

# Transparency Report

For the year ending 30 April 2021



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## 1. Helping our clients succeed

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As the leading independent practice across the Thames Valley and Southern England, James Cowper Kreston understands the needs of a diverse range of businesses and individuals. It is central to our philosophy that clients receive the best service possible to help them succeed in achieving their objectives. Our technical excellence across a wide range of our services is the envy of firms of a similar size and many larger ones.

Our values are at the very heart of our approach and these have been reviewed, relaunched and re-communicated to all staff over the period. We strongly believe that this focus on our core values has put us in the strongest position to provide the very best service for our clients and ensure the wellbeing of our staff through these unprecedented times.

BREXIT and COVID-19 have of course been and continue to be major factors affecting the firm and our clients over the period and although, like everyone, this has had an effect on our business, our investments in infrastructure, processes and systems have ensured that we have been able to provide continuity in service to our clients and are in a positive position to help them Maximise their potential as we go forward in a continued uncertain environment.

## 2. Legal structure and ownership

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**James Cowper Kreston**, the trading name of James Cowper LLP. James Cowper LLP is a limited liability partnership registered in England and Wales. Registered number: OC341068 Registered office: 2 Communications Road, Greenham Business Park, Greenham, Newbury, RG19 6HN.

It is wholly owned by its members, who are commonly referred to as partners. A full list of members' names may be inspected at our registered office.

James Cowper Kreston is registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

In addition to the main LLP several subsidiaries operate specific services including trusteeships, corporate finance and payroll services.

James Cowper Kreston operates from 6 offices in Henley, London, Newbury, Oxford, Reading and Southampton. The firm is structured along service lines. Our principal services are:

- Accounts and Business Advisory
- Audit and Assurance
- Business Restructuring and Insolvency
- Business Tax
- Corporate Finance
- Outsourcing
- Payroll
- Private Client Tax

### 3. International

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James Cowper Kreston is a member of Kreston Global Limited. Kreston Global Limited is a worldwide network of independent accountancy and advisory firms. Currently ranking as the 13th largest accounting association in the world, Kreston now covers over 120 countries providing a resource of over 22,000 professionals and support staff. Each firm is a separate and independent legal entity and as such has no liability for the acts or omissions of any other member firm.

### 4. Governance and management

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James Cowper Kreston has a Management Committee made up of the Managing Partners, Finance Director, HR Director, Marketing Director and Partner responsible for IT. This Management Committee meets monthly to review firm policy, budgets, strategic issues and financial matters but also conducts formal business at additional meetings as necessary. The Committee is responsible for implementing strategy as set by the Partners.

James Cowper Kreston holds quarterly Partnership meetings where any changes to structure are voted upon. Partnership direction and strategy are developed by the partnership group.

The Managing Partner's appointment is voted on by the partners every three years. The Managing Partners make an annual presentation to all employees in every business unit providing insights into the firm's strategy and operations. The Managing Partners also communicate regularly on topical issues affecting the firm via internal video and e-communications.

Every year, Service Line Heads set and communicate their service line strategic priorities which are integral to our business planning process.

In determining policy, processes and procedures in the firm are mindful of the drivers and indicators set out in the Financial Reporting Councils Audit Quality Framework. These are reviewed by the Management Committee on an annual basis and inform the annual compliance monitoring process.

### 5. Internal quality control systems

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James Cowper Kreston has a risk management group made up of the Managing Partners and the Heads of Service Lines and the Audit Compliance Partner.

Reporting to the Management Committee, the role of the Committee is to:

- Protect the firm and the partners by minimising risks from all sectors.
- Act as an educator on risk issues and raise risk awareness in the firm.
- Act as a risk monitoring body for the firm and implement appropriate risk management procedures.
- Adjudicate on major risk decisions for the Partners and report to the Management Committee.
- Set appropriate criteria for measurement of risk.

As per audit regulation requirements, James Cowper Kreston conducts annual cold file reviews. Each year a sample of files are chosen and reviewed by an external provider, SWAT. The results are recorded and discussed with the relevant responsible individuals and then broadcast across the firm.

*Audit compliance*

The Firm's Audit Compliance Partner (for the purposes of complying with Institute of Chartered Accountants in England & Wales (ICAEW) regulations) is required to ensure that the Firm has complied and will continue to comply, with audit regulations. He is also the first point of contact with the ICAEW.

The Firm maintains an Audit Compliance Manual which sets out in detail the audit procedures which must be followed. This manual is available to all staff involved in audit assignments and regular training is provided to ensure compliance.

*File reviews*

All audit files are reviewed by a manager and the Senior Statutory Auditor (SSA) at both the planning and the completion stages.

A second SSA review is required on all high risk and public interest assignments and those with modified audit reports, and before the completion of the audit report. Details of the precise criteria which require the performance of a hot review are established by the Audit Compliance Partner and Head of Business Assurance.

Cold file reviews are performed on a comprehensive basis on the Firm's high risk clients and a random sample of other clients ensuring each SSA's work is reviewed at least annually. These cold file reviews are performed independently by SWAT. Detailed reports are produced and discussed with the SSA and audit manager. A summary of the results is provided to the Management Committee and remedial action and follow-up is taken if necessary.

*Statement on the effectiveness of the internal quality control system*

The Management Committee considers that the internal quality control system is functioning at a suitable level of effectiveness to enable us to maintain our internal quality standards and comply with our professional and legal requirements.

## 6. External Monitoring

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The firm is subject to regular external monitoring by the Quality Assurance Department of the ICAEW (QAD) and the Audit Quality Review team of the Financial Reporting Council (FRC). The last audit inspection visit by QAD was in 2020. The firm's last Practice Assurance visit was during April 2019.

Rigorous procedures and controls are in place to ensure compliance with each of the firm's regulators and legislative requirements.

James Cowper Kreston is committed to the highest standards of technical excellence and client service however, to mitigate any remaining risk, the firm arranges appropriate professional indemnity insurance.

## 7. Independence Procedures

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The FRC publishes Ethical Standards which provide regulations and guidance on possible threats to integrity, objectivity and independence in the conduct of audit engagements as well as on potential safeguards which may be implemented to counteract those threats.

In respect of its responsibility as regulatory body for auditors the ICAEW publishes rules under which auditors will be regulated, the Audit Regulations.

The Firms policies are consistent with these requirements and in respect of audit services, are contained in the Firms Audit Compliance Manual which all audit staff must follow.

### *Within James Cowper Kreston*

Within the Firm, overall responsibility for compliance with the Audit Regulations rests with a partner designated as Audit Compliance Partner as described above. In accordance with the Audit Ethical Standards, an Ethics Partner has also been appointed.

Members of staff are made aware of ethical considerations on commencement of their employment and on regular courses which are provided by Mercia and SWAT.

All partners and staff complete an annual declaration of their independence and must notify the Firm of any circumstances which may affect their independence, or of any potential or actual conflicts of interest.

### *Acceptance and continuance of clients and engagements*

Before accepting a new appointment, the SSA must consider and justify the decision to accept the appointment. In doing so the SSA will consider (amongst other areas) independence, ethics and risk issues, the Firms expertise and resources and its ability to carry out the work, and the Firms money laundering procedures.

### *Monitoring*

An internal review of independence practices is included in the Annual Compliance Review which is conducted by the Audit Compliance Partner. James Cowper Kreston confirms that the Annual Compliance Review has been conducted this year.

A formal report is made to the Management Committee and any points arising are the subject of action points.

## 8. Professional skills and education

James Cowper Kreston contracts with Mercia and SWAT, who are specialist audit training providers, who supply regular audit training updates. All audit staff receive at least 2 days of training each year. Specific courses are also held or attended when substantial changes occur.

Appropriate training is also undertaken on a regular basis for all relevant audit staff in respect of the audits of specialist industries and sectors where specific agreed procedures are carried out or where specific other requirements exist.

Internal training is also carried out to ensure that the firms own policies and procedures are disseminated and applied on a consistent basis.

Specialist courses are arranged for non-audit staff through a structured learning & development and appraisal system.

Routes for progression in the firm are regularly discussed and updated for appropriate staff and support given for further development.

## 9. Financial information

Fees for the year to 30 April 2021 are analysed below by service line and represent a 5% increase on the previous year.

	£000	%
Audit and Assurance	7,027	2
Tax Advisory	6,213	2
Corporate Finance and Advisory Services	1,796	21
Outsourcing	1,392	4
Payroll Services	1,489	4
Business Restructuring and Insolvency	1,058	39
	<b>18,975</b>	<b>5</b>

## 10. Members' remuneration

Members' remuneration is considered by an elected committee and agreed annually by the members. Profits are allocated to Members either on a Fixed or Equity sharing basis.

The firm considers that no partner remuneration is contingent upon any basis that would compromise the independence of any audit, including the sale of non-audit services.

