

## **TRANSPARENCY STATEMENT IN COMPLIANCE WITH EU REGULATION 537/2014 ARTICLE 13**

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### **Hazlewoods LLP**

Hazlewoods LLP is a limited liability partnership incorporated in England and Wales and is owned by its members. At 30 April 2020, there were 27 members (hereinafter referred to as "Partners"). The firm has three offices, two based in the county of Gloucestershire and one other that deals only with insolvency or payroll work.

### **Network**

Hazlewoods LLP is a member of HLB International. HLB International is a world-wide organisation of professional accounting firms and business advisers, each of which is a separate and independent legal entity and as such has no liability for the acts and omissions of any other member. HLB International Limited is an English company limited by guarantee which co-ordinates the international activities of the HLB International organisation but provides no professional services to clients. Accordingly, HLB International Limited has no liability for the acts and omissions of any member of the HLB International organisation, and vice versa.

### **Governance structure**

The Constitution document of the firm is its membership agreement to which all members of the limited liability partnership are bound.

The firm's designated members meet on a monthly basis to review the performance of the firm and consider business matters and matters relevant to the quality control objectives and performance of the firm.

### **Internal quality control systems**

The firm is cognisant of the key quality drivers set out in the audit quality framework published by the Financial Reporting Council.

### *The culture within the firm*

The firm emphasises quality throughout all of its service lines. This is emphasised through its internal documentation and through staff appraisal processes.

The firm has its own ethical procedures manual which gives further guidance on the application of the Ethical Standard issued by the Financial Reporting Council and Code of Ethics for Professional Accountants issued by the International Federation of Accountants. It has appointed its senior technical partner as the partner responsible for ethics; the firm's ethical requirements are communicated via internal documentation and reinforced by its audit methodology. This includes internal reporting and approval requirements relating to the giving and receiving of gifts and hospitality in relation to audit clients.

Compliance with Ethical Standards is monitored as part of the firm's Annual Compliance Review process. All Partners and staff have been trained in the relevant requirements which emphasise that at all times the firm acts in the public interest in relation to public reporting roles.

Staff requirements are monitored at all levels of the organisation and are reported both at individual office levels and at regular monthly meetings of the Partners in the firm.

Our ethical procedures ensure that financial considerations do not drive decisions which could have a negative effect on the quality of our audit work.

The Partners who lead each of the firm's service lines have high levels of technical expertise and the firm has an established consultation programme to help and support Partners and senior members of the teams in addressing difficult and complex issues.

We have robust client acceptance and consultation procedures where all decisions on client acceptance are clearly documented to ensure that the firm has adequately identified each client before acceptance and has also assessed its ability to provide the services required by that client.

All staff are appraised on a six-monthly basis and the quality of their work is the principal driver with regards to their success with the organisation.

### *Quality procedures*

We have developed standard working practices for each of our service lines. IT systems are used extensively to control both progress and quality of our work. This includes the use of a paperless audit system for the design and documentation of all audit work and IT based systems are used to control and monitor tax compliance services.

The firm has adopted the principles set out in the International Standard on Quality Control (UK) issued by the Financial Reporting Council in respect of its audit practice and has developed its own quality control manual and procedures to ensure that we continue to comply with this standard. The firm has strong systems of review and control not only in our audit procedures but in all areas of our work.

An external consultant is used to perform annual 'cold file reviews', with feedback given to staff on any points arising. This review includes a separate review and feedback session in respect of public interest entities. An overall firm review is also undertaken by either the external consultant or the firm's technical partner. The reviews were most recently completed in March 2020 and April 2020 respectively.

### *Quality monitoring*

A detailed quality control review report is produced with the assistance of an experienced external consultant on an annual basis, with monitoring of quality procedures carried out throughout the financial year. Feedback is provided both by written report and by internal training courses. Matters that have been raised in previous reports are followed up during the course of subsequent quality reviews. The firm has established a Technical Committee, headed by a partner, that is responsible for its quality control systems and procedures, and for monitoring compliance with those procedures.

### *Statement on internal quality control systems*

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

### *The skills and personal qualities of audit partners and staff*

The firm provides training to all Partners and staff on ethical requirements and regular update courses are provided for staff in each of our main service lines.

Our audit system places great emphasis on understanding our clients' businesses and is tailored to specifically address the requirements of International Standards on Auditing (UK). An audit briefing meeting takes place before the commencement of each audit at which all members of the audit team are present. This briefing includes a brainstorming session in respect of the risk of fraud arising.

Staff are allocated to assignments based on their skills and expertise and reviews are carried out of all audit work by qualified personnel and by Partners.

On the job training is emphasised throughout the firm and a comprehensive programme of in-house training courses is provided to ensure that all Partners and staff have the skills and knowledge to fulfil their roles and provide the highest level of expertise to our clients.

Progress of all of our people is monitored through a regular counselling and appraisal process which is co-ordinated by a central Human Resources department.

### *The effectiveness of the audit process*

As indicated above the firm has adopted paperless audit methodology which is specifically tailored to meet the requirements of International Standards on Auditing (UK). Particular emphasis is placed on risk assessments carried out at the planning phase of the audit. The audit system is designed to ensure that all work is clearly documented and reasons for key audit decisions recorded. A review of all audit work is clearly marked on each audit file. The controls built in to the audit software also help ensure that an audit can only be completed once all of the issues addressed at the planning stage have been addressed and all of the required procedures performed.

The audit documentation also requires that key ethical decisions made at all stages of the audit are clearly recorded, with consultation having taken place as necessary.

All audit teams are aware of the support provided by the firm's technical committee, made up of three of the firm's Responsible Individuals, including the technical partner. In addition, the technical committee consults with the senior technical partner, who has many years' audit experience and is a past member of the United Kingdom Auditing Practices Board.

### *The reliability and usefulness of audit reporting*

The firm requires clear reporting to recipients of our audit reports. There are consultation procedures in place whenever a modified audit opinion is contemplated to ensure that this clearly conveys our opinion. Where there is an audit committee, discussions take place as appropriate confirmed by written communications about threats to audit objectivity, the scope of our audit, the key risks identified and judgements made in reaching the audit opinion.

### **Monitoring of quality control**

The firm was last inspected by the Quality Assurance Directorate for audit in January 2020.

## **List of public interest entities audited by the firm**

The firm has completed the statutory audit of five public interest entities in the financial year ended 30 April 2020. These were as follows:

- Chelverton UK Dividend Trust plc
- SDV 2025 ZDP plc (a subsidiary of the above)
- Chelverton Growth Trust plc
- Athelney Trust plc
- British & American Investment Trust Plc

## **Independence procedures**

The firm has clearly documented its rules on independence, reflecting the requirements of the Ethical Standard issued by the Financial Reporting Council in the United Kingdom Or, as relevant, the previously extant Ethical Standards.

A register is maintained of all clients that have shares listed on a regulated investment exchange, the AIM of the London Stock Exchange or quoted on ISDX markets. All Partners and staff are made aware of the fact that they should not hold shares in any audit client. On an annual basis the firm obtains an independence declaration from all Partners and staff to ensure that they are aware of their responsibility to maintain independence and to confirm that they do not hold any financial interest in an audit client of the firm that would jeopardise such independence.

At the planning stage of every audit, documentation is completed to confirm that no members of the audit team or the firm itself has risks which could jeopardise the independence or perceived independence of the firm in carrying out that audit engagement.

As part of the firm's internal annual compliance review, checks are carried out on all of the above documentation on a sample basis to confirm that the firm's independence rules have not been departed from.

## **Continuing education**

Audit partners and staff are provided with an annual training session on latest developments in auditing and accounting, along with other bespoke training sessions as necessary. Audit partners and staff are also actively encouraged to attend external training sessions and undertake their own education, with annual CPD declarations recorded.

## **Basis of remuneration of the Partners in the firm**

Profits are shared among all Partners (who are the members of the limited liability partnership) under a framework set out in the LLP members' agreement. The basis of allocation of profits is on a points system. Points are awarded by the partnership in committee based on seniority and a range of performance measures. This is not linked to the performance in any individual financial year and audit partners are not specifically remunerated on the basis of selling non-audit services to audit clients.

## Financial information

The financial statements of the firm for the year ended 30 April 2020 have not yet been finalised. In the year ended 30 April 2020, the firm's turnover can be summarised as follows:

	<b>£ 000</b>
Audit fees : Public interest entities	128
Audit fees : Other audit clients	4,000
<b>Total audit fees</b>	<b>4,128</b>
Non audit fees on audit clients	2,313
<b>Total fees on audit clients</b>	<b>6,441</b>
Non audit fees on non audit clients	23,626
<b>Total fees</b>	<b>30,067</b>

## Rotation of key audit partners and staff

The firm complies with the requirements to rotate key audit partners from public interest entity clients after five years. For non public interest entities, rotation is not required but an independent quality control review is put in place after an audit partner has been in place for over ten years. There are no formal requirements to rotate staff, but the length of service of senior staff members on audits is taken into account at the planning stage and appropriate safeguards put in place where considered necessary.

**HAZLEWOODS LLP**  
**30 July 2020**