CYPRUS PUBLIC AUDIT OVERSIGHT BOARD

CyPAOB

Κυπριακή Δημοκρατία
Republic of Cyprus

ANNUAL REPORT 2025

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Vision

The vision of CyPAOB is to operate continuously as a credible Supervisory Authority at local, European and international level, acting with effectiveness, transparency, integrity and impartiality, contributing, within the framework of its statutory responsibilities, to the stability of the financial markets and the economy at large, while simultaneously enhancing the prestige of, and public confidence in, the audit profession.



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Mission

A. The Cyprus Public Audit Oversight Board (the "CyPAOB") exercises public oversight over all statutory auditors and all statutory audit firms that have obtained a professional license authorising them to conduct the statutory audit of the financial statements of any legal entity in the Republic that is required to present audited financial statements. In more detail, CyPAOB is responsible for the supervision of:

1. the approval and registration of statutory auditors and statutory audit firms in the Public Register of statutory auditors and statutory audit firms maintained pursuant to the relevant legislation,
2. the adoption, by statutory auditors and statutory audit firms, of standards relating to professional ethics, internal quality control of statutory audit firms, statutory audits and the assurance of Sustainability Reporting, unless such standards have been adopted or approved by authorities of another member state,
3. the continuing education of statutory auditors and statutory audit firms,
4. the quality control systems of statutory auditors and statutory audit firms, and
5. the disciplinary investigation procedures and the referral of statutory auditors and statutory audit firms to disciplinary proceedings before the Disciplinary Committee or any other competent body and in general the operation of the disciplinary system.

CyPAOB has delegated part of its responsibilities to the Institute of Certified Public Accountants of Cyprus ("ICPAC"), as the Recognised Body of Auditors in Cyprus, as detailed in Part 3, paragraph 1.2.1. CyPAOB retains the responsibilities relating to the supervision and disciplinary procedures of statutory auditors and statutory audit firms that audit Public Interest Entities ("PIEs").

CyPAOB conducts audits of PIEs as defined by the Auditors Law of 2017, namely:

- entities governed by the law of the Republic whose transferable securities are admitted to trading in a regulated market or an organised market of any member state, within the meaning assigned to that term by Article 2 of the Investment Services and Activities and Regulated Markets Law,
- licensed credit institutions as defined in Article 2 of the Credit Institutions Business Law,
- insurance and reinsurance undertakings within the meaning of Article 2 of the Insurance and Reinsurance Business and Other Related Issues Law, or
- any other entity designated by the Council of Ministers, following a recommendation by CyPAOB, which is of significant public interest in nature.

B. Through the comprehensive supervision and inspection program it implements, CyPAOB ensures that statutory auditors and statutory audit firms comply with and correctly apply the provisions of the Auditors Law of 2017 (Law 53(I)/2017), which entered into force on 2 June 2017, as well as Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audits of public interest entities, which entered into force on 17 June 2016.

C. Within the scope of its responsibilities, CyPAOB cooperates with competent supervisory authorities of other countries at both European and international level. It actively participates in the work of the Committee of European Auditing Oversight Bodies (CEAOB) and the International Forum of Independent Audit Regulators (IFIAR).

D. CyPAOB cooperates with competent authorities, such as the Central Bank of Cyprus, the Cyprus Securities and Exchange Commission, the Superintendent of Insurance, the Tax Commissioner, the Cyprus Stock Exchange and the Institute of Certified Public Accountants of Cyprus ("ICPAC"), on the basis of relevant memoranda of understanding and cooperation agreements, for the effective exercise of their responsibilities through the exchange of information useful to their work, thereby contributing to the smooth functioning of the wider financial sector of Cyprus.

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1. In 2025, CyPAOB conducted quality control inspections and audit file inspections of statutory auditors and statutory audit firms that carry out statutory audits of PIEs. Relevant statistical data are presented in Part 4 of this report.

2. In 2025, CyPAOB also conducted on-site quality inspections of audit files for the financial statements of non-Public Interest Entities (non-PIEs), with the aim of ensuring high audit quality across the full range of audit activity. Relevant statistical data are presented in Part 4 of this report.

3. In 2025, the Board of Directors of CyPAOB held twenty-one (21) meetings, at which all inspection reports addressed to statutory auditors and statutory audit firms were presented and approved. In addition, the Board of Directors assessed a number of complaints that had been received, as well as other information that came to its attention, and took the appropriate measures.

4. In 2025, two (2) technical circulars were issued to all statutory auditors and statutory audit firms, providing guidance on (a) the transparency report pursuant to Article 13 of Regulation (EU) No 537/2014 and (b) the obligations relating to continuing professional development.

5. In 2025, the Board of Directors of CyPAOB approved the development of a software application for the licensing of statutory auditors, for the granting of a professional license as a statutory auditor to carry out assurance of sustainability reporting.

6. On 26 March 2025, Mr Nicos Yiapanas was appointed Chairman of the Disciplinary Committee of CyPAOB, and was reappointed to this position on 26 July 2025, upon the expiry of the four-year term of office of the Disciplinary Committee.

7. In May 2025, meetings of the Deloitte College were held in Cyprus between the members of the College and representatives of Deloitte Global, Deloitte NSE, Deloitte DCE and Deloitte Spain.

8. In June 2025, following a tender procedure, CyPAOB proceeded to procure the services of one (1) Audit Quality Reviewer.

9. In June 2025, the Disciplinary Committee imposed sanctions on a statutory auditor and a statutory audit firm for infringements relating to the statutory audit of the consolidated financial statements of a Public Interest Entity.

10. In August 2025, CyPAOB announced the opening of applications for the granting of a professional license as a statutory auditor to carry out assurance of sustainability reporting.

11. In December 2025, a Statement of Protocol ("SOP") and a supplementary Agreement on the Transfer of Certain Personal Data were signed with the corresponding supervisory authority of the United States, the Public Company Accounting Oversight Board ("PCAOB").

12. In December 2025, the Board of Directors decided, on the basis of Article 19(2) of the Auditors Law of 2017, Law 53(I)/2017 (the "Law"), that the supervision fee for 2026 would be determined on the basis of the projected expenses of CyPAOB for the year concerned and would be calculated as a percentage of the audit fees from the statutory audits of Public Interest Entities ("PIEs") of the audit firms for the financial year 2025, plus a fixed fee per statutory auditor registered in the Public Register as at 31 December 2025.

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Part 1 | Message from the Chairman of the Board of Directors and Review of the work of CyPAOB by the Director General

Message from the Chairman of the Board of Directors



2025 was yet another important year for CyPAOB, during which the implementation of CyPAOB's strategic plan continued, with the aim of enhancing the effectiveness of its supervisory work and further raising the quality of the audit profession in the Republic of Cyprus.

Throughout the year, CyPAOB continued to invest in strengthening its operational and technical capacity, in the effective exercise of its supervisory responsibilities, and in developing cooperation with other supervisory authorities in Cyprus, Europe and internationally. This cooperation contributes to the exchange of knowledge and experience and to the adoption of best practices in the field of oversight of the audit profession.

Since assuming its duties in June 2023, the Board of Directors has remained committed to implementing CyPAOB's five-year strategic plan, with an emphasis on strengthening the inspection system, continuously improving the disciplinary framework, effectively exercising the new supervisory responsibilities of CyPAOB, and strengthening its international presence through active participation in European and international organisations, such as the Committee of European Auditing Oversight Bodies (CEAOB) and the International Forum of Independent Audit Regulators (IFIAR).

An important step in strengthening international cooperation in 2025 was the signing of the Statement of Protocol and the supplementary Agreement on the Transfer of Certain Personal Data with the corresponding supervisory authority of the United States, the PCAOB. This development confirms the commitment of CyPAOB to maintaining high supervisory standards, strengthening cooperation with international bodies and protecting the rights of data subjects.

Fully aware of my responsibilities as Chairman of the Board of Directors of CyPAOB, I pledge to continue, together with the Vice-Chairman, the Members of the Board of Directors and the Director General, to work with consistency, transparency and dedication for the further advancement of the audit profession. Our objective remains to safeguard the quality, reliability and independence of auditing, while also helping to strengthen Cyprus' position as a modern and reliable international business centre.

Andreas Zachariades
Chairman of the Cyprus Public Audit Oversight Board

December 2026

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Review of the work of CyPAOB by the Director General



The Annual Report 2025 reflects a year of significant developments and challenges for CyPAOB, but also a year in which its role as the institutional guardian of audit quality and of confidence in the audit profession was further strengthened.

During 2025, we consistently continued our efforts to enhance the effectiveness of our supervision, focusing on audit quality, independence, integrity and transparency. Inspections, the strengthening of oversight and the continuous updating of our regulatory framework are key tools for achieving this goal.

At the same time, 2025 was a particularly important year for European oversight, with Cyprus playing an active and substantive role through the Chairmanship of the CEAOB. Meanwhile, the audit profession is undergoing a period of rapid transformation. Artificial intelligence and new technologies create significant opportunities, but also new risks, making it necessary for both auditors and supervisory authorities to adapt. Technological development must serve audit quality, without replacing the professional judgement, independence and responsibility of the auditor.

The expansion of the scope of assurance through sustainability reporting is also of particular importance. This new reality creates additional requirements in terms of knowledge, procedures and oversight, and constitutes yet another significant challenge for CyPAOB, to which we are called to respond in a timely and effective manner.

In an environment of constant change, CyPAOB remains committed to the values of effectiveness, consistency, transparency, reliability, integrity and impartiality. At the same time, we continue our efforts to further strengthen and modernise our institutional framework, with the aim of achieving oversight that is modern, functional and aligned with the best European practices.

Fully aware of the responsibility I bear as Director General of CyPAOB, I will continue to work with dedication and a sense of responsibility so that CyPAOB responds consistently to contemporary challenges, enhances the quality of audit work and contributes to maintaining confidence in the markets and in the audit profession. I would like to thank the Board of Directors and the staff of CyPAOB warmly for their continuous effort, professionalism and dedication to the work of CyPAOB.

Panos Prodromides

Director General of the Cyprus Public Audit Oversight Board

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Part 2 | Institutional Framework

1. Legislation

The Auditors Law of 2017 is the legislation under which CyPAOB has exercised its responsibilities since 2 June 2017, and under which CyPAOB was designated as the Competent Authority for the purposes of the Law. Specifically, Article 4 established the legal entity governed by public law under the name "Cyprus Public Audit Oversight Board" to exercise the powers, duties and responsibilities arising from the provisions of that Law through its two bodies, namely the Board of Directors (the "Board") and the Disciplinary Committee. In addition, European Regulation (EU) No 537/2014 of 16 April 2014 lays down specific requirements regarding the statutory audit of public-interest entities and the oversight thereof, which is carried out by CyPAOB.

In the context of aligning the Auditors Law of 2017, Law 53(I)/2017, with European Directive 2022/2464 on corporate sustainability reporting, the necessary amendments have been made and the Auditors (Amendment) Law of 2025 (the "Law") was put into effect on 29 July 2025.

Furthermore, at the time of preparing the Annual Report for 2025, CyPAOB has completed the consultation on the revision of the existing legislation and the relevant Directives regarding the disciplinary procedure and licensing. It has also forwarded to the competent bodies the proposed amendments to the Auditors Law and the relevant Regulations, with the aim of modernising the relevant procedures and improving their flexibility and effectiveness. The process is expected to be completed in early 2027.

In addition, at the time of preparing the Annual Report for 2025, CyPAOB is in consultation on the transposition of Article 1 of Directive 2026/470, "Amendments to Directive 2006/43", into the Auditors Law of 2017 (Law 53(I)/2017). The transposition and implementation of the Directive are expected to be completed within 2027.

2. Circulars

CyPAOB issued two (2) circulars during 2025 concerning:

1. Article 13 of Regulation (EU) No 537/2014 of the European Parliament and of the Council - Transparency report
2. Continuing Professional Development

The circulars are posted on the website[1] of CyPAOB.

3. Corporate Sustainability Reports

The Corporate Sustainability Reporting Directive (CSRD) aims to improve the transparency, consistency and comparability of the sustainability information disclosed by companies.

On 16 December 2022, Directive (EU) 2022/2464 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, was published in the Official Journal of the European Union.

The regulatory framework of the CSRD was subsequently amended as part of the "Omnibus I" package. Initially, Directive (EU) 2025/794 (the "Stop-the-Clock Directive") of 14 April 2025 postponed by two years the start of application of the sustainability reporting requirements for companies in the second and third waves of CSRD application. Specifically, for companies that, under the original timetable, would have reported for the first time for financial years beginning on or after 1 January 2025, application was postponed to financial years beginning on or after 1 January 2027, while for companies that would have reported for the first time for financial years beginning on or after 1 January 2026, application was postponed to financial years beginning on or after 1 January 2028.

Subsequently, Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026, which entered into force on 18 March 2026, substantially amended the scope of the CSRD. Specifically, as regards European Union companies, the obligation to report on sustainability is limited to companies which, on the balance sheet date, cumulatively exceed (i) net turnover of €450 million and (ii) an average of 1,000 employees during the financial year. Correspondingly, in the case of parent companies, the same thresholds apply on a consolidated basis at group level.

Furthermore, as regards third-country companies, the relevant requirements apply, under the specific conditions of Article 40a of Directive 2013/34/EU, where the third-country company has generated net turnover in the European Union of more than €450 million for each of the last two consecutive financial years and the relevant subsidiary or, as the case may be, the branch in the European Union exceeds net turnover of €200 million in the preceding financial year.

Directive (EU) 2026/470 also provides for measures to limit the information requirements imposed on value chain companies that do not exceed the threshold of 1,000 employees, as well

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[1] https://www.cypaob.gov.cy/en/thesmiko-plaisio/egkyklioi/

as for the development of standards for voluntary sustainability reporting. Member states must bring into force the measures necessary to transpose the relevant provisions into their national law by 19 March 2027.

In the context of alignment with Directive (EU) 2022/2464 on sustainability reporting, CyPAOB amended the Auditors Law, Law 53(I)/2017, which came into effect on 29 July 2025.

Also, on 7 August 2025, it issued an announcement informing statutory auditors who intend to apply for a professional license and for registration in the register of statutory auditors to carry out assurance of sustainability reporting about the completion and submission of the license application.

On the basis of Article 46A(3) of the Law, CyPAOB determined the following requirements regarding sustainability reporting by statutory auditors:

To have obtained a professional license or been recognised to carry out statutory audits before 1 January 2026.

or

To be in the licensing process, provided that the process is completed by 1 January 2026.

They must acquire the necessary knowledge in sustainability reporting and assurance of sustainability reporting, through the completion of 60 hours of continuing education within the 18 months prior to the date of submission of the application for a license as a statutory auditor for the assurance of sustainability reporting.

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Part 3 | Supervision of the Audit Profession

1. Quality control of statutory auditors and statutory audit firms

1.1 Public Register

In accordance with Article 49 of the Auditors Law of 2017, CyPAOB is required to keep a Register in which all statutory auditors and statutory audit firms are registered.

This activity has been delegated by CyPAOB to ICPAC, which keeps the relevant registers and provides all information to the public through links on its website[2].

As at 31 December 2025, the statutory auditors and statutory audit firms were as follows:

Category	Statutory Auditors	Statutory Audit Firms
Total	1,121	780

For the financial year ended 31 December 2025, according to the data held by CyPAOB, the number of companies in Cyprus falling within the definition of PIEs was 110, of which 103 PIEs had appointed auditors from 13 different statutory audit firms, while 7 PIEs had not completed the process of appointing a statutory auditor.

A detailed list of PIEs and their auditors per year is posted on the website of CyPAOB[3].

1.2 Quality Control System

Ensuring the quality of the audit services provided by the audit profession is a primary responsibility and concern of CyPAOB.

In accordance with the relevant provisions of the Auditors Law, CyPAOB ensures:

- the conduct of audit quality reviews of statutory auditors and statutory audit firms at least every six years, and
- the conduct of audit quality reviews of statutory auditors and statutory audit firms carrying out statutory audits of PIEs at least every three years or, in the case of statutory audits of small or medium-sized PIEs, every six years.

In addition, it has the right to conduct investigations into the compliance of statutory auditors and statutory audit firms with the existing legal and regulatory framework and the professional standards governing their work, and to take appropriate measures for the effective application of the framework as a whole.

During 2025, the Inspections Department of CyPAOB, which deals exclusively with the above matters, was staffed by two Inspectors contracted by CyPAOB, Mr Pambos Efstratiou and Mr Christakis Ioannou, who have long and extensive experience in the audit of financial statements, International Accounting and Auditing Standards, and the quality control systems of audit firms. The reports and findings of the Inspectors are submitted through the Director General to the plenary of the Board, where they are thoroughly discussed with the public interest as the guiding principle and with the aim of reaching fair and consistent decisions and actions.

Inspections of quality control systems at audit firm level were carried out on the basis of the International Standards on Quality Management, namely the new standards ISQM 1 and ISQM 2.

1.2.1 Delegation of responsibilities to a Recognised Body of Auditors ("RBA")

On the basis of paragraphs (3) to (5) of Article 18 of the Auditors Law of 2017, CyPAOB entered into a Delegation Agreement ("DA") on 12 September 2017 (amended on 10 July 2020) with the only Recognised Body of Auditors in Cyprus, ICPAC. Under the DA, the following responsibilities were delegated to ICPAC:

(a) the adoption, by statutory auditors and statutory audit firms, of standards relating to professional ethics, internal quality control of statutory audit firms and statutory audits, unless such standards have been adopted or approved by authorities of another member state;

(b) the application of the criteria of the Auditors Law of 2017 for the approval and registration of statutory auditors and statutory audit firms in the Public Register, their entry in the Public Register, as well as the maintenance and updating of the Public Register;

(c) the application of procedures to ensure the professional competence of statutory auditors and statutory audit firms;

(d) the oversight of the quality control systems and the audit work of statutory auditors and statutory audit firms, except for the responsibilities retained by CyPAOB.

In view of the above, the process for the oversight of the quality control systems and the audit work of statutory auditors and statutory audit firms, as well as the disciplinary process, are determined as follows:

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[2] www.icpac.org.cy [3] https://www.cypaob.gov.cy/en/die8nes-pedio/inspections/

— ICPAC carries out supervisory inspections of statutory auditors and statutory audit firms that carry out statutory audits of non-PIEs. ICPAC also carries out supervisory inspections of statutory auditors and statutory audit firms that carry out statutory audits of PIEs, but with the audit work on non-PIE audit files as the subject of inspection. ICPAC's inspections include the quality control system of the audit firm, and separate inspection reports are prepared for each audit file inspected. In accordance with the arrangements in force since the date of amendment of the DA, it assesses the adequacy of the quality control systems at audit firm level and, separately, each audit file inspected. In addition, the supervised persons must submit to ICPAC action plans, based on the findings of the inspections, the implementation of which is monitored by ICPAC.

— All inspection reports resulting from ICPAC's supervisory inspections are forwarded in full to CyPAOB for its own processing and for any further action deemed appropriate, with the aim of ensuring the effective compliance of the supervised persons with the applicable legal, regulatory and professional framework.

— CyPAOB manages the disciplinary investigations, disciplinary referrals, complaints and proceedings against all statutory auditors and statutory audit firms. Accordingly, CyPAOB decides on the referral of statutory auditors and statutory audit firms to its Disciplinary Committee, both for possible non-compliance with the applicable legislation and for unsatisfactory performance of their audit work, as well as following the submission to CyPAOB of a complaint or report against them.

The following responsibilities remain with CyPAOB and have not been delegated to ICPAC under the DA:

(a) Setting technical standards and other standards of professional ethics and quality control systems for statutory auditors and statutory audit firms and for statutory audits;

(b) Determining how the standards referred to in point (a) above are to be applied in practice;

(c) Setting the criteria required for the registration of statutory auditors and statutory audit firms;

(d) Setting procedures for maintaining the professional competence of statutory auditors;

(e) Oversight of the quality control system of statutory audit firms that audit PIEs, and oversight of audit quality in relation to statutory audits of PIEs;

(f) Investigations, disciplinary sanctions and measures concerning statutory auditors and statutory audit firms arising from that quality control system;

(g) Cooperation with supervisory authorities of other EU and EEA member states and of third countries;

(h) Oversight of the application of the Auditors Law of 2017, including the performance of the RBA in exercising the responsibilities delegated to it under the DA.

In 2025, ICPAC carried out 145 supervisory inspections of statutory audit firms, of which 122 were assessed as having unsatisfactory results.

1.2.2 Scope and methodology of inspections and investigations

The four largest audit firms in Cyprus by turnover, in alphabetical order, are Deloitte Limited, Ernst & Young Cyprus Limited, KPMG Limited and PricewaterhouseCoopers Limited, and they are subject to inspection by CyPAOB on an annual basis. The remaining audit firms that audit PIEs are subject to inspection on a three-year or six-year cycle, in accordance with the provisions of the relevant legislation.

In 2025, inspections were carried out of the quality control systems at audit firm level (Firmwide Controls) on the basis of the methodology of the new International Standard on Quality Management 1 (ISQM 1) and International Standard on Quality Management 2 (ISQM 2) of the International Auditing and Assurance Standards Board (IAASB), as well as inspections of specific audit files for the financial statements of PIEs. The inspection methodology followed is based on the Common Audit Inspection Methodology (CAIM), as prepared and updated by the CEAOB, of which CyPAOB is an active member.

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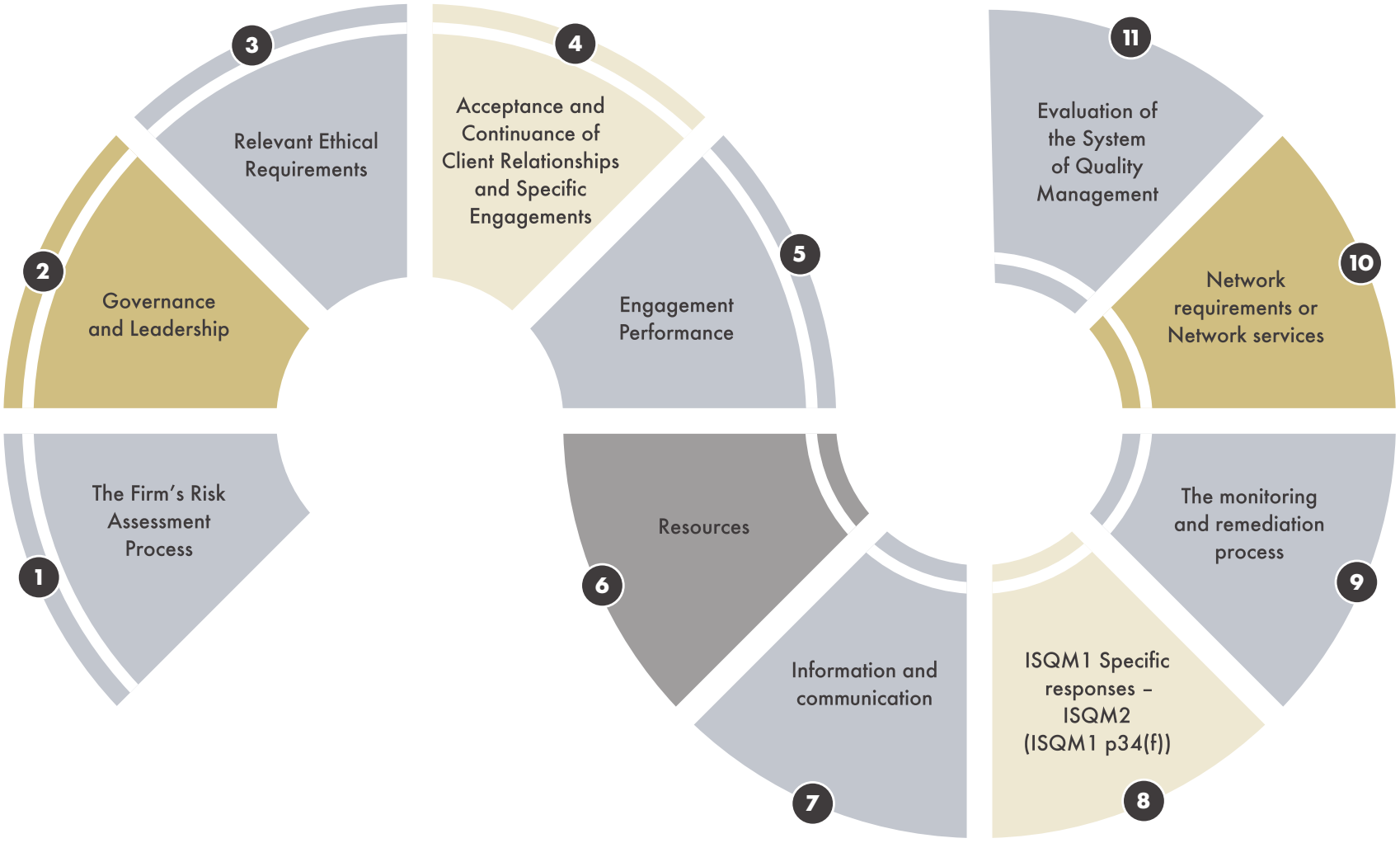
Since 15 December 2022, when the new International Standards on Quality Management ISQM 1 and ISQM 2 of the International Auditing and Assurance Standards Board (IAASB) came into effect at audit firm level, the CAIM methodology has been adjusted and includes inspection programs for the following sections:

System of Quality Management overall design



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The inspection process followed provides for a detailed list to be sent to the audit firm under supervision, setting out the information and documents that must be prepared and submitted to CyPAOB before the inspection begins. Where necessary, a meeting is held after receipt of the letter to clarify the information requested. This information is used to prepare the inspection.

This is followed by the selection of PIE audit files for inspection, on the basis of risk assessment criteria, which is submitted to the Board for approval as part of the annual planning, taking into account the results of the inspection of the quality control system at audit firm level, as well as cases of changes of statutory auditors in the statutory audits of financial statements in which a significant reduction in audit fees is observed, as an additional risk factor. The number of PIE files selected for inspection may be supplemented by random sampling. In addition, in selecting PIE audit files for inspection, the engagement partner is taken into account, with the aim of covering all PIE engagement partners over time. Any particular characteristics of the PIE under audit that may increase audit risks are also taken into account.

The audit file inspection process followed provides for an introductory meeting with the audit team, at which the inspection process is explained and the audit team briefs the Inspectors on the main elements of the audit. During the inspection of a file, a number of meetings are held with the audit team, and there is also written communication to obtain additional explanatory information. Subsequently, a preliminary report with the initial findings of the inspection is submitted to the audit firm under inspection, together with an invitation for a written response from the firm's audit team, on the basis of which a final meeting is held to discuss the inspection findings of CyPAOB and the audit team's responses to the findings.

The findings from the inspection of both the quality control system at audit firm level and specific PIE audit files are assessed by the Inspectors and classified as significant findings and simple findings and are then presented in full to the Board of CyPAOB, which studies and assesses the findings and their classification by the Inspectors and arrives at the final categorisation of all findings and audit files overall, and decides on any further action it considers necessary on the basis of the final classification of the inspection results and the applicable legal and supervisory framework.

The following reports are then issued to the audit firm inspected:

- A report with the findings of the inspection of the quality control system at audit firm level, for which appropriate corrective action is expected to be taken and reported to CyPAOB, as well as recommendations for good practices drawn from the experience of CyPAOB, both locally and internationally, through its participation in European and international organisations.
- A report to the engagement partner of the specific PIE, with tables of findings for the audit file inspected.
- In addition, each of the four audit firms subject to annual inspection is sent, every year, a report summarising the findings arising from the inspections of the year concerned, together with comparative data by inspection year.

The significant findings of the inspections of the four largest audit firms are entered in the platform of the CEAOB Inspections subgroup and in a questionnaire of the International Forum of Independent Audit Regulators (IFIAR). The information entered is used for the collection and assessment of inspection results for large audit firm networks by the CEAOB Inspections subgroup and IFIAR respectively, which form the basis for dialogue with the audit firms with the ultimate aim of improving audit quality at European and international level.

1.2.3 Oversight of the Recognised Body of Auditors ("RBA")

As mentioned above, ICPAC is the only RBA with which a Delegation Agreement has been concluded, as permitted by the Law. CyPAOB assesses its cooperation with ICPAC under the DA on an ongoing basis.

During the period February to March 2025, an inspection of ICPAC was carried out by the Senior Audit Quality Reviewer and the Audit Regulators of CyPAOB. Its aim was to assess the implementation of the recommendations of the CyPAOB Report to ICPAC of September 2018 that had not been implemented at the time of the 2022 inspection, to assess the implementation of the recommendations of the CyPAOB Report

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to ICPAC of November 2022, and to carry out a supervisory review of ICPAC's procedures relating to the delegated responsibilities:

a) Approval and registration in the registers of statutory auditors and audit firms,

b) Continuing professional development of members / continuing education,

c) Oversight of the quality control systems and the audit work of statutory auditors and statutory audit firms.

The review also included an assessment of ICPAC's compliance with its reporting obligations to CyPAOB under the DA for the years 2023 and 2024.

1.2.4 Meetings with the Institute of Certified Public Accountants of Cyprus ("ICPAC")

During 2025, a number of meetings were held between CyPAOB and ICPAC, with the main subjects being the CyPAOB inspection, the progress in implementing the provisions of the Delegation Agreement, and other related matters concerning the audit profession.

1.2.5 Cooperation with supervisory authorities

Following the enactment of the Auditors Law of 2017, CyPAOB concluded memoranda of cooperation with the Central Bank of Cyprus, the Cyprus Securities and Exchange Commission, the Insurance Companies Control Service and, in 2025, the Cyprus Stock Exchange, since, as required by the Law, CyPAOB may cooperate and exchange relevant information with the aforementioned authorities for the effective exercise of their responsibilities. CyPAOB may receive from and transmit to the aforementioned authorities information or data that are useful for its work or theirs. It is noteworthy that, following relevant decisions of the Board of CyPAOB dated 13 February 2020 and 9 April 2020, all significant findings of the PIE audit file inspections are sent to the competent authorities that supervise those entities.

During 2025, within the framework of the existing memoranda of cooperation, contacts and meetings took place between CyPAOB and the competent supervisory authorities. At those meetings, matters of common supervisory interest were discussed, as well as current developments relating to the responsibilities of the competent authorities, with the aim of effective cooperation, exchange of information and coordination of their supervisory actions.

CyPAOB is in the process of signing a similar memorandum of cooperation with the Tax Department.

1.2.6 Activities of the Technical Advisory Group

The Technical Advisory Group ("TAG"), which was established in 2017 and consists of members of the staff of CyPAOB, experts from ICPAC, representatives of the four largest audit firms, and representatives of smaller audit firms that audit PIEs, continued its activities in 2025 with a series of meetings. The main subjects of these meetings were the discussion and exchange of views on technical matters concerning the audit profession and, in particular, auditors who audit PIEs. Following consultation and exchange of views in the TAG, technical circulars are prepared to provide clarifications and guidance on audit matters, which, after approval by the Board of CyPAOB, are issued by CyPAOB and published on its website.

2. International and European cooperation

CyPAOB's participation in various bodies abroad is considered a particularly important institution and commitment, given the great importance attached to the quality of the audit services provided at international level. At European level, the exchange of views and the sharing of experience among the competent authorities of the member states are of particular importance and permeate virtually all aspects of the activities of CyPAOB.

2.1 Committee of European Auditing Oversight Bodies ("CEAOB")

CyPAOB participates in the CEAOB, which consists of representatives of the corresponding supervisory authorities of the other member states of the European Union (EU) and the European Economic Area (EEA).

Main purpose and mission of the CEAOB

The CEAOB strengthens the convergence of the practices of European supervisory authorities in the field of auditing and promotes the improvement of audit quality in Europe, with the aim of fostering trust in the production of reliable, objective and independent audit reports.

To fulfil its mission, the CEAOB supports the development of expertise among its members, promotes the exchange of experience and knowledge, and contributes to EU policy matters relating to audit firms and audit quality.

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The main strategies of CEAOB are:



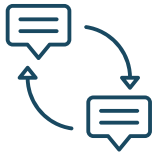
Harmonisation of regulatory measures



Exchange of technical knowledge and expertise



Contribution to EU policy regarding the future of statutory audit and other assurance services



Contribution to policy development through continuous dialogue with international standard-setting bodies

CEAOB Subgroups

The above are underpinned by the actions and efforts of its subgroups. Specifically, the CEAOB consists of 5 subgroups:

- Inspections
- International Auditing Standards
- Enforcement
- Market Monitoring
- International Equivalence and Adequacy

Presidency of the CEAOB

In 2025, the Director General of CyPAOB, Mr Panos Prodromides, continued to serve as Chairman of the CEAOB, within the framework of his four-year term, which began on 12 July 2024. In that capacity, he took part in a series of meetings and events with European, national and international authorities and organisations. In the context of these contacts, the mission, strategic priorities and main activities of the Committee were presented, as well as the work carried out through its subgroups in support of those objectives. Particular emphasis was placed on the need to further strengthen the role of the Committee, an issue that was also raised at the meeting of the Chairman with Commissioner Mrs Albuquerque, responsible for Financial Services and the Savings and Investments Union, on 20 May 2025 in Brussels. In addition, the Chairman stressed the need for better, reliable and transparent information on oversight matters, an objective which the CEAOB actively supports through the establishment of two new task forces: the Audit Quality Indicators (AQIs) Task Force and the Inspection Report Task Force (IRTF).

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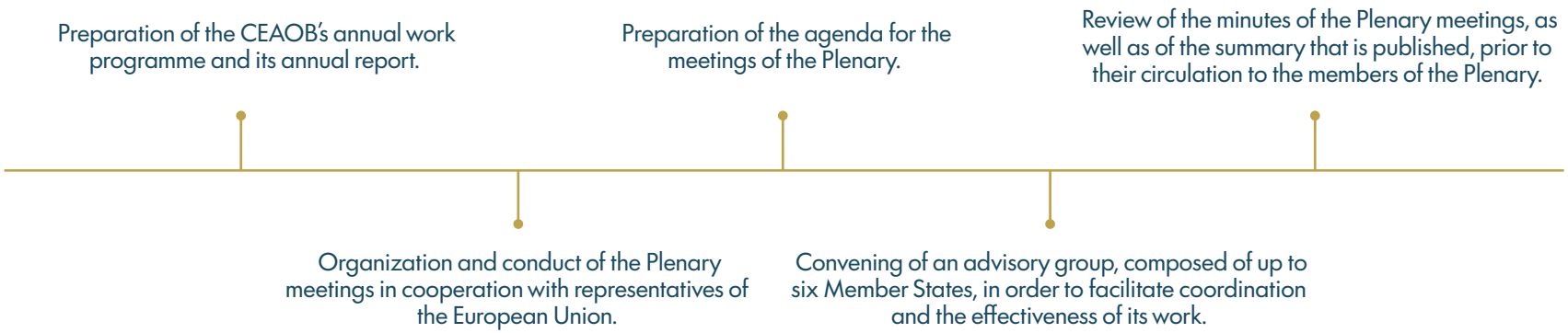
The main areas of the diverse activities organised under the supervision of the Chairman are as follows:



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Participation of CyPAOB in the work of the CEAOB

In 2025, the staff and inspectors of CyPAOB took an active part in the work of all the subgroups of the CEAOB.

Specifically, CyPAOB participated, together with the competent authorities of the other 27 member states, in the Inspections Subgroup. The main purpose of the subgroup is to further strengthen cooperation and consistency among the members of the CEAOB in the field of inspections. At the same time, it seeks to develop constructive communication with audit firms and other stakeholders, with the ultimate aim of improving audit quality and confidence in the audit profession.

In addition, CyPAOB participated, together with the competent authorities of 6 other member states, in the Organising Committee of the Inspections Subgroup. The purpose of this Committee is to set the agenda and to organise and carry out the meetings of that subgroup.

To strengthen communication with the large audit firms, the CEAOB established the audit colleges (the CEAOB Deloitte College, Ernst & Young College, PricewaterhouseCoopers College and KPMG College). The main purpose of these colleges is to analyse the findings from the inspections carried out by the competent authorities in the member states on those specific audit firms. These findings are entered in the findings database of the CEAOB Inspections subgroup so as to promote and facilitate dialogue with the leadership of those audit firms, which audit the majority of PIE financial statements in Europe. CyPAOB is an active member of all the colleges through its staff and inspectors. In addition, an inspector of CyPAOB chaired the meetings of the Deloitte College until June 2025, and represented the European supervisory authorities in the collective discussions with the heads of the Deloitte network on matters relating to the quality control of PIE audits carried out by the Deloitte group at European level.

In 2025, CyPAOB continued to participate as a member of the organising committee of the Training Task Force. The sole purpose of this committee is to organise training activities for the members of the CEAOB Inspections subgroup.

The staff of CyPAOB continue to this day to participate in the other four subgroups as well, contributing actively to the discussions and actions of each one. Its contribution is notable in providing information for the issuance of the CEAOB Enforcement Report on sanctions and administrative measures for the year 2025, which is posted on the website of CyPAOB.

Indicative of the importance attached to its cooperation with its counterpart European authorities is the participation of members of the Board in the work of the CEAOB plenary, in which broader policy matters of the European competent authorities are discussed with the aim of strengthening the financial stability of the EU.

2.2 International Forum of Independent Audit Regulators (IFIAR)

CyPAOB became a member of the International Forum of Independent Audit Regulators (IFIAR) on 12 October 2016. Through its participation in IFIAR, CyPAOB benefits from the exchange of experience and expertise at global level. It takes part in conferences and training events organised under the auspices of IFIAR and has the opportunity to attend presentations by representatives and experts of the boards of the organisations that set the International Standards on Auditing and the Code of Ethics, and by representatives of large audit firms. CyPAOB Inspector Mr Pambos Efstratiou took part in the IFIAR Inspection Workshop held in March 2025 in Mauritius. In addition, the Director General, together with members of the Board of CyPAOB, attended the IFIAR Annual Plenary Meeting held in April 2025 in Berlin, as well as the IFIAR Enforcement Workshop held in October 2025 in Johannesburg.



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Part 4 | Supervision of quality control systems and audit files

1. Quality control inspections and audit file inspections of statutory auditors and statutory audit firms

The tables below present the inspections that were completed within 2025, or that began in 2025 and were completed in early 2026, relating to inspections of the quality control system at audit firm level and of PIE and non-PIE audit files.

By decision of the Board of CyPAOB, from the Annual Report of 2024 onwards, the results of inspections are reported by name at the level of the statutory audit firm.



1.1 Inspection of the quality control system at audit firm level

The subject of the inspections below was the monitoring of the implementation of the action plan agreed on the basis of the findings of the last inspection of each audit firm, and the assessment of the quality control procedures at audit firm level (Firmwide Controls) on the basis of the new standards ISQM 1 and ISQM 2.

Audit firm	Inspection timeline	Result
Ernst & Young Cyprus Limited	Completed in February 2025	6 significant findings
KPMG Limited	Completed in June 2025	6 significant findings
GCP Auditors Limited	Completed in October 2025	36 significant findings
Grant Thornton Cyprus Limited	Completed in November 2025	1 significant finding (partially implemented)
RSM Limited	Completed in February 2026	43 significant findings
Moore Limassol Limited	Completed in February 2026	6 significant findings (1 not implemented, 5 partially implemented)

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1.2 Inspection of PIE audit files

Audit firm	Subject of inspection	Result	Audit work assessment category
Grant Thornton Cyprus Limited Completed in February 2026	Inspection of 1 PIE audit file for the financial year ended 31 December 2024	8 significant findings	3
RSM Limited Completed in February 2026	Inspection of 1 PIE audit file for the financial year ended 31 December 2024	9 significant findings	3
KPMG Limited Completed in February 2026	Inspection of 2 PIE audit files for the financial year ended 31 December 2024	1 significant finding 6 significant findings	2A 2B
Ernst & Young Cyprus Limited Completed in February 2026	Inspection of 1 PIE audit file for the financial year ended 31 December 2024	4 significant findings	2B
Moore Limassol Limited Completed in February 2026	Inspection of 1 PIE audit file for the financial year ended 20 February 2025	2 significant findings	2A

1.3 Inspection of non-PIE audit files

Audit firm	Subject of inspection	Result	Audit work assessment category
BDO Limited Completed in July 2025	Inspection of 1 non-PIE audit file for the financial year ended 31 December 2023	4 significant findings	2B
Michalis Avraam & Partners Limited Completed in July 2025	Inspection of 1 non-PIE audit file for the financial year ended 31 December 2023	19 significant findings	4
AuditLine Limited Completed in August 2025	Inspection of 1 non-PIE audit file for the financial year ended 31 December 2023	15 significant findings	3
SPL Audit (Cyprus) Limited Completed in February 2026	Inspection of 1 non-PIE audit file for the financial year ended 31 December 2024	6 significant findings	2B

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2. Summary of the results of quality control inspections of statutory auditors and statutory audit firms conducting statutory audits of PIEs

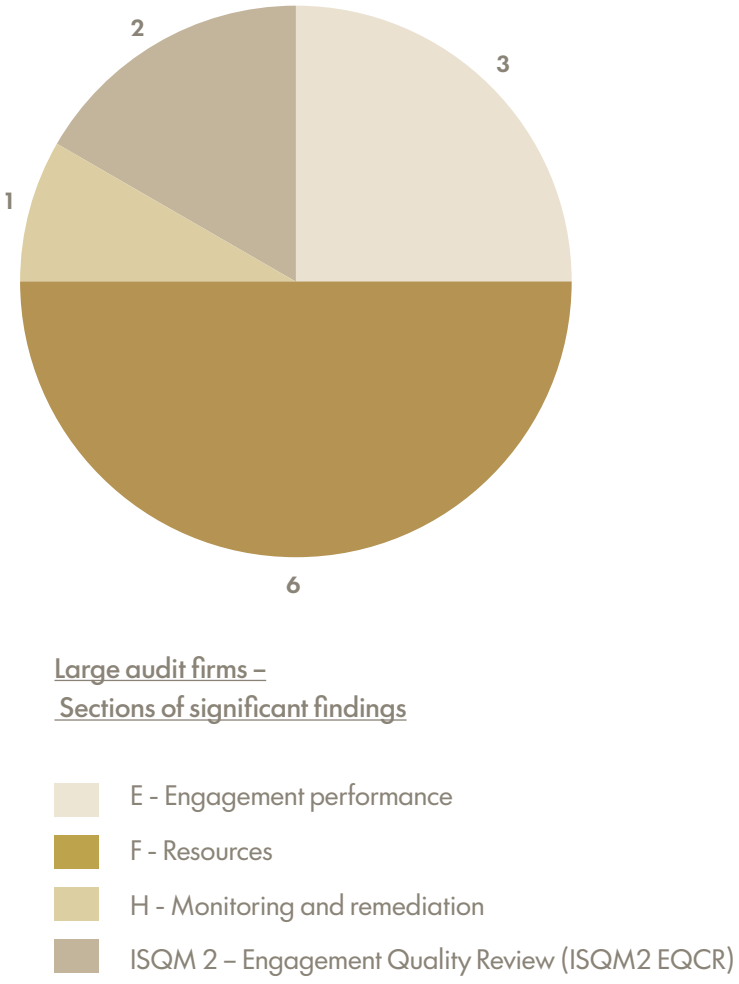
2.1 Quality control system inspections

In 2025, and until February 2026, the inspections carried out were mostly aimed at understanding and making an initial assessment of the implementation of quality management procedures at audit firm level (Firmwide Controls) on the basis of the new standards ISQM 1 and ISQM 2, which had a final implementation date of 15 December 2022 and a final date for internal evaluation by the audit firms of 15 December 2023.

During that period, 6 inspections were completed at 2 of the 4 large audit firms and at 4 small and medium-sized firms. At two of the small and medium-sized firms, the inspections were follow-ups to inspections previously carried out on the basis of ISQC 1 and ISQC 2. Their results at audit firm level are presented in Table 1.1 above.

It should be noted that the procedures provided for in ISQM 1 and ISQM 2 are applied proportionately, according to the size of the audit firm. Therefore, the result in terms of the number of significant findings is comparable only between audit firms belonging to the same size category.

The categorisation of all significant findings by section of ISQM 1 and ISQM 2 for the 2 large audit firms and for the 4 small and medium-sized firms is presented below:



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The main findings in the Resources category identified at the large audit firms concerned the assignment of a large number of PIE audits to specific engagement partners and the workload monitoring procedures, as well as employee appraisal procedures, attendance at training seminars and compliance with the provisions of IES 8 for statutory auditors.

The main findings in the Engagement Performance category identified at the large audit firms concerned the direction, supervision and review procedures for the audit work, and specifically the time devoted by the engagement partner to those procedures.

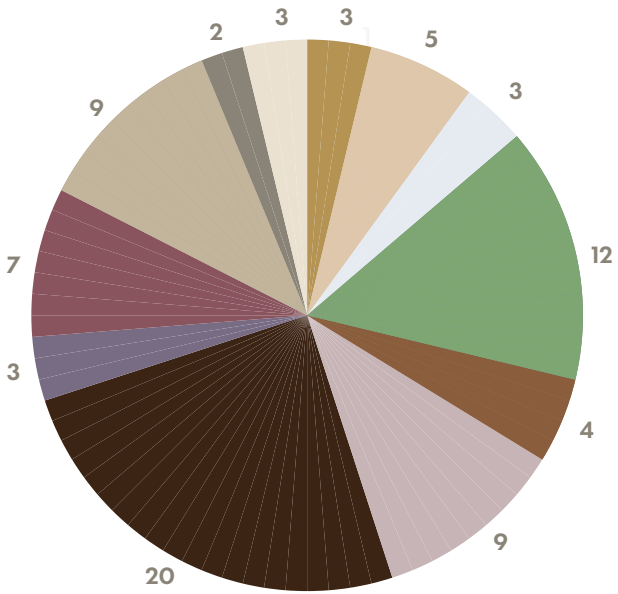
The main categories in which findings were identified are Resources, Relevant ethical requirements, Engagement performance, and Monitoring and remediation.

The main findings identified in the Resources category concerned procedures for monitoring the workload of partners and staff, employee appraisal procedures, training procedures and results for staff attendance at training seminars, compliance with the provisions of IES 8 for statutory auditors, and deficiencies in staffing, training and information systems expertise.

The main findings in the Relevant ethical requirements category concerned breaches of, and deficiencies in safeguards relating to, non-audit services, overdue balances, dependence on fees, business relationships, independence declarations and staff conduct.

As regards the Engagement performance category, the main findings concerned unclear responsibilities, limited supervision with regard to guidance and review, insufficient professional scepticism, weak control mechanisms for the archiving of audit files and the absence of audit quality indicators.

The main findings identified in the Monitoring and Remediation category concerned the monitoring procedures of the quality control system, either in relation to safeguarding objectivity owing to the size of the audit firm or in relation to procedures for monitoring and evaluating deficiencies through root cause analysis and the taking of satisfactory corrective measures.



Small and medium-sized audit firms – Sections of significant findings

- System of Quality Management
- A - Risk Assessment Process
- B - Governance & Leadership
- C - Relevant ethical requirements
- D - Acceptance & Continuance
- E - Engagement performance
- F - Resources
- G - Information & communication
- Specified responses
- H - Monitoring and remediation
- Network requirements
- Evaluation of SoQM & Documentation

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2.2 PIE audit file inspections

Audit file inspections

In 2025, audit file inspections were carried out at 2 large audit firms for the financial year ended 31 December 2024, and no audit file inspections were carried out for the financial year ended 31 December 2023 owing to limited available working hours. Audit file inspections were also carried out at 3 additional audit firms, two for the financial year ended 31 December 2024 and one for the financial year ended 20 February 2025.

The sample included the following categories of PIEs:

- 4 insurance undertakings
- 2 companies listed on the Cyprus Stock Exchange

The above inspections were completed in February 2026.

Categorisation of audit files on the basis of inspection results:

Starting with the inspections of PIE audits for the financial year 2019 and onwards, the Board of CyPAOB decided to communicate to the audit firms the classification category of the inspection results for each audit file. The categories, based on a decision of the Board of CyPAOB, are as follows:

Category	Assessment	Additional information
1	Satisfactory	• **There are no concerns** regarding the sufficiency and quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed (or there are only limited concerns regarding evidence of the underlying judgemental processes), **AND** • Any concerns in other areas have very limited effects (both individually and collectively)
2A	Limited improvements required	• **Only limited concerns** regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed (or less significant concerns regarding evidence of the underlying judgemental processes), **AND/OR** • Some concerns in other areas, but their effects are limited (both individually and collectively)
2B	Improvements required	• **Some concerns**, assessed as less significant, regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed (or significant concerns regarding evidence of the underlying judgemental processes), **AND/OR** • Concerns in other areas, the effects of which are less significant (both individually and collectively)
3	Significant improvements required	• **Significant concerns** regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed (not limited to evidence of the underlying judgemental processes), **AND/OR** • Concerns in other areas, the effects of which are significant individually or collectively
4	Significant deficiencies identified	• **Significant deficiencies** regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgements in the areas reviewed (not limited to evidence of the underlying judgemental processes) **AND/OR** • **Deficiencies** in other areas, the effects of which are significant individually or collectively

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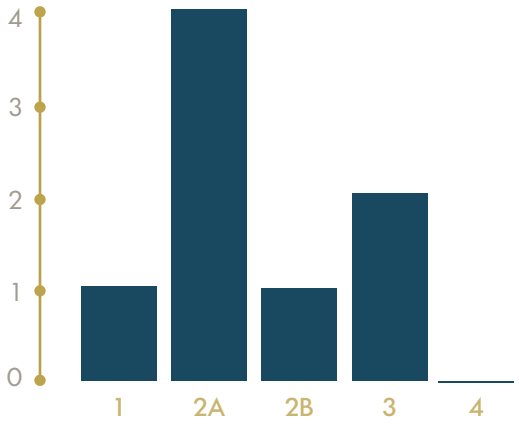
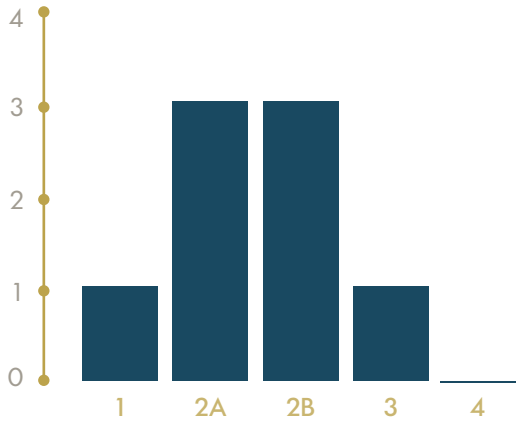
The categorisation of the audit files inspected at the large audit firms relating to the financial years ended 31 December 2019, 2020, 2021/2022 and 2024 is presented below:

Categorisation of audit files at large audit firms

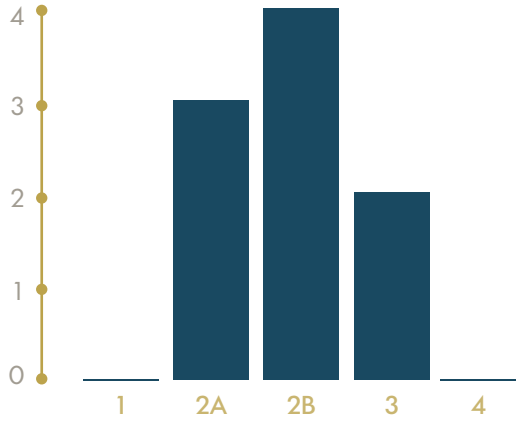
Financial Year 2019



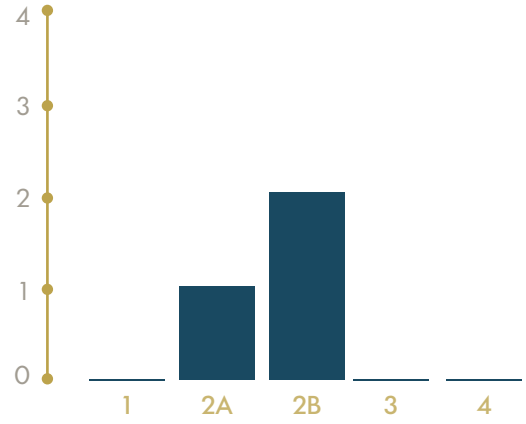
Financial Year 2020



Financial Year 2021/2022



Financial Year 2024



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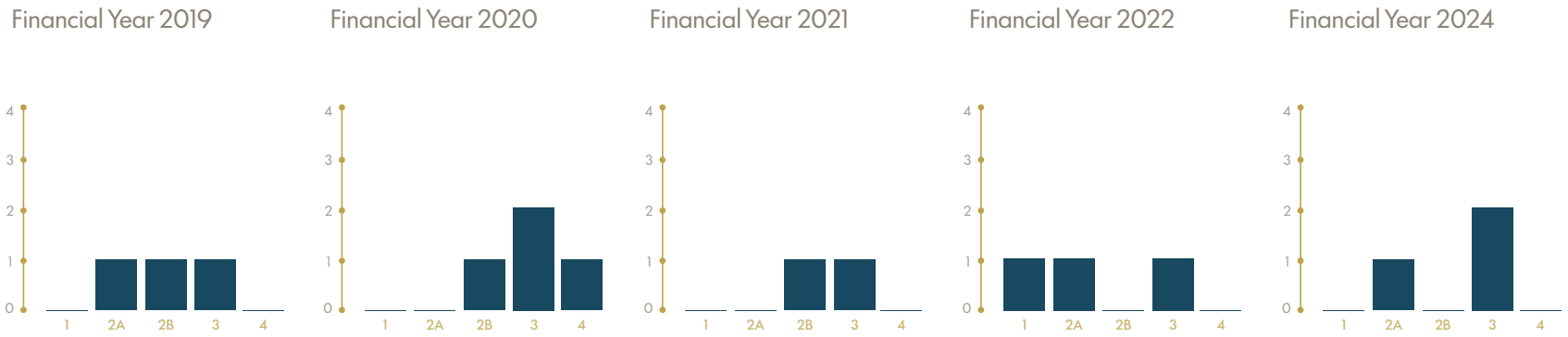
On the basis of the results of the audit file inspections at small or medium-sized audit firms, the following categorisations have been made historically:

Categorisation of audit files at small and medium-sized audit firms



Audit files categorised as 3 or 4 are assessed by CyPAOB for possible referral for disciplinary investigation. In relation to the audit file inspections carried out in 2025, no files were categorised in categories 3 or 4 for the large firms, but 2 files were categorised in category 3 for the medium-sized firms.

2.3 Non-PIE audit file inspections

In the exercise of its supervisory responsibilities under Article 15(c) of the Auditors Law of 2017, CyPAOB decided to include in its supervisory programme the conduct of on-site quality inspections of audit files for the financial statements of non-Public Interest Entities ("non-PIEs"), both of auditors who carry out statutory audits of PIEs and of auditors who do not carry out statutory audits of PIEs.

During 2025, the priorities set were the statutory audits of the financial statements of Credit Acquiring Companies, Credit Servicing Firms, Payment Institutions and Electronic Money Institutions licensed by the Central Bank of Cyprus.

Within this framework, 4 inspections have been carried out, the results of which are presented in Table 1.3 above. In summary, the categorisations are as follows:

- 2B (2)
- 3 (1)
- 4 (1)

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3. Overall assessment of inspection results

3.1 Quality control system inspections

Taking into account that the inspections concerned the understanding and initial assessment of the implementation of quality management procedures at audit firm level (Firmwide Controls) on the basis of the new standards ISQM 1 and ISQM 2, the overall picture of the results is considered satisfactory.

From the inspections at the four (4) medium-sized and small audit firms, a large number of significant findings was identified at two (2) audit firms, which is nevertheless considered to be expected during the first application of the new Standards.

From the inspections at the two (2) large audit firms, a number of significant findings was also identified, which is again considered to be expected during the first application of the new Standards.

It is expected that in the follow-up inspections, given that the audit firms will implement the agreed action plan, the number of findings will decrease.

3.2 PIE audit file inspections

Assessing over time the findings from the inspections of PIE audit files, the overall picture observed from the supervisory action of CyPAOB in the period 2017-2025 is generally encouraging, as a gradual improvement and stabilisation of the quality of audit work is noted. It also appears that the large audit firms perform better, which is due, at least in part, to the resources they have available through their international networks for the development of audit methodologies and staff training. It is with particular satisfaction that CyPAOB notes that the majority of PIE audit files in the inspections it carried out in 2020 and 2021 were categorised in categories 2A and 2B, while none of the PIE audit files selected for inspection was categorised in category 4, that is, as having significant deficiencies. However, in the inspections of 2022 there was a relapse compared with the previous two years, with the majority of audit files being categorised in category 2B and an increase in audit files in category 3, while no audit files were identified in categories 1 and 4. In the inspections for the financial year 2024 the situation appears improved, as there were no category 3 files at the large audit firms. Through the intensification of inspections and the dissemination of experience on good practices, CyPAOB aims to reduce the percentage of categories 2B and 3.

As regards most of the remaining audit firms, a larger number of significant findings continues to be observed in first inspections and significant improvement in subsequent follow-up inspections. There are positive signs in relation to the assessment of one (1) audit file of a small audit firm for the financial statements of a PIE for 2022 in category 1, which demonstrates the ability of audit firms other than the big four (4) audit firms to achieve a satisfactory result. Nevertheless, there continues to be inconsistency in the results of audit file inspections at both large and other audit firms.

3.3 Non-PIE audit file inspections

The results of the non-PIE audit file inspections are considered unsatisfactory, since of the four (4) audit firms inspected, all of which were small or medium-sized, two audit files were categorised in categories 3 and 4 and the rest in category 2B. The results demonstrate the need to further strengthen quality control procedures and practices at small and medium-sized firms. Accordingly, CyPAOB will examine and promote appropriate actions with the aim of strengthening the quality of audit work and improving the existing situation.

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1. Complaints and disciplinary investigations

Within the scope of its responsibilities under the Auditors Law of 2017, CyPAOB examines complaints submitted regarding alleged breaches of the Auditors Law of 2017, Regulation (EU) No 537/2014 and the other applicable legislative and regulatory framework governing statutory auditors and statutory audit firms. In addition, CyPAOB may, in accordance with the provisions of the Law, initiate a disciplinary investigation on its own initiative, where this is deemed necessary.

The Enforcement Department is responsible for examining complaints, coordinating disciplinary investigations and managing other disciplinary proceedings, with the aim of ensuring compliance with the applicable legislative and regulatory framework.

Complaints may be submitted by email to enforcement@cypaob.gov.cy or by post to the address of CyPAOB.

2. Whistleblowing

With the enactment of the Law on the Protection of Persons Reporting Breaches of Union and National Law of 2022, Law 6(I)/2022, CyPAOB, within the framework of the resulting responsibilities, immediately implemented the appropriate measures to comply with the relevant provisions of the Law and to effectively apply the whistleblower protection framework. Specifically, CyPAOB established an internal and an external reporting channel for the receipt and follow-up of reports of breaches falling within the scope of its responsibilities, as well as the relevant procedures for handling the reports.

In 2024, CyPAOB drew up a relevant guide for its employees on the protection of whistleblowers, as well as a form for the external submission of a report of a breach. This form is available on the website of CyPAOB[4].

In addition, in accordance with the obligations laid down by the Law, CyPAOB informs the Ministry of Justice and Public Order of the number of reports received through the external reporting channel during the previous year.

3. Disciplinary Committee

In accordance with the relevant provisions of the legislation in force, the Minister of Finance, following a recommendation by the Board of Directors, proposes to the Council of Ministers persons of recognised standing and integrity and of a high professional level for appointment as Chairman and Members of the Disciplinary Committee, which exercises the responsibilities, powers and duties provided for by the provisions of the Law. The Disciplinary Committee consists of the Chairman and two (2) other members. The Chairman of the Disciplinary Committee is either a former judge who held at least the position of President of a District Court, or a lawyer qualified for appointment as a Judge of the Supreme Court. One member of the Disciplinary Committee, in addition to the aforementioned, comes from any profession other than the legal or audit professions. One member of the Disciplinary Committee, in addition to the aforementioned, is a non-practising person with audit experience and training. The term of office of the members of the Disciplinary Committee is four years, with the possibility of reappointment for only one further four-year term.

The Council of Ministers, exercising the powers conferred on it by Article 12 of the Auditors Law of 2017, decided, following a proposal by the Minister of Finance and a recommendation from the Board of Directors of the Cyprus Public Audit Oversight Board (CyPAOB), to appoint the following persons as Chairman and Members of the Disciplinary Committee of CyPAOB, for a period of four years:

- Nicos Yiapanas, former President of the District Court (appointed on 26/3/2025 and reappointed on 26/7/2025)
- Maria Kapardis, Professor of Accounting at the Cyprus University of Technology (reappointed on 26/7/2025)
- Achilleas Chrysanthou, former Auditor (reappointed on 26/7/2025)

The Disciplinary Committee of CyPAOB, which operates as an independent body, has the powers conferred on it under the Auditors Law of 2017 to investigate and adjudicate cases concerning infringements by statutory auditors and statutory audit firms. Following the relevant procedure, the Committee may impose disciplinary sanctions, which include, among others, a warning, a reprimand, an administrative fine of up to €500,000 or up to twice the benefit gained by the offender, temporary or permanent suspension from practising the profession, and removal from the Public Register. The Disciplinary Committee may also take interim measures, such as the suspension of the registration of an auditor or audit entity, in cases where there are serious grounds of public interest. The procedure includes the right of the party concerned to be heard, while the decisions of the Committee may be challenged by recourse to the Administrative Court. In exercising its responsibilities, the Committee has the power to summon witnesses, to require the production of documents and to conduct hearings, ensuring a proper and fair disciplinary procedure.

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[4] https://www.cypaob.gov.cy/en/whistleblowers/

4. CEAOB Enforcement Subgroup

To strengthen public confidence in informative, reliable and independent audit reports, the CEAOB promotes the improvement of audit quality in Europe. To fulfil this mission, the Enforcement subgroup supports the development of its members' expertise and promotes the exchange of experience, expertise and best practices in the field of investigations and sanctions. In order to inform stakeholders, including EU policymakers, international standard-setting organisations, academics, company directors, public authorities and the general public, the Enforcement subgroup publishes an annual Report covering statistics on administrative measures and sanctions across the EU, as well as useful information on the operation and practices of the relevant authorities of the member states.

During 2025, a number of online meetings of the members were held, in which CyPAOB participated through the staff of the department. In addition, in May 2025, the annual meeting of the Enforcement Sub-group took place in Rome, attended by members of the staff of CyPAOB.

5. Sanctions

In June 2025, the Disciplinary Committee imposed sanctions on a statutory auditor and a statutory audit firm for infringements relating to the statutory audit of the consolidated financial statements of a Public Interest Entity.

Sanctions are posted on the website of CyPAOB[5].



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[5] https://cypaob.gov.cy

Part 6 | Organisational Development

1. Staffing of CyPAOB

In 2025, the human resources of CyPAOB consisted of five (5) permanent members of staff:

- Two (2) Audit Regulators
- Two (2) Officers
- One (1) Clerical Officer

In addition, one (1) person served at CyPAOB on secondment.

2. Training programmes

The staff of CyPAOB attended the following training programmes in 2025:

- Sustainability Education: A Key Driver for EU Business Competitiveness
- ISA 315(R) and Advanced Technologies
- The role of Assurance in CSRD
- Navigating the CSRD: Practical Insights into the ESRS Framework
- ICAEW Film "Crossing the Line"
- IFRS 17 - Insurance Contracts
- IFIAR Inspection working group workshops
- CEAOB Training Task Force workshops
- Training on the new eProcurement system
- Webinar "Registration of Tenders with Summary Procedures Carried Out Outside the System"
- Training seminar on the IMI system
- Training for Internal Reporting Channels: Protection of Whistleblowers
- Training workshop on Public Procurement
- Common findings in compliance with IESBA Code of Ethics, ISQM 1 and 2 and ISAs

3. Online presence

As part of its commitment to strengthening transparency, prompt communication and effective engagement with stakeholders, CyPAOB maintains a modern online presence through its official website.

The website of CyPAOB is a key information tool for statutory auditors, statutory audit firms and the wider public, providing access to information on the institutional framework governing the operation of CyPAOB, its supervisory responsibilities, announcements, circulars, reports and other related publications.

During 2025, CyPAOB continued to make use of its digital channels for the timely dissemination of information and the strengthening of communication with supervised entities and stakeholders. In addition, CyPAOB maintains a presence on the LinkedIn platform, through which it publishes updates, announcements and activities relating to its work and operations.



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1. Composition of CyPAOB

In accordance with the provisions of the legislation, CyPAOB is independent of statutory auditors and statutory audit firms, and its Board of Directors is composed of persons of the highest moral standing, recognised prestige and integrity, each of whom is a non-practitioner with knowledge of matters relating to statutory audit.

Board of Directors:

The Board of Directors consists of the Chairman, the Vice-Chairman and five (5) Members and is appointed by the Council of Ministers following a recommendation by the Minister of Finance. The term of office of the members is six years and may be renewed for only one further six-year period.

As at 31 December 2025 and at the date of signing of this report, the Board of Directors of CyPAOB consisted of:

- Andreas Zachariades - Chairman
- Christos Karoulas - Vice-Chairman
- Vicky Aristidou - Member
- Stelios Kountouris - Member
- Ioanna Achilleos - Member
- Demetris Georgiades - Member
- Marios Neoptolemou - Member

Executive Management:

Panos Prodromides - Director General

Panos Prodromides was appointed Director General on 1 December 2023 by decision of the Board of Directors of CyPAOB, which was approved by the Council of Ministers.

2. Curricula Vitae of the Chairman, Vice-Chairman and Members of the Board of Directors, Executive Management and Disciplinary Committee as at the date of signing of the annual report

Andreas Zachariades - Chairman

Andreas Zachariades was appointed by the Council of Ministers on 20 June 2017 as Vice-Chairman of the Cyprus Public Audit Oversight Board and on 28 June 2023 was appointed by the Council of Ministers as Chairman of the Board.

He is a graduate of The English School, Nicosia (1986) and studied Economics and Accounting at the University of Southampton in the United Kingdom (1991). He then worked at an audit firm in the United Kingdom and obtained the professional qualification of chartered accountant of the Institute of Chartered Accountants in England and Wales (ACA).

He returned to Cyprus in 1994 and worked at an audit firm until 1997, when he was appointed Accountant at the Treasury of the Republic. After serving in various posts and capacities at the Treasury and at the Internal Audit Service, he was appointed Assistant Accountant General of the Republic from 3 November 2010, in accordance with Article 126 of the Constitution, by the President of the Republic, until 1 September 2020, when he was appointed Permanent Secretary of the Ministry of Labour and Social Insurance. On 1 July 2024 he was posted as Permanent Secretary of the Directorate General for Development of the Ministry of Finance until 1 November 2024, when he was appointed Permanent Secretary of the Ministry of Finance.

From 27 January 2017 to 27 January 2023 he served as a Member of the Cyprus Gaming and Casino Supervision Commission.

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Christos Karoulas - Vice-Chairman

Christos Karoulas was appointed by the Council of Ministers on 20 June 2017 as a member of the Cyprus Public Audit Oversight Board and on 28 June 2023, by decision of the Council of Ministers, he was appointed Vice-Chairman of the Board. He was also a member of the Committee for the Public Oversight of the Audit Profession. He served as Deputy Tax Commissioner at the Tax Department of the Republic of Cyprus in 2020 and 2021.

He is a chartered accountant and a Fellow of the Association of Chartered Certified Accountants (ACCA). He holds a degree in Accounting and Finance and a master's degree in Business Administration (MBA). In 1994 he worked at the audit firm KPMG and from 1995 to 2001 he worked at MultiChoice Cyprus Ltd as Chief Financial Officer. In 2001 he was appointed Accountant 1st Grade at the Treasury of the Republic and from 2006 to 2023 he held the position of Senior Internal Audit Officer at the Internal Audit Service. Since 1 November 2023 he has held the permanent position of Deputy Tax Commissioner at the Tax Department.

Vicky Aristidou - Member

Ms Vicky Aristidou was appointed by the Council of Ministers on 20 June 2017 as a member of the Cyprus Public Audit Oversight Board and on 28 June 2023, by decision of the Council of Ministers, she was reappointed as a member of the Board.

Ms Vicky Aristidou holds a degree in Economics (BSc Economics) from the London School of Economics and Political Science, and a master's degree in Business Administration (MBA) from Imperial College Business School in the United Kingdom. She also attended an intensive two-month programme at Harvard University in the United States, specialising in Investment Appraisal and Management.

She is a member of the Institute of Chartered Accountants in England and Wales (FCA), a member of the Institute of Certified Public Accountants of Cyprus, and holds the professional title of International Tax Affiliate of the Chartered Institute of Taxation (ADIT).

On 15/03/2020 she was promoted to the permanent position of Principal Tax Assessor at the Tax Department, and she is currently head of the Transfer Pricing Unit.

Before being appointed to the Tax Department, she held the permanent position of Internal Audit Officer A' from 01/04/2011 at the Internal Audit Service of the Republic of Cyprus. Ms Aristidou has extensive experience in direct taxation, international taxation, internal audit, external audit and finance, both in the Public Service and in the private sector, where she worked for approximately 15 years, mainly in audit firms and banking institutions.

Stelios Kountouris - Member

Stelios Kountouris has served as Assistant Accountant General since 1 September 2020. He holds a degree in Mechanical Engineering and is a member of the Association of Chartered Certified Accountants. He is also a member of the Institute of Certified Public Accountants of Cyprus. After working in the private sector as an auditor in audit firms, he joined the Treasury in 1997 as Accountant 1st Grade. In 2004 he was appointed head of the Public Procurement Directorate of the Treasury. In 2015 he was appointed Deputy Tax Commissioner, where he was responsible for the district offices of the Tax Department.

Since 11 December 2025 he has been serving as Acting Permanent Secretary of the Ministry of Defence, until the post is filled on a permanent basis.

On 14 May 2021 he was appointed by the Council of Ministers as a Member of the Board of Directors of CyPAOB and on 28 June 2023 he was reappointed until 27/6/2029.

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Ioanna Achilleos - Member

Mrs. Ioanna Achilleos holds a BSc in Economics (Accounting & Finance) and an MSc in Management, both from the London School of Economics and Political Science. During her postgraduate degree, she was selected to represent the LSE at the University of Chicago's MBA program for one semester.

Mrs. Achilleos has extensive experience in the banking sector, having worked for a total of 15 years in the Alpha Bank group, six of which were in the United Kingdom. She worked in the Corporate Division as Deputy Director, in the Credit Risk Management Division as Project Manager for the adoption of a new Central Bank directive, as Assistant to the General Manager and as Assistant Secretary to the Board of Directors and its Committees. In 2014, she was entrusted to set up and operate the Secretariat of the Board of Directors, a new Division established in response to the expanded regulatory framework relating to issues of corporate governance. In this role she worked closely with the Board of Directors and its Committees, with the group parent company, with all the Bank's Departments including Internal Audit, Risk Management, Compliance, Information Security and Finance, as well as with the relevant supervisory authorities.

Mrs. Achilleos also has entrepreneurial experience and occasionally writes opinion pieces. Since 2019, she has been a member of the Board of Directors of the Young Volunteers, serving initially as Secretary and then as President.

On June 28, 2023, she was appointed by the Council of Ministers as a member of the Board of Directors of the CyPAOB.

Demetris Georgiades - Member

Mr Demetris Georgiades, originally from Famagusta, holds a degree in Economics, Accounting and Finance from the London School of Economics and Political Science. He also holds the professional qualification of the Institute of Chartered Accountants in England and Wales (ICAEW) and is a Member of the Institute of Certified Public Accountants of Cyprus.

Mr Georgiades worked from 1990 to 1993 at Moore Stephens Chartered Accountants in London, where he also completed his training for the ICAEW qualification. He then worked for two years at the audit firm Moore Stephens Chartered Accountants in Limassol as an Audit Manager. From 1995 to 1998 he worked as Financial Controller / Chief Financial Officer at the Group of the shipowner Loucas Hadjioannou, with offices in Cyprus, Piraeus, London, Monaco, Singapore, Manila and Mumbai. From 1998 to 2014 he worked as Chief Financial Officer / Columnist and analyst at Arktinos Publications (Politis newspaper), and from 2014 to 2021 he served as Chairman of the Fiscal Council of Cyprus. From 2021 to 2024 he was the Chief Financial Officer of the KANIKA Group of Companies and subsequently assumed the duties of Chief Corporate Officer at the same group. In September 2024 he was appointed Chairman of the Council for Economy and Competitiveness.

He is a Member of the Cyprus Economists' Association and of the Cyprus Economic Society and, until 2014, was a founding Member and Treasurer of Transparency Cyprus.

On 28 June 2023 he was appointed by the Council of Ministers as a Member of the Board of Directors of CyPAOB.

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Marios Neoptolemou - Member

Mr Marios Neoptolemou graduated from the Pancyprian Gymnasium, Nicosia, and studied Economics at the London School of Economics and Political Science in the United Kingdom. He subsequently worked at the audit firm KPMG, at its offices in London and Nicosia, and then at the Central Bank of Cyprus ('CBC') until 2023, with responsibilities in banking supervision and the operation of payment systems.

At the CBC he served as head of the Anti-Money Laundering and Financial Ethics Department, which included the supervision of compliance with the framework for the prevention and combating of money laundering and terrorist financing, the supervision of the provision of investment services by credit institutions, financial ethics, and the supervision of payment institutions and electronic money institutions.

During his service at the CBC, he took part in various working groups and committees of the European Central Bank and the European Banking Authority, and in the work of the Moneyval Committee of the Council of Europe. Domestically, he represented the CBC on committees and working groups such as the Advisory Authority for Combating Money Laundering and Terrorist Financing Offences.

He is a member of the Institute of Chartered Accountants in England and Wales and of ICPAC, and is also a CFA® charterholder of the CFA Institute.

On 28 June 2023 he was appointed by the Council of Ministers as a Member of the Board of Directors of CyPAOB.

Panos Prodromides - Director General

Mr Panos Prodromides was appointed Director General of CyPAOB on 1 December 2023. He is a graduate of The English School, Nicosia (1991). He then attended the University of Manchester, where he obtained a first-class honours degree in Economic and Social Studies. He completed postgraduate studies in Management at the London School of Economics and Political Science, with distinction.

He began his career at the audit firm Arthur Andersen in London (1997-2001) and then worked at the stockbroking company Lefkoniko Stock Brokers Ltd (2001-2003), where he was responsible for research on trading in derivative securities on the London and German stock exchanges. On returning to Cyprus, he worked at Deloitte Limited (2003-2009) as a Senior Manager, dealing with statutory audit matters and related procedures for a client base of more than 200 companies. He later continued as Head of the Audit Department and external audit manager at Nexia Poyiadjis (2009-2011) and subsequently served as Managing Partner of the Audit Department of A. Panayiotou & P. Prodromides Ltd (2011-2015).

From October 2015, he took up the post of Audit Quality Reviewer, carrying out quality inspections on behalf of CyPAOB, and was responsible for the inspection of procedures at audit firm level in audit firms that sign audit reports on statutory audits of the financial statements of public interest entities (PIEs), as well as for inspections of PIE audit files. He was also responsible for the inspection of the Recognised Body of Auditors of Cyprus, in relation to the tasks assigned to him by CyPAOB in accordance with the Delegation Agreement, as well as for the preparation of reports of findings and their presentation to the Board of Directors.

He is a member of the Institute of Certified Public Accountants of Cyprus (ICPAC) and an Associate member of the Institute of Chartered Accountants in England and Wales (ICAEW). On behalf of CyPAOB, he participates in various committees of the Committee of European Auditing Oversight Bodies (CEAOB), such as the CEAOB Inspections Subgroup Organising Committee, the International Auditing Standards Subgroup and the Enforcement Subgroup, and he is also a member of the KPMG, EY and Deloitte Colleges. In addition, he is an active member of the Emerging Working Group of the International Forum of Independent Audit Regulators (IFIAR).

On 12 July 2024, Panos Prodromides was elected as the new Chairman of the Committee of European Auditing Oversight Bodies (CEAOB) for a term of four years.

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Nicos Yiapanas - Chairman of the Disciplinary Committee (appointed on 26 March 2025)

Mr Nicos Yiapanas was appointed by the Council of Ministers on 26 March 2025 as Chairman of the Disciplinary Committee of the Cyprus Public Audit Oversight Board (CyPAOB). He is a graduate of the Pancyprian Gymnasium for Boys of Kykkos and holds a degree in Law and Economic Sciences, Department of Law, specialising in Public Law and Political Science, from the Aristotle University of Thessaloniki (1981). He was admitted to the Bar in 1982 and practised law without interruption until 1999, when he was appointed Temporary District Judge.

On 1 September 2000 he was appointed District Judge and in June 2011 he was appointed Senior District Judge, while in 2017 he assumed the duties of President of the District Court, a position from which he retired on 1 October 2021.

During his judicial service he worked at the Larnaca-Famagusta District Court, the Limassol District Court and the Nicosia District Court. He also served for 2 years as President of the Larnaca-Famagusta Assize Court. He also took part in various professional seminars and conferences, both in Cyprus and abroad.

Furthermore, in 2024 he was appointed by the Independent Authority against Corruption as an Inspection Officer for a specific investigation.

In addition to his professional experience, Mr Yiapanas served as a Municipal Councillor of the Municipality of Agios Dometios (1992 - 1996), a member of the Board of the Nicosia Bar Association and a Member of the Council of the Cyprus Judges' Association.

Maria Kapardis - Member of the Disciplinary Committee

Dr Maria Krambia-Kapardis holds a doctorate from Edith Cowan University in Australia and is a Professor of Accounting specialising in Forensic Accounting at the Cyprus University of Technology. She has served as Head of the Department of Hotel and Tourism Management and as Associate Dean of the School of Management and Economics of the same university. Before returning to Cyprus, she held an academic post at a university in Melbourne, Australia. Dr Krambia-Kapardis was a founding member and first president of 'Transparency International-Cyprus' (2010-2017), and also the founder and first chair of the 'Economic Crime and Forensic Accounting' committee of the Institute of Certified Public Accountants of Cyprus (ICPAC) (2010-2014). For several years she also served as a member of the disciplinary committee of ICPAC and as a national expert of the European Commission on corruption issues, and she has contributed her expertise to addressing economic crime at European level. She is a Fellow of the Institute of Chartered Accountants of Australia and New Zealand and a Certified Fraud Examiner (USA). Dr Krambia-Kapardis has also served as a Visiting Scholar at the universities of Cambridge (UK), Girona (Spain) and Victoria University (Melbourne, Australia). In 2015 she won two global awards for publications she published internationally in the field of corruption; in 2017 Gold Business Magazine named her one of the 100 most powerful and influential women in Cyprus; and in June 2019 the Association of Certified Fraud Examiners presented her with the international Community Outreach Award for her contribution to reducing corruption and collusion in her country. In December 2019 she was presented with the international ACE Award, Sheikh Tamim Bin Hamad Al Thani International Anti-Corruption Excellence Award in the Academic Research and Education category.

Dr Krambia-Kapardis has published several books, articles in scientific journals and book chapters in the subject areas of economic crime, corruption, ethical behaviour, corporate social responsibility, corporate governance, gender issues in business, and business ethics. Her most recent book was published in 2019 by Palgrave Macmillan under the title "Financial Compliance: Issues, Concerns and Future Directions". Finally, Dr Krambia-Kapardis has conducted a number of studies funded by European research programmes.

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Achilleas Chrysanthou - Member of the Disciplinary Committee

Mr Achilleas Chrysanthou was appointed by the Council of Ministers on 15 November 2021 as a member of the Disciplinary Committee of the Cyprus Public Audit Oversight Board (CyPAOB). He is a member of the Institute of Certified Public Accountants of Cyprus (ICPAC) and a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW). He is a graduate of the Grammar School and holds a diploma in accounting from the City of London Polytechnic in the United Kingdom. From 1980 to 1984 he worked at the audit firm Moore Stephens & Co in London, where he obtained the professional qualification of Chartered Accountant (ACA) of the Institute of Chartered Accountants in England and Wales. In November 1984, having returned to Cyprus, he was employed in the Audit Department of the audit firm PricewaterhouseCoopers (PwC) and, after a series of promotions, in 1999 he was promoted to the position of Director, which he held until June 2019, the date of his retirement.

At PwC, Mr Chrysanthou managed, as an accountant/auditor, a large portfolio of local and multinational clients operating in the insurance and banking sectors, in the financial services sector, and in the construction and retail sectors. He gained significant experience and expertise in the audit of financial statements and in the provision of related services to clients that are listed and private companies.

He was responsible for the planning and effective execution of the audits of his clients' financial statements, as well as for providing services of the highest quality to clients. He was also responsible for the smooth operation of his department, contributing to the achievement of the objectives and goals of the firm in general. He was also responsible for the training, guidance, development and appraisal of the members of his team.

He took part in various internal committees of the firm, such as the International Accounting Standards Technical Group and the Personal Data Protection Committee. He also took part in delivering various audit, accounting and other internal seminars to PwC staff. Another area of expertise he holds is his long experience in the internal Quality and Risk Management department of PwC, with primary responsibility for the firm's ongoing compliance with International Quality Standards and for ensuring and strengthening the system of internal procedures and controls, including the external inspections of PwC by competent Bodies and Authorities.

On 15 May 2020 he was appointed non-executive director of Kentriki Insurance Company Ltd.

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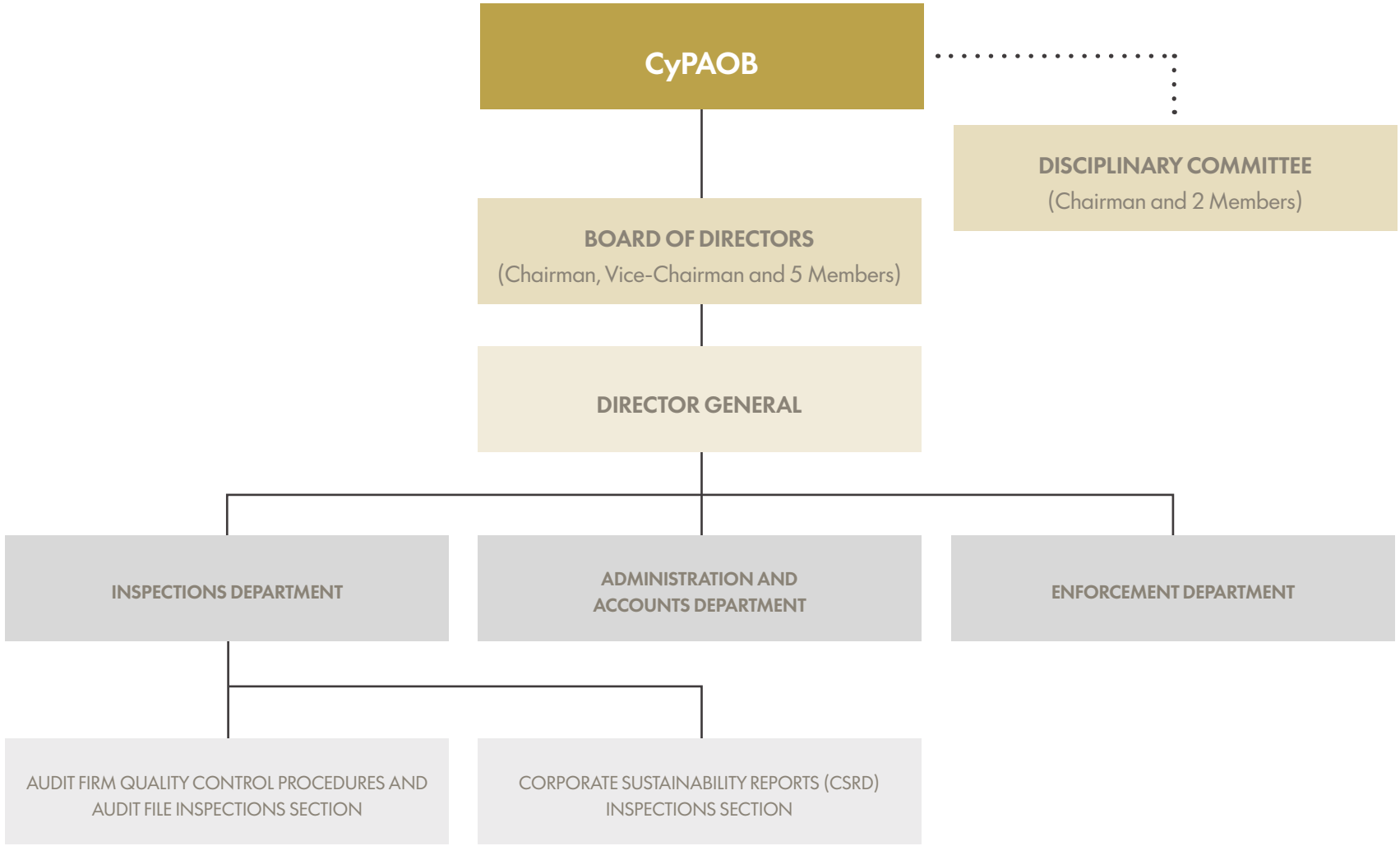
3. Organisational structure of CyPAOB

The organisational structure of CyPAOB as at 31/12/2025 and at the date of signing of the annual report is presented below:



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4. Meetings of the Board of Directors of CyPAOB

During 2025, the Board of Directors of CyPAOB held twenty-one (21) meetings at which, in addition to the administrative matters relating to the smooth operation of CyPAOB, the results of all inspections of statutory auditors and statutory audit firms carried out by the inspectors of CyPAOB were discussed in detail and the corresponding decisions were taken, including referral for disciplinary investigation and the implementation of a corrective action plan. The implementation of these decisions is closely monitored by the Board of Directors. In addition, the Board of Directors assessed a number of complaints that had been received, as well as other information that came to its attention, and took the appropriate measures.

5. Financing of CyPAOB

As provided for in the Auditors Law of 2017, as amended from time to time, the financing of CyPAOB comes from:

- The Republic, through the annual payment of an amount corresponding to 20% of the projected annual expenses of CyPAOB

- The supervised persons, through the payment of an amount corresponding to 80% of the annual budget of CyPAOB, as follows:

(a) the recognised bodies of auditors of the Republic,

(b) the statutory auditors and statutory audit firms of the Republic.

6. General Data Protection Regulation (GDPR)

On 25 May 2018, the General Data Protection Regulation 2016/679 entered into force, which tightened the framework for the protection of natural persons with regard to the processing of personal data and on the free movement of such data (hereinafter the "Regulation", widely known as the General Data Protection Regulation - "GDPR").

During 2025, the duties of external Data Protection Officer (DPO) were performed by Mr Olympios Christofi (Christofi Meraklis & Associates LLC). After the end of the year and at the time of approval of this Annual Report, CyPAOB has assigned, under a service contract, the performance of the duties of external Data Protection Officer to the law firm Hadjianastasiou, Ioannides LLC. The contact point for data protection matters is Ms Christina Hadjivasiliou.

Published on the official website of CyPAOB is the Personal Data Protection Policy, which was established to fulfil the obligation of CyPAOB arising from Article 13 of the Regulation. The purpose of this Policy is to provide citizens with information on how CyPAOB uses the data it collects and retains, in its capacity and role as data controller.



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Part 2 | Institutional Framework

Part 3 | Supervision of the Audit Profession

Part 4 | Supervision of quality control systems and audit files

Part 5 | Disciplinary proceedings and enforcement of sanctions

Part 6 | Organisational Development

Part 7 | Governance and Structure

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The following table presents a summary of the unaudited results as at 31 December:

	2025	2024
	€	€
Income	1.022.773	925.196
Expenses		
Supervision costs	309.729	227.113
Enforcement expenses for statutory auditors / statutory audit firms	34.008	21.699
Administration expenses	567.641	506.050
Other expenses	10.884	10.573
Finance expenses	8.924	10.426
Total Expenses	931.186	775.861
Surplus	91.587	149.335

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Acronyms

Acronyms	
ACCA	Association of Chartered Certified Accountants
EAIG	European Audit Inspection Group
ICAEW	Institute of Chartered Accountants in England & Wales
IFIAR	International Forum of Independent Audit Regulators
PIE	Public Interest Entity
CEAOB	Committee of European Auditing Oversight Bodies
ISQM	International Standard on Quality Management
CAIM	Common Audit Inspection Methodology
PCAOB	Public Company Accounting Oversight Board
CyPAOB	Cyprus Public Audit Oversight Board
ICPAC	Institute of Certified Public Accountants of Cyprus
RBA	Recognised Body of Auditors
EU	European Union
EEA	European Economic Area
CySEC	Cyprus Securities and Exchange Commission
CBC	Central Bank of Cyprus

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Acronyms

CYPRUS PUBLIC AUDIT
OVERSIGHT BOARD

CyPAOB

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Republic of Cyprus

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