



# TRANSPARENCY REPORT

## PKF CANILLAS LIMITED

### 2023

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**CANILLAS**

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# INTRODUCTION

## A MESSAGE FROM THE SENIOR PARTNER

I am pleased to present our second Transparency Report, which is for the year ended 30 June 2023. The Transparency Report is designed to give information on the ownership and governance of the Firm and the measures we take to maintain independence and high-quality standards in our audit and other services.

PKF Canillas Limited (“the Firm”) was incorporated on 24 February 2021 and is registered as an Audit Firm with the Gibraltar Financial Services Commission (registration FSC1018FSA).

It is the successor firm to PKF Canillas, following its incorporation in 2021. The Firm offers a comprehensive range of professional services including audit, taxation, accounting, consultancy services, reorganisation services and insolvency. We have over 20 years of experience and our professionalism is second-to-none and widely recognised amongst the business community in Gibraltar. Our client base covers various business sectors and is serviced by a highly motivated team of dedicated personnel.

During the period to 30 June 2022, the Firm was engaged to carry out its first statutory audit of a Public Interest Entity, which it continued to audit during the year ended 30 June 2023.

### **Joseph Canilla**

Senior Partner

31 October 2023



# LEGAL STRUCTURE & OWNERSHIP

## The Legal Entity and ownership

PKF Canillas Limited is a limited company incorporated in Gibraltar on 24 February 2021 with registered number 120823.

Its shareholders are three of the company's directors, Joseph Canilla, Victor Carl Canilla and Daniel Delgado. There is a fourth director, Pedro Jr. Alvarado.

The Firm operates from its offices at Suite 2.1.09, Eurotowers, Gibraltar.



# NETWORK

## PKF International

### Introduction

The Firm is a member firm of PKF Global, which is the network of member firms of PKF International Limited (PKFI), each of which is a separate and independent legal entity. The PKF Global network consists of member firms in locations around the world, providing assurance, accounting, business advisory and taxation services. PKFI is a member of the Forum of Firms – an organisation dedicated to consistent and high-quality standards of financial reporting and auditing practices worldwide.

PKFI administers a family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual members or correspondent firm or firms.

### Legal basis

The network formed by PKFI and the member firms (the Member Firms or Members) is regulated by adherence to an Agreement between PKFI and individual Members. The Agreement authorises the Members to use the PKF name as defined under specific circumstances, under specific conditions, for specific purposes and in a specific territory, in consideration for which the Members pay a membership fee to PKFI.

PKFI is a private company (the Company) registered in England and limited by guarantee (registered number 03816253). The Company's Articles of Association require a Board of Directors who conduct the business of the Company and network. The Board has a strategic and co-ordinating role but has no executive authority of the operations of individual Member firms.

Each Member Firm is a legally independent entity owned and managed in each location. The Company has no financial or management interest in any Member firm other than his or her own.

Contractual relations are only formed between a client and the firm engaged by the client and no other member firm may be held liable.

### Structure

Member firms are organised into five geographical regions. Each region has a regional board and elects or nominates representatives to the Company's Board of Directors.

There are two international committees responsible for professional and practice standards – the International Professional Standards Committee (incl. Assurance) (IPSC) and International Tax Committee (ITC). A number of additional practice area committees operate both regionally and internationally.

## Quality assurance

PKFI operates a Global Monitoring Programme (GMP) covering member firms. The principal objectives are to ensure that the standards expected for the performance of certain types of professional work by Member Firms are established and communicated to Members, that those standards meet appropriate recognised professional practice requirements at least for transnational and referred work, and that a programme of monitoring of compliance with expected standards is operating effectively.

## Member firms, countries and turnover

PKFI distinguishes between Member Firms and correspondent firms. Correspondent firms do not form part of the Network as defined by the Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants (IESBA), do not have equivalent rights and privileges of member firms or responsibilities of Member Firms, and are covered by the GMP only to the extent of assessing correspondent firms as part of their admission to full membership. An up to date list of Members and correspondent firms, including the firm names and countries in which they are registered and operate from, can be found on the website [www.pkf.com](http://www.pkf.com).

The aggregate fee income which relates to the statutory audit of annual and consolidated financial statements for EU EEA members firms (excluding correspondent firms) that belong to the PKFI network, (as set out in Appendix 1), as reported in the Firm Compliance Reporting ending 30 June 2022, is US\$135.5 million.



# GOVERNANCE

The Firm is governed by a Board of Directors which has responsibility for the supervision and management of the Firm.

The Board of Directors meets on a regular basis and retains overall responsibility for the provision of audit and other services it provides to clients and for monitoring of risks within the Firm.

The directors at 30 June 2023 and as at the date of this report were Joseph Canilla, Victor Carl Canilla, Daniel Delgado and Pedro Jr. Alvarado.

# INTERNAL QUALITY CONTROL

The Firm's system of internal control is designed to provide reasonable assurance that the Firm complies with professional standards and regulatory and legal requirements. The Firm closely monitors compliance with the policies and procedures to establish that the relevant documentation is kept up to date to ensure work is performed to a consistently high standard. These policies and practices are based on the International Standards on Quality Management (ISQM) issued by the International Auditing and Assurance Standards Board (IAASB).

As set out in the Engagement Performance section of this Transparency Report, a new International Standard of Quality Management applied from 15 December 2022.

The Firm's system of internal quality control and how it complies with the requirements are detailed below.



## LEADERSHIP RESPONSIBILITIES

The Board of Directors has a responsibility to promote quality control culture within the Firm.

The Firm has a Quality Control Procedures Manual ("QCPM") which sets out the standards that the Firm must meet in order to comply with ISQM 1 and other professional standards.

Responsibility for implementing the Firm's professional standards lies with the Board of Directors.

## ETHICAL REQUIREMENTS

The requirement to comply with the IESBA Code of Ethics for Professional Accountants ("the IESBA Code") is set out in the Firm's QCPM and the Firm follows the PKF International Professional Standards Manual ("IPSM"), which also covers independence requirements.

Our independence requirements include that:

- Adherence to the IESBA Code takes precedence over commercial considerations.
- Before accepting any new work assignments from either new or existing clients, partners and staff must take reasonable steps to identify circumstances that could pose a conflict of interest both within the Firm and the PKF network.



- Conflict of interest checks within the PKF network must include a review of the PKFI Transnational Entities database to establish if any network firm has an existing relationship with the new or existing client.
- Partners and managers are required to keep independence issues under constant review and, in respect of audit assignments, reconfirm the Firm's independence having regard to the IESBA Code, prior to the commencement of every audit.
- All members of the Firm are required to complete an annual declaration of their independence, freedom from conflicts of interest and that they hold no prohibited investments.
- The Board of Directors has completed a review of the annual declarations for independence compliance submitted by partners and members of staff for the year ended 30 June 2023.
- Gifts and hospitality can only be accepted or offered where an objective, reasonable and informed third party would consider, or perceive, the value to be trivial or inconsequential.
- The Board of Directors must be consulted on all questions related to independence and professional ethics. The decision of the Board of Directors on each matter is final.
- Instances of non-compliance with or breaches of the Firm's procedures must be reported to the Board of Directors.
- The Firm's policy on the rotation of key audit partners and staff is guided by the Financial Services Act 2019 and the IESBA Code. All partners and staff involved in a PIE audit must follow the Firm's rotation policies. In summary these policies are:

| Role                                         | Maximum period in that role                                                                                                                      | Minimum period before an individual can be involved in the audit again |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Engagement or Key Audit Partner              | 7 years                                                                                                                                          | 3 years                                                                |
| Other Partners and staff in senior positions | An assessment of any threats to the independence of the Firm is undertaken after 7 years. Involvement will only continue with safeguards applied | n/a                                                                    |

## CLIENT ACCEPTANCE & CONTINUANCE

The Firm has detailed procedures covering the acceptance and continuance of client relationships and new specific engagements. A comprehensive client acceptance form must be completed prior to acceptance of every appointment. This requires identification of the prospective client, an assessment of the Firm's independence, integrity and objectivity, freedom from conflicts of interest, an assessment of whether the Firm has the requisite skills and available resources to carry out the engagement and an assessment of the risk the prospective client would present to the Firm.

Conflict of interest checks are completed prior to preparing a proposal for a potential new client or before agreement for the provision of a new service to an existing client. The checks include a consideration of whether the entity is a transnational entity, a public interest entity or a listed entity. Transnational entities are those entities whose financial statements may be relied upon outside the audited entity's home jurisdiction for the purposes of significant lending, investment or regulatory decisions. A database of such entities is maintained by PKFI to enable identification of those entities where another network member firm provides services to that entity.

Upon acceptance of a new client or a specific engagement from an existing client, the Firm issues a detailed engagement letter for agreement by the client, setting out, inter alia, our understanding of the nature of the assignment and what is required of the Firm and the standard terms of business.

## HUMAN RESOURCES

The Firm has established policies and procedures to ensure that partners and staff are equipped with the required technical skills and reflect the Firm's values of commitment to client service and high professional and ethical standards, covering objectivity, integrity and independence.

The Firm sets high standards for the recruitment and promotion of personnel, in particular with regard to the selection and interview of candidates and the qualifications including relevant experience as required. Partners are involved in all interviews and references are always taken, including verification of membership of professional or regulatory bodies.

All personnel undergo regular appraisals dealing with past performance, future development and training needs as aligned to the relevant competency framework. Audit staff receive performance appraisals at the end of each significant assignment, which includes the assessment of the achievement of audit quality, and this is fed into their regular appraisals.

All partners and staff adhere to the requirements of the ACCA for continuing professional development (CPD) and the Firm facilitates and encourages continuing education to all staff.

The training programme is informed by new technical developments, the identification of training needs through appraisals, the Firm's quality control system and a review of CPD records maintained by staff.

Details of the mandatory training for relevant staff are as follows:

- Accounting updates
- Audit updates
- Ethics updates
- Anti-money laundering
- Anti-bribery and corruption training
- GDPR training
- A portfolio of management skills training
- Other technical based training as appropriate for specific partners and members of staff

The Firm is an accredited training office with the Association of Certified Chartered Accountants and the Association of Accounting Technicians. The progress of students

studying for their professional qualifications is carefully monitored, with each student being closely supported.

The Firm is committed to the highest standards of openness, probity and accountability and encourages members of staff who have genuine concerns about any form of malpractice in the Firm to raise those concerns. This whistleblowing policy applies to all partners, employees, agency workers and self-employed contractors.

## ENGAGEMENT PERFORMANCE

Quality control is central to the culture of the Firm, with regular updates and reminders being provided to all of their personal and collective responsibility. The results of our monitoring procedures are reviewed by the Board of Directors with a focus on audit quality. If challenges to consistent quality are identified a root cause analysis is undertaken and steps taken to address matters identified.

A new International Standard of Quality Management (ISQM 1) came into effect on 15 December 2022. The standard, which replaced ISQC 1, requires firms to design, implement, monitor and evaluate a system of quality management that ensures the firm will meet audit quality objectives that are prescribed in the standard.

The Firm developed a timetable for the implementation of the new standard which included workshops involving the subject matter experts to map our existing system of quality management and identify recommendations for the Firm to consider in its implementation of ISQM 1.

The Firm's procedures for engagements are set out in the Firm's QCPM. In respect of audit and assurance engagements, the Firm uses widely recognised third party audit methodology and audit software, to ensure compliance with International Standards of Auditing (ISAs).

All professional work is subject to review by managers, directors and partners, with clear guidelines laid down for second partner consultation, engagement quality control reviews, consultation with the compliance partners and the use of external experts where required.

## MONITORING

The Firm has engaged external reviewers to monitor the quality of audit work. A review of a sample of the audit work undertaken in the period ending 30 June 2023 is expected to be undertaken in November 2023.

PKF Canillas Limited is a Registered Auditor and is regulated in the conduct of its services by the Gibraltar Financial Services Commission.

As a member firm of the PKF Global network, the Firm is also subject to periodic reviews by PKF International.

The results of all internal and external quality control reviews are used to inform improvements to the Firm's policies and procedures and are also fed into the shareholder firms' internal training programmes.

# REVENUE & DIRECTOR REMUNERATION

## REVENUE

The following information has been extracted from the unaudited financial statements for the year ended 30 June 2023.

| SERVICE                                                     | YEAR ENDED<br>30 JUNE 2023<br>£000s | PERIOD ENDED<br>30 JUNE 2022<br>£000s |
|-------------------------------------------------------------|-------------------------------------|---------------------------------------|
| Statutory audit fees of Public Interest Entities (PIEs)     | 83                                  | 75                                    |
| Statutory & non-statutory audit fees of other audit clients | 662                                 | 480                                   |
| Fees for non-audit services to audit clients                | 87                                  | 79                                    |
| Fees for non-audit services to non-audit clients            | 590                                 | 541                                   |
| <b>TOTAL REVENUE</b>                                        | <b>1,422</b>                        | <b>1,175</b>                          |

A list of the Public Interest Entities in respect of which PKF Canillas Limited issued a statutory audit opinion in the fiscal year ended 30 June 2023 is set out in Appendix B.

## PARTNER REMUNERATION

The Firm's directors (who, notwithstanding that the Firm operates as a private limited company, may continue to be referred to as partners) are paid a fixed salary for their duties as directors during the year. The residual profits of the Firm in any financial year are attributable, but not necessarily distributed, to the shareholders based on their shareholding.

Evaluations of the partners take into account their experience, responsibility, technical expertise, including results of any inspection of their audit work, adherence to requirements, general integrity and behaviour.

### Joseph Canilla

Senior Partner

For and on behalf of PKF Canillas Limited

31 October 2023

# APPENDIX A

## PKF INTERNATIONAL MEMBER AND CORRESPONDENT FIRMS PROVIDING STATUTORY AUDIT SERVICES WITHIN THE EUROPEAN UNION, THE UNITED KINGDOM AND GIBRALTAR

| Registered name                                                          | Country        | Head Office City      |
|--------------------------------------------------------------------------|----------------|-----------------------|
| PKF Corti & Partner GmbH Wirtschaftsprüfer und Steuerberater             | Austria        | Graz                  |
| PKF Österreicher - Staribacher Wirtschaftsprüfungs GmbH & Co KG          | Austria        | Vienna                |
| PKF Revisionstreuhand Wirtschaftsprüfungsgesellschaft m.b.H              | Austria        | Salzburg              |
| PKF BB3                                                                  | Belgium        | Gent                  |
| PKF Bulgaria Ltd.                                                        | Bulgaria       | Sofia                 |
| PKF ABAS Ltd                                                             | Cyprus         | Nicosia               |
| PKF Savvides & Co Ltd                                                    | Cyprus         | Limassol              |
| APOGEO Group, SE                                                         | Czech Republic | Prague                |
| PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab             | Denmark        | Copenhagen - Glostrup |
| PKF Estonia OÜ                                                           | Estonia        | Tallinn               |
| Rantalainen Audit                                                        | Finland        | Helsinki              |
| PKF Arsilon                                                              | France         | Paris                 |
| William SARL                                                             | France         | Rouen                 |
| PKF Fasselt Schlage Partnerschaft mbB Berlin                             | Germany        | Berlin                |
| PKF Industrie- und Verkehrstreuhand GmbH Wirtschaftsprüfungsgesellschaft | Germany        | Munich                |
| PKF Issing Faulhaber Wozar Altenbeck GmbH & Co. KG                       | Germany        | Würzburg              |
| PKF Riedel Appel Hornig GmbH                                             | Germany        | Heidelberg            |
| PKF Sozietät Dr. Fischer                                                 | Germany        | Nuremberg             |
| PKF Vogt & Partner Wirtschaftsprüfer Steuerberater                       | Germany        | Herford               |

| Registered name                                                                                       | Country        | Head Office City |
|-------------------------------------------------------------------------------------------------------|----------------|------------------|
| PKF WMS Bruns-Coppenrath & Partner mbB<br>Wirtschaftsprüfungsgesellschaft Steuerberater Rechtsanwälte | Germany        | Osnabrück        |
| PKF WULF GROUP                                                                                        | Germany        | Stuttgart        |
| PKF Canillas                                                                                          | Gibraltar      | Gibraltar        |
| PKF Euroauditing S.A.                                                                                 | Greece         | Athens           |
| PKF Audit Kft                                                                                         | Hungary        | Budapest         |
| PKF O'Connor, Leddy & Holmes Limited                                                                  | Ireland        | Dublin           |
| PKF Italia S.p.A.                                                                                     | Italy          | Milan            |
| PKF Latvia SIA                                                                                        | Latvia         | Marupe           |
| L'Alliance Révision S.à.r.l.                                                                          | Luxembourg     | Luxembourg City  |
| PKF Audit & Conseil S.à.r.l.                                                                          | Luxembourg     | Luxembourg       |
| PKF Malta Limited                                                                                     | Malta          | Birkirkara       |
| PKF Wallast                                                                                           | Netherlands    | Delft            |
| PKF Revisjon AS                                                                                       | Norway         | Oslo             |
| PKF Consult Spółka z ograniczoną odpowiedzialnością Sp. k.                                            | Poland         | Warsaw           |
| PKF II Portugal Lda                                                                                   | Portugal       | Lisbon           |
| PKF Econometrica S. R. L.                                                                             | Romania        | Timisoara        |
| PKF Finconta S. R. L.                                                                                 | Romania        | Bucharest        |
| PKF Slovensko S.R.O                                                                                   | Slovakia       | Previdza         |
| PKF - Audiec SAP                                                                                      | Spain          | Barcelona        |
| PKF Attest Servicios Profesionales, S.L.                                                              | Spain          | Madrid           |
| PKF Revidentia AB                                                                                     | Sweden         | Stockholm        |
| PKF Francis Clark LLP                                                                                 | United Kingdom | Exeter           |
| KLSA LLP                                                                                              | United Kingdom | Harrow           |

| Registered name    | Country        | Head Office City |
|--------------------|----------------|------------------|
| PKF Littlejohn LLP | United Kingdom | London           |
| PKF Smith Cooper   | United Kingdom | Derby            |

# APPENDIX B

## PUBLIC INTEREST ENTITIES

Public Interest Entities in respect of which PKF Canillas Limited issued a statutory audit opinion in the year ended 30 June 2023 were as follows:

- Xapo Bank Limited





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PKF Canillas Limited is a member firm of the PKF International Limited family of legally independent firms and do not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.