

TRANSPARENCY REPORT

1. Introduction

We have prepared this Transparency Report, in respect of the year ended 31 October 2022, in accordance with the requirements of Article 13 of the EU Regulation No. 537/2014. This report is the Firm's first transparency report.

2. Legal Structure and Ownership

Zenith Audit Ltd ('the Firm') is a private limited company owned by one member. The principal is a member of the Institute of Chartered Accountants in England and Wales ("ICAEW"), a fellow member of the Association of Certified Chartered Accountants ("ACCA") and a member of the Institute of the Certified Public Accountants in Bulgaria ("ICPA"). The principal holds active audit qualifications from these professional bodies.

3. Governance Structure

The principal acts as managing director and runs the Firm with the support of two very experienced audit directors (one of them being a statutory director as well) who are both FCCA. They hold ACCA practicing certificate, and ACCA practicing certificate and audit qualification respectively. Due to the Firm's small size, there is no formal management board and other sub-committees. All management and governance matters are discussed as soon as they arise. Decisions are agreed and implemented. One of the audit directors is responsible for staff technical trainings and IT support. The second audit director performs technical and audit quality reviews. The managing director is the Qualified Person Responsible for Training ("QPRT") of the firm. He conducts appraisals and salary reviews, deals with key suppliers, client relationships and other matters that may arise from time to time.

4. Internal Quality Control Systems

ISQM 1, ISQM 2, ISA (UK) 240 and Ethics

The Firm complies with the requirements of International Standard on Quality Control 1. The Firm strives to maintain the highest quality standards and has implemented early the new quality management standards ISQM 1 and ISQM 2, and the revised ISA (UK) 240.

The Firm is committed to offering the best possible standards of care and service to clients and before accepting a particular assignment consideration is given to the specialist knowledge required by principals and staff to perform the assignment.

Before accepting a new client, checks are carried out to ensure that the integrity of the client is not in doubt, the client is not on any sanctions lists and that the risks of acting for the client are acceptable. Any cases of doubt are discussed at principal/directors' meetings for resolution.

Ethics training is provided to principals and staff on a regular basis to ensure that all principals and staff are aware of the requirements. The Ethics Principal is Filip Lyapov. Appropriate safeguards are adhered to when there is a provision of non-audit services and other threats to independence.

Technical knowledge

The firm is committed to ensuring that principals and staff maintain an excellent level of technical knowledge. To this end, the Firm provides a yearly programme of Continuing Professional Development for principals and staff in areas such as International and United Kingdom Financial Reporting Standards, International Standards of Auditing, company law, taxation, IT, business laws and regulations, professional ethics, values, soft skills and other matters as necessary. All principals and staff are subscribed to training and development webinars created by Mercia, a leading professional training provider. Internal technical seminars are organized regularly throughout the year.

Trainee accountants of the Firm are provided adequate theoretical and practical training necessary to achieve their professional qualification. Where possible, apprenticeship programs with professional tutors are offered to staff members.

Similarly, members of staff with the relevant experience are supported in their pursuit of practicing certificate and audit qualification. All ACCA and ICAEW training resources and technical help desks are utilized in resolution of complex cases.

The Firm is ACCA and ICAEW accredited employer for trainees' development and candidates training against practicing certificate and audit qualification.

The principals apply IES 8 in their continuous professional development as engagement leaders.

The Firm uses an off-the-shelf commercial audit software for conducting statutory audits.

File Reviews

An Engagement Quality Control Review ('EQCR') is required for certain audit assignments, including audits of public interest entities. Hot reviews are completed before giving clearance on audited accounts and issuance of a draft audit report.

Cold file reviews are carried out annually by a suitably qualified and independent external audit consultant, ensuring that each Responsible Individual's and each director's work is reviewed. A detailed report is prepared for each file review, which is reviewed by the Audit Compliance Principal ('ACP'), Filip Lyapov, and team responses are followed up on as necessary. The results of the cold file review and future actions are conveyed to all members of staff in a dedicated session.

Audit performance and monitoring

The audit performance of the firm is monitored by the principal, who is also responsible for promulgating best practice, through training and internal communication on accounting and auditing standards. The principal is also responsible for the Firm's audit methodology, which is based on a proprietary software package supplemented as necessary with additional material and guidance.

Quality control is monitored by the principal. The audit file review system ensures that the work of every Responsible Individual and audit director is subject to review and the results of these reviews are considered by the principal. All principals and audit staff are provided with any guidance considered necessary. In addition, similar reviews of non-audit work are undertaken.

Employees

The HR Partner is Filip Lyapov. Control procedures are in place over the recruitment, appraisal and remuneration processes.

Statement on effectiveness of quality control review system

We consider that the internal quality control system is functioning at a suitable level of effectiveness for a firm of our size.

5. External Monitoring

The Firm is subject to regular external monitoring by the Quality Assurance Department ('QAD') of the ICAEW. As a new Firm it is still not inspected by QAD but the preceding audit firm S H Landes LLP (which audit business Zenith Audit Ltd acquired in July 2021) has its last QAD review in March 2021. The results of this review were reported to the Audit Registration Committee, and the S H Landes LLP's continued audit registration was confirmed.

6. Public Interest Entities

Public interest entities ('PIEs') are as defined by The Companies Act 2006 and The Statutory Auditor and Third Country Auditors Regulations 2016 ("SATCAR 2016"). A list of public interest entities for which we carried out statutory audits during the year ended 31 October 2022 is set out below:

Transatlantic Life Assurance Company Limited

Transatlantic Life Assurance Company is not an insurance undertaking with audit reporting requirement in the scope of SATCAR 2016 because it is not required to comply with the Solvency II Directive. As non-Solvency II reporter the audit is not in the AQR inspection scope of The Financial Reporting Council Limited ("FRC").

7. Independence Procedures

Internal policies and procedures are maintained by the Firm to ensure maintenance of independence from its clients and that conflicts of interest are dealt with appropriately and on a timely basis.

All principals and staff complete annual declarations of their independence. In the event of circumstances affecting independence or conflicts of interest the Audit Compliance Partner will reallocate the work to a different director and staff member.

In addition, the firm's audit methodology requires us to reassess independence each year. This includes consideration of whether any non-audit services provided by the Firm to audit clients may have an adverse impact on actual or perceived independence.

The audit work of the public interest entity is subject to internal EQCR and technical review. Certain other audit clients are also reviewed on a timely basis. In accordance with the FRC Ethical Standards 2019, for the audits of public interest entities, the Firm requires that engagement principals are rotated every five years and that they shall not participate again in the audit before five years have elapsed from that rotation. The length of time engagement managers have participated in the audit is also recorded and reviewed at the beginning of each audit to determine if rotation is necessary. For all audit engagements, which are not public interest entities, the Firm considers the need to rotate the engagement partner after ten years. In exceptional circumstances, where rotation is deemed not necessary then appropriate safeguards are implemented.

Our independence procedures are under constant review and are updated as necessary to take account of regulatory and professional developments, for instance the FRC Ethical Standards 2019.

A review of the Firm's independence procedures is included in the scope of the Annual Compliance Review, which is conducted by the Firm's external independent audit consultant.

8. Statutory Auditors

All statutory auditors within the Firm maintain their knowledge and skills by undertaking Continuing Professional Development (CPD), which includes attending appropriate courses, reading of technical and non-technical material and contributing to internal discussions. CPD is undertaken to ensure that all statutory auditors comply with the requirements of International Education Standard (IES) 8, Professional Competence for Engagement Principals Responsible for Audits of Financial Statements (Revised).

9. Financial Information

The firm's revenue for the year ended 31 October 2022 can be analysed as follows:

	2022
	£'000
Revenue from statutory audit work relating to public interest entities	9
Revenue from statutory audit work relating to other entities	547
Revenue from non-audit services provided to audited entities	9
Revenue from non-statutory audit and assurance services	121
Revenue from non-audit services to other entities	11
Total revenue	697

10. Principal Remuneration

Principal remuneration is based on a combination of salary/pension package and distribution of profits through interim and final dividends. No principal remuneration is contingent upon any basis that would compromise the independence of any audit. No bonuses are awarded in respect of the winning of any non-audit services provided to audit clients.

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Zenith Audit Ltd

November 2022; updated October 2023