

# Transparency Report

For the year ended 30 September 2025

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# Foreword

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Whilst we focus on financial outsourcing, transfer pricing and transaction support, and target audits of non-public interest entities and hence are not under obligation to issue mandatory transparency report, nevertheless we choose to prepare one.

We continuously want to highlight that, in our opinion, relevance of audits is not conditional upon certain attributes, and audit is not a commodity. Different auditors organise and execute their work differently. Our choice is to perform thorough and client centred audits. In this short read we describe benefits of such approach.

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This transparency report describes policies and procedures as they were in place as of 30 September 2025.

Riga, January 2026

**Edvards Merhels**  
Managing partner

# Our audit practice

## Value proposition

We, Merhels Revidenti Konsultanti SIA (hereafter Merhels or the Firm) offer personal and technically sound services at fees competitively priced with those of Big 4. It is very important for us that audit work that we perform is useful and meaningful to key stakeholders.

For audit services this means that:

- we undertake engagements where there is real demand for an audit, for example, a bank wants to obtain comfort that numbers reported by a borrower are accurate;
- often we apply lower materiality thresholds in comparison with peers, thus digging deeper into issues;
- we keep our teams experienced, which facilitates productive real time dialogue between the client and auditors;
- clients have direct access to audit partner, which facilitates quick decision-making process;
- we take a close look at tax issues to unlock potential savings.

We perceive each audit engagement as unique and requiring bespoke approach. Thus, our offering is targeted at organisations who look for thorough audits.

Our approach aims to ensure that:

- audit clients issue high quality financial statements, which bring clarity to users;
- client's total audit costs are lower than our audit fees, for example, by virtue of tax savings or process improvements stemming from our audit work.

Our value proposition is of most appeal to successful private sector SME organisations, who realise that audit

can deliver real value and is not just formality and unwelcome cost item.

## Key audit specialists

We employ reversed pyramid system in delivering our audit services. Hence you will hear frequently from and have direct dialogue with our in-charges:

- Edvards Merhels, FCCA and certified auditor, 30 years of relevant experience, Big 4 audit background
- Dace Merhele, CIA and certified auditor, 30 years of relevant experience, Big 4 audit background
- Egons Liepiņš, certified auditor, 33 years of relevant experience, Big 4 audit and tax background, including leadership positions
- Kristīne Graudiņa, FCCA, CIA and certified auditor, 18 years of relevant experience, Big 4 audit background
- Dāvis Strauss, certified auditor, 13 years of relevant experience, Big 4 audit background.

## External monitoring

The Firm is obliged to submit itself to an inspection of its audit practice by the LACA. Such inspections as a minimum are carried out once in 6 years. The inspection process includes evaluation of policies and procedures applicable to the firm's audit practice. The inspection team reviews select financial statements, audit reports and engagement files.

The Firm has been subject to LACA's inspections in 2008, 2013, 2019 and 2025, in all instances having received the green card.

## Independence practices

Merhels is committed to ensuring that its independence policies and procedures are robust and provide clients and other users of audit reports with confidence that the Firm and their professionals are independent and objective.

Our independence policies and procedures are based on the IFAC Code of Ethics.

## Continued professional education

Professional education needs are determined by means of self-assessments, appraisals performed by the Firm's leadership team and monitoring changes in regulations

which affect our operations. Education needs are addressed via structured, unstructured and on the job training. The Firm requires that staff documents structured and non-structured learning activities. For that we deploy time tracking and analysis software.

### **Quality control**

Our quality control system rests upon the set of standards issued by the International Federation of Accountants. However, what truly makes the difference is our excellence focused mindset and attitude to detail.

### **Partner remuneration**

Partners are remunerated with reference to their share of the Firm's profits.

### **Audit clients**

We work primarily with foreign investors by auditing and reviewing financials of their Latvian business units. These engagements often include work on reporting packages and communication with principal auditors. Further we perform grant and compliance audits.

Within audit engagements we are exposed to many industries, for example, real estate, higher education, logistics, professional services, wholesale, manufacturing.

### **Audit fees**

Within audit domain during the year ended 30 September 2025 we generated fees of 284 TEUR (LY: 305 TEUR).

# Non-audit aspects

- valuation of businesses,
- assessment of management performance,
- litigation support projects.

Whilst we consider ourselves as generalists, we certainly have very good grasp about certain industries (businesses) like real estate, private equity, education and logistics.

## Legal structure and ownership

Merhels is a limited liability company incorporated in 1998 under the laws of the Republic of Latvia. The Firm is licensed by the Latvian Association of Certified Auditors (LACA) to carry on with the audit business.

The Firm's ownership structure is as follows:

- 45% of shares are held by Edvards Merhels
- 30% of shares are held by Dace Merhele
- 25% of shares are held by Marija Smirnova.

Edvards Merhels and Dace Merhele are Latvian certified auditors. All shareholders are members of the Firm's Board.

## Governance and management

The Firm's daily activities are managed by the Board. Service lines are managed by service lines leaders:

- Audit and advisory services - by Edvards Merhels, simultaneously the managing partner
- Tax advisory services - by Dace Merhele, senior partner
- Financial outsourcing and tax compliance services - by Marija Smirnova, financial outsourcing partner.

## International affiliations

From 2004 until 2015 Merhels was affiliated with international mid-tier audit networks Grant Thornton International and RSM International. From 2015 we work as independent national Firm.

## Client work experience

Along with audit work we were actively engaged in:

- transfer pricing, including international transfer pricing projects,
- financial and tax due diligences,
- financial outsourcing,

## People

We have a team of 25+ specialists at your disposal.

## Revenues

During the year ended 30 September 2025 we generated revenues of 1,455 TEUR, representing 10% YoY growth.

## Tools

We deploy a host of tools to make us more efficient and effective. For example, we use Smptime for time tracking and certain practice management aspects.

Our accountancy department primarily deploys off-the shelf accounting software Jumis. However, we work as well with other systems, for example, SAP.

## Office environment

Our office is situated in the heart of Riga at Republikas Square 3-124. During the reporting period we deployed hybrid working model.

[www.merhels.lv](http://www.merhels.lv)