

**Transparency Report  
Pursuant to Section 24  
Audit Quality Assurance Act (AQAA)  
as of December 31, 2010**

**TPA Horwath Wirtschaftsprüfung GmbH**

**TPA Horwath Wirtschaftsprüfung GmbH**

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Member of Crowe Horwath International (Zurich, Switzerland) – an association of separate and independent chartered accountants and consultants

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## **Preface**

Pursuant to section 24 in conjunction with section 4 para 1 Audit Quality Assurance Act (AQAA) statutory auditors and audit firms are obliged to publish annually on their website, at the latest three months after the end of a calendar year, a transparency report if they audited at least one public interest entity in that year.

The transparency report must contain certain information on the structure and internal organization of the statutory auditor or audit firm, resp.

We honor this obligation by submitting this transparency report.

With the publication of this transparency report we aim to inform all parties interested in the results of our audits about the quality assurance system in place in our firm.

This transparency report relates to the auditing function of TPA Horwath Wirtschaftsprüfung GmbH at the offices 1020 Vienna, Praterstrasse 62-64, and 8010 Graz, Münzgrabenstrasse 36.

## I. Legal Organization and Ownership

TPA Horwath Wirtschaftsprüfung GmbH (formerly TPA Control Wirtschaftsprüfung GmbH) is a limited liability company domiciled at 1020 Vienna, Praterstraße 62-64, and registered in the commercial register at the Vienna Trade Court under registration number FN 121504h.

Shares in TPA Horwath Wirtschaftsprüfung GmbH are held by the following persons through a holding company, TPA TAX & AUDIT Wirtschaftsprüfung GmbH, 1020 Vienna, Praterstraße 62-64:

- MMag. Jutta Kirchheim	0.1944%
- Mag. Edgar Pitzer	49.9028%
- Mag. Thomas Schaffer	<u>49.9028%</u>
	100.0000%

TPA Horwath Wirtschaftsprüfung GmbH is a certified auditing and tax consulting firm and is a member of the Chamber of Public Accountants and of the Institute of Austrian Auditors.

## II. Network

Together with other companies of the TPA Horwath Group, TPA Horwath Wirtschaftsprüfung GmbH forms a network in Austria and in the CEE area in the sense of section 271b para 1 Commercial Code.

TPA Horwath Wirtschaftsprüfung GmbH is a member of Crowe Horwath International.

Crowe Horwath International is a world-wide association of legally independent tax consultants, auditors, and business consultants. The network comprises 140 member firms with 640 offices and over 28,000 staff counting among the „Top Ten“ networks operating internationally.

Crowe Horwath International is an association pursuant to Swiss law domiciled in Zurich. Neither Crowe Horwath International as association nor its member firms are liable for acts and/or omissions of each other or other members. All Crowe Horwath International member firms are legally independent companies performing, at their respective places of business, services under their own responsibility.

Crowe Horwath International member firms also form a network in the sense of section 271b para 1 Commercial Code.

### **III. Management Structure**

The following persons are general managers of TPA Horwath Wirtschaftsprüfung GmbH each holding individual power of representation:

- Mag. Edgar Pitzer (managing partner)
- Mag. Thomas Schaffer (managing partner)
- Mag. Robert Bruckmüller
- Mag. Manuela Ponesch-Urbaneck

The following persons are holders of power of attorney (each jointly with a general manager) of TPA Horwath Wirtschaftsprüfung GmbH:

- Mag. Dieter Fussenegger

TPA Horwath Wirtschaftsprüfung GmbH is organized in two divisions each managed separately by a managing partner (division head).

The managing partners are generally responsible for quality assurance, and specifically for compliance with independence provisions. Overall planning of all assignments is performed under the supervision of the managing partners. Mag. Thomas Schaffer is the money laundering compliance officer of TPA Horwath Wirtschaftsprüfung GmbH.

### **IV. Remuneration of Management and Partners**

The TPA Horwath Wirtschaftsprüfung GmbH remuneration system for management (general manager and holders of power of attorney) includes, besides regular salaries or service fees, resp., an additional year-end bonus as performance-related and goal-oriented component. Such year-end bonus is geared to the extent of services provided, the contribution margin reached, and the quality of work performed.

In addition, TPA Horwath Wirtschaftsprüfung GmbH's managing partners participate in the TPA Horwath Group's profits.

## V. Financial Information

In the year under report 2010 and in 2009, comparatively, total revenues of TPA Horwath Wirtschaftsprüfung GmbH by business areas were:

<b>Revenues in euros</b>	<b>2010 (rounded)</b>	<b>2009 (rounded)</b>
Audits of (consolidated) financial statements	2,003,253	2,192,400
Other assurance services	976,098	626,400
Tax consultancy services	0	0
Other services	549,424	313,200
<b>Total</b>	<b>3,528,775</b>	<b>3,132,000</b>

Audits comprise statutory and voluntary audits.

Other assurance services specifically comprise audits according to Company Laws, prospectus control according to the Capital Market Act (KMG) and reviews.

Other services specifically comprise support in the area of international accounting standards (especially in connection with the preparation of IFRS/IAS financial statements), some other consultancy (e.g. valuations) and supply of temporary staff.

Services in the tax consultancy, accounting, and payroll-related areas are not provided by TPA Horwath Wirtschaftsprüfung GmbH.

## VI. Public Interest Audit Clients

The public interest entities pursuant to section 4 para 1 AQAA for which we performed statutory audits in the past calendar year were:

- Commerzialbank Mattersburg im Burgenland AG
- Raiffeisen International Bank-Holding AG

## VII. Quality Assurance System

The quality assurance system in place at TPA Horwath Wirtschaftsprüfung GmbH is designed to guarantee that audit engagements carried out within the auditing organization comply with Austrian legal provisions and applicable national standards (Professional Statements, Guidelines, Promulgations of the Chamber of Public Accountants and the Austrian Auditors' Institute) as well as international auditing standards (ISA).

The TPA Horwath Wirtschaftsprüfung GmbH quality assurance system comprises provisions covering the following areas:

### **Organization of the Auditing Function (Independent of Individual Engagements)**

- Compliance with general professional standards and rules of conduct
- Acceptance, continuation and premature termination of engagements
- Overall planning of all engagements
- Specific provisions for internal rotation
- Adequate insurance coverage
- Performance of engagements
- Completion of audit documentation and assembly of final audit file
- Engagement quality control reviews
- Internal quality reviews
- Dealing with complaints and accusations
- Settlement of differences of opinion
- Staff development

### **Audit Performance (of Individual Engagements)**

- Organization of audit performance
- Compliance with legal provisions and professional standards of audit performance
- Guidance of the audit team
- Ongoing review of the audit performance
- Obtaining professional advice (consultation)
- Settlement of differences of opinion
- Dealing with complaints and accusations
- Final review of audit results
- Engagement quality control reviews
- Completion of audit documentation and assembly of final audit file

Quality assurance rules are documented in a quality assurance manual (organization manual) which is permanently updated and made available to all professional staff when joining the firm.

## **VII.1. Organization of the Auditing Function**

Regulations governing compliance with general professional standards and rules of conduct specifically relate to independence and confidentiality.

Regulations governing compliance with professional independence concern TPA Horwath Wirtschaftsprüfung GmbH, the audit team members, and the members of the TPA Horwath and Crowe Horwath International networks, resp.

Such regulations are designed to guarantee that no threats to independence pursuant to sections 271, 271a or 271 b Commercial Code exist for the performance of audit engagements. Concerning independence see item VII.3. of this report.

All staff persons are required, at the beginning of their employment with TPA Horwath Wirtschaftsprüfung GmbH, to maintain confidentiality concerning all information coming to their knowledge in connection with the performance of an engagement.

Staff development regulations are designed to assure a high level of staff qualification and information, and deal, among other things, with careful selection of new staff, continuing professional education, regular evaluation, and adequate professional information.

Processes and responsibilities as well as professional and personal criteria have been established for staff hiring.

Regarding continuing professional education see also item VII.4. of this report.

Due to the size and the structure of the auditing function internal communication is intensive and strong. Extensive cooperation of audit partners, audit managers and audit assistants working in predominantly constant audit teams facilitates professional and personal feedback on audit engagements. In addition, once a year a structured discussion on evaluation and personal development is held with each staff member.

In order to guarantee adequate professional information of staff, each staff person is handed a basic set of professional literature, a description of professional standards, and a copy of the quality assurance manual when joining the firm. TPA Horwath Wirtschaftsprüfung GmbH maintains an extensive professional library containing the laws and judicial decisions, relevant professional commentaries, as well as standards and promulgations of professional organizations concerning questions of national and international accounting and auditing essential for our professional work. Current developments are the subject of internal circular letters and regular information meetings. In addition, important information is available through the intranet and through access to various online media.

Overall audit planning includes the team scheduling of individual responsible auditors, with managing partners bearing the ultimate responsibility.

## **VII.2. Audit Performance**

Regulations governing the acceptance and continuation of audit engagements are designed to facilitate early and appropriate assessment of client risks and audit risks as well as examining the compliance of an engagement with professional duties. The auditor accepting the engagement is required to obtain appropriate information about the client company, its bodies and its environment before initiating a client relationship. The auditor responsible for the respective audit work is also responsible for compliance with the duties regarding prevention of money laundering and terrorism financing.

Based on a standardized questionnaire and evaluation sheet a risk assessment is made and the existence of threats to independence pursuant to sections 271, 271a and 271b Company Code is checked.

Auditing principles and methods for planning and performing statutory audits are described in a risk oriented audit approach constantly updated by TPA Horwath Wirtschaftsprüfung GmbH. For additional guidance of the audit team a multitude of planning, auditing, and reporting tools exist which are maintained and updated by the staff function quality assurance.

The auditor responsible for each engagement is in charge of scheduling the audit team with sufficiently qualified staff, guiding this team, and reviewing the audit. Audit engagements of listed companies and engagements considered to carry a high audit risk are subject to engagement quality control reviews.

Experts and industry specialists are available at TPA Horwath Wirtschaftsprüfung GmbH for consultation in case of difficult professional questions. A separate special department was created for support in questions of international accounting standards (IFRS/IAS). Additionally, the Crowe Horwath International pool of experts can be consulted. Regulations governing consultation include conditions for the initiation of the consultation process and instructions for the consultation procedure. Further, regulations for dealing with complaints and accusations and for settling differences of opinion exist.

Audit documentation must be completed early (normally within 60 days) after completion of the engagement.

### **VII.3. Maintaining and Reviewing Independence**

The essential professional duties of the financial auditor include execution of the engagement independently and free from circumstances that could give rise to threats to independence.

To assure this, all professional staff of TPA Horwath Wirtschaftsprüfung GmbH are required, upon joining the firm and, thereafter, once a year, to confirm in writing, based on a current client list, that no threats to independence exist pursuant to sections 271 and 271a Company Code. Another such confirmation is required of all audit team members when an audit engagement is accepted or continued.

Using a standardized questionnaire and evaluation sheet, the responsible auditor has to assess, at the time of accepting or continuing an audit engagement, whether threats to independence pursuant to sections 271 and 271a Company Code exist.

In order to facilitate examination of the audit firm's independence with regard to the members of the TPA Horwath or Crowe Horwath International network, resp., a data base solution was developed together with Horwath Germany and DATEV Germany, resp. Due to open legal questions concerning data protection this data base solution cannot yet be used in Austria; for the time being respective questions are processed by phone or via email.

## **VII.4. Continuing Professional Education**

Professional education at TPA Horwath Wirtschaftsprüfung GmbH is essentially based on two pillars:

- Internal and external training
- Training on the job

Professional staff persons are informed, by circular letters and in regular information meetings, about all changes relevant to their professional work, especially in the areas of accountancy and financial auditing.

External professional training sessions, specifically those offered by the Institute of Auditors and the Chamber of Public Accountants, supplement internal training.

Individual professional education is discussed and documented during the annual staff evaluation meeting, and is monitored centrally.

Certified auditors must proof compliance with the requirement of continuing professional education.

## **VII.5. Internal Quality Review and Network Peer Review**

The internal quality review is an essential element of our quality assurance system. It is designed to guarantee that the quality assurance system conforms with legal and professional requirements and that, if necessary, adjustments are made on a timely basis.

Responsibility for the review lies with the staff function quality assurance which can draw on sufficiently experienced and competent staff persons for the organization and performance of the review. The review program is based on checklists developed internally. In determining and performing the review it is aimed to cover the whole spectrum of audit engagements using a risk-oriented selection approach.

The internal quality review is performed annually.

In addition, TPA Horwath Wirtschaftsprüfung GmbH as member of Crowe Horwath International is subject to regular network peer reviews.

## **VII.6. External Quality Review Pursuant to the AQAA**

Pursuant to section 4 AQAA statutory auditors and auditing firms of public interest entities are required to undergo external quality reviews in three years' intervals.

The last external quality review of TPA Horwath Wirtschaftsprüfung GmbH was carried out by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in 2010. The quality reviewers reached the conclusion that quality assurance measures established by TPA Horwath Wirtschaftsprüfung GmbH are adequate.

The successful participation in the external quality review was attested by the Working Committee for Quality Reviews on December 20, 2010. This attestation is valid until December 16, 2013 (see the attachment to this report).

## **VII.7. Statement of Managing Partners**

The quality assurance system established by TPA Horwath Wirtschaftsprüfung GmbH complies with legal requirements and is adequate.

The managing partners have duly satisfied themselves that the existing requirements were observed during the past calendar year. In case of isolated deviations steps were taken to prevent such deviations in the future.

Vienna, March 10, 2011

TPA Horwath Wirtschaftsprüfung GmbH

Mag. Edgar Pitzer  
Managing Partner

Mag. Thomas Schaffer  
Managing Partner

The English transparency report is a translation of the original transparency report in German language. Solely valid is the original (signed) transparency report in German language. The English translation serves for the purpose of convenience only.

# AeQ

## Working Committee for External Quality Reviews

TPA Horwath Wirtschaftsprüfung GmbH  
Praterstraße 62-64  
A-1020 Vienna

QP 273/10-12  
Vienna, December 20, 2010

### Re: Confirmation of Issuance of a Certificate pursuant to Sections 14 and 15 of the Audit Quality Assurance Act (A-QSG)

The Working Committee for External Quality Reviews (AeQ) herewith confirms that **TPA Horwath Wirtschaftsprüfung GmbH** (Trade Register File Number 121504 h Trade Register Vienna), Praterstraße 62-64, A-1020 Vienna was certified the successful participation in the external quality review, by certificate QP 273/10-11 dated December 20, 2010.

Pursuant to section 15 para 2 in conjunction with section 4 para 2 A-QSG the validity of the certificate is basically limited to six years from the day after the expiry date of the previous certificate, i.e. **December 16, 2016**. The next external quality review, therefore, must basically be completed by **December 16, 2016**.

In case, however, statutory audits of entities, dealt with in section 4 para 1 A-QSG, are performed, the certificate is limited, pursuant to section 15 para 2 in conjunction with section 4 para 1 A-QSG, to three years from the day after the expiry date of the previous certificate i.e. **December 16, 2013**, and the next external quality review must be completed by **December 16, 2013**.

Kind regards

Working Committee for External Quality Reviews

Signed by  
Mag. Regina Reiter  
(Chairperson)