

Transparency Report 2023

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PKF



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We are pleased to present our Transparency Report for the year ended 31 May 2023 which is designed to give information on the ownership and governance of the firm and the measures we take to maintain independence and high-quality standards in our audit and other services.

We have delivered another strong year of growth across our firm and, in particular, in our insurance audit and listed audit teams – we are now the

fifth largest auditor to LSE listed companies and second-ranked for those on AIM.

We are proud of this growth and the team of people we have who have helped us to achieve it.

We also take pride in the fact that this growth has been accompanied by a significant investment in our people, our processes, and our infrastructure. We believe that this investment is vital to ensure that our work remains of the highest quality as the firm takes on larger and increasingly complex clients, and comes under increasing scrutiny from the public, the markets, and regulators.

The resulting transformation has been evident across our business, in areas such as recruitment in both client facing and support functions, training, data analytics, IT platforms as well as our in-house skills training courses, values inductions, and regular inclusion initiatives for our people. All of these initiatives have made a positive difference in terms of how we behave as individuals and how we operate collectively as the firm.

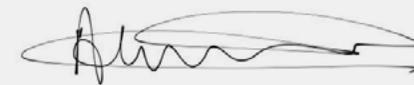
Our Technical team and Professional Standards Committee – with the full support of the firm’s leadership team, support functions, many

committed individuals and oversight from our independent non-executives – have played a key role in the design and delivery of these elements. We would like to thank them for their work.

An effective system of quality management is central to our culture and we are mindful that the rapid growth of the audit divisions has the potential to impact on the delivery of consistently high-quality audits. We set out how we monitor engagement performance later in this report.

Looking ahead, we plan to maintain our investment in our firm as we continue to evolve our practice and respond to the opportunities we expect to emerge as a result of the continued reform of the audit market.

As a firm, we have achieved a great deal together over the past few years. We look forward to continuing to forge PKF Littlejohn’s reputation in the audit marketplace in the years ahead.



Dominic Roberts
Managing Partner

Legal structure and ownership

PKF Littlejohn LLP is a limited liability partnership governed by the terms of its Members' Agreement and is owned by its equity partners. On 31 May 2023 there were 18 full equity and 21 fixed equity partners. At the date of this report there are 41 partners.

The firm operates from its offices at:

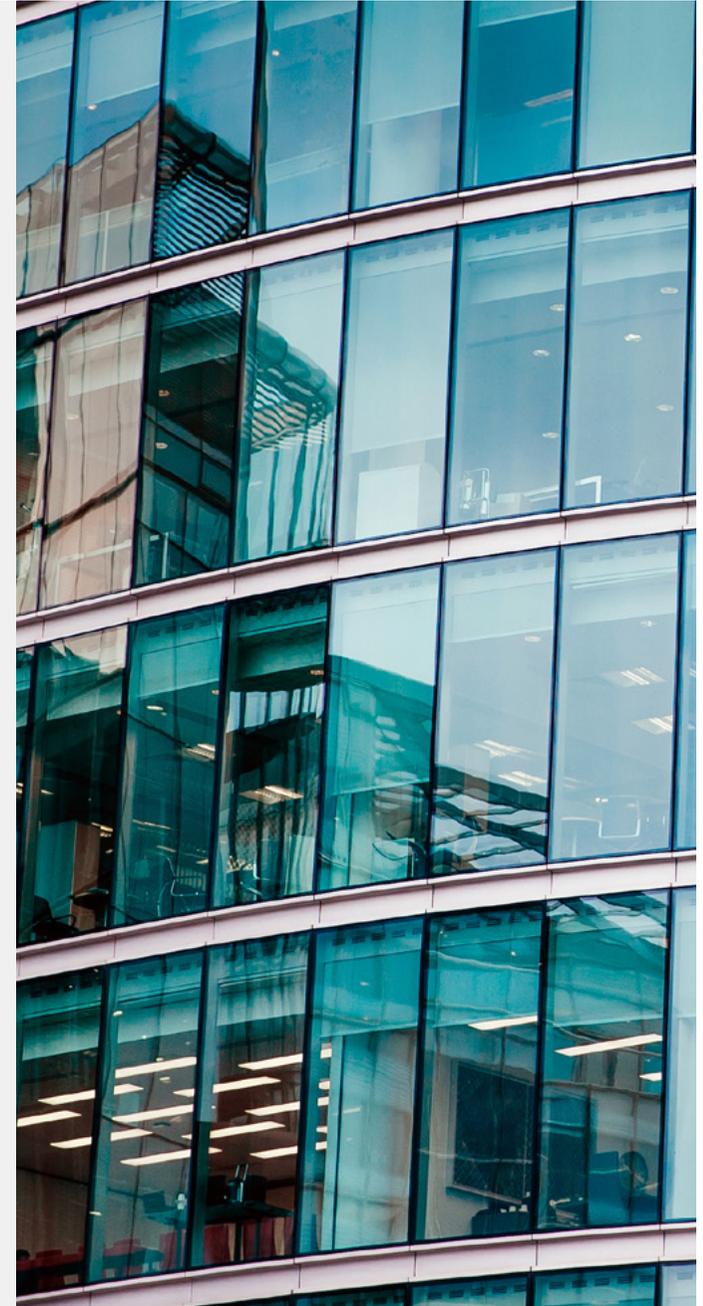
- 15 Westferry Circus, Canary Wharf, London E14 4HD
- One Park Row, Leeds, LS1 5HN and
- 11 York Street, Manchester, M2 2AW

We offer a range of services comprising business advice, audit, accountancy, internal audit, taxation (corporate and personal), corporate finance, IT consultancy, litigation support, business recovery, turnaround and insolvency services. PKF Littlejohn Canillas Limited a joint venture with PKF Canillas,

is a registered auditor in Gibraltar. In addition, through its partnering arrangements with Capitalise (www.capitalise.com) and Escalate (www.escalatedisputes.co.uk), the firm offers funding solutions and dispute resolution services for SMEs.

We have three principal active subsidiary companies:

- PKF Geoffrey Martin & Co Limited which specialises solely in business recovery, turnaround, fraud investigation and insolvency services.
- PKF Littlejohn Payroll Services Limited provides outsourced payroll services using The Access Group as the provider of payroll services.
- PKF LJ South Africa (PTY) which provides the services of its employees to the firm.



Introduction

The firm is a member firm of the PKF Global (PKFG) network of legally independent firms. The PKFG Network consists of members firms in locations around the world, providing assurance, accounting, business advisory and taxation services. PKFG is a member of the Forum of Firms – an organisation dedicated to consistent and high-quality standards of financial reporting and auditing practices worldwide.

PKFG administers a network of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual members or correspondent firm or firms.

The aggregate fee income which relates to the statutory audit of annual and consolidated financial statements for EU EEA members firms (excluding correspondent firms) that belong to the PKF network, (as set out in *Appendix 4*), as reported in the firm Compliance Reporting ending 30 June 2022, is US\$135.5 million.

Further details on the legal basis, structure, quality assurance and member firms can be found in *Appendix 3*.



The firm is managed by a board, concentrating on strategic matters, and reporting and accountable to the partnership as a whole. The [terms of reference for the board](#) are available on the firm's website. The current board comprises a Managing Partner and Chairman who are elected by the partners and other partners appointed by the Managing Partner from time to time as well as two independent non-executive board members appointed by the board.

As of 31 May 2023 the board comprised:

- Ian Cowan (Chairman)
- Dominic Roberts (Managing Partner)
- Carmine Papa
- Neil Coulson
- Andrew Shepherd (Independent Non-Executive)
- John Wallace (Independent Non-Executive)
- Tim Herbert joined the board on 1 June 2023.

Biographical details for the members of the board (including Tim Herbert) together with their length of service on the board are provided in **Appendix 1**.

The day to day running of the firm is handled by the leadership team which is appointed by the Managing Partner. The [terms of reference for the leadership team](#) are available on the firm's website. The membership of the leadership team consists

of partners and directors who assist the Managing Partner in carrying out his business on a firm wide level. Its remit covers the operation of the whole firm and is not limited to the audit practice. The work performed by the leadership team is overseen by the board.

In accordance with the firm's Board Governance Principles the board evaluates its own processes and performance including the work of its committees annually to ensure its ongoing effectiveness. The board also monitors the decisions and actions and performance of the firm's management (i.e., Managing Partner and leadership team) including compliance with the Audit Firm Governance Code.

The performance of the Managing Partner, Chairman and other executive members of the board is reviewed annually, the performance of the INEs is reviewed by the Chairman and Managing Partner.

The Chairman is elected by the partners for a term of 2 years whilst the other board members including the INEs are selected by the Managing Partner subject to board approval, for initial terms of three years with a maximum tenure of nine years in total.

The Managing Partner has the authority to establish any policy, make any decision, enter into any

obligation, take any action and develop any activity that will achieve the firm's goals across both the audit and non-audit business provided that these are within a reasonable interpretation of the Reserved Matters Schedule (as amended from time to time). This authority is established within the firm's Board Governance Principles.

All Managing Partner and leadership team actions and decisions are carried out in accordance with commonly accepted business practice and professional ethics and within the Reserved Matters Schedule. The board may at any time change the authority of the Managing Partner and leadership team and in particular, may change the firm's Reserved Matters Schedule other than those items reserved for partners within the Partnership Deed. The board respect and support the Managing Partner's and leadership team's decisions and judgement within the proper exercise of their authority.

Key Performance Indicators (KPIs) to monitor the performance of the governance system of the firm are set by the board. The KPIs are reviewed by the board and any variances from the expected performance are investigated and any necessary actions taken. Attendance at board meetings and meetings of the Audit and Risk sub-committee of the board by the members of the board were identified as KPIs for the governance system in the year to

31 May 2023. Details of the attendance by the members of the board are provided in *Appendix 1*.

The board has reviewed the indicators which they consider to be KPIs for the governance system of the firm and an assessment of audit quality and adherence to the Firm's core quality and cultural values and will be setting additional KPIs for the year to 31 May 2024. These are expected to include external file review scores and an assessment of the behaviours of partners and staff.

The board maintain and regularly review the firm's register of risks which threaten its business model, future performance, solvency or liquidity or the sustainability of the firm. Matters to be included in the register are identified by the board and by all other aspects of the governance structure all of whom have reporting lines to the board In addition the board discuss at each meeting matters in relation to expectations for the conduct of the firm's business and its employees as represented by the firm's [Values and Code of Conduct](#) which is available on the firm's website.

Partner remuneration

Fixed and full equity partners receive a fixed share of the profits as a first charge on the overall profits of the firm. The second charge on the firm's profit is the award of bonuses both to fixed and full

equity partners. The amount of any bonus awarded is assessed by a remuneration committee, and ultimately approved by the equity partners. The remuneration committee is not a sub-committee of the board, its members are appointed by the partners directly through a biannual partner vote. The Managing Partner and Chairman are also appointed to sit on the committee.

Any residual profit is then allocated to the full equity partners based on their profit share. The fixed share of profits and the full equity partners profit shares are reviewed on an annual basis by the remuneration committee. The assessment takes into account partners' performance assessed against criteria covering client service, behaviours, technical performance, technical ability, working capital management and management responsibilities.

The weighting attributed to these factors varies according to the circumstances of individual partners and the needs of the firm determined by management from time to time.

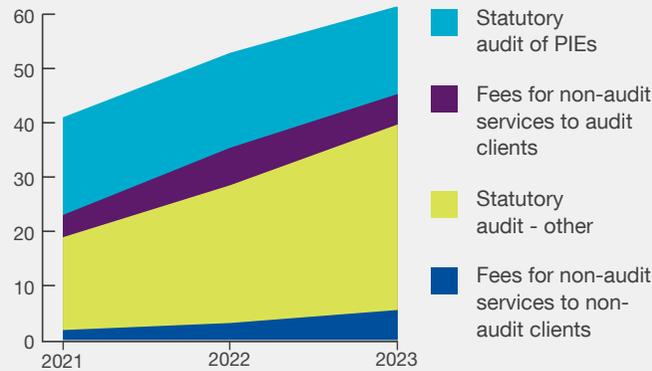
Two of the five areas captured in the assessment of an audit partner's performance are focused on achieving audit quality. Audit partners are not incentivised through the process to gain non-audit work from audit clients.



The following information has been extracted from the unaudited financial statements for the year ended 31 May 2023, demonstrating the importance of statutory audit work to the overall results of the firm.

	Year ended (£m)		
	31 May 23 (unaudited)	31 May 22 (audited)	31 May 21 (audited)
Statutory audit fees of Public Interest Entities (PIEs)	5.5	3.1	1.8
Statutory audit fees of other audit clients	34.2	25.4	17.1
Fees for non-audit services to audit clients	5.6	6.9	4.1
Fees for non-audit services to non-audit clients	16.2	17.5	18.0
Total revenue	61.4	52.9	41.0

(Fee breakdown (£m))



The firm achieved a strong set of financial results for the year ended 31 May 2023. The board remain cautiously optimistic about the strength and resilience of the firm's business model over the coming year.

A list of the Public Interest Entities in respect on which PKF Littlejohn LLP issued a statutory audit opinion in the year ended 31 May 2023 is set out in *Appendix 2*.

The firm's system of quality management was comprehensively reviewed and updated to respond to the requirements of the new International Standard of Quality Management (ISQM 1) which came into effect on 15 December 2022.

ISQM 1 applies to firms who perform audits, reviews of financial statements and other assurance/related service engagements. The standard requires the firm to design, implement and operate a system of quality management (SOQM) which covers all aspect of the work of the firm.

Responsibility and accountability for the effective operation of the SOQM lies with the Managing Partner (Dominic Roberts). Operational responsibility for the SOQM is held by Carmine Papa (a partner and member of the board). Responsibility for compliance with independence requirements lies with Tim Herbert, (the Ethics Partner and a member of the board). Rochelle Duffy (a partner who heads the Technical and Compliance Department of the Firm) has responsibility for the monitoring and remediation process.

The firm developed its SOQM through a series of workshops involving subject matter experts to identify the quality objectives, the quality risks and responses to those risks to ensure it provides

reasonable assurance to meet the requirements of ISQM 1.

The fundamental response to the quality risks lies within the firm's policies and procedures which are set out in Professional Standard Notes (PSNs) developed by the Professional Standards Committee of the firm (PSC). In respect of audit and assurance engagements, the firm uses proprietary audit programmes which have been developed with the firm's own programmes for specialist audits, including the statutory audits of PIEs.

ISQM 1 requires that an annual evaluation of the SOQM is undertaken. The first such review is being completed by the Managing Partner and the results will be shared in the next Transparency Report.

Professional Standards Committee

Professional standards and procedures are set by our Professional Standards Committee (PSC). The PSC is not a sub-committee of the board, it reports directly to the Managing Partner who is a member of the PSC. To avoid the possibility of management override, the PSC has whistle blowing responsibilities both to the board and the overall partnership. The firm has also appointed audit, ethics, money laundering, investment business and practice assurance partners who report directly to

the Managing Partner but who also report to the PSC as appropriate on the firm's compliance with those areas which they are responsible for.

The PSC operates primarily by publishing internal Professional Standard Notes (PSNs), which set out the standards that the firm must meet in order to comply with ISQM 1 and other professional standards. The PSC also monitors compliance and receives reports from the monitoring of quality (see below) and makes recommendations for improvement to the Managing Partner. Responsibility for implementing the firm's professional standards lies with the leadership team.

The Independent Non-Executive meet with the Chair of the PSC, who is also the Audit Compliance Partner before each meeting of the board. The purpose of these meetings is to receive an update on the work of the PSC including any matters which the PSC wish to bring to their attention.

Audit and Risk Committee

The Audit and Risk Committee (ARC) is a sub-committee of the board, its terms of reference and a description of its work and how it has discharged its duties are available on the [firm's website](#).

The overarching role of the Audit and Risk Committee is to oversee the firm's system of internal control and risk management and review the independence and effectiveness of the external auditors.

ARC members, including the Chairman, are appointed (and may be removed) by the board based on the respective experience and knowledge of risk management, finance, audit and governance matters of those individuals. There are a minimum of three members of the ARC with at least one Independent Non-Executive (INE) appointed. Appointments will be for a period of up to three years at the end of that period reappointment for two further periods of up to three years is permitted. The board may terminate the membership of an individual with immediate effect as may a member terminate their own membership.

The responsibilities of the ARC are set out in the terms of reference and include:

- monitoring and reviewing the effectiveness of the firm's systems of internal control and risk management; and
- responding to any material internal control aspects of any significant problems disclosed in the financial statements or management commentary of the firm. No such matters have been identified in the reporting period.

Independent Non-Executives

The Independent Non-Executive board members (INEs) are independent from the firm and its members and are initially appointed to serve a term of three years with a maximum tenure of nine years in total.

Future prospective INEs are proposed by the leadership team for appointment to the board by the members following a formal, rigorous and transparent procedure.

INEs comply with the policies and procedures of the firm LJJ including the completion of an annual fit and proper declaration by the INEs of their independence, freedom from conflicts of interest and that they hold no prohibited investments on the same basis as partners and staff of the firm.

INEs are paid fees determined by the board which for the year ended 31st May 2023 were:

- Andrew Shepherd: £35,000
- John Wallace: £37,327

The fee is not based on the performance or profitability of the firm and the INEs do not have any equity interest in the firm. The fee determined by the board takes into account the time requirement for the INEs to fulfil their duties effectively and market conditions.

The duties of the INEs are set out in a formal contract and job specification which include oversight of the firm's policies and processes and in particular those related to:

- Promoting audit quality;
- Helping the firm secure its reputation more broadly, including in our non-audit businesses; and
- Reducing the risk of firm failure.

Reviews conducted by the INEs are designed to cover all material controls, including financial, operational and compliance controls and risk management systems as well as the promotion of an appropriate culture underpinned by sound values and behaviour within the firm.

In order to perform this role, in addition to attending board and partner meetings, the INEs have the right of access to relevant information and people within the firm. The INEs have regular contact with the Ethics Partner and the Professional Standards Committee including involvement in scheduled and ad hoc meetings. The INEs play a part in reviewing the effectiveness of the firm's systems of internal control and as such are members of the firm's Audit and Risk Committee.

The firm has in place policies and procedures for managing its partners and staff which support its commitment to the professionalism, openness and risk management principles set out in the Audit Firm Governance Code (AFGC). In order to review these people management policies and procedures as they apply to the staff, the INEs interact with the Human Resources Department and, for partners, the INEs also review the recommendations made by the firm's Remuneration Committee.

As Independent members of the board, the INEs provide a truly independent channel of communication for all partners and members of staff and as such are responsible for the whistleblowing process and are the first port of call for any whistleblowers.

The Audit Firm Governance Code requires a minimum of three INEs or an explanation in the Transparency Report where a firm considers having three INEs is unnecessary given its size. The firm's Board Governance Principles state that the board should be of a size which enables the full engagement of all the board members and a minimum of five members including the INEs. In light of the size of the firm and the number of public company audits undertaken the board considers that it is appropriate to have two INEs as members of the board. The board has also confirmed that a third appointment will be made when the firm has been appointed as statutory auditor for an appropriate number and size of public company entities or has grown to such a size and complexity whereby a third member would be appropriate. This position is reviewed on a regular basis by the board.





Report of the Independent Non-Executives



We have engaged in a program of oversight which has enabled us to fulfil our obligations in alignment with the principal objectives of the Audit Firm Governance Code (AFGC):

- to help promote audit quality.
- to help the firm secure its reputation more broadly, including its non-audit business; and
- to help reduce the risk of firm failure.

INEs activities

We have mapped and planned our activities directly to the principles laid out in the AFGC and this report provides an explanation of how we have worked to fulfil that plan in order to oversee audit quality and the wider business more generally, over the reporting period.

We have exercised our unfettered rights to access any relevant information and people within the firm in order to meet our responsibilities. This has included attendance of the firm's board and partner meetings which together provide the opportunity to observe, understand and where required, to independently challenge, aspects of the firm's operation.

There is a protocol available to deal with any disagreement which arises between the INEs and a member of the board or the leadership team. In the event of such a disagreement the matter will be overseen by the Chairman, who will seek resolution between the parties involved. If that disagreement exists with the Chairman, the Managing Partner will oversee and seek resolution accordingly. Where a resolution is not possible, and the INE resigns from their position, this matter will be disclosed in the firm's Transparency Report. We confirm, as the firm's INEs, that no such disagreements have occurred in during the period.

In addition, we have met regularly with members of other relevant governance structures within the firm and partners, directors and staff including the following

- Audit and Risk Committee
- Audit Compliance Partner
- Board
- Chair of the Professional Standards Committee (PSC)
- Chairman
- Chief Financial Officer (CFO)

- Ethics Partner
- General Counsel
- Head of Technical and Compliance
- Head of Technology
- Human Resources Director
- Managing Partner
- Money Laundering Compliance Partner
- Other partners, service directors and staff as we consider is required or is requested by those individuals.
- Practice Assurance Partner; and
- Qualified Person Responsible for Training

We have also met on many occasions as INEs to discuss matters relevant to our remit.

These meetings have enabled us to gain sufficient understanding to allow us to undertake our oversight and to raise topics with or to provide constructive challenge to the board and/or Managing Partner where we deem necessary.

Promoting audit quality

In order to promote and oversee audit quality we hold regular meetings in advance of each board meeting with the Chair of the PSC and the partner who heads the firm's Technical and Compliance Department.

These meetings enable us to:

- understand any issues that have arisen in all quality monitoring reviews;
- review reports of any ethical issues;
- oversee the actions implemented to improve audit quality; and
- observe adherence to ongoing training on technical and compliance matters which keeps partners and staff abreast of all new audit standards and regulatory changes

We monitor the level, adequacy and experience of people available within the firm and challenge the board to ensure that there is sufficient resource to promote quality audits.

We have also reviewed the root cause analysis work undertaken in the year. In addition, we have met with the Human Resources Director to promote the embedding of quality in the firm's culture.

Our regular attendance at board meetings and meetings with partners and staff at all levels have allowed us to assess the impact of the tone from the top and the firm's strategy for achieving audit quality. This has confirmed that the need for audit quality is understood and valued throughout the firm..

Securing the firm's reputation

The board and the firm place considerable importance in reducing any reputational risk. This is reflected in the [Terms of Reference](#) of the Audit and Risk Committee. We have sought to oversee the mitigation of this risk through the firm's Risk Register and risk management processes. Following a recent review of risk management policy, it has been agreed that the firm's General Counsel should participate in future Risk Committee meetings.

To be aware of any issues that may affect the firm's reputation we have reviewed reports from the Ethics Partner and the Chair of the PSC relating to ethical matters, litigation and claims, reputational matters, and whistleblowing reports.

As INEs, we have ensured that the firm has an effective whistleblowing process in place, and we manage the firm's dedicated whistleblowing communications channel.

Reducing the risk of failure

Within our remit we pay particular attention to all identified and emerging risks to audit quality and how they are addressed. We are active members of the Audit and Risk Committee, have worked to help the firm identify ongoing and emerging risks and observed mitigation actions for those risks.

We have considered a wide range of issues during the year including paying particular attention to the following:

- We have had regular contact and been able to raise queries with the CFO and have had oversight of the budgeting process and setting of assumptions. We have received and reviewed management accounts and have been involved in related discussions during board meetings. We have also been engaged in the process of briefing the firm's auditors and attended the post audit review meeting.
- The firm recognises the importance of nurturing its staff without whom the firm is at risk. We have observed the board developing and, the leadership team then enacting, the firm's strategies for recruitment and retention including leading the culture of treating its people well and have met with staff at various levels of seniority to hear their views. We have also received

reports from the Remuneration Committee and observed related discussions at a partner level.

- As part of the board, we have reviewed the firm's register of risks which threaten its business model, future performance, solvency or liquidity or the sustainability of the firm. During the reporting period we have observed the board demonstrating its commitment to reducing the risk of failure by improving the Risk Register to better recognize and mitigate against emerging risks as well as ongoing risks. We have also observed board discussions in relation to expectations for the conduct of the firm's business and its employees as represented by the firm's values and Code of Conduct

Conclusion to the report of the Independent Non-Executives

Through the range of activities described above, we believe that we have been able to satisfy ourselves that the management of the firm is focused on audit quality, safeguarding its reputation, reducing the risk of failure, and building a better firm.



The requirement to comply with the ICAEW's Code of Ethics, the Financial Reporting Council (FRC) Revised Ethical Standard 2019 and, as the firm is a member of the PKF network and Forum of Firms, the IESBA Code of Ethics is set out in the firm's Professional Standard Notes (PSNs).

The requirement to comply with the Bribery Act 2010 and the firm's PSNs are set out in the staff handbook and form part of the employees' contracts of employment. The requirements for the partners to comply are contained in the Members' Agreement.

The firm's PSNs, which also cover independence requirements, set out the following:

- Adherence to the ICAEW's Code of Ethics, FRC Revised Ethical Standard and IESBA Code of Ethics takes precedence over commercial considerations.
- Before accepting any new work assignments from either new or existing clients, partners and staff must take reasonable steps to identify circumstances that could pose a conflict of interest both within the firm and the PKFG network.
- Conflict of interest checks within the PKF network must include a review of the PKFG Transnational Entities database to establish if any network firm has an existing relationship with the new or existing client.

- Partners and managers are required to keep independence issues under constant review and, in respect of audit assignments, reconfirm the firm's independence having regard to FRC's Revised Ethical Standard, prior to the commencement of every audit, also paying due consideration throughout an engagement period when considering requests to undertake non-audit services.
- All members of the firm are required to complete an annual declaration of their independence, freedom from conflicts of interest and that they hold no prohibited investments.
- The Ethics Partner has completed a review of the annual declarations for independence compliance submitted by partners and members of staff for the year ended 31 May 2023.
- Gifts and hospitality can only be accepted or offered where an objective, reasonable and informed third party would consider, or perceive, the value to be trivial or inconsequential.
- The Ethics Function must be consulted on all questions related to independence and professional ethics and policies are in place to mandate consultation on specified matters. Questions which are of a contentious nature are responded to by the Ethics Partner with the support of the Ethics Function. The decision of the Ethics Partner on each matter is final.

- Instances of non-compliance with or breaches of the firm’s procedures must be reported to the Ethics Function, with breaches and potential breaches being reported to the FRC on a bi-annual basis.
- The firm’s policy on the rotation of key audit partners and staff is set out in a specific PSN. All partners and staff involved in a PIE audit must follow the firm’s rotation policies which have been established in line with the underlying ethical and legal requirements relevant to the firm. In summary these policies are:

Role	Maximum period in that role	Minimum period before an individual can be involved in the audit again
Engagement or Key Audit Partner	5 years*	5 years*
Key Partner involved in the audit	7 years	2 years
Engagement Quality Reviewer	7 years	5 years
Other Partners and staff in senior positions	An assessment of any threats to the independence of the Firm is undertaken after 7 years. Involvement will only continue with safeguards applied	n/a

* Where the audit committee of the entity (or equivalent) request an extension to this, the firm’s Ethics Partner may grant an extension for up to two years. Where such an extension is granted the minimum period before the individual can be involved in the audit again is extended by the same period.

Acceptance and continuance of client relationships and specific engagements

The firm has detailed procedures covering the acceptance and continuance of client relationships and new specific engagements. A comprehensive client acceptance form must be completed prior to acceptance of every appointment. This requires identification of the prospective client, an assessment of our independence, integrity and objectivity, freedom from conflicts of interest, an assessment of whether the firm has the requisite skills and available resources to carry out the engagement and an assessment of the risk the prospective client would present to the firm.

Conflict of interest checks are completed prior to preparing a proposal for a potential new client or before agreement for the provision of a new service to an existing client. The checks include a consideration of whether the entity is a transnational entity, a public interest entity or a listed entity. Transnational entities are those entities whose financial statements may be relied upon outside the audited entity’s home jurisdiction for the purposes of significant lending, investment, or regulatory decisions. A database of such entities is maintained by PKF to enable identification of those entities where another network member firm provides services to that entity.

Upon acceptance of a new client or a specific engagement from an existing client, the firm issues a detailed engagement letter for agreement by the client, setting out, inter alia, our understanding of the nature of the assignment and what is required of us and our standard terms of business.

In addition to the above, partners and staff involved in audit engagements, including statutory audits of PIEs, must separately complete a client acceptance of (re)appointment form before any work commences to ensure compliance with the requirements of the FRC Revised Ethical Standard.

All personnel are required to monitor the Prohibited Investments list maintained by the firm to ensure that they do not hold an interest in a client of the firm.

Resources

The firm has established policies and procedures to ensure that partners and staff are equipped with the required technical skills and reflect the firm's values of commitment to client service and high professional and ethical standards, covering objectivity, integrity, and independence.

The firm sets high standards for the recruitment and promotion of personnel, in particular with regard to the selection and interview of candidates and the qualifications including relevant experience as required. Managers or partners are involved in all

interviews, with partners involved in all interviews for senior members of staff. References are always taken, including verification of membership of professional or regulatory bodies. The firm has made a significant investment into recruitment and staff management in the year to 31 May 2023 to further enhance resources in this area.

All personnel undergo regular appraisals dealing with past performance, future development and training needs as aligned to the relevant competency framework. Audit staff receive performance appraisals at the end of each significant assignment, which includes the assessment of the achievement of audit quality, and this is fed into their six-monthly appraisals.

The firm adheres to the requirements of the ICAEW for continuing professional development (CPD). Responsibility for providing full support for the development needs of individuals lies with the leadership team.

The training programme is informed by new technical developments, the identification of training needs through appraisals, the firm's system of quality management and a review of CPD records maintained by staff. The firm provides:

- Dedicated technical support staff.
- A technical library, including online resources available via the firm's intranet.

- Manuals setting out the firm's procedures for all audit and assurance engagements as well as other services provided by the firm.
- Membership of the Faculties and Special Interest Groups of the ICAEW and dissemination of their guidance and bulletins to audit partners and staff
- Subscription to the email update service of the Financial Reporting Council, enabling early access, inter alia, to its output pertaining to audit and accounting, which is disseminated to audit partners and staff.
- Regular internally and externally provided update training for partners and staff dealing with current developments in accounting, auditing, ethical standards, and tax.
- Internal training courses tailored to the specific roles of individuals at each stage of their careers (e.g., audit assignment leaders course and Responsible Individual training)
- An annual training event at an external venue attended by all members of the firm, this includes both firm wide sessions and others aimed at each division of the firm which focus on the work of that division.
- Ad hoc internal and external training to meet specific needs.

Details of the mandatory training for relevant staff are as follows:

- Accounting updates
- Audit updates
- Tax updates
- Ethics updates
- Anti-money laundering
- Anti-bribery and corruption
- Cyber security and other IT training
- GDPR
- A portfolio of management skills workshops
- Other sector specific sessions as appropriate for relevant personnel

The firm is an accredited training office with the ICAEW, the Association of Certified Chartered Accountants and the Association of Accounting Technicians. The progress of students studying for their professional qualifications with these and

other bodies (for example, the Chartered Institute of Taxation) is carefully monitored, with each student being closely supported.

The firm is committed to the highest standards of openness, probity and accountability and encourages members of staff who have genuine concerns about any form of malpractice in the firm to raise those concerns. This whistleblowing policy applies to all partners, employees, agency workers and self-employed contractors.

Engagement with the staff of the firm

The growth, development and success of the firm has been built by the dedication and effort of its staff. The interests of our people are taken into account when decisions are made with the regular feedback and suggestions for change being invited by the weekly 'How's It Going' survey together with staff being encouraged to provide feedback and suggestion by any other method.

The firm shares stories of the development and careers to date of its staff at all levels as part of its efforts to attract and retain talent. The recent promotion of three 'home grown' partners is used as a clear example for trainees joining the firm of the career pathways that are open to them.

The firm will be undertaking a formal staff survey using an external provider to obtain and collate the results in the coming year. Completion of this culture monitoring program was initially scheduled to be completed before the publication of this report however, delays in identifying a suitable provider mean that it will now be completed before the end of the calendar year and the results reported in the next Transparency Report.



Monitoring and remediation



In accordance with the requirements of ISQM 1, the firm has established a monitoring and remediation process to ensure that relevant, reliable, and timely information about the design, implementation, and operation of the SOQM is obtained so that appropriate remediating actions to respond to any identified deficiencies are taken on a timely basis. This process involves the completion of a root cause analysis (RCA) with the results being considered and overseen by the firm's Professional Standards Committee, especially the effective implementation of the remedial actions arising from the RCA and the consequential impact, if any, on the firm's quality objectives, quality risks and responses.

Engagement performance

All professional work is subject to review by managers, directors and partners, with clear guidelines laid down for second partner consultation, engagement quality reviews, consultation with the compliance partners and the use of experts and specialists where required.

Reviews of completed engagements

The firm engages external reviewers to review the quality of audit, assurance and tax work, as well as other services provided by the firm. Our external reviewers also carry out an annual whole firm practice assurance review.

Reviews take place eight times per annum with reports delivered to the PSC and the Audit Compliance Partner. The firm’s PSNs set out the actions to be taken including that a formal response to the PSC is required from the engagement team where a review produces a conclusion of ‘major improvements required’. Prior to the implementation of ISQM 1, those formal responses were reviewed by the PSC and any matters addressed with the audit team or, if the findings were of a more pervasive nature, a review of the firms procedures are undertaken to identify actions to prevent recurrence of the issue. In addition to these steps, a review of the subsequent period’s engagement is mandated.

Following the implementation of ISQM 1, where an engagement achieves a conclusion of ‘major improvements required’, a root cause analysis is conducted with the engagement team by the individual responsible for the firm’s monitoring and remediation process. The outcome of that root cause analysis, which includes the remedial actions to address the significant deficiencies identified, are reported to the PSC who monitors the implementation of those actions and considers the firm-wide implications including that relating to the firm’s quality objectives quality risks and responses. It also remains the case under the firm’s policies and procedures that the subsequent

period’s engagement is automatically re-selected for review.

The reviews of the firm’s audit work are performed to ensure the firms is compliant with the requirements of ISQC 1 and ISQM 1. In the twelve-month period ended 31 May 2023, overall, the firm achieved its benchmark that at least 85% of the files reviewed required either minor or no improvements. The number of audit files reviewed together with the percentage of those that did not require major improvements in the last five years, is as follows:

	2023	2022	2021	2020	2019	5-year summary
Number of audit files reviewed	33	27	29	32	29	150
% of those files that were identified as requiring either no or minor improvements	85%	85%	86%	84%	93%	87%

As noted in their report the INEs continue to challenge the firm on the results of these reviews, in particular where the results for a year identify a decline or no improvement from the previous period.

External quality reviews

PKF Littlejohn LLP is a Registered Auditor and is regulated in the conduct of its services by the Financial Reporting Council and the Institute of Chartered Accountants in England & Wales (ICAEW), including as a Designated Professional Body for investment business. The firm is registered as an auditor of Public Interest Entities and is also registered with the Isle of Man Financial Services Authority and the Jersey Financial Services Commission to undertake audit work in connection with market traded companies incorporated in the Isle of Man and Jersey respectively. The firm is also registered with the Public Company Accounting Oversight Board and the Canadian Public Accountability Board to undertake audit work in connection with US and Canadian listed entities respectively.

As a statutory auditor of entities defined as public interest entities, the firm is subject to monitoring by the Audit Quality Review Team (AQR) of the Financial Reporting Council. The AQR completed a review of the firm in November 2020, with all findings being addressed by the firm. The AQR commenced file inspection reviews in November 2022 which are ongoing at the date of this report. The AQR and PCAOB both commenced reviews of the firm on 4 September 2023, the results and

findings of this review will be included in the 2024 Transparency Report,

The firm is also subject to periodic audit and practice assurance reviews by the Quality Assurance Department (QAD) of the ICAEW with full and limited audit assurance reviews on alternate years. The QAD carried out a full audit monitoring visit in November 2021 with the findings being addressed by the firm. The next full audit monitoring visit is scheduled for November 2023.

The European Court of Auditor also reviews the firm's work on those services provided to the European Union or its institutions.

As a member of the PKF network, the firm is also subject to periodic reviews by the PKF International of its system of quality control. A review was completed in the autumn of 2022 with the firm receiving the top grade that may be awarded.

The results of all internal and external quality reviews are used to inform improvements to the firm's policies and procedures and are also fed

into the firm's internal training programme. Where appropriate and considered necessary, the PSC will issue Quality Control Monitoring Alerts to bring to the attention of partners and staff any matters that need to be addressed.

Directors and associates of PKF Geoffrey Martin & Co Limited who act as insolvency practitioners are individually authorised and regulated either by the Insolvency Practitioners Association or the ICAEW, both bodies are recognised by the Insolvency Service (an executive agency sponsored by the Department for Business, Energy, and Industrial Strategy Department for Business and Trade), which is the ultimate regulator of the insolvency profession. Practitioners are typically inspected on a cyclical basis. Practitioners who are directors and associates of PKF Geoffrey Martin & Co Limited that are based in Leeds were last inspected in 2020, those in London were last reviewed in 2017.

Investor and external dialogue

Partners, Directors and staff members of the firm engage with regulators, standard setters and investor groups to help influence and shape developments in regulatory change and reporting. We respond to consultations issued by regulators having where appropriate consulted with our clients to obtain their views.

We issue capital markets and other publications which include thought leadership in a number of areas. Partners, directors and others sit on working groups within both the auditing profession and others for specific industry types

Dominic Roberts
Managing Partner

For and on behalf of PKF Littlejohn LLP
29 September 2023



 Appendices

Appendix 1: Brief details for the members of the board



Carmine Papa
Partner

(member of the board from 1 June 2008 until 31 May 2019 and then from 1 June 2020).

A leading insurance market specialist with over 35 years' experience in the sector, Carmine helped establish some of today's largest insurance related groups.

He advises large UK and international clients, both listed and private, across a range of financial services sectors. His funds and asset management sector experience ranges from small unregulated companies to larger more complicated fund managers with up to £3 billion under management. He has a good understanding of the regulations surrounding the investment and wealth management industry, including a working knowledge of the CASS rules.

Carmine is a member of our Board and Leadership Team. He is also Head of PKF's Financial Services division and a member of our Professional Standard Committee, which is responsible for audit quality across the firm.



Dominic Roberts
Managing Partner
(member of the board from 1 June 2019)

Dominic, together with his colleagues on our six-person Leadership Team is responsible for setting the business' objectives, developing and monitoring our strategic direction, and driving our continued growth. Dominic also plays an active role in ensuring that PKF remains at the forefront of promoting the wellbeing of our people.

Dominic made his name as a transaction services and audit specialist in our Capital Markets team where his portfolio has included clients listed on the LSE, AIM, NASDAQ, AQUIS, TSX and ASX stock exchanges. During Dominic's time as Head of Capital Markets, the team expanded rapidly to become the fifth largest auditor of listed companies, according to the respected ARL Adviser Rankings guide.

Dominic is also a member of the board of PKF Global, ensuring that the network remains ideally positioned to serve aspirational clients with multinational operations.



Ian Cowan
Chairman
(member of the board from 1 September 2021)

Ian is chairman of the Firm and a partner with PKF's specialist financial services team. Ian has been auditing and advising the asset management, funds and insurance broking communities for over 30 years. Ian acts for international groups, fully listed entities and London market and international insurance and reinsurance brokers and other regional insurance intermediaries, ranging in size from start-ups to established companies with £25m+ brokerage and commission.

Ian has extensive experience of advising clients on FCA regulatory matters and other issues around client money and custody assets, the CASS rules and RMAR reporting. Ian is responsible for in excess of 50 CASS reasonable assurance audit opinions as either signing partner or in his role of independent reviewer. Ian has a broad range of experience in the wider financial services and insurance sectors and, in addition to insurance brokers and MGAs, acts for insurers and previously Lloyd's syndicates as well as many other entities that participate in and support the London and wider UK financial services and insurance markets.



Neil Coulson
Partner
(member of the board
from 1 June 2015)

Neil has specialised in the insurance market for more than 40 years and is one of the technical leads for insurance matters at PKF. His experience includes the external audit of insurance companies and Lloyd's syndicates. He also has extensive experience auditing most types of general insurance business ranging from personal lines to reinsurance.

Additionally, Neil provides internal audit services to the insurance market, including governance, underwriting, pricing, delegated underwriting, reinsurance, claims, reserving, compliance, planning, exposure and risk management, data, IT, HR, tax, finance functions and Solvency II. As an active member of the ICAEW insurance committee, he has participated in several working parties dealing with issues such as Solvency II and IFRS 17. He has also been involved in various Lloyd's and regulatory working parties over the years.

Neil chairs the Audit and Risk Committee and is also a member of the firm's Professional Standards Committee (PSC).



Tim Herbert
Partner
(member of the board
from 1 June 2023)

Tim is a partner within PKF's Business Services team. He has more than 20 years' experience of working with UK and international businesses, is head of our real estate, hotel and leisure team and works primarily with private international businesses. He has extensive experience of working with overseas auditors, both as lead auditor and as component auditor within groups – working with companies that have activities or owners across the globe. He also acts as audit engagement partner for a number of listed clients as well as undertaking the role of Engagement Quality (Control) Reviewer for other such audit clients.

Alongside his client partner role, Tim is also the firm's Ethics Partner with responsibility for overseeing the Ethics Function and for ensuring compliance with independence requirements. He is also the firm's Practice Assurance Partner.



Andrew Shepherd
Independent Non-Executive
(member of the board from 1
June 2019)

Andrew has considerable experience in the governance of a professional accountancy practice having been a Partner and Chairman of Johnston Carmichael LLP, for 26 and 9 years respectively. Andrew brings considerable non-executive director experience, including involvement on audit committees, with mid-market privately owned companies.



John Wallace
Independent Non-Executive
(member of the board from 1
June 2017)

John brings a broad experience in business strategy, governance, business process and IT, including information security. He is also a passionate advocate for ESG initiatives and the creation of strong, values led 'Growth Mindset' cultures as a key driver of sustainable quality and growth.

Alongside his role at PKF John is the founder and CEO of a UK based software company and his specialities include financial process automation including robotic process automation, data analytics and AI.

Board meetings held during the year to 31 May 2023

The board held 5 formal meetings during the year in

Name	Position	Meetings attended	% attended
Ian Cowan	Chairman	5	100%
Dominic Roberts	Managing Partner	5	100%
Carmine Papa	Partner	4	80%
Neil Coulson	Partner	5	100%
Andrew Shepherd	Independent Non-Executive	5	100%
John Wallace	Independent Non-Executive	5	100%

Audit and Risk Committee meetings

The Audit and Risk Committee members are an audit Partner, the Independent Non-Executives and the Chief Financial Officer of the firm.

Name	Position	Meetings attended	% attended
Neil Coulson	Partner	4	100%
Andrew Shepherd	Independent Non-Executive	4	100%
John Wallace	Independent Non-Executive	4	100%

Attendance at board meetings and sub-committees of the board meetings by the members of the board was set as a KPI for the governance system in the year to 31 May 2023. There were no variances from the expected performance to be investigated by the board.

Professional Standards Committee meetings

The Professional Standards Committee (PSC) which meets on a monthly basis is responsible for the setting out and monitoring of professional standards and procedures.

Name	Position	Meetings attended	% attended
Dominic Roberts	Managing Partner	9	75%
Carmine Papa	Partner	8	67%
Neil Coulson	Partner	11	92%

The PSC is not a sub-committee of the board however, as three members of the board are members of the PSC their attendance is monitored by the Independent Non-Executives who identified no variances from the expected performance which required investigation.

Independent Non-Executive meetings with the Audit Compliance Partner

The Independent Non-Executives meet with the Audit Compliance Partner who is also the Chair of the PSC before each board meeting to receive an update on the work of the PSC and any matters which the ACP wishes to bring their attention.

Name	Position	Meetings attended	% attended
Andrew Shepherd	Independent Non-Executive	4	100%
John Wallace	Independent Non-Executive	4	100%

Attendance at these meetings is not considered a Key Performance Indicator for the firm.

Independent Non-Executive meetings with the Ethics Partner

The Independent Non-Executives meet with the Ethics Partner informally at points throughout the year and formally at least annually to receive an update on any matters which the Ethics Partner wishes to bring their attention. The Ethics Partner has now joined the board however, these meetings will continue to enable a more detailed discussion as may be required. Attendance at these meetings is not considered a Key Performance Indicator for the firm.

Appendix 2: Public Interest Entities

Public Interest Entities for which PKF Littlejohn LLP issued a statutory audit opinion in the year ended 31 May 2023 were as follows:

1. Alpha Growth Plc	22. Genflow Biosciences Plc	42. Ondo InsurTech Plc
2. Alteration Earth Plc	23. Global Ports Holding Plc	43. PAMIA Limited
3. Altyn Gold Plc	24. GRIT Investment Trust Plc	44. Paycare
4. Ambac Assurance UK Limited	25. Graft Polymer (UK) Plc	45. Pembridge Resources Plc
5. Argo Blockchain Plc	26. Great Southern Copper Plc	46. Phoenix Life Assurance Limited
6. Aura Renewable Acquisitions Plc	27. Guild eSports Plc	47. Pineapple Power Corporation Plc
7. Beacon Rise Holdings Plc	28. HDL Debenture Limited	48. Pinnacle Insurance Plc
8. Beaufort Insurance Company Limited	29. Homecare Insurance Limited	49. R&Q Gamma Company Limited
9. BSF Enterprise Plc	30. Hemogenyx Pharmaceuticals Plc	50. Rockpool Acquisitions Plc
10. Caracal Gold Plc	31. Inceptum Insurance Company Limited	51. Stonebridge International Insurance Limited
11. Cellular Goods Plc	32. Independent Order of Oddfellows Manchester Unity Friendly Society Limited	52. Stranger Holdings Plc
12. Chesterfield Resources Plc	33. Irwell Insurance Company Limited	53. Sure Ventures Plc
13. Chill Brands Group Plc	34. Investment Company Plc (The)	54. The Cardiff Property Plc
14. Cirencester Friendly Society Limited	35. Kanabo Group Plc	55. The Salvation Army General Insurance Corporation Limited
15. Cizzle Biotechnology Holdings Plc	36. Kavango Resources Plc	56. The University of Manchester
16. Cloudbreak Discovery Plc	37. London Finance & Investment Group Plc	57. Tirupati Graphite Plc
17. Cobra Resources Plc	38. Mila Resources Plc	58. Walker Crips Group Plc
18. Critical Metals Plc	39. Mustang Energy Plc	59. Zotefoams Plc
19. Dev Clever Holdings Plc	40. Narf Industries Plc (formerly Cyba Plc)	
20. East Star Resources Plc	41. Non-Standard Finance Plc	
21. Financial & Legal Insurance Company Limited		

Appendix 3: Further details regarding the PKF Global Network



As set out in the body of this transparency report the firm is member firm of the PKF Global network (PKFG). We set out below details of the network.

Legal Basis

The network formed by PKFG, and the member firms (the member firms or members) is regulated by adherence to an Agreement (the “Agreement”) between PKFG and individual Members. The Agreement authorises the Members to use the PKF name as defined under specific circumstances, under specific conditions, for specific purposes and in a specific territory, in consideration for which the Members pay a membership fee to PKFG.

PKF International Limited is a private company (the Company) registered in England and limited by guarantee (registered number 03816253) which administers the PKFG network. The Company’s Articles of Association require a Board of Directors who conduct the business of the Company and network. The board has a strategic and co-ordinating role but has no executive authority over or involvement in the operations of individual member firms.

Each member firm is a legally independent entity owned by partners or shareholders and managed in each location. The Company has no financial or management interest in any member firm. None

of the directors of the Company has a financial or management interest in any member firm other than his or her own.

Contractual relations are only formed between a client and the member firm engaged by the client; no other member firm has responsibility for the services provided and cannot be held liable.

Structure

Member firms are organised into five geographical regions. Each region has a regional board and elects or nominates representatives to the Company’s Board of Directors.

There are two international committees responsible for professional and practice standards – the International Professional Standards Committee (incl. Assurance) (IPSC) and International Tax Committee (ITC). A number of additional practice area committees operate both regionally and internationally.

Quality Assurance

PKFG operates a Global Monitoring Programme (GMP) covering member firms. The principal objectives are to ensure that the standards

expected for the performance of certain types of professional work by member firms are established and communicated to members, that those standards meet appropriate recognised professional practice requirements at least for transnational and referred work, and that a programme of monitoring of compliance with expected standards is operating effectively.

Member firms

PKFG distinguishes between member firms and exclusive / non-exclusive correspondent firms. Correspondent firms do not form part of the Network as defined by the Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants (IESBA), do not have equivalent rights and privileges or responsibilities of member firms, and are covered by the GMP only to the extent of assessing correspondent firms as part of their admission to full membership. An up-to-date list of members and correspondent firms, including the firm names and countries in which they are registered and operate from, can be found on the website www.pkf.com.

Appendix 4: PKF International member and correspondent firms



PKF Global member and correspondent firms providing statutory audit services within the European Union and the United Kingdom.

Registered name	Country	Head Office City
PKF Corti & Partner GmbH Wirtschaftsprüfer und Steuerberater	Austria	Graz
PKF Österreicher - Staribacher Wirtschaftsprüfung GmbH & Co KG	Austria	Vienna
PKF Revisionstreuhand Wirtschaftsprüfungsgesellschaft m.b.H	Austria	Salzburg
PKF BB3	Belgium	Gent
PKF Bulgaria Ltd.	Bulgaria	Sofia
PKF ABAS Ltd	Cyprus	Nicosia
PKF Savvides & Co Ltd	Cyprus	Limassol
APOGEO Group, SE	Czech Republic	Prague
PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab	Denmark	Copenhagen - Glostrup
PKF Estonia OÜ	Estonia	Tallinn
Rantalainen Audit	Finland	Helsinki
PKF Arsilon	France	Paris
William SARL	France	Rouen
PKF Fasselt Schlage Partnerschaft mbB Berlin	Germany	Berlin
PKF Industrie- und Verkehrstreuhand GmbH Wirtschaftsprüfungsgesellschaft	Germany	Munich
PKF Issing Faulhaber Wozar Altenbeck GmbH & Co. KG	Germany	Würzburg
PKF Riedel Appel Hornig GmbH	Germany	Heidelberg
PKF Sozietät Dr. Fischer	Germany	Nuremberg
PKF Vogt & Partner Wirtschaftsprüfer Steuerberater	Germany	Herford

PKF WMS Bruns-Coppenrath & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberater Rechtsanwälte	Germany	Osnabrück
PKF WULF GROUP	Germany	Stuttgart
PKF Canillas	Gibraltar	Gibraltar
PKF Euroauditing S.A.	Greece	Athens
PKF Audit Kft	Hungary	Budapest
PKF O'Connor, Leddy & Holmes Limited	Ireland	Dublin
PKF Italia S.p.A.	Italy	Milan
PKF Latvia SIA	Latvia	Marupe
L'Alliance Révision S.à.r.l.	Luxembourg	Luxembourg
PKF Audit & Conseil S.à.r.l.	Luxembourg	Luxembourg
PKF Malta Limited	Malta	Birkirkara
PKF Wallast	Netherlands	Delft
PKF Revisjon AS	Norway	Oslo
PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k.	Poland	Warsaw
PKF II Portugal Lda	Portugal	Lisbon
PKF Econometrica S. R. L.	Romania	Timisoara
PKF Finconta S. R. L.	Romania	Bucharest
PKF Slovensko S.R.O	Slovakia	Previdza
PKF - Audiec SAP	Spain	Barcelona
PKF Attest Servicios Profesionales, S.L.	Spain	Madrid
PKF Revidentia AB	Sweden	Stockholm
PKF Francis Clark LLP	UK	Exeter
KLSA LLP	UK	Harrow
PKF Littlejohn LLP	UK	London
PKF Smith Cooper	UK	Derby

Appendix 5: Audit Firm Governance code adoption



The 2022 Audit Firm Governance Code (AFGC) replaced the 2016 version of the code for financial years beginning on or after 1 January 2023. The firm has adopted the 2022 version of the AFGC with effect from 1 June 2023 and we set out below how the firm complies with the requirements of the code.

Requirement	Comply?	Where is compliance demonstrated
A Leadership		
A A firm's Management and governance structures should promote the long-term sustainability of the firm. To this end, the Management of a firm should be accountable to the firm's owners.	Yes	This is set out in the terms of reference for the board which are available on the firm's website.
B A firm's governance arrangements should provide checks and balances on individual power and support effective challenge of Management. There should be a clear division of responsibilities between a firm's governance structures and its Management. No one individual or small group of individuals should have unfettered powers of decision.	Yes	Within the PKF Littlejohn Management section of this transparency report.
C A firm's Management should demonstrate its commitment to the public interest through their pursuit of the purpose of this Code and regular dialogue with the INEs. Management should embrace the input and challenge from the INEs (and ANEs).	Yes	Within the Independent Non-Executives and Report of the Independent Non-Executives sections of this transparency report.
D The members of a firm's Management and governance structures should have appropriate experience, knowledge, influence and authority within the firm, and sufficient time, to fulfil their assigned responsibilities.	Yes	Within the board governance principles. However this document is not disclosed and therefore confirmation is not possible.
E The Management of a firm should ensure that members of its governance structures, including owners, INEs and ANEs, are supplied with information in a timely manner and in a form and of a quality appropriate to enable them to discharge their duties.	Yes	The Leadership Team's terms of reference set out that information will be circulated to the partners and the INEs on a timely basis.
1 A firm should establish a Board or equivalent governance structure to oversee the activities of Management.	Yes	The terms of reference for the board are available on the Firms website.
2 At least half a firm's Board should be selected from among partners who do not have significant management responsibilities within the firm.	Yes	The current membership of the board is in accordance with this provision of the code position. The Board Governance Principles are to be updated to include this provision of the code within that document.

3	The chair of the Board should not also chair parts of the management structure or be the managing partner.	Yes	As is set out in <i>Appendix 1</i> , the chair of the board is not the Managing Partner and does not chair any other part of the management structure of the firm.
4	A firm's Management and Board should have a clear understanding of their authority, accountabilities and responsibilities. The Board should have clearly defined terms of reference, with matters specifically reserved for its decision, detailing in particular its role in relation to firm strategy, risk, culture and other matters relating to the purpose of this Code. Management should have terms of reference that include clear authority over the whole firm and matters relating to the purpose of this Code. Terms of reference should be disclosed on the firm's website. Terms of reference for international management and governance structures taking decisions that apply to the UK should be disclosed on the UK firm's website in the same way as for UK-based structures.	Yes	Within the leadership terms of reference which are available on the firm's website. There are no international management and governance structures that take decisions which apply to the Firm.
5	A firm should establish arrangements for determining remuneration and progression matters for members of the Board which support and promote effective challenge of Management.	Yes	The terms of reference for the remuneration committee set out how this requirement is met. However, those terms of reference are not disclosed and therefore confirmation is not possible.
6	The individual members of a firm's governance structures and Management should be subject to formal, rigorous and ongoing performance evaluation and, at regular intervals, members should be subject to re-election or re-selection.	Yes	Members of the firms governance structure and management are subject to performance evaluation and periodic re-selection. A formal policy which will demonstrate compliance is being developed for approval by the board.
7	There should be a formal annual evaluation of the performance of the Board and any committees, plus the public interest body. A firm should consider having a regular externally-facilitated board evaluation at least every three years	No	The firm is developing a formal procedure for this evaluation and considering whether an external evaluation of the board will be implemented.
8	Management should ensure that, wherever possible and so far as the law allows, members of governance structures and INEs and ANEs have access to the same information as is available to Management.	Yes	The INE contracts include the right of access to the management information of the firm. However, these contracts are not disclosed and therefore confirmation is not possible.

g	<p>A firm should disclose in its annual transparency report:</p> <p>a) the names and job titles of all members of the firm’s governance structures and its Management;</p> <p>b) a description of how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details;</p> <p>c) a description of how its governance structures and Management operate, their duties, the types of decisions they take and how they contribute to achieving the Code’s purpose. If elements of the Management and/or governance of the firm rest at an international level and decisions are taken outside the UK, it should specifically set out how management and oversight is undertaken at that level and the Code’s purpose achieved in the UK; and</p> <p>d) an explanation of the controls it has in place on individual powers of decision and to support effective challenge by Board members, how these are intended to operate and how they work in practice.</p>	Yes	<p>Within the PKF Littlejohn Management section of this transparency report and <i>Appendix 1</i>.</p> <p>All elements of the Management and governance structure of the firm rest at UK level.</p>
B People, Values and Behaviour			
F	<p>A firm is responsible for its purpose and values and for establishing and promoting an appropriate culture, that supports the consistent performance of high-quality audit, the firm’s role in serving the public interest and the long-term sustainability of the firm.</p>	Yes	<p>Reflected in the board’s governance principles and the firm’s values.as set out on our website.</p>
G	<p>A firm should foster and maintain a culture of openness which encourages people to consult, challenge, contribute ideas and share problems, knowledge and experience in order to achieve quality work in a way that takes the public interest into consideration.</p>	Yes	<p>This is embedded throughout the firm’s values</p>
H	<p>A firm should apply policies and procedures for managing people across the whole firm that support its commitment to the purpose and Principles of this Code.</p>	Yes	<p>This is embedded throughout the firm’s values</p>
10	<p>A firm’s Board and Management should establish the firm’s purpose and values and satisfy themselves that its purpose, values and culture are aligned.</p> <p>If a firm’s purpose and values are established at an international level, the firm should ensure it has the ability to influence that decision-making process and the ability to tailor the output for the UK.</p>	Yes	<p>The leadership team are responsible for establishing the firm’s purpose and values and ensuring that the purpose, values and culture are aligned. This is demonstrated in the record of leadership team discussions however; these records are not disclosed and so confirmation is not possible.</p> <p>The firms purpose and values are established in the UK and not at an international level.</p>

11	A firm should have a code of conduct which it discloses on its website and requires everyone in the firm to apply. The Board and INEs should oversee compliance with it.	Yes	The Code of Conduct which everyone in the firm must apply is available on the firm's website.
12	A firm should promote the desired culture and a commitment to quality work, professional judgement and values, serving the public interest and compliance with professional standards and applicable legal and regulatory requirements, in particular through the right tone at the top and the firm's policies and procedures.	Yes	Reflected in the board's governance principles and the firm's values as set out on the website.
13	A firm should establish policies and procedures to promote inclusion and encourage people to speak up and challenge without fear of reprisal, particularly on matters relating to this Code and the firm's values and culture.	Yes	In the resources section of this transparency report.
14	A firm should introduce meaningful key performance indicators on the performance of its governance system, and report on performance against these in its transparency reports.	Yes	PKF Littlejohn Management and <i>Appendix 1</i> provide information on the key performance indicators currently used by the firm to monitor its governance system.
15	A firm should assess and monitor culture. It should conduct a regular review of the effectiveness of the firm's systems for the promotion and embedding of an appropriate culture underpinned by sound values and behaviour across the firm, and in audit in particular. INEs should be involved in this review and where a firm has implemented operational separation the ANEs should be involved in the review as it relates to the audit practice. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the purpose of this Code, it should take corrective action.	No	The firm is currently developing a process to review the effectiveness of the firm's systems for the promotion and embedding of an appropriate culture. This process will be completed on a regular basis with the involvement of the INEs. The firm has not implemented operational separation
16	A firm should establish mechanisms for delivering meaningful engagement with its people. This should include arrangements for people to raise concerns in confidence and anonymously and to report, without fear, concerns about the firm's culture, commitment to quality work, the public interest and/or professional judgement and values. The INEs should be satisfied that there is an effective whistleblowing policy and procedure in place and should monitor issues raised under that process.	Yes	The engagement with the staff of the firm and resources sections of this transparency report set out the arrangements put in place by the firm.
17	INEs should be involved in reviewing people management policies and procedures, including remuneration and incentive structures, recruitment and promotion processes, training and development activities, and diversity and inclusion, to ensure that the public interest is protected. They should monitor the firm's success at attracting and managing talent, particularly in the audit practice. Where operational separation is in place the ANEs should be involved in this process.	Yes	The involvement of the INEs in these areas is set out within their report which is a section of this transparency report. Operational separation is not in place at the firm.

18	INEs and ANEs should use a range of data and engagement mechanisms to understand the views of colleagues throughout the firm and to communicate about their own roles and the purpose of this Code. One INE should be designated as having primary responsibility for engaging with the firm's people.	Yes	The interaction of the INEs with a range of colleagues is set out with their report which is a section of this transparency report.
19	A firm should disclose in its annual transparency report a description of how: a) it engages with its people and how the interests of its people have been taken into account in decision making; and b) opportunities and risks to the future success of the business have been considered and addressed, its approach to attracting and managing talent, the sustainability of the firm's business model and how its culture, in particular in the audit practice, contributes to meeting the purpose of this Code.	Yes	The engagement with the staff of the firm section of this transparency report sets out the arrangements put in place by the firm.
C Operations and Resilience			
I	A firm should promote a commitment to consistent high-quality audits and firm resilience in the way it operates. To these ends, a firm should collect and assess management information to evaluate the effectiveness of its policies and procedures and to enhance its operational decision-making.	Yes	The board receives reports detailing the results of the reviews of the effectiveness of the policies, and procedures of the firm which are overseen by the Professional Standards Committee of the firm. This is demonstrated in the record of board discussions and conclusions however; this record is not disclosed and so confirmation is not possible.
J	A firm should establish policies and procedures to identify, assess and manage risk, embed the internal control framework and determine the nature and extent of the principal risks the firm is willing to take while working to meet the purpose of this Code.	Yes	As set out in the terms of reference for the board, the board is responsible for carrying out this assessment and maintains a risk register accordingly.
K	A firm should communicate with its regulators in an open, co-operative and transparent manner.	Yes	The approach required by the code is embedded in the values of the Firm.
L	A firm should establish policies and procedures to ensure the independence and effectiveness of internal and external audit activities and to monitor the quality of external reporting.	Yes	The Audit and Risk Committee is responsible for this principle of the AFGC. The terms of reference and a report of its recent activity of this committee is provided on the website.

20	A firm should assist the FRC and its successor bodies to discharge its duties by sharing information openly.	Yes	The approach required by the code is embedded in the values of the Firm.
21	A firm should take action to address areas of concern identified by regulators in relation to the firm's audit work, leadership and governance, culture, management information, risk management and internal control systems.	No	The board and leadership team confirm that the Firm address any such areas of concern. The terms of reference of both bodies are to be updated to reflect and demonstrate this.
22	A firm should develop robust datasets and effective management information to support monitoring of the effectiveness of its activities, including by INEs (and ANEs), and its ability to furnish the regulator with information.	Yes	The records of discussion for the board and leadership team include the monitoring and the activities of the Firm. However these records are not disclosed and therefore confirmation is not possible.
23	A firm should establish an audit committee and disclose on its website its terms of reference and information on its membership. Its terms of reference should set out clearly its authority and duties, including its duties in relation to the appointment and independence of the firm's auditors. Where a firm's audit committee sits at an international level, information about the committee and its work should be disclosed by the UK firm as if it were based in the UK.	Yes	The terms of reference of the Audit and Risk Committee are provided on the website The audit committee is a UK committee.
24	A firm should monitor its risk management and internal control systems, and, at least annually, conduct a review of their effectiveness. INEs should be involved in the review which should cover all significant controls, including financial, operational and compliance controls and risk management systems.	Yes	This is set out in the report of the INE's which forms part of this transparency report.
25	A firm should carry out a robust assessment of the principal risks facing it, including those that would threaten its business model, future performance, solvency or liquidity. This should reference specifically the sustainability of the audit practice in the UK. INEs (and in firms with operational separation, ANEs) should be involved in this assessment.	Yes	The boards review of the risk register for the firm is included in the board record of discussion. However this document is not disclosed and therefore confirmation is not possible.
26	A firm should publicly report how it has applied the Principles of this Code and make a statement on its compliance with its Provisions or give a detailed explanation for any non-compliance, i.e. why the firm has not complied with the Provision, the alternative arrangements in place and how these work to achieve the desired outcome (Principle) and the purpose of this Code.	Yes	This appendix to the transparency report states how the Firm applies the Principles of the 2022 Audit Firm Governance Code.

27	<p>A firm should explain who is responsible for preparing the financial statements and the firm’s auditors should make a statement about their reporting responsibilities in the form of an extended audit report as required by International Auditing Standards (UK) 700/701.</p>	No	<p>The firm’s financial statements are prepared by the Chief Financial Officer and reviewed by the Audit and Risk Committee and subsequently the board.</p> <p>An extended audit report will be provided on the 2024 period end financial statements.</p> <p>The board are considering where the financial statements should be released on the website and the timing of this and will conclude those discussions before the 2024 period end.</p>
28	<p>The transparency report should be fair, balanced and understandable in its entirety. A firm should disclose in its transparency report:</p> <ul style="list-style-type: none"> a) a commentary on its performance, position and prospects; b) how it has worked to meet the legal and regulatory framework within which it operates; c) a description of the work of the firm’s audit committee and how it has discharged its duties; d) confirmation that it has performed a review of the effectiveness of the system of internal control, a summary of the process it has applied and the necessary actions that have been or are being taken to remedy any significant failings or weaknesses identified from that review; e) a description of the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary; f) an assessment of the principal risks facing the firm and explanation of how they are being managed or mitigated; and g) a description of how it interacts with the firm’s global network, and the benefits and risks of these arrangements, with reference to the purpose of this Code. This should include an assessment of any risks to the resilience of the UK firm arising from the network and any action taken to mitigate those risks. 	Yes	<p>Compliance is demonstrated in throughout this transparency report.</p>

D	INEs and ANEs		
M	A firm should appoint INEs to the governance structure who through their involvement collectively enhance the firm's performance in meeting the purpose of this Code. INEs should be positioned so that they can observe, challenge and influence decision-making in the firm.	Yes	The role and positioning of the INEs is set out in the Independent Non-Executives section of this transparency report.
N	INEs (and ANEs) should provide constructive challenge and specialist advice with a focus on the public interest. They should assess and promote the public interest in firm operations and activities as they relate to the purpose of this Code, forming their own views on where the public interest lies.	Yes	The contract for services for each INE set out that this is a key aspect of their role. However, these contracts are not disclosed and therefore confirmation is not possible.
O	INEs (and ANEs) should maintain and demonstrate objectivity and an independent mindset throughout their tenure. Collectively they should enhance public confidence by virtue of their independence, number, stature, diverse skillsets, backgrounds, experience and expertise. They should have a combination of relevant skills, knowledge and experience, including of audit and a regulated sector. They owe a duty of care to the firm and should command the respect of the firm's owners.	Yes	The approach to their adopted by the INEs is set out in their report which forms part of this transparency report. The biographies of the INEs included in <i>Appendix 1</i> set out the backgrounds, experience and expertise of each INE.
P	INEs (and ANEs) should have sufficient time to meet their responsibilities. INEs (and ANEs) should have rights consistent with discharging their responsibilities effectively, including a right of access to relevant information and people to the extent permitted by law or regulation, and a right, individually or collectively, to report a fundamental disagreement regarding the firm to its owners and, where ultimately this cannot be resolved and the independent non-executive resigns, to report this resignation publicly.	Yes	The contract for services for each INE set out the time available to and rights of access for each INE which align with the Code. However, these contracts are not disclosed and therefore confirmation is not possible.
Q	INEs (and ANEs) should have an open dialogue with the regulator.	Yes	This is an expectation of the INEs and is set out in their contract for services. However, these contracts are not disclosed and therefore confirmation is not possible.
29	INEs should number at least three, be in the majority on a body chaired by an INE that oversees public interest matters and be embedded in other relevant governance structures within the firm as members or formal attendees with participation rights. If a firm considers that having three INEs is unnecessary given its size or the number of public interest entities it audits, it should explain this in its transparency report and ensure a minimum of two at all times. At least one INE should have competence in accounting and/or auditing, gained for example from a role on an audit committee, in a company's finance function or at an audit firm.	No	As set out in the Independent Non-Executives section of this transparency report, the firm currently has two INEs. The reasons for this are set out within that section.

30	<p>INEs should meet regularly as a private group to discuss matters relating to their remit. Where a firm adopts an international approach to its management and/or governance it should have at least three INEs with specific responsibility and relevant experience to focus on the UK business and to take part in governance arrangements for this jurisdiction. The firm should disclose on its website the terms of reference and composition of any governance structures whose membership includes INEs, whether in the UK or another jurisdiction.</p>	Yes	<p>As is set out in the report of the Independent Non-Executives which forms part of this transparency report the INEs meet as a private group to discuss matters relevant to their remit.</p> <p>All of the management and governance of the firm is within the UK. The terms of reference of the governance structure are set out or links provided within this transparency report</p>
31	<p>INEs should have full visibility of the entirety of the business. They should assess the impact of firm strategy, culture, senior appointments, financial performance and position, operational policies and procedures including client management processes, and global network initiatives on the firm and the audit practice in particular. They should pay particular attention to and report in the transparency report on how they have worked to address: risks to audit quality; the public interest in a firm’s activities and how it is taken into account; and risks to the operational and financial resilience of the firm.</p>	Yes	<p>Within the report of the Independent Non-Executives which forms part of this transparency report.</p>
32	<p>A firm should establish a nomination committee, with participation from at least one INE, to lead the process for appointments and re-appointments of INEs (and ANEs), to conduct a regular assessment of gaps in the diversity of their skills and experience and to ensure a succession plan is in place. The nomination committee should assess the time commitment for the role and, when making new appointments, should take into account other demands on INEs’ (and ANEs’) time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior consultation with the nomination committee.</p>	No	<p>In light of the size of the firm and the number of INEs which the board considers it is appropriate to have as members of the board the firm has not to date established a nomination committee.</p> <p>When the terms of office of the current INEs end or additional INEs are identified as being appropriate by the board, a nomination committee will be established.</p>
33	<p>A firm should provide access for INEs to relevant information on the activities of the global network such that they can monitor the impact of the network on the operations and resilience of the UK firm and the public interest in the UK.</p>	Yes	<p>The contract for services for each INE set the right of access to this information. However, these contracts are not disclosed and therefore confirmation is not possible.</p>
34	<p>INEs should have regular contact with the Ethics Partner, who should under the ethical standards have direct access to them.</p>	Yes	<p>Within the report of the Independent Non-Executives which forms part of this transparency report.</p>

35	INEs should have dialogue with audit committees and investors to build their understanding of the user experience of audit and to develop a collective view of the way in which their firm operates in practice.	No	The INE's will commence a program of interaction and dialogue with audit committees and investors from October 2023.
36	Firms should agree with each INE (and ANE) a contract for services setting out their rights and duties. INEs (and ANEs) should be appointed for specific terms and have a maximum tenure of nine years in total.	Yes	A contract for services is in place for INE. However these contracts are not disclosed and therefore confirmation is not possible.
37	The firm should provide each INE (and ANE) with the resources necessary to undertake their duties including appropriate induction, training and development, indemnity insurance and access to independent professional advice at the firm's expense where an INE or ANE judges such advice necessary to discharge their duties.	Yes	The availability of sufficient resources is confirmed in the contract for services of each INE. However these contracts are not disclosed and therefore confirmation is not possible.
38	The firm should establish, and disclose on its website, well defined and clear escalation procedures compatible with Principle P, for dealing with any fundamental disagreement that cannot otherwise be resolved between the INEs (and /or ANEs) and members of the firm's Management and/or governance structures.	No	The procedures are not disclosed on the website but are described with the report of the Independent Non-Executives which is part of this transparency report.
39	An INE (and / or ANE) should alert the regulator as soon as possible to their concerns in the following circumstances: - the INE or ANE believes the firm is acting contrary to the public interest; or - the INE or ANE believes the firm is endangering the objectives of this Code; or - the INE or ANE initiates the procedure for fundamental disagreements.	Yes	This is embedded in the firm's values which the INEs adopt and apply.

40	A firm should disclose in its annual transparency report: a) information about the appointment, retirement and resignation of INEs (and ANEs); their remuneration; their duties and the arrangements by which they discharge those duties; and the obligations of the firm to support them. The firm should report on why it has chosen to position its INEs in the way it has; and b) its criteria for assessing whether INEs (and ANEs) are: i) independent from the firm and its owners; and ii) independent from its audited entities.	Yes	Within the Independent Non-Executives section of this transparency report.
E	Operational Separation		
R	Where a firm applies the Principles for Operational Separation ¹² , has established an Audit Board with a majority of ANEs ¹³ and is subject to regulatory monitoring of these arrangements, ANEs will fulfil the responsibilities of INEs under this Code in so far as these relate to the audit practice. A firm's INEs will focus on representing the public interest in high quality audit at the firm-wide level as well as on the public interest in firm activities in non-audit parts of the business and the risks posed by these non-audit activities to the audit practice. In fulfilling their role ANEs should follow the Principles set out in section D as applied to the audit practice.	N/A	The firm has not opted to adopt the Operational Separation principles and provisions of the 2022 Audit Firm Governance Code.
S	INEs should rely on ANEs to provide independent oversight of audit quality plans, audit strategy and remuneration in the audit practice. ANEs should rely on the INEs to monitor activities at the firm-wide and network levels for their potential impact on the audit practice.	N/A	The firm has not opted to adopt the Operational Separation principles and provisions of the 2022 Audit Firm Governance Code.
41	ANEs should have the same obligations regarding time commitment, independence and objectivity as INEs. They should focus their attention on the audit practice in accordance with the Principles for Operational Separation ¹⁴ . The Audit Board should have the authority to act independently of the firm-wide public interest body.	N/A	The firm has not opted to adopt the Operational Separation principles and provisions of the 2022 Audit Firm Governance Code.
42	INEs should participate in governance structures operating across the entirety of the firm and pursue the purpose of this Code at the firm-wide level. They should: i) monitor the activities of the wider firm and global network for their potential to affect audit quality and the resilience of the audit practice; and ii) ensure the firm takes account of the public interest in its wider decision making.	N/A	The firm has not opted to adopt the Operational Separation principles and provisions of the 2022 Audit Firm Governance Code.
43	INEs and ANEs should maintain open dialogue, consult on matters of public interest and share information with one another to the extent this is relevant for the Audit Board's oversight of the audit practice and/or the effective discharge of the INEs' responsibilities at the firm-wide level. They should inform one another in the event they invoke the procedure for fundamental disagreements.	N/A	The firm has not opted to adopt the Operational Separation principles and provisions of the 2022 Audit Firm Governance Code.

PKF Littlejohn LLP,
15 Westferry Circus,
Canary Wharf,
London E14 4HD

T: +44 (0)20 7516 2200
www.pkf-l.com

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