
Transparency Report



Transparency report

This report has been prepared to meet the requirements of the Statutory Auditors (Transparency) Instrument 2008 for the year ended 31 March 2022 and is presented in accordance with the requirements of EU Regulation 537/2014.

Legal structure and ownership of the firm

Edwards is a limited liability private company incorporated in England and Wales. The firm operates from a single office based in Aldridge, West Midlands but also has a market office in the East Midlands.

As at the date of this report, there are four principals of the firm three of which each own 33.33% of the company's issued share capital. All three shareholding principals are members of the Institute of Chartered Accountants in England and Wales. The non-shareholding principal is a member of the Association of Taxation Technicians and the Society of Trust and Estate Practitioners.

All three shareholder principals are audit responsible individuals and our audit services are regulated by the ICAEW's Quality Assurance Department. During the period covered by this report, Edwards acted as auditor for one public interest entity client and as a result are subject to further monitoring by the Audit Quality Review Department of the Financial Reporting Council.

Network affiliation

Edwards is not affiliated with any national or international network.

Governance structure

Edwards is governed by its four principals who have ultimate responsibility for the company's decision making, strategies and policies. The principals meet on a monthly basis to discuss overall management of the firm and to monitor staff and job performance.

Internal quality control systems

The firm is committed to delivery of work and service to a high standard in all areas and as a result all departments are subject to ongoing and appropriate quality control procedures.

With regard to audit services, Edwards have implemented specific internal quality control systems to ensure that high standards are maintained.

Edwards is small enough to control many standards on a relatively informal basis as all staff are known to the directors and there is regular contact. In recent years, COVID-19 and the advent of home working have been a challenge to the business in this regard, but the directors believe that the IT and remote working communication systems in place continue to ensure regular contact across all staff.

The directors lead the business by example and set the professional standards to be followed by all staff. Two-way communication is encouraged to provide an open forum on all matters, audit or otherwise. These procedures and standards lead to ongoing audit quality control and best practice.

The firm's designated audit compliance principal is responsible for ensuring compliance with audit regulations. The firm adopts the Mercia audit approach who provide audit compliance and procedures manuals which are available to all audit staff. These manuals are regularly updated to ensure that the firm complies with any new audit regulations.

To maintain audit quality, individual audit files are reviewed by an audit manager and audit Responsible Individual ("RI") at both the planning and completion stages. For some audit assignments which carry higher risk whether due to complexity or an independence threat, an Engagement Quality Control Review is required at the planning and completion stages which is either undertaken by an independent audit RI or by a suitably qualified external consultant (Mercia or SWAT). These reviews must be completed before approval and signing of the audit report.

Transparency report

Internal quality control systems (continued)

In addition, cold file reviews are completed to ensure that every audit RI's work is reviewed at least annually. These reviews are undertaken by either an independent audit RI or our head of audit. Once completed, the findings are reviewed by the firm's principals and corrective actions taken if required.

The firm's principals believe that the system of internal quality control is operating effectively which enables ongoing audit quality and compliance.

External monitoring visits

As noted above Edwards are subject to regular external monitoring visits from the ICAEW's Quality Assurance Department ("QAD").

Edwards last audit review took place in April 2018. The QAD's summary findings noted that the audit files reviewed were of a high standard with isolated documentation weaknesses on one file and minor recording points on two other files.

Public interest entities

During the year, Edwards issued one audit report in respect of a public interest entity being Paycare, a company providing healthcare cash benefit insurance plans.

On 28 January 2022 Edwards resigned as auditors of Paycare due to us reaching the maximum engagement period as described in section 491A of the Companies Act 2006.

Independence procedures and practices

Edwards have robust internal policies and procedures to maintain audit independence and to ensure staff act ethically and with integrity and objectivity. Our policies set out the procedures to be followed on all our audit assignments. These include the following:

- Our independence is assessed at both the planning and completion stages of all ongoing audit assignments
- Similar assessments are made at the client acceptance stage for new audit assignments or when client ownership changes occur
- Where independence threats are identified as a result of either long association or through the provision of non-audit services or indeed where there is a perceived higher risk or public interest element, either an internal second RI review or an external quality control hot review is undertaken

In addition, in accordance with audit regulations all principals and staff are required to complete statements of independence, confidentiality as well as confirmation of fit & proper status when commencing employment with Edwards and annually thereafter. Any issues arising outside of this process should be immediately notified by staff to the dedicated ethics director who will document the issue and where necessary formulate a plan for its mitigation.

An internal review of independence practices is included in the firm's annual compliance review process which was completed in July 2021.

Continuing professional development and education

All our qualified staff, whether ICAEW or ACCA, are required by their governing body to undertake continuing professional development to ensure they maintain their technical skills and knowledge. Through our association with Mercia Training, we make provision for all qualified staff to attend technical courses throughout the year to maintain their technical knowledge on audit, accounts and taxation at a continuing high standard. We also encourage our qualified staff to attend non-technical courses provided by Mercia Training to maintain and enhance their soft skills which we feel are important in their professional dealings with both our clients and fellow team members.

Any staff involved in audit work have their work monitored on every audit assignment through our system of reviews throughout the audit process.

Internal cold file reviews are performed annually by Edwards' principals or our head of audit to maintain standards and feedback any areas where further development or training is required.

Transparency report

Audit RI and key audit staff rotation

Our audit compliance manual describes the circumstances in which the audit engagement RI, EQCR and other key audit staff should be rotated away from an audit engagement. We can therefore confirm that the firm complies with the audit RI and key audit staff requirements of FRC's Ethical Standard.

As part of our audit planning processes and annual reporting to the ICAEW, the firm monitors the number of years that principals and other senior staff have acted on audit engagements. In instances where an audit RI has held the same role for 10 years or more (but neither Ethical Standards nor our audit compliance manual requires rotation), safeguards are implemented to ensure our independence is maintained. As part of our audit planning process, these safeguards are communicated in writing to those charged with governance.

Financial information

The transparency reporting regulations require financial information to be provided which evidences the importance of statutory audit work to the firm.

On the basis that absolute turnover or other profit and loss account information is not publicly available, this information is not disclosed below instead a % analysis of the firm's turnover for the year ended 31 March 2022 is provided:

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|--------------------------------------------------------------------|-------|
| • Statutory audit and related services to public interest entities | 0.6% |
| • Statutory audit and related services to other audit clients | 29.9% |
| • Non-audit services provided to audit clients | 11.6% |
| • Non-audit services provided to non-audit clients | 57.9% |

Non-audit services include accounting, tax compliance and advice, business planning, payroll and company secretarial matters.

Remuneration of principals

The firm's shareholding principals are remunerated via dividends by reference to their respective shareholding %. A decision regarding annual dividends is agreed by the board based on the firm's performance during the year and current/future working capital requirements for the business. The firm's non-shareholding principal is remunerated via salary.

Principals are not remunerated by reference to their ability to cross-sell non-audit services to audit clients and as a result the firm considers that remuneration is not contingent upon any basis that would compromise audit independence.

At the date of this report, we are looking to introduce a more formalised process around the assessment of principal's performance including annual performance appraisals and a mechanism which links quality and reward.

Edwards

October 2022



Chartered Accountants | Registered Auditors | Business Advisors

Directors David CP Webb FCA Neil J Taylor BA, FCA Adrian P Stevens FCCA Paul J Tonks BSc, FCA

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