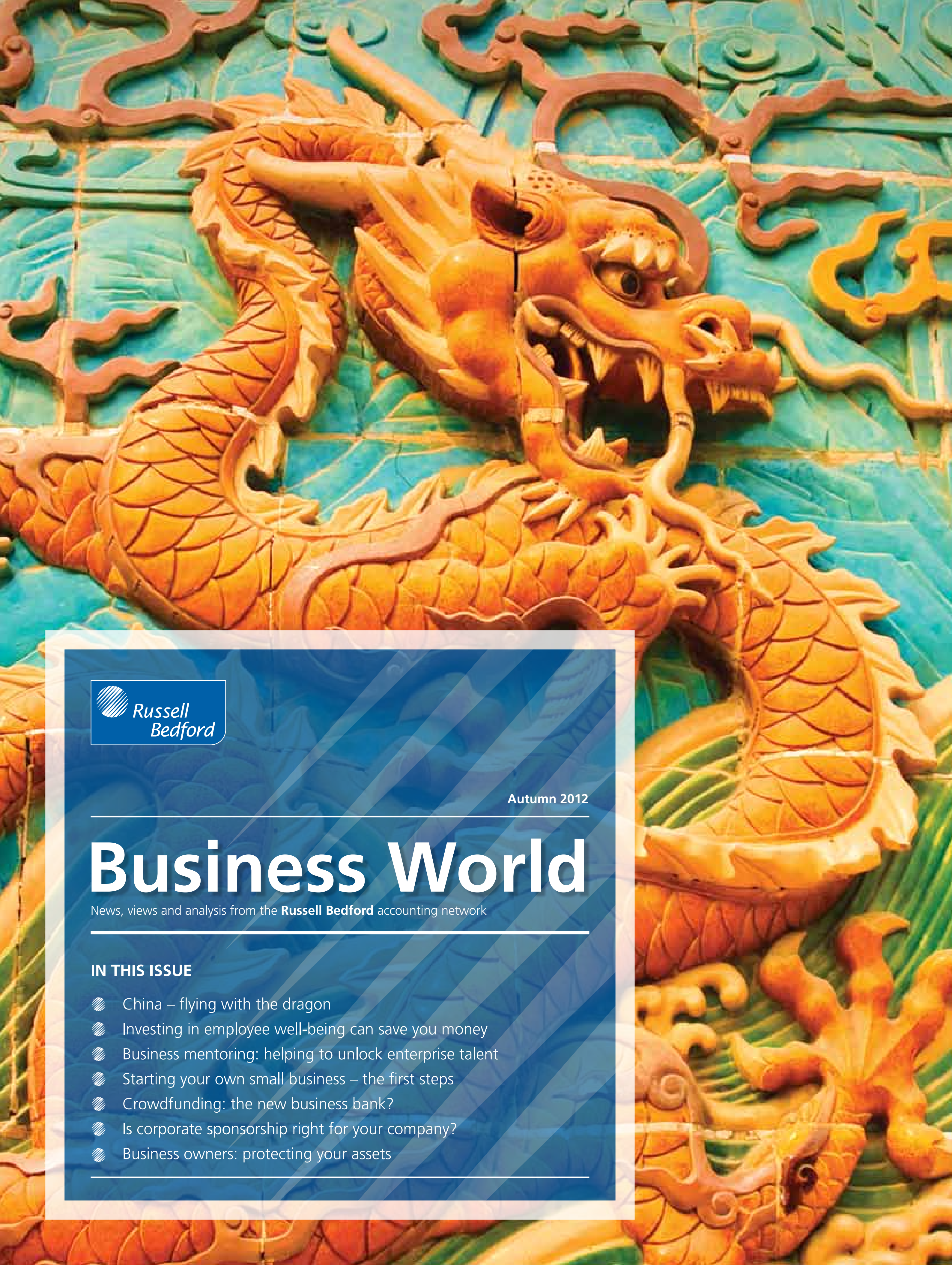

Russell Bedford

Autumn 2012

Business World

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

IN THIS ISSUE

Welcome to **Business World**

News, views and analysis from the
Russell Bedford accounting network

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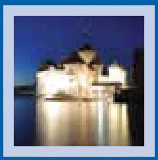
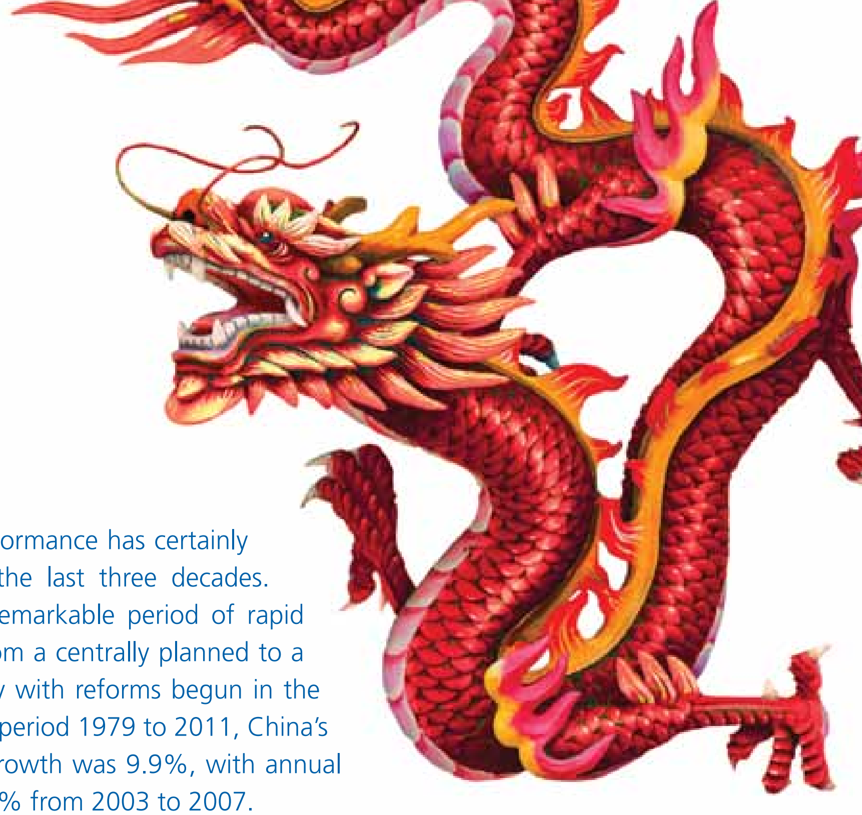


China – flying with the dragon



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Chinese economic performance has certainly caught the eye over the last three decades. China experienced a remarkable period of rapid growth as it shifted from a centrally planned to a market-based economy with reforms begun in the late 1970s. During the period 1979 to 2011, China's average annual GDP growth was 9.9%, with annual growth averaging 11.6% from 2003 to 2007.

China became the world's second largest economy after the United States in 2010; by 2011 nominal GDP was worth around 47 trillion Renminbi (RMB) or 7.3 trillion US dollars. China is playing an increasingly important role in the world economy.

Until the dawn of the global financial crisis in 2008, foreign trade provided the main stimulus for economic growth. Between 2001 and 2008, net exports and investment in related infrastructure accounted for more than 60% of China's growth. However, the European debt crisis and uncertain US recovery have hurt demand for exports. Add this to falling investment in domestic real estate and it is estimated that weakening global demand will slow GDP growth to 8% in 2012, down from 9.2% in 2011.

Reacting to this pressure on exports the Chinese authorities called for economic restructuring to aid future high-quality economic growth. The 12th Five-Year-Plan, covering the period 2011 to 2015, stresses the need to rebalance towards a more demand-led, service-sector-oriented pattern of growth while, at the same time, boosting investment.

This is clear from recent stimulus measures such as government investment in strategic industries and basic infrastructure in underdeveloped areas, and the first cut in one-year benchmark interest rates since the end of 2008.

Roles of the public and private sectors

The private sector in China has developed gradually since the late 1970s alongside a more liberated view from Chinese leaders on whether a private sector is socialist or capitalist. The private sector boomed when, in the 1990s, it received official recognition as an important part of the socialist market economy. By September 2011, the number of individual-owned businesses exceeded 36 million with total capital investment of 150 billion RMB. The number of private enterprises was more than 9 million with total registered capital of 25 trillion RMB. And the private sector contributed more than 50% of China's GDP and one-third of exports.

However, state-owned enterprises still play an important role in the economy and continue to dominate in oil, power, tobacco, steel, petrochemical, communication, motor, rail, aviation and financial services. While the role of the government in managing the economy may have reduced, preferential treatment for the public sector continues, and the administrative structure clings too closely to that of the pre-reform era.

Foreign direct investment

To attract foreign investment, the Chinese government has offered many incentives. This is especially true of taxation, which varies from that applying to domestic enterprises. China is now one of the leading recipients of foreign investment and this has contributed greatly to its economic success.

Foreign investors are encouraged to operate in priority areas needing modern technology and environmental protection. A condition of China's entry to the World Trade Organisation was that it should open up areas that were previously closed to foreign investment.

However, China still carefully controls the process by imposing certain restrictions on foreign investors. These include the requirements for approval, specific requirements on the amount and nature of capital contributions and restrictions on foreign participation in certain sectors.

Secrets of business success in China

Most foreign investors form joint ventures with local partners as it aids familiarity with the local environment, access to market information, and relationships with government agencies. The exception may be wholly foreign-owned enterprises that are export driven, provided the sectors in which they operate are not subject to 100% equity restrictions.

Networking is key. Establishing and keeping good personal relationships with business partners, government officials and employees is a big part of doing business in China. So it is useful to learn about basic Chinese culture and business etiquette. For example, 'face' or reputation is very important and you should avoid losing face or causing someone else to lose face at all costs. Seniority is also very important to the Chinese especially when dealing with the public sector.

Constant change characterises modern-day China. A flow of new laws and regulations means there is a continual need for investors to adapt their businesses quickly. Frustratingly, although there are good intentions to cut bureaucracy, people often find that officials on the ground haven't necessarily understood this message. Staying up to date and coping with rapid change represents a challenge for everyone doing business in China.

The importance of professional advice

Business people used to working in mature and stable economies will find China a new experience and discover challenges as well as opportunities. However, before you set up business in China be sure to seek professional advice, especially in the areas of business structure and taxation.

Establishing and keeping good personal relationships with business partners, government officials and employees is a big part of doing business in China.

Investing in employee well-being **can save you money**

In tough economic times it might seem reasonable that the welfare of employees is the last thing on employers' minds. But employee well-being is about more than coughs, colds, and bad backs. The concept encompasses all this and more, including mental well-being and satisfaction – both with life and with work. Work is a major influence in people's lives, and employers can optimise many areas to give the best employee experience – often without a large investment.

The cost of poor employee well-being

Before examining how much it might cost you to improve the well-being of your employees, let us explore the costs of ignoring it. The obvious cost, sickness absence, is high: in the UK, employers spent £673 on sick pay in 2011 for every employee. But these costs are small when you compare them to the hidden cost of low well-being. As well as the indirect costs of absence such as low team morale, interrupted customer relationships and inflated agency cover or overtime, there is the new phenomenon of presenteeism (people attending work but not performing). Evidence from the US and the UK suggests that presenteeism costs 50% more than absenteeism.

Clearly action is necessary. But what can you do about high absence rates and poor performance? Unfortunately, despite reasonable evidence showing what works, many employers carry out generic and simplistic schemes which have little impact on absence. For example, providing fruit bowls may be a nice perk but this practice is shown neither to increase overall fruit intake nor protect against illness.

What is clear is that initiatives need to be well-planned, respond to needs and have clear objectives.

Improving employee well-being

Experience shows that counselling and physiotherapy, although costly, can bring significant returns if you use them wisely. The return on investment can be as high as 750%. And training your managers to understand how to talk to employees about their health pays back in the long term in many ways.

In the UK, the Chartered Institute of Personnel and Development tells us that one of the most popular well-being steps employers can take is to revisit the design and implementation of absence policies. This may seem counter-intuitive, and you need to handle it sensitively, but dealing with absence promptly and effectively enables you to offer early support while your employees benefit from a clear structure with well-defined responsibilities.

Finally, regular work breaks can benefit your whole business. This can be a difficult message to sell to both managers and employees, who may feel there is no time for breaks. However, evidence shows we can only concentrate for periods of 20 to 90 minutes and if we do not take formal breaks, we take hidden breaks, such as shuffling papers and checking emails.

Summary

Involving your employees in any well-being initiatives is crucial; well-trained well-being champions at all levels of your business can help to build and promote a well-being programme that reflects the needs of your staff. There is strong evidence to show that with strong leadership, appropriate and low-cost interventions can improve employee well-being and bring significant savings to your business.

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Business mentoring: helping to unlock enterprise talent

About the author

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Naresh Shah is a partner in Lubbock Fine, the London firm of Russell Bedford International. Alongside his general practice work, Naresh advises both UK and overseas clients on tax planning and the establishment of relevant structures in relation to their individual circumstances.

Naresh's interests include voluntary work and he acts as a trustee and assists several charities. As well as being a business mentor for The Prince's Trust, Naresh is an ambassador for the London Chamber of Commerce.

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With one in five of Europe's youth now out of work, some of the region's brightest and best are taking control of their futures by setting up on their own.

But youth and energy are not, of themselves, any guarantee of success, with data from the Prince's Trust (a UK charitable organisation dedicated to supporting young entrepreneurs) indicating only 56% of new youth start-ups are still trading three years later.

As a long-standing business mentor for the Prince's Trust, I believe mentors have a crucial role to play in securing the futures of the next generation of entrepreneurs.

Youth unemployment: the real price of the economic crisis

One of the cruellest impacts of the current financial crisis has been the effect on the population least responsible for it. As youth unemployment reaches 22% across the EU27 (the 27 member states that make up the European Union) – hitting 52% in Greece and Spain – governments in all member states are waking up to the long-term consequences of missed opportunities, lost skills, and an ever more disengaged generation.

Unemployment across the EU27 has doubled since 2008. Around 4.2 million young people aged 15 to 24 (roughly 16%) were unemployed in late 2008; by March 2012 this had risen to 5.5 million – an increase of more than 30%.

Supporting young entrepreneurs

As the problem becomes more difficult, employers are taking the lead in encouraging support for young entrepreneurs. In the UK, the National Youth Enterprise Working Group (a consortium of the country's most dynamic businesses, spearheaded by Virgin Group) has been instrumental in persuading the UK government to create a £10 million nationwide pilot loans programme. In France, the 2011 Youth Entrepreneur Summit (held during France's hosting of the G20) received support from the cream of French blue-chip companies.

In my role as a business mentor to the Prince's Trust I have seen how domestic governments and multilateral agencies are increasingly recognising the vital role that one-to-one business mentoring can play in securing the futures of many young start-ups. The government-backed Mentorsme programme is the UK's first online gateway for SMEs seeking mentoring services, and the European Commission's Erasmus for Young Entrepreneurs' programme aims to match best-in-class emerging businesses with more experienced peers across the EU.

What does a mentor bring to a business?

The establishment of the UK's Mentorsme initiative in 2011 suggests mentoring is finally getting the recognition it deserves. But what does a business mentor bring to a business?

Business mentors have always been central to the activities of the Prince's Trust and its global affiliate, Youth Business International. The role of a mentor formally covers performance reviews (what could be done better, how to get more clients and coverage, sales and marketing issues, costs and benefits of various options), as well as more basic help with reporting and compliance.

Essentially though, the real value you can impart as a mentor is the fact you've been there before: having gained a degree of business experience yourself, you understand what's important and what's not.

Clearly, there is an educational element – it's easy to forget how daunting it can be setting up a business for the first time, and as a professional advisor I have been able to help two promising entrepreneurs optimise their tax efficiency and business planning in a way they might not otherwise have done. But I would say the most essential task I faced was getting the mentee to do what is needed by way of repeated reminders.

Managed effectively, the benefits to the mentee are obvious – even where a business doesn't succeed (and almost half don't). Quite apart from the less tangible benefits of resilience, tenacity, and self-discipline, the practical experiences of business planning, regulatory compliance and business development will be invaluable for those entrepreneurs prepared to try again.

But there are, also, distinct benefits for the mentor. The foremost and overriding reward, of course, is personal – knowing your experience is helping a young person drive their own future. But today's start-up could be tomorrow's roaring success, and young entrepreneurs talk to each other. If you're good, and if your advice is effective, other growing businesses will hear about it. This is the sort of promotion money can't buy.

Case study: Philip Blythman Photography Limited

From the minute I met Philip it was obvious he was going places. He had the energy, and he had the talent – and, unusually for someone so young, he had a clear idea of where he wanted to go. He knew what his strengths were, and was confident that, if he found the right niche, he could establish himself professionally.

We met regularly to review the financial position and major events over the preceding month – and, more importantly, to take a long hard look at his forward order book to consider how we could use various marketing and PR initiatives to fill any free days.

This mainly involved reviewing and updating the website and portfolio to make sure these were completely consistent with market trends and, more importantly, editors' expectations, as well as making contact with photo agencies and other sources.

Now a regular freelancer for Marks and Spencer, Littlewoods and a range of international fashion and travel publications, he has certainly achieved that. But, in one sense, I'm more proud of the fact that his business (and, specifically, his limited company) is now secure. Artistic integrity is one thing, but it doesn't pay the bills. I like to think that, in some small way at least, I helped him through the legal and regulatory essentials that, let's face it, none of us really understand until we have to.

But working through the benefits of limited company status versus sole trader or self-employment was, in one sense, quite straightforward; and Philip had the commercial nous to grasp key commercial concepts quickly.

Starting your own small business – the first steps

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Will Townsend is a senior audit manager with Cooney Carey, Russell Bedford's member firm in Dublin. He is a Chartered Accountant and is involved in the Cooney Carey team that assists start-up companies through their initial steps. Will has assisted in the preparation of a booklet for Ireland's second biggest bank on the topic of start-ups

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To become successful in business you need the right attributes, a good idea, a plan to make it work and a way of financing your business. In this article we take a look at what you need to consider when starting up in business.

Entrepreneurs – what do they look like?

Before you start your own business, be sure you have the personality traits that successful entrepreneurs display. The familiar characteristics of a successful entrepreneur include:

- Optimism – entrepreneurs focus on solutions not problems
- Passion – the quality that fuels their business and their personal lives
- Persistence – entrepreneurs keep going in times of adversity and stay focused on the end goal
- Flexibility – the ability to adapt to a changing environment
- Education – not formal education but a desire to learn and a drive to improve
- Focus – entrepreneurs focus on the big vision and recognise that short-term wins, although important, must add to long-term success.

Generating a business idea

If this sounds like you, the next step to setting up your own business is to identify a gap in the market that your product or service will exploit. This is easier said

than done and can be the toughest part of setting up your own business. To do this, ask yourself some searching questions. What services or products are missing from the market? Could you invent a new product? What do you dislike about existing products and services? Could you improve them?

Using your own life experiences to inspire your ideas can help you spot business opportunities. This will also make you passionate about your product as you will be able to see and sell the benefits. Remember passion is one of the key characteristics of a successful entrepreneur.

Turning your idea into a strategic plan

Studies show that a significant amount of new businesses with no business plan fail within the first two years. The old adage is true: fail to plan and you plan to fail.

Your business plan reflects how you see your business developing and maps out how you intend to drive your business forward. Your plan should set out your product, your intended market, and your key financial targets such as projected sales and profits.

Financing your plan

Your plan should also show the seed capital you need to start up and your day-to-day working capital requirement. It is vital that your assumptions and estimates are accurate and reasonable. Do this and you will be able to foresee any problems and resolve them before they happen. A robust business plan allows you and potential investors to see how your business may perform in the future.

Here are some ways for you to finance your business:

- Investigate any government support such as grants or loans.
- Borrow money from a bank or other lender.
- Ask for help from friends or family.
- Look at equity finance, where you raise money from external investors in return for a share of your business. These investors will usually be venture capital firms or business angels.
- Consider bootstrapping, a way of starting a business without external finance. This method is more strategic and focuses on creating cash flow, minimising expenses and reinvesting profits.

Structuring your business

How you structure your business will depend on what it is, how you finance it, and your long-term business goals. It will probably take one of these forms: sole trader, partnership, franchise or limited liability company.

Before deciding your structure, ask yourself the following questions:

- Is it important that you limit your personal liability?
- Does your business need to meet any regulatory requirements that may have a bearing on your business structure?
- How important is ease and cost of set-up? One structure may be easier, quicker and cheaper than another.
- Do you have an exit plan? If you do, consider how the structure choices impact on your plan.

The tax and accounting requirements you have to meet will depend on where you operate. Also depending on where you operate there may be government tax incentives so be sure to investigate this. Wherever you are and whatever your business, choosing how to structure your business is an important decision. It is worth seeking professional tax and accounting advice to help you make the right choice.

Conclusion

Becoming a successful entrepreneur isn't easy. Most successful people will tell you there is no right or wrong way and that to be successful you must be willing to fail. If you have the right entrepreneurial characteristics, the right idea, and you structure your business in the right way, you stand a good chance of succeeding.

Crowdfunding:
the new business bank?

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Luke Lang is marketing director and co-founder of Crowdcube – an online equity-based crowdfunding platform. Crowdcube gives entrepreneurs and business pioneers a new way to raise business finance by tapping into a 'crowd' of like-minded people willing to invest smaller amounts of cash in exchange for rewards and a stake in their business. Visit www.crowdcube.com to find out more

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Raising business finance is difficult at the best of times, but in the current global financial insecurity many banks, business angels and governments are tightening their belts. So start-ups and growing businesses needing finance are finding it difficult to get.

As a result venture capitalism is no longer the domain of the rich. Business borrowers are beginning to bypass the usual sources of money, and the ordinary person is taking the opportunity to invest and support entrepreneurs with a new finance philosophy that turns conventional wisdom on its head.

Crowdfunding is a recent phenomenon

Crowdfunding describes the collective cooperation by people who network and pool their money together, using the Internet, to support an idea, project or business. Crowdfunding started around the turn of the century with bands and musicians turning to their fans to fund their next album or music video in exchange for rewards. However, it wasn't until it was used for the creative arts at the beginning of the next decade that crowdfunding began to take-off with websites such as Kickstarter, IndieGoGo in the US and Crowdfunder in the UK gaining traction. The reward-based model has proved successful with several Kickstarter projects exceeding the million dollar mark.

Equity-based crowdfunding

The next generation of crowdfunding seeks to help entrepreneurs raise business finance by offering investors an equity stake in the business, rather than rewards. Entrepreneurs can showcase their investment potential to thousands of micro-investors and wealthy people by uploading a video pitch and supporting documents. This revolutionary model for raising business finance bridges the funding gap that is widespread in today's business landscape.

Crowdcube has pioneered equity-based crowdfunding in the UK. Since launching in early 2011 Crowdcube has helped 21 UK-based businesses raise more than £3.7 million of investment. Notable successes include:

- Bubble & Balm – a fair-trade body-care company and the first business to raise £75,000 using the platform, in July 2011.

- The Rushmore Group – a London-based company operating popular private members clubs in London, France and New York that raised £1 million from its members to finance a new venue in the heart of London.

- Escape the City – a website that helps professionals to transform their careers – turned down two offers from well-known venture capital firms, to raise £600,000 in 16 days by crowdfunding its next phase of growth.

Peer-to-peer debt finance

Peer-to-peer social lending is also transforming the business-finance market by providing an online marketplace that allows people to lend to established UK businesses. People can lend small amounts and can get healthy returns from their investment. Funding Circle in the UK and Lending Club in the US are leaders in their own markets and both offer competitive options for established businesses seeking loan finance.

Benefits of tapping into the crowd

Equity crowdfunding means you can spread your business's investment across tens or hundreds of smaller investors. You get a bigger pool of talent and experience to tap into that has a vested interest in your success. Also, you're less likely to be held hostage by a single large investor who could suddenly withdraw their offer, negotiate an unfair equity stake or become a high-maintenance, interfering stakeholder.

You also allow people to invest who previously wouldn't have had the personal wealth to do so. Family and friends, employees and even customers can now become stakeholders in your business and share in its success. Because they have a vested interest in the success of your business, these investors can also become your biggest supporters. The marketing effect and online buzz from a successful crowdfunding can also be considerable.

You should remember that you will need to manage investors by communicating regularly on business progress. This may be more challenging with many individual investors but not something you can't overcome with effective use of technology.

Finally, the transparent nature of crowdfunding won't suit everyone. Businesses with sensitive intellectual property may not wish to disclose their secrets on a 'public' website with little non-disclosure protection.

Bank to the future

The investment market has long-needed a fairer approach. These new models are changing the age-old way of raising business finance by enabling a 'crowd' of people to pool small amounts of money to give businesses a much-needed boost. These developing approaches allow entrepreneurs to bypass business angel networks, venture capital firms and banks to secure funding by connecting with a world of armchair investors.

Equity crowdfunding means you can spread your business's investment across tens or hundreds of smaller investors.

Is corporate sponsorship **right for your company?**

About the author

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Author of "How to Jump-Start Your Sponsorship Strategy in Tough Times", Gail Bower is a consultant, writer, and speaker with more than 25 years of experience managing some of the most important events, festivals, and sponsorships in the USA. Visit www.gailbower.com for more information.

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If your business has avoided exploring corporate sponsorship, you may be missing valuable opportunities to:

- create positive experiences of your product or service
- build relationships with buyers
- interact with potential customers.

Corporate sponsorship is a marketing vehicle that allows your company to connect with communities drawn together by a cause, passion, or purpose. When you align your business with these same values, you engage with potential customers in deeper, more resonant ways than by using other marketing media.

The power of sponsorship – a case study

With an incomplete understanding of corporate sponsorship, the car dealership group of a motor industry sponsor was reluctant about taking full advantage of their sponsorship benefits.

'Let's just buy TV advertising,' they said. 'That'll get car buyers into the showroom.'

They were right; television advertising would get some traffic into their dealerships. But they would spend thousands creating the campaign, buying the reach and frequency necessary amid a sea of TV spots to which few paid attention, qualifying that traffic, and going through the selling process to, hopefully, sell cars.

A sponsorship opportunity, secured by the motor company's corporate office, flipped that whole process around. As an event sponsor they took their cars to the people: potential car buyers they had already qualified by certain demographic and psychographic criteria.

The salespeople employed by the dealership liked to work the event because they knew they could have conversations with potential buyers in a relaxed environment.

And guess what? These salespeople sold cars. No, not there on the spot. The event is where they started a relationship. They sold cars in the months afterwards

Corporate sponsorship is a marketing vehicle that allows your company to connect with communities drawn together by a cause, passion, or purpose.

because customers took imaginary test drives at the event where there was no pressure to buy. Trust led to relationships, which eventually led to sales.

Getting started in sponsorship

Whether your company is selling to consumers or other businesses, sponsorship is a powerful medium. These five steps will get you started.

Choosing a partner

Choose the cause, event, or opportunity that best suits your business needs. What do your customers care about? What does your company care about? What organisations are uniting people with interests that match your customers?

Building a relationship

Share more about your business goals with the event producers, so they may create customised opportunities to meet them.

Co-creating the opportunity

Brainstorming and crafting the opportunity with the event organiser ensures that the programme will be a success.

Making the investment

Take advantage of all the benefits provided to you through the package. Then, cross silos and engage your sales team, retail dealers, PR staff, diversity office, and others who might benefit from this opportunity.

Measure the results

Since sponsorship is largely a qualitative medium, hard results take time. Be sure to maximise your investment before, during, and after the event.

In summary

Marketing a product or service today is increasingly complex. Sponsorship works by providing opportunities to build relationships, engage potential customers

Business owners: protecting your assets

Entrepreneurs worldwide increasingly face numerous issues in relation to the ownership of their assets. The problems that create these issues can include assets being located in more than just their home jurisdiction, increasing tax disclosure and compliance requirements, asset protection requirements in relation to exposure to law suits, and family matters such as children's spouses, shared family assets, succession issues and philanthropic aims.

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Justin is a director of SMP Partners, the Isle of Man firm of the Russell Bedford network. Justin is a UK chartered accountant and chartered tax advisor. He also sits on the board of the Isle of Man Association of Corporate Service Providers which represents the trust industry in the Isle of Man. He is mostly involved in liaising with clients and their professional advisers to assist with structuring and tax matters in relation to the setting up and administration of trusts and corporate entities.

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Using trusts and foundations

The use of trust and foundation entities is increasingly a solution adopted by many entrepreneurs. The benefits of such entities, whereby assets are moved from the ownership of the entrepreneur to either the trustees on behalf of the beneficiaries or to a foundation which is a standalone legal entity, include the following:

- Single administrative centre for assets
- Single ownership vehicle which is easier for lenders and potential purchasers to understand
- Ownership of family assets divorced from individual ownership of shared assets
- Potential asset protection and, even where not fully protected, raises the level of cost to pursue a claim thereby reducing spurious claims
- Allows for cross-generational planning
- Single administrative point for tax disclosures and tax planning, ensuring a more co-ordinated response for all family members.

The consequences

The trust or foundation will become the owner of the assets once they have been transferred from the entrepreneur. This means careful consideration needs to be given to the immediate consequences and the longer term position. In particular the entrepreneur and his advisers need to consider whether the transfers to a trust or foundation crystallise any capital gains tax or gift, wealth or donation taxes. Consideration also needs to be given to the taxation position on income and gains of the trust or foundation as they arise, and on distributions.

It is also necessary to consider reporting requirements for the settlor or founder and the beneficiaries on set up and on an annual basis. There may also be reporting requirements in the jurisdiction where the assets are located.

Other considerations

Trusts and foundations can be set up in various jurisdictions both offshore and onshore. In choosing between a trust and a foundation, and deciding which jurisdiction to use, it is necessary to consider your particular objectives, and the relevant legal and tax advice, taking into account the location of the settlor, beneficiaries and the trust assets. You may also have a preference between an Anglo-Saxon common law trust or the civil law foundation. Typical jurisdictions include the following:

Trusts

- Isle of Man
- British Virgin Islands
- New Zealand
- United Kingdom
- Switzerland

Foundations

- Panama
- Isle of Man
- Liechtenstein
- Jersey

Whilst it may be possible in some cases to obtain tax savings or at least tax deferral through the use of a trust or foundation, often they will be tax neutral, meaning no tax saving but no increase in the tax payable. Entrepreneurs need to look at their current asset base and consider the following points:

- Who are the current legal and beneficial owners of the various assets?
- What are the longer term plans? How old are the entrepreneur and any children? Will children take over the business or will they be passive owners of the business?
- Where are the various family members tax resident?
- What citizenships or visas do family members hold? Have they obtained US passports or green cards?

- What are the legal exposures of the children? If they are, for example, medical or financial professionals, do they have personal exposures from clients?

- Are any assets or family members subject to forced heirship or similar provisions?

- Should assets skip a generation and go straight to grandchildren or be held until grandchildren come of age?

Summary

Trusts and foundations are excellent tools for wealth and tax administration and planning, but there are many pitfalls. With increasing transparency and the move towards automatic exchange of information, care needs to be taken in the set up and on-going administration of trusts and foundations.

Entrepreneurs and their families need to receive detailed and appropriate tax and legal advice covering all the jurisdictions where family members and assets are located prior to the setting up of a trust or foundation.

However, with appropriate advice and guidance a trust or foundation can assist with the orderly administration and protection of an entrepreneur's wealth and assets.

News in brief

- Russell Bedford International, the global professional services group, has extended its presence in the US with the admission of Rose, Snyder & Jacobs LLP as the network's member firm in Los Angeles County.

  Based in Encino, CA, Rose, Snyder & Jacobs is a top-50 CPA firm in the area. It was launched in 1976 and has grown to 10 partners and around 50 professional staff.

  The firm provides a full range of audit, accounting, tax and consulting services to middle market private companies, small public companies and high-net-worth individuals. Its specialist areas of work include family office services, outsourced accounting, HR consulting and international tax consulting.

- Russell Bedford has appointed Boucinhas & Campos as its second member firm in Brazil, greatly extending the network's coverage in one of the largest and fastest growing emerging economies.

  With its headquarters in São Paulo and offices in Rio de Janeiro and Belo Horizonte, the new firm complements Russell Bedford's existing member, Consult Group, which is based further south in Curitiba.

  Boucinhas & Campos was founded in 1947 and became one of the biggest names in business management in the Brazilian market. Today it is a large, family-owned professional services group with more than 300 personnel serving private and public companies from many different segments and throughout the country.

  The group offers three main service lines: audit, management consulting and retail solutions (stock inventories).

- Best Audit LLC has joined Russell Bedford International as the worldwide accounting and audit network's correspondent in the Republic of Azerbaijan.

  The firm is based in the capital Baku and was established in 2011 by partners and managers coming out of two local Big Four firms.

  Best Audit's primary focus is on audit work (IFRS) and they also provide tax consulting and accounting services. Their clients are mainly in the banking, leasing, services, sales, oil and construction sectors.

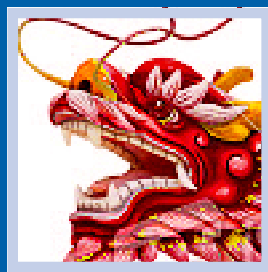
  The firm currently has three partners and is licensed by the Chamber of Auditors of the Republic of Azerbaijan.

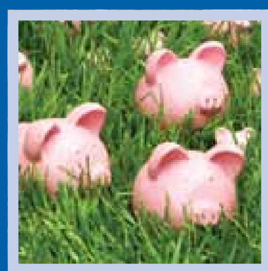
- FBL Comptables Agréés has joined Russell Bedford as the global accounting network's exclusive member firm covering the whole province of Québec in Canada.

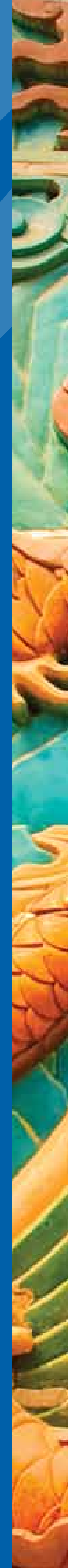
  Established in 1981, it is now a substantial regional practice with offices in Montréal, Drummondville, Acton Vale and Brossard.

  FBL is a full-service practice offering accounting and bookkeeping, auditing, corporate restructuring, tax compliance and consulting and management consulting services. Specialist areas of work include corporate restructuring and financing and business valuation services. FBL has more than 6500 clients including enterprises in sectors such as wholesale, retail, truck distribution, drug stores, manufacturing and medical centres.

  The firm is registered with the Canadian Public Accountability Board (CPAB) for the audit of publicly-listed companies.







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