



TRANSPARENCY REPORT

PKF LITTLEJOHN CANILLAS LIMITED

2023

PKF

Accountants &
business advisers

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INTRODUCTION

A MESSAGE FROM THE BOARD

We are pleased to present our second Transparency Report, which is for the year ended 31 May 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 Littlejohn Canillas Limited (“the Firm”) was incorporated on 24 February 2021 and was registered as an Audit Firm with the Gibraltar Financial Services Commission (registration FSC1026FSA) on 15 September 2021.

It is a joint arrangement between the existing PKF member firms, PKF Littlejohn LLP in the UK and PKF Canillas Limited in Gibraltar. As such, it brings together PKF Littlejohn LLP’s extensive experience in the insurance market and PKF Canillas Limited’s presence and expertise in Gibraltar, making it ideally placed to serve insurance companies in Gibraltar.

During the Firm’s first period of trading, to 31 May 2022, the Firm was engaged to carry out its first statutory audit. During the year to 31 May 2023, the Firm was engaged to carry out three statutory audits, although these were not finalised until after the end of the financial year.

The Board of Directors

PKF Littlejohn Canillas Limited

29 September 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 120822.

Its shareholders are PKF Littlejohn LLP, a limited liability partnership (registered number OC342572) with registered office at 15 Westferry Circus, London E14 4HD, United Kingdom and PKF Canillas Limited, a limited company (registered number 120823) with registered office at Suite 2.1.09, Eurotowers, Gibraltar.

The Firm operates from its offices at Suite 2.1.09, Eurotowers, Gibraltar, where it offers audit and other services, primarily to the insurance industry in Gibraltar.



NETWORK

PKF Global

Introduction

The Firm is part 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, through its ownership by a Member Firm. 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.

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 retains overall responsibility for the provision of audit and any other services it provides to clients and for monitoring of risks within the Firm.

The Board of Directors will meet at least quarterly as the firm becomes operational and met three times in the year to 31 May 2023 as the firm slowly built up the scale of its operations.

The directors during the year ended 31 May 2023 and as at the date of this report were as follows:

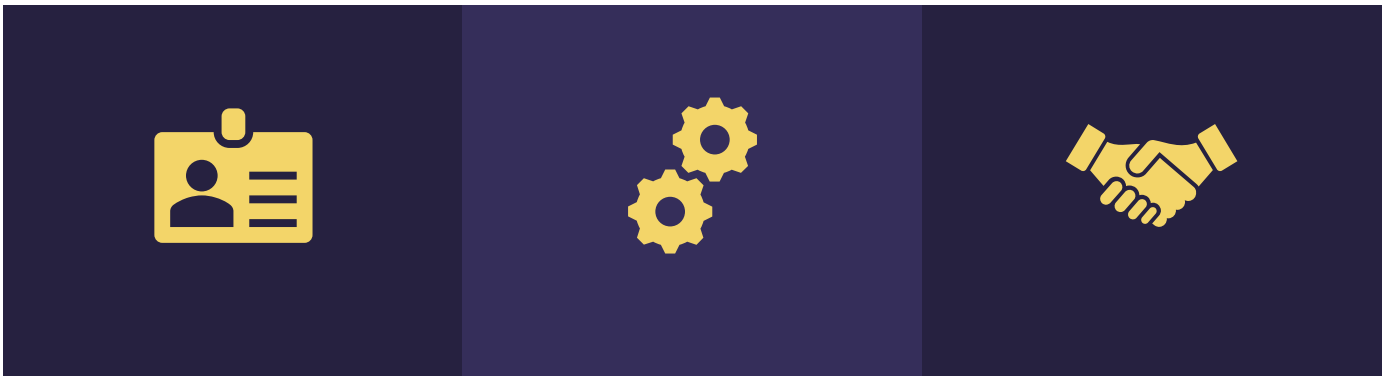
- Joseph Canilla (Director in PKF Canillas Limited)
- Victor Carl Canilla (Director in PKF Canillas Limited)
- Neil Anthony Coulson (Partner in PKF Littlejohn LLP)
- Daniel Delgado (Director in PKF Canillas Limited)
- Carmine Papa (Partner in PKF Littlejohn LLP)
- Alistair Dominic Roberts (Partner in PKF Littlejohn LLP)

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 utilises internal Professional Standard Notes (PSNs) which set out the standards that the Firm must meet in order to comply with ISQM 1 and other professional standards. These are based on PKF Littlejohn LLP's PSNs, as adapted for differences in the professional, statutory and regulatory regimes in Gibraltar.

PKF Littlejohn LLP audits over 50 Public Interest Entities and has accordingly developed a detailed set of PSNs.

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 PSNs.

The Firm's PSNs, which also cover independence requirements, set out the following:

- 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 31 May 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 no employees of its own. It utilizes partners and staff contracted from its shareholder firms, PKF Littlejohn LLP and PKF Canillas Limited.

The shareholder firms have 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 shareholder firms set 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 ICAEW (for PKF Littlejohn LLP) and ACCA (for PKF Canillas Limited) for continuing professional development (CPD) and the shareholder firms facilitate and encourage 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 shareholder firms are accredited training offices with the ICAEW (for PKF Littlejohn LLP only), the Association of Certified Chartered Accountants and the Association of Accounting Technicians. The progress of students studying for their professional qualifications with these and other bodies (for example, the Chartered Institute of Taxation) 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 professional standards notes (PSNs) developed by the Firm. In respect of audit and assurance engagements, the Firm uses PKF Littlejohn LLP proprietary audit programmes which have been developed with that firm's own programmes for specialist audits, including the statutory audits of PIEs.

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.

The Firm monitors the progress of the two shareholder firms in their application of ISQM1. This is to ensure that the shareholder firms' application of the standard will enable the Firm, to the extent it relies upon their underlying procedures, to meet the quality objectives of the standard.

MONITORING

The Firm engages external reviewers to monitor the quality of audit work. A review of the one audit completed in the period ending 31 May 2022 was undertaken during the year ended 31 May 2023.

For the one review completed the firm achieved its aspiration that all files reviewed were identified as requiring either no or only minor improvements.

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

As a subsidiary of a member of the PKF 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 31 May 2023:

SERVICE	YEAR ENDED 31 MAY 2023 £000s	PERIOD ENDED 31 MAY 2022 £000s
Statutory audit fees of Public Interest Entities (PIEs)	290	80
Statutory audit fees of other audit clients	-	-
Fees for non-audit services to audit clients	2	-
Fees for non-audit services to non-audit clients	-	-
TOTAL REVENUE	292	80

A list of the Public Interest Entities in respect of which PKF Littlejohn Canillas Limited issued a statutory audit opinion in the year ended 31 May 2023 is set out in Appendix B.

DIRECTOR REMUNERATION

The Firm's directors are not remunerated for their duties as directors of the Firm and the Firm has no other employees. The residual profits of the Firm in any financial year are attributable, but not necessarily distributed, to the shareholders based on their shareholding.

Recharges are made by the two shareholding entities that own this Firm for time and resources, including directors' time that is provided to this Firm in order for it to conduct audits.

The directors are then remunerated within their relevant shareholding entity based upon their contributions to that entity, of which any income from recharges to this Firm form a small element.

Evaluation of the directors within their shareholding entity take into account their experience, responsibility, technical expertise, including results of any inspection of their audit work, adherence to requirements, general integrity and behaviour.

Daniel Delgado

Director

For and on behalf of PKF Littlejohn Canillas Limited

29 September 2023

APPENDIX A

PKF GLOBAL 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 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 Littlejohn Canillas Limited issued a statutory audit opinion in the year ended 31 May 2023 were as follows:

- Mulsanne Insurance Company Limited



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PKF Littlejohn Canillas Limited's shareholders are member firms 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.