


MOORE STEPHENS



# Doing Business in Bahrain

PRECISE. PROVEN. PERFORMANCE



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## About MOORE STEPHENS Bahrain



MOORE STEPHENS Bahrain is a national firm of Public Accountants and Consultants established in 1995. The firm, while nationally independent, is a full member of the MOORE STEPHENS International.

MOORE STEPHENS International is comprised of independent auditors, accountants and business advisors spread over 626 offices in 103 countries. All of them are committed to providing individualized service tailored to each client. We believe that this is the way to ensure high quality and cost effective services.

Member firms share expertise, experience and skills to adapt in meeting the changing needs of client in any scale; from individuals to multinational corporations, across various industry sectors.

### RANGE OF SERVICES

Moore Stephens professionals in the Kingdom of Bahrain can provide expert advice on various business issues.

#### Our services include:

- Auditing (External Audit & Internal Audit)

Our audit approach, whilst maintaining the highest professional standards of independence and objectivity, is designed to be both cost-effective and constructive. Our aim is to contribute to our client's business by drawing attention to areas that require improvement.

- Internal Audit Outsourcing

We provide access to a skilled internal audit resource, which can make a quality difference to an organization.

- Company Formation

We assist in the formation of companies in all sectors and industries by identifying a legal vehicle most suited to the needs of the client, bearing



in mind the existing legal and business environment. We take care of all aspects of formation right from preparing the documentation and forms, processing the application and following-up the application, till the work is completed.

- Accountancy and Business Services

We provide a full range of services from basic book-keeping to business plans, forecasting and management information system for better decision making and cost control. We render assistance for accounting problems, caused by temporary shortage of staff.

- Liquidators

Our firm acts as liquidators and receivers to good use for clients, in helping them to collect outstanding debts and improve credit control. In particular we assist clients experiencing financial difficulties in turning around to profitability.

- Corporate Advisory Services

Our teams of senior qualified professionals offer specialist advice on all corporate finance matters, including preparation of feasibility reports for raising finance from banks and other financial institutions for starting new ventures as well as for expansion of existing ventures.

- Management Consultancy and Advisory Services

We have experienced consultants covering all aspects of commercial activities, including computing, management upgrading, business plan, inventory control, distribution, corporate planning, financial investigations, merger and acquisition reports, business valuations, export marketing and executive recruitment.

- Business Process Re-engineering and Productivity & Performance Improvement" Advisory Services



## We specialize in helping companies:

- ☞ To identify the hidden business potential within their own business setup
- ☞ To identify the bottlenecks and constraints and advice ways to overcome them
- ☞ To identify the business drivers and levers directly impacting their business and how they can bring productivity and performance improvements
- ☞ In Business Process Re-engineering
- ☞ To optimize the available resources within the given business constraints
- ☞ In developing, implementing, effectively monitoring and reviewing various performance and productivity improvement initiatives/plans.
- Corporate Governance – Advisory Services

We specialize in advising on BEST PRACTICES on CORPORATE GOVERNANCE. We recently carried out a consulting assignment with some of the leading Banks and Companies in Bahrain on regional initiative of "Corporate Governance Survey". This was funded by International Finance Corporation (Member of World Bank) and Hawkamah.



- "IT" Consulting Services

Information is the key in today's competitive business environment. We fully understand this and provide a range of advisory services such as system study, pre and post implementation reviews, data analysis reviews, security controls, procedures and standards required for packages and accounting software and helping to draw up comprehensive RFP's. We also provide assistance in selection, installation with training supports for a suitable ERP/Accounting software package.

- Market and Feasibility Studies

A complete understanding of the market is required before any new business venture or expansion of the existing one is carried out. We have experienced consultants to conduct market and feasibility studies in a systematic manner to assist the clients in making the investment decisions.

- Skilled Manpower Outsourcing

We assist our clients by performing certain financial or non-financial processes for them, which require a unique skill set and is highly dependent on technology by providing skilled manpower on secondment.

- Training for National Work Force

We assist the national work force employed by the business community by providing a variety of high quality, result oriented training courses in a wide range of topics relating to finance, auditing and accounting to improve the quality and performance.



## About Moore Stephens International

Moore Stephens International is one of the world's major accounting and consulting networks with 626 independent offices in 103 countries.

Our member firms' objective is simple: to be viewed as the first point-of-contact for all of your financial, advisory and compliance needs. They achieve this by providing sensible advice and tailored solutions to help you achieve your commercial and personal goals.

Moore Stephens member firms across the globe share common values: integrity, personal service, quality, knowledge and a global view.

It is their commitment to clients which ensures they provide added value services, as well as a stimulating career for their people. Moore Stephens International maintains a cohesive network to ensure modern and comprehensive global services that meet standards of professionalism and deliver value in each country.

**Bahrain offers a number of key and attractive advantages to the business and investment sector in the region such as:**

- The Kingdom of Bahrain allows foreigners own 100% of a majority of business activities.
- Bahrain applies no form of personal, corporate, withholding tax, or VAT tax
- Duty-free access to the GCC States, subject to conditions





- No exchange control restrictions on repatriation of capital, profits and dividends.
- King Fahad Causeway between Bahrain and Saudi Arabia offering easy and express access to the largest single market in the region. Strategic geographical situation as a transit centre for goods and passengers in a 100-million people strong regional market.
- Bahrain International Airport, quality airport services, streamlined customs.
- 'Fast-track' seven-day commercial registration procedure for new companies.
- An existing prime Middle East centre for banking and finance activities.
- A well developed, multi-lingual labour force at one third the cost
- No customs duties on imports of raw materials, semi-finished commodities brought for further processing, imports required for development projects, machinery for manufacturing or on goods imported for re-export.
- Liberal and high standard of living.  
The freedom to repatriate and transfer profits and capitals.
- The freedom to import and export local and foreign currencies.
- Bahrain hosts the GCC Commercial Arbitration Center, which settles commercial disputes between GCC citizens provided that the value of the dispute is higher than BD 15,000.



## Structure of Business Entities

The following legal structures are available for undertaking commercial activity in the State of Bahrain:

1. Individual Establishment / Sole Proprietorship
2. Partnership Company
3. Commandite by Shares
4. Bahrain Shareholding Company (B.S.C.) – Public
5. Bahrain Shareholding Company (B.S.C.) – Closed
6. With Limited Liability Company (W.L.L.)
7. Single Person Company
8. Holding Company
9. Foreign Capital Company
10. Branch and Representative office of a Foreign Company





## Investment Opportunities in the Kingdom of Bahrain

Despite the considerable reliance by the state budget on the oil and gas sector, the Bahraini economy remains a diverse economy as indicated by the percentage of the contribution of the various economic sectors in the gross domestic product. The government of the Kingdom of Bahrain seeks to attract foreign investments in a number of vital sectors, including:

### Financial Services

All banking and financial services in the Kingdom of Bahrain are monitored by the Central Bank of Bahrain (CBB). Bahrain has in place an integrated package of laws and legislations that regulate this sector. This encouraged more than 400 banks and financial institutions to have their headquarters in Bahrain. The Kingdom of Bahrain is also considered the international capital of Islamic banking and financial institutions as it hosts 24 Islamic banks.

The CBB is in charge of maintaining monetary and financial stability in the Kingdom of Bahrain through implementing policies that rely on the best international practices. The CBB is the only auditing authority supervising the Bahraini financial sector and the scope of its jurisdiction includes all the banking, insurance, investment and financial markets activities. This helped give the Kingdom of Bahrain an excellent international financial reputation.

The CBB is also in charge of the supporting and implementing monetary policies and the exchange rate policies for the Bahraini Dinar in the kingdom. The CBB is also in charge of managing debt instruments, issuing the national currency and supervising the payments and clearance system in Bahrain.

For more information please visit Central Bank of Bahrain <http://www.cbb.gov.bh>.





## Consulting and Industrial Services

Due to Bahrain's location at the heart of the Arabian Gulf, the Kingdom of Bahrain is an ideal location for companies seeking to offer consultancy and industrial services to the entire region. This distinctive location is backed by an increase in domestic demand for professional services, low operational costs, availability of skilled workforce and a business friendly legal environment.

## Logistics Services

Bahrain is an ideal Middle East platform in the field of offering corporate logistics services as a number of the world's biggest international companies chose Bahrain to be their regional headquarters due to ease of access to the developing and booming Gulf economies, a modern roads network and air and sea transport lines that are close to all the main business centers in the Arabian Gulf region. This is in addition to the fact that Bahrain signed bilateral free trade and economy agreements with more than 60 world countries.

For more information on the logistical advantages offered by Bahrain please visit <http://mot.gov.bh/ar/ports-and-maritime>

## Education and Training

Bahrain boasts the oldest government education system in the Arabian Peninsula and an excellent reputation when it comes to the quality of the public education and training system. Education and training companies can benefit from Bahrain's regional pioneering position in the intellectual and educational field in addition to hosting conferences that attract leading academic figures from around the world. The public education system in Bahrain is renowned for its quality level while private schools offer excellent curricula from all over the world. All educational institutions in Bahrain are monitored by the National Authority for Qualifications and Quality Assurance for Education and Training for the purpose of maintaining the required levels and standards. Tamkeen (The Labor Fund) allocates a substantial part of its annual budget to supporting the private education and training sector.

According to UNESCO estimates for 2013, adult illiteracy rates in Bahrain are less than 3%.

For more information please visit the following websites:

The Ministry of Education <http://moe.gov.bh/>

National Authority for Qualifications and Quality Assurance for Education <http://www.qaa.edu.bh/> Tamkeen <http://www.lf.bh/>



## Inauguration of MOORE STEPHENS office in Bahrain





## Industry

Bahrain is located at the heart of the GCC market worth more than 1.4 trillion USD which makes Bahrain an ideal location to meet the increasing demand of GCC countries for manufactured goods.

Bahrain offers a number of advantages for industrial companies including a central location which reduces shipping costs, an excellent network of land, maritime and air transport lines, Bahrain is also the home for the national carrier for the Kingdom of Bahrain Gulf Air, which controls a wide regional network with routes to more than 50 regional destinations. Furthermore, Bahrain is one of the biggest maritime freight centers in the Gulf.

Bahrain is a member in the common GCC market which guarantees the implementation of the free trade agreement. Bahrain is also a signatory to bilateral trade and economic treaties with more than 60 world countries including China, France, India and Singapore in addition to the free trade agreement with the US and the agreement on double taxation with the UK. Bahrain enjoys an abundance of skilled and specialized workforce and competitive labor, industrial landplots and energy costs.

The Ministry of Industry and Commerce operates 10 industrial areas with an overall area of 2,288 acres. The ministry offers lease opportunities on these plots subject to contracts of terms up to 25 years. In general, landplots come with all the basic services and utilities such as roads, electricity, sewage, water and telecommunications. Projects established in industrial areas benefit from a tax exemption on the required capital and the raw materials used in the manufacturing of end products in addition to lower electricity tariffs.

For more information please visit the following website:

The Ministry Industry and Commerce <http://www.industry.gov.bh/>

Bahrain International Investment Park <http://www.biiip.bh/>



## IT and Telecommunications

Bahrain seeks to attract IT and telecommunications companies by the virtue of the fact that it owns one of the most liberal markets in the Middle East in addition to its excellent infrastructure in this field and the presence of an integrated legal and legislative structure and strict laws protecting intellectual property.

Bahrain enjoys a strong record in this field as it is the first country to shift to digital telephone exchange in 1992 and the first country to launch internet services in 1995. It is also the first country to lift all restrictions on telecommunications in 2004 in addition to winning the first position in the Middle East and the third position in Asia and the thirteenth position worldwide in e-government readiness, according to the UN report on the e-government readiness index 2010.

For more information please visit the following websites:

The Telecommunications Regulator Authority <http://www.tra.org.bh/>

The E-government Authority <http://www.ega.gov.bh/>

The Central Informatics Organization <http://www.cio.gov.bh/>



## Real Estate

The real estate market in the Kingdom of Bahrain witnessed an upward surge during the past decade due to easing ownership and residency restrictions which made the Kingdom of Bahrain more attractive when it comes to real estate ownership.

In 2010, Bahrain showed commitment to housing projects as seen from the hosting by the Kingdom of Bahrain of the first Middle East Affordable Housing Development Summit which aims at addressing the rapid population growth in the Gulf region. The Bahraini government pledged BD 480 million for the next two years to offer more than 10,000 residential units by the end of 2012 along with 40,000 other units to be built by the end of 2015. The government will build 70% of these units while the private sector will build the remaining 30%.

The retail sector in Bahrain witnessed strong growth over the past ten years with the total stock of plots increasing from 200,000 square meters in 2000 to 536,000 square meters in 2010. The main driver behind this growth is the strong population growth and the increase in the domestically available income in addition to increased demand from the Kingdom of Saudi Arabia and the GCC countries.

Non-Bahraini and foreign companies are allowed to own lands and real estate properties in the newly developed areas including:

The Greater Manama Area, such as the Ahmed Al Fateh area, Al Hooraa area, and the North of Manama area including the Diplomatic area (high-value residential and commercial areas where the construction of buildings ten stories or above is permitted).

Al Seef Area (3,5 and 10 stories).

The recently developed coastal areas such as Durrat Al Bahrain, Amwaj







Islands and Al Areen Desert Resort.

The areas located within Bahrain Financial Harbour, Bander Al Seef and Reef Island.

Al Riffa Views and Bahrain Gulf Project.

## Startup a New Business

The Kingdom of Bahrain offers major facilities for startups and new commercial businesses and for this purpose the Ministry of Industry and Commerce launched the one station project under the name of Bahrain Investors Center which is an advanced step in the national efforts to create a modern investment environment based on facilitating all the services and the procedures required for investment in the Kingdom of Bahrain in accordance with the international standards. The Bahrain Investors Center aims at simplifying the process of creating a commercial register and the process of obtaining other related government services and licenses and obtaining the immediate approval of the concerned entities from the different governmental departments present inside the center.

The Bahrain Investors Center offers distinctive services, most importantly the prompt determination and identification of procedures, the speedy granting of approvals whether related to the Ministry of Industry and Commerce or the other competent authorities. The center completes 80% of the new commercial registration applications in less than 24 hours while the remaining 20% are completed in no more than five working days.

For more information please visit the Bahrain Investors Center

<http://www.moic.gov.bh/MoIC/Ar/MoIC+Centers/BahrainInvestorsCenter/About/>





## Finance Options

The Kingdom of Bahrain offers a broad range of options for facilities and commercial loans to domestic and international investors through many traditional and Islamic banks and financial institutions. Finance is also available through the Bahrain Development Bank and the Bahrain Stock Exchange (BSE).

### The Bahrain Development Bank

The Bahrain Development Bank offers many financial services designed to meet the needs of small and mid-sized businesses in the Kingdom of Bahrain. The bank encourages the development of mid and small-sized projects in the field of industry and services. The state-owned bank encourages current investors or investors seeking to set up new businesses and projects by offering loans at highly competitive rates in addition to consultation, orientation and training services through the entrepreneurship development program.

Foreign companies are entitled to partial funding upon meeting some requirements such as the training and recruitment of a number of Bahraini citizens.

For more information please visit [www.bdb-bh.com](http://www.bdb-bh.com)

### The Bahrain Stock Exchange

The Bahrain Stock Exchange (BSE) offers funding opportunities to investors through stocks if such stocks meet the listing requirements. The CBB regulates and monitors the financial markets in the Kingdom of Bahrain and among its main priorities are maintaining transparency and integrity and regulating these markets through adherence to the best international standards and practices and protecting investors and consequently protecting Bahrain's reputation as a regional financial hub.

The CBB regulates and monitors and approves all the applications for the public offering of any securities or financial instruments based on compliance with all the disclosure requirements and conditions.

The CBB also applies the international disclosure standards with the aim of improving market transparency, monitoring the stock exchange, clearance transactions, deposit systems, brokerage companies and the market makers.

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