TRANSPARENCY REPORT

1. Introduction

This Transparency Report has been prepared in accordance with the requirements of Article 13 of EU Regulation No. 537/2014, which obliges statutory auditors of public interest entities to publish annual transparency reports. Zenith Audit Ltd published its previous Transparency Report for the year ended 31 October 2024. This document presents updated information for the year ended 31 October 2025.

2. Legal Structure and Ownership

Zenith Audit Ltd ("the Firm") is a private limited company owned by three members. The Audit Compliance Principal (ACP) is Milena Mitova, a director holding a significant but non-controlling stake. Milena is a Senior Statutory Auditor. She is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) in the UK, a Certified Public Accountant (CPA) in Bulgaria, a Certified Internal Auditor (CIA) with the Institute of Internal Auditors in the US, and a general affiliate of the Institute of Chartered Accountants in England and Wales (ICAEW). The remaining two directors hold significant but non-controlling stakes and are Senior Statutory Auditors with Responsible Individual (RI) status across ACCA, ICAEW, and ICPA. No changes to ownership occurred during the reporting year.

3. Governance Structure and Leadership

Zenith Audit Ltd is managed by three full-time directors who collectively oversee professional, operational and administrative matters. Given the Firm's size and risk profile, it does not operate a formal board; governance decisions are taken collaboratively and promptly as issues arise. Responsibilities are clearly allocated across technical and audit quality review functions, HR/personnel, resource planning, IT/office operations, business development and client relationships, managing director duties, and Qualified Person Responsible for Training (QPRT) responsibilities. There were no significant enhancements or structural changes during 2025 except for the Firm's relocation to a larger office near Bank/Cannon Street to accommodate its continued growth.

In line with ISQM 1, the directors set the tone at the top, demonstrating a clear commitment to audit quality, independence and the public interest. They hold ultimate responsibility for the Firm's System of Quality Management, ensuring that quality objectives are established, appropriate resources are allocated, and that policies, procedures and monitoring activities operate effectively. Leadership promotes open communication, supports staff development, and ensures that findings from monitoring and file reviews are addressed promptly, reinforcing a culture where quality is prioritised in all engagements.

4. Internal Quality Control Systems (ISQM 1 & 2, ISA (UK) 240, Ethics)

The firm maintains an internal quality management system that complies with International Standards on Quality Management (ISQM 1 and ISQM 2), the revised ISA (UK) 240 and the ethical and independence requirements established by professional bodies and the Financial Reporting Council (FRC).

Acceptance and Continuance of Client Relationships

The Firm applies a rigorous acceptance and continuance process that incorporates integrity assessments, sanctions screening and structured risk evaluations before onboarding any new client. All prospective engagements are screened using automated sanctions and adverse media tools such as platforms like Dun & Bradstreet, supplemented by Mercia and ICAEW due diligence resources, and assessed through formal AML risk questionnaires and scorecards. Client due diligence, including beneficial ownership verification and enhanced procedures for higher-risk cases, is completed prior to engagement and reviewed annually. Continuous monitoring tools provide real-time alerts where new risks and any matters requiring judgement or concern are escalated for collective director review. This multi-layered approach ensures that acceptance and continuance decisions are made in accordance with ethical, independence and AML supervisory requirements, and that the Firm only undertakes engagements where it can maintain the necessary quality, integrity and compliance standards.

Technical knowledge

The Firm is committed to ensuring that all principals and staff maintain a high standard of technical knowledge and professional competence. Milena Mitova, the principal responsible for technical training and audit quality, oversees the Firm's training programme, which combines structured internal learning with specialist external support.

The Firm delivers an annual CPD programme covering UK GAAP and UK-adopted International Accounting Standards, International Standards on Auditing (UK), company law, banking regulations, taxation, information technology, business legislation, professional ethics, organisational values, and soft skills relevant to the delivery of high-quality audit work. This programme is supplemented by training from respected external providers, including ICAEW, Mercia, Caseware, ACCA and other specialist organisations. Internal technical seminars run throughout the year to ensure that staff remain up to date with evolving standards and regulatory expectations.

Trainee accountants receive both theoretical and practical training to support their progression toward professional qualifications. Where appropriate, the Firm offers apprenticeship programmes delivered by professional tutors. Staff with suitable experience are encouraged to pursue practising certificates and audit qualifications, with extensive use made of ICAEW, ACCA and AAT resources, including technical helplines for support on complex or judgement-based matters.

Zenith Audit Ltd is proud to be an ACCA and ICAEW authorised training employer, reflecting its strong commitment to training and professional development. All principals comply with the requirements of International Education Standard (IES) 8, maintaining the competence needed to lead high-quality statutory audits. The Firm also uses Caseware Audit as its primary audit software, supporting a consistent and robust audit methodology.

The Firm confirms that all responsible individuals and staff met their CPD obligations under ICAEW, ACCA and ICPA rules during the year. Training in 2025 included updates on the revised UK Audit Regulations - such as the enhanced audit firm control requirements effective from 1 April 2025 and the new ICAEW notification duty for complex or high-risk audits from 1 June 2025. Staff also received ongoing training in AML compliance, updates to auditing and accounting standards, and ethics and independence, ensuring that technical competence is maintained across the Firm.

File Reviews

Engagement Quality Control Reviews (EQCRs) are undertaken for audit assignments that require an additional layer of assurance, including all audits of public interest entities. For higher-risk audits, the Firm performs hot file reviews prior to issuing clearance on the financial statements and before any draft audit report is released, ensuring that significant risks and judgements have been appropriately addressed. In addition to these real-time safeguards, the Firm conducts annual cold file reviews, performed by a suitably qualified and independent external audit consultant. These reviews ensure that the work of each Responsible Individual is assessed objectively. A comprehensive report is prepared for every file reviewed, and this is examined by each RI and the ACP, Milena Mitova. The Firm then follows up on all findings to ensure that recommended actions are implemented. The outcomes of the cold file review, along with the required improvements and future actions, are subsequently communicated to all audit staff in a dedicated firm-wide session to reinforce learning and maintain consistently high audit quality.

Audit performance and monitoring

The Firm's audit performance is overseen by the ACP, who plays a central role in promoting best practice across the organisation. Milena Mitova's responsibilities include delivering ongoing training, issuing technical updates and ensuring that all principals and staff remain fully informed of developments in accounting and auditing standards. She also oversees the Firm's audit methodology, which is built around a proprietary audit software package and enhanced with supplementary guidance and technical materials whenever necessary to ensure a rigorous and consistent approach.

Quality control procedures operate at multiple levels within the Firm. Each engagement leader is responsible for monitoring the quality of work performed on their own engagements, ensuring that the audit is conducted in accordance with professional standards and the Firm's internal methodology. This is reinforced by the Firm's audit file review system, through which the work of every RI is subject to formal review. As noted earlier in the text, The ACP evaluates the outcomes of these reviews and provides tailored guidance, feedback and follow-up actions where needed to maintain high audit quality across all teams.

Human Resources

The Firm's HR Partner is Radostina (Tina) Paine, who oversees all personnel-related matters, including recruitment, performance reviews and remuneration. Robust control procedures are embedded throughout these processes to ensure that all appointments, appraisals and reward structures are fair, consistent, and fully aligned with the Firm's commitment to maintaining a high-quality audit practice. The Firm also ensures ongoing compliance with the latest employment law requirements, regularly reviewing and updating its policies and procedures to reflect current legislation and best practice.

Information and Communication

The Firm maintains secure and reliable information and communication systems that support the effective operation of its System of Quality Management. Zenith Audit Ltd works with a dedicated IT audit and cybersecurity specialist firm to ensure that its technology environment remains robust, secure and aligned with current best practice. The Firm operates enterprise-grade firewalls, intrusion-detection and threat-monitoring tools, including automated controls that identify and block suspicious or foreign activity before it reaches the Firm's servers. Information shared with clients and third parties is exchanged through secure, encrypted platforms to protect confidentiality and data integrity.

In line with ISQM 1, the Firm ensures that personnel receive appropriate training on cybersecurity, data protection, and the secure use of information systems. Clear internal communication channels support the dissemination of technical updates, policies and quality information, enabling staff to understand their responsibilities and respond promptly to emerging risks. These measures ensure that the Firm's information resources and communication processes remain effective in supporting high-quality audit engagements and safeguarding sensitive data.

Statement on Effectiveness of the Quality Control Review System

The Firm's internal quality management system operated effectively throughout the year, with ongoing monitoring, structured file reviews and regular communication of findings supporting the consistent delivery of high-quality audit work. During 2025, the Firm continued to refine its quality management processes in response to evolving regulatory expectations, including the Financial Reporting Council's (FRC) monitoring of statutory auditors.

The Firm also remained highly diligent in meeting its reporting responsibilities to the FRC, ensuring timely, accurate and compliant submissions throughout the year. In addition, the Firm was an active participant in the FRC's Scalebox initiatives and related roundtables, contributing constructively to discussions on audit regulation and innovation. The Firm strongly supports the FRC's proportionality agenda and engages proactively to help shape practical, risk-based approaches for smaller audit firms and their clients.

The directors of Zenith Audit Ltd confirm that the Firm's quality management system is designed to provide reasonable assurance that all audit work is performed in accordance with applicable standards and ethical requirements, and that the information presented in this Transparency Report is accurate and prepared in accordance with Article 13 of EU Regulation 537/2014.

5. External Monitoring

Zenith Audit Ltd is subject to regular external monitoring by the Quality Assurance Directorate (QAD) of the ICAEW, its Recognised Supervisory Body, which reviews the quality of audit work performed by registered audit firms. The Firm's most recent QAD visit took place in January 2024 and resulted in no required actions, reflecting the effectiveness of the Firm's audit processes and compliance framework.

For its Public Interest Entity audit engagements, the Firm also falls within the scope of Audit Quality Review (AQR) conducted by the FRC. During the reporting period, the FRC notified the Firm of an upcoming AQR inspection. Although the review commenced after the year end and no findings had been issued by 31 October 2025 (or as at the date of issuing this Transparency Report), the Firm continues to engage cooperatively with the FRC's Audit Quality Review process.

The Firm recognises and supports the FRC's broader oversight of statutory auditors, including its monitoring of compliance with transparency reporting requirements. Zenith Audit Ltd remains committed to maintaining transparent quality control processes and ensuring full cooperation with all regulatory review activities.

6. Public Interest Entities

Public interest entities ("PIEs") are defined in accordance with the Companies Act 2006 and The Statutory Auditors and Third Country Auditors Regulations 2016 (SATCAR 2016).

In accordance with the transparency reporting requirements under Article 13 of EU Regulation 537/2014, the Firm confirms that it undertook PIE audit engagements during the reporting period. Details of these PIE clients, together with the nature and scope of the audit work performed, are recorded within the Firm's confidential audit files in full compliance with regulatory requirements. Summary information is included in this Transparency Report where disclosure is permitted.

The Firm acted as auditor for the below entities, which fall within the AQR inspection scope of the FRC, and as such, their audits are subject to potential review by the FRC.

1. Havin Bank Ltd, for the year ended 31 December 2024
2. Bank of Ceylon (UK) Ltd, for the year ended 31 December 2024
3. Defence Holdings Plc, for the year ended 31 March 2025
4. Vox Valor Capital Limited, for the year ended 31 May 2025

In addition, during the year ended 31 October 2025, the Firm acted as statutory auditor for the following PIEs:

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

Although these entities qualify as insurance undertakings, they fall outside the scope of SATCAR 2016 because they are not required to report under the Solvency II Directive. As non-Solvency II reporters, these audits do not fall within the FRC's AQR inspection scope.

7. Independence Procedures

The Firm maintains comprehensive policies and procedures to safeguard auditor independence and promptly identify, evaluate and address any actual or potential conflicts of interest. All principals and staff submit annual independence declarations and receive regular ethics training. Filip Lyapov acts as the Ethics Principal, overseeing relevant compliance across the Firm.

Each audit engagement is subject to an annual independence reassessment focusing on actual and perceived threats - particularly those arising from long-term relationships and other non-financial factors - recognising that the Firm does not provide non-audit services to its audit clients. PIE and other higher-risk engagements receive additional safeguards through external EQCRs and internal hot file reviews, while all other audits are covered by the Firm's ongoing monitoring programme. In accordance with the FRC Ethical Standard, engagement principals on PIE audits rotate after five years and do not return for a further five years. For non-PIE audits, rotation is considered after ten years with appropriate safeguards where rotation is not required.

The Firm's independence policies are reviewed and updated regularly to reflect evolving professional and regulatory requirements, with an annual internal assessment in place. In addition, an independent consultant conducts annual cold file reviews, which include evaluating the related documentation as part of the Firm's overall compliance monitoring procedures. During the reporting year, no prohibited non-audit services were provided to PIE clients, and the Firm maintained effective internal controls to ensure full adherence to the independence requirements of the FRC Ethical Standard and the provisions of EU Regulation 537/2014.

8. Statutory Auditors

All statutory auditors within the Firm (which is the three members/directors) maintain and enhance their professional knowledge and skills through ongoing CPD. This includes attending relevant external and internal training courses, engaging with both technical and non-technical reading, and actively contributing to internal technical discussions and knowledge-sharing forums. The Firm ensures that all statutory auditors meet the competency requirements set out in IES 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)*, thereby upholding the high standards expected of engagement leaders and ensuring that audit work is performed with the required expertise and professional judgement.

9. Financial Information

The Firm's revenue for the years ended 31 October 2025 and 31 October 2024 is presented below. The analysis reflects income generated solely from statutory audit and related assurance services, consistent with the Firm's position as a dedicated audit-only practice.

Revenue for the current year remained broadly consistent with the prior year. This was an intentional outcome, as the Firm focused its efforts on strengthening audit quality, actively engaging with regulatory bodies, including the FRC, and investing in the infrastructure needed to scale the business and onboard more complex entities and banking-sector clients. These strategic investments are expected to support sustainable growth in future periods.

Description of revenue*	***2025 £'000***	***2024 £'000***
Revenues from the statutory audit of PIEs and members of groups of undertakings whose parent undertaking is a PIE	*383*	*147*
Revenue from the statutory audit of accounts of other non-PIE entities	*885*	*1,236*
Revenue from permitted non-audit services (including CASS) to entities that are audited by the statutory auditor	*31*	*6*
Revenue from non-audit services (including CASS and internal audit) to other entities	*243*	*139*
Total revenue	***1,542***	***1,528***

** The disclosed revenue streams comply with the fee disclosures required under Article 13 of Regulation (EU) 537/2014 (as retained in UK law) and the FRC's Transparency Reporting framework.*

10. Principal Remuneration

Partner remuneration for the year ended 31 October 2025 was based exclusively on audit quality, professional competence, and each individual's contribution to the Firm's operational, managerial and governance responsibilities. Remuneration comprises a fixed salary and pension arrangement, supplemented by profit distributions through interim and final dividends.

In line with the Firm's audit-only model and ethical requirements, Zenith Audit Ltd does not provide non-audit services to its audit clients, and no element of remuneration is - nor should ever be - linked directly or indirectly to the sale or delivery of non-audit services. No incentives, commissions or bonuses are awarded for obtaining non-audit engagements, ensuring that all financial rewards remain fully aligned with audit quality objectives and the Firm's independence obligations.

Zenith Audit Ltd

February 2026