

MOORE STEPHENS

Moore Stephens (Limassol) Limited

Transparency Report 2016

Why we prepare a transparency report

Transparency is a key element underpinning the confidence of the world's capital markets in the audit process, and Moore Stephens (Limassol) Limited will continue to play its part in creating a more accountable and robust accounting profession.

This transparency report is a public statement to clients, audit committees, regulators and the wider public of our commitment to provide quality assurance services to organisations all over the world. Our clients rightly expect us to have policies and procedures in place that mean the quality and level of service they receive is not only of a high standard but consistent, irrespective of where they operate.

This report, which complies with the requirements of the 'Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016 which came into force on 8 April 2011 and revised on 20 December 2013 and 23 September 2016, explains how the firm is run, how we ensure that we perform audits of the highest quality and describes the expertise, breadth and depth of our firm and of Moore Stephens International.

The report describes policies and procedures which are effective as at 30 March 2017.

Our awards

ICPAC Quality Checked Certificate

Moore Stephens (Limassol) Limited has been awarded the 'ICPAC Quality Checked' certificate by the Institute of Certified Public Accountants of Cyprus (ICPAC) following a review carried out by the Association of Chartered Certified Accountants (ACCA).

The ICPAC Quality Checked certification is a quality assurance scheme introduced by ICPAC in July 2006 to help improve standards across the accountancy profession in Cyprus. The aim of the scheme is to help ICPAC member firms enhance the quality and efficiency of services they provide to their clients by ensuring that the procedures and controls in place are consistent with the demands of International Standard on Quality Control (ISQC 1) and generally accepted best practice within the industry.

ACCA Platinum Approved Employer

Moore Stephens (Limassol) Limited has also been awarded Platinum Approved Employer Trainee Development status by ACCA (the Association of Chartered Certified Accountants) which is the highest level that an ACCA Approved Employer can achieve. It is an indicator to current and prospective trainees looking to train within an organisation that the firm has the highest standards of training and development.

Legal structure and ownership

Legal structure

Moore Stephens (Limassol) Limited is incorporated in Cyprus as a limited liability company under the provisions of the Cyprus Companies Law, Cap. 113, with a registration number HE203824. Our professional activities are conducted through the company.

Ownership

Moore Stephens (Limassol) Limited is entirely owned by its members. A list of the members of the company is open to inspection at the registered office: Ariel Corner, 1st Floor, Office 102, 196 Arch. Makarios Avenue, 3030 Limassol, Cyprus.

Regulatory body affiliation

The firm's practice is regulated and reviewed by the Institute of Certified Public Accountants of Cyprus (ICPAC) whose aim is to help ICPAC member firms enhance the quality and efficiency of the services they provide to their clients by ensuring that the procedures and checks in place are consistent with the demands of the quality programmes and generally accepted best practice within the industry. Each partner/director is a member of CPA USA and ACCA in addition to ICPAC.

Our external audit is undertaken by Miltos Athanassiou FCA.

Moore Stephens International Limited

Moore Stephens International is one of the world's major accounting and consulting networks with over 300 independent firms and over 626 offices in over 108 countries.

Moore Stephens International member firms' objective is simple: to be viewed as the first point-of-contact for all clients' financial, advisory and compliance needs. They achieve this by providing sensible advice and tailored solutions to help you achieve your commercial and personal goals.

Moore Stephens member firms across the globe share common values: integrity, personal service, quality, knowledge and a global view.

It is their commitment to clients which ensures they provide added value services, as well as a stimulating career for their people. Moore Stephens International maintains a cohesive network to ensure modern and comprehensive global services that meet standards of professionalism and deliver value in each country.

Moore Stephens (Limassol) Limited is a member firm of Moore Stephens International Limited (MSIL).

Governance and management

Leadership

We are committed to a strong culture of excellence and ethics. Our partners set the tone in the business and inspire our people to commit to the highest standards of behaviour and performance. We continually evaluate developments in corporate governance and benchmark our performance against them.

Members of the board

- Executives

- Christos Christodoulou
- Christos Tsissios

- Non-Executives

- Richard Greiner

The company's rights and obligations, our governance framework, and the key responsibilities for the management of our business are set out in the company's Memorandum and Articles of Association.

Management of our business

Management of the firm is the responsibility of the members of the board, delegated to its executive board members, and includes amongst other duties:

- ensuring that the firm operates within the company's governance framework formulating the firm's strategy and policies
- the profitable management of the firm
- the appointment, appraisal and (where necessary) the removal of staff, and determining their remuneration.

In the profession

We are committed to investing the time of our senior people in professional leadership positions. This ensures that our clients have access to excellent technical support and awareness of emerging issues, and that their interests are properly represented as public policy develops. Our partners and senior management are actively involved in various committees regarding the profession.

Specifically, we have representatives on various committees of ICPAC, our regulatory body.

- **Christos Christodoulou** – Shipping working group
- **Christos Tsissios** – Auditing Standards committee
- **Haris Metaxas** – Limassol Paphos coordinating committee

Quality Control

One of the pillars of our assurance strategy is to support partners and staff in the delivery of consistent high quality client service. Our rigorous quality control system is designed to ensure that the firm and its personnel comply with relevant professional standards as well as regulatory and legal requirements.

Our internal quality control system is aligned with the:

- Code of Ethics of International Standards Board for Accountants (“IESBA”).
- International Standard on Auditing 220: Quality Control for Audits of Historical Financial Information
- ISQC1: International Standard on Quality Control for Firms, which encompasses the following key elements, all of which are elaborated further on:
 - quality control policies and procedures
 - leadership responsibilities for quality
 - ethics and independence
 - human resources
 - acceptance and continuance of clients and engagements
 - engagement quality control review
 - monitoring.
- The requirements of Moore Stephens International Limited.

Leadership responsibilities for quality

In accordance with the principles of ISQC1, the Board has appointed the Partner, Christos Tsissios, as Head of Assurance; he has responsibility for audit quality and for setting the assurance strategy.

Ethical requirements

Partners recognise that their behaviour is key to maintaining a strong ethical environment and culture. The Board has appointed Christos Christodoulou as the Partner responsible for Ethics.

Internal controls that support our ethical environment are routinely checked as part of the firm’s risk management procedures.

Acceptance and continuance of clients and engagements

Our firm has acceptance and continuance systems in place in all service areas to ensure that each client assignment is delivered to consistently high standards of professional and technical excellence.

Our audit engagements are categorised to drive appropriate risk management procedures. We only engage with clients where we have the necessary capacity, skills and expertise to meet client expectations and which will not prejudice our independence, objectivity or integrity. High profile engagements are pre-approved by risk management Committee.

A similar continuance procedure is required on an annual basis, or if there are any known changes in circumstances.

People and Culture – audit team structures

We implement high levels of expertise within audit teams. Engagements are partner led, with substantial manager involvement throughout the audit process.

We set high benchmarks for recruiting trainees and throughout their induction and training programmes, the need for ethical behaviour and quality is reinforced. We undertake thorough appraisals and continuously carry out mentoring, professional, and personal development courses.

Supervision, review and consultation

We have a strong culture of consultation, supervision and review, which is embedded throughout the audit methodology. Where appropriate, reviews by a second partner and the Head of Assurance provide additional levels of expertise and quality management.

Professional indemnity insurance

We are committed to the highest standards of technical excellence and client service, but in order to mitigate any remaining risk, the firm has arranged for appropriate indemnity insurance.

Engagement quality review

All audit clients whose securities are publicly traded, as well as high profile engagements, are subject to an engagement quality review by a second partner.

Monitoring activities

Internal audit inspections are carried out annually to assess the quality of completed audit work across various areas of activity and industry sectors. The reviews are risk focused and review teams are selected from outside of the department under review and in coordination with the other member firm in Cyprus.

In addition to our internal monitoring programme, as a member firm of Moore Stephens International Limited we are subject to the Quality Control Reviews (QCR) on a three years review rounds.

The QCR process includes an evaluation of policies and procedures of the member firm applicable to its assurance practice, benchmarking those policies and procedures against relevant policies and procedures of the international organisation. The team reviews financial statements, audit reports and engagement files and also the QCR Internal Monitoring Programme and ensures compliance with all aspects of ISQC 1 and ISAs.

Moore Stephens International Limited quality control procedures

In addition to our own quality control procedures, as a member firm of Moore Stephens International Limited, we are required to abide by a system of quality control that encompasses, at a minimum, the following standards issued by the standard setting boards of the International Federation of Accountants (IFAC), including:

- International Standard on Quality Control 1: Quality Control 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.

Each member firm's system of quality control is designed to provide global and national management with reasonable assurance that audit engagements are conducted in accordance with applicable professional standards and global policies and procedures.

Member firms are required to have an effective internal inspection programme in place that meets the requirements of ISQC 1. Member firms are provided with templates to assist them in adopting their internal quality control programme. These templates include guidelines, work programmes, forms and examples of reports, all of which have been benchmarked against ISQC 1.

Supporting robust audit delivery

Moore Stephens International Limited views audit quality as an essential element of our business. To that end, Moore Stephens International Limited provides resources to assist member firms in maintaining audit quality, including:

- an audit methodology, with supporting software, that is recommended to member firms globally
- policies and procedures contained in audit manuals that are benchmarked against international auditing, quality control, independence and ethics standards
- a comprehensive intranet service that includes up to date information for member firms on auditing, financial reporting, ethics and independence standards and guidance on applying them effectively.

Each year further investment is made in methodology development, technology, training, communications and guidance toward the continuous improvement of audit quality.

Moore Stephens International Limited Audit Review

Each member firm is obligated to monitoring review of its quality control programme, referred to as the Quality Control Reviews programme (QCR), at least once every three years. The QCR process is designed to monitor member firm compliance with professional standards and the MSIL global audit policies and procedures which are ISAs and ISQC1 compliant. The QCR is conducted by independent and suitably qualified reviewers, adequately trained under the overall direction of the European Technical Director reporting to the European Technical Committee.

QCR teams review the conduct of audit work performed by each member firm. The review process includes an evaluation of policies and procedures of the member firm applicable to its assurance practice, benchmarking those policies and procedures against relevant policies and procedures of the international organisation. The inspection team reviews financial statements, audit reports and engagement work papers and files and also the internal QCR Monitoring Programmes and ensures compliance with all aspects of ISQC 1 and ISAs.

External Monitoring

Moore Stephens (Limassol) Limited has been awarded the prestigious 'ICPAC Quality Checked' certificate by the Institute of Certified Public Accountants of Cyprus (ICPAC) following a review carried out by the Association of Chartered Certified Accountants (ACCA).

The ICPAC Quality Checked certification is a quality assurance scheme introduced by ICPAC in July 2006 to help improve standards across the accountancy profession in Cyprus. The aim of the scheme is to help ICPAC member firms enhance the quality and efficiency of the services they provide to their clients by ensuring that the procedures and checks in place are consistent with the demands of the quality programmes and generally accepted best practice within the industry.

The latest review of the firm by ICPAC was in March 2010.

Engagement with regulators

Member firms are expected to maintain an open and constructive relationship with their national regulators. This is consistent with our global policy of embracing external oversight, along with our support of a balanced public reporting of external inspection programmes.

Independence practices

Maintaining the independence of member firms, audit teams and other professionals is critical to sustaining public confidence in the audit profession. Moore Stephens International Limited is committed to ensuring that its independence policies and procedures are robust and provide clients of member firms, other users of audit reports and the investment community with confidence that Moore Stephens International Limited member firms and their professionals are independent and objective.

In addition to our own independence practices, Moore Stephens International Limited requires member firms to adopt policies and procedures that have been designed to safeguard independence on assurance engagements and identify circumstances that could pose a conflict of interest. The global independence policies and procedures are based on the IESBA Code of Ethics with supplements to govern compliance with our global independence and international relationship checking processes. Member firms are also required to adhere to their local regulatory requirements where more restrictive.

Global independence system and conflicts checking

Avoiding financial interests in an assurance client, or its affiliate, prohibited by the independence rules is a key objective in maintaining the independence of member firms and the client service engagement teams. Individuals and member firms are assisted to achieve this objective, through “Copernicus” - an automated tracking system that identifies restricted entities (issuers of publicly traded securities in which financial interests are prohibited or restricted). This information is made available to all personnel in all member firms.

Copernicus is designed to identify services provided by member firms to affiliated entities. The data is connected using the identity of the ultimate holding company (‘UHC’), irrespective of whether or not the UHC is a client of a member firm. An entity becomes a client once a job for that entity is entered on to Copernicus. An entity may be entered as a UHC without being a client; other affiliated entities should be entered only if they are a client. It is not intended that Copernicus provide a comprehensive list of entities affiliated with a particular UHC but only those that are clients.

Copernicus provides with the minimum information necessary to assess the nature of client relationships for affiliated clients and then for you to make contact with relevant individual(s) to clarify and resolve any potential conflicts of service offering.

Copernicus was designed in compliance with the IESBA Code of Ethics. This Code is also the national code for many countries. The detailed requirements of all relevant code(s) should be taken into consideration when determining whether or not there is a potential conflict or service offering. Data concerning affiliated entities may be relevant even where a member firm does not act for the Ultimate Holding Company in any capacity.

Client acceptance procedures

Achieving professional excellence means accepting and retaining member firm clients that share Moore Stephens (Limassol) Limited's objectives of quality and integrity. Moore Stephens (Limassol) Limited's global client acceptance/continuance procedures integrate with member firm policies. The acceptance/continuance processes provide member firms with information to judge whether the entity meets or exceeds necessary standards of integrity and whether the member firm has the capacity to perform a high quality audit.

The acceptance procedure is part of the Moore Stephens Quality Manual and the Anti-Money Laundering Manual which is based on a template provided and approved by Moore Stephens International Limited and the requirements of the prevention and suppression of Money Laundering Activities Law of 2007 as amended, respectively.

The firm's policies and procedures for the acceptance and continuance of client relationships and specific engagements are designed to provide the firm with reasonable assurance that it will only undertake or continue relationships and engagements where:

- Having considered the integrity of the client the firm does not have information that would lead it to conclude that the client lacks integrity;
- The firm is competent and legally authorised to perform the engagement;
- The firm has the capabilities, time and resources to perform the engagement; and
- The firm and its relevant personnel comply with relevant ethical requirements.

Continued professional education

We are committed to ensuring that our people have the skills and expertise necessary to provide the range of quality services and technical excellence required by our clients. All partners and staff are required to keep up to date with the firm's own risk management, ethical and independence requirements.

We have both mandatory and voluntary training requirements, which are actively monitored. Internally, we provide technical resources and support which can include electronic technical updates, training workshops, professional and personal development courses and access to technical teams and committees.

While the majority of technical training takes place within member firms, Moore Stephens International Limited makes a significant investment in on-going training for audit staff in all member firms in the global audit methodology and supporting technology, and in IFRS, through its Train the Trainers (T3) programme and the Annual European Technical

Conference.

Financial Information

The total revenue for the year ended 31 December 2016 was €1,2 million.

Percentage per service line

SERVICE	2013 %
Audit	66
Tax advisory services	10
Other non-audit services	24

Partner remuneration

The executive Partners receive a base salary per year based on seniority. Additionally, partners receive dividends according to their share interest in the company.

Public interest entities

During 2016, the firm undertook statutory audits for the following public interest entity:

- American Hellenic Hull Insurance Company Limited

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