

**ORGANISATION STUDY ON  
KPMG  
BY  
POOJA M  
1CR19MBA62  
SUBMITTED TO  
VISWESWARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI**



**In the partial fulfilment of the requirement for the award of the degree of  
MASTER OF BUSINESS ADMINISTRATION**

**Under the guidance of  
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**2019-2021 Batch**

### CERTIFICATE BY THE INSTITUTION

This is to certify that **Ms. POOJA M** bearing **USN 1CR19MBA62** is a bonafide student of Master of Business Administration of our Institution during 2019-21 batch. The organization study report on **KPMG** is prepared by her under the guidance of **Mr. Manjunatha S**, Assistant Professor, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, affiliated to Visvesvaraya Technological University, Belagavi Karnataka.


  
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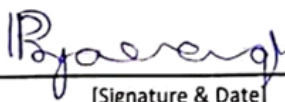
  
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## **DECLARATION**

I, **Ms. POOJA M** bearing **USN 1CR19MBA62**, hereby declare that the organization study report of **KPMG** prepared by me under the guidance of **Mr. MANJUNATHA S** faculty of M.B.A Department of CMR Institute of Technology, Bengaluru. I also declare that this report is prepared in partial fulfillment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone an organization study for a period of four weeks. I further declare that this report is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University /Institution.

## **DISCLAIMER**

The enclosed document is the outcome of a student academic assignment, and does not represent the opinions/views of the University or the institution or the department or any other individuals referenced or acknowledged within the document. The data and Information studied and presented in this report have been accessed in good faith from secondary sources/web sources/public domain, including the organization's website, solely and exclusively for academic purposes, without any consent/permission, express or implied from the organization concerned. The author makes no representation of any kind regarding the accuracy, adequacy, validity, reliability, availability or completeness of any data/information herein contained.

**Place: BANGALORE**  
**Date: 23/10/2020**

  
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*Rooja.M*

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## **EXECUTIVE SUMMARY**

KPMG is a professional services firm that delivers Audit, Tax and Advisory services. They operate worldwide i.e. more than 150 countries. Their audit services are delivered through KPMG Public accountants and Consultants. Their overall ambition remains to be the number one multi-disciplinary professional services firm as well as sustaining their reputation as the best firm to work with by ensuring that their people, clients and community achieve their full potential. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. They operate in 147 countries and territories, and have more than 219,000 people working in member firms around the world.

As we all know, best as a professional services firm offering audit, tax and advisory services, but they are going and evolving like never before and building digital capabilities into all of their service lines. Through their Audit practice they ensure the integrity and transparency of capital markets, working with some of the largest companies in the world. In tax, they help clients, transform and advice on cross border tax issues. Their advisory practice helps reshape business system and enables organizations to take advantage of new market opportunity. Across all of the existing and emerging areas of their business, they are enhancing their reputation as a key digital and transformation provider. That's why they are hiring digital talent, leveraging intelligent automation, artificial intelligence and exponential technology, and investing on their people digital capabilities to help them generate innovative, technology driven solution for their clients.

Report tells the success story of KPMG. Sustainability is at the center of KPMG strategy. The report consists of the study of the organization. It involves the Brief profile of the company, introduction of company and industry. The organization also implemented environment management systems and organization health & safety policy. Another part contains study on vision, mission, and values of the company. Apart from this; a brief introduction has been given to the Mckensys 7s Framework, porters five forces model.

**Chapter – 1**  
**INTRODUCTION TO ORGANISATION AND**  
**INDUSTRY**

## INTRODUCTION



Type	Swiss Cooperative
Industry	Professional services
Founded	1987; 33 years ago (merger of Peat Marwick International and Klynveld Main Goerdeler) 1979 (KMG) 1925 (Peat Marwick) 1818 (Oldest component: Grace, Darbyshire, & Todd) <sup>[1]</sup>
Founders	William Barclay Peat James Marwick
Headquarters	Amstelveen, Netherlands <sup>[2]</sup>
Area served	Worldwide
Key people	Bill Thomas (Global Chairman)
Services	Actuarial Assurance Financial / Legal / Tax advice Consulting
Revenue	▲US\$29.75 billion (2019) <sup>[3]</sup>
Number of employees	219,281 (2019) <sup>[3]</sup>
Website	home.kpmg



In India, KPMG has a client base of over 2700 companies. The firm's global approach to service delivery helps provide value-added services to clients. The firm serves leading information technology companies and has a strong presence in the financial services sector in India while serving a number of market leaders in other industry segments. **KPMG International Cooperative** (or simply **KPMG**) is a multinational professional services network, and one of the Big Four accounting organizations. Seated in Amstelveen, the Netherlands, KPMG is a network of firms in 147 countries, with over 219,000 employees and has three lines of services: financial audit, tax, and advisory. Its tax and advisory services are further divided into various service groups. The name "KPMG" stands for "Klynveld Peat Marwick Goerdeler". It was chosen when KMG (Klynveld Main Goerdeler) merged with Peat Marwick in 1987.

KPMG was established in India in September 1993, and has rapidly built a significant competitive presence in the country. The firm operates from its offices in Ahmedabad, Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, Noida, Pune and Vadodara, and offers its clients a full range of services, including financial and business advisory, tax and regulatory, and risk advisory services. KPMG differentiation is derived from a rapid performance-based, industry-tailored and technology-enabled business advisory services delivered by some of the leading talented professionals in the country. KPMG professionals are grouped by industry focus and their clients are able to deal with industry professionals who speak their language. KPMG internal information technology and knowledge management systems enable the delivery of informed and timely business advice to clients. For decades, KPMG has been serving companies with international interests. As we know it takes more than sheer numbers of people and offices to build a meaningful global capability that's responsive to the marketplace. It takes a sound strategy, implemented by highly skilled teams of professionals--individuals who are industry-smart, internationally savvy, and technically exceptional. It also takes ideas grown in the right culture, nurtured with the proper investment, and matched with the necessary technology. And as markets and companies continue to globalize, KPMG will continue to serve them—anywhere. KPMG is spread over 150 countries worldwide and provides with global professional services for audit, tax and advisory services. KPMG is known to provide quality service to their clients and provides with an ample, customised and industry specific services as per the client needs. KPMG provides with an in-depth analysis on suggestion and advisory services and make sure that they provide with the best consultation to the companies who seek to expand their business in other countries regarding the greater possibilities and helping them expand their operations. KPMG provides

with financial services like audit, tax and advisory for various industries like automotive, chemicals, healthcare, private equity, retail, technology, telecommunications, transport and logistics, media, infrastructure and other financial services. At KPMG the financial professionals provide greater respect for their clients and the global sectors across the world work together as one and provide with the best financial services to the clients. The professionals at KPMG aim at providing outstanding advices to their client which helps in establishment of their companies and better understanding to their financial standings.

At KPMG in India, they viewed citizenship as a responsibility and core value, essential to who they are. They define their purpose as inspiring, confidence, empowering change. They buttress confidence in the capital market that allow for the flow of investments and creation of jobs. They work to enable their clients, their communities and the countries where they work to change for the better. Accordingly, KPMG teams stepped up and volunteered their services to the central and many state government to help them to navigate the crisis. KPMG is a great place to work because of our people. They hail from all walks of life and display a diversity of backgrounds diversity of experience and a diversity of minds. That's what makes them unique. As part of what makes them exceptional, they offer a wide range of opportunities for students/graduates who will work temporarily.



## **INTRODUCTION TO PROFESSIONAL SERVICE INDUSTRY**

**Professional services** are occupations in the service sector requiring special training in the arts or sciences. Some professional services require holding professional degrees and licenses and they also require specific skills such as architects, accounts, engineers, doctors, lawyers and teachers. Other professional services involve providing specialist business support to businesses of all sizes and in all sectors; this can include tax advice, supporting a company with accounting, IT services or providing management advice.

The professional services market is undergoing a period of change, driven by new regulations, external pressures for transparency and an ever increasing complexity of alternative investment and private wealth structures. Value for money and new initiatives are driving changes in the delivery of legal services resulting in new thinking, innovation, and a focus on infrastructure, assets and people. Like their onshore counterparts, Cayman law firms have experienced alternative business structures with legal firms converting from partnerships into limited companies or partnerships. Expansion of single jurisdiction law firms across borders, as well as increased merger activity, has brought a greater focus on risk management and cost control to achieve desired synergies and competitive advantage.

Many professional service firms has now accepted that their finance functions will have to improve their game in the wake of the credit crisis. So how can their finance department be the best? The need to control costs can range from businesses looking to maximize productivity and revenue per fee earner to organizations experiencing financial stress that need to take costs out rapidly to survive

A professional service is an intangible product that a contractor or product vendor sells to help a customer manage a specific part of their business. Because professional service providers have specialized knowledge about niche areas of interest, such as law, marketing or accounting, they allow the customer to focus on core business concerns. Unlike a consultant, who may only be responsible for providing advice, a professional service provider may also be responsibility for the end result.

Professional services firms sell knowledge and expertise, while other types of organizations tend to sell tangible products. This knowledge and expertise can be appealing to small-business owners, who cannot be experts in everything. They may be comfortable dealing with management, sales and marketing matters, but they are not schooled in these disciplines. Nor are they practitioners of them. Similarly, they did not go to law school or pass the certified public accountant exam. Their business specialty represents their area of expertise – not on the ancillary issues that have sprung up around it.

An **accountant** is a practitioner of accounting or accountancy. Accountants who have demonstrated competency through their professional associations' certification exams are certified to use titles such as Chartered Accountant, Chartered Certified Accountant or Certified Public Accountant. Such professionals are granted certain responsibilities by statute, such as the ability to certify an organization's financial statements,

and may be held liable for professional misconduct. Non-qualified accountants may be employed by a qualified accountant, or may work independently without statutory privileges and obligations.

The **Big Four** is the nickname used to refer collectively to the four largest professional services networks in the world, consisting of Deloitte, Ernst and Young, KPMG and Price waterhousecoopers. The four networks are often grouped together for a number of reasons; they are each comparable in size relative to the rest of the market, both in terms of revenue and workforce; they are each considered equal in their ability to provide a wide scope of quality professional services to their clients; and, among those looking to start a career in professional services, particularly accounting, they are considered equally attractive networks to work in, because of the frequency with which these firms engage with Fortune 500 companies.

The sooner they begin tax planning for your business, the more profitable it can be. Missing out on valuable credits and deductions gives your business an unnecessary handicap. If you are just starting out, they can help you claim start-up costs so you can start saving from the beginning. They can also help you make smart moves to limit your company's tax liability in the future. Aside from choosing the most cost-effective business structure, they can realize tax advantages by providing various benefits to their clients.

**CHAPTER -2**  
**ORGANIZATION PROFILE**

## **HISTORY**

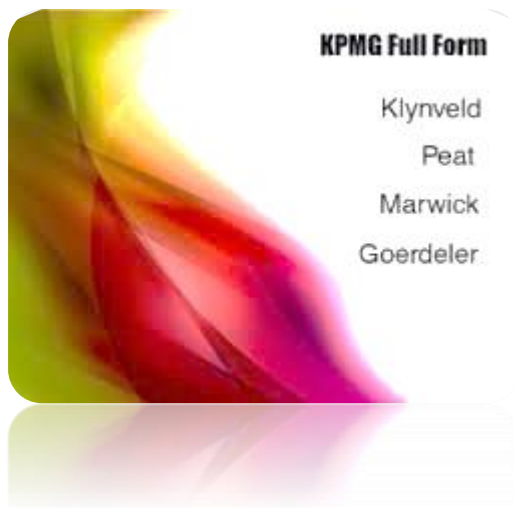
KPMG International is the third-largest accounting firm in the world. Headquartered in the Netherlands, KPMG provides accounting, consulting, tax and legal, financial advisory, and assurance services from more than 820 locations. KPMG's member firms are located in more than 159 countries across the globe. In the late 1990s, the company focused on unifying its historically loose federation of member firms to build a cohesive global image and offer a consistent array of products and services.

KPMG in India's story began 25 years ago, when three professionals joined hands to create what would become one of the youngest and fastest growing professional services Firm in the country. As the Firm grew, so did its dynamic team of young leaders. When a business is born, its early years are often riddled with its share of challenges and growing pains. For KPMG, it was more about proving to the world that change is a foot, and they are willing to be its partner for life, making an impact wherever possible, no matter how big or small.

Over the years, guided by their values, they have strengthened their capabilities considerably, cultivated lasting trust and relationships across their business ecosystem, while staying true to their strategic direction and the vision to make a real difference. The past decade in itself has made their journey more interesting owing to their growing band of dedication and committed professionals. The Firm's initial leaders have since been followed by a succession of young and bright frontrunners who went on to create new avenues of growth and demonstrated the firm's strength through excellent teamwork, thus, from four people, KPMG in India is now a proud family of thousands of professionals, spread across the length and breadth of the country.

For over a quarter of a century, KPMG in India has been a steadfast business partner to several organisations and continues to actively support the cause of nation-building. As they completed 25 years of making a difference in India, they celebrate their coming of age and are proud of the profound impact they have made to their clients, their people and their communities.

KPMG is very proud that they have achieved many milestones and truly believe that who they are today and how they continue their journey that will shape their next 25 years of their story. As their clients grow, as they work with their people and their partners to create new opportunities, KPMG in India's story will always be at the cusp of transformation. KPMG look forward to the future with bigger dreams and an even greater ambition to keep their legacy of trust, teamwork and togetherness alive.



## NATURE OF BUSINESS

- **Independent, quality financial statement audits**

Financial statement audits give assurance over information used by investors and the capital markets – a responsibility to the public interest KPMG Audit professionals take very seriously. KPMG is committed to consistently delivering quality audits, enabled by the power of technology and the strength of their people. Together, these drivers allow to respond with agility, and engage meaningfully, with all stakeholders. Through this, KPMG is a leader in driving the future of audit.

- **Leading in an evolving tax landscape**

Organizations of all sizes are ever more exposed to new trends in tax regulation around the world. As a leading tax network, they believe them—as individual tax professionals and as member firms—have a duty to engage in and advance the discussion and debate surrounding responsible tax, increased calls for transparency and the future of taxation in an increasingly globalized, digitized world. As tax leaders strive to evolve their departments for the new complexities they face, KPMG work with them to define and build their ideal target operating model, enabling their departments to adapt to regulatory change, improve compliance processes and add more value to the business and beyond.

- **Tax Advisory**

KPMG International has a comprehensive, robust and publicly available Global Code of Conduct setting the standards of ethical conduct for everyone in KPMG member firm network. Tax professionals are also bound by their Global Tax Principles, which set out additional fundamental ethical principles and behaviours.

KPMG Advisory professionals are trusted advisors of the world's leading organizations focused on creating and sustaining value for their clients. Their professionals work with senior leadership across functional areas, applying their expertise and deep industry knowledge to develop innovative, technology-driven solutions to solve their clients' business challenges and help them grow and achieve financial results

- **Advisory Services**

**Consulting:** KPMG professionals' deep functional knowledge and sector expertise help enable their member firms to tackle business challenges and effectively bring about a significant improvement in their performance.

**Risk Advisory Solutions:** KPMG teams leverage their in-depth knowledge of risk competencies and broad regulatory, technology, process and control knowledge. This enables member firms to deliver progressive, insightful solutions for IT Risk Advisory, Internal Audit and Risk Compliance, Forensics and Financial Risk Management.

**Deal Advisory & Strategy:** They work closely with member firms to provide their expertise across the transaction lifecycle, from the initial business development stage to execution.

## **VISION**

“Distinguished by the learning opportunities offered, through a platform which shares the expertise, knowledge, and experience of professionals across a global network.”

KPMG offers employees the ability to learn, which is stated in the first half of the vision statement “distinguished by the learning opportunities offered.” KPMG offers employees numerous types of training ranging from seminars to talks. That allows employees to learn more and grow as a consequence, the second half of the statement clarifies how that learning opportunity is offered.

KPMG has such a broad network of experts, it calls upon those experts to share their expertise with those who are starting out or are midway through their careers. So, those who are new benefit by learning from seasoned employees. For the company, it translates to a win-win situation.



## **MISSION**

“To turn knowledge and understanding of information, industries, and business trends into value for our firms’ clients, our people, and the capital markets.”

KPMG is a B2B service, which is also reflected in their mission statement. The statement clearly lays out that it has its clients’ best interests in mind. The use of “Knowledge and Understanding,” in the statement alludes to their growing network of highly talented people. It goes without saying that KPMG hires only the best financial experts.

KPMG, in its mission statement, alludes to the fact that they understand every industry, which at first glance may seem outrageous, but it isn’t. “To turn knowledge and understanding of information, industries and business trends into value for our firms’ clients...” merely points to the fact that the company if and when required hires people who specialize in the financial matters of those industries so that they can cater to the needs of their clients. So, in a way, that network of talent they mentioned above contributes to the company’s ability to expand its network of clients across all industries.

## **QUALITY POLICY**

At KPMG, audit quality is about consistent execution throughout the network in line with the requirements and intent of professional standards, and within a strong system of quality controls. All of their related activities are undertaken in an environment of objectivity, independence, ethics and integrity. That's what they stand for, that's how they measure their people and measure their practices.

Everyone is accountable for audit quality: from audit teams on the ground, to individual engagement partners, and through to the most senior ranks of KPMG member firms.

Good practice management at a member firm level also plays a significant part — in terms of real-time support for engagement teams, and strong support functions to help them carry out their tasks. To help ensure a common understanding of what drives audit quality within KPMG, they develop the Global Audit Quality Framework. KPMG member firms use this framework to communicate and illustrate their approach to audits and to enhancing audit quality.

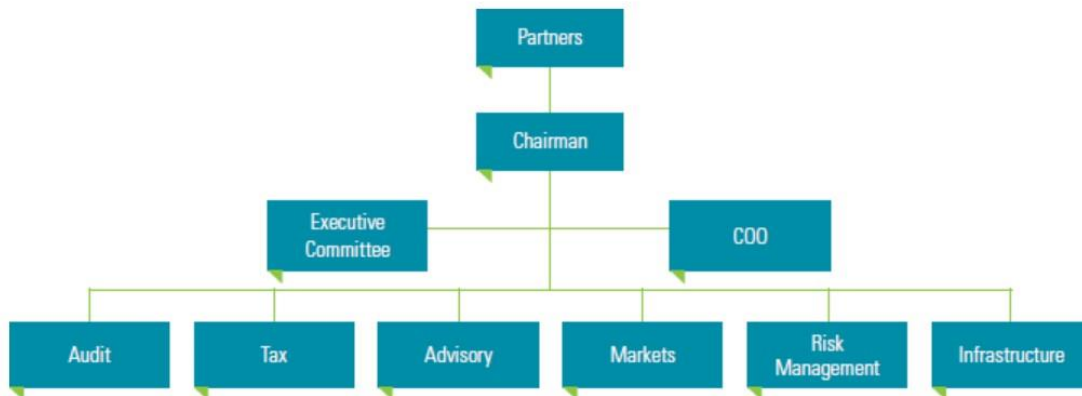
## WORKFLOW MODEL

The Chairman is responsible for nominating the **Executive Committee**, which comprises the Chairman and seven other partners, usually heads of the main business practices, so that all of them are represented. The administrative area, which includes the Corporate Citizenship area is represented by COO. Together, the Chairman and the Executive Committee are responsible for the policy, planning, supervision and general management of activities, including defining goals for local growth and determining the strategic management of the business areas, ensuring consistency with global strategy.

As leaders of their business practices, the members of the Executive Committee continue to exercise their responsibilities in rendering services to clients. Thus, since they are partners and undertake their professional activities, the Executive Committee does not include any independent members. This organizational structure favours a dialogue between the leaders and the other partners and professionals, ensuring that the needs of the areas are represented at the Committee, which meets monthly.

Furthermore, they hold quarterly meeting with all of the partners who present their results, and strategic alignment and they hold annual statutory meetings with all of the partners to approve the accounts, amongst other issues.

To obtain access to guidance and recommendations from their professionals, they promote dialogues through mechanisms such as periodic meetings by business group, Dialogue, People Survey, PPL Committee, Disciplinary Committee, Hotline and social media like The Chairman's Blog and The KPMG World – and from which initiatives were suggested, such as: the implantation of a Women's Committee, the eco-efficiency program and review of the policy for language allowances, the competition to create a theme for the trainee program and internal campaigns for recruitment of persons with disabilities (PCDs) and the program to improve internal communication.



KPMG structure has an **Operational Committee**, consisting of leaders from the operational areas and the leader from the markets area, which determines the undertaking of routine business, considering achieving the goals established in the strategic plan and also a **Finance Committee**, which deals with the rules for remunerating partners and partner-directors.

Another essential body for their governance structure is the **Disciplinary Committee**, presented in the chapter on Professionalism and Integrity, which analyses possible violations of rules and policies by any of their professionals, including partners. This committee comprises leaders from the operational areas, the Directors of Human Resources, the partner responsible for Risk Management and the Chairman.

All of the governance practices, based on standards are adopted globally, strengthen their brand and reputation and assist in maintaining the standards of quality for which they want to be recognized in all of the markets where they provide their services.

## SERVICE PROFILE

KPMG is organised into the following three service lines:

- Audit (39%)
- Advisory (39%)
- Tax (22%)

### **ADVISORY**

With the world constantly and rapidly changing, the future is full of realigned priorities. At KPMG in India, they press on looking for sustainable growth, staying in shape and preparing for a new landscape. Partnering with their clients, they develop tailored and thorough

recommendations in collaboration with sector and technical experts, bringing among the best minds from across the vast KPMG network.

By working in multi-disciplinary teams, they deliver holistic thinking and insights helping clients in transforming their organization, no matter what their primary challenges are - from improving performance, to optimizing risk, to restructuring their operations or seizing new opportunities.

### **MANAGEMENT COUNSULTING**

KPMG's management consultancy services are now combined to help enable a 360° view of challenges faced by their clients, which helps in achieving sustainable efficiency improvement on investments. A myopic vision is detrimental to the organization's success in the long term. Their subject matter specialists can offer valuable insights and various alternatives that help their clients maintain the competitive edge in the longer term as well. The KPMG approach is structured, as well as nimble to assist clients in various phases of their life cycle. Their credentials across industry sectors echo their success in understanding the business context. Being an independent advisor with extensive knowledge and experience, KPMG can help us achieve today, what we have set out for tomorrow. While their professionals can provide a variety of alternatives to cater to their clients' needs, they have in addition customized approaches catering to specific performance and technology related business challenges.

### **FINANCIAL MANAGEMENT ADVISORY SERVICES**

It would serve the organization, the CEO and the CFO's agenda when the finance function is aligned to the business strategy, and provides financial analysis and insight to support corporate decision making. Needless to mention, meeting the legal and regulatory obligations are given. With a global network of professionals, financial management is able to bring the right people, with the right skills, to the right place at the right time to assist helping organizations to become business leaders. Aimed at helping to enhance finance function's performance and increase its value to the business, they at KPMG in India provide a range of financial management services under our three service networks - efficient finance operations, effective decision support and finance strategy & transformation.

### **IT ADVISORY**

In today's environment, Information Technology is a key enabler to realize business objectives. An effective and well-managed IT can bring a competitive advantage. However, it is critical to foster that 'right-fit' Information Technology is implemented and is appropriately managed and governed. IT is challenging to get right and expensive to get wrong — not only in terms of money spent, but also in lost efficiency and potential regulatory infringements. KPMG bring together skills and experience to assist us in realizing these business objectives.

## **Clients of KPMG**

Ban on KPMG network firm will have significant impact on Indian listed companies. More than 160 listed companies are likely to find an alternate auditor. If other big fours are facing the ban then these listed companies will have no option but to choose Indian firms. KPMG have dominance in finance sector and their clients include following companies from the financial services sector.

- Suryoday Small Finance Bank Limited
- The Federal Bank Ltd
- RBL Bank Limited
- Sustainable Agro-Commercial Finance Limited
- Tata Motors Finance Solutions Limited
- India Factoring And Finance Solutions Private Limited
- Walton Street India Finance Private Limited
- Staragri Finance Limited
- Five-Star Business Finance Limited
- Housing Development Finance Corporation Limited
- Brick Eagle Affordable Housing Finance Limited
- ICICI Home Finance Company Limited
- Mahindra Rural Housing Finance Limited
- Altum Credo Home Finance Private Limited
- Ensemble Holdings And Finance Limited

## **OWNERSHIP PATTERN (INDIA)**

Arun Kumar

Chairman, CEO

Shalini Pillay

Managing Director

Partho Bandopadhyay	Managing Director, Audit
Viswanath P	Executive Director
Nithin Atroley	Director
Akhil Bansal	Director
Anoop Tawakley	Senior Vice President, Chief Financial Officer
Sanjay Maradi	Senior Vice President, Chief Information Officer
Tapan Goel	Partner, Risk & Legal

### **OWNERSHIP PATTERN (GLOBAL)**

Bill Thomas	Global Chairman & CEO
Philip Davidson	Global Chief Operating Officer
Mark Goodburn	Global Head of Advisory, Global Head of New Business Innovation
Larry Bradley	Global Head of Audit

### **ACHIEVEMENTS / AWARDS**

#### **2015**

- KPMG receives top honours for insurance risk advisory services**  
For the second consecutive year, KPMG is been honoured by Insurance Risk Magazine with its 2015 Insurance Risk Award for "Best Consulting Firm". Insurance Risk Magazine's Insurance Risk Awards recognize excellence in risk management within the insurance sector. The magazine aims to reward "innovative thinking and ground-breaking approaches to solving the risk management challenges.
- KPMG's named sustainable firm of the year and social media networking champion**  
KPMG has won two prestigious 2015 International Accounting Bulletin (IAB) Awards, presented in London on 1 October 2015. For the fourth consecutive year, it was awarded "Sustainable Firm of the Year," and for a third consecutive year, "Social Media Networking Champion of the Year Global."

- **KPMG International and its network of firms recognized by M&A Today Global Awards**

M&A Today has recognized KPMG International and its network of firms in their 2015 Global Awards program as AML Advisory of the Year – International

## **2016**

- **KPMG recognized as a worldwide leader by IDC Market Scape**  
The IDC Market Scape studies assess the capability and business strategy of business consulting firms with global scale and found KPMG to be consistently viewed among buyers of finance and accounting consulting as “the most capable firm at helping clients become more agile, expand into new markets, and improve their customers' experience.”

- **KPMG tops Thomson Reuters and Bloomberg Global Mid-Market M&A League.**

KPMG International was ranked as the leading mid-market provider of M&A services for both the number of announced and completed deals in 2016, according to Thomson Reuters' Mid-Market M&A Review (deals up to US\$500M). KPMG has also been ranked #1 in Global Mid-Market (up to US\$50M) and Global Private Equity Mid-Market (up to US\$50M) by Bloomberg M&A Advisory League Tables.

## **2017**

- **Euro money names KPMG Best Real Estate Tax Services Provider globally**  
KPMG has been recognized again, not only as the best 'Real Estate Tax Services' provider globally in two out of three regions, but also across 23 countries. This win is testament to the firm's real estate tax network, demonstrating depth and consistency, having been the leading firm globally in 3 of the past 5 years. This is Euro money's 13th year of this global survey and this year the respondents totally 2,418 representing 1,218 firms in 75 countries.

## **2018**

- **KPMG takes home trio of awards at the inaugural Regulation Asia Awards for Excellence**

The Consulting Firm of the Year award recognizes KPMG for being a leading player when it comes to understanding regulators' views as well as those of the entities they regulate. On top of this, KPMG also received the 'One to Watch' for KYC Shared

Ledger award and a commendation for 'Best Solution – Regulatory Change Management'.

### **KPMG in India**

Sameer Chadha, Partner and CEO, KPMG Global Services Management Private Limited (KGSMP), was awarded the **Inclusion Leadership Award - 2018** by the **BD Foundation** for his efforts promoting diversity awareness, representation and inclusion.

### **2019**

- **KPMG bags the most number of awards at the International Tax Review Asia Tax Awards 2019.**

The International Tax Review (ITR)'s Asia Tax Awards saw KPMG win the most number of awards. The awards celebrate the best tax and transfer pricing work across 20 countries in the Asia Pacific region. KPMG won the National Transfer Pricing Firm of the Year.

## **FUTURE GROWTH ASPECTS**

Global consulting firm KPMG looks to grow its manpower by a three-fourth in the next three to four years to seize opportunities that may come in its way when the Narendra Modi government begins to put the announced policy reforms on ground. The \$27-billion firm has projected 35 per cent year on year growth in the next three years in India.

"The reason why a country like India is very important for KPMG is that most MNCs are in India and they need to be serviced. India is a great talent hub for the talent that gets built out here," KPMG's chief executive officer in India Richard Rekhy told ET in an interview.

The growth story continues for India. India now technically becomes the fastest growing large The participating teams will get to generate a new idea that could change the world, create a prototype and then pitch it to business leaders. Along the way they'll work with KPMG data scientists, coders, business specialists and tech gurus, who will help bring their idea to life.

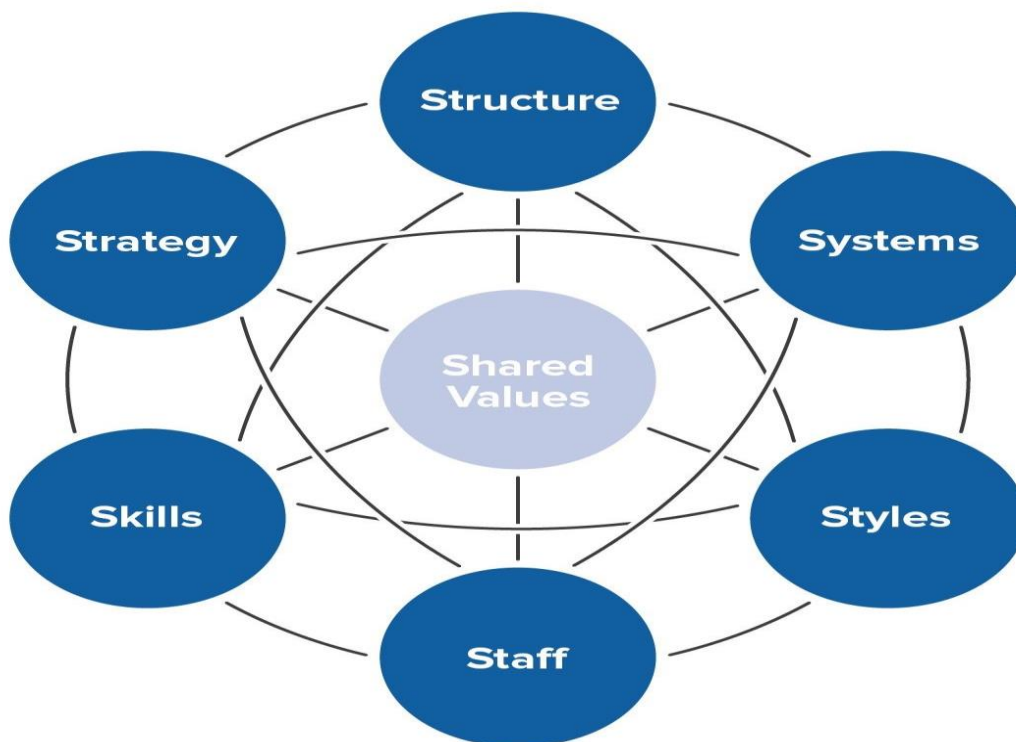


**CHAPTER – 3**  
**MCKENSYS 7S FRAMEWORK**  
**PORTER’S FIVE MODEL**

## Mc Kinsey 7s Frame work

### Introduction

McKinsey 7s model was developed in 1980s by McKinsey consultants Tom Peters, Robert Waterman and Julien Philips with a help from Richard Pascale and Anthony G. Athos. Since the introduction, the model has been widely used by academics and practitioners and remains one of the most popular strategic planning tools. It sought to present an emphasis on human resources (Soft S), rather than the traditional mass production tangibles of capital, infrastructure and equipment, as a key to higher organizational performance. The goal of the model was to show how 7 elements of the company: Structure, Strategy, Skills, Staff, Style, Systems, and Shared values, can be aligned together to achieve effectiveness in a company. The key point of the model is that all the seven areas are interconnected and a change in one area requires change in the rest of a firm for it to function effectively.



## **HARD ELEMENTS**

### **STRATEGY**

As sector convergence sets industries and organizations on a collision course, both opportunities and threats present themselves in the shape of new markets, propositions, channels, technologies and behaviors. When organizations from different industries meet each other in the market for the first time, and when disruptive new entrants are added to the mix, the environment becomes more competitive and less predictable, shortening the relevance and life span of many business models. To survive and thrive, organizations need to be more forward-looking and agile, with greater control and visibility over strategic actions. They need to execute their strategy with an operational model that accelerates momentum, locks down value and de-risks decisions and actions—and can change course at a moment's notice.

KPMG Strategy works with a wide range of organizations from the private, public, and not-for-profit sectors. They know the imperative of continually reviewing and updating strategy to reflect today's dynamic markets to create opportunities and respond to threats. They believe that agile strategies are more important than ever in this rapidly changing world. Whether it's steering a course through industry-disrupting changes such as the rise of the empowered consumer, digital enablement, responding to the pressures of intensified regulation or finding ways to operate more efficiently. They bring insights, ideas, methods and experience to help clients craft winning strategies.

#### **KPMG's strategy capabilities:**

##### **Growth strategy**

Growth is one of the top agenda items for CEOs. Companies are targeting aggressive growth strategies in response to structural shifts caused by new technologies, changing regulations, evolving customer needs and sector convergence. However, realizing growth is extremely challenging – with the majority of organizations unable to achieve and sustain their growth ambitions. Experience suggests that this could be due to various reasons such as unrealistic growth objectives, failure to consider implementation capabilities and execution bandwidth, lack of stakeholder support and leadership misalignment or an inability to evolve and innovate in a changing market. KPMG Strategy's approach to driving step-change growth and top-quartile performance addresses issues such as:

How to access new and unmet revenue and profit pools

How to profitably enter new markets and segments in a short timeframe

How to develop and commercialize innovative products in order to grow

How to attract new customers and enhance loyalty

### **Operating strategy & cost**

A sound pricing strategy remains a very effective profit level in business and can propel their organization to the next level of performance. They typically find 3% - 8% return on sales in incremental impact driven by type of Industry and level of starting pricing maturity. Many organizations lack the strategic mind set, execution ability, and discipline to unlock value from pricing. Without a clear “owner” of pricing and cross-functional linkages, many organizations struggle to set a strategy and achieve next-level pricing capabilities.

### **M&A strategy**

When it comes to M&A, leaders are expected to deeply understand deals and confidently drive deal value. But as the business environment becomes more complex, expectations more stringent, and the pace of business quicker, decision-makers are facing immense pressure—and it’s not uncommon for deals to fail.

KPMG works with us to achieve an optimized product and business portfolio for profitable growth, greater confidence around market entry, and a stronger understanding of the relationship between value drivers, actions and likely outcomes. They know that M&A success begins with leveraging their unique strengths, choosing the right capital allocation and identifying key value drivers. They help you achieve your strategic objectives so they can realize post-deal value creation.

### **Enterprise-wide transformation**

KPMG Strategy helps organizations determine whether or not and to what extent transformation is genuinely required. The answer may be to innovate, refresh or accelerate along the company’s existing trajectory. However, it may instead require a step change or pivot in direction, which is where enterprise-wide transformation comes into its own.

Bringing strategic thinking and the hands-on skillsets to deliver on transformation, KPMG Strategy is distinctive in its ability to enact, rather than merely design or plan for enterprise-

wide change. We help organizations address the following questions in designing, planning and implementing their enterprise-wide transformations:

- How to refresh or shift the company's strategy, given recent changes in the market dynamics?
- How to improve internal/external perception of the business and alignment between the ambition, business and operating models?
- How to manage the portfolio and improve the role of the corporate centre?
- What are the intended and unintended consequences to the wider whole of decisions in each unit or in one part of the business or operating model?
- How strong is the company's readiness to execute transformation and what challenges likely await on that journey

KPMG approach is based on identifying and implementing a prioritized set of growth platforms that will enable clients to achieve their growth ambitions. This distinctive approach, underpinned by the 9 Levers of Value, is designed to bring benefits for clients by Connecting related opportunities, driving internal collaboration and efficiency Building up insight and enabling scaled investment over time, as one opportunity leads to another Providing multiple routes to achieve targets and mitigating risk of setbacks with diversified portfolios of opportunities (i.e. if one idea falters, the platform remains strong) Providing a realistic plan accounting for the required talent and skillsets, digital capabilities and infrastructure, time horizons and appetite for risk. Enabling sustained growth by institutionalizing growth as a capability in the company's DNA Setting up ongoing management of new growth opportunities as a portfolio of investments with specific metrics to maintain momentum and progress

## **STRUCTURE**

KPMG structure is designed to support consistency of service quality and adherence to agreed values wherever in the world their member firms operate. KPMG follows **Functional structure**. Client services are provided by KPMG member firms. Each KPMG firm is separate and legally distinct. KPMG International does not provide services to clients. Member firms are located in 154 countries and territories. Collectively, they employ 197,263 people. Their member firms commit themselves to a common set of KPMG values. Firms must abide by quality standards governing how they operate and how they provide services to clients. Each KPMG member firm takes responsibility for its management and the quality of its work. Partners and professionals within those firms undertake to act with integrity at all times. Unless

otherwise indicated, references in this website to a 'member firm' or 'member firms' includes references to member firms of KPMG International and those entities owned, managed, and controlled by them. Each national KPMG firm is an independent legal entity and is a member of KPMG International Cooperative, a Swiss entity registered in the Swiss Canton of Zug. KPMG International changed its legal structure from a Swiss Verein to a co-operative under Swiss law in 2003.

This structure in which the Cooperative provides support services only to the member firms is similar to other professional services networks. The member firms provide the services to client. The purpose is to limit the liability of each independent member.

Arun M. Kumar is KPMG's Chairman, he is an accomplished global executive with experience spanning multiple sectors from high technology to government and many geographies Silicon Valley to India.

In India, regulations do not permit foreign auditing firms to operate. Hence KPMG carries out audits in India under the name of BSR & Co, an auditing firm that it bought. BSR & Co was an auditing firm founded by B.S. Rout in Mumbai. In 1992, after India was forced to liberalise as one of the conditions of the World Bank and IMF bailout, KPMG was granted a license to operate in India as an investment bank. It subsequently purchased BSR & Co and conducts audits in India under the name of this firm.

## **SYSTEM**

KPMG member firms provide services that can help organizations manage risk by facilitating its identification of risk and the design of effective controls. KPMG Business System Controls services help companies verify that optimal system controls relating to a major application implementation are in place and operating effectively. KPMG provides advanced integrated systems can help organizations design business processes that minimize costs. Risk management is a fundamental component of any large system implementation, regardless of whether applications are standard ERP packages (such as SAP, PeopleSoft or Oracle), or are custom-built to meet specific business requirements. The speed with which new systems are implemented is critical to profitability. As such, designing and implementing effective controls and security are not always emphasized. Such an oversight can lead to inadequate process controls, high levels of security risk, or other system failures. Four component services that can be delivered individually or in combination, depending on the project scenario:

- Business Process Controls – evaluation and design of system-based and manual controls around application business processes
- Information Security Controls – evaluation and design of information security controls to help provide effective, efficient, and secure access to information within the system.
- IT operational Controls – evaluation and design of controls associated with the operation, support, and maintenance of the technical environment.
- Data Quality/Integrity Controls – evaluation and design of controls associated with required master data set-up, data conversions, and data interfaces

KPMG BSC services can address the implementation life cycle for controls, from review and evaluation through to design and implementation. KPMG support various project scenarios with services such as:

- End-to-end support – Intended to support clients who are just beginning or are in the early stages of a major system implementation effort.
- Pre/post-implementation review – Geared toward clients who are in the final phase of a major system implementation effort.
- Specific client requests – Designed to assist clients who request the review of a specific control area within the context of their overall application environment

- Benefits

The design and implementation of efficient operational and financial controls within business processes. They make good use of the controls features available within the system while developing manual controls where needed. A focus on controls throughout the project life cycle where critical configuration and business-change decisions are made. Minimization of potential risks rising from control failures which may have an impact on Financial Statement Audit and may jeopardize company's internal controls effectiveness. A security approach that supports business process control objectives and protects sensitive information. The integrity of operational and financial information is maintained throughout the system transition. They evaluate the operational and financial implications of data cleansing, consolidation, and reconciliation differences during data conversion and system interface activities. Good practice IT control feedback based on our breadth of experience in IT risk management, system implementations, and information security.

## **SOFT ELEMENTS**

### **SHARED VALUES**

KPMG Values guide their behaviors day-to-day, informing how to act, the decisions they make, and how they work with each other, their clients, companies that they audit, and all their stakeholders. KPMG values create a sense of shared identity within the KPMG organization, which is a network of member firms in over 155 countries. It define what they stand for and how they do things. KPMG values help them to work together in the most effective and fulfilling way. It bring them closer as a global organization.

#### **We lead by example**

At all levels they act in a way that exemplifies what they expect of each other and their member firms' clients.

#### **We work together**

They bring out the best in each other and create strong and successful working relationships.

#### **We respect the individual**

They respect people for who they are and for their knowledge, skills and experience as individuals and team members.

#### **We seek the facts and provide insight**

By challenging assumptions and pursuing facts, they strengthen their reputation as trusted and objective business advisers.

#### **We are open and honest in our communication**

They share information, insight and advice frequently and constructively and manage tough situations with courage and candour.

#### **We are committed to our communities**

They act as responsible corporate citizens by broadening their skills, experience and perspectives through work in their communities and protecting the environment.

#### **Above all, we act with integrity**

They are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain their independence.

### **SKILLS**

The skills, knowledge and capabilities of their people are central to the success. That's why they are fully committed to developing a continuous learning culture – one where every experience adds to their professional confidence and builds their individual career capital.

Through state of the art technologies and alliances with third-party resources, they will be given the opportunity and the encouragement to expand their business knowledge and receive



additional support, whenever and wherever they need it. KPMG Business School offers access to the latest technical, business and leadership skill development. And even when they are not at a desk, there will always be a chance to learn the assignments they work on – as well as the talented people they work with will be yet another base for knowledge-building.

From the moment they join you, they will have a personal development plan tailored to their individual needs and ambitions. Incorporating a powerful combination of technical training, coaching and mentoring, industry secondments and skill-building programs. And when they reach key milestones – like becoming a new manager – they will make it a priority to celebrate their achievement and give them the tools they need to grow in the next phase of their career.

## **STYLE**

The participants' inherent leadership styles overwhelmingly leaned toward a leadership style KPMG calls “**Authentic Leadership**”, which is characterized by genuine relationships between teammates, decisions made equally on logical facts and gut feelings, and values-based management.

At KPMG, they recognize that having the right processes means nothing without the right people. In this section, they set out how they recruit, support and train their people to do the best job possible. One of the key drivers of quality is ensuring that their professionals have the appropriate skills and experience, passion and purpose, to deliver the highest quality in audit. This requires the right recruitment, promotion, retention, development and assignment of professionals. The KPMG performance development approach, linked to their values, is designed to articulate what is required for success — both individually and collectively. Ensuring audit quality is an essential element of the training, planning and development underway to support the KPMG Clara Workflow roll-out and the associated updated audit methodology, with processes embedded in all their learning programs.

“Our new 'Everyone a Leader' competency framework includes three simple principles that are easy to remember, they are asking all their people to 'Inspire Trust, Seek Growth and Deliver Impact'. These principles and the competencies that sit behind them help them to develop all their people through quality conversations in their goal setting discussions, performance reviews and everyday conversations.

## **STAFF**

KPMG was the preferred employer among the Big Four accounting firms according to CollegeGrad.com. It was also ranked No. 4 on the list of "50 Best Places to Launch a Career" in 2009 according to Bloomberg BusinessWeek. It was reported in early 2012 that KPMG has about 11,000 staff in the UK and 9,000 in mainland China and Hong Kong. KPMG's global deputy chairman predicted that headcount in China would overtake that of the UK by the end of 2013. KPMG's workforce broke the 200,000 barrier for the first time in 2018, reaching 207,050 employees worldwide. In 2019, the professional services company reported almost 220,000 employees, the highest ever. KPMG are one of the largest consultancy firms in the world, being one of the Big Four accounting consultancy firms. Their largest market is the EMA region (Europe, the Middle East, Africa and India), with over half their staff based there – although, the EMA region accounts for less than half their total revenue. The company is divided into main three service lines: advisory, audit and tax. Advisory, which includes consulting services for management, risk, deals and strategy, is the largest of the three services globally, although more revenue is generated from auditing services in North America and the Asia Pacific region.

## **PORTERS FIVE MODEL**

- Threat of New Entrants
- Bargaining Power of Suppliers
- Bargaining Power of Buyers
- Threat of Substitute Products or Services
- Rivalry Among Existing Firms



## **Threat of New Entrants**

- The economies of scale is fairly difficult to achieve in the industry in which KPMG operates. This makes it easier for those producing large capacities to have a cost advantage. It also makes production costlier for new entrants. This makes the threats of new entrants a weaker force.
- The product differentiation is strong within the industry, where firms in the industry sell differentiated products rather a standardized product. Customers also look for differentiated products. There is a strong emphasis on advertising and customer services as well. All of these factors make the threat of new entrants a weak force within this industry.
- The capital requirements within the industry are high, therefore, making it difficult for new entrants to set up businesses as high expenditures need to be incurred. Capital expenditure is also high because of high Research and Development costs. All of these factors make the threat of new entrants a weaker force within this industry.
- The access to distribution networks is easy for new entrants, which can easily set up their distribution channels and come into the business. With only a few retail outlets selling the product type, it is easy for any new entrant to get its product on the shelves. All of these factors make the threat of new entrants a strong force within this industry.
- The government policies within the industry require strict licensing and legal requirements to be fulfilled before a company can start selling. This makes it difficult for new entrants to join the industry, therefore, making the threat of new entrants a weak force.

How KPMG can tackle the Threat of New Entrants?

- KPMG can take advantage of the economies of scale it has within the industry, fighting off new entrants through its cost advantage.
- KPMG can focus on innovation to differentiate its products from that of new entrants. It can spend on marketing to build strong brand identification. This will help it retain its customers rather than losing them to new entrants.

## **Bargaining Power of Suppliers**

- The number of suppliers in the industry in which KPMG operates is a lot compared to the buyers. This means that the suppliers have less control over prices and this makes the bargaining power of suppliers a weak force.

- The product that these suppliers provide are fairly standardized, less differentiated and have low switching costs. This makes it easier for buyers like KPMG to switch suppliers. This makes the bargaining power of suppliers a weaker force.
- The suppliers do not contend with other products within this industry. This means that there are no other substitutes for the product other than the ones that the suppliers provide. This makes the bargaining power of suppliers a stronger force within the industry.
- The suppliers do not provide a credible threat for forward integration into the industry in which KPMG operates. This makes the bargaining power of suppliers a weaker force within the industry.
- The industry in which KPMG operates is an important customer for its suppliers. This means that the industry's profits are closely tied to that of the suppliers. These suppliers, therefore, have to provide reasonable pricing. This makes the bargaining power of suppliers a weaker force within the industry.

How KPMG can tackle the Bargaining Power of Suppliers?

- KPMG can purchase raw materials from its suppliers at a low cost. If the costs or products are not suitable for KPMG, it can then switch its suppliers because switching costs are low.
- It can have multiple suppliers within its supply chain. For example, KPMG can have different suppliers for its different geographic locations. This way it can ensure efficiency within its supply chain.
- As the industry is an important customer for its suppliers, KPMG can benefit from developing close relationships with its suppliers where both of them

### **Bargaining Power of Buyers**

- The number of suppliers in the industry in which KPMG operates is a lot more than the number of firms producing the products. This means that the buyers have a few firms to choose from, and therefore, do not have much control over prices. This makes the bargaining power of buyers a weaker force within the industry.
- The product differentiation within the industry is high, which means that the buyers are not able to find alternative firms producing a particular product. This difficulty in switching makes the bargaining power of buyers a weaker force within the industry.

- The income of the buyers within the industry is low. This means that there is pressure to purchase at low prices, making the buyers more price sensitive. This makes the buying power of buyers a weaker force within the industry.
- The quality of the products is important to the buyers, and these buyers make frequent purchases. This means that the buyers in the industry are less price sensitive. This makes the bargaining power of buyers a weaker force within the industry.
- There is no significant threat to the buyers to integrate backwards. This makes the bargaining threat of buyers a weaker force within the industry.

How KPMG can tackle the Bargaining Power of Buyers?

- KPMG can focus on innovation and differentiation to attract more buyers. Product differentiation and quality of products are important to buyers within the industry, and KPMG can attract a large number of customers by focusing on these.
- KPMG needs to build a large customer base, as the bargaining power of buyers is weak. It can do this through marketing efforts aimed at building brand loyalty.
- KPMG can take advantage of its economies of scale to develop a cost advantage and sell at low prices to the low-income buyers of the industry. This way it will be able to attract a large number of buyers.

### **Threat of Substitute Products or Services**

- There are very few substitutes available for the products that are produced in the industry in which KPMG operates. The very few substitutes that are available are also produced by low profit earning industries. This means that there is no ceiling on the maximum profit that firms can earn in the industry in which KPMG operates. All of these factors make the threat of substitute products a weaker force within the industry.
- The very few substitutes available are of high quality but are way more expensive. Comparatively, firms producing within the industry in which KPMG operates sell at a lower price than substitutes, with adequate quality. This means that buyers are less likely to switch to substitute products. This means that the threat of substitute products is weak within the industry.

### How KPMG can tackle the Threat of Substitute Products?

- KPMG can focus on providing greater quality in its products. As a result, buyers would choose its products, which provide greater quality at a lower price as compared to substitute products that provide greater quality but at a higher price.
- KPMG can focus on differentiating its products. This will ensure that buyers see its products as unique and do not shift easily to substitute products that do not provide these unique benefits. It can provide such unique benefits to its customers by better understanding their needs through market research, and providing what the customer wants.

### **Rivalry among Existing Firms**

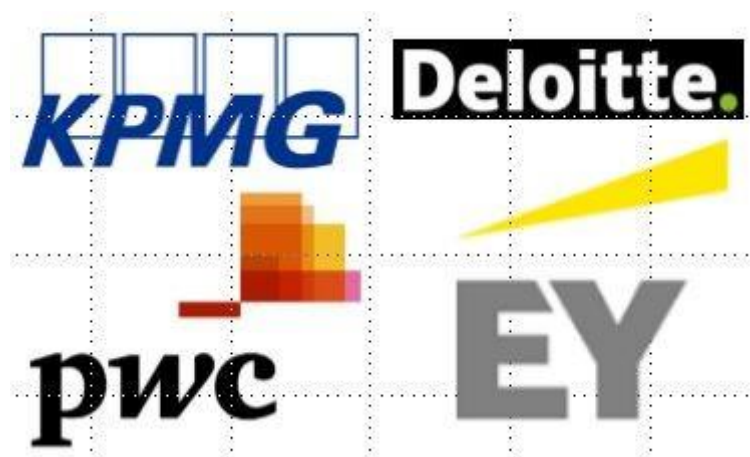
- The number of competitors in the industry in which KPMG operates are very few. Most of these are also large in size. This means that firms in the industry will not make moves without being unnoticed. This makes the rivalry among existing firms a weaker force within the industry.
- The very few competitors have a large market share. This means that these will engage in competitive actions to gain position and become market leaders. This makes the rivalry among existing firms a stronger force within the industry.
- The industry in which KPMG is growing every year and is expected to continue to do this for a few years ahead. A positive Industry growth means that competitors are less likely to engage in competitive actions because they do not need to capture market share from each other. This makes the rivalry among existing firms a weaker force within the industry.
- The fixed costs are high within the industry in which KPMG operates. This makes the companies within the industry to push to full capacity. This also means these companies to reduce their prices when demand slackens. This makes the rivalry among existing firms a stronger force within the industry.
- The products produced within the industry in which KPMG operates are highly differentiated. As a result, it is difficult for competing firms to win the customers of each other because of each of their products in unique. This makes the rivalry among existing firms a weaker force within the industry.
- The production of products within the industry requires an increase in capacity by large increments. This makes the industry prone to disruptions in the supply-demand balance, often leading to overproduction. Overproduction means that companies have to cut down

prices to ensure that its products sell. This makes the rivalry among existing firms a stronger force within the industry.

- The exit barriers within the industry are particularly high due to high investment required in capital and assets to operate. The exit barriers are also high due to government regulations and restrictions. This makes firms within the industry reluctant to leave the business, and these continue to produce even at low profits. This makes the rivalry among existing firms a stronger force within the industry.
- The strategies of the firms within the industry are diverse, which means they are unique to each other in terms of strategy. This results in them running head-on into each other regarding strategy. This makes the rivalry among existing firms a strong force within the industry.

How KPMG can tackle the Rivalry among Existing Firms?

- KPMG needs to focus on differentiating its products so that the actions of competitors will have less effect on its customers that seek its unique products.
- As the industry is growing, KPMG can focus on new customers rather than winning the ones from existing companies.
- KPMG can conduct market research to understand the supply-demand situation within the industry and prevent overproduction.



**CHAPTER - 4**  
**SWOT ANALYSIS**





## Strengths of KPMG:

- **Big Four :**

KPMG has several strengths. For one, they have “Big Four” accounting firm status. With this status, they are considered one of the biggest and best accounting firms in the world, and they enjoy being a top choice with both job seekers and clients.

- **Revenue Spread :**

The firm’s revenues are spread across many industries, which helps protect KPMG from business cycles and economic downturns.

- **Equality in the Workplace :**

KPMG’s Network of Women (KNOW) initiative helps KPMG reach their goal of being an employer of choice. KPMG has also been recognized as one of the 10 best places to work for working mothers by Working Mother Magazine and currently has a female CEO, Lynne Doughty.

- **Corporate Culture :**

Another strength of KPMG is their values-based corporate culture. The firm emphasizes integrity in their employees, and this is an important component in maintaining their reputation as a trustworthy firm.

## **Weaknesses of KPMG:**

- **Differentiation :**

KPMG has two main weaknesses. For one, they have a hard time differentiating themselves from the other “Big Four” firms. These firms all offer similar services to clients at similar rates.

- **Wrongdoing :**

The other main weakness is the harm that employee or firm wrongdoing can have on KPMG’s reputation. A KPMG partner, Thomas Avant, has recently been accused of using his insider knowledge as a mergers and acquisitions specialist to engage in insider trading, according to CFO Magazine’s website. Incidents like this can tarnish one of KPMG’s most important assets- their reputation.

## **Opportunities of KPMG:**

- **Acquisitions :**

KPMG is already an international firm, so their opportunities lie in emerging markets where they have little to no market share. They can do this most effectively through acquisitions, and this is something that they do pursue.

- **Attract and Retain Talent :**

Another opportunity is in growing their ability to attract and, more importantly, retain talent. Receiving awards and recognition for being a “best” place to work, promoting women to executive management positions, and their KNOW initiative all support this goal.

## **Threats of KPMG:**

- **Legislation and Regulation :**

The biggest threats to KPMG, and the accounting industry as a whole, are governmental legislation and regulation. The Sarbanes-Oxley Act (SOX) of 2002 was a major piece of

legislation enacted after Arthur Andersen's involvement in the Enron scandal, and changes in generally accepted accounting principles (GAAP) are still being made as a result of this.

- **Risk of Liability :**

There is also a high risk of liability due to legislation. Public accounting firms' liability in cases of wrongdoing can bankrupt them, which is what happened to Arthur Andersen as soon as they were accused of wrongdoing.

- **Employee Turnover:**

Another threat is employee turnover. Large public accounting firms lose employees to private industry and smaller firms due to long hours, performance pressure, and "busy season." Since human talent is their main input, losing talent can affect their competitive advantage.

**CHAPTER - 5**  
**ANALYSIS OF FINANCIAL STATEMENTS**

## ANALYSIS OF FINANCIAL STATEMENT

### Consolidated Profit and Loss statement

Particulars	Note	Sep 2018(in m)	Sep 2019(in m)	% of Change
Revenue	2	466,176	509,432	9.27%
Other income	5	20,044	20,971	4.62%
		486,220	530,403	9.08%
Costs of outsourced work and other external charges		47146	52,851	12.1%
Employee benefits expenses	7	242681	260,572	7.37%
Depreciation and amortisation	5,13,14	6684	8,019	19.97%
Impairment on trade receivables	17	-	-1,670	0
Other expenses	8	122,115	135,762	11.17%
Total expenses		418626	455,534	8.81%
Operating result		67594	74,869	10.76%
Share in result of non-consolidated associated companies	15	-1743	-2,210	2.26%
Impairment loss on non-consolidated associated companies	15	-	-2,383	0

Finance income	9	14	96	5.85%
Finance expenses	10	-3468	-6278	2.81%
Profit before income tax		62397	64,094	2.71%
Income tax expense	11	1,440	2077	44.23%
Fees payable to Cooperative KPMG U.A	12	60,873	61187	0.51%
Profit for the year		814	830	1.96%
Other comprehensive income after taxes			-	-
Total comprehensive income for the year		814	830	1.96%
Profit attributable to:				
Owners of the Company		814	924	13.51%
Non-controlling interest		-94	-64	-
		814	830	

### Consolidated Balance Sheet

Equity and liabilities		Sep 2018 (in m)	Sep 2019 (in m)	% of Change-
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Group equity	19			
Share capital		5500	5500	-
Share premium		13500	14940	10.66%
Reserves		14026	5472	(60.98)
Profit for the year		814	830	1.966%
Total equity attributable to equity holders of the Company		33174	26,836	(19.10%)
Non-controlling interest		-7977	-	0
Total Group equity		25197	26,836	6.50%
Non-current liabilities				
Loans and borrowings	20	20,027	34,847	74%
Employee benefits	21	2675	2,713	1.42%
Provisions	22	6080	372	(93.88)
Contract liabilities	5	28	7	(75)
Deferred tax liabilities	11	148	159	7.43%
		28958	38,098	31.56%
Current liabilities				
Loans and borrowings	20	46022	48,247	4.83%

Contract liabilities	5	132	68	(-48.8%)
Trade and other payables	23	83128	100721	21.1%
Income taxes	11		-	
Employee benefits	21	23483	29120	24%
Provisions	22	877	971	10.7%
		153742	185,427	20.6%
Total liabilities		182700	223525	22.34%
Total Group equity and liabilities		<b>207897</b>	<b>250,361</b>	<b>20.42%</b>
Assets				
Non-current assets				
Intangible assets and goodwill	13	18185	31,056	70.77%
Property, plant and equipment	14	10598	11,412	7.68%
Investments in equity accounted investees	15	4593	-	(1)
Other financial assets	16	1097	473	(56.88)
Contract assets	5	19	29	52.63%
Deferred tax assets	11	4105	2,933	(28.55%)



		38582	45,903	18.97%
Current assets				
Contract assets	5	1	38	37%
Receivables	17	133057	146,541	10.13%
Income taxes	11	1	-	1%
Cash and cash equivalents	18	36256	57,879	59.63%
		169315	204,458	20.75%
Total assets		<b>207897</b>	<b>250,361</b>	<b>20.42%</b>

## Ratio Analysis of KPMG

**Current Ratio:** The company's current ratio is 1.14:1 during the FY 2019 and 1.10:1 during the FY 2018. Current ratio is calculated to measure the company's short term liquidity, but here the current ratio remains same for both financial year.

Interpretation: If the current ratio standard form is 2:1, it means that the company has adequate current assets to settle its current liabilities, here the current ratio for FY 2019 1.14 than FY 2018 1.10

**Cash Ratio:** The Company's cash ratio is 0.31 for the FY 2019 and 0.23 for the FY 2018. Cash ratio is calculated to measure the company's ability to pay off short term liabilities with current assets, here the FY 2019 has more ability to pay the short term liabilities.

Interpretation: If the company has enough cash and cash equivalents and marketable securities to cover for current liabilities, the cash ratio will result in an amount greater than 1, here both years have not satisfied the requirement, but comparatively FY 2019 has earned more than the FY 2018

**Debt to equity Ratio:** The Company's debt to equity ratio is 9.3:1 for the FY 2019 and 6.2:1 for the FY 2018. The debt to equity ratio is calculated the weight of total debt and financial liabilities against shareholder's equity, here the FY 2019 liabilities has more liabilities compared to FY 2019.Equity

Interpretation: Debt to equity ratio standard form is 2:1, here the FY 2019 and 2018 has debt equity ratio of 9.3:1 and 6.2:1 respectively which means the company is borrowing more than the minimum ratio.

**Return on Equity Ratio:** The Company's return on equity ratio is 3% for the FY 2019 and 2.45% for the FY 2018. The return on equity ratio is calculated to measure how efficiency a company is using its equity to generate profit, here in FY 2019 the company has generated 3% profit than FY 2018.

Interpretation: ROI tries to directly measure the amount of return on a particular investment, relative to investment cost, here the FY 2019 has high returns of 3% when compared to the FY 2018 i.e.2.45%

**Return on Assets:** The Company's return on assets is 0.33% for the FY 2019 and 0.39% is for the FY 2018. FY 2018 has earned more return on assets than the FY 2019.

Interpretation: The return on investment gives investors an idea of how effective the company is converting the money it invests into net income. Here the FY 2019 is earning 0.33% is less when compared to the FY 2018 i.e. 0.39%, hence FY 2018 has earned more ROA than the FY 2019.

**Proprietary Ratio:** The Company's proprietary ratio for the FY 2018 65% is and for the FY 2018 is 60%the proprietary ratio has decreased in 2018Interpretation: FY 2019 has earned more when compared to the FY 2018.

### Cash Flow Statement

Particulars	September 2018	September 2019
Cash flows before movements in working capital and provisions	13,405	20,031
Cash flows (used in)/from operating activities	31,696	11,026
Net cash from operating activities	29,422	9,563
Net cash used in investing activities	-22,375	-12,516
Net cash from financing activities	14,576	14,743
Net change in cash and cash equivalents	21,623	11,790
Cash and cash equivalents at 1 October	36,256	24,466
Cash and cash equivalents at 30 September	57,879	36,256

#### Current Valuations of KPMG

- The trailing twelve- month earnings per share (EPS) of the company stands at 15% , an improvement from the EPS of Rs 14.8% recorded last year
- The price to earnings (P/E) ratio, at current price of 366.6 , stands at 371.62% times its travelling twelve month earnings
- The price to book value (P/BV) ratio at current price levels stands at 21.8 times.  
The company's price to cash flow (P/CF) ratio stood at 61.6 times its end of the year operating cash flow earnings

**CHAPTER – 6**  
**LEARNING EXPERIENCE**

## **LEARNING EXPERIENCE**

It was very good experience to do an organization study on KPMG. Through this study I got a clear idea about functioning of organization, Information about the board of directors, company's history and growth, vision, mission, objectives, future plans etc. I understood that they concentrate more on tax, advisory and consultation and customer satisfaction.

I was able to utilise and engage the knowledge and skills gained during the organisations study.

The guidance, support, feedback and useful suggestions provided by my guide helped me to successfully complete this organisation study. This organisation study helped me a lot to know that how successfully they move their business forward.

## **BIBLIOGRAPHY**

[www.kpmg.com](http://www.kpmg.com)

[www.home.kpmg.com](http://www.home.kpmg.com)

[www.assests.kpmg.com](http://www.assests.kpmg.com)

## WEEKLY PROGRESS REPORT

Student Name	POOJA M
USN	1CR19MBA62
Title of the Study	Study on success of KPMG
Organization	KPMG
<b>WEEK-1</b>	
Duration (start date - End date)	<b>6.8.2020 - 12.8.2020</b>
Chapter's covered	Chapter 1 and Chapter 2
Descriptions of activities performed during the week	Introduction to organization, Industry profile and company profile
<b>WEEK-2</b>	
Duration (start date - End date)	<b>13.8.2020 - 18.8.2020</b>
Chapter's covered	Chapter 3
Descriptions of activities performed during the week	McKensy's 7S framework, Porter's Five Force Model.
<b>WEEK-3</b>	
Duration (start date - End date)	<b>19.8.2020 - 26.8.2020</b>
Chapter's covered	Chapter 4 and Chapter 5
Descriptions of activities performed during the week	SWOT Analysis and analysis of financial statements
<b>WEEK-4</b>	
Duration (start date - End date)	<b>27.8.2020 - 30.8.2020</b>
Chapter's covered	Chapter 6
Descriptions of activities performed during the week	Learning experience and Bibliography

*Pooja M*

**Signature of the Student**

*Maigumeltra S*

**Signature of the Guide**