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Editorial

Steve Henning, Partner,
Marks Paneth LLP,
United States

E: shenning@markspaneth.com

I hope you enjoy reading this issue of Global Opportunities Bulletin. This is the first issue since we all came together to form Morison KSi. We have much to celebrate as an association, including the opportunities we find in front of us from around the world. I am happy to see both of our legacy associations represented in this issue. I continue to seek articles from every region for future issues. Please consider how you might contribute. You never know what business may come your way because of an article which catches the attention of another member firm.

I appreciate the continued diversity of topics covered in this issue. There is no better way for most of us to keep abreast of changes occurring throughout the world than to read the highlights our contributors provide. The articles provide all of us with an opportunity to consider how the topics covered may affect our clients. Better yet, the topics may provide us with ideas on how to better serve the clients we have or to seek new opportunities.

That leads me to think about the opportunities that come with the world events we are living through. These seem like unprecedented times, and those thoughts can be discouraging or worse. Nonetheless, unprecedented times lead to unprecedented opportunities. In the US, we are going through an election cycle that many of us could never have contemplated. No matter the election results, we can anticipate that political changes will affect tax and other regulatory policies. We should collaborate and strategise now by anticipating such changes. We can market this guidance to existing and new clients.

By April, the UK and greater Europe will have a better understanding of what Brexit will actually mean. With changes in the geopolitical landscape come opportunities for new services. Already we have seen member firms band together to contemplate how the Brexit vote will affect cross-border transactions. Changes will require guidance and our experience across multiple jurisdictions sets up Morison KSi members to be a provider of services.

Growth in the Asia-Pacific economies will average 5.3% during 2016–17. While Asia remains the engine of the global economy, the moderation in regional growth reflects the sluggish global recovery and slowing global trade. As external demand remains relatively subdued and global financial conditions have started to tighten, domestic demand will become a major driver of activity across most of the region. Implementing structural reforms is critical to bolstering potential growth and reducing potential vulnerabilities. All of these changes require informed guidance.

Latin America's regional economy remains with declines in GDP in the first half of 2016. The economic deterioration that persisted in the first half of the year reflected broad-based weakness across the region. Certain economies continue to experience economic turbulence while others show a deceleration in economic activity. In spite of overall regional weakness, several economies continue to gain momentum. Again, with challenges come opportunities.

Africa is urbanising quickly, resulting in the creation of sustainable cities amid structural transformation. By the mid-2030s, the majority of Africans will live in urban areas. Africa's structural transformation will occur only if productive employment and sufficient public goods accompany it. However, diverse urbanisation patterns across African countries show that unplanned urbanisation can hinder structural transformation. In many African countries, a large portion of the urban labour force remains trapped in low-productivity informal services activities and access to public goods is unequal. The costs of environmental degradation is of concern, adding to the economic and social challenges of urbanisation. Think of the opportunities in front of us as Africa continues this transformation.

I am sure you can add many other issues to the lists above. Please do so. I ask each of you to come up with one opportunity you see in front of you. Share these ideas with your regional board of directors so they can work with you to make them a reality.

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What will Brexit mean for you and your business?

By Maureen Penfold,
Managing Partner,
Kingston Smith LLP,
United Kingdom

E: mpenfold@kingstonsmith.co.uk

On 23 June, the UK made the historic decision to leave the EU with a referendum result of 51.9% to leave and 48.1% to remain; a decision which has opened a Pandora's Box of options for the UK's future relationship with the EU.

The vote to leave the EU was followed in quick succession by a number of political and economic occurrences; David Cameron's resignation as Prime Minister, a Shadow Cabinet imploding and a crash of the markets, with Sterling's value dropping. Concerns were raised over the future of the economic stability and continued access to the Single Market.

Theresa May was appointed Prime Minister on 13 July, following a short Conservative party leadership contest. A new Cabinet was formed with a mixture of both remain and leave supporters, and a number of key Brexit campaigners being appointed to high profile positions: Boris Johnson as Foreign Secretary, David Davis as Secretary of State for Exiting the EU, and Liam Fox as Secretary of State for International Trade. These appointments in particular have caused marginal concern in Europe, suggesting that negotiations may be long and increasingly difficult in securing an EU relationship that satisfies the Brexiteers.

Theresa May's recent visits to major cities in Europe have tempered the pressure on the UK for an immediate trigger of Article 50, the formal mechanism for starting exit negotiations. Indeed, there seems to be a strong desire by the Cabinet to knock the time for triggering Article 50 as far into the long grass as possible. It is probable that once Article 50 has been triggered, the negotiating base of the departing UK will be significantly weakened. While Theresa May's message has very much been 'Brexit means Brexit', in her European talks it is the issue of free movement – one of the four freedoms of the internal market – that is likely to be one of the most deciding factors in the negotiation. Access to the single market, coupled with passporting rights will remain high on the political agenda, with much debate around these topics being anticipated.

In terms of the markets there has been fluctuation since the vote took place. The pound suffered considerably in the immediate aftermath of the result, seeing its worst performance since the financial crisis of 2008. The UK was stripped of its AAA rating by Standard and Poor's to AA in terms of economic, fiscal and constitutional risks, leading to some concern about London's status as an international financial hub - however this is unlikely to change in the short term. Early August saw the Bank of England cut interest rates for the first time in more than seven years from 0.5% to 0.25% - a new record low. Growth for the UK economy has also been forecast to fall, to 0.8% in 2017 (from 2.3%) and 1.8% in 2018 (from 2.3%). However, again, there been little evidence of any impact on consumer spending and few alterations to businesses' employment intentions. There have also been recent foreign investments, such as Japanese SoftBank's offer on ARM Holdings and GlaxoSmithKline is set up to invest in expanding its manufacturing sites. There are other investment decisions that are 'on hold' until the future of Brexit becomes clearer. One example is car manufacturer Nissan, who is Chief Executive has warned that future investment decisions will depend on the outcome of Brexit negotiations.

The economic landscape is a mixed bag and we will likely see ups and downs in the coming weeks, months and years as the Government prepares itself for the inevitable. We will have a much clearer understanding about the Government's plans for the economy in the Autumn Statement and Philip Hammond, the UK's new Chancellor of the Exchequer will no doubt focus on a host of issues relating to business, assessing the uncertainties around the level of market access Britain will retain with Europe.

As the dust settles, there remains an underlying sense of optimism about the UK's future outside of the EU. While the UK settles into the realisation that Brexit does mean Brexit, it becomes continually clear that there could be myriad meanings to this concept, and what this will mean to different areas of society. For example, the concerns of the SME sector will remain key as developments move forward. The importance of SMEs and entrepreneurial business was highlighted by Theresa May on 4 August, which remain "the backbone of the British economy" – and of the Kingston Smith client base.

We must not forget that we are a nation that continues to thrive; and we have always been a top international destination for business and trade which dates back to before the EU's existence. The UK will retain its cosmopolitan character in a commercial world; coupled with our shared institutions including world class universities, common law and the English language. The key will be engaging with the EU on a basis that suits all member states, as well as forging new trading relationships with both existing and emerging economies around the world.

The UK is still very much open for business, and this has been reiterated by Sadiq Khan, Mayor of London. Khan's #LondonIsOpen campaign promotes that London is united and open for business and to the world, following the vote to leave the EU. London remains an entrepreneurial City, thriving on its international links, and Khan's message of reassurance chimes with the business community.

As business advisers, we encourage our clients to remain cautious and fluid in these uncertain times, and to be optimistic about seizing opportunities where possible. We are committed to working alongside our clients to help navigate the changing political and economic landscape, to help enhance businesses and organisations so that they may continue to reach their potential.

At Kingston Smith, we have set up an internal specialist team to monitor and advise our clients and contacts on all aspects of change which may be shaped by the Brexit vote. You can find all our latest updates, opinion and analysis on our Brexit Hub.

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Mauritius: A springboard for Asia to invest in Africa

By Parvez Mohangoo,
Audit Manager, Morison (Mauritius), Mauritius

E: parvez.mohangoo@morismu.com

Weaker global conjuncture and the 'Leave' vote for Brexit have created uncertainty around growth prospects. But Africa is still perceived to offer exciting opportunities for investment and growth. Historically, Western countries have played a major role in Africa's growth, with the EU being its biggest trading partner. But over the past decade, Africa's relationship with Asia has intensified. Mauritius is strategically well positioned between the two continents, as a secure and reliable investment hub providing Asian investors with the appropriate platform to explore the African market.

African countries are demonstrating resilience to the global economic slowdown. Although the growth prospects are bright, they differ from country to country and sector to sector. Some example of well-performing economies are Ivory Coast, Tanzania, Kenya, Ethiopia and Senegal, with the latter achieving a growth rate of 6.5% – the highest over the last decade. On the other hand, large economies such as South Africa, Nigeria and Angola are still performing well even though they have been hit by the collapse of commodity prices.

Agriculture, banking, consumer goods, infrastructure, mining, oil and gas and telecommunications are among the emerging sectors of African economies. African societies are evolving towards a rising middle class with increasing purchasing power and growing consumption, attracting investors globally. Digital revolution and the expanding banking sector have given the middle classes more access to credit. The power sector represents another attractive opportunity in the continent: Africa represents 13% of the world's population, but only half have access to electricity (by comparison, India provides electricity to over 80% of its population).

Western multilaterals have always played a significant role in Africa's growth, and Asian countries are now keen to explore these markets. China has materially invested into Africa and Japan is hosting the Tokyo International Conference on African Development (TICAD) for the first time in the African continent, focusing on ways to improve Africa's healthcare system. The change in trade partnership and closer relationship with Asia could have long-term benefits for Africa, as increased investment and expertise flow in from the East.

Despite Africa's promising long-term investment potential, there remain many challenges for Asian investors approaching the market. As a massive continent with many different cultures, Africa's customer needs can be hard to pin down. There is also the disadvantage that any such investment is likely to be one-way – from Asia to Africa. Other factors such as poverty, poor education, ill health and violence can discourage investors. But wise investors will find a secure way to enjoy the opportunities afforded by investment in Africa.

Given its strategic position in the Indian Ocean and its financial culture of best practice, Mauritius has built itself a solid reputation as a safe and reliable investment hub in terms of good governance, transparency, ethics, economic and political stability. Its business-friendly atmosphere has helped to establish the country as the World Bank's No. 1 country for doing business in Africa.

March 2016 saw the launch of the Africa–Asia Air Corridor (Figure 1) following an agreement between the Mauritian government and Changi Airport, Singapore, to further connect Africa with Asia and facilitate business affairs between these two continents and the rest of the world.

From a tax perspective, Mauritius is a low-tax jurisdiction and has signed several treaties and multilateral agreements with many countries assuring the protection of foreign investors. It is also a free market economy where there is no limit on transferring profits, dividends and capital out of the country.

The literacy rate in Mauritius exceeds 80% and it has a well-educated multilingual workforce with qualified professionals such as lawyers, engineers, programmers, consultants, accountants and executive secretaries. The time zone is favourable for Europe and Asia, and the country has already established a sound infrastructure for business and leisure.

Both Asian and European investors have come to recognise Mauritius not only as a tourist destination, but also as a place that facilitates business both in Mauritius and further afield. Perhaps African investors should be encouraged to take a similar perspective, and view Mauritius as a springboard and platform for investment in Africa.

1. See http://www.govmu.org/English/News/Pages/Africa-and-Asia-South-East-Asia-Air-Corridor-Increase-in-Total-Traffic.aspx

"Both Asian and European investors have come to recognise Mauritius not only as a tourist destination, but also as a place that facilitates business both in Mauritius and further afield. Perhaps African investors should be encouraged to take a similar perspective."

Figure 1. The Africa–Asia Air Corridor, launched in March 2016.[1]

Forensic accountancy – what's involved?

By Alfred Sambaza,
Associate Director and
Tsitsi Chatambarara,
Assistant Manager,
SizweNtsalubaGobodo (SNG),
South Africa

E: alfredsa@sng.za.com
E: tsitsic@sng.za.com

Alfred Sambaza

Tsitsi Chatambarara

Forensic accounting is an important aspect of forensic investigations, particularly in the financial arena.

The term

The term 'forensic accounting' is said to have been first used in 1946 by a partner in a New York accounting firm who wrote about the use of accounting in the courtroom. Thereafter, journals began publishing articles discussing the link between accounting and the law. In 1953, a New York lawyer claimed to have coined the term 'forensic accounting'. Nowadays, the forensic accountant is also known as the investigative accountant, forensic auditor or fraud auditor.

The rise of the forensic accounting profile

History has several examples of forensic accounting investigations or services pre-dating the 'invention' of the term forensic accounting:

- One example is the famous first century B.C. story of how Archimedes uncovered a fraud in the manufacture of a golden crown commissioned by the king of Syracuse.

- The *Meyer vs. Sefton* case in Canada of 1817 relating to a bankrupt estate is credited as being the first documented example of an accountant acting as an expert witness.

- In 1824, Scottish accountant James McClelland advertised his availability to provide expertise in arbitration matters, including the 'making up of Statements, Reports, and Memorials on Account Books, on disputed Accounts and Claims for the purpose of laying before Arbiters, Courts or Counsel.

- There is also the 1930s story of how investigators working on the Lindbergh kidnapping case used the serial numbers of bank notes used to pay the ransom to attempt to track the kidnappers.

It is, however, more recent corporate scandals such as Enron, Tyco and WorldCom that have highlighted the role of and the need for forensic accountants in investigating commercial crime.

The auditor versus the forensic accountant

Several forensic accountants have a financial accounting and/or auditing background (e.g. external audit, internal audit, financial management, tax). Though the forensic accountant will make use of a huge portion of the skills honed by general auditing (e.g. understanding of financial statements, accounting systems and internal controls), there are important differences between the forensic accountant and the external/internal auditor. These differences are particularly apparent in their objectives:

- The external/internal audits are assurance functions, meant to give the relevant parties reasonable assurance as to the fair presentation of an entity's financial statements and/or adequacy and effectiveness of the entity's systems of control, risk management and governance.

- On the other hand, the forensics accountant is usually brought in to investigate allegations of a commercial crime (e.g. embezzlement of funds, fraudulent financial misstatement or hiding of assets). The forensic accountant will gather evidence or act as an expert witness during legal proceedings relating to uncovered fraud.

The forensic accountant at work

The investigation of fraud, corruption and other economic crime, particularly when it concerns senior management of an entity, requires a thorough, professional and independent approach. Affected parties will need a professional with a combination of accounting and forensic investigative skills in order to reach a thorough conclusion that s/he is able to testify on, be it in a boardroom, disciplinary hearing or a courtroom. This need is further highlighted by the complexity of today's world with respect to accounting standards, hard-to-understand financial instruments or group structures and legislation.

Some of the characteristics exhibited by good forensic accountants include:

- Comprehension of accounting standards
- Good grasp of financial reporting systems
- Scepticism
- Innovation – some creativity may be required in approaching particular challenges
- Resilience – especially when it comes to following a seemingly unending web of evidence
- Good grasp of the law of evidence
- Inquisitiveness and the desire to read widely
- Good grasp of data analytics tools – necessitated by the sheer volume of data in today's businesses
- Related to the above, ability to draw inferences from various data sets and/or patterns
- Good interviewing skills: often, the answer you get is only as good as the question you asked
- Good communication and reporting skills – especially useful when the forensic accountant has to present a set of complex principles (e.g. complex financial instruments or accounting treatment) to a judge, magistrate or presiding officer unfamiliar with the concepts and terminology.

The forensic accountant needs to understand the accounting and finance, as well as company and commercial law, aspects of an investigation, and should therefore be well versed in business processes, financial reporting systems, accounting and auditing standards and legislation.

Apart from tackling commercial crime, the forensic accountant's skills are also valuable in the following areas:

- Proactive review of an entity's financial reporting system as part of fraud risk management
- Valuation/ quantification of claims, e.g. loss of income claims and claims arising from breach of contract
- Tracing and/or valuation of assets and/or individuals' net worth, e.g. in divorce cases
- Anti-money laundering, e.g. tracing and analysis of financial transactions
- Testifying as an expert in matters involving any of the above or other finance-related matters.

Clearly, these complex demands require today's forensic accountant to evolve with or, if possible, ahead of changing business patterns and technology.

"The investigation of fraud, corruption and other economic crime, particularly when it concerns senior management of an entity, requires a thorough, professional and independent approach."

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Living in the millennial world

By John Evans,
Partner-in-Charge (New Jersey office),
Marks Paneth LLP, United States
E: jevans@markspaneth.com

Forces of unimaginable power are reshaping the business world – and in ways unimaginable even 30 years ago: Continual connectivity, relentless technological innovation, personalised interactions, increased efficiency, rapid turnarounds, and high-value relationships and outputs.

What's more, hi-tech development, globalisation and the need to improve efficiency are becoming critical strategic priorities worldwide. As a result, organisations have to become more agile in order to support new business strategies and meet growing employee and client expectations.

The fundamental questions for companies today then – and those who work for them – are: Does your brand actually attract new clients; does it encourage those clients to spend more; and does it earn you any loyalty?

Your 'new' clients are millennials and they have a message for you!

The craving for connection

These questions are even more important given the profound changes that your client base is now undergoing.

That base, once the exclusive preserve of what some have charitably termed the 'pre-digital' generation, is quickly evolving into one more and more comprised of so-called 'millennials' – that is, people born between the early 1980s and the early 2000s. Also known as 'Generation Y' because it comes after the Generation X (that is, those born between the early 1960s and the 1970s) the members of this demographic blip will forever alter the developed world, and, by default, the world of business.

These millennials-as-clients will be customers who will want, even demand, the free flow of information and simultaneous interactivity for those activities they care most about. For companies today, delivering on those demands may require heretofore increased levels of complexity in their support capabilities — but these 'new' customers will need to experience those increased capabilities as simplicity and directness.

For these customers it's all about a having a connected experience, about having access to the *right* capabilities – not the *number* of capabilities, per se. In other words, they want a 'connected' experience, regardless of the channel. They care only about what is convenient for them, not you.

In some ways these technologically-enabled modes of connectivity are a natural extension of an historical, even genetically determined, need on the part of human beings to connect. Family, friends, tribe, clan, even town and country are expressions of this deep-felt need. And technology is probably an expression of that craving – it is hard to be sure – but what is fairly certain is that humankind has always facilitated that need for connection through innovation.

In the pre-digital, pre-millennial world the way businesses ordinarily connected with their customers was largely linear. Today, customers interact with businesses as a network of people, conversations, and technologies – across and adjacent to your enterprise. In fact, the recent past has seen a substantial reduction in the linear limits to connection. Today, connection is instantaneous and decidedly non-linear.

Now, customers interact with your business as a series of interconnected networks – networks of people, conversations, and technologies, all experienced in an instant 'now'. In other words, dynamic simultaneity.

And your new clients are what?

Millennials get a 'bad rap' from the pre-digital, analog generation. And it is largely undeserved.

Like the youth of every generation before them they have been accused of being privileged, over-educated, self-important whiners who have an exaggerated sense of their own self-worth. They are, in short, spoiled brats who need a lesson in humility.

Nothing could be further from the truth.

Not only are they *not* self-entitled whiners, millennials are tenacious survivors of the greatest economic crisis since the Great Depression and are incredibly smart and well-informed. If that were not enough, they are also remarkably optimistic about their futures, in spite of being saddled with unprecedented levels of debt and a job market that has been truly dismal.

They are, as a group, impatient, cynical, connected and highly informed. According to the Pew Research Centre [1], millennials "Are relatively unattached to organised politics and religion, linked by social media, burdened by debt, distrustful of people, in no rush to marry— and optimistic about the future." The children of 9/11, the Great Recession, and a globally connected world, they are nevertheless the generation that will be the business clients of tomorrow.

With that in mind, it is worth noting that, for millennials, the nature of relationships has irrevocably changed and almost everything is now digital. In fact, millennials inhabit both the physical and digital domains simultaneously. It is the regular order of business for them.

For companies that want to connect with these future clients – and make no mistake they *will* be your future clients – there are certain inescapable facts that must be confronted *vis-a-vis* this future client base.

First, they are not only incredibly aware, but they are extremely suspicious of any non-millennials, and *everything* non-millennials have to say.

Second, most millennials, most of the time, simply do not believe marketing messages that most companies and corporations put out.

The *'always on'* client

Hard as it may be to accept, most millennials really don't care how smart you are – or how smart you *say* you are.

When dealing with the 'always on' millennial client there are four major considerations to keep in mind.

First, the millennial client expects to have a connected experience with the company that serves them. As consumers, these clients compare experiences across industries and think accordingly. Reasonable or not they will almost invariably ask "If I can do 'XYZ' on Amazon, why can't I do this with you?"

Second, these millennial clients want to participate in any process that in any way includes them. In other words, they expect to be able to give feedback, have their views taken into account, and collaborate with their business partners.

"The millennial client expects to have a connected experience with the company that serves them. As consumers, these clients compare experiences across industries and think accordingly."

Third, millennials are generally able to make smarter decisions than their predecessors. They are simply better informed than ever, which means they can make smarter decisions that lead to better personal outcomes.

Fourth, and finally, these millennials bring an appetite for innovation to everything that they do. The fact is that the rapid evolution of personal technology has created a consumer thirst for innovative new services and products.

The need to compete

In an economy driven by direct experience it should come as no surprise that millennials have a high degree of risk aversion. From their digital point of view they simply do not have the time or money to experiment with brands, or companies, they don't trust. However, once they do trust a particular brand or company they will stay with that organisation – as long as it can field an ongoing, innovative series of new products they find useful.

The world of the millennial is also experience driven to an extent unknown to the inhabitants of the pre-digital world. In fact, digital 'word of mouth' is three to four times more influential for this demographic than paid marketing. The opinion of others in the digital realm is more crucial to a millennial's decision making than all the ads, op-ed pieces, and marketing efforts fielded by many organisations today.

In the digital world *everyone* has a voice. Social media not only gives everyone a platform to share their experiences and opinions, but millennial consumers are 80% more likely to share a bad experience than a good one. This is, in short, an economy driven by experience.

Living in an experience economy

Today's clients live in a connected world where brands must be on 24/7 in order to be taken seriously, an especially important feature since markets are continually being disrupted by new entrants who are more than happy to seize a competitor's clients. That is one reason customer service expectations are constantly escalating: The competition will do all it can to outperform its rivals, including offering unprecedented degrees of customer service responsiveness. The result is that clients will gravitate towards the brands that deliver on *their* desired outcomes, not those of the brand itself.

The fundamental question for today's, then, is "Does your brand experience attract new clients, foster a greater share of spend and earn loyalty?" In other words, is your organisation truly customer centric?

Your 'new' employees are millennials too. But they march to a digital drum!

It's worth keeping in mind that the people today's organisations are hiring have been shaped by the same forces and circumstances as their clients: A world of constant connectivity, technological innovation, personalised interactions, efficiency and rapid turnaround, and high-value relationships and outputs. The 'children' of the Great Recession and 9/11 they are at once impatient, extremely cynical, and connected in ways that members of the pre-digital age often find hard to comprehend. They are also informed, highly aware, and more optimistic about the future that current conditions would suggest.

Walking the walk

It is commonplace today for companies and organisations to tout their commitment to such things as 'work-life' balance, flexible work arrangements, and doing social good – but don't actually deliver on those promises. From the cynical point of view of today's millennials many organisations commit to these ideas but never deliver, and probably did not intend to all along.

It would be a mistake to assume that today's talent does not take these promises seriously. They do.

Millennials are not kidding when they say they want a real work-life balance. They want it and they will have it, and if their employers are unwilling to fulfil their promises these denizens of the digital age will take their talent elsewhere. And they will not necessarily tell their employers that they are unhappy or dissatisfied. They will simply leave, quietly, and find an organisation that does what it says it will.

In fact, today's millennials will have made their decisions regarding any number of issues – who to work for and where, what work they value and what they don't, and whether their employers are worth their time and commitment – long before those employers are even aware that something is amiss.

Millennials not only want to feel good about what they do, but they also truly want to be a part of the process; they want to be part of the 'big picture' and they want and need to understand every single part of what is done and why. They are not, and never will be, content to be uninformed 'cogs in a machine'. It is anathema to them.

As such, these new 'digitals' need fast, quick, real-time feedback on their performance. Gone are the days when an annual or bi-yearly performance evaluation meeting with a manager or member of the HR department will suffice. What is especially remarkable is that, unlike their pre-digital predecessors, millennials today will rapidly adjust or fine tune their performance based on the input they receive – if it is relevant, if it is fair, and if it supports their needs.

The new talent pool

While it may take some adjustment on the part of those who hire today's millennials, the very nature of the talent pool has changed.

Would you, for instance, deny yourself the considerable talents and abilities that today's millennials can offer simply because they sport tattoos or demand real work-life balance?

Knowing that your organisation's clients *and* its talent are being drawn, more and more, from the same millennial pool should exert new pressures on all concerned. It is worth remembering that the experience you offer your people will affect the experience of your clients. That being the case, there are a number of serious questions you need to ask, and answer:

- Does our culture promote innovative, personalised, high-quality client experiences?

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- Is our employee experience fostering commitment from top performers and innovators?
- Do we have the agility to recognise and respond quickly to new opportunities for innovation and growth?
- Will we have enough people to realise the continued innovation and client service we aspire to deliver?
- Are our people equipped with the knowledge, capabilities and tools to drive efficiency and earn client loyalty?
- Have we empowered our employees to take appropriate risks and make decisions quickly?

Shifting priorities and altering expectations

Shifting strategic priorities and altering client expectations are now leading to business innovation and change. However, it is also clear that this is dramatically outpacing talent innovation. That fact is that outdated talent operations simply cannot drive top business performance. There is a critical question for today's leaders, then: Is your talent strategy accelerating your business strategy?

In the past, talent strategy was typically a business strategy afterthought, and excellence was defined as driving incremental improvement within individual silos. By retaining that old model in which talent was squirreled away in silos, rarely communicating and never 'cross-pollinating', organisations are consigning themselves if not to eventual oblivion, then at least to growing irrelevance and ineffectiveness.

To pave the way for a new business-driven approach, these silos must be shattered.

The imperative today is to re-assemble a talent ecosystem that is specifically designed to drive business advantage. New approaches, processes, and technologies give us the opportunity to create a much nimbler, more cost-efficient, and innovative ecosystem.

The Millennial imperatives

There are no sure-fire recipes for success, of course, but in this new digital context there are certain things you must do, organisationally speaking, if you are to attract *and* retain talented Millennials. Some of these 'musts' make sense regardless of your staff demographics or the industry you're in. But for millennials companies that exhibit the following characteristics are particularly attractive.

Your *entire* organisation should be able change direction on 'a dime', the better to maximise data insights and market intelligence. And that means decisions should always be made quickly and definitively. To be faster and more effective you have to remove obstacles that inhibit responsiveness.

New ideas can emerge at any time, and from *anywhere* in the company – be it the new intern or CEO. So, challenge convention, encourage experimentation, and reward reasonable risk. Remember, people who are empowered – and well informed – will invariably use good judgement when they are making decisions.

Give your people a sense of real confidence about the path the company is taking. Foster a sense of purpose and give everyone the information they need to make the right decisions.

Tomorrow's emissaries

There is little doubt that engaged millennials will be your organisation's best ambassadors – if you treat them properly and create the kind of digital, networked culture that will bring out the best in them. Recent research from Gallup has established what a lot of us suspected all along: That engaged talent drives profitability. The data[2], says Gallup indicates that companies with engaged employees achieve 33% higher profitability than those companies that are unwilling to create such cultures.

Footnotes

1. "Millennials in Adulthood: Detached from Institutions, Networked with Friends", Pew Research Centre, 2014.
2. "How Employee Engagement Drives Growth", Susan Sorenson, Gallup Business Journal, June 20, 2013.

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Italy’s allure for cinema and audiovisual projects

By Paolo Sbordoni,
Chartered Accountant - Auditor,
Studio Sbordoni, Italy
E: paolo.sbordoni@studiosbordoni.it

Italy is a country with an extraordinarily rich and varied culture and landscape. The astonishing range of locations, from stunning natural environments to sophisticated art and architecture, offers an endless variety of atmospheric settings for film and audio-visual production of all kinds, including promotional or business initiatives.

The Italian government is encouraging foreign investment in Italy’s film and audio-visual industry. Even in the remotest corners of the country, you will find public institutions that are fully engaged in supporting the film industry, especially companies that choose Italy for their production work. The kind of support they can offer includes advice and logistical support for filming or organising events in these areas. Professionals with strong expertise may also assist in securing financial backing.

In particular, there are many different forms of economic support available in Italy for international productions. While this can cover a range of different aspects of production, the funding is essentially divided into two categories:

- Funds issued by the central state (more detail below)[1]
    - Direct funds – highly selected and granted as a returnable loan
    - Tax credit – assigned automatically, entailing tax rebates
- Funds made available by the Italian regions (listed below) – these vary in terms of contribution size, type of financial product, beneficiary eligibility, selection criteria and how the funds are paid out.

National funds

Funds are available for the following projects:[2]

- Feature-length films of cultural relevance
- First and second full features
- Short films
- Original screenplay development of full feature films (fiction, documentaries and animation).

Tax credits are also possible, allowing tax debts (corporate tax, income tax, regional tax, VAT, social insurance and pension dues) to be paid off with the credit accumulated through investments in film. These are available for:

- Executive production of foreign films on Italian soil
- Outside investors in cinema production (companies that are not part of the film production process, but invest in the production of Italian films through profit-sharing agreements)
- Distribution companies that distribute Italian films on Italian soil.
- Independent TV and web producers:[3]
    - 15% of tax credit calculated on the eligible expenses incurred by independent producers of Italian works and co-productions
    - 25% tax credit for Italian executive production companies that produce films or part of films on commission from foreign production companies on Italian soil

Finally, funds are available for the following international co-productions:

- Italian/French films (mainly for cinema release). Deadlines for next applications still to be announced
- Italian/German films (mainly for cinema release)
- Italian/Canadian documentaries.

Regions offering funding

- Alto Adige
- Apulia (Puglia)
- Basilicata
- Emilia Romagna
- Friuli Venezia Giulia
- Lazio
- Piedmont (Piemonte)
- Sardinia (Sardegna)
- Sicily (Sicilia)
- Trentino
- Tuscany (Toscana)
- Valle d'aosta.

Footnotes

1. Pursuant to Italian Legislative Decree 28/2004 and the decree of 13 August 2013, 'technical means for the support of film production and distribution'.
2. Pursuant to Italian Legislative Decree 28/2004 and the decree of 13 August 2013, 'technical means for the support of film production and distribution'.
3. Italian Ministerial Decree of 5 February 2015, published in the Official Gazette of 25 March 2015, chapters I, II and IV.

SOX compliance on a global scale: How Sensiba San Filippo's new SOX and internal controls experts can help you

By Kevin Shives, Partner,
Sensiba San Filippo LLP,
United States
E: kshives@ssfllp.com

As a big step in expanding its consulting practice, Sensiba San Filippo (SSF) is pleased to announce that it has acquired The Resultants, Inc. — a boutique-sized firm with a strong reputation in Sarbanes-Oxley (SOX) compliance and internal audit consulting in the Silicon Valley.
With deep roots in the epicentre of growing businesses, The Resultants specialize in helping pre-IPO (initial public offering) companies as well as small to medium sized public companies with the right-sized scalable solutions for internal audit and SOX compliance.

Aside from vast experience with domestic companies, The Resultants founder and newly appointed Partner at Sensiba San Filippo, Kevin Shives, has also spent considerable time abroad helping companies with internal controls and SOX compliance.

What is SOX?

Since being signed into law in 2002, SOX compliance has become one of the most historically significant reforms to U.S. security legislation. With the goal of increasing transparency and creating a more formalized system of internal checks and balances, SOX essentially measures how well a company manages its internal controls. Broad ranged and crucial to success, SOX affects financial governance and accountability, data storage and transmission, as well as information technology. The goal: to create a safeguard for investors against inaccurate or unreliable corporate disclosures.

Strictly enforced and far sweeping, SOX has affected global markets on a scale far more than expected. In an interdependent world, it has proven critical to understand, implement and maintain the proper controls and compliance rules set forth by SOX.

International reach

While all American-based public companies are legally bound to the rules of SOX compliance, the law also extends to international companies that have registered equity or debt securities with the U.S. Securities and Exchange Commission (SEC). The penalty for non-compliance includes substantial fines or removal from public stock exchanges, therefore it is important to ensure that your company is taking the right steps in not only having robust internal controls, but maintaining them.

When non-U.S. entities get involved in SOX, it generally means that they are a financially material part of a U.S. public company that is required to be SOX compliant. In these situations, the foreign location will require essentially the same internal control evaluation as its U.S. parent. The role of our firm is to help these entities obtain or maintain SOX compliance by providing a full range of SOX services.

What's important?

All SOX implementations and on-going maintenance will follow these general steps:

1. Design
Use risk assessment and scoping to decide what key controls are required and then design them to effectively address the risk. A company's risk profile can change dramatically throughout the year, especially in a high-tech or equally dynamic industry.

Tip: The controls (and thus their design) should be reviewed periodically as circumstances change (i.e. acquisition, new product launch, new markets, growth or downturn), but at least annually.

2. Document
Key controls require sufficient documentation so that the process can be properly performed and replicated. Anyone performing controls should be clear on how to consistently perform them, and internal and external auditors should be able to easily test the controls for compliance.

Tip: The key word for documentation is "sufficient." Over documentation, especially in the first year, is a serious resource consumer. Reaching the documentation balance requires experience and perspective, so be sure to consult with your internal audit and external auditors to stay on track.

3. Test
All key controls must be periodically tested with the appropriate samples to gather evidence and support a conclusion about effectiveness.

Tip: Year after year, testing will consume a large portion of your SOX budget. Spend the necessary time and effort to ensure you have the most efficient and effective test resources available. A highly efficient test program will include: experienced testers, executing on well-developed test plans, utilising appropriate technology and proven procedure.

4. Evaluate & report
Results of testing will be compiled and evaluated to determine if there are deficiencies, and if so, their severity. There are three levels of deficiencies: deficiencies, significant deficiencies and material weaknesses. There is a lot written about the technical definition of deficiencies, but the practical concerns with each are as follows:

Deficiency – a control did not operate as "advertised," but the resulting impact is not significant. Correct the problem and learn from it. Report the issue to management and share with external auditors.

Significant deficiency – a control did not operate effectively and the impact was close to material, but not quite. This must be reported to management, external auditors and the audit committee.

Material weakness – one or more controls failed and the result was, or could have been, a material misstatement to the financials. This level requires full public disclosure in the financial statements.

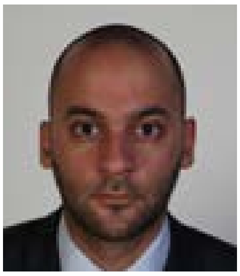
Tip: Developing a highly effective test program can help you find issues early, which will help you correct problems before they escalate beyond the level of a simple deficiency.

Ensuring that your company is SOX compliant can be a foreboding journey and a substantial expense, especially if resources are mishandled or the process goes astray. There are, however, experts to help lead the process and make your internal audit as effective and efficient as possible.

"Ensuring that your company is SOX compliant can be a foreboding journey and a substantial expense, especially if resources are mishandled or the process goes astray."

Cyprus, the land of opportunity

By Theodoros Theodoulo,
Audit Manager,
IOANNOU & THEODOULOU LTD,
Cyprus
E: t.theodoulou@ith.com.cy



There are many reasons to explore business opportunities in Cyprus, not least that, as an EU member since 2004, it is one of the fastest growing international financial centres in the world and attracts thousands of new investors every year. Cyprus also benefits also from its strategic geographical position and functions as a convenient gateway to Europe, the Middle East, Africa and Asia.

Brief overview of the tax system in Cyprus

Cyprus enjoys a very competitive tax system that is fully aligned with EU and International regulations, and is in accordance with all EU Directives. Its worldwide recognition is largely due to its large network of double tax treaties, in which over 58 countries now participate. This status is strengthened by the fact that the tax codes in Cyprus are in complete in alignment with international tax standards. It should be added that the island is also featured on the OECD's 'White List', which catalogues 'Jurisdictions that have implemented...internationally agreed tax standard[s][1]'.

Key tax incentives within Cyprus tax legislation

- One of the lowest corporate tax rates in the EU (12.5%)
- 0% tax on distribution of dividends to non-tax residents
- 0% tax on dividends received from another company, both local and overseas (under certain conditions)
- 0% on profits from the disposal of shares and other qualifying titles
- 0% on profits from a permanent establishment (under certain conditions)
- 0% capital gains tax on gains originating from non-Cyprus sources
- 0% tax for shipping companies for operations in international waters
- 0% tax on International Trusts or their income in Cyprus
- 0% Inheritance tax

The Cyprus Intellectual Property Regime can be fully utilized – when trademarks or patents receive income in a Cypriot Resident Company – and can result in a profits tax rate as low as 2.5%.

Other personal tax incentives

Cyprus not only offers a high standard of living, but also provides significant tax incentives and exemptions. Other than the tax-free allowance of €19,500 that every island resident enjoys, there are other beneficial exemptions for those accepting their first job on the island, such as:

- A 50% tax exemption on gross employment income of more than €100,000, which can be used for the first 10 years of residency.
- A 20% tax exemption on gross employment income (capped at €8,550 p.a, and applies to the years following first year of employment), which can be applied for the first 5 years, until 2020, when it will be abolished.

Non-domiciled status for individuals

Since July 2015, Cyprus distinguishes between domiciled and non-domiciled individuals, a distinction that was introduced in the Special Defence Contribution (SDC) legislation, which imposes taxes on certain income categories (interest/rent/dividends).

If an individual is deemed to be non-domiciled in Cyprus and is a tax resident of the island (which usually entails spending more than 183 days in Cyprus in any tax year), that individual will be exempt from the SDC legislation. That is, they will be exempt from paying tax on rental/interest or dividend income, irrespective of whether the income originates in Cyprus, or if the income is remitted or used in Cyprus.

Citizenship by Investment

As part of its long-term goals of attracting foreign investors to the island, the Cypriot government revised its 'Citizenship by Investment' guidelines in September 2016 to set out new criteria by which foreign investors may acquire Cypriot citizenship.

Becoming a resident of Cyprus brings with it a number of advantages, among them:

1. Cyprus offers a high standard of living with a very low crime rate. According to the World Health Organization (WHO), Cyprus is one of the healthiest countries in the world and relatively unaffected by industrialisation.[2]

2. Cyprus is ranked amongst the sunniest countries in Europe, with over 340 days of sun annually.

3. Although the official language is Greek, English is the dominant language used, especially when doing business.

4. You can travel freely, reside and work within the EU. Plus, the citizenship provisions can be enjoyed by the entire family, including the spouse of the applicant, children under 18 years of age, and adult dependents (up to 28 years of age and provided they are still in education).

5. No visa is needed to travel within EU, and there are no visa requirements for over 50 non-EU countries.

6. You are not required to physically reside in Cyprus either before filing the application, or after obtaining the Cypriot citizenship.

7. Obtaining the citizenship is fast for successful applicants, who typically receive their passports within 3-4 months of filing their application.

Would-be investors are required to invest at least €5 million, in one or more of the following: government bonds, financial assets, shares in Cypriot companies, real estate (residential and/or commercial) and deposits in Cypriot banks.

Investors may also apply through certain major collective investments schemes, which call for an investment of at least €2.5 million, provided that the total investment is at least €12.5 million.

Terms and Conditions

In all cases listed above, residence in the Republic of Cyprus requires that: the applicant holds a permanent, privately owned residence on the island, the purchase price of which must be at least €500,000 (before V.A.T.).

"Cyprus offers a high standard of living with a very low crime rate. According to the World Health Organization (WHO) Cyprus is one of the healthiest countries in the world and relatively unaffectedd by industrialization."

Those with criminal records are automatically disbarred from applying.

It is also worth noting that members of the same family who apply separately as investors can collectively acquire a residence, provided that the total value of the property covers the requisite €500,000 demanded of each applicant.

If an investor chooses to follow the path of investment in real estate, further tax incentives should be taken into consideration:

- Exemption from future capital gains tax for properties (land and land with buildings) purchased by the end of 2016

- Reduction by 50% of property transfer fees payable at the Land Registry upon transfer of a title deed in the name of the purchaser.

Other investment opportunities

Shipping in Cyprus

Cyprus is an internationally renowned shipping centre, home to some of the world's leading names in the global shipping industry.

More than 140 ship-owning, ship management and shipping-related companies are based on the island and together control a merchant fleet of 2,200 vessels, with 50 million in gross tonnage.

Cyprus has the only EU-approved 'Open Registry' regime with a very wide, but legally endorsed, 'tonnage tax' system (TTS), which was introduced with the Merchant Shipping Law of 2010 and covers the three main 'maritime transport' activities: ship owning, ship management (crew and technical management), and chartering.

In summary, the advantages of the Cyprus TTS include:

- No tax on shipping activities other than 'tonnage tax'
- No tax on shipping profits, including profits from the sale of ships
- No tax on dividends paid from shipping profits
- No estate duty or capital gains tax
- No income tax for seafarers on Cyprus-flagged ships
- No stamp duties on documents or mortgage deeds.

Intellectual property regime in Cyprus

The so-called 'Cyprus IP Box' – a 2012 initiative that grants beneficial tax treatment for income derived from IP rights, regardless of whether they stem from royalties or the disposal of IPs – has the benefit of EU member states' protection, as well as being part of all major IP treaties and protocols. Double tax treaties with numerous tax jurisdictions enable Cypriot companies to effectively reduce foreign withholding taxes on IP income.

Since the inception of the Cyprus IP regime, Cyprus has become a preferred jurisdiction for companies engaged in the acquisition and or development of IPs. Tax incentives include an effective tax rate of 2.5% per annum on income derived from exploitation of IPs (such as royalties, sale of IPs), which is considerably lower than countries offering similar IP Box schemes around Europe.

Upcoming changes in the regime

As the Minister of Finance of Cyprus has announced, the Cyprus IP regime is subject to harmonisation with Action 5 of the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS), as issued on October 2015. Parliament has not yet voted for an amended IP tax regime, but it is expected that the criteria set forth by Action 5 will be in effect from 1 July 2016.

According to the OECD, the nexus approach (which has been agreed by the Forum of Harmful Tax Practices and endorsed by the G20) is to be implemented and followed for IPs. This approach attempts to establish a nexus/relationship between expenditure, IP assets and income generated by these.

Footnotes

1. List of OECD Member countries - Ratification of the Convention on the OECD, Organisation for Economic Co-operation and Development, 2016. http://www.oecd.org/about/membersandpartners/list-oecd-member-countries.htm
2. http://www.euro.who.int/en/countries/cyprus.

Morison KSi

Malta – business hub of the Mediterranean

By Josef Cachia, Legal Advisor, KSi Malta, Malta

E: jcachia@ksimalta.com

In the past decade Malta has established itself as a well-known, well-thought-of territory with a strong financial, online gaming and maritime sectors. The success of these sectors can be attributed to two key elements: A robust – but amenable – regulatory environment and a corporate law sector that is serious but populated by business-friendly officials.

The Maltese company

At the epicentre of the Malta's success as a destination-of-choice for businesses is the Maltese Company and the Tax refund system, which extends to any company incorporated for financial, gaming or shipping purposes as well as the specific officially authorised regimes of the respective sectors. Opening a company in Malta is quick and efficient affair, where incorporation can be completed by the Registry of Companies in a matter of days.

Following incorporation, a typical business has a large number of banking establishments from which to choose. Notable among them are the Bank of Valletta, Sparkasse Bank, Mediterranean Bank, Sata Bank, Pilatus Bank, Banif Bank, APS Bank and HSBC Bank. And because Malta is a trustworthy jurisdiction and a full member of the European Union and the Eurozone, companies can trade with relative ease both within the EU and internationally.

Malta's tax refund system allows companies to maximise their profits via a tax system which effectively reduces taxation on corporate income from 0% to 6.25%. Maltese law also allows companies that are initially taxed at a flat rate of 35%, to request refunds on which can significantly reduce the effective tax rate by paying the refund directly to a company's shareholders. By interposing a second Maltese company between the trading company and the shareholder, the refund would therefore be paid to the holding company, thereby allowing the holding company to further invest such income in the trading company.

In addition, Malta has no transfer pricing, no thin capitalisation or CFC rules, and no exit or entry taxes. It also has over 70 Double Taxation treaties that directly benefit businesses incorporated in Malta.

Financial services

Financial Services are regulated by the Malta Financial Services Authority (MFSA), which is a robust but flexible regulator. Under the aegis of the MFSA all of these sectors have been growing at a substantial pace, with Malta now playing host to 27 banking establishments, 33 financial institutions or quasi banking establishments, over 600 funds, over 60 insurance undertakings and numerous trust and wealth management services providers. Potential applicants for business licences require an application to operate, which is granted by the MFSA following the normal vetting process.

The MFSA essentially treats every application on a case-by-case basis and modifies its rules and regulations depending on the size and type of the businesses. Plus is always very open to meeting with potential applicants to discuss their proposals. MFSA is also extremely efficient when it comes to processing applications for financial services licences, which are usually granted within six months. Membership in the EU also grants Malta strong passporting opportunities, which allows Maltese financial services companies to be passported under the relevant laws and regulations, including UCITS, MIFID and AIFMD.

Online gaming

Online gaming in Malta is regulated by the Malta Gaming Authority (MGA), which, like the MFSA, has acquired a reputation for being a robust, but very business friendly, institution. With over 470 gaming licences issued, Malta is sometimes called "Europe's Gaming Hub", housing some of the biggest players in the sector, including BWIN, Betsson, Betway, Amaya, Betfair and Unibet. When dealing with potential applicants, the MGA adopts a similar approach as the MFSA, allowing for meetings with potential applicants and adapting the rules as needed for the applicant's businesses. Taxation for gaming companies operates on a two stage level. In addition to corporate taxes, the MGA levies an additional gaming tax on a company's revenue, which in may never exceed €466,000.

Maritime and shipping

The Maltese shipping register is the biggest in Europe and the sixth largest in the world, having over 66 Million in gross tonnage on its books. In addition, the Maltese register also comprises one of the largest super yacht registries in the world, with over 500 super yachts being listed. Being an island in the centre of the Mediterranean and a bridge between Continental Europe and Africa, Malta's strategic position has no doubt contributed to its success in this sector.

However a strong legislative framework and an advantageous tonnage tax regime, coupled with the benefits of having a Maltese company own any vessel, further enhances Malta's position in the sector. Malta has also adopted a VAT lease scheme which allows owner to reduce the VAT on their yachts as low as 5.4%. Furthermore, Malta has no restrictions on transfers of vessels or of shares in companies owning such vessels.

Why Malta?

To further support these sectors, Malta grants numerous residence schemes for high net worth individuals, highly skilled individuals, and pensioners who would like to move to Malta by granting them a very beneficial tax rate of 15%. The Malta Individual Investor Programme provides a further opportunity for high net worth Individuals to obtain a European Passport because of their investment status.

After weathering the recent financial crisis, Malta's growth remains one of the best in the European Union, registering a 6.3% growth in 2015, with one of the lowest unemployment rates – 5.1%. With a booming financial, gaming and maritime sectors, Malta will almost certainly remain a key player in these industries for years to come.

"Malta's growth remains one of the best in the European Union, registering a 6.3% growth in 2015, with one of the lowest unemployment rates – 5.1%. With a booming financial, gaming and maritime sectors, Malta will almost certainly remain a key player in these industries for years to come."

Leveraging opportunities and building relationships within Morison KSi

An overview by Kingston Smith on the positive impact that the merger has had on their firm.

In April this year, Morison International and KS International merged to become Morison KSi; a global association representing over 1,200 partners, almost 9,000 professionals and 375 offices spread across 88 countries. We spoke to a few people at Kingston Smith about the positive impact the merger has had in their business areas and the opportunities that have arisen from this initiative.

Chandru Iyer, Head of International Business Development:

While the Kingston Smith India Group has always had regular interaction with the KSi firms in India the team has enjoyed similar interactions with the new Morison KSi firms. In March, we met with S.C. Vasudeva & Co. partners in Delhi and also met up with B.K. Khare & Co. in Mumbai, with further continued interaction during a follow up visit in July. There has been a steady stream of queries and request for quotes for possible work between ourselves and the Indian firms, and this is expected to grow further as relationships develop. We are considering doing seminars on “Doing business in India” in the UK and on “Doing business in the UK” in India later this year. On significant opportunity for us is the new auditor’s rotation policy. This could be beneficial not only for the Indian firms in terms of increased audit clients, but also for the Morison KSi firms across the world where subsidiaries of India groups are present.

Tom Moore, Partner and Monika Gayek, International BD Executive:

The Kingston Smith US team has been busy strengthening their relationships across the network and have met with Marks Paneth, HA&W and Sensiba San Filippo as well as having recent contact with DDK and Company in New York, Boston-based firm Waldron H. Rand and Company and Sloan Partners, based in Toronto.

Since the merger, we have implemented a number of initiatives to maximise the relationship, including developing symbiotic work-streams with Marks Paneth, particularly the Media & Marketing sector, hosting events for UK and US companies that are looking to do business overseas and working on a proposal for tax recovery services.

With regards to HA&W, we are hosting an event together in September focusing on Brexit and the possible impact on transatlantic business – reaching out to a wider audience. We recently met with Sensiba San Filippo in San Francisco and it was definitely worthwhile getting a better understanding of their local activities.

In terms of benefits, collaborating with our associate firms has strengthened the relationships across the various touch points of the firms. We have seen an increase on cross-referral activity, and it has also enabled our clients to experience a seamless service across borders.

Lynne Rowland, Private Client Tax Partner:

In the last 12 months, the Private Client Tax team has been building relationships with members in Gulf Cooperation Council (GCC) countries as we have identified that the majority of the residents are ex-pats, and a large proportion of those ex-pats have links with the UK. Typically those links are people who live and work in the GCC region, or locals and other ex-pats who have amassed some wealth and invested in UK real estate. Other interested groups are those who have been educated in the UK and retain interests and links to the UK, or invest in UK businesses.

The initial contacts have been in Qatar and we met with NAD Auditing and Consulting, in October during a trip to Doha. Following that, we met with KSi Bahrain Consultants & Public Accountants, in London who invited us to present at an event they were organising in Bahrain. This event took place in conjunction with Bahrain British Business Forum (BBBF) in May and around 40 people, comprising of locals and expats with UK interests, attended. The event was a great success with follow up meetings in London, email enquiries and invitations to repeat the lecture annually, and to talk to other groups in Kuwait and Saudi Arabia. We also attended a lunch in Bahrain organised by BBBF and met the British Ambassador and other local business people with UK links.

Our intention is to refine future seminar content to cover UK pensions and wills and probate as well as tax relating to those living in GCC. This will help to differentiate ourselves from the competition by offering a truly holistic service touching on tax, legal and financial planning in line with our multi-disciplinary practice credentials.

Working with the members in these countries has been made very easy by their open minds and willingness to help develop business links in the region, as well as assisting them to be the local conduit for these clients. This is a strategy that is in its infancy and shows great promise with many intermediaries in the UK interested in opportunities in the region and willing to share their contacts.

Brexit debate

In June this year, Kingston Smith held its first debate which focused solely on Brexit and the impact thereof. We were fortunate to have fellow Morison KSi members Jean-Pierre Larroze, Managing Partner of French firm Aplitec and Christian Clingen, Partner at German firm WTG on the panel to provide their insight on the issue. This event provided to be a signature event for the firm, a second debate was held in mid-October with the same panellists, and was again live-streamed.

In conclusion, it appears that the Morison KSi merger will continue to grow from strength to strength as relationships between the member firms continue to evolve.

Creative industries publish post-Brexit growth blueprint

By Carlos Grande, Editor,

Creative industries, United Kingdom

E: carlos@ipa.co.uk

W: www.thecreativeindustries.co.uk

Morison KSi member firm Kingston Smith is a commercial partner of www.thecreativeindustries.co.uk, a marketing portal developed by industry and government which aims to celebrate UK successes globally and increase international trade and inward investment in the creative sector..

While the prospect of Brexit is creating uncertainty for some parts of Britain's economy, the UK's creative industries have proposed to government an upbeat blueprint for future growth.

The Creative Industries Council (CIC), a partnership of industry and government, developed the plan to build on the global reputation and strong growth record of the UK's creative organisations. It was recently launched to ministers and MPs at a Parliamentary event (see pics).

The five-year strategy, entitled *"Create Together",* is designed to cement the UK's status as a global hub for commercial creativity. You can download it from www.thecreativeindustries.co.uk, a website in which Morison KSi member Kingston Smith is a commercial partner.

The plan identifies eight drivers of growth in the creative industries: digital infrastructure, diversity, education and skills, finance for growth, intellectual property, international expansion, regions and clusters, and regulation.

It includes recommendations to increase UK creative services exports to £31bn by 2020 and to encourage creative businesses to access new sources of finance to expand, and measures to help support the creative industries' economic contribution to all UK regions.

Sample recommendations include:

- Focusing on providing support and information to help creative organisations grow in scale and export ambitions
- Incentivising investment in IP to assist creative companies to build their asset base and revenue streams
- Improving the visibility of UK regional creative clusters via road shows and articulating benefits of dual, 'London +non-London' resource to foreign investors and partners

Creative industries contribute £84.1bn a year of Gross Value Added to the UK, and almost 2.9m jobs feature in the wider creative economy.

Official data shows jobs and service exports from the UK creative industries are also growing much faster than in the rest of the UK economy.

Total employment in the UK creative economy - the sum of jobs in the creative industries plus creative occupations in other industries - rose by 5.1 per cent in 2015 to 2.9m. Within the creative industries specifically, the number of jobs rose by 3.2 per cent to 1.9m.

By comparison, average UK employment rose by 2 per cent during the same period.

The value of services exported by the UK creative industries rose by 10.9 per cent to total £19.8bn in 2014. Across the UK economy as a whole, the value of all service exports rose by a more modest 2.3 per cent during the same period.

Launching the plan, Nicola Mendelsohn, Industry Co-Chair of the CIC, said: "The UK's creative industries are open for business as usual. We have long been an engine in delivering economic growth, new jobs and service exports to the UK.

"We now believe we can be instrumental in shaping the new growth agenda in the post-Brexit world and play an important part in economic development of all parts of the UK.

"We are ready and willing to play our role in the UK's future strategy and we want to work with government to ensure our world-beating creative organisations thrive in the post-Brexit world".

The CIC has vowed to work with government to:

- Tackle the fiscal, legal, technical and staffing barriers holding back creative businesses
- Encourage all parts of the UK and its diverse population and all types of creative enterprises to participate in growth
- Foster an exporting culture among creative companies
- Promote the business value of collaboration and connectedness across creative sectors
- Improve the statistical and research base on the creative industries as the basis for policy and business planning

For more information, on the creative industries growth strategy, visit:
www.thecreativeindustries.co.uk/strategy

Morison KSi

The Next Step

Contact Morison KSi to discuss your needs

E: info@morisonksi.com
T: +44 (0)20 7638 4005

www.morisonksi.com

Morison KSi
6th Floor
2 Kingdom Street
Paddington
London, W2 6PY
United Kingdom