

# Transparency report 2018

A focus on quality

April 2019



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# Transparency report 2018

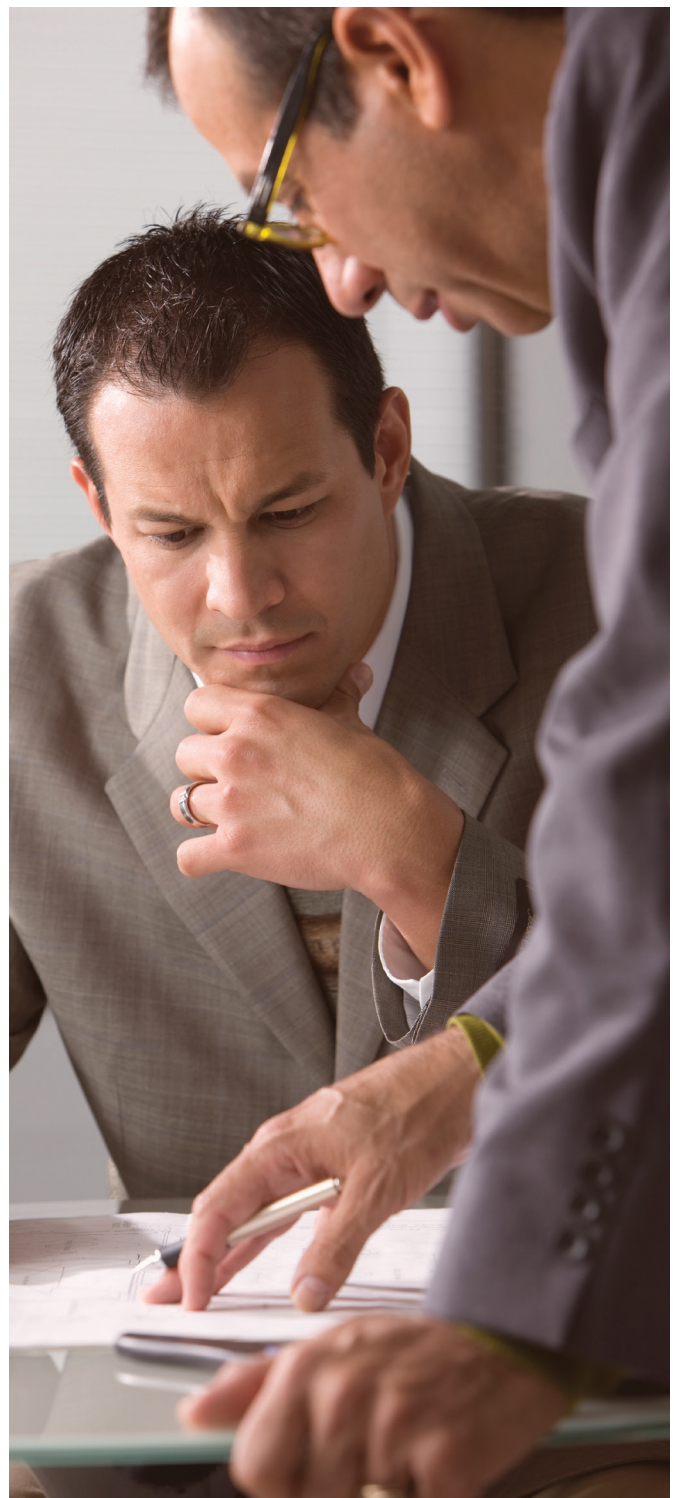
This transparency report has been produced to enable our stakeholders - businesses, investors, regulators and communities - to better understand our business. It explains how the firm is run, how we ensure that we perform audits of the highest quality, and describes the expertise and leadership of our firm and of Grant Thornton International Ltd. Transparency of audit firms is a key element underpinning the confidence of the world's capital markets in the audit process and Grant Thornton will continue to play its part in creating a more accountable and robust accounting profession.

This transparency report has been prepared in line with requirements of the Regulation (EU) No 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, as well as in line with internal regulation of Auditing Oversight Authority valid for transparency reports

Statutory auditors and audit firms providing audit services to public interest entities are obliged to publish the transparency report on their websites within 4 months after the year-end. Preparation of transparency report in accordance with the new Regulation (EU) No 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC is obligatory for the first time for the fiscal period which is starting June 17, 2016 or later. In case of the company Grant Thornton Audit, s.r.o., this obligation was hence valid for the first time for the prior year 2017.

This transparency report is in respect of the year ended December 31, 2018 on behalf of the Managing Partners: Dr. Wilfried Serles and Ing. Martina Runčáková.

Report was approved April 25, 2019.



# Foreword from the Managing Partners



The transparency report was prepared in order to comply with the requirement determined by the Regulation (EU) No 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (hereinafter the “Regulation”).

This report shall give the clear view about:

- legal structure and ownership of the Company,
- Grant Thornton International network:
  - description of the legal and structural arrangements in the network,
  - the name of each audit firm that is a member of the network,
  - the countries in which each audit firm that is a member of the network is qualified as a statutory auditor or has its registered office, central administration or principal place of business,
  - the total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements,
- description of the governance structure of the audit firm,
- description of the internal quality control system,
- the last quality assurance review,
- list of public-interest entities for which we carried out statutory audit services,
- procedures concerning the independence practices of our audit firm,
- procedures concerning the continuing professional education of statutory auditors,
- partners remuneration,
- the policy of our audit firm concerning the rotation of key audit partners and staff,
- the finance information.

A handwritten signature in blue ink, consisting of several vertical strokes and a horizontal line at the top, representing the name Wilfried Serles.

**Dr. Wilfried Serles**  
Managing Partner

# Legal structure and ownership

Grant Thornton Audit, s.r.o. was established  
on September 14, 1993.

Legal form: Limited Liability Company

Grant Thornton Audit, s.r.o. (the “Company”)  
Hodžovo námestie 1A  
Bratislava 811 06  
(till August 31, 2018: Križkova 9, Bratislava 811 04)

company ID number: 31 359 523  
tax ID number: 2020301679  
company ID VAT number: SK2020301679

In Commercial register of District Court of Bratislava I, Section  
Sro, Nr. 5861/B

Audit licence Nr. 28

Ownership: (100%)  
IB Interbilanz Holding Wirtschaftsprüfung GmbH  
Schönbrunner Straße 222-228  
Vienna 1120  
Austria

Statutory body of the Company as of December 31, 2018:

Dr. Wilfried Serles  
Ing Martina Runčáková

# Grant Thornton International

## the legal and structural arrangements (Description of the network according to Article 13 (2) of the Regulation)

Grant Thornton Audit, s.r.o. is a member firm of Grant Thornton International Ltd (“GTIL”).

Grant Thornton International is one of the world’s leading organisations of independently owned and managed accounting and consulting firms. These firms provide assurance, tax and specialist business advice to privately held businesses and public interest entities. More than 2,500 partners provide clients with distinctive, high quality and personalised service in over 100 countries.

GTIL is a not-for-profit, non-practising, international umbrella membership entity organised as a private company limited by guarantee, not having a share capital, incorporated in England and Wales.

Each member firm within Grant Thornton International is a separate national firm. These firms are not members of one international partnership or otherwise legal partners with each other, nor does membership within Grant Thornton International thereby make any firm responsible for the services or activities of any other.

Each firm governs itself and handles its administrative matters on a local basis. Although many of the member firms carry the Grant Thornton name, either exclusively or in their national practice names, there is no ownership among the firms or by Grant Thornton International. At 30 September 2018, GTIL had independent member firms in more than 135 countries (2017: 135+) with aggregate revenues of US\$5.45 billion (2017: US\$4.8 billion), and more than 53,000 people.

A full list of Grant Thornton member audit firms in European Union (EU)/European Economic Area (EEA) member states, and the countries in which they are registered or have their principal place of business, is shown below.

The total turnover achieved by statutory auditors and audit firms that are members of the GTIL network in EU or EEA member states from the statutory audit of annual and consolidated financial statements, calculated to the best extent possible, is approximately USD 598 million (approximately 28% of total global assurance revenues of USD2.1 billion).



<b>Country</b>	<b>Legal entity</b>	<b>Country</b>	<b>Legal entity</b>
<b>Austria</b>	Grant Thornton Austria GmbH Wirtschafts- und Steuerberatungsgesellschaft	<b>Iceland</b>	Grant Thornton Endurskoðon Ehf
<b>Belgium</b>	Grant Thornton Bedrijfsrevisoren	<b>Ireland</b>	Grant Thornton
<b>Bulgaria</b>	Grant Thornton Ood	<b>Ireland</b>	Grant Thornton Business Advisory Services Ltd.
<b>Croatia</b>	Grant Thornton revizija d.o.o.	<b>Ireland</b>	Grant Thornton (NI) LLP
<b>Cyprus</b>	Grant Thornton (Cyprus) Ltd.	<b>Italy</b>	Ria Grant Thornton S.p.A.
<b>Czech Republic</b>	Grant Thornton Audit s.r.o.	<b>Latvia</b>	Grant Thornton Baltic SIA
<b>Denmark</b>	Grant Thornton Statsautoriseret Revisionspartnerselskab	<b>Liechtenstein</b>	Grant Thornton AG
<b>Estonia</b>	Grant Thornton Baltic Oü	<b>Liechtenstein</b>	ReviTrust Grant Thornton AG
<b>Finland</b>	Advico Grant Thornton Oy	<b>Lithuania</b>	Grant Thornton Lithuania
<b>Finland</b>	Idman Vilen Grant Thornton Oy	<b>Luxembourg</b>	Compliance & Control S.A.
<b>Finland</b>	Revico Grant Thornton Oy	<b>Malta</b>	Grant Thornton Malta
<b>France</b>	AEG Finances	<b>Netherlands</b>	Grant Thornton Accountants en Adviseurs B.V.
<b>France</b>	Carib Audit	<b>Netherlands</b>	Incompanion B.V.
<b>France</b>	Grant Thornton	<b>Norway</b>	Grant Thornton Revisjon AS
<b>France</b>	IGEC	<b>Poland</b>	Grant Thornton Frqckowiak Sp. z.o.o. sp.k.
<b>France</b>	Tuillet Audit	<b>Poland</b>	Grant Thornton Polska Sp. z.o.o. Sp.k.
<b>Germany</b>	Warth & Klein Grant Thornton AG	<b>Portugal</b>	Grant Thornton & Associados, SROC, Lda.
<b>Germany</b>	ATS Allgemeine Treuhand GmbH	<b>Romania</b>	Grant Thornton Audit SRL
<b>Germany</b>	Warth & Klein Grant Thornton GmbH & Co. KG	<b>Slovakia</b>	Grant Thornton Audit, s.r.o.
<b>Germany</b>	Sozietät Prof. Dr. Dr. h. c. W. Klein u.a	<b>Slovenia</b>	Grant Thornton Audit d.o.o.
<b>Germany</b>	WPG Wohnungswirtschaftliche Prüfungs-und Treuhand GmbH	<b>Spain</b>	Grant Thornton, S.L.P.
<b>Germany</b>	Warth & Klein Grant Thornton Revisionsunion GmbH	<b>Spain</b>	Grant Thornton Andalusia, S.L.P.
<b>Gibraltar</b>	Grant Thornton (Gibraltar) Ltd.	<b>Spain</b>	Cruces Y Asociados Auditores, S.L.P.
<b>Greece</b>	Grant Thornton SA	<b>Sweden</b>	Grant Thornton Sweden AB
<b>Hungary</b>	Grant Thornton Audit Kft.	<b>UK</b>	Grant Thornton UK LLP

# Governance structure and management



The company Grant Thornton Audit, s.r.o. was established by the foundation deed in the form of a notarial deed of July 28, 1992 and was registered in the Commercial Register on September 14, 1993. The company met requirements set in § 5, Article 1 point b of the Act no 423/2015 Coll on statutory audit and on amendments of Act No. 431/2002 Coll. On Accounting as amended (hereinafter as “Act on Statutory Audit”).

In 2018, the company had 2 managing partners: Dr. Wilfried Serles and Ing. Martina Runčáková.

Ms. Runčáková meet requirements set in §5 article 1 and 3 of the Act on statutory audit.

On behalf of the company, they act and sign alone.

As at December 31, 2017 our Company employed 5 auditors and 9 audit assistants who met the conditions for the activity of statutory audit assistant (whereas six of them were registered in the List of statutory audit assistants).



# Internal Quality Control System

Our audit quality assurance system is in full compliance with the requirements and standards / guidelines set by the International Auditing Standards Board (IAASB) and the Auditing Oversight Authority.

Within the framework of the internal quality control system the audit partner, Dr. Wilfried Serles, is in charge of the audit engagement and is responsible for the total quality of the audit engagement. Together with the key audit partner (statutory auditor assigned for particular audit engagement), they are obliged to ensure consistently high quality in all statutory audits which should be therefore carried out on the basis of professional standards, and regulatory and legal requirements, meeting of all company's rules and quality controls procedures and that the auditors' reports issued by the firm or engagement partners are appropriate in the circumstances.

The engagement partners should take responsibility for the overall quality on each audit engagement to which those partners are assigned and should consider whether members of the engagement team have complied with ethical requirements in relation to the integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The engagement partners should form a conclusion on compliance with independence requirements that apply to the audit engagement and should be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and specific audit engagements have been followed, and that conclusions reached in this regard are appropriate and have been documented. They should be satisfied that the engagement team collectively has the appropriate capabilities, competence and time to perform the audit engagement in accordance with professional standards and regulatory and legal requirements, and to enable an auditor's report that is appropriate in the circumstances to be issued.

For audits of financial statements of public interest entities, the engagement partner should determine that an engagement quality control reviewer has been appointed, discuss significant matters arising during the audit engagement, including those identified during the engagement quality control review, with the engagement quality control reviewer; and not issue the auditor's report until the completion of the engagement quality control review.

In addition to our own quality control procedures, as a member firm of GTIL we are required to abide by a system of quality control that encompasses, at a minimum, the following standards issued by the International Federation of Accountants (IFAC) (as supplemented by additional Grant Thornton International quality assurance policies):

- International Standard on Quality Control (ISQC) 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,
- Code of Ethics for Professional Accountants issued by international Federation of Accountants (IFAC).

## Support of reliable audit services

GTIL provides resources that assist member firms in delivering a robust and rigorous audit. They include:

- the Horizon™ audit methodology, with supporting state-of-the-art software, manuals and policies, benchmarked against the International Standards on Auditing, International Standards on Quality Control, and the IFAC Code of Ethics for Professional Accountants,
- protocols that enable member firms to consult with audit specialists in other member firms throughout the international organisation,
- a comprehensive intranet service that includes up to date information for member firms on relevant professional standards, a worldwide restricted-entity list,
- an International Financial Reporting Standards help desk, topical alerts, financial statement templates and example

## Statement of the managing body on the effectiveness of company's internal quality control system and of its functioning

The company Grant Thornton Audit, s.r.o. established a system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards and regulatory and legal requirements, and that the auditors' reports issued by the firm or engagement partners are appropriate in the circumstances.

# The last quality assurance review

## GTIL Audit Quality Review

Every member firm is obliged to submit to an inspection of its audit practice by GTIL, referred to as the Grant Thornton International Audit Review (GTAR).

GTAR is a systematic check of the quality of member firms' audit procedures carried out at least once every three years by independent and suitably qualified partners and managers from other member firms under the overall direction of GTIL. The inspection process is designed to monitor member firms' compliance with professional standards and GTIL's audit quality control policies and procedures.

The last GTAR took place in June 2014.

## External quality review

The last quality assurance review by SKAU (Slovak Chamber of Auditors) was performed in October 2013.

The last quality assurance review by UDVA (Auditing Oversight Authority) was performed during the course of 2017.

The results of the audit quality reviews and the performance of oversight for the previous year are published on the website of the Auditing Oversight Authority: <http://udva.sk/sk/dohlady-a-previerk>.

# Public interest entities

Our Company has not carried out any statutory audit of financial statements for public interest entity in the financial year ending December 31, 2018.

Our company has not carried out any statutory audit of

financial statements of the company by course of §2 Article 15 point f of the Act on Statutory Audit (commercial company, which is subject of oversight performed by the Auditing Oversight Authority) in the financial year ending December 31, 2018.

# Statement concerning the audit firm's independence practices

The company Grant Thornton Audit, s.r.o. through its engagement partner forms a conclusion on compliance with independence requirements that apply to the audit engagement, obtains relevant information from the firm and, where applicable, network firms, to identify and evaluate circumstances and relationships that create threats to independence, evaluates information on identified breaches, if any, of the firm's independence policies and procedures to determine whether they create a threat to independence for the audit engagement, takes appropriate action to eliminate such threats or reduce them to an acceptable level by applying safeguards. The engagement partner should promptly report to the firm any failure to resolve the matter for appropriate action and document conclusions on independence and any relevant discussions with the firm that support these conclusions.

In addition to our own independence practices, GTIL requires member firms to adopt policies and procedures to safeguard the independence of all member firms. These policies and procedures include a requirement for member firms to maintain a listing of companies considered 'restricted' as a result of an audit relationship. These restricted companies are required to be maintained on a global restricted list through a system maintained by GTIL. Professional personnel in member firms have access to this global restricted list via the GTIL intranet.

The global restricted list serves as a point of reference for member firms considering providing non-audit services to public companies. When the prospective client appears on the global restricted list, consultation is required with the audit partner to ensure that any threats to independence created by the proposed non-audit service can be adequately safeguarded and that the proposed non-audit service is permitted.

GTIL has also adopted an automated independence tracking system, the Global Independence System (GIS). Partners and client-facing managers in member firms are required to maintain a portfolio in GIS of those publicly traded securities

in which they have a financial interest. The GIS monitors these financial interests against the global restricted list and is designed to alert the member firm or the individual professional and a national compliance officer in the event that a security held also appears on the global restricted list. The GIS provides a mechanism to assist the individual and the national compliance officer in determining whether the security may continue to be held, based upon the facts and circumstances.

Conducting reviews for potential conflicts of interest and/or threats to independence (jointly referred to as "relationship checks") prior to proposing on an engagement are important safeguards against threats to objectivity. GTIL has instituted a policy that establishes a standardised approach to conducting these checks for potential relationships where the client or prospective client has international operations.

## **GTIL client acceptance procedures**

The executive director - risk and regulatory matters chairs a global client acceptance advisory committee. The client acceptance advisory committee is comprised of the worldwide director - quality control and partners, nominated by their managing partners, selected from a geographically dispersed set of member firms. The associate general counsel assists with the coordination of the activities of this committee. The committee reviews submissions from member firms for acceptance and re-acceptance of assurance engagements meeting certain risk criteria.

## **Statement of the managing body concerning the audit firm's independence practices**

The Company Grant Thornton Audit, s.r.o. confirms the implementation of procedures to ensure independence as well as their effectiveness. The company's management also confirms that an internal review of independence compliance has been conducted

# Statement on the policy followed by the audit firm concerning the continuing education of statutory auditors

While the majority of technical training takes place within member firms, GTIL makes a significant investment to train auditors in all member firms in the global audit methodology.

The audit methodology, known as Horizon, is supported by state-of-the-art technology. Significant effort and resource has been committed to make the training programme technically rigorous to support implementation throughout member firms so that the audit needs of both public interest and privately held companies can be met appropriately, regardless of their size or complexity.

Our auditors and audit assistants attend annually courses organized by Slovak Chamber of Auditors and also internal

seminars concerning Slovak legislation and its changes (audit, accounting, taxes, commercial code ....). E-learning is also available from GTIL. We organize also language courses for employees.

## Statement on the policy followed by the audit firm concerning the continuing education of statutory auditors

Grant Thornton Audit, s.r.o. confirms the implementation of procedures to ensure continued professional education of statutory auditors.

## Partners' remuneration

Managing partners are remunerated by fixed salaries.

# The policy concerning the rotation of key audit partners and staff

For Public Interest Entities (PIE) audits, a key audit partner is required to be replaced within seven years (or more frequently if required by local law) within the meaning of the Regulation and not be a member of the audit team for at least three following years (or longer if required by local regulations).

In Slovakia, rotation is, in line with §33, para 4 of the Act on Statutory Audit, mandatory after five years and this obligation also applies to commercial companies within the meaning of § 2, para 15, letter f of the Act on Statutory Audit (large

commercial companies that are supervised by the the Auditing Oversight Authority).

## The description of the policy concerning the rotation of key audit partners and staff

The Company's management ensures that statutory auditors are appropriately assigned to audit engagements and performs an annual assessment of the length of the period during which the statutory auditor audited the client.

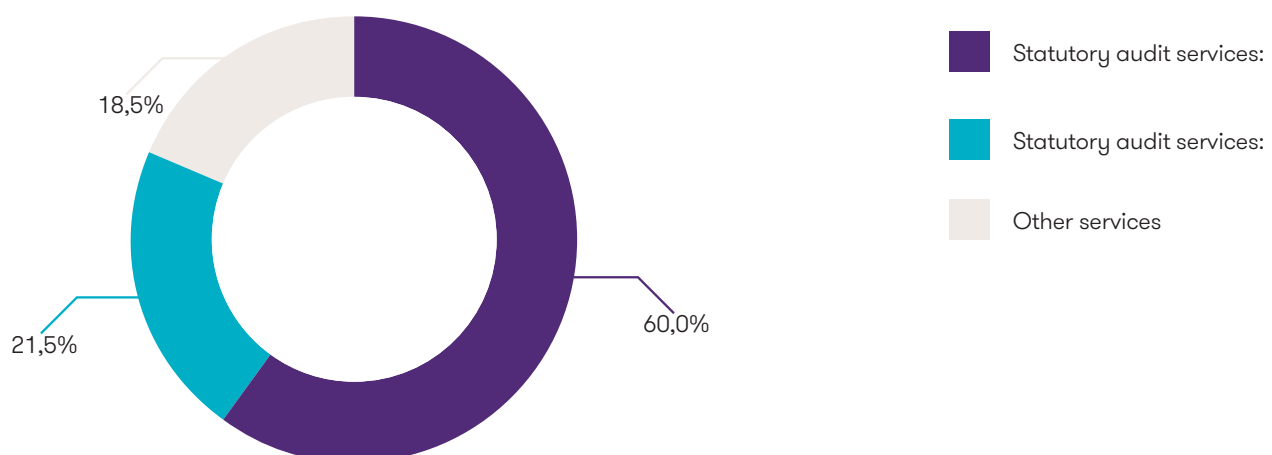
# Financial information

Our audit firm performs audit services for companies located in Slovakia, mainly for subsidiaries of foreign entities.

Our Company has carried out no statutory audit for public interest entity in the financial year ending December 31, 2018.

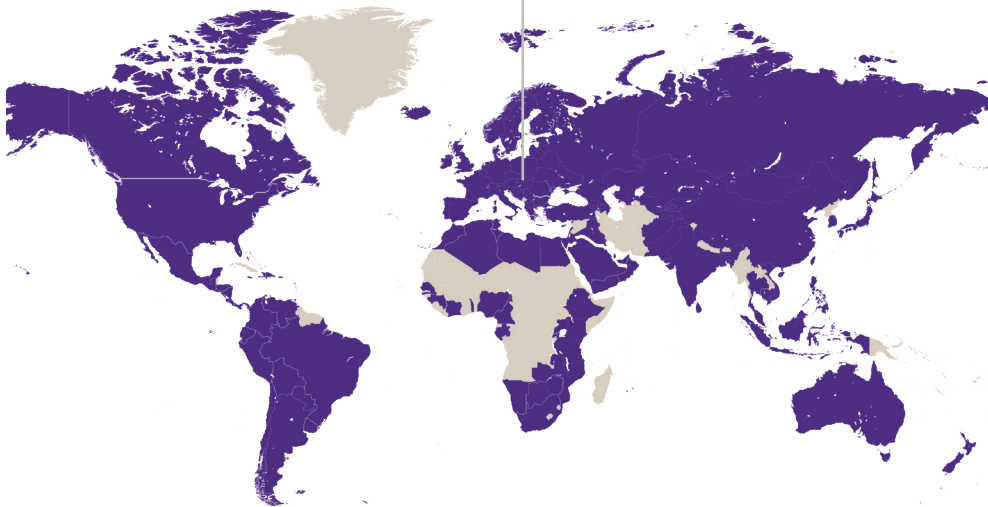
Audit fees for audit of public interest entities amounted hence EUR 0.

The total revenues of EUR 771 thousand earned by the company in the year 2018 consist of the following:



# Our offices

Grant Thornton Audit, s.r.o.  
Hodžovo námestie 1A  
SK- 811 06 Bratislava



**Grant Thornton**

An instinct for growth™

[www.grantthornton.sk](http://www.grantthornton.sk)

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