SPOTLIGHT ON MAURITIUS

Mauritius Opens To The World: The small Island of Mauritius situated in the Indian Ocean is poised for tremendous business development as its Government opens the economy. Opportunities abound in numerous sectors and the Island enhances its position of ‘gateway’ for investment into the sub-Saharan African continent and the Indian sub-continent.

Mauritius is a high-class tourist destination with its white sandy beaches, turquoise blue sea and excellent tropical climate all year round. Few people will imagine that the small island is gradually becoming a reputed business place where business can start within three working days with the elimination of bureaucratic procedures and administrative hassles.

In the wake of three consecutive economic shocks faced by the Mauritian economy, namely: a drastic reduction of nearly a half in the preferential price of sugar by the European Union, an erosion of the textile market following China’s entry in the world economy and constantly soaring energy costs, the Mauritian Government has taken bold measures in designing a new economic architecture to secure sustainable economic growth for the long-term.

Other examples of countries which have succeeded in their economic development despite their small size, include Hong Kong, Singapore and Dubai. The Government of Mauritius is equally inspired by sustainable development achieved by New Zealand and Ireland and its new Economic Agenda has been built around a concept of economic clusters.

While Mauritius is restructuring its agriculture and concentrates on the production of ethanol from sugar as a substitute for traditional fuel and heavy oil energies, it is strengthening its tourism industry and continuing to develop its Financial Sector which, up to now, is regarded as the most tax-efficient gateway for investment into India. The new economic architecture has put in place a simple taxation system based on the integration of the Island’s multiple economies and business facilitation with a quasi-removal of all administrative burdens to enable businesses to start operating within three working days and a real openness for foreigners to invest, acquire property and work in Mauritius.

New economic sectors include:
- A dynamic ICT sector with the SAFE cable connecting Mauritius to the internet highway enabling broadband connection and data transfer to Europe, India, Africa and other parts of the world
- A seafood and aquaculture hub including a land-based ocean industry
- Property development under the ‘Integrated Resort Scheme’ which allows foreign investors to become owners of luxurious villas
- A medical hub with a strong pharmaceutical cluster
- A knowledge hub for the region
- Island-wide duty free shopping

The Government has also put in place an Empowerment Programme to encourage entrepreneurship and to assist SMEs to integrate into the economy and phase-in sustainable business development.
Who would you say has been the biggest inspiration in your life?
Senior Partner of HLB Appavoo & Associates, L. Clensy Appavoo, considers that the biggest source of inspiration in life has been his mum. Having lost his father at the age of two and with very modest beginnings in life, he has considered 'being poor' as a virtue and has, with the advice of his mum, built up sufficient strength to meet the challenges of life and to strive to achieve business success.

What piece of advice would you give to other managing partners or partners?
The Accountancy Professional has to face a lot of challenges. The ability to adapt to changes, to bring innovation to services to clients and to continuously add value to their enterprises are the key qualities which a partner or managing partner must develop in order to succeed in business.

What would you say are the main advantages for a foreign company to invest in your country?
The main advantages include the following:
- Low taxation of profits
- No 'hidden taxes' such as a wealth tax, inheritance tax etc
- No administration burden resulting in a high level of business facilitation
- Excellent time zone (GMT+ 4 hrs), broadband connectivity everywhere, efficient communication with all the big cities in the world
- Free repatriation of capital and profits without any foreign exchange control
- Good corporate governance based on international benchmarks
- Lots of fun while doing business as my country is foremost reputed as a tourist destination

What notable developments have there been within your firm over the past year and what initiatives do you have in place for year 2007?
Government has streamlined the way to do business and businessmen can start business within 3 days. Associated with this are a number of new sectors which are poised for development including tourism, agriculture, seafood hub, education and ICT. Our firm has plans to develop new services in internal auditing and ICT with emphasis on Business Process Outsourcing.

HLB Appavoo & Associates, which already offers a wide range of professional services to clients, is planning to launch some new initiatives in Business Process Outsourcing for the UK, US and French markets which will provide member firms in those areas with new business opportunities.

How does being a member of HLB International benefit you?
The GCS and the possibility to communicate with member firms at conferences and also directly is a rich experience and is a very reliable platform for the sharing of skills and business knowledge. We would like to see more initiatives from the Executive Office to foster such sharing in order to help member firms grow and develop innovative services.
**NETWORK DEVELOPMENT**

**China** – Two more Chinese firms have recently joined HLBI. Wanlong Liaoning CPAs, with 83 personnel, based in Shenyang and Wanlong Shangdong CPAs based in the city of Jinan with 185 personnel. This brings the total personnel in mainland China to around 750. Further additional firms are expected to be appointed in the next few months.

**EO China desk:** In order to provide an enhanced China service to member firms, a China “desk” has been created in the Executive Office. Ke Liu (Coco), a Mandarin speaker, is now in regular contact with our Chinese network and can act as an interface between member firms, their clients and our Chinese member firms. If you have any communication issues with China please contact either James Frost on jwf@hlbi.com or Coco on kl@hlbi.com.

**India – New Delhi:** Mehra Goel & Co has become the first casualty of the HLB “Scenario 3” project as we move to enhance our Indian network. S.S. Kothari Mehta, which has a substantial presence in New Delhi, will be joining HLBI in March 2007 as soon as the notice period to our previous firm has expired. Kothari has already referred business to HLB member firms and is currently working on a potentially large assignment with the HLB UK firm. It also conducts BPO work for large-scale companies with a staff of 12 people. If you have any client enquiries regarding New Delhi, contact James Frost on jwf@hlbi.com.

**Greece:** HLB International is now represented in Greece through HLB Audit Hellas Ltd which is a partnership between HLB Afxentiou & Partners, the HLB member firm in Cyprus, and Forocom S.A., a firm of accountants based in Athens.

The contact details of the Greek office can be found on the HLBI website. The contact email address is hellas@hlb.com.cy.

**Montenegro:** HLB Montenegro recently joined HLBI, providing a full range of consulting and audit services, based in the capital Podgorica with 3 partners and over 20 staff. For further information contact Ralph Marlatt on hlb@cg.yu.

**The Netherlands - ’s-Hertogenbosch:** HLB Van Daal & Partners has opened an office in ’s-Hertogenbosch, teaming up with 20 SME experts previously with PwC, providing accounting and tax services. For further information contact Erik van der Haar on e.haar@hlb-van-daal.nl.

**Slovenia:** A representation agreements with Audit & Co d.o.o. was signed during the European conference in Krakow at the beginning of February this year. If you have any referral enquiries for Slovenia please contact James Frost on jwf@hlbi.com.

**Switzerland – Lugano:** Fidirevisa S.A. recently left HLBI to join BDO. We have several candidates as replacements and are in the process of interviewing these with the view to appointing a replacement shortly.

**USA – Miami:** The appointment of Gravier & Associates in Coral Gables, Miami, completes our search for a quality firm in South Florida. Apart from the obvious international need for a representation in Miami, the Spanish-speaking firm will be the natural interface between Latin America and the USA.

Senior personnel from Latin American firms met with Gravier partners in Miami on 20 November 2006 when plans were laid for greatly increased regional activity in 2007, including setting up an HLB Spanish speaking desk in the Miami firm to assist with regional language issues.
The firm has already made client referrals to a number of HLB countries, including Brazil, Argentina and Guatemala and looks set soon to make referrals to other countries including Japan, the Middle East and Europe.

USA - Philadelphia: HLB USA member firms have approved Briggs Bunting & Doherty, LLP, based in Philadelphia, as a principal firm of the group.

USA - Tampa: Harper Van Scoik & Co. has given notice to leave HLBI, indicating that they are going through changes in their organisation and currently do not need an international affiliation.

NETWORK PROSPECTS

Bosnia, Croatia and Serbia. HLB is actively seeking representations in these countries.

Jordan: Our firm has decided to stop providing audit services and to concentrate on consulting work. HLB has already identified a possible alternative and is progressing this.

Syria: HLB has conducted a peer review of a possible firm in Syria and is expecting to appoint this firm shortly.

Enquiries regarding prospective locations should be directed to Jacqueline Bayless on jb@hlbi.com

NEWS FROM MEMBER FIRMS

HLB Germany: Meeting with Members of Parliament
In October last year, the German tax committee, chaired by Dieter L. Schmidt, met with members of the “Bundestag” in Berlin. The purpose of this meeting was to discuss current issues relating to tax legislation with representatives of the two big political parties (CDU and SPD), who are in charge of finance and tax questions within the German Parliament.

The HLB partners took the opportunity to criticise certain restrictions for
companies regarding the planned reform of company taxation and inheritance tax in Germany. Although the reform is regarded as an important step in the right direction there are still unfavourable regulations, which place a burden especially on small and medium sized enterprises. HLB partners made clear that German companies and their consultants need reliable regulations in advance, in order to allow a timely and fair succession planning. German HLB member firms hope to have made the politicians aware of the issues from the viewpoint of practitioners and clients.

**USA:**

**New York and the PCAOB:** Congratulations go to Anchin Block & Anchin, who have just received their PCAOB report following their inspection of ABA's audit practice. The report did not identify ANY deficiencies in either audit performance or in the firm's system of quality control. Given the critical nature of so many PCAOB reports this is a significant accomplishment. ABA comments that this was made possible by the hard work and dedication of their entire staff. For further information contact Jim Kraus on james.krauss@anchin.com

**Clifton Gunderson:** The recent merging in of firms in Illinois and Colorado brings the number of partners in CG to over 200, with a staff of 1,500. Annualised billings are now more than $220m.

**USA – Best of the Best:** *INSIDE Public Accounting,* a leader in providing practice management news, named Seiler & Company in California and WithumSmith+Brown in New Jersey (9th year running) among the nation’s 25 best-managed public accounting firms in 2006. For further information contact Jim de Martini III on jdemartini@seiler.com and Ivan Brown on ibrown@withum.com.

**Cape Town Revisited**

Delegates at the International Conference in Cape Town in November 2005 will remember the Guga S'thebe children from the Langa black township singing to us at our welcoming dinner and also our visit to the community centre. We have recently received the annual report from the centre, and quote the following from it:

The Resource Centre is a welcome move - a move that should have long been considered as a possibility when ways of achieving higher value community development were investigated. The fact that this initiative has the support of such major companies like the City of Cape Town, Microsoft, and HLB International augurs well for its attractiveness to funding from other sources. The partnership with these companies will be nurtured, and this can only be sustained if the Guga S'thebe Arts and Culture Centre does not digress from its vision and mission.

It is good to know that HLBI has had a positive impact the life of the Langa community.