

Transparency Report 2015

„HLB Bulgaria“ Ltd.


31 March 2016



Under the provisions of art.40 “m” of the Law on Independent Financial Audit

Global in Reach, Local in Touch

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HLB Bulgaria Ltd. is a member of  International, a world-wide network of independent accounting firms and business advisers.

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1. Legal Status and Ownership

“HLB Bulgaria” Ltd. (“Company”) is registered under the Trade Law of Republic of Bulgaria. The company was established on 25 March 1999, under company file № 4023/1999, of the Sofia City Court as “BIEX Audit” Ltd. On 13 June 2008 the Company was renamed to “HLB Bulgaria” Ltd.

Shareholders of the Company:

- Milena Velcheva Hristova – General Manager, Certified Public Accountant;
- Vaska Todorova Gelina - General Manager, Certified Public Accountant;
- Mario Volodiev Zaharinov;
- Lyubomir Volodiev Zaharinov.

The following Certified Public Accountants – Registered Auditors work in the Company:

- Vaska Todorova Gelina, Diploma № 667 from ICPA;
- Milena Velcheva Hristova, Diploma № 707 from ICPA;
- Ivan Valeriev Petkov, Diploma № 676 from ICPA

The Company is a specialized audit firm, registered at the Institute of Certified Public Accountants (ICPA) under № 017. The main activity of the company is independent financial audit and consulting.

2. Network, where HLB is a member

„HLB International” (“HLBI”) is international network of independent audit companies and business consultants, created in 1969. The network members are situated in more than 100 countries with 14,000 personnel in 480 offices.

At the beginning of 2008, after an analysis and evaluation of the quality of services, the specialized audit company was accepted as a member of the HLBI and on 11.04.2008, "BIEX Audit" Ltd signed a contract with HLBI.

Under the terms of the contract:

- The Company is required to perform its activity in accordance with internationally recognized procedures and criteria for quality control adopted by HLBI.
- HLBI undertakes not to appoint other representatives in the country without the consent of "HLB Bulgaria" Ltd.
- The Company is committed to make every effort to fulfill the engagements that were forwarded by another member of HLBI. Based on its discretion the Company may refuse to execute such engagements if they are considered to be unacceptable.
- The Company must implement all HLBI procedures, designed to improve the quality of audit services.
- The Company is subject to quality control reviews on the performed audit services. The reviews are done by a member firms defined by HLBI.



3. Management Structure

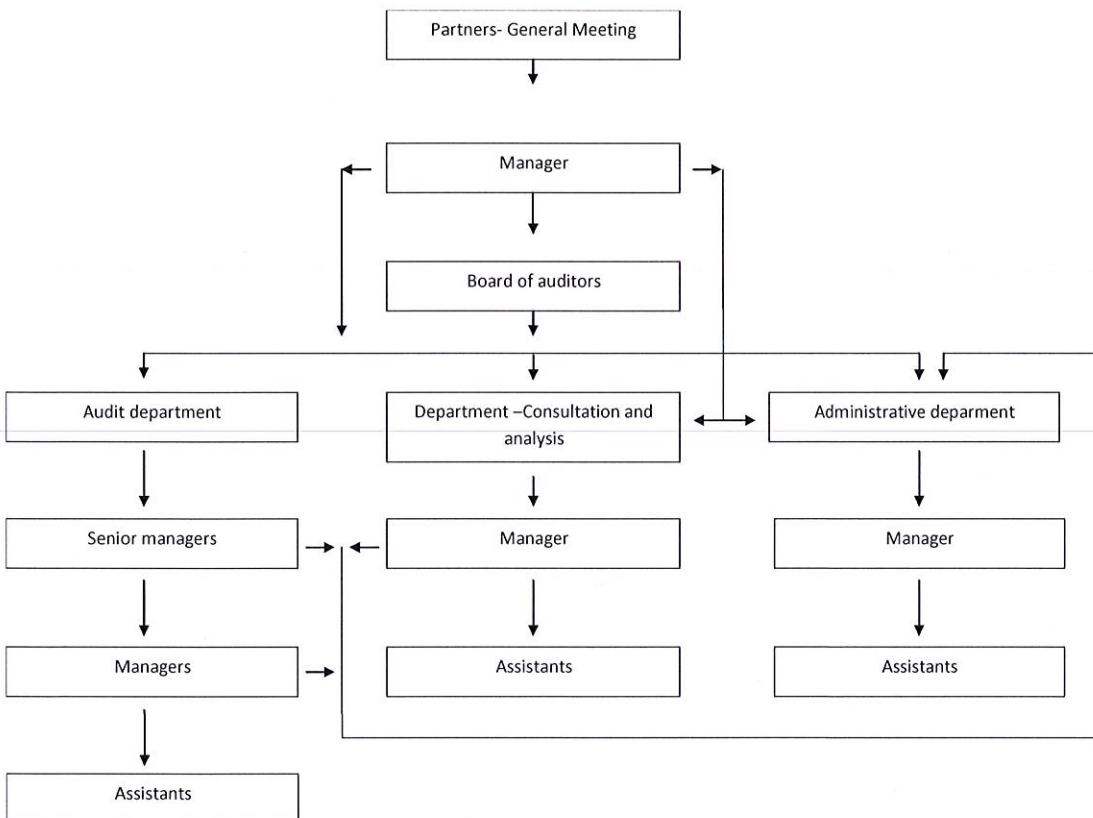
Representatives of the Company:

- Milena Hristova – General Manager;
- Vaska Gelina - General Manager;
- Julia Kafalieva – “Procurator”.

Managers of the Company:

- Milena Hristova – General Manager;
- Vaska Gelina – General Manager.

3.1 Organizational Structure



3.2 Partner’s remuneration

Shareholders equity owners of the Company, directly involved in the activity, are employed by the specialized audit company. The received remunerations are formed under an employment contract and additional fees depending on their results. A dividend is received after decision for profit distribution.

Shareholders equity owners of the Company who are not directly involved in the company’s activity receive dividend after a decision for profit distribution.



4. System of Internal quality control

Company's rules for professional audit practice are binding on all partners and employees of the company, regardless of their status and position. Company's rules for professional audit practice include provisions and rules for internal quality control. People responsible for the audit engagement teams are obliged to implement procedures for ongoing monitoring of the quality of the engagement, which should be tailored to the individual audit engagement and respond to internal rules.

Quality control procedures of the audit services on different engagements are performed by an auditor, different from the responsible one. Board of certified Auditors of the Company considers all matters relevant to the quality control of the audit services and once a year is testing a sample of the engagements to see whether it is in compliance with company's policy and quality control procedures. Discuss and provides solutions for issues occurred in the course of their audit work related to quality control.

Under the structure of the Company, the Board of certified Auditors is responsible for the construction, operation and evaluation of the effectiveness of internal quality control. The Board of certified Auditors has not found violations of quality control audit services in 2015.

4.1 Last quality review by the Commission for Public Oversight of certified auditors

Last quality review of the audit services provided by "HLB Bulgaria" was carried out by the Commission for Public Oversight of Statutory Auditors and completed its report on 10 January 2014 with the view that the activity of the Company is in compliance with all material aspects of the requirements for the quality of audit services in the application of the procedures determined in the professional standards.

4.2 Independence policies

The Company complies with independence policy, which is consistent with the International Auditing Standards, the Law on Independent Financial Audit and "HLB Bulgaria" Ltd policy. Independence policy is mandatory for compliance by all partners and employees.

All Partners and all employees are required to meet with the rules and independence policy applied by the company. Partners and employees declare and confirm on an annual basis the principles of independence and all circumstances related to this policy. Upon any change of circumstances each partner and employee must immediately declare this change to the management of the company. The Company annually examines the circumstances declared.

5. List of audited public interest entities

HLB Bulgaria is engaged to carry out legal audits for financial year ended as at 31.12.2015 of the following companies, involved in activities of "public interest":

- „Slantse Stara Zagora - Tabak” AD
- „Trace Group Hold” AD
- „Vipom” AD
- „SolarPro Holding” AD
- „Alfa Energy KA” EAD
- “Yuteks Holding” AD
- „Foton Sredetz” EOOD
- “Energo-Pro Bulgaria” EAD
- “Pirinska Bistritsa Energiya” AD
- “Ogosta Energiya” EOOD
- “Lukel” EOOD
- “Energo-Pro Trading” EAD
- „Phoenix Solar“ EOOD
- „Smolnik Energy“ EOOD
- „Solar 11“ EOOD
- „SP 02“ EOOD
- „Valchin Energy“ EOOD
- „Solar Projects“ EAD
- „Innimmo Solar“ EAD
- „Hanovo 1 Solar“ EOOD
- „Chargan Solar Plant“ EOOD
- „JB Solar“ EOOD
- „Bulgarian Energy Holding“ EAD
- „Natsionalna Elektricheska Kompania” EAD
- “NPP Kozloduy” EAD
- “Bulgargaz” EAD
- “TPP Maritsa Iztok 2” EAD
- “Mini Maritsa Iztok” EAD
- “NPP Kozloduy – New builds” EAD
- “HPP Kozloduy” EAD
- “TPP Maritsa Iztok 2 (9 and 10)” EAD
- „Bulgarian Stock Exchange - Sofia“ AD
- „Vodosnabivane i Kanalizatsia“ EOOD, Plovdiv
- „Agro Finance“ ADSITS
- „TPP Sviloza“ AD

6. Staff participation in training organized by ICPA and other organizations

In 2015 the employees of the Company were involved in the following trainings:

- Amendments in VAT Law for 2015, problems’ discussions and participants questions;
- Amendments in Income tax Law for 2015, Income Tax Law practical aspects relating to annual tax closing for 2014, problems’ discussions and participants questions;
- Audit practice by selected audit items – receivables, liabilities, incomes and expenses;
- Quality assessment of internal audit function;
- Amendments in VAT Law for 2015; Methodology and specifics in VAT Law for 2015; Transfer pricing;
- Amendments in IFRS in effect since 2015, Business combination and consolidation – practical aspects;
- Participation in annual HLB International European Planning Meeting;

7. Revenue from services provided

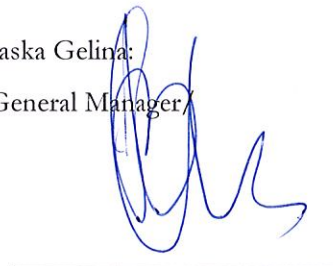
The Company revenue from services provided in 2015 amounted to € 1,746 thousand:

- Revenue from services related to independent audit amounted to € 1,402 thousand;
- Revenue from consulting services amounted to € 302 thousand;
- Revenue from other services amounted to € 42 thousand.

Milena Hristova:
/General Manager/



Vaska Gelina:
/General Manager/



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Sofia, 31 March 2016