

SECRETARY-GENERAL'S ACTIVITY REPORT

Eric Mercanton-Malikov

Dear colleagues and friends,

This report covers our group's activities on a functional level for the year 2015-2016, since our last convention in Miami.

The Board of Directors has met 7 times:

- Friday 12 December 2015,
- Friday 5 February 2016,
- Friday 18 March 2016,
- Friday 22 April 2016,
- Thursday 16 June 2016
- Friday 9 September 2016,
- Monday 24 October 2016.

1 / INTERNAL ORGANIZATION

Our association has no employees and therefore for it to function it must rely on its Officers and their employees.

Following the end of Yves Marguerat's second mandate and the retirement of Gildas Jehanno and Didier Vrignaud, the Office has been totally renewed and the new team has had to gain experience. It is made up as follows:

- Chairman: Klaus Kuchenbuch. With Jérôme Moyemont-Singer they provide telephone reception and liaison with members. The Chairman relies on the valuable collaboration of Yves Marguerat for keeping the website up to date.

- Secretary-General: Eric Mercanton-Malikov and his assistant Jérôme Moyemont-Singer are in charge of preparing Board Meetings, and the organization and logistics of the Group's large events.
- Treasurer: Jean-Pierre Cailler and his assistant Isabelle Julio keep track of funds, invoicing and drawing up the balance sheet.

These partially defrayed tasks are time consuming, particularly during the preparation of the highlights of the year, the Paris meeting, the convention and regional meetings.

We thank them for all the work they do for our group.

2 / HOW OUR ASSOCIATION FUNCTIONS

2.1 Resources:

Our association's resources are based on two pillars:

- **Contributions to cover our association's operating and development costs.**
The Board of Directors' meeting of 5 February 2016 renewed the annual fee for the same amount, i.e. 2 ‰ of annual net sales with a minimum of 2,600 euros and a maximum of 26,000 euros.
To account for differences in wealth between countries, tiers were maintained:
 - A first tier of 10,000 USD: reduction by $\frac{3}{4}$
 - A second tier of 15,000 USD: reduction by $\frac{1}{2}$
 - A third level of 20,000 USD: reduction by $\frac{1}{4}$

And, to minimize the foreign exchange effect, the USD is retained as the currency for measuring GDP which itself results from an average calculation over the last three years.

Our contribution schedule has been unchanged for many years and demonstrates our group's ability to control its costs because of the work done by members.

However, it would be desirable if everyone was committed to rapidly fulfilling their obligations to the group. This would avoid a lot of unnecessary follow-up work when time could be better spent on other more important tasks.

- **The time given by members of the Board of Directors and the committee members.**
This time is not valued in figures and therefore does not appear in our treasurer's financial report, but it is very important and must remain the lifeblood of our organization. The dynamism of our group depends on the involvement not only of the Directors but all our members.

2.2 Material resources:

The effects of our group moving to 24 rue de Londres on 1st April 2015 are not yet fully ascertainable in the financial report. Our group is a subtenant of COCERTO, the principal lessee, who partitioned the office at its own expense.

We have an office and a right to use the meeting room. The annual rent is €16,366 excl. VAT plus service charges (condominium fees, electricity, waste, etc.)

These premises are available for your offices' requirements and to receive your customers if necessary.

We nevertheless ask you to book in advance with Jerome Moyemont-Singer by email at secretariat@euraaudit.org.

However, the meeting room's capacity is not sufficient to accommodate Board meetings. This is why we have held our meetings in a room rented by Regus, which is in the building next to our offices. Only the June meeting took place elsewhere in Paris for logistical reasons.

We thank the COCERTO group for their excellent cooperation which allows us to have offices suited to our needs.

3 / INTERNAL REGULATIONS

To match the development of our group, the Board of Directors regularly reviews the internal regulations. No changes were recorded this year, but several projects are underway and will be brought to your attention after the Board's approval.

We remind that you can use the wording "independent member of EuraAudit International" and the logo for your communications if the EuraAudit name is not part of the name of your organization.

If in doubt, please consult the regulations directly on the website or ask the Secretary General.

The aim of the regulations is to give our group the most practical method of operation.

4 / ANNUAL MEETINGS

4.1 Annual meeting in Paris

The annual meeting took place in June with twenty-eight members and potential members present. The morning was devoted to:

"European competition policy: who does what?"

This workshop was enthusiastically led by Emmanuel Combe.

This year, in order to give preference to exchanges between members we have not organized a workshop in the afternoon, thus freeing time for us to communicate with each other.

To celebrate our thirtieth anniversary, we wanted to invite our Group's former Directors to the traditional dinner which was organized at the Wine Museum in Paris. This evening allowed us to make a connection between the past and the future of our association.

4.2 Meeting between members from the Americas

This meeting took place between 28 and 31 January 2016, in Montevideo, Uruguay, in the presence of our Chairman, Klaus Kuchenbuch, two Directors Leopoldo Rios Jr. (responsible for the Americas) and Adriano Cancelari and several European members.

Under the chairmanship of Leopoldo Rios Jr. the meeting involved 20 participants representing 12 organizations in the Americas, and discussed the following topics:

- The opportunities of "doing business" in Uruguay
- Taxes in the Americas
- The transfer pricing issue

The meeting took place in a very warm and friendly atmosphere. The next meeting for this region is planned from 21 to 24 January 2017 in Lima, Peru.

4.3 Meeting between members from Eastern European.

The second meeting of members of the Eastern European region was jointly organized in Bucharest, Romania, by our members Luisa Dragoman and Marius Rimboaca, between 26 and 29 May 2016.

In addition to our Chairman Klaus Kuchenbuch, Interlegal President Adam BOOC and regional manager Eric Mercanton-Malikov, 21 colleagues from 12 countries were present.

Following the appointment of Eric Mercanton-Malikov as Secretary-General, during the meeting it was decided to appoint two regional coordinators in order to relieve him of his regional manager position. Luisa Dragoman and Irina Yanukovich were appointed. The geographical distribution for these two people appears on the "Members" section of the website.

Furthermore, a working group whose mission is to develop audit documents was created during this session. It will bring together 10 members from Eastern Europe under the responsibility of Turan FIKIRLI.

Other topics discussed were:

- Forming an opinion and reporting on financial statements
- Why do business in Romania?
- Computer skills for accounting and auditing
- Integrated reporting
- Mediation

The meeting also allowed several members to get together and realize the opportunities they have to work together in the future despite a somewhat heavy historical past.

This experience will be repeated on 28 April 2017 in Sarajevo, Bosnia and Herzegovina. All members will be welcome, wherever they come from.

4.4 Annual Convention

As you may have noticed, Emili Coll and his team have introduced new computer tools to better inform you of the convention and facilitate your participation in it. As a coordinator between the local organizers and the Board of Directors, I regret that this instrument has not been better used by members of our association.

In addition, non-compliance with deadlines and the absence of information or mistakes in it is losing us valuable time.

This information is useful to us for efficient communication with hotels, restaurants, and all service providers involved in the success of our conference.

Year after year, the number of people at the convention grows, with a greater workload necessarily growing with it. You will understand that we need you to send us all the information that we ask for, and that it be correct and done quickly, so that you help us better organize our upcoming events.

5 / CHANGES WITHIN THE BOARD OF DIRECTORS

Certain directors have decided to end their directorship. These are:

- Gerard Price, UK
- Joseph Ouedraogo, Burkina Faso, who worked as vice chairman for many years
- Barrie Price, UK, who also worked as vice chairman for many years

We thank them for their investment throughout their mandates during which they worked for the good of our group especially at conferences that they organized in Ouagadougou, Burkina Faso, and Ripon, UK.

6 / RENEWAL OF DIRECTORS

The mandates of four directors expire during this meeting. These are:

- Mr. Klaus Kuchenbuch, Germany
- Yves Marguerat, Switzerland
- Mr. Leopoldo Rios Jr., United States
- Mr. Audace Sekarimunda, Burundi

These directors present themselves again for your vote.

Is also subject to the approval of your vote to renew Alain Vez to the post of censor.

The Board of Directors will be made up of 15 members (if you agree these appointments):

- Klaus Kuchenbuch	(Germany)	- Emili Coll	(Spain)
- Helmut Porn	(Germany)	- Leopoldo Rios Jr.	(USA)
- Jean-Marie Cadren	(France)	- Audace Sekarimunda	(Burundi)
- Jean-Pierre Cailler	(France)	- Adriano Cancellari	(Italy)
- Claude Carduner	(France)	- John Graham	(Netherlands)
- Jean-Marc Rousseau	(France)	- Yves Marguerat	(Switzerland)
- Olivier Smague	(France)	- Eric Mercanton-Malikov	(Switzerland)
- George Papadopoulos	(Cyprus)		

Before we vote, the activities of the Committees, representing the life of the group, will be presented to us by their chairmen.

◆ The Commission for Approval	chaired by Jean Marie Cadren,
◆ The Commission for Development	chaired by Klaus Kuchenbuch,
◆ The Commission for IAS/IFRS	chaired by Jean Marc Rousseau,
◆ The Commission for Standards on Auditing	chaired by Olivier Smague
◆ The Commission for Taxes in Europe	chaired by Claude Carduner,
◆ The Commission for Taxes in the Americas	chaired by Fernando Agliano, and currently represented by Leopoldo Rios Jr.

Because of the quality and quantity of their work, they do not hesitate to spend a lot of their time, energy and even money so that our group thrives. I would like to thank them and all participating members on your behalf. All people of goodwill are welcome to work on these committees, places of exchange and mutual development.

Thank you all. Your presence is a great reward for the efforts provided throughout the year by the Board of Directors and by the hosts of this conference.