



LIS PRIMUS AUDIT AND TAX LIMITED 2021 Transparency Report



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REGULATORY CONTEXT

The following report represents the 2021 Transparency report of LIS Primus Audit and Tax Limited ("Primus" or "the Firm") for the financial year ended 31 December 2021. This Transparency report has been prepared as part of Article 13 of the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16th April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 20015/909/EC.

The enclosed Transparency Report relates to the 2021 financial year, covering the period from 1st January 2021 until the 31st December 2021.

The terms 'firm' and 'Primus' will normally denote LIS Primus Audit & Tax Limited. Primus is a Cyprus registered entity authorized to practice as an audit firm in Cyprus.

LEADERSHIP MESSAGE


We are proud to welcome you to our first annual transparency report which covers the year ended 31st December 2021.

2021 was a difficult year for many and our thoughts go out to those that have been directly affected by the virus outbreak.

Our primary concern laid and continues to lay on the well being and protection of our team. The result being a unified commitment in ensuring the smooth operational flow of our services and ongoing support towards the clients that have entrusted us. It is during this year that we have managed to demonstrate our highest levels of revenues, profitability, flow of new clientele and number of team members. Proof that remaining true to the basic principles of teamwork, commitment and adaptability will always yield results no matter what the challenges may be.

Indicatively, our net revenues have increased from Euro 2.600.814 (2020) to Euro 3.006.298 in 2021 (representing an increase of 16%). Our team members have also increased from 38 (as at 31.12.2021) to 43 (as at 31.12.2022). Our combined contributions towards government revenues (to include income tax, special defence contribution, PAYE, VAT, GHS and social insurance contributions) approximated Euro 1.373.000.

We aim to further enhance the position of our firm within the market. 2022 has already presented itself with a new string of new challenges. We remain committed to our team, our values and our clients and are certain that we will again rise up to the occasion.



Spyros Ioannou
Tax Partner



George Lakkotripis
Audit Partner



ABOUT US

3.1 Overview

Primus is an established audit firm, based in Cyprus, with offices in both Limassol (head office) and Nicosia. Primus offers a wide range of professional services, with a focus on audit and tax. The Firm is regulated by the Public Cyprus Audit Oversight Board ("PCAOB"), is a holder of a practicing certificate from the Institute of Certified Public Accountants of Cyprus ("ICPAC") and is also an approved auditor of financial institutions on the basis of the provisions of section 27H of the Business of Credit Institutions Laws 66(I) of 1997 as subsequently amended by the Central Bank of Cyprus ("CBC"). Primus was formed in September 2015, following the merger of three reputable legacy audit firms, which also held a practicing certificate from ICPAC for many years. Since then, Primus has been constantly growing, and currently employs more than 40 professionals.

3.2 Quality of Service

Our strategy is based on building strong and trusted relationships with clients. In every engagement we undertake (refer to services rendered section below), our aim is to provide prompt, efficient and high-quality

service, which adds value to clients.

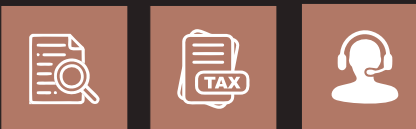
The quality of our service is based on our high-caliber workforce, which is led by a highly skilled, knowledgeable, and experienced management team. Primus takes pride of the accumulated knowledge and practical experience of our professionals, which guarantees clients' access to the best advice and employees' access to the latest training.

This high-quality service is achieved through a multi-level review of all deliverables to clients, which ensures a deep understanding of our clients' business. That enables an efficient completion of our duties, with minimal client disruption, while at the same time permits a proper identification of our clients' risks, which are communicated to those charged with governance. We believe that such an interaction with clients is taking our role beyond that of an auditor, but rather towards a trusted professional advisor.

Our clients include numerous local and international companies operating several sectors, such as banking, professional services, software development, hospitality and leisure, real estate, general trading, shipping, investment and online gaming companies.

SERVICES OFFERED

Primus offers specific professional services, as outlined below:



4.1 Audit and Assurance

Our audit and assurance department consists of 30 professional accountants, either ACCA / ACA or in the process of obtaining their professional qualification.

We offer statutory audit of financial statements for Cyprus companies registered in Cyprus (for both stand-alone and consolidated financial statements), branches of foreign entities registered in Cyprus, Cyprus registered Partnerships and non-for profit organisations.

- In addition, we offer non-statutory audit services, such as:
- Special assurance engagements on the basis of agreed upon procedures
 - Interim reporting
 - Due diligence engagements
 - Internal audit

Audit and Assurance represents our Firm's major service line.

All of our audits are performed in compliance with the International Standards on Auditing (ISA), upon financial statements or other reports prepared under the International Financial Reporting Standards (IFRS).

Our team of professionals with its wide experience and industry specific knowledge, continuously develops itself to be on top of the increasing reporting and legislative requirements with ultimate scope to provide our clients with high quality, transparent services which will assist in effective decision making. In addition, we aim to identify and report to our clients any potential risks identified in the context of providing our services.



4.2 Tax

Our tax team comprises of 5 professionals, all being ACA or ACCA members. The services offered by our tax department cover the following areas:

- Cyprus corporate and personal tax compliance
- International tax advisory to include international tax compliance requirements
- Cyprus corporate and personal tax advisory
- Transfer pricing compliance and advisory
- Remuneration and reward planning
- Reorganisation, reconstruction and transaction tax
- Assistance in tax investigations
- Indirect tax compliance and advisory.

Our aim is to constructively advise our clients as they navigate the increasingly complex tax landscape that is developing. Our tax professionals draw on their deep experience and industry-specific knowledge and work with the client to take advantage of any tax planning opportunities available and maximize our clients' wealth, whilst helping ensure that they comply with their obligations.

Our tax team advises everyone from high net-worth individuals to multi-national large companies and, from entrepreneurs growing their businesses to employers looking to offer the most effective tax solutions to incentivize and reward their staff.

4.3 Business Support and Outsourcing

Our Business Support and Outsourcing team comprises of 6 professionals, offering the following services:

- Accounting/Bookkeeping
- Preparation of statutory Financial Statements
- Preparation of Management accounts or other Management reports
- Preparation and submission of VAT and VIES forms
- Intrastat registration and submission of forms
- Payroll including:
- Registration of employers to relevant authorities
- Preparation of payslips
- Social insurance, PAYE and employers' other contributions calculation

Our priority is to understand our client's business, and cooperate with them as one team, so that any work we undertake is produced quickly and accurately which is underpinned by our experience across industry sectors and our ability to understand our clients' business, family and personal wealth needs.

LEGAL STRUCTURE AND OWNERSHIP

Primus is a limited liability company registered in Cyprus under registration number HE 204765 having its registered address being Victory House, 4th floor, 205 Archbishop Makarios III Avenue, 3030 Limassol, Cyprus. The firm has offices in Limassol (main headquarters) and Nicosia.

The firm is by vast majority (75%) owned by two professional practitioners working within the firm (the partners). George Lakkotripis is a Fellow Chartered Accountant with the ICAEW and is the partner heading the audit line of service within the firm. Spyros Y. Ioannou is also a Fellow Chartered Accountant with the ICAEW and heads the tax line of services within the firm. The firm is not part of an international network and neither does it operate or control any other corporate entities.

The members of the Board of Directors that have served during the financial year ended 31st December 2021 were the following:

George Lakkotripis
Spyros Y. Ioannou
Koulla Ioannou
Alexandra Spyrou

GOVERNANCE STRUCTURE & ORGANISATIONAL MODEL

The basic operations of the firm are implemented and reviewed by members of the Board of Directors and other high ranked qualified professionals employed within the firm. Specifically the following members regularly meet, discuss, decide, implement and review the important functions of the firm:

George Lakkotripis FCA – Partner
(Audit and Assurance Services)
Spyros Y. Ioannou FCA – Partner
(Tax Services)
Elias Papacharalambous FCA – Director
(Audit and Assurance Services)
Gina Angelidi ACA – Senior Manager
(Audit and Assurance Services)
Marilia Mavrogeni FCA – Senior Manager
(Audit and Assurance Services)
Pavlos Panagi ACCA – Senior Manager
(Tax Services)

The important functions include:

- (a) Strategy implementation
- (b) Design of an effective quality control system
- (c) Monitoring/identifying significant risks
- (d) Evaluation/improvement of internal quality control system (both internally and externally by the professions regulator)
- (e) Discussion of reputational issues
- (f) People matters
- (g) Evaluation of performance ratings, rankings and promotions
- (h) On going educational needs of the firm members
- (i) Adherence to the strict ethical standards set by the firm
- (j) Discussion of new/possible challenges (non controllable factors such as the virus outbreak and how best to approach them)
- (k) Examination and discussion of new accounting and/or auditing standards, tax legislation and areas of compliance



INTERNAL QUALITY CONTROL SYSTEM



The Firm's quality control system for the Assurance practice is based on the International Standard on Quality Control 1 ("ISQC1"): "Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements", issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC). The objective of ISQC1 is for the Firm to establish and maintain a system of quality control to provide it with reasonable assurance that:

- the Firm and its personnel comply with professional legal standards and applicable legal and regulatory requirements; and
- the reports issued by the Firm, or by the engagement leaders, are appropriate in the circumstances.

The elements of quality control set out in ISQC1 and which build overall our internal policies are as follows:

7.1 Leadership

The overall responsibility for the Primus' internal quality control system, lies with Primus' top Management. The day-to-day responsibility for the implementation of this system and for monitoring risks and the effectiveness of controls is delegated to our top Management and Leadership. The Firm's leadership is committed in delivering high-quality service and upholding the values of integrity, independence, professional ethics and professional competence which are embedded within the audit process.



7.2 Ethical requirements regarding independence and objectivity

In Primus we stick to the fundamental principles of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, which are:

- **Integrity** – We are straightforward and honest in all professional and business relationships.
- **Objectivity** – Our professional and business judgement is not affected or influenced by bias, conflict of interest or undue influence of others. None of our employees has any direct or indirect interest in any of our clients and neither does a client of ours have annual fees that represent a significant part of our revenues.
- **Professional Competence and due care** - maintain professional knowledge and skills required to ensure that a client or employer receives competent professional service based on current developments of the profession, legislation and techniques and act diligently and in accordance with applicable technical and professional standards. Specifically, our Firm's management are also ACCA/ ADIT tutors, and Big4 alumni, who transfer up to date knowledge to the rest of the staff through on-the-job training and seminars.
- **Confidentiality** – to respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of the professional accountant or any other third parties.
- **Professional Behavior** – comply with the relevant laws and regulations and should avoid any action that discredits the profession.

We also ensure that the fundamental principles are reinforced via annual Ethics trainings which all of our Partners and staff are required to attend in order to fully adhere to the Code of Ethics as issued by IESBA. Furthermore, all Partners and staff are obliged to confirm their independence from the Firm's clientele annually and are required to review their specific circumstances for any independence threats, and to promptly inform the ethics leader of any such threats identified. This procedure is also monitored by our Human Resource Officer who collects the yearly independence confirmations from existing employees and for new employees the independence confirmations are collected the first day of the employment of the employee.

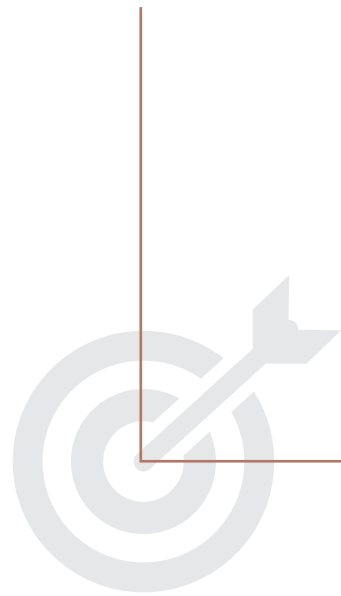
In addition, there are separate policies in relation to the rotation of key audit partners and staff as follows:

- **Long Association of Senior Personnel (Including Partner Rotation) on Audit Engagements for Public Interest Entities:** In accordance with the IESBA Code, when the audit client is a public interest entity, and an individual has been a key audit partner for a period of seven cumulative years ("time-on" period), this individual shall not participate in the engagement until two years has elapsed ("cooling-off period"). The Ethics Partner monitors yearly the period that a key audit partner was involved in an audit of a Public-Interest Entity.
- **Rotation of Personnel on Audit Engagements for Non-listed Entities:** For non-listed entities, if rotation is deemed necessary, the ethics leader will identify the replacement and specify the period for which the individual shall not participate in the audit of the entity and other safeguards necessary to comply with any other relevant requirements.

7.3 Acceptance and Continuance of clients and engagements

To accept a new client or continue our business relationship with an existing client we follow several procedures, such as assessing whether we are competent to perform an engagement and if we have the necessary resources needed for the specific engagement, such as available working hours and previous experience. Furthermore, the Firm has fully adopted the EU Directive issued by the Council of the Institute of Certified Public Accountants of Cyprus in its capacity as a competent authority pursuant to (a) the Decision 53.300 of the Council of Ministers of the Republic of Cyprus on March 7, 2001 and (b) the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007, as amended from time to time up and until 2019, (articles 59(1)(d) and 59(4)). The Directive, being in line with the Directive EU 2015/849 of the European Parliament and of the Council of 20 May 2015, stipulates the obligations and responsibilities for implementation by professionals, of measures against money laundering and combating the financing of terrorism.





7.4 Human Resources

Primus is growing year on year, and so is the number of our people. Our aim is to recruit, retain and develop professionals that deliver outstanding quality to our customers. Their continuous development is achieved by internal and external seminars as well as on the job training along with real time feedback while performing various challenging audit engagements. Our aim is to continuously educate our people in order to maintain their knowledge, professional skills and values at sufficiently high level. Further details can be found in "Our people and leadership team" section.

7.6 Audit engagements review

Primus top management consists of well-educated and highly experienced professionals who are responsible for the review of audit engagements, through a multi-level review. Specifically, less complex audit engagements are subject to the detailed review and guidance of an assistant manager and the high-level review of the audit director and finally audit partner, while more complex engagements are subject to the detailed review and guidance of the senior manager and the high-level review of the audit partner, with the audit director acting as an external quality reviewer.

7.7 Monitoring

Our monitoring procedures are based on professional standards relating to quality control including ISQC1. Primus monitoring procedures include an ongoing assessment of the design and effectiveness of our internal quality management system, as well as a review of completed engagements. The results of these procedures form the basis for the continuous improvement of our system and the results are always reported to our leadership in order to assess if there are findings that require remediate action. Furthermore, our Firm is subject to regulatory inspections by the Cyprus' regulators.

These inspections contain:

- a review of the Firm's internal quality control systems to assess the Firm's adherence to the requirements of ISQC1
- a review of selected engagements to assess whether they were performed in accordance with professional standards and applicable legal and regulatory requirements, and that the audit report issued thereon was appropriate for this specific engagement.

The latest completed inspection took place in 2018.

7.5 Audit engagements performance

Primus uses an audit methodology that has been developed and has been continuously updated by our top Management. This is part of our risk and quality processes which is continuously monitored internally. This methodology is based on the International Standards on Auditing (ISAs), with additional policies and guidance provided where appropriate. Primus audit methodology and process is designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement. It also complies in all respects with applicable professional standards, regulations and legal requirements, including the Auditors Law of 2017 (L53(I)/2017) of Cyprus, as amended.

7.8 Documentation

The Firm maintains policies and procedures that specify the level and extent of documentation required in all audit engagements. These policies ensure that documentation is sufficient and appropriate to provide audit evidence that will support the audit opinion which will be issued for each engagement. More specifically and audit engagement documentation includes the following:

- Engagement planning memorandum;
- Identified issues with respect to ethics requirements;
- Compliance with independence requirements and documentation of any discussions related to these issues;
- Conclusions reached with respect to acceptance and continuance of client relationship;
- Procedures performed to assess the risk of material misstatement due to fraud or error at the financial statements and assertion level;
- Nature, timing, and extent of procedures performed in response to assessed risk including results and conclusions;
- Nature, scope, and conclusions drawn from consultations;
- Important communications issued and received;
- Confirmation that no unresolved matters exist that would cause the reviewer to believe that the significant judgments made and conclusions drawn were not appropriate;
- Conclusion that sufficient, appropriate audit evidence has been accumulated and evaluated, and supports the report to be issued; and
- File closing, including appropriate sign-off



FINANCIAL INFORMATION

Firm's revenues:

The Firm's revenue are presented in accordance with the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16th April 2014 and it includes the following:

- 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;
- Revenues from the statutory audit of annual and consolidated financial statements of other entities;
- Revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm; and
- Revenues from non-audit services to other entities.

	2021	2020
	€	€
Total revenues (net)	3,006,298	2,600,814
Revenues from 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	10,000	0
Revenues from the statutory audit of annual and consolidated financial statements of other entities	1,954,056	1,776,714
Revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm	908,568	745,100
Revenues from non-audit services to other entities	133,674	79,000



PARTNERS' REMUNERATION POLICY

Partners' remuneration contains the following two components:

·Equity income: Both partners are equity owners, therefore part of their remuneration are the dividends that Primus declares on a yearly basis. These dividends depend on the profitability of the Firm which is directly related to the annual financial performance of the Firm.

Salary: Both partners are employed by the Firm as they are actively involved in the day-to-day operations of Primus and they earn monthly salaries based on their roles and responsibilities.

PUBLIC-INTEREST ENTITIES AUDITED BY THE FIRM

The only Public-interest entity audited by the Firm during the financial year ended 31 December 2021 was the Cyprus Branch of Credit Libanais S.A.L.

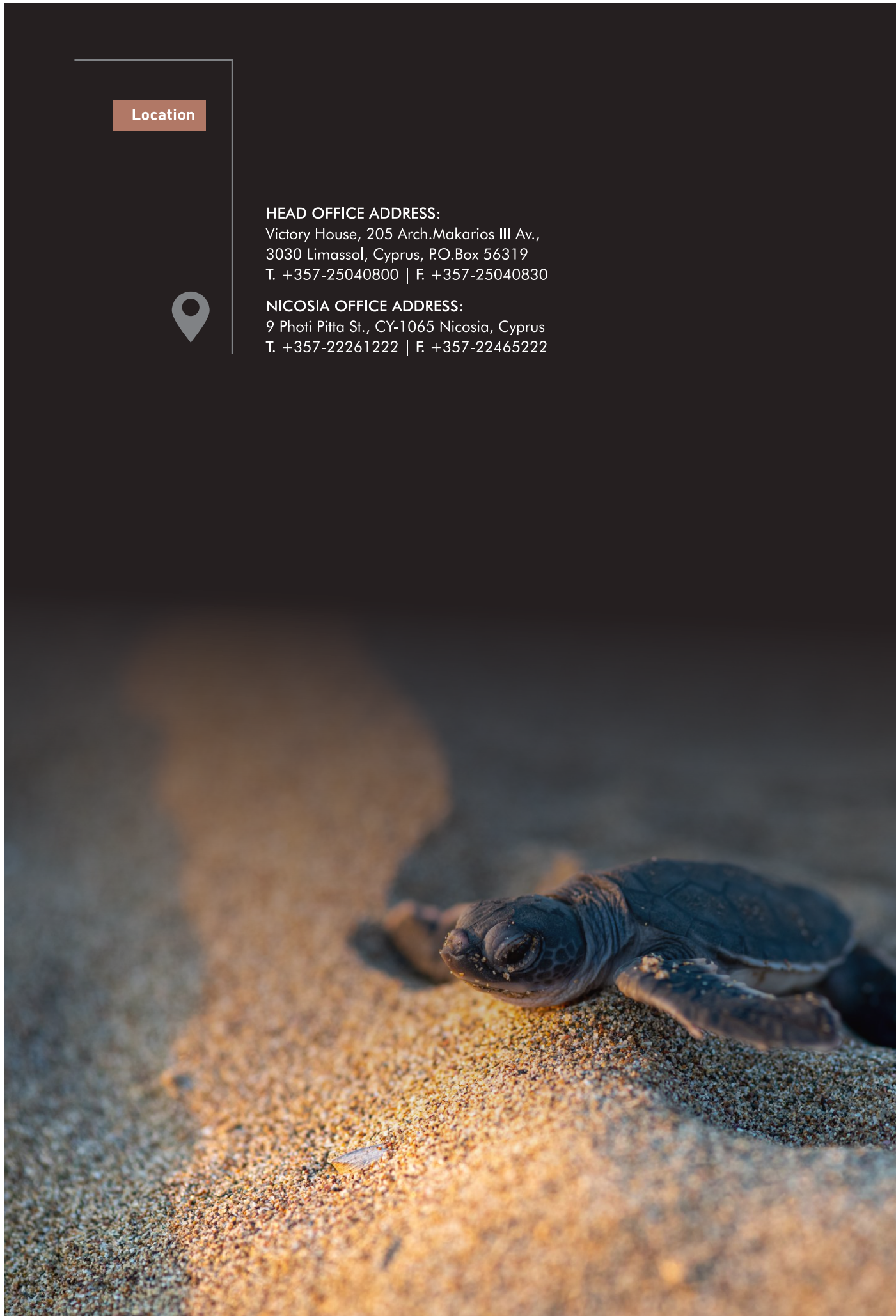
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