

2018 TRANSPARENCY REPORT

A.V.SAVVIDES & PARTNERS LTD

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Message from the Managing Director:

I am pleased to present our 2018 Transparency Report in which we describe our strategy, structure, governance and systems of quality control.

For us, audit is not just the delivery of an independent opinion in accordance with applicable auditing standards. Our target is to provide top quality auditing services in an ethical and independent manner but also to provide other services such as tax consultancy by analyzing the new tax laws and their impact on our clients.

Our audit firm exists since 1992 and employs more than seventeen people, all working in our Limassol offices, and our main aims are to provide quality audit, maintain quality and low cost base and further develop advisory services.

A.V. Savvides & Partners Ltd is a private company, limited by shares registered in Cyprus, under registration number HE169174, and our registered office is at 1 Mourouzi Street, Georgia Court, 3 and 4 Floor, Mesa Yitonia, Limassol, 4001.

A.V. Savvides & Partners Ltd, is mainly owned by the Managing Director, Aristos Savvides (B.A. Econ., Chartered Certified Accountant).

Aristos Savvides
Managing Director
3/5/2018

System of quality control

A.V. Savvides and Partners Ltd, has policies of quality control, based on the International Standards on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB) and the code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) relevant to firms that perform statutory audits and other assurance and related services engagements.

Our purpose is to comply with relevant professional standards, regulatory and legal requirements and issue all appropriate reports.

Quality control and risk management are the responsibility of the company's managing director. This responsibility includes the need to adhere to all firm's staff, policies and associated procedures in carrying out their day-to-day activities.

Our quality control procedures equally apply to tax and advisory work.

Our priority is not just about reaching the right opinion but how we reach that opinion. It is about the processes and procedures, thought and integrity behind the audit report. Audit procedure for us is the delivery of an appropriate and independent opinion in compliance with the auditing standards. This means, being independent and compliant with legal and professional requirements.

Our audit quality framework is based on the following:

- Association with the appropriate clients
- Professional standards and helpful audit tools
- Appropriate personnel
- Effective and efficient audits
- Continuous improvement and development

Association with the appropriate clients:

Certain policies and procedures have been implemented in order to decide whether to accept or continue to provide services to a client and whether to perform a specific engagement for that client.

Before accepting a client, we proceed with an assessment of its principals, its business and other related matters such as background checks and its key management and beneficial owners. Where the client is considered to be "high risk" the managing director is involved.

Independence and conflict of interest issues are the most important factors in accepting or not the engagement. If these parameters are not satisfied in accordance with professional standards, the client will not be accepted.

Professional standards and helpful audit tools

Our staff is provided with a range of tools to support their expectations with regard to professional practice, risk management and quality controls. Our audit methodology is based on the requirements of international standards of auditing (ISAs). Our audit program includes methodology, guidance and industry knowledge needed to perform efficient and high quality audits.

The key activities of our audit program are:

- Engagement acceptance
- Selection of team and timetable
- Risk management
- Testing
- Completion

Also, our staff is responsible for making the appropriate inquiries to ensure that they do not have any personal, financial, family or business interests that may restrict their independency. An important factor for us is also the fee dependency. Total audit fees for a public interest client and its related entities should not exceed the 10% of the total firm's fees.

Conflict of interest is a very important issue for us. We follow specific procedures to make sure that no conflict of interest arises and to eliminate the possibility for such a conflict of interest to arise in the future, maintaining at the same time the confidentiality for all clients' affairs.

Appropriate personnel

One of the main drivers of quality is ensuring the assignment of people with skills and professional capabilities and with the appropriate experience. For recruitment all candidates applying for professional positions, submit applications and are employed following a variety of selection processes which include application screening, psychometric and ability testing and reference and qualification checks. Upon joining our firm, new personnel participate in a training program, focusing on topics such as ethics and independence. Development courses are available to enhance personnel effectiveness and develop technical and business skills.

Effective and efficient audits

The final result of an audit is depending on the way which is conducted. Our staff demonstrate certain key behaviors in the performance of effective and efficient audits. These include:

- The partner and manager involvement
- Assessment of audit evidence
- Exercise of professional judgment
- Monitoring and supervision
- Supported and documented conclusions
- Reporting
- Independence
- Client confidentiality

Continuous improvement and development

It is of great importance to us that our services continue to meet the needs of participants in the market. For this purpose we have an integrated monitoring program covering all staff, to assess that quality control policies and procedures have been followed in the appropriate manner. These procedures involve the consideration of compliance with international policies and procedures, effectiveness of training, the compliance with laws and the firm's standards and policies.

The Institute of Certified Public Accountants of Cyprus (ICPAC) has been carrying out external independent inspections for a number of years. They visited our firm in 2007 and 2014.

To ensure the continuous professional education and development, our managing director and our audit staff, participate in many professional seminars organized by the ICPAC or ACCA or other professional bodies.

Financial information

Total firm's gross fees:

| | Financial Fees | Financial Fees |
|----------------------------------|-----------------------|-----------------------|
| | 2016 | 2017 |
| | € | € |
| Audit | 332990 | 290525 |
| Tax, advisory and other services | <u>190254</u> | <u>200152</u> |
| Total | 523244 | 490677 |
| | ===== | ===== |