

### MGI ASIA IS GROWING

Hello Everyone!

Greetings from India .... A few days ago the Prime Minister of India took a bold step against opposition from the other political parties and opened the multi brand retail sector of India to foreign direct investment! This was a big step for the impetus the Indian Economy needed after our last quarter numbers fell below China and Indonesia. More such announcements are expected in Aviation, Power exchanges, Insurance and Broadcasting. The government is trying to bring its "India shining" story back! Whether it does indeed, achieve that ... time will tell ...

The second half of this year has been a very active one for MGI, Asia as well. Work on the various action items from the Asian Area meeting has been ongoing & some even completed. I hope you have found the MGI corporate slides which were circulated useful in showing your global outreach and the support our firms can tap internationally.

In July, Audrey and I visited Indonesia to do due diligence on potential new members. You will be happy to know that we now have another member in there – BASIYURDDIN & WILDAN, which is a full service tax, accounting and auditing firm.

You will also read in the newsletter about the MGI members visited by myself & Audrey since the Area Meeting. I thank everyone for their warm welcome and hospitality extended to both Audrey and me. It was a great opportunity for us to meet the other partners and staff in the Firms.

In this quarter, efforts have been made to explore various options and opportunities through which MGI, Asia can market itself in the region as we had all agreed in the Asia Area meeting.

In keeping with this strategy, discussions with the International Tax Review were initiated to sponsor two major tax conferences in India and Singapore. SF Consulting and S.R. Dinodia have done some advertising with International Tax Review for the Year 2012-2013, to showcase the Asian footprint of MGI globally. Our member in Indonesia, SF Consulting is doing a seminar with IBC on Mining in Indonesia. We are exploring opportunities of how we can work with IBC and other organisations which can be tapped as marketing options for professional services firms and alliances. So far we have been able to find only ITR

and IBC which are mostly tax forms. We welcome suggestions for any other forms that anyone else may know off.

All such organisations have sponsorship opportunities which typically allow MGI to have its logo on all material that they would distribute, in addition to speakers on a panel of our choosing and delegate passes for the firms in whose city the conference is to be held. A booth for keeping marketing material would also be provided. In all, sponsoring an event would give MGI a lot of visibility amongst the Industry and professionals alike. It would also help establish **Thought Leadership** through a panel session for the speaking members.

I would urge all members to take benefit of the grant of USD 25,000 given to us by MGI Global to grow the MGI Brand in Asia, a stronger MGI Asia will benefit us all by not only generating more business but also give us the same competing platform as the Big Four!

I must add that after getting ITR to agree to give a 50% discount of the standard sponsorship fee of GBP 10,000 and that all participating members firms involved could share the total sponsorship fee, we received very poor response from almost all members and we were unable to use the Singapore Conference as a marketing opportunity. The next ITR conference is in Singapore in May 2013, I hope at least some of us would be inclined to participate. I am sure that if we all come together and share the fee the benefits of our united front will outweigh the costs.

Lastly, the AGM is around the corner, in Cyprus. Asia is one of MGI's success stories'. We have achieved a lot as a cohesive group in spite of our geographical and cultural differences. I hope some of you can make it to the AGM this year to Cheer Asia on!!

The best is yet to come ....



**Pallavi Dinodia**  
Area Leader – Asia  
MGI

### MGI IS NOT ONLY FOR ACCOUNTANTS

The International Committee Representative for Latin America (LATAM), Carlos Pan is the only non accountant on the MGI International Committee (IC). Let us hear his thoughts on non accountants being part of MGI

#### Are you an accountant?

*No, I am a Software Engineer. But mostly I am an Entrepreneur.*

#### What made you/your organisation join MGI which is mainly made up of accountants?

*We decided to join MGI in order to diversify our offerings in areas we don't have expertise and have the opportunity to offer a complete bundle of professional services to our clients. That set us apart from competitors, giving us a differentiating factor against worldwide-class companies.*

*I am a believer of Networks and Associations and the power of them. I started my professional career in Coopers & Lybrand and it was an excellent learning environment for me.*



Carlos Pan, IC member for Latin America area

#### Your company Accusys Technology C A is a firm involved in Technology, as such what benefit do you gain from being a part of MGI?

*We have local recognition because we are part of an Audit and Consulting Alliance. We can provide IT services to our fellow members within the organization.*

#### Tell us about Accusys?

*We are a company focused on banking and insurance market, with cross-industry solutions. We have more than 10 years of experience in IT Consulting offering HW and SW integration, strategic planning, PMO, applications architecture and development, and systems implementation. Our staff counts with large experienced IT Professionals that help develop and achieve better technology processes and systems. One of our achievements is the development of a state of the art product: **AST-Probatch**, a workload automation designed to fit companies of different sizes, with the objective of helping to Plan, Automatize, Execute and Control processes.*

#### What are the benefits of having a non accountant like yourself on the MGI International Committee?

*MGI is more about business than the practice. For me having people with different background enrich the IC.*

#### Can you tell us a little bit about the Latin American market?

*We have some very interesting economies in the region, for size and growth. Brazil, for example, is the 6th largest economy in the world and one of the countries that forms the BRIC (Brazil, Russia, India and China).*

*MGI is present through their members in almost every country in LATAM with offices in the most important cities, from Mexico to emerging markets such as Colombia, Chile, Peru and Argentina.*

*Argentina has a very high level of qualified professionals with technical skills. That is why we set up our Software factory in Buenos Aires and a smaller group in the countryside (in Paraná city).*

*Venezuela is recognized for its energy, gas and oil, therefore giving rise to complimentary businesses, such as banking, that drives Accusys Technology CA business. With a population of more than 30 million, the demand of services that can be attended by local members of MGI is a great opportunity also.*

### What opportunities are available in the growing Latin American markets?

*For LATAM we have a clear focus on growth, with Brazil as core reference. This is a result of fighting poverty, in tandem with the generation of economic wealth, achieving social mobility, and large entrepreneurship. In MGI LATAM, we have a strong structured and ongoing strategy. This strategy is based on 12 cities that are important in the development of businesses and of bilateral relationships between members.*

*Brazil calls attention to the region and we have to take advantage of that. The rest of LATAM have many interesting economies and a very interesting commercial offering*

### What advice would you give potential investors into Latin America?

*Learn about the LATAM market, their opportunities to new businesses and the changing perception of LATAM around the world. Research thoroughly the legal and tax obligations (formal and informal) and financial issues. Always be clear and bear in mind the changeable macroeconomic and public politics. Contact an MGI member to start, manage or achieve a business at a Latin American country.*

### How do you see the future of MGI LATAM

*MGI LATAM will be a fortified alliance with a strong geographical coverage, quality members with a strong understanding of regional economies. We hope to achieve active participation and engagement of members and the generation of good businesses for all. With a strong positioning and regional reference, that can give real services to their members and better products and solutions to the clients. "Networking globally, acting locally" would be a phrase to describe MGI LATAM*

### What have you accomplished that makes you most proud?

*I think my passion in doing business made me believe in projects that had many challenges and barriers, and I accomplished them. I believe in the power of alliances and in getting together with talent and knowledge. Being a believer in a region with countries that are fighting to grow, with people that deserve opportunities and support to have the chance to show what they are made of. Briefly, being a positive factor from what I do with passion: my job*



## PROFESSIONAL NEWS FROM AROUND THE WORLD

### 2012 Handbook of the Code of Ethics for Professional Accountants

The 2012 *Handbook of the Code of Ethics for Professional Accountants* is now available to download or purchase from the IFAC website.

<http://www.ifac.org/sites/default/files/publications/files/2012-IESBA-Handbook.pdf>

The IESBA handbook contains the entire *Code of Ethics for Professional Accountants*, effective January 1, 2011.

The 2012 edition includes a new introduction and editorial amendments. It replaces the 2010 edition of the IESBA handbook.

### New IFAC Publication Provides Support for Professional Accountants Improving Internal Control

The Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) has issued new International Good Practice Guidance (IGPG), *Evaluating and Improving Internal Control in Organizations*, highlighting areas where the practical application of existing internal control standards and frameworks often fails in many organizations.

This new guidance is important to a professional accountant in business, who works with his/her organization, to evaluate and improve internal control and ensure that internal control is an integrated part of the organization's systems of governance and risk management.

### IESBA Proposes Changes to Code of Ethics to Address Illegal Acts

The International Ethics Standards Board for Accountants (IESBA) released for public exposure requirements that address a professional accountant's responsibilities regarding the disclosure of suspected illegal acts committed by a client or employer. The proposals describe the circumstances in which a professional accountant is required or expected to breach confidentiality, one of the five fundamental principles in the *Code of Ethics for*

Professional Accountants (the Code), and disclose the act to an appropriate authority.

The Exposure Draft, *Responding to a Suspected Illegal Act*, proposes adding two new sections addressing illegal acts to the Code—one each for professional accountants in public practice and professional accountants in business—and several revisions to other related sections. The new sections clearly delineate the expected course of action for a professional accountant to take if those charged with governance do not respond to the issue appropriately.

“Breaching confidentiality is not something to be taken lightly,” said Jörgen Holmquist, chair of the IESBA. “However, when the consequences of non-disclosure are potentially harmful to individuals or society, confidentiality must be overridden. Accountants have an important role to play in protecting the public interest and enabling authorities to take appropriate action.”

To access the exposure draft see <https://www.ifac.org/sites/default/files/publications/files/IESBA-Code-of-Ethics-Illegal-Acts-Exposure-Draft.pdf>

Comments due by December 15 2012

### IFAC SMP Quick Poll May – June 2012

Accountants and their small business clients share similar challenges of complex regulations and the pressure to lower fees and prices, according to a new poll.

The survey conducted by the International Federation of Accountants, found that keeping up with new regulations and the pressure to lower fees were the top two challenges for practitioners. Their clients face similar challenges, according to the 3,678 small and mid-sized practitioners polled, with the burden of regulation topping the list and three economic factors—pressure to lower prices, economic uncertainty, and difficulties accessing finance—nearly tied as the next biggest challenges.

“The results are critical to IFAC and its member bodies gaining a deeper understanding of the challenges and opportunities faced by SMPs globally,” said IFAC SMP Committee Chair Giancarlo Attolini in a statement. “We were very pleased with

the high response rate to this survey, which is testimony to the fact that our member bodies, who heavily promoted the poll, are just as concerned about SMPs as we are.”

The poll also included questions on business drivers and outlook. For nearly half the respondents, business from new clients is the main driver of growth by a wide margin, with less than half as many respondents citing increased revenue from existing clients as their main driver of growth. However, when asked about performance expectations, many practitioners expect no change in business in the current year compared with 2011.

For the complete survey results, broken down by size of practice and region, see [https://www.ifac.org/sites/default/files/publications/files/IFAC-SMP-Quick-Poll-May-June-2012\\_2.pdf](https://www.ifac.org/sites/default/files/publications/files/IFAC-SMP-Quick-Poll-May-June-2012_2.pdf)

### IFAC Announces new CEO

The International Federation of Accountants (IFAC), announced that Fayezul (Fayez) Choudhury has been selected as the new CEO of IFAC after an extensive global search. He succeeds current CEO, Ian Ball, whose contract is set to expire in February 2013.

IFAC President, Goran Tidstrom, noted that “Fayez has more than 36 years of experience in the accountancy profession. He brings a strong understanding of the role of accounting in organisations and knowledge of the issues surrounding the global profession. He was instrumental in the discussions that led to the creation of the current private/public sector governance arrangements for international standard-setting and has extensive knowledge of IFAC through his work in the Public Interest Oversight Board (PIOB). We are very happy to welcome Fayez to this new role”.

Mr. Choudhury stated, “I am honoured to have been selected for this position. I firmly believe that accountancy is one of the core professions that anchor the functioning of modern societies and, as such, the role of IFAC is critically important”.

For a summary of Mr. Choudhury's background and career profile, visit the IFAC website at: <https://www.ifac.org/news-events/2012-06/ifac-announces-appointment-fayezul-choudhury-new-chief-executive-officer>

### **2012 Editions of the Handbooks from IAASB, IESBA, and IPSASB**

The International Federation of Accountants (IFAC) has made available the 2012 editions of the handbooks from the International Auditing and Assurance Standards Board (IAASB), International Ethics Standards Board for Accountants (IESBA), and International Public Sector Accounting Standards Board (IPSASB).

The material contained in the handbooks was developed by the IAASB, IESBA, and IPSASB, respectively. The structures and processes that support the operations of these independent standard-setting boards, including publishing the handbooks, are facilitated by IFAC.

For descriptions about the handbooks, a copy of the electronic versions, and how to order printed copies, please visit the IFAC website at: <http://www.ifac.org/news-events/2012-07/2012-editions-handbooks-iaasb-iesba-and-ipsasb>

### **Government exempts UK SMEs from statutory audit**

Small UK businesses will be exempt from having a mandatory statutory audit as the government relaxes auditing and reporting requirements.

The Department for Innovation Business and Skills (BIS) has made the changes in response to the consultation *Audit Exemptions and Change of Accounting Framework* and will now allow more companies to make a commercial decision about whether or not to have a statutory audit.

The new regulations will align mandatory audit thresholds with accounting thresholds, meaning Small-and-Medium sized Enterprises (SME) will be able to obtain an exemption if they meet two out of three criteria relating to balance sheet total, turnover and number of employees.

This change will allow see 36,000 more companies with the ability to choose not to have an audit. This is likely to have an impact on accounting firms who provide assurance services to these companies.

The government will also exempt most subsidiary companies from mandatory audit, as long as their parent company guarantees their liabilities, thus a further 83,000 subsidiary companies will benefit, while a further 67,000 dormant subsidiaries will no

longer need to prepare and file annual accounts, provided they receive a similar guarantee.

Business secretary Vince Cable said reporting requirements have become increasingly “demanding and costly over the years”. “We listened to business, which made a strong case for reform, and I am delighted that we are now taking this opportunity to make audit more flexible and targeted. Tackling these problems will help save UK companies millions every year and free them up to expand and grow their business, which ultimately benefits the entire British economy,” Cable explained.

### **IFRS on the back burner**

Following consultation by the Financial Reporting Council on changes to UK GAAP, the government has also decided to allow companies that prepare their accounts under IFRS to move to UK GAAP to take advantage of reduced disclosures.

BIS also said the regulations will remove “European gold-plating and ensure UK SMEs are not at a disadvantage compared to their EU competitors”.

The changes are part of the government’s wider drive to reduce “unnecessary burdens and make the UK one of the best places in the world to start finance and grow a business”. The regulations are expected to come into force for accounting years ending on or after 1 October.

Source: *The Accountant*. [VRL-Financial-News.com](http://www.vrl-financial-news.com)



## MGI MEMBER NEWS

### Success due to MGI International Network

With the strength and the backing of MGI network MGB & Co bid against Big 4 firms and got the deal to conduct a tax & financial due diligence on a German company that was being acquired by an Indian company.

MGB & Co our member in Mumbai sought the help of MGI German member Votum AG and jointly and successfully conducted the audit. **Congratulations!**

This is a fantastic testimony of what MGI is all about



*Enjoying a few drinks after a hard days work*

### Media appearance for Dickson, our member in China

Dickson Leung, Senior Partner of Lehman Brown was interviewed by ATV, the Second largest TV in HK on what Hong Kong businessmen are facing with the change of business environment in mainland China after 15 years of Hong Kong return to the motherland.

On the 8th of August he was interviewed by Global times, one of the largest English newspapers in China on the double tax issues faced by foreign companies in China.

See <http://www.globaltimes.cn/content/725870.shtml> for the full report.

### Kenneth Chau & Co is a registered CTA Employer

The Taxation Institute of Hong Kong (“TIHK”) launched the Certified Tax Adviser (“CTA”) title which is a valuable qualification in the taxation field. Currently, TIHK runs the CTA Accredited Employer Program, which aims to provide practical training to CTA students. Kenneth Chau & Co. is registered as a CTA Accredited Employer.

### Ilyas Saeed & Co wins new job

Ilyas Saeed & Co has secured the contract from OGRA (Oil and Gas Regulatory Authority) to carry out the verification of Government Subsidy Grants to all Oil Marketing Companies in Pakistan.

Irfan Ilyas presented a paper on “Implications of Indirect taxes” at Pakistan Tax Bar – Summer Camp at PC Bhurban on July 15-18, 2012. He highlighted the proposals of implications of Indirect Taxes and stressed on the fair mechanism and need of their collection.

## TIPS & HELP

### HOW TO RUN YOUR FIRMS MORE EFFECTIVELY

By Claus Thorsgaard

Looking for ways to run your accounting firm more efficiently and effectively? It starts with people.

Managing employees effectively is a key success factor for every business. In accounting firms of all types and sizes, successful managers must be diligent in instructing colleagues about the need to stay in lockstep with the firm’s overarching business objectives.

It is not just about hiring the right people—it’s about implementing strategies to promote transparency throughout the organization in a way that helps those people support company-wide business objectives. This way, managers are able to guide their people the firm’s greatest assets, to create an environment that streamlines the business, ultimately increasing productivity.

Here are four ways to manage employees that align with your firm’s business objectives.

#### 1. Making Workloads Realistic

To gain perspective, it’s important to have an inside-out and outside-in view of an organization. Managers need to be able to see all aspects of an accounting engagement to delegate tasks accordingly. It is also important to understand the work capacity of employees in order to staff teams accordingly. If an engagement is getting bogged down in one area, it is important for the manager to step in, alleviate the pressure and seek additional resources. Here are two ways that managers can help streamline workflow, helping to deliver projects on time and budget:

a. Assurance: When employees are confident in the work that they are producing, less time is spent completing tasks because it is done correctly the first time. Staffing teams that work well together also help projects run smoothly.

b. Time Management: Make sure all employees are entering billable time accurately and promptly. When employees accurately enter time, managers are better able to identify areas that need support. Your timekeeping approach should be straightforward and made to be quick, yet with an underlying structure that guides people to correctly record worked time with the proper client and engagement.

## 2. Allocating Resources

Few may consider resource-management as a way to get a leg up on the competition, but managing availability and capacity of your most skilled people is an advantage for winning new business. It's not just who's available, but also who is most appropriate for the work. You want the right level of competence, work capacity, experience and industry knowledge to help engagements stay on time and on budget. Your people aren't interchangeable parts and shouldn't be scheduled that way. Make sure that you can incorporate talent, past experience, and even personal preferences into the resource plan.

## 3. Motivating the Workforce

Motivated employees are critical to business success; they work harder and overcome common workplace challenges with ease. While some firms operate under team environments, others are a workplace of individuals. Regardless of the environment, to prosper in tough times it is paramount to implement strategies that improve employee performance and morale, encourage teamwork and instill a positive attitude.

This way, employees are motivated, increasing performance and furthering the bottom line. Ways that firms can motivate employees include providing incentives and offering regular feedback, which are powerful tools for improving morale, in particular:

a. Incentives such as training programs and company initiatives can be implemented to help employees share ideas and become further invested in the company. Managers need to understand that a firm should be a two-way street where employees have the opportunity to share and create ideas, further establishing a collaborative environment.

b. Feedback from management is a sure way to make employees feel appreciated, engaged and understood, whether it is positive or negative. When feedback is delivered on a regular basis, it tends to result in improved performance, further enhancing motivation. Go beyond the typical annual or quarterly formal reviews to provide more "granular" feedback at the conclusion of engagements, or even at key milestones in the work process. Use your reports not just for progress status, but as alerts to tell you it's time for positive or constructive feedback.

## 4. Gaining Visibility

Successful accounting firms need visibility across the entire firm—spanning their clients, their people, their engagements, and of course their financial results. It is important to know the engagements that are ongoing, what an employee is working on, how long it should take, and if they have time available to help with other projects. Without effective visibility, it's almost impossible to effectively manage people because you're left with inefficient meetings, phone calls or emails, which risk seeing demoralized people overworked, underutilized, or assigned to work that just isn't the best fit. The bottom line is, to do their job effectively all levels of employees need to access information across the organization, so the firm can be productive and prosperous.

The success of an accounting firm goes beyond the business model that is implemented by management. The way that accountants work, how they are managed, and how they communicate both with management and with each other has a huge impact on the business. By learning to manage employees effectively, you'll ultimately learn to manage the business. And that will drive better financial results for your firm.

*Claus Thorsgaard is Deltek's EVP and general manager—professional services. He is responsible for managing sales and marketing for Deltek Vision, Deltek Maconomy and Deltek People Planner, enterprise software solutions that power the businesses of accounting firms and other professional services firms around the world.*

## How are CPA firms planning for the future and aiming for success?

*Hitendra Patil, COO at business transformation services company **Pransform**, talked with over 250 CPAs at New York and New Jersey accounting shows in May to compile a list of the top 10 initiatives that CPAs are planning for their businesses. Here they are, in no particular order of importance.*

### 10 Top Firm Initiatives

#### 1. Strategic Management and Corporatization

CPAs want to move away from a "services-driven" business approach to "strategy-driven" development of service offerings. That way, they can take their business where they wish, instead of the business taking them where they don't want to go. Firms also want to make decisions faster. The role of "managing partner" is quickly turning into that of a CEO: empowered, accountable and visionary.

#### 2. Building Capacity

Clients always ask their CPAs to do more, and firms need to be able to handle that. One CPA in New York provides monthly financial reporting services to a niche industry. Each week, at least one of his clients asks him to do their bookkeeping. This CPA is forced to turn down that business, as he does not have enough processing capacity available. The estimated revenue opportunity lost could well be \$100,000 a year

#### 3. Marketing and More Marketing

CPAs want to free themselves from daily processing so they can devote more time to finding and getting new clients. Word-of-mouth referrals are just not enough anymore. Online marketing, social media engagement with prospects, providing expert advisory in public forums, various consulting services -- there are many new marketing tools for CPAs to use. CPA firms want to understand more than ever how their clients are making the buying decisions when they source the services of a CPA firm. The trend seems to be moving away from a simple matter of "needs" fulfillment to "wants" satisfaction

#### 4. Creating Opportunities for Clients

CPAs aren't satisfied with just producing perfect financial accounting. They want to make sense of each client's unique financial situation and create specific opportunities for them. One CPA told us that one of his clients with a multi-location, multi-branch business was buying the same inventory items at different costs. If this CPA had the ability to do data mining to find trends and variances across all the different branches, his client would save tons of money every year on purchases.

#### 5. Technology and More Technology

For a long time, accountants settled for a limited range of products that they used successfully year after year in their firms. But the explosion of online bandwidth, coupled with the emergence of powerful cloud technology for public accounting firms, is radically redefining the way CPAs provide their services. A CPA firm can provide services to clients in several states, using scanned images of their source documents. The result is low-cost, efficient, productive and profitable. Leave it to the cloud providers to deal with the hardware

#### 6. Empowering and Energizing Staff

Firms are focusing on making their staff more expert in their work, making the workplace more exciting and providing meaningful assignments to staff. The essence is getting staff to become better able and more available to engage with clients, which increases client satisfaction.

#### 7. Core Competencies and Niche Creation

CPAs want to do what they do best: help their clients' businesses grow. To do that, they need to focus on their own core competencies and leave the rest to professionals. Why waste time managing computer hardware? Use a managed services provider or cloud computing. Firms are also looking to leverage their core strengths to offer specialized services to niche industries

#### 8. Beyond the Tax Season

Engaging clients beyond tax season is one strategy that many CPAs are implementing. Offering investment management, personal finance management and consulting services is just the beginning. Leveraging an existing network of clients, vendors and bankers to create mutual benefits is on the rise. No wonder the number of CPAs using

LinkedIn, Facebook and Twitter is increasing by the day

### 9. Value Pricing

Clients are used to paying a certain amount for what they receive from CPA firms. They understand time and effort. Many CPAs we met feel that value pricing does not mean charging more for the same deliverable. It has more to do with how effectively a CPA conveys the value of each deliverable to the client. At the same time, within firms, it all boils down to reducing the time, cost and effort of producing each deliverable. Use of new technology, and outsourcing of time-consuming tasks such as payroll processing to specialized providers, allows firms to benefit from economies of scale. The pricing is based on the value perceived by clients, instead of the traditional time and billing methods.

### 10. Brand Creation

Typically, small and mid-sized CPA firms are known for the "brand equity" of their partners. CPA firms are looking to enhance the brand value by establishing a more pronounced online presence and incentivizing clients to engage more online. A self-service client portal is one major item that many CPA firms want to provide to their clients. Yet CPAs want an integrated solution, technology that will take what they already have and, with minimal effort, make it available to clients

## What is the best way to acquire clients and improve client retention?

By Libby Bierman

When a business owner searches for an accountant, the choice is not so simple. Financial services—despite what some of your tax-only clients may believe—is far from a commodity. And in many cases, location and even price are immaterial. Providing quality work is part of the battle, but when everyone in the industry touts their "excellent customer service," you need a clear differentiator. One proven way to add value to professional relationships is to become a trusted business advisor, which involves helping the management team make better-informed business decisions.

Here are a few points to consider when planning a visit:

**1) Provide an explanation.** Do not just provide data and hope your client will be able to interpret it—especially if you are not meeting with the client to present their financial statements. Include a written report that explains in plain language the financial metrics most important to the success of that company. And with this narrative summary, length is not the goal; keep it succinct so the client is more likely to read it thoroughly.

**2) Connect the past to the future.** Connect historical financial data with its impact on future company plans. Sageworks CEO Brian Hamilton wrote, "Numbers are not just numbers—they tell a story of how the company is moving towards or away from its strategic objectives." Historical numbers can provide the context needed to look intelligently forward and avoid repeating past mistakes.

**3) List key performance indicators.** Focus your conversation on the few key performance indicators of that business and its wider industry. Determine the most relevant metrics and then explain to the client how those metrics have an impact on revenue and cash flow because those are two indicators the business owner definitely understands.

Interactions with business clients can and should be informal, so they can feel welcome to ask questions. Based on their questions (or lack thereof), you can gauge whether or not they are just seeking data or substantive advice to help grow their business. And this more engaged communication will help you too. In relationships where you do become a trusted business advisor, you'll see a higher client retention rate and uncover additional consulting opportunities, and your clients will be much less likely to view your firm as a commodity.

*Libby Bierman is an analyst at Sageworks, a financial information company and developer of the financial analysis software suite ProfitCents. Bierman is responsible for the development of new products to improve client retention and practice management within the accounting industry. She received her degree from the Mendoza College of Business at the University of Notre Dame where she graduated summa cum laude.*

### MGI NEWS

#### Visits To MGI Firms

MGI Asia Executive Director visited members firms MGI N Rajan & Associates and MGI Menon & Associates in early July. Both firms welcomed Audrey and gave her a “grand tour” of their office and introduced her to the other partners and managers. At MGI N Rajan & Associates, Mr. Soma Managing



Partner organised a meeting with all the senior managers of the various service lines and the discussion centred around the firm and benefits of being a member of MGI

At MGI Menon & Assoc, Fatimah Gous, Director Corporate Communications introduced Audrey to all the staff and the partners and principals.



*The front desk/reception at MGI Menon & Assoc*

Area Leader Pallavi Dinodia and Executive Director visited our Indonesian member S F Consulting in Jakarta on the 13 July . Both of them were in Jakarta to conduct a due diligence on two Indonesian firms who had applied for MGI membership

Sri, Pallavi and Audrey discussed ideas on how MGI can improve its brand name in Asia and some plans on providing speakres at the International Tax Review Transfer Pricing Conference in Singapore



*Pallavi & Sri at the S F Consulting reception area*

On the way back home from Jakarta Pallavi did a one day stop over in Bangkok to meet with Thanadee our member in Thailand. She met the Managing partner of Nathee Audit Office Co. Ltd who is Thanadee’s mother and had a discussion about the 2013 Asia area meeting that they will be hosting plus how they could play a role in sourcing for new members in the Indo-China areas.



*Thanadee and him mum*

### MGI ASIA COUNTRY UPDATE



The Newspaper Notice published by the Hong Kong Inland Revenue Department on July 5, 2012

The attention of all employers is drawn to Section 52(4), (5), (6) and (7) of the Hong Kong Inland Revenue Ordinance, which imposes the following obligations:

- (a) Section 52(4) - An employer is required to furnish in writing, within 3 months of engaging any employee, particulars of any such employee who is likely to be chargeable to Salaries Tax.
- (b) Section 52(5) - An employer who is about to cease to employ in Hong Kong any person who is likely to be chargeable to Salaries Tax must notify the Commissioner in writing at least 1 month before the date he ceases to employ that person.
- (c) Section 52(6) - Any employer must notify the Commissioner in writing whenever an employee who is chargeable to Salaries Tax is about to leave Hong Kong for more than a month, at least 1 month before he actually leaves. This does not apply to an employee who is required, in the course of his employment, to leave Hong Kong at frequent intervals.
- (d) Section 52(7) - Where a notice given to the Commissioner by the employer in pursuance of subsection (6) refers to an individual whom the employer is about to cease to employ in Hong Kong the following restrictions are placed on the employer :

He must not, for a period of 1 month from the date of giving such notice, make any payment to the employee, except with the Commissioner's written consent. He may, however, during that month pay to the Commissioner out of moneys due to the employee such sum as the employee may direct him to pay.

(Source: from HKIRD website, [www.ird.gov.hk](http://www.ird.gov.hk))



### INDIA COMMITS TO IFRS ADOPTION

India will adopt IFRS from 1 April 2013, the minister for corporate affairs and power Veerappa Moily has announced, according to Indian media reports.

Last year the ministry planned to implement IFRS for companies above certain levels of revenue but a pending reform in the taxation system delayed it.

However, Moily made clear that his cabinet will go ahead with the adoption of the IFRS, even if the government is not able to pass the new direct taxes code by 1 April 2013.

India has already principle-based accounting standards in the same vein as IFRS.

If the Indian government commits to its plans only a few major economies, Japan, China and US, would have not adopted IFRS.



### MALAYSIA DEFERS IFRS FOR CERTAIN INDUSTRY SECTORS

The Malaysian Accounting Standards Board (MASB) has decided to allow *agricultural* and *real estate companies* in the country to defer adoption of IFRS for another year.

Those companies will now be required to adopt the Malaysian Financial Reporting Standards, fully compliant with IFRS, starting 1 January 2014.

The MASB said the deferral comes as the International Accounting Standards Board is expected to delay the revenue recognition project and beginning its project on agriculture.

“The board believes extending the transitional period for another year will avoid the possibility of repetitive substantial restatement in the financial statements in the event the revisions to the new revenue recognition standard or the potential amendments to IAS 41 do finally occur as currently anticipated by the board,” the MASB said.



Following the State Council Standing Meeting of October 2011, China Value Added Tax (VAT) reform commences in Shanghai since 1 January 2012. Through transferring the taxation of specific sectors from business tax (BT) regime to VAT regime, the VAT reform aims at decreasing taxation redundancy.

The VAT reform in Shanghai is applied to transportation industry and certain modern service industries. The pilot VAT payers can claim VAT input against the VAT output thus their tax burden is reduced. So the VAT reform makes these enterprises be more attractive than the peers. As the pilot program benefits Shanghai's service industries, it is likely the experience can be shared by the rest of China.



Punjab Revenue Authority has been established w.e.f. July 2012 to promulgate and implement the VAT on services under the provincial domain, by the province of Punjab. By virtue of Punjab Sales Tax on Services Act 2012, To begin with, Punjab has kept the tax coverage only to the fourteen categories of services, viz,

- Hotels.
- Clubs.
- Caterers.
- Advertisements on T.V & Radio (including Cable TV).
- Customs Agents.
- Ship Chandlers.
- Stevedores
- Telecommunication.
- Insurance and Re-insurance.
- Banking companies.
- Non-banking financial institutions.
- Stock brokers.
- Shipping agents.
- Courier services

Earlier, Sindh Board of Revenue was established in 2010 to implement the VAT on services in the province of Sindh. Other two provinces (Khyber Pakhtunkhwa and Balochistan) have yet to establish their own Provincial Revenue Authorities to implement the VAT on services, under the ambit of provincial domain. At this moment, any VAT on services in these provinces are being collected by Federal Board of Revenue.



A bill to increase Japan's consumption tax rate was passed in a plenary session of the House of Representatives on June 26, in a measure supported by parties including the ruling Democratic Party of Japan (DPJ), the opposition Liberal Democratic Party (LDP) and New Komeito.

On August 10, Legislation relating to the comprehensive reform of social security and taxation systems was approved and passed at the plenary session of the House of Councillors.

Under the tax-hike legislation, Japan's consumption tax rate will be increased to 8 percent in April 2014, and to 10 percent in October 2015.