

Our ref: A/BRJ/002/UURBS/18

January 19, 2018

The Trustees
Umoja Umbrella Retirement Benefit Scheme
Plot 12A, Tuffnel Drive, Kamwokya
P.O Box 7446
Kampala, Uganda

Dear Sirs,

LETTER OF ENGAGEMENT – AUDIT FOR THE PERIOD ENDING DECEMBER 31, 2017

1. Introduction

- 1.1** Thank you for appointing us as auditors of Umoja Umbrella Retirement Benefit Scheme (the “Fund”) for the year ending December 31, 2017. This engagement letter, together with the attachments (the “Engagement Letter”), sets out the basis on which we will provide audit services to the Fund (the “Engagement”).

This engagement supersedes any previous proposals, correspondence and understandings, whether written or oral and will stay in force unless terminated by a subsequent agreement or understanding in writing.

We will send you an annual engagement schedule letter setting out the specific matters relevant to the audit for that year *inter alia*, the engagement team, timetable, fees for the year, and any other relevant details of the scope of our services.

2. Responsibilities of auditors

- 2.1** Our role will be to express an opinion on the financial statements as detailed in Schedule I attached. Our duties and responsibilities shall be limited to the matters expressly referred to in that schedule.

3. Responsibilities of administrators.

- 3.1** The responsibility of maintaining proper accounting records and preparing financial statements, including adequate disclosure is that of the administrators of the Fund as detailed in Schedule II attached.

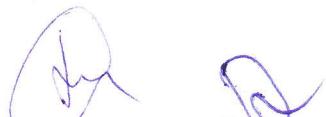
4. Personnel

- 4.1** Robert Busuulwa will be responsible for the conduct of this Engagement on our behalf. Our contact details are as follows;

Mr Robert Busuulwa

Direct telephone: +256 782 604 832

Email address: robert.busuulwa@brj.co.ug



5. Fees

- 5.1** Our fees are calculated and have been agreed in accordance with Schedule IV attached.

6. Client service

- 6.1** Our objective is to provide you with a high quality service to meet your needs. If at any time you would like to discuss with us how our service to you could be improved or if you are in any way dissatisfied with the service you are receiving, please let us know by contacting Mr. Robert Busuulwa on +256 782 604 832.
- 6.2** We undertake to look into any complaint carefully and promptly and to do all we can to explain and resolve the position to your satisfaction. If in any case we do not answer your complaint to your satisfaction, you may take up the matter with the Institute of Certified Public Accountants of Uganda.

7. Obligations and liabilities

- 7.1** We will exercise due care in the performance of our work in accordance with applicable professional standards.
- 7.2** Because of the importance to our work of the information and representations supplied to us by administrators, employees and agents of National Social Security Staff Provident Fund, we shall not be held responsible or liable for any damage (as defined in the attached Terms of Business schedule III) or other consequence arising from matters on which information material to our work is deliberately withheld or concealed from us or misrepresented to us, except and only to the extent finally determined to have resulted from our knowingly disregarded matters of which we have actual knowledge, bad faith, gross negligence or wilful default.
- 7.3** The aggregate liability of our firm, its partners, agents and employees or any of them (together referred to as the "Firm") for damage shall in all circumstances, be limited to three times the annual fees paid to us for our services as auditors to National Social Security Staff Provident Fund.
- 7.4** Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that arise or arose during any earlier or later periods for which we were not engaged as auditors.

8. Other services

- 8.1** We may provide, if requested, additional services. Any additional services that you may request and that we agree to provide will be covered by separate arrangements.

9. Terms of business

- 9.1** A copy of our Terms of Business is attached at Schedule III. You should ensure that you read and understand our Terms of Business which contain important terms including those in connection with the scope of the Engagement, your responsibilities, fees, use of our advice, and our liability. The Terms of Business, together with the other schedules referred to in this letter, form part of the Engagement Letter. Should any of the terms included in the Terms of Business conflict with any of the other terms in this Engagement Letter, the latter will prevail. This Engagement Letter will take precedence over any of its schedules.
- 9.2** You expressly agree and understand that the terms in this Engagement Letter apply to all audit services provided by BRJ Partners, pursuant to the Engagement, whether such services were performed or provided before or after signing of the Engagement Letter.
- 9.3** This Engagement Letter will remain in force and shall be fully effective until varied or replaced by written agreement between us. Each party may give notice in writing of termination to the other, which notice shall be delivered by either email, fax and/or a reputable courier service, indicating the

reasons for termination such as a breach of the contract terms or non-remedy of written complaints within a reasonable time frame.

- 9.4** We would be very grateful if you could confirm your agreement to the terms in this Engagement Letter by signing and returning to us the attached copy. In any event, your continuing instructions will amount to an acceptance of those terms.

Yours faithfully

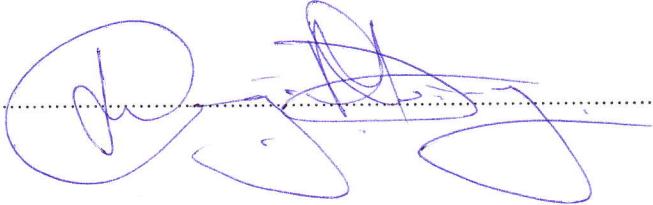


Robert Busuulwa
Partner
For and on behalf of BRJ Partners
Enc.

To BRJ Partners:

I hereby confirm that BRJ Partners is appointed to carry out the Engagement in accordance with the terms set out in this Engagement Letter.

Signed on behalf of **Umoja Umbrella Retirement Benefit Scheme**

Name

.....
John Investments & Trustee Services

Designation:

.....
Managing Director

Date:

.....
8 February 2018

Schedule I – Responsibilities of auditors

Our specific responsibilities will be as detailed in the paragraphs below;

Our audit will be made with the objective of expressing an independent opinion on the financial statements. The financial statements, in relation to the Fund and its statement of financial position, mean:

- the statement of financial position for the Fund as at the December 31, 2017; and
- the statement of comprehensive income for the Fund in relation to the year ending December 31, 2017, together with any notes or documents giving information relating to the statement of financial position or statement of comprehensive income, including a statement of accounting policies;
- the fund account and the Statement of net assets available for benefits; and
- the statement of cash flows.

We are also required by the URBRA Guidelines on Engagement of external auditors of retirement benefit schemes issued on May 24, 2017 to;

- Certify the Fund's compliance with such obligations and matters as may be specified in the URBRA Act, Regulations and Guidelines;
- Provide such certification, confirmation or any other information specified by the URBRA in a written notice sent to the scheme and the auditors; and
- Carry out such other duties as may be required of the auditor under the URBRA Act, Regulation and Guidelines.

1. Auditors' report

Upon completion of our work, we shall make a report to the trustees on the financial statements which have been audited. Our report shall state-

- the work done by us;
- the scope and limitations of the audit;

- the existence of any relationship (other than that of auditor) which we have with, or any interests which we have in, the Fund or any of its subsidiaries, other than dealings with the Fund in the ordinary course of business;
- whether we have obtained all information and explanations that we required;
- whether, in our opinion, as far as appears from our examination, proper accounting records have been kept by the Fund;
- the matters to which they relate, and where they do not, the respects in which they fail to do so and whether the financial statements have been prepared in accordance with the URBRA Act, the Uganda Retirement Benefits Regulatory 2016, the International Financial Reporting Standards and the Ugandan Companies Act (No.1) 2012; and
- whether, in our opinion, the financial statements present fairly the financial position, financial performance, and cash flows of the Fund, and where they do not, the respects in which they fail to do so.

2. Attendance at trustees' meeting

We shall attend such trustees' meeting and make such representation on matters which concern us as auditors as we deem necessary or appropriate.

3. Scope of the audit

We will conduct our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Board. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administrators, as well as evaluating the overall financial statement presentation.

4. Limitations of an audit

Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that some material misstatements, errors, irregularities, or illegal acts, including fraud or defalcations may exist and are not detected by us.

5. Control environment

We shall consider the Fund's control environment, accounting systems and control techniques in order to assess the adequacy of the accounting system as a basis for the preparation of the financial statements, to form an opinion as to whether proper accounting records have been maintained and for the purpose of determining the nature, timing and extent of our audit procedures.

The nature and extent of the tests that we will perform will vary according to our assessment of the control environment and accounting system and, where we wish to place reliance on them, our assessment of control techniques and may cover any aspect of the Fund's operations.

Our consideration of the Fund's control environment, accounting systems and control techniques will not entail a detailed study and evaluation of any of these elements for the purpose of providing assurances thereon or to identify significant deficiencies in internal control. However, any significant matters relating to the internal control structure noted during our audit will be communicated to you along with our comments and suggestions on these and other business matters.

6. Responsibilities for other information in documents containing audited financial statements

The objectives and scope of an audit of financial statements are formulated on the premise that our responsibility is restricted to information identified in our report. Accordingly, we have no specific responsibility to determine that other information in documents containing audited financial statements is properly stated and we have no statutory or contractual obligation to

report specifically on such other information. However, we shall give consideration to such other information when issuing a report on the financial statements, as the credibility of the audited financial statements may be undermined by inconsistencies which may exist between the audited financial statements and other information.

7. Administrator Reporting

We expect to provide you with a separate letter concerning any material weaknesses in accounting and internal control systems which come to our notice during the course of our audit and shall discuss our findings with administrators.

We will expect to obtain prompt written feedback and comments from the administrator in relation to the issues referred to in our management letter. Where no feedback has been obtained or where no action taken in relation to a material matter, we shall bring such significant matters to the attention of the Administrator.

Schedule II – Responsibilities of administrators

The responsibility for maintaining proper accounting records and preparing financial statements, including adequate disclosure is that of the administrators. This includes the maintenance of adequate internal controls, the selection and application of accounting policies, and the safeguarding of the assets of the Fund.

1. Accounting records to be kept

The Board of Trustees shall cause accounting records to be kept that-

- correctly record and explain the transactions of the Fund;
- shall at any time enable the financial position of the Fund to be determined with reasonable accuracy;
- shall enable the administrators to prepare financial statements that comply with the Uganda Retirement Benefits Regulatory Authority Act, 2011;
- shall enable the financial statements of the Fund to be readily and properly audited.

2. Obligation to prepare financial statements

The Board of Trustees shall ensure that the financial statements for the Fund fairly present the financial position, financial performance and (cash flow) of the Fund; are prepared in accordance with and comply with the Uganda Retirement Benefits Regulatory Authority Act, 2011 together with the URBRA Regulations which applies to the Fund's financial statements under any other enactments.

3. Access to information

The Board of Trustees shall ensure that we have access at all times to the accounting records and other documents of the Fund. We are entitled to receive from an administrator or employee of the Fund such information and explanations as we

think necessary for the performance of our duties as auditors.

4. Responsibility for prevention and detection of irregularities and fraud

The responsibility for the prevention and detection of irregularities and fraud rests with administrators. An effective system of internal accounting control reduces the probability that errors or irregularities may occur and remain undetected; however, it does not eliminate that possibility. We shall endeavour to plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records resulting from irregularities or fraud, but our examination should not be relied upon to disclose all irregularities and frauds which may exist. Any material errors or irregularities detected by us will be brought to the attention of the appropriate level of administrators and if necessary, the Board of Trustees.

5. Responsibility for compliance with laws and regulations

The administrator has the responsibility to ensure that the Fund's operations are conducted in accordance with laws and regulations. Likewise, the responsibility for the prevention and detection of noncompliance rests with administrators. We are not, and cannot be held responsible for preventing noncompliance.

The fact that an annual audit is carried out may, however, act as a deterrent. We shall plan and perform the audit bearing in mind that the audit may reveal conditions or events that would lead to questioning whether the Fund is complying with laws and regulations. We shall, as soon as practicable, either communicate to, the Board of Trustees and the Administrator, or obtain evidence that they are appropriately informed, regarding noncompliance that comes to our attention. However, we shall not do so for matters that are clearly inconsequential or trivial and may reach agreement in advance on the nature of such matters to be communicated.

6. Administrator's Representation Letter

The information used in preparing the financial statements will include facts or judgments which are not recorded in the accounting records. Consequently, as part of our audit process, we will request from the administrator written confirmation concerning representations made to us in connection with the audit:

- that the financial statements have been prepared in accordance with the Uganda Retirement Benefits Regulatory Authority Act, 2011 together with other statutory and professional reporting requirements;
- that sufficient records and related information have been maintained;
- that to the best of your knowledge and belief and that of administrators, there are no irregularities involving administrators or employees who have significant roles in the internal control structure;
- that all important information relevant to the audit have been brought to our attention;
- of any facts or judgment or other oral representations we have received or have been told during the course of our audit on matters that have a material effect on the financial statements;
- that the effects of misstatements brought to their attention by us are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Schedule III – Terms of Business

1 LIABILITY

- 1.1 For the purpose of these Terms of Business and the accompanying engagement letter, "Damage" shall mean the aggregate of all losses or damages (including interest thereon if any) and costs suffered or incurred, directly or indirectly, by the Fund (together with such other parties whom the Firm and the Fund have agreed may have the benefit of and rely upon our work on the terms hereof) (together "Addressees") under or in connection with this engagement or its subject matter (as same may be amending or varied) and any report prepared pursuant to it, including as a result of breach of contract, breach of statutory duty, tort (including negligence), or other act or omission by the Firm but excluding any such losses, damages or costs arising from the fraud or gross negligence of the Firm or in respect of liabilities which cannot lawfully be limited or excluded.
- 1.2 For the purpose of these Terms of Business, "the Firm", "us", "we" or "our" which, where appropriate, includes our successor and predecessor firms and our staff members shall mean BRJ Partners, Certified Public Accountant, its partners, affiliates, administrators, employees and agents. References in these Terms of Business to the "Fund", "you", or "your" shall mean National Social Security Staff Provident Fund, a Fund which is duly established and or incorporated under the Ugandan Retirements Benefits Regulatory Act, 2011 of the Laws of the Republic of Uganda, together with URBRA Regulations and Guidelines and who are our clients for this Engagement.
- 1.3 Neither party to this Engagement will be liable to the other for failure to fulfill obligations caused by circumstances outside its reasonable control.
- 1.4 Neither party to this Engagement will directly or indirectly agree to assign, transfer or sell to anyone any claim against the other party arising out of this engagement, except that the Fund may assign its rights to any such claim to: (1) its insurer or (2) a third party who acquires all or substantially all of the voting securities or assets of the Fund.

- 1.5 The Firm shall not be liable to the Fund for any punitive damages whatsoever or for any consequential or the loss or damage beyond the maximum liability specified in the Engagement Letter.
- 1.6 The Fund agrees to indemnify and hold harmless the Firm against any and all liabilities, actions, proceedings, claims, costs, demands, damages and expenses (including legal fees) incurred or threatened or arising in respect of or in connection with any matter or circumstances relating to or resulting from the provision of services under the Engagement Letter provided however that the Firm shall not be so indemnified with respect to any matter resulting from its fraud, willful misconduct or gross negligence.
- 1.7 Notwithstanding the termination of the Engagement Letter, the provisions relating to the liability and indemnity of the Firm shall continue in full force and effect.

2 OUR EMPLOYEES

- 2.1 It is expressly agreed that, having regard to our interest in limiting the personal liability and exposure to litigation of employees, you will not bring any claim in respect of any damage against any or all of our employees personally.
- 2.2 For the duration of our engagement, and for 12 months after its termination or completion, the Fund will not offer employment, or procure a third party to offer employment to any employee of ours who has taken part directly in the Engagement, without our consent.

3 GENERAL UNDERTAKINGS AND CONFIDENTIALITY

- 3.1 Once we have issued our reports we will have no further direct responsibility to report in relation to the matters covered by these reports or to update our findings by events, transactions or changes in circumstances or market conditions which may subsequently occur.

Use of reports

- 3.2 No responsibility is accepted by us for any reliance that may be placed by any third parties on the reports which we provide to the Fund on the

financial affairs of the Fund, unless our consent is sought for the provision of particular reports to specified third parties and is given in writing prior to the provision of any reports. Such consent will be granted only on the basis that our reports are not prepared with the interest of anyone other than the Fund in mind and that we accept no duty or responsibility to any other party as concerns the reports and that each specified third party acknowledges and accepts this (or such other terms that we may in our discretion agree with them) in writing directly with us.

Confidential information

3.3 Confidential information concerning the business of the Fund will not be disclosed by us to third parties (except for other professional advisers whom we may consult in relation to our work and save to the extent that the information is in the public domain) without your prior written consent unless otherwise required by law, a Court of competent jurisdiction, the tax authorities or other government or regulatory authority.

3.4 Likewise the Fund will not disclose confidential information about the Firm without our consent. All information and advice, written or oral, of whatever nature, made available by us to you is for your sole use and shall not be disclosed or made available to any third party (save to the extent that same is in the public domain otherwise than by breach of this clause) without our prior written consent unless otherwise required by law, a Court of competent jurisdiction, the tax authorities or other government or regulatory authority.

Working papers and files

3.5 The working papers and files prepared in conjunction with our work, including electronic documents and files, are our firm's property, constitute confidential information and will only be retained by us in accordance with our firm's policies and procedures. We will notify you as soon as practicable (unless restricted by law) where we receive a legally compelling notice or request for access to your working papers from a third party.

Electronically transmitted information

3.6 We may communicate with you electronically. Electronically transmitted information cannot be guaranteed to be secure or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. We will use commercially reasonable procedures to check for the most commonly known viruses before sending information electronically, but we will not be liable in respect of any error, omission or loss of confidentiality arising from or in connection with the electronic communication to you.

General

3.7 Nothing in this document precludes us or any member of our staff from taking such steps as are necessary in order to comply with the professional or ethical rules of any relevant professional body of which a partner or employee may be a member.

4 APPLICABLE LAW

4.1 The Terms of Business of this Engagement Letter shall be governed by, and construed in accordance with the laws of Uganda. The Courts of Uganda shall have exclusive jurisdiction to any claim, dispute or difference concerning the Engagement Letter and the Terms of Business and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have the jurisdiction.

5 ARBITRATION

5.1 The parties shall attempt, in an amicable manner, to adjust and settle any disagreements which may arise between them under or in connection with this Engagement.

5.2 In the event that any dispute arises between any of the parties to this engagement then at any time after the exhaustion of the procedures of mediation referred to in paragraph 5.1 above such dispute shall be referred to arbitration at the request of a party upon written notice to that effect (a "Notice of Arbitration") and be finally determined in accordance with the Arbitration Rules of a competent Court with jurisdiction in the

Republic of Uganda (the "Rules"). The appointing authority under the Rules shall be a Judge of the Court sitting in Chambers (the "Appointing Authority").

5.3 The place of arbitration shall be Kampala, Uganda. The language of the arbitration shall be English. The arbitration shall take place before a panel of three (3) arbitrators appointed as follows:

- 5.3.1 one arbitrator shall be appointed by each party (together, the "Appointed Arbitrators") within ten (10) Business Days of receipt of the Notice of Arbitration;
- 5.3.2 the Appointed Arbitrators shall appoint a third arbitrator within twenty (20) Business Days of receipt by the parties of the Notice of Arbitration; and
- 5.3.3 if either party does not appoint an Appointed Arbitrator or the Appointed Arbitrators fail to agree upon a third

arbitrator pursuant to this clause, such arbitrator shall be appointed by the Appointing Authority. Each party agrees that any decision or award in any arbitration made pursuant to this sub-clause shall be final and binding and hereby waives any right of appeal or recourse to any court of law.

Schedule IV – Our Fees

Our fees are based on the degree of responsibility and skill involved and the time required to complete the assignment, plus expenses.

We have agreed to fix our fees for the audit of the financial statements for the year ending December 31, 2017. Our fees will be **Ushs 3,200,000 (Three Million Two Thousand Uganda Shillings)**. Our fees for any subsequent audits will be revised and communicated to you annually in writing.

Our fees are Exclusive of VAT, which is currently 18%.

Our business terms require that we bill for our fees as follows;

- 50% on the signing of our engagement letter or before the commencement of the audit,
- 40% upon submission of the draft audit report and
- the final 10% upon signing of the audit report.

We will present our invoices, which will be due for payment on submission. We will notify you immediately of any circumstances we encounter which could significantly affect our estimate.

The timely completion of the audit requires the full co-operation of your staff in the provision of records, documentation, other information and explanations relevant to the audit. Estimates of time for completion of the audit are given on the assumption that we receive this co-operation. We may charge additional fees and expenses which result from delays in providing this co-operation.