

# Transparency Report

For the year ending 30 April 2011



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## 1. Helping our clients succeed

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As the leading independent practice in the Thames Valley James Cowper 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 values are core to our approach and these are communicated to all staff.

Our technical excellence across a wide range of our services is the envy of firms of a similar size and many larger ones. This is acknowledged by ranking 9<sup>th</sup> nationally for listed audits by the Professional Oversight Board (POB) and the fact that a number of partners are members of Institute technical committees and international committees for Kreston International and trustees for national charities.

James Cowper has met the challenge laid down by tough economic conditions. We have seen several service lines grow with an overall growth of 1% fee income. We are continuing to work closely with our clients through this difficult time and focussing strongly on winning new business.

In the last year we have continued to build on our successes, developing our offering on the South Coast and adding a London office. We continued to achieve significant national media coverage as part of our thought leadership strategy.

Our goals over the next 3-5 years are to grow through focussing on our target sectors and niches. We will continue to position our firm in our market and promote excellence in all of our service lines and sectors.

## 2. Legal structure and ownership

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**James Cowper LLP** is a limited liability partnership registered in England and Wales. Registered number: OC341068 Registered office: 3 Wesley Gate, Queen's Road, Reading, Berkshire, RG1 4AP

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 LLP is registered to carry on audit work 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 a number of subsidiaries operate specific services including trusteeships, corporate finance and payroll services.

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

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

### 3. International

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James Cowper LLP is a member of Kreston International Limited. Kreston International Limited is a worldwide network of independent accountancy and advisory firms. Currently ranking as the 14th largest accounting association in the world, Kreston now covers 95 countries with 700 offices providing a resource of over 18,500 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 LLP has a Management Board made up of the Managing Partner, Finance Director and Partners responsible for HR and Marketing. This Management Board meets on a monthly basis to review firm policy, budgets, strategic issues and financial matters but also conducts formal business at additional meetings as necessary. The Board is responsible for implementing strategy as set by the Partners.

James Cowper LLP 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 Partner makes an annual presentation to all employees in every business unit providing insights into the firm's strategy and operations. The Managing Partner also meets regularly with the employee consultation group, he also communicates regularly on topical issues affecting the firm via internal e-communications.

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

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

### 5. Internal quality control systems

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

Reporting to the Management Board, 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 Board.
- Set appropriate criteria for measurement of risk.

As per ICAEW audit requirements James Cowper conducts an annual peer review. Each year a sample of files are chosen and reviewed by two of the firm's technical partners. 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 qualified 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 the Audit Compliance Partner, the Head of Business Assurance and other selected partners and directors. Detailed reports are produced and discussed with the SSA and audit manager. A summary of the results is provided to the Board and remedial action and follow-up is taken if necessary.

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

The Board 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

The last inspection visit by QAD was in April 2010. The firm is subject to regular external monitoring by the Quality Assurance Department of the ICAEW (QAD), and the audit inspection unit of the professional oversight board (AIU). The last inspection visit by the AIU was in September in 2007 and their report was issued in November 2007.

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

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



## 7. Independence Procedures

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The Auditing Practices Board (APB) 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 instituted 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 Firm's policies are consistent with these requirements and, in respect of audit services, are contained in the Firm's Audit Compliance Manual which all audit staff must follow.

### *Within James Cowper*

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 APB 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.

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 Firm's expertise and resources and its ability to carry out the work, and the Firm's 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 LLP confirms that the Annual Compliance Review has been conducted this year.

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

## 8. Professional skills and education

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James Cowper LLP contracts with Mercia, a specialist audit training provider, to 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 firm's own policies and procedures are disseminated and applied on a consistent basis.



## 9. Financial information

Fees for the year to 30 April 2011 are analysed below by service line, and represent an increase of 1% on the previous year.

	<b>£000</b>	
Audit and Assurance	4,089	40%
Tax Advisory	3,059	30%
Corporate Finance and Advisory Services	951	10%
Outsourcing	640	6%
Forensic Accounting	94	1%
Payroll Services	496	5%
Business Restructuring and Insolvency	<u>793</u>	8%
	<u>10,029</u>	100%

## 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.

## 11. Public interest entities

- Sexual Health Group plc
- Oxford Technology Venture Capital Trust
- Oxford Technology Venture Capital ECF
- Oxford Technology Venture Capital Trust 2
- Oxford Technology Venture Capital Trust 3
- Oxford Technology Venture Capital Trust 4
- Zeta Compliance Group plc
- Cherwell Capital plc
- Bedford Row VCT plc
- Hygea VCT plc
- One Media Publishing Group plc
- Gloucester Rugby Club

