

2023



Royce Peeling Green Limited

Transparency Report 2023

RPG | Chartered Accountants

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1. Background

EU Regulation 537/2014 Article 13 requires audit firms that carry out statutory audits of public-interest entities (“PIEs”) to publish annual transparency reports on their websites within four months of the end of each financial year. This report considers the year ended 31 December 2023.

2. Our structure

Our group is headed by RPG Group Limited. The majority of voting shares in RPG Group Limited are owned by qualified chartered accountants. RPG Holdings Limited is a wholly owned subsidiary of RPG Group Limited. RPG Holdings Limited directly owns the entire share capital of Royce Peeling Green Limited.

RPG Holdings Limited does not trade but its wholly owned subsidiary Royce Peeling Green Limited provides audit and related compliance services. Both entities are incorporated in the United Kingdom. The two entities work alongside RPG Consulting Limited which provides a range of other financial advice and RPG Services Limited which provides payroll bureau services.

Both RPG Holdings Limited and Royce Peeling Green Limited (hereafter referred to jointly as Royce Peeling Green or the Firm) are Registered Auditors and are regulated by the Institute of Chartered Accountants in England & Wales (ICAEW). As at 31 December 2023 the Firm had nine directors, now ten directors, four of whom had Responsible Individual (RI) status granted by the ICAEW. The Firm operates from two offices serving clients throughout the United Kingdom. All audit services are undertaken from our principal office in Manchester.

3. DFK International

Royce Peeling Green is a member of DFK International, which is a major international alliance of accounting firms and business advisers operating from 465 offices in 90 countries, that has been meeting the needs of clients with interests in more than one country for over 60 years.

DFK International is registered in England and Wales as a private company limited by guarantee with a registered office at 118 Pall Mall, London, SW1Y 5EA, United Kingdom. Its company number is 09306225.

Each DFK member is an independent legal entity in its own country. DFK International is a non-profit making consortium of firms and does not itself practice in the field of accountancy and does not provide business advisory service. Such services are provided by the member and correspondent firms of DFK International. Member firms that do not include DFK in their firm's name are not network firms and belong to the association as either full or correspondent members. The Firm is a full member.

DFK member firms elect a Board of Directors responsible for the direction and management of the association. The Board elects a President, Deputy President (President Elect), three regional Vice-Presidents and also a Board of Directors to lead and assist in implementing their responsibilities and the association's strategic plan.

4. Governance

Management of Royce Peeling Green is delegated to its Board of Directors.

The Board of Directors meets regularly – generally on a monthly basis - and its terms of reference include reviewing the management and statutory accounts, regulatory compliance and considering the actions required to maintain the quality of audit, operational performance and other matters.

5. Independence

Royce Peeling Green complies with the Ethical Standards of the Financial Reporting Council (FRC) as well as the ICAEW Code of Ethics. To facilitate this, the Firm has an Ethics Director who has responsibility for the Firm's policies and procedures relating to integrity, objectivity and independence and the Firm's compliance with FRC Ethical Standards. Ethical guidance is contained on the Firm's intranet. Jonathan Brownson is the Ethics Director.

Training on ethical matters is provided to all new joiners. Existing directors and staff receive training and guidance on ethical matters each year as required by ICAEW regulations and as appropriate to their role.

Annual declarations are made by all directors and staff to ensure compliance with relevant ethical requirements and, for each audit, independence is specifically considered at the planning and completion stage and any relevant matters are communicated to those concerned with management and governance.

An internal review of independence practices is conducted as part of the Firm's Annual Compliance Review covering all staff and is also monitored during the cold review process, when considering specific audit engagements.

6. Maintaining quality

The Firm has established policies and procedures through its System of Quality Management (SOQM) to comply with International Standard on Quality Management (UK) (ISQM). Whilst many of our legacy ISQC1 policies, processes and controls remain relevant, we have been able to enhance quality management activities through some changes in our processes which were identified by the transition to ISQM. The audit leadership team named below is responsible for maintaining and enhancing the Firm's SOQM to ensure that quality remains at the centre of everything we do and incremental improvements are made where possible.

The Firm uses audit software designed by CCH and the underlying ISA compliant methodology has been provided by Mercia. We have also begun to implement data analytics in certain key areas of our audit work and will continue to examine how these can be best deployed in the performance of high-quality audits.

Royce Peeling Green has in place policies and procedures to ensure the requirements of ISQM are met throughout the audit practice as follows:

Leadership responsibilities for quality

The Board of Directors has overall leadership responsibility for audit quality. Under ISQM, Jonathan Brownson, Group Managing Director, is the Individual with Ultimate Responsibility for Audit Quality (IUR). Operational responsibility for the development of appropriate policies and procedures has been delegated to Martin Chatten and Jonathan Hayward as Individuals with Operational Responsibility (IORs) for Audit Quality; and for the monitoring of compliance with those policies and procedures. The IUR and IORs report to the Board of Directors.

Ethical requirements

Consideration of compliance with Ethical Standards is required at the commencement of each audit assignment as well as at completion and on signing of the audit report. In addition, staff are trained to be constantly alert to factors that might indicate a conflict with a specific requirement in Ethical Standards both whilst carrying out audit assignments and at other times in their professional activities.

There is a policy of rotation of RIs from audit assignments based on the requirements contained within Ethical Standards. RIs on PIE clients are rotated after 5 years and consideration of the need to rotate on other high-risk clients is made through discussion between the IUR and IORs. Compliance with the rotation policy is monitored on a monthly basis through the reporting to the IUR on completion of file sign off for all audit engagements.

Where an RI has acted for more than 10 years for unlisted clients, this will be identified and included on the control list held by the Firm. If the RI role is not rotated at that point a hot file review will be arranged with a suitably qualified reviewer as an appropriate safeguard. Any exceptions must be discussed with the Ethics Director and the client notified in writing.

Acceptance and continuance of client relationships and specific assignments

Before accepting any new audit appointment, a number of procedures are undertaken to ensure we will be able to provide the client with a high quality service based on our assessment of the risks associated with that client. These considerations include:

- Assessing the client's business including the industry sector within which it operates and the countries where those operations are carried out.
- Obtaining evidence as to the identity of the owners and officers of the business as well as considering other information about them.
- Assessing any potential risks in relation to independence or conflicts of interest.
- Inquiring of the previous auditors as to the circumstances surrounding the change in auditors.
- Assessing whether the skills and resources available within the Firm can provide the required services to the client.
- Assessing the level of credit risk associated with the underlying client.

Our systems of internal control do not permit any new client to be set up on our time and billing systems without evidence that these procedures have been performed. Where there are significant concerns about the risks associated with a particular potential client, consultation is required. Dependent on the exact circumstances this consultation will be with one or more of the Ethics Director, the Head of Audit or two or other experienced and independent RIs.

The appropriateness of continuing to act for existing clients is considered at the end of each audit assignment taking into account matters that have come to our attention during the audit. These decisions are also updated at the time we plan the subsequent year's audit. Where necessary, similar consultation procedures as for prospective new clients are followed.

The appropriateness of continuing to act for existing clients is considered at the end of each audit assignment taking into account matters that have come to our attention during the audit. These decisions are also updated at the time we plan the subsequent year's audit. Where necessary, similar consultation procedures as for prospective new clients are followed.

Human resources and training

We recognise that the quality of the audit services we provide is dependent on the quality of the people we employ. We have therefore put in place policies and procedures to ensure we recruit and retain competent and committed staff and directors.

All RIs and the majority of employees working on audit engagements are either qualified accountants with the ICAEW or the Association of Chartered Certified Accountants (ACCA) or are training for qualifications with one of those bodies. The Firm also employs some staff with equivalent qualifications from overseas accountancy bodies.

Our recruitment processes are designed to ensure we employ individuals with the skills and personal characteristics that will ensure the high quality of our services. During the recruitment process, all potential employees are interviewed by a Director. References, including confirmation of relevant qualifications, are obtained for all potential employees before they are unconditionally offered employment.

The sufficiency of our staff resourcing to meet the requirements of our audit client base is monitored on a regular basis. This includes consideration of the client portfolios of individual RIs and managers. Factors that we take into account include the complexity of the client, the need for specialist sector knowledge and the timing of audit work.

All staff have an Annual Development Review (ADR), with an informal review after six-months to assess progress on specific objectives set at the ADR. RI performance is subject to review as part of the external audit compliance and practice assurance reviews and their ADR. For all audit staff and RIs the quality of work is a specific matter considered as part of their review.

Detailed job descriptions are in place for all grades of staff and RIs which outline not only the roles and responsibilities associated with the specific grade but also the skills and competencies expected from that level. There is an ongoing process of review of job descriptions to ensure their ongoing relevance. Promotion decisions are made based on whether or not an individual has attained the skills and competencies of the grade to which they will be promoted. For promotions to and within the management grades and to RI, the business needs of Royce Peeling Green are also taken into account.

The ICAEW introduced new CPD requirements that came into effect from 1 November 2023. The new requirements apply to everyone covered by the regulations and will include the following:

- A minimum number of CPD hours;
- A number of CPD hours that are verifiable; and
- A minimum of one hour's ethics training aligned to the ICAEW Code of Ethics.

Members working in practice will sit in one of three CPD categories and, depending on their role, will be required to complete up to 40 hours of CPD, of which a prescribed proportion must be verifiable.

The Firm has established procedures to ensure that all our people, including members of other professional bodies, comply with these requirements.

Commitment to competence

There is a comprehensive training programme which ensures that all relevant staff receive training in Royce Peeling Green's audit procedures as well as developments in financial reporting and other technical areas. Attendance at key training courses, both external and internal, is mandatory for all qualified staff and is monitored; those who were unable to attend are required to study the material to confirm their understanding.

A range of training is also provided to all staff and directors based on the development needs of the individual. Those directors and staff working in specialist areas such as charities and professional practices attend specialist courses run by third parties.

On the job training is considered to be an important aspect of the development of our audit staff and directors receive training in coaching and appraisal skills to enable them to play their role in maintaining quality. Regular technical alerts are made available to all staff.

Engagement performance

Our audit methodology and documentation is designed to ensure compliance with International Standards on Auditing (UK) and all other relevant requirements. Fundamental to our audit approach is the requirement to understand the client's business, consider the specific risks associated with that client and to tailor the audit work to address those risks.

The documentation is updated at least annually to take account of any changes in standards, recommendations from our quality monitoring reviews and those of our external regulators, together with suggestions from users to enhance operational efficiency. Specific training is provided to all staff and RIs on any amendments.

The documentation is supported by a detailed audit manual containing additional guidance which is readily accessible by all audit staff. Further guidance is also provided on emerging issues that may affect our audit teams.

RIs take ultimate responsibility for the quality of individual audit assignments. All audit work is required to be carried out by a suitably experienced person and reviewed by someone who is more senior.

Through these procedures we are able to ensure that work is being performed in accordance with applicable standards and matters of significance are identified and properly addressed. In addition, the review procedure ensures that the documentation on the audit file is sufficient such that an experienced auditor with no prior knowledge of the audit would be able to understand the work done and the conclusions reached.

All PIE clients are required to have an independent RI assigned as a hot file reviewer, who is selected by the Head of Audit or another senior director with no involvement with the audit client on the basis of his or her relevant audit experience and knowledge of the client's business sector. The independent RI is required to be involved at key stages during the audit including planning, consideration of significant audit issues as they arise and completion. The financial statements of all listed companies are also required to be subject to review by the independent RI.

The RIs meet regularly as a group to discuss matters such as departmental performance, staff development, recent and future technical changes and audit best practice. Consultation between RIs is encouraged and the requirements of internal procedures result in the involvement of a second RI on a number of assignments.

Monitoring

The IORs are responsible for planning and co-ordinating the annual quality monitoring review of audit work. The reviews are carried out by external independent audit professionals with no connection to the assignments subject to review. The reviews cover, in any one year, completed audit assignments for all RIs who are therefore subject to review each year.

The review is designed to establish whether we are complying with our own internal procedures. The findings from the reviews together with an action plan are communicated to the RIs and the IUR. Recommendations are also included within the training programmes for all grades of staff and the RIs. The latest completed annual quality monitoring review of audit work took place in April 2023 and the next is scheduled for September 2024.

Assessment and remuneration of RIs

As a consequence of the importance placed on audit quality, additional procedures are in place with respect to the ADRs of RIs. Information in respect of audit quality is obtained from a number of sources including both the quality control programme from the reviews of external consultants and regulators and records of attendance at mandatory training events. Specific audit quality related actions are then agreed with the RI. The IORs are made aware of these objectives in order that they may be specifically considered in future quality control reviews.

RIs receive a salary, the level of which is determined by a number of factors including experience, skills and contribution to the development of the Firm. Salaries are reviewed annually and audit quality is a factor taken into account when determining remuneration of RIs. Bonuses are awarded based on overall performance in the year, but no RI is rewarded specifically, either by bonus or salary increase, as a result of their having identified an opportunity for the Firm to provide non-audit services to an audit client.

Commitment to competence

The Firm is committed to providing quality advice and delivering exceptional service to clients. However, when disputes or disagreements do arise, we are committed to dealing with these fully and promptly.

Our letter of engagement includes reference to the quality of our service including what clients can do if they are dissatisfied with any aspect of our work. In the first instance, clients are asked to raise the matter with the Engagement Director responsible for providing the service or, if they would prefer, the Group Managing Director.

There is a standing agenda point at the Firm's Board meetings to consider any client complaints.

We consider that our recent complaints history is very good and this is reflected in our PI premium.

Complaints handling and quality of client service

The Firm is committed to providing quality advice and delivering exceptional service to clients. However, when disputes or disagreements do arise, we are also committed to dealing with these fully and promptly.

Our letter of engagement includes reference to the quality of our service including what clients can do if they are dissatisfied with any aspect of our work. In the first instance, clients are asked to raise the matter with the Engagement Director responsible for providing the service or, if they would prefer, the Group Managing Director.

We consider that our recent complaints history is very good and this is reflected in our low PI premium. However, reports of any such complaints are raised with the Firm's Board of Directors.

Consideration of effectiveness

The Board of Directors considers the appropriateness and effectiveness of procedures in place based on information provided to it including the findings from quality monitoring reviews and external reviews. Recommendations for improvements and refinements of existing procedures arising from quality monitoring reviews are communicated to all audit staff as soon as is practicable.

As a result of his participation in the quality control processes the Group Managing Director is satisfied that the Firm's quality control system in respect of audit matters is effective and that, in the event that it is necessary, any corrective measures to enhance audit quality are made.

7. External monitoring

The Firm is registered to undertake audit work by the ICAEW.

Since 5 December 2022 the Firm is also registered to undertake the audit of PIEs and two of our RIs responsible for signing PIE audit reports are on the PIE audit register.

The Audit Quality Review (AQR) team of the FRC is responsible for inspection of our work in respect of PIEs and our whole Firm's audit procedures.

Our other audit work is examined regularly by the ICAEW's Quality Assurance Department (QAD) and their latest review took place in 2023.

The Firm received its first AQR file inspection since registering as a PIE auditor in Q1 2024. The process has yet to be concluded but all recommendations arising from the process will be addressed by the Firm and communicated to all audit RIs and audit staff, as appropriate.

The Board of Directors considers all recommendations and comments made by the external inspectors and in conjunction with the teams responsible, takes action to implement any desired changes and provide any appropriate training.

8. Financial information

Revenue for Royce Peeling Green Limited which provides all statutory audit and related compliance services for the Firm for the year ended 31 December 2023 was:

	2023 £'000	2022 £'000
PIE audit clients	286	109
Non-PIE audit clients	930	772
Non audit services to audit clients ‡	617	606
Non audit services to other clients	4,557	4,134
Total	6,390	5,621

This data is unaudited.

‡ The Firm delivered no non-audit services to PIE audit clients in either period.

The Firm's revenue from non-audit services for non-PIE clients includes accounts preparation work, corporation tax compliance, tax planning, payroll services, company secretarial services and the provision of general business and strategic advice.

When undertaking non-audit work for an audit client, the requirements of the Ethical Standards for Auditors and the Firm's acceptance procedures described above are fully considered before the work is accepted.

9. Public interest audit clients

As at 31 December 2023 Royce Peeling Green had the following PIE audit clients:

- Railway Enginememen's Assurance Society Limited
- The Rechabite Friendly Society Limited
- Sheffield Mutual Friendly Society Limited
- Transport Friendly Society Limited
- First Class Metals PLC
- Iconic Labs PLC
- Kelso Group Holdings PLC
- Oneiro Energy PLC
- Seneca Growth Capital VCT PLC

Since that date we have also been appointed auditor by Dukemount Capital PLC.

10. Approval

The Transparency Report has been prepared in accordance with EU Regulation 537/2014 Article 13 and has been approved by the Board of Directors and is signed on its behalf by

Jonathan Brownson
Group Managing Director

30th April 2024