

Transparency report 2023

All auditors of entities of public interest operating on the territory of the FBiH are obliged to publish an annual report on transparency, in accordance with Article 82 of the Law on Accounting and Auditing of the FBiH. This report refers to the year that ended on December 31, 2023, and we publish it on the company's website.

Legal and ownership structure

BAKER TILLY RE OPINION d.o.o. Sarajevo (hereinafter: the company) is registered for accounting, bookkeeping and auditing engagements, and tax consulting at the Municipal Court in Sarajevo. The headquarters of the company is in Sarajevo, street Bulevar Meša Selimovića 81A. During 2023, there were no changes in the ownership structure. Founders of Baker Tilly Re Opinion d.o.o. are Aldijana Gabela 51% and Jasmina Oručević 49%. The amount of paid-in capital is 10,000.00 BAM. The company is authorized to perform engagements as an audit company with licences issued by the Ministry of finance of the Federation of Bosnia and Herzegovina and Ministry of finance of the Brčko district. The company has renewed its application for inclusion in the list of auditing companies for the provision of audit services of financial reports of investment funds in the Federation of Bosnia and Herzegovina, which certification is managed and monitored by the Securities Commission of the Federation of Bosnia and Herzegovina. The company is authorized by the European Bank for Reconstruction and Development, World Bank and USAID for auditing engagements on projects in Bosnia and Herzegovina financed by these banks, and USAID.

Management structure

The company is managed by the founders as determined by the Company's Statute, which is valid from September 2022. The audit for each of the company's clients is led by the Partner responsible for conducting the audit. Within the network of Baker Tilly International, of which the company is a member, the term "Partner" is used to describe senior or senior employees, professionals with significant, long-term experience in audit work. Partners are responsible for the implementation of the audit and providing the entire and high-quality audit service to each of the client, and is assisted in the audit engagement by the Audit Manager, i.e. senior employee, who is responsible for planning and coordination of the engagement, selection and management of the team of auditors and collaborators on the engagement, technical leadership on the engagement, monitoring the progress of the audit, communication with the Partner and the client and delivery of documents on the performed audit.

Membership in an international network

Company Baker Tilly Re Opinion d.o.o. has been a member of the Baker Tilly International network since August 1, 2013.

Baker Tilly Re Opinion d.o.o. Sarajevo is an independent member of the Baker Tilly International network and operates under the Baker Tilly name in accordance with the accession agreement and the trademark-license agreement. Baker Tilly Re Opinion is an independent member of the Baker Tilly International network. Baker Tilly International Limited is a British company. Baker Tilly International does not provide professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such.

More information about the network is available at

<http://www.bakertillyinternational.com>.

Internal Control

In accordance with the International Quality Control Standards, the International Auditing Standards and the requirements of the International Professional Standards, which as a member of the Baker Tilly International network we are obliged to respect, we have established a quality control system that is designed in such a way as to provide reasonable assurance that the company, together with its employees, operates and behaves in accordance with professional standards, profession standards and relevant legal regulations, and that the audit reports of the company correspond to the given or found circumstances.

The basic principles that define the control system in society are:

- Management responsibility for quality
- Professional ethics
- Accepting and continuing cooperation with clients
- Human resource management
- Effective performance of work
- Supervisory activities
- Documenting activities.

Management responsibility for quality

Overall responsibility for the quality control system is delegated to the management of the association.

Operational responsibility for the application and monitoring of appropriate policies and procedures related to quality assurance is delegated to audit managers to control the quality of engagements for which they are not directly responsible.

Audit methodology

In the execution of audit engagements, the company applies the audit methodology of the network (Global Focus) to which it belongs, which is harmonized with the International Auditing Standards (ISA) and which is consistent with the audit policies and procedures defined by the International Professional Standards of the network. In the execution of engagements, the company uses an IT audit package that contains files and checklists documenting work tasks, by stages, for each audit engagement.

This audit IT tool, Global Focus, based on the Caseware platform, contains developed and extensive audit tools, prompts and cross-references with other entered data and documents, which support the members of the audit team in conducting the audit, making decisions and drafting opinions. . Electronic signatures for entered data and documents at each stage of the audit ensure that the required audit procedures are completed and reviewed chronologically. Ethical standards and reference documentation are also part of the package. The work of the audit manager and his team on the audit engagement, i.e. the data and documents entered and created by the team members in the Global Focus tool is reviewed by the Audit Partner.

The company owns the appropriate platform and license for the use of this IT tool, which it renews annually, while the methodology and the platform itself are updated in accordance with the changes and amendments to the relevant audit standards published by the International Auditing and Assurance Standards Board (IAASB), which ensures the compliance of the audit methodology. with each of the existing auditing standards.

Although the Baker Tilly International network allows the use of elsewhere-licensed platforms and tools as long as they comply with International Auditing Standards and are regularly updated to allow the audit of financial statements prepared in accordance with International Financial Reporting Standards, Baker Tilly Re Opinion uses an internally developed audit IT program and methodology Global Focus.

Acceptance and retention of clients

The company implements procedures for accepting and maintaining relations with clients that are in accordance with the International Quality Standard 1, where the starting point is the collection of quality information about the client before making a decision on acceptance and/or continued cooperation. The director of the company evaluates the client by collecting relevant data from the client, and analyzes the management structure and ownership, the type of business and other specific qualitative and quantitative information that enables the identification of risks based on which it is decided whether to accept the client or to continue cooperation. The procedure for accepting and retaining the client also involves the resolution of related ethical issues, i.e. confirmation of independence from the client, objectivity and absence of conflict of interest and, finally, an assessment of the availability of employees in the company (an audit team is formed), who possess adequate knowledge and abilities necessary for quality performance of audit engagement.

Effective execution of work

The audit is performed in accordance with the International Auditing Standards and the requirements of the regulator and the legislative body and in accordance with the methodology developed by the network to which the company belongs, which is also updated in accordance with the International Auditing Standards.

The basis of the audit approach in the company is the understanding of the client's business activities and environment, the recognition of specific risk related to the client and the setting of audit programs according to the established risk. The entire process is supported by modern, integrated audit software. Audit programs are reviewed at least once a year in order to take into account possible changes in standards, recommendations of internal supervision of quality control operations and external regulators, together with recommendations of program users and in order to improve work efficiency.

In the audit of clients of public interest, whose securities are traded on the stock exchange or are preparing to go public, and with other clients where a specific risk has been determined and is chosen based on their experience and knowledge of the client's business sector, the engagement of another partner is mandatory. The second partner must be involved in key stages during the audit, including planning, consideration of significant audit issues that arise during the audit, and conclusion of the engagement.

Internal supervision and quality control of work

In 2023, Company applied updated Audit Methodology and supporting audit software in compliance with International Standard on Quality Management 2 and harmonization of relevant procedures and documentation are updated in accordance with it.

External supervision and quality control of work

In April 2023, at the request of the Audit Chamber of the Federation of Bosnia and Herzegovina, the company filled out and submitted the Annual Questionnaire for the reporting year 2022, which consisted of questions related to general information about the company (ownership structure, management structure, number and structure of employees), realized income, application of the Code of Ethics of professional accountants, professional insurance, audit reports (audits performed by sector, total number of reports, number of reports per authorized auditor, etc.).

Professional ethics and independence

Professional and administrative staff employed in the company are obliged to behave in accordance with the policy related to the independence of work in the company, i.e. in accordance with the Code of Ethics of Professional Accountants (hereinafter: the Code) and other relevant applicable regulations.

All employees at least once a year, usually at the beginning of the audit season in the month of September, and further, if necessary, upon acceptance of a new client or upon employment, in writing in the form of a statement signed by the employee and the director of the company, confirm their independence from financial or other interests with clients with whom is being audited. Also, the company acts in accordance with the rules and guidelines of the Baker Tilly International network in ensuring independence from audit clients in the network, the absence of financial interests of audit clients in the network, and performing other, non-audit services, for network members, recording them in the network's online databases.

Furthermore, all employees must comply with the confidentiality of data, in accordance with the Code. The employment contract of each employee contains the provision "Confidentiality of the Employer's business data and prohibition of competition with the employer" and implies the employee's obligation to respect and keep as

confidential information that he learns during the duration of the Employment Contract, during and outside of working hours, and after the termination of the employment relationship. relating to society and clients. All employees at least once a year, usually at the beginning of the audit season in the month of September, and further if necessary and after accepting a new client, in writing in the form of a statement signed by the employee and the director of the company, confirm that they act in accordance with the confidentiality principles of the Code.

The Company's management has adopted a policy of rotation of partners and managers of audit engagement (refers to public interestl entities), which is in accordance with the provisions of the International Auditing Standards and the valid Law on Accounting and Auditing in the territory of Bosnia and Herzegovina. In the Company, this policy implies the rotation of partners and audit managers every 7 years, and a cooling off period of 4 years.

Continuous professional development

Authorized auditors and certified accountants, as well as those who are in the process of acquiring or maintaining the title of auditor and accountant, attend seminars within the program of continuous professional education offered by professional organizations supervised by the Federation of Accountants, Auditors and Financial Workers of the Federation of Bosnia and Herzegovina, which is also in accordance with the company's policy related to the continuous training of authorized auditors and certified accountants.

Company management and authorized auditors - managers in auditing have the opportunity to attend annual conferences organized by the Baker Tilly International network and within which they actively participate in meetings and workshops related to auditing, planning and implementation of strategy, exchange of experiences and definition of goals.

Employee training is also carried out through internal seminars whose facilitators or employees of the network are certified by the network as lecturers by evaluating criteria such as the content and purpose of the seminar, the presentation skills of the lecturer, the reactions of the participants and acquired knowledge and skills, or senior employees of the company, with experience in transfer of knowledge. Such trainings relate to the technical areas of application of IFRS and IRS and quality standards, as well as soft-skills.

Training is also provided through webinars and podcasts on the subject of accounting and auditing standards and amendments to those standards, taxes, and professional ethics, which are designed and published by the central training and employee training department in London on the intranet of Baker Tilly Internationa.

The training of employees is also carried out through self-education, which implies the use of professional literature available to employees, which includes the areas of finance, accounting, taxes, and law, as well as the use of online databases, articles and other publications available from relevant institutions and professional organizations on the subject of the profession. and/or activities in which our clients operate and to which the company is subscribed.

Financial data

The company's total revenues in 2023 are as follows:

Revenues from audit and accounting services 348,897 BAM

Income from other services 2,244 BAM

TOTAL 351,141 BAM

Other financial information for the company is available at the FIA Agency based in Sarajevo.

Remuneration of authorized auditors

The salaries of the employees of the authorized auditors who sign the reports on the performed audits are secret, but are available in the individual work contracts.

List of public interest companies on the territory of FBiH in which the company performed an audit in 2023

In 2023, the company audited the financial statements for the following public interest companies in the FBiH.:

Nekretnine Miljacka d.d.

JP Komunalac Gradačac

In 2023, in accordance with the consortium agreement, the company also audited the information system of Addiko bank d.d. Sarajevo and Halcom d.o.o..

Report approved by

Jasmina Oručević, Director

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