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Business World

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

IN THIS ISSUE

- India – tomorrow's story, today's opportunity
- Can social media boost your marketing?
- Corporate social responsibility helps the bottom line
- Transfer pricing and intercompany services – don't be caught out
- When diligence is due
- Cash flow – the lifeblood of every business
- New international standards on auditing – what do they mean to you?

Welcome to **Business World**

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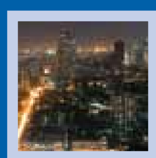

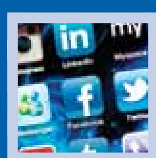

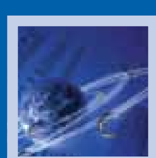

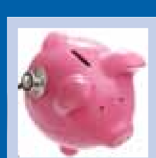

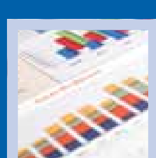

India – tomorrow's story, today's opportunity

About the author

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Rajesh Varma is a Partner in Sharp & Tannan Associates, Chartered Accountants. His areas of expertise are internal controls and risk assessments. He heads the internal audit practice for the Sharp & Tannan Group, Russell Bedford's Indian member firm. Rajesh is an active participant in the activities of the Bombay Chamber of Commerce and Industry.

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Today's India is the world's tenth largest economy by nominal GDP and the fourth largest by purchasing power parity, despite the problems developing nations tend to experience. Here lies the enigma that is India.

After several decades of annual growth around 3.5%, India moved up to around 6% annual growth during the 1980s and 1990s. Post-Millennium, India's growth rate has averaged around 8.4% a year. Even in 2009, at the height of the global economic turmoil, India grew at 6.7% – huge domestic consumption and demand enabled India to withstand a financial crisis.

Gerard Lyons, Chief Economist and Group Head of Global Research at Standard Chartered Bank, expects India to grow at an average of about 9.3% a year over the next twenty years. By 2030, he expects the Indian economy to be the third largest in the world.

The Indian success story has not been about exporting goods, but exporting services – especially outsourcing and IT. The service sector accounts for 54% of GDP as opposed to 28% in agriculture and 18% in manufacturing. Although the service sector is expected to lead GDP growth, during the next ten years the Government of India wants to increase the manufacturing share of GDP to 25%. This will lead to opportunities for foreign firms to help develop infrastructure such as roads, ports, education and health care, while increasing India's manufacturing capacity to feed a growing domestic consumption.

Something expected to help turn India's economy into one of the largest is its demographic dividend: the benefit it is forecast to experience from a reducing dependency ratio (the ratio of working-age population to dependent population). Some of the benefits of this demographic dividend will be the increase in savings

brought about by a rising working population (the dependent population consumes more than it earns, while the working population saves more than it spends). Increasing disposable incomes will also lead to more spending, driving consumption and leading to further growth in the economy.

The government's foreign trade policy has changed focus over the years from one of protecting producers to a policy of benefiting consumers. This is reflected in the steady reduction in import tariffs covering nearly all non-agricultural products. This, coupled with a series of free-trade treaties with other countries, has created opportunities for businesses wishing to export to India.

The government is also actively pursuing a policy of reducing the size of the public sector through privatisation, in the process increasing public ownership and promoting corporate governance. Currently, about 22% of India's market capitalisation (as measured by the Bombay Stock Exchange and the National Stock Exchange) comprises former public sector enterprises.

The Indian financial markets are also now robust and fully liberalised, and there exists a strong Securities and Exchange Board. The Reserve Bank of India (India's central bank) is also seen to be a balanced regulator, whose prudent policies have kept the Indian economy on an even keel. In banking, India has about 80 commercial banks with more than 61,000 branches. As well as finance, India also has a large pool of engineers and skilled workers, and has the second largest English-speaking workforce in the World.

The government's foreign trade policy...coupled with a series of free-trade treaties...has created opportunities for businesses wishing to export to India.

Over the last decade, the rules on foreign direct investment have progressively relaxed. Today, investment in most industrial sectors is allowed using the automatic approval route. Broadly speaking, this allows 100% foreign ownership in most sectors, except the defence sector (26%) and areas reserved for micro and small enterprises (24%).

Other sectors that restrict foreign ownership under the automatic approval route include telecommunications (74%), insurance (26%), print media (24%) and broadcasting (between 20 % and 49%). Exceeding these limits requires prior government approval.

Some sectors prohibit foreign ownership. These include nuclear energy; rail transport; retail (a policy announcement relaxing this restriction is expected shortly); real estate where the investment fails certain criteria; and gambling, betting and lottery businesses.

If you are thinking of starting a new venture in India you may have concerns over its diverse and complex nature – there are at least 18 widely spoken languages and hundreds of dialects. However, in India, English is the language for business communication. Indians also have a relaxed way of doing business and you can expect business meetings to be interspersed with informal conversation, designed to get to know you better.

India's thriving economy and growth prospects offer many opportunities to business investors. As always though, be sure to seek professional advice before entering any business relationship.

Can social media boost your marketing?

Social media has made a huge impact on businesses. Of course there are some who claim they can turn a business around using it (while taking handsome consultancy fees). There are also some naïve entrepreneurs who think, as they did with the web in the first place, that it works instead of a marketing plan rather than as part of it. Overall, though, the effect has been positive.

The place to start is with an objective. Any marketing plan needs to begin with an objective and work backwards. If the resulting map of how to get to the end result doesn't lend itself to social media then it may not be the ultimate answer.

If it is, then the next step is to have a cold look at the real costs. Social media is free, apparently. Of course it is – as long as you value your own time and that of your colleagues at zero. This isn't actually how businesses run. If someone suddenly has to run a Facebook page, man a Twitter feed or two, keep everyone updated on LinkedIn or, most recently, arrange circles of people on Google+, then either they're new or their time is being diverted from somewhere else. That's before you've considered the time taken to make a YouTube video, even if uploading and distributing it are free.

These are the costs you need to consider when you put a social media plan together, and the payback needs to outweigh them. This may not be in pure cash terms, it might be in goodwill. For example, one large retailer in the UK has someone assigned to look at Twitter, Facebook and other networks to check for negative comments. He responds and offers to help by email; he resolves them and not only is an issue addressed, it's taken out of the public view so damage is minimised.

This is a good place to start. You might think your company isn't on social networks; actually it may well be, it's just that someone else is talking about it and you're not taking part. Someone else might have registered your name and be 'spoofing' your identity. You can only know if you're on the networks yourself.

It's worth joining and having a look, and that's probably the best way to start participating. Have a look, get the hang of how people behave on the networks and what they expect, learn about the dynamics and culture. Then start interacting – establish your expertise and promote yourself or your business gently.

The result can be spectacular or it can take a while, in the same way that people with websites 15 years ago found it a case of revolutionising their company or thought 'so what'? What's certain is that in a short time the people without some social media engagement are going to look like the people without websites or email did in the last major wave of technology.

About the author

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Guy Clapperton is a speaker and trainer in social media for business, and is the author of "This Is Social Media" (2009, updated 2011) and "This Is Social Commerce" which will be published in late 2011. He has been a technology and business journalist since 1989, contributing to numerous national newspapers in the UK, and broadcasts occasionally on the BBC News Channel.

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Corporate social responsibility helps the bottom line

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Corporate social responsibility (CSR): new name, old idea. If you had used the phrase corporate social responsibility twenty years ago, nobody would have understood you. Now people know it means companies, like individuals, ought to behave responsibly.

Proponents of CSR claim that it benefits the bottom line. Can that be true? Let's see. We'll look at just five CSR themes: consumers, community, employees, environment and supply chain. Can each show a bottom line return?

What consumers expect

Are consumers interested in CSR? In the technicalities, no; in the substance, yes. Consumers expect businesses to keep their promises about price, quality and service. Though often ignored in the CSR debate, this is key. It is about integrity.

Beyond this is an area where firms can gain competitive edge. Good CSR performance generates market advantage. Bad CSR performance dents sales and the brand. Firms build reputation by connecting the consumer to the producer, showing the eco-efficiency of the product, and through cause-related marketing. Cadbury's Dairy Milk going Fairtrade and Lipton gaining Rainforest Alliance certification for its tea are good examples.

Good reputation boosts the bottom line.

Community: mutual benefit

Are businesses just out to help themselves or do they benefit the community too? The answer varies from business to business but those seen to be helping in the community strengthen their reputation.

The form of help varies. Tesco carved a niche through Tesco Computers for Schools, an appropriately comprehensive initiative for the UK's number one retailer. Firms with a strong local presence pursue a more local approach. So Northern Rock directs community support to its home turf in North-East England through the Northern Rock Foundation.

Businesses get a two-for-one benefit when they mobilise the skills of their employees for community advantage. The pro bono work of city law firms and accountancy practices are notable here.
Effectively managed community engagement is not a deadening overhead. It is an investment that yields the dividend of improved reputation, a secure licence to operate and raised employee morale.

Employees: critical resource, key audience

People want to work for responsible organisations, especially the most skilled and most sought-after individuals.

Fair and humane employment practices correlate strongly with high employee alignment with employers and strong motivation. Policies such as flexible working hours and career breaks are seen as responsible practices that can give an edge in the labour market.

As noted above, employee volunteering programmes aid job satisfaction and align employees with the aims of their employer's corporate responsibility programmes.

The employee aspect of corporate responsibility strengthens a company's position in the labour market. It generates measurable effects in reduced absenteeism, reduced turnover and increased motivation.

Environment: operational savings, market advantage

Good environmental practice means using less resource. This means money in the bank for the business. Responsible environmental practice has moved from being a questionable add-on to becoming a mainstream activity that generates financial savings and creates a societal benefit.

Good environmental practice can also be used as a marketing tool, when a strong link can be made with the corporate brand or an individual product.

Wal-Mart is majoring on eco-efficiency, evidence, if any were needed, that corporate environmental responsibility sits firmly on the benefits side of the ledger.

Supply chain: risk and opportunity

Take a product, say a Nestlé chocolate bar. It is not just the product of Nestlé. Behind the bar and outside Nestlé's direct control are thousands of dairy farmers, cocoa farmers, sugar plantations and so on. The consumer expects the company to guarantee not only responsible behaviour in its direct operations but in the supply chain too. Get it wrong and the deluge of negative publicity dents corporate reputation. Get it right and brand value increases considerably.

Even ten years ago this was an optional part of the agenda. Now it is inescapable.

Good supply chain practice does not necessarily yield an immediate return. Nonetheless, supply chain CSR is not a matter of detached altruism. It creates a benefit to the company even if the level of return varies more than in the other four areas we have looked at.

And the bottom line is?

Yes, corporate responsibility yields noticeable advantage to companies. In each area covered we have found a positive return for corporate responsibility. Experience teaches us that the returns are only fully realised by companies that set out to do the right thing.

Bear in mind the conclusion of the Johnson & Johnson credo. Having listed all the groups that Johnson & Johnson owes a responsibility it concludes: "When we operate according to these principles the stockholders should realise a fair return".

Transfer pricing and intercompany services – **don't be caught out**

About the author

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Tim Brierley is the tax director of a GE Capital business – Equipment Services Europe – and a member of GE's global transfer pricing council. Tim is also a member of the faculty of the International Tax Center at the University of Leiden, where he teaches transfer pricing on the Advanced International LL.M course, as well as an instructor at the IBFD's International Tax Academy on transfer pricing.

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Transfer pricing is the practice of charging one business for goods or services supplied by another business in the same group. Where the businesses are in different countries, the Organisation for Economic Co-operation and Development (OECD) transfer pricing guidelines generally come into play.

Businesses usually know what to look out for on the transfer of goods within a group, but what about services? This is an area of risk not only for multinationals with large Head Offices, but also for SMEs. For example, the French entrepreneur who expands into Belgium and centralises the bookkeeping or sets up a loan for the Belgian business should beware.

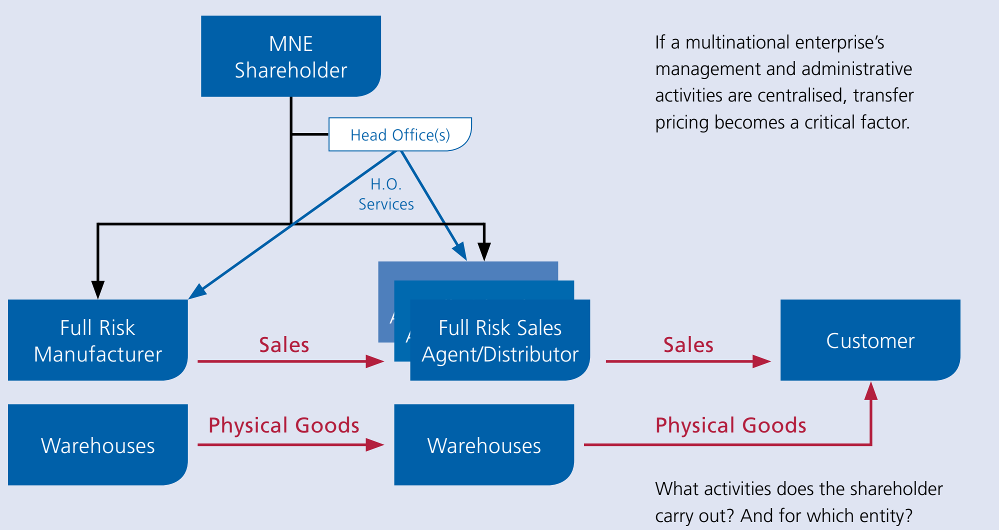
This article gives a basic outline of the principles and practice of transfer pricing as it applies to intergroup services. Ultimately, transfer pricing is a complex subject and professional advice is needed to avoid expensive surprises from the taxman.

Does your business model need transfer pricing?

Some groups use a decentralised model made up of self-contained subsidiaries with little interference from the parent. The shareholder acts as a financial investor in operating companies that are measured on their bottom line and behave almost like independent businesses. Here, the businesses share few services, making their transfer pricing less of an issue.

More commonly, international groups adopt a centralised model, because of economies of scale or concentration of expertise or know-how. Transfer pricing then becomes critical to a head office supplying services to its operating companies. While, for example, separate manufacturing companies and distribution subsidiaries may assume many of the normal risks associated with running a business, they may receive non-core services, such as IT, legal and HR support, from the head office. These services need to be charged and paid for. The nature of some industries demand centralisation of services: courier companies must use common systems, tech companies centralise research and development, as does the pharmaceutical sector.

MNE business model: centralised head office



OECD transfer pricing guidelines and the 'arm's length principle'

The guidelines look to establish two facts for intergroup services: whether a service has been provided and the price that should be paid for those services.

The price should conform to the 'arm's length principle': looking at any transaction between related parties, would two unconnected third parties have entered the agreement under the same terms and conditions (assuming a willing buyer and a willing seller)? If not, then the taxman can adjust the profits from the transaction.

What is a service?

A service must confer an economic or commercial advantage to the recipient. Put another way, would an independent company be willing to pay for such a service? Examples of typical services include: administration, accountancy, marketing, recruitment, and training.

But just because a head office incurs a cost does not mean it provides a service.

Duplicated services seldom qualify because of the commercial benefit test. On the other hand, a group company should not be charged for incidental economic benefits; for example, a group acquisition that enhances sales, because they could not be sold to or by an unconnected third party. Equally, an advantage gained purely from being a subsidiary of a creditworthy owner should also fail the test, although tax authorities are developing policy around 'affiliation benefit' in interest rate pricing.

Methods of charging

There are two methods of charging for a service: direct or indirect.

A direct charge is the approach preferred in the OECD guidelines. This is straightforward when the service is quantifiable and you can point to a market rate of pricing. An example would be legal services where you can quantify the hours worked and charge a market hourly rate. This method is known as comparable uncontrolled price or CUP.

But what if it's not that simple to quantify the service? Where a direct charge is not practicable, you may use an indirect charging method by allocating costs across group companies. However, you can't just divide costs arbitrarily; the method must be sensible and the allocation key relevant.

Take, for example, marketing services: turnover is an acceptable key, as the larger the turnover the more support may be needed. By contrast, the main business driver for payroll services is headcount.

Risk management

Regular TP risk management helps avoid tax surprises resulting from profit adjustments or non-compliance penalties. The board and its advisers should review questions such as:

- Will your transfer pricing strategy pass audit?
- Will your transfer pricing pass investigation by local tax authorities?
- Is your documentation adequate?

Remember, with good documentation it is up to a tax inspector to prove your TP is wrong. Without it, you make it easy for an inspector to substitute different (usually disadvantageous) numbers for the related party transactions in the tax return.

Poor documentation poses the commonest risk of all. Contemporaneous documentation is a legal requirement in many countries; its absence often means a fine, sometimes monthly until the documentation is produced. Directors could even be committing a criminal offence if they sign a tax return without checking the TP position.

Remember, with good documentation it is up to a tax inspector to prove your TP is wrong. Without it, you make it easy for an inspector to substitute different (usually disadvantageous) numbers for the related party transactions in the tax return.

When diligence is due

When looking at a potential investment, it is normal practice to perform due diligence before going ahead. Due diligence will force you to examine all the risks and opportunities, and will help you make an informed decision so you can proceed with confidence.

About the author

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Lee Facey is a partner with Russell Bedford's London firm, Lubbock Fine. He specialises in financial reporting and audits, being responsible for an expanding portfolio of commercial, professional and not-for-profit clients. He is actively involved with Lubbock Fine's corporate finance work and is often called on when financial due diligence is needed before a stock-market listing or an acquisition.

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You can dissect the due diligence process into several areas; for example, financial, legal, commercial and environmental. These can be complex areas and it is only by seeking advice from an expert, such as an accountant or lawyer, that you can be confident you have covered everything. It is also important that you communicate with your advisers throughout to ensure your due diligence is as thorough as possible.

Scope of due diligence

Any potential investment has its own unique characteristics. These characteristics will dictate the size of the task. You should agree the scope of the work with your advisers by drawing up terms of reference.

Financial due diligence, for example, will be influenced by the following:

- the nature of the transaction – due diligence will be different when buying shares in a company compared with buying an asset or trade out of a company
- the industry in which your target investment operates
- the information that a seller makes available to you
- your own ability or capacity to take on some of the work
- any areas that particularly concern you.

A typical financial due diligence will analyse the following areas:

- past performance, profitability, liquidity, assets and liabilities
- underlying profitability and liquidity, after eliminating one-off, non-recurring items
- the accounting policies the seller uses, how they conform to local Generally Accepted Accounting Practice (GAAP), and any changes needed to align them with your own local GAAP requirements
- the seller's forecast results and the underlying assumptions
- accounting and management information systems and controls
- the direct and indirect taxation position, both pre and post-transaction
- any actual or potential liabilities.

Your due diligence relies heavily on the accuracy of information the seller makes available. This makes communication between your advisers and the seller's advisers very important.

The process

Once you have agreed the work involved, your advisers will ask the seller for the necessary information. This information makes up what you will often see called the 'data room' and may only be available for a short time. The seller may insist on you and your advisers signing a confidentiality agreement before releasing any information.

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Reporting to investors

The initial reports you receive as the investor during due diligence will often be verbal as you need to know about any issues as early as possible. The timetable for completing a transaction is often tight and you will need enough time to consider, take action and possibly negotiate with the seller.

The final report you receive should include a summary of the key issues and all associated risks and implications.

The benefits of due diligence

Due diligence will help you:

- uncover potential deal breakers that may cause you to withdraw
- spot issues that you may use to negotiate a reduced price, or a revised timing of any payments
- identify issues that need to be covered in the legal transaction documents and agreements
- mitigate potential risks
- plan your post-completion strategy

To reap the full benefits of due diligence you must consider and act on any issues and not allow other, more favourable, features to influence you unduly.

In an increasingly challenging global market, the need to make balanced and informed investment decisions is crucial. Due diligence has an important role to play in helping to identify and, where possible, mitigate the risks associated with a proposed investment.

Cash flow – the lifeblood of every business

About the author

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Bruce Saward is a senior partner in Russell Bedford's Melbourne firm, Saward Dawson Chartered Accountants. Over the years Bruce has assumed audit, taxation, business services and IT roles and is a true all-rounder. Much of his time is committed to consulting and strategic business planning which builds upon his diverse experience.

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Something that became clear during the global financial crisis was that cash flow is crucial to survival. So how can you protect and improve the cash flow of your business?

It is true that businesses that rely less on external debt are better placed to ride out economic downturns, but for many businesses external debt is crucial to sustaining growth. Undercapitalisation is a major threat facing small businesses throughout the world. So what are some practical ways in which you can manage and improve your cash flow?

Plan ahead

The best form of business planning uses three-way budgeting to look at profit, balance sheet and cash flow consequences. Understanding how your business decisions influence inventory, accounts receivable, accounts payable and cash flow is important; too often, businesses take a single view of decisions. The astute business person understands the three-way impact of their decisions.

Three-way forecasts will usually look at the next 12 months and are also useful in long-term planning, but what about the short term? A simple cash flow forecast can help manage your cash flow month by month. Build a template that records your regular receipts and payments. Schedule when loan and interest repayments, lease payments, utilities, rent, wages, supplier payments, planned capital outlay, income tax, and other outgoings fall in your business cycle. Then estimate your cash inflows. A good template will make short-term cash flow forecasting easier.

Communicate and enforce your credit terms

Have a credit policy and stick to it. Be diligent with credit checks before opening an account. Consider whether personal guarantees are necessary. Start customers with a low limit and extend it when they have proved they are worthy. If customers pay you outside your credit terms, be prepared to stop supplying them. Bad debts are costly and the lower your gross margin the more expensive they are.

Communicate your payment terms clearly to customers and print them on your invoices. Follow up customers quickly when they fall outside these terms. Try an automated email reminder a few days before an account is due. Ensure that debt collection is a formal responsibility of a staff person and monitor their performance.

To avoid customers using the cheque-in-the-mail excuse, print your bank account details on the invoice

The best form of business planning uses three-way budgeting to look at profit, balance sheet and cash flow consequences.

and encourage customers to pay electronically or by credit card. If you decide to stop supplying a customer, ensure you tell the sales team and the customer.

Monitor your position

Keeping an eye on your debtor days, creditor days and inventory days is a simple and objective way of managing your liquidity. Set a benchmark for how many average daily sales you are prepared to accept. Manage your inventory against a similar benchmark of average daily cost of sales. Creditors can also be measured by the number of average daily purchases.

Why not plot your key performance indicators (KPIs) in a graph and share it around your organisation so everyone understands the importance of cash flow management?

Control your inventory

Stock is often one of the largest investments a business makes. However, stock can often exceed what is necessary. Tension can exist between the sales team and the accounting team about stock levels, so how can you manage this?

- Regularly reassess restocking points using realistic timelines for inventory and average monthly sales.
- Clear out slow-moving or obsolete stock and turn it into cash, even if it means making a loss.
- If you have good supply lines, consider whether you can arrange to ship direct to the customer so you do not need to carry stock at all.
- Consider whether you can hold consignment stock so you pay for inventory when you sell it.
- Buy early in the month so you maximise your time to pay.
- Set up KPIs for your purchasing team and monitor their performance against them.

Actively manage your cash flow

Use your short-term cash flow forecast to actively manage your cash flow. When you see a cash crisis emerging, keep your suppliers informed and offer partial payment of the amount due and negotiate extended payment arrangements. Consider offering settlement discounts to bring forward debtor collections.

Keep the lines of communication open with your bankers. Ask for a temporary extension to your overdraft facility. Bankers don't like surprises so ensure you work with them.

If your cash crisis is of a seasonal nature, or you experience a short-term slow down, consider sending your staff on annual leave. Paying staff their accrued leave is preferable to paying them to be idle.

> ...many cash flow crises stem from an inability of the business owner to contain personal expenditure.

Manage your capital assets and expenditure

Cash flow crises can emerge if you tie up valuable cash in long-term-use assets. Consider equipment finance for buying major assets to ensure you don't tie up your working capital. Sometimes, rental may be worth considering. Also, consider liquidating assets that you no longer use in the business to not only create some cash, but also to free up space.

Keep business and personal affairs separate

In my experience, many cash flow crises stem from an inability of the business owner to contain personal expenditure. Protect your business by ensuring that your salary or drawings are not excessive.

Work with your accountant

Like anything in business, you can benefit from the experience of others. Your accountant will have experience of helping other businesses manage their cash flow. They can help you manage your cash flow by working with you to develop a three-way budget and set up benchmarks and processes.

New international standards on auditing – what do they mean to you?

About the author

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Brian Smith is a consultant to auditing firms on regulatory matters and quality control and has provided advice to Russell Bedford International for the last seven years. Brian was a senior audit partner in Arthur Andersen. He is currently the Secretary of the Forum of Firms, a body representing most of the international networks of accounting firms, which has the objective of promoting consistent and high quality standards of financial reporting and auditing worldwide.

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International standards on auditing (ISA) may not, at first glance, appear the most stimulating subject but on occasions it's worth taking notice. Recent changes mean now is one of those occasions.

Following the Enron scandal, regulators and other interested parties expressed their concern that auditing standards were not rigorous enough and the process for establishing them was insufficiently transparent. In 2004 the International Auditing and Assurance Standards Board (IAASB) set up its clarity project with the objective of clarifying and improving the consistency of application of ISA. The project finished in 2009 having reviewed, clarified and updated 36 ISAs. The initial aim was just to clarify the standards but in the process many of the standards have been strengthened with new provisions to reflect the greater expectations of the auditor.

Impact on businesses

The clarified standards are effective for audits of financial periods beginning on or after 15 December 2009 – if you have just had your 31 December 2010 audit (and it was an ISA audit) it will have used the clarified standards.

Many countries have adopted ISA as a national standard in line with the international timetable. For example, of the 27 European Union members 12 have done this and a further seven have done so with a year's delay. Eventually, ISA will become an EU requirement but the timing is unclear. Other countries are also adopting ISA as their national standards.

The USA is moving quickly to bring its standards in line with ISA and is coordinating all new work on auditing standards with the IAASB. Unfortunately, the USA also has standards produced by the PCAOB (Public Company Accounting Oversight Board) for audits of SEC (Securities and Exchange Commission) registrants which are not being coordinated.

The clarified standards are easier for auditors to use but should make no difference to the business being audited. However, some of the standards have changes of substance that may have an impact on the way your audit team interacts with you. Examples include: agreeing engagement terms, communicating with directors and owners, work on related parties, accounting estimates, and representations from management. The clarified standards also include substantial additional requirements for the audit of groups.

How different your experience will be will largely depend on what you're used to. If you're used to

... the new standards will mean more interaction and structured communication between you and your audit team.

confirming the terms of the engagement every year, the new standard on agreeing engagement terms will not change this approach. If not, you will need to discuss a new approach with your auditor. More important, the new standard on the audit of accounting estimates means your auditor will ask more questions and test your assumptions more extensively where an accounting estimate has a major effect on the accounts. The precise impact will vary from audit to audit but overall the new standards will mean more interaction and structured communication between you and your audit team.

A step towards common standards

This increased interaction should lead to improved quality of service. The new standards are also more acceptable to the regulators; this should lead to wide acceptance, narrowing the gap between standards across the world. We do not yet have common standards but the new clarified international standards are a major step toward that goal.

News in brief

- SMP Group Limited has been appointed as the first Isle of Man member of the Russell Bedford International global accounting network.

  The SMP Group is one of the largest trust and corporate services providers on the Isle of Man. SMP employs over 130 people and has over 3000 trust and corporate structures under management, clients in over 80 different countries and structures settled or incorporated in 60 international jurisdictions.

  The group provides global trust and corporate services, accountancy, internal audit, tax and VAT consultancy, audit (through Matthew Edwards & Co., an independent firm of Chartered Accountants), fund administration and consultancy services in relation to e-commerce and e-gaming.

  SMP was formed following a management buyout from the Fortis Intertrust Group (part of Fortis bank) in 2007 and has roots stretching back to 1980. The group is now independent, wholly owned by its seven executive directors and senior management team.

- Russell Bedford International has appointed the Watermark Group as its new member firm in Johannesburg, South Africa.

  The Watermark Group, founded in 1981, is a full-service accounting practice offering professional services through three business units, Watermark Auditors Incorporated, Waterford Financial Management and Waterford Asset Managers.

  Watermark Auditors Incorporated is a registered accounting and audit practice accredited by the South African Institute of Chartered Accountants (SAICA) and the Internal Regulatory Board of Auditors (IRBA). Watermark has also been awarded accreditation by SAICA as a Training Office.

  Waterford Financial Management provides corporate clients with a broad range of accounting services including bookkeeping and payroll, business valuations, company secretarial services, tax planning and compliance, estate planning, due diligence investigations and assistance with stock exchange listings.

  Waterford Asset Managers administers clients' investment funds. The practice is fully accredited and registered with the Financial Services Board (FSB).

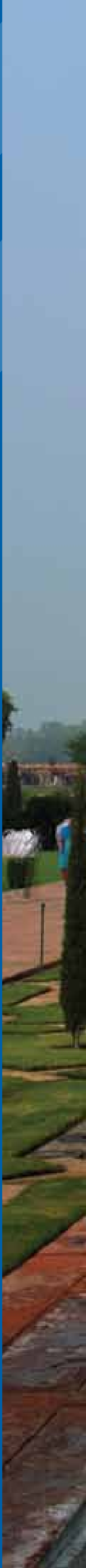
  The Watermark Group services a diverse customer base of more than 1600 clients, including private companies and provident funds.

- Russell Bedford has selected the Riyadh-based firm AlHoshan Certified Public Accountants & Consultants as its first correspondent in Saudi Arabia.

  AlHoshan was established in 1993 as a group of professionals delivering audit, accounting, consultancy and IT business solutions to both the public and private sectors.

- Jayasinghe & Co. has joined Russell Bedford International as the network's first correspondent in Sri Lanka. Established in 1985, the firm has grown into a five-partner practice of Chartered Accountants with over 160 personnel.

  Jayasinghe & Co. offers a wide range of risk assurance (external and internal audit), tax advisory, business management, accounting, corporate secretarial and specialist consulting services. Based in the commercial capital, Colombo, the firm has over 400 clients in sectors including manufacturing, trading, services, NGOs, construction, hotels, agriculture and finance.



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