



SMITH COOPER NOTTINGHAM

Transparency Report for the year ended 30 June 2010

The directors of Smith Cooper Nottingham ("the firm") are pleased to present their Transparency Report for the year ended 30 June 2010. This report is presented to provide background information on the structure and operation of the firm and the procedures that are in place to ensure the highest standard of audit work is achieved.

Corporate structure

Smith Cooper Nottingham is the trading name of FB40 Limited, which is incorporated in England under Companies House registration number 06199529. The company is registered to carry out audit work with The Institute of Chartered Accountants in England & Wales under reference number C001561017. Smith Cooper Nottingham is wholly owned by Smith Cooper, a partnership of chartered accountants which is also registered with the Institute of Chartered Accountants in England & Wales to carry out audit work. For operational purposes Smith Cooper Nottingham is the trading arm for the Nottingham office of the Smith Cooper partnership. The partnership has offices in eight other locations.

There are seven directors of Smith Cooper Nottingham, four of whom are Responsible Individuals ("RI's") who are authorised by The Institute of Chartered Accountants in England & Wales to sign audit reports on behalf of the company.

Firm management

The firm is managed as a reporting division of the partnership of Smith Cooper by an executive committee. Two directors of the firm, including the senior partner Paul Duffin and the managing partner Andrew Delve are also members of the executive committee. The committee meets monthly and reports to the partners who meet on a quarterly basis.

Audit quality monitoring

Responsibility for audit quality rests with the RI and is supervised by the firm's audit compliance partner, Greg Whiting who is a director of the firm. The audit compliance role includes training, technical, ethical and independence matters as well as liaison with the firm's external reviewers and the professional bodies that the firm is registered with. As well as being audit compliance partner Greg Whiting is also an active RI and a member of the Audit Registration Committee of the Institute of Chartered Accountants in England & Wales.

The firm has an audit committee made up of an audit representative from each office which meets twice a year to discuss audit developments and technical issues. The audit committee is chaired by the audit compliance partner.

Once a year the firm is subject to an audit compliance review by an independent external reviewer, and twice each year cold file reviews are also undertaken. Cold file reviews cover the audit work of each RI. The findings of both reviews are circulated to all partners and an action plan developed to address any areas requiring improvement.



As a firm registered with The Institute of Chartered Accountants in England & Wales Smith Cooper Nottingham is subject to periodic reviews by the Quality Assurance Department ("QAD") of the Institute. The last such review was undertaken in 2009. The QAD reports to the Audit Registration Committee of the Institute. As the firm has clients with a public listing it is also subject to a three yearly review by the Audit Inspection Unit ("AIU"). The AIU focuses solely on the audit quality of assignments that relate to publicly listed companies. The last AIU visit was in 2009. The firm welcomes the close monitoring by the QAD and the AIU and takes their reports and recommendations very seriously.

Independence

Smith Cooper Nottingham adheres strictly to the Ethical Standards issued by the Auditing Practices Board and the Code of Ethics issued by the Institute of Chartered Accountants in England & Wales. New starters are required to sign confidentiality, fit and proper and independence declarations when they join the firm and existing staff are required to make similar annual declarations. These are reviewed by the firm's audit compliance and ethics partner and any potential conflicts are addressed appropriately. All staff are advised of new audit appointments in order that any independence matters can be highlighted and addressed immediately.

Independence and ethical matters are also considered as part of the planning of each audit assignment, and at the conclusion of the assignment, prior to accepting reappointment for the next year.

Professional training

All professional staff are encouraged to study for professional qualifications and the firm pays for all exam training.

The firm is a member of the Mercia Group which provides training to accountancy firms across a broad spectrum of areas including both personal skills and technical matters.

All staff are required to undertake specified levels of structured and unstructured audit and other training in order to comply with the firm's Practice Assurance procedures. Qualified members of the Institutes of Chartered and Certified Accountants (ICAEW and ACCA) are also required to make annual declarations to those bodies that they have undertaken relevant and sufficient amounts of continuing professional education ("CPD"). Adherence to training and CPD requirements is monitored by the firm's audit compliance partner.

In addition to training on the job, staff are appraised formally every six months at which development plans are reviewed and set for the following six months.

New audit appointments

Under the firm's Practice Assurance procedures there are strict rules applying to new client acceptance procedures. These procedures include ethical and independence matters. Communication takes place with the previous auditors to ensure that there are no professional or other reasons why the firm should not accept the appointment.



Network agreements

The firm does not belong to any national or international network.

Remuneration of Responsible Individuals

All Responsible Individuals of the firm are also partners of Smith Cooper and are remunerated via a share of profits from the partnership, based on the results of the two businesses as a whole. Responsible Individuals are not remunerated by reference to the sale of non audit services provided to audit clients.

Access to financial information

In accordance with the Companies Act 2006, annual financial statements are filed with the Registrar of Companies at Companies House. The company takes advantage of the exemptions available to smaller entities and files abbreviated financial statements. The financial statements are exempt from the need to be audited under the provisions available to smaller companies.

The financial statements of FB40 Limited for the year ended 30 June 2010 included total revenues of £2.2 million, of which £620,000 related to statutory audit work, the remainder being tax, accountancy, HR, IT and other specialist services.