

# Transparency Report

In accordance with the Article 13 of EU Regulation 537/2014, we are required to publish an annual Transparency Report. This report covers the year ended 31 March 2018.

## Legal structure and ownership

Rees Pollock is a partnership owned by its partners. There are currently 8 partners. The firm is regulated by the Institute of Chartered Accountants in England & Wales ('ICAEW').

## Network

The firm is not part of any network and operates from one London office. It currently employs 54 staff.

## Governance structure

The firm is governed by its partners who are responsible for the formulation of the firm's strategies and policies.

Full partner meetings are held quarterly to discuss firm matters.

Operational meetings with the staff partner and managing partner are held as and when required but at least fortnightly. Separate departmental meetings are held regularly with relevant partners and managers.

## Internal quality control systems

The firm's quality control procedures are set out in the Staff Handbook.

## Leadership responsibilities for quality within the firm:

The firm's partners bear ultimate responsibility for audit quality. The partners are committed to providing a

high quality service and assume overall responsibility for this. They recognise the importance of training and appraising staff and rewarding high quality work.

## Ethical requirements:

The firm's independence, money laundering, confidentiality and data protection rules are set out in the Staff Handbook.

Every year annual declarations are made by staff stating they have complied with the rules.

The firm's audit procedures include checklists to ensure our independence from the client.

Alex Macpherson is our Ethics Partner and any potential conflicts are referred to him.

The firm maintains a list of clients and how long each Responsible Individual has acted for them. These are rotated after five years for quoted clients, including public interest entities ('PIEs'). The firm follows the requirements laid down by the Financial Reporting Council ('FRC') as regards the maximum length of tenure for audit engagements with PIEs. The firm has not acted for more than ten years for any PIEs.

For private clients if one partner has acted for more than ten years, we perform an internal risk assessment in consultation with the Ethics Partner, inform the client and, if necessary, introduce additional procedures such as second partner review.

As part of our audit work we review any non-audit work we perform for our clients and ensure it does not

- Legal structure and ownership
- Network
- Governance structure
- Statement on the effectiveness of our internal quality control systems
- Internal quality control systems
- Public interest entities
- Independence procedures and practices
- Professional skills and values
- Financial information
- Partner remuneration

contravene the principles established by the Ethical Standard issued by the FRC or the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ('IAASA').

#### **Acceptance and continuance of client relationships and specific engagements:**

The firm will only accept appointment and/or continue to act for clients where it has concluded that the client does not lack integrity, that we have the competency and resources to perform the assignment and that we can comply with any ethical requirements.

Prior to the acceptance of any new client or the onset of each year's work the client appointment and continuance checklist in our audit software will be completed and signed off by the Responsible Individual.

#### **Human resources:**

The firm is committed to ensuring it has sufficient personnel with the appropriate capability, competence and commitment to ethical principles.

Recruitment policies are in place to ensure we recruit people of appropriate characteristics and ability to provide a high quality service.

Induction training and other specific internal training courses are provided together with a varied programme of courses from an external training provider.

Performance is evaluated on an assignment basis together with six-monthly reviews with managers. In addition Catherine Kimberlin, the staff partner, performs annual appraisals on all staff.

#### **Engagement performance:**

All engagements are performed in accordance with professional standards and regulatory and legal requirements.

All audits are performed using 'CaseWare' audit software.

Second partner 'quality control'

reviews take place if: the client is listed or subject to high public interest; there is a contentious matter of opinion; if the engagement partner has acted for over ten years and it is felt this is necessary.

In addition to formal second partner reviews, partners and staff are encouraged to consult with each other informally, at the appropriate level, where necessary on ethical and technical issues. All such matters which are important in arriving at the audit opinion are documented.

The firm requires all audit files to be completed on a timely basis after the audit reports have been signed. These files are retained for a period sufficient to comply with laws and regulations.

#### **Monitoring:**

The firm's quality control procedures are regularly reviewed and evaluated. It has the following procedures:

Cold file reviews are undertaken annually by the partners and the findings fed back to the rest of the firm by a training session.

The annual reviews will be retained together with the training notes for a minimum of five years.

The firm is committed to providing a high quality service to clients, and take all complaints and allegations against the firm very seriously. The firm will deal with all complaints and allegations that the work performed by the firm fails to comply with professional standards and regulatory and legal requirements.

The firm had a visit from the Quality Assurance Directorate of the ICAEW in May 2018.

#### **Statement on the effectiveness of our internal quality control systems**

The partners believe that the various procedures set out above are effective in achieving their objectives and are satisfied with the operation of the firm's internal quality control system.

#### **Public interest entities**

The only PIE audited by the firm in the period was Opera Investments Plc, which was listed on the London Stock Exchange. Opera Investments Limited was re-named as Katuro Gold plc and is now listed on the Alternative Investment Market. The firm resigned as auditors on 17 August 2017. Total audit fees for PIEs were £9,500.

#### **Independence procedures and practices**

The firm's independence policies and procedures are set out in the firm's Staff Handbook. These meet the requirements set out by the FRC's and IAASA's Ethical Standards and the ICAEW's Code of Ethics.

The following monitoring and review activities were performed during the year to ensure the policies were complied with: an annual declaration undertaken by all partners and staff; audit file quality control reviews examining a selection of audit files covering all Responsible Individuals on at least a biennial basis.

Compliance with our independence procedures is ongoing through the year. In addition an annual internal review of independence practices within the firm was carried out.

#### **Professional skills and values**

The firm is committed to developing and maintaining a high level of technical knowledge amongst its people.

All qualified audit staff, including managers and partners attend regular technical update courses both internally and externally.

Each year their CPD records are reviewed by the Staff Partner to ensure they are receiving an appropriate level of technical training. In addition as part of an individual's performance appraisal, professional development needs are assessed and courses or other training requirements are identified.

## Financial information

The firm's turnover for the year to 31 March 2018 is split as follows:

	<b>2018</b>
	<b>£m</b>
Statutory audit and directly related services for PIEs and for entities whose parent is a PIE	0.0
Statutory audits and directly related services for non-PIEs	4.7
Non-audit services provided to audit clients	1.9
Non-audit services provided to other entities	2.8
Total revenue	<u>9.4</u>

These numbers are not subject to audit.

## Partner remuneration

Profits are shared among all partners by reference to a number of criteria, but no partner is remunerated on the basis of selling non-audit services to audit clients. Criteria include the quality of work for which they are responsible, client service, technical skills, development of people and overall contribution to the firm's success.



Rees Pollock  
Chartered Accountants  
and Registered Auditors

18 July 2018