

EXECUTIVE SUMMARY

JOSHUA EKELE & CO is a reputable firm of Chartered Accountants and Tax Consultants. The strong points of our Interest are based on the following:

- ❑ We are an autonomous firm and not under any control of any executive arm of any government.
- ❑ We have a code of professional and ethical conduct applicable to all our staff and this code is frequently updated.
- ❑ Our work is guided and performed in accordance with generally accepted Accounting and Auditing standards.
- ❑ Our officers and staff have extensive experience in the performance of work in conformity with our Local and International Standards.
- ❑ Our professional staffs attend Continuing Professional Education and training of at least two weeks every year for knowledge update.
- ❑ We prepare extensive and comprehensive work plans, coordinate and communicate this with management of the organisation.
- ❑ Our methodology conforms to best practices.
- ❑ We also implement adequate quality assurance procedures and programmes to ensure that our work is always of high standard.
- ❑ We offer competitive fees for all our services.

1. INTRODUCTION

JOSHUA EKELE & Co. is a firm of chartered Accountants specializing in Auditing of statutory public corporations, Public and privately owned companies and Institutions in key sectors of the Nigerian Economy. We have a dedicated team of professionals with several years of experience.

All the partners of JOSHUA EKELE & CO spent several years as Audit staff with reputable Accounting firms in Nigeria.

While with these firms, they were involved in various aspects of auditing including management consultancy. During their stay in these firms, the partner and other associate Consultants envisaged the possibility of developing a more personal service tailored specifically for the Nigerian Market place. To achieve this, a highly professional, ethical oriented and Lean structured organization is required.

Therefore Joshua Ekele & Co was licensed in November 2007 and commenced business immediately.

Corporate Head office:

**SECOND FLOOR 8/9 CONSTITUTION ROAD,
OPPOSITE KIMBO HOTELS LTD, NEXT TO KHEMSAFE
BUILDING
KADUNA
CONTACT TEL: 0803-590-2458, 0805-122-7793**

THE FIRM

Background of the firm

JOSHUA EKELE & Co. (The Firm) a partner firm of Chartered Accountants was licensed in Nigeria in 2007. The firm engages in public audit, accountancy and other incidentals and complimentary professional practices as in the following synopsis.

2.1.2 Audit and Accountancy

Auditing is the mainstay of our practice and this is independent examination of the books of accounts in order for us to express our professional opinion. The accounting services we provide include setting of clients Accounting systems, preparation of Standard Manual of Accounting and the implementation including trainings.

2.1.3 Tax Consultancy

This includes Tax Planning and Advice for all categories of our clients. We also advice the client on the effect of Government Financial Regulations affecting Tax Liabilities. We provide comprehensive service on taxation for corporate bodies, Partnership, individuals, Trust and Non-resident persons in the following areas:

- ❖ Obtain Companies Income tax clearance Certificate (T.C.C.)
- ❖ Obtain personal income tax clearance certificate
- ❖ Advising clients on compliance with P.A.Y.E Tax scheme
- ❖ Advising clients and providing regular information on tax change through publication.
- ❖ Obtaining pioneer certificates for industries(tax holidays)
- ❖ VAT registration and filling of returns on behalf of clients

We also assist State Governments to boost and accelerate their internal revenue generating potentials.

2.1.4 Management Consultancy

We have a high caliber team of experts in our Management Consultancy unit. Our team has been developed with a perfect understanding of the Nigeria Business environment and its dynamics in accordance with globally mobile economic environment. Our range of service in this unit includes:

- Funds negotiations, loan repayment and rescheduling
- Feasibility reports and business plan
- Entitys design, implementation and packaging for financing
- Entity management/ risk analysis
- Training
- Systems review in organization to determine the adequacy of current systems and suggested improvement if any.

2.1.5 Mergers and Acquisitions

We advice client in all aspects of mergers and acquisition. We also assist these companies to carryout post merger or acquisition evaluation in order to ensure that the synergistic gains envisaged while embarking on the exercise are being optimized.

2.1.6 Receivership and Liquidations

We act as receivers and/or managers of companies both in restructuring or liquidation in accordance with the companies and Allied Matters Act 1990. Our partners have acquired tremendous experience on this, having worked with several companies in this area.

Prepared By: Joshua Ekele & Co (Chartered Accountants),

Tel: +234 (0) 8035902458 or (0)8051227793

Email: joshuaekele2007@yahoo.com

2.1.7 Prospectus reporting

We prepare prospectus accountants' report or other statements in connection with public or private issues. This is an independent examination and report in order to provide information to intending investors. The reports could be on existing public organization seeking re-capitalization or for a new issue. It helps to affirm claims by the management and summarise other third party assessments of the business concern.

2.1.8 Information Technology Services

Development of information Technology Plan, which addresses how organizations use Information Technology for improving customer service delivery

Evaluation, Selection and installation of packaged systems that meet organization's information needs.

The firm become highly involved in Information Technology Consultancy to pursue an integrated approach to finding solutions to Information Technology (IT) problems by focusing on the enhancement of information processing, storage and retrieval in an efficient and effective manner using best internationally available system.

The strategy being applied by the partnership in pursuing the above mission is:

The evaluation and identification of information technology and accounting problems, proposing and implementing optimum solutions.

- ♦ Application of best value, 'future proof' hardware (PC's Notebooks and Servers) that give minimum Total Cost of Ownership (TCO)
- ♦ Supply of versatile, adaptable and user friendly systems software
- ♦ Delivery of installation, training and maintenance programmes that ensure maximum value for money on IT investment.

FIRM'S PROFILE:

2.2 PERSONNEL

The firm as at today is structured along the following lines.

<u>S/N</u>	<u>PROFESSION</u>	<u>NUMBER</u>
1.	Chartered Accountants	4
2.	Others (Administrative, Professional and Non Professional Staff)	<u>15</u>
	TOTAL	—— 19

The firm is blessed with a crop of dedicated young professionals with several years of experience. These professionals are regularly trained to meet the latest developments in the profession.

2.3 FACILITIES/EQUIPMENTS

The following facilities and equipments are available within the practice:

- *A well furnished air conditioned office for all categories of staff.
- *Computer room for all processing activities such as typesetting, scanning, photocopy, internet services etc.
- *Library well stock with adequate professional Materials and books for staff development and professional training.
- *Other facilities are :TV, Electronic material and e.Mail Facilities and a standby Generator.

3.0 Audit Objectives.

The objective of the audit is to express a professional opinion on the Financial Statements. These Financial Statements, among others, consist of:

- (a) A comprehensive statement of income
- (b) Statement of financial position and
- (c) Cash Flow Statement
- (d) Statement of change in equity
- (e) The accounting Policy adopted and any other information.

They are also required to express a professional opinion on the soundness of the:

- * systems of internal control,

- *and compliance with the applicable rules and regulations.

The financial audit is carried out in accordance with International Standards on Auditing (ISA) and includes such tests and auditing procedures as the auditor considers necessary for the assignment.

4.1.2 Understanding and recording a client's system.

We recognized that an understanding of the accounting procedures followed by a client and the controls which were imposed in the system is an essential part of our audit since until we have done this; we cannot determine the audit procedures to be applied. Our practice is to obtain details of the workings of the accounting system by discussion with clients personnel and to record the system in the form of overview and system's flowcharts. In cases where flowcharts are not appropriate, we use narrative notes.

In cases where the clients has his own records either in the form of flowcharts, notes on the system or Accounting manual, we would seek to use this documents as a basis of our understanding to the maximum extent practicable.

4.1.3 Evaluation of Internal control

The evaluation of the internal accounting controls forms a major part of the Firm's Audit approach because it enables us to determine whether an accounting system followed by a client contains controls which, providing they can be shown to be operating in a financial period, effect the nature of audit work to be carried out and the level of audit work which is necessary. The existence of controls will also affect the time at which audit work is carried out e.g. during the year or at the year end.

Our evaluation procedures are designed to identify each type of control because they will determine our ability to rely on the internal control as a whole and therefore the extent to which we will need to carry out detailed audit work.

Our Audit documentation has been designed in such a way that these controls are identified at each stage of the audit, and is appropriate for both clients with a well developed system of internal accounting controls, as well as those client which cannot be expected to have a comprehensive system of internal control, usually because of the small size of their accounting staff.

Our Audit documentation can therefore be easily adapted to any size of client although the principle on which it is based will be the same. Therefore at the beginning of the audit, our procedures requires that we make a decision for each part of the Accounting system as to the appropriateness of parts of our audit documentation to our different clients. In each case we will probably record the system by means of flowcharts.

Our audit documentation is devised in such a way that any weaknesses in controls are recorded and therefore the impact on the accounts and our audit is evaluated. These matters are subject to critical review by the audit manager and audit partner since it is our experience that careful judgement is required at each stage in our audit work.

4.1.4 Test of the system

After we have evaluated the accounting system, we decide on which accounting controls we wish to place reliance for the purpose of our audit. We then

proceed to test that those controls have continued to operate satisfactorily throughout the period under review in order that we may reasonably reduce the level of our work on the relevant balance sheet amounts.

Where we decide not to carry out test of the system at the interim audit stage, we will of course have to extend our work on the balance sheet. The judgment as to which course to adopt will be based on our own experience, and will be subject to critical review at each stage by the field staff, manager and partner.

In cases where we decide that it will be more efficient to increase our work on the balance sheet rather than carry out test of accounting controls in a particular period, we would of course extend our scrutinies on the accounts in the period to ensure that all significant matters of relevance to our audit were reviewed.

4.1.5 THE SCOPE OF WORK

The annual audit should be carried out in accordance with international standard on Auditing to:

- (a) Verify that the transactions comply in all material respects with any applicable Standard;
- (b) Carry out tests of transactions as are necessary, in order to obtain an understanding of the accounting system, to assess its adequacy as a basis for the preparation of the financial statements and to establish whether adequate records have been maintained as required by Financial Manual and applicable rules

4.1.6 Audit Report.

Provide primary opinion on the Financial Statement. Annual audit report in addition should comment on the accuracy and propriety of expenditures.

1. The opinion on the Financial Statements shall contain:

FIRM'S PROFILE:

- (a) A professional opinion on the financial statements and supporting schedules as regard to their true and fair view;
- (b) Accounting standards and Regulations that have been applied indicating the effect of any deviations from them;
- (c) The International Audit standards that were applied;
- (d) Whether the Cash Flow Statement and supporting schedules present fairly the cash receipts and disbursements of the funds and they were utilized for the purpose for which they were intended for;

4.1.7 Management Letter

The auditor should prepare a "Management Letter" to show the strength and weaknesses observed in the internal control set by management with appropriate recommendation on improvements.

The Management Letter, among others, shall contain:

- (a) Comments and observations on the accounting records, systems and controls that were examined during the course of the audit;
- (b) Specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement;
- (d) Matters that have come to our attention during the audit which might have a significant impact on the organization.
- (e) Areas of risk that need to be flagged out to management; and
- (f) Any other matters that the auditors consider pertinent to be brought to the attention of the owners.

GENERAL APPROACH

Our Audit approach will entail four separate interventions:

5.4 Management and Operational Review

1. Review the current and future accounting and management information requirements of the Entity and the extent to which the Entity is organized to fulfill those requirements.
2. Review in detail the main roles, responsibilities and limits of authority of both senior and junior positions within the Finance department.

3. Examine the methods of working within the Finance Department, with specific reference to the scheduling of work, allocation of priority tasks, distribution of work amongst staff and the effectiveness of management supervision and delegation.
4. Assess the appropriateness of staffing levels within the Finance Department, the levels of expertise and the mix of skills available.
5. Assess the scope of improved efficiency of accounting procedures by the introduction of office aids and equipment.
6. Review the accounting and book-keeping systems and procedures for adequacy and efficiency.
7. Examine procedures for recording and safe-keeping of all revenues.
8. Examine disbursement procedures and its compliance with the laid down procedures.
9. Review procedures for acquisition, recording, custody and disposal of fixed assets.
10. Review the management of restricted/surplus funds.

Our findings will principally be used in planning our detailed audit work to guide our audit team in the selection and performance of appropriate tests to establish whether key controls are functioning effectively during the period.

5.5 FINANCIAL AUDIT

The objective of the financial audit would be to enable us to express a professional opinion on the Entity financial statements for the year and of the funds received and expenditures incurred during this period.

We would undertake both compliance and substantive testing procedures, as appropriate, as well as carrying out a review of those internal control

FIRM'S PROFILE:

mechanisms established by the Entity to ensure the probity of transactions, the accuracy and reliability of financial reporting and the safeguarding of the assets. We would undertake such tests and programmes as we consider necessary to ensure that the financial statements as presented represent a true and fair view of the financial condition and the financial performance of the Entity.

At the inception of the audit, our team would meet in order to establish common standards in relation to:

- The detailed methodology that would be adopted;
- The reporting requirements; and
- The overall quality in the execution of the contract.

We consider that the initial stage of the audit will have a significant impact on the successful completion of the remaining phases. We envisage that the Entity analysis and review will involve the accumulation and assimilation of specific background knowledge. This would in-turn provide the team members with appropriate detailed knowledge and understanding of the Entity.

We would interview the senior management including heads of departments together with representatives of the organizations providing technical assistance to the Entity. In doing so, we would obtain essential background information regarding the Entity, which would be valuable in determining our precise approach to the remaining phases of the audit.

Within this framework, we would propose to undertake the Financial Audit aspects of this assignment in five sequential steps as follows:

**Prepared By: Joshua Ekele & Co (Chartered Accountants),
Tel: +234 (0) 8035902458 or (0)8051227793**

Email: joshuaekele2007@yahoo.com

- i) detailed audit Planning of the engagement, including overview of the Entity operations and activities and discussions with management;
- ii) An internal control evaluation to review the adequacy and reliability of the internal controls which the Entity has instituted to monitor and control financial operations and to safeguard its assets;
- iii) Audit assurance procedures designed to assess the adequacy of the Entity's accounting systems and ensure the accuracy and probity of the financial statements;
- iv) Preparation and presentation of the audit report;

5.6 post-audit review.

The methodological approach we would apply in respect of each of these steps is detailed in the following section.

Audit Planning

Quality planning leads to a quality audit; in order for an audit to be undertaken efficiently and effectively, the audit planning process requires a combination of experience and foresight, all applied within a pre-determined methodological framework. Our team has all the necessary experience, both in Nigeria and internationally, and they would provide the framework within which the detailed planning of the audit would be carried out.

5.7 Assessment of Management and Internal Control Procedures

Control Environment

Our understanding of the control environment is important in determining the appropriateness of relying on underlying internal control procedures. We would evaluate:

- The Entity's environment and culture; and
- Entity personnel commitment in operating reliable accounting systems:

We would consider:

- The organisational structure;

FIRM'S PROFILE:

- Methods of organising authority and responsibility;
- Supervision and monitoring; and
- Management control methods.

5.8 Risk Assessment

The risk assessment process would enable us to identify specific risks associated with particular transactions and develop an audit plan that would address those risks.

We would consider separately each significant account, recognize the material classes of transactions included in it and identify any factors that increase the risk of error or misstatement.

We would consider risks associated with:

- An unreliable accounting system;
- Non-systematically processed transactions;
- Transactions with special characteristics; and
- Any other risks identified during the planning stage.

5.9 Tests of Controls

In order to determine whether we can rely on the identified controls, we would perform tests to confirm that the controls have been operating effectively and consistently throughout the period under review.

If our tests confirm that the controls are effective, we would reduce the level of our substantive testing. If, however, we conclude that the controls are not effective, prima facie we should not rely on them, and would carry out detailed substantive testing.

5.10 Substantive Tests

As explained above, the extent of substantive testing of transactions in relation to the physical and financial flows of the Entity would depend upon the results of the tests of control.

We would carry out:

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Email: joshuaekele2007@yahoo.com

FIRM'S PROFILE:

- Substantive analytical procedures; and/or
- Detailed substantive tests;

In order to assess whether the transaction records are free from material misstatement.

We would also perform substantive tests to ensure:

- That all financial flows to and from the Entity during the period are correctly recorded and properly supported by valid documentation;
- All physical flows to and from the Entity during the period are correctly recorded and properly supported by valid documentation.

5.11 Financial Controls

We would carry out the following compliance and substantive tests to assure ourselves that the internal controls are operating satisfactorily:

Expenditure

We would check one hundred randomly selected items of expenditure and identify these to budgeted expense items.

We would test-check supporting documentation for items of expenditure.

We would obtain explanations for unfavourable variances.

We would check arithmetical accuracy of supporting documents.

We would carry out appropriate substantive tests on high value transactions.

We would carry out serial continuity tests of the payment vouchers recording expenditures and cross-reference these to books of original entry.

Wages, Salaries and Personnel

We would carry out substantive tests to establish whether employees on payroll exist and their gross pay is in agreement with authorised rates.

We would review internal controls relating to payroll to ensure that employees handling cash, wages cheques are not involved in:

- Payroll preparation

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- Signing of wages
- Maintenance of personnel records

5.12 Fixed Assets

In respect of fixed assets, we would ensure that:

*Additions to tangible fixed assets are supported by invoices or appropriate legal documentation and are correctly categorised;

- ◆ Tangible fixed assets included in the financial statements at the year end exist and are in use and proper title is held by the Entity.
- ◆ We would check the arithmetical accuracy of ledger control account;
 - i. We would check whether a fixed assets register is maintained and is up-to-date;
 - ii. We would carry out physical verification of assets acquired during the year;
 - iii. We would review adequacy of insurance cover for all assets of the Entity.

5.13 Creditors

We would ensure on a test basis that all entries in the financial statements relating to cost of goods originating from purchases records or from the cash book are supported by properly authorised documentation and relate to the business of the Entity.

We would verify that purchase invoices are supported by proof of delivery or services rendered.

We would check that invoices outstanding at year-end are correctly priced;

We would verify that the list of trade creditors casts and agrees to the control account balance and that control account movements contain no unusual items or posting errors;

FIRM'S PROFILE:

We would ensure that balances on the list of trade creditors agree with supplier's invoices or other evidence of completeness;

We would verify that the liability for goods and services received towards the end of the year is fully provided for in the financial statements;

We would ensure that all purchases and expenses recorded towards the end of the year relate to goods and services received before the year end;

We would also consider circularising a limited number of material creditors balances to confirm nominal ledger amounts.

5.14 Evaluation of Test Results

We would consider both quantitative and qualitative factors in evaluating all misstatements detected by the substantive procedures and we would conclude whether the scope of our audit was sufficient.

The results of the tests would be evaluated in conjunction with the results of the assessment of the management and internal control procedures.

We would carry out an overall review of the Entity's financial statements to determine whether:

- They are reasonable;
- They are consistent with our knowledge of the Entity, our understanding of individual balances, and our audit evidence;
- They comply with reporting requirements;
- The accounting policies adopted are appropriate and properly disclosed;

- They are supported by sufficient notes; and
- They are in line with budgets.

6. STAFF AND ORGANIZATION OF THE TEAM

Based on the approach of the assignment as stated earlier, competent staff disposition will apply to enable us carry out your assignment successfully.

7.0 RELEVANT EXPERIENCE AND EXPOSURE

The strength of the firm is the cumulative experience of the partners, the consultants and of course our associates. The experience which are detailed in the curriculum vitae of the partners and staff which have been brought to bear on the audit and consultancy they have undertaken in the short period of their professional practices all of which culminate in the vast experience of the firm.

9.0 OTHER CLIENTS

Since the formation of our firm in 2007, we have been privileged to be appointed External Auditors to a number of organizations. Some of which are:

9.1 Government Parastatals

Sokoto State Mass Education Board

Science and Technology Educational Board, Zamfara

Kaduna State Pension Board

Hospital Management Board Bauchi

Sokoto State Scholarship Board

Kaduna State Sports Council

Kaduna State Christian Pilgrims Welfare Board.

Kaduna State Muslim Pilgrims Welfare Board.

State primary education Board (Speb) Kebbi

Kaduna State Media Corporation

Bauchi State Radio Corporation

State Independent Electoral Commission, Kaduna.

Kogi State Security Trust fund

Kebbi State Water Board

Kaduna State Urban and rural development Authority

9.1.1 EDUCATIONAL INSTITUTIONS

Kogi State College of Health and Technology Idah

Kogi State College of Education Ankpa.

Atap Polytechnic, Bauchi.

Federal Polytechnic Idah

9.1.2 LIMITED LIABILITY COMPANIES

El-shadai Specialist Hospital Limited

Arewa Eye Specialist Hospital Limited

Major Oil Limited

West Point Investment Limited

Ben Mor Nigeria Limited

Nana Pharmaceutical Co. Limited

Multi - Facet Nigeria Limited

Kaduna State Development & Property Co. Limited

Kebbi Investment and Property Co. Limited

Abucons Nig Limited.

Northstar. Com Limited

Regal Support Service Limited

First Trust Insurance Broker limited

Dajohen God is able Ltd

Cuvest Investment Co. Ltd

Visual Insignia Limited

Yafamabasa Global Ltd

Mbeng Adio Mushroom Farms Global Ltd

First trust Insurance Brokers limited

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Tel: +234 (0) 8035902458 or (0)8051227793

Email: joshuaekele2007@yahoo.com

FIRM'S PROFILE:

Eas Insurance Brokers Limited.

Intercontinental Insurance Brokers Ltd.

FINANCIAL INSTITUTIONS

Gamji Micro finance Bank Ltd -

Giwa Micro finance Bank Ltd -

Ultimate Micro finance Bank Ltd

Zioen Micro finance Bank Ltd,

Barnawa Micro finance Bank Ltd-

TOURISM

Confluence Hotels Ltd. Lokoja

NT| Conference Centre LTD.

Zinary Hotels Ltd kebbi

Winner Hotels Ltd Idah