NEXIA BT

TRANSPARENCY REPORT

For the year ended 31st December 2014

NEXIA INTERNATIONAL

Members of Nexia International, a worldwide network of independent accounting and consulting firms

CONTENTS

	Page
Forward	1
Legal structure and ownership	3
The international network	4
Governance structure	5
Internal quality control system	5
Quality assurance reviews	5
Public-interest entities	6
Independence	6
Continuing education	6
Total turnover	7
Partners' remuneration	7

FORWARD

This annual transparency report is being published in accordance with the requirements of Article 18 (1) of the Accountancy Profession Act. The report provides an insight into the structures and procedures of the firm, and in particular, of its business during 2014.

In 2014, Nexia BT has experienced a solid growth across all service lines, particularly in the provision of tax and advisory services and well as services to international clients. This growth in client base and fee income brought about a need for increased investment in human capital. We have been successful in recruiting experienced and motivated professionals to ensure that our staff complement can continue to deliver quality and timely deliverables. We have continued to invest in staff training and in ensuring that we have a strong management structure.

During 2014, our corporate services arm - BTI Management Limited - was licenced by MFSA to act as a Corporate Services Provider. Also during the course of the year, we have introduced a number of new service lines within our specialist advisory services department. We have introduced the *Turnkey BT* concept, which aims at providing project management on complex applications and assignments that require the input from varied professions and industries. We have also started offering I.T.-related services under the brand name *Nexia BT IT Services*. These services, which are provided by CISA-qualified I.T. professionals, include I.T. audits and Quality Assurance testing, I.T. project management, cloud infrastructure and consultancy, and other related services. We also now have a unit focussing exclusively on *EU funding* opportunities and applications for funds.

Our international network - Nexia International - has broken the US$3 billion barrier in fee income. This increase in global fee income is primarily a result of consistent organic growth across the network.

The first months of 2015 show promising prospects for the year ahead, during which year we will continue to consolidate and build on last year's achievements.

March 2015

Brian Tonna CPA
Managing Partner

Manuel Castagna CPA
Compliance Principal

LEGAL STRUCTURE AND OWNERSHIP

Nexia BT is a partnership registered as an audit firm with the Maltese Accountancy Board, in terms of the Accountancy Profession Act - Registration Number AB/26/84/61.
The partners of Nexia BT are:

- Brian Tonna - Managing partner;
- Manuel Castagna - Audit and HR partner and Compliance principal;
- Karl Cini - Tax and International Client Services partner and MLRO;
- Anita Aloisio Specialist Advisory Services partner.

All the partners of Nexia BT are Certified Public Accountants, and have Practicing Certificates in Auditing issued by the Accountancy Board.

Nexia BT also operates through related companies. The entities through which the firm operated during the year under review were the following:

- Nexia BT - Audit, assurance and taxation services;
- BT Consulting Limited - Accounting and consultancy services;
- BT International Limited - Fiduciary services;
- BTI Management Limited - Tax and international client services;
- Nexia BT Advisory Services Limited - Specialist advisory services;
- Nexia BT Consulting Limited - Accounting and consultancy services.

THE INTERNATIONAL NETWORK

Nexia BT is a member firm of Nexia International, a worldwide network of independent accounting and consulting firms.

Members within Nexia International are completely independent, and membership in Nexia International does not constitute any partnership between members.

Nexia International facts and figures

Data as at December 2014

Current fee income: 2014	US$ 3,072 billion	
Countries	110+	
Staff	Partners/Principals:	2,707
	Professional Staff:	16,548
	Administrative Staff:	4,812
	Total:	**24,067**
Regions (% fee income):	Asia Pacific:	6%
	Europe, Middle East & Africa:	43%
	North & Central America:	50%
	South America:	1%
Service Line:	Audit & Accountancy:	45%
	Tax Services:	27%
	Advisory Services:	28%

GOVERNANCE STRUCTURE

The voting rights of Nexia BT are held by the partners. All decision making is made at partner level, and all strategic decisions are taken at partners' meetings. During the year, there were twelve partners' meetings.

INTERNAL QUALITY CONTROL SYSTEM

The firm has formal internal quality control procedures, set up in accordance with International Standard on Quality Control 1. These procedures are updated at least annually. The firm's procedures manual addresses matters relating to:

- Independence;
- Ethics, integrity and objectivity;
- Personnel management;
- Acceptance and continuance of clients and engagements;
- Engagement performance;
- Monitoring.

It also provides guidance on prevention of money laundering and stipulates the firm's internal equality policy, sexual harassment policy, family friendly measures, training assistance, as well as administration and human resources policies.

The effectiveness of the firm's internal quality control system is tested annually by means of internal inspection reviews.

QUALITY ASSURANCE REVIEWS

The firm is subject to reviews by the Quality Assurance Unit, set up within the Accountancy Board, which forms part of the Ministry for Finance. The most recent review by the Quality Assurance Unit was carried out in April 2014.

In conformance with the network's quality assurance policies, the firm is also subject to reviews by Nexia International. The most recent review by Nexia International was carried out in September 2012.

PUBLIC-INTEREST ENTITIES

During the year, the firm carried out the statutory audit of the following public-interest entities:

- 2.1 Alternative Investments SICAV plc
- 6pm Holdings p.l.c.
- AX Investments p.l.c.
- Invictus SICAV p.l.c.
- Meltemi Capital SICAV p.l.c.
- Peak Momentum Funds SICAV plc
- Solid Future UCITS Funds SICAV p.l.c.
- Sunshine Fund (Malta) SICAV Limited.

INDEPENDENCE

The firm carries out independence reviews for all client and engagement acceptance decisions. The firm has appropriate safeguards in place to ensure that independence threats are dealt with appropriately. Independence practices are internally reviewed annually to ensure compliance.

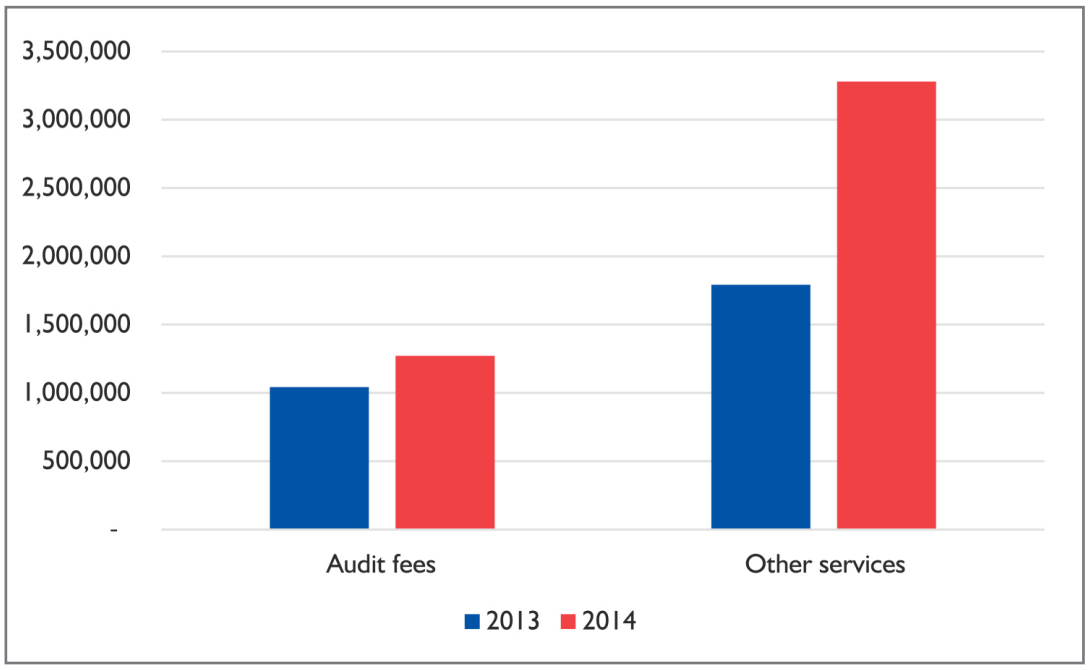
CONTINUING EDUCATION

The firm is committed towards ensuring that all its professional personnel undergo Continuing Professional Education, in accordance with the requirements laid down by the Accountancy Board and the Malta Institute of Accountants. The firm encourages all personnel to take part in programmes and activities that enhance professional development, and monitors staff development on an ongoing basis.

TOTAL TURNOVER

In 2014, the firm's turnover was as follows:

- Audit fees - €1,271,873 (2013 : €1,042,779);
- Other services rendered - €3,280,297 (2013 : €1,792,116).



PARTNERS' REMUNERATION

The firm's partners' remuneration system is based on two core elements; their role within the partnership and the performance of the firm as a whole.

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

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