

ELDERTON AUDIT UK - TRANSPARENCY REPORT

DECEMBER 2019

Introduction

Elderton Audit UK (“Elderton”) is an accountancy business, providing UK audit, UK tax, and UK accounting services.

In accordance with best practice compliance, this Transparency Report has been prepared in accordance with the provisions of the *Statutory Auditors (Transparency) Instrument 2008*, issued by the Financial Reporting Council.

This report is intended to provide you with a summary of our firm and the policies and procedures we rely on to deliver and maintain audit quality, including compliance with auditing and ethical standards. Our goal is to provide information to our clients and the wider market, to better inform them about our practice in these areas.

Qualitative challenges continue to arise in the profession, as technological changes move apace, delivering both efficiencies in the audit process, but also new challenges in methods of reporting. As an international practice, we work tirelessly to ensure our product is of the highest quality, adapting quickly to those changes, and delivering results to both our clients and the wider business community.

Legal Structure & Ownership

Elderton is a sole proprietorship. Mr Nicholas Hollens is the owner and principal of the business.

Leadership

Nick is a Chartered Accountant registered with the Institute of Chartered Accountants in England and Wales (“ICAEW”), Chartered Accountants Australia & New Zealand (“CAANZ”), and Singapore Institute of Chartered Accountants. As well as his UK practice, Nick is also Managing Director of Elderton Audit Pty Ltd, an Australian accountancy firm, through which he audits 15 publicly listed Australian companies.

Holding vast experience in the field of public company audits and international public practice, Nick has operated in the UK, Singapore and Australia in his career, and has worked with clients in mining, oil & gas, manufacturing, retail, insurance, and technology, among others.

Governance

As owner, Mr Hollens is responsible for the leadership of the firm, creating & executing strategies for its future growth and development. He is fully committed to ensuring Elderton delivers quality services to every client, and adheres to all relevant standards and regulations, including taking overall responsibility for quality.

Quality Assurance

We consider that Elderton's systems to oversee quality control are operating at a level suitable for a practice of our size. It is one of our core objectives to continue improving in this area.

Responsibility for Quality

As the principal of the business, Mr Hollens is responsible for quality within Elderton. As needed, Mr Hollens will retain experts in certain fields to provide consulting advice & guidance to assist the practice with developing its expertise.

Risk Management

Each prospect the firm identifies is thoroughly vetted by Mr Hollens and the management team, to consider the risk profile of the client prior to accepting the engagement.

During this evaluation phase, we will identify any areas of work for the client which may require specialist knowledge, to ensure the assigned staff have the corresponding expertise, or arrange for outside assistance as necessary.

External Monitoring

The firm is subject to external monitoring by both the ICAEW and the Financial Reporting Council ("**FRC**"). The firm's last Quality Assurance Department (ICAEW) inspection was conducted in 2018.

Three of our clients fall under the remit of the FRC as a public interest entity for the year to 31 December 2019. The remainder of our clients are regulated by the ICAEW.

Public Interest Entities

During the year, the firm had three audit clients which were traded on a regulated market in the European Union, InnovaDerma PLC, Golden Saint Technologies Ltd and Intosol Holdings Plc which all have a Standard Listing on the London Stock Exchange.

Independence

The firm maintains a full register of all clients and their associated entities. This is circulated to all staff on an annual basis, with a declaration for signature to confirm their independence from all clients. These declarations are vetted by the management team for any conflicts of interest which, if in existence, would be discussed between the individual in question and Mr Hollens.

The firm's audit methodology provides for each staff member to confirm their independence at the start of each engagement, which gives an updated point for review of this issue, and provides a starting point for the detailed independence review process that takes place at the start of each audit engagement.

The provision of non-audit services to audit clients is a critical area for focus regarding independence, and is discussed in detail at the start of each engagement, to ensure that – if required – suitable safeguards have been put in place.

All publicly listed clients of the firm are assigned an independent quality control reviewer, who will undertake a review of the work completed to ensure compliance with all relevant ethical, audit & accounting standards. As

a sole-proprietor practice, we retain external experts to fulfil this role. These individuals have historically been recommended by the ICAEW Professional Standards Board, who bring with them vast experience in audit compliance & quality.

Training & Continuing Professional Development

The firm is committed to developing its staff, their knowledge base and skillset, and works in partnership with each member of staff to establish targets and methods to achieve them.

We provide an annual training program that mixes both internally-prepared and externally-provided training, to enable our team to achieve and maintain a suitable level of expertise.

Our training focusses are as follows:

- Developments in IFRS and UK GAAP, including FRS 102;
- International Standards on Auditing;
- Ethical Standards & best practice application; and
- Corporate knowledge & focus areas.

It is through this program, overseen by the owner, that all staff ensure they fully comply with the ICAEW requirements for Continuing Professional Development.

Financial Information (for the year to 30 June 2019)

The regulations governing the content of Transparency Reports require certain financial information to be provided in a Transparency Report. The information shown below is unaudited:

	2019
	£
Revenue	
Statutory audit work	70,000
Non-audit services provided to audit clients	10,000
	80,000

Principal Remuneration

The owner of the business is entitled to all profits that it generates. This figure may fluctuate from year to year.