



Profit Recovery Solutions (Pty) Ltd was founded as a specialist IT firm with the main goal of revolutionizing the electronic efficiency audit industry in South Africa by designing a set of **proprietary, industrial strength software solutions** with its main focus on assisting businesses with the identification of hidden Profits within their financial system.

Our proprietary software is called **DataTherapist™**.

In South Africa this market niche is still relatively young and unsophisticated because of the lack of **combined understanding** of IT and accounting models and how to incorporate the process of Profit recovery within.

What is Profit recovery:

Profit recovery entails a systematic review of all transactions to identify overpayments or unclaimed benefits, due to a company.

Errors come in many forms: duplicate payments to suppliers, unclaimed input VAT, unclaimed credit notes, incorrect postings, or payments that differs from the contractual price as per agreement - to name only few.

All organisations lose money this way - to a greater or lesser extent. These losses can and do run into millions of rands.

Error rates increase significantly in the presence of certain high-risk factors, including high staff turnover, understaffed finance teams, mergers, unbundlings or acquisitions, or the implementation of new accounting systems.

Auditors have retreated from large-scale substantive transactional testing and will only look at potential errors if they have a very high materiality level.

There is, therefore, a need for an independent substantive test on all transactions to ensure accuracy.

Profit Recovery Solutions utilises state-of-the-art **DataTherapist™** proprietary software to review every subsystem of your accounting records, looking for potential errors. Our team of experts uses their experience to review the reports produced, to highlight possible errors. Identification of a potential error is only the first step. All exceptions have to be investigated and documented, possibly making use of specialist advice. At all stages of the **RiskMetrics™** process our client is kept informed of progress made.

Our work is complete once our client claims a deduction, or a refund has been received.

Value offering:

At Profit Recovery Solutions, our aim is to make the profit recovery process as easy as possible whilst delivering the highest recovery figures and best service levels to your business. The bulk of the work is done offsite to minimise disruption to your organisation.

Our qualified IT and accounting personnel will do a confidential electronic analytical review of your financial data, using our proprietary **DataTherapist™** software. We identify areas or transactions where it appears that your company may have lost money undetected. Errors such as supplier overpayments arise from human or system errors and are often difficult to detect, control and prevent. We acknowledge the fact that companies do employ skilled personnel, and are audited annually by external auditors, but due to time constraints and reporting deadlines, these errors are often not detected.

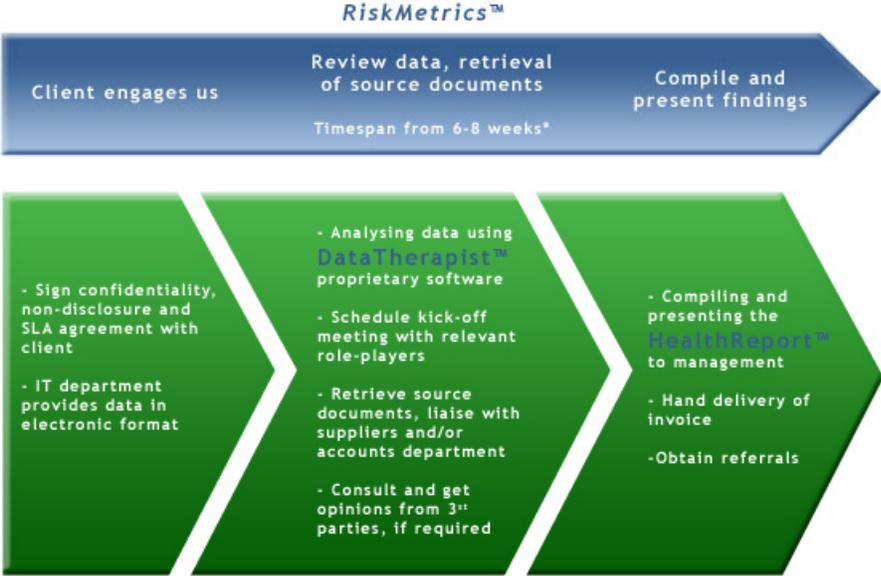
Profit Recovery Solutions combines the best recovery techniques in the business, with a unique approach to helping our clients implement the **HealthReport™** recommendations in their organisations. This entails formal feedback to management in the form of a report with our findings, and includes possible solutions to prevent undetected loss in future.

We appreciate that a **RiskMetrics™** can be sensitive. Profit Recovery Solutions works hard to develop a good working relationship with both your finance team and your suppliers.

We charge on a contingency basis for confirmed recoveries. All end-of-review consulting is included in our success-based fee.

Our Process:

We incorporated our proprietary and unique methodology and audit approach to optimise results by using our state of the art analysis tool called *DataTherapist™*.



* After receipt of all relevant data

Results:

Without disclosing confidential **detail**, we will give some examples:

- ↗ **Large wholesaler of consumer electronics** - Input VAT recovered in excess of R10m. A system error led to input VAT of R4m not being claimed over a period of 3 years. This was done after another cash recovery firm had previously scrutinized the financial records.
- ↗ **Large retailer of building materials** - Input VAT recovered in excess of R9.2m. A system error led to input VAT of R8m not being claimed over a period of 5 years.
- ↗ **Large retailer of motor parts & accessories** - Input VAT recovered in excess of R2,6m. A system error led to input VAT of R2,6m not being claimed over a period of 5 years.
- ↗ **Large wholesaler and distributor of steel** - Input VAT recovered in excess of R2m. A mixed bag of errors has been identified that lead to a substantial recovery. The errors could have been prevented by proper training and better implementation of procedures.
- ↗ **Leading platinum group metals producer** - R1,6m unclaimed input VAT was recovered resulting from high staff turnover due to corporate action. A change in financial reporting system also impacted negatively on the accuracy with which tax invoices was captured.
- ↗ **Telecommunication industry** - we identified in excess of R1,05m of unclaimed VAT benefits for this client after another cash recovery firm had previously reviewed the records. Substantial capturing errors were made when data was transferred between two standalone systems.
- ↗ **Services industry leader** - unclaimed input VAT of R500,000 was recovered. This VAT leakage resulted mainly from taxable supplies not being recognized as such by the company's accounting staff. Consequently no effort was made to obtain valid tax invoices.

We are not trying to sketch a rosy picture but merely try to give you an indication of the level of our service. We think many years of experience and a fine combination of programming and accountancy skills has helped us unearth problems that normal review approaches will just not uncover.

Frequently asked questions:

"Won't our auditors pick up such faults?"

Auditors only review a limited sample due to time constraints - they do not scrutinise every record. They also use inexperienced clerks with limited IT experience to perform these duties.

"Our internal controls are up to date and we use state of the art IT applications!"

Yes, that may be true, but systems need human inputs - humans are the cause of such faults. None of the companies for whom we performed a review has had a 100% pass rate. They all have faults - some small, some big.

"Won't the *RiskMetrics*™ cost our company time and resources?"

Profit Recovery Solutions works mainly offsite. When we are onsite, we need some assistance to show us how documents are filed and payments are processed. We will also liaise with your IT department for the relevant data required. After that, we are responsible for accessing all the documents that we might need.

"Will this review upset my staff?"

In a nutshell, the answer is no. We work extremely hard to foster great working relationships with your team. Our aim is a co-operative solution; this approach can be backed-up by our current clients.

"What about confidentiality?"

To start off we have no intention to using your data for any purpose other than to perform a professional service. The same applies as with your auditors - our fees are success-based, no recoveries, no fee. We do, however, enter into a non-disclosure and confidentiality agreement with our clients to protect their rights.

"How much will you recover, and how long does the process take?"

The duration of *RiskMetrics*™ will obviously vary with the size of the client and the number of transactions under review. On average, the review would take between six and eight weeks from data acquisition.* (Refer to the 'Process')

Who are we ?

Our company originated in the 21st century, and therefore we use proven cutting-edge business technology to incorporate an office network throughout the major business centres in South Africa.

Our business is systems driven, and therefore, we are able to collaborate with a highly skilled and experienced team of in-house and outsourced professionals to satisfy all our clients' needs.

Profit Recovery Solutions has achieved *level-4 B-BBEE* contributor level with an empowered supplier status, in accordance with the Department of Trade and Industry's amended Codes of Good Practice on Broad Based Black Economic Empowerment of 11th of October 2013.

Key Individuals:



Director

BSc (Hons), BCom (Hons), CA (SA)

Chris Kamffer is a chartered accountant with more than 20 years' business experience. He has a wealth of experience of computerised financial systems, having worked for more than a decade as a software engineer responsible for development and implementation of accounting software and related products.

His formal training in accountancy and computer science enabled him to develop the *DataTherapist™* software, a systematic review process. He served as general manager with Sefalana Employee Benefits Organisation and ABSA Consultants & Actuaries prior to starting his own investment management consultancy in 1999.



Director

B.Com, ICMQ (London)

Niel Rossouw has more than 16 years' experience in the traditional and alternative investment industry. During his career, he was managing director of a local subsidiary of a London-based property fund manager, St. James's Capital, and prior to that, he was an executive director at an international hedge fund manager, Absolute Fund Management Limited.

Since 1992, he has worked for a number of companies in an investment management and advisory position. He holds a degree in commerce and a post-graduate qualification in international capital markets.



Director

B.Comm Hons, H.Dip Tax, LL.M (Tax Law) (UCT); Master Tax Practitioner (SA)

Phillip West has since 2003 specialised exclusively in VAT and is widely regarded as an industry leader. Phillip completed his traineeship with PriceWaterhouseCoopers after which he specialised in Tax. He spent two years contracted to the Woodmead Project at the South African Revenue Service (SARS), (an initiative undertaken by then Minister of Finance, Trevor Manuel, in order to engage private sector skills to conduct in-depth Income Tax and VAT audits of multinational companies).



VAT Analyst

B Acc (Hons), CA(SA)

Andre Vermaak is a Chartered Accountant with many years experience in financial services, accounting, auditing and VAT/GST. Previous positions held include five years on contract with the Bank of New York in London, serving as Regional Credit Risk Manager at Nedbank Ltd and being contracted as an audit manager at SARS to conduct in-depth VAT audits of large corporations. Since 2009, he has specialised in profit recovery services, with a particular interest in VAT and GST recoveries.

Service delivery:

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Should there be any questions please do not hesitate to contact us at info@profitrecovery.co.za