



FBK

Grant Thornton

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Transparency Report

2019



Contents

Legal Background

Introduction

Network

Grant Thornton member audit firms

Governance

Structure & Ownership

Quality Control System

Quality Assurance Reviews

Audit Of Public-interest Companies

Partners' Remuneration

Rotation of Key Audit Partners

Financial Information

Legal Background

We have prepared this transparency report to ensure our compliance with the transparency reporting requirements set forth by the FRC in accordance with Article 13 of Regulation No 537/2014 of the European Parliament and of the Council (the EU Audit Regulation) which requires the publication of an annual transparency report by audit firms that carry out statutory audits of public interest entities.

Introduction



FBK is one of the oldest audit and advisory firms in Russia.



FBK has been a member of the Moscow Chamber of Commerce and Industry since 2018.



FBK has been a participant of the UN Global Compact Local Network in Russia since 2018.



FBK is registered as a third country auditor with the Financial Reporting Council (UK). FBK is also registered with the Public Company Accounting Oversight Board (US).

Network

FBK became a member firm of Grant Thornton International Limited (GTIL) in 2014 (from 1995 to 2014 FBK was a member firm of PKF international). GTIL is a private company limited by guarantee, incorporated in England and Wales. It is a non-practising international umbrella entity that does not provide services to clients.

GTIL has 143 member firms with combined global revenues of US\$5.72 billion in 2019, a 5.1% increase from 2018. Each member firm is a separate legal entity. Membership of the global network does not make any firm responsible for the services or activities of other member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts and omissions. Member firms carry the Grant Thornton name, either exclusively or as part of their national practice names.

The total turnover from audit firms that are members of the GTIL networks in European Union (EU) or European Economic Area (EEA) member states from the statutory audit of annual and consolidated financial statements is approximately US\$599 million.

Grant Thornton member audit firms

European Union (EU) / European Economic Area (EEA) member states

Country	Member firm
Austria	Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft Grant Thornton Austria GmbH
Belgium	Grant Thornton Bedrijfsrevisoren CVBA
Bulgaria	Grant Thornton OOD
Croatia	Grant Thornton revizija d.o.o.
Cyprus	Grant Thornton (Cyprus) Ltd
Czech Republic	Grant Thornton Audit s.r.o.
Denmark	Grant Thornton Statsautoriseret Revisionspartnerselskab
Finland	Revico Grant Thornton Oy Idman Vilen Grant Thornton Oy Advico Finland Oy
France	Grant Thornton AEG Finances IGEC Tuillet Audit Cabinet Didier Kling & Associates Carib Audit & Conseil
Germany	Warth & Klein Grant Thornton AG Warth & Klein Grant Thornton GmbH & Co. KG Trinavis GmbH & Co. KG Wirtschaftsprüfungsgesellschaft WPG Wohnungswirtschaftliche Prüfungs- und Treuhand GmbH
Gibraltar	Grant Thornton (Gibraltar) Ltd
Greece	Grant Thornton SA
Hungary	IB Grant Thornton Audit Kft.
Iceland	Grant Thornton endurskoðun ehf
Ireland	Grant Thornton Grant Thornton (NI) LLP
Italy	Ria Grant Thornton S.p.A.
Latvia	Grant Thornton Baltic SIA
Lichtenstein	ReviTrust Grant Thornton AG, Schaan
Lithuania	Grant Thornton Baltic UAB Grant Thornton Baltic UAB Kauno filialas Grant Thornton Baltic UAB Klaipėdos filialas
Luxembourg	Compliance & Control S.A. Grant Thornton Audit & Assurance Team Audit S.A.
Malta	Grant Thornton Malta

Grant Thornton member audit firms

European Union (EU) / European Economic Area (EEA) member states

Country	Member firm
Netherlands	Grant Thornton Accountants en Adviseurs BV
Norway	Grant Thornton Revisjon AS
Poland	Grant Thornton Frąckowiak Sp. z o.o sp.k. Grant Thornton Polska Sp. z o.o. Sp.k
Portugal	Grant Thornton & Associados, SROC,Lda
Romania	Grant Thornton Audit SRL
Slovak Republic	Grant Thornton Audit, s.r.o.
Slovenia	Grant Thomton Audit d.o.o.
Spain	Grant Thornton, S.L.P. Grant Thornton Andalucia, S.L.P. Cruces Y Asociados Auditores, S.L.P.
Sweden	Grant Thornton Sweden AB
United Kingdom	Grant Thornton UK LLP

Governance

The firm's principal leadership and governance bodies are:

- [General Meeting](#)
- [Board of Directors \(Partners\)](#)
- [Chief Executive Officer](#)

The General Meeting is the highest governance body. The General Meeting determines key business lines and makes decisions on principal issues like membership in associations, networks, etc., approval of annual reports and financial statements, appointment of the firm's auditor, reorganization and liquidation, appointment of the board of directors, etc.

The Board of Directors (Partners) is responsible for the general management of FBK in between general meetings. The Board of Directors (Partners) appoints the executive body (CEO), pre-approves annual reports and financial statements and makes decisions on other issues, which fall outside the remit of the General Meeting.

The Chief Executive Officer manages day-to-day operations of FBK, acts on behalf of FBK, signs documents on behalf of FBK, issues orders to FBK's employees, and performs other actions necessary for FBK's day-to-day operations.

Members of the Board of Directors (Partners) as of 31 December 2019:

- [Sergey Shapiguzov](#)
- [Elena Proskurnya](#)
- [Irina Sukhova](#)
- [Alexey Terekhov](#)
- [Askold Birin](#)

Sergey Shapiguzov is FBK's CEO.

Structure & Ownership

FBK is a limited liability company incorporated in Russia with the head office in Moscow.



FBK has two branch offices:

- FBK Nizhny Novgorod
- FBK Saint Petersburg

One legal entity and two individuals have the following membership interests in FBK:



- Sergey Shapiguzov (44.65 %)
- Elena Proskurnya (6.35 %)
- LLC “FBK GT” (47.046 %)

The membership interest of 1.954 % is owned by FBK.

Quality Control System

FBK's quality control system provides reasonable assurance that:

- ✓ FBK and its personnel comply with professional standards, as well as applicable legal and regulatory requirements; and
- ✓ Reports issued by FBK or engagement partners are appropriate in the circumstances.

The quality control system consists of policies designed to achieve the above objective and the procedures necessary to implement and monitor compliance with those policies.

FBK pays special attention to methodological activities and ensures proper internal quality control of services rendered.

FBK's specialists regularly update internal methodological documents and regulations, analyse changes in legislation, and prepare summaries of new requirements, comments and tables so that the firm's experts have a clear understanding of the changes made by the legislator.

Our comprehensive database, as well as internal regulations, allow us to work better and faster, use guidelines developed by the firm more effectively, avoid conflicting consultations, and store and systematize information.

Quality Control System

Grant Thornton Global Assessment and Review

A commitment to high quality service is a core part of Grant Thornton's DNA, embedded in the global values. GTIL establishes and enforces policies and procedures to ensure that all members of the firm adhere to the highest standards of quality.

Quality Assurance Reviews

The latest quality assurance review of FBK’s work took place in 2019. It was conducted by Self-regulatory organization of auditors Association “Sodruzhestvo” from 21 August 2019 to 26 September 2019.

Review findings: no findings.

Audit of Public-interest Companies

FBK has performed an audit of one public-interest company by the implication of EU legislation – PJSC “GAZPROM”. Securities of PJSC “GAZPROM” are admitted to trading on a regulated market of London.

The total revenue from the audit of PJSC “GAZPROM” and its affiliates in 2019 exceeded 15 % of FBK’s total revenue for 2019.



Partners’ Remuneration

Partners’ remuneration is regulated by labor contracts with particular partner and FBK’s remuneration policies.

FBK’s remuneration policies are based on the following determinations:

- Compliance with the legislation of the Russian Federation;
- Compliance with the firm’s values and standards;
- Positive results of quality control procedures;
- Achieving FBK’s short-term and long-term goals.

Rotation of Key Audit Partners

FBK has adopted and used general principles of rotation of key audit partners provided by the Independence Rules for Auditors and Audit Organisations approved by the Audit Council under the Ministry of Finance of the Russian Federation. These principles correspond with Section 540, Long Association of Personnel (Including Partner Rotation) with an Audit Client of the IESBA Code (International Code of Ethics for Professional Accountants (including International Independence Standards)).

Particularly, in respect of an audit of a public interest entity, an individual shall not act in any of the following roles, or a combination of such roles, for a period of more than seven cumulative years (the “time-on” period):

- The engagement partner;
- The individual appointed as responsible for the engagement quality control review; or
- Any other key audit partner role.

After the time-on period, the individual shall serve a “cooling-off” period.

Financial Information

12 months ended 31 December 2019

(thousand roubles)

Total revenue (without VAT or other distributions), including	1,288,775.2
Audit	890,783.2
Audit-related services	19,856.7
Non-audit work	378,135.3
Non-audit work for audit clients	73,124.1
Non-audit work for non-audit clients	305,011.2

Statements

We hereby confirm that:

- FBK, LLC has developed and currently uses effective quality control systems;
- FBK, LLC has developed and currently uses effective practices to ensure compliance with independence rules. FBK, LLC complies with the Independence Rules for Auditors and Audit Organisations approved by the Audit Council under the Ministry of Finance of the Russian Federation, which is confirmed by the conducted quality control reviews; and
- FBK's auditors receive continuing professional development regularly at least once a year.

On behalf of FBK

President

Sergey Shapiguzov

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