



Accountants &
business advisers

Newsletter

Building value for growing businesses

PKF PROGROUP QUARTERLY NEWSLETTER

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PKF PROGROUP SIGNS A CONTRACT WITH THE “ARAB BRIDGE MARITIME COMPANY-AQABA”



Arab Bridge Maritime Company is the outcome of the significant joint venture between the governments of Jordan, Egypt and Iraq. Arab Bridge Maritime (AB Maritime) was founded in November 1985 with a paid-up capital of \$ 6 million distributed equally between the three partner governments. The capital was increased several times to become \$ 18 million in 2004, \$ 30 million in 2006 , \$ 40 mil-

lion in 2007 and \$ 59 million in 2008 .

The Company started its operations with hired vessels, but AB Maritime currently owns its own fleet of six vessels with an estimated value of over \$ 80 million and is planning to increase its fleet force in the near future in order to serve the current expansion of its operations.

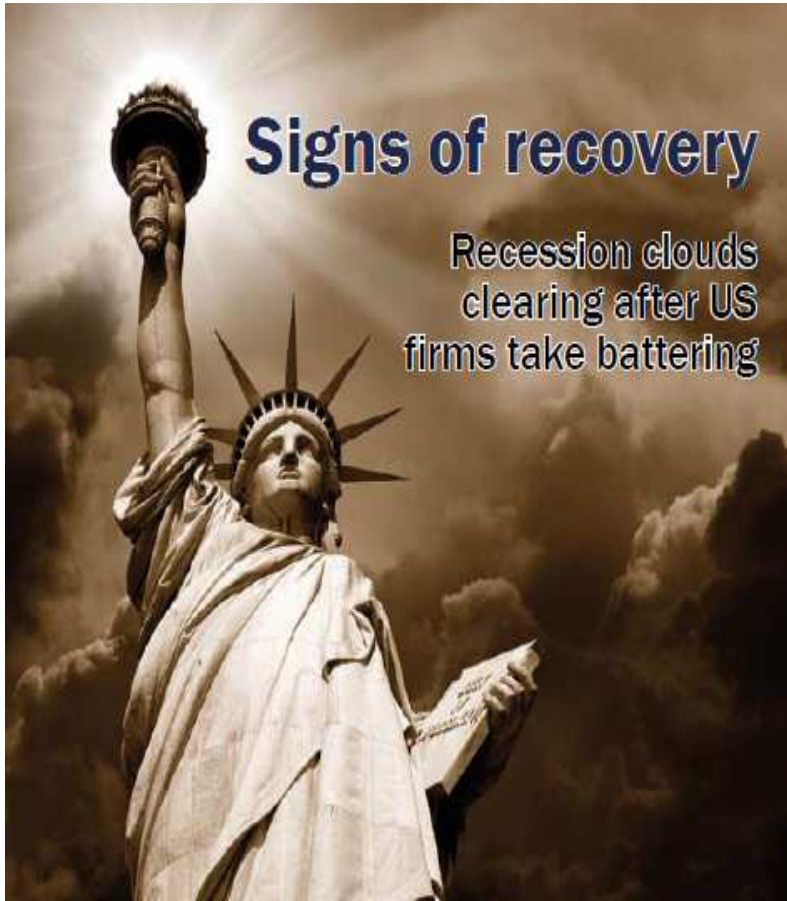
AB Maritime emphasizes care and service for its clients and employees alike, similarly “financial strength”, “safe arrival” and “supporting the touristic sector between the Arab countries ” have become the hallmarks of the company’s success.

Arab Bridge Maritime Company is seeking advisory support to launch a new project to support and develop the transport services provided for passengers travelling through Aqaba to neighboring countries by providing new terminal facilities for its ferry passengers.

AB Maritime is considered one of the leading Maritime companies in the region due to the practical experience and professionalism of its management team that contributes to the achievement of high quality results. And due to the strategic location of both Aqaba and Nuweiba as the only gateway between the Arab countries in both Africa and Asia, the company was granted an exclusive concession by the governments of Jordan and Egypt to operate the Aqaba-Nuweiba ferry service line for the transportation of passengers, goods and vehicles of all sorts.

AB Maritime Company has assigned PKF Jordan to render full spectrum of **Financial Advisory Services** to support the Company Management in identifying the **Financial Requirements of the intended Project, determining the Optimal Capital Structure, formulating an effective negotiation strategy for the BOT concession agreement**, in addition to handling all required arrangement and documentation if the AB Maritime decides to raise external capital to finance the Project.





RECESSION BATTERS REVENUES

The majority of US firms in this year's survey posted their worst declines in revenue in the noughties as the financial crisis swept through the professional services market.

Cuts to fees and jobs were common but there are some positive signs of recovery.

It's been one the most challenging 12 months of the 2000s for US accounting firms.

The year was dominated by revenue drops, job cuts and uncertainty but signs of recovery are emerging and firm leaders are upbeat about the future.

The US was mired in recession between the third quarter of 2008 and the third quarter of 2009, but now the economy is growing again.

Accountancy firms are not immune to economic cycles and the majority of firms in this year's US survey, including the Big Four, suffered single digit revenue slumps, which is rarely seen in this industry.

The groups of firms classified as networks and associations fared marginally better than individual entities but this is due to swelling membership bases, not organic revenue growth. Most firms in the US, regardless of their global affiliations, will regard any positive revenue growth as a great result.

Audit work is ultra competitive and fee cuts of 5 percent to 15 percent are the norm. Firms are aggressively bidding for work, even if it is not always profitable, to ensure their teams remain busy.

Tax revenue is flat or slightly up and was the best performing service line, helped by recent changes to US tax legislation. Corporate finance was the hardest hit service and revenue nosedived in line with the number of M&A deals taking place.

Overall headcounts at firms are either flat or slightly down but there hasn't been the sweeping cuts that accompanied the last major revenue drop for firms in the earlier part of this decade. Firms are eager to keep talented employees for when the economy recovers and highly skilled accountants are still in demand. Much momentum has been lost in the US push towards IFRS, which this month received regulator support but no firm commitment.

Although IFRS adoption may be the biggest accounting issue to look out for in the next year, firm leaders will be more concerned about navigating a path out of recession and delivering improved growth in the current fiscal year.

UNITED STATES

Total revenue vs market growth: 2001-2009



Source: International Accounting Bulletin

Source: International Accounting Bulletin World



PKF PROGROUP UNDERTAKES AN ASSIGNMENT IN IRAQ

Due to the decreased insurgent attacks and the improved security environment in Iraq, restaurants in Baghdad have resumed opening their doors again after they had experienced a quantum leap in the number of customers because of the violence that Iraq has seen in the last years, which has led to a great loss to the owners of business. As a result, investors have been encouraged to start or re-open profitable projects in Iraq, and an idea to create a new business in the food services sector was drawn.

In light of the above, **PKF Jordan was assigned to assess the viability of establishing a Fast Food Restaurant which will be based in Baghdad**, and is intended to serve three meal-categories; beef or chicken burger, beef or chicken stake, and fried chicken meals. Meals will be served and eaten on premises, take-out, free delivery and by drive thru services. In order to assess the economic viability of establishing the abovementioned project, PKF Jordan was assigned to conduct a full scale **feasibility study** including market, technical and financial analysis.



THE ROOT CAUSE OF CUSTOMER DISSATISFACTION

Customer Satisfaction



One way to be sure to eliminate a problem for good is to identify the **root**

cause and eliminate it. In the world of quality, we have this easy to use tool for getting to the root cause of a problem.


If you can't give somebody a reason to stay all along, your problems aren't going to be magically solved by root cause analysis or any other corrective action tools. A root cause analysis may help you solve your problem, but why let the problem happen in the first place? Why not head off the problem? Take an active interest in your customers, rather than sit back and wait for things to happen.

Most customers will walk away from you without complaining. They don't announce that they're taking their business elsewhere: they just do it. They don't give you a chance to explain yourself because they feel like they've been let down all along.

Dissatisfaction isn't the result of a one-time occurrence. It happens over a period of time. If, from the outset, communication is poor or nonexistent, the foundation for customer dissatisfaction is being laid. If you don't continue to make your customer feel valued and welcome, the relationship that *might have been* never is.

Source: Bizmanualz



Hey there! PKF International is using Twitter. 

PKF International is using Twitter on the following link:-

<http://www.twitter.com/pkfi>.

Twitter is a simple tool that helps connect businesses more meaningfully with the right audience at the right time.

PKF Member Firms are able to stay connected and quickly share information and gather real-time market intelligence and feedback, and build relationships with partners and other people who care about our business.

Customers can use Twitter to tell a company (or anyone else) that they've had a great—or disappointing—experience with your business, offer product ideas, and learn about great offers they've selected to be notified of.

“The 2008/2009 fiscal year was the toughest for accountants and this is finally being reflected in the financial results of firms worldwide.”

Arvind Hickman,
Editor of International
Accounting Bulletin

The International Accounting Bulletin World Survey was launched at the end of January 2010. PKF International maintained its position as the 11th largest network with a 6% drop in fee revenue that was largely caused by the strength of the US dollar throughout the period. In local currency terms, the fee income of the majority of PKF member firms remained stable throughout 2009 in spite of the global recession.

Source: International Accounting Bulletin World



PKF PROGROUP PARTICIPATES IN THE “REALIZING A MEMBER’S NEED ASSESSMENT” PROJECT CONDUCTED BY IMC JORDAN



جمعية المستشارين والمدربين الإداريين
INSTITUTE OF MANAGEMENT
CONSULTANTS AND TRAINERS

Since 1995
imc
JORDAN



JEDCO

المؤسسة الأردنية لتطوير المشاريع الاقتصادية
Jordan Enterprise Development Corporation

In Institute of Management Consultants and Trainers (IMC-Jordan) efforts to better serve the consulting and training sectors in Jordan, and to enhance offered services to its members, IMC, in collaboration with EU and JEDCO, has undertaken a **"Needs Assessment"** through a survey for Consulting and Training firms operating in Jordan that are members of IMC-Jordan. The purpose was to upgrade IMC services and introduce new ones to better fit the needs of our members. Accordingly; as PKF ProGroup is a member of IMC, has participated and attended the focus group sessions and provided their input and ideas.

The Services resulted of the project are funded by the EU in cooperation with JEDCO shall aim at improving the support to the consulting and training sector through the Institute of Management Consultants and Trainers (IMC-Jordan).

The selected services reflect the recommendations obtained from merging the discussions within three focus groups with international experience of other IMCs. *Dr. Brian Ing, Immediate past Chair of ICMCI and the international consultant has administered the Focus Group Sessions for the project. And shared his knowledge and insights as well as his much valued experience.*

IMC Jordan, established in 1995, is a private not-for-profit association concerned with organizing and upgrading the management consulting and training professions, training of management consultants, and certifying eligible members to the Certified Management Con-





'Horizons Development Studies & Consulting (HDSC)' and 'PKF ProGroup' render Professional Services to the Central Bank of Libya (CBL)

PKF ProGroup and its affiliate in Libya, Horizons Development Studies and Consulting (HDSC), have been assigned by the Central Bank of Libya (CBL) to undertake the mission of assessing the Human Resources Management Practices for the **Banking Sector** in the Libyan market through conducting a Survey covering 50 organizations in Libya.



The main objective of this assignment is to assess the following main HRM practices which are:

- 1- Recruitment,
- 2- Salary Structure and Administration Process,
- 3- Incentive Scheme and Allowances,
- 4- Performance Appraisal,
- 5- Training and Development,
- 6- Career Path,
- 7- Employees' Benefits.

The study was prepared for the Central Bank of Libya considering its role in supervising banks and other financial institutions and considering the role of modernized and effective Human Resources Management Practices (HRMP). The study included the survey results as well as a GAP analysis and suggested recommendations to ensure effective HRMP according to the market best practices.

The Central Bank of Libya (CBL) is 100% state ownership and represents the monetary authority in The Great Socialist People's Libyan Arab Jamahiriya and enjoys the status of autonomous corporate body. The law establishing the CBL stipulates that the objectives of the Central Bank shall be to maintain monetary stability in Libya, and to promote the sustained growth of the economy in accordance with the general economic policy of the state.





STEEL
Buildings Co. Ltd.

ستيل



PKF PROGROUP CONDUCTS A MARKET RESEARCH AND DEVELOPS A MARKETING PLAN AND STRATEGY FOR STEEL BUILDINGS CO. LTD.

Steel Building Company (www.steelbuildingsco.com) is one of the fastest growing steel manufacturers in the region. Its products include pre-engineered buildings, structure steel and multi-story buildings, tanks and soils, fixed and portable prefabricated buildings, space frames and guard-rails. It also offers a variety of services such as site maintenance and check ups.

The enterprise facilities is located in Madaba with a total buildings area of 9,000 square meters and a total land area of approximately of 33,000 square meters, and they are committed to provide their clients with high quality products combined with timely delivery and economy, the enterprise works to the highest international standards and they have ISO 9001 certification.

PKF ProGroup has recently signed an agreement with Steel Buildings Co. LTD. to conduct a **comprehensive Market Research and develop a Marketing Plan and Strategy** for the Company.

The main objective of the required services is to conduct a Market Research in the Local Market and Develop a Marketing Plan & Strategy according to the following two objectives:

- 1- Market Research in the Local Market which shall cover the enterprise commercial, industrial, and residential clients, the local as well as the regional competitors of the enterprise and their current and future trends, it will also specify the enterprise market position and its current and future potential share.
- 2- Development of Marketing Plan and Strategy; which will decide the local sales mix, the potential services provision, develop promotional solutions, develop proper structure for the marketing division who will work on implementing the marketing plan and strategy.

PKF JORDAN CONTINUES THE BUSINESS RELATIONSHIP WITH THE CHILDREN'S MUSEUM—JORDAN (CMJ)

PKF Jordan has been assigned by the Children's Museum—Jordan to render Internal Audit Services for the Museum covering the year 2010.

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

We look forward for more and more collaboration with the Museum.....



PKF International Tax Alert for March 2010 Now Online

The new style March 2010 editions of the PKF International Tax Alert (ITA) are now available online, the ITA is a online publication which summaries key tax changes from around the world. The ITA will be issued 3 times per year is a free resource that can be downloaded from the following link:

http://www.pkf.com/jahia/Jahia/home/international_tax_alert?matrix=1235580996241

PKF's International Tax Alert (ITA) is an online publication which summaries key tax changes from around the world. The ITA will be issued 3 times per year and will be available to download from this page.

You can download the complete ITA which contains all the tax alerts for all regions at the bottom of this page. If you interested in the tax changes in a particular region you can use the links to access and download the tax alerts for each region separately.



The development of a PKF culture

What is culture?

- The values, beliefs and ways of acting that make a community or an organisation what it is
- A way of understanding and responding to circumstances that marks one group out from another
- “The way we do things around here”





PKF PROGROUP DEVELOPS AN ACTIVITY-BASED COSTING SYSTEM AND PRICING TOOL FOR PETRA ALUMINUM COMPANY LTD.

In an extended business relationship with Petra Aluminum Co. Ltd., PKF ProGroup has been assigned by the Company Management to develop an Activity-Based Costing System along with a flexible Pricing Tool. The project will develop the right cost management and pricing models to provide a wider insight on the Enterprise source of expenses and to conduct accurate costing and pricing for each project, customer, product and geography that will help estimators develop accurate price offers which cater for different situations and possibilities with varying profit margins. In specific; the project objectives include:-

- 1- Developing Estimating and Pricing Model;
- 2- Developing Cost Accounting and Project Costing System;
- 3- Developing the business practices in the above mentioned area;
- 4- Updating the Enterprise Operating Expenses such as loaded labor rate, engineering and designing, accessories and material costs;
- 5- Categorizing updated costs into their respective direct and indirect costs.

Activity-based management...

provides costs of value-added and non-value-added activities.

improves managers' understanding of operations.

The foregoing would contribute an accurate output to help Petra Management make *routine, and non-routine decisions*, allocate fixed costs, accept or reject special orders, formulate the pricing strategy for its projects / products, and identify relevant and irrelevant costs for proper cash management.

PKF PROGROUP ASSESSES THE FEASIBILITY OF ESTABLISHING A CEMENT FACTORY

PKF ProGroup has signed an agreement to assess the viability of establishing a Cement Factory in Ma'an— Jordan through the development of a comprehensive Feasibility Study.

The Feasibility Study shall include full Market, Technical and Financial Analysis.

PKF ProGroup Consultants help their clients who have a business idea in conducting a feasibility study to determine the viability of their idea before proceeding with the development of the business. Determining early-on that a business idea will not work saves time, money and heartache later.



PKF ProGroup Corporate Finance Services (Transaction Advisory)

*Planning to grow the business or move on to pasture new.....?
Put together a Management buy-out or raise finance for business development.....?
Grow your business locally or expand overseas*

PKF Jordan Corporate Finance Team offers:-

- A dedicated lead advisory team
- Experienced team with a range of advisory backgrounds
- Integrated team across Jordan, the Region and internationally
- A hands on approach
- Strong project management skills
- We focus on our clients' agendas and on delivering value through personal involvement and commitment
- Creative problem solvers
- A long term sounding board for you and your business.



We are particularly well placed to advise if you are:

- Merging or acquiring another business
- Undertaking strategic planning
- Looking to sell your business
- Undertaking a management buy-out
- Raising private equity or venture capital aspiring to a listing on a public market.

Our Corporate Finance Services ensure accurate-effective methods of decision making, along with providing intensive advice generating an increase in profitability ratios while maximizing shareholders wealth. Compliance to **International Standards** when conducting our reviews and valuations guarantees the best service there is to offer. Our Corporate Finance Division has helped leaders in local and regional markets in the decision making process, in determining the most appropriate ways to finance investment projects. The PKF Jordan Corporate Finance team brings advisory and capital formation services ranging from small- not-for profit corporations to large commercial groups.

Our **Corporate Finance Services** include the following:-

MERGERS AND ACQUISITION LEAD ADVISORY SERVICES

Disposals
Acquisition
Fundraising

TRANSACTION SUPPORT SERVICES

Due Diligence
Business Valuation
Business Planning, Forecasts and Projections.

PRIVATE PLACEMENT & ADVISORY SERVICES

Private Placement Memorandum
Investment Agent
Privatization

CREDIT AND SOLVENCY REPORTS

FINANCIAL ANALYSIS AND MODELING

FEASIBILITY STUDIES

MARKETING SERVICES

Market Studies
Market Research
Market Communication Plans.



UNDP ASSIGNS PKF JORDAN TO UNDERTAKE CAPACITY BUILDING FOR THE MINISTRY OF PUBLIC SECTOR DEVELOPMENT (MOPSD) AS PART OF THE PUBLIC SECTOR REFORM



Public sector reform is one of the major goals of the Government of Jordan, and is in line with the national development goals. The Government of Jordan has requested the assistance of UNDP in developing the capacity of the government to strengthen its performance improvement system. In response to the government needs, UNDP initiated a project to support building the capacity of the Ministry of Public Sector Development (MoPSD) to achieve efficient and effective management for better services.


UNDP requested PKF Jordan to support in fulfilling the need for MoPSD to have a “qualified and competent workforce, capable to fulfill the actual need of public sector agencies”. MoPSD is also mandated to “setting the basis for the best methods of utilizing human resources in public offices and drawing plans for their training and rehabilitation.”

In line with the above goals, PKF Jordan project mission was focusing on three priorities in the area of human resource (HR) management: (1) Recruitment cycle for public servants, 2) HR assessment and audits in Public Sector, 3) Best practices in human resource management.

PKF Jordan has successfully completed the project and has worked on the development and implementation of **Training Program and workshops for the government personnel in the MoPSD and Civil Service Bureau (CSB).**

The objective of the **Training Program** is to enhance concerned MoPSD and CSB employees’ skills and competencies to perform their activities related to managing and developing human resources in the governmental body . As they will transfer their knowledge and skills of modern human resources management practices (Train the Trainer) to a number of Ministries, directorates and governmental entities staff in Jordan and ensure having “qualified and competent workforce, capable to fulfill the actual need of public sector agencies”.





PKF ProGroup, member firm of PKF International, is a regional, multidisciplinary consulting firm with industry specific services. PKF ProGroup offers outstanding opportunities, by providing international standard based services, to dramatically position its clients as pioneers in a rapidly growing business environment. PKF ProGroup plays a major role in business advisory within diverse industries, including auditing, quality assurance and consulting services.

Areas of Experience include finance, taxation, marketing, quality assurance, human resource development, investment, legal, insurance, technology, information management and strategic planning. PKF ProGroup also initiates an added value component where integration, consistency and reliability are effectively enforced. PKF ProGroup high quality services help its clients identify their business needs, improve, excel, cope with business fluctuations and accomplish their anticipated goals.

PKF ProGroup team approach enables operating as integrated cells exposed from diverse industries. Words like creativity, innovation and flexibility generate great success within the firm's services and culture, where PKF ProGroup promise of quality, accuracy, speed, and value remain applicable in all deliverables. Relying on PKF ProGroup beliefs makes its caliber professional and experiencing PKF ProGroup services makes clients distinguishable.

PKF ProGroup services are designed to look after the best interest of our clients and protect their wealth. Our advisors thoroughly investigate the organization's business cycle to innovate the most rewarding solutions.

Since PKF ProGroup establishment in 1990 as a member Firm of PKF International Ltd., we have managed to assist all our clients solve their most demanding issues and overcome their major challenges. Our business experience is real, and so are the results we bring to our clients. We have helped them unlock values in areas such as Accounting, Corporate Finance, Human Resources Management, Impact Assessment Studies, Marketing, Financial Management, and Technology.

Our experience, expertise, methodology, commitment and partnership approach grant our clients an improved business performance. We provide real solutions to real challenges resulting in customized advice and solutions provided to the various clients within their business specialties.