

APPLICATION MADE IN AUGUST 2018

EXAMINATION OF PROFESSIONAL EXPERIENCE

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PART 1: DEMONSTRATION OF PROFESSIONAL SKILLS

1.1 Using your recent work experience, describe how you identified two different business issues

Determination of material balance sheet figures for audit planning

March 2018

One of the sectors that I am responsible for at my firm is aviation and transportation. I worked on the audit of ABC Ltd, a low cost airline in the Middle East. This was a new client for my firm. This promised to be a challenging client, as not only was it a new client for my firm, but also it is quite a high-profile company.

In order to prepare for the first audit of the client, I pulled together a file of information that was available. Some of the information was from publicly available sources, whilst some was as result of meetings that we had with the client prior to them appointing us as their auditor.

In order to create this file and to prepare for the audit, I did the following.

- I studied the business model of airlines in general
- I held meetings
- I performed a high-level review of the companies business plan
- I performed a desk based review of the company's budgets
- I reviewed some feasibility studies that the company had recently done to decide whether it should launch new routes
- I discussed the new client with colleagues within the firm who had worked on similar clients
- I attended a specialist training course on aviation businesses

As a result of my preparation work for the audit, I noticed that the company's main source of income is revenue billed to passengers who have flown before the balance sheet date – this is known as 'flown revenue' in the airline sector. Correspondingly the company has large liabilities known as 'un-flown revenue' which is revenue collected but not flown at the balance sheet date.

Although my work at this stage was high-level and primarily desk based, it was clear that in performing the audit for this client, these were two of the most risky items in its financial statements. They were both prone to misstatement due to their reliance on the balance sheet date being accounted for correctly. Some high-level ratios that I performed based on

the prior year's accounts confirmed that both figures were material to the interpretation of the company's accounts. Any error in estimating either balance could have a significant impact on the profitability of the airline.

1.2 Using your recent work experience, describe how you identified two different business issues

Identification of loss making contracts during audit planning

May 2018

I was the manager on the audit of a large group of companies, at ABC Group. This was a new audit client, although my firm had in the past performed some ad hoc pieces of work for the group. My role was to supervise the audit team.

In order to prepare for the audit of this client, I reviewed the papers that we had on file. Part of this review was to look at some prior year income statement figures that we had obtained. I performed some high-level ratio analysis on my calculator on some of the larger figures.

Whilst reviewing the working papers and performing this desk review, I noticed that some of the transactions recorded by the client as sales, did not seem to be made on a commercial basis. The cost of serving these customers, from my high-level review, seemed higher than the revenue obtained from them.

Because of this high-level observation, I performed additional desk based research to try to better understand the issue. I did some high-level margin analysis on my calculator to assess how the margins of certain customer types compared with others.

I also telephoned one of the senior managers at the client and asked him some questions about the customers that it had that it seemed to be serving at a loss. It became clear that the client had a small number of suppliers and customers in certain foreign markets.

My review work identified that these were risky issues that were also, based on some simple ratios, material amounts.

2.1 Using your recent work experience, describe how you have used technical expertise and/or business knowledge to analyse a business situation

Audit of North Sea Gas Networks plc and its subsidiaries for the period ended 31 March 200X

July 2018

Managing audit engagements as Assistant Manager

I have worked on several audit clients within the utilities group. One of my clients is North Sea Gas Networks. This role included:

1. Application of East Ham LLP's audit approach.
2. Developing and planning an audit strategy.
3. Managing the execution of the planned audit work and ensuring documentation of audit work in accordance with firm's quality control and risk management procedures.
4. Drawing audit conclusions based on evidence gathered by the audit team.
5. Resolving all technical audit issues with the client to the satisfaction of the engagement leadership and firm's quality assurance standards.
6. Coaching and mentoring junior team members to ensure that audit work was carried out effectively and in an efficient manner.

I was involved in assessing the business of this client, the industry in which it operates and the systems it uses to prepare its financial information in order to develop a strategic audit plan. The development of the strategic audit plan also required me to identify key risk areas and devise an audit strategy to address these risk areas. I considered whether the company's systems of internal control and management provided sufficient level of assurance in order for us to rely, for audit purposes, on the information produced.

From this process, we identified the following areas of high audit risk:

- Acquisition accounting for Gas Distribution Networks acquired during the audit period from Southern Grid
- Fair value adjustments at date of acquisition and recognition of related goodwill
- Provisions and other charges where management was required to exercise significant level of judgment to estimate the amount of future liability
- Impairment review of intangible assets

For the purposes of achieving sufficient and appropriate audit evidence on the above high risk areas I managed to obtain a thorough understanding of these issues and obtained all the relevant evidence to support audit conclusions and documented these in the audit file as per firm's documentation standards.

2.2 Using your recent work experience, demonstrate how you used numerical techniques to analyse a business situation

Analysis of project feasibility of oil pipeline project in Northern Kuwait

June 2014

This piece of experience was gained while I worked for KOC as an Accounts Manager. This was one of the special projects assigned to me by the Finance Director of the company who was head of the steering committee managing the implementation of the project. This project was important as its objective was to provide the necessary infrastructure to achieve vertical integration in the oil sector of the country.

The key challenges were:

1. Evaluating the project's feasibility, considering its economic, technical, operational and financial viability.
2. Reviewing the project economics, with the help of the treasury team within KOC and performing a sensitivity analysis for the various possible scenarios by altering the key project variables such as
 - cost of construction and inflation over the life of the project,
 - exchange rate stability over the life of the project,
 - throughput of pipeline,
 - financing costs.
3. Providing alternatives and recommending the best possible course of action under various scenarios.
4. Considering various options for the financial and capital structure of the project and for raising finance.

During this review I worked with senior management in the oil industry from the finance, operations and technical fields. I contributed mainly to the economic and financial evaluation model. Also, due to my involvement in the inventory management and product demand forecasting I helped the steering committee review the forecast throughput used in the feasibility study. I developed different scenarios of project throughput by working with the head of logistics and sales. We amended the project throughput in the existing feasibility study as it seemed to be over-estimated. I also contributed to producing the output from the feasibility model using various scenarios, which helped the project steering committee to make decisions. I also gathered several benchmark studies available from previous projects and from publicly available data. My analysis lead to changes in the financial variables used in the feasibility study.

3.1 Using your recent work experience, describe how you have used professional judgment in choosing between options

Using judgment to assist client, North Sea Networks, in deciding on the pros and the cons between options relating to gas distribution networks

November 2014

I was part of a restructuring team specialising within the utilities sector. This involved thinking through the pros and cons of business structure situations. In one particular situation, there were a number of gas distribution networks held in separate legal entities and a change of ownership of these entities was being considered.

The options I considered were:

- i) To keep the distribution networks in separate legal entities.
- ii) For a gas network public company to acquire the distribution network companies

I established that the main advantage of leaving the networks as separate entities was that the gas network plc would not have to find the funds to purchase them and potentially there would be flexibility kept in case of different later strategic planning.

However, I found that conversely the disadvantage was that control of distribution activities was cumbersome and that different activity permits and environmental regulations had to be obtained for multiple legal entities.

The advantage of acquisition by the plc was that (after talking to compliance, legal and governance departments) it seemed clear that a number of the regulatory burdens, which had a consequential cost, would be lifted.

The disadvantage of acquisition was clear once I started to consider the financial aspect in that the plc did not have the ready funds. It was therefore necessary to consider the additional factor of the plc needing to effectively receive a capital contribution from the ultimate holding company. The distribution companies could in this way be acquired at net asset value with accounting treatment in accordance. In making this judgment, I also considered the possibility of the additional equity being held at holding company level, however, it was clear that this would not reflect the underlying transaction and any sort of arrangement to make it do so would hinder the commercial advantages from having the distribution networks as part of North Sea Gas Network.

I therefore considered the second option of acquisition at net asset value by the gas network plc for an agreed value to be the favourable option.

3.2 Using your recent work experience, demonstrate how you have used professional judgement to prioritise issues.

Designing and implementing a system to identify and reconcile the mismatched oil transshipment transactions at Kuwait Oil Company (KOC) Limited

April 2016

An area of concern to the management that existed when I joined KOC was the lack of a system to identify and reconcile mismatched oil trans-shipment transactions.

KOC provides fuel to distributors through an extensive depot network across the country. There is a large volume of daily movement of stock from terminals (supply sources) to depots by road via tanker lorries. These stock movements are known as trans-shipment transactions as they involve a stock issue from one depot and stock receipt at another. Due to the size of the company's operations and the limitation of the underlying system there were a number of old mismatches in the inventory systems and therefore stock despatches could not be reconciled against the stock receipts.

The number of these mismatches increased significantly over the period and several serious irregularities and incidents of theft were brought to the attention of management. This issue was brought to the attention of the management committee and a team was formed to resolve the matter. I was an active participant in this committee.

The committee formed was a cross-functional team from IT, Logistics, Operations and finance.

The following issues were identified as being in need of being resolved:

1. Reconciliation of the old outstanding transactions
2. Investigation of all missing transactions.
3. Analysis of the weaknesses in the existing system to come up with a future strategy to solve this issue on a permanent basis
4. Development of a temporary IT application for the monitoring of the trans-shipment transactions going forward and keeping a continuous reconciliation control unless a permanent system functionality is introduced
5. Reporting the key findings to the senior management and providing an up to date progress to the management on all facets of this whole issue.

One of the key challenges that we encountered during this piece of work was a staffing resource constraint, which meant that it was not possible to resolve each of these key issues concurrently. I advised that because of the serious nature of the mismatch of transactions, it was vital that we stopped more transactions occurring. For this reason, we prioritised issue 3, understanding the weaknesses in the existing system rather than starting with the reconciliation I decided the next priority was to develop a temporary

system that would address the identified weaknesses, so issue 4, the IT application was tackled next. I took this approach, to try to halt new problems continually arising, before tackling the reconciliation of the old transactions. The reconciliation was my third priority. If I had started investigating missing transactions before this, I would not have been certain of their completeness. My fourth priority was therefore the investigation of the missing transactions. These were resolved each in turn.

I set reporting to management as my fifth and final priority, as I knew I would want to report to senior management setting out the results of the project at the end. However, this priority did to some extent start concurrently with the above four, as I gave regular updates to management as I worked on the above issues.

4.1 Using your recent work experience, describe two situations where you have used your technical knowledge and/or practical experience to develop advice

NSC Financial Restructuring Study

November 2014

While I was working as an Audit and Assurance Supervisor with B G Knowles & Co. (Chartered Accountants), I was in charge of a special assignment to carry out a study on the financial restructuring of the Northern Supply Corporation ("NSC"). NSC is a public sector corporation operating in Dubai, responsible for power supply and is substantially owned by the Government. The Government had intended to privatise the corporation. There was a broad framework decided for the privatisation under the energy policy of the Government to segregate the generation, transmission, distribution and supply business segments which were currently owned and operated by one corporation. NSC engaged our services to carry out a financial due diligence and a restructuring study to be presented to the prospective owners. A team of experts from Asian Development Bank and our firm considered the strategic options available for this transaction.

The Assurance & Advisory Services of our firm were experts in the local financial reporting framework and companies' legislation, as well as local tax regime and could contribute to the relevant areas within the broader scope of the work. The local team consisted of assurance experts for the accounting side of the financial restructuring, a consulting team for the legal and regulatory considerations and a tax team for tax related issues in the financial restructuring. I was the field supervisor of the assurance team and my role was to carry out a detailed review of accounting and business processes within NSC, prepare risk control matrices within various business processes, identify any significant weaknesses within the accounting and internal control systems and provide recommendations for remediation of the any such weaknesses. The assurance team also worked closely with the consulting team for accounting and financial reporting aspects of the proposed split of the power generation, transmission, distribution and supply functions. The report prepared formed part of the ultimate deliverable to the stakeholders of the due diligence and restructuring process, who were mainly NSC's top management, the Ministry of Finance and the Privatization Commission of Pakistan.

The scope of my work included understanding of the business processes and flow of information across several functions within the Corporation and identifying benchmark process flows and suggesting steps to improve the business processes.

As a result of my work, we recommended:

1. A benchmark financial reporting structure assuming the split of the company into four distinct business segments namely generation, transmission, distribution and supply.
2. Provided a detailed analysis of accounting and financial reporting system changes applicable if the company had been split and worked as independent legal entities.

4.2 Using your recent work experience, describe two situations where you have used your technical knowledge and/or practical experience to develop advice

Advising Ministry of Resources, Government of Kuwait for the optimal strategy of reserve oil stocks held with Kuwait State Oil

August 2015

This example relates to my work in Kuwait Oil Company (KOC) Limited as an Accounts Manager. KOC had legacy contracts with the Ministry of Resources (Government of Kuwait) to hold reserve stocks of petroleum products to meet any emergency requirements in the country. The underlying contracts were entered into in previous years when KOC was operating fully under the control of the Government and not under the governance of an independent Board of Management. As a result, the contracts were lacking due protection of commercial interests of KOC and the Board of Management of the company raised concerns on the commercial viability of continuing these contracts. The finance department was given the responsibility of revisiting the contracts and developing its recommendations to the Ministry of Petroleum to reassess the terms and conditions of the contracts and to recover adequate compensation for the past losses and costs suffered due to holding reserve stocks.

The Finance Director of the company assigned the task of understanding these contracts to me. This involved all aspects including preparation of alternative recommendations so that KOC could get the contracts re-written in the mutual benefit of both the parties as well as earning adequate compensation for the inventory holding costs and losses.

I approached this piece of work in a structured manner and reviewed the underlying contracts in detail to analyse the implications of the terms and conditions on the company. This involved frequent liaison with the company's head of legal affairs.

The conclusion of my work was me preparing a detailed letter addressed to the Ministry of Resources setting out a broad framework of amendments that KOC wanted to have in the stock reserve agreements to make them commercially viable and also submitted a claim requesting reimbursement of the past costs and losses.

5. Using your recent work experience, demonstrate how you dealt with an ethical issue

Considering the control environment at audit clients and performing an entity level controls review during the planning of audit of various clients

Fraud Examination Engagement

September 2014

While I was working with B G Knowles & Co, I once worked as a member of the audit team, which carried out a fraud examination for a client. The scope of our work on this engagement included agreeing upon procedures to investigate any potential irregularities in a building construction project. I was part of a big team comprising audit directors and senior managers and technical consultants such as civil and mechanical engineers and costs estimators. In this role I applied professional skepticism to ensure that we could rule out objectively any possibilities of misappropriation of assets and financial malpractices during the execution of the construction process.

In particular, I carried out several procedures such as:

- examination of background information about various personnel
- examination of tendering and project planning documents and market research on prices and quotes
- evaluation of compliance with the company policies and procedures for tendering and awarding contracts
- working with technical consultants and engineers to identify areas of investigation to assess the reasonableness of the costs of construction
- reporting to management any issues and non compliances observed.

During the course of this engagement we noted several incidents where company policies were not being fully complied with and where company resources were not effectively and efficiently being utilised.

In addition, we discovered cost over-runs, some of which were attributable to specific actions by management personnel. There were also instances of apparent misappropriation of funds by staff.

I highlighted these issues in a confidential report issued to the Board of directors of the client company. This report led to several members of staff being disciplined, and to one person being charged with fraud.

PART 2: SUMMARY OF EMPLOYMENT

Date	Description of role	What you did during this period (projects / tasks / assignments)	Referred to in your answer to question number
1st Jan 2014 to 31st Dec 2014	Associate, Senior Associate and Audit Supervisor (BG Knowles & Co)	<p>Worked as team leader on financial restructuring study of Northern Supply Corporation.</p> <p>Part of team comprising of audit director, senior manager, civil and mechanical engineers and costs estimators.</p> <p>Review of compliance of internal control policies and procedures of Nova Group Companies in accordance with the guidelines of Nova AG Basal.</p> <p>Performing audit procedures on profit and loss and balance sheet accounts and transactions.</p> <p>Performing audit work on key audit risk areas and documenting audit evidences and work as per firm's documentation standards.</p> <p>Leading a team of junior audit staff and managing the completion of audit field work.</p>	2.2 3.1 4.1 5
1st Jan 2015 to 31st Dec 2015	Accounts Manager (Kuwait Oil Company Limited)	<p>Leading the inventory management and pricing cell to control the inventory levels of the company.</p> <p>Supervising the cost accounting and reporting cycle of four business units.</p> <p>Facilitation of external and internal audit process.</p> <p>Review and reporting of financial data in form of presentations to Managing Director.</p> <p>Analyzing and reporting on international oil prices and recommending decisions relating to inventory planning and pricing of HSD.</p> <p>Review of project feasibilities and financial modeling of major planned capital expenditure pipeline project.</p> <p>Design and implementation of a system to identify and</p>	4.2

		reconcile mismatched oil trans-shipment transactions.	
1st Jan 2016 to 31st Dec 2016	Accounts Manager (Kuwait Oil Company Limited)	<p>Leading the inventory management and pricing cell to control the inventory levels of the company.</p> <p>Supervising the cost accounting and reporting cycle of four business units.</p> <p>Facilitation of external and internal audit process.</p> <p>Review and reporting of financial data in form of presentations to Managing Director.</p> <p>Analyzing and reporting on international oil prices and recommending decisions relating to inventory planning and pricing of HSD.</p> <p>Review of project feasibilities and financial modeling of major planned capital expenditure pipeline project.</p> <p>Design and implementation of a system to identify and reconcile mismatched oil trans-shipment transactions.</p>	3.2
1st Jan 2017 to 31st Dec 2017	Audit Supervisor Audit & Business Advisory Group (Smith & Jones – Dubai Office)	<p>Field manager on audit assignments.</p> <p>Taking responsibility for preparing realistic budgets and monitoring actual performance.</p> <p>Reviewing team members' audit working papers and ensuring review points are cleared.</p> <p>Ensure completion of audit work and documentation in accordance with firm's quality control policies and procedures.</p>	
1st Jan 2018 to date	Assistant Manager with East Ham LLP (London) in the Energy Infrastructure, Utilities and Aviation Group	<p>Field manager on audit assignments.</p> <p>Preparing budgets and monitoring actual performance.</p> <p>Reviewing team members' audit working papers and ensuring review points are cleared.</p> <p>Ensure completion of audit work and documentation in</p>	<p>1.1</p> <p>1.2</p> <p>2.1</p>

		accordance with firm's quality control policies and procedures.	
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