

## Conflict of Interest Policy

### Defining conflicts of interest

#### What are conflicts of interest?

A conflict of interest is a set of circumstances that creates a risk that an individual's ability to apply judgement or act in one role is, or could be, impaired or influenced by a secondary interest. It can occur in any situation where an individual or organisation (private or government) can exploit a professional or official role for personal or other benefit. This definition is based on generally accepted standards.

Conflicts can exist if the circumstances create a risk that decisions may be influenced, regardless of whether the individual actually benefits. The perception of competing interests, impaired judgement or undue influence can also be a conflict of interest.

Conflicts might occur if individuals have, for example:

- a direct or indirect financial interest;
- non-financial or personal interests; or
- conflicts of loyalty where decision-makers have competing loyalties between an organisation they owe a primary duty to and some other person or entity.

A conflict of interest is a conflict between our professional responsibility to protect the interests of our clients, profession and the public, and our own interests.

A conflict of interest compromises our judgement/objectivity and is not only a consequence of material or economic interests – personal relationships, familiarity and affiliations also create conflicts.

A conflict of interest is a situation in which a person's self-interest may interfere with his duty to make a decision in the client's interest or for an employer.

A conflict of interest creates threats to compliance with the principle of objectivity and might create threats to compliance with the other fundamental principles. Such threats might be created when:

- a) a professional accountant provides a professional service related to a particular matter for two or more clients whose interests with respect to that matter are in conflict; or
- b) the interests of a professional accountant with respect to a particular matter and the interests of the client for whom the accountant provides a professional service related to that matter are in conflict.

Conflicts of interest exist on a spectrum of severity.

### Consequences of not recognising the risk of conflicts

It is important to manage conflicts of interest. Not only can they bring decision-making into disrepute but often the perception of conflict alone is enough to cause concern. This can lead to reputational damage and undermine confidence in the integrity of institutions.

A failure to recognise a conflict of interest can give the impression that the organisation or individual



is not acting in the clients best interest. More seriously, if left unresolved, some conflicts can result in criminal action, for example fraud, bribery or corruption through abuse of position.

There is also a potential risk of legal challenge to decisions made by the practice. If a decision-maker has a conflict of interest then the decision is potentially vulnerable and could be overturned on judicial review or other legal challenge.

### Examples of circumstances that might create a conflict of interest include:

- there is a conflict of interest when a company's purchasing manager also owns one of the suppliers to which the company issues purchase orders;
- a company CEO decides to relocate the company headquarters closer to his personal residence, though doing so will be expensive for the company and require longer commute times for employees;
- providing a transaction advisory service to a client seeking to acquire an audit client, where the firm has obtained confidential information during the course of the audit that might be relevant to the transaction;
- providing advice to two clients at the same time where the clients are competing to acquire the same company and the advice might be relevant to the parties' competitive positions;
- preparing valuations of assets for two parties who are in an adversarial position with respect to the assets;
- representing two clients in the same matter who are in a legal dispute with each other, such as during divorce proceedings, or the dissolution of a partnership;
- in relation to a licence agreement, providing an assurance report for a licensor on the royalties due while advising the licensee on the amounts payable;
- advising a client to invest in a business in which, for example, the spouse of the professional accountant has a financial interest;
- providing strategic advice to a client on its competitive position while having a joint venture or similar interest with a major competitor of the client;
- advising a client on acquiring a business which the firm is also interested in acquiring; and
- advising a client on buying a product or service while having a royalty or commission agreement with a potential seller of that product or service.

### How to avoid Conflict

As a firm is typical, we are involved with scores of clients who may cluster relatively close in a single industry but we handle many different industries. It isn't realistic for us to keep their overlapping interests in mind with every interaction, nor is it expected of us.

However to support us in ensuring that we do not breach our ethics or the ACCA Code of Ethics and Conduct . We have taken mitigation steps including:

- Assembling a database of clients with lots of fields for their details. Where possible we try to list their industry, subsidiaries and parent corporations, known holdings, key personnel, and so on. If we notice any overlap between clients, say for instance, the CFO of one client is a managing partner of another, that relationship may bear closer scrutiny.
- As a firm and individuals we avoid investing in the field where we do our consulting or auditing. We do this to ensure that we're not likely to wind up on both sides of any deal.



- Investing either our own or the firm's money in a blind trust. If we don't know we're invested in any specific deal, then you're free to give our client the best advice we can, and nobody could accuse us of sacrificing our client's interests for our own.

## How Conflict of Interest is handled within Branston Adams

All staff are asked upon employment and annually to complete a Conflict of Interest Form – copy enclosed. This form is used to update the Conflict of Interest Log that is held by the Office Manager.

The Conflict of Interest Log is reviewed prior to any audit activity to ensure anyone conducting said activity can do so under the principles of audit:

1. **Integrity** - The foundation of professionalism.
2. **Fair Presentation** - The obligation to report truthfully and accurately.
3. **Due Professional Care** - The application of diligence and judgment in auditing.
4. **Confidentiality** - Security of information.
5. **Independence** - The basis for the impartiality of the audit and objectivity of the audit conclusions.
6. **Evidence-based approach** - The rational method for reaching reliable and reproducible audit conclusions in a systematic audit process.
7. **Risk-based approach** - An audit approach that considers risks and opportunities.

## Special Considerations

A conflict of interest may lead to legal ramifications as well as job loss. However, if there is a perceived conflict of interest and the person has not yet acted maliciously, it's possible to remove that person from the situation or decision in which a possible conflict of interest can arise.

For example, using the example of a board member who owns a truck company, they could simply remove themselves from all decisions that could positively or negatively affect their personal business whilst acting as a board member of the company looking to procure their services.

If you believe that there is a conflict of interest that could compromise yourself or the firm, you **MUST** ensure that you inform the Senior Management Team in writing. Contained within your email/letter **MUST** be the following information:

- Nature of the conflict;
- Date and occasion of the conflict – i.e. in a meeting, via phone, face to face in the pub;
- Client affected – business or individual;
- Any mitigation you have put in place;
- Any external advice received;
- Any regulatory body that needs to be aware i.e. FSA, Solicitors Regulatory Authority, etc.

The Senior Management Team will review the conflict report and make recommendations on remediation, and any follow up activities or sanctions that may be imposed.

## Remember

As an accountant, you're bound to act in your clients' best interests. When your interests conflict with theirs, there can be trouble. Take care to avoid the appearance of a conflict of interest to always do what's right for the clients who trust you.



## Conflict of Interest Form

As an accountant, you're bound to act in your clients' best interests. When your interests conflict with theirs, there can be trouble. We always take care to avoid the appearance of a conflict of interest to always do what's right for the clients who trust us.

### Declaration

I [Name] \_\_\_\_\_ as an employee of Branston Adams LLP/SP Tax Limited/Branston Adams\* (\*delete as appropriate) have set out my interests in accordance with the firms Conflict of Interest Policy.

Category of Interest	Details of the interest	Does this interest apply to yourself or a member of your immediate family, connected persons or some other close personal connection? Please state name of individual(s) if interest refers to someone other than yourself
<b>Employment</b> – current employment and any previous employment in which you continue to have a financial interest		
<b>Appointments - voluntary</b> : i.e. trusteeships, directorships, board memberships		
<b>Appointments - remunerated:</b> i.e. paid trusteeships, paid directorships, paid advocate		
<b>Memberships</b> – pf any professional bodies, special interest groups or mutual support organisations		
<b>Investments</b> – in unlisted companies, partnerships and other form of business, major shareholdings (i.e. more than 1%) and beneficial interests.		
<b>Gifts or hospitality</b> – offered to you by external bodies whether this was declined or accepted in the last 12 months.		
<b>Any other conflicts</b> not covered by the above.		

### Declaration of Interests

I confirm that I will comply with the Firm's Conflict of Interest Policy and will ensure that:

1. The above information (Conflict of Interests Form) is true and accurate to the best of my knowledge and records all the conflicts of interest I may have.



2. I undertake to update as necessary the information provided, and to review the accuracy of the information on an annual basis. I give consent for it to be used for the purposes described in the Conflict of Interest Policy and no other purpose.
3. Conflicts of interest, actual or perceived, that might arise whilst working with the firm, or on its behalf, will be reported at the earliest opportunity.

Name:	
Role:	
Signed:	
Date:	

The information provided will be processed in accordance with data protection principles as set out in the Data Protection Act 2018 and the UK GDPR. Data will be processed only to ensure that staff act in the best interests of the firm and their clients. The information provided will not be used for any other purpose.