

Transparency report 2017

Grant Thornton Cyprus



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Forward

I would like to present you our Grant Thornton (Cyprus) Limited 2017 transparency report.

Over the last 10 years, our profession has improved audit quality substantially. Both reputation and quality, in our profession, is what makes us strong across all of our service lines. Without quality, we have nothing.

This report highlights how we are making a difference – how we are investing in improving our global audit approach, methodology, consistency and tools as well as our audit quality control procedures and monitoring.

As one of the steps on this journey, Grant Thornton International Ltd (GTIL) has recently formed a Grant Thornton global audit quality steering committee made up of leaders from various member firms representing all service lines. This is just one of the

many initiatives the network has planned to invest in quality, invest in our people and invest in our clients.

A solid platform for growth has been created, placing both our people and our clients at the heart of the global strategy. By doing so we can build on our quality and focus on our foundations to create sustainable growth for the future.

I am passionate about everything that we do at Grant Thornton. As a member of a network with more than 47,000 people in over 130 countries, we work hard to promote transparency, execute high quality audits, manage risks and uphold our independence. If there is anything in this report that you would like to know more about, please get in touch.

I look forward to hearing from you.



A handwritten signature in dark ink, appearing to read 'S. Ioannou', written in a cursive style.

Stavros Ioannou
Managing Partner
Grant Thornton (Cyprus) Limited

1. Legal structure and ownership



Legal structure

Grant Thornton (Cyprus) Limited is incorporated in Cyprus as a limited liability company under the provisions of the Cyprus Companies Law, Cap. 113, with a registration number 267530. Our professional activities are conducted through the company.

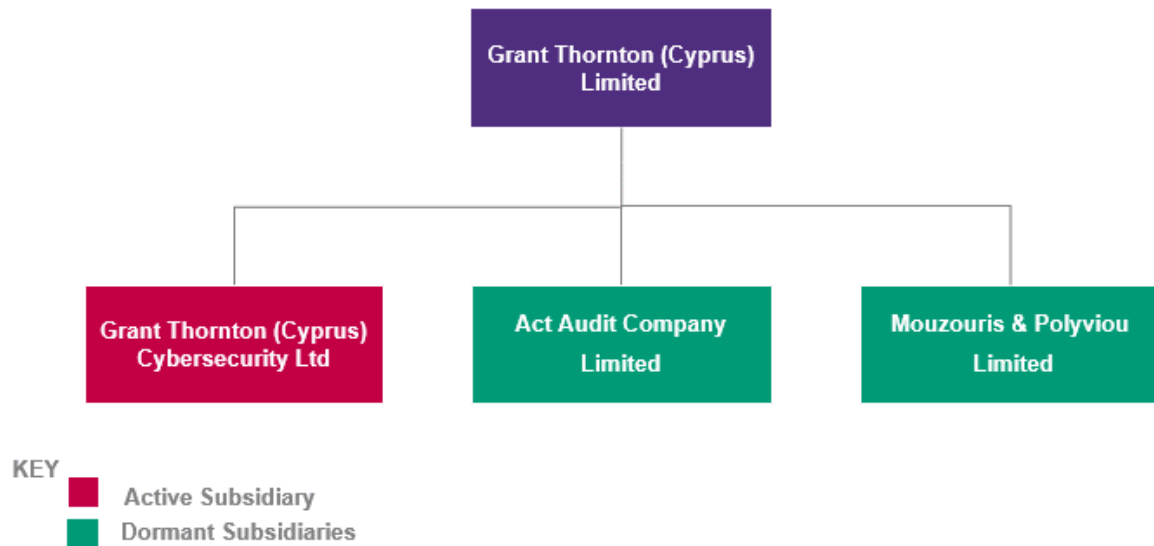
The firm during 2017 had approximately 130 people.

Ownership

Grant Thornton (Cyprus) Limited is entirely owned by its members. A list of the members of the company is open to inspection at the registered office: Agiou Nicolaou 41-49, Nimeli Court, Block C, Engomi, 2408, Cyprus.

Our external audit is undertaken by MMH Audit and Tax Services Ltd.

Subsidiary undertakings



2. Governance and management

We are committed to a strong culture of excellence and ethics. Our partners set the tone in the business and inspire our people to commit to the highest standards of behaviour and performance. We continually evaluate developments in corporate governance and benchmark our performance against them.



Members of the board during the year ended 31 December 2017



Stavros Ioannou
Managing Partner
CEO



Augoustinos Papatomas *
Assurance Partner
and IBC Director



Stelios Loizides
Assurance Partner



Stephen Michaelides
Outsourcing Partner



George Poulos
Assurance Partner



George Karavis
Tax Partner



Achilleas Achilleos *
Assurance Partner



Nicos Mouzouris
Assurance Partner



Polys Polyviou
Assurance Partner



Froso Yiangoulli
Assurance Partner



Antonis Loyides
IFRS & Training Partner



Melpo Konnari
Advisory Partner

* Departed on 28 February 2018

The company's rights and obligations, our governance framework, and the key responsibilities for the management of our business are set out in the company's Memorandum and Articles of Association. All the members vote to confirm the appointment of the CEO, which gives the CEO the authority to exercise strong and effective leadership of the business. The CEO along with the members of the board are empowered to run the firm as an executive function.

Management of our business

Management of the firm is the responsibility of the members of the board, headed by the CEO and includes, amongst other duties:

- ensuring that the firm operates within the company's governance framework formulating the firm's strategy and policies
- the profitable management of the firm
- the appointment, appraisal and (where necessary) the removal of partners and staff, and determining their remuneration.

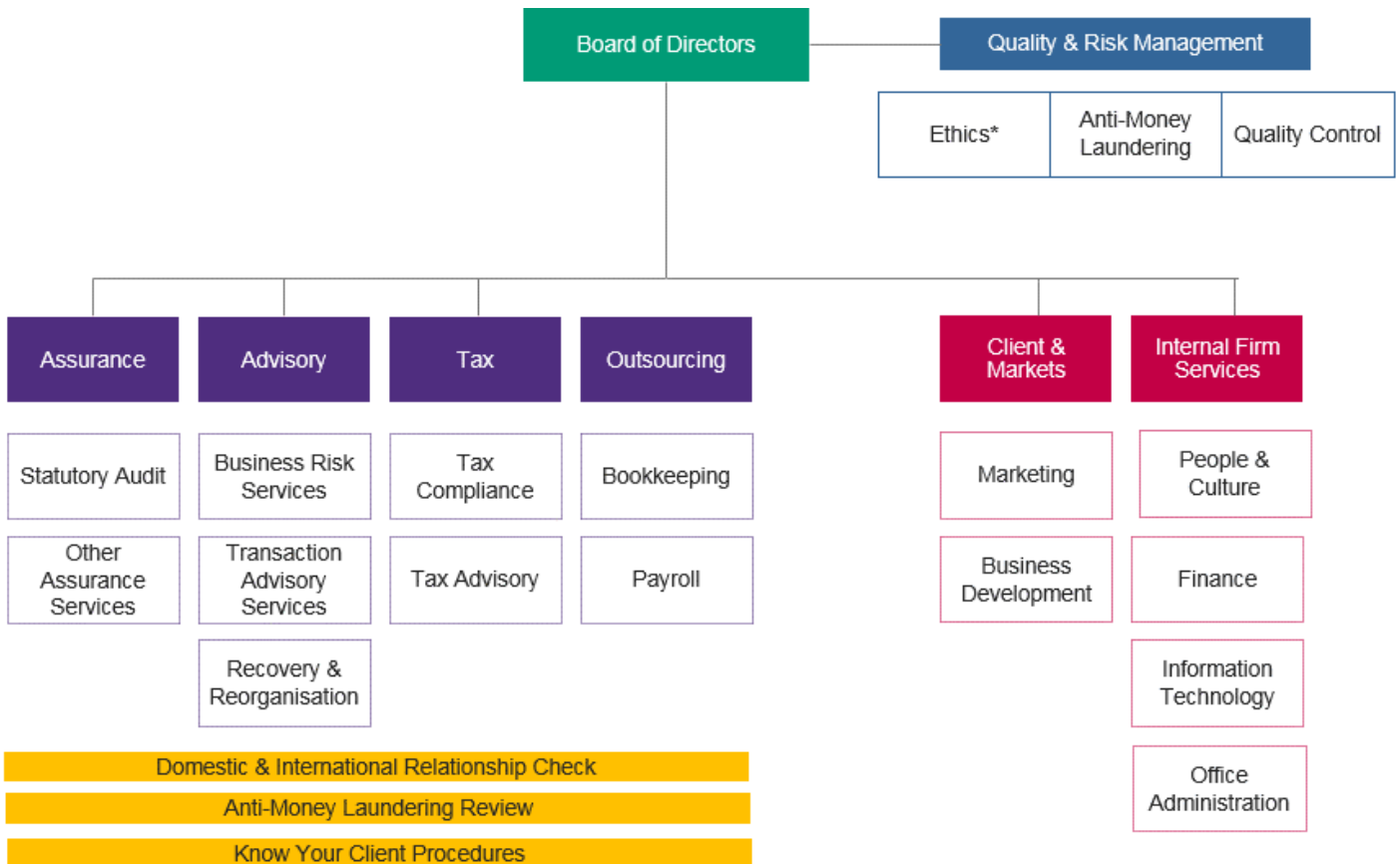
In the profession

We are committed to investing the time of our senior people in professional leadership positions. This ensures that our clients have access to excellent technical support and awareness of emerging issues, and that their interests are properly represented as public policy develops. Our partners and senior management are actively involved in various committees regarding the profession.

Specifically, we have representatives on various committees of ICPAC, our regulatory body:

- Stephen Michaelides, International Business and Foreign Investments Committee
- Antonis Loyides, Accounting Standards (IFRS) committee
- Froso Yiangoulli, Auditing Standards committee
- Dimitrios Chioureas, Events committee.

The below organisation chart presents Grant Thornton (Cyprus) Limited structure



* Within the Ethics function, lies ultimate responsibility for client Acceptance / Re-Acceptance, Domestic Checks and International Relationship Checks

3. Grant Thornton International Ltd (GTIL)

Grant Thornton (Cyprus) Limited is the Cyprus member firm of GTIL. GTIL is a private company limited by guarantee, incorporated in England and Wales. It is an umbrella organisation that does not provide services to clients. Services are delivered by member firms around the world using common methodologies ensuring the clients of all member firms have a consistent experience and standard.



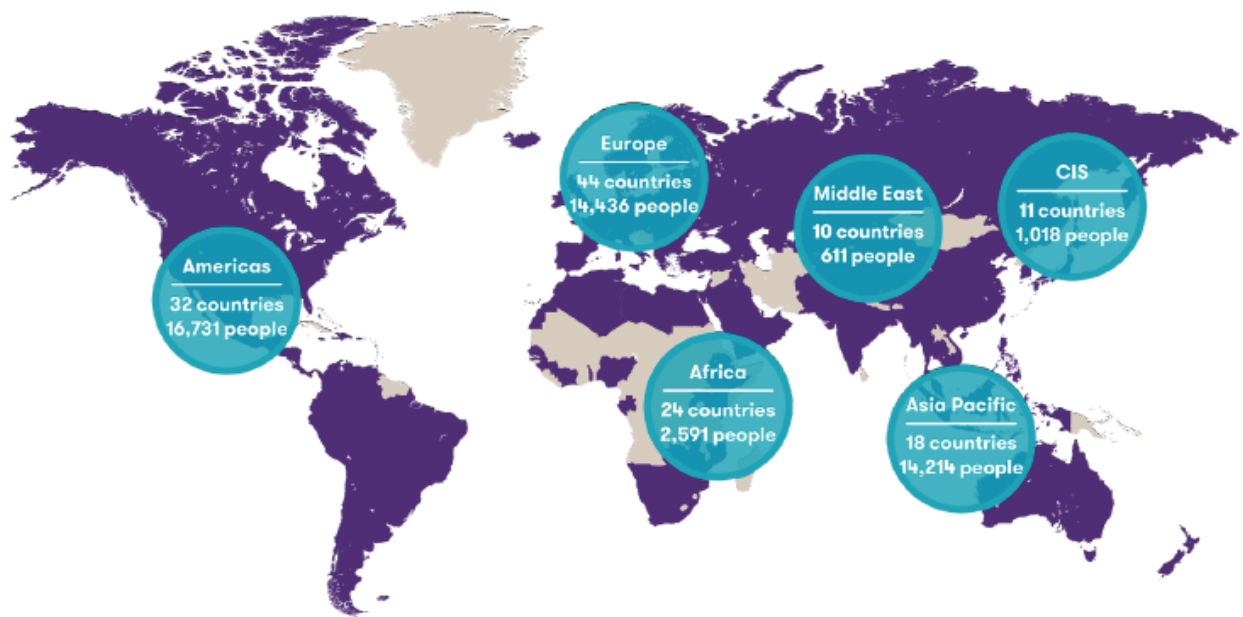
3.1 About GTIL

At 30 September 2017, GTIL had 140 independent member firms (2016: 140) with aggregate revenues of US\$4.8 billion (2016: US\$4.6 billion), and more than 47,000 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 Euros 510 million. This represents the turnover consolidated into the GTIL financial statements from each entity converted to euros at the exchange rate as at the GTIL financial year-end date (30 September 2016).

Member firm admissions

Prospective member firms must meet a number of criteria in order to be considered for membership, which include:

- the prospective firm's reputation for quality and its adherence to high standards
- adoption of global policies, procedures and methodologies, including methods and quality control systems for providing services to clients, engagement protocols, and ethical and independence policies
- maintenance of a system of quality control that meets or exceeds International Standard on Quality Control (ISQC) agreement to the periodic evaluation of the system of quality control by the global quality monitoring teams.



Our distinctive client experience sets us apart

NB: 'countries' refers to where Grant Thornton has a physical presence



US \$5.0bn
[2017 revenue]



50,000
people



700+
offices



135+
countries

Our Growing Together Strategy

Why: Our raison d'être

We care about the work we do for clients, the impact we have in society and the way we treat people. And, as dedicated professionals, our work and influence builds trust and integrity in the markets we work in. We help create the commercial and social environments that enable long-term success and growth for businesses and where people flourish. Because we are committed to shaping a vibrant economy.



Growing Together 2020 sets out how we will achieve this vision and identifies the actions we will take together. To be successful, we need to attract and retain motivated people who are absolutely focused on delivering an exceptional client experience. To achieve this we need transformational leadership to create an experience for our people that is empowering. Exceptional people and client experiences will enable us to fulfil our brand promise to unlock the potential for growth wherever we operate, to establish a superior competitive position in our chosen markets and to achieve our vision.

People and clients – a simple relationship



Governance and leadership

The key governance and leadership bodies of GTIL are the Global Board of Governors and the Global Leadership Team. Their roles and responsibilities are set out, in summary, below.

Global Board of Governors

The Board of Governors (the Board) is the principal and overriding authority in GTIL. The Board is a group selected from Grant Thornton member firms worldwide and exercises governance on their behalf. The Board comprises the Chief Executive Officer (CEO) of GTIL, CEOs from the largest Grant Thornton member firms, CEOs elected from Grant Thornton member firms outside of the largest firms and independent nonexecutive directors. The Board aims for a reasonable balance of representation from different geographical areas, including emerging markets. The Board's responsibilities include:

- providing input into the strategic development of GTIL and approving the global strategic direction and policies of GTIL as established by the CEO
- overseeing the implementation of the global strategy
- overseeing membership matters (including approving new member firms, suspending the rights of, or expelling a member firm) • appointing and setting the remuneration of the Chair of the Board
- appointing, evaluating performance and setting the remuneration of the CEO
- approving the budget and member firm fees
- overseeing the financial health of GTIL
- overseeing global enterprise risk management
- overseeing general governance matters, such as the composition and performance of the Board.

The Board members as at 30 June 2017 are:

- Scott Barnes, Chair, Board Member
- Ed Nusbaum, CEO, GTIL
- Mike McGuire, US
- Sacha Romanovitch, UK
- Emilio Imbrigliom, Canada RCGT
- Xu Hua, China
- Kevin Ladner, Canada LLP
- Daniel Kurkdjian, France
- Greg Keith, Australia
- Anna Johnson, Sweden
- Joachim Riese, Germany
- Vishesh Chandiok, India
- Vassilis Kazas, Greece
- Marivic España, Philippines
- Hisham Farouk, UAE

- Arnaldo Hasenclever, Argentina
- Gagik Gyulbudaghyan, Armenia
- Pascal Boris, Independent Board Member
- Judith Sprieser, Independent Board Member

Chair of the Board

The Chair of the Board (the Chair) is a proactive role with a focus on ensuring that the Board functions as a co-ordinated group in support of the CEO on global strategy. During 2017, the Chair was Scott Barnes. The role of the Chair is pivotal to creating the conditions necessary for a highly effective Board, focused on our strategic global development.

The Global Leadership Team

The Global Leadership Team (GLT) drives the execution of the global strategy and is chaired by the CEO. It is a fulltime management group dedicated to leading the global organisation in the successful execution of the strategy. In addition to the service line and global development areas they lead, GLT members also have functional and regional responsibilities.

A critical role of the GLT is to work with member firms in driving the execution of the GTIL global strategy. Implementation of the strategy builds on strategic frameworks, prioritised investments and growth strategies that are appropriate for the chosen markets.

The GLT members as at 30 June 2017 are:

- Ed Nusbaum, CEO, GTIL
- Antony Nettleton, Global Leader, Assurance Services
- Paul Raleigh, Global Leader, Growth and Advisory Services
- Francesca Lagerberg, Global Leader, Tax Services
- Gernot Hebestreit, Global Leader, Business Development and Markets
- Robert Quant, Global Leader, Collaboration and Capability
- Paul English, Marketing and Client Experience

More information can be found at

www.grantthornton.global.

Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for the leadership of GTIL and is appointed by the Board for an initial term of up to five years renewable once for a further period of up to three years. The current CEO, Ed Nusbaum, will retire at the end of this calendar year and will be succeeded by Peter Bodin from 1 January 2018. The role of the CEO includes the development and recommendation of global strategic priorities for ratification by the Board, together with overseeing execution of these priorities. The CEO has responsibility for appointing the GLT subject to the concurrence of the Board. The GLT assists the CEO in the execution of the global strategy. The CEO works closely with the GLT in maintaining global policies and procedures, including those governing international work for the assurance, tax and advisory service lines.

Audit quality

GTIL views excellence as essential to the network's brand, with a particular focus on audit quality. To that end, global resources are provided to assist member firms in maintaining audit quality, including:

- an audit methodology, with supporting software, that is used globally
- policies and procedures contained in audit manuals that are benchmarked against international auditing, quality control, independence and ethics standards
- protocols that enable member firms to consult with the global auditing standards team and, if necessary, with audit specialists in other member firms
- protocols that enable member firms to consult with GTIL's International Financial Reporting Standards helpdesk
- a comprehensive intranet service that includes up-to-date information for member firms on auditing, financial reporting, ethics and independence standards and guidance on applying them effectively.

Audit quality monitoring

A key component of the global strategy is to promote the delivery of consistent, high quality client service worldwide. To support this objective, a dedicated quality monitoring programme is in place to support the assurance practices of the member firms. This global monitoring programme uses the Sentinel software application and focuses on the six elements of ISQC1. Under this programme, member firms are provided with feedback on the design, implementation and operation of their assurance practice quality control systems.

Grant Thornton Audit Review

Each member firm is obligated to submit to an inspection of its quality control system, referred to as the Grant Thornton Audit Review, at least once every three years. The Grant Thornton Audit Review process is designed to monitor member firm compliance with professional standards and global audit policies and procedures.

The Grant Thornton Audit Review is conducted by independent and suitably qualified partners and managers from other member firms under the overall direction of the Global Audit Quality Control Leader.

Grant Thornton Audit Review inspection teams review the conduct of audit work performed by each member firm. The inspection process includes an evaluation of policies and procedures of the member firm applicable to its assurance practice, benchmarking those policies and procedures against relevant policies and procedures of the international organisation. The inspection team reviews financial statements, audit reports and engagement work papers and files. The inspection team also interviews partners and people on various matters.

The Grant Thornton Audit Review inspection team members assess whether a firm's system of quality control is designed, implemented and operated to provide the member firm with reasonable assurance that the member firm and its personnel comply with professional standards and applicable legal and regulatory requirements, and the reports issued by the member firm are appropriate in the circumstances. These include leadership responsibilities for quality, ethics and independence, client acceptance and continuance, human resources, engagement performance and monitoring.

The inspection team, as part of evaluating engagement performance, also reviews a sample of assurance engagements. On conclusion of each Grant Thornton Audit Review, the global organisation issues a report based on the inspection findings. The report on a firm's quality control system will report one of the following:

- suitably designed and operating effectively (an unqualified report)
- suitable designed and operating effectively except for one or more significant deficiencies (an except for report)
- having material weaknesses in the design or operation of the quality control system (an adverse report).

When the Grant Thornton Audit Review identifies a deficiency, the member firm is expected to address the deficiency and document their action plan to address the findings within a reasonable period of time and submit appropriate documentation. When follow-up actions are required by member firms to address findings identified during the Grant Thornton Audit Review, a further visit or remote assessment is made to review progress in implementing these actions.

There are equivalent review processes for other network services.



3.2 EU Audit Directive

Total revenues attributable to EU/EEA member firms is USD552m (approximately 28% of total global assurance revenues of USD2.0 billion).

Country	Legal entity
Austria	Grant Thornton Unitreu GmbH Wirtschafts- und Steuerberatungsgesellschaft
Belgium	Grant Thornton Bedrijfsrevisoren
Bulgaria	Grant Thornton Ood
Croatia	Grant Thornton revizija d.o.o.
Cyprus	Grant Thornton (Cyprus) Ltd.
Czech Republic	Grant Thornton Audit s.r.o.
Denmark	Grant Thornton Statsautoriseret Revisionspartnerselskab
Estonia	Grant Thornton Baltic Oü
Finland	Advico Grant Thornton Oy
Finland	Idman Vilen Grant Thornton Oy
Finland	Revico Grant Thornton Oy
France	AEG Finances
France	Carib Audit
France	Grant Thornton
France	IGEC
France	Tuillet Audit
Germany	Warth & Klein Grant Thornton AG
Germany	ATS Allgemeine Treuhand GmbH
Germany	Warth & Klein Grant Thornton GmbH & Co. KG
Germany	Sozietät Prof. Dr. Dr. h. c. W. Klein u.a
Germany	WPG Wohnungswirtschaftliche Prüfungs- und Treuhand GmbH
Germany	Warth & Klein Grant Thornton Revisionsunion GmbH
Gibraltar	Grant Thornton (Gibraltar) Ltd.
Greece	Grant Thornton SA
Hungary	IB Grant Thornton Audit Kft.

Country	Legal entity
Iceland	Grant Thornton Endurskoðon Ehf
Ireland	Grant Thornton
Ireland	Grant Thornton Business Advisory Services Ltd.
Ireland	Grant Thornton (NI) LLP
Italy	Ria Grant Thornton S.p.A.
Latvia	Grant Thornton Baltic SIA
Liechtenstein	Grant Thornton AG
Liechtenstein	ReviTrust Grant Thornton AG
Lithuania	Grant Thornton Lithuania
Luxembourg	Compliance & Control S.A.
Malta	Grant Thornton Malta
Netherlands	Grant Thornton Accountants en Adviseurs B.V.
Netherlands	Incompanion B.V.
Norway	Grant Thornton Revisjon AS
Poland	Grant Thornton Frąckowiak Sp. z.o.o. sp.k.
Poland	Grant Thornton Polska Sp. z.o.o. Sp.k.
Portugal	Grant Thornton & Associados, SROC, Lda.
Romania	Grant Thornton Audit SRL
Slovakia	Grant Thornton Audit, s.r.o.
Slovenia	Grant Thornton Audit d.o.o.
Spain	Grant Thornton, S.L.P.
Spain	Grant Thornton Andalusia, S.L.P.
Spain	Cruces Y Asociados Auditores, S.L.P.
Sweden	Grant Thornton Sweden AB
UK	Grant Thornton UK LLP

All information was collected from the global Grant Thornton annual member firm survey. Details are correct as of 30 September 2017.

4. Independence



Our global independence policies and procedures are based on the International Ethics Standards Board's Code of Ethics for Professional Accountants with supplements to govern compliance with our global independence and international relationship checking processes.

The company's policies and procedures have been designed in order to ensure independence of the company and its members while rendering services.

All personnel are under obligation to examine, every time they undertake the conduct of an audit, whether their independence is threatened in any possible way. In particular, the members of the staff shall examine whether their relations (financial, professional, personal) with every client or an associate or an entity might lead a knowledgeable, objective and prudent third party to arrive at the conclusion that the independence of a partner or that of the Company is threatened. In such a case, they are under obligation to inform Grant Thornton for this relation and to refuse to conduct the audit.

The particular company policies that serve the above objectives of independence are analytically described in "Assurance Quality Control Manual" that are annually reviewed and revised by the Ethics Leader and Head of quality control. Froso Yiangoulli has the responsibility for overseeing independence matters, including providing training and obtaining annual confirmations of compliance with independence policies. GTIL monitors compliance with these policies.

The reviews are conducted based on specially configured review plan in line with audit standards, developed by the Ethics Leader and Head of quality control and revised whenever this is necessary.

Basic principles for independence

According to the requirements of GTIL and with a view to complying with the quality assurance and ethical policy the objectives were formed by the Ethics leader and the Head of quality:

- prepare, update and disclose to all personnel of AQCM (Assurance Quality Control Manual). AQCM is the manual comprising the total of policies and procedures defining the company operation;
- establish policy for undertaking or rejecting clients
- estimate the risk of undertaking/ retaining clients including the AML procedures.
- communicate with GTIL on risk management issues
- monitor and implement the principles, regulations and procedures prescribed by GTIL for Key Assurance Assignments (KAA). The issue pertains to assignments of the company that are to comply with specific criteria.
- Establishes the quality management system & quality control procedures.

Global Independent System (GIS)

The Global Independence System (GIS) is GTIL's automated solution (secure website) for assisting member firms and their professionals in the identification and management of potential independence threats arising from financial interests that Grant Thornton executives owns.

Financial interests are defined as any income or payment arising from stock, stock options, warrants, loans or any other investment or ownership interest including rights and obligations pertaining to acquisition of securities and derivatives of direct associates/ clients.

All the executives of Grant Thornton International member firms are required to maintain a portfolio of their financial interests and update it on monthly basis.

The manager of GIS, also updates – in monthly basis – the Global Restricted List (GRL), on which GIS is based, making entries of listed companies and their subsidiaries (public interest companies), that constitute the "audit clients" of the company. This way, the companies in question are presented as "RESTRICTED" throughout all GTIL network.

The implementation of this procedures ensures that no member of Grant Thornton network can hold shares of any company marked as restricted by another member firm.

The aforementioned systems and procedures are followed within the frame of the general plan of Global Independence & Risk Management of GTIL and are aimed at providing further assurance that member firms and executives comply with all applicable independence requirement.

As part of monitoring the effectiveness of its quality control system in managing compliance with independence requirements, we perform the following:

- compliance testing of independence controls and processes;
- personal independence compliance testing of a random triennial selection of Partners, Directors, Senior Managers, Managers and Supervisors to monitor compliance with independence policies;

The results of the firm's monitoring and testing are reported to the firm's management on an annual basis.

During 2017, we confirm that, we conducted an internal review of our independence practices.

Conflict of Interests

Conflict of interests is defined as a stage at which our company's independence is threatened.

In particular, there might arise conflict of interests when during provision of services to a client the company at the same time has any kind of financial, professional or other relations with another person, entity, product or service that might, as in compliance with the estimation of the company, lead a client or a third party to arrive at the conclusion that objectivity is threatened.

Potential conflict of interests pertaining to the assignment undertaken in Cyprus as well as at the global level are monitored.

The aforementioned procedure is standardized and followed by all the member firms of GTIL network.

Identifying conflicts of interest

The firm uses a search tool to interrogate a suite of databases where potential relationships could be identified. Individuals are asked about relationships where the database search identifies a possible match. In support of this approach, databases have been created to ensure that all relevant relationships are identified.

The International network also maintains an electronic Global Independence System to match the investment holdings of all relevant personnel with restricted entities to avoid personal investments threatening audit independence.

Potential clients with international operations

If potential clients have international operations, an international relationship check is performed to identify any relationships of other member firms of GTIL that may present a conflict of interest and/or a threat to independence.

The International network maintains databases of restricted entities and other relationships that could create a conflict. These are searched as part of the International relationship checking process.

When the prospective client is already an audit client of a member firm of GTIL, consultation is required with the relevant audit engagement leader to ensure that the proposed non-audit service is permitted, that any perceived threats to independence created by the proposed non-audit service can be adequately safeguarded. Where required, the circumstances are communicated to the audit client's audit committee and, in the case of public interest entities, are approved by them prior to commencement of work.

Dealing with conflicts

If a potential conflict is identified, appropriate procedures are put in place to obtain the informed consent of the interested parties, to protect confidential information and to ensure potential conflicts are, and are seen to be, effectively managed. In exceptional circumstances the relevant head of service line and the firm's Ethics Function/Partner must be consulted.

Client take-on process

The firm continues to invest in enhancing its take-on processes. The audit teams undertake client verification for anti-money laundering purposes for all new and existing clients. It also conducts family tree research for international operations and database searches that underpin our relationship checking processes.

Non-audit services by a Member Firm

Every member firm of GTIL, prior to provision of any kind of non-audit service to a client is under obligation to ascertain whether another GTIL member firm conducts an audit for the very same client or to a client's related party (parent or subsidiary).

In such a case, it shall contact the GTIL member firm conducting this audit in order to estimate the compliance with independence requirements in the particular case and ensure that the non-audit services required do not threaten the independence of the member firm, conducting the audit.

Should it be considered necessary, the international partner of GTIL in charge of compliance with International Standards on Auditing and Code of Ethics shall participate in the evaluation procedures.

Monitoring

We monitor our people's compliance with ethical and independence requirements through:

- the firm's Annual Declaration process. All of our people are required to confirm that they understand and have complied with the firm's policies relating to independence, confidentiality, market abuse, gifts and hospitality, and whistleblowing
- Quality Control and Quality Assurance reviews of assignment files across all service lines to check compliance with internal controls and specifically engagement acceptance procedures and independence policies
- review of the GIS accounts against evidence to support their recorded financial interests
- encouraging our people to consult with others when faced with a difficult decision or to speak up on areas of concern.

Client Confidentiality

The relations with the clients are confidential and all the protective measures are taken in order to avoid breach of confidentiality.

During the conduct of an engagement, the audit team might become aware of confidential information about the client, such as future business plans, current operations results, procedures pertaining to pay rolling or personnel issues etc. Particular attention shall be paid to keeping the required confidentiality.

The tool facilitates the preparation, communication and clearing the workflow for international relationship check requests. It provides a more robust platform and include regular processes for assessing potential threats to independence or conflicts of interest identified during client acceptance.

Acceptance & Continuance of Clients & Engagements

Vital in protecting the firm and its reputation is ensuring we only take on and work with clients who demonstrate a commitment to pursue their business activities in a responsible and capable manner that avoids unnecessarily causing harm to stakeholders. All professional staff ensure for all new potential clients and any new assignments the firm's rigorous acceptance and continuance processes are adhered to and documented.

All new assignments require approval before the appointment is confirmed with a formal contract and before the assignment starts. This approval is by the appropriate lead partner and in cases of identification of potential conflicts approval is required by the Ethics Leader. In certain circumstances consultation with the Managing partner or Grant Thornton International Limited is required.

A key part of the client acceptance and continuance process is ensuring we have the right people involved in assignments. For certain audit assignments we specify levels of experience and completion of specific learning programmes to make sure that the individuals are competent to undertake those audits.

Global client acceptance/ continuance procedure



Engagement Letters

Conduct of all kinds of assignments requires prior written expression of acceptance by the client.

Grant Thornton uses the so called “engagement letters”. The engagement letters include the description of the assignment that the company is required to undertake each time as well as written statement, issued by client representatives, certifying that they accept all the relative terms and conditions.

The content of “sample” Engagement Letters is conducted by the Head of quality in full compliance with International Standards on Auditing and the Institute of Certified Public Accounts in Cyprus, and varies depending on the type of engagement involved.

Engagement Performance

Supervision is vital to engagement planning and is essential to the satisfactory accomplishment of all assignments. Supervision includes directing and reviewing the work of subordinates by the partner-in-charge. The partner-in-charge shall provide assurance that the work performed complied with applicable professional standards, regulatory requirements and Firm policies and procedures. The review of each audit section is conducted as soon as possible after its completion to enhance the effectiveness and efficiency of the review process. Necessary adjustments in procedures can then be evaluated in time to make the appropriate changes in the audit program.

Rotation of Key Audit Partners

Key Audit Partners responsible for audits are required to rotate off the engagement after specified periods of time that depends on their role and the type of entity.

The term, “Key Audit Partner” includes the engagement partner and the individual responsible for the engagement quality control review on the engagement. In the case of a group audit it also includes the statutory auditor of a significant subsidiary.

Rotation in respect of listed and certain other public interest entities is initially recorded when individuals are first assigned to a client. This record is maintained on a central database.

The firm’s policy concerning the rotation of partners requires that: “Key Audit Partners for public-interest entities” can act for seven years and then must rotate off the engagement for at least two years. For EU PIES the Key Audit Partner tenure is the same, followed by a three-year period within which they may have no involvement in the audit.



5. Quality control

As is evident throughout this report, quality is the bedrock of the firm, quality in our work, quality in our practices and quality in our people. Critical to our success in achieving and maintaining quality are our structures which underpin our objectives as we continue to grow and develop as a firm.



5.1 Quality Control Policies

Our objective is to establish the rigorous quality system designed to provide us with reasonable assurance that the firm and its personnel comply with professional standards and regulatory and legal requirements and render high quality services.

The independence and quality of services that the company provides are very important factors for the future of our activities. Therefore, we have designed and implemented a range of policies and procedures in respect of quality management systems and internal control processes, risk assessment measures and monitoring systems that ensure we all live up to the high standards we set ourselves – the standards our clients expect.

The firm has in place rigorous quality management procedures, including:

- technical and procedural manuals – to ensure work is delivered to a consistently high standard
- constant training and development of all partners and staff
- annual appraisal of all staff
- proactive quality control procedures to ensure each assignment meets required standards (Engagement Quality Control Reviews)
- reviewing quality assurance processes to enable management to gain comfort that procedures are in place, are operating and are effective (Internal Quality Control Review – “ISQC1” – quality reviews from GTIL).

Our company adopts a risk management framework, where the management is responsible for the quality of rendered services and ensures implementation of appropriate procedures on an annual basis. Through identifying potential weaknesses, appropriate measures are taken to fully monitor consolidation processes. Our quality management approach for auditing and financial reporting assignments has several key elements:

- a robust and rigorous risk-based audit approach; with significant resource committed to ensuring audit quality, consultation, on the job and technical training
- ethics and integrity; we only accept/ continue to provide services to clients that demonstrate integrity. This is achieved through sound assessment of the relative parameters pertaining to acceptance and continuance of clients (Acceptance & Continuance of Client Relationships & Specific Audit Engagements policies & procedures)
- skills and personal qualities of partners and staff and their compliance with IFAC Code of Ethics for Professional Accountants (Ethical Requirements)
- robust conduct of audits in accordance with professional standards and legal requirements for sound auditor’s reports (Engagements Performance Policies & Procedures)

- development of effective assignments monitoring systems (People & Culture issues Policies & Procedures)
- documentation providing reasonable assurance in respect of all the elements of quality control system within the company (Documentation)
- constant monitoring and ensuring that quality control policies and procedures are always relevant, modern, sufficient, efficient and comply with the current practices. The procedures should also include permanent evaluation of the company’s quality control systems as well as periodical examination of conducted audits on sample basis
- objectivity and independence – absolute understanding throughout the firm that our hard-won reputation is dependent on the quality of our work and the quality of the decisions that we take.

Supporting robust audit delivery

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 organization
- 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 examples.

As far as all statutory audits are concerned, Grant Thornton Cyprus makes full implementation of the audit program, Voyager of GTIL, which is fully harmonized with International Standards on Auditing.

In 2017, GTIL released revisions to our global audit methodology delivered through a new, custom audit tool developed in partnership with Microsoft (**LEAP**). To drive adoption and engagement of this change, a series of global learning programmes will be actioned across each member firm.

Implementation of the new audit tool is expected to take place during 2019 for Grant Thornton (Cyprus) Limited

Among other benefits, the revised methodology:

- provides a clear linkage to auditing standards using ISA-based terms
- applies an account-based approach to address the risk of material misstatement
- allows the tailoring of audit risk of each client's profile.

The new audit tool:

- offers flexibility and scalability to perform audits of all types and sizes
- puts global and local methodology guidance at auditors' fingertips
- allows for rapid responses to regulatory changes
- enables auditors to perform higher quality audits more efficiently
- gives auditors the ability to provide clients with better insights.

The global learning programmes developed to support these changes include the ISA proficiency series, methodology proficiency series, tool proficiency series and Audit 360 simulation. The ISA proficiency series, which is a prerequisite to other learning, includes various online modules focused primarily on the consistent application of standards rather than the tool used throughout the audit process. The tool requires less explanation; the user interface is intuitive as it incorporates extensive feedback gathered from auditors throughout the design and development processes.

Grant Thornton's cycle for development and quality



International Financial Reporting Standards (IFRS) Support

A full-time global IFRS team is responsible for promoting high quality consistent application of IFRS throughout the global network. An IFRS interpretations group and a financial instruments working group (made up of member firms' IFRS experts), provide advice, guidance and support to the team.

The team promotes consistency across all member firms by:

- offering face-to-face training programmes and e-learning resources
- operating an IFRS help desk service
- providing an IFRS checklist and an IFRS Interim Reports checklist
- publishing extensive technical interpretive guidance, newsletters and other tools and resources, internally and externally, free of charge.

GTIL communicates these materials and updates on IFRS developments to the designated IFRS champions in member firms. Antonis Loyides, is our IFRS Partner. The IFRS team carefully considers whether training or additional guidance is necessary in response to IFRS issues or concerns raised by the member firms.

In 2016, the team launched a collaborative group for sharing IFRS resources and ideas through Grant Thornton's global internal social networking platform, Yammer. Yammer is proving a powerful tool for connecting member firm IFRS people and regularly facilitates the exchange and sharing of IFRS and other knowledge.

Grant Thornton also actively contributes to the development of IFRS. For example, the network submits global comment letters to proposals for new and amended standards, and participates in relevant events such as round-table expert discussions.

At the time of writing, Grant Thornton is represented on the IFRS Advisory Council, the International Accounting Standards Board's Transition Resource Group for Revenue Recognition, the IFRS Transition Resource Group for Impairment of Financial Instruments, and the IFRS for SMEs Implementation Group.

Grant Thornton Audit review

At Grant Thornton quality and openness in consultation are embedded in our culture. Both **Internal** and **Global** audit reviews are performed on a regular basis.



Firm wide audit methodology:

- proprietary audit software used throughout international network; and
- complies with international audit standards.

Audit client services review:

- independent review; and
- benchmark our delivery with our promises.

Internal/National file review programmes:

- across all disciplines and Cyprus offices.

Global (International) review programme:

- independent peer review of GTIL firms; and
- regular rotational review programmes.

Peer review process:

- all working papers reviewed by more senior staff than originator; and
- review partner process.

Investment in technical excellence:

- continued investment in training; and
- dedicated technical department.

Internal reviews

Our internal quality control system, which comprise of robust and frequent peer review of audit files and client financial statements, is aligned with:

- International Standard on Quality Control 1 - ISQC 1, in respect of quality control for firms that perform audits and reviews of historical financial information, and other assurance and related services engagements.
- International Standard on Auditing (ISA) 220: Quality Control for Audits of Historical Financial Information; and
- International Federation of Accountants (IFAC): Code of Ethics for Professional Accounts.

Global reviews

In addition to our own quality control procedures, we are required to abide by a system of quality control. The Global GTIL Audit Review (GTAR) programme reviews the conduct of audit work performed by each member firm. 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 review process is designed to monitor member firms' compliance with professional standards and GTILs audit quality control policies and procedures.

A dedicated team is responsible for managing our global audit quality-monitoring programme, referred to as the Grant Thornton Assurance Review (GTAR). The GTAR process evaluates each member firm's local quality monitoring system, as well as each firm's compliance with professional standards, global audit policies and procedures, and other risk-based criteria. On average, each member firm is reviewed once every three years. Independent and suitably qualified partners and managers from other member firms, under the overall direction of the global audit quality control leader, also conduct inspections.



Global monitoring helps to reinforce the requirement that member firms have an effective process for ensuring that the right people are using the right tools to apply the audit methodology in the right ways.

For example, through GTAR, GTIL assess if member firms:

- comply with professional auditing standards
- implement the global audit methodology (and in turn, the International Standards on Auditing as a minimum)
- issue audit reports that were appropriate in the circumstances
- comply with international ethical and quality control policies
- comply with quality assurance standards during the audit
- produce audit documentation in accordance with professional standards
- have designed and implemented an effective system of quality control
- identify root causes for significant findings
- have implemented the requirements of previous action plans
- comply with global risk management policies and procedures.

The global audit monitoring control team, in collaboration with partners and managers from Grant Thornton member firms, also carry out reviews to evaluate the quality and suitability of firms interested in joining our international network.

GTAR inspection team members utilise a proprietary software application, Sentinel, to record and track individual findings and root causes and to communicate these results to member firm management. Member firms can also utilise this tool for their own internal quality reviews. Member firms must have an effective internal inspection programme in place that meets the requirements of ISQC 1. To facilitate the adoption of such practices among member firms, templates that include guidelines, work programmes, forms and examples of reports, all of which have been benchmarked to ISQC 1, are provided.

Global audit quality monitoring



213

Public Interest Entities engagements were reviewed



33

Grant Thornton assurance reviews (GTARs)



92

The number of reviewers who participated. (Reviewers are at least at senior manager level)



3

New member firm reviews

When a GTAR is completed, the global network issues a report based on the inspection findings. A member firm's quality control system is evaluated as:

- suitably designed and operating effectively (an unqualified report)
- suitably designed and operating effectively except for one or more significant deficiencies
- having material weaknesses in the design or operation of the quality control system (an adverse report).

When the GTAR identifies a deficiency, the member firm must address the deficiency within a reasonable period by developing an action plan to address the findings and submit appropriate documentation. In some instances, further visits to the member firm or remote assessments happen to follow-up on the firm's progress toward implementing the required actions.

Root cause analysis

Grant Thornton's global root cause analysis methodology ensures member firms understand the factors that are driving the quality of their audits.

This methodology has three steps and involves the identification of:

- a category
- an indicator
- a root cause(s).

A category describes the broad context surrounding a finding. Teams should determine these because the underlying root causes may not be directly apparent or obvious.

A decision tree helps teams to identify a range of 'indicators,' which explain the circumstance that led to a finding and further helps the team to identify a root cause. The methodology will filter to provide a series of suggested primary root causes once the 'categories' and 'indications' have been selected.

Regular reviews of findings and root causes from the GTAR programme allow Grant Thornton's global assurance leaders to consider and make timely changes to our methodology, learning programmes, audit tool, or global policies and procedures.

Transparency through our network

The GTAR programme is a key component of Grant Thornton's global system of monitoring quality control. It provides important information to member firms relying on the quality work of other member firms within our network.

Via our global intranet, designated member firm representatives have access to summarised GTAR reports, which offer an overall inspection opinion and include a description of any significant deficiencies or material weaknesses in a specific firm's quality control systems.

External monitoring

Further to the Internal and Global reviews, Grant Thornton Cyprus is currently regulated by the Cyprus Public Audit Oversight Board (CyPAOB) for its firm wide control procedures and the audit inspection of PIE's and also from the Institute of Certified Public Accountants of Cyprus (ICPAC) for non-PIE audits performed. CyPAOB and ICPAC conduct practice reviews on a three yearly cycle. The latest review of the firm by ICPAC was in February 2015. The CyPAOB has scheduled a review during May 2018.

Our office is also subject to periodical reviews by the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Accountants in England and Wales (ICAEW).

Details of the results of the reviews are given in *'measuring audit quality'*, see page 26.

5.2 Measuring quality

Internal monitoring results

We run a continuous cycle of internal audit quality reviews to ensure that the audits we deliver are of a consistently high quality and to shape our continuous improvement plans.

These include:

Internal Audit Review process

Key features of our Internal Audit Review process are:

- each Engagement Partner is reviewed at least every three years
- Engagement Partner with files reviewed falling below expected standards are reviewed again within 12 months
- all new Engagement Partners are reviewed within a year of appointment
- engagements for review are selected with a bias towards more complex or higher risk assignments
- reviews are undertaken by experienced auditors, using standard methodology developed by GTIL and under the direction of the Audit Quality Monitoring Team to ensure integrity and consistency of the process
- the setting of file grades is moderated by the Head of Quality to ensure consistency between reviewers and with the approach of external reviewers
- the Head of Assurance develops and implements a targeted action plan to address the findings of the review
- on an annual basis the Internal Audit Review findings are summarised and reported to the Board of Directors
- issues arising from the Internal Audit Review are communicated to the assurance practice through training events and other technical update channels

During our Internal Audit Review, four audits were reviewed, of which three were graded as “Pass”, whereas the other one required significant improvement.

The results of our Internal Audit Review are disclosed to both GTIL and the firm’s external audit regulatory

bodies, who scrutinise the review process and results during their review and ensure our processes are sufficiently robust.

Serious consideration is given by management to any recommendations made as a result of internal reviews and action is taken to implement appropriate changes.

Global monitoring results

The last GTAR review for Grant Thornton Cyprus was conducted in 2014. The results of GTAR are evaluated and communicated to improve quality. Management takes measures to resolve audit quality matters noted from GTAR. The findings of the review were that the audit quality control system has been suitably designed and implemented to provide reasonable assurance of conforming with applicable professional standards and GTIL requirements in all material respects, except for partner appraisal process and the firm’s policies and procedures regarding client acceptance procedures are not being consistently followed. Regarding the latter, measures were taken and significant improvement was noted in the following years.

External monitoring results

Every external inspection review is a valuable and beneficiary experience for us. These exercises are valuable in enabling us to benchmark to current practice, highlighting areas of particular strength and provide constructive discussion on areas we could develop our practices. Our firm’s policies and procedures have been updated to incorporate the findings arising from the most recent external reviews.

The last external quality assurance review of Grant Thornton took place in February 2015, by ICPAC. The overall outcome of the visit was assessed as satisfactory, since the majority of the audit files inspected was considered to be generally satisfactory.

5.3 Statement on the firm's internal quality control systems

The Management has ultimate responsibility for the firm's quality management systems and the establishment of appropriate internal control systems across the firm. The firm has carried out a review of the effectiveness of the internal quality control systems during the year and has taken into account:

- the findings from regulatory inspections;
- reports from GTIL on the firm's quality control systems; and
- the findings of the firm's internal audit reviews on the operation of quality management systems and the management of risk across the firm.

The internal quality control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, or in the case of financial controls, the risk of material misstatement of our financial statements.

Management considers that the firm's internal quality control systems are operating at an acceptable effective level. At the same time, findings identified by the reviews are seriously considered and any necessary steps are taken to address them.

5.4 Tax service quality

Tax is an important consideration for most businesses, and is a core growth area for Grant Thornton. The environment for tax planning is becoming increasingly political and high profile.

Grant Thornton recognises that this changing environment means our clients need trusted advisers who can explain and clarify the often complex legislation and planning for tax.

Through 2016 and 2017 we focused on strengthening our review process and our learning agenda so our people have the skills and expertise to provide the best advice. Our international client list continued to grow last year. To ensure our clients continue to receive a consistent service of the highest quality our member firms have worked closely together with increased cross-border collaboration and global investment in technology.

Tax learning

Our tax practice is only as strong as its people. Strong technical knowledge combined with the ability to deliver work of the highest quality, whilst managing risk is essential to the safeguarding of our business. All member firms must demonstrate their commitment to continuing the professional development of their people and their tax specialist service line areas, to enable them to seize opportunities to become the leading providers of services in their markets.

GTIL has continued to focus on its four key tax service lines and has delivered academies in Asia Pacific, Europe and Latin America to support:

- direct international tax

- indirect international tax
- transfer pricing
- global mobility services.

Additionally, courses have been offered via the academies to enhance professional skills, including quality and risk management, as well as focusing on technical tax training. In 2016 GTIL launched the first Tax Leadership Academy bringing together all our heads of tax from around the world to promote greater cross-border collaboration and build even stronger regional capability. In 2017, the focus remained on high quality technical training both face-to-face and through e-learning and virtual platforms.

Grant Thornton tax review

In 2016, GTIL launched the Tax and Advisory Risk Questionnaire (TARQ), a self-assessment questionnaire for all member firms to assess internal quality and risk procedures. The TARQ is an annual survey. All member firms currently participate in separate tax, assurance and advisory reviews. During the following years, it is envisaged that the three service lines will collaborate more closely and combine resources to deliver robust reviews. These ensure all member firms are meeting the global standards required for quality and risk management, people development and leadership.

5.5 Advisory service quality

Our advisory services help clients create, transform and protect value. As well as helping clients to finance growth and optimize operations, we advise clients on how to manage risk and regulation. We take these same principles on managing risk and regulation and apply them to our own operations.

Advisory services differ from assurance services provided by Grant Thornton as they are not generally regulated or provided according to templates fixed by regulators or legislators. GTIL's quality processes are designed to allow member firms the flexibility to meet local market requirements and to ensure that, wherever possible, common working practices are observed internationally.

As our cross-border and international client list expands, so too does the need to ensure that the client experience does not differ from one territory to another. This requires greater standardisation of working practices, as well as training in joint working between member firms.

Quality is intrinsic to the value that we bring to clients, and there is no single solution or control that by itself will ensure that quality standards are maintained. We

have a multi-faceted approach to quality control which encompasses:

- risk management
- mandating standard methodologies for service lines
- the provision of service line and industry support groups and managers
- a programme of regional training academies
- a member firm review programme
- improved connectivity between firms.

A core part of Grant Thornton International Ltd approach is to ensure that member firms and front-line staff undertaking client work are well connected to other parts of the network that are best able to support them. In 2016, Grant Thornton International Ltd launched the Tax and Advisory Risk Questionnaire (TARQ), which allows firms to benchmark their own risk and quality processes against GTIL's standards.

6. People & Culture and CPD

As a professional services firm providing a full range of audit, tax and advisory services to our clients, it is imperative that quality is at the cornerstone of everything we do. Critical to our success in achieving and maintaining our quality standards, it is important that our people and culture initiatives around recruiting, developing, training and managing our people support this objective.



6.1 People and Culture

Our people and culture team are committed to a framework that promotes:

- Utilising the best sourcing methods to attract the best candidates and making the hiring experience promote Grant Thornton as the place to work;
- The importance of the firm's culture and values from on boarding and throughout the employee's career;
- Developing and retaining our employees through programmes that stretch and challenge them to be the best leaders within their chosen area of expertise;
- A culture of continuous learning and professional development through our performance management process that also recognises and rewards this contribution; and
- A focus on achieving technical expertise and excellence.

Hiring the right people for our business is critical and to support this we have a dedicated People & Culture team whose primary objective is to source the best valuable person for the roles within the firm. This process is supported by our recruitment and selection policy which applies across the business.

On their first day with the firm, each new staff members attends a formal onboarding training which covers a range of topics that enable the employee to understand the culture of Grant Thornton. Also focused on engaging our new employees from day one on how to achieve success within the firm.

We provide an environment of continuous learning and give our people the tools and resources to achieve their potential, to enable an environment where champions are inevitable

This is supported by the relevant service line, then providing on the job training and related systems training to each new employee. The training and development of our people is critical to the success of our business and our ability to ensure that quality is high across all our service lines.

Our development philosophy is based not only on formal training, with on-the-job learning and significant levels of day-to-day coaching.

Our competency framework provides a clear path for individual career progression and our learning and development courses/ training plan, ensuring that all our staff have access to the training that will support their progress and advancement in their careers.

To further support our culture of continuous development we hold performance reviews on an annual and interim basis, as well as individual review and feedback sessions taking place at the end of each client assignment.

Our values: As we make progress towards our 2020 strategy, our vision and values serve as a foundation to creating a consistent people experience across the whole of Grant Thornton. Our **CLEARR values** are foundational to the culture we are creating, and our goal is to ensure that all our people, at every level, understand our vision and values.



Creating an exceptional people experience succeeding in creating an exceptional client experience.

It is our people who differentiate us in an increasingly competitive global marketplace. Our people strategy, therefore, is integral to the achievement of our 2020 ambition. Developing the professional lives of our people is a vital part of our strategy.

We are committed to:

- ✓ Creating a high-performance culture where people with passion for their work, dedicated and committed to make a difference, know their role and are supported towards fulfilling it.
- ✓ Empowering everyone to achieve their aspirations ensuring high quality learning, continual support for development and the best possible preparation for the future.
- ✓ Creating an environment of success and empowerment, providing our people the tools to make a difference every day, regardless of their role, seniority or years of experience.
- ✓ Cultivating a culture where everyone is encouraged to contribute their passion, enthusiasm and ideas at every stage of their career.

Growing with our People

Our goal is to shape the Grant Thornton of tomorrow where all people are happy to work here and have fun while contributing to the success of our organization. We do it in support of our CLEARR values while activating our People Promise that is 'why our people love to work and choose to stay with us' ultimately differentiating our organization from our competitors':

AUTONOMY		<p>I am free to be authentic</p> <p>Our culture enables and encourages each of us to be honest to our personal values and purpose in our work lives. Being recognised and respected for the unique perspective that we each bring</p>	<p>I am inspired to make a difference</p> <p>We know that each of us directly contributes to clients' growth, to the development of our colleagues, and to the communities where we work and live</p>		MEANING
RELATEDNESS		<p>We are better together</p> <p>Collaboration with each other, with clients and with other professionals broadens our thinking and improves our approach. We enjoy learning about other people and applying that learning in our work</p>	<p>My growth is continuous</p> <p>Development is achieved through stretch and challenge, offered with support and coaching that enables our people to be better than they believe they can be</p>		MASTERY

Our People and Culture team have a fundamental role to play in creating an exceptional people experience for all people, that starts before joining and ends after leaving, enabling everyone to fulfil their ambitions making the greatest contribution in their time with the firm:

Win: Brand, Attract, Select, Recruit

Engage: Orientation to the firm, Buddy system, Working Environment, Culture, Employee Engagement

Grow: Learning & Development, Performance Management, Talent mobility, Continuous feedback, coaching

Keep: Recognition and Reward, Retention, Career progression, Talent Management, Exit Procedures

At Grant Thornton we believe learning and development opportunities allow each of our people to perform at their best every day. And when we are at our best, we are the best at serving our clients

6.2 Continuous Professional Development (CPD)

Grant Thornton Cyprus is committed to establishing learning as a strategic imperative and invests accordingly, providing its people with high quality learning programs that enhance individual and organization potential. Our 'Learning and Development Policy' is integral to our people strategy and to the achievement of our 2020 ambition. Enhancing everyone's ability to contribute today and prepare for the future is the key to our success.

We are a learning organization and continuous improvement is our way of life enabling us to provide quality services to our clients. We encourage each of our people to take charge of their personal development, including the firm's own risk management, ethical and independence requirements, always be alert and seize opportunities for learning.

We are committed to ensure that our people take part in appropriate programs of continuing personal development to maintain their theoretical knowledge, professional skills and values while we meet CPD requirements being a platinum approved employer awarded by ACCA (Association of Chartered Certified Accountants) and ICPAC (Institute of Certified Public Accountants of Cyprus).

Our inhouse annual training plan is determined considering but not limited to areas of development of our people defined through on going formal and informal evaluation and feedback (knowledge, skills, competencies, attitudes, behaviors for current and future roles), findings identified through hot and cold financial statement reviews, findings identified during IQCR, GTARs, and other quality reviews, common queries and consultations requested, new market developments, law and government regulations, Grant Thornton International requirements, technological and other new developments. It is revised when this is necessary ensuring the best possible development of our people on job related technical knowledge and capabilities.

We have set up a list of mandatory inhouse trainings to ensure consistent and ongoing learning and development with emphasis on quality, risk management, ethics, independence, compliance and more. Compulsory yearly training programs are monitored to confirm completion by all assigned members of staff and include programs on Ethics and Independence, Inspection Findings, Anti-Money Laundering (AML), International Standards on Auditing (ISA), International Financial Reporting Standards (IFRS), Tax & Vat, a series of Audit Core training programs (Mastering the First Year, Mastering the Associate Role, Mastering the in-charge role, Audit Senior Development) and a series of soft skills development programs (Professional and Personal Leadership, Managing People and Performance for success, New Managers coaching skills). To support the firm's commitment to staff performing in a more effective and efficient manner and to deliver quality and success in their roles, all new staff joining the firm are invited to attend a training programme on personal effectiveness and managing projects.

Our training plan is satisfied through many training mediums all sponsored by the Company, through in-house programs and 'Learning Nuggets', external open seminars in Cyprus and abroad, on the job training, coaching, mentoring, being part of the 'Buddy system' for new comers, shadowing, continues feedback, technical alerts and circulars, professional memberships, participation in external and internal committees internal meetings.

Being a member firm of Grant Thornton International (GTI) we have access to great learning opportunities through the Grant Thornton University, forums, conferences, online trainings, workshops, the GTI net. Grant Thornton's global learning goal is to provide world class learning on leadership, business development, client management and technical subjects. And as a member firm, we are fully committed to sponsoring participation of staff members in all learning opportunities provided by our network.

GTI Service line technical and client service

excellence: Significant client service-related learning is offered that equips Grant Thornton people with the knowledge and skills to support clients in achieving their operational and strategic goals. Service line learning is also available both within member firms and through global training on an ongoing basis.

Developing managers and partners: Programs to help managers and partners reach their leadership potential are also available:

- Senior Leadership Program: this 12-month learning program is designed for managing partners and senior leaders who are responsible for developing and implementing strategy
- Advanced Manager Program: this 12-month learning program is designed for selected managers and focuses on expanding their global perspective, deepening their engagement and leadership skills, and building a professional network within the global organisation
- Inspirational leadership: this programme helps create high performance leaders through clear and ambitious goal setting, enhances self-mastery of strengths and the ability to manage emotions, leading to better interpersonal and business outcomes

Equal importance is the opportunities provided through global programs for working abroad on short or long term secondments to other member firms. To date, we have supported numerous global assignments in various locations, including the US, UK and Ireland.

Finally, one of the biggest attractions of a career with Grant Thornton is the opportunity to work on cross-border projects all over the world. Through global assignment, members of our staff have the chance for both professional and personal development to work with colleagues around the world.

Sponsorships towards both ACA and ACCA professional qualifications:

Grant Thornton Cyprus is a platinum approved employer for ACCA and an approved training office for ACA offering training contracts to successful candidates committed towards a professional qualification. The Company fully finances both qualifications. At the same time, gaining high standards of knowledge and ability in the workplace is an everyday effort enabling our trainees to receive practical experience as well. This, will enable each one to apply the knowledge and techniques they learn while studying for their exams and develop the skills, attitudes and behaviors required for becoming successful professionals and qualified accountants.

The Company actively supports members of staff to gain additional academic or professional qualifications and accreditations inspiring each person to achieve their full potential and create value for themselves and others. Examples include but not limited to: Master's degrees, CFA, ADIT, CISA qualifications etc.

People and Culture Department is responsible for the successful and effective organization of all in house training programs and the participation to other external learning initiatives on behalf of members of staff, keeping training records electronically in our HR system including participation records for each program and analytical information about all trainings that each member of staff is attending on a yearly basis. Running evaluations for in house programs is an additional responsibility providing feedback to all trainers, enabling all of us as a team to constantly improve the quality of our training programs.

7. Corporate social responsibility (CSR)

Grant Thornton recognises the value of CSR and the positive contribution it can make to the environment and in the firm's locality.



Charitable contributions

Throughout the year, our offices have raised money, contributed time, resources and became actively involved in numerous good causes.



Some of the charities involved include:

- Paidiki Stegi Lefkosias
- Eidiko Sxoleio Lefkosias
- Dr. Yiota Demetriou - The Dancing Queen Foundation
- Cyprus Alliance for Rare Disorders
- Karaiskakio Foundation
- Radiomarathonios Foundation
- Funraising
- Pasykaf
- Cyprus Red Cross
- Pan Cyprian Volunteerism Coordinative Council
- Vagoni Agapis

We also provided financial aid mainly in the form of supermarket coupons to six underprivileged families and donated time and items to them.

Growing together in the community

Every year, Grant Thornton hosts an annual global event called 'Growing Together in the community'. Grant Thornton Cyprus participates in GTIL's global CSR initiative, which takes place in September each year and encourages Grant Thornton people to take part in a community based project. In September 2017, we shared our stories, volunteered our time and made commitments for the coming year. Nicosia's office organised a tree planting event trees at a park in Engomi area and Limassol's office organized a beach cleaning event.



Office recycling

Grant Thornton works to the following environmental policy to:

- minimise the use of all resources in carrying out our activities
- minimise waste generated by our operations and our work
- reuse and recycle, wherever possible
- maximise recovery and recycling of our waste output, purchase, wherever possible products, especially office consumables and stationery, containing recycled materials
- encourage and promote all staff to behave in an environmentally friendly manner.

Activities carried out by Grant Thornton in pursuit of this policy include:

- recycling of paper, batteries, bottle plastic caps and plastic cups
- printing necessary documents on double-sided paper using greyscale instead of colour
- reusing paper when possible by creating A5 notepads for inhouse use
- providing our people with reusable tumblers in order to minimise plastic cups use
- using recycled paper when possible to print stationery
- replacing ceiling light bulbs with energy – saving led bulbs

8. Financial information



8.1 Revenues 2017

Service line	2017 total revenue	2016 total revenue
	€' 000	€' 000
Assurance	3.662	3.496
Tax	751	628
Advisory	1.495	1.409
Outsourcing	886	960
Total revenue	6.794	6.493

Services	2017 revenue €' 000
Revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity*	172
Revenues from statutory audit of annual and consolidated financial statements of other entities	3.490
Revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm**	1.553
Revenues from non-audit services to other entities	1.579

* If an entity met the definition of an EU PIE (or subsidiary of) as at 31 December 2017, we have included related revenues in this category. No comparative figures are available because the EU Directive requiring this disclosure was not effective for the year 2016.

** Non-audit services to audit clients are only provided where permitted by GTIL and Grant Thornton Cyprus policies and applicable laws and regulations.

8.2 Partner remuneration

Partners receive a base salary per year. Additionally, partners receive dividends according to their share interest in the company.

9. Public interest entities (PIEs)



The list of public interest entity audit clients for which Grant Thornton (Cyprus) Limited has signed an audit opinion in the year ended 31 December 2017 is given below.

The definition of a public interest entity for this purpose is that given under Directive 2006/43/EC, as amended by Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014, being:

- a entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC
- b credit institutions as defined in point 1 of Article 3(1) of Directive 2013/36/EU of the European Parliament and of the Council, other than those referred to in Article 2 of that Directive
- c insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC
- d entities designated by Member States as public interest entities, for instance undertakings that are of significant public relevance because of the nature of their business, their size or the number of their employees.

During 2017, the firm undertook statutory audits for the following public interest entities:

- Royal Highgate Public Company Ltd*
- LCP Holdings and Investments Public Ltd

* *It was also a statutory audit client in the preceding financial year*

Contact us

Nicosia

41-49 Agiou Nicolaou Street, Nimeli
Court, Block C, 2408, Engomi

T: 00357-22600000

F: 00357-22600001

Limassol

143 Spyrou Kyprianou
Avenue, Chrysanthou Business Centre,
3083

T:00357-25248000

F:00357-25344425



www.gtcyprus.com



main@cy.gt.com



Grant Thornton Cyprus



Grant Thornton Cyprus



@ GrantThorntonCY

