

## Transparency report

30 September 2019

This report by Buzzacott LLP (“Buzzacott” or “the Firm”) for the year ended 30 September 2019 has been prepared having regard to the Transparency Report provisions of Article 13 of the Audit Regulation (EU Regulation 537/2014) issued in 2014 by the European Union (“the regulations”). Buzzacott LLP has not made a report on a public interest entity during that year and therefore this transparency report is not required by law. However, in the interests of transparency, our report is presented here.

### 1. Legal structure and ownership

Buzzacott LLP is a limited liability partnership incorporated in England and Wales and is owned by its members. As at 30 September 2019, there were 26 individuals who were members (who are referred to as ‘Equity Partners’). The Firm operates from a single office in London.

### 2. PrimeGlobal

The Firm is a member of PrimeGlobal, an association of independent accounting firms, comprised of approximately 300 independent public accounting firms in 88 countries.

PrimeGlobal provides its independent member firms with tools and resources to help them furnish superior accounting, auditing, tax and management services to clients around the globe. Through PrimeGlobal connections, independent member firms offer the strength and capabilities of a large, worldwide organisation with technical depth and geographic reach impossible for a local firm alone.

There is no common control, ownership or strategy across the PrimeGlobal member firms, and PrimeGlobal is not aimed at cost or profit sharing across its members. Therefore, PrimeGlobal is not a ‘network’ as defined in the regulations.

### 3. Governance structure

The leadership of the Firm is the responsibility of the Managing Partner. The governance and committee structure of the Firm is as follows:

Committee	Equity Partners
Frequency of meetings	Bi-monthly
Purpose	Overall direction of the firm and major partnership decisions
Membership	Equity Partners

Committee	Executive Committee
Frequency of meetings	Monthly
Purpose	Overall management of the Firm and monitoring of performance
Membership	Managing Partner and Executive Partners
Chair	Managing Partner

Committee	Equity Committee
Frequency of meetings	As required
Purpose	To recommend Equity Partner remuneration and distribution of equity
Membership	Membership is made up of three elected Equity Partners who each serve for three years on rotation, with a new member joining each year. The Managing Partner attends as an ex officio member.
Chair	The longest serving member acts as the Chair

#### 4. Internal quality control systems

In respect of its audit services, Buzzacott has implemented a number of internal quality control systems to ensure that our high standards are maintained.

##### Audit compliance

The Firm is required to comply with the International Standard on Quality Control (UK) 1.

The Firm's Audit Compliance Partner (for the purposes of complying with Institute of Chartered Accountants in England & Wales (ICAEW) regulations) is required to ensure that the Firm has complied, and will continue to comply, with Audit Regulations. He is also the first point of contact with the ICAEW.

The Firm maintains an Audit Compliance Manual which sets out in detail the audit procedures which must be followed. This manual is available to all staff involved in audit assignments and regular training is provided to ensure compliance.

##### File reviews

All audit files are reviewed by a manager and the Senior Statutory Auditor (SSA)/Responsible Individual (RI) at both the planning and the completion stages.

The Firm's Audit Compliance Manual sets out requirements for an Engagement Quality Control Review ('EQCR') assignments, including audits of public interest entities, if any, and audits where such a review is required by laws or regulations.

The manual also sets out the requirements for a second SSA or RI 'hot review' of high risk assignments and of audits of financial statements on which a qualified audit opinion is proposed and/or with complex issues.

EQCR reviews and hot reviews must be completed and any points raised must be resolved before approval of the audit report.

Details of the precise criteria which require the performance of an EQCR review or hot review are established by the Firm's Audit & Assurance Technical Committee.

Cold file reviews of the Firm's higher risk clients are performed on a comprehensive basis, together with cold reviews of a random sample of other clients, ensuring each SSA/RI's work is reviewed at least annually. These cold file reviews are performed independently by representatives of the Firm's external compliance consultants (Mercia incorporating SWAT). Detailed reports are provided to the Audit & Assurance Technical Committee and remedial and follow-up action is taken if necessary.

## **Statement on the effectiveness of the internal quality control system**

The Firm's management considers that the internal quality control system is functioning at a suitable level of effectiveness to enable us to maintain our internal quality standards and comply with our professional and legal requirements.

## **5. External monitoring**

The Firm is subject to regular external monitoring by the Quality Assurance Department (QAD) of the ICAEW. The Firm's last audit QAD review took place in January 2017. A Practice Assurance review was performed by the QAD in April 2018.

## **6. Independence procedures and ethical requirements**

The Financial Reporting Council's (FRC's) Ethical Standard provides regulations and guidance on possible threats to integrity, objectivity and independence in the conduct of audit engagements as well as on potential safeguards which may be instituted to counteract those threats.

In respect of its responsibility as regulatory body for auditors and, with the Institute of Chartered Accountants of Scotland and the Institute of Chartered Accountants in Ireland, the ICAEW publishes rules under which auditors will be regulated; the Audit Regulations.

The Firm's policies are consistent with these requirements and, in respect of audit services, are contained in the Firm's Ethics Handbook (which all staff must follow) and the Firm's Audit Compliance Manual (which all audit staff must follow).

## **Within Buzzacott**

Within the Firm, overall responsibility for compliance with the Audit Regulations rests with a partner designated as Audit Compliance Partner as described above. In accordance with the Ethical Standard, an Ethics Partner has also been appointed.

Members of staff are made aware of ethical considerations on commencement of their employment and on regular courses which are provided both internally and by Mercia incorporating SWAT.

All partners and staff complete an annual declaration of their independence and must notify the Firm of any circumstances which may affect their independence, or of any potential or actual conflicts of interest.

## **Acceptance of clients and engagements**

Before accepting a new appointment, the SSA/RI must consider and justify the decision to accept the appointment. In doing so the SSA/RI will consider (amongst other areas) independence, ethics and risk issues, the Firm's expertise, values and resources, its ability to carry out the work and the Firm's anti-money laundering procedures.

## **Monitoring**

An internal review of independence practices is included in the Annual Audit Compliance Review which is conducted by Mercia incorporating SWAT. Buzzacott LLP confirms that the Annual Audit Compliance Review has been conducted in the year under review.

A formal report is made to the Firm's Audit & Assurance Technical Committee and any points arising are the subject of action points.

## **7. Continuing professional development**

All SSA/RIs in the Firm are members of the Institute of Chartered Accountants in England and Wales (ICAEW). All members must undertake Continuing Professional Development (CPD) to ensure that they maintain their skills and knowledge and all SSAs/RIs must undertake additional CPD to comply with the International Accounting Education Standards Board's International Education Standard 8 Professional Competence for Engagement Partners Responsible for Audits of Financial Statements.

Close monitoring of CPD is performed by the Firm for all qualified members of staff. This ensures that all persons in the Firm eligible to be appointed as an SSA/RI maintain their theoretical knowledge, professional skills and values at a sufficiently high level.

## 8. Partner remuneration

Each partner is subject to a performance review with the Managing Partner and partners are remunerated according to a number of factors including those arising from this review.

The Firm considers that no partner remuneration is contingent upon any basis that would compromise the independence of any audit, including the sale of non-audit services.

## 9. Audit partner and key audit staff rotation

The Firm complies with the audit partner and key audit staff rotation requirements of the FRC's Ethical Standard.

The Firm's Audit Compliance Manual sets out the circumstances in which the engagement partner, engagement quality control reviewer and other key partners and staff involved in recurring engagements must be rotated away from a recurring audit engagement.

The Firm monitors the length of time and extent of involvement that partners and staff in senior positions serve as members of the engagement teams for recurring audit engagements.

Where an audit engagement partner has held this role for a continuous period of ten years or more and the FRC's Ethical Standard or the Firm's Audit Compliance Manual does not require partner rotation, safeguards are applied to ensure independence is maintained. These safeguards are communicated to those charged with governance of the audited entity.

## 10. Financial information

The transparency regulations require financial information to be provided which shows the importance of statutory audit work to the Firm.

	Year ended 30 September 2019 £m (unaudited)	Year ended 30 September 2018 £m
Statutory audit services provided to:		
• public- interest entities*	0.0	0.0
• other entities	12.2	10.8
Non-audit services to audit clients	3.4	3.9

Non-audit services to non-audit clients	29.7	25.5
Total revenue	45.3	40.2

\*Revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity.

The Firm's revenues from non-audit services to audit clients include accounts preparation work for unlisted clients, corporation tax work, tax planning, payroll and other outsourced services and general business advice.

## Buzzacott LLP

14 January 2020

## Appendix 1

### Public interest entities

The Firm did not carry out a statutory audit for a public-interest entity in the year ended 30 September 2019.

(Note that the Firm did receive revenues in the year from the statutory audit of annual or consolidated financial statements of entities belonging to a group of undertakings whose parent undertaking is a public-interest entity, however the aggregate of these fees is too low to be disclosed in the above table.)