

# HEADWAY MAGAZINE

№4 Oktober 2010



BAKER TILLY  
RUSSAUDIT



BAKER TILLY  
UKRAINE



Dear Colleagues,

I am happy to present the latest issue of our magazine dedicated to members of Baker Tilly International that are associated with the CIS and Baltic countries. This issue will acquaint you, apart from traditional news from the Russian and Ukrainian members, with the remarkable curriculum of our colleagues in Cyprus and the United States of America, social responsibility programs of Baker Tilly Güreli (Turkey) and residence permit opportunities in Latvia. I hope you will find the material interesting and helpful for a better understanding of our business approach and our social activities.

P.S.I would also like to explain this high-speed train on the cover – actually, it is not a new Baker Tilly International logo symbolizing speed and versatility of our services... The thing is, since our latest issue appeared Russia has put into operation its first high-speed SAPSAN train that, by popular demand of the staff of various Baker Tilly Russaudit offices, linked Saint Petersburg, Moscow and Nizhny Novgorod. And now the train covers 1,200 kilometers – the distance between all offices of our company – within a mere 9 hours!

Sincerely yours,  
Evgeny Samoilov

Dear Colleagues!

We are glad proud to present the fourth issue of the “Headway Magazine”. This publication contains interesting articles, short notes, and surveys on various areas of corporate life of member companies. As in the previous three editions of the magazine, we keep on focusing on non-professional side of partner companies’ lives, enlightening important events or achievements.

«Headway Magazine» is a kind of instrument of dialogue between colleagues that speak different languages but have common goals and similar value systems. Specialists of the financial sector now have the opportunity to share their news that is closely connected with the corporate culture of network member companies.

From the outset we set ourselves the ambitious goal - to make the magazine recognized among colleagues from around the world. Methodically following this goal quite rapidly giving results - with each new release more and more authors from different countries make their contribution to the development of this resource. Therefore, it is worth saying that 4th issue of the «Headway Magazine» has truly become for us an event! But we do not want to stop there and will be glad to invite all interested authors to contribute.

Alexander Pochkun,  
Managing partner Baker Tilly Ukraine

# CONTENT

**4** Acquisition of property and Latvian residence permit

**5** Baker Tilly Russaudit News

**6** Условия выхода на рынок облигаций компаний третьего эшелона

**7** Conditions for 3rd-tier Companies' Bonds to Enter the Market

**8** MICEX Innovation and Investment Market: Background and First Steps

**10** Baker Tilly International Leadership Development Programme

**12** From the first meeting to the first joint project

**14** Golf as an Upper-Class Means of Communication

**16** Particularities and Prospects for a Developing Outsource Accounting Market in the Ukraine

**17** Baker Tilly Klitou Success Story

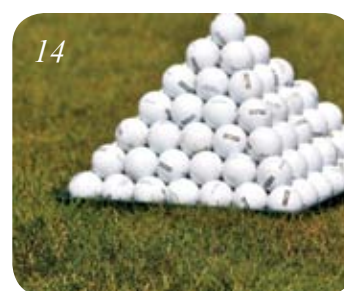
**18** Baker Tilly Güreli Boat Team Has Collected Awards

**18** Baker Tilly Ukraine Welcomes Newcomers

**20** Social Responsibility of Baker Tilly Güreli

**21** Alyssa Martin Named Among Dallas Business Journal's 'Top 25 Women to Watch'

**23** Our Trainings: Going to Prague



## Baker Tilly Russaudit at the “IPO 2010” Conference

On 10 June 2010 “IPO 2010”, a conference organised by the press agency “CBonds”, took place in Moscow. The conference gathered over 170 participants representing the financial community of Russia. The event was financed by Baker Tilly Russaudit, a leading IPO advisor to small and mid cap companies. Evgeny Samoilov, General Director of Baker Tilly Russaudit, opened one of the conference sections, titled “Issuers and IPO”, with his report on “Public Disclosure of Financial Information Practices: Past, Present and Future Developments”. The report was based on the research conducted by our company in recent years in respect to financial information disclosure as practiced by Russian holding companies.

The conference was preceded by a seminar for the participants, real-economy companies, on the topic “Company’s Preparation for IPO. Complying with Controllers’ Requirements to Management System and Disclosure of Financial Information”, which was attended by 30 people.

The 2-days conference gave the participants an opportunity to get to know each other better and discuss topical issues raised during the event. It is noteworthy that the conference has been the first special event in the recent eighteen months dedicated to IPO in Russia, which gives evidence of a revival in interest in equity funding problems in our region.

Oksana Goncharuk  
Head for Marketing and Sales  
Baker Tilly Russaudit, Ltd

# Acquisition Latvian res

The crisis, which began in the Latvian real estate market almost two years ago, urged local politicians to make amendments to the Law “On immigration” which allows Russian and CIS citizens, as well as those of other countries, who acquire real estate or business in Latvia, to obtain a residence permit in the Republic of Latvia (RL) too, and that, in its turn, allows for unhindered travel within the Schengen zone.

Initially, the Schengen zone was established in 1985 by the Benelux countries, together with France and Germany, by means of abolishment of border control. As of today, Schengen comprises the majority of the EU member states (22 of 27), with the exception of Cyprus, Great Britain and Ireland, Bulgaria and Romania. Also, Switzerland, Norway and Iceland joined the Schengen zone - the latter is negotiating joining the EU.

In accordance with the new law, a **foreign citizen may claim for a temporary residence permit in Latvia for the term up to 5 years (with the option of extension)**. To that end, it is required to invest a minimum of 25 thousand lats (over EURO 35,000) in the authorised capital of a Latvian enterprise and contribute a minimum of 20 thousand lats (approximately EURO 28,500) in the form of taxes to the budget of the Republic of Latvia within a year.

In addition, the residence permit can be obtained by a foreign citizen who purchased one or more property items in Latvia, in particular:

- in Riga or Riga region, including Yurmala, as well as in towns with federal status - the total amount of 100 thousand lat minimum (over EURO 140,000), or
- in other places in Latvia - the amount of 50 thousand lat minimum (over EURO 70 thousand).

As far as the prices on real estate are concerned, they fell by 50% on average as compared with 2007. Nowadays, the terms for entering into transactions are dictated by the buyer, there are a lot of offers, however there was no significant reduction in prices on exclusive real estate.

In addition, a residence permit in Latvia can be obtained by a foreign citizen who invested a minimum of 200 thousand lats (approximately EURO 285,000) into a credit institution in the form of subordinated capital (subordinated loan or bonds) for a term of at least 5 years.

Currently, one can see the period of stabilisation in the Latvian banking sector, though in 2009 a certain panic existed in the market and lavish deposit interest offered by some banks showed the problems with

# of property and residence permit

their liquidity. In 2009, nine banks (whose market share of the overall amount of the banking sector totaled 16.2%) earned, using joint efforts, 19.6 mln lats, but in general the banking sector closed the year with losses amounting to 773.4 mln lats. Mainly it was caused by the accruals on doubtful loans. The banking sector profit before the accruals and taxes in 2009 was 322 mln lats (21% less than in 2008).

On July 1, 2010 the law regulating the right to obtain a residence permit in Latvia went into effect. This law applies only to those legal entities and individuals who make investments in Latvian companies, credit institutions or real estate.

The residence permit can also be obtained

by married couples, underage children and persons being under care of investor/foreign citizen who acquires real estate in Latvia. However, with that they have the right to work in Latvia, EU states or other member states of the Schengen zone.

The terms of the residence permit acquisition set forth above are not the only ones. A permit can be obtained based on other lawful grounds, for example, if a foreign citizen is an employee of a company/affiliate registered in Latvia or studying in Latvia or in view of family circumstances, etc.

Baker Tilly Baltics ([www.bakertillybaltics.lv](http://www.bakertillybaltics.lv)) provides the necessary services to foreign citizens who choose to acquire real estate or register enterprises in the Republic of Latvia

territory, as well as providing a full scope of professional services in the field of audit, accounting, tax and business consulting. The company provides support in registering legal entities, obtaining banking licenses, opening bank accounts and other legal services, which are provided by Baker Tilly Baltics in cooperation with Padva & Partneri Baltija Law Firm ([www.padva.lv](http://www.padva.lv)). Mikhail Parinov and Gunta Linde are Partners of both companies and being members of the Board of AS Baltic Trust Bank they possess successful experience of cooperation in the interests of Russian investors, as well as have experience in acquisition and registration of material participation of investors in a bank's capital and obtainment of all required permits.

## NEWS

### External quality control

We are glad to inform you that Baker Tilly Russaudit, Ltd successfully completed its external quality control in self-regulated audit association IPAR.

On 29 June 2010 a meeting of the IPAR Control Committee reviewed results of an external quality control of Baker Tilly Russaudit, Ltd and reached the following conclusion: "Work performed on the issues in view was sufficient for adequately providing quality audit services", i.e. activities of auditors from Baker Tilly Russaudit, Ltd fully meet requirements of Federal Law on Audit Activities, auditing standards, independence rules for auditors and audit organisations, auditors' professional ethics code.

In addition to certification of Baker Tilly Russaudit, Ltd, each responsible auditor of the company was also certified.

Anna Kunegina

Head for Training, Methodology and Audit Quality Control Service

Baker Tilly Russaudit, Ltd

### "Group Reorganization: IFRS-based Accounting" round table organised by Baker Tilly Russaudit

On 17 June 2010, Baker Tilly Russaudit conducted a round table discussion on the topic "Group Reorganization: IFRS-based Accounting". Traditionally, these discussions are geared to chief financial officers, chief accountants, managers and specialists of IFRS-related departments within upswing companies.

During the discussion, the participants addressed such professional issues as: accounting considerations for business combinations brought together under common control, accounting considerations for business combinations achieved in stages in accordance with the new IFRS 3, and accounting considerations for variants of sales of shares and carve-outs. Evgeny Tikhonov, Tatyana Tklich and Natalya Domanina, managers of the Moscow Branch, were among the speakers at the discussion.

### IFRS Accounting Issues for Retail and Distribution Enterprises

After a summer fall-back Baker Tilly Russaudit, Ltd proceeds with meetings of business community representatives. On 23 September 2010 Baker Tilly Russaudit, Ltd invited Russian-company specialists and heads from financial departments of the retail and wholesale trade sector that prepare their financial statements in accordance with IFRS to participate in a workshop devoted to "IFRS Accounting Issues for Retail and Distribution Enterprises". The event took place at the Marriott Moscow Royal Aurora conference hall.

The participants of the workshop discussed the most pressing issues typical for the sector, including procedures for discount recognition, accounting for loyalty programs related to financial statements under IFRS, credits on goods received and granted, recognition of hedging operations (price and currency risks).

Oksana Goncharuk

Head for Marketing and Sales  
Baker Tilly Russaudit, Ltd

## Baker Tilly Russaudi took part in MICEX road-show

The Second Southern Innovation Forum took place in Rostov-on-Don on 19 May 2010. The event was devoted to issues of innovative development of the Southern Federal District, strategic and practical aspects of state and private partnership in implementation of innovative projects.

Expert media holding organised the forum.

The forum included 4 workshops: One of the workshops, devoted to development of Investment and Innovations Market, was held with the support of MICEX and Southern Regional Stock Exchange. Evgeniy Samoilov, General Director of Baker Tilly Russaudit, Ltd, took part in the workshop and spoke about company preparation for IPO, practice of financial information presentation. The report expanded on the basic effective requirements set out by investors to issuers, as well as expectations of investors. It presented objectives for the company to tackle in relation to IPO preparation and determined basic recommendations. The workshop also had the following topics on the agenda: Investment policies of ROSNANO State Corporation, development of Investment and Innovation Market of MICEX, experience in preparation and implementation of IPO for companies with small and middle capitalisation, First IPOs in MICEX Investment and Innovation Market.

The next day, on 20 May 2010, another event was held by MICEX in Krasnodar for: representatives of regional administration that monitors innovative projects support programs, top managers of the region's companies that implement high-quality production, representatives of financial and consulting organisations (regional "angel investors" also participated in this event). The meeting topic was announced as "Opportunities for attracting investments in the Innovation and Investment Market (MICEX) by companies in Krasnodarskiy Kray". Evgeniy Samoilov, General Director of Baker Tilly Russaudit, Ltd also spoke at the meeting. Based on the meeting results, a workshop was held. The companies that initiated business projects provided additional individual consultations to participants.

Such regional events when representatives of business and state meet together in one working group are very important for regional development and will be supported by Baker Tilly Russaudit, Ltd. The company plans to take part in conferences that will take place in Nizhniy Novgorod, Volgograd and other regions of the Russian Federation.

Oksana Goncharuk

Head for Marketing and Sales

Baker Tilly Russaudit, Ltd

## Russia adopts Law on Consolidated Financial Statements

On 27 July 2010 Russian authorities adopted a Federal Law "On Consolidated Financial Statements". In accordance with the requirements of the Law, consolidated financial statements shall be prepared based on IFRS. Credit and insurance organizations, as well as listed companies, shall prepare consolidated financial statements. The Law also regulates terms and procedures for disclosures of consolidated financial information as well as auditing requirements of such information.

Adoption of the Law is an important step towards official recognition of IFRS in Russia. By now, many leading Russian companies have prepared their consolidated financial statements in accordance with IFRS, but the requirements for disclosure of such information were not formalised, therefore it is possible that informational transparency of public businesses will increase, which constitutes another step towards integration into the international community.

Anna Kunegina

Head for Training, Methodology and Audit Quality Control Service  
Baker Tilly Russaudit, Ltd

## The Customs Union of Russia, Belarus and Kazakhstan is Working

On July 6, 2010, the Agreement on the Customs Code of the Customs Union (valid in the Russian Federation and the Republic of Kazakhstan from July 1, 2010) came into effect.

From that moment the Russian Federation, the Republic of Belarus and the Republic of Kazakhstan are considered a common customs territory.

What has changed for the members of the Customs Union?

Within the limits of the common customs territory, mutual trade will be free from customs duties and economic restrictions. As to the trade with the third countries, the members of the customs union will apply a unified customs tariff and other regulatory measures. Customs control, collection of customs duties and enforcement of the customs laws shall be carried out on the external border of the Customs Union.

In case of the import/export operations within the customs union, national residence declarations will be applied. In general it means that the exporter applies the zero VAT rate and shall be exempt from VAT, and the importer will submit the tax return and pay VAT and pay taxes in accordance with its national laws.

In regard to the works or services, the zero rate for indirect taxes is not envisaged (except for processing of the give and take raw materials). The taxation scheme will be based of the national tax legislation of the customs union member-country, where such works are performed/ services provided. As for the physical persons, the relevant joint agreements provide that citizens of the said countries will be allowed to bring in/out up to USD 10,000 at a time without any written declarations as well as take through the border and, receive free from customs charges, international parcels containing personal items for the total amount up to EURO 1,000 monthly, and the total weight of the parcels shall not exceed 31 kg.

Irina Miroshnichenko

Head of the Operative Customs Consulting Section,  
Accounting and Tax Consulting Department,  
Baker Tilly Russaudit

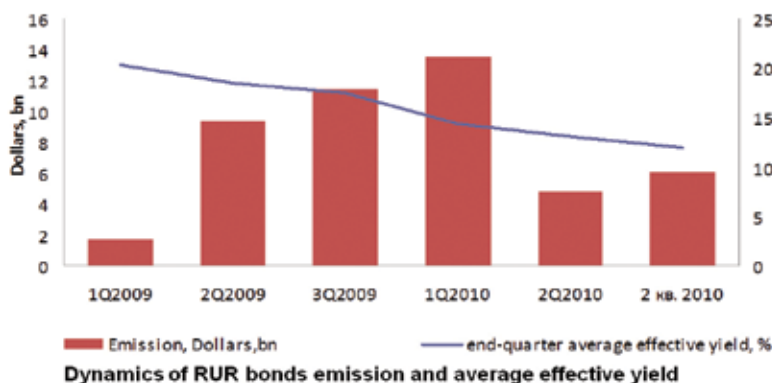
# Conditions for 3rd-tier Companies' Bonds to Enter the Market

In June 2010, Baker Tilly Russaudit, together with CBonds Agency carried out research into opportunities for medium-size businesses to place their bonds on the market.

The purpose of the research was to answer the question: can 3rd-tier companies borrow funds in the Russian bond market today, in a post-crisis situation? If they can, under what conditions?

Positive dynamics seen in bonds floatation observed in 2009 is suspended in 2010. Herewith, the rates of Russian bonds continued to fall (we have assessed the effective yield of RUR bonds, disregarding marginally high (defaulted bonds) and marginally low yield values).

Fig. 1.



It means that investors have excessive liquidity, but, as before, only a limited number of companies can place a substantial debt amount.

Thus, in 3-4 Quarters of 2009, state-owned and state-controlled companies were among the leaders in borrowings volume:

- OAO Rossiiskie Zheleznye Dorogi" borrowed RUR145 bn (\$ 4,92 bn);
- Transnet - RUR135 bn (\$ 4,58 bn);
- Bank VTB and its affiliated companies - RUR53.5 bn (\$ 1,81 bn);
- Atomenergoprom - RUR60 bn (\$ 2,03 bn).

In 1-2 Quarters of 2010, among the major borrowers were private companies (metallurgy, bank sector) whose emission volumes were many times lower than the above state monopolies.

Nevertheless, according to investors' polling, despite numerous defaults on bonded loans of 3rd-tier companies in Russia during 2008-2009, the majority of investors (85% of respondents) expressed their readiness to invest in the debt securities of such companies.

To resume offerings of 3rd-tier companies, it is necessary to launch bond covenants, a previously non-existent instrument on the Russian bond market. Bond covenants will enable bondholders to prepay bonds before maturity if the emitter is breaching the preset covenants.

Fig. 2. Are you ready to explore opportunities to buy bonds of new companies?

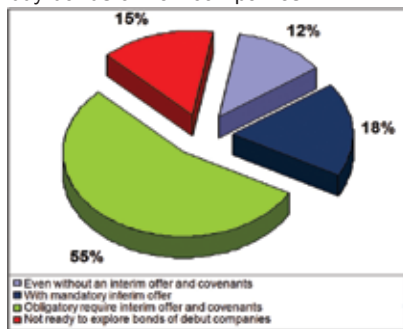
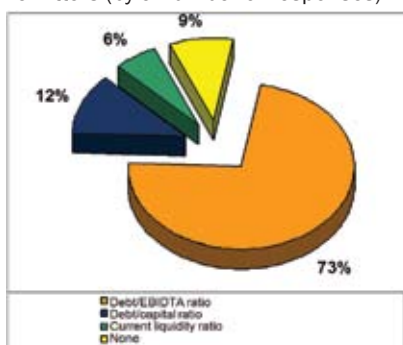


Fig. 3. Additional requirements of investors for emitters (by a number of responses)\*

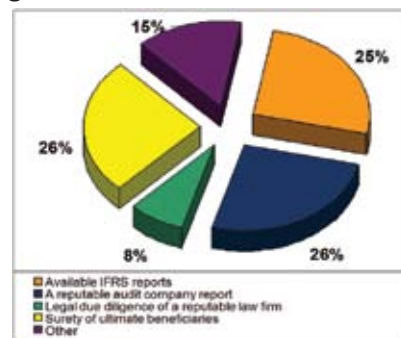


\* Note: one investor might choose a number of options at a time

The most popular covenant among investors is the debt/EBIDTA ratio as an indicator of the emitter's readiness to service its debt

through its business operations.

Fig. 4. What financial indicators should be regarded as covenants?



Another covenant "debt-capital ratio" is much less popular when compared to the above financial covenant. A possible explanation is that different sectors can differ considerably in an acceptable level of this indicator. For example, it can be considerably higher in the trade than in the manufacturing sector.

Nevertheless, the choice of any of the above-mentioned indicators by investors as covenant shows that investors would like to control the emitter's debt.

Besides, one can see from the survey results that investors want to have a more clear understanding of the emitter's financial standing, which is often insufficiently clear from RAS reporting, as this type of reporting does not reflect the emitter's actual asset value.

Management reporting used by a number of successfully defaulted emitters also failed to provide a clear picture of their financial standing as it was developed under specific corporate regulations of the company. Thus, before making a decision on whether to invest into a company or not, 70% of investors would like to review the IFRS reporting of the emitter, certified by a reputable auditor.

It is a bit surprising that only 21% of investors require a Legal Due Diligence, though the lack of legal expert opinion in the emission documents package allowed a number of bonded loans pledgers to avoid responsibility in case of emitter default.

To summarise the above, we can say that the market is still in demand for bonds of 3rd-tier companies, but today the investors' requirements of such emitters financial standing and disclosed information are more severe than before the crisis.

Andrey Sharonin  
Head of Financial Consulting Department  
Baker Tilly Russaudit

# MICEX Innovation and Background

## Background for creation of mechanism for attracting investments through stock exchange to companies with low and medium capitalisation

Development of venture capital investment in Russia started more than 20 years ago back in 1990s. The industry has traveled a long way which led to an increase in the scope of investors' activities, ranging from investments into companies at the stage of business development to supporting start-ups and business ideas. Such state funds as ROSNANO, Russian Venture Company etc. emerged to invest into innovative projects based on public private partnership principle. Nevertheless, in order to implement government policies for Russia's transfer from raw-material to innovative economics it is necessary to achieve quality growth of innovations and corresponding contribution to the country's GDP. For this purpose it is necessary to provide effective infrastructure that would secure rapid and continuous innovative course. As "technology parks", technology transfer centers etc. are very important, it is also vital to focus on financial infrastructure that would embody institutional investors, private investors and stock exchange, which makes it possible for innovative companies to enter securities market.

Creation of specialised financial infrastructure for attraction of investments to

small and medium businesses is the highest priority today, when the heaviest phase of the economic downturn, which resulted in Russian companies having certain difficulties in attracting investments, is over. The debt financing market became almost inaccessible for small and medium businesses. Meanwhile, company shareholders are most likely to admit investors' access to share capital, disclose information and adequately assess their businesses as the crisis goes on. Overall, the financial turmoil created better prospects for venture industry due to reduction in project development and promotion costs, which led to a decline in volumes of investments required for the companies requesting such investments.

The above factors created a background for launch of an infrastructure project: MICEX Innovation and Investment Market was established in June 2009. The objective of such a market is to create a stable mechanism for attraction of investments to high-tech sector of Russian economics. Key target group of issuers comprises high-tech companies with low and medium capitalisation that plan raising of share capital.

## Innovative and Growing Companies (IGC) Sector as a foundation for Innovation and Investment Market

Innovation and Investment Market is a follow-up to MICEX Innovative and Growing Companies Sector (IGC Sector) created in 2007. The market will be based on the same ideology used for IGC Sector supported by the existing IGC Sector infrastructure, including:

- 35 accredited listing agents (including FINAM Investment Company ZAO, ALOR INVEST ZAO, OTKRYTIYE Investbank OAO, OLMA OAO etc.) that support the issuer in preparing and performing stock-exchange listing;
- Active division in MICEX Listing Department;
- Regional network represented by specialists of stock exchange centers and partners from each of 7 federal districts of the Russian Federation;
- Established contacts with potential issuers and funds.

Issuer can have access to IGC Sector through any of quotation lists on the condition that such issuer complies with IGC Sector requirements and selected listing level. IGC Sector may include shares, corporate bonds and ordinary shares of investment funds.

Key requirements to IGC Sector companies:

- Capitalisation from RUR50 million to RUR15 billion;
- High-tech economy sectors;
- Utilisation/implementation of new technologies;
- Sales volume growth exceeding 20 percent as compared to preceding year.

### Issuers of IGC Sector (Innovation and Investment Market)

Issuer / Sector	Placement date	Placement volume, RUR million	EV/EBITDA*	EV/S*	P/E*	Average monthly trade volume in 2010, RUR million	Capitalization at 01.09.2010, RUR million
Closed-end Investment Fund / Finam-IT	14.06.2007	~500	-	-	-	1,7	2 771,90
Armada OAO* / IT	31.07.2007	~760	14,6	2,0	21,3	77,3	2 896,0
O2TV OAO /Media	25.07.2008	-	-	19,6	-	39,6	247,0
NEKK OAO / Chemistry	08.04.2009	-	13,0	3,8	16,3	1,1	651,3
The JSC "Human Stem Cell Institute" / Biotech	10.12.2009	142,5	43,4	5,5	81,2	268,2	595,3
DIOD OAO / Pharmaceuticals	23.06.2010	297,38	10,9	2,3	8,4	82,0	2 873,1
RNT OAO / Navigation Systems	07.07.2010	298,3	31,2	6,5	37,9	-	1362,1

\* at the placement date

\*\* Starting from 14 July 2010 ordinary shares of Armada OAO were transferred from IGC Sector and admitted to MICEX Stock Exchange listing as well as included into B-level quotation list.

# and Investment Market: and First Steps

One of the key advantages of IGC Sector is that the companies belonging to this sector have access to funds of all investors registered with MICEX Stock Exchange. At 01.09.2010, there were 708 876 unique clients registered with MICEX Stock Exchange.

regimes on MICEX Stock Exchange.

**IGC-2** – private placement regime using stock exchange technologies and listing. Companies perform secondary offering among shareholders deemed qualified under Federal Law No. 39–FZ “On Securities Market” or in accordance with the procedures

of investors;

- Providing PR and informational support.

## Feedback from issuers of IGC Sector of MICEX Innovation and Investment Market on public market and performed IPO:

- Alexey Otten, General Director for NEKK OAO: “We consider prospects related to utilisation of all available instruments. These can be corporate bonds, or, as soon as we see such opportunity, exchange-traded bonds. We performed works on our company’s listing in order to fully embrace the potential of the open market.”
- Artur Isaev, General Director for the JSC Human Stem Cell Institute: “The work we performed with investors was both interesting and useful. Potential and actual investors got to know our company and the specifics of our business. Moreover, we even underestimated the interest of investors towards our company, which was clearly evident during first days of secondary trading.”
- Vladimir Tikhonov, General Director for DIOD OAO: “In the course of IPO our company had a brilliant opportunity to attract investments necessary for business development. We’re glad that we took advantage of such a prospect. Our placement aims at long-term investors interested in their capital growing together with DIOD’s business. We believe that acquiring public status will be a good stimulus for development of our company in particular and innovative pharmaceuticals overall.”
- Ivan Nechaev, Executive Director for RNT OAO: “Apart from the material aspect, IPO makes us enter new publicity and company transparency level. At the current stage this option is of big importance to us. We are a high-tech and innovative company that provides products which may be not quite ordinary for the market. In such circumstances publicity and transparency will do us good.”

### Number of unique clients in trading system (annual statistics):

Client Groups	01.01.2007	01.01.2008	01.01.2009	01.01.2010
Individuals	198 973	417 403	559 320	671 475
Legal entities	10 665	12 703	14 748	16 364
Non-resident companies	1140	2 078	3 097	3 851
Clients that submitted their funds to trust management	2 839	4 061	4 512	4 717
Total	213 617	436 245	581 677	696 407

Increase in MICEX’s investor base makes it possible to place shares of innovative companies in larger volumes after the crisis. In December 2009 the JSC Human Stem Cell Institute attracted investments to the amount of RUR142 million; from June to July 2010 DIOD OAO and RNT OAO each attracted investments to the amount of RUR300 million; in November 2010 Fasmr sintez OAO plans to receive investments amounting to RUR500 million.

## MICEX Innovation and Investment Market

Based on experience of IGC Sector and foreign stock exchanges a resolution was adopted to modernise the Sector in order to expand potential issuer base through young and non-public companies and create all positive conditions for innovative companies to attract investments in the Russian domestic market successfully.

There are three active segments operating within the Innovation and Investment Market, which segments focus on the companies of different maturity and capitalisation as well as different groups of investors:

**IGC Sector** – stock exchange sector that allows innovative companies to perform public offering (IPO/SPO) and admit securities to secondary offering in all trading

established by the Federal Service on Financial Markets of the Russian Federation through Order No. 2008 N08–12/pz-n “On Adoption of Provision for Identifying Persons as Qualified Investors” in the framework of trading technologies focused on large blocks of shares (in Negotiated Deals Mode (NDM)).

**Informational board** – a web resource aimed at creation of new mechanisms for attracting investments by innovative companies at early stages of their development. The resource makes it possible for “buyers” (funds, investment companies, banks, private investors) and “sellers” (funds, investment companies, banks and issuers) to place offers to sell shares in the companies/projects and establish contacts for securing transactions. Currently this project is under development.

## Key Functions of MICEX Stock Exchange in the project related to Innovation and Investment Market:

- Creating a service environment for issuers and funds;
- Controlling compliance with disclosure rules, help in maintaining liquidity;
- Holding IR-events and expanding scope

# Baker Tilly International Leadership Development Programme



The Baker Tilly International Leadership Development Programme aims to develop leaders with a full understanding of the unique dynamics, challenges and differences in the international business world and within our member firms.

This bespoke programme is designed in partnership with The University of Chicago Booth School of Business. It helps participants gain skills and experience that will give member firms, and thereby the Baker Tilly network, a competitive advantage and the ability to better cater to the evolving needs of clients in the global marketplace. The programme is delivered at Chicago Booth's campuses in London Singapore, and Chicago.

**Holly Raider**, Client-Faculty Liaison Director at Chicago Booth, and **Susan Annunzio**, one of the instructors on the course, share their thoughts on the Leadership Development Programme.



**Why do people need formal development programmes – can't leadership just be learned 'on the job'?**

**Holly Raider:** Most executives don't take the time to reflect on their company's strategy, on their leadership approach, on how they collaborate with colleagues, or on how they develop and mentor others. A good leadership development programme offers a focused opportunity to build upon what happens when a leader is 'on the job.' A well-designed programme, such as the Baker Tilly Leadership Development Programme, brings experiences from the job to the 'classroom' and applies that new knowledge to the workplace. When participants return to their 'day jobs' they will see the world differently. The learning continues, but at a new, higher level.

**Susan Annunzio:** As Holly says, most managers spend their day focusing on

technical issues; they don't have time to think of the big picture. I believe most good leaders intuitively understand what people need, and value the importance of big picture thinking. This programme allows leaders to 'codify the intuitive' - create frameworks that allow them to lead with confidence in their normal roles.

**What management level is the Leadership Development Programme most suited for?**

**Holly Raider:** It is designed for senior leaders who have 10 or more years of leadership experience (beyond being an individual contributor or leading a small team) and for junior high-potential leaders. The programme is conducted in English and requires fluency for the readings and to keep up in class.

What do you think is the most important take-away from the Leadership Development Programme?

**Susan Annunzio:** I believe participants learn to be very aware of what they are good at, and to delegate tasks they are not so good at. Good leaders surround themselves with people who are better than they are at certain tasks.

**Holly Raider:** If people graduate with an appetite to learn, and to mentor and coach others, I'll be thrilled. For me, the most important take away is for participants to

develop their own leadership style and way of engaging the world around them.

### Why is the Leadership Development Programme taught on three different continents, away from the usual work place?

**Holly Raider:** The Baker Tilly International Development Programme embeds the global nature of the Baker Tilly International Network and its learning partner, The University of Chicago Booth School of Business. A core objective of the programme is to provide a culturally expansive experience - there is no substitute for travelling to a vastly different region of the world to learn about Baker Tilly member firms and about the region's unique business challenges and opportunities. The global platform for the programme is democratic - it draws people from Baker Tilly International from 20 different countries worldwide.

Isn't it easy for participants to forget what they've learned once it's over? How can this be avoided?

**Susan Annunzio:** My module on the programme is four days long and I focus on what I call 'news you can use'; i.e., practical exercises that are worked on in the classroom and can be applied directly to the workplace. Participants also work with each other in improvisation scenarios related to their work roles and challenges. The peer learning continues after the programme as participants keep in touch with each other to discuss how they are using their new knowledge. I'm impressed with how easily participants form strong bonds - it really helps to create a learning network after the course.

### What do you like about working with Baker Tilly and the Leadership Development Programme? What makes the participants interesting or unique?

**Holly Raider:** Baker Tilly International is the ideal client for us - they are hungry for learning and have collaborated with us from day one to design a fabulous and effective programme. A key to that success is the sustained support from senior leadership, starting with CEO and President Geoff Barnes, along with the Regional Chairs, not to mention the hospitality of the people in the regional offices who host us when the programme is in town.

**Susan Annunzio:** I've worked with most of the Big 4 accounting firms and what strikes me about Baker Tilly International is the entrepreneurial mindset of the employees. The company culture at BTI is completely different from other accounting firms I've worked with. The participants on the

programme have an innovative flair that is truly refreshing. They are a pleasure to work with - a talented, smart, fun bunch of people who really want to learn.

### Alexander Pochkun, Managing Partner of Baker Tilly Ukraine:

"The Baker Tilly International Leadership Development Programme is a stimulating course with content specifically designed for practical application in the workplace. The programme has been created for top talent at Baker Tilly International, and I believe it will help us create future leaders for the company. Leadership is a concept often misunderstood by managers, and this programme helps set people on the right leadership track.

The course places an emphasis on communication, which is very important, as I believe that the success of a company depends on its people. The programme encourages managers to create an environment where leaders can be identified and supported through effective communication. From a Baker Tilly Ukraine perspective, the international character of the programme was also very important. I had the opportunity to work alongside colleagues from around the world, getting a better understanding of their customs and culture.

Overall, the programme allowed me to clarify any doubts I had about my management technique. It encouraged me to examine my thought process, and deal with any internal doubts or worries. It convinced me that I'm on the right development track".

### Mikhail Gribov, Partner of Baker Tilly Russaudit:

"I believe the Baker Tilly International Leadership Development Programme is suitable for both existing leaders and leaders of the future, as it contains themes which are

beneficial for all. Some of the topics covered included formal and informal management structures, strategy development and how to create effective teams. In my opinion there aren't any programs of this kind in Russia at the moment, so I saw this programme as a unique learning experience. It was also a great opportunity to work with participants from member firms around the world, creating an excellent network and a chance to build stronger business relationships. For me, one of the most important learning takeaways from this programme was the significance of developing and implementing an effective strategy for my company. We learned of the importance of discussing new ideas and considering the big picture, and how good leaders make time in their daily routine to focus on leadership issues".

### Xavier Mercade Sanmarti, partner Baker Tilly Fabregas Mercade Satorra :

"Taking part in this program has been a unique opportunity to get new ideas to improve the capabilities of our network, our firm and myself. The learning material is useful, the teachers are very well prepared and the sharing of thoughts with other participants was extremely helpful. Getting to know the other people on both a personal and professional level has already created business opportunities within the group. In my opinion the program is a great opportunity to step outside the workplace and create solutions to business problems that we don't find the time to address during our daily work lives. Strategy, talent, change management and succession issues in our firms are all examples of themes that were addressed on the program. It is also a chance to learn more about our network and the different cultures of the people in the member firms."



# From the first meeting to the first joint project

## History of successful partnership between appraisers of Baker Tilly Russaudit and Baker Tilly Ukraine

Heads of the Appraisal Departments of Baker Tilly Russaudit and Baker Tilly Ukraine, Alexander Klimov and Alexander Polyansky, had their first meeting in Moscow in 2007. This acquaintance was the beginning of close cooperation between appraisers of the two companies and served as a basis for multiple joint ideas and undertakings, which generated many positive practical results.

The meeting of these colleagues took place at the 12th International Conference titled 'Property assessment for lending and funding purposes' held in Yalta, Ukraine, on September, 2008, where Russian and Ukrainian experts presented the following reports: 'Current and future market of assessment services for project funding and lending' (Yury Deryabin, Baker Tilly Russaudit) and 'Assessment role in the Ukrainian companies access to international financial markets' (Alexander Polyansky, Baker Tilly Ukraine).

Certification with the Royal Institution of Chartered Surveyors (RICS) (UK) became a follow-up event, uniting professionals of the two companies. After productive collaboration at the preparation stage, six staff members of Baker Tilly (fifty-fifty from Moscow and Kiev) were among the first in the CIS, who successfully passed exams and acquired membership to the RICS (December, 2009). This fact testifies to the international recognition of a high standard of expertise in the assessment of commercial real estate and businesses.

There were a number of meetings at annual regional conferences of Baker Tilly

International of the CIS and the Baltic region in St.-Petersburg (July, 2008) and Kiev (July, 2009). During these gatherings many professional issues and ideas were discussed and joint decisions were worked on.

In 2010, Russian and Ukrainian specialists had the remarkable opportunity to implement a joint international project to assess a fair value of assets (for preparation of financial reporting under IFRS 1) of the Tekhnonikol Group of companies, the East European leader in the roofing and insulation materials market of (more than 35 enterprises in Russia, Ukraine, Belarus, Lithuania, and Czech Republic). Roman Lykov of the Moscow Office and Elena Ruban of the Kiev Office (in charge of the Ukrainian-Belarus-Lithuanian project component) were appointed as Project Managers.

Project cooperation enabled, not only effective management of a great amount of works and application of expertise in business environments of different countries, but also promoted an active exchange of methodological and technological developments by both companies.



**Alexander Klimov**  
**Baker Tilly Russaudit**

"Though we have communicated closely with our peers from the Baker Tilly Ukraine, only today we are offered the opportunity to work on a joint project. Thanks to established personal relations, we have rather quickly agreed on our objectives and highlighted points of collaboration. We are sure we will share knowledge and exchange experience "in the field", which is always more useful than any theoretical discussions".



**Alexander Polyansky**  
**Baker Tilly Ukraine**

"I think the established and excellent relations with the Baker Tilly Russaudit Appraisal Department that came from our long-term and successful cooperation, are of great value to the Company. Exchange of theoretical knowledge and practical experience over a number of years has become today's basis for joint commercial projects and evidence of a high-level mutual trust and respect between the Companies. In teamwork with Baker Tilly Russaudit, we follow a principle of "Don't be ashamed of your own knowledge and learn from others", we seek to capitalise on the experience of our Russian colleagues and share our own developments. All these factors undoubtedly promote the professional growth of our team".



**Elena Ruban**  
**Baker Tilly Ukraine**

“For our company and me personally, participation in joint projects is the next step in professional development as it gives an opportunity to gain new experience in implementation of a large-scale international project. Required application of the unified valuation technologies under this project contributes to a highly intensive information exchange with our Moscow colleagues. Therefore, I would like to highlight the high-level expertise of our peers. I hope our gained joint experience will be enhanced in the follow-up projects, and to back up the achieved successes, it would be great if all members of the Russian-Ukrainian joint team get acquainted personally”.



**Roman Lykov**  
**Baker Tilly Russaudit**

“I am happy that we have a joint project. Though it is difficult to cooperate at a distance (as is always the case), especially considering the project’s great scope and complexity (it involves a number of countries, a lot of assets), but personal acquaintance with Elena Ruban helped a lot in the process of reaching objectives quickly and effectively. I want to note the ambitions of specialists from Baker Tilly Ukraine to deliver highly professional, qualitative works and their high degree of initiative. I hope that upon the completion of this joint project, we will continue to maintain partnership relations in operational issues and participation in joint events beyond the project framework”.



**Marina Rupcheva**  
**Baker Tilly Russaudit**

“Work has turned out to be difficult, but rather interesting and educational: it was necessary to adapt techniques, gather, process, and systematise a large scope of information, and develop a single algorithm to value categories of property, irrespective of the country where facilities are located. Our Ukrainian colleagues were in charge of a set of works relating to Belarus, Lithuania, and Ukraine to be embedded in the Russian project component, which means being in different countries and working in different companies, we had to work as a team, and we have managed, thanks to the well-coordinated actions of the Project Managers and efficiency of our Ukrainian colleagues. Teamwork has helped us gain valuable experience in collaboration, and I hope that we can repeatedly use this experience in the future”.



**Andrey Opanasko**  
**Baker Tilly Ukraine**

“Implementation of the joint project has become a good teamwork experience since it is necessary to quickly and effectively find the right decisions that everyone agrees on. It was interesting to participate in the project covering enterprises located in Belarus and Lithuania, which helped to expand my professional (and not only!) outlook. Exchange of experience, opinions and business approaches with specialists from Baker Tilly Russaudit, is undoubtedly, a useful toolkit for all project participants in the further work”.

Baker Tilly Russaudit and Baker Tilly Ukraine are among the leading international companies providing valuation services in the markets of Russia and Ukraine. Their clients are the largest enterprises in mining and agriculture, engineering, oil and gas, food industries, and other sectors. Specialists of Baker Tilly Russaudit and Baker Tilly Ukraine have considerable experience in completing valuation works for producing IFRS financial reporting when preparing for IPO, raising loans, and carrying out M&A transactions.

The International Valuation Standards (IVS) are applied as a methodological basis for implementation of such projects.

Experience of successful partnership between Russian and Ukrainian colleagues in

audit and valuation is an explicit example of effective international collaboration between the Baker Tilly International companies.

Thanks to well-established communications, the Companies maintain an ongoing exchange of relevant information, professional opinions and experience. Also, they develop common approaches, enabling the partners to enhance efficiency and quality of implemented projects, work on improvement and unification of in-house standards, techniques, service quality assurance systems, training, etc.

In the current situation of economic globalisation, effective and efficient consulting services of international corporations is, above all, based on the commitment of resources of a number of offices in an international network, united by a common philosophy, professional

standards, and intra-network technologies. Integration of organisational and production processes is a key driver for successful performance of similar projects, therefore, a primary objective at the present stage of the Russian-Ukrainian relations is to strengthen the achieved successes and develop new joint programs in the professional area.

Over the last three years of cooperation, the Appraisal Departments of Baker Tilly Russaudit and Baker Tilly Ukraine have delivered a lot - and even more ideas are to be implemented in the near future. Openness, a desire to maintain dialogue and cooperation, readiness for changes and improvement driven by new knowledge is instrumental for on-going professional growth and innovative development of the member companies of the Baker Tilly International network.



# Golf as an Upper- Class Means of Communication

**Today, business faces the problem of attracting new clients, but customer retention as well as customer loyalty and commitment to the company and its brand have not lost their relevance. With companies seeking to perform that mission, in recent years the management of business entities has been paying more attention to the so-called “Fidelization”, or better known as “Customer Loyalty”.**

By definition, Fidelization (Customer Loyalty) encompasses activities based on various marketing instruments to ensure a return of clients who have already taken advantage of a company's services. Customer Loyalty is in fact quite a critical index for most of the existing companies. Loyalty is impossible to manage, but it is possible to create all the conditions for the client to develop a good image of the service provider.

For quite a long time Baker Tilly Ukraine has been implementing Customer Loyalty, aimed at creating, enhancing and maintaining the company's image in the client market. All of the various arrangements within the program are conceptually audacious and well-executed. Such arrangements are, above all, aimed at developing informal communication between representatives of partner companies in an enjoyable atmosphere, and provide an opportunity to discuss, casually and undisturbed, key business issues such as market trends, business plans, etc. The objective of such informal communication is to increase the client's personal confidence in the management and, consequently, in the company's services.

It is a known fact that every year on 16

July, the Ukraine celebrates Accountant's Day, which is a professional holiday for the management and employees of Baker Tilly Ukraine that emphasizes the prestige of the industry. This time the holiday was not limited to a corporate celebration - it was also designed to share positive emotions with the company's clients. For this purpose and within the framework of Customer Loyalty, the company invited, on 16 July, female representatives of leading client companies to “GolfStream”, a high-class country golf club, to have an informal golf session and a get-together accompanied by a cup of aromatic tea.

The excellent atmosphere made for time well spent. The modern and elegant clubhouse perfectly fits into the landscape. The natural surfaces of the golf parks, borrowed from the surrounding terrain, have been originally transformed and integrated into the architectural space in harmony with aesthetics and functionality. Both amateurs and the world's finest players will be challenged by the course's water obstacles and layout which provides a different and diverse challenge at each hole.

**But why golf?** Golf is historically an upper-class and expensive sport, where the game

culture, traditions and etiquette all play an important part beside the actual game rules. At first glance the game might appear quite simple, but due to its discipline and a special “golfing etiquette” the game goes beyond a mere demonstration of physical skills, becoming an instantiation of fine culture. Unlike many other sports, golf is generally not supervised by referees. The game relies on the players honestly abiding by the game rules. All players must observe the discipline, showing politeness and conduct worthy of a true sportsman, however stiff the competition might be. Such is the golfing ethos. If the players observe the conduct rules for golfing, all of them will thoroughly enjoy the game.

Special attention is paid to the golf dress code. It is not a sign of luxury or immoderacy to look stately in this sport. Even when preparing for a game with friends it should be presumed to be a business meeting, requiring the appropriate clothes. It is also due to the fact that nowadays golf courses are increasingly becoming spots to do business and make managerial decisions. In many major corporations golfing serves as an efficient selection standard for top positions.



**Actually, ninety percent of CEOs in the 500 most successful companies play golf!**

Of course, it would be difficult to start playing golf from scratch without instruction. For this reason the event administrators invited Alexander Iguchi to be the Head PRO coach of the "Golf Stream" golf club. It was Alexander's father who instilled the love of golf in his son by enrolling him in a golf club at the age of 14. Alexander confesses: "At first I didn't feel any special affection towards golf. But one day I managed a "birdie" (Author's note: a shot in golf), and at that moment I fell in love with golf!" Apart from golfing at a professional level, Alexander successfully combines this job with coaching. With the patience and consistency of a true mentor, he was able to explain easily to everyone the basic technical nuances of a classical golf shot. "First I would explain that just a good shot in golf brings great pleasure. The best way to a good shot is to learn how to hold the club. It's a must to perfect the skills. I show the students how to hold the club, their swing improves and, accordingly, they get more pleasure from the game", Alexander says.

After training and playing, the participants gathered for lunch. The club house's traditional restaurant, with its own wine cellar and a lounge room, provided a comfortable and pleasant atmosphere. During lunch the companies' representatives took the opportunity to calmly share their impressions of their first golfing experience and get a glimpse of the future, noting that it would be a good thing to organise such events on a regular basis.

In the end, everyone was happy with the event and left with a bundle of emotions.

#### **Participants' comments:**

"I would like to thank the providers for such an informal "Golf with Baker Tilly Ukraine" in GolfStream, which was a pleasant surprise for us. The event format was exciting. We could meet old friends and at the same time get acquainted with new, like-minded people. The marvelous and picturesque scenery stood in sharp contrast to our cramped and dull city life with continuous deadlines. The participants' sociability and easiness, friendly and cordial support provided by the participants (partners) and the attention on the part of the club personnel helped us feel the fascination of the GAME. It was incredibly pleasant to feel like a beginner and enjoy my own small success and be happy for other participants' success. In only a few hours everyone got a good shot of positive emotions and inspiration".

*Elena Kovalenko*

*Chief Financial Officer*

*Ukrros Sugar Union Group*

"Thank you for the lovely and beneficial event! When experiencing something new, interesting and worthwhile that will become part of your life or leisure, you will always remember those who you did it with for the first time!"

*Tatyana Radomyslskaya*

*Chief Financial Officer*

*KDD Group*

*Irina Zinchenko*

*Head of Marketing Department*

*Baker Tilly Ukraine*



# Particularities and Prospects for a Developing Outsource Accounting Market in the Ukraine

*Outsource accounting is at the moment, just as other professional services, at an early development stage, if not still in its infancy. This estimation is based on market volumes, and derivable from current understanding and perception of outsource products common to service providers and companies that take advantage of such services. The concept of outsource business processes, including F&A (Finance and Accounting) Outsourcing, started evolving in the 1980s in the USA and now yields multi-billion returns to world leaders in this business area, despite crisis developments of recent years. The model that used to be quite innovative was met with reserve, though after several successful solutions to its implementation the model won wide support among many multinationals and is now seen as a natural and efficient format to put various business processes into life. Looking back at Ukrainian reality, one can but acknowledge that the vision of the outsourcing concept and its implementation by Ukrainian companies is at its initial development stage. The understanding of outsourcing is largely limited to basic ideas of potential cutting direct costs, and outsource accounting is implemented in extreme, if not critical, situations, when a company is no longer able to cope with a problem on its own. Yet, the market taken as a whole,*

it is representations of multinationals in the Ukraine that are the driving force of the outsource accounting market and bring that well-established culture to the Ukrainian business environment. Working in this area, we cannot help speculating on what is to come and what is to be done in order to come to the top of an unshaped and poorly structured market. The evident and logical answer to this question requires us to cast a glance beyond the origins of this concept, at the countries where it is now prevalent. The very first and instrumental issue here is the understanding of what actually falls within the competence of the services provider when a contract for certain outsourced services, particularly accounting, is signed. Today the product that is most demanded from outsource accounting in our country is generally released in a format supposing a somewhat “down-sized” outsourcing. Indeed, in the majority of cases it is merely the technical performance of a certain function that matters, and only in few cases outsourced specialists prepare full information for the client’s management to take managerial decisions. Yet, in its canonical sense, outsourcing implies that the relevant functions are outsourced as a whole, with decision-taking and risks inherent to such decisions passing to the provider as well. In such a model the client company does not lose control of its business, since at the initial point of cooperation the parties discuss in detail the terms which explicitly reflect the client’s approach and requirements. Thus, the provider’s behavior pattern and decisions are

predetermined by the client’s expectations and set forth in the Service Level Agreement, a document which is equivalent to a cooperation charter. To promote outsourcing in its canonical sense we should start transforming the vision of this concept, both from the provider’s and client’s perspective. The technical solution is another keystone of outsourced activities for any business process. *It is the technical solution that generally represents the know-how distinctive of its provider, and it is the technical solution that must answer the client’s question: “Why should I choose your company?”.* Global leaders of the outsourcing market for business processes are companies that always have, at different development stages, offered unique and original technical solutions accessible on the market. Added value generated by outsourcing should not and cannot be due only to cost reapportionment and economies of scale – added value is generated when a provider starts working differently, i.e., better, faster, more efficiently and with higher-quality output than the competitors. In our era of technical progress and innovative development the latter point implies a priori the implementation of proper software, a platform that would optimise the business process, increase the controllability and enable forecasts thereof, as well as a highly focused approach and high performance speed. *It is common knowledge that today there exists an accounting product that enjoys a monopoly on the Ukrainian market and beyond, in the CIS countries.* However, this product is quite inferior to the world’s best-known software that has long ago grown out of accounting frameworks and is aimed at a much wider range of tasks – software that can be compared to the circulatory system of an entity. In most cases, due to its monopolistic position, the software used in the Ukraine proves, on the one hand, to be simple in operation and comprehensible to all specialists in accounting, which

results in lower operation costs. On the other hand, built-in or, more often, external technical solutions make the software rather inflexible. For instance, only the latest version of the product that has not become too widespread so far, offers a web interface that is now an integral part of most software products. However, the offered format of the web interface is very abridged and at the same time individually tailored, making such software quite costly. Since there is no simple and universal web interface solution, shared use of the product and, consequently, centralisation of functions become complicated. It is my belief, though, that such centralisation is one of the pillars of outsourcing. The world's best-known foreign products could be considered as an alternative if it were not for another problem: those products are not, or only partly, localised for the Ukraine, whereas the national tax legislation, being subject to continuous change, does not facilitate cheap support of such software in the Ukraine.

As a result, there is a kind of vicious circle, when significant intensification of outsourcing development becomes possible with growth in demand, which is quite flexible in the Ukraine, whilst development of efficient solutions requires significant expenses and increases the cost of sales for the provider. That is why in most cases demand and supply cannot meet at one point.

This does not necessarily mean that Ukrainian outsourcing is stagnating or is unlikely to develop – the market segment is growing rather fast. Though, unfortunately, there is neither wide-range market research conducted, nor are reliable figures for the market volumes available, while growing key services providers that quite often double their indices throughout the year might suggest, on the contrary, that there is a market expansion in progress. However, even these growth indices could be more significant provided that both providers and clients come to an accommodation and revise their understanding of the outsourcing concept. As a result, the providers will agree to more material and long-term investment in this innovative business, and the clients will realize that a complex outsourcing project for business processes, as part of strategic decision-taking, is appropriate in the longer term.



Alyona Skichko  
Executive Manager  
Baker Tilly Ukraine  
Accounting Services

When Baker Tilly Klitou was first formed in 1996, I doubt whether anyone could have foreseen the firm as of today.

# Baker Tilly Klitou Success Story

Now Baker Tilly Klitou is the fifth audit firm in Cyprus, still, and despite the worldwide economic crisis, fast growing and with strong indications that very soon it will be within the top four list of audit firms on the island – that does not include the Baker Tilly Klitou offices in Romania, Bulgaria and Moldova, which are giving a multi-national dimension and exposure to the firm that none of its competitors in the Cyprus market can replicate. With more than 200 members of staff and 8 partners, Baker Tilly Klitou is now a strong and durable organisation which has gone from strength to strength and plans to be very active for a long time to come.

Putting it altogether this is quite a success story and we ought to be «loud and proud» about what we have achieved.

It's never a bad idea in business to pause and review where we have come from.

Mr Marios Klitou, who is the current Chief Executive Officer of Baker Tilly Klitou, founded the firm in 1996, but the big step of the firm to success came in 2005 when it proudly became a member of the Baker Tilly International network. That helped the firm expand its client portfolio more rapidly than ever before – the remarkable part of it all is that this brand name “Baker Tilly” quickly established the firm as one and increased client trust and faith to its services. The firm expanded its horizons with international clientele referred by the network, and upgraded its portfolio of clients with large organisations, many of which are now listed on internationally recognised stock exchanges.

Baker Tilly Klitou is proud to be today very

closely associated with Baker Tilly Ukraine. Our business in Ukraine has shown an unprecedented growth since February 2008. But, above all, we are proud to say that we have now good friends in Ukraine. Alexander Pochkun, Baker Tilly Ukraine's Managing Partner, has been of great help to us – his vision and initiatives not only grew the Baker Tilly Ukraine firm, but also channelled an increasing number of clients ranging from individuals to large listed corporations to Baker Tilly Klitou Cyprus. The “Baker Tilly” network was there to support this cooperation of its two member firms as both were growing into complex assignments – Technical support came at a remarkable short notice from the Baker Tilly London office, where we also developed close links. In this respect, we are extremely grateful to the experts of the BTL office for their advice upon our request.

More importantly, we should use this opportunity to look forward and ensure we continue to reinvent ourselves as a dynamic professional firm for the years to come. We will come out of this worldwide economic crisis stronger than when we entered it and we will aim to unlock the challenges of the future so as to continue bringing real value to our clients.

Kind regards  
Andreas Philippou  
Director, partner Baker Tilly Klitou



# Baker Tilly Ukraine Welcomes Newcomers



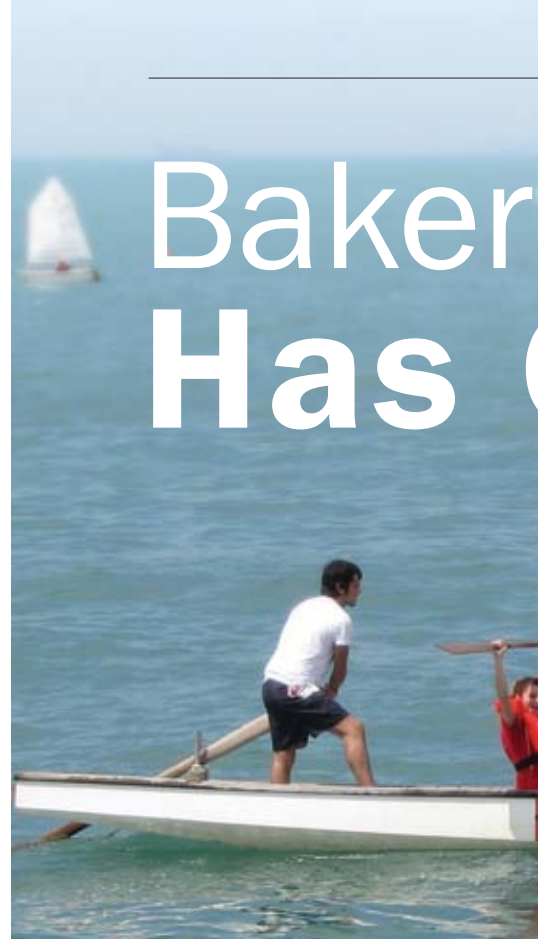
Early in August new people joined the Baker Tilly Ukraine staff. Fresh graduates and seasoned specialists joined the Company. Before getting started, the newcomers, regardless of skills and position, were offered an introductory course in the shape of a five-day training program. The program was aimed at the new employees with a basic knowledge of the activities of Baker Tilly Ukraine and Baker Tilly International in general. Professional ethics, audit procedures, fundamentals of bookkeeping and preparation of financial statements – all this and more, is taught within the professional module of the program. As tradition dictates, the first day was marked by a meeting with the Managing Partner, while the Company's leading professionals were acting as lecturers.

After the introductory course, all of the Company's staff was invited to a boat cruise down the Dnepr. During the small voyage, the staff members got acquainted with their new colleagues who were being initiated.

People are every company's main asset, and Baker Tilly Ukraine is no exception.

Our specialists are dynamic, responsible, creative and ambitious – they are always looking forward to perfecting their professional qualifications. Education at Baker Tilly Ukraine is a permanent process. We pay special attention to recruitment, training and professional development of able and goal-oriented specialists. However, any new employee brings, together with new ideas and individual approaches towards professional tasks, his or her own values, views and beliefs. When recruiting new staff, the Company expects its specialists to share existing values and be able to team work, because only common experience, joint efforts and skills can lead the Company to outstanding performance. This year the Company has implemented a new and more sophisticated recruitment system requiring the applicant to pass through several selection stages. So, a complex and impartial assessment of professional and individual qualities guarantees us the cream of the crop!

Natalia Blinova  
Head of Personnel Department



# Baker Has

Furthermore the team has achieved the right of division Championship among the companies attending with 1-20 sportive due to the 36 medals taken by the team.

## A big share will be paid to team soul and solidarity in the Dragon Boat races.

Baker Tilly Güreli has attended with Baker Tilly Güreli Boat Team in the category of Dragon Boat to Istanbul Corporate Games 2010 which was eight times organized this year. Baker Tilly Güreli which has attended first time this year with the team made in March, was the most spoken company of Corporate Games thanks to the awards taken, their successful performance exhibited and the support toward TESYEV. (Turkey Handicapped Sports, Education and Assistance Foundation)

The team which was founded upon the recommendation of Yosun Güreli, the Human Resource Director of Baker Tilly Güreli, has achieved many records although they are attending first time to the race with an amateur team. Baker Tilly Güreli Boat Team which has raced in the Dragon Boat category has achieved the second rank at short race 250 meters and the third rank at long race 500 meters.

*"A big share will be paid to team soul and solidarity in the Dragon Boat races. Even this is our very first experience, we exhibited a successful performance. Most of all we believed as a team and this has positively affected our success"* says Yosun Güreli

# Tilly Güreli Boat Team Collected Awards

Baker Tilly Güreli which attended with the boat team for the very first time this year to the Dargon Boat category for Istanbul Corporate Games 2010, has completed the races at the second rank for 250 meters, third rank at 500 meters and achieved 36 medals.



who evaluated the performance of the team which earned many awards even it has been founded a short time ago. *"I believe that we exposed our professional, challenging, disciplined and gentleman standing in the sector to this race. Differently for our professional career we were amateur in this race. However we raced with our professional soul. As Baker Tilly Güreli family we gained many brother companies at the races, such Assistt, Akçansa Cement, Balnak, Vakko, TTNET, ATÜ, Borusan, Garanti Bank, Sony, Deloitte, Ernst and Young and Polimeks. We hope that we will race again next year. The harmony displayed by all the teams during the races was the real proof that aggressiveness is not a part of the sports. Everybody who raced at the finals in spite of the heavy precipitations made a great deal. I hereby congratulate the Garanti Bank which was first at the Dragon Boat on behalf of our team and wish them success in Russia."* says Yosun Güreli who stated that the performance shown by the teams at this race reflects the corporate view and approach of the companies.

## Support from Güreli to TESYEV (Turkey Handicapped Sports, Education and Assistance Foundation)

Baker Till Güreli Boat Team has evaluated the race as a platform used to draw attention to the disables people with their t-shirts and flags with TESYEV LOGO. Yosun Güreli commented about the TESYEV cooperation:

"We wanted to evaluate the race beyond an organization at which we attended as a company, like a platform to draw attention to our sensitivity regarding the disabled people. Based on the successes achieved by the sportives due to their physical performance, we carried along the philosophy that disabled people may be best understood by a sportive. We shared this idea with President of TESYEV and in the same time the Chairman of Turkey Paralympics Committee, Mr. Yavuz Kocaömer. We were very happy to found

out that he was warmly approaching this subject as an old boat racer. I believe that our motivation on this approach has largely affected our successful performance."

## About Baker Tilly Güreli Boat Team

Baker Tilly Güreli Boat Team founded in March has 19 members of which 5 are women and all of the participants have never experienced on this field and willful to participate.



Members of Baker Tilly Güreli Boat Team; Okan Yurdbulan (Captain), Gülay Efe (Drummer), Yosun Güreli, Ahmet Melih As, Melike As, Ayhan Şimşek, Turgut Özçelik, Umur Nacar, Erkan Kurtuluş, Mustafa Baydar, Ayşe Yurdbulan, Aslıhan Köycü, Sinan Tokmakçioğlu, Efe Timur, Erkan Uzun, Ozan Nazım Günal, Ahmet Serdar Nuray, Emrah Peker.



# Alyssa Martin Named Among Dallas Business Journal's 'Top 25 Women to Watch'

DALLAS/FORT WORTH, TEXAS (August 3, 2010) – Alyssa G. Martin, CPA and Dallas executive partner in Advisory Services for Weaver, one of the largest independent certified public accounting firms in the nation, was recently named one of the "Top 25 Women to Watch" associated with the 2010 Dallas Business Journal's third annual "Women in Business Awards."

This award recognizes women who have demonstrated leadership in their companies, professions and in giving back. Nearly 250 individuals were nominated this year. Award winners were honored at the Women in Business Awards luncheon on July 15, featured in a special section of the print version that published in the July 16 edition of the Dallas Business Journal, as well as an extensive profile on the newspaper's website.

"We are proud of Alyssa and all that she has done to raise awareness for women in the accounting field," said Tommy D. Lawler,

managing partner and CEO. "Inspire, our firm's women's initiative committee that nominated Alyssa, focuses on projects, such as this, to support the advancement of women in our profession."

The honorees were selected by the editors of the Dallas Business Journal, who based their decisions solely on the information provided on the nomination forms. Criteria in choosing the "Top 25 Women to Watch" included looking for accomplished women whose achievements make them excellent role models.

Martin serves as the Dallas executive partner of Weaver and leads the firm's Advisory Services. She has more than 21 years experience in public accounting, including her role as partner overseeing risk management, internal audit and IT audit services. Her practice emphasis consists of risk advisory, internal audit, IT audit and security, business management consulting and strategic planning. Her private sector experience includes filling the role of controller for a holding company that retained interest in multiple publicly-traded companies. Martin joined Weaver in 1998 as a result of its merger with Hoffman, McBryde & Co., P.C.

Martin is currently a member of several professional boards including Texas Society of Certified Public Accountants (TSCPA) where she also sits on numerous committees, Accounting Education Foundation of TSCPA, where she is a trustee; Today's CPA Editorial Board, Big Brothers Big Sisters of Dallas County and Texas Workforce Commission of the Greater Dallas Chamber of Commerce. She is also active on the following committees: The University of Texas at Dallas (UTD) School of Management's Accounting and Information Management (AIM) Area's Executive Advisory Committee; UTD's AIM Alumni Curriculum, where she serves as co-chair; Baker Tilly International Corporate Governance and Risk Management Committee that she co-chairs and the Greater Dallas Chamber of Commerce's Talent Education and Workforce Advisory Council Committee.

Her professional memberships also include American Institute of Certified

Public Accountants (AICPA) Virtual Grassroots Panel; the Dallas and Fort Worth chapters of the Institute of Internal Auditors; National Association of Corporate Directors; Information Systems Audit and Control Association's Dallas and Fort Worth Chapters; the Dallas Chapter of the SEC Practices Group and American Woman's Society of CPAs. She also actively participates in organizations that address educational issues and the arts. A frequent author of articles that address Risk Management, IT and Internal Audit topics, Martin writes a monthly column for the Dallas Business Journal titled, "Management Matters."

Martin graduated from the University of Texas at Dallas with a Bachelor of Science degree in business administration/accounting and a Master of Business Administration degree.

Originally founded in 1950 as Weaver and Tidwell, L.L.P., the firm does business as "Weaver" and currently employs over 450 employees, including more than 350 accountants and professional staff. With offices in Austin, Dallas, Fort Worth, Houston, Midland, Odessa and San Antonio, Weaver is ranked the largest independent certified public accounting firm in the Southwest by Accounting Today magazine and the 49th largest firm in the United States.

The firm represents a broad range of clients including large national and international corporations, publicly and privately held businesses, nonprofit organizations, and government entities. In addition to the firm's audit, accounting and tax services, its accountants and consultants practice in the areas of business valuation; estate planning/wealth transfer; forensic accounting; international services; property tax; advisory services; state and local tax and transaction advisory services. It also performs peer reviews for other accounting firms. The firm also provides registered investment advisory services through Weaver Wealth Management. Learn more at [www.weaverllp.com](http://www.weaverllp.com).



**MY JOB:** As the service line partner in charge of Advisory Services, Alyssa has over 22 years of professional experience. Alyssa began the Advisory practice in 2003, and since then, the practice has sustained between \$5 to 6.5 million in revenue annually, with 25 -30 professional staff. She is among the top leaders in the Firm - male or female - working closely with the Assurance Service Line Leader in developing strategic growth plans.

**BIO:** I have always strived to succeed through hard work and my competitive nature. Dallas has always been my home. I grew up attending DISD schools and completed my education at Booker T. Washington Arts Magnet High School. My college education began early with the inspiration to be in the business world. I worked full-time during college at my father's CPA firm and graduated from the University of Texas at Dallas with a B.S. in Business Administration with a specialization in Accounting. I worked as a CPA for 5 years during which time I recognized my interest in business operations. I decided to go back to college and obtain my MBA from UTD. I have been married for 16 years and have a 26 year old step son and a 9 year old daughter.

**WHY ACCOUNTING:** My father was a CPA and had his own firm. He strongly influenced me to get an accounting degree and my CPA designation.

**DEFINING MOMENT:** After becoming a shareholder in my father's CPA firm, I left to start a career of my own. I took an industry Controller position and soon realized my desire to be in the client service business bringing solutions to various issues. I went back to public accounting in 1995 and have enjoyed a strong career.

**GREATEST CHALLENGE:** Balancing motherhood and a career has been my biggest challenge. I wanted to have a child but did not want to slow down my career advancement. I have been fortunate to have many opportunities and have been

able to act on them as they came.

**PROUDEST ACHIEVEMENT:** I am able to continue developing my career and be a mom at the same time.

**LESSON LEARNED:** It may take an individual to have an idea or solution, but it takes a team to execute it.

**BUSINESS MOTTO:** Never give up, but be willing to move on. I also work through the philosophy that individuals can have ideas, but people working together will accomplish results.

**UNIQUE BUSINESS SITUATION:** Early in my career, I had the opportunity to do artist representation and management. Negotiating recording contracts for my musician friends was pretty crazy in the early 90's.

**RATING D-FW FOR BUSINESS WOMEN:** The DFW market is fertile ground for motivated women. Like anything else, you have to have a vision and create your path. The DFW market will listen and respond with opportunity.

**STRATEGIES FOR SUCCESS:** In the professional service business, you have to be able to respond to market change by anticipating what may be required as the economy restricts and rebounds. Being in charge of our advisory services, I have to stay in tune with the market indicators, compress services that are discretionary, and allocate teams to services that will be relevant in the restricted economy. I did this by restricting hiring and redeploying teams to other services. We sold projects to clients at reduced rates to maintain production and were able to keep our core group intact.

**MY ADVICE:** Use your critical thinking skills and intuition to demonstrate strategic visioning as a leader. Demonstrate this along with your ability to manage multiple priorities for effective management.

**GIVING BACK:** I have one primary cause that I choose to focus my volunteer time - education. I volunteer within the profession to inspire new CPA's. I also volunteer where I can encourage and influence youth to get the best education they can to have

career choices. I am a member of the Audit Committee of the North Texas Big Brothers Big Sisters Board and also sit on the Dallas County Board of Directors.

Some of Alyssa's professional activities and memberships include:

- Greater Dallas Chamber of Commerce, Talent Education and Workforce Advisory Council Committee Member
- Member of Executive Advisory Committee of the AIM of the University of Texas at Dallas' School of Management
- Advisory Board Member of the Internal Audit Education Program of the AIM of the University of Texas at Dallas' School of Management
- Chair, Baker Tilly International Corporate Governance and Risk Management Committee
- Board of Directors of the Texas Society of Certified Public Accountants (TSCPA)
- Trustee of the Accounting Education Foundation of the Texas Society of CPAs
- TSCPA, Today's CPA Editorial Board
- Member of the Dallas Society of CPAs's
- TSCPA, Leadership Development and Membership committee
- Member, Dallas Chapter of CPAs, Partners in Education Committee
- Member, Dallas Chapter of CPAs, Nominating Committee
- Young CPA of the Year, Dallas Society of CPAs 2004
- Member, American Institute of Certified Public Accountants (AICPA)
- Member, National Association of Corporate Directors
- Member, Institute of Internal Auditors, Dallas and Fort Worth Chapters
- Member, Information Systems Audit and Control Association, Dallas and Fort Worth Chapters
- Member, Association of Certified Fraud Examiners
- Member, American Woman's Society of CPAs

**MY MENTOR:** Over the years, I have had several people influence me through their guidance and wisdom. Today I look at my place in our firm and recognize 2 partners specifically who mentored me. When I re-entered public accounting, I joined Gary Hoffman's firm. When the firm merged into Weaver, he convinced me to come along. He assured me opportunity for development and growth early in the merger. Richard Jones opened the door for me to build something new at Weaver. As I developed our Advisory practice, he provided guidance when needed without barriers.

Alyssa Griggs Martin  
Dallas Executive Partner  
Weaver and Tidwell L.L.P.



# Our Trainings: Going to Prague

From 21 to 23 June 2010, employees of the Audit Department of Baker Tilly Russaudit, Ltd, had the honor of going to Prague (Czech Republic) for training on the latest amendments to IFRS 3, as well as a review of Audit Group standards and introduction to Baker Tilly's approach to such standards. On 21 June we, the team of three, left Russian borders behind to plunge into hectic life of a student.

In the day we had classes (from 9:30 to 17:00) and then we could spare some time from studies to have a brief sightseeing tour to get acquainted with habits and cuisine of the locals.

A couple of words on our studies: representatives of Baker Tilly lectured us in English. During the lectures we met our Ukrainian, Croatian, Slovakian, Italian colleagues, as well as those from Gibraltar. We had a brief interchange of ideas on new IFRS 3 requirements and audit organisation technologies of Audit Group. Training materials were based on Baker Tilly presentations, additional clarifications, tasks and questions.

I should mention that all the information was presented very clearly and our trainers were always ready to discuss all issues with anyone to whom it might be of interest. At the end of each section of the workshops we completed tests, which included solving tasks and considering practical examples. This kind of training is one of the most effective. We came to know a lot of new things, renewed our knowledge of familiar IFRS issues and auditing standards, as well as practically solidifying the received information.

We had a very positive opinion on the results of our 2-day studies and training material. It was also a great pleasure to communicate with our colleagues from Baker Tilly and trainers.

At the end of each day we were almost dead tired from new information, debates and discussions. Nevertheless, we managed to spare a couple of hours to do some sightseeing and get acquainted with the habits of local people.

By chance, all members of our team visited Prague for the first time.

We were pleasantly surprised by small streets, clean and cozy, in the central part of the city.

We also had a chance to take a short trip in the underground, go for a spin on Prague tram, go for a turn round the city and make a wish or two on the legendary Charles Bridge.

On top of all that, we went up the cable-railway to the Rose Valley, which itself is an absolutely bewitching sight. There bloom and blossom thousands of red, yellow and other roses. And the cuisine, which we gladly tasted, really amazed us with its huge portions!

This is all too brief to describe the two hectic and busy days we spent in Prague.

To sum it up, the results of our trip are as follows: new knowledge, communication and experience interchange, acquaintance with a new approach of our foreign colleagues, new impressions.

We'd like to thank all people who took part in organising the event for such an opportunity to improve our knowledge in the field of IFRS and IAS.

