

**Updated 13 September 2019**

## **TRANSPARANCY REPORT ACCORDING TO THE FAROESE AUDITING ACT CONSERNING 2017/2018**

Article 25 in the Faroese Auditing Act requires auditing firms, which render auditing services to entities of particular public interest to publish a Transparency Report.

### **1. Legal organisation and ownership**

P/F Januar is a public company with limited liability. Auditors, which hold authorisations according to the Faroese Auditing Act, or companies 100% owned by such persons, hold 66,1% of the shares in P/F Januar with equal share interest. The remaining 33.9% of the shares are owned by registered accountants or key personnel, with special skills or educations relevant to the company. For shareholders employment by the company is mandatory.

### **2. Legal organisation and ownership**

P/F Januar is governed by a two-tier management system. This means that the company is governed by the Board of Directors and Managing Director

Managing Director:

- Jógvan Amonsson, State Authorised Public Accountant

The Managing Director is responsible for the daily management of the company, as well as providing assurance services to clients.

The Board of Directors consists of:

- Heini Thomsen, chairman, State Authorised Public Accountant
- Fróði Sivertsen, State Authorised Public Accountant
- Hans Laksá, State Authorised Public Accountant
- Jóhan Martin Jacobsen, IT-auditor, CISA, CRISC
- Jógvan Joensen, M.SC.

According to the Articles of Association, the chairman's vote has double weight in case voting in the Board of directors is undecided.

The shareholders exercise their voting rights at the annual general meeting, in which primarily electing Directors and independent auditor, adopting annual accounts and occasion amending of articles of association takes place. The shareholders have entered into a shareholders agreement, where the internal rights and duties between the shareholders are agreed.

HOYVÍKSVEGUR 5  
P.O. BOX 30  
FO-110 TÓRSHAVN  
FAROE ISLANDS

TEL. +298 35 17 00  
FAX +298 35 17 01

JANUAR@JANUAR.FO  
WWW.JANUAR.FO

### **3. Network information and legal and organisational agreements with the network**

P/F Januar is a member of RevisorGruppen Danmark, which is a network of state authorised public accountants firms in Denmark, Greenland and the Faroe Islands. RevisorGruppen Danmark is consisting of 24 member firms and is employing about 1,600 accountants in total at 69 different offices. RevisorGruppen Danmark is organised in the legal form of a common purchasing entity.

This organisation form means that each separate member of RevisorGruppen Danmark is an individual legal entity, who is not responsible for the work of other member firms or legally liable for each other's liabilities. The RevisorGruppen Danmark central office is employing 13 people, apart from special entities, assigned with IT auditing, tax advisory etc.

RevisorGruppen Danmark takes care of issues, which practically can be solved in common. These are amongst others

- Internal quality control, in which the RevisorGruppen Danmark office performs annual ex-post quality control of the work of each state authorized public accountant.
- Takes care of education at all levels of competence in the member firms.
- Development and maintenance of systems and tools for the use on assurance tasks and consultancy and other services in the member firms
- Maintenance of standards for annual reports and other materials
- Information for the use of member firms and clients

RevisorGruppen Danmark is governed by a board of Directors and a CEO. The Board of Directors are elected at the AGM, at which each member firm has one vote.

### **4. Basis for partner remuneration**

P/F Januar has eight partners, the majority of which are members of one of the governing bodies. The partners are remunerated partly based on their working efforts and partly based on the shareholding in P/F Januar. The remuneration consists of net revenues after deduction of all expenses, including salaries paid to staff. The level of remuneration distribution is decided at the AGM.

### **5. The quality control system, including policies on independence and continuous education**

P/F Januar is, along with all other auditing firms, obligated to comply with auditing legislation, ethical framework and International Standards on Auditing. The Board of Executives are responsible for developing and maintaining quality control systems as well as making sure that the quality control system is adhered to at all times. The individual partner is responsible for employing the quality control system, and all employees are responsible for passing on relevant information in case weaknesses in the quality control are discovered.

The total quality control system is reviewed and re-evaluated annually in cooperation with RevisorGruppen Danmark.

Quality Control is exercised throughout the assurance process by instruction and control from planning to conclusion, the partners and experienced auditors oversee that the job at hand is done according to regulations and standards.

Each year, a certain number of jobs are reviewed to ensure that the quality control system is employed and that the assurance report given is appropriate in the circumstances. Every three years, the Authorities perform a similar quality control.

On all assurance services rendered to entities of significant public interest or jobs including particular auditing risk, the case file is reviewed by a second partner to ensure, that all material conclusions are based on sufficient audit evidence.

P/F Januar requires documentation on compliance to legal, ethical and internal requirements on independence on each individual job. This documentation is reviewed as part of ex-post quality control. In addition to documentation on independence on individual jobs, all employees annually sign-off to the fact that they know the contents of, and comply with regulations on independence.

P/F Januar is paying due attention to the requirement that partners in charge of assurance jobs for public interest entities are rotated every 7 years. Additionally, through the RevisorGruppen Danmark database on public interest entities, we make sure that the independence requirements are adhered to by all members of the RGD network.

All employees in P/F Januar participate in educational courses on a regular basis. For accountants holding State Authorisation or Public Registration the mandatory 120 hours of on-service education on a 3 year basis are complied with. In addition, IT- auditors and auditors assigned to auditing banks and insurance companies require 60 additional on-service educational hours covering these subjects.

## **6. Frequency on Quality Control Reviews**

P/F Januar has been subject to mandatory quality control in September 2016, performed by supervisors from the Danish Supervisory Body, as subcontractors to the Faroese Supervisory Board. The quality control process was concluded 17 march 2017, at which the supervisors issued a quality control report without any comments or remarks.

Annual network based Quality Control was performed by RevisorGruppen Danmark in November 2018.

## **7. Declaration from responsible Board of Executives and Directors**

The Board of Executives and Directors believe, that the quality control system is effective, and that policies on independence are adhered to.

Systems and internal control reduce the risk of errors, but cannot totally exclude that risk. The Quality Control performed by neither the Public Auditing Authorities, nor the network based quality control procedure have discovered any material weaknesses in that respect.

**8. Financial information presenting the size of the firm, including total revenues, segmented into remuneration for financial assurance, remuneration for other assurance services, tax advisory and other services rendered**

<b>Auditing Annual Reports and other Assurance Services</b>	<b>73%</b>
<b>Tax advisory</b>	<b>18%</b>
<b>Other services</b>	<b>9%</b>
<b>Total</b>	<b>100%</b>

**9. List of entities with particular public interest, for which P/F Januar has rendered assurance services during last financial year**

Publicly Listed Companies:

- Atlantic Petroleum P/F
- Bakkafröst P/F
- BankNordik P/F

Companies controlled by the Financial Sector Supervisory Authority or The Insurance Sector Supervisory Authority

- P/F Føroya Lívstrygging
- P/F Tryggingarfelagið Lív
- P/F Lív lívs- og pensjónstryggingarfelag
- P/F Trygd
- P/F Betri
- P/F Betri Banki
- P/F Betri Trygging
- P/F Betri Pensjón
- P/F Norðoya Sparikassi
- Eftirlønargrunnur Føroya Arbeiðarafelags
- P/F NordikLív

Tórshavn 13 September 2019

Managing Director



Jógvan Amonsson

State authorised public accountant

Board of Directors



Heini Thomsen

State authorised public accountant



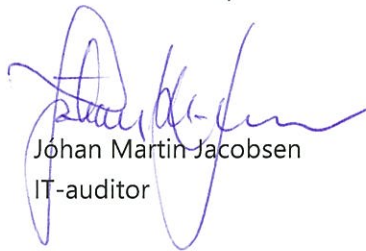
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