

**Transcription of notes of Marie Ellen Lopes regarding discussions with Cosmo Cooks at Future's Accounting**

**Marie Ellen Lopez: (auditor)**

*Good morning – Cosmo, I 'd like to speak with you about your client Mercury Limited which is owned by Alessandro Kerr and Alexandra Roth.*

*As you know I'm trying to wrap up my audit of Mercury, and wanted to discuss some outstanding query in the file which relates to certain payments issued by the company in 2018 and 2019.*

**Cosmo Cooks:**

*Okay, I will try to assist – but I've only been with Future's Accounting only since late 2018.*

**Marie Ellen Lopez: (auditor)**

*Just a few questions. Do you prepare any books and records for Mercury Limited?*

**Cosmo Cooks:**

*I don't prepare or maintain the books and records of the company. I only prepare the income tax returns and financial statements for Mercury, as well as the income tax returns for Alessandro and Alexandra.*

**Marie Ellen Lopez: (auditor)**

*So, how do you prepare the income tax returns for Mercury Limited?*

**Cosmo Cooks:**

*Well, I prepare the financial statements based on the information and transactions recorded in the books and records which are summarized by the company's in-house bookkeeper, Gina Penny. I then prepare the income tax returns for Mercury and any required schedules that get included in the income tax returns. There may be a few items to adjust for at year end that I may have to make, but for the most part, I can prepare the income tax returns and financial statements based on summaries of the books and records I am provided with.*

**Marie Ellen Lopez: (auditor)**

*Okay, so who provides you with the summaries of the books and records for Mercury Limited?*

**Cosmo Cooks:**

*I receive the summaries from Alessandro, but my primary contact for any questions I may have about the company or information in the summaries is Alexandra.*

**Marie Ellen Lopez: (auditor)**

*Okay, does Alessandro or Alexandra provide any other documentation when its time to prepare the income tax returns?*

**Cosmo Cooks:**

*I don't remember or recall other records which Alessandro or Alexandra bring into the accounting office except for the computerized summaries which were prepared by their bookkeeper..*

**Marie Ellen Lopez: (auditor)**

*In 2018 and 2019, there were significant disbursements to a company called Silver Holdings Incorporated which totalled \$7,250,000 and \$4,000,000 respectively. Do you remember these amounts or recall the name of this company?*

**Cosmo Cooks:**

*I remember the amounts because they were significant, and because it was an item that I had to make an adjusting entry before I could finalize the financial statements and prepare the income tax returns. All I remember is that there was some sort of note in the summaries about the payments to Silver Holdings.*

**Marie Ellen Lopez (auditor)**

*Okay, do you remember the circumstances or how these amounts were adjusted by you.*

**Cosmo Cooks:**

*I remember that certain investments held by Mercury were liquidated in 2018 and 2019. I seem to recall it was either Alessandro or Alexandra who came into the office at year end (but I can't remember who exactly) and told me that proceeds from liquidation were used to acquire similar assets now held or owned by Silver Holdings.*

**Marie Ellen Lopez: (auditor)**

*Was there any documentation or additional explanation provided by Alessandro or Alexandra in regard to Silver Holdings, or any invoices or contracts between Silver Holdings and Mercury Limited?*

**Cosmo Cooks:**

*No, I didn't see any such documents, or at least I don't recall seeing any documents regarding Silver Holdings except for the entries in the summaries. Not sure exactly whether it was Alessandro or Alexandra, but I was instructed to ensure that the payments issued to Silver Holdings were claimed as tax deductions by Mercury Limited. I didn't conduct a financial audit of Mercury Limited, or ask for an explanation from Alessandro or Alexandra, and therefore didn't do any further verification into these payments.*

*I only prepared the financial statements and income tax returns for Mercury Limited based on the information the client provides or as instructed by the client.*

**Marie Ellen Lopez:(auditor)**

*Do you have any information regarding Silver Holdings Incorporated?*

**Cosmo Cooks:**

*I really don't know anything about that company. As far as I know, Silver Holdings is not a client of our firm. So, if you need further information about that company or an explanation or any documentation about why the payments were expensed for tax purposes, you need to ask Alessandro or Alexandra. I don't have any more information I can provide you with.*

**Marie Ellen Lopez: (auditor)**

*Okay, thank you –*