



Asian Business Forum

Networks • Opportunities • Enterprise

THE ASIAN BUSINESS FORUM

WELCOME to the first edition of the PricewaterhouseCoopers (PwC) Asian Business Forum newsletter. Our existing forum members will be aware of our activities through the various events which we have hosted. We hope this publication will provide some of our newer and prospective members with an insight into the aims and activities of the forum.

In this issue, we start with a note on the background and the *raison d'être* of the forum, followed by a client profile section, which we hope will be a recurring feature. Our first client profile is a household name, Rubicon, which has established itself as a leading soft drinks brand.

Also included are some planning opportunities for you to consider, which may impact you or your business, and an overview of our regular schedule of events. We hope to see you at one of them soon.

We would be delighted to receive feedback from you and suggestions for subjects which you would like covered in future editions.

In the meantime, if you have any questions about the forum, this newsletter or otherwise, please don't hesitate to contact one of the PwC team. Our contact details can be found on the back page.

Regards



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The Asian Business Forum

In 2004 PricewaterhouseCoopers (PwC) launched the Asian Business Forum in the South East. The initiative, a network of entrepreneurs and professionals, was developed after consultation with our Asian clients and contacts who expressed a need for a forum to discuss strategic and business issues facing the Asian business community, and to expand their existing networks.

The forum is dedicated to providing our clients and contacts with technical expertise as well as understanding the cultural and commercial drivers of wealth creation through entrepreneurship where Asian businesses are at the forefront. The forum aims to be at the heart of the development of the next generation of Asian entrepreneurs.

Feedback from forum members indicates that a major contributor to entrepreneurial success is trusted relationships. The forum's events are designed with a view to fostering these trusted relationships amongst members.

Our flagship event is the annual networking evening, hosted in London every summer. Equally popular are the industry-specific round-table dinners, technical workshops and consultation meetings. Details of forthcoming events can be found in the Asian Business Forum events section.



Networking in action at one of our events



The story of Rubicon, the exotic soft drinks manufacturer, is an inspirational one. From humble beginnings, Rubicon has developed into a company that operates two modern processing plants and employs more than 100 people in the UK and Canada.

Rubicon was founded by Vish Vekaria and Naresh Nagrecha in 1981 and their first product, Rubicon Passionade, was launched in April 1982. With the company's product development department initially based in Vish's kitchen and the administration taking place in Naresh's lounge, Vish and Naresh took on the roles of director, sales executive, driver, labourer and whatever else was required to run Rubicon successfully!

Early success

In its first year, Rubicon sold 100,000 cases of Passionade, convincing shopkeepers to stock the drink by encouraging them to taste it. With the launch of their second product, Sparkling Mango Crush, Rubicon managed to double sales in its second year.

The company has continued to expand its horizons ever since. In 1986 Rubicon introduced juice drinks in Tetra Pak cartons. The first product to be launched was a Mango Juice drink in a distinctive blue carton. The product was an instant success and further products were added to the Rubicon range in subsequent years.

A ripening business

During the mid 1990s products were re-launched and markets expanded as Rubicon transitioned from traditional niche markets into the mainstream. The company gained distribution into supermarket heavyweights such as Tesco and Sainsbury's and now markets a plethora of exotic fruit beverages – mango, passion fruit, guava, lychee, guanabana, coconut, pomegranate and papaya.

The early days: Vish Vekaria and Naresh Nagrecha, Rubicon.



More recently, Rubicon has grown at a tremendous rate, resulting in fresh challenges for Vish and Naresh. The company has met these challenges, recruiting high calibre staff in marketing, management, operations and manufacturing. In 1999 a production site at Tredegar, in South Wales, was identified and purchased to build an in-house production facility. This manufacturing plant has been in operation for the last three years and has been a profitable venture for Rubicon, creating 41 new jobs in an enterprise zone in South Wales.

Bearing fruit

The evidence of Rubicon's success is undeniable. Turnover has increased from £300k in 1982 to £28m in 2006, a growth rate of around 20% a year over a period of 25 years, which is a formidable achievement within the highly competitive drinks market. Rubicon, the venture which started out twenty five years ago in the owner's kitchen, now distributes its products to over 25 countries.

Quality ingredients

A lot of Vish and Naresh's success is attributable to knowing their market, perseverance in the face of intense competition from larger rivals and overcoming significant barriers to entry in the market. When asked what factors have contributed to their success, Vish commented:

"Creating a difference by developing beverages that taste exactly like the exotic fruits named on the packet is a key ingredient to success. This comes from investment into technical expertise, in-depth market knowledge, creating and developing new ideas and, above all, enthusiasm for the product. Equally important is having a highly motivated workforce. We are now listed in all major supermarkets."

Developing up the property ladder

Good news for property developers! If you develop properties, you will be aware of the need to control the associated tax charges. With careful planning from the outset, you can achieve this in a tax-efficient manner.

If this is relevant to you, it is worth acting quickly as, in most cases, the maximum benefits accrue when any planning is implemented in the early stages of development.

Selling shares, gaining capital

Do you personally hold shares or other assets which you are thinking of selling? Is your ownership structured to get you the lowest tax rate? If your circumstances have changed since you first acquired your shares or assets, you might be paying more tax than you need to. Some careful planning can make the difference between you paying 40% and 10% capital gains tax on your assets.

Turning to your company...is your business thinking of selling taxable subsidiaries, property or other assets and facing a large bill if it does? If your disposal does not qualify for substantial shareholdings exemption then tax can be a significant cost. However you may be able to plan around the gain and maybe give yourself a nil tax cost.

Death – one of life's certainties

Whilst the fundamental changes to inheritance tax and trusts announced in the 2006 Budget grabbed the headlines, did you know that shares in private trading companies or in AIM-listed companies can potentially still qualify for 100% inheritance tax relief? If estate planning is important to you then you need to know whether you qualify for this relief; the difference it can make can be significant.

It's never too late to review your inheritance tax position and be assured that your estate is structured so that you pay the correct amount of tax. You might also benefit from reliefs available in the UK-India and UK-Pakistan Double Tax Treaties.

Think LLP

Limited Liability Partnerships (LLPs) are not true partnerships, but rather a form of company which is transparent for tax purposes. This makes them hugely flexible operating entities which have many important and exciting applications, particularly where your business is looking to recruit, retain or incentivise key individuals.

So whether you have an existing company or group and are thinking about acquiring a new business, or are looking at ways to motivate your senior employees, think LLP.

Residence and domicile

Your personal or business interests cross international borders. You may be a UK citizen with overseas connections or an overseas national with a UK presence – either in the form of assets or by being resident here. For non-UK resident or non-UK domiciled individuals, the UK can offer a favourable tax regime and by proactively structuring your personal and business interests at the outset, UK tax liabilities can be minimised. For instance, selling a UK business at nil tax cost is possible for non-UK domiciled entrepreneurs if the business is structured correctly. If you are of Indian or Pakistani domicile, it should be possible to keep the value of your business outside the UK inheritance tax net.

It is no secret that we would like to be part of your success. But that's not the end of the story. It's just the beginning.

From our experience of advising entrepreneurial businesses, we know that no two businesses are the same, and hence no two entrepreneurs will have the same needs. In this short section, we aim to provide you with a flavour of areas where PwC has advised ambitious entrepreneurs.

Our approach to providing assistance is demand-led. We would, of course, be very happy to become your trusted advisers, but we appreciate that, in some instances, you may already have strong relationships and we are happy to work alongside your existing advisers, liaising seamlessly to provide you with a bespoke service. Indeed, we work with the whole spectrum of legal, tax and financial advisers to provide them and their clients with the specialist advice and support that they expect from PwC.

We are equally happy to meet you and get to know you even if you foresee no immediate need for our services. Networking, building trusted relationships and learning from each other's successes are ultimately what the Asian Business Forum is all about. We pride ourselves at being only a phone call away from entrepreneurs on all advisory matters.

Tax

Our entrepreneurial and private client team provides the full range of tax advice for a range of clients – from high net worth individuals, rapidly growing start-ups to more mature family-owned businesses. We believe we are as entrepreneurial as our clients, and we are willing to invest the time and energy needed to advise on any aspect of taxation in the UK and elsewhere.

Some recent client issues include:

- Structuring property funds in the UK and abroad
- Reorganising a large family business to maximise capital gains tax and inheritance tax reliefs
- Reducing the tax cost on property development to nil
- Planning for non-UK domiciled entrepreneurs
- Extraction of surplus cash and investment property from a trading business

Advisory

Entrepreneurial private businesses often experience rapid growth and undergo significant change. We can provide you with a personal service from an experienced team dedicated to working with private companies. Typical assignments include:

- Strategic advice and exit planning
- Helping with overseas expansion and auditing UK and global companies
- Helping to raise debt or equity capital to finance growth
- Performing long forms and carrying out working capital due diligence reviews
- Advising on acquisitions and disposals
- Helping companies improve their business performance and creating long-term shareholder value through developing a sustainability strategy, performance management and reporting solution; reviewing systems and controls and ensuring they keep pace with changes in the business as well as gaining comfort that the systems, processes and risk management procedures are operating effectively within a well-controlled environment

Industry dinners

The Asian Business Forum hosts industry-focussed events to facilitate debate around the specific issues businesses face. These have included lively round-table discussions for various sectors including Nursing Homes and the Food and Drink industry. The forum has also focussed on family businesses with an event co-hosted with the Institute for Family Business.



Funny things happen

Saroj Chakravarty was the Group Board Director of McNaughton Paper Group when he first met The Prince of Wales in New Delhi at a conference. When The Prince asked Saroj how many years he had been in England, Saroj answered, "28 winters, Sir." The Prince burst into laughter and said, "My God, our English winter must have been very harsh on you for you to remember your days in England in terms of winter!" Saroj met The Prince again a couple of years later at a Prince's Trust Exhibition and The Prince asked Saroj, "How many winters now? Just over thirty, isn't it?" Saroj was stunned. He took early retirement in 1997 to help the Prince's Trust and he now runs the Chakravarty Cup, which was named after him by The Prince of Wales' office. All the proceeds from the event are donated to charity and the beneficiaries include a great number of young and disadvantaged entrepreneurs.

For more information on the Chakravarty Cup, please visit www.chakravartycup.com.



Dr. Avtar Lit, Sunrise Radio Group, Ruby Parmar, PricewaterhouseCoopers, Simon Dekker, Investec Private Bank

Annual networking event

The PricewaterhouseCoopers Asian Business Forum annual networking event was launched in 2004 at St Martin's Lane Hotel in Covent Garden. Mike Jatania, chief executive of Lornamead Group, and Alun Powell, senior economist at HSBC Bank Plc, were guest speakers.

The annual forum, which takes place in the summer, has become a popular event in the entrepreneurial calendar. Our recent events have attracted over 100 Asian business entrepreneurs and intermediaries gathered at our London Embankment Place office. Guest speakers have included Asian businessmen such as Karan Bilimoria, of Cobra Beer, and Dr. Avtar Lit, Chairman and CEO of the Sunrise Radio Group.

Feedback from our attendees has been extremely positive and our guests have enjoyed the opportunity to network. We aim to build on the success of these for future events.

"Great networking opportunity which really did add value"

Simon Dekker, Investec

"A great initiative to bring people together and foster greater links within the Asian entrepreneurial community"

Dr. Avtar Lit, Sunrise Radio Group

"Wonderful chance to consolidate existing relationships and also to establish new ones"

Naresh Nagrecha, Rubicon

If you are not part of our mailing list and would like to register for our next event, please send your details to Monica Warren on 020 7804 9814 or, by e-mail, monica.a.warren@uk.pwc.com.

Technical updates for advisers

PwC hosts periodic sessions to provide technical updates and current planning ideas to forum members who are accountants or legal advisers. If you would like to attend these events, or you would like your accountants or

legal advisers to attend, we would be delighted to hear from you.

This is your forum. If you have any suggestions for a particular event or industry focus for a forthcoming dinner, please let us know by contacting Carole Davies on 020 7804 1513 or, by email, carole.davies@uk.pwc.com.

The ability of **Asian entrepreneurs** to adapt to new business opportunities has seen the sector's wealth grow at three times the rate of that produced by the UK economy as a whole.*

*Source: Asian Entrepreneurs in the UK, Barclays Business Banking

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