

# AMS LIMITED

## Transparency Report for the year ended 30<sup>th</sup> June 2019

### Background

In accordance with the Gibraltar Financial Services Act 2019 and Article 13 of EU Regulation 537/2014 of the European Parliament and of the Council 2014 certain statutory auditors are required to prepare a transparency report each financial year. It applies in respect of any financial year of a relevant audit firm commencing on or after 17th June 2016. This report covers our financial year to 30th June 2019.

### Legal structure and ownership

AMS Limited (the 'firm') is a limited company incorporated in Gibraltar with number 107503. Its registered office and its principal place of business is Suite 16 Water Gardens 5 Gibraltar.

All of our professional services are carried out through our AMS Group of Companies.

The principal activity of the Firm is Audit and Assurance. The Company forms part of the AMS Group whose other principal activities include Tax, Accounting, Payroll, Consulting and Company Management.

The Firm is owned by the three equity partners. The partner with majority shareholding is a fellow member of the Association of Chartered Certified Accountants (ACCA).

The Firm has an individual who is the responsible individuals ('RI'), who is also an equity partner. The Firm operates from one office and there are no related firms or overseas branches.

### B. Governance structure

The Firm's strategy is primarily the responsibility of the equity partners. There are regular meetings at which the Firm's strategy is discussed together with monthly reporting of financial performance.

### C. Internal control system

The Firm's internal control policies are designed to ensure that the Firm and its personnel comply with professional standards and applicable legal and other regulatory requirements. They are designed to ensure that the system encompasses the six elements of quality control within the International Standard on Quality Control 1 ('ISQC 1') which are set out below. The Firm's equity partners are satisfied that the internal control system is operating successfully.

### Leadership responsibilities for quality within the Firm

Adrian Stevenson is the Firm's Senior Audit Partner and is therefore responsible for ensuring that the Firm establishes and maintains quality control policies and processes. He is responsible for the development, documentation and communication of these matters within the Firm. He is required to ensure that the quality of audit engagements conducted by the Firm is never compromised by commercial considerations. Adrian Stevenson is also the Audit Compliance Partner and he is therefore responsible for ensuring that the Firm complies with Audit Regulations. He is the first point of contact with the GFSC in relation to audit matters. The established procedures in relation to quality control and compliance with Audit Regulations are set out in detail in the Firm's Audit Procedures Manual. Adrian Stevenson ensures that this is kept up to date and that all audit staff have access to the manual and read it annually and whenever there are updates.

### Ethical requirements

All the equity partners act as a committee to :-

- ensure that the Firm complies with the IESBA Code of Ethics and the Firm's policies and procedures relating to integrity, objectivity and independence;
- ensures that the Firm complies with the Audit Regulations on a local basis;
- undertakes the role in managing staff resources; and

The above also encompasses the provision of non-audit services to audit clients. These are considered prior to the commencement of each audit assignment. Where we do not consider that appropriate safeguards can be put in place an assignment would be declined. Ethics training is provided to partners and staff on a regular basis.

### Acceptance and continuance of client relationships and specific engagements

New appointments are only accepted subject to completion of a client due diligence assessment which encompasses the requirements of the Group's Anti- Money Laundering/, Terrorist Financing (complying with the Gibraltar Proceeds of Crime Act and GFSC AML guidance notes).

Client acceptance assessment which considers whether there are any ethical, independence or other reasons why the Firm should not act. The Firm is committed to only entering into engagements in which it is competent to perform the engagement and has the capabilities, including time and resources, to do so. Where there is any doubt, acceptance of the client or engagement is discussed by the partners and/or referred to the Money Laundering Reporting Officer ('MLRO'), Adrian Stevenson.

## Human resources

The Firm is committed to employing sufficient personnel with the competence, capabilities, and commitment to ethical principles necessary to perform engagements in accordance with professional standards and applicable legal and regulatory requirements and allow the Firm or engagement partners to issue reports that are appropriate in the circumstances.

The partners are responsible for the development and maintenance of procedures covering quality of staff, recruitment, grievances and appraisals. Adrian Stevenson is the qualified person responsible for training and ensures all professional staff and partners not currently studying for professional examinations are required to carry out Continuing Professional Development ('CPD'). They are required to consider their training requirements at the commencement of each year and commit to undertaking training to cover the relevant areas. They are required to review the effectiveness of their CPD training at the end of each year.

## Engagement performance

The Firm is committed to ensuring that its engagements are carried out in accordance with professional standards and applicable legal and regulatory requirements.

All the Firm's audit manuals and work programmes are provided by the HAT Group of Accountants ('HAT') and all audits performed by the Firm follow the procedures set out by HAT. HAT is an independent company which provides training, recruitment and compliance services to accountancy firms.

We plan our audit work to ensure that the appropriate procedures are performed relevant to the particular engagement and by suitably competent staff. Junior staff are supervised by managers and partners. It is the Firm's policy that all work performed by less experienced team members is reviewed by more experienced team members. The Firm maintains an extensive technical library and has support contracts in place with HAT and others to ensure that appropriate consultation can take place on contentious matters. The Firm has established policies and procedures requiring, for appropriate engagements, an engagement quality control review that provides an objective evaluation of the significant judgments made by the engagement team and the conclusions reached in formulating the report. Depending on the nature of the engagement these reviews can be performed before the Firm has issued an audit report ('hot') or after such a report has been issued ('cold'). The Firm ensures that at least two hot or cold audit file reviews are performed each year; such reviews are carried out by HAT. Where HAT make comments on the performance of engagements following their reviews these are discussed by the Firm's equity partners and any recommendations for the improvement of future work are agreed and passed on by the partners to more junior staff.

## Monitoring

The Firm has established a process to monitor the overall system of quality control to ensure that it is relevant, adequate and operating effectively. An Annual Compliance Review is carried out to ensure that the Firm is following the procedures laid out in respect of laws, regulations and professional standards; client acceptance and disengagement; competence; quality control; and audit procedures.

## **E. External monitoring**

The Firm is subject to monitoring by the Gibraltar Financial Service Commission by way of a Quality Assurance Review which is performed in a six-year cycle. The last review by the GFSC into our audit work was in February 2020.

## **F. Public-Interest Entities**

During the year to 30<sup>th</sup> June 2019 the Firm was auditor to Sunborn (Gibraltar) Limited, a company which has its financial instruments listed on the Stockholm Stock Exchange.

## **G. Independence procedures and practices**

In addition to the procedures set out above under quality control, all partners and staff are required to complete annual declarations of Fit, Proper, Confidentiality and Independence which are reviewed by the Audit Compliance Partner. The Audit Compliance Partner is notified of any matters which may have an effect on independence, or of any actual or potential conflicts of interest. If any are identified then appropriate action is taken. An annual review of independence is carried out as part of the Annual Compliance Review mentioned above under quality control. The Firm's equity partners are satisfied that the independence procedures and practices are appropriate to the Firm and are being implemented satisfactorily.

## **H. Continuing professional development**

The Firm arranges in-house training as well as ensuring all professional staff attend relevant CPD courses organised in Gibraltar and on-line. Staff and partners are required to record their CPD and these are reviewed as part of the Annual Compliance Review.

## **I. Basis of remuneration of partners**

The allocation of profits is agreed by the equity partners. The remuneration of partners is not linked to the selling of non-audit services to audit clients.

## **J. Audit staff rotation**

The firm follows the IESBA in relation to participation of audit partners and senior audit staff in the statutory audit of public-interest entities. In general this means that such staff may not participate in the audit for a period of more than seven years from the date of appointment, following which point they would not be involved in the audit for a further period of five years.

## **K. Financial information**

The following sets out the revenue of the Firm for the year ended 30 June 2019:

Revenue from statutory audit work for public-interest entities	£8,000
Revenue from statutory audit work for other entities	
Revenue from non-audit services provided to audit clients	XX
Revenue from services provided to non-audit clients	-
Total revenue	£

Non-audit services provided to audit clients include the preparation of financial statements, corporation tax compliance, general business and tax advisory work. The provision of non-audit services to audit clients is subject to ongoing review to ensure that their provision is acceptable under the IESBA Code of Ethics and the Firm's policies and procedures.