



ENTERPRISE SERVICES

Growing your enterprise

SINGAPORE

AUDIT ■ TAX ■ ADVISORY



Planning for the next stage of growth

Are you a business owner with big dreams and great ambitions?

Do you want to turn your business challenges into opportunities for growth to the next stage?

How can you bring your company to the next stage of growth?

Very often, a fast growing enterprise may lack the internal resources to expand its business vision beyond the immediate future.

As a decision maker, you are confronted with many crucial decisions which can have an impact on your company's strategic course each day.

Knowing what needs to be done is one thing. Finding the time and resources to make it happen can be another matter altogether: key executives may be overburdened and can have difficulty coming to terms with new and complex financial, operational, compliance and risk management challenges while remaining profitable.

In these circumstances, choosing the right professional advisor can become a crucial business decision.

KPMG has a range of services which may help you address the challenges you face at each stage of your business growth.

No matter if this business takes the form of a private company, family business, a new and expanding business, professional partnership or even a smaller listed company, there is no single solution to address the issues many aspiring enterprises encounter at various stages of their business growth.

Our professionals have a wealth of experience to help you get your business where you want it.

At KPMG, we have broadly categorised the challenges faced by companies at each stage of growth into eight key areas:

Stages	Challenges
Starting Out	1 Business Planning
	2 Raising Initial Capital
Growth	3 Organic Growth
	4 Acquisition
	5 Diversification
Maturity	6 Optimising Business Performance
	7 Maximising Value
	8 Managing Risk

Contact us to find out how we can help you bring your business to the next level.

1

Business Planning

Like a game of chess, success in a small business starts with decisive and correct opening moves. Without the right opening moves, it often takes additional effort and resources to regain the advantages of starting right.

Sometimes, a business opportunity comes once in a lifetime. To increase your chances for success, you need to build a comprehensive and well thought out business plan that can help you reach your business goals.

The process of developing a business plan can help you think through some important issues that you may not have considered yet.

As you draft your business plan, here are some areas that KPMG may be of assistance.

Understanding the marketplace

Imagine spending all your start-up capital on an innovative automated letter opener only to find that most people now read emails and do not use letter openers.

If you do not find out as much as you possibly can about your product or service and its market potential, a start-up is more likely to fail than succeed.

Establish an estimate of the total existing market for your product or service, or similar ones. Analyse the nature of the market, competition and customer base.

However, deciding on the feasibility of your business idea is not just a matter of carrying out market research; interpreting the results is equally important. In this regard it is often helpful to seek the advice of professional advisors.

KPMG Advisory Services helps our clients to analyse and make sense of the information at hand. Our experience locally and internationally has allowed us conduct such studies which may help give you a competitive advantage.

We have successfully assisted various industries in developing their blueprints. We can help you answer important questions such as:

- **Where** are the relevant business opportunities?
- **How** to enter a new market or segment?
- **Who** is the potential competition and what are they doing?
- **What** are the current and future economics of the industry?



Taking advantage of tax incentives

Every cent should count for a new start-up. The Singapore government offers a variety of tax incentives to local enterprises. Taking advantage of these tax incentives can free up much needed cash for your company's growth.

At KPMG, we have dedicated tax professionals who can help you identify the tax incentives available to start-up enterprises and send in the application on your behalf.

Getting the business model right

Imagine running a business where your customers know your product features and they are willing to pay a premium for it.

Your employees understand the business and do what is best for the company's interest.

You spend your days thinking of the company's strategic direction and there's little firefighting to be done on the ground.

A good business model can help you achieve all these and more. This should also be an organisation's core logic for organisational efficiency. It therefore helps to ensure that strategies and

structure are aligned, cost structures fit their revenue streams and it can drive value-creation and profit growth within the company.

Getting the right business model is therefore crucial for your company's long-term growth.

However, in the face of sophisticated customers, tough regulatory demands and technological advances, it is increasingly difficult to develop a flexible and sustainable business model that will weather out the complex environment of today.

An independent review of your business model

At KPMG, we can provide independent business reviews which are useful in getting your business model right.

We understand that first time entrepreneurs face a challenging time at the start-up phase. To increase your chances of success, you may want to seek professional advice right from the start.

KPMG professionals are familiar with businesses at their various stages of growth. We can help you get the right start.

Key considerations

- Do you understand the marketplace?
- Do you know what tax incentives are available?
- Do you have a sustainable business model?

2 Raising Initial Capital

Getting seed funding is vital to turn your business plans into concrete actions. Many entrepreneurs have stumbled in their search for start-up capital.

As the saying goes 'there is no free lunch', every source of fund-raising is very likely associated with certain obligations.

An entrepreneur can consider raising funds either through incurring debt or selling equity. Both ways of raising funds come with trade-offs that have to be carefully weighed.

Start-ups that are too quick to leap at the first 'pot of gold' may find themselves facing more onerous tasks ahead – that of managing investors' expectations and repaying debts.

Business owners need to evaluate their funding options and walk away if necessary. If not, these toxic deals may come back to haunt them. For instance, if a new business has borrowed a lot, its future could be at risk if interest rates increase.

Similarly, it is equally important that the financing of your business is appropriately structured so that it facilitates trading and future growth.

When raising initial capital for your new start-up, it is often good practice to take a longer-term perspective and to consider the options available, their terms and conditions and your financial projections.

Before approaching financiers it is often helpful to seek the advice of professional advisors.

Knowing your investors and evaluating your options

Companies looking to raise new debt capital may not have established relationships in the banking, leasing and capital markets.

KPMG can help you get connected. Our professionals have extensive knowledge of financing markets and established relationships in the banking, leasing and capital markets and with venture capitalist and fund houses.

With an international network of sources and contacts, **KPMG Forensic** can perform integrity due diligence on your prospective business partners. They can help gather information about the background, track record and reputation of your prospective investors.



However, a key issue for many entrepreneurs is not just finding the right investor but also choosing an appropriate financing strategy with a long term view to the business.

Our experienced corporate finance team uses its extensive knowledge of international financing markets to help provide entrepreneurs with clear analyses of their options and the impact of these funding routes. The advice we can provide to companies is objective and independent of the providers of capital. We can offer assistance throughout the transaction process from initial strategy through to implementation.

You may also need to provide supporting information to raise equity or debt financing. We have experience with a range of valuation methodologies and can identify the relevant methodology for the specific circumstances of each valuation.

At KPMG, we can provide a suite of advisory services catered to your needs when securing start-up financing.

Key considerations

- Where is the money?
- Who are your investors?
- What is the real value of your business?

3 Organic Growth

Imagine this: your business is just taking off and sales volumes are increasing. Just as you are getting heady with success, bottlenecks surface – orders are getting misplaced and complaints are being lodged on late deliveries.

At the stage of organic growth, owners need to step back from the pursuit of topline revenues and review their backline operations. A review of management processes and operational efficiency is often necessary so that your company is production efficient and product promises are promptly delivered.

How the business is managed and how it is able to compete within its designated market is crucial in determining its future growth trajectory. Will it head to the next higher stage of growth or will the growth fizzle out?

One of the common lapses of growing companies is neglecting internal information technology (IT) system and business processes. As sales orders grow and product range increases, properly implemented IT systems can enable more efficient management of sales pipelines and production planning.

Using IT to your advantage

KPMG's IT Strategy and Performance services assist in aligning the IT function with business strategy and providing the business with a key platform for growth. We can independently facilitate the development of a practical IT strategy to help enhance value to businesses from their IT expenditure.

Are your margins declining?

When sales are good, it may not mean that margins are necessarily growing. Margins may still fall during high growth periods due to higher costs from the increased demand for materials and labour.

Cost containment exercises are essential in improving margins and instilling a 'cost culture' among employees. The long term benefits of containing costs cannot be overstated.

However, it is not easy to know which operational functions are inefficient and wasteful. It is therefore often useful to seek the help of professionals when embarking on your first cost containment exercise.



KPMG's **Cost Analysis and Management (CAM)** service is a continuous process that management can utilise to make better and more informed decisions. CAM can help you to:

- **understand the organisation's cost dynamics** through knowing the cost drivers of your business activities
- **support effective pricing** through strategic decision-making
- **reduce cost/overheads** through knowledge of true costs
- **uncover means** to better manage costs.

Making taxes work for you

One possible means of achieving a cost reduction in business cost is through proper tax planning. However, many businesses are more focused on securing top-line revenue in a high growth period and often leave tax planning as a last minute agenda item.

If the technicalities of tax planning are fueling your procrastination, you should seek the help of professionals.

Effective tax planning and advice can give small and medium enterprises a significant competitive advantage in the long run.

At KPMG, we can offer a suite of services to assist small and medium enterprises in complying with tax obligations and to achieve a tax efficient structure for greater cost savings. This also means that small and medium enterprises can benefit from leading practices, thought leadership materials and topical seminars.

More importantly, you can receive practical advice and assistance with implementation, leaving you to focus on your expansion plans.

Some of the benefits from a tax structure review include:

- **Tax savings** through the design and implementation of tax strategies tailored for small and medium enterprises
- **Insights into tax incentives** available to small and medium enterprises, including double deduction and research and development tax incentives
- **Reduced instances of tax inefficiency** through proper tax planning
- **Increased awareness of potential tax exposure** through tax reviews and due diligence work in the event of mergers and acquisitions.

Key considerations

- **Can your IT infrastructure support your growth?**
- **Are your margins declining?**
- **How do you minimise your tax exposure?**

4 Acquisitions

You find your business growth declining and you are crowded out of your market segment. You are looking towards the next stage of fast tracked growth - one way to do this is by making an acquisition.

Accelerating growth is not the only reason why companies make acquisitions. Some other reasons include:

- **Increasing market share** by buying over a competitor
- **Gaining economies of scale** through acquiring a supplier
- **Entering a new market segment**

Whatever your reason for making an acquisition, it is important to ensure that your acquisition plans are in line with your business's wider strategy. Hastily executed acquisitions may result in a large waste of time and money.

Worse, you may inherit the target company's legacy issues.

Acquiring a business is a complex and often difficult process which requires many professional skills such as due diligence, change management and post merger integration.

We recommend that you seek the help of a professional advisor who can assist you throughout the entire acquisition process before making your purchase.

Finding the right advisor

KPMG can provide practical assistance throughout the acquisition transaction. We often start by helping an organisation define its strategy as well as establish realistic objectives and acquisition criteria. We provide constructive strategic advice throughout the transaction process. These include:

- **Reviewing acquisition strategy** and an assessment of alternatives
- **Identification and assessment** of potential targets both locally and internationally
- **Deal initiation / target approach**
- **Valuation**
- **Deal structuring**
- **Offer formulation**
- **Negotiation assistance**
- **Commercial, financial and taxation inputs** to letter of intent / sale and purchase agreement.

Our aim is to facilitate the completion of the deal so that you can concentrate on developing your business.



Minimising investment risks through due diligence

Before making your acquisition, ensure that you conduct a due diligence on your prospective target to assess the risks and opportunities of a proposed transaction. This can help to reduce the risk of any unpleasant surprises after completion.

When conducting a due diligence, it is often beneficial for a company to approach an independent professional team. This can help prevent conflicts of interest.

A due diligence often demands technical capabilities and commercial experience that is beyond an acquiring organisation's internal resources. Professional advisors are well placed to assist companies with this need.

KPMG's **Transaction Services** can provide acquisition due diligence covering financial considerations (e.g. the integrity of historic and forecast information and the drivers behind maintainable profits and cash flows), tax, commercial factors (e.g. customers, suppliers, markets, competitors), superannuation, IT and human resources.

Our services include:

- **appraising available information** about the target and the proposed merged entity to more objectively evaluate the merits of the deal and the valuation supporting the offer price
- **identifying issues** likely to affect negotiations
- **helping to reduce the risks** associated with the deal by identifying and quantifying risks and benefits of the deal (e.g. identifying suitable warranties and indemnities for inclusion in the sale and purchase agreement).

Post merger integration

Many executives are familiar with the post merger feeling when, rather than experiencing the elation of completing the deal, you start to realise the enormity of the integration task ahead.

The post merger work that needs to take place does not need to be daunting. While the integration work is often complex, we can provide the guidance and assistance of our experienced integration advisors for a smooth transition.

Depending upon your situation and needs, KPMG is able to provide assistance such as:

- **a quick business diagnostic** to help you identify and prioritise the critical integration issues to be addressed and to facilitate integration planning
- **a more in-depth review** covering the integration of the finance functions (in particular, for statutory and management reporting purposes), operations cost management opportunities and business process and IT systems integration to help you plan a course of action to realise integration benefits and enable regulatory compliance
- **project managing and supporting** the execution of longer term activities to help you to improve the performance of the integrated business beyond the 'stabilisation' period.

Our structured approach addresses the following major issues commonly experienced in merger and acquisition transactions:

- **Evaluating the acquisition**

In order to provide you with the comfort of independent validation of the value you believe you are acquiring, we provide an independent and objective review and understanding of the synergy benefits you have identified, challenging your underlying assumptions and assessing the potential value.

- **Pre-completion planning**

We can assist you with your preparations and planning for day one operational control to help maintain business-as-usual for both organisations. In addition, we can help you define your high level integration plan for the first 100 days.

Considerations include establishing the governance and leadership of the new organisation, defining the integration leadership team as well as identifying the critical integration activities, milestones and risks.

- **First 100 days**

This is the most important period of post merger integration, and the long term degree of success in integrating the two organisations will likely be determined during this time. Effective communication with all staff is essential to manage expectations, motivate, reassure and start the integration of the organisation cultures. We can help you form the vision for the future organisation including designing the operating

model, as well as developing the integration programme including cultural assessments and prioritised opportunities with benefits tracking model and communication planning.

- **Transition to business as usual**

The transition phase - when you begin to implement your plans - is often a period of turbulent change and vulnerability as two distinct organisations come together. We can assist you with professional project and change management services to facilitate and guide your integration and communication activities and track benefit realisation. Throughout the transition, we can provide skills and experience in process improvement, essential to the successful integration of processes.

Key considerations

- How do you find the right target?
- What is the real value of your target?
- How do you realise the value?
- How do you achieve smooth integration after a merger



5 Diversification

The squeeze on domestic markets means that few companies can afford to rule out the possibility of entering new geographic markets, product areas or industry sectors.

More enterprises today are looking to global expansion as a core business strategy. Some see long-term growth opportunities, while others want to take advantage of the developing economies in neighbouring countries. Yet others simply have no choice in their quest for growth and survival.

KPMG can help businesses to raise capital for growth through private equity or seeking strategic investors.

Problems can arise from a lack of market understanding and insufficient forward planning. Familiar issues can become quite alien in another working context. For example, the rules on taxation, intellectual property and employee remuneration are quite different in overseas markets. Research and extensive planning is needed to establish pricing policies, supply chains and routes to market.

Strategies for success

Planning and preparation are essential in addressing knowledge gaps and in

anticipating and mitigating the risks that entry into new markets can present.

Ensure that you have:

- **put in the groundwork** ahead of any move into a new market. Be aware of the specific risks and challenges each country or industry sector can present.
- **decided on the best entry strategy** as joint ventures or strategic alliances with an existing competitor may sometimes be the best way forward to mitigate market-specific risks.
- **addressed the post-merger integration issues** that an acquisition may present. The negative effect of leaving these unchecked can remove as much as 50 percent of the perceived value from the deal.

Decisions made in the early stages – about corporate structure, market entry strategy or market specific risks – will likely affect the success of your diversification plans.

A company that has gaps in its knowledge and which fails to anticipate and prepare for the risks associated with entry into a new market will likely find itself with an operation that adds nothing to the bottom line.

How can KPMG help?

Sizing up the risks involved

In evaluating a potential diversification opportunity, businesses should be careful that the opportunity makes sense given the company's core business and existing customer base.

Bringing a new product to a new market is the most expensive and riskiest way to diversify a business.

Too often, smaller organisations move forward on initiatives with a focus only on the upside, or because they feel they have no alternative if they want to keep up with competitors.

An **Enterprise Risk Management (ERM)** exercise can prompt enterprises to pause and consider what may go wrong and prevent them from meeting the objectives of their initiatives.

At KPMG, we have a comprehensive ERM methodology that is scalable to meet the unique needs of your organisation. Our methodology often allows us to use the same basic approach to help address both your strategic and process related risks.

Deciding on a diversification strategy

Companies that have carefully evaluated the risks involved in diversification and



have decided on diversification should then decide on a diversification strategy.

KPMG's **Strategic and Commercial Intelligence** team advises clients on the strategic aspects of their business deals. The team works closely with clients and with KPMG's financial and tax transaction advisory teams to provide a coordinated approach.

We can advise companies looking into a diversification strategy in the following areas:

- **Understanding** the commercial context of the target investment's operations
- **Assessing** the risks and opportunities involved in the proposed transaction
- **Gathering** market information from primary and secondary sources to present a fact-based and independent view of the proposed transaction.

KPMG's breadth and depth of industry expertise combined with its global network of industry contacts provides ready access to key industry segment and regional information. This allows us to accelerate and deepen analysis in the limited timescales of a deal.

Embarking on cross-border expansion

KPMG can also assist companies that are thinking about relocating and

establishing new company operations overseas. Location decisions can be difficult and costly to reverse. Some issues to consider include:

- **How do you decide which location** is best for your business?
- **Where can you find reliable data** to compare alternative sites?
- **How do you establish your new operation** in the quickest and most cost-effective way?

KPMG's **Strategic and Commercial Intelligence** professionals can offer advice to companies on cross-border re-location and expansion plans. We have developed systematic and thorough processes for evaluating and selecting locations and sites. We can objectively analyse and score a series of financial and non-financial elements against the specific factors that drive your investment decision. We can also visit each location and facilitate your discussions with local officials, as well as potential suppliers and customers.

After a cross-border expansion, companies may also need to re-evaluate their supply chain strategies. A review of the supply chain can help to reduce cost, complexity and risk.

KPMG's **Tax Efficient Supply Chain Management Services** can assist companies with multi-national interests in aligning their tax and business strategies across the supply chain.

We can help evaluate, design and implement practical strategies focused on reducing effective tax rates.

Direct and indirect taxes across geographical jurisdictions can have a significant impact on cross border supply chains. We work closely with colleagues throughout the KPMG network of member firms to apply the knowledge and skills needed to address enterprises' cross-border needs and ambitions.

Key considerations

- **Which market should you go for?**
- **Do you understand the risks involved?**
- **Are there tax savings opportunities from expansion?**
- **How do I get reporting support across the jurisdictions?**
- **Are there tax savings opportunities from expansion?**

6 Optimising Business Performance

Your business has grown through the various stages and you find yourself steering a mature enterprise. However, having been through the ups and downs of business cycles, you know that life is fraught with uncertainties.

An existing business, even a mature one, can have falling margins, suffer heavy losses or even fail. It is therefore important to constantly monitor your business to ensure optimal performance.

Today's organisations need to make sense of widespread, disparate data; and optimise business performance across the entire organisation. To optimise business performance and stay ahead of the competition, organisations must confront the gap between strategy and execution.

At KPMG, we offer a suite of services that can help turn business plans into executable business actions.

Aligning IT strategy

Our **IT Advisory** professionals can help you align your information technology capabilities with the strategic and financial objectives of your organisation. We have the knowledge and experience which may help you achieve improved performance from your IT investments

and to more effectively manage information and technology risks.

By understanding your business objectives and working with you to leverage enabling technologies, we can help your IT services meet the current and future needs of your business.

Our deep knowledge in the following areas can mean the difference between seeing the broad issues and focusing solely on the immediate problems:

- **Finance, accounting, and taxation** to facilitate IT decisions that are supported by Chief Financial Officer (CFO)-approved business cases
- **Regulatory requirements** (e.g. privacy, integrity) that affect IT projects
- **IT controls**, including the requirements of Sarbanes-Oxley and the views of financial reporting regulators
- **Industry knowledge** across various industry sectors to address your industry-specific business and regulatory requirements.

Optimising Human Capital

Our **People and Change Management** professionals can help you shape a human resource function that will help create and add value to your businesses. Our human resource advisory services



utilise a battery of diagnostic tools. These help to assess and evaluate the specific needs of our clients; collaboratively design and develop structures, systems and policies; and support the facilitation of the required organisational change.

We can advise on optimising HR functions by developing some of the leading models for the delivery of HR services which enable an organisation's Talent/Human Capital strategies. These include:

- **Organisation design** of the HR function
- **Improving** the HR team's effectiveness
- **Redesign** of HR processes and programs
- **Competency or capability development**
- **Performance management framework design**
- **Talent management and succession planning**
- **HR technology assessments** and strategies

Effective Treasury Management

As organisations evolve, the treasury and finance function typically moves from decentralised cash, funding, and

operations department to a coordinated and strategic value center.

This evolution is particularly relevant as organisations embrace global markets and evaluate the need for consolidated and cost efficient treasury and finance activities. When fully embraced, the treasury transformation process broadly addresses treasury resources, organisational structures, systems, processes, tax, and governance.

At KPMG, we help provide support in the selection and implementation of integrated treasury management systems. We can help:

- **evaluate opportunities to outsource** or centralise certain treasury functions
Examples include: funding, operations, accounting, cash management, and risk management
- **review alternative geographies or vendors** providing optimal economic, financial, and tax benefits
- **provide business processes outsourcing implementation** for cost saving and/or improvement in efficiency of treasury operations.

Outsourcing Advisory

Globalisation, technology and weak demand have collectively heightened the

importance of cost competitiveness in the marketplace. More organisations are critically looking into the management of costs and strategic outsourcing.

Some organisations have difficulty deciding which of their business processes should be outsourced to third parties.

How do organisations identify which processes are 'core', and which are 'a chore'? Whether clients want to outsource shared services or keep them within the organisation, KPMG can help create a centre that gives organisations the performance improvements and savings they seek.

Our professionals can assist organisations in managing the risks associated with outsourcing business processes. Through activities such as identifying the activities to be outsourced and evaluating third party capabilities, they can help organisations achieve cost savings and better utilise resources.

Our Advisory Services professionals can also provide advice on the costs and benefits of outsourcing of an organisation's non-fiduciary finance and accounting functions.

Margin Enhancement

Understanding the 'true cost' of your products and services should facilitate better pricing decisions and focus resources on key customers, profitable products and services, all of which are critical to business success.

To do so, you may need detailed profitability and product analysis to assess your product portfolio or pricing strategy.

KPMG's **Margin Enhancement (ME)** service focuses on your organisation's service delivery in two key aspects, revenue and costs.

Complementary to initiatives that focus on growth, ME can improve your margins by helping you convert more of your earnings into bottom line profits by improving revenue capture and reducing service delivery costs.

Many organisations, particularly those with high transaction volumes, find that they suffer from revenue leakage - revenue that is earned through customer activity that is not reflected in the top line revenue captured. ME uses cause and effect analysis of your business processes to identify the root causes of this revenue leakage.

Margin enhancement initiatives are usually self-funding and yield potential benefits far in excess of the cost of such efforts as well as helping you get an edge over your competition by:

- **Improving cash flows**
- **Promoting a business culture** that understands the effect of service delivery on the bottom line
- **Increasing the efficiency** of business processes
- **Reconciling costs** incurred with revenue generation

- **Quantifying exposures and assessing opportunities** to improve operational controls
- **Assessing compliance** with regulations
- **Enhancing customer satisfaction**, retention, and loyalty
- **Making your organisation more nimble** in the face of change and growth.

Key considerations

- **How do you use technology to your advantage?**
- **What should you insource or outsource?**
- **Do you know the true cost of your product or service?**
- **Do you have the right people for the right job?**



Maximising Value

Your business operations are running smoothly and its performance is optimal. This may be the best time to coax the maximum value from your business.

Cash management

Having an appropriate cash management strategy can deliver value to shareholders and employees, helping to sustain profitability in increasingly competitive markets.

KPMG **Advisory Services** can assist organisations in assessing their working capital and liquidity needs, reviewing the efficiency of processes and cycle times, and assessing the quality of working capital on the balance sheet.

When implementing working capital management projects, KPMG can help to determine the specific problems in working capital components: accounts receivable, inventory, work-in-progress, finished goods and accounts payable with the aim to better utilise working capital and release any surplus funds.

Maximising the efficiency of your financial processes

In the face of rising stakeholder expectations and regulations, companies are under pressure to produce reports faster, more accurately and with greater transparency.

For many, the month-end closing process is often a slow and labor intensive affair, hindered by poor systems, manual process and a lack of coordination between different parts of the business.

KPMG's **QualityClose** can assist in freeing up resources from the tedious, recurrent monthly and yearly account closing process. For mature enterprises with a sizeable number of business transactions, improving the closing and reporting process can add a range of extended benefits such as:

- **Efficient closure of books** by shorter cycle time
- **More accurate and reliable** financial reporting
- **Earlier information** for business decision-making
- **Reduced complexity** through standardisation and increased transparency
- **Optimum controls portfolio** and documentation of policies.

Maximising the efficiency of tax structures

For larger and more mature enterprises, tax obligations can represent a substantial outflow of funds from a business and increased reporting requirements. Tax effective structures can help save unnecessary costs and derive more value for companies.

KPMG provides tax diagnostic review services to help identify business weaknesses and unnecessary tax burdens. Our tax professionals can analyse your many operations and proactively identify tax-related opportunities and challenges.

Through our thorough understanding of your business and industry, we deliver tax compliance and planning services that help you enhance compliance, improve cash flow and adopt beneficial tax treatments.

For enterprises with multi-national operations, another good way to maximise value is by re-thinking the efficiency of the company's supply-chain related tax structures. For example, by reconfiguring supply chains so that their transfer pricing policies are as tax effective as possible.

KPMG member firms worldwide have assisted companies by:

- **recommending** appropriate arm's length transfer prices to value transactions
- **minimising** the effective tax rate internationally through the use of transfer pricing planning
- **defending against audits of transfer prices** by taxing authorities

- **preparing documentation and negotiating** with tax authorities to cover future transfer pricing methodologies.

Going for an initial public offering

There are many advantages to listing your enterprise. Initial Public Offers, or IPOs, can help you raise capital for growth, increase working capital, facilitate acquisitions, and establish a market value for your company. A well-executed IPO can also enhance the reputation of your business.

Before going public, companies need to understand the corporate governance and reporting requirements of a public company. They should remain focused on establishing a sustainable compliance process supported by a sound risk management structure, well documented policies and procedures, as well as information and accounting systems.

This process becomes even more crucial when companies embark on a cross-border IPO where accounting and regulatory requirements can vary significantly across borders.

KPMG provides a wide range of advisory services to address the issues

faced by enterprises in their preparations for becoming a listed company. For companies interested in trans-national listings, KPMG's integrated multi-disciplinary teams drawn from our international network of member firms can facilitate identification of regulatory issues that may pose problems at a later stage.

KPMG can provide IPO advisory assistance in the following areas:

- **Project management**
- **Equity raising strategy** and pricing analysis
- **Tax structuring** and business plans
- **Retrospective application** of IFRS in the context of an IPO
- **Post-deal accounting integration**
- **Cross-border conversions**
- **Financial reporting** and treasury issues
- **New business processes** and systems requirements
- **Necessary corporate governance**, risk and internal controls matters.

Considering another exit strategy?

There are also other exit strategies available. For example, a strategic divestment may bring potential benefits for a company looking to a leaner and more efficient structure.

KPMG's **Mergers and Acquisitions** team can help you identify the strengths and selling propositions of your business. We can assist in analysing your divestment objectives, options and helping to identify possible financial and strategic buyers both local, and internationally by working with member firms of the KPMG network.

Some of the work we can carry out include assisting you in preparing information relevant for the transaction, building a financial model or preparing financial forecasts, providing a pricing analysis of the business, advising on the structuring of the deal and the negotiation of terms, and managing the transaction and closing processes.

Key considerations

- **Are you maximising the value of your surplus cash?**
- **Are your processes efficient?**
- **Is your tax structure efficient?**
- **Should you consider an IPO or other exit strategy?**



Managing Risk

You have built a financial stronghold over the years. Make sure that your stronghold is adequately covered for any stormy weathers ahead.

It is important that entrepreneurs take a long-term perspective on the course of their companies many years ahead.

There are several issues that should be critically thought through. These include risk management and business continuity plans.

Risk Management

The recent credit crisis has thrown up a gamut of questions. One of them is risk management - how did it become so severe? Why did companies not notice the symptoms or see the downturn coming?

During stressful times, it is often the risk culture that helps companies stay on track of doing the right thing and not falling into a trap of doing whatever it takes. Failure of managing enterprise risk can mean the demise of an organisation, be it small enterprises or multi-national corporations.

Organisations with effective risk management processes that weigh the pros and cons of each strategic

decision are better able to take advantage of economic fluctuations.

Risk management is highly complex and often requires sophisticated tools and techniques.

KPMG's Risk Management professionals help management and boards of directors to identify, measure, and monitor financial and business risks, the relationships between risks and returns, and the control environment over the management and reporting of these risks.

By analysing the consistency of a company's risk management framework within a defined risk strategy; we can offer a critical assessment of the implementation of risk strategy in key areas of a client's business and assist them in the understanding of regulatory requirements.

We also help clients to design and implement an effective risk management framework and infrastructure. This can help them enhance their use of risk capital, risk methods, processes and systems.

Business Continuity Management

You have taken preventive measures and implemented a risk management system to safeguard against minefields. But, when disaster strikes, is your company able to react flexibly and swiftly?

An organisation's inability to recover in a reasonable timeframe may result in various consequences including loss of revenue, defection of customers, deterioration of brand equity and permanent loss of shareholder value.

KPMG assists organisations in developing an enterprise wide approach to managing business continuity. Our professionals have developed a proactive, risk-based approach to help mitigate disruption risks and provide for change control and timely continuity.

We provide services that can help organisations identify and manage disruption risks and reduce their vulnerability to a wide range of potentially devastating events.

These services cover a broad spectrum of the continuity and contingency planning discipline. The overriding goal of business continuity management is to help an organisation resume critical operations within an acceptable time frame following an interruption.



Increasing the effectiveness of the Internal Audit function

For mature enterprises, it is important to have an effective internal audit function which shifts from its transaction-based compliance role to a more proactive one that adds value to its company. A more effective internal audit function can protect an organisation against risk and improve control systems.

A KPMG- conducted **K'Sprint** (Strategic Performance Review of Internal Audit) provides an independent quality assurance review of the internal audit function of your company. This can be an effective means of assessing the performance of the internal audit function against management expectations and best practices. It can also help facilitate the transition of a mature enterprise towards 'leading class' standards.

A KPMG-conducted K'Sprint (Strategic Performance Review of Internal Audit) of the Internal Audit function encompasses:

- **an assessment** of whether the internal audit focus and planning process reflect its needs
- **an assessment** of whether there are clear reporting lines and that the

structure and status of internal audit within the organisation is appropriate

- **a review of work methodologies** so that they comply with relevant standards and current practices.

By providing a clear, in-depth and strategic assessment of your internal audit function, KPMG can help you to:

- **evaluate the value** of internal audit to the business
- **identify gaps** in the internal audit function and opportunities for improvement
- **align the internal audit function** with the organisation's business objectives
- **compare internal audit** against sound industry practices
- **create an action plan** aimed at increasing internal audit's value.

Contact us now to find out more.

Key considerations

- **Are you exposed to new risks?**
- **Is your business continuity plan robust?**
- **Are you prepared and protected against uncertainties?**
- **Do you have an effective internal audit function?**

Contact us

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