



Kreston.  
Knowing you.

A photograph showing three people sitting around a round wooden table in a meeting. One person is using a tablet. The image is partially obscured by a large dark blue triangle on the right side of the cover.

**ANNUAL REVIEW 2017-2018**

# WHY KRESTON?

Kreston members combine **expertise with empathy** better than any other professional services network.

Of course we offer the very best financial advice there is – both locally and globally. But we also go beyond the traditional accountant role to mentor and advise our clients through thick and thin.



**1971**

FOUNDED



**110+**

COUNTRIES



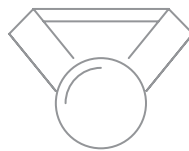
**180**

FIRMS



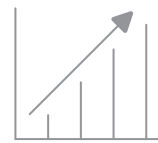
**23,000**

PEOPLE



**12th**

LARGEST GLOBAL  
ACCOUNTANCY NETWORK



**\$2bn+**

IN REVENUES

## CHAIRMAN'S STATEMENT



**Bent Kofoed,**  
Chairman, Kreston International  
May 2017

A stylized, handwritten signature in black ink, appearing to read 'Bent Kofoed'.

2016 has been another successful year for Kreston International. We have continued to focus on meeting the demands of growing international business in uncertain times bringing together specialists from across the globe to deliver high quality effective services. In addition, we have continued our work to raise the network's profile by launching a modern website, updating our internal communications portal and developing our social media presence.

There has been significant commentary on the rise in automation and technology and the potential for this to disrupt the accountancy market. This was a key focus of our 2016 London World Conference. This conference saw the highest attendance which indicates that although technology can achieve many things it is no substitute for personal relationships when delivering complex services.

### Knowing you

Over the course of the last year Kreston International has worked to refine its brand. As part of the London conference the concept of "Knowing you" was explored and is now being adopted across the network. This reflects the desire of members to build close, empathetic relationships with their clients, understand their issues and apply their professional knowledge and skills to deliver innovative solutions.

Brand is of course much more than a name, a logo. For Kreston, it is a promise that all member firms and their clients can rely on as it represents:

integrity, trust and respect; responsiveness; quality of service; technical quality and innovative thinking. These values are our backbone and it is the consistent delivery of this ethos that fuels the network's success.

### The Global landscape

In 2016 the US elected a new President and the UK voted for Brexit and has started the process of leaving the European Union. The uncertainty surrounding the UK referendum and the final result lead to a significant decline in the value of Sterling against major currencies. This volatility in exchange rates can have a major impact on the investment plans of international businesses but highlights the need for quality advisors that can work effectively across borders. The global economy has performed relatively well over the last year helped by relatively stable performance from China and growth in the USA. One potential risk to international business is the growing support in a number of countries for trade protectionism.

Staff in the International Office have continued to manage the network effectively and I would like to express my thanks for their sustained leadership, hard work and commitment.

The year ahead offers many opportunities for member firms to work together and leverage the investment Kreston International has made in its brand to service the needs of growing international companies.

# REPORT FROM THE CEO



Jon Lisby  
CEO, Kreston International  
May 2017

## Growth and opportunity

Kreston International retained its 12th place in the global rankings with aggregate fee income increasing by 3% to US\$2.1bn and the network's resource of professional and support staff rising above 23,000. Many firms performed strongly in their local markets reporting higher growth rates but the strength of the US dollar has limited the impact on reported revenues.

Kreston's sustained growth is testament to the success of our member firms and the validity of our brand promise encapsulated by the new strapline "Knowing you" which perfectly portrays our approach to client service where empathy and expertise are combined to deliver high quality services built on effective, lasting and trusted relationships.

The sustained development of new technologies and enhanced mobility makes the global economy a realistic opportunity for businesses of all sizes and Kreston is ideally placed to assist clients reap the benefits available from trading across international borders. Clients are supported by Kreston members with in-depth knowledge of their local markets working with like-minded trusted advisors in over 110 countries.

We continue our drive to recruit firms that add geographical coverage to the network and which enhance our service line capabilities. In the past year, we have welcomed new member firms in: Algeria, Armenia,

Australia, Bolivia, Chile, China, Costa Rica, Mexico, Nepal, Philippines, Tajikistan, and Uganda.

## Growing the brand

In today's marketplace, 86% of the world's accounting, tax and advisory services are provided by the fully branded global networks reflecting the expectation from clients, that their accountants will be able to serve them across international borders. As a consequence, an increasing number of our member firms are recognising the competitive advantage that may be gained by adopting the Kreston brand to further assert the cohesion and seamless services they can offer through the network. This approach is particularly highlighted by the decision of our US audit firm, MHM to adopt the Kreston imaging into their national branding. The global profile of our brand has been reinforced by strategic investment across all major social media platforms.

## The professional services landscape

The introduction of greater automation and the emergence of non-traditional service providers is seen by many commentators as a significant challenge to the traditional role of accounting firms. Our members are adapting to the changes and are using new technologies to offer new and enhanced services to clients. Clients value these partner led advisory services not only for the benefit that stems from years of experience and deep technical

knowledge but from the reassurance that flows from the development of truly close, effective and lasting working relationships.

Attracting, retaining and developing talent is a major challenge for the profession throughout the world coupled with the need for firms to adequately plan for leadership succession. Internationally, it is important for our network to continue to maintain and strengthen the close relationships that exist between the individuals leading our member firms. These close relationships have proven

*"Clients are supported by Kreston members who all have an in-depth knowledge of their local markets..."*

to be a valuable support for our international clients as they expand across borders.

To help address these challenges, Kreston is launching its first Future Leaders Conference to be held in Berlin later this year. The conference will aim to equip our future leaders with the skills they will need to lead firms as well as to start building the connections that will drive international business cooperation in the future.

In the audit world, the process is also challenged with constant change and moves to continually enhance quality. Kreston firms are investing in the latest technologies to support their audit approach and to realise the

opportunities to provide valuable insights to clients and to support the delivery of efficient high quality audits from 'big data' and data analytics.

Taxation continues to be an area of intense political and media focus with concerns expressed over the fairness of the tax burden on different sectors of society. The OECD countries are implementing the outcomes of the Base Erosion and Profit Shifting project designed to limit the possibility to artificially shifting profits to low or no-tax jurisdictions where there is little or no economic activity and leading

to little or no overall corporate tax being paid.

This focus on taxation highlights the importance of using experts with

deep knowledge of both local and international tax regulations to ensure tax planning and compliance are managed effectively and appropriately. Kreston International's tax special interest group meet regularly to coordinate services in this area and share good practice.

### Strengthening through recruitment

Kreston International is continually looking to identify suitable firms to strengthen its existing offering and to add a Kreston International presence.

Our continued success is dependent on the hard work and commitment of every partner and all staff in Kreston member firms. It is the quality

delivered by each individual that enables Kreston to bring its core brand values to life, as we firmly believe that "people do business with people and the brand they know, like and trust".

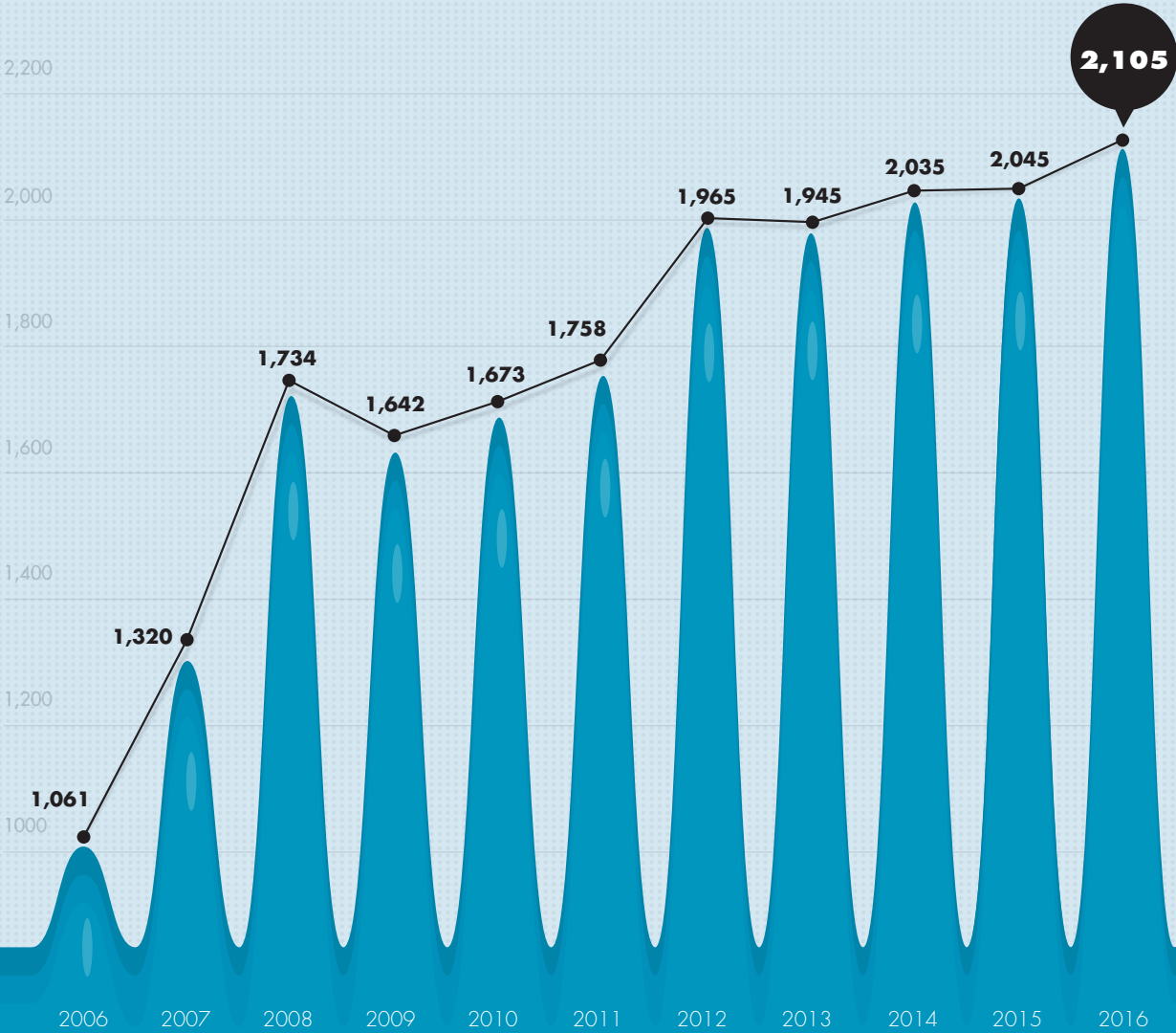
Once again I should like to thank the Chairman, Bent Kofoed, the members of the Global Board, the Global Office team and those among Kreston's 23,000 people who have helped advance the profile and reputation of our network particularly those contributing to the development of our service line and industry sector special-interest groups. It is the combination of their activities and continued commitment that have resulted in another strong year for Kreston.

**Kreston members** act as trusted, long-term counsellors, guiding individuals and their organisations through professional challenges to enable them to achieve both business and personal goals. Offering quality advice across all sectors our services include:

- Statutory audit and attest services
- Tax efficient structuring and compliance – both corporate and personal
- Consultancy
- Cross border acquisitions and due diligence for both purchaser and vendor
- Corporate recovery and restructuring
- Global indirect taxes and customs duties
- Forensic accounting, valuations and litigation support
- Transfer pricing
- International fund raising, initial public offerings, venture capital, private equity
- Compliance with International Financial Reporting Standards and US GAAP
- Risk management and internal auditing services
- International business planning, strategy, budgets and forecasts
- Global technology and software selection services
- Multinational corporate and employment law
- International wealth and fiduciary services
- Outsourcing of accounting, payroll, company secretarial and other functions

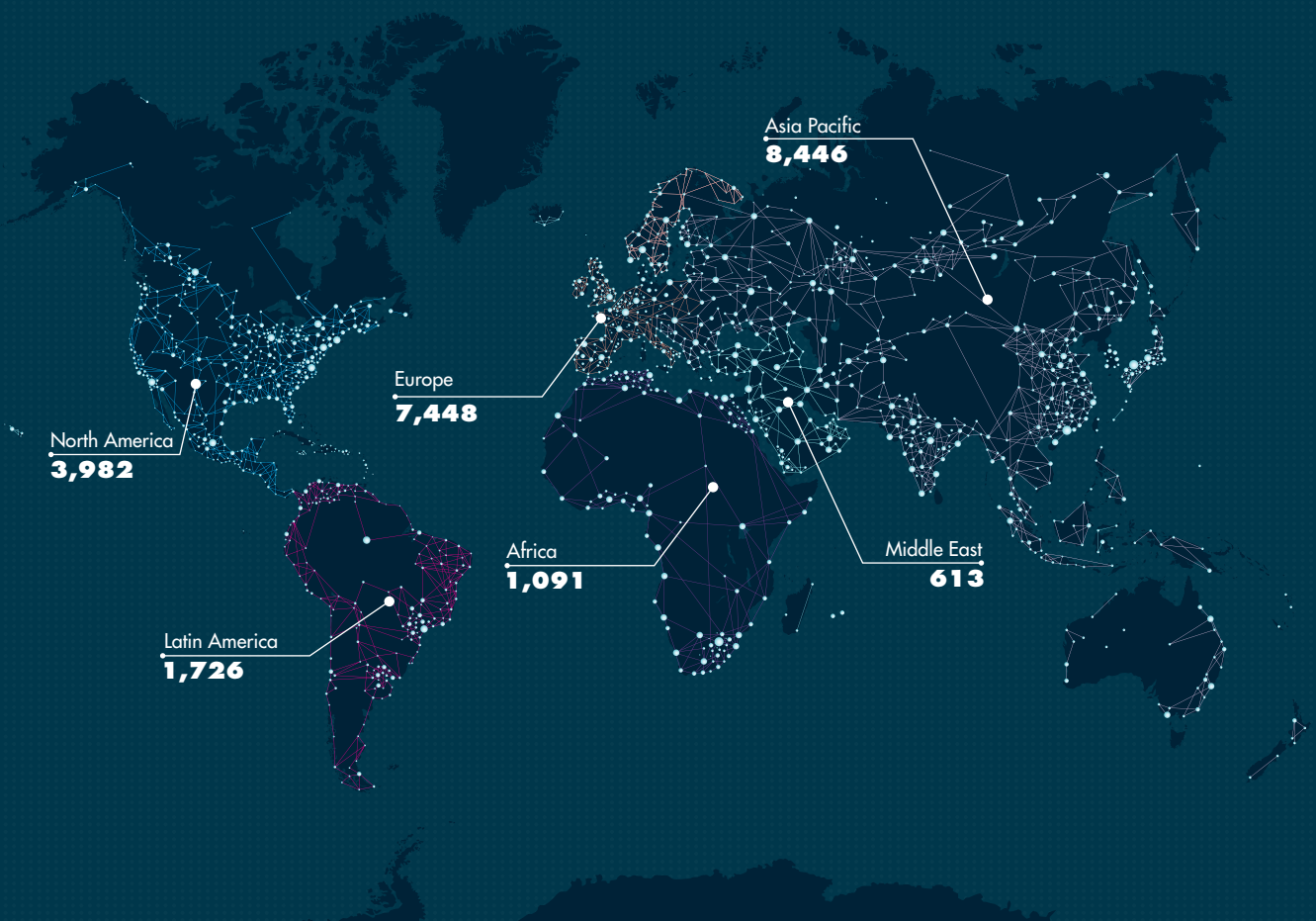
**OUR  
SERVICES**

# AGGREGATE FEES US\$M





# Global resource of **OVER 23,000 PROFESSIONAL** and support staff:





## **LATIN AMERICA**

Argentina  
Bolivia  
Brazil  
Cayman Islands  
Chile  
Colombia  
Costa Rica  
Dominican Republic  
Ecuador  
El Salvador  
Guadeloupe  
Guatemala  
Honduras  
Martinique  
Mexico  
Nicaragua  
Panama  
Paraguay  
Peru  
Puerto Rico  
Uruguay  
Venezuela

## **NORTH AMERICA**

British Virgin Islands  
Canada  
USA

## **EUROPE**

Albania  
Andorra  
Austria  
Belarus  
Belgium  
Bulgaria  
Croatia  
Cyprus  
Czech Republic  
Denmark  
Estonia  
France  
Georgia  
Germany  
Greece  
Hungary  
Ireland  
Isle of Man  
Italy  
Jersey  
Liechtenstein  
Lithuania  
Luxembourg  
Malta  
Netherlands

Norway  
Poland  
Portugal  
Romania  
Russia  
Serbia  
Spain  
Sweden  
Switzerland  
Turkey  
Ukraine  
United Kingdom

## **MIDDLE EAST**

Israel  
Jordan  
Kuwait  
Lebanon  
Oman  
Palestine  
Qatar  
Saudi Arabia  
United Arab  
Emirates

## **AFRICA**

Algeria  
Benin  
Burkina Faso  
Burundi  
Chad  
Egypt  
Ethiopia  
Gabon  
Ghana  
Ivory Coast  
Kenya  
La Réunion  
Mali  
Mauritania  
Mauritius  
Morocco  
Niger  
Nigeria  
Rwanda  
Senegal  
Seychelles  
South Africa  
Sudan  
Tanzania  
Togo  
Tunisia  
Uganda

## **ASIA PACIFIC**

Afghanistan  
Armenia  
Australia  
Azerbaijan  
Bangladesh  
China  
Hong Kong  
India  
Indonesia  
Japan  
Kazakhstan  
Korea  
Kyrgyzstan  
Malaysia  
Nepal  
New Zealand  
Pakistan  
Philippines  
Singapore  
Sri Lanka  
Taiwan  
Tajikistan  
Thailand  
Uzbekistan  
Vietnam

# **OUR COVERAGE**

# CASE STUDIES



*The Axis Group is a European IT Software and Services organisation providing Business Intelligence, IT Service Management and Healthcare Solutions. Headquartered in Brussels, Belgium and with additional offices in The Netherlands, Luxembourg, France, and Sri Lanka, Axis Group delivers solutions to more than 1200 clients worldwide.*

"The Axis Group engaged Kreston firms in Belgium, France and The Netherlands to undertake multidisciplinary Due Diligence work. The quality of service delivered by the Partners exceeded our high expectations and we were very impressed with the co-ordinated and structured approach taken by each of the offices. Their advice was focused on what was really critical for us and definitely contributed to the success of the project. We will not hesitate to use Kreston again to assist with our international activities".

**Serge Pensaert**  
CFO  
The Axis Group

## DOGA

*DOGA Group is a global leader in the design and manufacture of windshield wiper and washer systems – custom engineered for the locomotive and mass transit industries.*

"Doga Group has engaged the services of Kreston's Partners in Spain, Brazil and China for Audit, Tax and Transfer Pricing matters for several years and as a result of this mutually beneficial relationship we are now turning to Kreston firms in India and Mexico to assist our international subsidiaries. To date, we have been extremely impressed with the dedication of the Kreston Partners and their ability to provide a personalised service throughout, tailored to the requirements of each of our affiliates. The cohesion between members across the network is one of Kreston's greatest strengths and we look forward to their continued support".

**Montse Martin**  
Finance Director  
DOGA GESTIO



*John Martin SA is Europe's oldest and leading specialist beer importer and recognised as the world's most experienced agent and oldest distributor for Guinness. Established by John Martin in Antwerp, Belgium in 1909, the firm has offices (now headquarters) in Genval, Belgium since 1924; Bergamo (Italy); Valencia (Spain) and Rouen (France). As well as brewing Belgian-style ales, the company also imports British and Irish beers and produces soft drinks for Schweppes under licence.*

*John Martin also operates three traditional Craft breweries in Belgium, Waterloo (Mont-Saint-Jean); Dilbeek (Timmermans); and Bruges (Bourgogne des Flandres).*

"At John Martin, we decided to engage the services of Kreston International's tax specialists in Italy and Belgium to assist us with our international operations. We have been delighted with the quality of advice and excellent support we have received from the Kreston members to date and their willingness to collaborate to find the best solution.

As we also have subsidiaries in France and Spain, we will certainly contact the Kreston Partners there when the opportunity arises".

**Daniel Samson**

CFO

John Martin SA

*"The cohesion between members across the network is one of Kreston's greatest strengths..."*

Making  
**connections**



Kreston. Knowing you.

# THE POWER OF THE BRAND

Traditionally clients have been well served by our member firms each operating under individual styles and brands in their local markets. When international services were required, clients accepted their advice as to the foreign firm that could best deliver the requirements. In today's global market – clients are looking for more. As the world becomes increasingly interconnected as a result of massively increased trade, clients expect their accountants to be interconnected globally and to offer cohesive seamless

solutions to support their operations across international borders.

The Kreston network is now in its 46th year of operation - the brand is not simply a recent creation of a marketing agency. The Kreston brand is a promise of our global service offering which encapsulates the network's engrained key value of trust. The word "Kreston" is derived from the ancient Greek for trust and for our members, the brand demands the network delivers the highest quality of technical skills for all clients with

creativity and integrity. Kreston's differentiation is clearly broadcast by every member firm either promoting or adopting the brand. The brand provides assurance and creates a compelling impression in the minds of our clients, prospective clients, introducers and our staff. Globalisation has seen the continued increase in the number of member firms adopting the Kreston name as part of their own. The network now has Kreston branded firms in 50 countries.



"People do business with People and the Brand they know, like and trust."



**Andrew Collier**  
 Director of Quality and  
 Professional Standards  
 May 2017

## QUALITY STANDARDS

Kreston is a global network of independent accounting firms and this allows our members to share resources, knowledge and skills. We know that our members maintain and develop quality practices so they can deliver services to a consistently excellent standard both internationally and locally. Kreston International also provides resources to help member firms maintain and develop quality practices. These include audit and financial reporting training and support tools and an intranet based library of information and guidance.

Kreston International member firms commit to compliance with the professional standards appropriate in their respective countries and to adhere to the following international standards:

- Code of Ethics issued by the International Ethics Standards Board for Accountants
- International Standards on Quality Control
- International Standards on Auditing for the conduct of transnational audits

## QUALITY MONITORING

As part of the admission process for new member firms a detailed risk management and due diligence review is undertaken before membership is confirmed.

Each of our member firms is reviewed at least every five years (with all firms that conduct transnational audits reviewed at least every three) by suitably qualified, independent partners and managers from other member firms, under the direction of the Director of Quality and Professional Standards. This is part of a globally co-ordinated quality monitoring and review programme and the process involves a comprehensive evaluation of the member firm's policies and procedures as well as a review of working papers and files and interviews with key personnel.

This review is followed by the agreement of an action plan, which is then continuously monitored. The Quality Review programme is overseen by a committee of senior partners from member firms which considers the findings from reviews and considers whether any changes are needed to Kreston International's policies and procedures. A summary of the key findings from all reviews together with any required actions is delivered to all member firms on an annual basis.

*"...this allows  
 our members to  
 share resources,  
 knowledge  
 and skills"*



Working together,  
**Succeeding together**



Kreston. Knowing you.



# Ethics, Independence and Objectivity

Kreston International member firms commit to adhere, as a minimum, to the ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the IESBA Code of Ethics). Member firms are also bound by their national standards on independence and ethics, some of which may exceed the requirements of the IESBA Code.

Member firms commit to the operation of policies to safeguard independence including the review of a global register of public interest entities and where appropriate to carry out targeted independence and conflict of interest checks. The effectiveness of the Kreston International independence policies and procedures is reviewed on an annual basis.

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## Forum of Firms

Kreston International is a full member of the Forum of Firms. The Forum is an association of international audit networks, its goal being to promote consistent and high quality standards of financial reporting and auditing practices worldwide. The Forum of Firms is increasingly recognised by regulators and global organisations as a kite-mark for audit quality. In order to achieve full membership status, Kreston International had to commit to meet the Forum's membership obligations, which require members to:

- Maintain appropriate quality control standards in accordance with International Standards on Quality Control issued by the International

Auditing and Assurance Standards Board (IAASB) in addition to relevant national quality control standards and conduct, to the extent not prohibited by national regulation, regular globally coordinated internal quality assurance reviews;

- Have policies and methodologies for the conduct of transnational audits that are based, to the extent practicable, on ISAs issued by the IAASB; and
- Have policies and methodologies that conform to the International Ethics Standards Board for Accountants' (IESBA) Code of Ethics for Professional Accountants and national codes of ethics.

## Governance

The Kreston network is governed by a Board of twelve Directors who are elected by the membership to serve for terms of two years. The Directors act in the interest of the member firms and the network as a whole. Ten of the Directors are elected on a regional basis and two by the global membership.

The Board selects the Kreston Chairman to serve for a period of three years. These Board members,

all of whom are active senior professionals, approve all strategy, budgetary and membership changes. They also appoint the Chief Executive Officer, who, together with the Director of Quality and Professional Standards and the International Office team implement the global strategy.

Each member firm is entitled to one vote at the Annual General Meeting.

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## Legal Structure and Ownership

Kreston International (Kreston) is a global network of accounting firms that provide independent professional services to clients.

Each firm is a member of Kreston International Limited, a UK company limited by guarantee which provides no services to the clients of its members and has no liability for the acts and omissions of any member

firm. Members of Kreston are separate legal entities and, as such, have no liability for the acts and omissions of any other member firm.

Kreston member firms are each responsible for the design, implementation and monitoring of the quality and ethical standards that apply to the provision of services to clients.

# CONTACT US:

For a confidential initial consultation without obligation, please contact any Kreston International member, who will be pleased to listen to your requirements and explain how the members can be of service, both locally and internationally.

*Alternatively, please contact:*

**Jon Lisby**

Chief Executive Officer  
Kreston International

T +44(0)1245 449266

E [jon@kreston.com](mailto:jon@kreston.com)



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A global network of independent accounting firms

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 MEMBER OF THE  
**FORUM OF FIRMS**