

Transparency Report

Adler Shine LLP

Years ended 31 March 2018 and 31 March 2019

Introduction

We are pleased to present Adler Shine LLP's ("Adler Shine", "the Firm") transparency report in respect of the years ended 31 March 2018 and 31 March 2019. This report has been prepared in accordance with requirements of the Transparency Report provisions of Article 13 of the Audit Regulation No 537/2014 issued by the European Union.

This report is designed to provide an overview of our structure, our values as a firm, the policies and procedures we have in place to ensure the maintenance of audit quality, and our focus on training.

1. Legal structure and ownership

Adler Shine is a Limited Liability Partnership, whose members are qualified members and affiliates of the Institute of Chartered Accountants in England and Wales (ICAEW). Adler Shine LLP is registered to carry out audit work in the UK and in Ireland. A list of the names of the Members of Adler Shine LLP is open to inspection at our offices.

Adler Shine LLP is not authorised under the Financial Services and Markets Act 2000 but is regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. They can provide these investment services only if they are an incidental part of the professional services they have been engaged to provide.

Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C005355424.

The Firm operates from its offices at Aston House, Cornwall Avenue, London N3 1LF.

At 31 March 2019, Adler Shine had 8 partners (2018: 9) of which 3 partners (2018: 4) had Responsible Individual ("RI") status for carrying out statutory audit work.

We offer a range of services comprising business advice, audit, accountancy, taxation (corporate and personal), corporate finance and business process outsourcing.

The Firm has a joint venture with AS Robins LLP to provide payroll services.

2. **Governance structure**

The management of the Firm is conducted by its Members.

Day-to-day operational matters are delegated to various business units (such as audit, outsourcing, tax), service units (such as HR, finance) and committees (such as compliance, IT, training).

3. **Internal quality control**

Adler Shine’s policies and procedures are set to promote a culture of integrity and quality throughout the firm. These are documented in our internal handbooks and manuals. Our internal quality controls are designed around the following elements:

Leadership responsibilities for quality

Overall responsibility for the effective operation of the quality control system lies with the Managing Partner who is accountable to the Members of the Firm.

Day-to-day responsibility of the audit department is delegated to the Audit Compliance Principal, who has the appropriate level of audit and technical expertise, and leadership qualities.

The Firm’s audit documentation as well as the quality control procedures is designed to promote a culture which recognises the importance of audit quality.

Relevant ethical requirements

The Firm’s Ethics Partner is in charge of monitoring and aiding compliance with ethical matters, including the ICAEW’s Code of Ethics and the Ethical Standard issued by the Financial Reporting Council.

All partners and staff confirm acceptance of the need to comply with the Ethical Standard as part of their annual statement of independence and integrity (“Fit and Proper” form).

Acceptance and continuance of client relationships and specific engagements

The firm has detailed procedures covering the acceptance and continuance of client relationships and new specific engagements. A comprehensive client acceptance form must be completed prior to acceptance of every appointment. This requires identification of the prospective client, an assessment of our independence, integrity and objectivity, freedom from conflicts of interest, an assessment of whether the firm has the requisite skills to carry out the engagement and an assessment of the risk the prospective client would present to the firm.

Upon acceptance of a new client or a specific engagement from an existing client, the firm issues a detailed engagement letter for agreement by the client, setting out, inter alia, our understanding of the nature of the assignment and what is required of us and our standard terms of business.

In addition to the above, partners and staff involved in audit engagements, including statutory audits of PIEs, must separately complete a client acceptance of (re)appointment form before any work commences to ensure compliance with the requirements of the FRC’s Revised Ethical Standard.

Human resources

The firm has established policies and procedures to ensure that partners and staff are equipped with the required technical skills and reflect the firm's values of commitment to client service and high professional and ethical standards, covering objectivity, integrity and independence.

The firm sets high standards for the recruitment and promotion of personnel, in particular with regard to the selection and interview of candidates and the qualifications including relevant experience as required. Partners are involved in all interviews and references are always taken, including verification of membership of professional or regulatory bodies.

Partners and managers are assessed annually, and their specific training needs are recorded in a personal development plan. Other audit staff and trainees undergo a six-monthly appraisal process.

The Firm's appraisal system is also supplemented by the monitoring and peer reviews which alert the firm to any particular deficiencies.

Engagement performance

The requirement is met through our review procedures which are documented in our audit manual. Such procedures include requirements for partner and manager reviews, Engagement Quality Control Reviews on long association and high-risk clients, and on-going monitoring reviews on the audit process.

Monitoring

The Audit Compliance Principal is responsible for monitoring the quality of audits. An overall assessment of the effectiveness of the quality control procedures is completed at the annual Audit Compliance Review. This review brings together the results of the internal and external peer reviews, supplemented by information gathered during the monitoring reviews and other specific research. Annual external and internal peer reviews are completed and cover at least one file for each partner and audit manager.

The Firm's procedures on the internal review of audit quality consist of mandatory reviews of the work conducted by all audit partners:

- The Firm has appointed an external consultant to conduct a peer review of a sample of quoted company audit files on a bi-annual basis.
- The Firm also conducts an internal cold file review process which is carried out by RIs and audit managers on an annual basis.

4. Quality assurance review

The Firm is inspected by the Quality Assurance Department (QAD) of the ICAEW on a regular basis. The last monitoring visits took place in:

- July 2016 in respect of audit work; and
- January 2015 in respect of general practice assurance.

The Audit Compliance Principal ensures that improvements and findings identified at those monitoring visits are disseminated to the relevant parties through training and updates to policies and procedures.

5. **Public interest audit clients**

During the year ended 31 March 2018, the firm signed an auditor's report on one public interest audit client.

During the year ended 31 March 2019, the firm did not sign any auditor's reports on public interest audit clients.

6. **Independence practices and internal review**

Adler Shine is regulated by the ICAEW in the provision of audit, accountancy and related services.

The Firm is further bound by the ICAEW Code of Ethics and guidance and is also bound by the ethical requirements of the Designated Professional Bodies Handbook which sets out the standards we must adhere to when providing regulated financial services under our DPB license. All members of the firm regardless of professional affiliations are subject to the ICAEW Code.

The Firm has a member responsible for Ethics. Audit partners and staff consult with the Ethics' Partner on long associations, provision of non-audit services to audit listed clients, extent of non-audit services for audited clients, and other independence matters.

In addition to the policies and procedures on internal quality control as described above, the Firm has established firm-wide policies regarding:

- Prohibition in holding and making financial investments in listed clients.
- Policies on holding and making financial investments in non-listed clients.
- Restriction in the provision and receipt of gifts and hospitality. Reporting of money laundering suspicions, bribery and financial crimes.
- IT procedures, security and GDPR
- Handling complaints

7. **Continuing education of statutory auditors**

The Firm is committed that its partners and staff are adequately trained in matters concerning financial reporting, audit procedures and anti-money laundering. The firm's Members are appointed to oversee such training and compliance with IES8.

The Firm conducts a series of training courses provided by an external provider, including:

- Quarterly updates on audit and financial reporting matters; and
- Quarterly updates on tax matters.

Further specific training requirements as identified in the personnel development plans of audit partner and managers are met through the use of specialist providers.

The training requirements of our trainees are met through:

- Tailored in-house training set at different stages of their career.
- Classroom-based learning provided by external course providers, as part of studying for their professional qualifications.

8. **Basis of remuneration of partners**

Partners earn a share of the Firm's profits based on a number of factors such as participation in the Firm's capital, experience, skills, and contribution to the Firm's growth and development.

9. Rotation of partners and staff

The Firm's policy is to rotate the responsible individual on audited listed clients every 5 years, and the Engagement Quality Control Reviewer, every 5 years. Such partners may not be involved with the audits of these clients in another capacity for a further 5 years.

The Firm does not have a policy of rotating partners and staff on non-listed audit clients. We mitigate the familiarity threat that may arise from the long association risk by requiring an Engagement Quality Control Review to be performed on such audits.

10. Financial information

The firm's fee income from public interest audit clients was £nil for the year ended 31 March 2019 (2018: £10,000).

11. Statement of effectiveness

Based on the results of the monitoring as referred to above, the firm is satisfied that its quality control system is operating effectively to ensure that the firm complies with all professional standards and delivers a quality service to clients.



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Daniel Garcia
Managing Partner

3 June 2019