



**Strictly private and confidential**

## **TRANSPARENCY REPORT**

### **INTRODUCTION**

Following the adoption of the EU's 8<sup>th</sup> Directive on transparency reporting, the Professional Oversight Board published the Statutory Auditors (Transparency) Instrument 2008 in April 2008. This requires auditors of public interest entities to publish on their websites annual transparency reports. Such reports are to give information about the firm, their system of quality control and independence procedure and practices.

The requirements come into effect for financial years starting after 6 April 2008 and therefore we have set out below our report for the year ended 31<sup>st</sup> August 2009.

**Hyman Capital Services Limited**  
**Chartered Accounts and Registered Auditors**

25 Duke Street  
London W1U 1LD  
30<sup>th</sup> July 2010



## **LEGAL STRUCTURE AND OWNERSHIP**

Hyman Capital Services Ltd is a limited company registered in England and Wales owned by its 100% shareholder, Clive Hyman who is the sole director.

In the future partners of the associated group will be members of Hyman Capital Services Ltd.

## **NETWORK**

The firm is not part of any network and operates from one London office. It currently uses contractors to service its clients needs. The term "staff" is used in this report refers to contractors. In addition, the term partner is used to refer appropriate seniority. Clive Hyman is currently the only partner.

## **GOVERNANCE STRUCTURE**

Full meetings are held quarterly to discuss firm matters with contractors.

Operational meetings with Clive Hyman are held as and when required but at least fortnightly.

## **INTERNAL QUALITY CONTROL SYSTEM**

The firm's quality control procedures are set in the Staff Handbook. They are broken down into the following headings:

- a) Leadership responsibilities for quality within the firm
- b) Ethical requirements
- c) Acceptance and continuance of client relationships and specific engagements
- d) Human resources
- e) Engagement performance
- f) Monitoring

### ***a) LEADERSHIP RESPONSIBILITIES FOR QUALITY WITHIN THE FIRM***

The firm's sole director bears ultimate responsibility for audit quality and is committed to providing a high quality service and assumes overall responsibility for this. He recognizes the importance of training and appraising contractor's and staff and rewarding high quality work.



*b) ETHICAL REQUIREMENTS*

The firm ensures its staff complies with relevant ethical requirements and has the following procedures:

- i) The firm's independence, money laundering, confidentiality and data protection rules are set out in the Staff Handbook.
- ii) Every year annual declarations are made by partners, contractors and staff that they have complied with the rules.
- iii) The firm's audit procedures include checklists to ensure our independence from the client.
- iv) Clive Hyman is our Ethics Partner and any potential conflicts are referred to him.
- v) The firm maintains a list of clients and how long each Responsible Individual has acted for them. These are rotated after five years for quoted clients. For private clients if one partner has acted for more than ten years we review the client, inform them and if necessary introduce additional procedures such as Second Partner review.
- vi) As part of our audit work we review any non-audit work we perform for our client and ensure it does not contravene the principles established by the APB Ethical Standards for Auditors.

*c) ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS.*

The firm will only accept appointment and or continue to act for clients where it has concluded that the client does not lack integrity, that we have the competency and resources to perform the assignment and that we can comply with established ethical requirements.

Prior to the acceptance of any new client or the onset of each year's work the client appointment and continuance checklist in our audit programme will be completed and signed off by the Responsible Individual.

*d) HUMAN RESOURCES*

The firm is committed to ensuring it has sufficient personnel either working as contractors or in due course as staff with the appropriate capability, competence and commitment to ethical principles.



- i) Recruitment policies are in place to ensure we recruit people of appropriate characteristics and ability to provide a high quality services.
- ii) Induction training and other specific internal training courses are provided together with a varied programme of courses from an external training provider.
- iii) Performance is evaluated on an assignment basis together with six monthly reviews with managers. In addition Clive Hyman performs job appraisals for all contractors.

e) *ENGAGEMENT PERFORMANCE*

All engagements are performed in accordance with professional standards and regulatory and legal requirements

- i) All audits are performed using commercially available audit programmers which are tailored;
- ii) Second partner 'quality control' reviews take place if:
  - a) the client is listed or subject to high public interest
  - b) there is a contentious matter of opinion
  - c) if the engagement partner has acted for over ten years and it is felt this is necessary.
- iii) In addition to formal second partner reviews partners, contractors and staff are encouraged to consult with each other informally, at the appropriate level, where necessary on ethical and technical issues. All such matters which are important in arriving at the audit opinion are documented.
- iv) The firm requires all audit files to be completed on a timely basis after the audit reports have been signed; these files are retained for a period sufficient to comply with laws and regulations.

f) *MONITORING*

The firm's quality control procedures are regularly reviewed and evaluated. It has the following procedures:

- i) Cold file reviews are undertaken annually by external parties and by an independent contractor and the findings fed back to the rest of the firm by a training session.



- ii) The annual reviews will be retained together with the training notes for a minimum of five years.
- iii) The firm is committed to providing a high quality service to clients, and take all complaints and allegations against the firm very seriously. The firm will deal with all complaints and allegations that the work performed by the firm fails to comply with the professional standards and regulatory and legal requirements.

### **MONITORING OF QUALITY CONTROL**

The last audit review visit by the Quality Assurance Directorate of the ICAEW took place in June 2010. The firm received the final copy of their report on 31<sup>st</sup> July 2010.

The firm has not had an Audit Inspection Unit visit.

### **PUBLIC INTEREST ENTITY**

The firm audits the following public interest entity, a company which is listed on the London Stock Exchange:

Hygea VCT plc

### **INDEPENDENCE PROCEDURES**

The firm's independence policies and procedures are set out in the firm's staff handbook. These meet requirements set out by APB Ethical Standards and the ICAEW Code of Ethics.

The following monitoring and review activities were performed during the year to ensure the policies were complied with:

- an annual declaration undertaken by all partners, contractors and staff;
- audit file quality control reviews examining a selection of audit files covering all Responsible Individuals on an annual basis.

### **PROFESSIONAL SKILLS AND VALUES**

The firm is committed to developing and maintaining a high level of technical knowledge amongst its people.

All qualified audit staff, including managers and partners attend regular technical update courses both internally and externally.



Each year their CPD records are reviewed by the Staff Partner to ensure they are receiving an appropriate level of technical training. In addition as part of an individual's performance appraisal, professional development needs and courses or other training requirements are identified

### **FINANCIAL INFORMATION**

The firm's turnover for the year 31<sup>st</sup> August 2009 is roughly split as follows:

	£ 000
Statutory audit	30,000
Other	200,000
	<hr/>
Total	<u>230,000</u>

These numbers are not subject to audit.

### **PARTNER REMUNERATION**

Profits are not shared as there is only one partner. However, if it they were to be shared among partners, it would be by reference to a number of criteria, such as quality of opinion, technical/CPD training and client reviews. These include the quality of work for which they are responsible, client service, technical skills, and development of people and overall contribution to the firm's success.