

# Advisory Services



# Services provided by the Horwath Network

## Assurance and Corporate Services

- Audit
- Client Accounting
- Secretarial
- Tax Compliance
- Property Administration
- Corporate Finance
- Software Solutions

## Wealth Management

- Financial Services
- Employee Benefits
- Estate Services

## Advisory Services

- Forensics
- Tax Consulting
- Hotel, Tourism and Leisure
- Alternative Dispute Resolution

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# Advisory Services

## Forensics

### Catch Them Before They Catch You

White Collar criminals rely on deception and the manipulation of trust in order to illegally enrich themselves, often causing severe financial damage to victims. The majority of these frauds are committed by employees, and statistics reveal that less than 10% of perpetrators had been convicted of a previous crime. To prevent or uncover such cases of white collar fraud, a company requires specialist accountants and financial analysts who possess an intimate understanding of accounting and legal processes. Horwath Forensics is uniquely positioned to offer such specialist services to you and your company. Within our team, we have accumulated substantial experience from extensive financial and forensic accounting investigations across a variety of industries.

### We investigate, we uncover and we back it up in a court of law

We offer a wide range of specialist services, including:

#### *Forensic Investigations*

- Reckless Trading Analyses
- Fraud prevention and detection programs
- Asset tracing and business intelligence services
- Reconstruction of Financial Statements
- Calculation of Damages
- Auditing flow of funds

#### *Litigation Support Services*

- Business valuations and due diligence services
- Damages calculations
- Stakeholder disputes

#### *Expert Witness Services*

- Expert witness reports
- Evaluation of opposing claims
- Evaluation of expert reports
- Creation of trial exhibits

### Providing critical support to your business... helping you respond effectively to fraud and misconduct

**The right person for the job:** Attention to detail begins by allocating the right expert to the job. Our fraud squad includes CA's that enjoy getting their hands dirty.

**Rapid turnaround times:** When money is at stake, time is always of the essence. We have the resources required to complete the job in the required time.

**Independence:** In a court of law or dispute situation, all parties can count on our complete objectivity and unbiased presentation of the facts.

**Cost Effectiveness:** Specialist skills are never cheap, but we have managed to keep costs down and offer clients market leading skills at market leading prices.

**Depth of Experience:** Our team's reputation has been earned both locally and internationally.

Our case-experience includes:

- Money laundering
- Reckless Trading - Factual and commercial insolvency
- Procurement Fraud
- Internal control system breakdowns
- Misstatement of financial statements
- Debtors rolling schemes and billing scams
- Alter ego (related party) schemes
- Fraudulent transfer of assets
- EFT payment fraud
- Business valuations
- Marital dissolutions

## Tax Consulting

### Knowing the rules makes one a better player

Understanding tax issues is core to any financial services business, which is why we at Horwath have a highly respected tax consulting service that is capable of ensuring your tax compliance needs are met.

#### Services include:

- Tax, Trust and Estate planning, structuring and administration including advice in regard to Wills
- Tax Law planning - both local and offshore
- VAT law planning
- Capital Gains Tax - planning and advice
- Analysis of tax consequences of agreements and contracts
- Application of international tax treaties
- Tax audit assistance, negotiation with local and central tax authorities
- Preparation and review of personal and corporation tax returns

### For matters extraordinary we refer to our tax partner, Kent Karro

Kent Karro [B.Com (Hons)(Tax), CA (SA), CPA (ISR), CFA (SA), AAPA (UK)] is a Chartered Accountant with a passion for all things related to Tax. He studied under the legendary Dr Aubrey Silke while obtaining his B.Com (Hons) in Tax at the University of Cape Town. Kent is an authority in virtually all areas of tax including Income Tax, Capital Gains Tax, Value Added Tax, Secondary Tax on Companies, Donations Tax, Estate Duty and International Tax issues. He is currently the managing partner of Horwath Zeller Karro in Cape Town.

#### His past and present activities are a testament to the level of his expertise:

- Wrote the South African chapter of CCH the International Master Tax Guide.
- Wrote the South African chapter of the IBFD International Guide to Taxation of Real Estate.
- Writes and edits a technical newsletter devoted to tax.
- Served as Chairman of the National Tax Committee of the SA Institute of Chartered Accountants (SAICA).
- Chairman of the Integritax editorial panel that produces a monthly tax newsletter for all SAICA members.
- Serves on the Cape Town Tax Committee of SAICA having also previously served as its chairman.
- Lectures on tax to the SA Institute of Professional Accountants.
- Was an external examiner for the tax honours course offered by the University of Cape Town.

# Advisory Services

## Hotel, Tourism & Leisure Consulting

### The accounting system hotels use today, we invented in 1915 Let's talk experience

For nearly a century, Horwath has provided an array of professional services in the Hotel, Tourism and Leisure sector. Way back in 1915, Horwath created a standard system of hotel accounting - a system so successful it is still in practice today.

Horwath Hotel, Tourism and Leisure (HTL) is not only the world's largest consulting group in the sector, it is also the fastest growing. With a global network of 50 offices in 30 countries we offer our clients an unrivalled depth of knowledge of local market characteristics, combined with international tourism trends.

Horwath Tourism & Leisure Consulting, South Africa, is the member firm responsible for all hotel, tourism and leisure consulting in South Africa and the rest of the African continent. It has been instrumental in the conceptualisation, assessment and sourcing of suitable investments for a number of key hotel and other tourism developments.

In 2007, it established an Education, Training and Development (ETD) Department to focus on the design, delivery, assessment and moderation of hospitality learnerships.

### In an ever-shrinking, mobile world, tourism continues to be a dominant industry

In this highly competitive sector only the best-informed and most astute participants will survive. The judgement and advice of highly experienced professionals with the international liaisons necessary for sound decision-making is called for. Horwath HTL acts for owners, lenders and operators in such industry sectors as:

- *Hotels and Resorts* - from five star to boutique hotels;
- *Guest Accommodations* - serviced apartments, backpackers hotels, caravan and camping sites;
- *Restaurants/Bars* - from major franchise operations to single outlets;
- *Gaming* - casinos and related industries;
- *Transport* - from airlines to car rental companies;
- *Travel Agents* - from international networks to single outlet ventures as well as many other related industry sectors.

### Horwath HTL services fall within three main activity areas:

#### 1. Planning and Development

## Our advantage? Project experience, market research and analysis capabilities

We're able to identify development opportunities and provide corresponding concept and product positioning recommendations that will maximize project performance. Financial feasibility is tested against detailed analysis of future market performance and benchmarked against similar existing operations that reside in the global Horwath HTL database. Horwath HTL can also assist owners in selecting the right operator and successfully negotiating the hotel management contract.



*Core Services:*

- Destination and Large-Scale Project Master Planning
- Facilities Programming
- Highest and Best Use
- Hotel Management Company Selection and Negotiation
- Macro Tourism Analysis
- Market and Financial Feasibility Studies
- Market Entry Strategy
- Product Conceptualisation
- Project Finance Liaison
- Residual Land Valuation
- Strategic Planning
- Tourism Planning

## 2. Asset Management and Operations

### When it comes to realising asset value, we are unbeatable

The most important asset management decision undertaken by a hotel owner is, collectively, the selection of a hotel operator, the negotiation of a hotel management arrangement and the monitoring and control of the operator's management performance. Horwath HTL, with its hospitality expertise, extensive operational experience and deep-rooted analytical capabilities, provides a complete range of value enhancing asset management services.

*Core Services:*

- Accountability Review
- Asset Management Advisory
- Benchmarking
- Best Practice Analysis
- Capital Expenditure Cost / Benefit Analysis
- Hospitality Learnerships (South Africa only)
- Litigation Support
- Operational Reviews
- Owner Representation
- Property Tax Review
- Reposition Strategy and Analysis

## 3. Transactions, Investment and Finance

### Investors, lenders and owners are best guided through the complex nature of an acquisition or a disposal

Horwath HTL specialist advisory services are particularly effective at reducing transaction risks and expediting transaction completion to our client's optimal satisfaction. These services can be provided for a single property transaction, as part of a portfolio investment, or to support a financial or public market deal.

*Core Services:*

- Asset Brokerage
- Asset Valuation
- Bid Advisory
- Capital Sourcing
- Due Diligence
- Insolvency / Receivership
- Investment and Divestment Strategy
- Loan Work-out
- Pre-lending Review
- Strategic Management and Planning
- Transaction Management and Closure

**For almost 100 years, excellence has been our mantra. Our clients concur.**

# Advisory Services

## Alternative Dispute Resolution

### A mutually desirable outcome



In today's world of legal compliance and complex legislation, business disputes arise which are often extremely costly and protracted from a time, cost and solution point of view.

Alternative dispute resolution envisages the rules of arbitration. These may be either formal in terms of Arbitration Legislation or informal where the parties express a desire to solve their litigation issues in a speedy, informal manner. Thus, opposing parties often elect to forgo the uncertainty, costly and time-consuming process of the legal system and elect between themselves to appoint an arbitrator who has almost the same powers as a judge, and to abide by his findings.

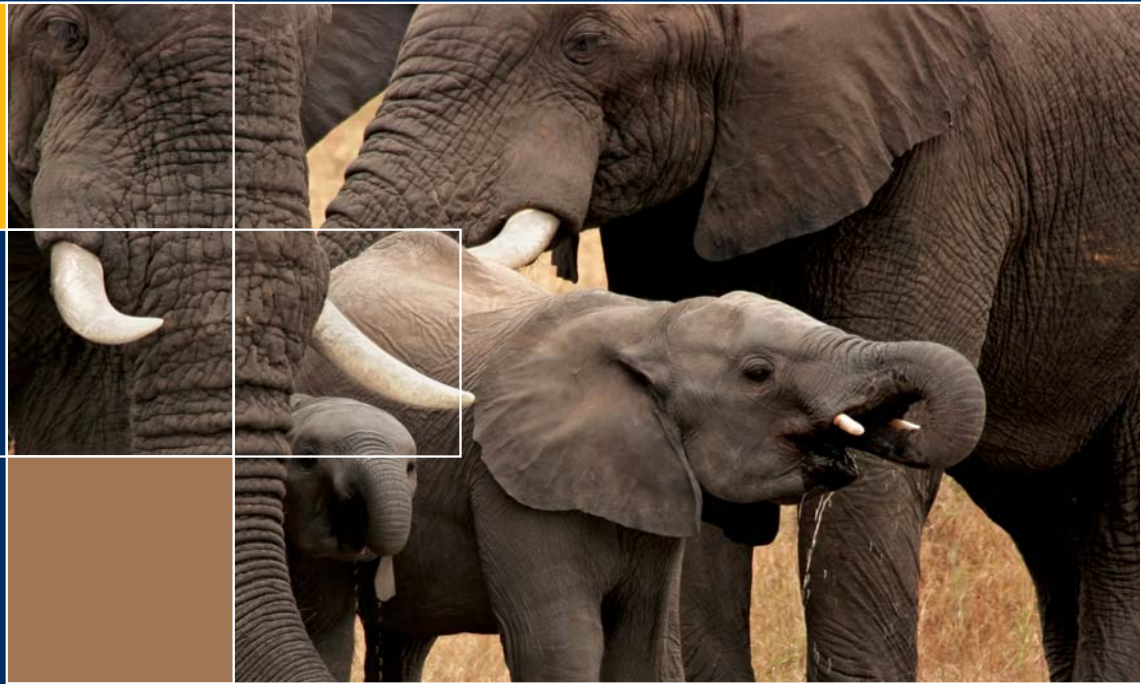
Invariably, the process works speedily and well so long as the parties are seen to apply their minds in a logical fashion, and that evidence is properly lead and carefully examined. The rules of natural justice are applied in most circumstances and the proceedings are formally recorded and minuted. The opinion of the arbitrator is often used in subsequent legal proceedings if the parties still do not wish to abide by his findings and ruling despite their agreement to do so.

### Cost efficiency, speed, minimal disruption to the business

**Mediation**, on the other hand, is a procedure where the parties appoint a mediator to “negotiate a settlement” on their behalf. The mediator then takes the role of a negotiator for each party. What is important to note here is that there is no judgement process – no ruling is sought – it is a final negotiated agreement that is the objective of the exercise.

We provide a unique service backed up by many years of business experience of a practical, ethical and legal nature and are thus able to act as facilitator to speedy dispute resolution on a cost / effective basis.

Louis Defries, CEO of Horwath South Africa (Pty) Ltd, is a Past President of The Gauteng Society of Chartered Accountants and is frequently consulted on matters in regard to Alternative Dispute Resolution. Louis also serves in a consulting capacity to SAICA on the Fee Dispute Panel, and has specialised in mediation, arbitration disputes and has given expert evidence in both Magistrates and Higher Courts.



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