

GERALD  
EDELMAN



# Transparency Report

YEAR ENDED 31 DECEMBER 2022



[www.geraldedelman.com](http://www.geraldedelman.com)



*Richard Kleiner*  
Richard Kleiner, CEO

## FOREWORD

**We continue to live and do business in uncertain and challenging times. Compounding the economic aftershock of the Covid pandemic we have had to deal with some domestic political uncertainties and the impact of the on-going geopolitical challenges.**

The fragility of these times is brought into the focus by what we are seeing play out in the international banking system.

All of these challenges are adding stresses to businesses and their valued employees. What has been remarkable during these last couple of years has been the level of resilience, adaptability and agility shown by businesses and its employees.

This backdrop makes it even more important that businesses, their key stakeholders and boards have confidence in the advice they are given and, the assurance provided over their financial affairs. It is, therefore, timely that the UK audit profession is living through a period of significant change, including increased regulatory scrutiny. While it is disappointing that the BEIS recommended Audit and Corporate governance reforms have not yet

been enacted and are, it would seem, a little diluted, we have all had to recalibrate our thinking on the purpose of audit, the needs of stakeholders and what we mean by quality.

At Gerald Edelman, we pride ourselves on our ability to adapt to **“build a better every day”**, which forms the basis of our Vision; this ethos is central to our commitment to quality and exceptional client service. The challenges outlined above have not been easy and, like many others, we have had to be reflective and make difficult decisions. We recognise our obligation to ensure the sustainable delivery of high audit quality. We have responded to these challenges and embraced change. We have invested in our people, our infrastructure and modified our working practices to provide and attractive place for people to work in a supported environment.



To achieve our Vision, we have a very clear Purpose – **“we strive for every interaction to be a positive one”**. It’s not a slogan. It drives our daily behaviour. We focus on positive interactions because we are aware that positivity has a beneficial impact on physical and mental health, it will help us build stronger relationships and means we are always thinking about how we can benefit whoever we meet or interact with.

Our thinking has been helped with the adoption and continued application of International Standard on Quality Management 1 (ISQM1) and the application of ISA 315 revised. These important initiatives are covered in greater detail later in this transparency report.

## People and Culture

Ultimately, our initiatives, policies and procedures to support our quality agenda and the delivery of exceptional client service is only as good as our people, the culture of our firm and its values. It is for this reason we continue to invest in our people and ensure they support and add to our culture.

We aim to create an inclusive culture of quality that is based on **accountability**, trust and respect, where everyone can thrive and express themselves freely and, in doing so, to do what is right.



**To achieve our Vision, we have a very clear Purpose – “we strive for every interaction to be a positive one”.**

Our Purpose drives our culture and we have clear Values that define who we are, what we stand for and how we interact.

### Acting with integrity

Integrity, transparency and sustainability are at the heart of everything we do. We are acutely aware of the impact of our actions as a business and always aim for a better, more sustainable future. Particularly in relation to audit and other assurance engagements, we aim to act in the best interests of key stakeholders and the public.

### Inspiring teamwork

We are proud to be building a diverse and inclusive culture for our people where our individual strengths can flourish alongside one another. As a result, we can easily overlap services and collaborate across different areas of expertise.

### Creating exceptional experiences

Whether it’s for clients or our colleagues, every day at Gerald Edelman presents an opportunity to exceed people’s expectations. By delivering the best possible experience, we attract great talent and make sure our clients are happy to stay with us for years, not months, becoming our ambassadors.

To create a consistent, inclusive culture we also have a clear Mission for our people. Our people make us what we are. We are committed to understanding and supporting our team’s goals and working with them to reach their fullest potential.

Some of the areas we have invested in to stay true to our Mission include:

- **Training:** We give everyone access to on and off the job training.
- **Development:** We have a mentoring scheme to encourage self-development and encourage our people to seek support and guidance from those who can share their knowledge, experience and understanding in a way that is supportive and generous.
- **Rewards and recognition:** We reward high quality work. This is done departmentally and via a quarterly team award that recognises those that have gone above and beyond.
- **Inviting people to challenge:** We seek to enhance audit quality by encouraging our team to challenge within the audit team and to demonstrate professional skepticism in all aspects of their work.

We know that a strong culture is essential for future, sustainable growth. Therefore, we are committed to upholding the highest standards and ensuring consistency across the Firm by leading from the top.

## Advancement and Expansion

During this period of change for the audit profession, the number of firms who are registered as auditors has declined. Recent changes in the PIE audit regime has also caused a number of firms to stop auditing PIEs.

We are committed to maintaining audit as one of the cornerstones of our firm. Furthermore, we have made the conscious decision to remain in the PIE audit sector and were delighted to have had our application to be a PIE auditor approved. We do not underestimate the responsibility that comes with this appointment. We take it seriously and are investing accordingly.

Looking beyond audit, we are equally committed to enhancing the services our wider client base can receive. In 2022, we increased our service lines to include Wealth Management and Financial Planning as well as Services for Asian investors and businesses, which saw two new Partners join the team – David Horowitz and Lynn Lin.

We also promoted Amal Shah to Tax Partner, expanding our already thriving Tax team and welcomed Grant Lee, an experienced audit partner with PIE experience into our increasing Audit department.

## Sustainability

Climate change and wider sustainability issues are front of mind for all of us. Through the work of our sustainability committee, we are working with science-based targets to create a clearly defined path to reduce our emissions in line with the Paris Agreement goals. We also carry out a carbon footprint report annually to monitor our emissions and to guide us in our efforts. Currently, we are considering achieving B Corp accreditation for Gerald Edelman.



**RICHARD KLEINER**  
CEO OF GERALD EDELMAN

28 March 2023

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 year ended 31 December 2022.





## Legal structure and ownership

Gerald Edelman LLP (the Firm) is registered in England and Wales as a Limited Liability Partnership under registration number OC435604, its registered office is 73 Cornhill, London, EC3V 3QQ. The Firm is made up of 20 members ('partners') of which 18 are LLPs and two are Limited companies. The Firm is a member of the ETL Global Group, which holds a majority interest in the Firm. The various LLPs are individually controlled by the 'partners' who provide professional services to the Firm, each LLP having a minority interest in the Firm.

ETL is a European cultured professional services firm headquartered in Essen, Germany, with more than 50 years of history and a strong SME focus. ETL has grown to more than a thousand tax and law professionals, accountants, auditors as well as business consultants. Several of these firms are based in the UK. However, each firm operates independently and there are no common clients between individual firms.

Our principal services include audit, accounts and tax compliance, corporate and personal tax consultancy, VAT advisory, payroll, company secretarial and corporate finance. However, we also have a strong focus on beyond compliance service, those services that enhances our relationship with clients and mean

we can support them throughout their business life. These include corporate finance, HR, international tax, business advisory and wealth management.

Gerald Edelman Wealth Ltd is a wholly owned subsidiary which provides wealth management services, providing clients with financial planning and other additional services when required.

## Governance

The firm is exempt from the requirements of the FRC's Audit Firm Governance Code (the Code). While exempt from applying the Code seek to apply the principles where possible, on a proportionate basis, which reflects the size of our firm and the sectors in which we operate.

Richard Kleiner as the CEO leads the Firm's Executive Board and various department heads and committees report on a monthly basis to the Executive Board.

The Executive Board is made up of four partners, Richard Kleiner, Deval Patel, Carl Lundberg and Engin Zekia, and is responsible for the day-to-day management of the Firm to ensure that the agreed vision and strategy is implemented. Other key role individuals are Richard Kleiner as the Ethics Partner and Engin Zekia as the Audit Compliance Principal

(ACP), Practice Assurance Principal and Money Laundering Reporting Officer.

Where the Executive Board has established Committees to support its activities, members of each committee are appointed based on their proven skills and experience. Should a matter arise in which any committee member has a vested interest, they are required to declare that interest and are not permitted to be involved in any required decision-making process. Notwithstanding all our governance arrangements, as a partnership, all of our partners are aware of and embrace their collectively responsibility for setting and delivering the Firm's culture, values and strategy. The partners meet formally each quarter.

## Our People

At Gerald Edelman we have a clear Vision – ***“to build a better every day”***. We aim to make a difference to our people, our clients, our community and our planet. Whether that is through our nurturing culture – creating an environment where our team can develop and flourish – our ‘beyond compliance’ approach, or our charity, Diversity, Equality and Inclusion (DEI) and sustainability initiatives.

To achieve our Vision, we have a very clear Purpose – ***“we strive for every interaction to be a positive one”***. It's not a slogan. It drives our daily behaviour. We focus on positive interactions because we are aware that positivity has a beneficial impact on physical and mental health, it will help us build stronger relationships and means we are always thinking about how we can benefit whoever we meet.

As our business continues to grow, our need to attract and retain high calibre people has never been more important. This is a challenge facing the entire profession as the level of resources is limited. This is why our Purpose is so important to us – to create an environment where people want to come to work and be valued.

There is no overnight solution to the profession's resourcing challenges. We have, therefore, developed a multi-layered response. Dealing firstly with the medium term, we recognise the importance of growing our future talent. We have an active apprenticeship program attracting graduates and school leavers who are supported throughout their training contracts and post qualification.

We have a number of senior managers and partners who have come through this route.

In addition, we offer agile working so we can appeal to a more diverse cohort of experienced professionals who might otherwise not feel comfortable returning to work in the traditional practice setting. We also have an active lateral hire campaign and have had a number of successes in attracting great people with a different perspective who add to our professional gene pool.

All of these initiatives take time. To complement these activities and to add additional resilience in the short term, we have partnered with specialist service providers who, on a remote working basis, can provide additional resource demand. We carry out due diligence on such service providers and the people they provide are subject to a formal induction process to ensure they understand Gerald Edelman's values, quality objectives and working practices. Furthermore, all such people are subject to the same quality monitoring, ethics and confidentiality obligations as the rest of the Gerald Edelman team. The success of our use of this solution is that our clients have not noticed the difference.

As we continue to invest in our people, we have achieved two major successes:

### 1. Mental health initiatives

Mental health has been described as the next global epidemic. We have formed a committee to combat the stigma of mental health in the workplace and support the psychological wellbeing of every member of our team. The committee works with Work Life Well to hold monthly lunch and learns on core topics, such as managing stress, confident communication and selfcare. We have also designated a team of mental health first-aiders and ambassadors that are responsible for creating a safe open space for employees to discuss their mental wellbeing without fear of reproach.

### 2. Enhanced employee benefits

We have enhanced our benefits package which include a cost of living bonus and maintaining hybrid working to give our team flexibility and continued support during difficult times. These initiatives help us ensure inclusivity and practically, means that our clients receive a continued high-quality service even during events outside of our control, such as during the ongoing train strikes.



## Risk and Quality Management

There are several layers to our Risk and Quality Management activities.

- Policies and procedures
- Oversight
- A&C
- Monitoring and remediation

### Policies and procedures

We have in place a series of key policies and mandatory procedures which all of our partners and staff must follow when accepting and delivering professional services. Adherence to these policies and procedures is monitored and is reflected in each partner and staff member's annual appraisal. All such policies and procedures are designed to support our quality objectives and the Firm's values.

In recognition of the quality objectives required of statutory audit and other assurance engagements, and the associated business risks, policies and procedures in respect of audit have been embedded in the Firm's Audit Compliance Manual which the audit team must follow.



**We have a clear Vision – “to build a better every day”. We aim to make a difference to our people, our clients, our community and our planet.**

### Oversight

To support our partners and staff with the proper application of our policies and procedures, and to support them deal with the challenges and key decisions that arise in practice life, the Firm has a Risk Committee, which reports to the Executive Board on a quarterly basis, or more frequently as matters require.

The Risk Committee is comprised of the same partners as are on the PIE committee, namely, Richard Kleiner, Stephen Coleman, Engin Zekia, Hemen Doshi and Grant Lee and is chaired by

Richard Kleiner. When necessary, the Risk Committee can co-opt the support of other partners and staff with specialist skills to support the matter under consideration. The Risk Committee may also consult externally.

In support of its activities, the Risk Committee has established a formal program of monitoring a review which is overseen by the Firm's quality control partner, Engin Zekia. Further details about the firm's monitoring activities is set out under “System of Quality Management” below.

### Public Interest Entity Committee

In recognition of the special needs of Public Interest Entity (PIE) audits, and the associated public interest obligation, in 2022 we established a specific PIE Committee. The members of the PIE Committee are referred to above.

The primary role of the PIE Committee is to ensure that:

- All independence and ethical requirements specific to PIES have been adhered to;
- We only accept engagements for which the Firm has the relevant expertise and resources;
- Only partners and staff with the relevant skills, experience and quality rating are involved with PIE engagements;
- All enhanced quality assurance procedures relevant to PIES audits have been adhered to; and,
- Communications with those charged with governance are clear, relevant, consistent with the finding of the audit and compliant with the requirements of International Standards on Auditing.

In addition, the PIE Committee is there to support its PIE audit teams to ensure they are free of pressures either internally, or externally, so that they can issue an appropriate audit opinion with confidence. Working with the Firm's Head of Quality, the PIE Committee takes account of the findings from internal and external quality monitoring activities and, where appropriate, commissions a root cause analysis so appropriate remedial action can be taken.

The PIE Committee is also charged with leading on communications with the Financial Reporting

A photograph of a stone wall with a black plaque. The plaque has the text 'GERALD EDELMAN' in white, with a small red logo to the right of the word 'GERALD'. The background shows green foliage and white flowers.

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Council (FRC). This includes permissions for new PIE clients, applications for Responsible Individuals to work on PIE clients, and attending roundtables where the FRC is engaging Tier two and three firms in order to work with these firms to raise audit quality. We welcome this engagement by the FRC. As a firm we are learning and adopting changes suggested by the FRC and are actively seeking participation in their 'Scalebox' programme, that aids small and mid-tier firms to embrace the audit in the PIE market.

## Independence procedures

We recognise the importance of value of delivering objective and impartial opinions and advice. Our policies and procedures embrace the requirements of the FRC's Ethical Standard for Auditors and those issued by the Institute of Chartered Accountants in England and Wales.

We have a separate Ethics Manual, the requirements of which are communicated to all partners and staff when they join the firm. When updates to the manual are made, these are communicated to all partners and staff via our intranet. An annual reminder of its content is also provided on training courses and ahead of the annual mandatory declaration of compliance.

Before accepting a new appointment, the Senior Statutory Auditor and Registered Individual (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. Compliance with Independence and Ethical requirements is checked both on appointment and reappointment.

Should actual or suspected breaches arise, partners and staff must notify the Firm's ethics partner. The engagement team cannot continue to act until the matter has been resolved by the Ethics partner or, if appropriate, their deputy.

## Systems of quality management

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

The last 18 months has been a time of changes for the profession. Gerald Edelman, like many firms was focused on reviewing the system of quality management as we were required to transition from the long-standing standard, International Standard on Quality Control 1 (ISQC1) to International Standard on Quality Management (ISQM1 and its sister standards ISQC2 and ISA 220). As many have found, this development in standards was far more than a name change and refresh.





The transition to ISQM1 was no small task. While ISQM1 encourages practice wide application, for now we have focused its application on our audit practice and the key support services which are part of our business. While we did find that many of our legacy ISQC1 policies, processes and controls remain relevant, we identified opportunities to enhance our quality management activities and to drive efficiencies into our processes. We are very aware being ISQM1 ready by 15 December 2022 which was just the start of the journey.

At the time of issuing this report we have commissioned an ISQM1 post implementation review, a key element of our monitoring and remediation activity. This review has the benefit of independent oversight by an experienced external consultant.

## Audit compliance

The Firm's ACP ensures 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).



**We have in place a series of mandatory procedures which all of our staff must follow when accepting and delivering professional services.**

## 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. External professional training facilitators are engaged where it is viewed that the necessary skills, experience or availability were not held internally within the firm.

## Quality monitoring

Quality monitoring focuses on the overall engagement, not just on the audit file. There are several layers to the firm's engagement quality monitoring and support including:

- Targeted independent consultation
- Engagement quality review
- Contentious issues and differences of opinion panel
- Formal cyclical cold 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 Review (EQR) 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.

EQR 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.

## 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 Firm engages an external service provider of good repute to the accountancy profession to provide classroom and virtual CPD courses to satisfy training requirements. This is complemented with training sessions provided by internal and external facilitators, as highlighted in the 'TTC' section above.

The ACP closely monitors Continuing Professional Development for all RIs and qualified members of the team. 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.

In order to ensure that the team develop and reach their full potential, our people's performance is evaluated on each assignment, where verbal and written feedback is provided. Each year our people have a formal appraisal, which is undertaken by a partner and manager, where training needs are considered and arranged. In addition, a less formal, half-year appraisal, is also undertaken for the whole team.

## 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.

## 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 December 2022 and October 2020 respectively and the last AQR review took place in March 2021.

Following these recent reviews, the AQR and QAD have given us feedback and made various recommendations to improve our audit quality and the firm has taken steps to make the necessary changes. The actions taken include running internal training session to highlight the findings, making changes to our standard audit procedures and enhancing our audit documentation process.

## 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 the team 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 the team 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.

## 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 2022. A formal report is made to the Firm's Practice Assurance Partner and any issues arising are the subject of action points.

## Public interest audit clients

Public interest entities for whom the Firm carried out a statutory audit during the year ended 31 December 2022 are listed below. Where an audit client is a parent undertaking the list excludes any of its subsidiaries:

Wellington Pub Company Plc

Premiertel Plc

Following the recently introduced registration procedure, we have been registered as a PIE audit Firm.

We have recently been appointed as auditors to the following PIEs, and will undertake their audits during 2023:

Hydrogen Utopia International Plc

URA Holdings Plc

In order to comply with Ethical standards, the PIE RI rotates after 5 years and the EQR after 7 years.



## Financial information

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

	Year ended 31 December 2022 (£m)	9 months ended 31 December 2021 (£m)
Audit services *	3.5	2.4
Non-audit services to audit clients	5.3	3.5
Non-audit services to non-audit clients	6.3	5.2
<b>Total revenue</b>	<b>15.1</b>	<b>11.1</b>

\*The audit fees in respect of Public Interest Entities was £80,400 (2021 - £45,000).

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.

## 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 recognises the importance of Audit quality and as a result, when awarding the discretionary bonus to the audit partners, the Remuneration committee takes into account the results from regulatory inspections and Cold File Review relating to the audit partners,



**All partners and the team complete an annual declaration of their independence and must notify the Firm of any circumstances which may affect their independence.**

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

## XLNC

The Firm is a founding member of XLNC, an international alliance of independent accounting firms.




Through our active participation in XLNC, we can connect people and businesses to 90 professional services firms who are each regarded as leading practices in their respective countries. XLNC supplements the services already available to clients at the Firm, ensuring that any plans for international expansion are well supported.

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.

## Gerald Edelman LLP Chartered Accountants



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