

**SOCIALIST REPUBLIC OF VIETNAM**

**Independence – Freedom – Happiness**

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**TRANSPARENCY REPORT**

**For the fiscal year from 01 October 2013 to 30 September 2014**

**1. ORGANIZATIONAL STRUCTURE AND BUSINESS FORM**

- A&C AUDITING AND CONSULTING CO., LTD.
- Head office: 02 Truong Son, Ward 2, Tan Binh District, Ho Chi Minh City, Vietnam.
- Telephone: 08-35472954                      Fax: 08-35472970                      Email: kttv@a-c.com.vn
- Business form: Multi-member limited liability company

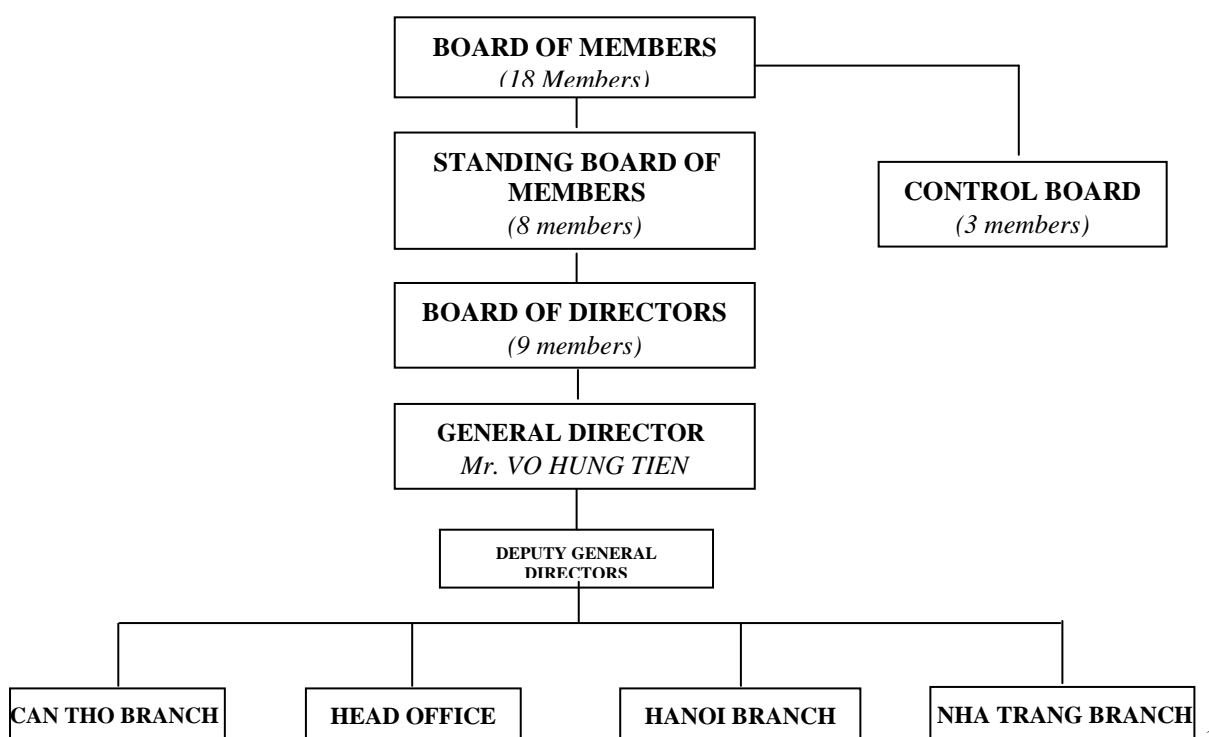
A&C has become an official firm member of BAKER TILLY INTERNATIONAL, the eighth-ranked largest networks of professional accounting firms and business advisers in the world since May 2010.

BAKER TILLY INTERNATIONAL, a worldwide organization of professional accounting firms and business advisers, was formed in 1987, and has its headquarter at No. 2 Blomsbury Street, London WC1B3ST, United Kingdom. With a network of member firms and correspondents in 110 countries, BAKER TILLY INTERNATIONAL can call on experienced people in every business market worldwide from more than 2.500 partners and 25.000 staffs working at over 510 offices worldwide to satisfy the client’s needs. BAKER TILLY INTERNATIONAL ranks in the top 10 largest accounting and business advisory groups worldwide, with a global annual income of over USD 3 billion (it ranks the world’s 8<sup>th</sup> largest accountancy and business advisory network).

BAKER TILLY INTERNATIONAL is big enough to provide the services required by clients, whatever their size is, and wherever they are located. Through its “*Global Care*” approach, member firms of BAKER TILLY INTERNATIONAL strive to ensure that all aspects of a client’s financial affairs are addressed at the highest quality and professional manner.

In summary, *our goal is to make your life easier*. Because the structure of BAKER TILLY INTERNATIONAL is based on close personal relationships among the member firms, it can provide international project management, timetable monitoring, and central fee negotiation, problem solving and reporting to management as well as international supports to our clients. With this motto, BAKER TILLY INTERNATIONAL has been able to provide constant supports which can allow you to fully concentrate on your business operation.

- Organizational structure of A&C AUDITING AND CONSULTING CO., LTD. includes:



+ **Board of Members:**

The Board of Members consists of 18 members, including:

1	Vo Hung Tien	10	Ly Quoc Trung
2	Nguyen Minh Tri	11	Nguyen Hoang Yen
3	Le Minh Tai	12	Nguyen Thi Tu
4	Nguyen Chi Dung	13	Nguyen Hoang Duc
5	Do Thi Mai Loan	14	Nguyen Thi Kim Hang
6	Bui Van Kha	15	Nguyen Van Sam
7	Le Thi Thu Hien	16	Hoang Thi Viet
8	Bui Ngoc Hai	17	Nguyen Van Kien
9	Le Huu Phuc	18	Nguyen Ngoc Thanh

+ **Standing Board of Members** consists of 8 members.

Mr. Vo Hung Tien	Chairman
Mr. Nguyen Minh Tri	Member
Mr. Le Minh Tai	Member
Mr. Ly Quoc Trung	Member
Mr. Nguyen Chi Dung	Member
Mr. Nguyen Van Kien	Member
Ms. Le Thi Thu Hien	Member
Mr. Nguyen Hoang Duc	Member

+ **Board of Directors**

The Board of Directors of the Company during the year and as of the date of this report includes:

Mr. Vo Hung Tien	General Director
Mr. Nguyen Minh Tri	Deputy General Director
Mr. Le Minh Tai	Deputy General Director
Mr. Nguyen Chi Dung	Deputy General Director
Mr. Ly Quoc Trung	Deputy General Director
Mr. Bui Van Kha	Deputy General Director
Mr. Nguyen Van Kien	Deputy General Director
Mr. Nguyen Hoang Duc	Deputy General Director
Mr. Nguyen Ngoc Thanh	Deputy General Director

+ **Branches**

**Branch of A&C Auditing and Consulting Co., Ltd. in Hanoi**

Address: 40 Giang Vo, Hanoi, Vietnam

Telephone: 04-37367879      Fax: 04-37367869      Email: kttv.hn@a-c.com.vn

**Branch of A&C Auditing and Consulting Co., Ltd. in Nha Trang – Khanh Hoa**

Address: 18 Tran Khanh Du, Nha Trang City, Khanh Hoa Province

Telephone: 058-3876555      Fax: 058-3875327      Email: kttv.nt@a-c.com.vn

**Branch of A&C Auditing and Consulting Co., Ltd. in Can Tho**

Address: 162c/4 Tran Ngoc Que, Ninh Kieu District, Can Tho City

Telephone: 0710-3764995      Fax: 0710-3764996      Email: kttv.ct@a-c.com.vn

+ **Legal representative:** Mr. VO HUNG TIEN

## 2. INTERNAL CONTROL SYSTEM

The Company has released and applied the following principles and regulations to ensure the service quality:

- **Responsibility for service quality:** The Board of Directors is responsible for the Company's internal control system. Each of the Board members has to commit with the quality of services they provided.
- **Compliance with ethical and professional standards and requirements:** All staff are required to adhere to the principles of independence, integrity, objectivity, confidentiality, general requirements and professional conduct.
- **HR policy:** HR is the key resource of any company so an effective HR management is essential to the Company. To have a qualified human resource, the Company has developed and applied the following procedures:

+ Recruitment.

+ Performance-based recognition and reward.

+ Salary and bonus.

- **Acceptance and Continuance of Client Relationship and Audit Engagement:** The Company is required to obtain information considered necessary in the circumstances before accepting an engagement with a new client. Information for consideration include:
  - + Whether the engagement team is competent to perform the audit engagement and has the necessary capabilities, including time and resources.
  - + Whether the Company and the engagement team can comply with relevant ethical requirements, typically, those may cause threats to independence and conflict of interest.
  - + Integrity of client.

The decision on continuance with an existing client is made annually. The Company shall not continue an engagement or provide services to the client in case of absence of information used as a basis for the engagement acceptance at the time of acceptance.

- **Assignment of Engagement Team:** The following factors will be taken into consideration during assignment of engagement team:
  - + Scope and complexity of the engagement.
  - + Requirements for schedule and personnel in each specific engagement.
  - + Assessment on team capacities, such as their practical experience, training, position, expertise and special skills.
  - + Supervision and participation of engagement reviewer.
  - + Ongoing and periodic personnel rotation and assignment of staff with different experience and expertise.
  - + On-job training opportunities.
- **Consultation:** The appropriate consultation will be firstly with members of the engagement team during the course of the engagement, and then, if it is accepted by the engagement partner, with the higher appropriate level within the firm. In case where in need of consultation outside the firm, the external consultant must be qualified and independent to client.
- **Engagement Quality Control and Review:** The engagement quality control can be achieved through review three levels, i.e. Team Leader, Audit Director/ Manager and Partner in charge of the engagement. In case of high risk engagement or public interest entities, review from an independent reviewer is required before the issuance of auditor's report.
- **Working Papers and Files:** Timely preparation and completion of all working papers and files are required within 60 days for maximum from the date of auditor's report issuance.

- **Monitoring Quality Control Policies and Procedures:** Internal quality review is conducted annually by a Review Team to identify any non-compliance and deficiencies and to provide the firm with assurance that its services in compliance with the law, professional standards and the internal regulations. This process also comprises an ongoing consideration of whether the firm's quality control policies and procedure are relevant, adequate and operating effectively or not.

### 3. **LIST OF CERTIFIED AUDITORS**

(see the attached list)

### 4. **NATURE, SCHEDULE AND EXTENT OF INTERNAL QUALITY CONTROL REVIEW ON ANNUAL BASIS**

- A FS Engagement Quality Board is set up, comprising a Senior Partner acted as the Chief of the Board and members who are Audit Director/ Manager holding Audit Practice Registration Certificate.
- Communication of quality control review plan, schedule, scope and purposes.
  - + Every year, Quality Control Review Plan is communicated to all departments and branches within the Company. The quality control review is conducted annually, normally falls at late September and early October.
  - + The scope of Financial Statements (FS) quality control review in 2014 is to review audit engagement documents with auditor's report issued in the period **from 01 October 2013 to 30 June 2014**.
  - + Purposes of FS quality control review are to assess appropriateness and compliance with the designed procedures and to identify any shortcomings in engagement performance procedures for quality improvements.
  - + Detailed scope of works are as follows:
    - Reviewing detailed information in the general and annual audit files based on the permanent file review form and scoring questionnaire released by VACPA.
    - Studying and reviewing contents of permanent files, legal records relevant to the audit evidences. Any deficiencies identified during review should be noted in the general remarks on permanent file.
    - Reviewing audit engagement agreement terms to see if the audit engagement is conducted in compliance with the engagement agreements.
    - Making inquiries to professional staff who are involved to obtain adequate information on the process of evidence obtainment and engagement performance. Any findings should be noted in the general remarks and discussed with Partner in charge.
    - Making general review on information obtained, consideration and evaluation on data processing and presentation in the engagement documentations to see if compliance with the current accounting and auditing standards is assured. Any incompliance identified should be noted in the general remarks on annual audit files. Special attentions are given to review on compliance with laws and professional standards, including engagement orders and procedures, audit evidences, review marks, etc. If possible within the resources, review should be also placed on financial and accounting transactions, Financial Statements, auditors who sign the report.
    - Discussing any findings that need to be noted with the highest management level of the entity under review. An official review report on general and annual audit files will be signed after obtaining agreement between the reviewers and the responsible managers.
- The lessons drawn from the review will be the basis for the Training Department to study and include into internal training program as appropriate.
- The review results are also the basis for the recognition and rewards at the year end to all involved in this internal quality control review.

## 5. LIST OF AUDITED PUBLIC ENTITIES

Those are public entities of which the FS were audited in the previous fiscal years, and the engagement is detailed in two statuses, completed and ongoing.  
(see the attached list)

## 6. NOTES TO THE INDEPENDENCE COMPLIANCE

- Engagement team members are responsible for compliance with the ethical requirements. If any engagement team members are alert of risks in ethical requirements, they should bring this to the attention of the engagement partner.
- In case of proceeding an engagement with a new client, any engagement team member who is identified to benefit from such client business, is required to inform engagement partner of their benefits.
- If any engagement team member receives a gift or benefit in any form or purchases products (or uses the services) from the clients with any form of a discount, this must be reported to engagement partner unless the value of such gifts, interests or goods is unremarkable.
- Any social relationship between engagement team members and clients should be reported to engagement partner. These relationships may be appropriate, but engagement partner should also pay attention to these cases to ensure these not a threat to independence.
- Engagement partner is responsible for:
  - + Taking appropriate actions to eliminate any threats to independences regarding the audit engagement that engagement team members may not be able to eliminate or reduce to an acceptable level.
  - + Deciding and applying safeguards, specific actions and procedures to control risks and inherent risks.
  - + Listening to and reviewing concerns on independence compliance of members brought by engagement team (or other partners and staff);
  - + Documenting procedures and solutions used for each independence-related case;
  - + Proposing and taking pre-planned measures to avoid and manage risks relevant to independence; and
  - + Scheduling meetings with engagement teams, if necessary.
- Engagement partner in charge shall act on the Company's behalf (after having consultation with other partners) to make final decision on any actions taken to eliminate independence risks, including:
  - + Taking appropriate actions against non-compliance;
  - + Withdraw from such audit engagement;
- All engagement team members (including engagement partners) will have to sign the declaration of independence before involving in the engagement.
- Engagement partner and senior auditor will be changed every three consecutive years involving in audit engagement.
- When independence risk is identified, engagement partner will be responsible to apply appropriate measures to reduce such risk to an acceptable level prior to conducting engagement. Risks and measures must be documented and filed.

## 7. NOTES TO TRAINING AND REFRESH COURSES TO CERTIFIED AUDITORS

The Company has its own training department to provide refresh courses on finance, accounting, auditing, taxation, etc. to its auditors. However, the Company had not registered to hold refresh courses for certified auditors in 2014 but auditors had to attend courses held by VACPA.

The total hours required for refresh training in 2014 to 52 auditors is 2.486 hours, averaging 47,8 hours/auditor (see the attached summary).

## 8. FINANCIAL INFORMATION

- **Gross revenues and other income: VND 116.357.294.467**, in which:
  - + Revenues from audit to public entities : VND 15.892.590.909
  - + Revenues from audit to other entities : VND 57.528.422.678
  - + Revenues from other services : VND 42.936.280.880
  
- **Expenses : VND 114.837.073.756**  
In which:
  - + Staff salary and bonus : VND 68.756.659.124
  - + Professional liability insurance : -
  - + Other expenses : VND 46.080.414.632
  
- **Profit after tax : VND 1.164.971.055**
  
- **Taxes obligations : VND 12.318.465.705**  
In which:
  - + Corporate income tax : VND 355.249.656
  - + Value added tax : VND 9.322.200.029
  - + Personal income tax : VND 2.629.734.101
  - + Other taxes : VND 11.281.919
  
- **Appropriation for professional liability:** The Company appropriates the professional liability at rate of 0,5% of audit revenue. Balance of this professional liability provision as of 30 September 2014 is VND 6.448.859.572.

## 9. BASES FOR BOARD OF DIRECTORS' INCOME PAYMENT

The income of the Board of Directors, including salary, bonus, teaching remuneration (if any), is directly paid by the Company.

*Ho Chi Minh City, 20 January 2015*  
**GENERAL DIRECTOR**

**VO HUNG TIEN**