



ANRANK & CO.
CERTIFIED PUBLIC ACCOUNTANTS

TECHNICAL & FINANCIAL PROPOSAL

(Including the profile 2016)

**FOR PROVISION OF EXTERNAL AUDIT SERVICES & TAX
CONSULTANCY.**

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TABLE OF CONTENTS

SECTION A- TECHNICAL	2
ANRANK & CO	2
MISSION	3
ANRANK & CO. ASPIRATIONS	3
ANRANK & CO. PROPOSED AUDIT METHODOLOGY	3
Audit Covering Financial Accounting, Documentation, Management & Reporting.....	4
Core Competences	5
Revenue & Expenditure	5
Non Current Assets (Fixed Assets)	6
Cash and Bank Balances	7
Inventories	7
Receivables (Debtors)	8
Payables (Creditors)	9
Group balances/loans (If applicable).....	9
Loans.....	9
Reserves	10
Contingent Liabilities	10
Audit Covering Management Issues	10
Tax Compliance Review	10
KEY STAFF PROPOSED FOR THE ASSIGNMENT	10
SECTION B - FINANCIAL PROPOSAL	12
Basis of Financial Proposal	13
Contact Address	13

SECTION A- TECHNICAL

ANRANK & Co.

ANRANK & Co. was established in April 2010 as a full service auditing, accounting and consulting firm. It is a growing professional services firm in Uganda that offers meaningful business advice in areas such as auditing, tax planning, tax returns, corporate recovery, business development consulting, business roundtables and a full range of accounting services.

Our firm is comprised of accountants and business minded persons that practice in different areas aiming to deliver an exceptional standard of comprehensive business advice in a multidisciplinary framework. ANRANK & Co is becoming one of the fast growing and best-positioned accounting firms in the country. It caters to a wide variety of clients ranging from individuals to corporations, enterprises and Government establishments and entities.

ANRANK & Co. has one of its partners as a Certified Adviser of Sage One Accounting Software. Therefore we have also partnered with Sage one to sale Sage one Pastel and train our clients in

Sage One Pastel Accounting Software together with other Accounting Packages.

ANRANK & Co is investing in leading edge knowledge management technologies that allow its members (staff) to share collective knowledge and experience from other global audit and consulting firms to input into our processes and advice. This investment has enabled the firm to provide full- scope services that uphold quality, reliability and accountability standards that ANRANK & Co is aspiring for.

The quality of our services has attracted some firm clients including the Auditor General, who has given us favourable ranking and audit assignments to undertake on his behalf. This favourable ranking that is accruing to the firm is based on our reputation for rapid response to client assignments, provision of efficient and effective business solutions across a range of practice areas.

The Firm's passion is to provide insights to businesses that lead the owners and the organisation to financial well-being. Our goal is to deliver services that exceed our client's expectations and anticipate their future needs in a professional, fast and cost –efficient manner.

MISSION

Our mission is to serve our clients by providing them with the highest level of expertise and professionalism possible.

ANRANK &CO. ASPIRATIONS

ANRANK & Co. has set out to become one of the national leading advisory service providers of choice and convenience. The aspiration is reflected in the firm's mission statement.

The current business-operating environment is continually changing. Clients are becoming more sophisticated and are demanding more industry specific advice. To successfully meet these needs, ANRANK & Co has adopted an approach to providing tailored and specific client service.

Essentially, our approach calls for our professionals to operate in multidisciplinary groups that focus on key clients needs and become their business advisors of choice available at any time of need.

ANRANK &CO. PROPOSED AUDIT METHODOLOGY

We have developed a clear audit methodology that defines current audit 'best practice' based on International Standards on Auditing. Our deduced audit opinion and professional advice are aimed

at providing a value added service to our clients.

The approach entails a thorough understanding of the core business operations, management, policies and controls by holding discussions with various key stakeholders associated with the organisation. This leads us to document and test the internal controls, evaluate whether those controls provide assurance that the organisation's assets are safeguarded from unauthorised use or disposition, and reliable financial statements are prepared.

We review with you the key significant risks, the risk management policies, the business control environment and how they may affect the business operations and ultimately the performance of the organisation and the audit procedures we follow.

Audit Covering Financial Accounting, Documentation, Management & Reporting

- Review accounting controls: general controls, internal accounting controls, requisition and approval processes;
- Review expenditure to ensure that funds were used in accordance with the company's needs and objectives;
- Review the process for documentation and record-keeping of expenditures of the company.
- Review financial reporting: Financial Statements are prepared in accordance with International Financial Reporting Standards, Company's Act and GAAPs.
- Review all material expenditures to ensure that they met the principles of efficiency, effectiveness and economy. Any deviations are documented and reported.

Core Competences.

- Growing business.
- Increasing Profitability.
- Improving Cash flows
- Protecting Assets.
- Tax Compliance & Minimising Tax.
- Leaving a legacy.

Services We Provide.

- Accounting, Financial & Tax Advisory
- Company Secretarial Services.
- Accounting Systems Advisory.
- HR & Payroll Advisory
- Insurance Advisory.
- Risk Advisory.
- Training.
- Company Valuations.
- Statutory Returns.
- Sage Pastel Sales, Installations, Training & Consulting

Detailed tasks we perform

All the procedures described below shall be used in relation to the Company's established Policies and Procedures. Reference is also to be made to the Memorandum and Articles of Association, Company's Act, and appropriate Government Acts and Regulations that regulate your business operations. Deviations from the provisions of the respective Policies and Procedures, Acts and Regulations shall be explicitly noted for the audit report and management letter report.

Revenue & Expenditure.

Systems work

We shall test the following controls over Revenue & Expenditure:-

- Document the Revenue & Expenditure cycles and make walk through tests to ensure they operate as intended
- Review Reconciliations of financial statements to the trial balance, general ledger, and ensure that any variance is documented and explained.
- Document the Procurement cycle and test its operation and efficiency
- Document our understanding of the transactions of major account balances and make walk through tests to ensure they were performed according to approved procedures & regulations.

Substantive Audit Procedures

Revenue

- Ensure Financial Statements (TB) amounts are agreed to general ledger.

- Perform analytical review of major account balances and seek explanations for any variances.
- On a sample basis, agree transactions from source documents to the respective sub-ledgers and vice versa.
- Vouch material transactions.
- Cast all lead schedules and ledgers and conclude on the findings
- Analytical review of revenue against the annual work plan/planned budget

Expenditure

We obtain the income statement and perform the following tests:

- Ensure trial balance figures are agreed to general ledger/books of account
- Analytical review of expenses against the annual work plan/planned budget.
- Vouch all material transactions to supporting documents (materiality level are determined after getting respective financial statements), including accountability documents.
- Ensure the income statement figures are agreed to general ledger/books of account
- Make field visits to cross check some of those expenditures that require field visits

Non Current Assets (Fixed Assets)

We shall obtain a status of inventory report/ register and make analysis of additions and disposals as follows:-

Additions

- Vouch additions to supporting documents ensuring they were properly authorised and conform to the approved Annual Work Plan
- Physically verify assets with material cost
- Inspect documents of title.

Disposals

- Vouch disposal proceeds to the cash book and ensure disposals have been authorised and conform to Board resolution and guide lines and the approved Annual Work Plan.
- Ensure assets have been eliminated from the books

Obtain the status of inventory schedule and perform the following tests:-

- Check casts

- Agree additions and disposals to supporting documentation
- Agree closing balances to the ledger/books of account

Review repairs and maintenance accounts for any possible misclassifications.

Review the use and control of the logbook of Company's vehicles;

Review the adequacy of the management and use of all non expendable equipments

Cash and Bank Balances

Systems Work

We shall obtain a list of Bank accounts operated by the Company and perform the following tests whether:-

- Banking slips are reconciled to the bank statement.
- Bank reconciliations are prepared and reviewed by a responsible official;
- Ensure payment authorisation levels are appropriately communicated and adhered to

Substantive Audit procedures

We shall obtain year-end bank reconciliations and:-

- Agree balances to the cash book and the bank statement
- Review subsequent clearance of reconciling items.
- Obtain bank confirmations from Commercial banks where accounts are held
- Check casts of cash book

We shall review cash book for unusual items

We shall obtain petty cash-count certificates

Inventories

Systems work

Test the following high level controls over Inventories:-

- Reconciliation of Inventory ledgers to general ledger
- Reconciliation of Inventory ledgers & Inventory count results

Substantive audit procedures

Perform sample counts and agree the results to Inventory take results and our sample counts.

Obtain year end Inventory valuation schedules and:-

- Agree the quantities to clients rough count sheets.
- Compare cost to the latest purchase invoices/costing sheets
- Cast the schedules
- Ensure Inventory ledgers and/or Inventory cards have been updated to reflect year-

end Inventory take results.

Obtain confirmation for Inventory held by third parties

Carry out the following analytical procedure:-

- Compare Inventory balances against budget and seek explanation for major variations.

Ensure adequacy of Inventories write-offs by:-

- Ensuring all Inventories identified as damaged, obsolete or poor quality have been written off.

Receivables (Debtors)

Systems work

Test the following high level controls over sales and receipts:-

- Reconciliation of debtors' ledger to general ledger.
- Bank reconciliation and review by a responsible official.
- Credit control function.
- Bad debts provision policy

Substantive procedures

We perform the following analytical review procedures:-

- Review the balances against previous year's balances and explain the major variances.
- Review debtors ageing profile against previous year and explain major variations.

We consider circularising trade receivables at year end

Obtain year end receivables listing and:-

- Agree to the general ledger;
- Review subsequent receipts / invoices

Ensure adequacy of receivables provisions by:-

- Ensuring receivables whose collection is considered doubtful have been provided for.
- Ensure any disputed debts have been provided for.

Staff loans and receivables

- Obtain confirmation

Prepayments

- Re-compute significant prepayments

Other receivables

- Compare to prior year and seek explanations for significant variances
- Vouch significant balances to supporting documentation
- Review recoverability and assess the need for a provision

Payables (Creditors)

Systems work

Test the following high level controls over purchases and payments:-

- Reconciliation of purchases ledger to general ledger
- Bank reconciliation and review by a responsible official
- Supplier statement reconciliation
- Reconciliation of creditor ledger to GL

Substantive procedures

We perform the following analytical review procedure:-

- Review the balances against the previous year balances and explain the major variances.

We obtain year end creditors listing and:-

- Agree to the general ledger
- Review payments after year end and ensure any payments relating to purchases before year end have been accrued for.

For a sample of major suppliers, we obtain the payables/creditors reconciliations, agree balances to the suppliers listing and supplier's statement respectively. Vouch reconciling items to supporting documents.

Review unprocessed invoices file and ensure that purchases before year end have been accrued for

We test other creditors and accruals by reviewing against previous year balances or vouching against the supporting documents

Group balances/loans

Systems work

Test the following high level controls over purchases and payments:-

- Regular reconciliation of Group Balances and follow up on reconciling items

Substantive procedures

Obtain confirmations and agree balances due from/to the group companies.

Review reconciliations of group balances where balances do not agree

Ensure group balances are eliminated on consolidation

Loans

We review the various loan agreements ensuring all conditions and terms are being adhered to.

We obtain direct confirmation from loan providers

Review disclosure in the accounts

Reserves

Review board minutes and statutory books.

Re-check accuracy of the movements in reserves and check proper authorization

Ensure share capital & shares' sales proceeds (if any) are appropriately disclosed. Agree details to shares' sale agreement.

Contingent Liabilities

Write to and obtain listings of on going court cases for possible contingent liabilities from the company lawyers

Obtain company secretary assessment on all contingent cases and assess the need for a provision

Ensure appropriate disclosure is made in the audit report

Audit Covering Management Issues

We shall review the management structure and the procedures for the staffing, internal controls and record-keeping systems to ensure that they are timely, adequate, and meet the needs of the Company in an effective and efficient manner;

Tax Compliance Review

Through our multidisciplinary tax team with interdisciplinary knowledge, we offer a wide range of tax advisory, tax planning, and compliance services.

Our approach is designed to provide high value added tax advisory services and translate knowledge into value for your benefit. Our recommendations, enable you implement corporate and operating structures that are tailored to the company's needs, taking into consideration current tax regulations and the tax burden.

We shall review your current policies and provisions for Income and Corporation tax, VAT and PAYE taxes. When required, we negotiate with URA in respect to agreeing the proper tax treatment for different business transactions.

KEY STAFF PROPOSED FOR THE ASSIGNMENT

Our staff has relevant experience and exposure gained through their work with reputable audit and consultancy firms, public organizations and non-government organizations. Below is a list of key staff proposed for the assignment?

Staff Name	Basic Education & Professional Qualification	Age	Experience	Position of assignees
Lubega Amos	B.Com (Accounting), CPA (U) MSC ACCTG& FIN (MUK).	38	11	Partner
Serwadda John	CPA (U), DIP BA	45	10	Partner
Ntale George	CPA (U) DIP BA MBA (MUK) .	42	7	Audit supervisor
Faridah Nakyobe	DIA	24	2	Audit Assistant
Simon Olar	BCOM.(Accounts) /CPA 2	35	9	Audit Manager.
Nantale Kalungi	Bsc Fin (MUK) , CPA(U) II	28	3	Audit Assistant
Arinaitwe Alex	CPA, MBA	38	2	Auditor.
Namayanja Hanifa	B.COM /CPA	29	8	Audit Senior

Major Clients with Similar Assignments

Company Name	Industry	Average turnover
Data fundi Ltd	ICT Consultancy	UGX 1.5BN (USD 800,000)
Hurst fold (U) International	Generator sales & repairs	UGX 2.5 Bn (USD 1.2m)
Makerere ICT Forum	ICT Consultancy & Construction	UGX 1.BN (USD 500,000)
Commercial Farms of Uganda ltd	Agricultural Processing.	UGX 3.5BN (USD 1.8 millions).
Knoltech Construction Ltd	Construction & Civil Works	UGX 1.5BN (USD 800
Travel Technologies (U) Ltd	Airline ticketing	UGX 2.1BN (USD 1.1 million)
St Francis's Hospital Nkokonjeru.	Health	1Billion
Aid Africa	NGO	

Centre for evangelism	NGO	
Centre for performing artists	NGO	
Savenet SACCO	SACCO	1.1 Billion
Elohacopo Foundation	NGO	
Kagga investment	Company	950 Million
Kakaire one step	Company	770 Million
Kiwangala co-operative trust SACCO	SACCO	860 Million
Motto technical services	Company	
Bureau Veritas (Uganda)limited	company	1.4 Billion
St Elizabeth School of health professionals	School	1.2 Billion
Cardinal Nsubuga Sec-School	school	900 Million
Twekobe Transporters	company	800 Million
SRI Bajaji Beverages	Company	600 Million
NUDIPU	NGO	
WOMENA	NGO	
International Institute Of Health Sciences	Institute	200Million
Velfed Junior School	School.	160 Million
TAIP	NGO	
St Moses Children's Centre	NGO	
USTAV	Company	450 Million
Interlink Forex bureau		700 Million
<u>Naguyo traders</u>	Company	<u>450 Million</u>

SECTION B - FINANCIAL PROPOSAL

Basis of Financial Proposal

Our fees for all assignments performed for the client are based on the number and seniority of staff required, the degree of skill and responsibility involved and the resources required to complete the engagement, location of the assignment, geographical disparity of places to be visited, among others are used to determine the charge out rates.

Contact Address

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Serwadda John

MANAGING PARTNER

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CERTIFIED PUBLIC ACCOUNTANTS