



Accountants &
business advisers

PKF Jordan and PKF Iraq

PKF ProGroup
PKF Khattab & Co.
PKF Planning Tax Advisory
PKF Human Resource Consulting
PKF Risk Management

Newsletter

Quarterly Newsletter | Q1 2019



25
years of
excellence

PKF Jordan and PKF Iraq are a member firms of the PKF International Limited family of legally independent firms and do not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

In This Issue

Financial Due Diligence	3
New to Business	5
Major Contracts	6
About Us	9

Financial Due Diligence

Introduction to Financial Due Diligence

PKF generates valuable Financial Due Diligence and business analysis reports for our client base that become an integral component of their decision-making and negotiation processes. We offer a confidential, sound, unbiased perspective and are the ideal complement to the client's internal resources.



Our objective is always to assemble appropriate information to support critical decision-making.

What is Financial Due Diligence?

Due diligence is used to investigate and evaluate a business. **The term Due Diligence describes a general duty to exercise care in any transaction.** As such, it spans investigation into all relevant aspects of the past, present, and predictable future of the business of a target company. Due Diligence sounds impressive but ultimately it translates into basic common-sense success factors such as "thinking things through" and "doing your homework".

Why is Financial Due Diligence Conducted?

There are many reasons for conducting Due Diligence, including the following:

- Confirm that the business is what it appears to be;
- Identify potential "deal killer" defects in the target and avoid a bad business transaction;

- Gain information that will be useful for valuing assets, defining representations and warranties, and/or negotiating price concessions; and
- Verify that the transaction complies with investment or acquisition criteria.

In financial due diligence assignments, PKF adopts a policy that endorses the commitment to abide by the code of ethics, avoid conflicts of interest and disclose any activity that could result in possible conflict of interests. PKF also makes sure to apply independence and objectivity throughout the assignment.

When is Financial Due Diligence Conducted?

Initial data collection and evaluation commences when a business opportunity first arises and continues throughout the talks.

Financial Due Diligence | Continued

When is Financial Due Diligence Conducted? | Continued

Thorough detailed Financial Due Diligence is typically conducted after the parties involved in a proposed transaction have agreed in principle that a deal should be pursued and after a preliminary understanding has been reached, but prior to the signing of a binding contract.

In conducting a comprehensive Financial Due Diligence, PKF analyzes, qualitatively and quantitatively, how the Company has performed financially to get a sense of earnings on a normalized basis, we also analyze the assets and liabilities to be acquired. For example, is the pricing of on par with market value? Regarding liabilities, it is important to acquire only the liabilities that have been incurred by the seller for purchases of inventory or services that occurred prior to the closing date. You do not want liabilities to appear later on.

“Where did they come from?”

Accordingly; the main objective of the assignment required is to gather information that will help in making an informed investment decision regarding the Target’s future. Specifically; the assignment aims at:

- Determining the issues concerned with the stability and capability of the target;
- Analyzing the financial and economic situation of the target;



- Examining the corporate culture, environment, and workforce records; and
- Investigating business continuity issues.

Thus our assessments provide you with:

- Solid support for your investment decision to minimize investment or purchase risk.
- Informed decision making.
- Reduced risk and avoidance of hidden pitfalls.
- More accurate valuations.
- Improved negotiating position.
- Saved time and resources.
- Minimized bad investments.
- Focused market opportunities.

New to Business

You've decided that you are going to start your own business – where do you start? Not by talking to Joe Bloggs down the road. A wise idea is to contact an accountant or business adviser, who can help you get on the right track from the beginning. Things he will help you to consider may include:

Entity Type – Consider the nature of the business, involvement of spouse and children and their personal financial situations, and your long term aims when deciding. Different entity types have different legal requirements, documentation and taxation treatments. Do you know whether you need a partnership deed, who can be a company director and what are their responsibilities, or what share capital a company requires?

Business Plan & Funding Requirements. We recommend the preparation of a business plan and cashflow forecast. As a minimum, you need to know the monthly break-even point for the proposed business (i.e. the sales required to cover your expenses). How are you going to fund your working capital (the funds needed to keep your business running until your clients pay), and what are your terms of trade for your customers?

The saying goes “If you fail to plan, you plan to fail”.

Have you researched your market, customers and competition? What equipment or premises do you need to get started and how are these to be funded?

GST - The business is required to register for GST once its turnover reaches a certain amount. Sometimes it is beneficial to register for GST even though turnover won't reach the threshold and at other times your profitability and cashflow will be better if you don't.



Tax Obligations - It is wise to plan for your tax liabilities, instead of waiting till year end and finding out you have a tax problem. We suggest that funds are set aside in a separate account so, as you earn the profit, you are providing for the tax on it.

Employing Staff – This can be a minefield. Things to be aware of are compulsory employment agreements, employee entitlements such as holidays, sick leave & maternity leave, minimum wages, and deducting and accounting for PAYE.

Record Keeping – The basic level needed to meet your legal responsibilities or more detailed to create meaningful reports to assist in managing your business. Your accountant will be able to advise you on how to keep your records to minimize year-end fees, various software systems available and how to interpret the figures.

Other Requirements – There are rigorous health & safety requirements for all businesses, with exposure to liability for business owners & managers. Does your business require any particular licenses or permits to operate? As you can see, there are a number of considerations involved in setting up a new business, so get advice to get it right from the start.

Major Contracts



**Sadagah, Certified Public
Accountants and
Consultants**



**The International Center for
Agricultural Research in
the Dry Areas (ICARDA)**



**THE NATIONAL COMPANY FOR
TOURISM DEVELOPMENT**

**The National Company for
Tourism Development L.L.
(NTD)**



**دار التمويل الاسلامي
Islamic Finance House
حلول إسلامية عصرية**

Islamic Finance House

**Intaj Noor for Education
Investments**

Major Contracts



**DAI Global, LLC (DAI)
USAID**

**King Hussein Business
Park (KHBP)**



Isnad Finance Company



**Royal Automobile Club of
Jordan**

**National Investment
Company for Travel, Hajj
and Umrah**

Major Contracts



Local Enterprise
Support Project

مشروع مساندة
الأعمال المحلية

USAID Lens



**Arab Center for Engineering
Studies (ACES)**



Invest Bank



Right to Play- Jordan

About Us

PKF Jordan and PKF Iraq, member firms of PKF International, are regional, multidisciplinary business advisory firms with industry specific services. We offer outstanding opportunities, by providing international standard based services, to dramatically position our clients as pioneers in a rapidly growing business environment. PKF Jordan and PKF Iraq play a major role in business advisory including Consultancy, Auditing, and Tax Services.

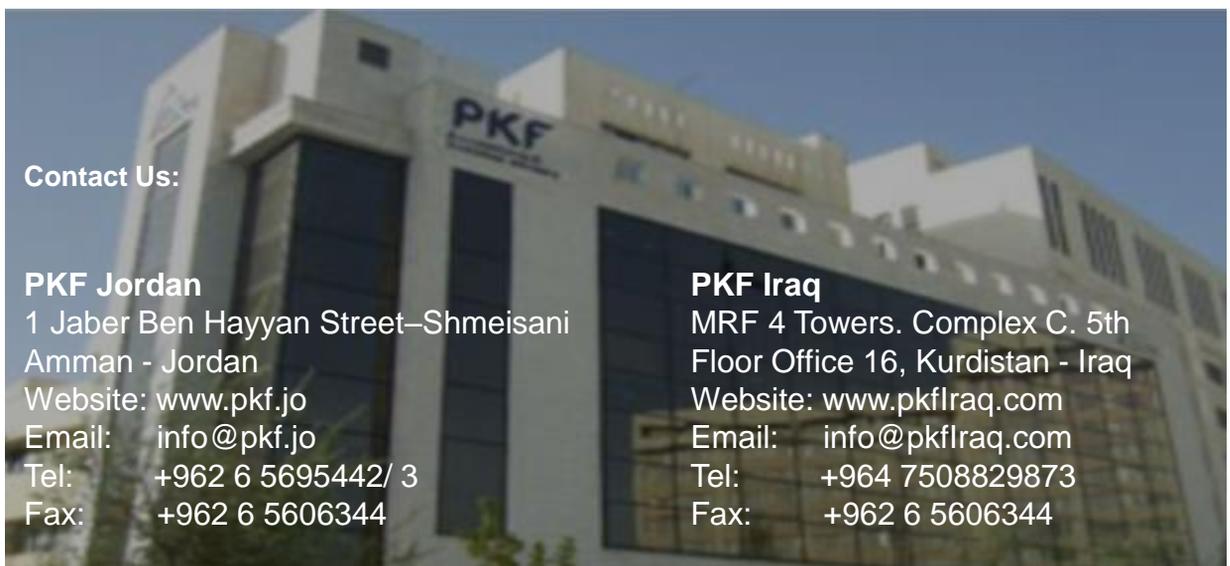
Areas of experience include Finance, Taxation, Market Research, Strategic Planning, Organizational Development, Human Resource Development, Investment, Technology and Information Management, Quality Management, and Socio-Economic Studies. We also initiate an added value component where integration, consistency and reliability are effectively enforced. PKF Jordan and PKF Iraq high quality services help clients identify their business needs, improve, excel, cope with business fluctuations and accomplish their anticipated goals and excel.

Our team approach enables operating as integrated cells exposed to diverse industries. Words like creativity, innovation and flexibility generate great success within the firms' services and culture, where PKF Jordan and PKF Iraq promise of quality, accuracy, speed, and value remain applicable in all deliverables. Relying on PKF Jordan and PKF Iraq beliefs makes our caliber professional. And experiencing our services makes clients distinguishable.

PKF Jordan and PKF Iraq services are designed to look after the best interest of the clients and protect their wealth. Our advisors thoroughly investigate the organization's business cycle to innovate the most rewarding solutions within our following services:

- Assurance and Advisory**
- Tax Consultancy**
- Corporate Finance**
- Forensic Accounting**
- Financial Planning**
- HR & Management Consultancy**
- IT Consultancy**
- Umbrella Services**

- PKF Network Worldwide**
- Around 50 years of experience**
- 21,000 people**
- 440 offices**
- 150 countries**
- US\$ 2.6 billion turnover**
- Top 10 assurance & advisory firm worldwide**



Contact Us:

PKF Jordan

1 Jaber Ben Hayyan Street–Shmeisani
Amman - Jordan
Website: www.pkf.jo
Email: info@pkf.jo
Tel: +962 6 5695442/ 3
Fax: +962 6 5606344

PKF Iraq

MRF 4 Towers. Complex C. 5th
Floor Office 16, Kurdistan - Iraq
Website: www.pkflraq.com
Email: info@pkflraq.com
Tel: +964 7508829873
Fax: +962 6 5606344

About Us

PKF Jordan & PKF Iraq deliver a full spectrum of services:

Assurance and Advisory

- Statutory audit
- Accounting services
- Non-statutory audit
- Sarbanes Oxley assurance
- Compilation of financial statements
- International accounting standards
- Assurance engagement
- Internal audit
- Business risk services

Tax Consulting

- Tax planning and tax manual
- Income tax
- Sales tax
- Withholding tax
- Employee's tax
-

Corporate Finance

- Privatization and Build - Operate - Transfer (BOT) services
- Private placement memorandum
- Business plans
- Finding and securing finance from the most appropriate sources (such as private equity firms)
- Business valuations
- Preparation of financial projections and financial cash flow forecasts
- Investment agent
- Provide ongoing advice and support with flotation, mergers and acquisitions, management buy-outs / buy-ins and disposals
- Due diligence
- Advice on reorganizing and restructuring existing businesses, commercial and tax considerations and fundraising options
- Feasibility studies

Forensic Accounting

- Appraisal of financial losses resulting from fraud
- Appraisal of damage resulting from prejudicial acts
- Preparation of expert opinions and second opinions
- Assisting solicitors in the financial aspects of cases
- Intervention as arbitrators or mediators in dispute resolution

Umbrella Services

Financial Planning

- Retirement planning
- Savings and investments
- Medical and life insurance
- Business assurance
- Property purchase

IT Consultancy

- Business process design
- Disaster recovery planning
- Managing Information Technology (IT) expenditure - budgeting and control
- Project management of business requirements
- Packaged software / Enterprise Resources Planning (ERP) selection and implementation
- Information Technology (IT) security and crisis planning
- Risk analysis and management
- Information Technology (IT) policies and procedures

Management Consultancy

- Strategic planning to achieve a sustainable competitive advantage
- Risk - measurement strategies, risk management plans and crisis handling
- Institutional assessment and upgrading plans
- Reviewing business processes for efficiency, control and effectiveness
- Organizational restructuring
- Competency-based human resources management and development
- Performance scorecards and indicators
- Marketing and market communication plans
- Market studies, research and surveys
- Customer satisfaction programs development
- Financial policies and procedures including procurement, accounting, and budgeting
- Corporate governance manuals
- Costing systems
- Internal audit manuals
- Operations manuals
- Quality management services
- Monitoring, evaluation, and impact assessment studies