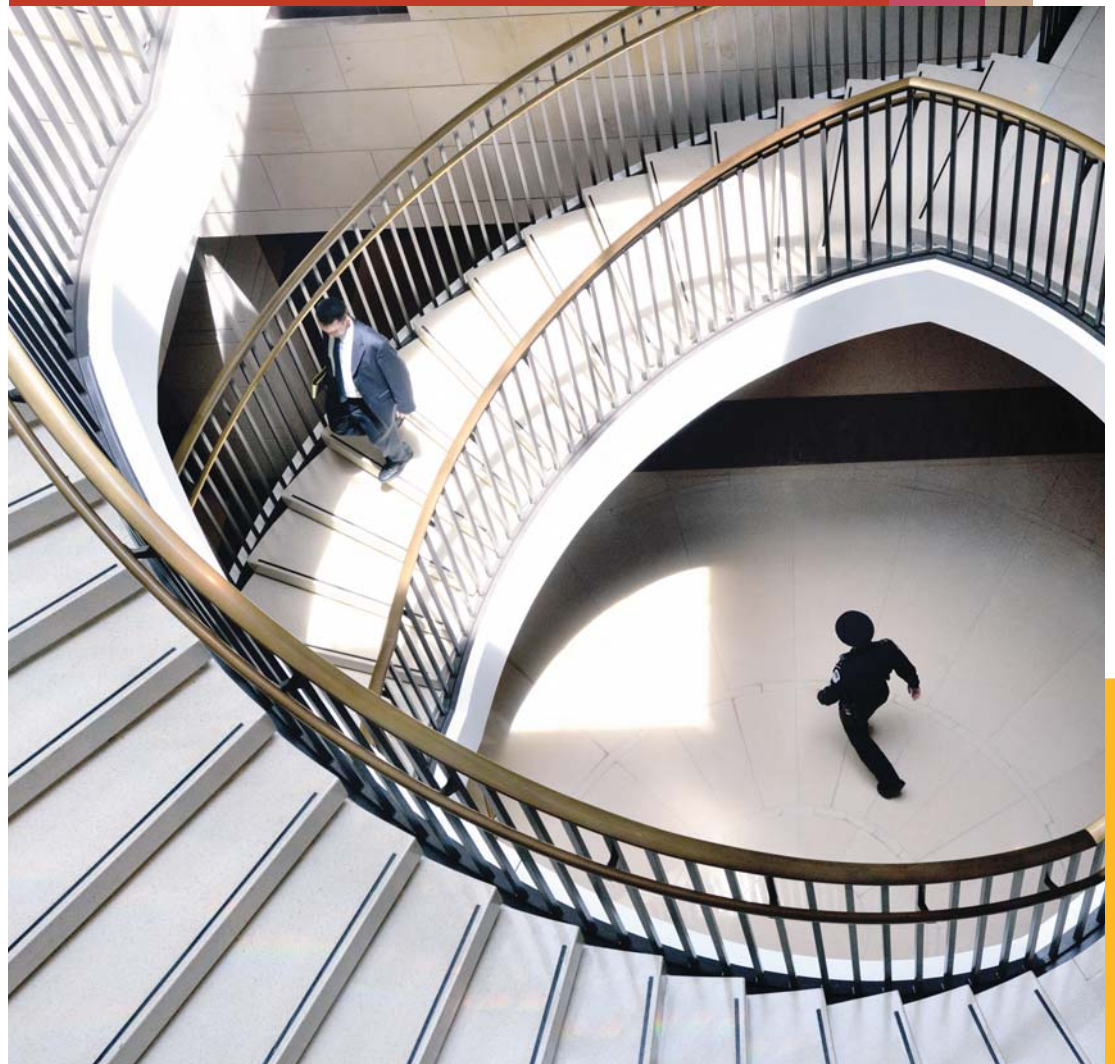


PwC's Capital Markets and Accounting Advisory Services (CMAAS)

*Capabilities and services
2015-2016*



Overview

Our capital markets and accounting advisory practice in Nairobi provides professional advisory services to clients in Kenya, Uganda, Tanzania, Rwanda, Zambia and Mauritius as they work their way through the regulatory and technical accounting aspects in the following core areas:

Capital markets transactions

We assist clients as they plan and execute their capital market transactions. Our team has the requisite expertise and skills to assist and advise on IPO readiness, listing requirements,

financial statements and accounting policies, prospectus preparation, reporting obligations and corporate governance.

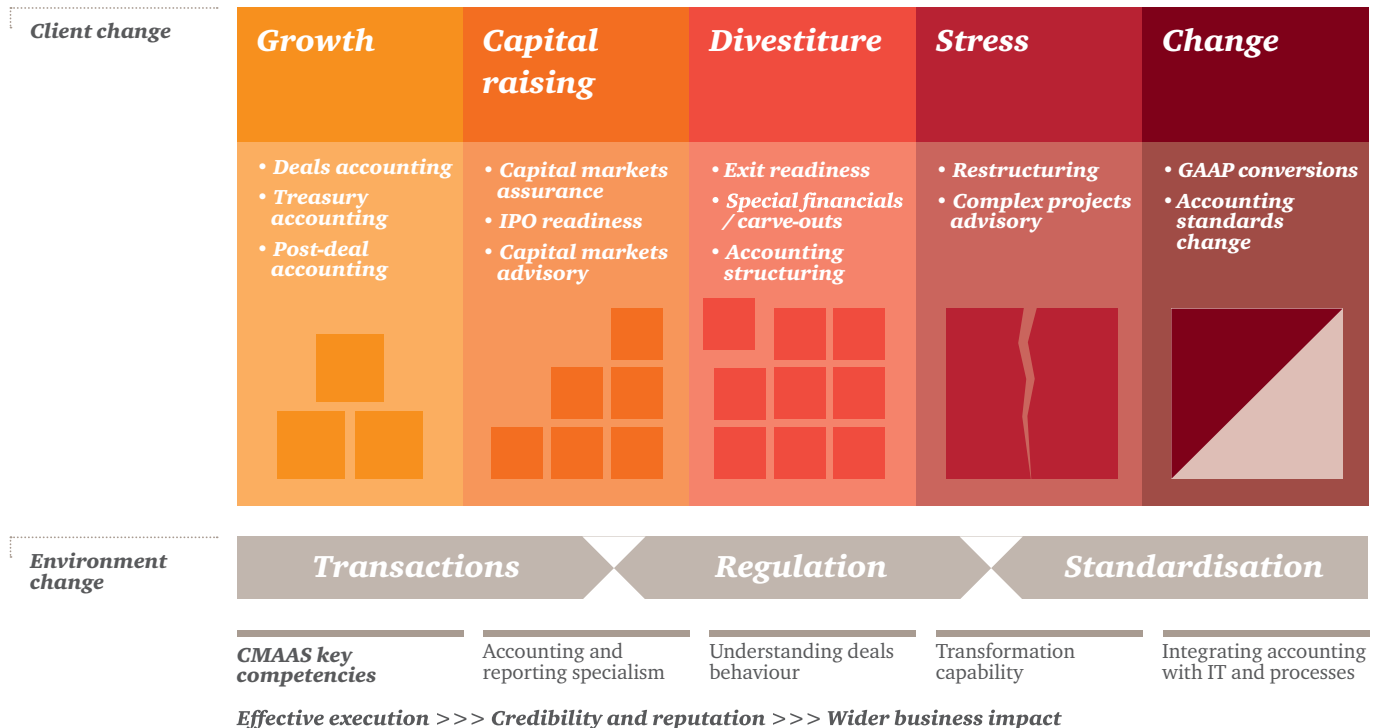
Accounting

Our team includes accounting specialists with extensive IFRS, IPSAS and other accounting framework capabilities combined with industry expertise in the financial services, government, energy and telecommunications industries, consumer goods and services, among others. In addition to technical accounting advisory services, our team assists in the performance of purchase

price allocation exercises, goodwill impairment reviews, credit accounting and advisory services and accounting conversions.

Deals

We provide our clients with advisory services ranging from accounting advice on proposed transaction structures, policy application assessments and IFRS conversions (or other accounting conversions) at the time of execution, through to carve-out and divestiture support at the time of exit.





Anthony Murage
Partner and CMAAS Leader
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It is a very exciting time to deliver Capital Markets and Accounting Advisory Services in Kenya and across the region. New market entrants, regional competitors and a growing base of well-informed customers, shareholders and other stakeholders require targeted services and strategies.

We work with companies like yours to manage growth objectives such as:

- Transactions facilitating growth, through the launch of a new product or service offering, or through a merger or acquisition, or by entering a new market
- Debt and capital market listing
- Accounting standards and regulatory compliance

Our services focus on helping companies to grow more competitively

- Structuring, through group reorganisation
- Communication and reporting, by preparing an integrated report that speaks to a wider audience of stakeholders

Companies are being made to evaluate their role in relation to the markets and their environment as investors, government and regulators are placing increased demands on companies. It is critical for organisations to have a 360 degree view of any transaction as the counterparty is probably conducting its own due diligence. We are able to offer our deep technical expertise in providing your organisation with a broad view of your business that delivers value to your organisation as well as your stakeholders.

As markets become very competitive, the value in the proper application of accounting standards to transactions and contracts cannot be overemphasised. We offer accounting advisory on transaction and contract interpretation to support management's decisions. This ensures that clients maximize their accounting effectiveness as all accounting implications are considered and reflected accurately in their financial statements.

We are also helping companies in Kenya to become more competitive in Africa by providing expertise in integrated reporting. Traditionally, a company will prepare financial statements at the end of the year and publish them in an annual report that speaks directly to the interests of shareholders.

Globally and across Africa, however, there is a move towards integrated reporting that seeks to address the interests of all stakeholders including customers, regulators, communities, shareholders and others. Integrated reports provide a medium- and long-term view of strategy and performance. Companies that want to tell a good story about their growth invest their time and energy in integrated annual reports that provide a broader perspective.

We also work to build capacity through avenues that train and ensure knowledge transfer to your internal workforce. This enables your workforce to understand the requirements of IFRS so that they can do more work accurately and on their own.

Anthony Murage
Partner, PwC Kenya

Case studies

Transactions support

One of our clients engaged with us recently to assess their readiness to function in a capital market environment.

Our services identified gaps with regard to their reporting—and helped the company to address these gaps—so that they could achieve their goal of meeting the listing requirement in a years’ time.

Part of the strategy was to restructure their company under one holding company. We helped them to identify the right structure that was appropriate from an accounting and tax perspective. Our client is now listed and raising capital in a major growth market in Africa.

We work with very different companies, who know what they want to end up with... but they don't always know how to get from where they are to their desired goal, and they need a clear understanding of the systems and processes required to achieve this. Sometimes they expect quick fixes, because the listing requirements are clear! But we spend a lot of time with them to understand their business strategy, corporate and governance structures, management and HR processes and other areas. For this type of work, the information that you need can be housed in different departments within the organisation, requiring that you build trust—not just with the project sponsor, who is often the CEO, but with all the different department heads.

By investing in a deep understanding of their company and industry, we help our clients to identify and address any gaps. Over time, for this process to be successful, you have to build a great deal of trust with the people you're working with.

For me, this is one of the most gratifying aspects of this type of work. You can help your clients grow to the next level. The results and the value are real.

Anthony Murage,
Partner, PwC Kenya

**Identifying deals
(pre-deal)**

**Evaluating deals
(deal execution)**

**Executing deals
(post-deal)**

**Harvesting
deals**

Selected CMAAS service offerings

- Deal structuring
- Identifying potential accounting issues
- Vendor support
- Preparing management accounts

- Accounting pre-PPA (accounting policy differences, simulation accounting)
- FDD support
- Structuring support

- Accounting PPA
- Acquisition accounting issues
- GAAP conversion of acquired entities

- Embedding
- Accounting policy alignment
- Reporting packages
- Ongoing accounting support

Integrated reporting: financial and non-financial reporting

One of our clients expressed an interest in moving from traditional reporting to integrated reporting. They wanted to demonstrate value to a wider variety of stakeholders, as well as a long-term vision for the company, as part of a targeted effort to sharpen their competitiveness in the market.

We collected and analysed information from a large number of sources, including the Chief Financial Officer (financial information collated in the company's accounting system), human resources, their Corporate Social Responsibility team, marketing and sales departments, community leaders, the local association representing the client's industry and many other sources.

An interesting aspect of this type of work is that our clients can use an integrated reporting exercise to identify gaps in their strategy. Our clients have taken a second look at their strategies when they realised that they had not considered the interests of all stakeholders who could influence the company's growth.

We help our clients to obtain the information they need from the market to flesh out their vision for the medium- and the long-term. Integrated reporting directly contributes to the bottom line by building up the intangible asset value of an organisation through goodwill and value networks (internally and externally). This way, an organisation is able to ensure the continued support of all stakeholders and implement an integrated thinking approach throughout the entire organisation. What you end up with is a roadmap for a full integrated report.

Investors want to know whether the company has a strategy with regard to government relations, because they can clearly see that the government is a key stakeholder.



On a practical level, we worked with a company that was suffering forex losses and they wanted to understand what they were doing wrong and how to mitigate these losses. We helped them to understand the value of certain techniques to reduce their losses and we provided a framework for them on hedging their forex losses. We developed a framework for a policy on hedging and helped company management to prepare for Board-level approval for the strategy. We also worked with them, side-by-side, as they implemented the actual hedging models and accounted for hedging transactions.

In the end, everyone had greater peace of mind and the company was able to predict outcomes more reasonably. They knew what they would get at the end of the day and the Board felt more reassured about the impact of various forex transactions.

Accounting advice

We can help you to understand the requirements of standards like IFRS and IPSAS and we can work with you to implement any changes that will result in full compliance.

For example, in Kenya, companies tend to conduct a lot of forex transactions but there tends to be a weak understanding of what they can do to manage the risks involved, using an effective framework. Companies can hedge against forex risk and certain accounting standards make hedging easier to account for.

Our African footprint



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Globally, PwC's CMAAS professionals operate in the world's major financial centres including San Francisco, Chicago, New York, London, Amsterdam, Zurich, Dubai, Tokyo, Hong Kong, Singapore and Sydney.

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