



Transparency Report

**For the year ended
31 December 2020**

April 2021

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A MESSAGE FROM LEADERSHIP

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A message from leadership

To our clients and stakeholders;

At Nexia we are dedicated and committed to our brand promise "Closer to You". Nexia AL is an independent member of Nexia International since 1 November 2020.

Nexia International announced in March 2021, that according to the latest International Accounting Bulletin (IAB) World Survey, the network has risen one place since last year, to become the **8-th largest global accounting** network, as measured by fee income.

In 2021, we will remain focused on making a difference in audit quality and innovation and infrastructure, because that will shape the future of our profession.



Covid-19 pandemic situation challenged us with unpredictable situations, and adapted us to new ways of thinking and working together, while facing new audit risks and responses to them. The ability to maintain high quality while adapting to the virtual work environment enforced trust to our people and clients.

This Transparency Report for 2020 is published in accordance with Law on Auditing requirements, for audit companies performing audits of financial statements of public interest entities in Albania.

The Transparency Report for 2020 discloses information about our company with regards to the legal structure and shareholders, the network to which the company belongs, its governance, the internal quality control system that it follows, the external monitoring on behalf of The Institute of the Authorized Chartered Accountants of Albania (IEKA) and the Public Supervisory Board (BMP) in Albania, the public-interest entities to which it has carried out statutory audits, the financial information relating to its financial condition and finally, the basis of remunerating its statutory auditors.

It is an outstanding and unique privilege to lead Nexia AL as we continue our journey dedicated to enhancing the value of our services and the audit profession.

Sincerely
Orjana Kalaja, FCCA, AL

Managing Partner
Nexia AL

About Nexia International Network

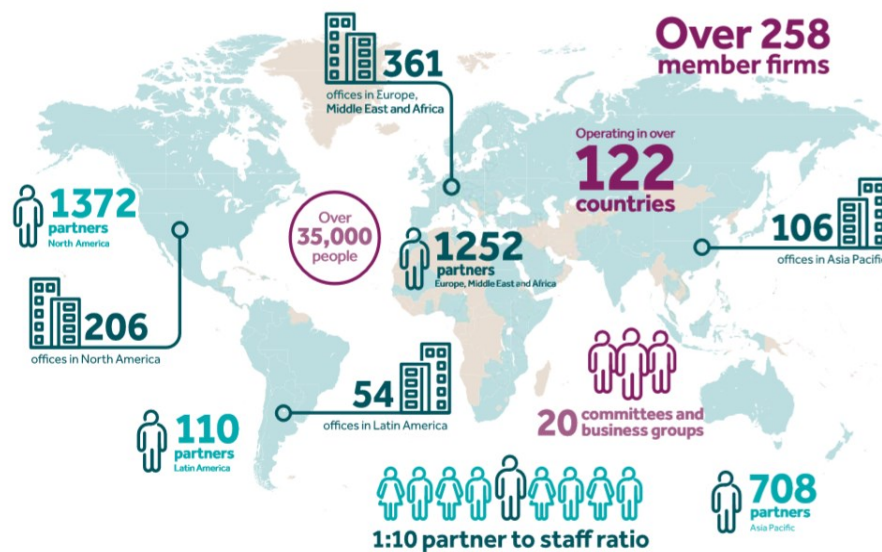
Nexia International is a leading, global network of independent accounting and consulting firms, providing a comprehensive portfolio of audit, accountancy, tax and advisory services.

Nexia works with its member firms leveraging strength across the network and enabling the delivery of global solutions by member firms to their clients.

Nexia's continued success is what lies at the heart of the network: international knowledge, proven experience and enduring relationships. This is reflected in Nexia's brand promise 'Closer to you'. When you choose a Nexia member firm, you get a more responsive, more personal, partner-led service wherever you are in the world.

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Our world in numbers



References to offices and partners are to offices and partners of Nexia's independent member firms.

Nexia International

Nexia International is a leading, global network of independent accounting and consulting firms. When you choose a Nexia firm, you get a more responsive, more personal, partner-led service, across the world.

Awards and credentials



International Accounting Bulletin Survey 2020



Rising Star Network Award at the IAB Awards 2021



Fee income for 2019



A global network that is where you want us to be

Service lines

Advisory
Audit
Tax

Corporate Ownership and Governance Structure

Legal structure

Nexia AL was incorporated as a limited liability company on May 2009. With our founders coming from long experience with other accounting firms in Albania and abroad the firm achieved significant growth and recognition as one of the best accounting firms in Albania. It is a registered audit firm with the Institute of Authorized Chartered Accountants of Albania (IEKA, registration No.166, Dated 30.07.2009).

The rights of member firms to use the NEXIA name and marks are contained within agreements with Nexia International.

The Statutory Auditors of the Company are: Gerond Begolli and Orjana Kalaja, both registered with IEKA public auditor's register.

Member firms are locally owned and managed.

Registered address

The Company's registered address is: Str Ismail Qemali, Building 29/1, Third Floor, Apartment 6, Tirana, Albania.

Company's shareholders

The ownership structure of the Company, its management bodies and other details are publicly available in the National Business Center (QKB). The company has a fully owned subsidiary Nexia AL Consulting SHPK, providing accounting and business advisory services.

The sole owner of the company is Ms. Orjana Kalaja and the administrator of the company is Mr. Gerond Begolli.

Internal Quality Control System

Description of the internal quality control system

Our company has designed a Regulation for the Quality Control System which contains the principles and procedures that have been determined and applied by our audit staff for the performance of the audit work undertaken and are analyzed as follows:

Application of ethical code

- Integrity
- Independence and objectivity
- Professional adequacy and consciousness
- Confidentiality
- Adequate documentation of all the elements of the company's internal control system
- Continuous supervision and updating of the quality control policies and procedures
- Development of a system of internal values
- Application of standards

Audit Clients' acceptance and continuance

Before accepting any new audit engagement or deciding for the continuance of an existing engagement the following procedures are applied:

- Examining of the credibility of the audited entity and more specifically:
 - The reputation and identity of the members of its management
 - The nature of its activities
 - The non-existence of independence issues
 - Any other related information e.g. unfavorable bank data, violations that were made known, legal arguments etc.
- Ensuring that there is in place the required organization and manpower for the execution of the assigned work and more specifically:
 - The existence of adequate professionals with the required specialization
 - The possibility of completing the audit within the time limits
 - The necessity of using third parties with specialized skills.
- The Managing Partner examines case by case if the acceptance or retention of a specific audit affects the company's independence.

INTERNAL QUALITY CONTROL SYSTEM (CONTINUED)

Administration of human resources

Our company applies rules and procedures which provide reasonable assurance that it has capable professionals with professional adequacy and commitment to apply the ethical and independence rules. The company's rules and procedures cover issues related to the staff that it employs such as:

- Recruitment
- Progress assessment
- Professional development – Promotions
- Staff remuneration
- Programming the required staff number
- Professional training and experience.

Performance of audit work

The company's Management ensures that the regular audits are carried out in accordance with the International Standards on Auditing and the rules of professional ethics in force. The procedures followed are:

- Assigning every audit undertaken to an audit team with appropriate experience and specialization.
- Advising the participating staff of the nature and scope of the engagement.
- Guiding and supervising by experienced colleagues.
- Supervising procedures of the work under execution.
- Documenting the supervision.
- Updating the procedures and standards applied.

EXTERNAL QUALITY CONTROLS

The firm has been subject to the following quality assurance reviews:

Nexia International

The latest internal review was performed in July 2020 by Nexia International in accordance with the Nexia International Regulation for the Quality Control Review, and the conclusions were discussed with the management of Nexia AL, and agreed actions were concluded on the improvement points raised in the report. No findings were identified from the quality control of our firm, and the overall Grading was 1 with no A recommendations.

The Institute of the Authorized Chartered Accountants of Albania

The firm is subject to external review by The Institute of the Authorized Chartered Accountants of Albania (IEKA). The firm was last subject to external review in October 2014, and the conclusions were that the Company is in compliance with all material aspects of the quality requirements for the auditing services rendered in the application of the procedures as defined by the professional standards on Auditing for the quality of the auditing services rendered.

Public Oversight Board

We have been subject to Public Oversight Board (POB) quality control in December 2019 for the audits of the years ended 2017 and 2018. The subject of the quality review was focused into two pillars:

- the quality review of the firm;
- the quality review of specific audit engagements selected for review from year 2017 and 2018.

The POB control was performed from 18 December 2019 up to 28 December 2019. The team was composed of three members. The findings of the POC were discussed with the management of Nexia AL, and improvement actions were agreed for follow up in September 2020.

All recommendations were fulfilled and updated actions were submitted to POB in September 2020. No further follow-ups on the implemented actions have been performed by POB.

There was no overall grading or risk categorization in the report specified for Nexia AL.

PIE AUDITS & FINANCIAL INFORMATION

Revenues

The revenue analysis for the year ended 31 December 2020 is as follows:

Services	Revenues in ALL '000	% of total
Statutory Audit Services	6.725	38%
Assurance and Other Services	11.072	62%
Total	17.797	100%

Insurance cover

Our company has a professional indemnity insurance cover in accordance with the statutory requirements.

Remuneration of statutory auditors

The partners' compensation system is based on the reward system adopted by Nexia AL. It is designed to reflect individual partner's responsibilities and experience, their role in the management of the professional practice as a whole, as well as local market conditions.

The amount of the performance profit related component awarded at the conclusion of the financial year depends on the partner's performance and is subject to availability of distributable profits.

Public-interest entities audit clients

During the year 2020 Nexia AL carried out audits for the years ended 31 December 2019 of the following public-interest entities:

1. Iute Credit Albania sha;
2. Final sha;
3. LC Waikiki;
4. Top Chanel sha;
5. Neptun shpk;
6. Tenet sha;
7. EFT sha.

INDEPENDENCE & CONTINUOUS EDUCATION

Independence

Independence practices and rotation

Our company's practices are designed so that our professionals comply with the independence practices concerning specific audit engagements, in accordance with the independence standards of the International Ethics Standards Board of Accountants of the International Federation of Accountants (IESBA) and of the Institute of the Certified Chartered Accountants (IEKA) of Albania.

Furthermore we follow strictly the rotation rules as required by the local regulations in Albania with regards to audits of banks, non-banks, and insurance clients.

All partners and staff when involved in an audit team and starting individual work under an engagement of a specific client shall complete a declaration stating whether he/she has knowledge of any circumstances that could compromise the independence with regard to this client.

Education

Continuing education of statutory auditors

Our strategic objective is to attract talented professionals. We are proud for our people and we are doing whatever is necessary for their progress.

Our audit professionals obtain internal trainings at least once a year. Furthermore based on the experience level our staff is strongly encouraged and supported to obtain membership in ACCA and IEKA.

Professional development occurs through coaching and experiences our professionals receive on the job. Coaching helps to transform knowledge and experience into practice. Experienced professionals are expected to coach and develop less experienced personnel to create a continual learning environment.

In addition to the above, all registered auditors in Nexia AL maintain their qualification through continuous education and training courses, organized internally or by the IEKA and ACCA.



Nexia AL shpk.
T: +355 42232726
Rr. Ismail Qemali, Pall."29", Hyrja 1,
Apartamenti 6, Kati 3-te,
Tirana, Albania
www.nexia.al

Contact person:
Orjana Kalaja, FCCA, AL
Managing Partner
orjana.kalaja@nexia.al
M: +355 69 40 81444