

**Boscolo & Partners**  
**Transparency Report**  
**14<sup>th</sup> November 2013**

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## 1. Company detail

**Boscolo & Partners** is an international consultancy, accounting and audit firm that was established in Romania in 1994. We focus on the provision of administrative assistance to foreign investors operating on the Romanian market. Our services include accounting, auditing, tax services and legal advice.

Boscolo & Partners was set up out of the need for high quality administrative and accountancy assistance in Romania. The legal requirements for setting-up a company, administration, accounting and taxation, in combination with the regular changes in the legal framework, make it difficult for foreign investors to optimize their approach to the local market.

The structure of the shareholders of Boscolo & Partners Audit S.R.L. is:

Name of the shareholders	Percentage of ownership (%)
VENTO DELL"EST S.P.A.	49%
MARCO POSOCCO	17%
STEFANO MICCIO	17%
MAURO MARCHETTO	17%

Our current clients list includes over 70 international companies, mainly active in the services, manufacturing, distribution fields, retail, construction, printing, real estate and banking.

Since July 2011 Boscolo & Partners is an independent member firm of Morison International ([www.morisoninternational.com](http://www.morisoninternational.com)).

Our core competences specifically include consultancy of family businesses in matters of business law, taxes and business strategy, legal reorganizations and legal form structuring, as well as in real estate questions.

Boscolo & Partners has five partners, each of whom has a strong local and international background in legal, accountancy, audit, tax and financial consulting. Experience in the Central and Eastern Europe region goes back to 1994.

Our business is based on professionalism, confidentiality and flexibility. We strive to provide the finest legal and fiscal knowledge at reasonable prices. Our value and strength comes from our dynamic and forward-thinking staff.

As part of our long-term development strategy, our audit and accounting staff is encouraged to obtain an internationally recognized professional qualification in accounting (UK ACCA) to enhance their understanding of International Financial Reporting Standards and International Standards on Auditing.

B&P is a registered member of the Chamber of Auditors and of the Romanian Association of Chartered Accountants (C.E.C.C.A.R.), thus being entitled to carry out the following activities:

- Audits in accordance with International Standards on Auditing (ISA) or other generally accepted auditing standards;
- Due Dilligence reports;
- Special Audit Reports (Agreed Upon Procedures);
- Tax planning and tax consulting;
- Balance sheet drawing up, accounting control and budgeting;
- Accounting records, books keeping and accounting analysis;
- Revenue return filing;
- Corporate evaluation;
- Mergers and acquisitions.

## **2. Our 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 (such as US GAAS). The services available include:

- audit,
- reviews,
- agreed upon procedures,
- compilations,
- assistance in designing and implementation of internal control procedures,
- financial and tax due diligence,
- regulatory consulting and
- training courses (IFRS, statutory accounting rules and others).

The audits are performed on the financial statements prepared in accordance with the Romanian Accounting Standards or International Financial Reporting Standards (IFRS) as well as Generally Accepted Accounting Principles in the United States of America (US GAAP) or other specific group accounting policies.

Our audit methodology is a “top-down”, business risk focused approach and encompasses the use of controls and places significant emphasis on management’s role in controlling the business.

Our audit is challenging, involving significant discussions as to management’s view of the risks facing the business and their perception as to the effectiveness of the controls in place, involves year-round attention and regular communication, involves significant partner and manager time to challenge assumptions, provide solutions and ensure that our work is of the highest quality.

We consider that one of the key ways by which an audit can add value to the business operations of a company is to report to the management and discuss the control weaknesses identified and suggest improvements that could be made to eliminate them.

### **Accounting services**

The traditional model of accountants has changed. Our people today not only have financial acumen but they also balance the accounting, managerial and leadership skills. We perform our accounting services in an efficient and pro-active manner by identifying possible accounting issues, by advising our customers regarding impact of their transactions in the financial statements. We also indicate the type of supporting documents required and timely address other specific accounting needs.

The main services are outlined below:

- Statutory accounting;
- Payroll administration;
- IFRS reporting;
- Accounting review;
- Management accounts;
- Cash Management;
- Administrative services.

**Statutory accounting.** We design the computer system according to each individual business aiming to generate the required reports to our customer. We timely process all monthly accounting documents and indicate possible missing supporting documentation. We prepare all required statutory reports: trial balances, sales and purchase ledgers, VAT returns, profit tax returns, and also fill the declarations with the related authorities in due time. We perform interim and year end statutory pack of financial statements, in the format required by local regulations.

**Payroll administration.** Within payroll administration, we draft employment contracts for our customers' employees, we register these agreements with the Labour Chamber, we calculate on a monthly basis the gross and net salaries as well as all required salary taxes and fill the tax returns with the authorities. We also prepare Internal Regulation documents.

**IFRS reporting.** We prepare monthly/quarterly stand alone financial statements in accordance with International Financial Reporting Standards (IFRS) including: balance sheet, income statements, cash flows, statement of changes in equity, notes to the financial statements. We also prepare consolidated financial statements for the Group of companies.

**Accounting review.** We perform accounting review on a monthly / quarterly basis by analyzing significant transactions, checking the accuracy of accounting and proper and timely payment of taxes.

**Management accounts.** We draft revenues and expenses budgets, management accounts (including a comparison between budgeted and actual results); we draft forecasts, prepare other reports required by management and / or shareholders.

**Administrative and other services:** preparation of invoices for company's clients, assistance during external audit process, assistance during tax audits, IFRS training to internal financial department, merger and acquisition projects.

### **Tax advisory services**

We propose comprehensive tax advice tailored to your individual needs, specific requirements and expectations, provided on the basis of our experience in rendering tax services. Our proposed tax advisory services include:

- Analysis of a company's tax situation – tax review; we propose quarterly or bi-annual reviews depending on the company's business model.
- mergers & acquisitions advice including:
  - a) tax due diligence;
  - b) tax planning and restructuring process optimization;
  - c) assistance with process implementation;
  - d) negotiation with tax authorities, if needed.
  
- operational tax planning;
- transfer pricing projects and advisory;
- taxation of cross-border capital flows;
- use of financial instruments for tax purposes;
- tax-effective bad debt management;
- assistance during tax audits;
- thin capitalization assistance;
- assistance with recovery of VAT paid by foreign businesses;
- opinions, law interpretations and tax law advice;
- assistance with communication with tax authorities concerning day-to-day business;
- on-going tax advice.

### **Legal services**

Our legal services include, without limitation, corporate law assistance (including but not limited to the set up of legal entities SRL, SA, Rep Office in Romania), contractual, commercial law, real estate transactions, employment law, competition, joint venture, etc. Related to set-up, our Boscolo & Partners legal practice is in charge of preparing all documents needed for the incorporation file that is to be deposited at the Trade Register.

Our legal support in mergers and acquisitions and real estate transactions consists of preliminary analysis, legal due diligence, deal issues, preparation and negotiation of transaction documentation.

We can address the Client's legal needs with assistance in the following fields, without limitation:

- Corporate law (incorporation, corporate restructuring);
- Commercial law;
- Contract drafting, review and negotiation;
- Real estate acquisitions (ownership documents review, negotiation of pre-contract and final contract);
- Legal due diligence reports;
- Mergers, acquisitions and privatization;
- Banking and finance;
- Competition;
- PPP and concession;
- Public procurement rules and contracts;
- Insurance;
- Employment;
- Audiovisual and telecommunications;
- Intellectual property.

### **3. Firm's management**

The operational management of the Company is provided by the 5 partners and over 90 employees. The Company is structured in three departments: Audit, Tax and Accounting.

The key persons within the company are the following:

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#### **4. Internal quality assurance and risk. Containment policies and procedures**

Boscolo & Partners considers quality to be an essential component of its reputation and a prerequisite for its constant growth. In short, quality is required in everything that B&P's professionals do.

We are required to abide a system of quality control that encompasses, at a minimum, the following standards issued by various 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 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 B&P's Accounting Manual which details the policies and the procedures necessary for the performance of the quality control activity.

The Quality Control Procedures include procedures for:

- ✓ Client acceptance
- ✓ Annual Client Re-evaluation
- ✓ Engagement letter and Risk Assessment
- ✓ Audit planning
- ✓ Engagement performance and documentation
- ✓ Audit files completion
- ✓ Supervision and Review

#### **5. Date of last independent Quality Inspection**

The most recent inspection from the Romanian Chamber of Financial Auditors, was held in March 2013. The Company obtained mark "A" (93% compliance with RCFA norms).

#### **6. Risk management**

In order to achieve high quality audits, we accept audit engagements only where the audit team is independent, objective and qualified. Appropriate assurance engagement decisions contribute to audit quality and are a key element of risk management by company in conducting high quality audits.

Each partner and employee should complete an annual Independence Questionnaire confirming that they:



- Have read and understood the Company's ethics and policies;
- Are and have been for the past year in compliance with those policies

The partner should ensure that B&P'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 B&P's management confirms that independence policies are strictly observed and continuously reviewed.

Also, the Company's policy requires that all personnel from all service line maintain their objectivity when delivering services to clients. This objectivity could be threatened if conflicting and / or prohibited services were delivered to the same client.

## **7. Training and continuing professional development**

In order to achieve high quality audits, trainings and continuing professional developments are a key component.

All financial auditors attend the continuous education programs organized by the Romanian Chamber of Financial Auditors and other professional bodies.

All audit personnel, regardless of their professional level, are continuously trained on the job during the audit engagement. Also, all personnel from the Audit Department are guided to access ACCA qualification.

B&P holds a library of professional books which is constantly enriched and updated.

## **8. Financial information**

The company has incurred high growth during the period 2005-2008 and a small decrease in 2009-2011, due to the world-wide crisis.

## **9. List of clients for public interest for statutory audit purposes**

Boscolo & Partners Audit SRL is auditing one bank (Credit Coop), and financial statements and consolidated financial statements of two groups (Grupul EuroHolding and Men At Work).

## **10. Remuneration of the partners**

All partners are equity partners, which means that they have full rights and obligations in accordance with the Companies' Law 31/ 1990 provisions.

The partners have the right, in accordance with the law, to earn incomes as: wages, administration fees, dividends.

The partner's remuneration is based on hourly fees, number of chargeable hours, the financial result of the Department in which they activate and the Firm's general financial results.