

TRANSPARENCY REPORT

1. Introduction

We have prepared this Transparency Report, in respect of the year ended 31 October 2024, in accordance with the requirements of Article 13 of the EU Regulation No. 537/2014. This report is the Firm's third transparency report.

2. Legal Structure and Ownership

Zenith Audit Ltd (the Firm') is a private limited company owned by three members. The audit compliance principal is Filip Lyapov. He is a director and member who holds a significant but non-controlling share in the firm's capital. He 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 audit compliance principal holds active audit qualifications from these professional bodies. The other two members are holding significant but non-controlling stakes in the firm's share capital. They act as directors and audit and assurance principals being fellow members of ACCA. One of the members holds CIA qualification and RI audit qualifications with ACCA, ICAEW and ICPA. The other member holds audit qualification with ACCA and ICAEW.

3. Governance Structure

The firm is run on a daily basis by the three full-time employed directors who deal with professional and administrative matters. 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 directors is responsible for staff matters, IT support and office issues. The second director performs technical and audit quality reviews as well as staff planning on audit engagements. 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 the International Standards on Quality Management 1 and 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, comprehensive screening and 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 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. Milena Mitova is the principal in charge of technical training and quality. To this end, the Firm provides a yearly program 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, banking regulations, taxation, IT, business laws and regulations, professional ethics, values, soft skills and other matters as necessary. In addition to in-house training, we use as providers ICAEW, Mercia, Caseware, ACCA, Accountancy CPD and others. Internal technical seminars are organized regularly throughout the year.

Trainee accountants of the Firm are provided with 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 – Caseware Audit.

File Reviews

An Engagement Quality Control Review (EQCR') is required for certain audit assignments, including audits of public interest entities. For high-risk audits 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 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 ACP, who is also responsible for promulgating best practice, through training and internal communication on accounting and auditing standards. He 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 engagement leader on each of their engagements. The audit file review system ensures that the work of every Responsible Individual and assurance director is subject to review and the results of these reviews are considered by the ACP. All engagement leaders and audit staff are provided with any guidance considered necessary. In addition, similar reviews of non-audit work (CASS assurance) are undertaken.

Employees

The HR Partner is Tina Paine. 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 Directorate ('QAD') of the ICAEW.

The Firm's latest QAD audit monitoring visit was conducted in January 2024 with the outcome of no action required for the Firm.

For audit of public interest entities (section 6) the Firm is subject to Audit Quality Reviews ("AQR") by The Financial Reporting Council Limited ("FRC"). There have been no AQR visits during the reporting period.

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 2024 is set out below:

1. Transatlantic Life Assurance Company Limited
2. Bimeh Iran Insurance Company (U.K.) Limited

The above insurance undertakings are not in the scope of SATCAR 2016 because they are not required to comply with the Solvency II Directive. As non-Solvency II reporters these audits are not in the AQR inspection scope of FRC.

3. Havin Bank Ltd (in the scope of FRC) – audit conducted for year ended 31/12/2023
4. Bank of Ceylon (UK) Ltd – audit conducted for the year ended 31/12/2024

These PIEs are in the AQR inspection scope of 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 entities is subject to external EQCR and internal hot file technical reviews. Certain other audit clients are also reviewed on a timely basis. In accordance with the FRC Ethical Standard, 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 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).

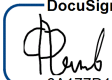
9. Financial Information

The firm's revenue for the years ended 31 October 2024 and 31 October 2023 can be analysed as follows:

	2024	2023
	£'000	£'000
Revenue from statutory audit work relating to public interest entities	147	10
Revenue from statutory audit work relating to other entities	1,236	926
Revenue from non-audit services provided to audited entities	6	44
Revenue from non-statutory audit and assurance services	111	165
Revenue from non-audit services to other entities	28	15
Total revenue	1,528	1,160

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

January 2025