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# Report

## on transparency

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Plynárská 1

821 09 Bratislava – mestská časť Ružinov

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# Report on transparency

## for the accounting period ending on 31 December 2019

Publication of a report on transparency pursuant to Regulation (EU) No. 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities, internal regulation of the Auditing Oversight Authority effective as of 1 August 2016, Act No. 423/2015 Coll. on Auditors, Audit and Supervision over the Audit Performance and amending and supplementing Act No. 431/2002 Coll. on Accounting as amended (hereinafter referred to as the Act).

### Description of the legal structure and ownership of the audit company

The audit company is the company BPS Audit, s. r. o., with its registered office at Plynárenská 1, 821 09 Bratislava, is registered with the Commercial Register of the District Court Bratislava I, Section: Sro, Insert No. 132084/B. The company was established on 20 September 2018.

The shareholders are the following natural persons:

- Ing. Pavol Sekáč, Na Výhone 677/17, 908 77 Borský Mikuláš

- Mgr. Peter Šebest, Brusník 1361/9, 053 11 Smižany

Mgr. Peter Šebest is a certified statutory auditor who meets provisions of Section 2 (2) of Act No. 423/2015 Coll. The company BPS Audit, s. r. o. meets provisions of Section 5 (1) b) of the said Act.

### Description of the network, organizational and legal structure of the network

The company is not a member of any network in the sense of the definition of the network given in Section 2 (12) of Act No. 423/2015 Coll.

### Description of the management structure

As of 31 December 2019, the company BPS Audit, s. r. o. had 3 statutory auditors and 18 assistants to auditor and 15 of them were listed in the list of assistants to the statutory auditor.

The CEO is responsible for the management of the entire company.

### Description of the internal quality assurance control system

Each responsible statutory auditor is responsible for the overall quality of each engagement, maintaining independence and professional competence. In performing the work, they ensure the procedures set by the International Auditing Standards, The Code of Ethics, regulatory and legal regulations, as well as Directive for securing the system of quality control so that the audit rules and procedures and thus quality of work performance are observed. They are responsible for issuing an appropriate audit report.

The statutory auditor decides whether the members of the audit team meet the ethical requirements in relation to integrity, objectivity, professional competence, confidentiality and professional conduct.

The statutory auditor shall be responsible for stating conclusions on compliance with the independence requirements applicable to audit engagement and is required to ensure that appropriate procedures are followed in relation to the acceptance of relationships with the client and their continuation and in relation to special purpose engagements that the relevant conclusions are adequate and properly documented.

In auditing the financial statements of public-interest entities, the statutory auditor who is responsible for the audit engagement ensures that the person responsible for verifying the quality control of the engagement is appointed, discusses significant matters that arose during the performance of the audit engagement, including matters that were identified by the person responsible for the review of the quality control during such review of the quality control of the engagement and that the auditor's report is not issued before the end of the review of the quality control of the engagement.

### Statement by the statutory body on the effectiveness of the operation of the internal quality assurance system

The company has an internal quality assurance system in place by an internal directive which is in compliance with requirements of the relevant professional standards, regulatory and legal regulations and The Code of Ethics, which ensure compliance with the quality of the performance of audit activities and thus the issuance of the adequate audit report.

### Date of last quality assurance review

The company did not undergo any audit quality assurance reviews by the Slovak Chamber of Auditors nor by the Auditing Oversight Authority.



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### List of audited public-interest entities

In the accounting period ending on 31 December 2019, the company performed audits of the following PIEs:

- FRIGO, a. s., Bratislava
- Sereďský mäsový priemysel, a.s., Sereď

#### Statement on procedures to ensure independence of the audit firm

The audit company BPS Audit, s. r. o. through the statutory auditor responsible for the audit engagement, in accordance with the independence requirements applicable to the audit engagement, obtains information to identify and evaluate circumstances that threaten independence, take measures to eliminate the threat to independence of the audit engagement and documents the conclusions on independence and any relevant negotiations which support such conclusions.

In case of audits of a public-interest entity, a key audit partner cannot work on the engagement longer than for 5 years. After such period, such individual cannot be a member of the engagement audit team nor a key audit partner for the client over a period of 3 years. During this period, such person may not participate in the audit of the respective entity, provide quality control in relation to this engagement, consult with the engagement team or with the client on technical matters or matters specific for the respective sector. The company has adopted an appropriate gradual rotation mechanism in relation to the employees involved in the statutory audit, at least to the persons who are registered as statutory auditors. This mechanism of gradual rotation is applied in phases mainly on an individual basis and not based on the entire engagement team.

The company confirms the implementation of independence assurance procedures as well as their effectiveness. The company's management also confirms that the internal control of these systems has taken place.

#### Statement on procedures applied by the audit company in relation to continuous education of auditors

Continuous education of the auditor and assistants to the auditor is provided by trainings organized by the Slovak Chamber of Auditors, Slovak Chamber of Tax Advisors, Slovak Chamber of Certified Accountants, as well as other organizations, including the internal training system.

The company confirms the implementation of procedures to ensure continuity of professional education of the statutory auditors.

#### Information on the basis for remunerating partners in the audit company

A partner is remunerated according to the internal rules of the company, according to which they can be paid a remuneration depending on the performance, quality of work and degree of responsibility.

Description of the policy of the audit company regarding rotation of key audit partners and employees in accordance with Art. 17 (7) as amended by Act No. 423/2015 Coll.

The statutory auditor responsible for performance of the statutory audit of the public-interest entity shall perform the statutory audit in the same entity for a maximum of 5 consecutive years from the date of their appointment.

The company's management ensure appropriate allocation of statutory auditors to audit engagements and carries out an annual evaluation of the length of time during which the statutory auditor performed the audit at the respective client.

### Financial information

|  |       |
|--|-------|
| Total revenues in thousands of EUR                       | 284   |
| <i>Of which:</i>   |       |
| Revenues for audit of PIE in thousands of EUR            | 1.8   |
| Revenues for audit of other entities in thousands of EUR | 259.2 |
| Other revenues in thousands of EUR                       | 23    |

In Bratislava, on 1 January 2020

Ing. Pavol Sekáč, executive director of the company



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