

# global

ISSUE 2

## BURNING QUESTIONS

NEW HOPE  
SPRINGS FROM  
WORLD OIL  
DOWNTURN



**FASTER, HIGHER, STRONGER**  
The global team behind the Olympics

**SMARTER CITIES**  
Where next for property investment?

**NURTURING SUCCESS**  
What breeds a healthy start-up?

The network  
for doing  
business

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## WORD OF WELCOME



I am delighted to welcome our readers to the second edition of *UHY Global*, our twice-yearly publication for businesses with an international outlook. 2016 is a significant year for UHY, marking our 30th anniversary. In this time, we have grown from two founding firms – in the US and the UK – to a network of independent member firms operating in over 320 business centres across nearly one hundred countries, serving clients locally, regionally and globally.

Through *UHY Global* we can share and celebrate some of the inspirations and ideas from clients and colleagues that we hope illustrate how a joined up approach to international business can make a real difference, whatever your industry, whatever your challenges. It is three decades of unwavering commitment to internationalisation and a culture built on long term business relationships that makes UHY today a credible and refreshing alternative to the Big Four.

In this issue of *UHY Global*, we take a look at start-ups and innovation hotspots around the world to understand where and why entrepreneurs are thriving. Location is also the key to successful property development, but today the

real challenge for investors lies in understanding city – not country – microeconomics. Some current destinations of choice may surprise you.

We also examine the emerging commercial powerhouse of Southeast Asia. Less than six months into the creation of the ASEAN Economic Community what are the prospects for businesses in and around the region, and what can we expect from ten nations traditionally notable more for their cultural diversity than their common economic ambition?

Oil prices are discussed in this issue's *Perspectives* piece. We hear from UHY's global energy sector group on some of the challenges facing explorers and producers in markets across the world.

I hope you will find this issue of *UHY Global* thought provoking and valuable; and perhaps take from it a sense of how a mature international network of professional services firms working closely together may be the source of ideas and solutions for your own international ambition.

**Bernard Fay  
Chairman, UHY International**



# FROM COFFEE TO COMPUTERS

**G**lobal teamwork, passion and high tech ensure Olympic success.

There are few better examples of global teamwork than the Olympic and Paralympic Games. Whether it is the competing teams of athletes, coaches and sports men and women at the top of their game, the armies of volunteers that take to the streets and stadia to ensure everything works for visitors, or the supply chain of international and local partners and sponsors – the benefits of working together are clear when the biggest sporting event on the planet comes to town.



In August, Rio de Janeiro, Brazil will host the first Olympic Games to be held in South America. Ten and a half thousand athletes from 206 countries will compete in 306 medal events over 17 days. Forty two different sports will be contested across 32 venues, in front of seven and a half million spectators. The statistics are extraordinary and it takes equally extraordinary talent and teamwork to make it happen. But no one is in any doubt that Rio 2016 will deliver.

While current economics are worsening – Brazil fared badly in the global recession and is battling double digit inflation, rising unemployment, shrinking GDP and a government debt of more than 60% – many hope that the 2016 Olympic and Paralympic Games will mark a turning point. According to the Brazilian Olympic Committee, a primary aim is “to encourage the Brazilian economy and tourism, gaining a new international recognition

as a thrilling place to live, visit and do business.” Rio certainly should benefit. For Cariocas (Rio’s indigenous population) the Games could bring a new urban infrastructure and much-needed social and environmental initiatives. Opinion on legacy is, however, divided. According to Marcello Reis, business development manager, UHY Moreira-Auditores, Brazil, there is local concern that some projects may never be completed. “The same happened after the FIFA World Cup,” he says. However, Marcello also points out that “the Games will bring new entrepreneurs to Brazil and this may generate new business.”

## CITIUS, ALTIUS, FORTIUS

‘Faster, higher, stronger’ is the Olympic motto, and an apt one for Brazilians working together to stimulate an upturn. They are hard-working and creative people, values notably illustrated by another recession – the Great Depression.

In 1932, the toughest of economic times, 82 Brazilian athletes boarded a ship for the Los Angeles Olympic Games. Their currency? Coffee. This famous export funded the team’s passage, selling coffee en route to pay to disembark at the destination port. The money raised was enough to allow the team’s likeliest winners to alight at Los Angeles while the rest sailed to San Francisco to sell more coffee to pay for more of the team. These small-scale sporting entrepreneurs won no medals in 1932 but forged a work ethic and passion that remains strong today.

The Olympic and Paralympic movement is driven by a somewhat larger scale collaboration of suppliers and people working together. Rio 2016’s organising committee will employ 6,500 staff, 45,000 volunteers and outsource services to a further 85,000 people globally. There are 11 Official Supporters, six Official Sponsors and 11 Worldwide Olympic Partners, including Omega, Panasonic, Coca-Cola, McDonalds, Visa and General Electric (GE).

## TEAM ATOS

One of the more daunting logistical provisions is the information technology behind the biggest show on earth. Atos SE, headquartered in France, has been the Worldwide Olympic IT Partner since 1989. The range of technology service provision for Rio 2016 includes systems that beam results around the world in less than a second for use on television, online and on multiple devices.

The Games demand years of planning and as new technologies emerge, so do opportunities to go ‘faster, higher, stronger’. The team effort as lead integrator extends to working closely with other Olympic and IT partners such as Omega (for timing and scoring), Panasonic (for audio-visual) and Samsung (for wireless communications).

Just like the Olympic and Paralympic events themselves, making it all work behind the scenes is truly teamwork and collaboration at its very best.

## A GROWING TEAM

Atos SE offers global digital services under eight global brands, employing 86,000 people in 66 countries. In February 2016 Atos SE acquired the former Gores and Siemens Communications brand UNIFY, specialists in communications and collaboration software and services. So the Olympic Games are set for a bright future both on and off the track.

In 2015, UHY was appointed as global accounting provider for UNIFY – supporting their restructuring plan across 38 countries and including accounting, payroll and HR services. UHY member firms around the world, led by UHY GVA in France, demonstrated the same values of excellence, efficiency and teamwork that characterise successful global outsourcing operations – whether they are multinational corporations or the Olympic Games.

# POWERHOUSE POTENTIAL

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Bold, ambitious and alive with opportunity – the creation of the ASEAN Economic Community could transform the economies of ASEAN countries. As the new economic powerhouse takes shape, *UHY Global* looks at the prospects for businesses in and beyond the region.



Growing populations of people with spending power and proximity to key markets already make the ASEAN region look promising, and now the new ASEAN Economic Community (AEC) is expected to help open up this market of 632 million people and a combined GDP of almost USD 3 trillion. Furthermore, free trade agreements with China, Japan, Korea, Australia, New Zealand and India put ASEAN and the AEC in the centre of a global supply chain with strong connections to the major Asian economies.

ASEAN, originally created as a political alliance to control the spread of communism in Southeast Asia, now has ten member states – Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. The association has a far greater influence on trade, politics and security issues than its members could hope for individually.

Last year, two important milestones were reached that put ASEAN countries en route to having greater potential impact on global trade. The first was the integration of accountancy services, a development covered in the previous issue of *UHY Global*. The second was the launch on 31 December 2015 of the AEC, which aims to create a single market and production base – albeit respecting national differences.

#### BATTLING BRICS

The arrival of the AEC looks set to see a shift in international economics – not least because the BRICS countries are losing their shine thanks to a slow-down in China, falling commodity prices in Russia, and South Africa, India and Brazil struggling with massive current account deficits, political uncertainty and currency volatility.

Diversity is one of the draws. Markets such as Cambodia, Laos and Myanmar, which manufacture low-value goods for export, have been barely touched by foreign investors. Vietnam has become a hub for textiles and footwear, while Malaysia is strong on both commodities and technology. Indonesia also has a huge

commodities base, while Singapore is the region's financial hub and home to high-value industries such as pharmaceuticals and IT. Supporting these industries is a labour force with skills to match.

Steven Chong, partner, UHY Malaysia, who is based in Kuala Lumpur, is excited by the potential of the AEC.

"The AEC is projected to become the fifth largest economy in the world by 2018. Successful integration – or even semi-successful – would mean immediate growth potential for all sorts of businesses fuelled mainly by the increasing purchasing power within the region," says Steven.



*The arrival of the AEC looks set to see a shift in international economics – not least because the BRICS countries are losing their shine.*



Is it still too early, though, for businesses to put the AEC on their radar for trade and growth? Steven says it comes down to timing and good execution.

"Members of the AEC are very different in their stages of market maturity. Depending on the type of product or service that a business is involved with, I believe there's a suitable market for all, by virtue of the fact that the ASEAN marketplace is so diverse."

"The most obvious opportunity, as I see it, would be in the manufacturing sector," he adds. "We're already seeing lots of manufacturing facilities moving to, or setting up, in the Mekong region. While this phenomenon has arisen because it's a low-cost region for manufacturing, ASEAN's young population, coupled with

urbanisation and an increase in purchasing power, would also fuel opportunities in consumer products and services."

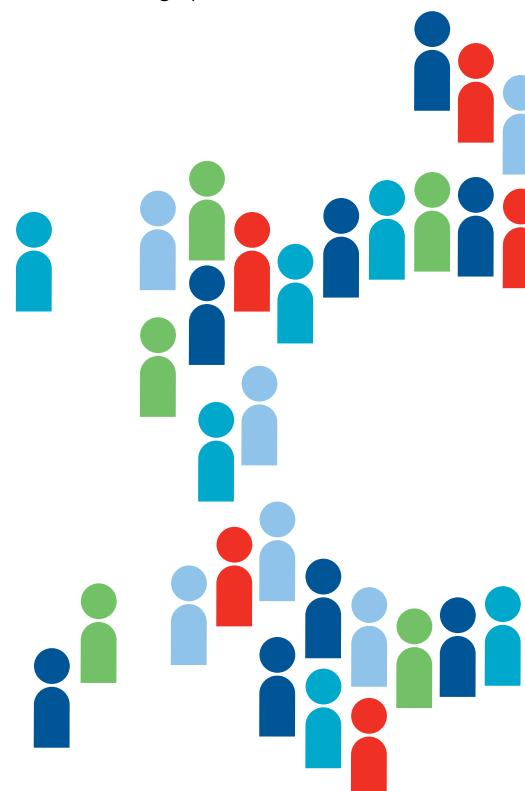
#### STRENGTH AND RESOURCES

While the AEC brings nations together, the bloc should not be thought of as homogenous.

Businesses considering ASEAN need to remember that members are culturally diverse in terms of language, religion, customs and work etiquette. The strategy and allocation of their resources should always reflect the characteristics of the ASEAN nation a business is interested in working in.

For businesses in the region already, the AEC is a passport to working closely together to develop a strong and unified economic bloc. Companies can capitalise on each other's strengths and resources, while operating in a region that already shows immense potential to generate sustained consumption of products and services well into the next 50 years, with a combined population second only to China and India.

Bob Gill is General Manager for Southeast Asia at ARC Advisory Group, the leading technology research and infrastructure advisory business. He sees the AEC as a work in progress, but one with huge promise.





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*Companies can look forward to being part of a region that is becoming prominent on the world stage.*

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"Even before the arrival of the AEC, Southeast Asia was becoming an increasingly relevant part of the global economy. By 2020, GDP is forecasted to exceed USD 4 trillion, and by 2030, USD 9 trillion," he says. "Increasingly, industries are being established and expanded to meet rising levels of affluence, as more people drive cars, choose convenience foods, take modern medicines, and desire brand-name personal care items and everything that goes with the consumer lifestyle."

"While many areas of the world, including China, face shrinking and ageing populations, Southeast Asia is set to see the addition of some 114 million inhabitants between now and 2035. Crucially, this population growth is

accompanied by a demographic dividend in the form of an increasing working-age population, which is critical to growth."

This all means businesses beyond ASEAN should definitely have the region on their radar, and the opportunities, says Bob Gill, are broad.

"Consumer-based industries such as auto, personal and household care items, food and drink, pharmaceuticals and chemicals may benefit from the growing population and a rising middle-class. Infrastructure industries – cement, airports, ports, roads, rail and telecoms – are likely to be in demand as the region develops. Energy companies – oil, gas and power-related – will be needed to meet the increasing energy needs of industries and consumers."

The potential for Southeast Asian companies will expand, he believes, thanks to the region becoming much more interlinked and cohesive. Internally, for example, the removal of tariffs and non-tariff barriers should reduce business costs and promote trade.

"Companies can look forward to being part of a region that is becoming prominent on the world stage. Note, for example, the first ever US-ASEAN Summit held in February 2016 and hosted by President Obama."

## WORK IN PROGRESS

There are, however, challenges as well as opportunities. The first is the enormous disparity in terms of levels of development and market sophistication. The second is that some nations are less open to foreign workers, which can have an impact if a company needs to upskill but lacks a management team that can transfer expertise. The third is infrastructure.

In Singapore, infrastructure development has boosted GDP growth, but Indonesia, Cambodia, Laos and Myanmar are finding that their growing economies are outstripping transport networks – and the result can be seen in supply chain bottlenecks.

Analyst and researcher Elodie Sellier, writing for *The Diplomat*, an online international news magazine for the Asia-Pacific region, also highlights the many remaining barriers to free trade.

"Consumer laws, intellectual property rights, land codes and investment rules have yet to be harmonised at the regional level," she says, "while the lack of common, integrated banking structures, alongside the absence of an agreement on common and acceptable currencies, are likely to hinder market access for regional small and medium-sized enterprises."

"Creating a common market among its nations is the most exciting initiative ASEAN has ever undertaken. Liberalising the flow of goods, services and investment and reducing restrictions on skilled labour and capital will dramatically transform the region over the next 20 years. Economic integration will make Southeast Asia a powerful trading bloc with increased trade flow both in and out of the region."

**Richard Strollo, South Asia managing director, BDP International, global logistics provider**



However, ASEAN is committed to building an investment environment to attract businesses. The ASEAN Comprehensive Investment Agreement (ACIA) includes commitments to liberalise and protect cross-border investments and sets out best practices for how foreign investors and investments are treated.

Michael Aguirre, managing partner, UHY M.L. Aguirre & Co. CPAs in the Philippines, would like to see reforms around non-tariff barriers and a reduction in the amount of red tape companies have to deal with. He also believes that failing to harmonise tax rules and the ease of doing business could lead to intra-ASEAN competition in terms of attracting investments.

"The introduction of structural reforms nationally and taking bold actions regionally will further deepen economic integration," says Michael. "Now, more than ever, the private sector needs to take a greater interest and play a larger role in shaping ASEAN and the AEC in ways that will benefit not only the people of Southeast Asia but also the emerging economies of the world."

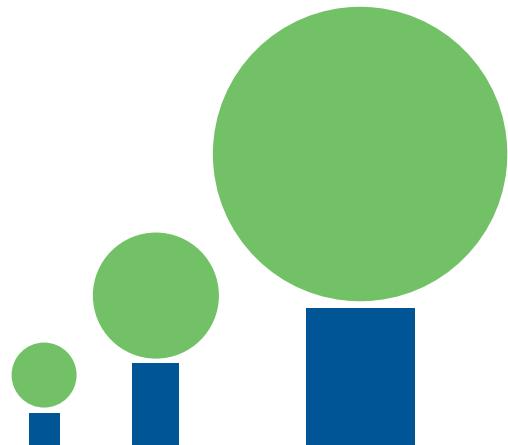
"Sectors such as accounting and advice services, aerospace, engineering, manufacturing and legal services present untapped business opportunities for thousands of companies across the ten member states. Most have been ignored in the past, but AEC's framework is geared towards achieving the long-term development aspirations of its members and provides a channel for borderless economic activities."

UHY member firms across the region are in agreement that Southeast Asia is brimming with potential, offering hugely interesting and promising trading opportunities – perhaps even the most important since the global financial crisis. As the AEC takes shape, it's clear that businesses wanting to grow or expand should have ASEAN on the radar. ■

For more information on UHY's member firms throughout the Asia-Pacific region, visit [www.uhy.com](http://www.uhy.com)

#### FUNDAMENTALS FOR THE NEW ECONOMIC COMMUNITY

- A single market and production base with a free flow of goods, services, investment, capital and skilled labour
- An emphasis on competitive production, capacity for export and free competition within the ASEAN borders
- An integral part of the global economy and not an isolated region
- Equitable economic development with people and businesses involved in integration into the AEC.



# ACHIEVING THE DIFFERENCE

**I**f I was stranded on a desert island I would take my favourite book about Shotokan Karate-Do, zen music to keep me calm and a charged sat-phone that connects to orbiting satellites."

Bernard Fay's response to how he would cope with enforced solitude captures the essence of UHY's new chairman and partly explains how his humility, compassion and calm blend with a formidable work ethic to make him an exceptional entrepreneur and human being. Joint managing partner at UHY Fay & Co, one of Spain's top 20 firms, and a UHY Board member since 1998, Bernard is as proud of his personal and family achievements as he is of his professional success.

"I have lived in France, Germany, Italy, Belgium, England and Spain, so we have enjoyed being in some incredible places," says Bernard. "But it is the understanding of my wife Aida and my beautiful daughter Itziar and son Nacho that have allowed me to pursue my career as I have."

Putting away childhood dreams of becoming a pilot, rally driver or journalist, Bernard followed his father and brother into accountancy and 33 years ago the three of them set up the professional services firm which is now UHY Fay & Co. It includes non-family members on the Board, but also the two founding partners, Bernard and his brother Joseph.

## SELF MOTIVATOR

"This is the perfect career for me," says Bernard. "From the start, the adventure of setting up a business from scratch excited me – being mentored by my father alongside my brother was a privilege. You must be a self-motivator, entrepreneur

and possess the energy to work 24-hour days. Short-term goals on their own will bore you and longer-term aims alone will frustrate you. Imagine driving a car at night and switching between low beams to light up the immediate road and high beams to give you a longer-range picture. There has to be a mix."

Rooted in family values, Bernard credits much of the success and vision of their firm to the grounding his father gave him and the fact that his brother and business partner, Joseph, remains his best friend.

## GLOBAL APPROACH

Born in Barcelona to a Spanish mother and English father, Bernard's international mindset started early – "I combine Spanish creativity and vitality with the Anglo-Saxon dedication to hard work. I have always been a great believer in taking a global approach to growing both UHY Fay & Co and UHY. There should be no barriers to cross-border work. All business is international in one way or another. I advise young ambitious professionals to think and act with an international mindset, learn languages, learn cultures, travel whenever possible, stay on top of technology and look for new lines of business all the time to differentiate themselves. Equally, I focus on staying humble, open-minded and giving the best of myself all the time."

Keen to train and motivate young future leaders, Bernard, Joseph and their partner and friend Max Gosch



“

I hope the people I work with would describe me as being hard-working, fair and supportive and my friends might say that I am family-oriented, welcoming and warm. If you treat people with friendship and respect you will be rewarded.

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With our entrepreneurial expertise and understanding of the needs of this type of business, SMEs feel supported and more confident to grow wherever they see an opportunity.

”

turned an evening chat about a flagship training programme into reality 14 years ago when they launched the UHY Forum, which will run for the 15th time this year and is now a celebrated event in the UHY calendar. Bernard included Business School sessions taught by non-native English speaking professors to neutralise the advantage of native English speakers.

#### INTERNATIONAL MINDSET

“We hold the Forum in a small hotel in a remote, beautiful part of southern Spain and focus on critical transferable skills that can be applied to any profession. We succeed because after 14 consecutive events the UHY Forum is part of UHY’s annual professional development programme. We know the experience changes people and enhances their feeling of belonging to a thriving global organisation with an exceptional international mindset and strong culture.

“Already an attractive alternative to the Big Four, these kinds of opportunities remind clients and member firms that we are a serious, contemporary network dedicated to maintaining our best young people and to reassuring clients that our development infrastructure is innovative, exemplary and internationally relevant.”



Having always been passionate about promoting internationalisation, Bernard has worked hard to develop the LATAM and Middle East network for UHY, but his particular interest is in making cross-border activity accessible for mid-market companies.

#### ENTREPRENEURIAL EXPERTISE

“UHY member firms’ entrepreneurial spirit and expertise complement ambitious mid-market businesses exploring international expansion. Businesses going international need to focus on their strategy and day-to-day work. They rely on our member firms, as their trusted advisors, to take care of their professional service needs and help them navigate local regulations and bureaucracy.

“We are capable of understanding our clients’ needs in a global marketplace and businesses of every size are able to take advantage of this. This is a differentiator for us at UHY,” says Bernard.

#### TIME FOR FAMILY

As keen to develop and nurture himself as he is to give everything he can to his role as chairman of UHY and senior partner at UHY Fay & Co, Bernard is strict about making time to be with his family by not travelling for business at

weekends and enjoying holidays, skiing and simple time at home. Underpinning his approach to life at work and privately is his love of karate, which he has been practising since 1985 with his mentor Sensei Gustavo Reque, Black Belt 7th Dan.

“I am now a 2nd Dan black belt karateka and I apply the learning that this martial art has given me to everything I do in life whether I am in the dojo or in a hotel room. I have even practised karate on airplanes by shutting my eyes and doing imaginary katas or simply meditating.

“I cannot over-emphasise how much karate has helped me to keep the right balance in being as flexible as a deeply-rooted bamboo that yields and bends but does not break.”

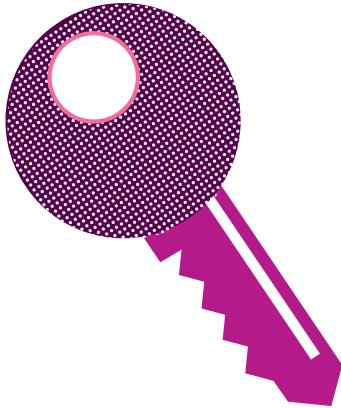
As Bernard settles into his three-year tenure, we look forward to getting to know a chairman who lists his heroes as people who devote their lives to volunteering for those in need, prizes humility and has a grand and expansive vision to grow UHY’s global business and reputation as an exceptional network whose members are good people to do business with. ■



# THINK CITY, THINK LOCAL

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Global megatrends are reshaping where people live and work and where businesses want to be based. Nowhere feels the impact of these trends more than major cities. So, when it comes to property, should we be thinking city not country? And how do we know where's hot and where's not?



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Large employers like Google, Facebook and LinkedIn are creating jobs here, attracting young graduates, who are now seeking accommodation in the city. It's creating real demand.

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Everyone has a view on the global property market. Every year, specialists such as Knight Frank and DTZ publish their rankings and predictions. But the fact that these analyses often contradict each other points to a market that's far from simple. Where experts do agree is that significant social, economic, political, environmental and technological changes filter down into political and economic decision-making. This has an impact on which parts of the world become attractive and investable. Right now, these 'megatrends' are mass urbanisation, an ageing population, a rising proportion of middle class and a shift of power from the West to Asia and Africa.

For anyone considering property investment – whether commercial or residential – there are two key factors. Firstly, cities feel the effects of megatrends more dramatically than countries. This suggests that potential investors and developers should be looking in detail at particular cities rather than basing strategies around a country.

The populations of several European countries, including Germany, Greece, Spain and Portugal, are forecast to decline over the coming decades. Most of Europe's largest cities, however, are predicted to grow. The number of 'megacities' (10m+ population) is expected to rise from 28 in 2014 to an estimated 41 by 2030 – 25 of these in Asia.

Research by Savills Investment Management found that property investors are increasingly focusing on cities as more people are drawn to living and working in central areas.

#### LOCAL KNOWLEDGE

And the second factor for investors to consider? Given that experts can't agree, the hotspots highlighted by megatrend data must be balanced by information at the microeconomic level. Put simply, local knowledge becomes more valuable when deciding where and when to invest.

This is evident when an investor tries to make sense of news that Spain is both "one of the leading markets in 2016" and is also heading for price stagnation in 2017 and 2018; or that the United Arab Emirates has both a "softening" residential market and "robust activity".

On the ground the picture becomes clearer. Take the UAE, for example. David Burns MBE, director of UHY Saxena in Dubai, says the region has always been a tale of two cities – Dubai and Abu Dhabi. In both, the price of oil, speculation and regional instability are the main factors affecting the property market.

"People are investing speculatively here for short-term gain. Prices are relatively low now but are expected to rise with the 2020 World Expo. The general yield in the UAE is 7%, compared to a global average of 2-3%. Reasonable quality, real estate regulations in Dubai and the perception that the UAE is a safe haven in the region attract investment."

David believes that in his region the thinking should be about individual cities. In Saudi Arabia, for example, there are several major cities with very different dynamics – in the holy cities of Mecca and Medina, foreigners are not allowed to buy property; land-locked capital Riyadh is the natural base for many corporates, and Jeddah is viewed as a relatively laid-back city with easy logistics thanks to its seaports.

In Dublin, Ireland, Alan Farrelly, managing director of UHY Farrelly Dawe White, sees both opportunity and challenge.

"This is a city where large employers like Google, Facebook and LinkedIn are creating jobs. This is attracting young graduates, who are now seeking accommodation in the city. It's creating real demand," says Alan. "However, there are still issues around planning and council levies in the city that are delaying projects getting started."

#### HOPES AND DREAMS

Sunil Hansraj, joint managing partner of UHY's member firm, Chandabhoy & Jassoobhoy in Mumbai, agrees that it is cities that count. Mumbai is going through a lean phase with supply exceeding demand – something that seems to contradict many of the property market reports that put Mumbai at the top of world rankings.

"In India, each city performs differently at different times, because development regulations and plans differ – each city has its own municipal corporation, which implements rules and regulations.

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**The accountant can play an important role in determining the health of the industry, over a long period of time.**

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This has a huge impact on the sector. There are several instances where the real estate market of a city has fared better than the country as a whole."

Reports looking at global trends can't take account of the motivations and goals of individual investors. A business needing a base as it expands into a new market will be looking for places that have the talent it needs. In this case, affordable housing, social amenities and logistics may be more important than a fast return on investment – though, in fact, a city's development often leads to a property boom.

Knight Frank states in its *Global Cities 2016* report that in emerging world cities megatrends are producing dramatic impacts that lead to an explosion in new consumer markets. "In developed world cities, where real estate risk is more palatable, the emphasis should be on cities which have the ability to attract talent, tourism and international tenants."

For a business looking for pure investment opportunities, the consideration is more one of prospects for rental income or capital growth over the term that suits the company's needs.

Mumbai is an example of a complex market where detail and timing are critical. The city may not be attractive to developers right now, but buyers are benefiting from easy access to long-term loans at attractive interest rates.

"Traditionally, the greatest asset for a middle-class Indian family is their own home. The need and requirement for housing will always be there – but the price needs to be right," says Sunil Hansraj. "Due to the overall slump, developers are offering discounts if the buyer can pay quickly. Investors cannot always get quick return on the investment, however. The wait can be

long and if a sale is urgent, they may have to sell at a lower rate. The real estate sector will always be an avenue of opportunity – it's all about getting the timing right."

#### EXPERT ADVICE

More than simply helping a client take advantage of the business opportunity, Sunil Hansraj says the accountant's role is to understand the microeconomics and be able to give the investor the assurance that standards are being adhered to and transparency is being maintained.

"The accountant can play an important role in determining the health of the industry, over a long period of time," says Sunil.

Malta rarely registers in global property market reports, but that doesn't mean its capital Valletta – the smallest national capital in the EU – isn't an attractive location for investors. Pierre Galea Musù of UHY Pace, Galea Musù & Co in Malta points out that Malta recorded the highest quarterly increase in house prices in the EU (+6.2%) in the third quarter of last year.

"There is demand, a large percentage of which is definitely from international investors," he says. "We have a strategic location, possibly the best climate in the world, a favourable health system and our infrastructure is improving – albeit slowly – thanks to EU funds."

While analysts debate whether falling populations in smaller European cities, for example, or the high productivity of Singapore or Tokyo should be uppermost in decision-making, David Burns believes that, whatever the city, local knowledge is imperative. "Accountants have an extensive knowledge of the market through their clients. They apply that knowledge to

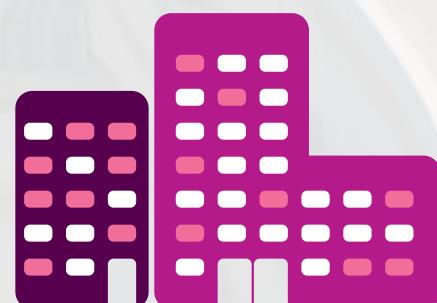
help potential investors use their funds more effectively," he says. "Preparing feasibility studies and financial forecasts for property investments can provide a holistic overview that is very valuable when it comes to decision-making."

Pierre Galea Musù agrees. "At local level, the accountant is both advisor and consultant and takes a holistic view on the client's behalf – helping with discussing re-domiciliation, retirement schemes and tax benefits, to finding trusted realty advisors and ensuring clients get fair deals and good aftersales service."

Before being able to tap into that local expertise, investors need to have shortlisted the cities of interest to them. Size and predicted growth are not necessarily enough. According to Savills' research, the hotspots will be the 'smart cities' – those that are dealing with the challenges of urbanisation by creating new infrastructure or bringing in favourable regulation. The research cites London's Crossrail and Grand Paris in Paris as examples of where new transport infrastructure would reduce journey times for people living on the fringes, with a positive effect on property markets. Singapore is also cited as a megacity that combines a high-density population with high liveability thanks to investment in public transport, low impact buildings and a large network of cycle paths and pedestrian walkways.

So, the focus, it seems, needs to be on 'winning cities' rather than countries. Investing in just one or two cities across a region could still bring valuable growth, providing buyers do their homework and take advantage of the wealth of local information. ■

Contact the UHY executive office, [info@uhy.com](mailto:info@uhy.com) for more information about UHY global property capabilities or visit [www.uhy.com/sectors](http://www.uhy.com/sectors) to find out more.



**O**ur *Cogs and Wheels* section highlights what drives a successful international network. In this issue we look at how commitment to national and international standards and striving towards continuous improvement support quality control.

# PLAYING SAFE

Underpinned by a culture of collaboration and professionalism, quality is inherent in UHY's values, strategy and global outlook. Quality systems within the network are robust and comprehensive but the network is not prepared to rest on its laurels.



## QUALITY FIRST

The quality expectations UHY has of its member firms are aligned with recognised international professional standards, in particular those set out by the International Federation of Accountants' (IFAC) Forum of Firms. Each independent member firm within the network signs up to a Quality Charter, confirming their commitment to adopt and achieve the performance and service standards objectives considered essential for delivering a quality promise to clients. As part of a continuous assessment of performance and outcomes, all member firms are evaluated annually.

Specific quality goals cover areas including client service efficiency, relationship management and professional work standards, all of which support the network's aim to provide clients with consistent, seamless, professional and timely cross-border services. In addition to broader quality control procedures, member firms are required to adhere to quality through leadership, compliance with ethical obligations set out in IFAC's Code of Ethics for Professional Accountants, client acceptance procedures, and human resources policies and procedures, such as education and training.

Strong, positive, inter-firm relationships are invaluable to the UHY network. Global cooperation between member firms is encouraged and recognised as a driver in promoting best practice.

## FORUM OF FIRMS

UHY's membership of the Forum of Firms (FoF) ensures that clients have access to the same quality of professional services as provided by larger multinational accountancy networks. Counted among the first members to join in 2008, UHY is actively involved in the Forum's remit to promote, develop and implement consistent high-quality cross-border financial reporting and audit practices worldwide.

All FoF members are obliged to maintain quality control in accordance with national and international audit and reporting standards, supported by effective policies and methodologies which conform to standards outlined by the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants. Furthermore, the Forum offers a conduit for interaction between global accountancy networks and regulators, enabling progressive discussion around systems of quality control and transparency.

Vibeke Düring Reyes Jensen (pictured), partner at UHY's Danish member firm,



inforevision, is currently the network's voice at the FoF, having been appointed to the role of UHY's representative this year. She explains, "Quality is one of UHYs main drivers and has been a focal point of the network's strategy since it was established 30 years ago. Membership of the FoF is very important to UHY in terms of its objectives for growth and credibility, and in representing the network at FoF meetings, I am very pleased to continue the work of improving quality throughout the network."

## FUTURE ASSURANCE

Beyond the FoF, UHY has a commitment to the continuous improvement of its member firms' quality assurance practices to ensure they remain effective going forward. Ongoing reviews of quality processes in the network, combined with a commitment to continuous improvement and rigour in quality assurance, provide solid bases to maintain and augment UHYs inclusive approach to delivering quality services.

### Internal quality processes:

- Quality programmes
- Network compliance requirements
- External quality validation
- Forum of Firms
- IAB network ranking: 16th globally

# RISING TO THE OIL CHALLENGE

The collapse of oil prices by 75% in just 18 turbulent months has sent macro and micro-economic shockwaves through the global oil and gas industry. Already in 2016, the world's largest oil company, ExxonMobil, has reported its smallest quarterly profit in a decade, while Europe's largest, Royal Dutch Shell, has reported a staggering 87% profit fall for 2015 vs 2014. Times are undoubtedly tough, but from adversity can come opportunity. *UHY Global* asked member firms of UHY's worldwide energy sector group where to look for better news.

Ian Williams is the chairman of Campbell Dallas LLP, UHY's member firm in Scotland, UK. Based in Aberdeen, in the heart of the North Sea oil community, Campbell Dallas has grown up with the oil companies – with the explorers and producers, and the multitude of supply chain businesses that keep the wells operating and the product flowing. No one is more in tune with what's happening than Ian, whose team is picking up new clients regularly as companies seek to take out costs from operations, create more efficient development solutions and build better risk strategies for surviving current and forecast conditions.

"As the chair of UHY's global energy sector group, I'm responsible for helping not only our own clients but also being a catalyst for international clients," says Ian.

"UHY member firms operate in every major energy centre in the world, so we see what goes on, the struggles and the opportunities." Ian is in no doubt that the oil price collapse has had a profound effect on business and also at a country level. "Oil companies are having to sell assets, write off major projects and make people redundant. It's painful. Countries like

Venezuela, whose economies rely heavily on oil exports, are running dangerously low cash reserves. Even the likes of Canada and other more wealthy countries have seen billions of dollars worth of potential new investment scrapped. But there is another side to the same coin, a more positive one."

## CREATING OPPORTUNITY

Net importers are benefiting from cheap oil and domestic oil marketing companies (OMCs) are working hard to keep up with consumer demand for petrol. In the US, recent sales of SUVs and pick-up trucks has risen noticeably, consumption and journey miles both showing upward trends. While in Kenya – currently a 100% oil importer – there has been a 15% rise in fuel demand (2015 vs 2014) driven by lower retail prices. According to Ian's energy group colleague Mwai Mbuthia, managing partner, UHY Kenya, "Our OMCs have responded strategically by growing the number and scope of retail petrol forecourts, which are now selling a wide range of other products too, bringing in many more local suppliers." Diversification includes restaurants, car wash, car servicing,

and expansion into the speciality segments like LPG and lubricants. "Because in Kenya retail prices are regulated, companies look to build brand loyalty in other ways," explains Mwai. "It's not unusual to see CEOs and senior OMC staff fuelling cars at service stations – real customer service."

A number of major new pipeline investments are going through in 2016 and the urgency of demand is so great that each one is being commissioned on time. On top of this, new storage constructions are being signed off to bolster self-sufficiency when the prices rise again.

Low oil prices have clearly hit Kenya's own exploration and production efforts – but this has also forced a positive position for other works. Wanjiku Manyara is CEO of the Petroleum Institute of East Africa, the region's professional body for the oil and gas sector, and a UHY client. She says that focus has now shifted to the development of ancillary infrastructure projects to support the oil locations. "Not only roads but also standard gauge railway construction is being fast-tracked for completion," she says. "Attention has also been intensified

on the passing of the Petroleum and Energy Bills that are currently in the Senate and National Assembly in Kenya. There is a strong focus on capacity-building activities that need to be undertaken at both the public and private sector level."

But what about the countries whose economies are worsening? On face value, Brazil is experiencing tempestuous times. It has fared badly from the global recession and is battling double digit inflation, rising unemployment, shrinking GDP and a government debt of more than 60%. But like many other major players around the world, state-owned oil company Petrobras is fighting its way out of difficulty. Desperate to release cash, Petrobras is aggressively de-investing assets in Brazil and also in other parts of Latin America. It is the country's largest company, but is surviving not through any extraordinary government aid but by prudent management and low-cost production. Forecasted investment is being reined in and an urgent decision made by congress to allow the sell-off of a 30% stake in Brazil's offshore pre-salt fields will, it is hoped, be enough for Petrobras to ride out the storm.

#### RENEWED HOPE

Meanwhile, according to Diego Moreira, managing partner, UHY Moreira-Auditores, Brazil, "there is better news from our renewable sector." Diego believes that renewables could, in the future, potentially provide some salve for the country's pain. "Renewables are growing fast," he says, "especially for solar energy in the north and northeast, biomass in the south and wind power along our blustery coastline – 4,600 miles of it – where most projects are based. Although there is currently little in the way of government policy on renewable development, the signs are bright in the gloom and we have reason to be optimistic. We've been in contact with clients, investors and companies for the last couple of years and everyone agrees that Brazil has amazing potential."

Michael Aguirre, managing partner, UHY M.L. Aguirre & Co. CPAs, in the Philippines, agrees, but points out the importance of a positive government policy and the difference it can make. "In the Philippines we have incentives for renewable energy, designed to attract foreign investors into

the sector," he says. "The Renewable Energy Act 2008 lays out a whole range of inducements, from duty-free machinery and materials import, to accelerated depreciation, 0% VAT and tax credits on domestic capital equipment."

The Philippines is a net importer of oil and coal but aims to be energy self-sufficient through indigenous development of its natural resources and a commitment to renewables. The geography of the country – islands and mountains – makes this an ambitious target and throws in many infrastructure challenges. However, the recent discovery of significant natural gas deposits in the West Philippines Sea is further cause for optimism. The collapse of oil prices may be global, but it is not necessarily bad for everyone's business.

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*There are as many opportunities as there are threats with a global shift in commodity prices.*

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Michael is working with a joint venture enterprise in the south of the country. "We now have involvement in nearly 50 hectares of biomass development out of locally sourced palms and grasses, in the southernmost part of the Philippines," he says. "This joint venture project between Dutch and Filipino companies aims to provide a long-term source of ethanol supply in the country."

Denmark is another country looking for long-term relief from fossil fuel dependence. A net oil exporter and likely to remain self-sufficient in the medium term, the country nevertheless is pursuing an aggressive renewable energy strategy that aims to increase electricity production from wind to 50% by 2020, well above the European Union's combined 2020 target of 20% share of energy via renewables (the EU Renewables Directive 2009). UHY's member firm in Denmark, inforevision, based in Copenhagen, is close to the sector,

having managed recent merger and acquisition projects for Connected Wind Services A/S, a leading provider of service and repair facilities for wind turbines and wind farms

in Northern Europe, with operations in Denmark, Germany and Sweden. Vibeke Düring Jensen, a partner at the firm and also head of its technical department, believes that clients like Connected Wind Services are central to the country's renewable ambition. "Wind operators and owners need the reassurance of an experienced service infrastructure to support the level of onshore production that will be required by the government's energy strategy," she says.



#### LOCAL KNOWLEDGE

The last word goes to Ian Williams. "As we can see, even from these few countries, there are as many opportunities as there are threats whenever there is a global shift in commodity prices. We have seen the same with gold and other minerals. What I would emphasise is the importance for energy businesses of having access to first-class local knowledge – of markets, regulations, incentives, operations.

"As an international network, we have been active in these global markets for many years, advising owners and operators, oil exploration and production companies, contractors and subcontractors, and equipment manufacturers and suppliers. By maintaining close, longstanding relationships with clients, UHY member firms have developed a genuine understanding of the issues affecting the oil & gas and renewable energy industries. In times of crisis and opportunity, we offer the reassurance and support of professional excellence and technical understanding." ■

Ian Williams, Campbell Dallas LLP, UK is chair of UHY's global energy sector special interest group.

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Contact the UHY executive office, [info@uhy.com](mailto:info@uhy.com) for more information about UHY's global energy capabilities or visit [www.uhy.com/sectors](http://www.uhy.com/sectors) to find out more.



# WHERE START-UPS SUCCEED

Every thriving start-up ecosystem is unique, but they all find new and better ways of bringing the right people together.

If dark clouds have been gathering ominously over the global economy of late, one chink of sunlight continues to break through the gloom. According to a recent research study by UHY, many countries are experiencing a boom in new business creation.

That's even true of China, where economic slowdown has spread panic through boardrooms from Beijing to Berlin. In fact, it's especially true of China, UHY's research confirms. The world's most populous country is outpacing the world in new business formations. Nearly 1,610,000 new companies were established in China in 2014, almost double the number created in 2010. [Data correct to end of 2014].

Second in the league table of start-up success was the UK, which registered a 51% increase in business births in 2014 compared to 2010, while other winners included India, Australia, Italy and Germany. Brazil created 22% more businesses in 2014

than 2010, but started from the highest base of any nation in the UHY survey. Over one and a half million new companies were established in Brazil in 2010.

Some of this activity is the direct result of central intervention, with governments acting to kickstart economies left reeling by the financial crisis. Lower tax rates and reduced SME bureaucracy are the most obvious manifestations of government efforts. According to UHY International chairman Bernard Fay, these efforts must continue.

"The next few years are not going to be without their own challenges, and governments globally need to find ways to help these new start-ups grow into successful businesses and even the next generation of multinationals," he says. "In many European countries there is still a long way to go in cutting down on bureaucracy."

Reducing business bureaucracy is one way to encourage new start-ups, but there are others. Every start-up ecosystem is shaped by its peculiar local circumstances, and experts believe the best initiatives for encouraging business creation are homegrown and pragmatic. Nevertheless, successful start-up hubs, from Paris and London to Tel Aviv and Toronto, tend to share similar core components.

## PEACE AND PROSPERITY

At the most basic level, start-ups need peace, political stability and a culture that promotes entrepreneurship as a worthy life choice. All three are present in Indonesia, where entrepreneurs – as the Global Entrepreneurship Monitor (GEM) reports – exhibit 'a low fear of failure' which results in high levels of 'early-stage entrepreneurial activity'.

If companies are to grow, entrepreneurs need access to finance and in some economies new funding avenues are rejuvenating start-up ecosystems. Peer-to-peer lending, crowdfunding and

angel investing are filling the gap left by more risk averse institutions like banks and venture capital firms. The Association for Financial Markets in Europe calculates that 30% of finance available to European companies is now non-bank funding.

Meanwhile, GEM reports that physical infrastructure is considered the most valued component of a start-up hub by the start-up companies themselves. Good transport links and high speed internet is often essential to new business in a globalised world, wherever a start-up happens to blink into life. At the same time, many new businesses need access to an educated workforce and a set of core professional services.

But while the presence of these factors is clearly advantageous, experts warn that different start-up ecosystems have different priorities, and that no 'one size fits all' global model exists. Slavica Singer, professor of economics at the J.J. Strossmayer University of Osijek in Croatia and co-author of the GEM Global Report, argues that what ecosystems need most of all, regardless of the speed of local broadband services, is the flexibility to change and the wisdom to do so sensibly.

"Healthy start-up environments share the ability to change quickly, but without rushing into trendy solutions without sufficient thought," she says.

"Solutions must be contextualised, and checked for harmonisation with other components of the entrepreneurial ecosystem. For example, enriching financial markets with entrepreneurial financial instruments (such as angel investing) won't contribute to a healthy entrepreneurial ecosystem if you don't first teach entrepreneurs how to use them properly."

#### LOCAL INITIATIVES, GLOBAL SIGNIFICANCE

Professor Singer believes that every healthy entrepreneurial ecosystem is in some way unique and the best examples of start-up friendly initiatives



*Healthy start-up environments share the ability to change quickly, but without rushing into trendy solutions without sufficient thought.*



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All forms of supporting organisations can contribute to building a successful start-up ecosystem.

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are local ones. She pinpoints the BA Emprende programme in Buenos Aires, Argentina, which offers short-term training for entrepreneurs and access to new avenues for finance, helping to overcome any traditional limitations to Argentinian entrepreneurship.

"We are lucky in Buenos Aires," says Roberto Macho, managing partner, UHY Macho & Asociados, Buenos Aires. "Not only do we have accelerator initiatives such as BA Emprende but it's relatively inexpensive to start up a business, we have a highly educated workforce and our community is naturally entrepreneurial, collaborative and resilient."

Across the border in Brazil, the city of São Paulo has become a high-spending customer for its own SMEs, giving small businesses preferential treatment when bidding for public sector contracts.

In fact, São Paulo is a good example of a city trying to best exploit natural advantages, says Marcello Reis, business development manager, UHY Moreira-Auditores, UHY's Brazilian member firm.

"São Paulo is absolutely massive – roughly 21 million people," he says. "With so many people, it opens the door for many smaller companies to cater to a local market. Moreover, due to a very restricted capital market, in the past ten years many angel seeds and crowdfunding companies have been created to boost local start-ups."



Those factors, plus the city's large and diverse immigrant population, mean São Paulo is now among the best 20 in the world (according to Compass, which publishes the Global Start-up Ecosystem Ranking study) for starting a business.

In Berlin, entrepreneurs from outside the city once struggled to gain a foothold in its populous, relatively expensive central districts. The city now offers a 'Business Welcome' package that includes cheap office space and a number of hours of free legal and financial advice.

#### MONEY AND MENTORING

That advice is key, according to Compass. It argues that 'knowledgeable and start-up-adapted service providers such as lawyers, accountants and other specialised consultants,' are crucial to a thriving start-up ecosystem.

To that end, UHY member firm, UHY Advisors, Michigan, US uses local knowledge to connect start-up and early stage companies to new sources of finance. The firm sponsors the 'Great Lakes Angels', an angel investment group, is an active board member and hosts its pitching nights.

"It fills a gap between friends and family funding," says Bradford Southern, UHY Advisor's principal for valuation and transaction services. "Typically these early-stage companies have exhausted these monies but are not yet ready for venture capital. That's the angel

investment segment and that's what we focus on with the Great Lakes Angels."

UHY Advisors hosts quarterly company pitching nights where several early-stage companies present the unique attributes of their company, the investment opportunity and their funding needs from accredited angel investors in the audience. These meetings double as networking events for UHY Advisors to mingle with up-and-coming business owners, third party advisors and high-net-worth individuals. In addition, the firm offers educational seminars aimed at potential accredited investors. Taken together, this activity has made UHY Advisors a key player in its local start-up ecosystem.

Similarly, two years ago a team of partners in the UHY LLP, Albany office, in New York State, formed a joint venture to invest in the Eastern New York Angels (ENYA), helping to give the region's start-ups access to both early-stage finance and professional mentoring.

Again, this local initiative addresses a local issue. The New York Capital District area is home to a large population of science and technology students who typically graduate and move to large cities like New York and Boston to garner support for their fledgling companies. "By providing the funding and mentorship locally, we are looking to keep those businesses local, in the hope that someday they blossom into successful companies," says F. Michael Zovistoski, a partner in UHY LLP, Albany.

## INCUBATE AND ACCELERATE

These local initiatives address local priorities, and they are being joined in modern start-up hubs by increasing numbers of business incubators and accelerators, which have similar aims. These institutions offer fledgling businesses a mix of cheap office space, practical education, networking opportunities and mentoring. Many mould their offer to local circumstance, focusing (for example) on high-tech industry, finance, retail or fashion.

Incubators have become something of a phenomenon everywhere, from the US and Europe to China, Brazil and India, highlighting a universal requirement for advice, mentoring and cheap facilities, right from the outset.

"In the UK our business creation hotspots show how influential clusters of expertise can attract more businesses to set up in various developing areas. Identifying the industries and sectors that a particular area should target for growth is clearly bearing fruit. Nationally all of the top five postcodes for business generation are in London – specifically Silicon Roundabout, City Road, Borough & Bankside, North Finchley & Woodside Park and Covent Garden & Leicester Square but Warrington, Nottingham, Leeds and Hove also appear in the top 20 hotspots," says Colin Jones, head of London audit, UHY Hacker Young, London, UK.

In Hove, the Sussex Innovation Centre, part of the University of Sussex in the UK, aims to guide new businesses through their difficult first few years, and has an enviable record. Around 85% of members are profitable at three years from start-up, compared to a national UK average of just 15%.

"One of the most valuable things our members get from us are the



*By providing the funding and mentorship locally, we are looking to keep those businesses local, in the hope that someday they blossom into successful companies.*



introductions and connections to a network of people who can help their business as it develops," says Mike Herd, executive director of Sussex Innovation.

They include the local entrepreneurial community, an in-house support team, and a wider network of corporates and public bodies, investors, professional service providers, academics and specialists. "Because we've built up great relationships with these people, they know we're not wasting their time and that we will always make relevant introductions that give them an opportunity to add real value to a business," says Mike.

Incubators are now a significant ingredient in many healthy entrepreneurial environments, but they should not be seen as a magic bullet, experts warn. Despite the success of Sussex Innovation and others, Professor Singer says that no component of an entrepreneurial ecosystem exists in isolation, and that the connections between components are more important than any individual element.

"All forms of supporting organisations can contribute to building a successful start-up ecosystem," she says. "But both the media and policy makers should understand that a successful start-up ecosystem depends on the quality of relationships among its components."

## EVER MORE IMPORTANT

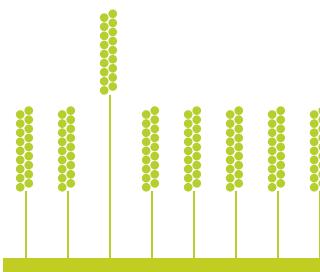
Facilitating these relationships is what a successful start-up ecosystem does. It brings relevant people together and lets them communicate in a way that best suits local circumstances.

Once established, a good start-up hub should be self-sustaining. From Silicon Valley to São Paulo, the chief draw for any new generation of entrepreneurs is

the living, breathing, thriving example of the entrepreneurs who came before.

That example, and the new entrepreneurial activity it sparks, will only become more important. Despite UHY's upbeat assessment of its start-up sector, China's wider economy continues to lose momentum. In February 2016 its once unstoppable manufacturing sector shrank for the seventh consecutive month, dragging the global economy – and major industries like oil and metals – down with it. With that in mind, the central position of SMEs in the global economy, and the vibrant and vital entrepreneurial ecosystems which nurture them, will become ever more important. ■

For more on UHY's study of new business formations, visit  
[www.uhy.com/category/news](http://www.uhy.com/category/news)



## THE CORE COMPONENTS OF A START-UP ECOSYSTEM

**Community** – a community of determined entrepreneurs

**Finance** – venture capitalists or alternative finance models willing to take a risk

**Mentoring** – experienced business people – preferably serial entrepreneurs – who have done it before and are willing to share their expertise and experience

**Start-up friendly government** – tax breaks, cheap accommodation and solid local infrastructure, from transport links to broadband internet

**Connections** – good relationships between these various components, promoted by business incubators and accelerators, local professional service providers and business schools.



## NEW LAWS FOR KENYA

September 2015 saw the signing of landmark business legislation by President Uhuru Kenyatta, which aims to transform the business and investment landscape in Kenya – promoting it as a location for foreign direct investment and introducing greater compliance and accountability.

Mwai Mbuthia, managing partner, UHY Kenya says the legislation will come into effect gradually. "It makes changes to the Companies Act, the Business Registration Service Act, the Special Economic Zones Act, the Insolvency Act and the Finance Act 2015."

Testament to the growing importance of SMEs to the Kenyan economy, the Companies Act is broadly based on the UK's 2006 Companies Act. The Special Economic Zones (SEZ) Act makes Kenya the first country in Africa to introduce such legislation – aimed to stimulate local and foreign investment.

## IMPLEMENTING BEPS

In 2015 the OECD published long awaited measures to tackle domestic tax base erosion and profit shifting (BEPS) – the practice of exploiting gaps between tax systems of different countries to minimise corporate taxation. The package of 15 actions represents the first major revision of international tax laws for nearly 100 years and means governments will act together to ensure fair competition and restore trust in international tax systems.

To help countries tackle BEPS on an equal footing, the OECD has created an implementation forum. Participating countries will join to

implement actions and commit to BEPS' minimum standards. Angel Gurría, OECD Secretary-General, says, "Swift government implementation will guarantee a more sustainable international tax environment."

Forum members will develop provisions to avoid treaty abuse and implement country-by-country reporting, with access to guidance and support as well as being part of an inclusive discussion on standard setting and monitoring. Participants meet in Kyoto, Japan this summer and the OECD welcomes questions and expressions of interest.



## MALTA ON THE RISE

Since launching in 2014 the Malta Citizenship by Investment programme has raised over EUR 1 billion (USD 1.4 billion) for the country and the Maltese passport is recognised as the seventh best in the world.

Designed to attract the right talent and business connections to Malta, this is the first citizenship programme to be recognised by the European Commission. The Maltese government calls it a posterity fund to finance projects in innovation, the environment, hospitals, medicine, healthcare, infrastructure and education.

Pierre Galea Musù, senior partner, UHY Pace, Galea Musù & Co, Malta, says, "We advise potential applicants and provide due diligence, risk assessments, compliance management. Our country has an economy that registers exceptional performance so I believe that Malta's reputation will continue to improve."

# FORUM HONOURS NATÁLIA

Our annual UHY Forum brings together some of the network's brightest and most exceptional talent to develop skills such as negotiation and leadership – qualities that lie at the heart of UHY's ability to serve our clients.

So successful has the Forum been since 2002 that a few years ago, UHY created a continuation programme to reunite previous participants to continue their studies with a more senior management focus. This is known as the UHY Leadership Forum, and the third one took place in September 2015 in Estepona, Spain.

At the end of the three days Natália Šenková, manager of the Brno branch

of UHY member firm AUDITOR, spol.s.r.o in the Czech Republic, was delighted to be named as the event's most outstanding student.

Natália says, "This was a wonderful event, with 11 countries represented, including Kenya, Mexico, United Arab Emirates and the US – 24 delegates in total. It was an excellent opportunity to develop our skills in management, negotiation and leadership and network with peers from across UHY. The content was aligned with UHY's strategy for the next five years, so we discussed strengthening UHY's quality, growth and brand, and the benefits of working together to give our clients the very best experience with us.

"I'm a keen learner, so for me those few days were heaven! The professors are the elite in their respective fields, they regularly present at prestigious business schools or to employees of multinationals the world over. They did not waste a single minute and had our attention all day long. A great benefit of this training for me was the emphasis on self-reflection. We had the opportunity to direct the lectures to the topics we were interested in. It was very motivational and fascinating."

Bernard Fay, UHY chairman and chair of the Forum says, "If Natália is typical of our next generation of leaders, then the future is bright indeed."



## BEING THE BEST

Max Gosch, founding partner and director of UHY Fay & Co's Madrid office, Spain (pictured holding certificate), has built his reputation as an expert in audit over many decades – and his knowledge and commitment were recognised by the industry he serves in December when he was awarded Best Auditor of 2015.

The REA and REGA (Corporation of Auditors of the Council General of Economists) is one of Spain's two professional accountancy bodies, on which Max has been an active member for many years – he is currently coordinator of its Corporate Social Responsibility (CSR) commission, as well as a member of the Technical Committee.

At the annual audit meeting which has been held for six years, Max was recognised for his continued support. The jury honoured him with the Best Auditor Award for his ongoing effort to inform and provide data on the importance of CSR

and also for his work in searching for new professional opportunities for auditors.

Max says, "Organisations need to continue developing their internal control, ethics and sustainability, especially with good corporate governance and anticorruption policies. For this reason we are exploring new business opportunities in these assurance services such as sustainability report verification applying ISAE 3000."

# NATIONAL RECOGNITION FOR TIM



There was delight and pride across our global network to see UHY Haines Norton NZ's director Tim Livingstone awarded the New Zealand Order of Merit in the 2016 New Year's Honours, for services to business and the community. Tim has been a partner at UHY Haines

Norton NZ for over 30 years, including ten years as managing partner of the practice in Auckland, New Zealand.

Tim (pictured with his wife Sandra at the awards ceremony) managed UHY Haines Norton NZ in Auckland during a time of significant change and growth. "Some of the changes involved bringing in the corporate disciplines necessary to run a practice. Another change was our affiliation with UHY. When I started, there were three partners and about seven staff. Today we're a five-partner practice with around 50 staff in three locations in New Zealand. You don't get that growth without having good disciplines and I was fortunate to be a part of that."

"My mantra is to stay focused and always be thinking of the clients. If you're not going to properly look after

them and give them good professional advice that is up-to-date and current then you're selling your clients short. I never want to be in that position."

Tim is also involved in multiple business and community activities – he is on various commercial boards and community trusts, and chairs several audit and risk and remuneration committees. He has been a trustee of the Waitakere City Stadium Trust since 2004 and was Deputy Chair of Sport Waitakere.

"For the next few years I will continue my involvement in the practice and business community, because it's important to me to give something back. There will come a time when I will need to start to back off from work. In the meantime it is business as usual!"

## FIGHTING FOR EXCELLENCE

In 2015, UHY welcomed UHY ECA Group from Poland as a new member firm. The Group's managing partner, Roman Seredyński is known for his expertise in audit and financial reporting, having lectured on accounting and written textbooks on Polish and international accounting standards. But Roman has another talent which is about as different from accounting as you can get. Or is it?

Roman (pictured far left) is a black belt and former Polish Champion in Karate Kyokushin, a full contact martial art. "I started to train aged 12. Many boys feel they need skills in fighting but now I do it to stay fit, plus in karate I found something new – a different attitude to life, a discipline."

As Poland does not allow children to fight competitively, Roman waited until he was 18 to compete. The awards came thick and fast, including Polish Master in 2000, third in Poland in 2002, Polish national team member and as an 'old boy' (over 35), Master of the Silesian Cup in 2015. He's planning two tournaments for 2016.

His motivation remains the same – a focus and discipline that informs his

work. "There's nothing like the sense of achievement and self-belief karate gives me. It's taught me to work hard, not to give up. Failure makes you stronger."

Karate also gives Roman a perspective on delivering for clients. "It's taught me the importance of personal responsibility – during client meetings you must stay focused on the demands of the situation, and adapt to them."

"I play football so I know how to work in a team. Football is a team sport and karate is an individual sport – it's a useful parallel in professional life because I work with different teams but, at the same time, I need to make many decisions on my own."





With an already impressive CV, UHY Hassan Naeem & Co's senior partner Naeem Akhtar Sheik became even busier in January with his election as president of the South Asian Federation of Accountants (SAFA). SAFA is an apex body of the South Asian Association for Regional Co-operation (SAARC), representing nine professional accountancy organisations with more than 250,000 members and 1.5m students.

## PARTNER TAKES TOP SAFA ROLE

Naeem Akhtar Sheik, based at the Lahore office, Pakistan, is the firm's tax specialist and an expert in financial management, contract negotiation and corporate finance. His sector expertise includes real estate development, manufacturing, textiles and retail.

He is a former president of the Institute of Chartered Accountants of Pakistan (ICAP) and still a sitting council member, and chairman of ICAP's Professional Standard and Technical Advisory Committee. He has

held positions on numerous committees and professional bodies and last year he was Vice President of SAFA. "Positioning, maintaining and developing the profile of the accountancy profession within the South Asia region is vitally important, as it represents more than 20% of the global population," he says. "I'm honoured to serve SAFA in delivering the continued excellence of its work. My aim is to keep promoting the role our profession plays in the economic development of the region."

## FIRST AMONG EQUALS MEET DHWANI GALA SANGOI



As one of the oldest firms of accountants in India, Chandabhow & Jassoobhoy (C&J) (founded in

1908) has always embraced modernisation and change. In December 2015 the Mumbai firm became a pioneer of equality by appointing Dhwani Gala Sangoi as partner, the first time a woman has held this position there.

Dhwani has been with C&J for nearly six years. Five months into her new role *UHY Global* met her for some quickfire questions.

### **Dhwani, what was your career path before you joined C&J?**

I was an intern with another firm for three years where I gained experience in audit and taxation. Realising a preference for audit, I looked for those kinds of roles in the financial sector and spotted an opportunity at C&J.

**You are the first woman to become partner at C&J – does it feel like a significant step forward?**

Certainly, yes! Even today, few women have reached great heights in various fields, so it is an honourable and proud moment to be the first female partner here. However, C&J is unbiased towards any gender – our firm has always recognised an individual based on their potential, integrity and contribution to the growth of the firm. It's merit that matters.

### **Do you feel that the gender balance in your profession is changing as quickly as it might? Have you encountered any obstacles?**

More and more, women are considered a valuable asset to organisations and their contribution to the growth of companies is being recognised. Corporates are creating a more helpful work culture for women with benefits such as flexible working hours and opportunities to work from home, extended maternity leave, daycare for working mothers and so on. I have been fortunate not to have faced any obstacles.

### **What do you hope to bring to the firm and your clients as a partner?**

My experience, my network and my knowledge have been expanding and as I'm an ambitious person, that will continue. I hope to expand the current

client base to add value and recognition to C&J. Providing solutions to clients, helping them to meet compliances within the required time frame is important.

### **What do you enjoy most about your job?**

This profession brings fresh challenges every day and it's vital to keep abreast of the changes and amendments to deliver quality service to clients. This process of continuous learning and development keeps me stimulated at all times. I also like the fact that by working, I am able to put my knowledge and experience to use. C&J believes in following a work-life balance, so hopefully I will always manage my professional as well as personal commitments.

### **Many people cite a person who has inspired them in their career or endeavour. Who is your inspiration and why?**

My mother is my inspiration. I have seen her balancing family and work so efficiently, keeping the family together and always instilling the right values in us. By coincidence she was also the first woman to be appointed manager in her organisation. She firmly believes that age and gender should never hold you back.



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