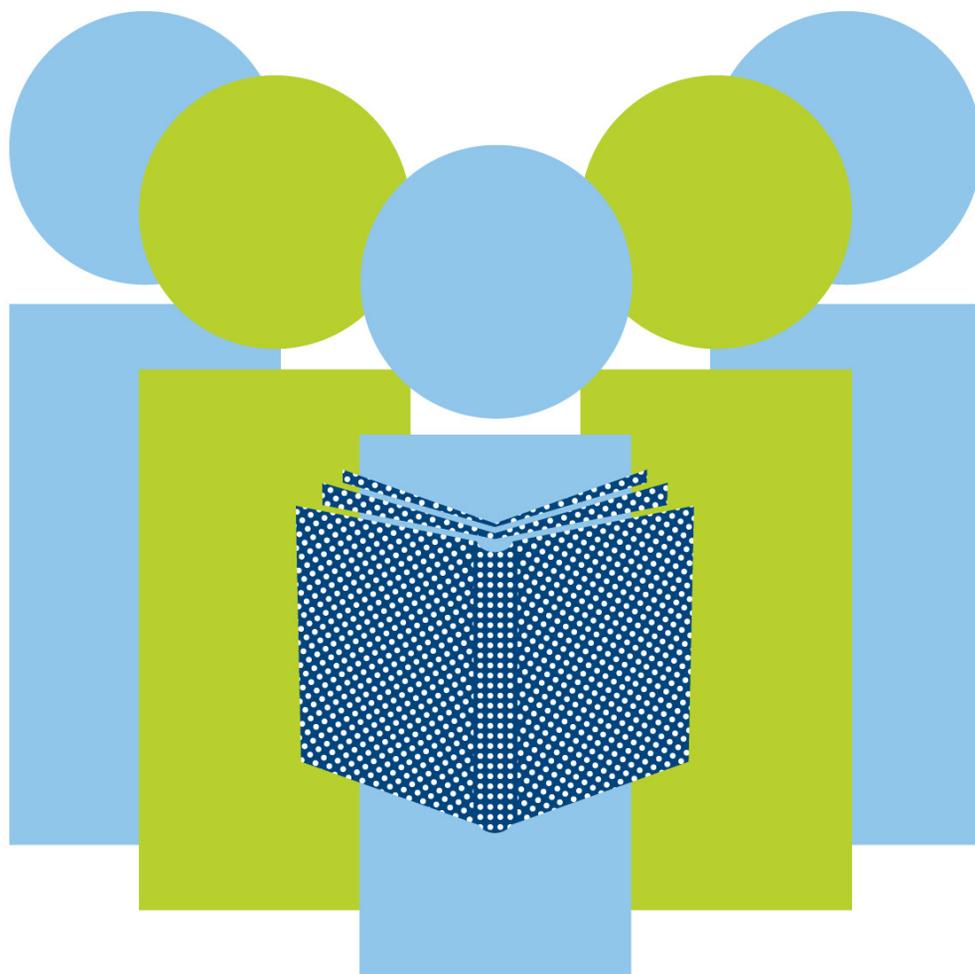


UHY Hacker Young LLP Transparency Report

Year ended 30 April 2016





The UHY Hacker Young Group is a not-for-profit association of independent UK audit, accounting and consultancy firms.



LEGAL STRUCTURE

UHY Hacker Young LLP (the Firm) was incorporated on 4 April 2007 and on 1 May 2007 took on the business previously carried on in the United Kingdom by UHY Hacker Young, a general partnership with unlimited liability under English law.

At 30 April 2016 there were 27 (30 April 2015: 27) members of the LLP. In addition, there were seven (30 April 2015: Seven) other senior staff members of equivalent professional standing within the Firm. The members of the LLP and three of the said senior staff members are referred to as partners, and the remaining four have the title of director.

The Firm has offices in London and Nottingham. The Firm has a number of legally constituted subsidiaries, but is managed as one business.

NETWORKS

The Firm is a founding and leading member of both an international and a UK network. The Firm has an enduring right to appoint representatives to the management board of the organising body of each network.

Whilst both networks exist for the strategic and commercial benefit of their member firms, and encourage co-operation and alignment between members, no partnership exists between any members of either network, nor between the organising bodies of the networks and their members, for any purpose whatsoever.

Potential members of either network are subject to a due diligence review prior to admission. Subsequently, and except to the limited extent necessary for quality control, as discussed further below, neither network participates in the organisation, oversight or delivery of professional services by member firms.

Services to clients are provided by the member firms and not by the networks.

Each member of either network is a separate and independent firm: member firms do not share profits or losses; and they are not under common control. Except to the extent that individual members decide to align their approach with one another, each is responsible for the design, maintenance and operation of their own professional procedures.

International network

The firm is a founding member of Urbach Hacker Young International ("UHYI"). Established in 1986, UHYI is an association of independent audit, accounting and consulting firms, whose organising body is Urbach Hacker Young International Limited, a corporation formed under English law with its administrative office in the UK, in London. As at 31 December 2015, UHY was represented in 319 cities in 92 countries (31 December 2014, 296 cities in 89 countries). Member Firms had an aggregate fee income of approximately US\$517m in 2015 (2014: US\$650m).

Further information about UHYI is available at: www.uhy.com.

National network

The firm is also a founding member of the UHY Hacker Young Group, a not-for-profit association of independent UK audit, accounting and consultancy firms, whose organising body is UHY Hacker Young Associates Limited, a UK company, also with its administrative office in London.

As at 30 April 2016, the UHY Hacker Young Group was represented in 27 cities around the UK (2015: 24 cities). Member firms had an aggregate fee income of approximately £56.7m (2015: £53m).

Further information about the UHY Hacker Young Group is available at: www.uhy-uk.com.

GOVERNANCE

The Firm is governed by an Executive Committee of three elected members of the LLP, the managing partner, and such other partners as the committee might co-opt. Presently, the Executive Committee has co-opted three other partners. The Firm's managing partner must also be a member of the LLP and is similarly elected by the partners. Both elections are held on a three yearly basis.

Whilst various responsibilities are delegated in particular to the managing partner and also to other partners individually, the Firm is not of such a size as to require sub-committees of its Executive Committee.

On 30 April 2016 Ladislav Hornan stepped down as managing partner and was succeeded by Laurence Sacker.

QUALITY CONTROL SYSTEM

International network

The Firm's international network is a member of the IFAC Forum of Firms – an organisation dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide. In compliance with its Forum of Firms obligations the international network conducts, to the extent not prohibited by national regulation, regular globally coordinated internal quality assurance reviews.

National network

The UK network operates a system of peer review which has the objective of ensuring that the audit practices of each member firm are reviewed once every three years.

The Firm

Quality control standards for audit work are prescribed for this Firm as for every other by the following key obligations: ISQC1 Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements, ISA220 Quality control for an audit of financial statements and the Audit Regulations issued by the three Chartered Institutes of Accountants in the UK and Ireland. The Firm's audit quality control procedures are intended to meet these requirements and accordingly comprise the following principal components:

- Acceptance by the Firm's Executive Committee of its responsibility for audit quality within the Firm.
- Ethical standards in compliance with the IESBA, ICAEW and FRC codes.
- Structured recruitment processes at all levels within the Firm. Potential trainees are tested for aptitude as part of an in-depth recruitment process. Qualified accountants being recruited into the firm have their technical knowledge assessed at interview.

- Structured training at all levels within the Firm. In addition to their external exam training courses, a practical in-house training programme is provided by the Firm's technical and training department to all audit trainees. This programme extends beyond professional qualification to include qualified audit seniors. The programme content is regularly updated to take into account changes in legislation and standards, as well as matters for improvement identified by the firms audit file reviews and regulatory visits.
- Structured appraisal processes for all professional staff, including those designated as directors and partners, and some members of the LLP. Junior staff are evaluated on their performance on all audit assignments of at least a week in length through completion of a Staff Evaluation Form (SER). These form the underlying evidence for the completion of the practical element of their professional qualification.
- Audit software that provides a framework within which engagement teams can create tailored audit approaches to individual clients.
- Detailed policies and procedures for the conduct of engagement quality control reviews on listed audit assignments and others meeting certain risk criteria prior to their completion.
- A technical and training department to:
 - maintain the Firm's audit policies and procedures;
 - disseminate and advise upon relevant legal, regulatory and professional developments such as changes in accounting, auditing and ethical standards;
 - provide training on those same matters; and
 - facilitate consultation on difficult or contentious matters.



The Firm's international network is a member of the IFAC Forum of Firms, an organisation dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide.





The Executive Committee is satisfied that the Firm's internal quality control system for audit work is effective in all material respects.



- An annual monitoring of the Firm's audit work and methods in compliance with ISQC1 and the Audit Regulations with three key features:
 - At least one assignment of every audit partner or director with a significant and continuing audit portfolio is examined as part of the monitoring process each year.
 - This audit file examination concludes with a set of notes of matters that should be taken into account in the subsequent audit, or confirmation that there are no such matters. In addition, the audit work is graded against the following set of possible outcomes:
 - trivial or no audit quality concerns;
 - minor concern regarding procedures or documentation;
 - major concern regarding procedures or documentation; and
 - unacceptable audit quality.
 - The results of the Firm's annual audit compliance review are summarised and reported to the Executive Committee.
 - A different summary of the annual compliance review, more focused on 'matters for improvement', is circularised to audit partners and directors, and to manager grade professional staff responsible for audit work.
- In recent years, these audit file examinations have been outsourced to external specialists in order to obtain:
 - a more independent perspective than if the files were reviewed in-house;
 - a comparison of the Firm's audit quality with that of other similar-sized firms; and
 - insight into current best practice across the sector that can be incorporated into the Firm's procedures to improve both audit quality and efficiency.

The Firm adopts a subjective approach in assessing both the overall quality of its audit work and the audit quality standing of individual partners, and does not set key performance indicator criteria by which to monitor these.

The Executive Committee is satisfied that the Firm's internal quality control system for audit work is effective in all material respects and confirms that it is responsible for ensuring that necessary improvements in procedures are made.



PUBLIC INTEREST AUDITS

The Firm reports on a number of audit clients that have publicly traded shares and/or debt in issue. During the financial year to 30 April 2016, audit reports were issued on the financial statements of the following public interest entities (as defined for these purposes).

Public interest companies that are audit clients

Funding for Homes Ltd
Halos Ltd
Housing Securities Ltd
Housing Securities (40) Ltd
Inch Kenneth Kajang Rubber plc
New Century AIM VCT plc
New Century AIM VCT 2 plc

Market

London Stock Exchange
London Stock Exchange

In addition, as at 30 April 2016, the Firm was the appointed auditor of the following companies with publicly traded shares.

Other audit clients with publicly traded shares

Aurasian Minerals plc
Bezant Resources plc
Catalyst Media Group plc
China New Energy Ltd
Frontier Resources International plc
Gledhow Investments plc
GTS Chemical Holding Limited
Herencia Resources plc
Karoo Energy plc (formerly Nodding Donkey plc)
Lead All Investments Ltd
London Nusantara Plantations plc
Marechale plc
North River Resources plc
Northwest Investment Group
Pantheon Resources plc
RapidCloud International plc
Taihua plc
TMT Investments plc
Tower Resources plc
Uranium Resources plc

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We provide a full range of AIM and ISDX admission and support services to our clients.





Partners are required on an annual basis to assess their specific training needs and make personal plans to meet those identified needs.



REGULATORY MONITORING

The most recent substantive review of the Firm's audit work was by the ICAEW's Quality Assurance Department (QAD) in November 2015; QAD also reviewed the audit of one public interest entity (as defined for the purposes of transparency reporting, and as listed below) on behalf of the Financial Reporting Council's Audit Quality Review team (AQR).

QAD's report of the review findings and the Firm's responses is currently being considered by the Audit Registration Committee.

Following the implementation of the EU Accounting Regulation and Directive (ARD), a review of the Firm's public interest entity audits and whole firm audit procedures is due to transfer from QAD to AQR next year. QAD will continue to review the Firm's audit work of all other entities.

INDEPENDENCE PROCEDURES

As previously noted, the Firm is required to apply, and is committed to, the application of IESBA, ICAEW and FRC independence requirements. The principal components of the independence procedures and practices are:

- An appointed 'Ethics Partner' (and a deputy) responsible for the maintenance and dissemination of the Firm's policies and procedures and available for consultation on subjective and potentially contentious matters.
- A requirement that at the end of every audit, and then again prior to commencing the audit of the same client the following year, the audit partner assesses the Firm's independence in the light of current professional relationships and ethical obligations.
- An annual confirmation by all partners and professional staff in the Firm of their continuing independence from the Firm's clients.
- An annual, internal review of independence.

The firm is embarking on a major project to bring together its existing independence procedures and ethics policies into one combined ethics manual that will comply with the new Ethical Standard issued by the FRC on 17 June 2016.

MAINTAINING THE SKILLS OF AUDIT PARTNERS

Audit related training needs are identified on behalf of the Firm by the Technical and Training (T&T) department, or by audit partners, having regard to both relevant developments and quality control findings, and having due regard to the particular regulatory regimes applying to the Firm's various clients.

The Firm provides relevant technical training from within its own resources via the Firm's T&T department. Courses on topical accounting, financial reporting and auditing issues are held regularly. There are other ways of accessing the material for those unable to attend the live sessions. These courses are supplemented as needed. Specialised training tends to be provided by third party providers.

In addition, partners are required on an annual basis to assess their specific training needs and make personal plans to meet those identified needs. At the end of each reporting year each audit partner must also assess whether their objectives have been met and set their training needs for the year ahead.

FINANCIAL INFORMATION REGARDING THE FIRM

Audit work is an important, but not dominant, part of the Firm's business. The Firm's annual accounts are made up to 30 April and are subject to audit. The turnover given below is taken from the Firm's accounts.

	2016 draft £000s	2015 audited £000s
Turnover	19,070	20,500
Audit fee income included in turnover	5,900	5,800

BASIS OF PARTNER REMUNERATION

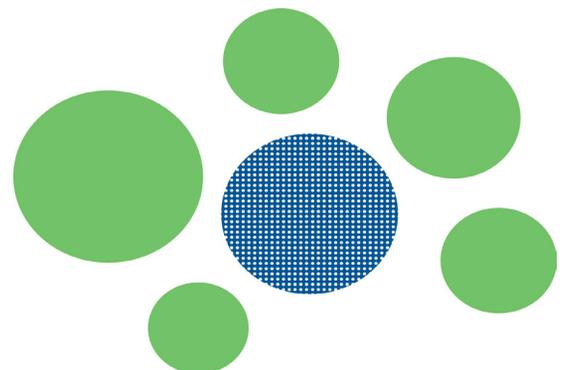
The profits of the LLP are allocated between the members in three components: a fixed share intended to reflect the role of the individual within the Firm; a portion based on seniority; and a small discretionary 'bonus' element based on any exceptional contribution within the year in question. Other partners are remunerated on a broadly similar basis.

Audit partners and Covered Persons (as defined by the FRC's Glossary of Terms (auditing and ethics) 2016) are not remunerated on the basis of selling non-audit services to audit clients.

UHY Hacker Young LLP
London
31 July 2016

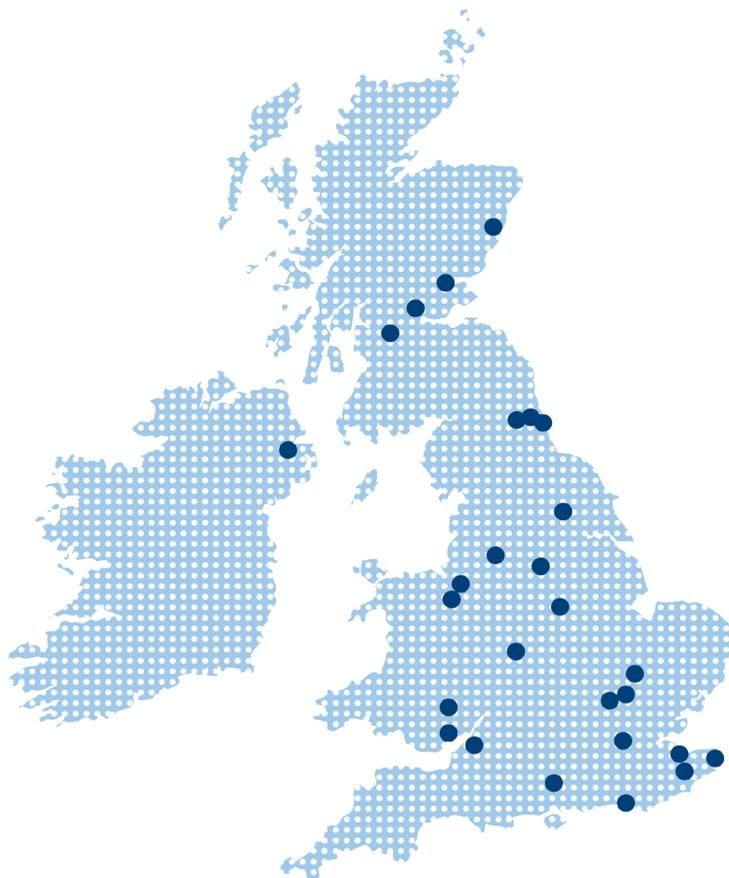


Audit work is an important, but not dominant, part of the Firm's business.



FURTHER INFORMATION

For further information on this document, please contact one of our specialists or read more about us on our website at www.uhy-uk.com.



UHY Hacker Young Associates is a UK company which is the organising body of the UHY Hacker Young Group, a group of independent UK accounting and consultancy firms. Any services described herein are provided by the member firms and not by UHY Hacker Young Associates Limited. Each of the member firms is a separate and independent firm, a list of which is available on our website. Neither UHY Hacker Young Associates Limited nor any of its member firms has any liability for services provided by other members.

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