



Accountants &
business advisers

PKF Jordan and PKF Iraq

PKF ProGroup
PKF Khattab & Co.
PKF Planning Tax Advisory
PKF Human Resource Consulting
PKF Risk Management

Newsletter

Quarterly Newsletter | Q2 2019



25
years of
excellence

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Creativity

It is the unique quality of creative thought, that is the initiation of generative and useful ideas; which has and continues to enable humanity to prosperously endeavour, producing outcomes that change the world, from progressing societies to profound discoveries. As a notion pertaining to the scope of intellect and the engendering of the greatest achievements known to man, the phenomenon of creativity would be found at the core of a philosopher's wonder about all things; **whereby its roots are mysterious and hidden, constituting originality from a nothingness - to spring forth authentic creation.**

By its sincere advocators, creativity is viewed as being essentially the ability to connect what may appear to be unrelated fields, such that a union of various forms of inquiry is manifested to potentially form a unique, desired insight - and **as proclaimed by Steve Jobs: "creativity is just connecting things"**¹. The combinatorial nature of the creative process demands elements of knowledge, principle and method as a basic categorical component; whereby, to suffice the venture into creative insight, the intellect is to digest the 'rational work' to generate newly formed combinations of fields and relationships - **as viewed by Einstein to be, intuition.** By its essence, creativity is the framework of the intuitive domain; therein residing the gateway to insight, hence discovery.

Fostering Creativity:

Taking from nature

Great works as solutions to certain problems have been produced as a result of being inspired by nature, including car designs,



architecture, the blades of a plane's wing and wind energy turbines; in addition, the Japanese Shinkansen bullet train designed by Eiji Nakatsu; modeled the front of the train based on the Kingfisher's beak².

Redesigning workplaces

It has also been understood that redesigning the work environment may manifest ideas serendipitously; improving emotions and a sense of belonging that play considerably in shaping attitudes and commitment to higher achievement. Modern companies are invested in improving their competitive and innovative abilities - an avenue for this being a better workplace environment to boost creativity. Integrating the interior environment: the inclusion of both open and less open spaces to motivate focused work and an openness in thinking; and communal areas to enable encounters between employees of various departments and encourage discussions and the exchange of ideas, are just among many of the possible elements of spatial design adopted to foster more creative work

¹ Maria Popova, A 5-Step Technique for Producing Ideas circa 1939, <https://www.brainpickings.org/2012/05/04/a-technique-for-producing-ideas-young/>, 4 July 2019

² Alicia Clegg, Financial Times, March 6 2013, The art of creating creativity, <https://www.ft.com/content/>, 4 July 2019

Creativity| Continued

Interdisciplinary work

Through the tried and tested professional trend of interdisciplinary work, whereby a variety of important skills are transferred; it is made possible, the valuable synthesis of ideas that enable a development of connections between concepts previously deemed unrelated. It allows for the creation of a space where the exchange of differing perspectives, and hence a unique framework of connecting ideas and categories of idea generation become manifest.



This is a combined association of business ideas to generate a highly-valued modern enterprise; and as he puts it - “a business is not one idea; it’s many, many ideas”³.

Tight budgets

Anyone on a tight budget and obliged to generate effective solutions is forced to think outside the box; to look outwards and unusually task themselves with following a non-standard process.

The creative process is the concern of any individual whose business it is to produce ideas - complex or simple. Companies like Google, Amazon, Apple and Netflix have adopted methods of creativity attainment to culminate the level of success and renowned image globally known of them. Richard Foster, lecturer in management at Yale’s School of Management brings the point home, stating: “If you had a videotape store and combine it with Amazon and Priority Mail, you get Netflix”.

It may be said, then, that ingenuity is perhaps, not merely the surfacing of some genius idea at the forefront of that domain of exemplary intelligence that is your mind; it rather involves a genuine appreciation that the world we live in consists of relationships of its elements, in a rather extraordinary framework of interconnecting associations. Creativity is indeed powerful and effective. We may take it upon ourselves to practice and manifest such a notion; to conceive of the relationships that make up the world; for, ultimately and most importantly, the enhancement of our lives.

For more information on developing creativity at work you can contact a member of our team at info@pkf.jo.

³ Richard N. Foster, February 16 2015, What is Creativity?, <https://insights.som.yale.edu/insights/what-is-creativity/> / 4 July 2019

Thinking of Going Self-Employed?

Over the years I have analyzed and advised on many businesses in my professional capacity, mainly at the request of potential buyers but also on many occasions on behalf of the sellers as well.

Without a doubt the backbone of economy is the small business person and anybody that has the vision and courage to give up safe employment or indeed pull themselves out of unemployment in favour of going into business for themselves.

However, the sad fact is that many fail, normally within the first 18 months and the fallout from that failure can often have disastrous consequences for individuals and families.

Yet at the same time most failures would have been avoided had the individuals not only engaged an independent advisor, but more importantly, actually followed that advice. My common response to a business proposition, which sadly I have had to use with increasing frequency, is **'do you really want my advice, or do you just want me to justify what you are going to do anyway?'**

I would like to share just a few of the common questions and misconceptions I regularly encounter.

'I'm just sick of working and paying tax. I can deduct everything when I'm in business'

You've obviously never heard of PAYE, GST Taxes. You can only claim deductions for genuine business expenses and then only after you have actually paid them in the first place. You don't go into business to get tax deductions



you are there to make a profit and have fun. It is amazing the number of clients I have had that don't understand this basic concept.

'Yes they are asking far too much for the business but there are a lot of 'cashies'

So the sellers have declared to you they are tax evaders then expect you to not only pay for those activities and as a result run your future business on the same basis. Let me give you my definition of the difference between tax avoidance and tax evasion - about 18 months on average.

If a seller has a genuine business being sold for legitimate reasons, all income, previously declared or not, will have been put through the revenue accounts for at least the last 12 months to improve the value of the business. If they are making false declarations to the IRD at great risk, why would anything else they tell you have any credibility?

"When I'm in business I'll be able to work my own hours"

No you won't. You will have to work the hours required by your customers. There is no sick pay, paid holidays or bereavement leave.

Thinking of Going Self-Employed? | Continued

'This is perfect for me as I really love doing this stuff, and I can involve family and friends'

It doesn't matter how much you love macramé. You have to be really good at it to a standard that the public is willing to pay for it. Not only that but you have to be able to produce it in the quantities and economics that make it a viable proposition. Friends and to a large extent families often disappear once the initial glow of your beautiful business wears off. You were hoping for free labour – it doesn't happen.

Finally I'd like to address the issue of paying for good advice; what I have found is that the recipients will completely ignore it if it doesn't fit in with their vision. What has actually happened is that they have placed the value on that advice at exactly what they paid for it.

There is no substitute for good professional advice when considering a business proposition and normally the first port of call is a reputable chartered accountant. Apart from being able to interpret complex financial detail, their key attributes are knowing the right questions to ask and the obligation to focus all their efforts and considerable experience on your best interests. Whatever you pay is usually trifling compared to the cost of getting it wrong and is often one of the best investments you can make. Also a good accountant is much more than a 'number cruncher' – it is normally the start of a long and beneficial partnership.



Provided you take the correct steps (this is also referred to as 'due diligence'), keep your eyes wide open and are prepared to work hard, being in business for yourself can be a rewarding and profitable lifestyle, often creating a foundation for generations to come. I salute you.

For more information on this topic and to find out how we can help you, please contact a member of our team.

Major Contracts



Siemens Gamesa
Renewable Energy



**Arab Company for Drug
Industries & Medical
Appliances - ACDIMA**



Hajj Fund



**Model Islamic Company for
Microfinance**

PKF Jordan and PKF Iraq Participates in the Workshop: “Investment Consolidation in the Private Sector is a Key Step in the Health System Reform”

On the 11th of June 2019, Mr. Mohammed Khattab, the Chairman of PKF Jordan and PKF Iraq and Dr. Mutaz Hajarat, Partner of the firms participated in the workshop: “Investment Consolidation in the Private Sector is a Key Step in the Health System Reform” held at the Iraqi Prime Minister's Guest House in Baghdad.



Mr. Khattab and Dr. Hajarat presented insight regarding opportunities for investment in Iraq’s private health sector. Discussions took place between prospective stakeholders and officials of Iraq’s Ministry of Health and Environment, creating a useful platform to exchange and demonstrate ideas on promoting investment and key areas of the private health sector to apply investment. The panel aimed to conceive the potential for the sector’s expansion, including the ability to increase affordability and quality of health care services.



PKF International| New CEO



At a senior level, we've experienced some key changes within PKF International in the last few months. We'd like to thank John Sim for his incredible commitment and energy during the last six years as Chief Executive Officer (CEO). Change can be unsettling and as we see John depart, we can assure our clients that PKF network is and will remain to be in a good place.

James Hickey joins us as the network's new CEO. James is an inspirational leader with a wealth of expertise in achieving high growth within mid-tier accounting and law firms around the world. With nearly 20 years of experience, James has a range of skills encompassing sales, marketing, finance, talent management and multi-jurisdictional client relationship management.

About Us

PKF Jordan and PKF Iraq, member firms of PKF International, are regional, multidisciplinary business advisory firms with industry specific services. We offer outstanding opportunities, by providing international standard based services, to dramatically position our clients as pioneers in a rapidly growing business environment. PKF Jordan and PKF Iraq play a major role in business advisory including Consultancy, Auditing, and Tax Services.

Areas of experience include Finance, Taxation, Market Research, Strategic Planning, Organizational Development, Human Resource Development, Investment, Technology and Information Management, Quality Management, and Socio-Economic Studies. We also initiate an added value component where integration, consistency and reliability are effectively enforced. PKF Jordan and PKF Iraq high quality services help clients identify their business needs, improve, excel, cope with business fluctuations and accomplish their anticipated goals and excel.

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

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

- Assurance and Advisory**
- Tax Consultancy**
- Corporate Finance**
- Forensic Accounting**
- Financial Planning**
- HR & Management Consultancy**
- IT Consultancy**
- Umbrella Services**

PKF Network Worldwide

Around 50 years of experience

21,000 people

440 offices

150 countries

US\$ 2.6 billion turnover

Top 10 assurance & advisory firm worldwide

Contact Us:

PKF ProGroup | Jordan

Shmeisani | 1 Jaber Ben Hayyan Street | Amman – Jordan
Tel: +962 65695442/3
Fax: +962 65606344

PKF ProGroup | Algeria

Centre Commercial et Affaires | El Qods, 8ème étage | Chéraga | Algiers - Algeria
Tel: +21321343260
Fax: +21321343260

PKF ProGroup | Iraq

Baghdad | Hay Alwehdah
Erbil | MRF 4 Towers. Complex ©.
Tel: +964 7508829873
Fax: +962 6 5606344

PKF ProGroup | Turkey

92 Ekim Cad. | İstanbul | Vizyon Park A-1| Blok Kat: 8 No: 85
Yenibosna | Istanbul - Turkey
Tel: +90 212 426 00 93
Fax: +90 212 426 84 44

About Us

PKF Jordan & PKF Iraq deliver a full spectrum of services:

Assurance and Advisory

- Statutory audit
- Accounting services
- Non-statutory audit
- Sarbanes Oxley assurance
- Compilation of financial statements
- International accounting standards
- Assurance engagement
- Internal audit
- Business risk services

Tax Consulting

- Tax planning and tax manual
- Income tax
- Sales tax
- Withholding tax
- Employee's tax
-

Corporate Finance

- Privatization and Build - Operate - Transfer (BOT) services
- Private placement memorandum
- Business plans
- Finding and securing finance from the most appropriate sources (such as private equity firms)
- Business valuations
- Preparation of financial projections and financial cash flow forecasts
- Investment agent
- Provide ongoing advice and support with flotation, mergers and acquisitions, management buy-outs / buy-ins and disposals
- Due diligence
- Advice on reorganizing and restructuring existing businesses, commercial and tax considerations and fundraising options
- Feasibility studies

Forensic Accounting

- Appraisal of financial losses resulting from fraud
- Appraisal of damage resulting from prejudicial acts
- Preparation of expert opinions and second opinions
- Assisting solicitors in the financial aspects of cases
- Intervention as arbitrators or mediators in dispute resolution

Umbrella Services

Financial Planning

- Retirement planning
- Savings and investments
- Medical and life insurance
- Business assurance
- Property purchase

IT Consultancy

- Business process design
- Disaster recovery planning
- Managing Information Technology (IT) expenditure - budgeting and control
- Project management of business requirements
- Packaged software / Enterprise Resources Planning (ERP) selection and implementation
- Information Technology (IT) security and crisis planning
- Risk analysis and management
- Information Technology (IT) policies and procedures

Management Consultancy

- Strategic planning to achieve a sustainable competitive advantage
- Risk - measurement strategies, risk management plans and crisis handling
- Institutional assessment and upgrading plans
- Reviewing business processes for efficiency, control and effectiveness
- Organizational restructuring
- Competency-based human resources management and development
- Performance scorecards and indicators
- Marketing and market communication plans
- Market studies, research and surveys
- Customer satisfaction programs development
- Financial policies and procedures including procurement, accounting, and budgeting
- Corporate governance manuals
- Costing systems
- Internal audit manuals
- Operations manuals
- Quality management services
- Monitoring, evaluation, and impact assessment studies