

# Transparency Report 2017




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**In accordance with the Statutory Auditors (Transparency) Instrument 2008, we are required to publish a Transparency Report, effective for accounting periods commencing on or after 6 April 2008. This is our ninth report, covering the year ended 30 April 2017.**

### Legal structure and ownership

Shipleys LLP ("the Firm") is a limited liability partnership incorporated in England and Wales. At the time of writing there are twelve members ("principals") of the Firm, the seven designated members being its owners.

Six principals are members of the Institute of Chartered Accountants in England & Wales (ICAEW), one is a member of the Institute of Chartered Accountants in Ireland and three are members of the Association of Chartered Certified Accountants.

Both of the Firm's offices provide audit services and there are in total ten Responsible Individuals of the Firm.

The audit practice is regulated by the ICAEW and is subject to review by its Quality Assurance Department (QAD). In respect of the clients that meet its criteria, such as clients listed on the main London Stock Exchange, the Firm's audit practice is also subject to monitoring by the Audit Quality Review team of the Financial Reporting Council (FRC).

### AGN International

Shipleys LLP is a member of AGN International Ltd, a worldwide association of independent accounting and consulting firms. It is not a network as defined by the Statutory Auditors (Transparency) Instrument 2008 and there is no common ownership across the firms. AGN International Ltd has representative members in 90 countries.

### Governance structure

The Firm, whose managing principal is Simon Robinson, is governed by its principals, who are responsible for the formulation of the Firm's strategies and policies. Responsibilities are delegated to a small number of Committees, comprising principals and senior staff. These Committees make recommendations and report to the principals at regular meetings. The decision-making process rests with the principals of the Firm.

### Internal quality control systems

#### Leadership responsibilities

Responsibility for quality assurance within the Firm rests with the Audit Technical Committee, made up of five Responsible Individuals together with senior staff from both audit offices, chaired by the Audit Compliance Principal. Its main responsibility is to establish, implement and monitor the quality control procedures and policies of the Firm

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in relation to audit, non-audit and other assurance assignments. The Firm promotes a quality control orientated internal culture at all levels of operation, and ensures compliance with professional standards and regulatory requirements.

## Ethical Requirements

The Firm's ethics Principal has overall responsibility for the Firm's policies and procedures relating to integrity, objectivity and independence, compliance with the Auditing Practices Board ethical standards, and effective communication and guidance of these to Principals and staff.

## Acceptance and continuance of client relationships

The Firm has established robust engagement acceptance procedures for all of its prospective clients, which are monitored throughout the duration of the client relationship. They include, inter alia, a clear understanding of the client's requirements, our commitment to offering the very best quality of service and an approval process that is appropriate to the perceived risk.

## Human resources

Our HR team, headed by a principal, is responsible for the recruitment, training, appraisal and remuneration processes. Vigorous selection techniques are pivotal to our policies, together with continuing support at all levels for career development and progression.

## Engagement performance and monitoring

The audit performance of the Firm is principally monitored by its Audit Technical Committee, which is also responsible for the creation of quality control procedures and policies within the Firm and for training and dissemination of technical information throughout the audit practice. It is also responsible for internal and external reviews and monitoring, including engagement quality control and the provision of a forum for consultation on audit and other assurance engagements.

The Firm makes use of independent external consultants to assist with a compliance review of completed audit files. It is the policy of the Firm that at least one audit file is reviewed for each Responsible Individual within an 18 month period. The reviewed files are scored and the results for reviews undertaken in the year are:

Score		% of reviewed files
From	To	
80%	100%	90%
70%	79%	10%

## Professional skills and values

The Firm is committed to developing and maintaining the highest possible standards for all principals and staff throughout the Firm and it provides an annual programme of Continuing Professional Development, supported by regular internal and external lectures and presentations. A current focus for training is the transition to the new UK financial reporting framework. Staff and Principals will undertake work commensurate with their professional competence and expertise. The individual professional development needs of each member of staff are assessed as part of their annual performance appraisal.

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

We consider that our internal quality control systems are functioning very well.



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## External monitoring

As noted above, the Firm is subject to regular external monitoring by the QAD. The last such review took place in April 2015, with the result of that review reported to the Audit Registration Committee in September 2015 when the Firm's audit registration was continued. In December 2016, the firm was severely reprimanded by ICAEW, fined £12,000 and paid costs of £4030 following a finding that back in 2010 the firm issued two audit reports when the work had not been conducted in accordance with International Standards on Auditing.

The Firm's financial statements are audited by SRG LLP, Chartered Accountants.

The Firm's listed clients referred to below fell within the remit of the Audit Quality Review of the FRC during the year ended 30 April 2017.

## Public interest entities

During the year the Firm expressed an audit opinion on the financial statements of two audit clients which were traded on a regulated market in the European Union, London & St Lawrence Investment Company Plc, which had a premium listing on the London Stock Exchange, and Highway Capital Plc, which had a standard listing on the London Stock Exchange. London & St Lawrence Investment Company Plc has subsequently cancelled its listing on the London Stock Exchange and has entered solvent liquidation. In addition Highway Capital Plc's shares are currently suspended following a reverse transaction. The firm may not have any public interest audits in the coming year.

## Independence procedures and practices

The Firm maintains internal policies and procedures to preserve its independence and to act with integrity and objectivity. All Principals and staff are required to complete, firstly upon joining and annually thereafter, statements of independence and confidentiality, as well as confirmation of fit & proper status. Any subsequent changes must be notified to the HR and Ethics Principals when they occur. Any occasions of actual or perceived threat or conflict of independence or any other ethical issues will be documented by the Ethics Principal and a plan for their elimination be formulated and acted upon. Compliance with independence procedures and practices is monitored at all stages of the audit relationship, starting at the point of client acceptance. It is then reassessed during the course of each audit or when client ownership or governance changes occur. There are strict procedures for the rotation of principals who have been acting for audit clients over a prolonged period, as required by the ethical standards. There are also detailed procedures for the provision of non-audit services to audit clients.

Compliance with our independence procedures is ongoing throughout the year. In addition, an internal review of independence practices within the Firm is carried out annually.

## Financial information

Turnover	2017 £'000	2016 £'000
<b>Total Turnover</b>	12,810	10,728
<b>From statutory audit work</b>	3,152	2,936
<b>From non-audit services from audit clients</b>	1,323	1,094
	4,475	4,031
<b>From non-audit services from non audit clients</b>	8,335	6,697
<b>In Total</b>	<b>12,810</b>	<b>10,728</b>

The 2017 figures have yet to be audited

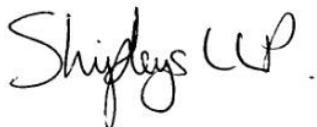
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Non audit services include accounting, tax compliance and advice, business planning, corporate finance and transaction support, payroll and company secretarial matters. A minor amount of corporate recovery insolvency work is also included in the above non audit figures which has arisen on a run off basis. This service ceased to be offered to new clients prior to 30 April 2015.

## Remuneration of Principals

Profits are shared in accordance with the Members' Agreement and are determined following a performance review and assessment at a meeting of the designated members. Performance assessment includes delivery of an outstanding service to clients, technical excellence, quality and risk management, staff development and the overall contribution made to the financial success and reputation of the Firm.

Audit Principals are not remunerated by reference to the selling of non-audit services to audit clients.

A handwritten signature in black ink that reads "Shipleys LLP".

Shipleys LLP.  
London, July 2017

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