How the APS Works on One Page

Why we use two companies, who owns what, how the 4 agreements lock them together, and how SAR 100 of profit splits 51 / 49.

Accord Partners · Plain-English Structure Map

1. Why Two Companies? (The Problem & The Fix)

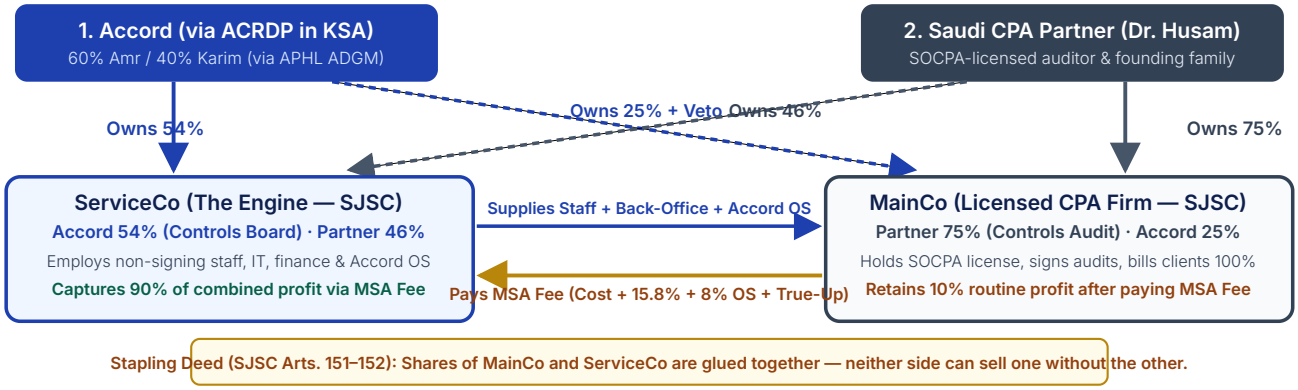
The Saudi Rule (Article 78)

Saudi law says an unlicensed investor (Accord) can own **at most 30%** of a licensed CPA audit firm (and Dr. Husam capped MainCo at **25%**). If everything stayed in one company, Accord would only ever get **25%** of the profit and zero operational control.

The APS Solution (Split the License from the Engine)

We keep the **Audit License & Client Contracts** in **MainCo** (where Accord owns **25%**), and put the **Staff, Back-Office & Accord OS** into a sister company, **ServiceCo** (where Accord owns **54%** and controls the board).

2. Who Owns What & How Money Flows Between Them



3. The 4 Agreements in Plain English (What Each Paper Does)

1 MainCo SHA (25/75)

Gives Accord **25%** of the CPA firm and a **Shareholder Veto**: Dr. Husam cannot cancel or change the ServiceCo MSA without Accord's written consent.

2 ServiceCo SHA (54/46)

Gives Accord **54%** and control of the Board, budget, and hiring. Gives Dr. Husam **46%** of ServiceCo dividends so he profits when ServiceCo profits.

3 The MSA (The Bridge)

Long-term exclusive contract where MainCo pays ServiceCo for: **(a)** Staff & Back-Office at **Cost + 15.8%**, **(b) Accord OS at 8% of revenue**, and **(c)** budgeted rate-card true-up.

4 Stapling Deed

Embeds in both companies' SJSC bylaws that MainCo shares and ServiceCo shares can **only be sold together** as a single stapled unit.

4. Follow SAR 100 of Profit (Why Accord Gets 51.1% and Dr. Husam Gets 48.9%)

Step-by-Step Money Flow (Base Case: SAR 5,000K Revenue / SAR 1,400K Profit)	Per SAR 100 of Profit	Full Year (SAR K)	Accord Gets	Dr. Husam Gets
1. Client Revenue minus All Real Operating Costs (SAR 5,000K rev – SAR 600K MainCo costs – SAR 3,000K ServiceCo costs)	**SAR 100.0**	**1,400.0**	—	—
2. MainCo Keeps 10% Routine Profit (Split **25% Accord / 75% Dr. Husam**)	SAR 10.0	140.0	**SAR 2.5** (35.0K)	**SAR 7.5** (105.0K)
3. ServiceCo Earns 90% via MSA Fees (Split **54% Accord / 46% Dr. Husam**)	SAR 90.0	1,260.0	**SAR 48.6** (680.4K)	**SAR 41.4** (579.6K)
4. Total Pre-Tax Economic Split (25% × 10% + 54% × 90% = 51.1% Accord)	**SAR 100.0**	**1,400.0**	**51.1% (715.4K)**	**48.9% (684.6K)**
5. Less Saudi Tax / Zakat (20% CIT on Accord's non-GCC share vs. ~2.5% Zakat on Dr. Husam's Saudi share)	(SAR 11.4)	(160.2)	(143.1K CIT)	(17.1K Zakat)
6. Final Take-Home Cash Dividends After Tax	**SAR 88.6**	**1,239.8**	**572.3K Net Cash**	**667.5K Net Cash**