end.

Outsourcing your accounting needs

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The Franciscan friar Fra Luca Bartolomeo de Pacioli was reportedly the first person to document, in Venice at the end of the 15th Century, the principles of double-entry bookkeeping in his work Summa de arithmetica, geometria, proportioni et proportionalita. Although accounting tools have changed over time, the basic principles are essentially the same as we use to this day.

Pacioli also cited the three main ingredients in his recipe for entrepreneurial success:

- Sufficient cash or credit
- A good accountant
- An accounting system that shows the financial position at a glance.

Cash fuels your business

Finding cash or credit to run your business is time critical. Lehman Brothers found this to their cost when credit flows in the international system dried up. Since the global financial crisis banks have tightened their lending criteria significantly and businesses cannot survive just on directors' capital and family cash injections. A good accountant will point you in the right direction, or even put you in touch with the right contacts, and can prove invaluable.

A good accountant is the entrepreneur's best friend

A good accountant will have experience across many diverse industries and will have built a good network of contacts. But you don't need to employ your own. In fact, there are many advantages to outsourcing your accountancy needs to a good accountancy firm. A firm will offer a broad range of skills across a team of accountants and the tools to exercise those skills; you will find it difficult to recruit and employ someone possessing all these skills.

Taking the outsourcing approach

Accounting firms have access to a bank of qualified accountants who all want to work in the accounting field; they have the right training and want to develop professionally, and working in a professional services firm environment allows them to develop in different areas. They have a lot to offer to the small and medium-sized business.

An advantage of outsourcing is that it allows you to buy in specific skills for specific projects.

These accountants are also part of a network of like-minded experts, a network they can call on when necessary. Many accounting firms are also members of international networks enabling them to access accountancy support in other countries. You cannot recruit these skills, knowledge, and contacts yourself in one person.

Making the most of up-to-date software tools

When you outsource to an accountancy firm you gain access to the modern software tools that they can afford to invest in. Small and medium-sized businesses cannot justify the large investment just for occasional use.

But that's not all. An accountancy firm will have researched and chosen the right software, and trained its people so they know how to make the most of the software and use it to its full effect inside your business. This saves you time and money

Choosing an outsourcing partner

So what do you need to consider when choosing an outsourcing partner?

Your main consideration is ISAE (International Standard on Assurance Engagements) 3402. Your audit function must satisfy itself that the controls in place at the outsourcing partner are fit for purpose. When you outsource to an accountancy firm that has already been assessed as being in line with ISAE 3402, your auditor's job is made easier.

You should also document comprehensively the functions you are outsourcing. This should be detailed enough to cover all the activities but flexible enough to deal with your changing requirements.

Information technology considerations

Virtually all financial management processes use IT in one way or another. So it is important that you consider carefully your company's IT security when outsourcing financial management functions. Your outsourcing partner must be able to convince your auditor that it can manage your IT security safely. If the outsourcing partner has its own servers, and its owned trained staff under its direction, clearly it is responsible. However, you can still affect the security and the behaviour of your outsourcing partner in the management agreement.

Outsourcing: the benefits

Outsourcing your accounting functions can bring you many benefits:

- It allows you to focus on your core business activities and strategy
- The cost is transparent and easier to manage
- You do not suffer the consequences of employee absence, whether through holidays or sickness.

The most important document when outsourcing is the engagement contract. This sets out clearly the activities you've outsourced and therefore what your outsourcing partner is responsible for. It is important you regularly monitor performance against the contract as only this way can you be sure you are getting what you are paying for.

An advantage of outsourcing is that it allows you to buy in specific skills for specific projects.

Accounting for post-employment benefit plans

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International Accounting Standard 19 (IAS 19) prescribes the way in which employers must account for and disclose employee benefit liabilities. The Standard establishes the principle that employers incur the cost of providing an employee benefit at the point an employee earns it rather than makes use of it. This cost either exists as a liability where the benefit becomes due in the future, or as an expense when the liability crystallises and becomes a cost.

Defining employee benefits

IAS 19 breaks down employee benefits into four categories:

- Short-term benefits – including wages, salaries, sick pay and holiday pay
- Post-employment benefits – pensions and other retirement benefits
- Other long-term employee benefits – including long-service leave, sabbatical leave, and other long-service awards
- Termination benefits – payments arising as a result of an employee leaving service

In this article we will look specifically at post-employment benefits and the accounting and disclosure implications.

Post-employment benefits

When we think of post-employment benefits we mainly talk about retirement benefits although any post-employment life assurance or health benefits will also fall in this category.

Classes of post-employment benefit plans

We can break these down into categories:

- Defined contribution – known cost but unknown benefit
- Defined benefit – known benefit but unknown cost

Defined contribution plans

As an employer you pay contributions into a fund. Your obligation extends only to paying contributions and not the size of the eventual employee benefit – the eventual size of the fund, made up of contributions and investment growth, will determine the size of the employee benefit.

Defined benefit plans

These arrangements create a liability for you to pay a specific benefit when an employee retires. An actuary will make assumptions about future investment returns, salary inflation, membership demographics, and mortality and arrive at the financial contribution you need to make. Because an employer is obliged to provide the benefit regardless of the cost, these schemes are now the domain of only the largest employers and public sector employers.

Accounting treatment

The accounting treatment of defined contribution plans is quite simple – contributions when you pay them are an expense, unpaid contributions are a liability, and overpaid contributions are an asset.

Accounting for defined benefit schemes is more complicated and based on a snapshot of asset values and assumptions about future liabilities. This will result in either a surplus where assets exceed liabilities or a deficit where liabilities exceed assets. The surplus or deficit will appear on the balance sheet.

Disclosure

The disclosure requirements for defined contribution plans is straightforward; it is simply the amount you show in your accounts as an expense.

There are several disclosure requirements for defined benefit schemes. These include details of the plan, asset and liability reconciliation, current asset valuation, any movement in liabilities, investment return on assets, and the actuarial assumptions used.

Multi-employer plans

It is possible for your business to belong to an umbrella arrangement with other employers. These plans may be set up by trade associations so their members can pool resources and costs.

If you are a member of a multi-employer defined contribution plan, your accounting and disclosure requirements are no different to any other defined contribution plan.

If you are a member of a multi-employer defined benefit plan, the accounting and disclosure requirements don't change from those we've already discussed. However, your accounting and disclosure obligations are limited to your proportionate share of the plan.

Summary

IAS 19 doesn't present you with any great difficulties where post-employment benefits are concerned, especially as you are unlikely to offer a defined benefit plan. However, it is always wise to seek advice to ensure you meet your obligations.

News in brief

- Russell Bedford has added its first-ever English firm outside of London, with award-winning Stockport accounting and consulting firm Hallidays joining as the network's Manchester-area member.

  Hallidays can trace its origins to a firm founded in central Manchester by Charles Halliday in 1843. Today, based in Stockport in the Greater Manchester conurbation, Hallidays is one of the leading professional services firms in the north-west of England, having developed through a series of mergers and acquisitions.

  The recipient of numerous industry awards, Hallidays offers a broad range of professional services including accounting, audit, tax compliance and consulting, business consulting, HR consultancy, recruitment and payroll, IT consulting and wealth management.

- Russell Bedford has announced the further expansion of its network in Eastern Europe with the addition of St Petersburg-based ASB Audit Company as the member firm in north-west Russia.

  Founded in 1995 and now ranked among the top 100 audit and consulting firms in Russia, ASB has its headquarters on St Petersburg's main thoroughfare, Nevsky Prospect, and an office in Sosnovy Bor (Leningrad Oblast).

  With four principals and a staff of more than 60, the firm provides a wide range of services with a focus on audit and accounting (including IFRS), domestic and cross-border tax planning, legal advisory services and litigation support.

  The firm counts among its clients some of north-west Russia's leading industrial enterprises including major timber producers and power and utility companies.

- Russell Bedford's Isle of Man member firm SMP Partners has announced the launch of a Secure On-line Reporting System which provides a cost-effective method for handling financial institutions' FATCA and Common Reporting Standard (CRS) reporting requirements.

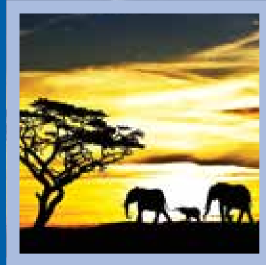
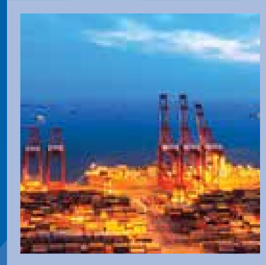
  Developed by Webtech Limited in conjunction with SMP Partners, the reporting tool allows banks, trust and corporate service providers and other financial institutions to be fully compliant with all reporting requirements while safeguarding clients' information. In addition, a consultancy service is also available, if required, to ensure the accuracy of information reported.

  The reporting system supports reporting for both US FATCA and also the Intergovernmental Agreement between the UK and the Crown Dependencies and Overseas Territories (CDOT).

- Russell Bedford has further consolidated its presence in Latin America as former correspondent firm Irías & Asociados, Honduras, is promoted to full membership.

  The firm was founded in 1993 to provide auditing, accounting, consulting and legal services to local and international private companies, public institutions, multinational organisations and NGOs.

  Based in the capital city of Tegucigalpa, Irías & Asociados is one of only nine audit firms in the country ranked by the Comisión Nacional de Bancos y Seguros (CNBS) as a Category 'A' firm, allowing it to audit companies and organisations including banks, savings and loan institutions, insurance companies and investment funds.

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