MGI ASIA NEWSLETTER

Quarter 4 2013

Dear Members of MGI Asia

The recent AGM in Sydney was a highly successful meeting and it attracted several delegates from all corners of the world despite being in a relatively far location. The meeting featured a strong line-up of speakers and one of them, Jonathan Pain, spoke about the rise of Asia's middle class, which clearly highlights the opportunities that we can tap on. Also discussed was the network issue, and this will be further debated both at the Circle and Area levels throughout 2014. The International Committee will be channelling its resources towards developing the Middle East and North Africa (MENA) region. Whilst this does not mean that we in Asia will be left in the lurch, we must of course look at ways to ensure self-sustenance.

This year has been particularly difficult as businesses around the world have had to balance spiralling costs amidst a backdrop of challenging economic and regulatory conditions. The world is teetering on an uneasy balance, as the road to recovery is fraught with several uncertainties. The much awaited Fed tapering did not happen, but the times of abundant liquidity and low interest rates cannot last forever. Emerging economies were battered as their currencies weakened and investors flocked for safety to developed markets. Governments have introduced measures to deflate asset bubbles particularly in real estate as swathes of cash continue to deluge various parts of the world. A slew of amendments to existing initiatives, such as transfer pricing regulations and exchange of information, have caused several individuals and businesses to reassess their current business structures and tax implications.

This seemingly perfect storm actually presents a nice opportunity for MGI, especially for us in Asia. Entrepreneurs and owners of small and medium businesses once again find themselves in unchartered territories and they need business advisers to guide them. The good news is that the excellent turnout at the recent Asian Area Meeting in Bangkok and the formation of an Area Coordinating Committee proves that we are ready and willing to engage and collaborate. We now need to work on strategic initiatives to ensure that the MGI Asia brand resonates strongly in the small and medium business arena.

In terms of Asian members, this year we saw the resignations of Howladar Yunus & Co (Bangladesh) and SF Consulting (Indonesia). However, we were able to recruit some very high calibre members, such as Vietnam Accounting and Auditing (Vietnam), Hanmi Accounting Corporation (Republic of Korea), and Gatmaitan and Associates (Philippines).

The world has lost one of its greatest beacons of light in Nelson Mandela. From prisoner to president, his remarkable life and relentless pursuit of freedom saw him unite a deeply divided nation and his death created a very rare moment when the world grieved in solidarity. What he achieved serves to remind us that despite the advances in machinery and technology, there is no force greater than the indomitable human will and when our actions are built on honesty, humanity and humility, then we can achieve just about anything.

And on that note, I wish you and all your families and loved ones all the joys of Christmas and a happy and prosperous 2014!

Imran Assan
Area Leader Elect– Asia

MGI ASIA NEWSLETTER
Quarter 4 2013

MGI EVENTS 2014

Central European Circle 2014
11-12 April
Stuttgart, Germany

Combined Latin American & North American Area meeting
28 -30 May
Miami, FL, USA

European Area 2014
12-14 June
Berlin, Germany

Australasian Area
16-18 July
Perth, Australia

MGI Asia Area Meeting
29-30 August
Jakarta, Indonesia

Global AGM 2014
22-24 October
Chicago, IL USA

MGI AGM 16-18 OCTOBER 2013

This year's AGM in Sydney was attended by about 80 members from around the world. There were 8 members from MGI Asia which was a great turnout.

Welcome by host Matthew Moy of MGI Sydney

MGI Asia members found the meeting beneficial and excellent networking with members from different parts of the world

Young Ham & Thanadee in discussion with Clive

Young Ham from our new South Korea firm had this to say - We got to know a lot of delegates from other parts of the world and could see MGI is really a global family to be proud of.
The sessions were informative and useful. The lectures were very insightful giving us some idea on so what's going to be our challenge and how we have to deal with it.
Future AGM's should include sessions from our members about their success or new revenue models so that other members can replicate.

Joel Barolsky's presentation on *"Building Trusted Client Relationships"* provoked a lively debate on how members conduct business development activities worldwide. Joel spoke on how important it was to build relationship capital and how to go about doing it.

Another external speaker Jonathan Pain's session on *"World Economic Trends & What these mean for MGI"* was an eye opener as he talked about the journey from west to east and the huge potential in the Asian economies


Networking in progress

"The 2013 MGI AGM was a successful meeting. I had a great time at Sydney meeting fellow MGI members and wonderful speakers. It was a good opportunity to connect Hong Kong and Global. There is no doubt that partners of Kenneth Chau & Co. will attend another AGM" said Ken Yeung

The main focus for MGI as an organisation this year was the formal launch of the debate on the network question by MGI CEO, Clive Bennett. He also presented recent marketing actions and policy, including a taste of the new website upgrade.

"Sydney has always been the quintessential blend of colours, cultures, sights and sounds. This unique setting extended to the AGM, and the diversity of speakers and topics enhanced the experience. The evening activities and accompanying persons' programme delighted all senses and were well planned to cater to everyone" said Imran Assan


Asia members at the gala dinner


Pallavi Dinodia & Fatima Assan doing the aboriginal dance

MGI International Committee

Eril Emilsson., Chairman, Europe
Peter Winter, Deputy Chairman, UK/Ireland
Ed Fahey, Deputy Chairman, North America
Pallavi Dinodia, Asia
Gerald Diamond, Africa
Ricardo Ruiz Betancourt, Latin America
Matthew Moy, Australasia
Faiyaaz Rajkotwala, Middle East/North Africa


Seated l-r:Matthew, Erik, Gerald, Faiyaaz, Pallavi standing l-r: Jonathan (Company secretary), Ed, Clive (CEO), Ricardo & Peter

PROFESSIONAL NEWS FROM AROUND THE WORLD

IFAC's Policy Position Paper 8, Enhancing Organizational Reporting

The International Federation of Accountants has issued a policy paper that stresses the importance of reporting on broad-based information beyond what is traditionally included in financial reporting.

IFAC's Policy Position Paper 8, **Enhancing Organizational Reporting**, describes how enhanced organizational reporting provides a more complete view of an organization's position, performance and long-term potential and sustainability, while also being in the public interest. The document provides information aimed at both internal and external stakeholders to support managing and directing operations, decision making, promoting transparency, and the discharge of accountability.

IFAC CEO Fayez Choudhury noted that the topic is a timely one given the high volume of responses to the recently issued **draft framework on integrated reporting** from the International Integrating Reporting Council. "We recognize that there are many organizational reporting frameworks and regulations available and being developed, and it is important to examine the relationships between these frameworks and promote global consistency and convergence," he said in a statement last Friday.

The accountancy profession has a history of involvement in developing and improving reporting processes and controls, and identifying and reporting key financial and other information, IFAC pointed out, and it believes the accounting profession has a key role to play in enhancing organizational reporting.

"Increasingly, regulators are becoming aware of the need for a broad range of information about how organizations run their businesses in order to fulfill their regulatory objectives," said the document. "They are also paying greater attention to enhanced organizational reporting, and are increasingly of the view that assessments of an organization—for example, its performance or its compliance with regulatory requirements—depend on a wider range of information than is available from traditional financial reports. Recognizing the importance of the issue, many regulators are considering the best ways to encourage organizations to produce and publish more broad-based information."

The policy paper notes that such reporting has been described in many ways, including: social and environmental accounting and reporting; corporate social responsibility reporting; environmental, social and governance reporting; sustainability reporting; and integrated reporting.

IFAC Announces New Board Members, Admits New Member Organizations at Annual Council Meeting

The International Federation of Accountants (IFAC), announced its new Board members and new member bodies, decided at its annual Council Meeting on November 15.

Four members were elected to the IFAC Board: Gail McEvoy (Ireland), Michael Hathorn (United Kingdom), Sebastian Owuama (Nigeria), and Wienand Schruff (Germany). The IFAC Council also re-elected Ana Maria Elorrieta (Brazil) and Robert Harris (United States). In addition to enhancing the diversity of the IFAC Board—in terms of gender, geography, and professional experience—these Board members contribute skills and expertise that will help IFAC move forward in its areas of strategic focus.

IFAC admitted the Institute of Management Accountants as a member. In addition, three existing associates were admitted to the organization as members:

- Cayman Islands Society of Professional Accountants
- Institute of Certified Auditors of the Republic of Macedonia
- Ordre National des Experts Comptables et Comptables Agréés du Sénégal

Five new associates were admitted to the organization:

- Association of Accountants of the Republic of Latvia
- Chamber of Auditors of Uzbekistan
- Colegio de Contadores Públicos y Auditores de Guatemala
- Moscow Audit Chamber

- [Palestinian Association of Certified Public Accountants]

Finally, the [Association of Corporate Treasurers] became an IFAC affiliate. For a full listing of IFAC members, see [the membership section of IFAC's website.]

Release of International Integrated Reporting Framework

The release of the International Integrated Reporting (IR) Framework on Monday 9 December 2013, marks an important milestone in the market-led evolution of corporate reporting. It follows a three-month global consultation led by the International Integrated Reporting Council (IIRC) earlier this year, which elicited over 350 responses from every region in the world, the overwhelming majority of which expressed support for IR.

IR applies principles and concepts that are focused on bringing greater cohesion and efficiency to the reporting process, and adopting “integrated thinking” as a way of breaking down internal silos and reducing duplication. It improves the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital.

The Framework will be used to accelerate the adoption of IR across the world, where it is currently being trialed in over 25 countries, 16 of which are members of the G20, the group of nations focused on strengthening the global economy.

The Framework is an opportunity for organizations to improve the quality of information provided about governance, strategy, prospects, and performance that reflects the commercial, social, and environmental contexts within which they operate. It enables them to engage with investors and others and focus on value creation over time. Ultimately, it will contribute to a more financially stable global economy and is a force for sustainability.

Finance and accounting leaders need to act as change agents in their organizations and facilitate integrated thinking across the organization so that integrated reporting can be successful. These leaders have a crucial role in putting their organizations on a path of sustainable performance

IASB hedge accounting model completed

The International Accounting Standards Board (IASB) has issued an amended model for hedge accounting aimed at better reflecting companies' risk management activities in their accounts and also at improving disclosures related to their risk management strategies.

For that purpose the IASB has introduced a new chapter to IFRS 9 Financial Instruments, which ends the hedge accounting phase of the international standard.

Entities apply this accounting practice to reflect their exposure to risks in financial statements and to indicate how they are dealing with them. Up to now hedge accounting requirements were regulated under IAS 39, which is being replaced by IFRS 9.
According to the IASB, the IAS 39 hedge accounting requirements have fallen short in providing investors with the information they demand, namely:

- the risks an entity faces,
- what management is doing to tackle those risks, and
- how effective the risk management strategies are.

The IASB said the new model aligns hedge accounting more closely with risk management activities. Also, unlike IAS 39, it allows the hedging of components of non-financial items, with the exception of risk derived from foreign currencies which was permitted under IAS 39.

"An example of a risk component in a financial item is the LIBOR risk component of a bond. However, risk managers often hedge a risk component for non-financial items as well, for instance, the oil price component of jet fuel price exposure," the standard-setter stated.

In a statement the IASB said the most significant improvements apply to entities that hedge non-financial risk, and therefore it is expected to be of particular interest to non-financial institutions.

The new hedge accounting model also allows companies to use their internal risk management data, (i.e. information produced specifically for risk management purposes) instead of using metrics designed only for accounting purposes.

In the IASB's view, this should also reduce hedge accounting's implementation costs compared with those determined for IAS 39.

Source; Accountant Today

Mandatory retendering every 10 years hits UK FTSE350

UK FTSE 350 will have to put their audit out to tender at least every 10 years, according to the final decision by the UK Competition Commission (CC) investigating competition levels in the statutory audit market.

The CC initially suggested mandatory retendering every five years; however several letters of criticism were received by the CC calling for guidelines, which are more in line with the UK Financial Reporting Council's (FRC) Corporate Governance Code prescribing retendering on a 'comply or explain' basis every 10 years.

Nevertheless, the CC final decision mandates retendering after 10 years with no 'comply or explain' option.

The CC said "no company will be able to delay beyond ten years, and the CC believes that many companies would benefit from going out to tender more frequently at every five years".

The CC said that if companies choose not to go out to tender every five years, the audit committee "will be required to report in which financial year it plans to put the audit engagement out to tender and why this is in the best interests of shareholders".

The CC also said it considered the FRC's 'comply or explain' provisions carefully, but did "not think that a company should be able to delay tendering beyond ten years".

Souce: International Accounting Bulletin

EU settles on 10 years mandatory audit rotation

A period of 10 years mandatory rotation is among the key elements of the agreement reached between the Lithuanian presidency of the Council of the European Union (EU) and the European Parliament (EP) on the framework of the EU audit reform, the EU Commissioner Michel Barnier has announced.
Under the agreement, audit firms will be required to rotate every 10 years but public listed companies will only be able to extend the audit tenure for another 10 years upon tender. In the case of joint audits the extension period will be 14 years, rising to a maximum of 24 years, according to Barnier.

"Despite the extension of the rotation period, this principle will have a major impact in reducing excessive familiarity between the auditors and their clients and in enhancing professional skepticism," Barnier said.
Audit firms will be strictly prohibited from providing non-audit services to their audit clients, including stringent limits on tax advice and services linked to the financial and investment strategy of the audit client.
This measure aims at limiting risk derived from conflicts of interest, when auditors are involved in decisions impacting the management of a company. It would also limit substantially the 'self-review' risks for auditors.

Also, in order to reduce the risks of conflicts of interest, the rules propose the introduction of a cap of 70% on the fees generated for non-audit services, other than those prohibited based on a three-year average at the group level.

The Committee of European Auditing Oversight Bodies (CEAOB) will coordinate the cooperation between audit supervisory authorities. Barnier said: "I regret that ESMA [the European Securities and Markets Authority] has not been endorsed as the core structure for coordination but I am pleased that it has been granted an initial mandate on international cooperation."

"Although less ambitious than initially proposed by the EU Commission, the agreed measures, taken together, will considerably strengthen audit quality across the European Union," Barnier said.
Before the preliminary agreement becomes European law, it needs to be approved by the Committee of Permanent Representatives (COREPER) and the College of Commissioners

before it's voted in the EP at the beginning of next year.

Souce: International Accounting Bulletin, 17 December 2013

FRC calls to action for improved disclosures

The UK Financial Reporting Council (FRC) has set out a series of calls to action for preparers and auditors to consider improving the quality of disclosures in annual reports.

In order for annual reports to be fair, balanced and understandable, the FRC has made six recommendations:

- Disclosures should focus on communication of relevant information to investors
- Core information that is relevant for investors is separated from supplementary information that only meets the needs of a wider stakeholder group
- Placement of information outside the annual report may be more appropriate for supplementary information, where the law permits this
- Immaterial information should be excluded
- Boilerplate language should be avoided with a focus on entity specific disclosures
- Related information is linked to tell the story of a company

These recommendations were based on feedback received on the FRC's thought leadership paper 'Thinking about disclosures in a broader context.'

The FRC also noted that it was pleased that the International Accounting Standards Board (IASB) intends to update IAS 1 Financial Statement Presentation, provide guidance on the application of materiality and focus on disclosure objectives and use less prescriptive language. However the FRC also recommended the IASB develops a disclosure framework that considers disclosures in the financial report as a whole defines the boundaries of financial reporting and develops placement criteria.

It also recommended the IASB reduces and defines the "magnitude" terms used in IFRS's such as significant, key and critical.

Source; Accountant Today, 29 October 2013

Japan enhance use of IFRS

Revised rules issued by the Financial Services Agency of Japan (FSA) aim at enhancing the use of International Financial Reporting Standards (IFRS) in the country.

Under the new rules all Japanese listed companies and those applying for a listing will be able to use IFRS in their consolidated financial statements on a voluntary basis.

Prior to the revision the ability to voluntarily adopt IFRS was restricted to listed Japanese companies with international activities.

This revision will increase the number of companies eligible to adopt IFRS from approximately 600 to 4,000.

The FSA revised rules respond to one of the three key recommendations put forward by the Business Accounting Council (BAC) to facilitate the use of IFRS in Japan.

BAC's recommendations were published in report last June and in addition to ease the eligibility to use IFRS voluntarily it recommended the introduction of endorsed IFRS and simplification of disclosure requirements in a separate financial statement under Japanese GAAP.

The Accounting Standards Board of Japan has been working with the International Accounting Standards Board since 2005 to achieve convergence of IFRS.

The two organizations signed a memorandum of understanding in 2007 which was superseded by Japan's membership of the Accounting Standards Advisory Forum in march 2013.

Source; Accountant Today, 30 October 2013

MGI ASIA MEMBER NEWS

Congratulations to SR Dinodia & Co on the publication of their book

"Transfer Pricing Demystified" a book authored by Partners, Ms. Pallavi Dinodia (LLB, FCA) & Mr. Pradeep Dinodia (LLB, FCA) was released by Justice Madan B. Lokur, Judge, Supreme Court of India at India International Centre on 24th October 2013. The book was introduced by Justice Bader D. Ahmed, Judge, High Court, who has also written the foreword for it.

The book gives practical and logical solutions and truly helps demystify complex transfer pricing issues. Key attractions of the book:

- Only book covering how to make transfer pricing adjustments in comparables including risk adjustments
- Includes FAQ's on Domestic Transfer Pricing
- Includes discussion on the New Form 3CEB with suggestion methods applicable
- Provides view on hot TP controversies including Benefit Test and AMP
- Includes Safe Harbour Rules as applicable from AY 2013-14
- Provides discussion on India Approach Cross referenced with Jurisprudence in Indian and UN & OECD Guidelines

The book is available online at
www.bharatlaws.com

Senior Partner, Mr. Kenneth Chau was re-elected as a council member of The Taxation Institute of Hong Kong ("TIHK"), September 27, 2013

Mr. Kenneth Chau, a founding member of TIHK, was re-elected as a council member at the 41st Annual General Meeting of the Institute on September 27, 2013.

Group photo of the 41st TIHK AGM: Mr. Kenneth Chau, front row 3rd from right

Kenneth Chau & Co Scholarships

Kenneth Chau & Co., MGI Hong Kong, is involved in the long term support of accounting education in Hong Kong via its scholarships to accounting students annually.

On November 30, 2013, the "Kenneth Chau & Co Scholarship" was granted to a student from the Department of Business Administration, Hong Kong Institute of Vocational Education. In addition, the 2013-2014 Scholarship for Accounting Subject at the Hong Kong Sheng Kung Hui Bishop Hall Secondary School is also supported by the firm.

Hanmi Accounting Corporation appointed a member of the "Global Entrepreneur Support Centre" in October 2013

In 2013, the Korean government formed the global entrepreneur support centre. The centre focuses on helping Korean entrepreneurs expand their operations globally. The main criteria to be appointed into the centre is the firm must be a member of an international network

Qualified entrepreneurs use this support centre and seek advice from the consulting firms for their global strategy. Under the plan, 90% of the consulting fee is subsidized by the government.

Currently Hanmi has 5 consulting projects to assist Korean companies in their bid to be global

MGI GLOBAL NEWS

MGI Worldwide website enhancements

MGI has launched the enhanced website. The newly recast website brings together updated imagery and functionality, more focused marketing messages an active newsroom, a knowledge hub and additional features to promote greater international confidence and reach and to provide greater value to members.

10 reasons why you should be logging on:

1. Interactive map & member search
2. Focused marketing messages
3. Active newsroom with member and industry news
4. Area pages to reinforce global reach
5. Access to key contacts in the MGI organisation
6. Comprehensive knowledge hub resource (member area login)
7. Meeting highlights pages (member area login)
8. Member guide to make the most of membership (member area login)
9. Information on member size, service areas, capabilities (member area login)
10. Access to use member testimonial & IC videos (member area login)

MGI members collaborate to promote better flow of foreign direct investment

MGI member firms Studio Pragma, Italy and MGI Pozitif Auditing & Consultancy, Turkey, have come together to work with the Italian Trade Promotion Agency (ICE) in Istanbul to strengthen international relations and promote a better flow of foreign direct Investment between the two countries.

The first meeting took place this September where Mr. Francesco Bartolucci and Ms. Angela Ojetti from Studio Pragma went to Istanbul to meet with fellow MGI members, Mr. Oguz Kemal Bulut and Mr. Kenan Ozsarac and the director of the ICE in Turkey, Mr. Ferdinando Pastore. The meeting provided the opportunity for fellow MGI member firms to discuss future collaborations on projects, reinforce their connections and build on what is an already a strong relationship.

ICE event in Turkey

During the coming months, the two member firms will be working together to organise an event, along with the ICE in Turkey. This will promote investment and raise awareness of the potential Italy has to offer. One of the main objectives of the ICE is to share information about specific countries, markets and sectors through their widespread presence all over the world and the frequent participation at strategic events such as this.

Mr. Francesco said, "Our journey to Istanbul has been very interesting both personally and professionally. This experience has proved that it is possible to cooperate in synergy inside the MGI network and take advantage of the benefit this brings.

We are confident that our common effort will soon develop the results we are looking for. We would like to thank both Kenan, Kemal and Mr. Pastore for their cordiality and for the opportunity this has presented."

Future opportunities for fellow MGI members

Studio Pragma has been in discussions with the ICE headquarters in Rome for some time to help Italian and foreign companies invest overseas. Istanbul was chosen because of the already established relations with fellow MGI members, MGI Prozitif Auditing & Consultancy, whom they have worked with previously.

Studio Pragma are looking to other countries to strengthen international relations and help promote future international trade and business opportunities, not just for Italy but also for other countries looking to invest overseas.

For further information visit: http://www.ice.it/

RLT opens new offices in Cologne

The RLT team welcomes Markus Sellmann (auditor/tax consultant) as a new partner who, along with his team of 13 professionals, established new offices in Cologne on October 1st, 2013. Through this important opening, RLT continues its successful strategy of sustainable growth.
Markus and his team are focused on domestic and foreign corporations with their German subsidiaries as well as on small and medium-sized enterprises.
Among others, Markus and his team are specialists in providing tax planning and compliance services as well as M&A and restructuring consulting. Furthermore, he intensively collaborates with well-known law firms who appreciate and benefit from his business expertise and exceptional know-how in accounting and taxation, not only but also in litigation and arbitration procedures.

The RLT Group now employs more than 100 professionals in Essen, Duisburg, Düsseldorf, Cologne, Berlin and Dresden.

Untracht Early LLC recognised as top firm for third consecutive year

For the third consecutive year, New Jersey-based accounting, tax and consulting firm, Untracht Early, has been recognized by INSIDE Public Accounting (IPA) as both a Top 200 Firms and Best of the Best Firms winner. The Top 200 Firms list represents the industry's definitive "by-revenue" ranking of the largest public accounting firms in the U.S. IPA's annual Best of the Best award honors 50 CPA firms across the country for their overall superior performance on more than 70 criteria. Winners for both lists were carefully selected from the more than 500 firms which participated in the 23rd IPA Annual Survey and Analysis of Firms in 2013.

For the most recent fiscal year, IPA Top 200 Firms range in size from $14 to $30 million in revenue, and from 60 to 200 staff members. In addition to being included on the larger list, Untracht Early was also awarded a spot as one of the Top 10 Firms in the Northeast.

Firms that earn a place on the more elite Best of the Best Firms list have demonstrated the right combination of planning, strategy, and execution. While firms on the Top 200 list averaged 4.3% top-line growth and 3.7% in the bottom line, firms on the Best of the Best list truly best those numbers with averages of 9.0% and 13.6%, respectively.

INTRODUCING NEW MEMBER

When was the firm formed?

Gatmaitan & Associates, CPAs was formed when the firm was registered with the Securities and Exchange Commission on August 15, 1990.

What was the catalyst in forming Gatmaitan & Associates

Mr. Rodrigo G. Gatmaitan, the managing partner, started on an informal basis after obtaining his professional license as a Certified Public Accountant in 1978. His initial practise revolved around friends and referrals. As clients grew, he hired additional staff and finally additional partners were taken in when clients already exceeded more than 100 and in 1989 he finally decided to form a partnership which was registered with SEC as Gatmaitan & Associates.

What are the type of services offered by your company? Do you have any specific industry specialisation or clients?

Our Company offers a wide range of services which includes tax services, accounting and auditing services, bookkeeping, business planning and business reorganization. Currently, a big percentage of our clients consist of small and medium sized enterprises which belong to different types of industries such as manufacturing, wholesaling, retailing, construction, real estate, foundations, medical, dental and service industries.

What do you see as your firm's strength?

Gatmaitan and Associates' greatest strength is our highly trained, motivated and experienced staff. We currently have 15 professional and 7 support staff. Through our people, we are able to build and maintain trust and respect with our clients. In addition, our firm offers personalized service to all clients, enabling us to establish the necessary rapport which eventually translates into client referrals. Our firm has grown through the efforts of the professional staff and the endorsement of existing clients. Our firm likewise has mastered the nuances of small and medium business enterprises which greatly aids us in assisting and providing the necessary business services to our clients.

What are your future plans for the company?

To become the pre-eminent provider of accounting, auditing, taxation and management services to small and medium enterprises that would boost our competitive position in the accounting industry in the Philippines.

What can Gatmaitan & Associates offer MGI

With more than two decades of experience, Gatmaitan & Associates can work with other members to support international clients who are in need of expertise in tax, audit and accounting services in the Philippines. As our country's economy grows and the small and medium enterprises we principally cater to expand not only in the Philippines but within the ASEAN region, our company can refer our aggressive clients who are venturing to establish their foothold in the ASEAN region member firms of MGI.

What are your expectations of MGI

With MGI's network of firms around the world we hope to be able to exchange knowledge, resources and receive support.

What can we do to make MGI a well recognised "brand" in Philippines? In the region?

With the numerous small and medium enterprises clients we have, we shall inform them that our firm has been accepted as a member of MGI which can provide the necessary network of professionals within the ASEAN region. MGI can provide member firms with sufficient collateral materials that can be distributed to our clients. This will go a long way in establishing MGI brand in the Philippines and likewise help boost the professional image of the member firm.

TIPS & HELP

Social Media Marketing May Be the Key to Practice Profitability

From IFAC website – SMP Committee

The acquisition of new clients continues to be a dominant driver of profitability for small- and medium-sized practices (SMPs). Indeed, in the latest edition of the IFAC SMP Quick Poll, the largest portion of respondents identified acquisition of new clients as the main driver of practice profitability—by a wide margin (see chart below).

While SMPs understand the importance of improving operational leverage (doing more with less), improving productivity (e.g., changing work practices or introducing technology), reducing overheads, and better utilization of assets, these are not the main drivers of profitability for most SMPs. This is not surprising given the fact that practice overheads are relatively fixed.

The poll results seem to question the wisdom of many practice management "gurus" who say that the cost of acquiring a new client is far higher than the cost of retaining, or selling more services to, an existing client. What those "gurus" may be failing to recognize is the full potential and cost effectiveness of a marketing campaign that includes low-cost social media.

This article looks at promotion and marketing and, in particular, the role of social media in acquiring new clients and driving practice profitability.

Branding

The first step of a marketing strategy is to identify your target customers and what they need. You then have to determine how you can satisfy those needs at a profit and, at the same time, differentiate yourself from your competitors. This becomes your brand. The aim of your marketing strategy is to have people associate your brand with their needs and desires, choose you over the competition, and, if you do it right, pay a premium for your services.

Promotion and Marketing

An organic growth strategy involves leveraging promotion and marketing activities to build brand and attract new clients or sell additional services to existing clients. Remember that most businesses in the market are likely to already have an accountant. In the majority of cases, that means for you to grow your practice you will need to win clients from rival practices. And, in order to do that, you must offer a compelling reason for them to switch. This makes promotion and marketing more important than ever—and demands that practices build the capability to proficiently promote and market their brand and service offerings. You will likely be faced with the classic "make-or-buy" dilemma, that of using (and training as needed) existing staff to do promotion and marketing, or else recruiting or outsourcing for the requisite skills.

Promotion and marketing efforts are most effective when a number of activities and channels are used simultaneously: this harnesses the momentum of such efforts and is likely to be more impactful. There are many "tried and true" strategies for marketing but the newest one, social media, has already broken the mold. Social media marketing has rapidly grown in prominence and gone from marginal to mainstream in the marketing space. Social media is a low-cost channel with a very wide reach into your target market.

Social Media Marketing

Social media essentially has taken traditional word-of-mouth marketing (historically the norm for accountants) and moved it to a digital space, exponentially increasing opportunities to influence. It is one of the most powerful tools to engage customers and drive revenue growth. But according to Steven D. Strauss, small business expert and author of The Small Business Bible, while small business owners recognize how important social media is to their success, they're not taking advantage of social media's full potential. And, chances are, the same applies to SMPs: after all, SMPs are effectively small businesses in the accountancy sector.

Getting started in social media marketing and deciding whether it can benefit your practice can be quite overwhelming—even scary, at first. Here are some steps to take when building a social media presence:

Set aside preconceived notions—social media carries risks but the rewards are greater: it will take time and expense to plan and execute but there are many tools, resources, and articles to help.

Learn about the what, why, and how—take the time to read and educate yourself about social media, including Twitter (see Twitter's Small Business Guide), LinkedIn, Facebook, and blogging, and see what your peers are doing.
Check out the tools and resources available to help—there is a growing suite of tools, resources, and guidance available, for example, the AICPA PCPS has developed a number of resources, many of which are available for free, including a social media toolkit and articles.
Create a strategy and action plan—define goals, decide how you will measure success and allocate responsibility, then start out small by, for example, pilot testing one of the tools. See "10 Questions to Ask When Creating a Social Media Marketing Plan."
Implement the plan—aim to provide content that creates conversation rather than advertises and involve staff from the millennial generation as they often have the most experience.
Periodically evaluate, analyze, and update the plan—track your efforts and monitor the return on investment using common metrics including likes, shares, followers, traffic, and conversions.
Consider the need for a policy—this can help manage the risks and reap the rewards.

Resources
IFAC's website hosts a range of resources and tools to help SMPs grow their practices. See Resources and Tools in the SMP area of the IFAC website (www.ifac.org/SMP, especially the Guide to Practice Management for Small- and Medium-Sized Practices) and the SMP Committee's Delicious page, which features bookmarked links to relevant free resources (see especially Practice Management, Module 3).

Comment: Big data insight can deliver strategy

Big data and analytics have been the buzzwords of the past few years, and there's a whole new industry emerging around them.

Since the emergence of big data, more or less everyone has started to use it - more or less everyone else has to. Companies use analytics to segment their marketing, scientists to identify correlations between lifestyle and disease, governments to foil terrorist attacks, not-for-profits to identify potential donors, and banks to arbitrage tiny differences in market prices.

Understanding and interpreting data is part of the role of accountants. The new technology of data capture, storage and analysis should be a gift to the accounting profession. Analytics are not only exciting in their own right: they promise to reinvigorate the finance function's role. They present accountants with a formidable opportunity to shape business strategy.

Finance professionals have traditionally been the producers of management information in respect of organisational performance. However, this information has mostly been of a financial nature and providing a historical view of performance. This context of information provision falls typically into the definition of analysis, which is a historical view of what has happened in comparison to what was planned to happen.

Variance analysis

Accountants term this as variance analysis. This information is only single-plane and delves into the detail of what happened in financial outcome terms, sometimes not even answering the 'why'.

Being able to answer the 'why' requires framing the single-dimension financial data against other multiple data sets such as customer, market, economic data and many more. This type of multidimensional comparison of data can only be done using business analytics skills, management accounting and statistical tools. In today's dynamic business environment, business managers need much more insight if they are to deliver the strategic outcomes for their organisations and keep ahead of the competition.

The information expectations of business managers offer a significant opportunity for finance professionals to demonstrate their capabilities. However, they need to look beyond the single-plane financial perspective they've been focused on for so long.

It must be recognised that the financial outcome of any organisation is only a consequence of whatever happens in the organisation in the context of both internal and external circumstances.

Today these internal and external circumstances are reflected as vast volumes of data. It's only the application of business analytic skills, competencies, tools and techniques that can unlock significantly more business intelligence but also translate today's big data into predictive insights.

What are the opportunities finance professionals can explore in the context of big data and business analytics?

For a start, they must realise that merely looking back at what happened is insufficient. They must be able to contribute to providing at least a dynamic view of what's happening.

But even this is falling below expectations. Tomorrow's organisations expect their finance professionals to provide predictive insights that will enable decision-makers to develop strategy and deliver strategic outcomes.

World-class finance functions see their finance professionals as business partners, getting significantly more involved in organisational strategy, from a proactive and predictive standpoint.

Getting to grips with big data and business analytics will provide finance professionals with the ideal platform to achieve a higher standing and recognition as truly value-adding business partners. In this context, finance has not recognised its latent potential.

The finance function has the prerogative of cutting across all data sources across the organisation. Yet very few finance professionals have exploited this position to gain and share predictive insights in respect of the organisation's performance.

Now is the time to get involved before the opportunity is taken away from them. Finance professionals and accountants in particular must recognise that they too have a very powerful toolkit which can complement the features offered by business analytics.

What they should recognise is they must be open to the idea of transforming themselves by looking and thinking outside the box. Big data and business analytics is an opportunity that shouldn't be missed.

And it is not only accountants in practise who can, should, or are harnessing the potential of big data. Several of the large accounting firms have made significant investments toward acquiring analytics skills as part of their advisory offering.

Additionally, as the role of the auditor and the need for a more forward looking view increases, big data might play a significant role in future developments.

Source: International Accounting Bulletin, Aubrey Joachim

Are you a Happy CPA?

BY NATALIA AUTENRIETH

Natalia Autenrieth, CPA, *has audited Fortune 500 clients as part of a Big Four team, built an accounting department as a controller of a large hospital, and served as a CPA consultant to municipalities. She consults with and coaches high-achieving CPAs for sustainable growth, helping them build highly profitable careers, avoid burn-out, and have more fun.*

In my many incarnations as a Big Four auditor, a controller, a consultant, and a coach, I have met and worked with hundreds of CPAs. I can report that there are all kinds of CPAs out there: some tired, bored, flustered, bossy, loud, and some – why, yes – happy! My amazing discovery is not only that happy CPAs exist (which by itself is a pretty big deal), but that they are not singularly defined by industry, job title, age or gender. Rather, what sets them apart from the rest of the grouchy crowd is what they do differently.

Here, in no particular order, are the ten things that I have consistently observed happy CPAs do.

1. They nurture relationships. Contrary to the public perception of the accountants with their “nose stuck in the spreadsheet,” a CPA’s true expertise in accounting, audit, tax preparation, and consulting is all about people. By building and nurturing relationships, whether with co-workers or clients, CPAs can create a social and professional network that feeds their referral machine, supports their professional efforts, and helps them bounce back after a tough day.

2. They stay in the flow. “Flow” is that amazing mental state of being immersed in what you do. When in the state of flow, one can feel joyful, centered, focused and completely absorbed in the task. When was the last time you felt that way at work? Happy CPAs feel that way frequently, partly because their jobs are intrinsically rewarding to them. In other words, they love what they do.

3. They take care of their bodies. It can be difficult to feel happy when one is achy, tired, hungry and stiff from hours behind the computer. The happy CPAs I know eat well, have a physical practice, and are serious about their sleep (and naps).

4. They clear their space. Clutter in the office can muddle one's ability to think clearly. While far from the immaculate looks of the Pottery Barn catalog (surely no human being actually lives that way?), the desks, cubicles and offices of the happy CPAs I know tend to be fairly well organized. Plenty of natural light and a comfortable feel usually complete the picture.

5. They set boundaries. Contrary to the popular belief that personal boundaries alienate and separate, effective boundaries can actually create the space to work, grow, prosper and build relationships. They can also eliminate grudges and the simmering frustrations from having your tail stepped on – figuratively, but no less painfully. Happy CPAs know where to draw the line, and they do so consistently, firmly and clearly.

6. They have a life outside of work. Hobbies, family members, a physical movement practice, and charities have one thing in common – they can give you a reason to leave work at work. Happy CPAs I know coach their child's basketball team, cook fearlessly, read voraciously, explore waterfalls, practice yoga, and rescue dogs.

7. They give their efforts a meaning. The reality is that if your goal is big enough, you will encounter big challenges along the way. Happy CPAs I know keep their eye on the ball, so that they can remain focused and keep moving. Do you remember what your ball looks like?

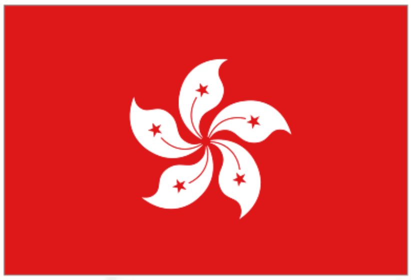
8. They have clear priorities. Clarity on what is important frees up your brain processing power by simplifying decision-making. That can mean higher productivity, more satisfaction at work, and less internal struggle.

9. They have a spiritual practice. One's spiritual practice may involve a place of worship – or not. In fact, one may be an atheist and still connect deeply to the world and the people around one. That connection can be a powerful source of strength, insight and energy.

10. They know (and use) great coping strategies. Stress is a function of life and growth; being able to cope with it, recognize and repair the damage, and emerge stronger and wiser is the goal. Happy CPAs encounter stressful situations just like the rest of us do – but they see stress for what it is, have tools for coping, and recognize the perfect outcome in every situation.

None of these require superpowers, an initiation, or expensive special equipment. And that is great news, because you can simply choose to do one of them today. You will probably find it easy enough to add another one tomorrow. It is my hope that they improve your day, give you a reason to smile, and perhaps even inspire you to come up with another point for the list.

MGI ASIA COUNTRY UPDATE



New Companies Ordinance, Hong Kong

The Companies Ordinance (Commencement) Notice 2013 (Commencement Notice) was gazetted on October 25, 2013.

The new Companies Ordinance, which was passed by the Legislative Council on July 12, 2012, provides a modernised legal framework for the incorporation and operation of companies in Hong Kong.

Except for certain provisions specified in the Commencement Notice which reflect the Administration's previous discussion with the Legislative Council, all the provisions in the new ordinance as well as the subsidiary legislation enacted earlier this year will commence operation on March 3, 2014.
Source: Hong Kong Companies Registry web-site, www.cr.gov.hk

Key Changes

- Abolition of Par Value of Shares

- Restricting Corporate Directorship in Private Companies
- Headcount Test
- Offences relating to contents of auditor's reports
- Enhancement of Auditor's rights
- Restricted Disclosure of Residential Addresses and Identification Numbers
- Abolition of Memorandum of Association and Matters relating to Company Articles
- Annual Returns of Local Companies
- Deregistration and Restoration
- Types of companies under the new Companies Ordinance and changes affecting companies limited by guarantee *(New)*
- Major Changes Affecting Directors *(New)*
- Meetings, Resolutions and Company Records *(New)*

Hong Kong, Austria protocol to tax treaty in force

The agreement between Hong Kong and Austria for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital has entered into force, a Government spokesman said on October 17, 2013.

The agreement was signed in June last year. It came into force on July 3, 2013, after completion of ratification procedures on both sides, and has immediate effect.

Hong Kong, Canada tax treaty in force

The agreement between Hong Kong and Canada for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income has entered into force, a Government spokesman said on October 30, 2013.

The agreement was signed in November last year. It came into force on October 29, 2013 after completion of ratification procedures on both sides. It will be in effect in Hong Kong for any year of assessment beginning on or after April 1, 2014.

(Source: from HKIRD website, www.ird.gov.hk)

Submitted by Kenneth Chau & Co

Payment of Income Tax via ATM

The Director General of Tax has issued Regulation No. PER – 37/PJ/2013 on Guidelines for Paying Income Tax for Taxpayers with Certain Gross Earnings Through Automated Teller Machines (ATM). Regulation 37/2013 provides for electronic payment procedures using Automated Teller Machines (ATM) to pay income tax for Taxpayers with Certain Gross Income Tax Earnings, commonly known as “Small-Medium Enterprise Tax”, either Individual or Agency. By calculating the gross turnover per month, then depositing 1% of turnover per month to the Directorate General of Taxation (DGT) via ATM. Currently, the tax payment bank are BCA, BNI, BRI, and Bank Mandiri. By simply inputting the Tax Identity Number (TIN), tax period, and the nominal income tax paid, income tax payment has become more efficient. The taxpayer will receive the State Revenue Code (BPN) in printed form on the ATM receipt which is equivalent to the Tax Payment Slip(s) (SSP). It is important to keep a copy of the ATM receipt for Annual Tax Return (SPT) reporting. ATM receipt includes the following: State Revenue Payment Number (NTPN), Bank Transaction Number (NTB), Tax Identity Number (NPWP), name of taxpayer, tax period, date and amount.

Update of luxury goods sales tax (PPnBM) for luxury taxable goods other than motor vehicles.

The Minister of Finance has issued an updated list of types of luxury taxable goods other than motor vehicles that are subject to sales tax on luxury goods, through its Regulation No. PMK-130/PMK.011/2013 (“PMK-130/2013”). This is effective from 18 September 2013. The new list supersedes the list previously stipulated in Minister of Finance Regulation No. 121/PMK.011/2013.

Submitted by KAP Basyiruddin Wildan

Singapore ranked 2nd in Global Talent Competitiveness Index

In a recent study conducted by Insead, Singapore was ranked second in the Global Talent Competitiveness Index, which measures a country's competitiveness based on the quality of talent it can produce, attract and retain. Countries are ranked according to their scores in different areas relating to talent attraction and retention, ranging from regulatory landscape and formal education to lifestyle andlabour productivity. Switzerland topped the rankings, with Denmark, Sweden and the Netherlands completing the top 5. Insead noted that the top ranked nations have many things in common, including a long-standing commitment to quality education, history of immigration and a clear strategy to grow and attract the best and brightest.

Submitted by MGI Menon & Assoc