

# Transparency Report

**As at 31 December 2014**

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## 1. Introduction

As an audit firm carrying out statutory audits of public interest entities, PKF Consultor Audit publishes the annual transparency report, in accordance with Chapter 10, Article 46 of Emergency Ordinance no. 90/2008, regarding the statutory audit of annual financial statements and of the consolidated annual financial statements.

## 2. Description of the Firm

PKF Consultor Audit, founded in the early 2007, is part of the PKF Consultor Group and member firm of top ten networks PKF International, a network of legally independent member firms. There are around 300 member firms and correspondents in 440 locations in around 125 countries providing accounting and business advisory services.

PKF International member firms have \$2.6 billion aggregate fee income (year end June 2011) and the network is a member of the Forum of Firms - an organisation dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide.

PKF Consultor is a group of Romanian companies that provides accounting services, fiscal consultancy, financial audit services, payroll and HR services, activities of reorganization and liquidation for companies, commercial legal assistance.

PKF Consultor Audit is a registered member of the Romanian Chamber of Financial Auditors, Romanian Chamber of Fiscal Consultants and Romanian Chamber of Certified Accountants.

We want to be recognized as a standard for excellence in the fields we operate, a standard of quality and promptness. Our keen desire is to becoming a trustworthy partner, upright and highly qualified in our areas of expertise.

Top quality services provided by **Consultor Group**, internal processes always held under control, employees' professionalism and performant management add value for the client and together with information network and technical-material base sustain efficiently the activity of our team at all levels.

### Credentials

**PKF Consultor Audit** has been awarded the ISO 9001:2008 Certification in view of performing services in the next fields: accounting, auditing and tax advisory.

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The list of our partners can be accessed on [www.pkf.com](http://www.pkf.com).

PKF Consultor Audit is authorized by the Chamber of Financial Auditors of Romania.

PKF Consultor Audit is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any other individual member firm or firms.

**The structure of the shareholders of PKF Consultor Audit SRL as at 31<sup>st</sup> December 2014 is:**

Iancu Laura-Maria	51%
Iacob Maria-Lucia	49%

Our current audit clients list includes local and international companies, mainly active in the services, distribution fields, entertainment, retail, construction, agriculture, real estate.

Our capital mission is keeping the professionalism and quality of our services at a high level of performance, considering at the same time the observance of the ethical standards, unbiased and independent attitude towards the client.

Being characterized by commitment, seriousness, competence, ambition, and client oriented, the activity of **PKF Consultor Audit** has been invariably consolidated, including in our portfolio clients with businesses in various fields.

We've been training and we've been improving ourselves continuously in assisting our clients in their pursuit of success.

As part of our long-term development strategy, our staff is permanently encouraged to obtain recognized professional qualification in accounting and auditing and to continuously improve their understanding of Romanian Standards, International Financial Reporting Standards and International Standards on Auditing.

### 3. Services

#### **Audit and audit related services**

Our audit services are carried in accordance with the International Standards on Auditing (ISA) or other Generally Accepted Auditing Standards.

The services available include:

- Audit report for individual financial statements according to the International Audit Standards (ISA), conducted in accordance with the statutory and international regulations;
- Audit for consolidated financial statements issued according with statutory or International Financial Reporting Standards (IFRS) or other Group regulations;
- Engagements of reviewing the financial statements;
- Special engagements based on agreed upon procedures, for various projects, audit on eligible expenses or in other managerial purposes, performed in accordance with ISRS 4400 or with ISA 800 „Audit of Special Purpose Financial Statements, and Specific Elements, Accounts and Items”;
- Compilation of financial statements elaborated in accordance with other accounting reporting systems (IFRS);
- Corporate finance services (due-diligence reports and ongoing assistance for acquisitions, mergers, divisions; business valuations; advice on re-organisations and restructuring existing businesses, commercial and tax considerations).

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#### 4. Management

The key persons within the company as at 31<sup>st</sup> December 2014 are the following:

Iancu Laura-Maria - Partner

Iacob Maria-Lucia - Partner

Marghescu Adrian – General Manager

#### 5. Internal quality control procedures

PKF Consultor Audit considers quality to be an essential item of its reputation. The quality is required in everything that PKF Consultor Audit's employees do.

We are required to adhere to a system of quality control that involves, at a minimum, the following standards issued by the standard setting boards of the International Federation of Accountants:

- ISQC1: Quality Controls for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements;
- International Standard on Auditing 220: Quality Control for Audits of Historical Financial Information;
- IESBA Code of Ethics for Professional Accountants.

These standards and procedures are designed to provide global and national management with reasonable assurance that audits engagements are conducted in accordance with applicable professional standards and procedures.

The firm's system of quality control is presented in PKF Consultor Audit's Quality Control Manual which details the policies and the procedures necessary for the performance of internal quality control activity.

Our Quality Control Manual includes procedures for:

- Acceptance and Continuance;
- Ethical requirements;
- Human resources
- Engagement performance
- Monitoring
- Documentation

## 6. Date of last independent Quality Inspection

The Romanian Chamber of Financial Auditors inspected the Company more recently on February 7<sup>th</sup> 2012. The Company obtained mark "A" (93% compliance with RCFA norms) in this inspection.

## 7. Independence

In order to achieve high quality audits, we accept audit engagements only where the audit team is independent, objective and qualified.

Each partner and employee completes an annual Independence Questionnaire confirming that they are:

- Fit and proper individuals
- Are independent
- Will comply with confidentiality rules
- Understand the policies and procedures of the firm

The partner must ensure that PKF Consultor Audit's independence is established before a client is accepted.

In case that a member of the audit team became aware of any circumstances or relationship which could create a threat to independence, the audit partner should immediately be notified.

The PKF Consultor Audit's management confirms that independence policies are strictly observed and continuously reviewed.

## 8. Training and continuing professional development

The firm's personnel policies and procedures are designed to ensure we have sufficient personnel with the capabilities, competence, and commitment to ethical principles necessary to perform audits and assurance engagements in accordance with professional standards and regulatory and legal requirements and to enable the firm or engagement partners to issue reports that are appropriate in the circumstances.

All financial auditors and certified accountants attend the continuous education programs organized by the Romanian Chamber of Financial Auditors and the other professional bodies (CECCAR, CCF).

All audit personnel are also continuously trained on the job during the audit engagement.

Our employees are participating to trainings and conferences organized by PKF International.

In addition, PKF Consultor Audit holds professional books. Our library is constantly enriched and updated.

## 9. Financial information

The net sales achieved by PKF Consultor Audit in the financial year 2014 were as follows:

Type of service	Lei
Statutory audit	457.281
Other assurance services	248.789
Other services	25.331
<b>Total</b>	<b>731.401</b>

## 10. List of clients for public interest for statutory audit purposes

Our firm was engaged in **April 2015** to audit the financial statements as at December 31, 2014 of **Biroul de Turism pentru Tineret S.A.** which is a public interest company held by the Ministry of Youth and Sports and S.I.F. Transilvania as major shareholders.

## 11. Remuneration of the partners

All partners are equity partners. As a result that they have full rights and obligations in accordance with the Companies' Act no. 31/ 1990.

The partners have the right, in accordance with the law, to receive wages, administration fees, dividends.