

Transparency Report

|
2023



Mission Statement

To be the leading provider of auditing, accounting, tax and consultancy services, whilst maintaining the utmost ethical standards and a commitment to offer innovative value added solutions to clients, enhancing employee skills and capabilities and to promote general community interests.

Contents

Introduction	4
Managing Partner’s Message	7
Legal Structure & Ownership	8
Developing Talent	10
Corporate Social Responsibility	12
Internal Quality Controls and Independence	14
Quality assurance, ethics and risk management	15
Monitoring Audit Performance	20
Independence Procedures	21
Training and human resources	22
Statement by the Partners of KSi Malta	24
Financial Information	26
Public Interest Entities	28

Introduction

KSİ Malta is a corporate and private client advisory, accounting, audit and tax firm providing a full range of financial, legal, and business advisory services to a diversified client base. Since inception, KSİ Malta has encouraged a participatory relationship among all team members as well as its clients.

This flexible approach enables all parties to be involved during all processes that directly lead to the advancement of every client's business objectives. KSİ Malta draws on its ample experience in order to assist local businesses to grow, as well as supporting international companies interested in establishing themselves and operating in Malta. KSİ Malta makes use of all the business contacts it has in order to support clients' business requirements. Furthermore, the firm guarantees the utmost commitment to all its clients, whilst offering an efficient and tailored service.



KS*i* Malta offers its clients the benefit of over 40 years of experience in

Accounting



Auditing



Taxation



Advisory



Managing Partner's Message

This transparency report for year ending 31 December 2023 has been prepared in accordance with the requirements of Article 18(1) of the Accountancy Profession Act.

This report provides an overview of our firm, our values and the policies and procedures we have in place, which ensures the maintenance of audit quality, including compliance with auditing and ethical standards. It also contains information regarding areas we believe are relevant to our clients or to potential clients alike.

KS*i* Malta services a number of clients in many industries and sectors, including real estate, professional services, retail, manufacturing, shipping, health and technology. Whatever the business sector, the focus remains on offering our clients the highest possible standard of service based on our knowledge of the business and the industry in which it operates.

As a firm, our objective for 2024 is to invest further in the professional development of our staff and in the infrastructure of our firm so as to succeed in our growth strategy.



JOSEPH GAUCI
Managing Partner

Legal Structure & Ownership



KS Malta is a civil partnership and is registered with the Accountancy Board under registration number AB/26/84/43 made up of three partners and three directors



JOSEPH GAUCI
Managing Partner and Compliance Principal



DENNIS MARK GAUCI
Partner for International Client Services



BERNARD CHARLES GAUCI
Audit and Advisory Partner

During 2023, the equity of KSi Malta was held by one partner. All partners held voting rights, which were exercised during the partners' meetings. In 2023, 6 partners' meetings were held. As from 1 January 2024, the equity of KSi Malta started to be held by two partners.

The equity Partner/s does not receive a fixed salary but receives profit on an annual basis. All salaried partners and directors receive an agreed remuneration package that is commensurate to their position and responsibilities. None of the Partners or Directors are remunerated on the basis of fees generated by a particular client or group of clients, or by the provision of particular services.

The firm operates from its offices situated at The Core, KSi Malta, Valley Road, Msida.

The firm's audit practice is regulated by the Accountancy Profession Act, and is subject to regular monitoring by the Quality Assurance Board.

The Compliance Principal for the period was Mr Joseph Gauci, who together with Mr Bernard Charles Gauci and Mr Brian Farrugia, is also allowed to sign audit reports on behalf of the Firm.

Services provided in-line with the Company Service Providers Act are undertaken by KSi Malta Corporate Services Ltd, a separate legal entity fully owned by the partnership with a Class C CSP authorisation as issued by the Malta Financial Services Authority.

Developing Talent

KSi Malta's family culture is reflected in the day to day running of our business through our team of professionals. We understand that a happy workplace is of essence and productive in turn, and therefore flexibility plays an important part. Together with this, competitive compensation packages are very important when top talent is hired. Moreover we ensure that not only is training offered in line with individual career paths but we also instil a culture of togetherness through events organised on a monthly basis.



Corporate Social Responsibility

We believe that every firm should give back to its society hence why at KSi Malta, we support a number of charitable institutions on a yearly basis. From internal events to client events, organised to raise awareness and support, some in conjunction with the Office of the President of Malta. Additionally, building relationships with non-profit organisations through unpaid services and advice are also important to us as we assist them in achieving their goals.

Charity with villages in Ethiopia and Ghana



Cleaning activity





Internal Quality Controls and Independence

Quality assurance, ethics and risk management

The firm employs the latest standards for quality management in the form of the International Standard on Quality Management (ISQM). These requirements are designed to enhance the quality of our services and ensure that we meet the expectations of our clients and stakeholders.

The Firm's Risk Assessment Process

As a firm, we employ procedures with regard to our risk assessment process. We establish quality objectives that align with the objectives of our system of quality management and identify and assess quality risks to provide a basis for designing and implementing responses.

Our risk assessment process takes into account various factors that may adversely affect the achievement of our quality objectives, including the complexity and operating characteristics of our firm, the types of engagements we perform, and the resources available to us. We design and implement responses to address these quality risks in a manner that is based on, and responsive to, the reasons for the assessments given to the quality risks.

In addition, we have established policies and procedures to identify information that indicates the need for additional quality objectives or additional or modified quality risks or responses due to changes in the nature and circumstances of our firm or its engagements. We consider this information and establish additional quality objectives, modify quality risks, or reassess them, and design and implement additional or modified responses as appropriate.

The Firm employs a system of quality management, which includes a risk assessment process that adheres to the requirements set out in the ISQM 1. Specifically, in regards to Governance and Leadership, The Firm establishes quality objectives that address the firm's governance and leadership, including a commitment to quality through a culture that exists throughout the firm.

The Firm recognises and reinforces the importance of professional ethics, values and attitudes, and the responsibility of all personnel for quality relating to the performance of engagements or activities within the system of quality management, and their expected behavior. Leadership is responsible and accountable for quality, and they demonstrate a commitment to quality through their actions and behaviors.

The organisational structure and assignment of roles, responsibilities, and authority is appropriate to enable the design, implementation, and operation of the firm's system of quality management. Resource needs, including financial resources, are planned for and resources are obtained, allocated or assigned in a manner that is consistent with the firm's commitment to quality.

Governance and Leadership



Relevant Ethical Requirements

The Firm's quality objectives related to Relevant Ethical Requirements focus on ensuring that the firm and its personnel comply with relevant ethical requirements, including those related to independence.

The Firm set out the following objective: The firm and its personnel must understand the relevant ethical requirements that apply to the firm and the firm's engagements, and must fulfill their responsibilities in relation to these requirements. This includes being aware of the ethical standards set by the regulatory bodies and professional associations governing the Firm's work, as well as any specific ethical requirements related to individual engagements.

To achieve this objective, the Firm has established policies and procedures that provide guidance on the ethical requirements that apply to the Firm and its personnel. These policies and procedures cover a wide range of areas, including independence, confidentiality, conflicts of interest, and professional conduct.

The Firm provides ongoing training to its personnel to ensure that they are aware of their ethical responsibilities and understand how to comply with the relevant ethical requirements. Additionally, the Firm regularly reviews its policies and procedures to ensure that they remain up-to-date and in compliance with any changes in the regulatory environment or professional standards.

Acceptance and Continuance of Client Relationships and Specific Engagements

The Firm employs procedures to ensure that judgments regarding the acceptance and continuance of client relationships and specific engagements are appropriate. These procedures include obtaining sufficient information about the nature and circumstances of the engagement, as well as the integrity and ethical values of the client, including management and those charged with governance. The Firm also assesses its ability to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements. Additionally, the Firm ensures that financial and operational priorities do not lead to inappropriate judgments about accepting or continuing client relationships or specific engagements.

As part of our commitment to quality, we have established quality objectives that address acceptance and continuance of client relationships and specific engagements. We regularly review and update our procedures to ensure compliance with requirements and to maintain the highest level of quality in our engagements. We acknowledge the importance of upholding ethical values and integrity in all our engagements and prioritize compliance with professional standards and legal and regulatory requirements. We ensure that the financial and operational priorities of the firm do not compromise our ability to provide quality services to our clients.

Engagement Performance

The firm employs procedures and quality objectives to ensure that engagement teams understand and fulfill their responsibilities in connection with engagements, exercise appropriate professional judgment and skepticism, and document engagements on a timely basis. Engagement teams are directed, supervised and reviewed by experienced team members, and difficult or contentious matters are subject to consultation and agreement on conclusions. The firm has also established procedures to ensure that differences of opinion are brought to the attention of the firm and resolved.

These procedures are implemented to ensure that the firm is in compliance with ISQM 1, specifically in relation to engagement performance. The firm is committed to maintaining these procedures to achieve high-quality engagements that meet the needs of our clients and comply with professional standards, ethical requirements, and regulatory guidelines.

Resources

To ensure the design, implementation, and operation of the system of quality management, the firm establishes quality objectives related to the appropriate use and allocation of resources. These objectives cover human, technological, intellectual, and service provider resources. Personnel are hired, developed, and retained based on their competence and capabilities to perform quality engagements or operate the system of quality management.

They are incentivised to maintain their commitment to quality and held accountable through timely evaluations, compensation, and promotion. Engagement teams are assigned to each engagement based on their competence and capabilities and given sufficient time to perform quality engagements. Activities within the system of quality management are assigned to individuals with appropriate competence and capabilities.

The firm also obtains and uses appropriate technological and intellectual resources consistent with professional standards and applicable legal and regulatory requirements. Service providers' resources are evaluated based on their appropriateness for use in the system of quality management and in the performance of engagements.



Information and Communication

The Firm employs procedures to comply with and implement requirements on information and communication. The Firm establishes quality objectives that ensure the information system identifies, captures, processes, and maintains relevant and reliable information that supports the system of quality management, whether from internal or external sources.

The culture of the Firm recognises and reinforces the responsibility of personnel to exchange information with the Firm and with one another. Relevant and reliable information is exchanged throughout the Firm and with engagement teams to enable them to understand and carry out their responsibilities relating to performing activities within the system of quality management or engagements. Personnel and engagement teams communicate information to the Firm when performing activities within the system of quality management or engagements.

Additionally, relevant and reliable information is communicated to external parties. Information is communicated externally when required by law, regulation or professional standards, or to support external parties' understanding of the system of quality management.

Specified Responses

The Firm employs robust procedures to ensure compliance in relation to Specified Responses. These procedures include policies and procedures for identifying, evaluating and addressing threats to compliance with ethical requirements, as well as for reporting and responding to any breaches of these requirements in a timely manner.

The Firm also obtains annual confirmation of compliance with independence requirements from all relevant personnel and has established policies and procedures for receiving and resolving complaints and allegations. Furthermore, the Firm has policies and procedures in place to address circumstances when information is subsequently discovered that would have led to the decline of a client relationship or engagement, as well as requirements for communication with those charged with governance and engagement quality reviews.

Monitoring and Remediation Process

As part of our commitment to quality management, we employ procedures with regards to the monitoring and remediation process. We have established a monitoring and remediation process to provide relevant, reliable, and timely information about the design, implementation, and operation of the system of quality management.

Our firm designs and performs monitoring activities to provide a basis for identifying deficiencies, taking into account the reasons for assessments given to the quality risks, the design of responses, changes in the system of quality management, and results of previous monitoring activities. We establish policies and procedures that require individuals performing monitoring activities to have the necessary competence and capabilities, including sufficient time, to perform the activities effectively.

We also evaluate findings to determine whether deficiencies exist, including in the monitoring and remediation process. If we identify deficiencies, we investigate the root cause(s) and evaluate the effect of the identified deficiencies individually and in aggregate on the system of quality management. Our firm designs and implements remedial actions to address identified deficiencies that are responsive to the results of the root cause analysis. We communicate the monitoring activities performed, identified deficiencies, and remedial actions to engagement teams and other individuals assigned activities within the system of quality management on a timely basis.

We are proud to have successfully employed these quality control and management requirements in our firm. Our commitment to quality and continuous improvement drives us to maintain the highest standards of excellence in everything we do. We look forward to continuing to provide exceptional service to our clients in the years to come.



Monitoring Audit Performance

1. Audit engagement performance

The audit performance of the firm is principally monitored by the Audit Partners, who are also responsible for promulgating best practice, whether through training or other methods such as through the internal written documentation aforementioned.

The Audit Partners are also responsible for the firm's audit methodology, which is based on internal methods and software, supplemented as necessary with additional material and guidance. The firm's Audit Framework sets out the policies and procedures in place for performing audits, together with practical guidance during engagements.

2. Regulatory Monitoring

The firm is subject to reviews by the Quality Assurance Unit, set up within the Accountancy Board of the Ministry for Finance of Malta. Moreover, the Malta Accountancy Board carries out regular External Quality Assurance reviews as part of the Quality Assurance process and its responsibility towards Audit Public Oversight.

The last Quality Assurance Unit (QAU) monitoring visit was carried out at KSi Malta during the period June 2021 to January 2022. The previous monitoring visit was finalised in January 2022.

Additionally, the firm has its own internal quality control monitoring programme whereby reviews of completed audit engagements are carried out to ensure compliance with professional standards, technical considerations as well as independence and ethical issues, amongst others. No issues have yet been raised which we believe have a material impact on the conduct of our statutory audit business through our review program and which is conducted on a regular basis.

Independence Procedures

The firm maintains internal policies and procedures to ensure that it maintains independence from its clients and that conflicts of interest are dealt with appropriately and on a timely basis.

Ethical Requirements

The firm adheres to the provisions of the Code of Ethics issued by the Accountancy Board. In instances where the firm's independence is threatened (other than those where we are not specifically allowed to act), an independent review is carried out by a partner other than the engagement partner in order to safeguard the firm. If this is not possible, other safeguards are adopted and if these are found to be inadequate the firm will resign from the post of auditor. All safeguards are agreed with the Partner.

The firm will only provide non-audit services to an audit client if the principles contained in the Code of Ethics are not breached. Furthermore, all partners other than the Engagement Partner who intends to carry out nonaudit work for an audit client must notify the Audit Engagement Partner before any work commences so that the overall impact of ethical requirements on the audit engagement is properly assessed. Annual declarations are made by all partners and staff to ensure compliance with relevant ethical requirements.

All partners and staff are required to complete annual declarations of independence. In the event of any circumstances affecting such independence, an appropriate action plan is formulated in consultation with the management, who also review all the annual declarations.

Firm's Rotation Policy

Audit partners are subject to rotation requirements limiting the number of years they may provide audit services to a listed company or public interest entity for. In addition, the firm's audit methodology requires independence to be reassessed each year. This includes consideration of whether any non audit services provided by the firm to our audit clients may have an adverse impact on our actual or perceived independence. As per the requirements of the Directive 2 Code of Ethics for warrant holders 1 Manual of Policies and Procedures, engagement partner participation in the statutory audit of a PIE engagement shall not be later than seven (7) years from the date of their appointment. The Firm's auditors are also subject to the gradual rotation mechanism of the persons who are registered as statutory auditors on the engagement teams in accordance with Article 17(7) of the Audit Regulation (EU) No 537/2014.

The latest internal review of independence compliance has been conducted on 11 December 2023.



Training and human resources

The firm organises regular training sessions geared to meet the development needs of partners and staff. Such training is provided both by appropriate specialist staff within the firm, as well as by external training providers when necessary. The firm regularly monitors the compliance of personnel with minimum CPE requirements.

HR matters are the responsibility of the Head of HR and the firm's Human Resource team. Maintenance of good HR procedures is vital for ensuring the quality of the firm's personnel and to this end robust control procedures are in place. These cover the recruitment, appraisal and remuneration processes which ensure that the firm employs, retains and properly rewards individuals with the right skills and values.

The Firm's policy for annual minimum CPE requirements is in line with Directive 1 Accountancy Profession (Continued Professional Education), with warranted personnel regularly monitored to ensure they maintain the appropriate level of professional competence by engaging in continued professional education in accordance with the rules and spend the minimum required hours per calendar year in both structured and unstructured CPE activities.

Maintenance of good HR procedures is vital for ensuring the quality of the firm's personnel and to this end robust control procedures are in place.



Statement by the Partners of KSi Malta on the effectiveness of the firm's internal quality control system, CPE and ethics

The measures and procedures that serve as the basis for the system of quality management for KSi Malta outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by our firm comply with applicable laws and regulations. Because of its inherent limitations, the system of quality controls is not intended to provide absolute assurance that non-compliance with relevant laws and regulations would be prevented or detected

KSi Malta considers:

- a. The design and operation of the quality control systems as described in this report;
- b. The findings from the various compliance programs operated by our firm, and
- c. Findings from regulatory inspections and subsequent follow up and/or remedial actions

Taking all of this evidence together, the Partnership at KSi Malta confirms with a reasonable level of assurance that the systems of quality control within our firm operated effectively in the year to 31 December 2023.

Furthermore, KSi Malta confirms that an internal review of independence compliance within our firm has been conducted in the year 31 December 2023.

Financial Information

Revenue

During the year ending 2023, KSi Malta's revenue totalled EUR 2,918,083 and is divided as follows:

Revenue	Euro (€)
Revenue from the statutory audits of PIEs and entities belonging to a group of undertakings whose parent undertaking is a PIE	54,587
Revenue from the statutory audits of other entities	837,810
Revenue from permitted non-audit services to audited entities	758,071
Revenue from other non-audit services to other entities	1,267,615

Public Interest Entities

During 2023 KSi Malta issued reports for the year ended 31 December 2022 on behalf of the following entities falling under the definition of Public Interest Entity:

D FOODS FINANCE PLC - C 94912

Date of audit report – 27 April 2023

The Company is a holder of listed debt through a bond issue on the Institutional Financial Securities Market of the Malta Stock Exchange.

DIZZ FINANCE PLC - C 71189

Date of audit report – 27 April 2023

The Company is a holder of listed debt through a bond issue on the main market of the Malta Stock Exchange.

ST. ANTHONY CO. P.L.C. – C 956618

Date of audit report – 26 April 2023

The Company is a holder of listed debt through a bond issue on the main market of the Malta Stock Exchange.

The Accountancy Profession Act Cap 281 defines Public Interest Entities as:

- entities whose transferable securities are admitted to trading on a regulated market of any EU member state;
- credit institutions;
- insurance undertakings; and
- any other entities as may be prescribed by the Accountancy Board.

The Accountancy Board may from time to time designate other entities as Public Interest Entities.

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