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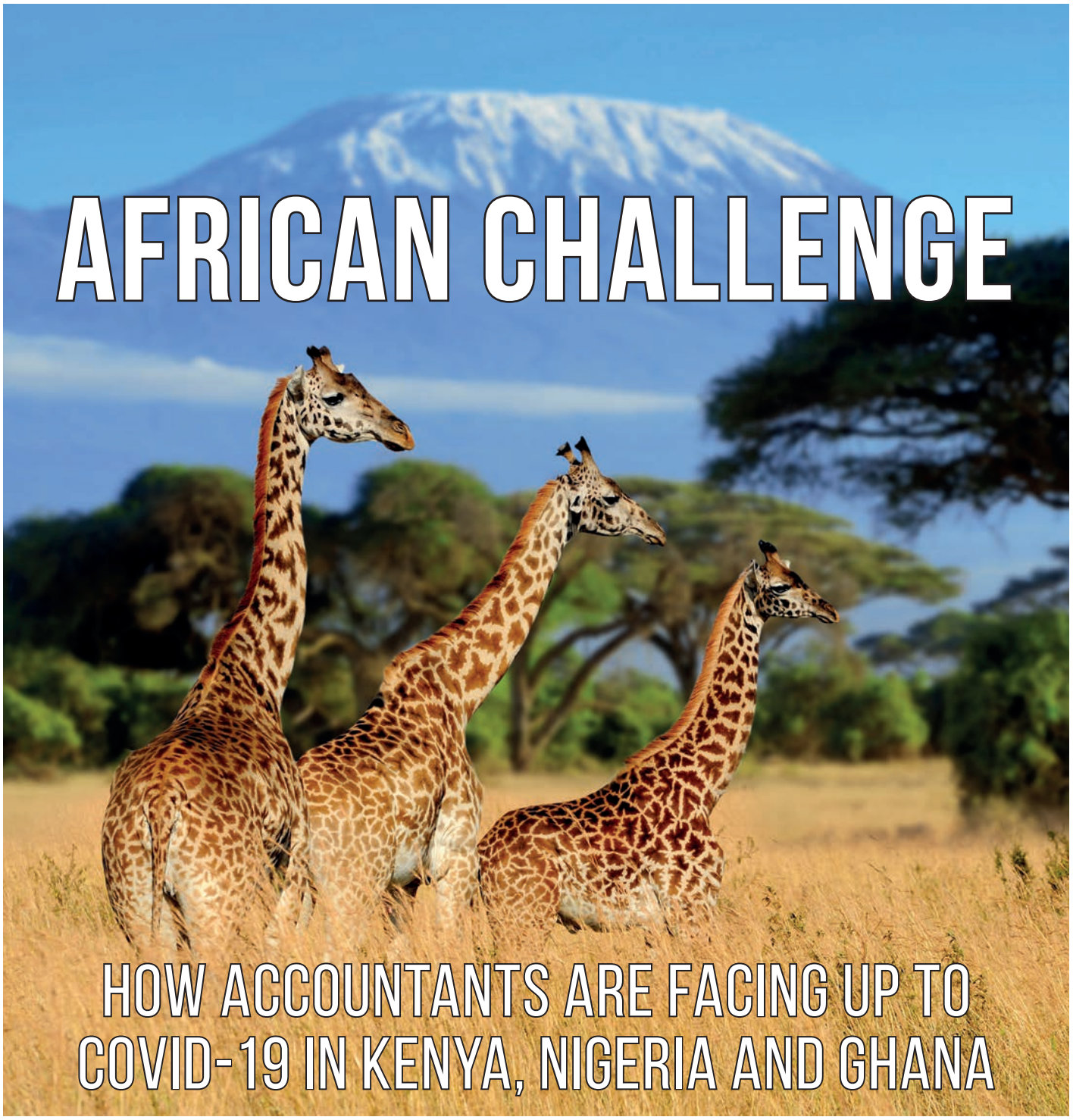

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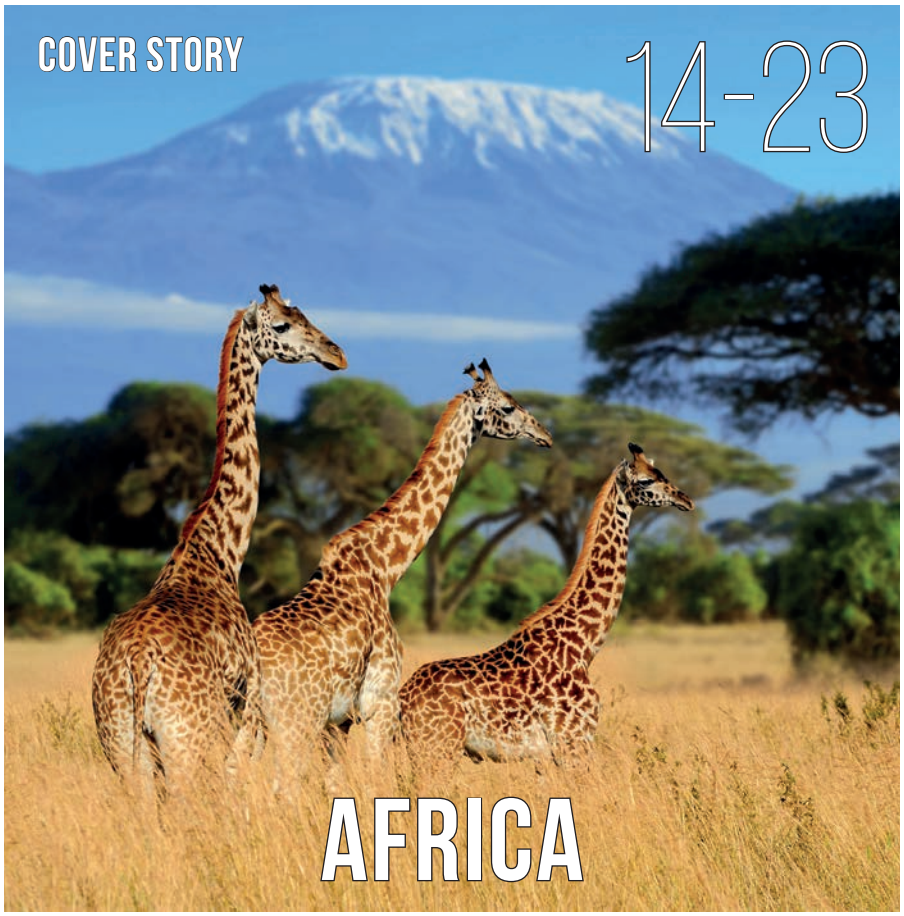

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MAY 2020

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EDITOR'S LETTER
GLOBAL ECONOMIES BUCKLE UNDER COVID-19 PANDEMIC

Zoya Malik, Group Editor

ANOTHER MONTH OF LOCKDOWN AND COVID-19 HAS IMPACTED ALL AREAS OF THE GLOBAL ECONOMY. PREDICTIONS ABOUT THE SLOWDOWN FROM MYRIAD INTERNATIONAL AGENCIES HAVE BEEN SURPASSED BY A RECESSION OR POTENTIAL DEPRESSION ON THE HORIZON, THE LIKE OF WHICH HAS NOT BEEN SEEN FOR ALMOST 100 YEARS.

The IMF is predicting that the global economy will shrink by 3% this year; oil is trading at a 21-year low; the FTSE-100 is trading at around 25% below its value in February this year; the list goes on.

Governments in developed economies have responded with furlough schemes, slashing interest rates, providing bailout money for some industries, and loans and grants for SMEs, while at the same time rushing through public investment in emergency medical resources. Sectors such as retail, travel and entertainment, which were already facing an onslaught from the relentless march of robotics and AI, will be hardest hit. Ultimately, as many analysts suggest, we will be facing an economic situation similar to the post-war eras of the 20th century, and it will be the taxpayer who will have to foot the bill.

Emerging markets face a stiffer challenge, with historically poor healthcare sectors, a large informal employment regime, low tax-collection potential and, in many cases, crippling government debt. While China appears to be coming out of the crisis and looking to move ahead rapidly, there appears to be growing political resistance, especially from the US, to becoming overly dependent on Chinese production. Investment in emerging market capabilities could occur as a result, but the stack is loaded in favour of the buyer and, in that regard, cash will be king. In other words, the potential exists for cash-rich countries or companies to swoop in for underfunded supply chain assets across multiple jurisdictions.

However, all is not doom and gloom. Much of what our future looks like will depend on how agile individual firms are in adjusting to this new reality, and what shape the recovery takes.

As suggested by Professor David Miles, professor of financial economics at Imperial College, if the virus has already spread further than generally assumed, then the negative implications for the general population are greatly reduced and this may fuel a V-shaped recovery model. Great news for most, but not everyone is waiting: Twitter has announced that most staff can continue working from home indefinitely, and other firms are likely to follow suit. The accounting industry has seen a number of players adjust their working structures to accommodate more learning and development work, making training a regular activity – and a potential end in itself.

Whatever happens, clearly there will need to be a coordinated national and international approach to achieving recovery, if the bounce back is to be sustainable and less fragile in dealing with future emergencies.

In the May 2020 issue, read the interview with Julio Gabay, CEO at Abacus Worldwide, who discusses the new merger with JHI International and the challenges of forging this union under market pressures from Covid-19.

Grant Thornton partner Emma Davies describes the Thornton Select initiative that is redefining an agile worker model to support clients under pressure; and Larry Zeifman, partner at Zeifmans, a Nexia International firm in Canada, advises businesses on SMEs' survival. Also, learn how member firms in Kenya, Nigeria and Ghana are developing regulations and raising auditing standards.

Until next month, I wish all our partners and subscribers the best of health. ■

GET IN TOUCH WITH THE GROUP EDITOR AT: **ZOYA.MALIK@GLOBALDATA.COM**

NEWS UPDATE

SEISS provides another lifeline

While welcoming the Self-Employment Income Support Scheme (SEISS), the Association of Chartered Certified Accountants (ACCA UK) is advising that agents, the accountants who act for self-employed clients, should be allowed to help them make the claim.

HMRC has written to all those eligible, explaining: "You'll need to make the claim yourself, although you can seek advice from an agent, if you use one."

For Claire Bennison, head of ACCA UK, this means agents are being excluded from an important process for their clients. "We've heard from our UK members that agents want to be more involved, and clients are asking why they can't help them. Given this grant is subject to Income Tax and self-employed National Insurance, agents who act on behalf of their clients need to know what they receive if their claim is successful.

"This help is important, especially when claimants have been warned about HMRC being aware of an increase in phishing and scam emails, calls and texts. Like HMRC, we're also concerned about this high risk of fraud, as many self-employed do not have direct contact with HMRC and may accept the contact as legitimate.'

ACCA UK recommends that for those who receive text messages to set up their personal government gateway IDs with HMRC, they should register through their web browser. Those already registered should log back in through their web browser, to reduce the risk of fraud.

Bennison continued: "If someone calls claiming to be from HMRC and you're not sure they are, then ask them a security question, perhaps something from your last tax return. And as with any contact about your finances, never give your bank details, credit or debit card numbers if you are unsure of the source of the email or the identity of the caller."

HMRC is staggering the availability of the claim system, and has advised that it will be in contact between 13 and 18 May. ■


Claire Bennison, ACCA

CIMA: FURLOUGH SCHEME EXTENSION PROVIDES GLIMMER OF HOPE

The Chartered Institute of Management Accountants (CIMA) has responded to UK Chancellor Rishi Sunak's announcement of an extension to the furlough scheme, which sees the UK government support job retention by subsidising up to 80% of an employee's wage, to October.

CIMA's chief executive of management accounting, Andrew Harding, said: "We welcome the extension and increased flexibility of the government's Job Retention Scheme until the end of October. This will provide a lifeline for many companies and employees as they begin to scale their operations back up in a new, ever-changing environment.

"While we recognise that the furlough scheme cannot go on forever in its current form, we are concerned that some sectors – such as the hospitality, leisure and travel industries – will not be able to go back to work within the government's estimated timeline. Therefore, requiring businesses to pay a portion of their employees' salaries while they have no income will lead good businesses to fail and trigger mass redundancies across these sectors.

"This is why in the future we would like to see the Job Retention Scheme adopt a sector-by-sector approach. The government should continue to provide support to those businesses and people most impacted by the crisis and unable to resume to business as usual."

Harding continued: "Additionally, the government should allow greater access to the Coronavirus Self-employed Income Support Scheme and Coronavirus Job Retention Scheme for SME business owners, so they can get some much-needed financial support for themselves and their families.

"It should ensure that it truly reflects their earnings over the past three years by allowing them to have their dividends considered alongside their PAYE using the definition of 'Close Company' [five or fewer participators] in the Corporation Tax Act 2010," he added.

"Should new lockdown measures need to be imposed in the future, we hope that the government will continue to stand behind businesses and people by adapting its approach to the new economic reality." ■

R3 RESPONDS TO CORPORATE AND INDIVIDUAL INSOLVENCY STATISTICS

Christina Fitzgerald, vice-president at insolvency and restructuring trade body R3, has commented on the first publication of the government's monthly corporate and individual insolvency statistics

Fitzgerald said: "The first set of monthly insolvency figures does not yet provide a particularly clear picture of how the pandemic is affecting insolvencies. Nevertheless, we welcome the government's decision to publish figures for insolvencies monthly rather than quarterly for the period of the pandemic, as these numbers will give more immediate feedback on how businesses, consumers and the wider economy are being affected.

"The figures published on 15 May 2020 show corporate insolvency numbers fell very slightly between March and April, while there was a significant month-on-month increase in individual insolvencies, largely driven by a doubling of numbers of Individual Voluntary Arrangements.

"As the Insolvency Service notes, there are several complicating factors at play: some corporate insolvency procedures take time to get underway, while the changes to the normal operating of the courts have meant many civil proceedings have been halted. The government's support measures and policies for businesses and individuals have undoubtedly helped many stay afloat. Additionally, companies which planned for disruption in the case of a no-deal Brexit may find their preparations coming in handy to tackle disruption from a different source."

Fitzgerald continued: "Our members are telling us the enquiries they are receiving are mainly for advice and support, rather than necessarily for Covid-induced insolvency processes. Directors want to understand how to manage their cash flow and what options are open to them operationally. Consumers want advice, and both groups want to understand the finer points of the government's support measures and what they mean for their circumstances.

"The corporate insolvency procedures initiated since the pandemic hit, meanwhile, are mostly those of companies that were already in financial distress pre-lockdown, and for which the freezing of normal operations delivered a final blow.

"Now more than ever, anyone worried about their own or their company's financial situation should seek advice urgently, from a professional and reputable source. With 'business as usual' an unknowable way off, making plans to navigate the disruption the pandemic has caused will be vital." ■

STEPS TO GETTING THE ECONOMY MOVING

CIMA chief executive Andrew Harding, FCMA, CGMA, has offered advice on the steps needed to get the UK economy back on track.

Harding said: "As the UK takes cautionary steps to get its economy moving again, businesses leaders must focus on keeping their organisations afloat in a changed, ever-evolving environment, and prepare to face the headwinds of a second peak later in the year."

Harding outlined four key measures that businesses should take in order to outlast the impact of the crisis on their operations and people:

1. **Manage cash flow: preparing for things to get worse before they get better.** Businesses will need to assess current income and expenditures, plan across multiple scenarios, and do some radical reforecasting for the next six months to better control and preserve their cash flows.
2. **Bring employees back: mobilising their talent and re-engaging them into the workplace.** However, businesses will need to factor in new challenges and implement new flexible, remote working practices to foster collaboration and drive productivity.
3. **Adapt services and products: meeting customer expectations and creating value is fundamental to survival.** Businesses need to adapt the delivery of their products and services to new consumer behaviours in the near to long term.
4. **Build resilient supply chains: managing supply chain relationships, both upstream and downstream, to promote agility and resilience is key to begin functioning again.** In addition to ensuring that businesses have adequate processes in place to deal with the current crisis, they must also put an additional focus on maintaining good relationships and trust with their suppliers and providers.

Harding concluded: "Only businesses that demonstrate adaptability, build resilience and foster collaboration will be able to weather this coronavirus lockdown and, most likely, future ones." ■


Andrew Harding, CIMA

ACCA INTRODUCES REMOTE EXAMS

The Association of Chartered Certified Accountants (ACCA) is allowing its students to take their exams at home, in circumstances where centre-based exam sittings are disrupted.

The ACCA Qualification exams will be supervised remotely by a live invigilator. To make sure that security and integrity is maintained, there will be a thorough system of checks involving biometrics, AI and recording.

ACCA's executive director of strategy and development, Alan Hatfield, said: "We recognise the disruption and frustration the pandemic and resulting exam cancellations have caused for our students and their desire to progress, and this development will ensure their opportunity to do so.'

"We're targeting June to enable this for our on-demand Applied Knowledge and Foundation level exams, and September for our session-based Applied Skills exams. We're still exploring the situation for our Strategic Professional exams, and we'll provide updates soon."

Hatfield continued: "ACCA aims to offer remote invigilation to students as widely as possible in circumstances and locations where our centre-based exams will need to be cancelled for health and safety reasons, or are affected by disruption.

"Exam entry is open for September, and we know students are already planning for this session. We advise students to book exams in their local centre as usual, and we'll provide updates if circumstances change.

"We're consulting with our learning partners on its introduction and how best to support our students, and we'll continue to learn from their experience – and that of our students – on how remote invigilation might be further developed in future." ■


Alan Hatfield, ACCA

Bounce Back Loans made available to SMEs

Applications for the the Bounce Bank Loan Scheme were made available to small businesses on 4 May, but questions remain as to how quickly businesses can expect to access the potentially crucial funding.

Jonathan Ratcliffe, senior broker at commercial office agency Offices.co.uk, is one of numerous people who have decided to apply for the scheme.

"I'd never have thought we'd be forced to take out a business loan, but sadly the time has come – income has stopped, and cash reserves will eventually run out. I am not leaving anything to chance any longer: we need help quick, so Bounce Back loan it is," he said.

"The application process was straightforward. After filling out five fields of information, such as company number, address, turnover, bank account details and, of course, how much we needed to borrow, the loan request was submitted."

The Bounce Back loan is administered through small businesses banks rather than the government. Those businesses looking to take out the loan – of up to 25% of the businesses 2019 turnover, up to a maximum £50,000 – should approach their bank directly.

"The day after our application with Santander, we received an email with a loan document to sign electronically," continued Ratcliffe. "Two days after we signed the agreement, we had £28,000 appear in our bank account".

The Bounce Back Loan timeline is relatively simple:

- Day 1: Apply for the loan via the bank with which the business has its current account;
- Day 2: A loan document is sent via email, requiring a signature by electronic signature;
- Day 4: The loan money is sent to the business's bank account by BACS.

Ratcliffe concluded: "I would personally like to praise the banks and the government for making this the least complicated and most efficient process." ■

DATA-DRIVEN RELATIONSHIP INTELLIGENCE

These exceptional times have highlighted just how critical communication is. Key during this period is to make contact with the right people at your client's business, ensuring you can provide help where it is most needed. *Brian Coventry,* CEO at Symphony – APS, advises

What is crucial is that these connections must be direct, person-to-person contact. However, you need to know who the best person in your business is to establish that connection.

Unfortunately, you know that some of your clients will be forced to make changes to their team. You may well have to do the same; therefore, you cannot rely on generic outbound emails and lists. You need real-time accurate data so you can have empathetic conversations as to how the crisis is impacting their roles and the firm.

Here are five core areas how Client Sense, our data-driven software, can provide you with the visibility you need to manage, protect and grow the relationships that drive revenue and improve client retention.

Client care and management

Ensure contact with your key clients and referrers is maintained. Rest assured that you and your team – even when working remotely – know who is in contact with whom, and that your existing relationships are secure.

Managing staff changes internally

Quickly and easily identify the external relationships held by each staff member.

In the event of a planned or unplanned unavailability of an employee, quickly identify those external relationships most likely to be impacted. Then identify who else in the firm knows the same contact and may be able to maintain the client or referrer relationship.


Brian Coventry, Symphony – APS

Identifying staff changes externally

Be aware of staff changes on your client side that may impact your ongoing commercial relationship. Client Sense can identify those external contacts who may be missing in action, stood down or no longer available. Acting on this information can help you to protect the client relationship before it strays.

Armed with this information, you can also leverage this knowledge and act quickly if an external contact changes organisation. This potentially opens a new and welcome opportunity for the firm to engage with the contact at the new organisation.

Targeted cross-servicing

Cross-servicing or cross-selling is of the utmost importance. You are likely to have one or more groups that have slowed down significantly, yet those groups will hold relationships into businesses that could and should benefit from the sought-after areas of your firm.

Client Sense quickly identifies these opportunities based on prior contact. It then assesses the best contact internally to make an introduction and identifies where these beneficial introductions have and have not been made.

Strategic, existing industry-focused prospecting

Having a focus on particular industries will allow you to provide what clients are looking for right now: expert advice, knowledge, insights and a clear understanding of their situation.

When business as usual is no longer the reality, many clients will turn to firms for specific strategic advice. Through targeted measures, your firm has the ability to deepen its industry focus and pick up any new clients that are not being supported by their incumbent firms.

A straightforward, remote installation of the Client Sense platform allows you to automatically 'join the dots' to provide a clear picture of existing communication, and to understand the key relationships within your firm and crucial business development opportunities. ■

For more information about Client Sense, visit www.whysymphony.com or email hello@whysymphony.com

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'WE ARE BETTER TOGETHER': ABACUS WORLDWIDE AND JHI MERGE

Abacus Worldwide CEO Julio Gabay discusses with *Zoya Malik* the benefits the new merger with JHI will bring to the growth of the association, the synergies for member firms, and the challenges of forging this union under Covid -19 conditions

Zoya Malik: What are the main objectives for the merger?

Julio Gabay: The main objective for JHI merging into Abacus Worldwide is to provide greater benefit to members and their clients by creating better geographic coverage, increased possibilities for collaboration and more business development opportunities.

In addition, this merger allows us to combine association resources to further enhance member services. Abacus Worldwide launched in 2012, and since then has worked through a strategic plan to reach 100 member firms globally. The addition of JHI will now bring the overall membership to 125 member firms, allowing us to better compete with similar-sized associations and networks.

ZM: How will the new merged entity be called? How will the organisation be structured? Who will the management team consist of?

JG: Abacus Worldwide will continue as the name of the organisation with its president, CEO and current advisory board unchanged.

Three board members from the JHI membership will be included on the Abacus advisory board, and as the organisation continues to develop, the creation of regional roles both at the volunteer board and staff levels will also expand.

ZM: What will the total fee revenue for this year be when the two organisations merge? How will that add to your brand strength and shareholder and investor confidence?

JG: We are estimating combined global revenue in excess of $500m, counting all members – accounting and legal firms. In terms of rankings globally, this places Abacus in the top 15 associations.

These figures allow Abacus members some bragging rights to say they are part of a larger, stronger international association. Although revenue figures are nice to see, and add some marketing value to our members and to Abacus as an association competing with other groupings, our focus is not just looking for firms that increase that number. Abacus has some large firms that add to the overall figure and give the organisation an advantage in several markets, but we also have a good mix of small and mid-sized firms, not adding huge revenue figures but still bringing benefit to the membership.

The real value of membership is in the interaction and engagement of our members. These connections we foster are a real driver for business, and the growing revenue figure is a by-product of having engaged and active firms in Abacus Worldwide. For us, interaction leads to member benefit, leads to overall growth.

ZM: How did you select JHI as the right fit?

JG: Abacus has explored uniting with other groupings and we will likely continue looking for opportunities for growth, but growing for the sake of growing is never the goal. Finding the right partner in this type of combination is always the key to success.

Our greatest focus was ensuring that members from JHI had a similar culture to Abacus members in terms of member interaction and engagement, and the desire to support client needs throughout an expanded business network. We believe we found a good match with JHI as a well-respected and longstanding association of engaged and active firms.

ZM: Where you expect to see synergies? Which practices will grow?

JG: The fact that Abacus combines both the accounting and legal disciplines adds a lot of value to members and their clients. I believe this combination will offer an opportunity for firms to act more like trusted advisors that are connected and in-touch with business needs, threats and opportunities globally.

I believe as time progresses that the lines between disciplines will continue to blur. Clients simply want to know that their accountant or lawyer can connect them with the right individual, in the right place, at any time.

ZM: Which immediate markets will the new merged entity capture via the merger?

JG: The merger will allow us to add coverage in the following locations where Abacus did not have coverage before:

- Buenos Aires, Argentina
- Brisbane, Australia
- Halle, Belgium
- Joinville, Brazil
- Montreal, Canada
- Toronto, Canada
- Vancouver, Canada
- Cyprus
- Dominican Republic
- Quito, Ecuador
- Lyon, France
- Cologne, Germany
- Stuttgart, Germany

- Honduras
- Hungary
- Mumbai, India
- Rajkot, India
- Israel
- Milan, Italy
- Japan
- Kuwait
- Lebanon
- Mexico City, Mexico
- Rotterdam, Netherlands
- Tilburg, Netherlands
- Philippines
- Russia
- Switzerland
- Ankara, Turkey
- Maryland, USA
- Connecticut, USA
- Southern California, USA
- Michigan, USA
- Massachusetts, USA

ZM: How will this move position the organisation in the eyes of competitor networks?

JG: Abacus was formed in 2012 and throughout the last eight years we have experienced steady membership growth reaching 70 member firms globally.

Although impressive growth compared to most international groupings, Abacus was still lacking coverage geographically. With the addition of JHI we will now have 125 member firms in 56 countries, and that means that we can now truly compete with other networks and associations in terms of geographic coverage. The additional members will also allow Abacus to push forward on strategic initiatives that will enhance our member programmes and overall membership offerings.


Julio Gabay, Abacus Worldwide

has made only small adjustments to our already-established practices. We have run a virtual office from the outset and have invested a significant percentage of our budget to ensure we are future-focused.

Our videoconferencing platform, Virtual Meeting, has been a big priority to continued connection and knowledge sharing for members. We have in-person meetings for our AGM and regions, but that is minimal compared to most networks that have upwards of 20 or 30 in-person meetings per year. How some of these groups will show value with their high membership dues, if they can no longer meet in-person or must drastically reduce their meeting schedule, will be interesting to watch.

Now in the post-Covid-19 era we see a greater focus on the Virtual Meeting space and technology-driven benefits. In-person meetings will still be a valuable part of the association but, ultimately, making sure we are connecting members efficiently and effectively remains the overall goal.

> “ THE FACT THAT ABACUS IS A YOUNGER GROUP GIVES US AN ADVANTAGE IN THE WAY WE APPROACH MEMBER PROGRAMMES

The fact that Abacus is a younger group also gives us an advantage in the way we approach member programmes. For example, Abacus relies heavily on technology to run administratively and to facilitate member services. While many longstanding associations and networks have reluctantly scrambled to shift to a virtual environment during the current Covid-19 crisis, Abacus

ZM: Will there be a shift to a new target market geographically?

JG: Overall membership recruitment and retention is still on the top of our list. We aim to target and bring on more members in the Asia-Pacific and Oceania markets as well as some developing nations such as in Africa and Eastern Europe.

US membership will also be a focus as we would like have coverage in every major market per state. We have also put in place a development initiative to bring on law firms where we currently have an accounting firm, but no legal membership.

ZM: Where do you expect the main growth areas to be in terms of services?

JG: With the rapidly changing business environment and the post-Covid-19 business needs, we see business consulting, taxation, corporate law, M&A and restructuring, as well as corporate finance and contract law to be major areas of growth for our members.

There are also niche areas such as corporate litigation, litigation support, bankruptcy, and employment and labour law that are already seeing major increases in activity.

ZM: Which will be the main areas of investment for quality control? How much will be invested in 2020-21?

JG: Abacus does not have a proprietary quality-control programme as we are not a ‘network’ as defined by IFAC. We have a strict membership acceptance process, and require members to abide by their local regulatory bodies – CPA, CA, bar associations and so on.

ZM: Which operational areas will be centralised and streamlined for cost saving?

JG: Abacus has worked in a virtual office environment from the outset. Investments in technology have always been a priority, and will continue to be.

Cost savings are important and technology will play a role, but we see that investment in technology is an ongoing process and savings are seen down the road as we automate most of our admin functions.

The increase in membership will also allow additional resources to be used for technology investments. We see this as a major benefit to the members and for the overall development of the organisation.

ZM: Where will your global and regional teams be based? How will they meet the network’s client needs?

JG: Abacus currently has three staff: a president and CEO based in Miami, a Latin America regional director based in Brazil, and a North America regional director based in ▸

New Jersey. With the merger we aim to add regional directors in EMEA, to be based in Europe, and in Asia-Pacific, to be based in Asia, to work more closely with members in each region.

Our team works via a virtual office, leveraging technology to seamlessly connect and interact with each other and with our members. Regional directors are focused on three areas: member recruitment and retention, member engagement, and member collaboration and business development.

We realise that member and client needs, although similar around the world, tend to vary by region or country, and having this more local connection to our members via regional directors is a real advantage for our member firms.

ZM: What are the specific regulatory challenges in expanding your business into new regions and across market jurisdictions?

JG: The biggest hurdle will be addressing travel restrictions post Covid-19. Abacus is adjusting in-person meeting schedules for 2020 and looking at the potential impact going forward for in-person events.

Because Abacus has been connecting members through Virtual Meeting and working in a virtual office environment from inception, adjustments will be minimal, but still require proper planning. We see this as an opportunity to invest further in technology and our Virtual Meeting offerings.

Covid-19, I believe, has pushed the needle further, and we are going all-in on technology and virtual capabilities for members to connect. We will not do away with in-person meetings, but again we plan to continue with our current offering where in-person is a smaller scale compared to our virtual programmes.

As an example of this, Abacus scheduled Virtual Meetings in April and May such as *Remote Workforce Risks, Privacy Laws and Solutions,* led by Rebecca Rakoski, which has been open to members and their clients; *How to be a Better Business Partner – What are Firms Doing to Support Clients in the Midst of Covid-19?* led by Joe Rotella, which is meant for members to discuss Covid-19 issues and opportunities; *Leading Ladies*, led by Jessica Levin, which is intended to be a forum for women leaders within our member firms; and *How to Protect Yourself From Emails, Texts and Social Media – and the Proverbial Smoking Gun,* led by David Levy.

ZM: How will the association engage constructively over regulatory developments in terms of audit quality?

JG: Many of our members are involved in their local boards, societies and regulatory bodies, and we encourage this type of involvement. Abacus, through our members, shares pertinent information on regulatory developments through member-led Virtual Meetings, whitepapers and articles.

ZM: How is Covid-19 altering any merger plans? How challenging is the task of keeping the roll-out plans on course?

JG: At the moment, plans continue as normal. JHI will finalise their member vote in accordance with their association rules, and we aim for a formal union as of 1 September 2020.

> “ WE REALISE THAT MEMBER AND CLIENT NEEDS, ALTHOUGH SIMILAR AROUND THE WORLD, TEND TO VARY BY REGION OR COUNTRY

The hurdle is overcoming travel restrictions that have forced in-person meeting cancellations. Thankfully, through our Virtual Meeting platform, we have the capability to allow members to meet virtually via internet with video and telephone.

We have no plans on altering the schedule to merge, as this merger will bring added benefit to all members – especially during the Covid-19 era where cross-border connections will be even more valuable.

We are engaging members at various levels already, and we see much opportunity on the horizon for all. We don't know exactly what tomorrow will bring but we do know one thing: we are better together.

ZM: What are the synergies in leadership quality that you identify in the new managers and partners from JHI thet will help take Abacus Worldwide into its next phase?

JG: Abacus brings to the table a fresh approach to building and running a global business network, with a dynamic leadership team at the helm.

JHI will add more depth to the merged association with its longer history as a working association and dedicated members around the world.

With this combination, members will be able to be part of an exciting group of professional service firms with similar-minded firms looking to support and provide the best solutions for client needs globally. ■

Gabay speaks to Abacus members

ACCOUNTANCY SECTOR

AUDIT REGULATIONS COULD IMPACT FEES

In December 2019, the Financial Reporting Council issued revisions to its Ethical Standard regarding auditing standards and rules that intended to strengthen auditor independence and improve overall audit quality. The more stringent standards prohibit auditors from providing recruitment and remuneration services, as well as barring auditor involvement in management decision making. *Jessica McKeon,* senior research analyst, and *Nicole Hallas,* research analyst at Audit Analytics, comment

The revised provisions also address the auditor's ability to provide non-audit services to a public interest entity (PIE) client, such as a listed entity, credit institution or insurance undertaking.

Following the revisions, auditors of PIEs are now only able to provide non-audit services if they are closely linked to the audit, or if the services are required by law or regulation. However, providing non-audit services is subject to approval by the audit client's audit committee, offering another layer to ensure that the non-audit services do not interfere with independence.

The change to the permitted non-audit services for PIEs aims to reduce the risk of a possible conflict of interest, in addition to refocusing the audit relationship on a high-quality audit rather than the commercial interests of the audit firm. This change to allowable non-audit services is significant, considering the FRC noted in the *Developments in Audit 2019* survey that non-audit fees are the main source of income for audit firms.

Non-audit fees in relation to overall audit fees is of interest, as high non-audit fees are considered to be an auditor-independence concern. If an auditor earns a large amount of fees performing non-audit fee assignments, this dynamic may, over time, subconsciously undermine an auditor's professional scepticism while performing an independent audit. However, there are many non-audit services that audit firms perform that do not impair independence.

Audit Analytics has found that non-audit fees, as a percentage of total fees, paid to external auditors in the UK have been steadily declining. In 2014, non-audit fees, including audit-related, accounted for 34% of total fees; in 2019, non-audit fees totalled just under 20% of fees.

Other recent changes in audit regulations include the reform of the EU Statutory Audit Market, which instituted mandatory auditor rotation for PIEs in the EU. Effective since mid-2016, the reform mandates that auditor tenure for PIEs be limited to 10 years, or 14 years for joint audits.

> OF THE 36 FTSE 350 COMPANIES THAT CHANGED AUDITOR BETWEEN 2017 AND 2018, 21 SAW AN INCREASE IN AUDIT FEES
>
> Source: Audit Analytics

This change was made to address concerns that lengthy auditor tenure may undermine a statutory auditor's independence and have a negative impact on professional scepticism. As a result, it is expected that there will be an increase in auditor changes.

According to Audit Analytics, 36 FTSE 350 companies changed auditors between 2017 and 2018. So far, between 1 January and 15 April 2020, 11 FTSE 350 companies have disclosed an auditor change, all rotation-prompted; for comparison purposes, there were seven during the same time period last year. Interestingly, of the changes so far in 2020, five were Big Four to non-Big Four, with BDO winning all five tenders.

Of the 36 FTSE 350 companies that changed auditor between 2017 and 2018, 21 saw an increase in audit fees. More specifically, companies that changed auditor saw an average 12% increase for audit and audit-related fees, and a 9% decrease for non-audit fees. Companies with the same auditor saw around a 15% increase for audit and audit-related fees, and roughly a 65% increase in non-audit fees. In total, fees decreased by 5.1% for those companies that switched auditor, and increased by 18.4% for those that did not.

Considering the recent changes to audit regulations, overall trends could change as a result of the new provisions affecting both auditor rotation and the types of non-audit services that can be provided.

The EU Statutory Audit Market reform requires mandatory auditor rotation, and the trend has been observed that companies that change auditor experience a decrease in non-audit fees, excluding audit-related, so a change in the amount of non-audit fees may be observed in the coming years.

This change may be amplified by the FRC revisions to the Ethical Standard, restricting the type of non-audit services that an audit firm can provide to PIEs in order to maintain independence. ■

KENYA: TAX AMENDMENTS AND COVID-19 DAMPEN MOOD

With the optimism generated by inward investment destroyed by coronavirus, Kenyan accounting and audit firms can only hope that regulatory changes will generate much-needed business. *Paul Golden* reports

The last 12 months have been a significant period in the evolution of accounting and audit services in Kenya, for a number of reasons.

The Institute of Certified Public Accountants of Kenya (ICPAK) is issuing practising certificates for taxation, advisory and consultancy services, a move it hopes will increase client confidence in receiving professional services over the entire accountancy scope.

IFRS 9 has also been a key change in Kenya, says Ashish Shah from Allinial Global member firm Shah Patel & Company, with the balance sheets of banks and insurance companies changing materially.

"Going forward, if our country risk [credit rating] deteriorates and banks have huge investments in treasury bills and bonds because of interest caps, there is no certainty as to how IFRS would further impact financial statements of banks and other investment companies," he adds.

Cephas Osoro, partner at Crowe Erastus & Co., notes that a number of companies were not prepared for computing the expected credit loss, and that the initial models available in the market were expensive, which proved to be a hindrance to firms in the first year of the standard's implementation.

A number of firms struggled to comply with the standard for the 2018 financial statements, although 2019 has seen a higher level of compliance with a number of firms applying the simplified model by using a provisioning matrix, he explains.

"We saw several inquiries on outsourced accounting and compliance work both at global and local level, with inbound new business adopting this model to manage their financial reporting and compliance requirements. I see growth in the sector as companies move to cut operational costs on areas that they can outsource."

TAXING TIMES

Tax legislation has also undergone significant amendments introduced by the Finance Act No. 23 of 2019 and the more recent Tax Laws (Amendment) Act 2020, with the highlights being the reintroduction of turnover tax and the reduction of PAYE, corporate tax and VAT rates.

The government's sustained effort to enhance tax-revenue collection also generated new measures aimed at increasing scrutiny of compliance as well as widening the tax base says Patricia Mwendwa, associate director of HLB Cezam.

"The resulting impact on accountancy is an increase in compliance advisory services including support for tax audits," she says. "We also see potential for growth in outsourcing of accountancy services by firms that are unfamiliar with local requirements or seeking efficiencies by concentrating on core business activities. Additionally, local organisations are pursuing merger and acquisition as growth or survival strategies, with two big M&A contracts completed in the banking sector in 2019 and regional growth strategies adopted by resident and non-resident firms."


Cephas Osoro, Crowe Erastus & Co.

On the other hand, the reintroduction of turnover tax is likely to reduce the number of micro, small and medium-sized enterprise clients requiring financial reporting support, as businesses in this category are only required to file and remit tax on revenue.

Mwendwa also observes that frequently changing accounting standards and tax regulation require firms to continually invest in order to ensure compliance, while cash-flow constraints and revenue contraction will result from clients taking longer to settle receivables, while some go out of business. A slowing economy also reduces business-development potential.

Felix Kimoli, partner at MGI Alekim, notes that the government has introduced tax changes in response to the Covid-19 pandemic, with VAT being reduced by 2% to 14% and the PAYE top bracket and corporation tax rates reduced by 5-25%. However, investment deductions have also been reduced significantly.

Isaiah Kimani, CEO at DFK member firm KKCO East Africa, suggests that the Kenyan accounting profession has been on a stable trajectory over the last two years, with fee income for audit, tax, accounting and consulting services on an upward trend.

"This growth was driven by a combination of well-performing corporate clients and not-for-profit organisations – both local and international entities – and foreign investors," he says.

"Kenya is one of the major business hubs in Africa, which makes it attractive to


Felix Kimoli, MGI Alekim

multinational investors, mainly led by China, America, Europe and the Asian countries. All these foreign investors require wide-ranging professional services to set up offices and do business here."

However, the downturn caused by the coronavirus pandemic means that even for completed and billed work, debt collection will be a real challenge. "To mitigate this we see most firms being forced to reduce labour costs by laying off workers or cutting remuneration to partners and staff – a very painful decision indeed," adds Kimani.

Joseph Chege, chief executive at PrimeGlobal member firm Fine Accounting Services, refers to last year's collaboration between ICPAK and CPA Australia – which enables Kenyan CPA members to access accounting opportunities in Australia – as a positive development.

"For us the major challenge has been undercutting by firms," he says. "ICPAK had come up with fee guidelines, but these were rejected at the draft stage by the Big Four firms. The other challenge is that the Big Four control more than 80% of the market."

The major developments in the Kenyan accounting market are to do with the effects of the general dip in global economic activity driven by increased policy uncertainty across major economies amidst trade tensions such as between the US and China, which has weakened business globally and reduced business outputs.

That is the view of Madhav Bhandari, managing partner at Baker Tilly Kenya, who notes that the Kenyan economy recorded lower levels of economic growth in 2019 compared to 2018.

"Kenya's financial system is relatively developed for a country at its income level, and also compared with many other Sub-Saharan African countries," he explains. "For accountants, therefore, there are opportunities to help companies grapple with the effects of the pandemic, such as consultancy work around restructuring of borrowings and loans from financial institutions."

There is also an expectation that within the public sector there may be future work in the form of NGOs and donors who have supported the coronavirus pandemic relief effort and need audits on their disbursements.

Working remotely and meeting virtually has become the new norm, and a significant number of businesses will stick to this approach, suggests Kimoli, who anticipates restructuring for cost reduction, reorganisation of debts with banks and reduced borrowing. "There might be scope for insolvency related assignments and increased fintech opportunities," he adds.

The repeal of interest-rate capping in November 2019, followed in December by the government commitment to pay outstanding bills and VAT refunds, injected optimism into the market, with many firms seeing 2020 as a recovery year.

ECONOMIC PROSPECTS

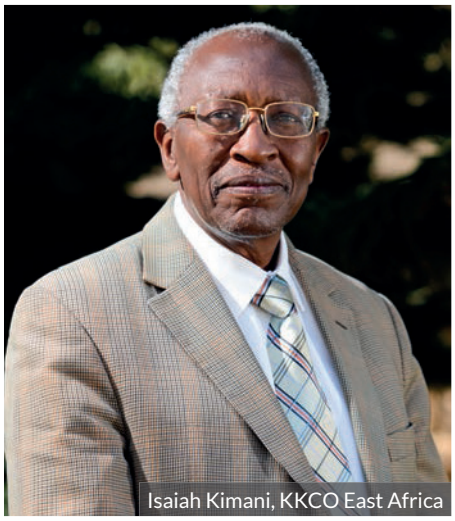
Chege notes that before the Covid-19 crisis, most of his clients were of the opinion that the economy would perform better in 2020 than it did last year. Clients – particularly those in the hospitality, horticulture and educational sectors – are now particularly concerned about the economic prospects for the remainder of this year.

Osoro agrees that the hospitality sector has been hit particularly hard, which is a major concern for Kenya which relies heavily on tourism and exports of its horticultural produce, especially flowers and tea.

"Air transport restrictions and the lockdown in several of our key trading partners have affected our exports, and the shilling is struggling against the dollar, despite the huge price drop on oil imports," he adds. "Accounting firms will face pressure from fee collections and fees generally."

Kimani observes that Kenya is also experiencing very heavy rains in most parts of the country, leading to destructive flooding. The effect of the violent flash floods and landslides is that many families have been displaced and their livestock and crops destroyed. In order to confront these disasters, the government has quickly prepared a supplementary budget reallocating resources.

"In short, we have moved from a robust economy to a curfew and flood-driven


Isaiah Kimani, KKCO East Africa

economy," he says. "The Central Bank of Kenya had projected a GDP rate of 6% in 2020, which has now been reduced to 3.3%."

A positive development has been the actions of an aggressive Kenya Revenue Authority, which means tax work should keep accountants busy for the foreseeable future.

With little or no support from the government for the SME sector, many businesses may be forced to shut as they struggle with getting cash to operate their businesses according to Osoro. "Banks have traditionally been conservative when lending to this sector, and they require securities, which most SMEs lack," he continues.

In the first quarter of 2020, there was a deterioration of 4.5% in the Kenyan shilling, which is a big concern for any business, adds Shah. "Kenya's balance of trade with China is very adverse and likely to deteriorate further, and it is the general feeling that China may not be as accommodating as the UK, Europe and the US have been in the past," he says.

Kimoli says his clients have taken different views on the likely recovery period – ranging from six months to a year – and expects companies to change strategy to focus more on the immediate needs of customers.

"We are experiencing a lot of adjustments and costs in facilitating working from different locations and due to the reduced work volume, job losses and redundancies are inevitable," he adds. "Accounting firms – like many other businesses in Kenya – will report reduced revenues, and management will need to work extra hard to control job losses and guarantee continuity, even after the pandemic dust settles."

The 2022 general election further adds to the concerns of firms, as the periods before and just after an election have historically brought on erosions in economic performance, concludes Mwendwa. ■

KENYA

NETWORKS & ASSOCIATIONS: FEE DATA

	Rank	Name	Fee income (KESm)	Fee income last year (KESm)	Growth (%)	Fee split (%)					Year end
						Audit & assurance	Accounting services	Tax	Advisory	Other	
NETWORKS	1	PwC* (e)	3,704.7	3,462.3	7%	n.d	n.d	n.d	n.d	n.d	n.d
	2	Deloitte* (e)	3,699.6	3,457.6	7%	n.d	n.d	n.d	n.d	n.d	n.d
	3	EY* (e)	1,999.0	1,868.2	7%	n.d	n.d	n.d	n.d	n.d	n.d
	4	PKF International*	1,463.3	1,300.0	13%	60	-	17	-	23	Jun-19
	5	Grant Thornton*	716.2	676.3	6%	45	-	14	37	4	Sep-19
	6	RSM*	415.2	406.1	2%	60	11	23	6	-	Dec-19
	7	Baker Tilly International*	375.0	360.5	4%	70	10	10	10	-	Dec-19
	8	BDO*	341.5	312.6	9%	43	16	16	19	6	Dec-19
	9	Mazars*	167.4	147.8	13%	69	14	7	-	10	Aug-19
	10	Moore Global* (1)	165.0	141.3	17%	48	7	8	37	-	Dec-19
	11	Crowe*	164.3	176.7	-7%	64	10	11	12	3	Dec-19
	12	TGS Global*	72.2	80.3	-10%	77	7	8	1	7	Sep-19
	13	Nexia International*	49.8	47.0	6%	46	44	10	-	-	Jun-19
	14	HLB* (2)	25.2	58.2	-57%	30	21	24	18	7	Dec-19
	15	Kreston International* (3)	21.4	18.2	18%	65	15	5	15	-	Oct-19
	-	KPMG*	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
Total fee income/growth			**13,379.9**	**12,513.1**	**7%**						
ASSOCIATIONS	1	Praxity*	167.4	147.8	13%	69	14	7	-	10	n.ap
	2	Integra International* (e)	111.0	103.7	7%	n.d	n.d	n.d	n.d	n.d	n.d
	3	Allinial Global*	91.2	n.ap	n.ap	70	7	10	13	-	Dec-19
	4	BKR International* (3)	90.0	68.8	31%	40	20	20	15	5	Dec-19
	5	GMN International* (3)	61.5	46.2	33%	61	28	6	-	5	Sep-19
	6	MGI Worldwide with CPAAI*	50.5	n.ap	n.ap	53	30	14	-	3	n.ap
	7	Antea*	29.6	28.2	5%	25	17	23	-	35	Dec-19
	8	IAPA International* (1)	22.5	19.0	18%	21	23	11	12	33	Dec-19
	9	PrimeGlobal* (4)	15.0	25.1	-40%	65	5	18	10	2	May-19
Total fee income/growth			**638.6**	**438.8**	**13%**						

Notes: (e) = *IAB* estimate, **n.d** = not disclosed, **n.c** = not collected, **n.ap** = not applicable, **n.av** = not available. (1) Increase in fee income attributed to organic growth. (2) Decrease in fee income attributed to termination of some management agreements, a reduction in management fees and completion of some accountancy projects. (3) Increase in fee income attributed to gaining new clients. (4) Decrease in fee income attributed to reduction in tax services..

***Disclaimer**: Data relating to correspondent and non-exclusive member firms is not included. Where data for accounting services is not disclosed, it is included in audit and assurance.

Source: *International Accounting Bulletin*

NETWORKS & ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff		Growth (%)	Female		Partners		Professionals		Admin		Offices	
		2019	2018		Staff	Partners	2019	2018	2019	2018	2019	2018	2019	2018
NETWORKS														
1	PKF International*	488	427	14%	n.d	n.d	15	17	382	313	91	97	5	5
2	PwC* (e)	374	353	6%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
3	EY* (e)	328	309	6%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
4	Deloitte* (e)	321	303	6%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
5	Grant Thornton*	146	154	-5%	47	0	8	8	121	139	17	7	1	1
6	RSM*	114	111	3%	62	1	5	5	87	85	22	21	2	2
7	Crowe*	86	81	6%	33	1	9	7	56	61	21	13	3	3
8	Moore Global*	81	85	-5%	28	5	14	8	48	53	19	24	1	1
9	BDO*	81	80	1%	37	1	9	7	55	57	17	16	1	1
10	Baker Tilly International*	75	70	7%	30	0	5	4	60	56	10	10	1	1
11	Mazars*	66	66	0%	n.d	n.d	5	5	47	51	14	10	1	1
12	TGS Global*	38	38	0%	13	0	1	1	23	26	14	11	1	1
13	HLB*	30	28	7%	12	1	4	4	20	21	6	3	3	2
14	Nexia International*	26	26	0%	9	0	2	2	21	21	3	3	1	1
15	Kreston International*	21	19	11%	10	0	2	2	16	14	3	3	1	1
-	KPMG*	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
Total staff/growth		**2,275**	**2,150**	**6%**	**281**	**9**	**79**	**70**	**936**	**897**	**237**	**218**	**21**	**20**
ASSOCIATIONS														
1	Praxity*	66	66	0%	n.d	n.d	5	5	47	51	14	10	1	1
2	BKR International*	60	55	9%	28	0	5	2	45	45	10	8	1	1
3	GMN International*	47	49	-4%	19	1	5	5	32	34	10	10	3	3
4	MGI Worldwide with CPAAI*	31	n.ap	n.ap	n.d	1	3	n.ap	28	n.ap	-	n.ap	1	n.ap
5	Integra International* (e)	29	28	2%	n.d	n.d	n.d	4	n.d	20	n.d	4	n.d	1
6	Allinial Global*	26	n.ap	n.ap	0	0	1	n.ap	19	n.ap	6	n.ap	1	n.ap
7	Antea*	18	18	0%	6	0	2	2	14	14	2	2	1	1
8	PrimeGlobal*	13	11	18%	n.d	n.d	2	1	10	8	1	2	1	1
9	IAPA International	11	12	-8%	4	0	2	2	8	8	1	2	1	1
Total staff/growth		**301**	**239**	**2%**	**57**	**2**	**25**	**21**	**203**	**180**	**44**	**38**	**10**	**9**

Notes: (e) = *IAB* estimate, **n.d** = not disclosed, **n.c** = not collected, **n.ap** = not applicable, **n.av** = not available.

***Disclaimer:** Data relating to correspondent and non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

NIGERIA: ANALYSIS AND REGULATION KEY TO SUSTAINABILITY

The double whammy of the global coronavirus pandemic and plunging global oil prices has ramped up the pressure on Nigerian firms to find and exploit new sources of revenue, writes *Paul Golden*

One of the most significant growth factors in the Nigerian accounting space over the last 12 months has been the implementation of a risk-based approach to accounting and audit, with many companies demanding more from accountants and auditors – especially on the 'facts behind the figures'.

Companies want to know if high yield figures are sustainable, and if not, how they can make the figures sustainable, while management want accountants to use the current figures to predict future performances, explains Vivian Ine, chief compliance officer at Crowe Dafinone.

She also refers to compliance risk management of regulations and policies – including regulatory filings and returns, as well as advising on corporate governance regulations – as a potential growth area, and notes that companies have been sanctioned for not submitting filings or failing to put in place structures specified in regulations.

The most significant recent regulatory development was the 2019 Finance Act, which has increased tax compliance, introduced stricter fines and improved the ease of doing business due to the exemptions provided for certain businesses, according to Francisca Jegede, senior associate at Morison KSi member firm Pedabo.

Ahmed Adenusi, managing partner at PrimeGlobal member firm Adenusi & Company, describes the act as a conscious effort on the part of government to improve the nation's business environment by designing more efficient systems and improving processes.

He says it seeks to further the government's commitment to improving the ease of doing business in Nigeria, aligning domestic laws with global best practices, promoting fiscal equity and supporting micro, small and mid-sized businesses. Other objectives include raising government revenues and stakeholders' investments in the capital market.

"There is also a renewed focus on taxation of multinationals and curbing illicit financial flows," says Adenusi. "In the recent past, the tax authority has focused on country-by-country reporting, review and strengthening of transfer pricing regulations, and the demand for increased transparency in tax reporting."

DEVELOPMENT EFFORTS

A nationwide taxpayer registration and database consolidation that will bring more people into the tax net is ongoing. Implementation of common reporting standards and automatic exchange of information are part of efforts geared towards reducing illicit financial flow and tax evasion.

"All these developments have the potential to create growth in the accounting market, as more professional guidance is required by businesses to navigate their impacts," adds Adenusi.


Francisca Jegede, Pedabo

In addition, the Financial Reporting Council of Nigeria launched a new corporate governance code in January 2019 designed to protect the rights of minority shareholders, attract foreign investment and enhance ease of doing business in Nigeria.

"We have also seen aggressive tax audits by the tax authorities with a view to increasing government revenue and increased floatation of government securities on the capital market to shore up dwindling government revenue, as well as the implementation of some new IFRS standards and the need for support for organisations affected by IFRS 9, 15 and 16," says Solomon Adeleke, senior partner at Baker Tilly Nigeria.

Haruna Yahaya, partner at MGI Worldwide member firm Haruna Yahaya & Co., agrees that the adoption of new IFRS standards and interpretations has been significant, and also refers to efforts by government entities at all levels – federal, state and local – to adopt international public sector accounting standards.

"We are seeing an increasing sophistication of clients as new financial instruments are issued in the Nigerian market, especially by regulatory authorities such the Central Bank of Nigeria, the Securities and Exchange Commission and the Federal Inland Revenue Service," he adds. "In addition, there is increased awareness of the code of corporate governance."

Adeleke suggests there is potential for growth in tax work, especially assisting with tax audits and investigations and on transfer pricing work, and government and not-for-profit assignments such as project audits, expenditure-verification assignments, assets


Ahmed Adenusi, Adenusi & Company

verification and stock counts, in addition to corporate governance reviews for public interest entities and corporate finance assignments.

"Challenges include duplication of tax audit visits by target-hunting tax officials and other revenue-generating agencies, clients' resistance to fee increases in spite of the falling value of the local currency relative to the dollar and other convertible currencies, and the challenge of upskilling staff to take advantage of the emerging digital economy and technological disruption," says Adeleke. "For small firms, there are limited resources to invest in technology that may impact positively on service delivery."

John Abikoye, managing partner at Allinial Global member firm Consulting and Advisory Home, reckons the speed and quality of delivered services has improved over the last 12 months, and that firms are adding more value to clients in the area of consultancy services.

"Technology has continued to transform the way things are done, with accounting firms embracing analytics as an additional service offering and audit, tax and other professional services being automated," he says. "Some firms have increased in size and revenue through merger, although there have been some losses."

Abikoye also acknowledges that for the market to optimise its growth potential there is a need for training and retraining of personnel. "Unfortunately, the resources – particularly financial – to do this are not available, especially among the small and mid-size firms that make up at least three-quarters of audit firms in Nigeria," he adds.

Accounting firms in Nigeria are faced with a high rate of staff turnover as a result of young accountants believing that a few years of work experience in a practising firm will leave them well placed to move to other industries and occupy CFO roles, and therefore not having long-term plans to stay with accounting firms. That is the view of Daniel Emmanuel at Pedabo, who says that most Nigerian accounting firms are not putting proper succession plans in place and, as such, legacies are not being continued.

Yahaya refers to talent migration or "brain drain" to countries such as the UK and Canada, and to other sectors of the economy, including oil and gas, and banking, as well as a sizeable informal sector with low appreciation for professional accounting services and a lack of proper accounting records. "Limited exposure to capacity building programmes for professionals – especially in small firms – to keep them updated on developments in the profession is another issue," he adds.

INITIATIVES AND HITCHES

In August 2019, the Financial Reporting Council of Nigeria launched a new individual registration portal. Opinion is divided on the success of this initiative, with Bolajoko Adesanya, head of tax, regulatory and people services at Moore RoseWater, observing that applicants are still required to print a copy of the completed online registration form and submit it physically at the office of the Financial Reporting Council of Nigeria for final processing.

Adeleke refers to technical hitches in terms of connectivity to bank-verification numbers, and the national identity card management platforms that meant registration that was supposed to be completed in 48 hours was taking a week or more to achieve.

However, Adenusi describes the roll-out of the portal as a success once the initial technological hitches, which registrants encountered due to the high volume of users, had been taken care of. "One of the main benefits of this portal is that it introduces a high level of transparency as the public can easily verify genuine professionals," he says.

In addition to the economic difficulties caused by coronavirus, Nigeria has had to deal with a fall in the price of crude oil, which constitutes more than half of its revenues and 90% of foreign exchange inflow.

"This has put pressure on the naira, which witnessed official devaluation of 20% and is likely to devalue further over the remainder of this year," observes Adenusi. "Nigeria, being an import-oriented country, will likely experience the multiplier effect of an increase in prices of goods and services."


Bolajoko Adesanya, Moore RoseWater

The country's budget has been reviewed in the context of these developments, and Adenusi believes businesses are hopeful that the government will continue to respond with economic stimulus on the monetary and fiscal fronts to protect the economy.

However, a brief survey conducted by Pedabo among selected clients in various sectors of the Nigerian economy revealed that these companies have low confidence in a recovery over the next 12 months. More than four-fifths of respondents declared that the Covid-19-inspired downturn had had a significant impact on their businesses and projections, and two-thirds were pessimistic in their expectations of recovery. However, there was also a sense that the economy could be stabilised if the government effectively implemented economic and fiscal policies.

Aside from the various impacts of Covid-19, Adesanya says government indebtedness is another reason why the Nigerian economy is unlikely to record significant growth in the next 12 months.

"The federal government – which is the largest spender in the country – is currently grappling with huge loan repayments, and as a result very little funding is available for capital projects that could positively affect the growth of the economy," Adenusi says. "The Islamic Development Bank reported that Nigeria is one of the countries in the world using up to 80% of its revenue to service both local and foreign debt."

However, Yahaya says his clients have taken confidence from the current administration's focus on combating corruption, diversifying the economy away from oil and gas, investing in infrastructure and strengthening the education sector. "The signing of the Finance Act by President Muhammed Buhari in January 2020 and the inauguration of a high-calibre economic management team form the basis for this confidence," he concludes. ■

NIGERIA

NETWORKS & ASSOCIATIONS: FEE DATA

	Rank	Name	Fee income (NGNm)	Fee income last year (NGNm)	Growth (%)	Fee split (%)					Year end
						Audit & assurance	Accounting services	Tax	Advisory	Other	
NETWORKS	1	EY*	12,450.0	10,480.0	19%	39	-	-	-	61	Jun-19
	2	PwC* (e)	10,344.9	9,668.1	7%	n.d	n.d	n.d	n.d	n.d	Jun-19
	3	Deloitte* (e)	6,621.5	6,188.3	7%	n.d	n.d	n.d	n.d	n.d	n.d
	4	Grant Thornton*	1,162.5	1,266.0	-8%	48	-	32	16	4	Sep-19
	5	BDO*	1,046.5	1,030.0	2%	66	5	11	6	13	Sep-19
	6	PKF International *	856.6	823.4	4%	92	1	5	1	2	Jun-19
	7	Crowe*	679.5	620.0	10%	76	5	19	-	-	Apr-19
	8	KPMG*	662.7	599.1	11%	76	-	-	-	24	Sep-19
	9	Nexia International* (1)	600.0	375.7	60%	55	2	2	40	1	Jun-19
	10	Baker Tilly International*	494.3	442.8	12%	62	3	25	10	-	Dec-19
	11	Kreston International* (2)	300.0	230.0	30%	27	10	33	15	15	Oct-19
	12	Mazars*	214.4	198.4	8%	39	12	38	4	7	Aug-19
	13	HLB*	202.0	200.8	1%	70	-	20	10	-	Sep-19
	14	TGS Global*	176.6	174.6	1%	7	11	23	58	1	Sep-19
	15	UHY International* (3)	97.9	74.9	31%	78	-	16	6	-	Dec-19
	16	Russell Bedford International* (e)	86.3	80.7	7%	n.d	n.d	n.d	n.d	n.d	n.d
	17	Moore Global*	69.0	68.5	1%	33	7	14	-	45	Dec-19
Total fee income/growth			**36,064.6**	**32,521.3**	**11%**						
ASSOCIATIONS	1	Morison KSi* (4)	1,657.5	1,383.8	20%	15	3	19	42	21	Dec-18
	2	PrimeGlobal*	411.3	366.1	12%	66	2	25	7	-	May-19
	3	Praxity*	214.4	198.4	8%	39	12	38	4	7	n.ap
	4	MGI Worldwide with CPAAI*	168.5	n.ap	n.ap	59	12	11	9	9	n.ap
	5	Inpact* (5)	165.0	101.3	63%	45	7	41	4	3	Dec-18
	6	Integra International*	150.5	135.5	11%	44	-	37	19	-	Dec-19
	7	BKR International* (e)	135.0	124.9	8%	n.d	n.d	n.d	n.d	n.d	n.d
	8	IAPA*	108.4	124.5	-13%	30	17	40	8	5	Dec-19
	9	Antea*	90.0	89.5	1%			100			Dec-19
	10	GMN International* (4)	62.4	54.0	16%	20	15	50	5	10	Sep-19
	11	Abacus Worldwide* (4)	48.0	41.0	17%	62	20	11	3	4	Dec-19
Total fee income/growth			**3,210.9**	**2,619.0**	**23%**						

Notes: (e) = *IAB* estimate, **n.d** = not disclosed, **n.c** = not collected, **n.ap** = not applicable, **n.av** = not available.
(1) Increase in fee income attributed to significant growth in consultancy engagements. (2) Increase in fee income attributed to offering more accouting and advisory services. (3) Increase in fees attributed to offering more services by one of its large member firms. (4) Increase in fee income was attributed to organic growth. (5) Added a new member firm.

***Disclaimer**: Data relating to correspondent and non-exclusive member firms is not included. Where data for accounting services is not disclosed, it is included in audit and assurance.

Source: *International Accounting Bulletin*

NETWORKS & ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff		Growth (%)	Female		Partners		Professionals		Admin		Offices	
		2019	2018		Staff	Partners	2019	2018	2019	2018	2019	2018	2019	2018
NETWORKS														
1	KPMG*	1,048	1,045	0%	n.d	n.d	36	35	n.d	n.d	n.d	n.d	n.d	2
2	PwC* (e)	1,030	990	4%	n.d	n.d	31	31	n.d	n.d	n.d	n.d	n.d	n.d
3	Deloitte* (e)	534	513	4%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
4	EY*	500	439	14%	n.d	n.d	24	24	n.d	415	n.d	n.d	n.d	n.d
5	Baker Tilly International*	173	159	9%	76	0	9	9	129	116	35	34	4	1
6	PKF International*	157	173	-9%	n.d	n.d	7	6	112	115	38	52	5	5
7	TGS Global* (1)	128	108	19%	33	1	5	5	88	82	35	21	7	7
8	Grant Thornton*	109	105	4%	41	2	9	9	56	58	44	38	3	3
9	BDO*	104	102	2%	35	0	9	8	70	67	25	27	4	4
10	Crowe*	72	72	0%	40	2	6	6	56	56	10	10	1	1
11	HLB* (2)	69	51	35%	13	0	2	2	29	22	38	27	3	3
12	Kreston International*	63	53	19%	25	2	6	6	50	40	7	7	4	4
13	Nexia International*	59	62	-5%	13	0	5	5	39	42	15	15	4	4
14	UHY International* (3)	39	55	-29%	13	0	9	10	17	24	13	21	7	7
15	Russell Bedford International* (e)	35	34	4%	n.d	n.d	n.d	4	n.d	26	n.d	4	n.d	1
16	Mazars*	33	28	18%	n.d	n.d	1	1	20	21	12	6	5	1
17	Moore Global*	13	15	-13%	6	0	1	1	7	11	5	3	1	1
Total staff/growth		**4,165**	**4,004**	**4%**	**295**	**7**	**160**	**162**	**673**	**1,095**	**277**	**265**	**48**	**44**
ASSOCIATIONS														
1	PrimeGlobal*	93	101	-8%	n.d	n.d	8	7	52	59	33	35	4	4
2	Morison KSi*	80	89	-10%	31	0	3	3	65	74	12	12	3	2
3	Inpact*	49	39	26%	7	0	5	3	40	33	4	3	10	5
4	IAPA*	44	37	19%	12	0	6	6	19	17	19	14	6	6
5	Antea*	38	21	81%	13	0	2	2	32	12	4	7	1	1
6	BKR International* (e)	37	35	6%	n.d	n.d	n.d	2	n.d	13	n.d	7	n.d	2
7	Praxity*	33	28	18%	n.d	n.d	1	1	20	21	12	6	5	1
8	Integra International*	30	33	-9%	n.d	n.d	2	2	21	26	7	5	1	1
9	MGI Worldwide with CPAAI*	26	n.ap	n.ap	n.d	1	8	n.ap	18	n.ap	-	n.ap	5	n.ap
10	Abacus Worldwide*	16	14	14%	n.d	n.d	2	2	11	9	3	3	3	3
11	GMN International*	15	15	0%	5	1	4	4	6	5	5	6	1	1
Total staff/growth		**461**	**412**	**6%**	**68**	**2**	**41**	**32**	**248**	**269**	**99**	**98**	**39**	**26**

Notes: (e) = *IAB* estimate, **n.d** = not disclosed, **n.c** = not collected, **n.ap** = not applicable, **n.av** = not available.
(1) Increase in staff attributed to recruitment of permanent staff for government projects that started in the previous year. (2) Increase in staff attributed to recruitment of new personnel. (3) Decrease in staff attributed to exits of staff in some member firms due to reductions in operations.

***Disclaimer:** Data relating to correspondent and non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

GHANA

NETWORKS & ASSOCIATIONS: FEE DATA

	Rank	Name	Fee income (GHSm)	Fee income last year (GHSm)	Growth (%)	Fee split (%)					Year end
						Audit & assurance	Accounting services	Tax	Advisory	Other	
NETWORKS	1	PwC* (e)	100.9	89.3	13%	n.d	n.d	n.d	n.d	n.d	n.d
	2	Deloitte* (e)	20.6	18.2	13%	n.d	n.d	n.d	n.d	n.d	n.d
	3	EY* (e)	16.6	14.7	13%	n.d	n.d	n.d	n.d	n.d	n.d
	4	PKF International* (1)	7.5	5.4	38%	75	5	15	-	5	Jun-19
	5	Baker Tilly International* (2)	4.1	2.5	65%	86	-	14	-	-	Dec-19
	6	Crowe* (3)	3.8	3.1	22%	63	10	22	-	5	Dec-19
	7	Mazars*	3.4	3.0	13%	63	9	18	10	-	Aug-19
	8	Nexia International*	3.0	2.6	15%	60	28	12	-	-	Jun-19
	9	HLB*	1.7	2.0	-13%	92	1	5	-	2	Dec-19
	10	UHY*	1.4	2.1	-35%	51	24	14	-	11	Dec-19
	11	Kreston International*	0.7	0.7	-6%	85	12	3	-	-	Oct-19
	-	KPMG*	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
Total fee income/growth			**163.6**	**143.6**	**14%**						
ASSOCIATIONS	1	Allinial Global* (4)	4.2	2.9	44%	-	16	31	27	26	Dec-19
	2	DFK International*	3.3	3.0	10%	26	43	19	12	-	Dec-19
	3	Praxity*	3.4	3.0	13%	63	9	18	10	-	n.ap
	4	Morison KSi* (3)	1.6	1.1	49%	44	25	8	11	12	Dec-18
	5	MGI Worldwide with CPAAI*	1.4	n.ap	n.ap	22	27	29	9	14	n.ap
	-	Integra International* (5)	n.ap	1.1	n.ap	n.ap	n.ap	n.ap	n.ap	n.ap	n.ap
Total fee income/growth			**13.9**	**11.1**	**25%**						

Notes: (e) = *IAB* estimate, **n.d** = not disclosed, **n.c** = not collected, **n.ap** = not applicable, **n.av** = not available.
(1) Increased revenue was as a result of increase in audit fees and additional clients during the year. (2) Increase in fee income attributed to one-off income from an assurance and audit assignment. (3) Increase in fee income attributed to gaining new services and clients. (4) Increase in fee income attributed to organic growth. (5) Lost its member firm in Ghana.

***Disclaimer**: Data relating to correspondent and non-exclusive member firms is not included. Where data for accounting services is not disclosed, it is included in audit and assurance.

Source: *International Accounting Bulletin*

NETWORKS & ASSOCIATIONS: STAFF DATA

Rank	Name	Total staff		Growth (%)	Female		Partners		Professionals		Admin		Offices	
		2019	2018		Staff	Partners	2019	2018	2019	2018	2019	2018	2019	2018
NETWORKS														
1	EY* (e)	199	186	7%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
2	PwC* (e)	195	182	7%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
3	Deloitte* (e)	154	144	7%	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
4	PKF International*	109	114	-4%	n.d	n.d	5	5	92	97	12	12	3	3
5	Mazars*	60	60	0%	n.d	n.d	2	2	50	50	8	8	1	1
6	Baker Tilly International*	60	42	43%	14	0	4	4	48	33	8	5	1	1
7	Nexia International*	30	31	-3%	0	0	3	3	24	24	3	4	1	1
8	Crowe*	26	21	24%	10	n.d	2	2	19	13	5	6	1	1
9	HLB*	23	20	15%	7	0	3	2	16	14	4	4	1	1
10	UHY*	14	13	8%	3	0	1	1	12	11	1	1	1	1
11	Kreston International*	14	12	17%	n.d	n.d	3	1	8	8	3	3	1	1
-	KPMG*	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d	n.d
Total staff/growth		**884**	**825**	**7%**	**34**	**0**	**23**	**20**	**269**	**250**	**44**	**43**	**10**	**10**
ASSOCIATIONS														
1	Praxity*	60	60	0%	n.d	n.d	2	2	50	50	8	8	1	1
2	DFK International*	36	36	0%	13	1	9	9	23	23	4	4	2	2
3	Morison KSi*	29	22	32%	7	1	7	7	17	11	5	4	2	2
4	Allinial Global	12	12	0%	0	0	2	2	8	7	2	3	1	1
5	MGI Worldwide with CPAAI*	12	n.ap	n.ap	n.d	n.d	6	n.ap	6	n.ap	-	n.ap	1	n.ap
-	Integra International*	n.ap	8	n.ap	n.ap	n.ap	n.ap	2	n.ap	5	n.ap	1	n.ap	1
Total staff/growth		**149**	**138**	**5%**	**20**	**2**	**26**	**22**	**104**	**96**	**19**	**20**	**7**	**7**

Notes: (e) = *IAB* estimate, **n.d** = not disclosed, **n.c** = not collected, **n.ap** = not applicable, **n.av** = not available.

***Disclaimer:** Data relating to correspondent and non-exclusive member firms is not included.

Source: *International Accounting Bulletin*

COVID-19: KEY TENETS TO SUPPORT SMES

***Larry Zeifman,* partner at Zeifmans, a Nexia International firm in Canada, looks at the steps smaller businesses should be taking to survive the coronavirus pademic**


Larry Zeifman, Zeifmans, Canada

Small and medium-sized enterprises (SMEs) are the heart of the Canadian economy, and many are experiencing hard hits as a result of Covid-19.

Though the Canadian government has released subsidies to ease the economic impact, smaller businesses are struggling to wade through the available benefits, understand their eligibility, and complete the necessary paperwork to access emergency relief funds.

The prospect of losing one's livelihood during an economic crash is second only to the fear of a family member or employee falling ill as a result of one's own poor decision making.

The fact is, that while the Covid-19 pandemic undoubtedly carries the potential for financial upheaval, the main concern right now is what matters most: people. Actions to continue operations during this crisis are often only feasible if they place the safety of employees and their families first. Uncertainty about the duration of the pandemic, and the associated disturbances to income add immeasurable pressure to SME owners.

Now that the majority of Canadian businesses have pivoted to align with federal health regulations – whether social distancing, working remotely or shutting down operations – the second wave of preparatory measures has begun, influencing how SMEs will weather the storm and emerge successfully from the crisis. Effective support for SMEs during the Covid-19 pandemic falls within four main tenets:

COMMUNICATION

Firms should remain in frequent contact with clients throughout the pandemic, utilising all the available touchpoints: email, social media, blogs, online meetings, texting and telephone calls. Creating a central resource centre on the firm's website can be an excellent way to ensure that clients remain informed about how the firm is operating during the pandemic and the firm's advice on short-term sustainability measures.

Leverage blog posts to disseminate advice and share the latest information on government subsidies. Taking Canada as an example, the options have been launched and altered at such a fast pace that firms have the opportunity to be a clear voice of reason amidst the chaos, delivering intelligent advice and concise, insightful, actionable information on eligibility and application measures.

Firms should impress upon their SME clients that they remain 100% operational, on a work-from-home basis, and available for counsel on cashflow challenges and accessing government funds.

FINANCIAL REPORTING

SMEs should be encouraged to buckle down on all financial reporting. Without proper accounting, they may be unable to claim benefits that they might otherwise be eligible for. Many of the subsidies and loans require the previous year's taxation and/or financial data in order to calculate amounts and receive funding. The books need to be accurate and complete.

In the event that an SME has not been keeping their accounting records up to date, there will be some scrambling on short timelines, and likely unnecessary delays in the receipt of emergency relief funding.

Firms should be both encouraging their SME clients to be keeping their bookkeeping and reporting current, and should also be ready to support any clients that may require assistance.

CORPORATE TURNAROUND

Where an economic boom can cover up business challenges, a slump brings weaknesses to the surface, heightening the implications of poor performance. In assisting SMEs with corporate turnaround, a viability analysis should be conducted first to determine whether a viable profitable core operation still exists.

Once problems have been diagnosed, a recovery plan can then be established and carried out, using tight controls and enabling a strategy to emerge. SMEs are generally to be encouraged to build on core product and service lines at this time.

BUSINESS CONTINUITY

In order to ensure that business continues throughout the pandemic, SMEs should be encouraged to take a few short-term measures.

Cash-management and revenue-collection processes should be evaluated. A short-term budget should be developed alongside a cash flow forecast. Unnecessary expenditures should be deferred, inventory levels reviewed, and 'just in time' strategies employed for inventory. Cash is king during a crisis, so it is critical that all financial decisions are made on the foundation of a thorough cash-flow model.

KEY TAKEAWAYS

The pandemic is evolving, and many of the largest lessons learned through this crisis will be most readily available in hindsight.

What remains true is that flexibility, responsiveness and a people-first approach will sustain and entrench a firm's relationships with their clients throughout the pandemic and beyond. ■

ALLINIAL GLOBAL: INITIATIVE FOSTERS REGIONAL COHESION TO FACE COVID-19 CHALLENGES

During April 2020, Allinial Global launched Global Working Groups to help members share vital knowledge and experiences while facing the Covid-19 crisis. President and CEO *Terry Snyder* writes

After clustering participants into cohorts of eight to twelve individuals based on region and time zone, the association is pleased to report that Global Working Groups (GWGs) are off to a strong start with the first round of recurring conference calls recently completed.

Feedback on introductory discussions has been positive, with third-party facilitators reporting that members are relieved to hear from one other, and encouraged by the realisation that they are all facing similar challenges together. Both small and large firms are represented within the working groups, providing a broad spectrum of experiences and opportunities for mentorship and growth. Small firms have been particularly appreciative of GWGs.

Organising GWGs by region has helped the association foster regional cohesion and unity. As members get to know their regional peers through discussion groups, they are even making time to help one another between meetings to pursue opportunities for collaboration and cross-referrals.

Based on initial discussions, a number of common themes are emerging as groups begin to identify and address key issues. Impacts on cash flow remain a concern for members and clients alike. With the vast majority still facing lockdown or shelter-in-place restrictions, businesses are doing their best to mitigate the effects of Covid-19 slowdowns. Many firms are grappling with

questions of where to scale back and how to avoid layoffs in light of unanticipated developments.

As they rush to support clients, firms are also realising the opportunity to engage in new ways and demonstrate their value as trusted advisors. GWG discussions have provided a forum where members can exchange ideas about how to improve their competencies and create out-of-the-box services and solutions.

THOUGHT LEADERSHIP

In addition to keeping clients informed about governmental changes and resources, many member firms are focused on providing thought leadership and operational expertise to clients. Some have created emergency kits for clients, providing tools and ideas to help keep their clients' businesses viable during these difficult times.

The kits highlight strategies for cash flow, cloud computing and contract negotiations, as well as tips to prevent layoffs and boost employee engagement. Others are helping clients adopt online systems or negotiate items such as contract cancellations, rental negotiations, and waivers or deferments of fees and expenses.

At the same time, social distancing requirements and the transition to remote work continue to present new challenges. Audit procedures are a common topic of concern, with firms wondering how to approach the physical verification of inventory while access is hindered. Members are also sharing their experiences with various work-from-home platforms, exchanging questions about how to ensure consistent workflows and maintain employee engagement, communication, and motivation while working remotely.

The challenges of the Covid-19 pandemic are significant, but through the GWG initiative, Allinial Global firms are reaffirming their connection and renewing their confidence. Member-to-member knowledge sharing has always been central to the association's mission, and collaborative problem solving will continue to be a guiding principal for this initiative going forward.

I am pleased with the GWG roll-out, and am optimistic about the future. During a difficult time across the board, it is great to see members collaborating to generate creative solutions and plan for recovery. I have no doubt that Allinial Global firms will weather the storm together and come out of this experience with strategies and insights to help them stay ahead of the curve. ■

THE FUTURE OF RESOURCE WITH THORNTON SELECT

Emma Davies rose to partner at Grant Thornton in March, recognised for her dedicated work in creating the Special Projects business. *Zoya Malik* reports on how Davies's Grant Thornton Select agile working initiative further supports the team in growing revenue and delivering business growth


Emma Davies, Grant Thornton

Zoya Malik: What contributed to your promotion to partner at Grant Thornton?

Emma Davies: My promotion to partner is partly due to the success of the Special Projects division within Grant Thornton, which I set up over 10 years ago to provide high-quality professional services to clients.

Spending a number of years previously working in interim industry-side roles, I had spotted a gap in the market for specialist professional services. The Special Projects team fulfils a niche requirement by offering high-quality accounting support to company finance teams presenting a lack of internal resource or expertise.

Over the past three years the team has grown revenue by increasing service lines and expanding out of Yorkshire, setting up in key nationwide offices.

ZM: What are niche services offered by the Special Projects team and Grant Thornton Select?

ED: Client needs have been met by our provision of reliable expertise and resource when times are challenging or a business is going through high growth or change.

I've also had the opportunity over the last two years to develop Grant Thornton Select, a larger, more flexible workforce that can be called upon to work alongside our established Special Projects teams. Grant Thornton Select really opens up the market for our clients to gain quality specialist expertise as an alternative to working with traditional employment agencies, as we offer a fully managed service.

Grant Thornton Select was initially introduced to support Special Projects' new business wins, as we were unable to employ all the requisite specialists on a permanent full-time basis quickly enough, due to the fast growth of the service. Nationally, we have established a 30-strong full-time team, supplemented by specialist talent from over 170 Thornton Select individuals to deliver Special Projects externally.

ZM: How are you sourcing this Select talent? What roles are they filling and supporting?

ED: We have two full-time recruiters searching for the best-quality interim accountants in the market. We now have over 170 accountants that are fully vetted, interviewed and have undergone the same stringent background checks as our permanent staff. They then sit within the Select community, ready to be deployed where their skill sets fit.

With Special Projects, we go in and talk to a client to understand what their issues are. Our Special Projects teams are usually required during a point of change in their business or finance team. Perhaps the business has lost a key person and they require the right person to fill a holding role, or they're installing a new system, or have recently gone through an acquisition or transaction where they may need extra assistance.

During the year, there are also peaks in activity for the finance team, such as with year-end audits. The scale of the issue will determine whether one or 10 people go in as a flexible way to bolster the client's finance unit.

ZM: How well is the Select Team model fitting with current agile employment and working patterns?

ED: The future of work speaks well to the significance and success of this model, attracting a more flexible professional demographic. Many accountancy professionals are looking for more part-time roles. For example, we have a consultant working with us for six months, who invests the remainder of his time in learning to be a pilot. With this flexibility, we can offer a mix of specialists with varying age, experience and background – employing the right skills at the right time for our clients.

Agile team members have access to a virtual social media community to stay connected, are paid on an agreed day rate and are self-employed, so not wholly exclusive to us.

ZM: What industry specialisms are clients looking for?

ED: We are finding that in teams where people have been qualified for a while, they may need new interpretations and technical knowledge, for instance with year-end accounting rules and alongside financial reporting standards such as IFRS 15 revenue recognition and IFRS 16 lease accounting.

Focusing on mid-market businesses with over £50m turnover, we concentrate on strengthening a client's finance team, improving management information and forecasting to be effective in 'taking the pain away', with quite a pragmatic approach.

With Covid-19, we are seeing a change in demand for services, as clients act in new ways to deliver a fast-changing, rapid response. ■

WORKING FROM HOME: SAFEGUARDING YOUR TEAM'S WELL-BEING

***Cheryl Lythgoe,* head matron at Benenden Health, discusses how employers in the accountancy industry can effectively manage employee stress while working remotely during the lockdown period**


Cheryl Lythgoe, Benenden Health

Workplace stress is the negative reaction triggered by excess pressure at work, and can be particularly prominent in the finance sector.

With uncertainty over a predicted economic downturn after the Covid-19 pandemic, combined with the after-effects of Brexit, workers in the financial sector may be more prone to struggling with stress and poor mental health; as such, employers should take measures to ensure that they are supporting their team.

Our *Mental Health in the Workplace* report revealed nearly half of all employees across a range of sectors have suffered from work-related stress, with triggers including unmanageable workloads and financial worries – both of which are growing concerns for many under the current circumstances.

Additional research carried out by Benenden last year showed that employees working in the finance sector in particular identified regular medical checks, mental health support and providing flexible working to support family as the three most valuable benefits in a workplace health and well-being policy. And with more businesses requiring staff to work from home, employees could be experiencing more stress than ever, making it essential for businesses to implement measures to support their teams' well-being and minimise any additional stresses triggered by the current situation.

With many businesses now working remotely, it can be harder to spot signs of stress in employees. One key indicator is colleagues working longer hours – or worse, over the weekend – to keep up with their workload as the line between home and work life becomes blurred. Subtle behavioural changes can be another sign of stress, so it is important to take note of employees who appear quieter or agitated on video calls.

The best approach is to regularly check in with individuals in your team. With less employer-employee visibility during this period, it is essential to make time for your teams to share any concerns and to safeguard the wellbeing of your workforce.

FOUR STEPS

It is important employers take steps to minimise employees' stress, especially throughout this period of home working. Here are four steps accountancy businesses can take to mitigate stress levels in teams throughout the lockdown period.

1. **Offer specialist support.** While internal support is great, the capabilities within businesses may not be enough to address the needs of your employees. There are specialist organisations employers can consult to provide the support and advice your teams need.

   When appointing a service provider, you may want to consider whether they offer 24/7 telephone support, as this can be beneficial to employees who feel more comfortable discussing personal issues anonymously rather than with colleagues.
2. **Encourage flexible working.** Acknowledging the importance of work-life balance is essential in enabling employees to switch off at the end of each day. Encouraging employees to be flexible with their hours is key during remote working as this can significantly reduce the threat of stress and improve overall wellbeing, especially for those with caring commitments.
3. **Respect your employees' personal time.** It is vital to recognise your employees' need time away from work, especially as their workplace is now typically in their homes. Reminding teams to get away from their desk for their lunch, exercise daily, and switch off at the end of the day can have a positive impact on mental wellness. Encouraging teams to do these things daily also removes any perceived expectation that working outside office hours is required.
4. **Start a lunchtime exercise club.** As well as being important for your physical health, exercise can reduce stress, increase alertness and generate a higher level of cognitive function. Employers should encourage teams to exercise daily, with team sessions over video call being a great way to stay fit, well and connected to your colleagues during isolation.

While businesses face unprecedented challenges, even small steps can keep teams healthy, happy and productive throughout lockdown and beyond. By prioritising employee well-being now, businesses can put their teams in good stead for when life returns to normal.

Benenden Health has also produced a Coronavirus Hub on its website, with tips and information about how to stay healthy in isolation. ■

AN AUDIT BOARD TO BENEFIT THE PROFESSION AND SOCIETY

Accounting firms are under strain to serve two masters: individual clients and the public interest, while also being for-profit businesses. *Remko Renes,* assistant professor of corporate governance at Nyenrode Business University, The Netherlands, offers a model to increase audit quality and sustainability

With my co-authors Herman van Brenk (Nyenrode Business University) and Greg Trompeter (University of Central Florida), I wrote an academic essay – forthcoming in *Critical Perspectives on Accounting* – in which we propose an alternative model of auditing in the public interest in order to challenge the status quo.

The issue is that the current system of auditing creates tension between commercial and public interests. While clients have interest in (mandatory) auditors' opinions, the dominant focus of regulators is on the difficult-to-observe concept of audit quality in order to serve the public interest.

Despite all the efforts of firms to improve audit quality in response to the inspection reports of regulators, reports from regulators all over the world demonstrate that audit quality must increase substantially.

Our critical thinking, supported by literature review, learns that ongoing and recurring observations and inspection reports of regulators around the world (e.g. IFIAR, 2018) demonstrate that there is a lack of consistency in the execution of high-quality audits, and that from a public-interest perspective, continuous improvement is required of the mandatory audit of the financial statements.


Remko Renes, Nyenrode Business University

A major concern is that for-profit firms' commercial interests may interfere with their obligation to act in the public interest. We argue that there are a variety of reasons why auditors face challenges to act in the public interest. For example, they want to keep good client relations, they want to be as profitable as possible, or they might not have appropriate staff or a realistic budget.

In order to combat this, we suggest an Audit Board, which is conceived as a separate not-for-profit organisation that would conduct financial statement audits for public interest entities (PIEs).

We envision an organisation consisting of a core permanent staff of experienced audit experts that is complemented by Audit Board fellows drawn from the existing accounting firms who would take a job at the board for a certain time period. Since the Audit Board would focus on statutory audits of PIEs, this allows legal flexibility per country.

The audit fee would be objectively defined, and based on a audit schedule comprising risks, controls and financial indicators, and internal audit would be involved in evaluating this schedule. Finally, existing accounting firms would remain involved in the audit of components and non-mandated audits.

The key charateristics of the Audit Board would be:

- A separate quasi-governmental organisation;
- A focus on statutory audits of PIEs;
- Legal flexibility of PIE scope by country;
- An audit schedule comprising risks, controls and financial indicators;
- An internal audit role in evaluating the audit schedule;
- Existing firms conducting component audit work and non-mandated audits.

The Audit Board would reduce the problem of institutional commercial pressure. This proposal is based on our critical thinking and insights from 20 stakeholder dialogues with over 100 participants.

Our proposal helps regulators in their efforts to motivate auditors to act in the public interest. It would create an entity with expertise in auditing but avoiding many of the independence problems faced by for-profit firms. The introduction of an Audit Board could be an innovative alternative for politicians or regulators, and could be used on a global scale due to the legal flexibility of the variation of PIE scope by country.

We stress that our proposed Audit Board model keeps the strengths and benefits of the existing accounting firms, while also making sure that auditing benefits the rest of society in a more sustainable way.

It could be argued that the auditing profession has been drifting away from stakeholders' interests for decades, and focusing on its own. And while this proposal certainly deviates from the current model, we hope that it will contribute to an effective dialogue that may lead to an overhaul of the current model for the organisation of the auditing profession, and also change the status quo to ensure that auditing is in the public interest. ■

AUDIT BOARD: KEY CHARACTERISTICS

STAFFING & HR	KNOWLEDGE SHARING	FUNDING & GOVERNANCE	ROLE OF THE REGULATOR
Permanent staff	Open-source audit methodology	Audit fee without negotiation	Inspections throughout audit engagement
Fellows (3-5 years)	Open-access audit-engagement database for research	Executive committee for day-to-day operations	Separation of inspections from enforcement
Hire specific skills (e.g. IT, tax, forensic)	Academic fellows	Trustee committee for public interest oversight	Licensing of permitted accounting firms for component audits
Intrinsically motivated environment	Knowledge spillover from fellows	Separation of owner, manager and employee roles	
Public interest appraisals			

Source: Remko Renes

ADAPTING TO THE EMERGING 'CURRENT NORMAL'

The Covid-19 pandemic is not a single, significant event. It is not an earthquake or a major fire: it is an evolving situation. Nevertheless, the impact of the crisis on the mid-tier networks and associations is clearly following the pattern of a more 'traditional' disaster, and different alliances appear to be reacting in different ways, comments *James Mendelssohn,* director at Global Alliance Advisory Services (GAAS)


James Mendelssohn, GAAS

Any business continuity plan will involve three distinct phases. The terminology may vary, but those three phases cover, initially, the emergency response; this is followed by the crisis management stage; and then the process moves on to business recovery and future-proofing.

It is clear that most networks and associations have handled the emergency response phase extremely well, in terms of moving to remote working, cancelling conferences and meetings, and delaying quality control and recruitment trips.

But as they move to the crisis management phase, different priorities are beginning to emerge. At the outset of the crisis, many groups went public about the need to work with and support all their member firms, believing that their alliance would be the first port of call for any member firm struggling in the current crisis. Today, alliances are taking a more selective view.

Alliott Group COO Giles Brake says: "Managing member firm relationships is critical … but we face the challenge of not wanting to ask too much of anyone's time when clients' needs have to be the priority." He goes on: "How we can practically help member firms presents a challenge, as each member firm faces a unique situation."

A similar message comes from Nexia CEO Kevin Arnold: "We recognise the huge differences in the needs of our member firms, and we are working towards providing bespoke support."

This approach reflects a growing feeling that an alliance's role in providing information on technical and country-specific issues – for example, government support measures for businesses – is limited. That is better accessed by the local member firm in their own jurisdiction.

Greater value can be provided by facilitating discussion between specific and often local groups of, say, managing partners, who are all facing similar issues and benefit from sharing their experiences with others in nearby jurisdictions.

Terry Snyder, president and CEO at Allinial Global, has elaborated on the concept, saying: "We have organised our membership into groups of eight to 10 firms and they speak each week, with a facilitator, to discuss their problems, solutions, best practice and clear thinking during this crisis."

VIRTUAL ENVIRONMENTS

Those alliances with a more devolved structure are in a fortunate position. Prime Global CEO Steve Heathcote explains that his team were already working in a virtual environment, spread around the globe, before Covid-19 struck. They too have put in place regionalised virtual discussion groups for managing partners.

Heathcote says: "Our firms have a critical leadership role to play, and we need to maintain their positivity. We are presenting a positive message to our firms under the theme of Leading the Recovery."

While understandably focusing on member firms' needs, it is all too easy for alliances to overlook the legal implications of the new business models that they are operating. As Jane Howard, commercial litigation consultant at Reed Smith LLP, warns: "Disruption is likely to be far-reaching."

Cancelled contracts are clearly an issue, with some alliances relying on force majeure. But Howard also cautions that where a group relies on such a clause, "that might also mean that a business-interruption insurance policy does not respond."

With staff working from home – probably for a prolonged period – alliances need to address issues of confidentiality, data protection and the care of firm property. And as employers, alliances also have a duty of care to provide support to their staff members, including ensuring that they have a safe home working environment, as well as systems in place for supervising the quality of work and monitoring performance.

Returning to the three phases of the business continuity plan, experience shows that levels of performance diminish at each stage. Human nature is such that leaders cope in a crisis. The risk is that too much time is spent firefighting, or accepting the business model adopted to cope with the initial crisis, and not enough time is then spent reviewing and establishing the best 'new normal'.

Most groups are doing well in the crisis management stage. The successful ones will be those who can now plan, evolve and adapt for the months ahead. ■

GREAT EXPECTATIONS: BUILDING LEADS AND RELATIONSHIPS DURING LOCKDOWN

***Chris Attewell,* CEO at digital agency Search Laboratory, outlines the ways in which accounting businesses can nurture relationships and build leads now, in preparation for tomorrow**


Chris Attewell, Search Laboratory

As companies navigate a new normal, they are finding themselves under a greater level of scrutiny than before.

Accountancy firms are placed under a new set of expectations, as businesses seek reassurance and practical advice for lead generation.

Achieving this takes a delicate balance, but one that accountants cannot afford to get wrong – while not everyone has purchasing power to commission your services at this very moment in time, they will do in the future, so building the right reputation should be at the forefront of your digital marketing strategy.

Be clear and concise, and over-communicate

In times of uncertainty, customers look to those they trust for reassurance and clarity more so than ever. Now is the time to ensure that you are constantly communicating with your followers and clients, not only to maintain your online presence as the world goes digital, but to let your audience know you are still there for them.

It is important to be clear and concise with your messaging: make information easily available on all aspects of your business, including service and team availability, and lead times on enquiry responses. This helps to manage customer expectations and reduce customer frustration.

If you have not already, consider creating a dedicated coronavirus information section on your site to direct queries to, rather than adding to existing FAQs pages where important information is harder to find. By hosting all the information in one place, it is easier and quicker for your customers to find answers to their questions.

Adapt your messaging

With a greater number of people at home during the nationwide lockdown, digital consumption is higher than ever. This means the content that brands are currently putting out into the world is benefiting from a larger captive audience – but this audience has never been more critical.

Ensuring your business adopts the right tone during the pandemic is key. How you present your firm at this time will set you up for future success, or indeed failure.

It is important to acknowledge the difficulties your clients are facing in a useful way. How can you help them with these issues? Focusing on how you can add value and fix your audience's pain points during this time, rather than pushing sales and marketing messages, will prevent your brand from looking like it is cashing in on the pandemic.

For accountancy firms, it is making yourselves readily available and positioning your firm as experts in the field by imparting knowledge and reassuring clients.

Provide value to audience

Now is the time to really set yourself apart from your competitors. Identify what problems your clients are currently facing, and assess how you are uniquely positioned to help them with these.

> "IT IS IMPORTANT TO BE CLEAR AND CONCISE WITH YOUR MESSAGING: MAKE INFORMATION EASILY AVAILABLE ON ALL ASPECTS OF YOUR BUSINESS

For those working in a professional service industry such as accounting, can you provide free access to usually paid-for content, such as free courses or downloads on your clients' most desired areas?

If you have seen a drop-off in lead generation, consider using the time to create top-funnel content such as a webinar or whitepaper which, in addition to providing value to your audience and presenting your firm in a positive light, acts as a valuable data-capture exercise – both factors that will help you to convert leads at a later date. ■

EVALUATION IS KEY: FIVE TIPS ON REASSESSING PLANS TO SURVIVE COVID-19

Phil Mills, **head of food and drink at accountants Old Mill, comments that while government schemes are welcome on the whole, this is the time to reflect and reassess plans, as there is no one-size-fits-all approach**


Phil Mills, Old Mill

Covid-19 has impacted virtually all businesses in the UK in some way. While some have shut their doors – possibly permanently – others are enjoying the sort of seasonal demand only ordinarily experienced with the promise of a big chap coming down your chimney in a red suit.

The government has launched numerous support schemes, which on the whole have been good, but they will not be able to support everyone, and there is no one-size-fits-all because no business is the same.

1: Evaluate your opportunities

That might sound like madness coming from an accountant and during a state of national emergency/lockdown, but if you start here then your thoughts will not be constrained by a balance sheet – that does not mean that you can ignore the financials: see below – and you might just start to develop ideas that you could not have conceived otherwise. Think Tarquin's Gin making hand sanitiser!

2: Evaluate your financials

You will get a range of views on this from 'experts' in this area but here are my tips:

- **Understand your numbers.** If you do already then great, skip this step and move onto Tip 3. If not, then start with your last set of accounts and go through the detailed pages at the back.
- **Understand how many sales you make, and look at what it costs you to make those sales.** Go through the administrative expenses and sense-check each of them. Then mark up each number as either: has or will change (out of your hands), could be changed (in your hands), and will not change. There may also be some new numbers that you are expecting, such as rent charges for new premises: note these down.
- **Understand your cash flow.** Taking each figure above start to build a picture of what will be happening to your cash each week and month. Understanding this for a year is great, but nobody has a crystal ball, so aim for three months – life could be quite different three months down the line. Have you thought about any grants you are eligible for? Have you thought of any one-off payments you will need to make? Or interest payments from any new lending?
- **Start to model some different scenarios.** What would happen if you go after one of the opportunities you have identified? Do you need to increase your marketing spend? Could you share a distribution network with somebody else? What will happen when you change some of the numbers in your control? How will you fund the investment required?

3: Make a decision and get behind it. And, if relevant, shout about it

Do not underestimate the power this could have for you and, if you have one, your team. We are all emotional beings, and making a clear decision in uncertain times is huge.

If you have decided you are going to deliver locally as a retail offering, then get the message out there. If you are doubling production to cope with demand, tell people. If you are changing your product line – think Burberry's production of PPE – then let others know. This is a chance to inspire and make your team proud.

4: Revisit Steps 1 to 3 weekly

Do they still make sense? Do you need to adjust your plan? Does it need a complete change? If required, make the decision again!

5: Pause and reflect

What might be the future in, say, a year or three years? And what are you learning now that should be embedded into the business in the long term?

Making a decision is important and saves you from drifting into the future without a plan. I am pleased to say that the majority of people I have spoken to have sought to understand the immediate help available to them and are tackling cash-flow planning, which is great, but only part of the picture. ■