



Transparency Report 2013



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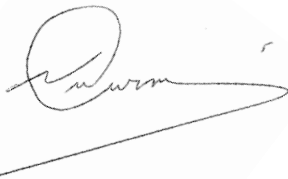
Introduction

The overall thrust of VCA remains our auditing and accounting business. Although we provide a much wider range of services than just audit and accounting we are very much dedicated to our foundation. We ensure that our core values of integrity, professionalism and quality imbue all our services. We also appreciate the need to demonstrate such commitment to our many stakeholders and our Transparency Report forms an important part of that communication.

The transparency report describes policies and procedures which were effective as at 31 December 2013.



Michael Curmi
Managing Partner



Vincent Curmi
Founder Partner

28th March 2014

Foreword from the managing partner

At VCA we continue to aim to do things a little differently; to excel technically and to give our clients a personalized professional service. We are committed to continually provide a professional service at all times and this is what has earned our respect with our clients and their stake holder, lending institutions and the financial industry at large.

One of our constant priorities is attracting and investing in high caliber and hard working people while giving them the opportunity to share in the success of the set up. We are strong believers in continuing professional education and we Endeavour to maintain an excellent level of technical know how by giving out staff the opportunity to further their studies and specialize further in our core services.

Ultimately, quality is at the heart of our business as it underpins our very reputation.

The firm's turnover figures in 2013 show a healthy expansion in our business. We intend retaining full focus on our traditional core business, where we have managed to create real added value for our clients.

The year ahead, again offers opportunities and challenges and is already showing signs of improvement.

As a firm, our focus in 2014 is to invest further in the professional development of staff and infrastructure to support our execution to succeed in our growth strategy.

I trust that you will find our report a useful insight into how we strive to enhance the quality within the firm and our success in this regard. If you would like to discuss any aspect of this report or have any questions or feedback I would very much welcome your comments



Michael Curmi
Managing Partner

28th March 2014

Legal structure and ownership

Founded in 1969, VCA is one of Malta's independent accountancy practices, which delivers audit, tax, and advisory services to varied customer environments ranging from public-interest entities to Maltese family-run businesses.

VCA, Certified Public Accountants is a civil partnership as registered with the Accountancy Board, Malta (Registration Number: AB/26/84/46).

The partners of the practice are Vincent Curmi and Michael Curmi, both holding a practicing certificate in auditing.

Other than VCA, the following entities are considered to be related to the practice:-

- CAF Services Limited
- Cavalier Trust Services Limited

CAF Services Limited is the company that is responsible for Accounting, Payroll services and back office services

Cavalier Trust Services provides fiduciary services.

We conduct all our business from 1 office in Ta' Xbiex, Malta. Further details of our service offerings can be found on our website at the following link:

www.vca.com.mt

Change of name

As of 18th February 2014 the firm changed its name from Vincent Curmi & Associates to VCA Certified Public Accountants.

Leadership

We believe that the tone at the top of any organisation drives the culture of that firm. We believe that a commitment to quality is the most important of these priorities. We recognise that if we do not provide a quality service then, the success of each and every one of the other strategic priorities would be jeopardised. The Partners of the Firm took a number of important initiatives in the last year to further promote the quality agenda within our practice. These initiatives include:-

Regular partner meetings to align the strategic orientation of the firm with the present changes in the economic environment.

Operational responsibility for the system of quality control within VCA has been delegated to the Compliance Partner, Michael Curmi.

Appointment of external quality control reviewer, as recognized by the Malta Institute of Accountants to carry out reviews and provide technical advice as necessary.

These measures make it clear that at engagement level risk management and quality control is at the heart of both partners of the audit practice.

Independence

To ensure independence, our partners and the people assigned to each engagement must be free from prohibited financial interests in and prohibited relationships with our audit clients, their management, directors, and significant owners. The firm's policies and procedures are designed to ensure that independence requirements are adhered to. These include:

Leadership commitment to quality

The firm recognises that quality and commitment to ethical standards is essential to its work and the firm's leadership is committed to a quality-oriented internal culture in which we perform work that complies with professional standards and regulatory and legal requirements, and issue reports that are appropriate in the circumstances. The policies and procedures are designed to assist the firm's leadership in developing and maintaining a culture of quality in the firm and ensuring that commercial considerations do not override the firm's commitment to quality in all its engagements. The ultimate responsibility for the firm's ethics and system of quality control rests with the Managing Partner.

Audit partner rotation

All audit partners are subject to rotation requirements that limit the number of years that they may provide audit services to a listed company or public interest entity. Our policies are written to comply with all applicable regulatory requirements. Our system of monitoring audit partners' length of service also aids in the development of timely transition plans that help our firm in delivering consistent quality service to its clients. The rotation monitoring system is subject to compliance testing in the Quality Performance and Compliance Programme

Annual confirmations

Each year, members and staff at VCA sign a written confirmation to identify any potential threats to independence and to evaluate whether one complied with the fundamental principles as identified in the Accountancy Profession Act. All personnel are required to confirm that they do not hold any financial interests in any of the firm's clients which are prohibited by the firm's policies and standards. They are also required to confirm that they do not have any relationships, nor entered into any transactions, with the firm's audit clients that are prohibited by the firm's ethical policies. These confirmations are made upon joining the firm and thereafter on an annual basis.

Provision of other non-audit services

We have policies and procedures to restrict the scope of services that can be provided to audit clients. These require consideration by the audit engagement partner of the threats arising from the provision of non-audit services and the safeguards available to address those threats, thus preventing the provision of non-permitted services to audit clients

Monitoring

Professionals are responsible for making appropriate enquiries to ensure that they do not have any personal financial interests which are prohibited. As part of its annual internal quality control process the firm inspects for compliance with the firm's independence policies and procedures and staff annually sign independence confirmations.

Our People

One of the key drivers of quality is ensuring that we have the right engagement leaders and staff members assigned to an engagement. Our people management system encompasses the following core areas:

- Recruitment
- Staff development and training
- Engagement assignment
- Performance evaluation and compensation

The Firm has a professional team that is made up of experienced staff as well as young bright, dynamic and motivated Certified Chartered Accountants and Bachelor of Arts (Hons) graduates. The Firm's policy is to attract and invest in high calibre and hard working employees with the opportunity to share in the success of the set up.

Recruitment

The firm has a comprehensive recruitment procedure and references are always obtained for new staff. The firm conducts an annual assessment of all staff employed on audits. This is carried out by completion of questionnaires and skill assessments. The firm considers training a part of the skills assessment review and the appointment process and decide on appropriate training programmes based on this.

Staff development and training

Our policies require all professionals to maintain their technical competence and to comply with applicable regulatory and professional development requirements. With regard to continuous learning, we provide opportunities to help our professionals meet their continuing professional development requirements as well as their own personal development goals.

Continuing education is the key to maintaining the highest of standards and this is done by:

Organising structured in house training courses which are mandatory and

Staff and partners are continually updating themselves by attending Malta institute of Accountants and other professional bodies structured CPE courses.

Engagement assignment

The firm's policy is to ensure an Engagement Partner is assigned to each job and their name and role is communicated to the client. The Engagement Partner must have the necessary skills and competence and time to undertake the role. The firm's policy is to ensure appropriately competent individuals are assigned to each job so that each job can be performed to the necessary standard. People are assigned to engagements based on a number of factors including their skill set, relevant professional and industry experience, and the nature of the assignment or engagement.

Performance Evaluation

All qualified staff undergo annual goal-setting and performance evaluations conducted by partners who are familiar with the individuals' performance. Each individual is evaluated on his or her attainment of agreed-upon goals, demonstration of skills/ behaviours, and adherence to our values.

Our audit approach

Fundamental to our professional services are the quality controls which are embedded throughout our engagement processes. These quality controls include policies and guidance to help ensure that the work performed by our engagement personnel meets applicable regulatory requirements, professional standards and internal standards on quality. However, the engagement leader is ultimately responsible for quality on their engagements.

The Firm's manuals and other guidance materials are available to professional staff according to their areas of specialty and responsibility, and are available on the Firm's internal network. These manuals provide uniformity of procedural and technical matters within the Firm.

Common methodology

Our policies and procedures cover planning, executing, supervising, reviewing, documenting and communicating the results of each engagement. In addition, our policies and procedures require all professionals to refer to the Firm's literature, authoritative literature or other sources and consult, on a timely basis, with individuals within or outside of the Firm, when appropriate (e.g., when dealing with complex or unusual issues). This methodology is fully compliant with developments made by International Auditing Standards.

Supervision and review

Professional audit personnel include managing partner, audit partner, audit managers, senior auditors, in-charge auditors and staff accountants whose responsibilities are commensurate with their experience and expertise.

Our policies require all reports, financial statements, working papers, management letters, and other letters are to be reviewed by someone other than the preparer. Depending on the report or working papers issued, the level of reviewer differs (e.g. could be either audit partner or audit manager).

The primary objective of the review process is to check that the correct audit opinion is being given on the financial statements by confirming that the audit has resulted in the obtaining of sufficient evidence to provide high, but not absolute, assurance that the financial statements are free from material misstatement, that all material or potentially material matters or issues raised during the audit have been satisfactorily resolved and that the audit has been carried out in accordance with the Firm's policies and procedures.

Consultation

Our practices for consultation consist of providing reasonable assurance that auditors will seek assistance on accounting and auditing questions, to the extent required, from persons having appropriate levels of knowledge, competence, judgment and authority.

Our clients

Whenever a potential client approaches VCA, a proposal containing an understanding of the nature and scope of the service, description of the practice's responsibilities, description of the company's responsibilities, description of the report and fees are sent to the client shortly following the preliminary meeting.

At the commencement of each new audit engagement, VCA decides and evaluates whether the practice should accept the engagement. The procedures for acceptance and continuance of clients and engagements provide the firm with reasonable assurance that it will only undertake or continue relationships and engagements where it:

- a) has considered the integrity of the client and does not have information that would lead it to conclude that the client lacks integrity;
- b) is competent to perform the engagement and has the capabilities, time and resources to do so; and
- c) can comply with ethical requirements.

Depending on the overall risk assessment made, additional safeguards might be introduced into our audit procedures to help mitigate any identified risk factors. These rigorous client acceptance and continuance policies are vitally important to our firm's ability to provide high-quality professional services.

Our quality control procedures

The audit firm applies the internal quality control system established by VCA. The system includes policies and procedures addressing quality control systems within the audit firm, ethical requirements, client and engagement acceptance and continuance, human resources, engagement performance and monitoring. VCA's ISQC 1 Manual of Policies and Procedures Manual can be accessed online by each professional, on the Firm's internal network.

The firm is committed to following the requirements of ISQC 1 and of promoting a culture of quality throughout its organisation. We confirm our policy is:

- to ensure quality in all assignments that we perform;
- to ensure commercial considerations never override the quality of performance;
- to ensure sufficient resources are devoted to the development, documentation and support of the firm's quality control policies and procedures; and
- to ensure all audit work is controlled and signed off by the partners.

The firm's policy is that our system of quality control procedures will be subject to a robust review on an annual basis. This review will be conducted by the 2 signing partners and will include a sample of file reviews. All deficiencies arising from this review and any associated file reviews will be acted upon and any corrective action to the system made.

Quality control reviews

Like most companies with quality review programmes, we identify areas for continuous improvement and disseminate our findings to our staff through written communications, internal training tools, and periodic partner, manager, and staff meetings. These areas are also emphasised in subsequent inspection programmes to gauge the extent of continuous improvement.

The firm is subject to reviews by the Quality Assurance Unit, set up within the Accountancy Board, which forms part of the Ministry of Finance, the Economy and Investment. The most recent review by the Quality Assurance Unit was carried out in April 2012.

The firm also has its own internal quality control monitoring programme whereby reviews of completed audit engagements are carried out to ensure compliance with professional standards, technical considerations and independence and ethical issues amongst others.

No issues have been raised through this continual quality control review programme that we believe have a material impact on the conduct of our statutory audit business

We also have robust procedures in place for handling complaints received from clients relating to the quality of our work. The firm's policies and procedures are designed to provide it with reasonable assurance that it deals appropriately with complaints and allegations that the work performed by the firm failed to comply with professional standards, and regulatory and legal requirements, and allegations of non-compliance with the firm's system of quality control. All formal complaints are investigated under the authority of a partner.

Audits of Public Interest Entities

VCA issued statutory audit reports during the year ending 31 December 2013, for the following entities that fell within the definition of Public Interest Entities

LandOverseas Fund Sicav p.l.c (SV 95) – 30 June 2013, date of audit report 28 November 2013

Eden Finance p.l.c (C26843) – 31 December 2012, date of audit report 30 April 2013

The Accountancy Profession Act Cap 281 defines public interest entities as those:

- a) whose transferable securities are admitted to trading on a regulated market of any EU member state;
- b) credit institutions;
- c) insurance undertakings; and
- d) any other entities as may be prescribed by the Accountancy Board.

The Accountancy Board may from time to time designate other entities as Public Interest Entities.

Financial information

VCA is committed to promoting a culture of quality throughout its organisation. Our goal has never been to become the largest accountancy practice but to be big where it matters – on giving a personalised professional service.

Personnel

During the year ending 31 December 2013, the average number of personnel employed by VCA amounted to 14 (in full time equivalents).

Revenue

The numbers below represent revenues for the year ended 31 December 2013 segmented across statutory audit and other services.

Service	Revenue (€)	Per cent
Statutory Audit	348,338	47%
Other Services	393,878	53%
Total	742,216	100%

Partner remuneration

The remuneration of each partner is comprised of a fixed salary and is also entitled to their share of the firm's total profits in proportion to their respective shareholding in the firm.

None of the partners are remunerated on the basis of fees generated by a particular service or group of services, or by a particular client or group of clients.