

# Transparency report

**31 December 2021**

This transparency report of Gerald Edelman LLP has been prepared to meet the requirements of the Statutory Auditors (Transparency) Instrument 2008 (the “transparency regulations”) for the period ended 31 December 2021.

## 1. Legal structure and ownership

Gerald Edelman LLP (“the Firm”) is made up of 19 members (partners) of which 17 are LLPs and two are Limited companies, and the Firm is a member of the ETL Global Group. The Firm operates from offices in Cornhill, London, EC3. On 1 April 2021, the Firm converted to an LLP and up until then was a general partnership and was made up of 16 LLP partners.

## 2. XLNC

The Firm is a founding member of XLNC, an international alliance of independent accounting firms operating in over 50 countries.

There is no common control, ownership or strategy across the XLNC member firms, and XLNC is not aimed at cost or profit sharing across its members. Therefore, XLNC is not a ‘network’ as defined in the Statutory Auditors (Transparency) Instrument 2008.

## 3. Governance

The partners are collectively responsible for setting the Firm’s strategy. The partners meet formally each quarter.

The Executive Board is made up of five partners and is responsible for the day-to-day management of the Firm to ensure that the agreed vision and strategy is implemented.

The Firm monitors developments in corporate governance and where appropriate, assesses its performance against them. In addition, the Firm operates best practice in a way that is relevant to its activities, the risk environment and the needs of its clients and people.

### Risk management

In order to monitor and control risk, the Firm has a Risk Committee. The committee members include partners and managers, who report to the Executive Board. The committee carries out periodic reviews to ensure that all significant areas of the Firm’s policies and procedures are being adopted. Following the presentation to the Executive Board, the findings of these reviews are also presented to the partners.

## 4. Quality control systems

With regard to its audit services, the Firm has implemented a number of internal quality control systems to ensure that high standards are maintained.



### **Audit compliance**

The Firm's Audit Compliance Partner ("ACP") (for the purposes of complying with Institute of Chartered Accountants in England & Wales (ICAEW) regulations) is required to ensure that the Firm complies with audit regulations. The relevant partner is also the first point of contact with the ICAEW and the Financial Reporting Council (FRC).

### **Technical and Training Committee**

In order to ensure that the standard of audit, accounting and other technical areas are maintained at a high level and kept up to date, the Firm also has a Technical and Training Committee ("TTC"). The TTC has seven members made up of partners and managers. The TTC monitors the level of skill and knowledge across the Firm, and where relevant arranges appropriate training. TTC meets four times a year and reports their findings to the Executive Board and the partners.

### **File reviews**

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

An Engagement Quality Control Review ('EQCR') is required for certain assignments, including audits of public interest entities, as a safeguard against potential risks such as when RI's have long associations with clients and audits where such a review is required by laws or regulations.

EQCR reviews must be completed before formal approval of the audit report.

A sample of cold file reviews of the Firm's audit clients are performed on a six-monthly basis, ensuring that each RI's and manager's work is reviewed. These cold file reviews are performed by an independent external consultant. Detailed reports are provided to the ACP and follow-up and training is undertaken if necessary.

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

The Firm's management, comprising the Executive Board and other selected partners, considers that the internal quality control system is functioning effectively, 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 periodic external monitoring by the Quality Assurance Department ("QAD") of the ICAEW and the Audit Quality Review ("AQR") of the Financial Reporting Council ("FRC"). The Firm's last audit and Practice Assurance reviews by the QAD took place in October 2017 and October 2020 respectively and the last AQR review took place in March 2021.

## **6. Independence procedures**

The FRC publishes Ethical Standards which provide 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 relation to its responsibility as regulatory body for auditors and with the Institute of Chartered Accountants in Ireland, the ICAEW publishes rules under which auditors will be regulated; namely the Audit Regulations. The Firm's policies are consistent with these requirements and, in respect of audit services, are contained in the Firm's Audit Compliance Manual which all audit staff must follow.



### Within Gerald Edelman

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 Standards, an Ethics Partner has also been appointed and in accordance with Money Laundering regulations, a Money Laundering Reporting Officer has been appointed.

Members of staff are made aware of ethical and money laundering considerations on commencement of their employment and various updates which are provided both internally and externally.

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 and continuance of clients and engagements

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

### Monitoring

An internal review of independence practices is included in the Annual Compliance Review which is conducted by the firm’s external independent consultant. The last Annual Compliance Review was conducted in October 2021. A formal report is made to the Firm’s Practice Assurance Partner and any issues arising are the subject of action points.

## 7. Continuing professional development

All SSA/RI’s in the Firm are members of the Institute of Chartered Accountants in England and Wales (ICAEW) or the Association of Chartered Certified Accountants (ACCA). All members must undertake Continuing Professional Development (CPD) to ensure that they continue to maintain their skills and knowledge.

The ACP closely monitors Continuing Professional Development for all RIs and qualified members of staff. This ensures that all persons in the Firm eligible to be appointed as an SSA continue to maintain their theoretical knowledge, professional skills and values at a sufficiently high level.

## 8. Financial information

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

	Gerald Edelman LLP Period ended 31 December 2021 £m	Gerald Edelman Year ended 31 March 2021 £m
Audit services *	2.4	3.4
Non-audit services to audit clients	3.5	5.0
Non-audit services to non-audit clients	4.1	5.9
Total revenue	10.0	14.3

\*The audit fee in respect of Public Interest Entities was £45,000 in each of the above years.



The comparative financial details relate to Gerald Edelman, prior to its conversion on 1 April 2021 to Gerald Edelman LLP and are shown for illustrative purposes only. Gerald Edelman LLP had no revenue prior to 1 April 2021.

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

When undertaking non-audit work for an audit client, the requirements of the Ethical Standards for Auditors and the Firm's acceptance procedures described above are applied before the work is accepted.

## **9. Partner remuneration**

Partners are remunerated according to a number of factors. All partners' remuneration is based on a minimum (notional) salary with a discretionary award whilst full equity partners' remuneration also includes a profit share based on a points system. The Firm's Remuneration Committee, comprising 4 partners, determines the discretionary amounts payable to all partners.

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.

## **Public interest audit clients**

Public interest entities for whom the Firm carried out a statutory audit during the period ended 31 December 2021 are listed below. Where an audit client is a parent undertaking the list excludes any of its subsidiaries:

Wellington Pub Company Plc

**Gerald Edelman LLP**  
**Chartered Accountants**  
**London**

Approved on 24 March 2022