

TRANSPARENCY REPORT

1. Introduction

We have prepared this Transparency Report, in respect of the year ended 30 September 2021, in accordance with the requirements of Article 13 of the EU Regulation No. 537/2014. This report is the Firm's twelfth transparency report, the fourth report since the partnership incorporated as an LLP.

2. Legal Structure and Ownership

BSG Valentine (UK) LLP ('the Firm') is a limited liability partnership consisting of 8 partners. The Firm is owned entirely by the partners, all of whom are members of the Institute of Chartered Accountants in England and Wales.

3. Governance Structure

The Firm is a limited liability partnership and all partners attend monthly meetings at which matters of management and governance are discussed, agreed and then implemented. In addition, committees under the leadership of a partner or partners are in place to deal with technical & training, IT, salary review, client relationship and other matters that may arise from time to time.

4. Internal Quality Control Systems

ISQCI and Ethics

The firm complies with the requirements of International Standard on Quality Control 1. The firm strives to maintain the highest quality standards.

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 partners 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 and that the risks of acting for the client are acceptable. Any cases of doubt are discussed at partners' meetings for resolution.

Ethics training is provided to partners and staff on a regular basis to ensure that all partners and staff are aware of the requirements. The Ethics Partner is Nelson Colaco. Appropriate safeguards are adhered to when there is the provision of non-audit services.

Technical knowledge

The firm is committed to ensuring that Partners and staff maintain an excellent level of technical knowledge. To this end the Firm provides a yearly programme of Continuing Professional Development for Partners and staff in areas such as International and United Kingdom Financial Reporting Standards, International Standards of Auditing, company law, taxation and other matters as necessary.

Trainee Accountants of the Firm are provided adequate theoretical and practical training necessary to achieve their professional qualification.

File Reviews

An Engagement Quality Control Review ('EQCR') is required for certain audit assignments, including audits of public interest entities. These reviews are completed before approval of the audit report.

Cold file reviews are carried out annually by a suitably qualified and independent external audit consultant, ensuring that each Responsible Individual's work is reviewed. A detailed report is prepared for each file review, which is reviewed by the Audit Compliance Principal ('ACP'), Athanasios Athanasiou, and followed up on as necessary.

Audit performance and monitoring

The audit performance of the firm is monitored by the Technical Committee, which is also responsible for promulgating best practice, through training and internal communication on accounting and auditing standards. The Technical Committee 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 Technical Committee. The audit file review system ensures that the work of every Responsible Individual is subject to review and the results of these reviews are considered by the Technical Committee. All Partners and audit staff are provided with any guidance considered necessary. In addition, similar reviews of non-audit work are undertaken.

Employees

HR is delegated to the firm's practice manager, and is supported by regular management meetings with the partners. 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. The Firm's last QAD review took place in December 2020.

In addition, the Firm is subject to external monitoring by the Financial Reporting Council ('FRC') due to the fact that the Firm has a fully listed client. The last quality assurance review carried out by the FRC took place in early 2020.

6. Public Interest Entities

Public interest entities ('PIEs') are as defined by The Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019. A list of public interest entities for which we carried out statutory audits during the year ended 30 September 2021 is set out below:

Mountview Estates Plc

In addition the Firm carried out statutory audits for the following other companies with publicly traded shares in the UK:

Hermes Pacific Investments Plc (AIM listed)

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 Partners 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 partner.

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 reviewed by an external independent audit consultant. Certain other audit clients are also reviewed on a timely basis. In accordance with the FRC Revised Ethical Standard 2019, for the audits of public interest entities, the Firm requires that engagement partners 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.

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

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

8. Statutory Auditor

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 Partners Responsible for Audits of Financial Statements (Revised).

9. Financial Information

The total turnover of the Firm for the year ended 30 September 2021 was £6.55million, of which approximately £65k was attributable to audit fee income from Public Interest Entities, £820k was attributable to audit fee income from other entities and £250k was attributable to permitted non-audit services provided to audit clients.

10. Partner Remuneration

Partner remuneration is based on a partnership profit sharing model which involves the distribution of profits. No partner remuneration is contingent upon any basis that would compromise the independence of any audit.