

Transparency Report

Joseph Azzopardi CPA

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Introduction

This document is published in response to the requirement of Article 18(1) of the Accountancy Profession Act which defines the contents of the transparency report for statutory auditors in public practice and who have public interest entities within their client portfolio.

Joseph Azzopardi CPA is committed to continue to conduct his work honestly and objectively and in compliance with all relevant regulation of the accountancy profession. In parallel, it is every effort will be made to further the reputation for delivering a high quality service to clients.

This report describes policies and procedures which are effective as at 31st December 2014.

Joseph Azzopardi FCCA, FIA, CPA, MBA
Compliance Principal

15 March 2015

Legal Structure and Ownership

Joseph Azzopardi CPA is a sole practitioner and has a practicing warrant in auditing (AB/05/88) as issued by the Accountancy Board (Malta).

The practice operates from its office in Pieta, Malta and is not affiliated to any accountancy network.

Leadership

Ultimate responsibility for quality control rests with Joseph Azzopardi as compliance principal.

The firm's stated commitment to quality is supported in the ongoing investment in policies and procedures that serve to enhance our delivery to clients. At the forefront of this, are continued professional development and training.

Independence

As compliance principal Joseph Azzopardi adheres to the firm's policy which ensures that clients that may pose a threat to independence are considered at acceptance stage. The firm does not have prohibited financial interests with any of the clients within the practice. Moreover, in view of the size of the firm, the size of the client is taken into consideration at acceptance stage to gauge the level of dependence in terms of fee income on any one client or client group.

On an annual basis the compliance principal and external subcontractors of the firm sign a written confirmation to identify any possible threats to independence and an evaluation is made whether the principles underlining the relevant clauses in the Accountancy Profession Act have been complied with.

It is the firm's practice that non-audit work to audit clients is only provided within the parameters allowed by the relevant regulation and this, after all necessary safeguards to independence have been adhered to. However, in

most cases the firm provides non audit services to clients which are not audit clients.

Staff

The firm employs a junior accountant and avails itself of the services of an external subcontractor who is also a qualified accountant. Subcontracted services are covered by a written agreement setting out the terms of engagement for subcontracted services. The agreement underlines the professional standards within the firm which are detailed in the contract for subcontracted services. All external work undertaken for the firm is in line with the firm's policies and procedures.

The compliance principal undertakes continuing professional education through the attendance of short courses in subject areas relevant to the firm. A record is kept of all CPE activities undertaken and it is ensured that the statutory minimum number of CPE hours per year is attained.

Audit Approach and Quality Control

The firm's quality controls on its statutory audits are based on International Standards on Auditing as issued by the International Standards on Auditing and assurance Board. The firm's quality control refers to policies and procedures which underline the approach that is consistently applied to all statutory audits accepted by the firm.

A common methodology is used throughout all audit engagements which is fully compliant with developments in International Standards on Auditing.

A cold file review is undertaken by an external reviewer at least once a year and there is a process of consultation with other professionals on technical issues. Comments received through this review process are taken into consideration when updating the firm's technical and procedural material. The firm has produced an ISQC 1 Manual of Policies and Procedures which is updated annually. This Manual details the firm's policy with regards to the following:

- To ensure quality in all engagements;

- To ensure that commercial considerations do not override the quality of performance;
- To ensure that the firm has devoted resources to the development of quality control procedures; and
- To ensure that all audit work is signed off by the compliance principal.

The firm is subject to reviews by the Quality Assurance Unit within the Accountancy Board which forms part of the Malta Ministry of Finance. The most recent review undertaken by the Quality Assurance Unit was in January 2010.

Joseph Azzopardi CPA is covered by a professional indemnity insurance which is in full compliance with the requirements of the Accountancy Profession Act regulations.

Audits of Public Interest Entities

Joseph Azzopardi CPA is a reporting auditor for Angler Gaming PLC (Malta Company Registration number C 55255), which is a public interest entity. The audit of the above entity is undertaken jointly with Walter Rizzo and Associates, Certified Public Accountants, Swieqi, Malta.

Revenue and Remuneration of Compliance Principal

The total revenue for 2014 for the firm's practice was circa Euro 126,000 of which Euro 106,500 were statutory audit services. Non statutory audit services totaled Euro 19,500 and referred to advisory and non statutory assurance engagements.

Joseph Azzopardi has no fixed salary and is remunerated solely out of profits of the firm.