

RETAIL

Services in the Retail Industry

CONSUMER MARKETS

Retail companies in the Czech Republic are currently facing a constantly changing business environment, as a result of which they must be prompt in addressing the following issues:

- Growing customer demands
- Expansion of other retail chains
- Pressure on prices
- Ensuring that sales of goods comply with all legislative standards and requirements, including public health and safety.

Since the accession of the Czech Republic to the European Union, the impact of growing customer demand and competition has become even more apparent. As well as new opportunities, accession has also brought with it new risks.

KPMG Czech Republic provides audit and other advisory services to retail companies representing almost 25 percent of the annual turnover of the “Top 50” Czech retail companies. KPMG Czech Republic engages a team of professionals that have been providing services to retail companies for a number of years. These professionals cooperate with our international colleagues and thus exploit our extensive international network, which allows them to keep up to date and provide information about new trends in the retail industry.

Our knowledge and practical experience allow us to provide comprehensive advice to our clients, helping them to mitigate their business risks, capitalize on business opportunities and maximize operating efficiencies.

Our services are intended to assist our clients in gaining a better understanding of the changes in the retail industry thus enabling them to take the right decisions at the right time.

Audit

We offer our clients an audit of their statutory financial statements prepared in accordance with regulations applicable in the Czech Republic or compiled under other accounting standards (e.g., IFRS, US GAAP, German GAAP etc).

The high quality of our audit service is based on our in-depth understanding of the retail industry, the international experience of our professionals and our unique audit methodology, which is based on our knowledge of the retail industry and a detailed understanding of the company's strategy. We carry out an analysis of the business risks impacting the company, the controls implemented to prevent or limit these risks and the impact of these controls on the company's economic results and financial statements. This allows us to provide relevant recommendations to the company for improving its performance in addition to our audit opinion.

Tax Services

We offer a wide range of tax consultancy services which cover both general tax consultancy and special tax consultancy services based on the specifics of the retail industry. Our consultancy services are provided by specialized teams of experienced employees led by certified tax advisors and/or foreign experts, which assures the high quality of our work. The tax services offered by KPMG are as follows:

- Tax services for retail companies – a tax review of lease agreements, a tax review of the thresholds for shortages and damage in retail; an analysis of the tax implications of retail chains' activities
- General tax consultancy services – corporate income tax, international taxation, personal income tax and social security contributions, indirect taxes (VAT, excise taxes and customs duty), investment incentives, mergers and acquisitions, transfer pricing issues (determination of prices between related parties)
- Corporate/VAT compliance services – preparation of the tax return, formal review of the tax return, self invoicing, new forms of sales using vouchers and credit cards, instalment sales
- Personal compliance services – tax registration including health and social security registration, payroll, annual settlement of prepayments, new duties for foreign employees working in the Czech Republic after EU accession
- Other taxes – real estate taxes, etc.



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Accounting Advisory Services

Our long experience and expertise in the retail industry enables us to provide additional advisory services, such as:

- Assistance with the transformation of local accounting information to comply with other accounting standards and the implementation of these standards
- Interpretation of accounting procedures and regulatory provisions and their application in practice
- Assistance in reconciling the financial statement items and in preparing the financial statements
- Initial definition of requirements for the functionality of the accounting systems
- Quick preparation of the financial statements (fast close)
- Evaluation of the design and operating effectiveness of the internal control environment
- Mapping and testing of internal controls in relation to legislative requirements defined in the Sarbanes-Oxley Act
- Other accounting advisory services related to specific areas as requested by the client (e.g. providing opinions on various technical issues).

Financial Advisory Services

Our professionals provide advisory services in respect of:

- Corporate Finance (including Mergers & Acquisitions, Valuations)
- Forensic
- Transaction Services (Due Diligence)
- Corporate Recovery.

Information Risk Management

For a number of retail businesses, the most important asset is the data stored in their internal information systems (IS). The security of this data, as well as its effective use, is vital to the success of the company. Specific to the retail business is the very large volume of transactions, which makes the integrity of the data critical. The availability and reliability of information systems is another element critical to success in the retail sector. Our professionals can help companies ensure the accuracy and integrity of their data and the availability of their information systems by providing the following services:

- IT governance and effectiveness assessment
- IS stabilisation and improvement of processes, software selection, data migration
- Risk analysis and security audit of the IT environment (operating systems, databases, networks, EDI)
- Preparation or assessment of business recovery plans, policies and procedures.



Other Advisory Services

The experience and expertise of our other professional departments enables us to provide additional services such as:

- Accounting and Payroll
- Internal Audit Services
- Financial Risk Management
- Project Management
- Forensic Audit
- Business Performance Services (cost management, strategic review of corporate governance, process improvement, etc).

KPMG is the global network of professional services firms of KPMG International. Our member firms provide audit, tax, and advisory services through industry-focused, talented professionals who deliver value for the benefit of their clients and communities.

KPMG has been active in the Czech Republic since 1990, when the first office in Prague was opened. At the present time, KPMG Czech Republic employs 550 people, with offices in Prague, Brno, České Budějovice and Jablonec nad Nisou.

For more information please contact:



Marie Konečná

Partner
Tax Services
+420 222 123 434
mkonecna@kpmg.cz



Romana Benešová

Partner
Audit, Accounting Advisory Services
+420 222 123 129
rbenesova@kpmg.cz

KPMG Česká republika, s.r.o.
Pobřežní 1a
186 00 Praha 8
Tel.: +420 222 123 111
+420 234 112 111
Fax: +420 222 123 100
+420 234 112 100

www.kpmg.cz

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