

SBM Associates Limited, trading as SBM & Co

TRANSPARENCY REPORT

Introduction

In accordance with the Statutory Auditors (Transparency) Instrument 2008, issued by the Professional Oversight Board, we submit our Transparency Report for the year ended 31 March 2018.

Legal Structure and Membership of the firm

SBM Associates Limited was incorporated on 30 November 1993 and we trade as a private limited company.

It is wholly owned by its shareholder/directors, all of whom are Fellowship members of the Institute of Chartered Accountants in England and Wales ("ICAEW").

The firm operates out of a single office at 24 Wandsworth Road, London, SW8 2JW.

Governance Structure

The board of directors is responsible for developing and implementing the policies and strategies of the firm and for its management and strategy. They are also responsible for the systems of internal control and for reviewing their effectiveness. Individual directors have specific responsibility for certain aspects of the firm's management delegated to them, whilst quality assurance is the responsibility of the board collectively.

The board meet regularly to discuss the firm's business.

Internal Quality Control System

The policies and procedures adopted by the firm are designed to provide a culture of quality for all client services. Our audit and quality control standards are set out in the various policies and manuals which address compliance with Practice Assurance, International Auditing Standards (UK) and UK Audit Regulations.

Our quality control system comprises the following elements in line with the International Standard of Quality Control:

1. Leadership responsibilities for quality within the firm;
2. Ethical requirements;
3. Acceptance and continuance of client relationships and specific engagements;
4. Human resources;
5. Engagement performance;
6. Monitoring;
7. Documentation

The directors regularly review the effectiveness of the systems of internal control and take the necessary action to remedy any significant failings or weaknesses identified in the review.

Audit process

For each audit, we tailor a regularly updated proprietary audit system, to ensure that our audit work complies with relevant rules and regulations. Our audit approach is tailored to each client with an audit planned to maximise its efficiency and effectiveness. Our focus is on identifying and addressing the audit risks. Directors and staff are involved at all stages of the audit.

Audit reporting

Our procedures are designed to ensure that our audit reports meet the needs of the user and are appropriate to the financial statements. We communicate in writing and in person to Boards/Audit Committees, highlighting key audit areas and ways of improving the qualitative aspects of our clients financial reporting.

Quality monitoring

Internal Review

Each year the firm conducts reviews of a sample of all work undertaken. Results of these reviews are communicated to all directors and those involved in the client assignments. Our systems and procedures are improved as necessary.

We are satisfied that the firm's internal quality control system is effective in all material respects.

External Inspections

Periodically we use an external professional specialist consultant to review a sample of our audit files for quality control purposes. The last review took place in December 2016, the results of which identified limited areas for improvement.

We are authorised by the ICAEW, a recognised supervisory body under the Companies Act 2006 to carry out statutory audit work. As such we are subject to periodic monitoring visits by the Quality Assurance Directorate of the ICAEW.

The most recent review revisit was in April 2014.

All Public Interest Audit Clients are to be subject to independent engagement quality control reviews carried out before the audit report is signed.

The firm has never faced any FRC or ICAEW disciplinary proceedings.

Independence Procedures and Practices

The firm maintains internal policies and procedures to ensure that it remains independent from its clients and that potential threats to our objectivity are dealt with appropriately and on a timely basis, and to ensure compliance with the policy and procedures regarding

independence as set out by the Professional Oversight Body and the UK Ethical Standards of the Financial Reporting Council.

A register is maintained of all listed clients and partners and staff are prohibited from holding shares in any audit client. All directors and members of staff are required to complete a Fit and Proper Confirmation which addresses independence and notify the Audit Compliance Officer of any changes in circumstances.

Continuing Professional Development

Continuing Professional Development ("CPD") is monitored for all directors and staff engaged in statutory audit work. All directors and staff involved in statutory audit work have access to up to date technical reference material including all UK and International Auditing and Ethical Standards. We subscribe to various technical publications including industry specific in specialist sectors such as charities and solicitors. Regular appraisals of all staff assist in identifying personal training needs and development activities. Staff attend training courses whenever needs are identified.

Financial Information

The firm reported fees as follows:

Years ended 30 September:	2017	2016
	£	£
Revenues from statutory audits and directly related services	111,773	112,400
Revenues from non-audit services to non-audit clients	347,649	341,079
Total	<u>£459,422</u>	<u>£453,479</u>
Number of audit clients	<u>16</u>	<u>11</u>

Director Remuneration

Directors are remunerated out of the firm's retained profits. The firm rents its premises from a property owned by the directors' personal pension plan.

Public Interest Audit Clients

The clients for whom we have been appointed to issue audit opinion between 1 April 2017 and 31 March 2018 who have issued transferable securities on a regulated market as defined in the Statutory Auditors (Transparency) Instrument 2008 (POB 01/2008) are:

- HDL Debenture Limited