

MHA Transparency Report

Year ended 31 March 2023

Quality counts

Now, for tomorrow

MHA is the trading name of MacIntyre Hudson LLP, a well-established Firm of Chartered Accountants which can trace its roots back to 1880.

A solid base, the right people, and quality driven

We have a history of consistent, profitable growth – more than doubling our gross fee income over the last 10 years.

£113m

MHA group income for the year to **31 March 2023**. This includes income from all MHA group entities. (An analysis of the MHA* turnover for the year is shown in Appendix H1)

Top 15

Firm of Chartered Accountants in the UK

FRC

Tier 2 Firm



1,250 Staff
88 Partners



48 Responsible Individuals



12 offices in the UK

MHA is also a national network of independent accountancy Firms and a member of Baker Tilly International (BTI), an international network of independent accountancy Firms and business advisors.



MHA Network

1,452
Staff

106
Partners

18
Offices nationwide

£142
Million turnover



41,234
Staff



\$4.7bn
2022 worldwide revenue (US\$)



703
Offices



145
Territories

Baker Tilly International



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A Leadership Messages



1 Managing Partner and Group Chairman Rakesh Shaunak

Welcome to our 2023 Transparency Report. You will have noticed that the front cover to this report, and our website, show that we have rebranded in 2023 as “MHA”. This is very much in keeping with the Firm’s “keep it simple” approach - while still maintaining, and enhancing, our brand recognition.

People and performance

The efforts and quality of our people has directly contributed to our Firm’s continued success and profitable growth.

We currently have 88 partners and 48 “audit responsible individuals”. This is more senior people, and audit partners/directors than we have ever had. It needs to be. We are now a £113 million business. This turnover growth has been built steadily, over the past 5 years, and has been planned for.

The number of our larger, public interest audit clients has also grown, especially since 2020. The list now includes UK and international banks as well as other financial institutions (in the insurance, financial services, investment, and real-estate sectors) extractive industries (mining, oil & gas) and manufacturing & research companies.

Through our MHA network of Firms, we now have offices in 18 UK cities, including our newest ones in Wales (Swansea and Cardiff).

As well as introducing several new audit partners over the past year, I am pleased to welcome Matthew Howells as our new Technical Partner. Matt is an Oxford-educated Chartered Accountant who brings a wealth of audit knowledge and experience with him. He joins the Firm tomorrow (1 August 2023), so I feel justified in including him in my Leadership Message. Also, welcome back to Carlison Morris, who re-joins the Firm as an audit and assurance partner, specialising in financial services, banking and capital markets.

Audit, Ethics and Risk

Our Head of Audit and Assurance, Andrew Moyser and our Ethics Partner, Simon Knibbs have written the next two Leadership Messages. The section after that, on Risk Management (by Martin Herron, our Chief Risk Officer) will include reporting of our key business risks and mitigation measures. Martin is assisted this year by Mark Evans – our, recently appointed, Risk & Resilience manager. Martin, himself, has recently been elected to the Management Board, highlighting the importance to the Firm of risk management, audit quality improvement, and ethics.

Audit quality

Quality counts. This year’s Transparency Report includes a new section on ISQM1 (the International Standard on Quality Management) which came into force late last year. As further explained in Section C, the implementation of ISQM (UK) 1 within the Firm has been subject to ongoing monitoring, to ensure that we embed a robust and effective approach to managing quality.

We are committed to improving audit quality and have implemented plans which should see results coming through in the coming years. Whilst we are focused on quick steps, the best method for improving audit quality is through our Firm’s culture.

Concluding remarks

The success of the Firm - especially over the past few, difficult, years - has demonstrated that we have the right people, with the right qualities. The Firm has recruited, trained, and motivated a truly exceptional team of people, spread across the UK. I am proud to continue to lead this Firm, from the front, into the future. We move forward with, justifiable, confidence.

Now, for tomorrow.

Rakesh Shaunak
Managing Partner and Group Chairman
31 July 2023



2 Head of Audit and Assurance Andrew Moyser

These last few years have really shown us the volatile nature of the world around us.

We have seen the one-year anniversary of the war in Ukraine and have dealt with the demands of the sanctions imposed, we have seen the end of covid-19, our third prime minister in the year along with the Queen's legacy and our new monarch. The world is a fast-moving environment and we have seen the knock-on impacts with the cost-of-living crisis in the UK, rising inflation and interest rates.

As a profession we must strive for audit quality to ensure users have confidence in the audit of the financial statements.

We have seen the implementation of new accounting regulation and ISQM and are focused on a system of quality management.

As part of our ongoing commitment to maintaining the highest standards of audit quality and governance, we wish to announce our intention to adopt the Audit Firm Governance Code for the financial year 2023/24. This decision is rooted in our firm's philosophy of continuous improvement and dedication to upholding transparency and public interest.

When we talk about audit quality, we do not simply mean the credibility of the audited financial statements, we are talking much bigger picture and considering all the inputs to the audit process. It is important that we have a solid base with the right people and are quality driven in all that we do. It is our values, our knowledge and skills and resource and availability which all have an impact.

As I have said before, we are committed to continuously improve our audit quality and we embrace the benefits of using technology.

We have invested heavily in recent years developing Global Focus, our global audit methodology which focuses the audit on risks relevant to each engagement. The methodology has been developed collaboratively by a Board comprised of senior representatives from ten member Firms in each region. Global Focus is a risk-based audit, that is fully compliant with the International Standards on Auditing (ISAs), aligning its terminology with that used in the ISAs to aid understanding and clarity. There is an audit manual that details the audit methodology, how it is applied and how it is reflected in our Global Focus audit software. The application of our Global Focus methodology enhances our service provision to clients around the world, who should see a consistent level of service wherever an audit is required. We are increasingly incorporating techniques such as data analytics, artificial intelligence, and machine learning into our audits through our global partnerships with software vendors.

We are partnered with Inflo, a data analytics software provider. Inflo's ground-breaking workflow, data ingestion, data analytics and AI software revolutionises the efficiency, quality, and value to clients of audit work. Designed by auditors, for auditors, it significantly enhances the value of the audit in the eyes of the client and broader stakeholders, delivering an incomparable depth of analysis and unique business insights which transform the audit experience for both accountants and their clients.

Our investment in tools, such as Inflo, has really helped improve the quality of our audits and we continue to bring in other software into our "toolbox" to provide more options to enhance our proposition with clients.

We fully embrace automation of accounting processes with higher scrutiny of balances and AI. We are currently trialling the use of AI in the review of financial statements so we can gain a better understanding and help focus human review on a risk-based profile to manifest time savings and boost the quality of our overall reviews. If the trial is positive, we would consider how best we could deploy such a process. We have also been investigating the potential to deploy robotic process automation to make information requests of clients, populate templates from the client TB and take information sent by clients from Inflo and populate the standard templates and to populate the budget template at set intervals. All of which is an exciting opportunity to push forward the quality of our audits and focus our input.

When considering quality, we must look at consistency and the drivers of audit quality. Audit quality is not just the standards or the process but the interactions around that and the contextual factors. It is the understanding and focus on this environment that will maximise the likelihood that quality audits are performed on a consistent basis.

Not only do we invest in global focus but embedding our Firm's values and culture and ethos in all that we do to ensure we continue to attract talent. We recognise our staff are our biggest asset and we take the investment in the training and development of our staff as a priority.

The work life balance following the pandemic was embraced last year but now we are faced with the cost-of-living crisis and inflation. There are more jobs than candidates and the cost-of-living crisis gives further motivation to make career moves. We are focused on training learning and development opportunities to provide clear progression paths with well-being initiatives. We are proud to be Investors in People Gold.

Our practice continues to show strong growth and we see plenty of opportunities to continue going forward. Growth allows the Firm to provide opportunities for staff in their development and enhances the need for staff resources and training. As we continue to make large gains in listed work we have made changes to our teams to ensure we have the right fit and as part of this we have enhanced our technical team offering.

We must remember that whilst auditors must be independent in the opinions they express, the work they do to form their opinions is highly dependent on and embedded within the real world around us.

Our Firm has responded to the volatile world and market conditions and the impact on work and embrace the change this brings and look for the opportunity it presents to us.

Now, for tomorrow.



3 Ethics Partner Simon Knibbs

As the Firm's Ethics Partner, I am pleased to report on the activities undertaken in the year by the Firm's Ethics Function.

In looking back over the steps taken in the year by the Firm, I am encouraged to see the progress we have made, building on strong ethical foundations. I took on the role of Firm's Ethics Partner in June 2022, having been a Regional Ethics Partner for several years. The Deputy Ethics Partner, Neil Stern, together with five other Regional Ethics Partners, continue to support me in this role. The Ethics Function is further supported by other individuals and processes in the firm, including the Audit Risk Matrix which brings an ethics perspective to the forefront of the RI and audit teams thought process at client acceptance and re-acceptance.

I have a direct reporting line to the Board in respect of ethical matters and I monitor the impact of the Board's ethical leadership with a seat on the Audit Quality Board, to ensure Ethics is at the forefront of our approach to audit quality. I am responsible for ensuring that MHA complies with the FRC ethical requirements and promoting the highest ethical standards in the Firm's values. We recognise that our standards of ethics are led by the Board, with a robust ethical culture throughout the Firm, monitored through the Firm's internal inspections.

The composition of the Firm's Ethics Function has expanded in the year, with the integration of further MHA offices. The Regional Ethics Partners joining in the year have provided fresh perspectives on certain matters and have backgrounds that complement those of the existing team. Members of the Technical Team and the Firm's Compliance Director have also provided support.

The Regional Ethics Partners meet four times each year, with urgent items addressed outside of these meetings to ensure that potential conflicts and issues are addressed at the earliest opportunity. The Regional Ethics Partners have continued to diligently address ethical concerns and have made a number of changes to Firm's policies.

The Firm's Ethics Function have maintained their commitment to discussion and consultation on contentious issues. This team approach of consultation on ethical issues is essential as the Firm continues to grow, expanding our portfolio of PIE audits, entering differing sectors and remaining committed to audit quality.

We reported in 2022 that the various impacts of the changes reflected in the revised FRC Ethical Standard had been fully implemented. We have addressed the requirements relating to ethics of International Standard on Quality Management (UK) 1 (ISQM (UK) 1) and are monitoring the implementation to the Firm's policies.

Following discussions, and in addressing issues arising in the year, we have made some minor changes to the Firm's Ethics Manual. All amendments to the Manual were covered in the Firm's six-monthly Ethics Updates for relevant staff or in the weekly sessions for audit staff: 'It's not Rocket Science.'

We have continued to focus our training on ethics using ethical scenarios and examples of ethical risks and safeguards which have arisen within the Firm making our training relevant, insightful, and ensuring we learn as we grow. We have continued to focus our training on ethics using ethical scenarios and examples of ethical risks and safeguards which have arisen within the Firm making our training relevant, insightful and ensuring we learn as we grow.

The future

The focus of the Regional Ethics Partners for 2023 centres on monitoring the full implementation of International Standards of Quality Management (ISQM UK 1) for all the areas of ethical concern. We have found many new opportunities arising through this process. I remain eager to lead the Firm on the ethical areas of this implementation, providing our audit teams and our clients with appropriate guidance on ethics and independence.

Now, for tomorrow.

B Risk Management and Mitigation

For the past two years this Risk section has focused on the impact on our business following two catastrophic global events, being the global pandemic and the Russian invasion of Ukraine. Both events have had devastating global consequences in their own right but how businesses operate and where businesses operate from have also been directly impacted. As a result of these significant global events, MHA has had to adapt and become more resilient and agile, and this has certainly continued to be a key focus of the Firm over the past year.

Below is our Risk Compass showing our eight Risk Pointers, the purpose of which is to illustrate to our stakeholders and other interested parties the Key Risk Areas of our business and associated mitigation processes applied to Firm wide risk exposure.

The core risk pointers and summary of intended mitigating controls are matched in principle to the subject areas of Regulatory, Client Delivery/Quality, HR/People, Technology & Cyber Security. They provide an oversight template to assist the general understanding of the risk and mitigating controls framework at MHA.

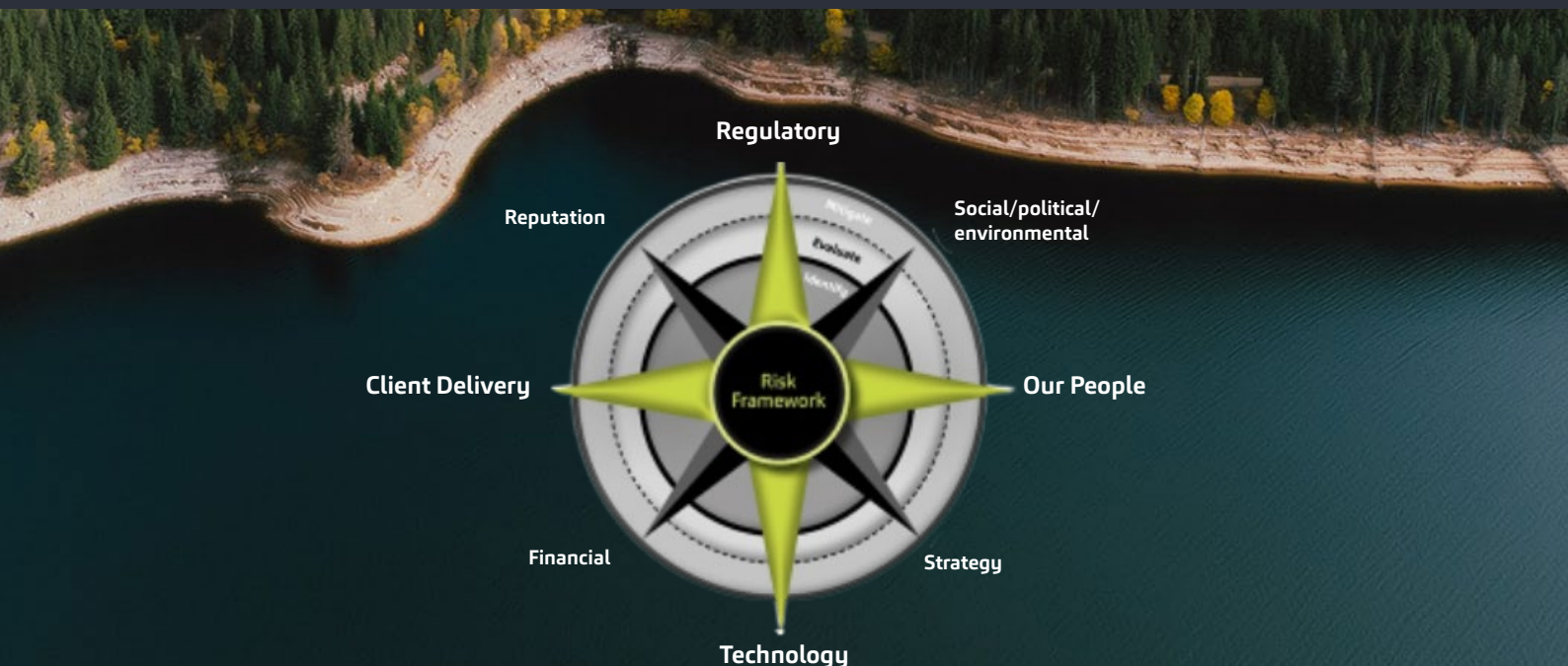
Expressed in this format, they remain essentially unchanged from prior years and continue to reflect the direction and scope of ongoing monitoring and actions implemented by the Risk Committee and the combined expert Partners and Directors leading the functions of Risk and Resilience, Compliance and Ethics. They are also consistent with the

day-to-day discharge of responsibilities by each of the Firm's Service teams, such as Audit & Assurance, Taxation and others as set out on Appendix H14, and Function support teams, such as HR, Finance, IT and Office Facilities management. A high-level summary of our key risk objectives and mitigating controls are set out in Appendix H13 by way of reference and information.

Risk appetite

As mentioned above, MHA has extended the Risk Compass and Control Summary Mitigations, with a more detailed analysis and ongoing assessment of Firm wide strategic risks with reference to our overall risk appetite criteria, as positioned by the Board. In addition, the focus for 2022/23 has concentrated on our risk resilience and the ability of the Firm to strengthen and become more resourceful when faced with adverse or challenging situations.

Overall risk appetite at MHA can be described as low/seek to avoid risk- for regulatory, legislative and compliance driven work and medium/accept some reasonable measured risk for other business service lines and functions. A continuing focus for the Firm has been around client take on and reacceptance, initially focused on audit engagements but now extending to other service lines. In addition, each audit engagement is risk assessed, using a 'risk matrix' and scored to provide us with a holistic risk overview of our client base and to determine how this is evolving.



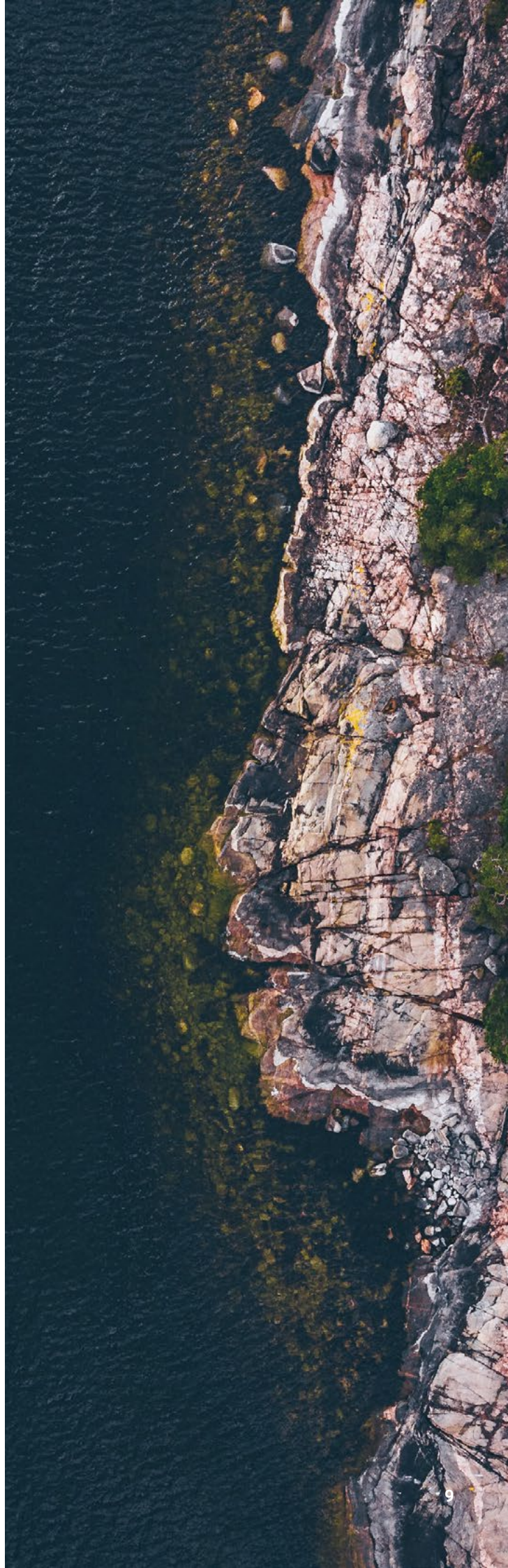
Strategic risk

A summary of this Strategic Risk analysis for the overall business of MHA is set out below. At this stage the analysis continues to evolve and align to our risk appetite with ongoing reviews of individual component risk scoring alongside further consideration of relevant, specific mitigating internal controls and how to best evidence and evaluate periodically how they are operating.

All accounting Firms are in the public spotlight and have a wide range of external influences and public and/or regulatory expectations, and these key aspects are also fully covered in our strategic risk analysis. They are of course a significant threat to the Firm if not assessed and actively managed and that is very relevant for a Firm of our size with ambitious growth plans and its global network connections.

MHA continually operates a number of integrated and complementary internal and quality controls. In addition to the summary control mitigations detailed in the Risk Appendix commentary, these are also targeted widely against all these internal and external strategic risks. The specific controls matched to strategic risks are not analysed in full herein as they remain in a discussion document as we finalise our strategic plan for 2023 through to 2028 and subject to further deep dive workshop review during the remainder of 2023. There are, however, various internal controls already in place and well bedded in and are subject to continuous enhancement and development as business practices change and evolve.

Strategic Risks are categorised into 3 key areas – as noted in the section headings below. Risk scoring is being conducted at an individual Risk level, and will be further developed during the second half of 2023, via assessment against criteria of Probability, Impact, Nearness, and Speed of Occurrence. Risks are also considered in the context of the MHA resilience programme which has been enhanced in the first half of 2023 through greater depth and communication on Business Continuity Planning (BCP) and on Awareness/Insight briefings focused towards any major disruptors to the business, with emphasis on strong capacity to bounce back quickly and effectively.



Key Strategic Risks are:

1. Risks Impacting Firm Performance

- IT/Cyber security resilience and leveraging the technology skills and infrastructure at MHA.
- Capacity to ensure strategic aims.
- Specialist expertise of our Teams, incl. resource planning, diversity and inclusion, skills, training and talent attraction/ retention and succession planning
- Living our ESG commitments through tone and leadership and in everything that the Firm does
- The safety, health, and well-being of our People, including physical security, the supporting infrastructure and support mechanisms.
- Protection of Client Monies and Client Physical Assets
- Client Delivery and quality of all services lines
- Capital, liquidity, credit management and financial performance and reporting.
- Evolving new services, products and client acceptance or retention as well as use and partnering with third parties as to services, products, and collaborations
- Corporate and personal data privacy, retention/access and language

2. Public Interest, Perception, Regulatory / Legislative compliance and Reputation including Trust

- Regulatory and Quality compliance and meeting standards of Regulators and other oversight bodies

- Maintaining public trust
- The Quality of Audit and non- Audit Services (as measured against the market and the standards set down by third party regulatory bodies)
- Being seen to 'Live and Meet' our Purpose and Internal Codes of Conduct, exercised and evidenced by our behaviours and values and the overall culture at MHA as understood by all interested parties.
- Understanding and meeting the map of and expectations of all stakeholders
- Enhancing network relationships and value-added external collaborations and relationships including via governmental and educational relationships
- Demonstrating Thought Leadership including evidenced and clear Innovation and Development (including of automation in Audit & Assurance) and showing a clear ambassadorial culture and impact in society

3. Criminality Threats

- Fraud and collusion
- Internal malice and damage or theft of confidential data
- Money laundering/terrorism including criminal interference in clients.
- Geo-political risk and high risk of sanctioned countries, areas or individuals



Risk and Resilience

Our approach to risk management and evidencing controls via a combination of internal self-assessment and/or third party independent evidenced reviews reflects our continuous improvement philosophy and practice.

Another significant project for this year, to sit alongside our latest Strategic Plan, is a committed investment into an automated Enterprise Risk Management (ERM) system as part of the Firm's evolving Governance, Risk and Compliance requirements. The strategic risks and internal controls response document will be subject to a further workshop review by a small team of senior Partners later this year to also introduce a tracking and KPI reporting mechanism of the agreed internal controls which thereafter will be subject to a full quarterly review and update.

The Risk Committee continues to meet and report to the Management Board on a monthly basis and comprises two Management Board Partners who have specific responsibilities for Audit/Assurance and Risk/Ethics, as well as Partners heading up HR, IT and Taxation functions and service. The risk management function is also complimented by various other senior personnel including the Compliance Director and Technical Directors to consider such areas as sanctions and higher risk territories, as well as a monthly Cyber Committee update.

Since January 2023, the Risk Committee has also been enhanced with the addition of a newly appointed role of Firm wide Risk and Resilience manager. This position was filled with an experienced professional, also registered as a Chartered Accountant for some 30 plus years with strong experience in both public practice and listed corporates.

The main purpose of the role, which includes attendance and advice at the Risk Committee and periodic reporting to the Board, is to work across all levels of the Firm to further enhance an understanding of, and embedding best practices and continuous improvement in everything the Firm does; provide resilience awareness and insight programmes in areas such as major disruption and business continuity; and to liaise with and support the Partnership generally on a journey towards world class excellence in all areas of what we do.

During 2023 MHA also commenced a recruitment campaign to appoint its first General Counsel position to complement the Risk Management team. This is to strengthen knowledge and responses around key areas such as external litigation or loss claims and emerging areas such as Sanctions and legal regulatory changes and restrictions requiring ongoing monitoring and responses. At the time of writing this report the position has been filled with a very capable and experienced individual who starts with us later this year.

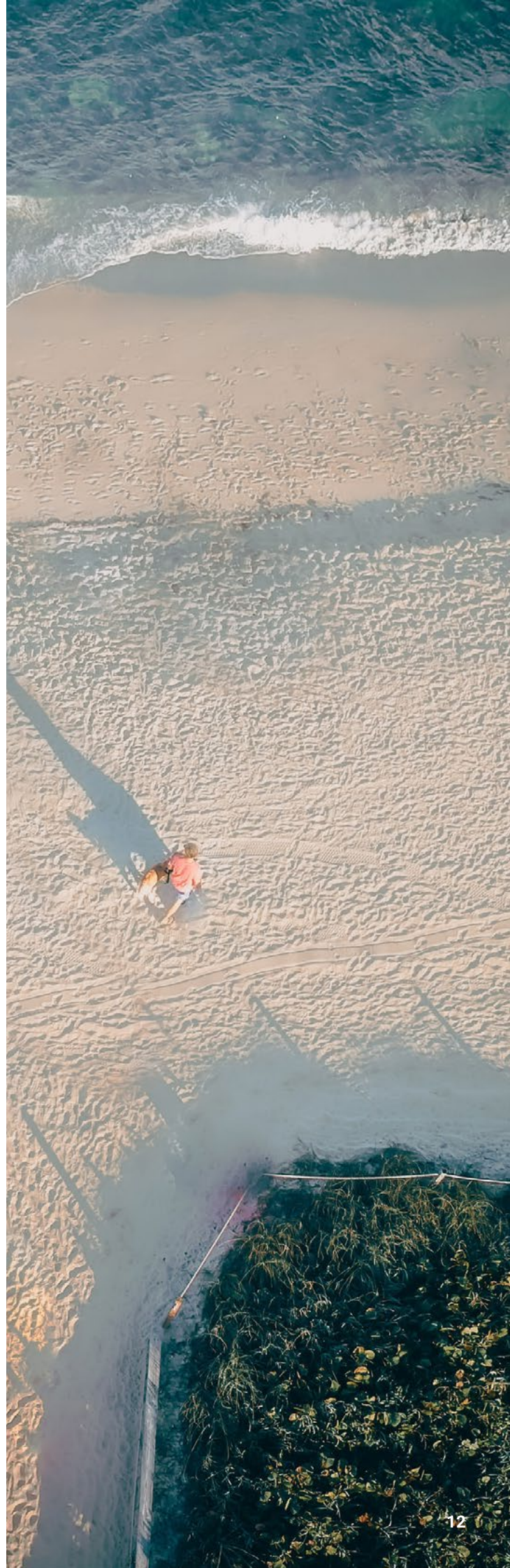
In summary, strengthening our risk and resilience continues to be at the forefront of our minds throughout the Firm. It encompasses everything we do and touches all parts of our business, both internal and external as the firm evolves and strived for continuous improvement. This is demonstrated from other areas of this report providing more details on risk management for various aspects of what we do, such as our system of quality management to comply with ISQM 1 (UK) and our interconnected sustainability framework (ISF) and ESG commitments as well as our statements on Ethics and Independence. All of this is critical to the continued success of the Firm and compliance around Audit and Assurance specifically, ensuring that we are seeking to meet the highest standards of what constitutes a Good Audit as promulgated by the FRC.

C INTERNATIONAL STANDARDS ON QUALITY MANAGEMENT (ISQM)

With effect from 15 December 2022, ISQM (UK) 1, 'Quality Management For Firms That Perform Audits Or Reviews Of Financial Statements, Or Other Assurance Or Related Services Engagements, and ISQM (UK) 2, Engagement Quality Reviews', replaced the previous ISQC (UK) 1 Standard on quality control, which the audit sector has operated under for a number of years. As a Firm performing audits and reviews of financial statements, and other assurance and related services engagements, we are required to comply with the requirements outlined by the Standard. The implementation of ISQM (UK) 1 within the Firm has been subject to ongoing monitoring, to ensure that we embed a robust and effective approach to managing quality.

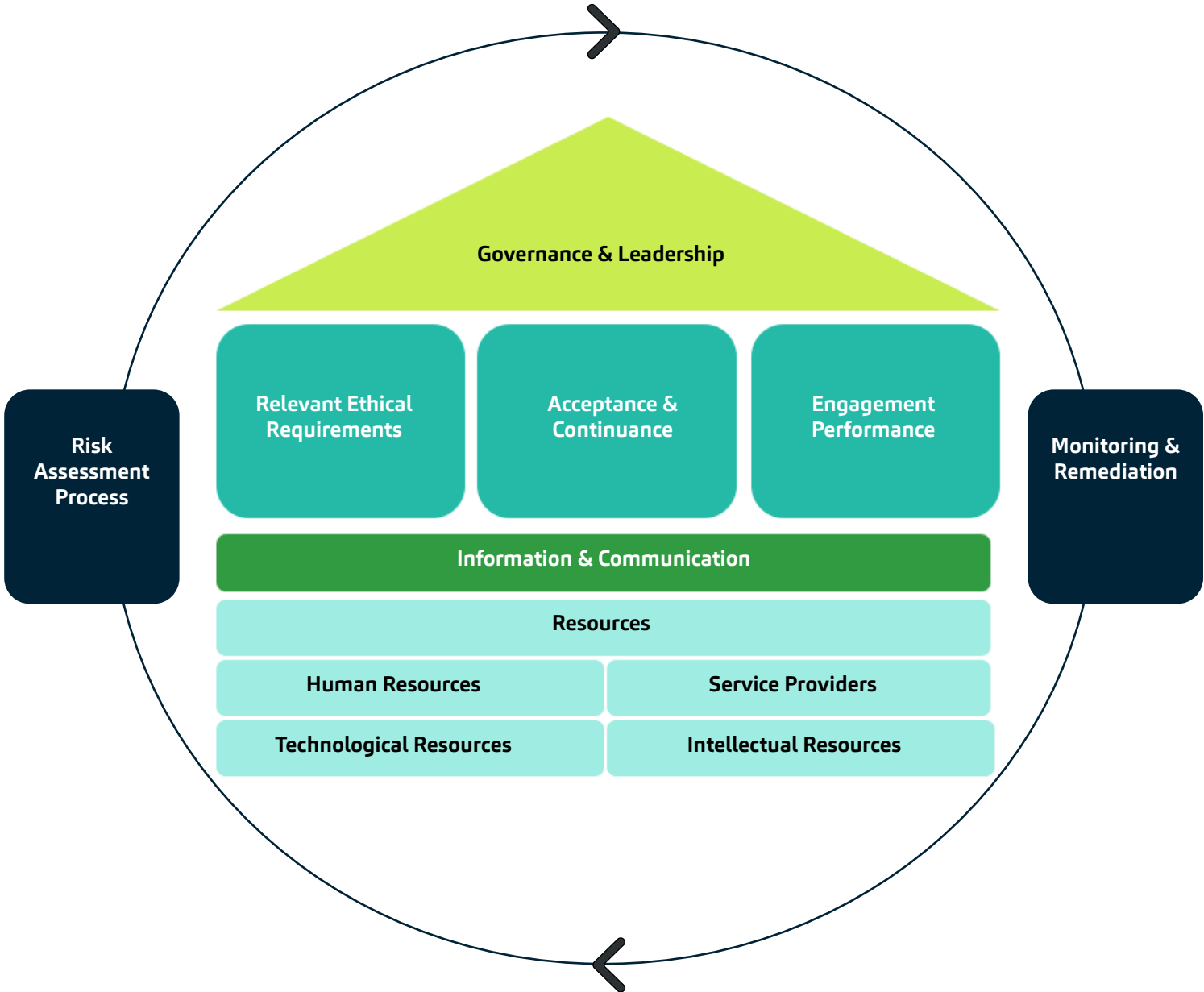
To enable compliance with the Standards, a review of the Firm's processes, procedures and policies was performed in FY22, with focus on the link to the Firm's audit methodology and audit quality strategy. It was noted during this review that the Firm's control environment and documented policies/frameworks required significant enhancements. An ISQM Implementation Workgroup was formed in 2021 and by leveraging the collaboration of a number of key audit and technical Partners across the Firm, we were able to introduce new policies and improve our existing policy documentation.

As part of the monitoring and evaluation stages of ISQM (UK) 1, the Firm is required to evaluate its system of quality management by 15 December 2023. In completing this evaluation, we are applying the use of process walkthroughs to assess the design and implementation of our policies and processes, as well as, to a certain degree, the operational effectiveness of our internal control environment. This approach allows us to have an extensive view on the wider operation of the procedures which we have established, rather than having an isolated view on implemented controls. On top of the work delivered under the scope of ISQM (UK) 1 and ISQM (UK) 2, we will also consider, by 15 December 2023, the outputs, and results of other quality monitoring mechanisms, in operation within the Firm, as the basis for the evaluation of the Firm's system of quality management. These activities include, amongst others, hot file reviews, cold file reviews, Root Cause Analysis (RCA), thematic reviews completed by the Audit Quality Improvement Team, regulatory reviews (FRC reviews or reviews conducted by the ICAEW), RI licensing procedures, Engagement Risk Assessment Panel (ERAP) and Engagement Quality Reviews (EQR). Additional information on these quality monitoring activities is set out within page 27 of this report, on Audit Quality Monitoring.



In relation to our monitoring mechanisms, we are also completing an ongoing review of the process/control gaps and required improvements identified from the design and implementation stage from FY22. This represents ongoing enhancement of our policies, procedures, and controls, which ultimately define our system of quality management. Reporting will be completed to the Audit Policy Group, to the Firm’s Managing Partner and to the Board by 15 December 2023, summarising our findings on identified deficiencies, proposed remediation and improvement of our policies and procedures, and a progress update on the remediation agreed from FY22.

Contributing to the Firm’s journey to embed its commitment to audit quality within its intrinsic culture, it is critical for the delivery of ISQM (UK) 1 and ISQM (UK) 2 to be forward looking, and for the Firm to build on the foundational work delivered across FY22 and FY23. As part of the Firm’s plans for FY24, and to continuously strengthen its system of quality management, ISQM (UK) 1 will be delivered across the following strategic and operational components, with risk assessment processes and monitoring and remediation mechanisms becoming ongoing elements of the monitoring of the Firm’s system of quality management:





The Firm is committed to the operation of a proactive and effective system of quality management and to establish the increasing importance of audit methodology and audit quality. For the ISQM (UK) 1 projected delivery for FY24, the following outputs will therefore be presented to the Audit Policy Group in the FY24 monitoring and evaluation cycle, as part of the enhancement of the ISQM (UK) 1 methodology:

- 'SoQM methodology framework' – to provide guidance on the Firm's approach to deliver ISQM (UK) 1 and ISQM (UK) 2, including detailed guidance on procedures to establish the Firm's quality objectives, quality responses and identifying our responses/controls to mitigate those risks
- 'Testing & Evaluation methodology framework' – to provide guidance on the Firm's quality management activities and procedures undertaken in the evaluation of the effectiveness of the system of quality management;
- Complete listing of SoQM quality objectives and quality risks, including the introduction of a risk rating approach;
- Scoping documents identifying in-scope processes for each ISQM (UK) 1 component;
- ISQM (UK) 1 project plan and project progress trackers;
- SoQM responsibility document – to provide guidance on the established governance, reporting structure and stakeholder responsibilities in the delivery and operation of the system of quality management, across each supporting component required by the ISQM (UK) 1 standard;
- Process narratives for each in-scope process, across all ISQM (UK) 1 components;
- Process walkthroughs;
- Process / controls gap analysis summary document; and
- Remediation action plans/action tracker log.

The Firm is also working on plans for improving the ISQM (UK) 1 monitoring and evaluation mechanisms, which will be operational as from FY25, as the focus of FY24 will be the enhancement of the design of the system of quality management.

To address the increasing importance of improving quality across the Firm's procedures, a monthly reporting practice to the Audit Policy Group will be introduced, to ensure that those holding the operational responsibility of the system of quality management have oversight on the progress achieved, such as reporting process/control gaps identified, instances of deficiencies, progress achieved on remediation, key challenges faced, etc. Where key matters concerning the operation of the system of quality management require the Firm's leadership to be informed, necessary reporting will be completed to the Firm's Managing Partner and to the Board.

A monthly collaboration workshop will also be conducted to ensure that key themes pertaining to audit quality are identified, discussed, and embedded within the Firm's design and evaluation of its system of quality management. This workshop will involve team members from the ISQM (UK) 1, audit methodology, Audit Quality Improvement Team. This will enable the themes arising from the findings identified through our audit quality reviews to be incorporated within the ISQM (UK) 1 quality objectives and risks, for continuous improvement.



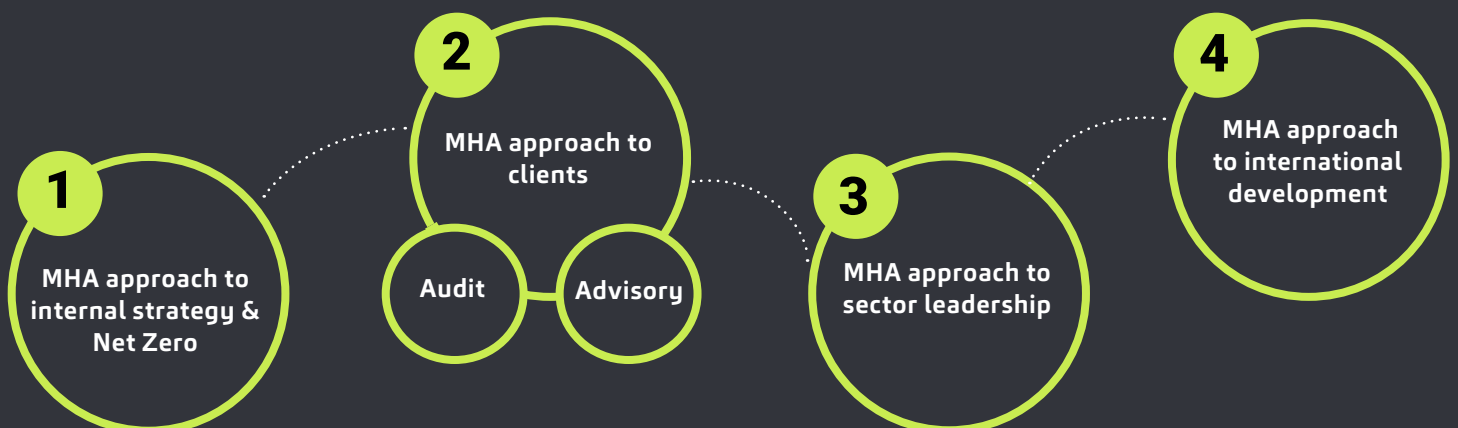
D Sustainability & Environmental Social Governance (ESG)

Our interconnected sustainability framework (ISF) effectively addresses our responsibilities with regard to Environmental Social and Governance, including our own internal 'Net Zero & beyond' approach, our approach to supporting our clients, and our approach to wider engagement with the sectors the Firm works in.

Our own commitment to ESG is reflected in our strategic alignment regulatory frameworks and by ensuring our business does not become an unattractive investment proposition for our people, clients, supply chain, investors, lenders, communities, and other internal and external stakeholders.

MHA's framework is underpinned by 4 pillars as illustrated below:

Sustainability & ESG





Pillar 1 MHA Sustainability & ESG

- We use a framework that is thematically underpinned by 4 elements: **Innovation**, **Trust**, **Talent** and **Climate** in our business.
- Evidenced by our own Dynamic ESG (DESG) Programme, Aiming to be a Net Zero business by 2030 underpinned by TCFD & GRI Standards.
- Scoping every aspect of the Firm from carbon desktop through to sustainable working practices, taking into account the future weather and global climate patterns.
- We live by the same principles that support our clients' Dynamic ESG initiatives – including detailed social and governance frameworks.
- Underpinned by our mission of **delivering a sustainable tomorrow, today**.



Pillar 2 The MHA Services Suite

- For Dynamic ESG, these comprise Assurance, Advisory and Technical, playing to the fundamental strengths of the Firm. The services suite comprises:
- Reporting & Assurance: including ISAE 3000, compliance with regulatory and voluntary reporting standards (including TCFD disclosures)
- Advisory: the full DESG service (including Scope 1, Scope 2 & 3 emissions reporting) and for early-stage organisations, MHA DESG Lite
- Technical: ensuring that all of our Audit and Reporting practices are embedded with sustainable accounting and audit principles under TCFD, GRI & UNSDG



Pillar 3 The Network

- Joining up the wider Baker Tilly International network to provide a global approach.
- Ensuring that we are building Dynamic ESG principles across the international scope of the connected organisation.



Pillar 4 Sustainable Thought Leadership

- The MHA ESG Programme (Dynamic ESG) is already leading its field by adding pragmatic delivery to sustainable theory and the fundamental principles of 'commercial good' & sustainable finance.
- Sector Innovation leading new ideas and concepts to support our clients and the industries we serve.
- We are driving the vision of going beyond 'net zero' within our own sustainable frameworks.
- We use the phrase 'Purpose with Profit' – ensuring our clients enhance their economic and financial positioning.

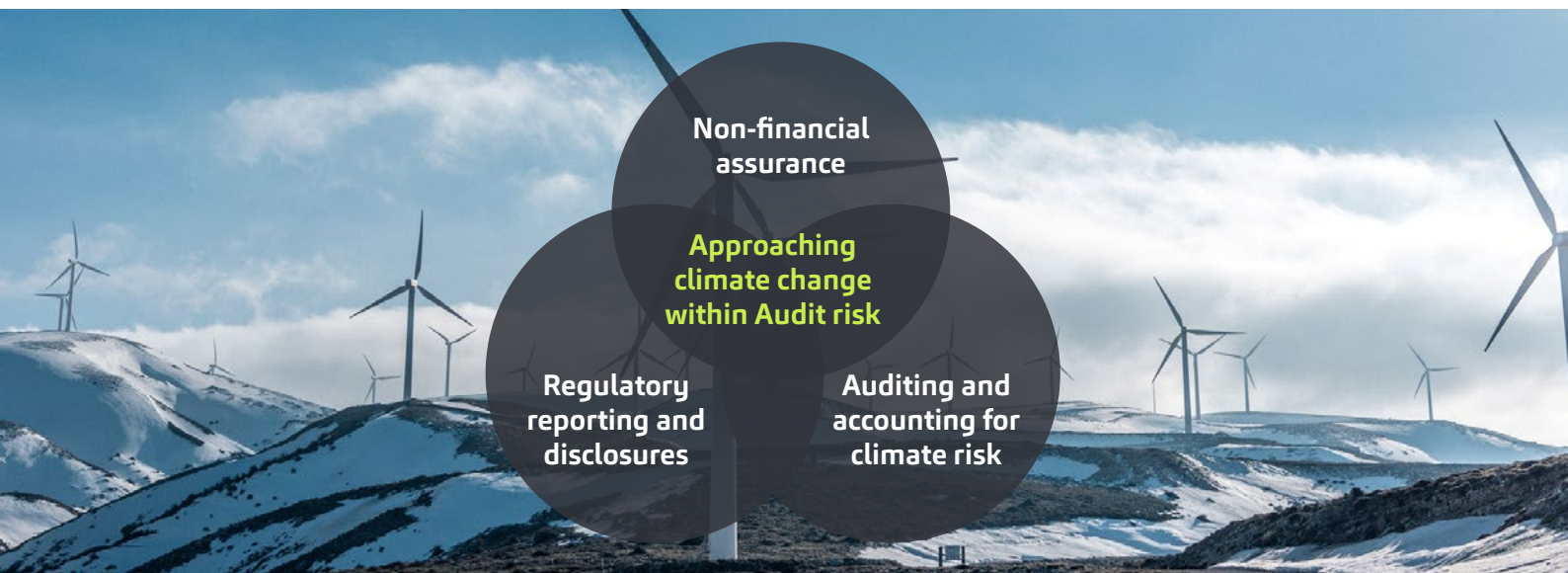


Within our first pillar, we are delivering 'a sustainable tomorrow, today' through:

- A comprehensive risk mapped Programme to reduce our net emissions to zero by 2030 including the alignment of existing policies, procedures, management structures and Board oversight, covering compliance with the key components of Sustainability & ESG
- A board approved Programme of internal reporting alignment to the UK Corporate governance code, Task Force on Climate Related Disclosures (TCFD), Global Reporting Initiative (GRI 400) & specific UN Sustainability development goals. The Firm is committed to alignment with Science Based Targets Initiative (SBTi).
- Development of our own internal temperature alignment scenario analysis (& the use of climate and sustainability dashboards) and clear internal training Programme; with a hierarchy of sustainability within the Firm, covering risk (direct to board) and an ESG oversight Leadership group.

Our approach to Audit and Advisory assurance has been a fundamental area of audit focus over the last year and MHA has invested significantly in this. For audit:

- We have developed a comprehensive risk-based approach to auditing climate risk with training for all our qualified auditors on auditing climate risk & understanding the regulatory environment.
- We have appointed an ESG Technical Lead with an expanding team, supported by partner leadership reporting directly to Board.
- We have created an internal network of Climate Champions to integrate the communication of ESG knowledge.
- We have established an ESG Technical service to support audit teams to develop their knowledge.
- We consider Audits from an ESG Regulatory perspective, and an ESG Audit Risk perspective, respectively, for all entities that fall in scope. We introduced enhanced policies and procedures for our listed entity & PIE work.



MHA is in agreement with, and progressively following, the guidance of the FRC Climate Thematic of November 2020 which highlights the need for all audited entities to consider the impact and reporting of disclosures relevant to this subject area and that our audit approach is tailored to proactively respond to the various segments of the audit market whether complex listed business through to smaller owner managed or charitable entities.

A major focus for this coming year will be continuing our ISQM (UK) 1 implementation and continuing our Root Cause Analysis Programme on results in internal/external reviews. This ensures ESG & Climate risk-related matters are appropriately reported and evaluated.

For other information (non-financial) on areas such as ESG, that do not come into the scope of statutory audit, we have an established advisory and assurance team to support clients (that are not prohibited by audit independence and ethical standards) in this space. Our team provides a 'Dynamic ESG' service that evaluates risks and delivers strategic ESG policy creation, evaluation and assurance in response to rising expectations to improve the quality and consistency of policy and reporting in the ESG Space.

We have maintained our targeted approach to continually embed ESG within all our practices in the Firm. We regularly work with such agencies as Accounting for Sustainability (A4S) & the ICAEW on climate disclosures, commenting on global sectoral issues (Pillar 3 & 4) relating to the thematic climate risk & how businesses can mitigate the substance of such concerns.



E

Ensuring High Audit Quality

1 Compliance with Standards

The Firm has adopted ISQM1 during the year as outlined in Section C as well as the Audit Regulations. There are documented policies and procedures in place to ensure it complies with these requirements. These policies and procedures are maintained by the Firm’s National Assurance Specialists Advisory (‘NASA’) team, and approved by the Audit Policy Group. Any updates are communicated to all relevant partners and staff

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2 Leadership responsibilities for quality within the Firm

Audit quality is something the Firm takes very seriously. Our Group Chairman, Rakesh Shaunak, supported by the Management Board, has ultimate responsibility for the Firm’s systems of quality control. The Firm’s policies and procedures relating to audit matters are set by the Audit Policy Group. The Audit Quality Board (see below) has a key role in quality governance and supports and challenges the Firm’s Management Board, including on matters highlighted by the Audit Policy Group.

3 Audit risks and mitigating actions

Audit risk	Mitigating actions
<p>Managing growth</p>	<p>We have seen strong growth coming into our audit practice over the last few years and see plenty of opportunities going forward. We maintain tight controls through our Engagement Risk Acceptance Panel to control the types of engagements we enter into and the pace of the growth. This ensures we grow in the right sectors where we have expertise to deliver a high-quality audit service with adequate resources available. The introduction of our statutory audit register and audit risk matrix for all new and existing audit engagements ensures that the Firm has oversight and control of its audit work.</p> <p>We focus our growth into sectors which are supported through our wider network, Baker Tilly International. This ensures international engagements can also be delivered to a high quality standard.</p> <p>Our Firm’s recruitment is aligned to our strategy which has allowed for successful niche appointments in certain sectors to create a team of very highly skilled sector specialists which improves our audit capabilities.</p> <p>We have also recently deployed a new resource management tool to enhance the allocation of resources around the Firm to ensure the right individual is given the right work at the right time. This technology breaks down any barriers around the Firm to ensure available resources, skills and suitability is considered on a Firmwide basis.</p>
<p>Consistency in audit quality throughout the Firm</p>	<p>Audit Quality Pillars:</p> <ol style="list-style-type: none"> 1. Implementing the Governance code ensures tone at the top drives high quality audits 2. Embedding a culture of zero tolerance when it comes to high quality audits 3. Quality of training and staff development 4. Enhancing Global Focus audit methodology, policies and procedures 5. Recruitment and retention of talent <p>The Firm maintains a specialist RI licensing policy to drive audit quality by using only experienced RIs in certain sectors and industries. For large assignments we adopt a two-partner approach meaning the robustness and internal challenge of our audit evidence work is maintained.</p> <p>The Firm has a Contentious Issues Forum to deal with differences of opinion arising from the audit team, EQR or Technical. This panel allows for the Firm to consider the Firm’s’ response to any matters arising.</p> <p>The Firm promotes its Speak Up and Whistleblowing policy (“Speak-up”) to all staff to ensure that any concerns are concerned and dealt with properly.</p>
<p>Complexity of Financial Reporting</p>	<p>We have enhanced our financial reporting specialist team, led by Neil Parsons (Technical Director / Head of Financial Reporting Advisory and Company Law), which requires a mandatory technical review of financial statements of all PIE and listed clients to assist the engagement team and EQR with areas of the financials statements that do not comply with the relevant applicable financial reporting framework and/or legal requirement(s). If such material non-compliance were not sufficiently addressed, it will present implications on our audit report and in respect of our communications with those charged with governance. The secondary purpose of the review is to assist the engagement team and EQR in providing other observations to help improve the overall quality of the financial statements. This may include alternative ways of presenting information, improving the technical wordings of disclosures, referring to examples of best practice, or authoritative guidance.</p> <p>In addition, we support audit teams with other specialists such as ESG or Tax to ensure highly skilled individuals check their specialist areas of financial reporting.</p>
<p>Acting in the public interest</p>	<p>Our purpose is to enhance the confidence of the intended users of the financial statements, whilst our audits enhance the understanding of the financial position and performance of the audited entity.</p> <p>As mentioned in Andrew Moyser’s Leadership Statement, the Firm is planning to implement the Audit Firm Governance Code and will further enhance its accountability for acting in the public interest. In addition, as we are implementing the changes required under ISQM (UK) 1. We believe the new standard will further enhance improvements in audit quality and consistency. We have also introduced a professional judgement framework intending to deepen and increase the consistency of the professional judgements made by our people.</p>

Members

- Rakesh Shaunak, Managing Partner, and Chairman of the Board
- Andrew Moyser, Head of Audit, Vice Chairman of the Board, and member of the Audit Policy Group
- Toby Stephenson, Audit Partner, and member of the Audit Policy Group
- Simon Knibbs, Audit Partner and Ethics Partner
- Dianne Azoor-Hughes, Independent Member
- Mark Goodey, Independent Member

Role and responsibilities

- Approve the annual Quality Improvement Programme
- Monitor the execution of the annual Programme
- Review the annual Quality Improvement Report
- Advise NASA on matters relating to the system of quality management
- Review and advise on action plans
- Make recommendations to the Board, as appropriate

The scope of the Audit Quality Board's activities will be restricted to Quality Improvement Program related to Audit and Assurance services provided by the firm, including non-audit forms of assurance. The focus of the Audit Quality Board will be on higher risk Audit and Assurance services.

In future, the Firm's Management Board may wish to consider whether the scope of the activities may be extended to Tax and Advisory services, or whether it may be appropriate to have separate bodies consider those service lines.

4 The Audit Quality Board

Biographies of Independent members



Mark Goodey

Mark Goodey spent his professional life working at Deloitte, London, the last 31 years as a partner. He was a respected senior partner within Deloitte with strong financial literacy skills gained through working with businesses in the UK and Internationally in the hospitality, real estate, and telecommunications sectors.

Mark's strengths include:

- leveraging deep expertise to lead complex, cross-border audits.
- working on acquisitions, disposals, reconstructions, and Initial Public Offer (IPO) projects to credibly drive strategic decision-making.
- advising at Board-level as an integrity-driven and highly organised technical, financial and governance expert.
- leading the re-engineering, innovation, and implementation of business-wide financial processes to optimise organisational efficiency.
- building collaborative key senior stakeholder relationships, including with regulators.

In addition to client projects, Mark established and chaired a remuneration committee with responsibility for assessing the impact of partners' quality of work on their remuneration and chaired challenge panels for engagements where decisions need to be made based on consensus. Both these committees required integrity and the demonstration of technical and people skills.

Since retiring from Deloitte in 2022, Mark has been building a non-executive director and consultant portfolio



Dianne Azoor Hughes

Dianne Azoor Hughes has more than '35 years' business experience. Currently, she is an independent director and a consultant in governance, risk, and audit in Melbourne, Australia. Her expertise includes corporate governance and risk, financial management, financial reporting, audit, and ethics. Dianne is a director of the Australian Accounting Professional & Ethical Standards Board (APESB). Previously, Dianne was the Technical Standards Partner for Pitcher Partners (a member Firm of BTI), with responsibility for audit quality, audit training and independence for the Australian network for more than 13 years.

Dianne was a member of the Australian Auditing & Assurance Standards Board for a maximum 3 terms (8 years) and has been a member of IAASB project task forces. She is also the author of guidance published by the Australian Institute of Company Directors to 'promote directors' understanding of their corporate financial responsibilities.

5 The Audit Policy Group

The Firm has an Audit Policy Group ("APG") which meets periodically as required and formally at least monthly. APG consists of the Firm's Head of Audit, Technical Director (Audit Methodology and Quality Improvements), Ethics Partner, Risk Partner and three other experienced audit partners from across the Firm, with specialisms across several sectors or client types. The APG is also supported by members of the NASA team.

The overarching responsibility of APG is to ensure audit quality remains at the top of the Firm's agenda at all times and oversee the ongoing development of the audit culture and processes within the Firm to continue to ensure robust audit quality, and specifically to:

- support the Management Board in the development and delivery of the Firm's national audit strategy
- monitor commercial and regulatory activity in the audit market and assess the effects on the Firm's policies
- set the Firm's audit policies and procedures to maintain quality and ethics / evaluate and agree on proposed RI appointments within the Firm
- oversee risk management including procedures adopted dealing with client acceptance, conflicts, and independence
- drive and monitor internal and external quality review processes, conduct root cause analysis on poor performance identified through the process and develop and progress action plans arising from reviews to further enhance quality and addressing areas identified for improvement
- recommend RI sanctions and safeguards in cases of underperformance
- oversee and develop the Firm's technical training requirements and interaction with audit related staff arising from matters identified above for enhanced audit quality.
- responsibility for the development of the Firm's systems of quality management as required by ISQM1
- operational oversight and monitoring of the system of quality management
- identification of remediation actions for any deficiencies identified

Members of the Audit Policy Group as of 31 March 2023



Andrew Moyser
London

The Firm's Head of Audit and Vice Chairman of the Management Board and an experienced audit partner dealing with larger corporates and listed entities.



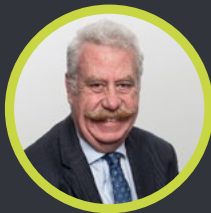
Bianca Silva
Thames Valley

Experienced audit partner with over 25 years RI experience specialising in the not-for-profit and education sectors.



David King
London

Specialist audit partner experienced in audits within the financial services sector.



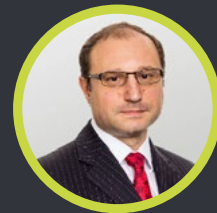
Toby Stephenson
Birmingham

Experienced audit partner with over 20 years RI experience predominantly dealing with international groups and UK subsidiaries of international parents as well as acting as RI and EQCR partner on several the Firms listed and other higher risk clients.



Martin Herron
Milton Keynes

The Firm's Risk/PI Partner and experienced audit partner with over 20 years RI experience principally dealing with larger owner managed businesses. Member of the Management Board from June 2023.



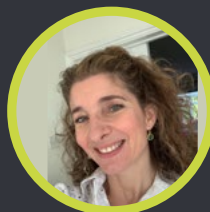
Massimo Laudato
London

Technical partner involved in supporting delivery of large and complex audit engagements, principally for Public Interest Entities, FTSE, AIM and other listed entities, interfacing with the audit regulators in respect of compliance matters, inspections, and investigations and in developing audit practices and methodology for specific business sectors.



Simon Knibbs
Milton Keynes

The Firm's Ethics Partner and an experienced audit partner dealing with larger corporates and listed entities.



Helen Tejwani
London

Audit Methodology and Quality Improvement Director - Technical



6 Technical Support – National Assurance Specialists Advisory (NASA)

The NASA team reports directly to the Audit Policy Group (APG), assisting in the delivery of the APG's objectives.

The NASA (National Assurance Specialist Advisory) team has been strengthened further this year with the addition of a further two, qualified and experienced staff. We have a highly skilled team of assurance specialists covering a wide range of auditing, financial reporting and training skills, who work in a more collaborative, proactive advisory role with the audit teams. This shift in emphasis to more proactive support has seen audit teams engage with our technical specialists in a different way, addressing key issues earlier in the process and enhancing the quality of our work.

On our Public Interest Entity engagements, and certain other large complex audits, we have adopted what we call the "NASA Model" whereby a member of the NASA team works very closely with the auditors as a member of the engagement team, providing technical support on the most complex, high risk areas. This helps to drive audit quality by enhancing the technical skills in the team and enabling the team to focus their work in the right areas. The emphasis on proactive support, in addition to responding to technical queries from audit teams, has seen an increase in guidance issued addressing key themes arising from queries and quality reviews.

We have continued our weekly training session for all audit partners and staff entitled "It's Not Rocket Science" which is used to promulgate key messages, topical issues and technical issues including financial reporting and audit matters.

We continue to provide half yearly technical training updates covering a wide range of topics (changes to auditing standards, AML, Ethics, financial reporting updates, climate risk, updates on the Firm's audit methodology), in addition to specialist sector training such as Banking, Academies, Not for Profit.

7 Audit approach / methodology

We have invested heavily in recent years developing "Global Focus", the Baker Tilly International global audit methodology. The methodology has been developed collaboratively by an international Board comprised of senior representatives from member Firms, including ourselves, from each region.

Global Focus is a risk-based audit approach, which is fully compliant with the International Standards on Auditing (ISAs), aligning its terminology with that used in the ISAs to aid understanding and clarity.

There is an audit manual which details the audit methodology, how it is applied and how it is reflected in our Global Focus audit software. The Audit Manual is supported by additional guidance in key areas.

Application of our Global Focus methodology enhances our service provision to clients around the world, with a consistent level of service being provided regardless of location.

Training on the new methodology is provided by members of the Technical Department. New joiners in the Audit Department have access to a suite of recorded presentations to help them adopt the methodology effectively and efficiently. Our audit update training includes the audit methodology at its core.

We are increasingly exploring the integration of advanced techniques such as data analytics, artificial intelligence, and machine learning into our audits through our local and global partnerships with software vendors.

We have partnered with Inflo, whose ground-breaking workflow, data ingestion, data analytics and AI software revolutionises the efficiency, quality, and value to clients of audit work.

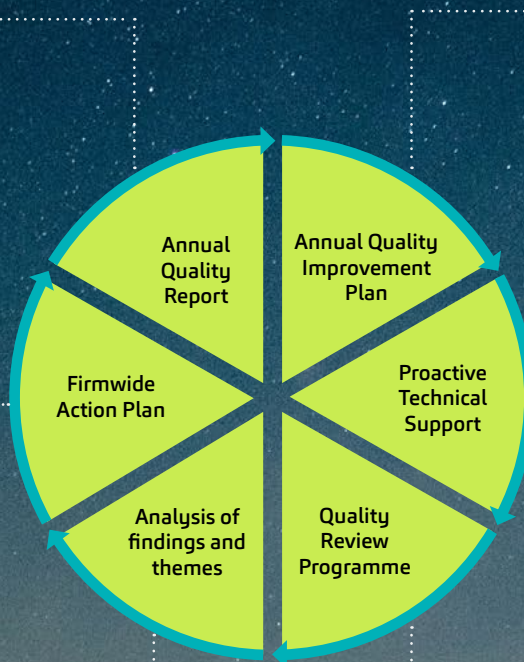
8 Quality Improvement Programme

We have a comprehensive Quality Improvement Programme (QIP) to drive continuous quality improvement. The annual quality improvement Programme, summarised in the diagram below, comprises six key elements:

An annual quality report provided to the Firm's Management Board and to all Engagement Partners and staff, highlighting the key findings and actions required to improve audit quality.

A Firmwide action plan to address the findings. The plan consists of appropriate actions that can be taken centrally, as well as by individual engagement teams and RIs, to improve quality.

Following completion of the annual Quality Review Programme, the findings are analysed to identify any themes and identify Further actions.



The Annual Quality Improvement Plan sets out the planned quality review, technical support and related activities for the year.

As part of the Quality Improvement Programme, a Firmwide action plan has been developed with enhanced, proactive technical support to help teams "get things right first time".

The Quality Review Programme consists of a range of reviews of completed engagements and hot reviews of live engagements, and will be supplemented by Root Cause Analysis.

9 Quality Monitoring

We have enhanced our quality monitoring Programme to include a wider range of monitoring and review activities which comprise traditional reviews of completed audit engagements supported by the introduction of thematic reviews covering key themes and an enhanced, more robust Programme of Root Cause Analysis. We also take account of the findings of our external regulators.

Components of the 2023 Quality Review Programme

Hot review of live engagements

Taking advantage of cloud technology access to live engagements, random hot reviews of ongoing engagements to assess how prior findings have been addressed.

Quality Review of completed assurance engagements

A Programme of quality reviews of completed non-audit assurance engagements is being developed.

Root Cause Analysis

A more robust process of independent Root Cause Analysis will be implemented for engagements graded Red or Orange.

Quality Review of completed audit engagements

A Programme of quality reviews of completed audit engagements.

Thematic Reviews

Focused reviews on key themes from previous quality reviews.

Thematic reviews for 2023 will be planned based on the findings of the 2022 cold file reviews that are being finalised.

Regulator Reviews

We are subject to regular review by the FRC and ICAEW.

The findings of these reviews will inform our annual action plan.

We will also consider the wider findings of regulators, including thematic reviews, and whether there are themes we need to address.





Audit quality monitoring

Quality review of completed audit engagements

A key focus of the Audit Quality Improvement Team is to promote continuous improvement in audit quality.

Through continued changes and enhancements being made by the regulator, the benchmark for audit quality is continuously evolving. As a result, the Audit Quality Improvement Team is continuously trying to be proactive in their training and communication to all audit staff.

We have an annual programme of reviews of completed audit engagements which are carried out by a team comprising members of NASA, the Audit Policy Group and prospective and new Responsible Individuals (RIs). Our policy is to review each RI at least once every three years on a rolling cycle which is subject to gradings.

A moderation panel, comprising of a Head Moderator and member of Audit Policy Group who is supported by two RI's who have demonstrated good audit quality, and ensures consistency of outcomes.

The process which we follow in assessing and monitoring quality in the Firm is important to ensure and maintain the integrity of the Firm's responsibility to the public interest in audits.

The Firm undertakes an annual inspection process of completed audit engagements, with the focus on determining whether the performance of the engagements has complied with the Firm's policies and procedures, the requirements of the applicable accounting frameworks, and International Standards on Auditing (ISAs).

The results of the quality reviews for the last two years are shown in the table below. The 2022 results are below expectations as these show a slight decline in grades achieved from 2021, which were already considered disappointing and below the standard of quality that the Firm is striving for. There is also a polarisation of the results, i.e., improvement in overall percentage of "good" grades, and reduction of "significant improvement required" grades. Whilst for the 2022 review there were no specific targets in terms of the percentage of audits achieving a grade of good or limited improvement required, the expectation was to see substantial improvement, with a large majority of audits requiring limited or no improvement. The disappointing results have informed the prioritisation of certain remedial actions in the Firm's Audit Quality Improvement Plan, as outlined in the section below.

We are in the process of finalising our 2023 quality review programme.

Equivalent QAD grade	Internal grade	Description	2022 (No/ %)	2021 (No/ %)
1	Green	Good	3 (13)	2 (10)
2	Yellow	Limited improvements required	8 (35)	9 (42)
3	Orange	Improvements required	8 (35)	5 (24)
4	Red	Significant improvements required	4 (17)	5 (24)
Total			23 (100)	21 (100)

Audit Quality Improvement Plan and Strategy

Our Audit Quality Improvement Plan (AQIP) is a multi-year strategic plan that ensures that we not only strive towards consistently high-quality audits but incorporate our learnings and key takeaways that have emerged from our quality reviews. The AQIP is at the heart of our strategy whose main objective is that of delivering high-quality audits. The main focus of the AQIP 2023/2024 is on key drivers of audit quality. The Audit Quality Board is responsible for the plan's approval and assists in identifying key quality drivers to be included and in ensuring that it is implemented.

Our objective is to develop a culture of challenge, professional scepticism and tone at the top that contributes further to our audit quality initiative. Some key strategic initiatives undertaken this year to improve quality are:

- The involvement of the Audit Policy Group (APG) in the review and evaluation of key matters and processes impacting audit quality across the Firm. This included, amongst others, review of the policies and processes around the components of the Firm's system of quality control required by ISQM (UK) 1. The APG contains members that include but are not limited to the Firm's Head of Audit, Risk Partner, Ethics Partner, Technical Partner, a Regional COO and other senior partners. This ensures that key matters discussed at these meetings are challenged and enhanced pervasively throughout the Firm.
- Enhancement and implementation of policies as part of ISQM (UK) 1 adoption
- Increased communication to the Firm of these enhancements and additional policies and procedures
- Further investment in digital transformation and innovation of our auditing software and tools
- Increased communication and linkage of quality review findings to the training curriculum
- Introduction of a formal Root Cause Analysis (RCA) policy for the Firm which covers both positive and negative inspection results to instigate RCAs. This allows us to not only identify weaknesses but also showcase "what good looks like". Training has been provided and a more in depth RCA Firm report has been collated. Action plan items from these findings are currently being established by the Audit Policy Group and will be factored into the AQIP.

- Further strengthening of the linkage of reward and recognition to audit quality through enhancements made to the employee appraisal process, including a RI Remuneration Policy which is currently in circulation for final comments ahead of approval.

Our quality priorities are driven by a number of factors, such as findings from our internal inspection reviews, external regulatory reviews, RCA findings and a hot file review coaching review process. Some of our key priorities for next year include:

- Thematic reviews on key themes including:



- The Audit Quality Improvement Team and Audit Methodology team will work closely to enhance guidance and methodologies that will be implemented throughout the Firm, including alignment with UK International Auditing Standards.
- The Audit Methodology Team will work closely with specialised teams to develop methodologies and guidance that are sector specific.
- A proactive approach will be taken to provide valuable feedback to the Firm by undertaking random hot file reviews of ongoing audits.
- The Audit Quality Improvement Team will be introducing an annual RI portfolio review. We plan on selecting RI's which have achieved a significant improvement required grading initially to assess the risk in their portfolio.



Internal Inspections Policy

As part of ISQM (UK) 1 implementation, the Audit Policy Group approved the revised Internal Inspections Policy applicable to the quality review of completed audit engagements. A key change that arose, was the redefining of the grading and, going forward, audit work inspected will be ranked under one of the following categories:

- Good
- Limited improvements required
- Improvements required
- Significant improvements required

All RIs, partners and directors whose inspected audit engagement files achieve a grading of good or limited improvements will be subjected to an inspection in the following three years.

All RIs and Directors whose files inspected achieve a grading of improvements required will be required to submit in the following cycle the actions and improvements implemented on the following year's audit. This will determine the extent and type of further inspections performed.

All RIs and Directors whose file achieves a grading of significant improvements required will be reviewed again in the next cycle.

Other follow up procedures will include a Root Cause Analysis and a hot file review of the following year audit prior to sign off, and other procedures if deemed necessary.

This provides the Firm with the mandate to select RIs or engagement partners more frequently than the previous three-year rolling inspection cycle set.

The gradings on inspected work will be communicated to the Chief Operating Officers of each relevant office, the Head of Audit, the Audit Compliance Partner and the Audit Quality Board.

Additionally, the Audit Quality Improvement Team will determine appropriate actions and measurements in addressing findings from the inspection process and Root Cause Analysis. These may include thematic reviews, training and development of guidance on specific areas.

To further enhance our internal inspection process, and to ensure consistency across these reviews, we have endeavoured to ensure that:

- Individuals assigned to inspect audit files should have appropriate skills, expertise, time and seniority.
- New RIs and Directors seeking promotion should perform an inspection of audit files, where their technical ability and expertise will be formally communicated to their line manager.
- The individuals assigned to inspect audit files are objective and any self-review threats have been identified and avoided.
- All individuals taking part in these reviews have attended formal training on the new policy, have been communicated expectations from the process as well as been provided a detailed checklist aide-mémoire and grading guidance to ensure consistency across pervasive points identified. This is to ensure that the inspectors carrying out the reviews, can do so with the same level of depth and breadth, by adopting the same standardised approach, across the sample.
- Where necessary, one on one consultations have been held with the Audit Quality Improvement Team and the Inspector as further enhancement and consistency across the process.



Root Cause Analysis (RCA)

As part of our commitment to improving quality, the Audit Quality Improvement Team performed a RCA to investigate and understand the root causes of the inspection findings. These findings are used as a basis for determining remediation activities and assessing the effectiveness of those actions.

The Internal Inspections policy requires an RCA to be conducted on “improvements required” and “significant improvements required” graded files (previously graded as orange and red, respectively). For the first time this year, the Audit Quality Improvement Team also included “good” graded files (previously graded as green) to identify instances of best practices.

However, given the volume of audit files that obtained an Improvements Required (previously an orange grading) and a Significant Improvements Required (previously a red grading), the Audit Policy Group (APG) approved for the Audit Quality Improvement Team to deviate from the Firm’s policy and select a sample of orange graded files. The sample was determined on various factors such as: RIs with continuous weak-quality results and/or large audited entities. The sample did not include RIs who were known, at the time of performing the RCA, to be leaving the Firm in 2023.

As part of this round of RCAs, there were 11 interviews conducted and included with all engagement team members present where possible. The RI and a representative from the Audit Quality Improvement Team, the Director of Quality Improvement and /or a moderator were included in the interview.

The findings of the RCA have been communicated to the Audit Policy Group, Audit Quality Board and the regulators. The Audit Policy Group is currently reviewing the Audit Quality Improvement Team’s recommendations and will incorporate these into the audit quality plan and strategy.

Engagement Quality Reviews

As part of implementing ISQM (UK) 2, the Audit Policy Group approved a new policy that speaks to the following considerations:

- Requirements or appointing of an Engagement Quality Reviewer on an audit engagement
- Eligibility criteria for the Engagement Quality Reviewer
- Appointment of the Engagement Quality Reviewer
- Impairment of the Engagement Quality Reviewer’s eligibility
- Performance of the Engagement Quality Review
- Procedures performed by the Engagement Quality Review
- Documentation of the Engagement Quality Review.

All Engagement Quality Reviewers are assigned through the EQR panel. The individuals on the panel have the required competence and capability in appointing the Engagement Quality Reviewer for each assignment. The panel consists of the Head of Audit, the Audit Compliance Partner, the Risk Partner, the Technical Partner and one Senior Audit Partner of the Firm.

In addition to the policy mentioned above, the Audit Quality Improvement Team has also formalised an Engagement Quality Review checklist which is to be used on every audit engagement where an Engagement Quality Review has been assigned.

RI Licensing

The Firm has specialisms in several sectors and allocates Partner and senior audit team portfolios to individuals with the relevant sector experience. This licensing also extends to EQRs. Only RIs who are appropriately licensed are permitted to undertake audit and assurance engagements in the following sectors:

- Entities producing financial statements in accordance with IFRS / FRS101
- Not for Profit
 - Charities
 - Academies
 - Further Education Colleges
 - Higher Education Institutions
- Pension schemes
- Insurance undertakings
- Financial institutions
 - Banks
 - FCA regulated financial services entities
- Listed entities (both equity and debt)
 - Including AIM listed entities with market capitalisation over £200m.
- AIM listed entities (market capitalisation under £200m)
- Large corporate entities with turnover in excess of £500m
- Other Entities of Public Interest
- US GAAP
- Luxembourg GAAP
- Digital Asset Tokens
- Other – SAR, CASS and Travel.

Engagement Risk Assessment Panel (ERAP)

The Engagement Risk Assessment Panel meets to discuss audit or assurance engagements which meet certain criteria prior to the acceptance or continuation of the engagement, in order to ensure that any risks associated with those engagements are appropriately managed.

The scope of the panel includes:

- All audits within the scope of the FRC's Audit Quality Review
- Proposed fees over £500k or which represent 10% of the Firm's/office's revenues or 5% of a partner's portfolio
- National or international NFP organisations
- National government bodies
- Transnational audits
- Assignments where the Firm will be the group auditor and more than 50% of its components are audited by other Firms
- Audits of significant components of a listed parent
- Potential audited entities with a high public profile or reputational risk
- Matters highlighted as requiring ERAP approval arising from the completion of the continuance and acceptance audit risk matrix and other client acceptance procedures.

The ERAP outcome may include rejection of the proposed engagement, appointment of an EQR or the adoption of the NASA support model in performing the engagement, depending on the circumstances or the recommendation of appropriate and mitigating safeguards being introduced.

Audits with a short timetable

The policy applies to all audits where there is either a short reporting deadline after the end of the accounting period or where the Firm is appointed late in the audit cycle. The audit team must set out their planned response to address any associated risk with the short timetable. This planned response is subject to review and approval by either the Technical Partner or the Head of Audit.

Contentious Issues Forum (CIF)

The Contentious Issues Forum is a key part of the Firm's audit quality and risk management control procedures. It consists of members of APG and NASA meeting when there is a disagreement between members of the audit team, the audit team and the EQR or NASA and/or the client on a significant audit judgement or financial reporting matter potentially impacting the audit opinion. The CIF therefore provides authoritative guidance to the RI.



Attainment and retention of RI Status

This policy applies to everyone who is applying for, or has been granted, RI status and sets out the process for application, the support provided by the Firm, quality monitoring, CPD requirements and steps to be taken when retiring as an RI.

Approval of non-standard (modified) Audit Reports

This policy requires all non-standard reports issued by the Firm to be approved by NASA prior to the report being signed and issued. This includes reports which contain a qualified opinion or an emphasis of matter, or other matter, paragraph, where financial statements are prepared on a basis other than going concern, or where a material uncertainty relating to going concern exists.

Omnitrack

The process which the technical department (NASA) follows in answering queries and providing consultations is important to ensure and maintain the integrity of the query and its response. Furthermore, the consultation process is important and of interest to the regulators. As NASA needs to ensure that an appropriate audit trail and record of consultations are appropriately maintained and retained, a centralised query system called Omnitrack was introduced.

Using Omnitrack, both the Audit Quality Improvement Team and the Audit Methodology Team will be able to have a proactive approach in monitoring the query forms to identify current needs and drive enhanced delivery of audit quality and methodology.

Through this system NASA is able to allocate all queries to the most suitable individual within NASA to answer the query.

All staff are encouraged to challenge any disagreement to NASA's responses through a Contentious Issues Forum. The conclusions of this forum are considered final.

The Firm's Statutory Audit Register

From 1 April 2023, the Firm implemented its own Statutory Audit Register. The purpose of this register amongst other considerations is to:

- Maintain a listing of all audit engagements per RI, with detailed information regarding their respective portfolios that will contribute a sample, not only for Internal Inspections, but for other monitoring processes too, that arise from the implementation of ISQM (UK) 1.
- Enable the Audit Quality Improvement Team to proactively monitor non-compliance with the Firm's Final File Assembly and Lockdown policy.
- Enable enhanced procedures around client acceptance and continuance through completion of a risk matrix that, where necessary, will flag to engagement teams where further consultation with internal specialist groups or panels will be required and provide a holistic overview of our audit engagement risk profile.

External Reviews

The ICAEW's Quality Assurance Department is currently undertaking a review of a sample of completed files. At the date of publication of this report, the findings of their review are still to be concluded.

Regulator Reviews

The findings of any regulator reviews inform our annual action plan. Regulator plans have been confirmed since our last transparency report. In summary, we have completed the majority of the actions required, with a plan in place to complete the remaining actions by the end of 2023.

Audit Quality Indicators (AQI)

The FRC has requested that all Firms within the scope of the Audit Firm Governance Code (AFGC) prepare and report on Firm-level Audit Quality Indicators.

Public reporting of Firm-level AQIs, which are measured on a consistent basis, will broaden the range of information regarding audit quality available to audit committees and other users of audit services beyond the FRC's Audit Quality Review scores.

The AQI data will be collated and analysed for the period 1 April 2023 to 31 March 2024. The FRC intends to use the first year of AQI reporting as a pilot period and will publish the AQI data for all Firms for the period ending 31 March 2025. The aim is to provide a consistent approach for audit committees and other users of audit services to understand audit quality of all in scope Firms.

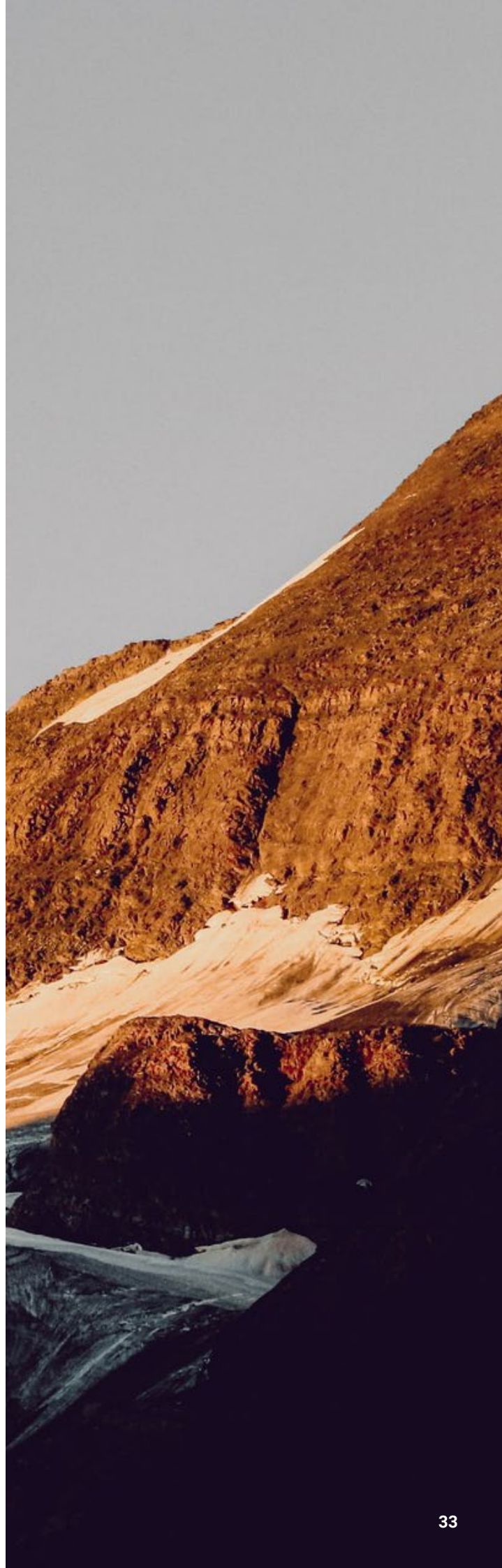
Adoption of the Audit Firm Governance Code

As part of our ongoing commitment to achieving the highest standards of audit quality and governance, we wish to announce our intention of adopting the Audit Firm Governance Code for the financial year 2023/24. This decision is rooted in our Firm's philosophy of continuous improvement and dedication to upholding the highest standards of audit quality and governance.

Conclusions on Audit Quality Monitoring

We are disappointed by the results of our Internal Inspections and acknowledge that there are improvements to be made to turn these results around. Based on the new and revisited quality policies and procedures outlined above, and the additional actions contemplated under the Firm's Audit Quality Improvement Plan, whose effects will become tangible and measurable in the current and next financial period, the Management Board is confident that the Firm's system of quality management will support a substantial and continued improvement in audit quality across the Firm.

Based on the review processes outlined above, the Management Board is satisfied that the Firm's audit quality control system is operating effectively.



10 External investigations and findings - Year ended 31 March 2023

(1) Related to audit work.

	Cases	Details	Current open investigations
Number of cases in which the FRCs Conduct Committee has found against the Firm or one of its members	0	N/A	FRC investigation relating to the audit work of the Firm on the 2018 and 2019 financial statements of MRG Finance UK Plc.
Number of cases in which the disciplinary committee of any other regulatory body has found against the Firm or one of its members	1	January 2023 Firm reprimanded by ICAEW. Fine and costs of £20,562 Matter – failure to ensure that group financial statements were properly prepared in accordance with International Financial Reporting Standards and failure to conduct the audit in accordance with International Standards on Auditing (UK) and applicable law.	ICAEW investigation into the Firm's 2019 audits of two related companies, in relation to matters raised in the predecessor auditor's resignation letter.

(2) Related to other matters.

	Cases	Current open investigations
Number of cases in which the FRCs Conduct Committee has found against the Firm or one of its members	0	None
Number of cases in which the disciplinary committee of any other regulatory body has found against the Firm or one of its members	0	The Firm self-reported a breach in respect of the ICAEW's Clients' Money Regulations in respect of a non-audit client. The matter relates to a breach of the 30-day rule, by which time amounts over £10,000 should be placed in a designated bank account. The monies have since been repaid to the client. FCA investigation in relation to the Firm's CASS Reasonable Assurance work on three companies.

F Ethics and Independence

1 Ethical Principles and the Firm's Procedures

The five fundamental principles of the ICAEW Code of Ethics remain central to the Firm's ethics policies and procedures and are highlighted in all training:



The Firm's Ethics Policy

The Firm's Ethics Policy continues to apply to all partners and employees of the Firm and also to secondees and contractors involved in the Firm's statutory audit work. Compliance with the relevant ethical standards overrides all commercial interests and all staff are aware of this; from their initial induction into the Firm and through their ongoing training.

Any breach of the Firm's Ethics Policy would be fully investigated and treated as misconduct.

The Ethics Manual

Our Ethics procedures, detailed in the Firm's Ethics Manual, ensure compliance with the Financial Reporting Council's (FRC) Revised Ethical Standard 2019 (the 'Ethical Standard') and the ICAEW Code of Ethics.

As a member of Baker Tilly International, the Firm also adheres to the ethical requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (the IESBA Code). The Firm's ethical guidelines impose additional requirements on the Firm's staff in order to address all areas of objectivity and independence. Our ethics procedures are regularly reviewed in order to ensure that all regulatory developments are addressed.

Ethics training

All the staff of the Firm are required to undertake training in the Firm's ethical procedures, whatever their role and seniority in the Firm. The Firm's systems to safeguard staff independence and objectivity include the procedures when staff are recruited, the regular ethics training and the Annual Compliance Declarations, and are integral to the Continuing Professional Development of relevant staff.

The ICAEW ethical requirements and the Firm's ethics procedures are addressed for all new employees and contractors through the Firm's on-line Induction course, which is mandatory for all new joiners. The ethics training at induction emphasises the Firm's commitment to the highest ethical standards. It covers the Ethical Standard, Anti-Money Laundering, the Bribery Act, Whistle Blowing procedures, client acceptance procedures and the Firm's gifts and hospitality policies. Completion of the relevant ethical modules is monitored to ensure all staff complete the required training prior to access to the Firm's IT systems.

Ethical issues are addressed at the mandatory Technical Update training for all professional staff every six months and included as relevant at the weekly Technical training 'It's not Rocket Science, 'INRS.'

Ethics training for students and non-audit staff

Students cover a session on ethics at each of their internal courses, including practical, worked scenarios based on ICAEW guidance. Non-audit staff receive ethics training alongside Anti-Money Laundering training at least once each year, with a mandatory assessment at the end of the training session. A score of over 70% must be achieved in the questions following the training, with the areas covered drawn from a bank of relevant topics. The Firm's training platform issues reminders to staff to ensure that every member of staff completes the relevant ethics training within the agreed timescale.

2 The Firm's Ethics Function

Simon Knibbs chairs the Firm's Ethics Committee, which provides advice on all ethical issues to the partners and staff. As Firm's Ethics Partner, Simon reports directly to the Management Board on certain matters, and the Minutes of the Regional Ethics Committee meetings are provided to the Board. There is a member of the Board on the Ethics Committee and ethics remains a fixed agenda item for all Board meetings.

The Firm's Ethics Partner is responsible for ensuring the adequacy of the Firm's policies and procedures relating to integrity, objectivity and independence, compliance with the Ethical Standard and the effectiveness of the communication to partners and staff of the Firm.

The Firm's Ethics Function consists of:

- The Ethics Partner – Simon Knibbs
- The Deputy Ethics Partner – Neil Stern
- Regional Ethics Panel members (REPs)
 - Kate Arnott
 - Duncan Cochrane-Dyett
 - Martin Herron
 - Brian Garland
- Technical Department managers with a role in ethics.

The Ethics Committee meets four times a year to discuss ethical and independence issues, internal and external review findings, changes to the Firm's procedures in response to FRC and ICAEW guidance, and any ethical breaches.

We recognise that the Board Members and the REPs are role models and are uniquely placed to influence the Firm.

They have confidence in challenging others on ethical issues where necessary. Where issues are raised, these are addressed immediately, recognising that the Firm's ethical culture is of primary importance and our values are driven from the top. We promote a culture of 'speaking up' and ensure this is effective; demonstrating that we have listened, and changes are made as appropriate.

The guidance in the Ethics Manual directs uniformity in the decision-making process of the Regional Ethics Partners. This is strengthened through the REPs' discussions and through the ongoing 'second REP review' of approval of significant safeguards. Examples of significant decisions by REPs are highlighted at each REP meeting.

3 Acceptance and continuance procedures of audit engagements

The Firm's procedures for evaluating the overall risks relating to the acceptance and onboarding of new clients cover not only AML requirements but also ethical considerations and completion of the Firm's audit risk matrix, introduced in 2023. The procedures include an assessment of the Firm's ability to meet the terms of the engagement and address any potential independence issues and conflicts of interest.

Acceptance of each new client and assignment is subject to a detailed review by two partners, with further reference to Regional Ethics Partners and to the Baker Tilly International (BTI) Independence Database as appropriate.

The procedures in respect of considerations of continuing audit engagements are addressed by the audit teams at completion of the audit and prior to commencing the detailed planning of a subsequent period. The audit methodology of the Firm prompts this detailed reassessment prior to commencing the audit. Our robust checks at the planning stage ensure that sources of potential conflict and independence issues are discussed at the earliest opportunity. The correct implementation of these ethics procedures is reviewed as a part of the audit inspections cycle which is completed on audit files and on certain non-audit assignments. Larger clients, and those where there may be a reputational risk, are subject to the Firm's Engagement Risk Assessment Panel at the onboarding stage. The members of the panel assess these engagements prior to client acceptance, with a view to managing the risks with relevant safeguards, or declining the assignments where there are no appropriate safeguards that can be applied.

4 Financial, business, employment, and personal relationships

The Firm has policies in place to ensure that no partners, members of staff or their close family members may hold any direct or significant financial interests in any audit clients, or significant affiliates of these clients. Staff are informed promptly of new clients on the Firm's 'Restricted Entities List' of listed audit entities and listed entity groups. Any relevant / significant financial interests held by staff are monitored by the Compliance Director until their disposal.

All of the Firm's staff have access to the Firm's list of audited entities and are made aware of any ethical requirements.

Partners and members of staff may not enter into any commercial or financial relationships with clients of the Firm, other than the purchases of insignificant goods and services on terms available to all members of the public and with partner approval. Employment relationships with audit clients are prohibited. Members of the audit team may not have any relationship with any member of staff with a key position at the audit client. Personal relationships of any members of staff with audit clients which may present an actual or perceived threat to independence must be discussed with the REPs.

Annual Compliance Declaration (ACD)

On joining the Firm, all partners, staff and consultants must sign their ACD covering their independence, Fit and Proper status and confidentiality commitments. This declaration is reviewed annually. Any issues arising in the intervening period are discussed with the relevant partner and reported to the Ethics Function where relevant.

Financial, business, employment and personal relationships are addressed in the ACDs. These ACDs are automated to ensure 100% compliance, collated, checked, and reviewed by the Compliance team, with contentious issues addressed by the Compliance Director. The prohibition for partners of ongoing relationships with clients, including charity clients, is addressed through the partnership agreement.

5 Long association with engagements

There is mandatory rotation of the RI in respect of the audits of Public Interest Entities, (PIEs), to mitigate the risk of familiarity with the audited entity. The Firm's policies and procedures for PIEs and other listed entity audits set out requirements for the rotation of the Responsible Individual (RI) every five years, (and not returning for five years), the Engagement Quality Control Reviewer (EQCR) every seven years and other key partners and senior staff as appropriate. Rotation of RIs on PIEs and larger clients is discussed by the Ethics Committee and rotation is in line with the Ethical Standard.

In order to address the issues related to various larger audited entities, the Firm has extended the PIE requirements to certain entities which may in due course become a PIE.

For non-PIE clients, the firm maintains a database of audit assignments which includes the number of years which the RI and audit manager have been involved with each engagement. Where the RI and senior staff have a long association or extensive involvement with an audit client, which would indicate a perceived familiarity threat, the REP will generally recommend the rotation of the RI at the next appropriate opportunity.

The firm implemented a policy in the prior year that there should be no extension in respect of long association beyond 15 years. The intention is to reduce this to 10 years by 2027. It is too early to conclude on the impact of the changes made in the prior year by the firm in respect of long association. The Regional Ethics Partners are in the process of reviewing the changes made in their regions in respect of long association, to ensure that the change in the policy is embedded into all ongoing audits.

In respect of long association, appropriate safeguards, such as those set out in the Ethical Standard, are implemented to reduce the threats to a level where independence would not be compromised.

The safeguard for long association is generally a second partner review, but there may be a further requirement for additional safeguards, including an additional review by the Technical Department of relevant audit areas .

6 Fees, the Bribery Act and gifts and hospitality

At the planning stage of each audit, the proposed fees and fees over the previous period for all audit and related non-audit assignments are considered by a REP. The REP addresses both the level of the fees and the perception of 'an objective, reasonable and informed third party'. Non-audit assignments for audit clients are not permitted on a contingent fee basis.

The requirements of the Bribery Act are addressed through the Firm's training and procedures, ensuring that all staff are aware of the Bribery Act's requirements relating to the making, taking and facilitating of bribes.

The Firm's gifts and hospitality policies cover all situations where expenses, gifts and hospitality may give rise to the perception that independence may be an issue. The policies cover hospitality offered to clients and hospitality received, including charity sponsorship and events. The Firm does not support the charity events of audit clients.

Provision of hospitality and all gifts is recorded in the Gifts and Hospitality Register, noting the extent of the gifts or hospitality, the staff and partners offering or receiving these, including those gifts deemed 'clearly inconsequential'. Gifts and hospitality matters are also discussed with the Firms Ethics Partner (FEP) where appropriate.

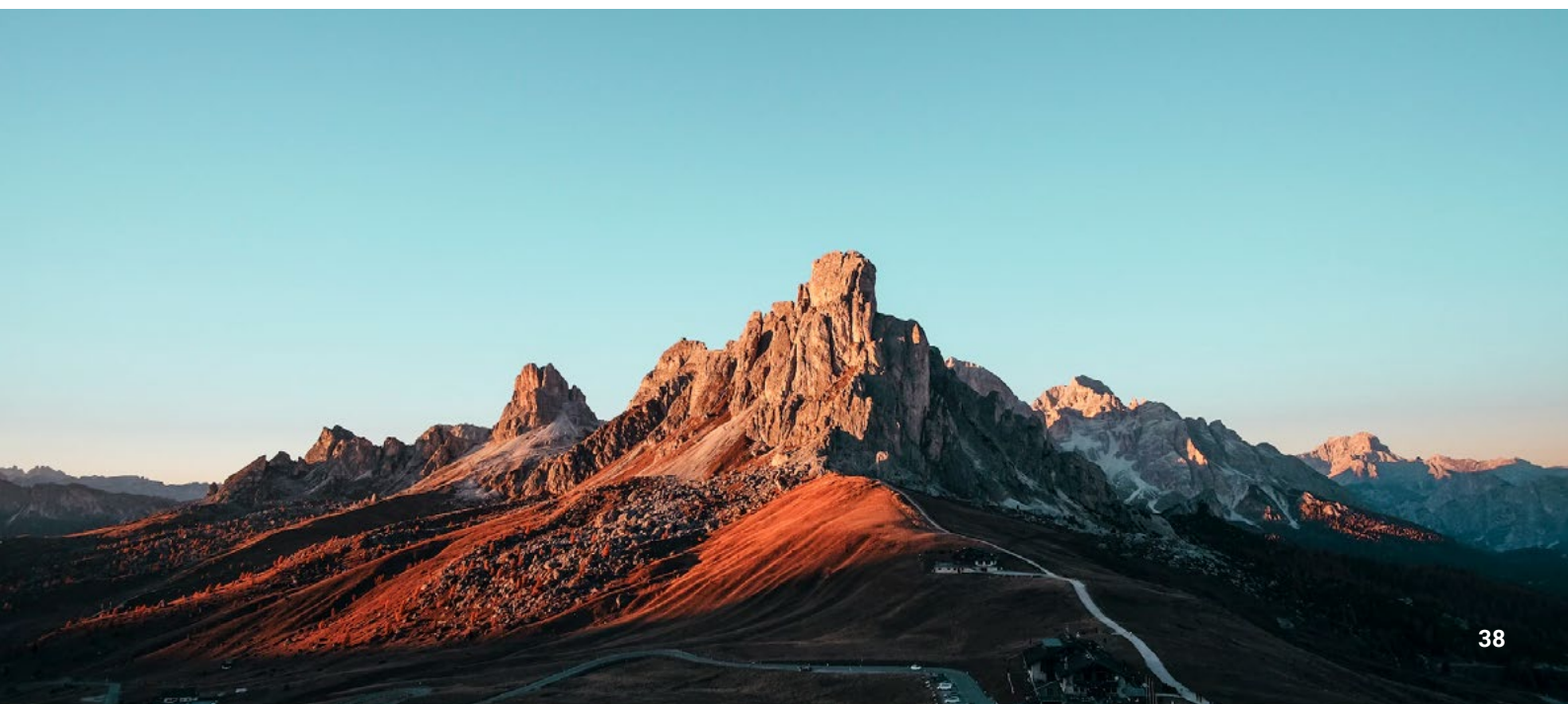
7 Non-audit / additional services

Non-audit services are not provided to PIE clients, other than where expressly permitted by the FRC Ethical Standard. Non-audit services provided to other audited entities are listed by the audit team and discussed with the REP for each audited entity, ensuring that there is a full record of all non-audit services provided. Non-audit services provided on group audits are documented at the planning stage and discussed with group auditors.

Non-audit services are only provided to other audit clients after discussion with the RI of the audit and the REP's approval of the appropriate ethical safeguards. Where there is any perception by the REP that the provision of such non-audit services could present an ethical threat, even with the implementation of relevant safeguards, there is further consultation with a second REP before approval. Such consultations are discussed further at ethics meetings in order to establish standard approaches in all regions.

The provision of non-audit services is an agenda item at all Ethics Committee meetings, with REPs presenting examples arising in the period where there are issues of interest. A selection of these examples features at the six-monthly Technical Updates, providing a basis for useful discussion material and illustrations of relevant safeguards to risks to independence, and examples where non-audit services should be declined.

The Management Board reviews the Ethics Meeting Minutes and has regular updates with the FEP to discuss non-audit services for audit clients, and with the Compliance Director in respect of the ACDs. The Board annually confirms that a review of the Firm's independence practices and procedures has been carried out.





8 Breaches of The Ethical Standard

Any breaches of the FRC Ethical Standard are recorded in the Firm's ethical breaches register. The breaches are considered by the relevant Regional Ethics Partner (REP), with further consideration by the FEP as appropriate, at the earliest opportunity. Any urgent issues are addressed immediately with the audit team and with the client where appropriate.

The breaches are discussed at the next ethics meeting, with consideration given to the root cause of the breach; whether the relevant requirement has been complied with and whether the Firm's procedures have been applied correctly, and whether sanctions are required. The REPs monitor the key themes reflected from the breaches, in order that appropriate action is taken. The root cause analysis documents the impact on ethical issues and on audit quality, to identify common issues and to address any problems. In circumstances where the breach has Firm-wide implications, these are addressed through training at the six-monthly Technical Updates or more immediately through the weekly technical training; INRS.

Each breach is followed up by the relevant REP, and by the FEP where relevant. The sanctions agreed at the meeting by the REPs are monitored by the relevant REP. These sanctions may include a targeted review of the ethical safeguards for a selection of audit files of the relevant audit team. Failure to address the ethical safeguards remains a significant consideration in the appraisal of senior audit staff and RIs.

All breaches identified are reported to the FRC on a six-monthly basis by the FEP.

There is an internal inspections review system implemented by the Firm, monitored by the Audit Policy Group. These inspections cover the work of all RIs and help to ensure that ethical safeguards are being correctly addressed. The Firm's checklists for internal inspections have been enhanced during the year to provide further guidance to reviewers, and to ensure that the ethical requirements have been adequately addressed on each file reviewed.

The REPs were pleased to note that the Firm has continued to show improvements in the discussion of the audit team with the REP of the proposed ethical safeguards prior to commencement of the assignment. However, the REPs were very disappointed with the number of breaches noted in the year and by the proportion of internal inspections which included an ethical breach in respect of implementation of agreed safeguards. The REPs are committed to ensuring that the causes of the breaches are addressed, in order to provide the required improvements in this area. The REPs have challenged the relevant RIs to ensure that there is continued improvement in this area in 2023, with a parallel improvement in audit quality. This area will be monitored through internal inspections and through thematic reviews where appropriate, in this area. The REPs have challenged the relevant RIs to ensure that there is continued improvement in this area in 2023, with a parallel improvement in audit quality. This area will be monitored through internal inspections and through thematic reviews where appropriate.



G Our people

1 Overall Objective

Our overall objective is to ensure that we support, train, safeguard and protect the welfare of our people throughout their working lives without any prejudices or discrimination.

We aim to achieve this by:

- The Introduction of 30 plus trained Mental Health first aiders across the Firm including Engagement Partners, focussed on well-being.
- Well-being calendar of events and motivational speakers
- Introduced a whole suite of supporting well-being literature, webinars, and resources for all staff
- Enhanced our Employee Assistance Programme (EAP) benefits and access to doctors
- HR Development Committees in place to recognise key talent & reward where appropriate
- Regular Employee Engagement surveys enabling employee voice, measurement of organisational culture and identifying key levels that require re-engagement
- Invested in our hybrid training abilities with an extensive range of face to face and online training and resources
- Increased focus on Equality, Diversity and Inclusion initiatives, networks and committee
- Continuously develop from our feedback and benchmarking frameworks. We received the IIP Gold standard this year from the prestigious Investors In People accreditation demonstrating our commitment to our people.

We recognise that increased flexibility is required to support our peoples' work/life balance needs whilst enabling us to continue to engage with our people and clients and, very importantly, continue to deliver a high level of service and quality to our clients. We continued to work diligently ensuring our people were equipped with the right tools to carry out their responsibilities. The flexibility of our IT infrastructure ensures our people were able to work remotely and we were able to adapt our working practices to facilitate each of our client's individual needs. We continued to undertake a number of actions to ensure that our audit quality was maintained.

These included:

- Implementing and embedding the MHA Hub for all our online and face to face training requirements and needs that were met utilising live webinars and online training Programmes, tailored to our people's needs and development areas.
- Thorough reviews of our processes and procedures to streamline efficiencies and provide a consistent service to our clients. We make it a priority to focus on the physical and mental well-being of our people through a number of mechanisms:
 - regular engagement from people managers as well as from leadership of the Firm
 - our employee assistance Programme is readily available to all of our people and their family members
 - we have embedded a Well-being Committee which organises monthly online events with key speakers in attendance and twenty of our people completed training to become Mental Health First Aiders.

We are committed to fulfilling the requirements of our international quality standards and to establish policies and procedures designed to provide them with assurance that they have the 'right' personnel with the capabilities, competence, and commitment to ethical principles necessary to:

- Perform engagements in accordance with professional standards and applicable legal and regulatory requirements; and
- Enable the Firm or engagement partner to issue reports that are appropriate in the circumstances.

We continue to achieve this, as outlined in the sections below, through effective and appropriate:

- training of partners, staff, contractors, and consultants
- supervision of staff, sub-contractors, and consultants
- stringent evaluation of everyone's capabilities and potential
- ensuring relevant work experience
- monitoring of the Firm's human resources and workflow
- our recruitment procedures

2 Diversity, Inclusion, Belonging & Social Impact (DIBS)

At MHA, we create an environment where every team member feels seen, heard, valued and connected.

When we can bring our authentic selves to work each day, our contributions reflect our individual best, and our community is strong.

Throughout our Firm, our approach to diversity, inclusion and belonging is embedded into everything we do.

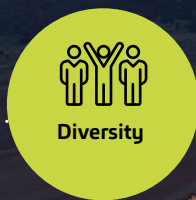
Our aim is to create an environment where;

- 1 Opportunities are equal, and staff feel supported
- 2 We ensure that our people feel they belong within our Firm
- 3 We are known for fostering inclusion

We have made huge strides in this area, and we are working in partnership with Business in the Community (BITC). BITC is the largest and longest established business led membership organisation dedicated to responsible business: founded by HRH The Prince of Wales 40 years ago.

Through our partnership we are committed to regularly reviewing all our policies, procedures, networks, working groups and committees, training and our overall strategy to ensure we continually review and focus on those key aims.

DIBS Strategy - Structural Pillars



Diversity

Goal: Develop a Firm, at all levels, that represents the communities we serve.

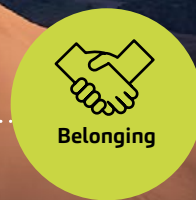
Top-line Metrics: Improved representation of women in senior roles and employees of colour across levels.



Inclusion

Goal: Build an environment where identity is not a predictor of success.

Top-line Metrics: Continued efforts to ensure equity in promotions, pay, retention and opportunities.



Belonging

Goal: Foster an environment where team members feel a sense of acceptance, inclusion and identity.

Top-line Metrics: All team members are engaged and belong, regardless of identity.



Societal Impact

Goal: Expand the impact of DIBS within our industry and the communities where we operate.

Top-line Metrics: Partnerships with clients and organisations advancing DIBS locally, nationally and globally.

3 Social Impact

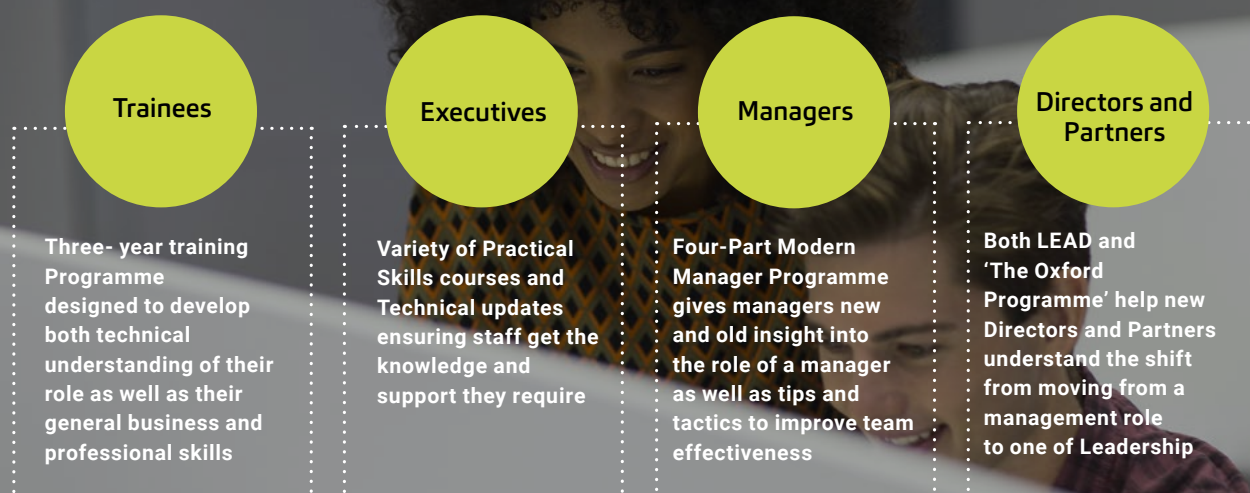
We are committed to ensuring we have a positive impact on the world around us, from supporting local communities through volunteer projects for which we allow our staff paid time off, to protecting the world around us through our environmental policies. Our office building in London has won awards for its sustainability.

4 Appraisals, professional development and training

We are committed to ensuring that our staff are developed, managed, motivated, and rewarded in a constructive and consistent way. We have six-monthly formal appraisals and individual performance development plans, where staff discuss their work performance and career aspirations with their line manager in detail.

We understand that our end-product is only as good as our people – as such the continual learning and development of our staff is a priority for us. We are one of the few Firms our size with a dedicated in-house Training Department. We have won several awards for our training and in September of 2019 our training was awarded the prestigious British Accountancy Award for Training Programme of the Year.

Training at every level



Trainees

As we are an accredited training Firm, the core development points for both the ICAEW and AAT act as a baseline for our trainee Programme.

Executives and Qualified Staff

Qualified and non-trainee staff have access to a wide range of technical and professional skills courses that they take to meet their development needs as they, or their managers, see fit. These courses generally fall into two categories:

- **Technical Updates** – mandatory courses for all client-facing staff. These are held every six months and contain all the relevant tax, accounting and audit information that they need to know to do their job.
- **Professional Skills Courses** – elective courses to further refine soft-skill abilities (e.g. coaching, mentoring, presentation skills). Managers often review their team's need for these courses at appraisal times, and they run regularly throughout the year.

Executives are further supported with our annual 'Elevate' Graduate Academy Event, which consists of a mix of practical case studies and ever-changing professional development topics - offering our executives both a more formalised pathway that will help them succeed in their current role, while also allowing them to personally hone and shape those skills in a way that meets their individual needs and interests.

Managers

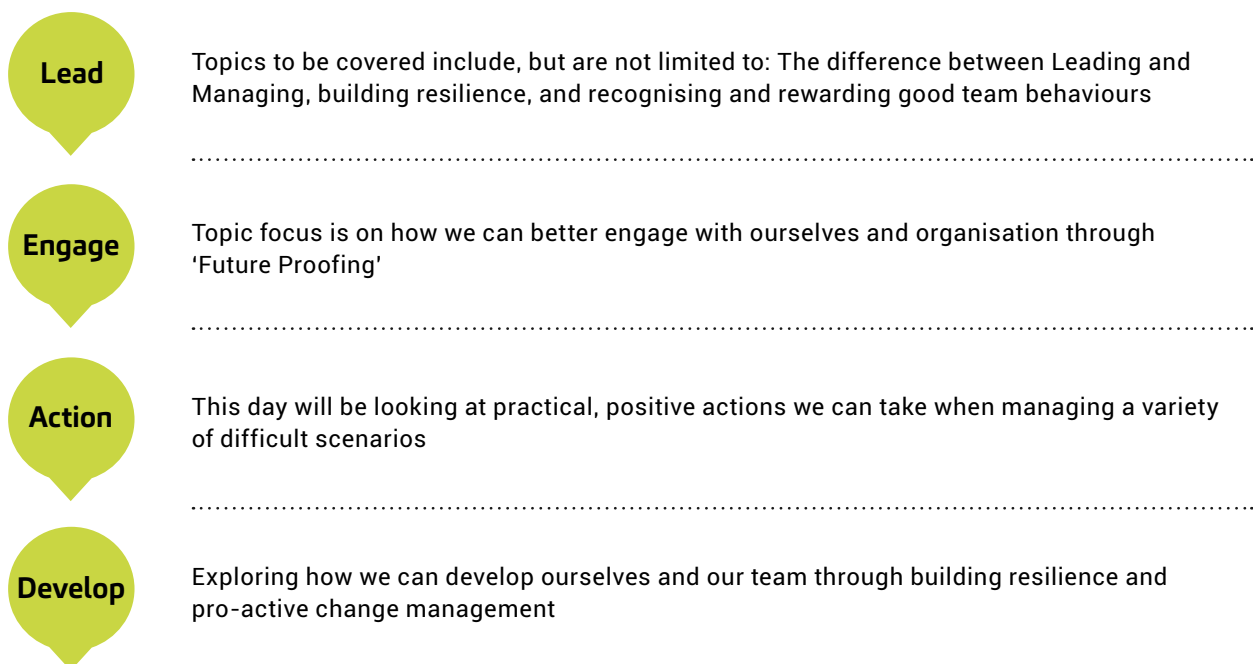
Managers are placed on the Modern Manager Programme, shown below:



Directors and Partners

At these levels, a person's core role in the Firm experiences a fundamental change from one of management to one of leadership. As such we offer those on this path support through our LEAD and Accelerate Programmes.

LEAD is a five-month, four-module, Programme that is designed to both recognise and engage our more experienced managers and new directors by introducing them to the leadership mindset. Incorporating a heavier element of pre-course reading and intra-group discussion and facilitation than previous courses, this Programme is unique in how peer-support discussion is used to shape and show the meaning of Leadership, rather than be simply dictated to participants.



The Oxford Programme is a new initiative being launched in Partnership with Baker Tilly International and the Said Business School of Oxford University. Being run over the course of a year, it will use a mix of both live residential and online learning modules with the aim to help new partners (or those on a partnership track) better understand their journey from being a Team Leader to Strategic Leader. With the final phase of the Programme involving participants being divided into international teams tasked with analysing and presenting back solutions on real current challenges being faced by the organisation as a whole.

Making Training Simple

Over the last half of 2022 we have made changes to our on-line learning platform to increase transparency in the development routes and Programme pathways for all staff (chargeable and non-chargeable) – thereby better ensuring that their training options are both better known, and more easily accessible to them.

Making Training Engaging

As the number of ‘recorded’ courses being delivered via our Learning Management System increases, investment has been made into new content creation technology that will allow us to efficiently create more dynamic and engaging content. We see being able to ramify our learning Programmes and present content users with opportunities to demonstrate learning objectives through practical real-world situations (as opposed to simply being able to remember and regurgitate disassociated facts on a topic) as a critical strategic objective for the success of our L&D Programme; both for Now, and Tomorrow.

Talent acquisition remains a priority for MHA. As a growing Firm, in an ever changing economic and social context, attracting, and retaining sector specialists and employees, who share our ambition, attitude and vision, is critical to our ongoing success as a challenger Firm.

We are continually reviewing the inputs required from an advisory, data, analytical and transactional perspective to ensure we are ahead of the curve and are not simply reacting to shifts in regulations and markets. Workforce planning now, for tomorrow. Our strengths and values-based recruitment model, supports our ongoing commitment to consistency, quality, inclusivity, and diversity in our workforce. Where appropriate, our recruitment and selection procedures include technical testing, safeguarding quality, and viability of hires. This works in tandem with mandatory recruitment and section training for all leaders and hiring managers, which includes sections on conscious and unconscious bias

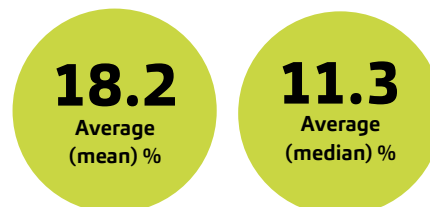
and best practice selection methods. We challenge our methods regularly, reviewing how and where we source and advertise, how we assess applicants and who performs the interviews. We ensure an attitude of continuous improvement, ensuring inclusive processes to attract and retain a diverse workforce.

Graduate and non-graduate trainee recruitment

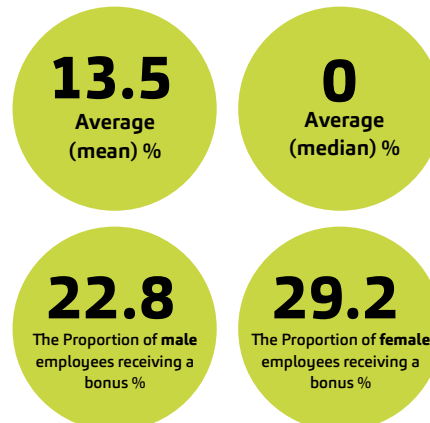
As a training Firm, recruiting talented graduates and non-graduates remains a key focus for our talent acquisition function. A signatory of the equal opportunities’ charity, Access Accountancy, we are dedicated to improving socio[1]economic diversity in the accountancy profession. We review our entry criteria, interview and assessment centre processes, and selection methods regularly to ensure we remove barriers for candidates and support people from all areas of our communities to access the sector; we strive for inclusivity from these early stages, whether the individual be a graduate, school leaver, or looking to retrain. Our annual work experience Programme offers places to students from lower socio economic and under-represented backgrounds, and ensures they come away with useful skills that will give them a head start in whatever career they choose.

For the snapshot date of 5 April 2022:

Gender pay gap



Gender bonus gap



Our full Gender Pay Gap report for 2022 is available on our [website](#)

5 Partner remuneration

Partners are remunerated out of the profits of the Firm.


Each partner's remuneration is assessed by reference to their individual contribution to the Firm considering a wide range of criteria, including:

- 1 promoting audit quality
- 2 delivering quality work
- 3 having strong technical skills
- 4 providing excellent client service
- 5 complying with all legal and regulatory requirements
- 6 following Firm procedures/policies
- 7 helping to grow the business
- 8 developing clients and client relationships
- 9 winning new business/new clients
- 10 developing new services
- 11 acting as an ambassador for the Firm
- 12 helping to develop the Firm's profile
- 13 acting as a good role model
- 14 supporting and developing others
- 15 adherence to and promotion of the Firm's values

The importance attached to any individual performance criterion varies depending on the individual partner's role within the Firm.

The partner group comprises equity partners and partners with similar but not identical remuneration frameworks. Equity partners are also entitled to a variable 'profit share' based on medium to long-term contribution to the Firm. All partners are required to contribute capital to the Firm.

All partners are subject to the Firm's partner appraisal system. Audit partner remuneration does not take any account of the selling of non-audit services to audit clients.



H Appendices

Significant Clients

1 Public Interest Entities (PIEs)

The Firm issued audit reports on the financial statements of the following PIEs:

Audit reports signed during the year to 31 March 2023

- Bank of Ceylon (UK) Ltd
- Bank Saderat Plc
- Commercial International Bank (Egypt) SAE
- Develop North Plc
- English & American Insurance Company Ltd
- FBN Bank (UK) Ltd
- Ferrexpo Plc
- Havin Bank Ltd
- Hidong Estate Plc
- HSF Health Plan Ltd
- Ifast Global Bank Ltd
- J.P. Morgan Europe Ltd
- Melli Bank Plc
- MRG Finance UK Plc
- PCF Bank Plc
- Polymetal International Plc
- Persia International Bank Plc
- Puma Alpha VCT Plc
- Puma VCT 13 Plc
- REA Holdings Plc
- Stirling Water Seaford Finance Plc
- Spiritus Mundi Plc
- The Ancient Order of Foresters Friendly Society Ltd (Trading as Foresters Friendly Society)

Audit reports signed post 31 March 2023

- Aterian Plc
- Milton Capital Plc
- Nostrum Oil & Gas Plc
- Philippine National Bank (Europe) Plc

2 Other significant audits

The Firm is also statutory auditor of the following significant companies:

- Acceler8 Ventures Plc (Jersey, Channel Islands)
- Amigo Holdings Plc
- Bay Capital Plc (Jersey, Channel Islands)
- Cardiff Property Plc
- GB Bank Ltd
- Grand Fortune High Grade Ltd
- Hays Travel Ltd
- HSBC Innovation Bank Ltd
- Jordan International Bank Plc
- Kanabo Group Plc
- Places for People Finance Plc
- Places for People Homes Ltd
- Places for People Treasury Plc
- Poplar HARCA Capital Plc
- Red Capital Plc (Jersey, Channel Islands)
- Sonali Bangladesh (UK) Ltd
- Weatherbys Bank Ltd
- Wilson James Capital Ltd
- Zenith Bank (UK) Ltd

3 AIM listed

The Firm also has AIM listed audit engagements as follows:

- Cake Box Holdings Plc
- Crossword Cybersecurity Plc
- Gateley (Holdings) Plc
- Leeds Group Plc
- Live Company Group Plc
- Morses Club Plc
- Quantum Blockchain Technologies Plc
- Star Phoenix Group Ltd
- Tekcapital Plc
- Tintra Plc
- Titan Holdings Plc
- Trafalgar Property Group Plc

EU Member Firms

4 Network of EU Statutory Audit Members

As at 31 December 2022, the following independent member Firms of the Baker Tilly International network provided statutory audit services in the EU.

	Country	Name of Firm	Further details
1	Austria	Pro Audito Wirtschaftsprüfung und Steuerberatung GmbH	See Appendix 1
2	Belgium	Baker Tilly Belgium	
3	Bulgaria	TPA Audit OOD; Baker Tilly Klitou and Partners OOD	See Appendix 1
4	Croatia	TPA Audit d.o.o	See Appendix 1
5	Cyprus	Baker Tilly Klitou & Partners Limited	See Appendix 1
6	Czech Republic	TPA Audit, s.r.o.	See Appendix 1
7	Denmark	Baker Tilly Denmark	
8	Estonia	Baker Tilly Baltics OÜ	
9	Finland	Baker Tilly Finland Oy	
10	France	Strego Audit	
11	Germany	Baker Tilly Holding GmbH	See Appendix 1
12	Greece	Baker Tilly Greece Auditors S.A.	See Appendix 1
13	Hungary	TPA Control KönyvvizsgálóKft.	
14	Ireland	Baker Tilly Ireland	
15	Italy	Baker Tilly	
16	Latvia	Baker Tilly Revisa SpA	
17	Lithuania	Baker Tilly Baltics SA	
18	Luxembourg	UAB Scandinavian Accounting and Consulting	
19	Malta	Baker Tilly Audit and Assurance àr.l	
20	Netherlands	Baker Tilly Malta	
21	Poland	Baker Tilly (Netherlands)	See Appendix 1
22	Portugal	Baker Tilly TPA Sp. zo.o.	
23	Romania	Baker Tilly PG & Associadoes, SROC, LDA	See Appendix 1
24	Slovakia	TPA Audit Advisory S.R.L.; Baker Tilly Klitou and Partners TPA Audit, s.r.o.	See Appendix 1
25	Spain	Baker Tilly Iberia	See Appendix 1
26	Sweden	Baker Tilly Sweden	See Appendix 1
27	UK	MHA Moore & Smalley	

Network Operators

Network name - Pro Auditö Wirtschaftsprüfung und Steuerberatung GmbH

EU statutory audit members

1	Audit Consult Austria Wirtschaftsprüfung und Unternehmensberatung GmbH	Austria
2	Pro Auditö Wirtschaftsprüfung und Steuerberatung GmbH	Austria
3	Pro Revisio Wirtschaftsprüfung und Steuerberatung GmbH	Austria

Network name - TPA Group

EU statutory audit members

1	TPA Audit OOD	Bulgaria
2	TPA Audit d.o.o.	Croatia
3	TPA Audit, s.r.o.	Czech Republic
4	TPA Control KönyvvizsgálóKft.	Hungary
5	Baker Tilly TPAS p.zo.o.	Poland
6	TPA Audit Advisory S.R.L.	Romania
7	TPA Transilvania Advisory S.R.L.	Romania
8	TPA Transilvania Contax S.R.L.	Romania
9	TPA Audit, s.r.o.	Slovakia

Network name – Baker Tilly Klitou and Partners Limited

EU statutory audit members

1	Baker Tilly Klitou and Partners Limited	Cyprus
2	Baker Tilly Klitou and Partners (Limassol) Limited	Cyprus
3	Baker Tilly Greece Auditors S.A.	Greece
4	Baker Tilly Klitou and Partners SRL	Romania
5	Baker Tilly Klitou and Partners OOD	Bulgaria

Network name – Baker Tilly Iberia

EU statutory audit members

1	Audicat Barna, S.L.P.	Iberia
2	Auditabe Auditores & Consultores S.L	Iberia
3	Esponera Auditores, S.L	Iberia
4	CJC Baker Auditores, S.L.P.	Iberia
5	Auditarum AEC, S.L.P.	Iberia
6	AEC Auditores, S.L.P.	Iberia
7	Baker Levante Audit, S.L.	Iberia
8	Baker Tilly A&C, S.L.P.	Iberia
9	Castellà Auditors, S.L.P.	Iberia



Network Operators

Network name – Baker Tilly Sweden



	EU statutory audit members	Country
1	Baker Tilly Ahlgren & Co	Sweden
2	Baker Tilly Asplunds AB	Sweden
3	Baker Tilly EMK KB	Sweden
4	Baker Tilly Halmstad KB	Sweden
5	Baker Tilly Helsingborg KB	Sweden
6	Baker Tilly Jönköping	Sweden
7	Baker Tilly Karnan	Sweden
8	Baker Tilly Lulea AB	Sweden
9	Baker Tilly MLT KB	Sweden
10	Baker Tilly Mapema AB	Sweden
11	Baker Tilly Saxos KB	Sweden
12	Baker Tilly SEK AB	Sweden
13	Baker Tilly Stint AB	Sweden
14	Baker Tilly Stockholm KB	Sweden
15	Baker Tilly Strömstad AB	Sweden
16	Baker Tilly Swedrev	Sweden
17	Baker Tilly Sydost AB	Sweden
18	Baker Tilly Umeå AB	Sweden
19	Baker Tilly Örebro AB	Sweden
20	Baker Tilly Östra Värmland AB	Sweden
21	Adsum Revisorer och Företagskonsulter AB	Sweden
22	Edlings Revisionsbyrå KB	Sweden
23	Ernströms Revisionsbyrå, AB	Sweden
24	Thorell Revision AB	Sweden
25	Ahnell & Partner Revisionsbyrå	Sweden
26	Aktiv Revision I Gavle AB	Sweden
27	Guide Revision AB	Sweden
28	Luminor Revision	Sweden
29	M. Sandbergs Redovisning & Revision AB	Sweden
30	Mora Revisionsbyrå AB	Sweden
31	Revisorshuset I Uppsala AB	Sweden
32	Radek KB	Sweden
33	Solid Revision	Sweden
34	Sporrong & Eriksson Revisionsbyrå AB	Sweden
35	YW Revision AB	Sweden

5 Total network revenue from statutory audit

The total statutory audit fees for EU members for the period is approximately €145 million (last year €133 million.)

About The Firm

6 Analysis of MacIntyre Hudson LLP (“The Firm”) turnover

The Firm’s total fee income for the year to 31 March 2023 was £101.5 million (£81.6 million in 2022). This is analysed as follows:

	2023 £m	2022 £m
Statutory audits and directly related services for audit clients (EU PIES and subsidiaries of EU PIES) *	10.7	5.7
Statutory audits and directly related services for other audit clients	40.8	32.0
Sub-total of statutory audit services	51.5	37.7
Non-audit services to audit clients	18.7	18.9
Services to non-audit clients	31.3	25.0
Total turnover	101.5	81.6

* Includes turnover for entities that meet the definition of an EU PIE (or a subsidiary of) as at 31 March 2023.

7 Background to transparency reporting

MacIntyre Hudson LLP is referred to as “MHA”, “the Firm”, “we”, “our”, “its” in this Transparency Report. We trade under the name MHA and are a long-established Firm of Chartered Accountants and business advisors.

In this section, we explain what this Transparency Report covers, who the users are expected to be, and why they should read it.

As we do not audit the financial statements of a major local government or healthcare body, we are not required to comply with the Local Auditors (Transparency) Instrument 2015.

As we now audit more than 20 Public Interest Entities we are required to adopt the Financial Reporting Council’s (FRC) Audit Firm Governance Code (“AFGC” or the “Code”) which will be implemented, as required, by 31 March 2024.

This Transparency Report has been prepared solely in respect of MacIntyre Hudson LLP and does not relate to any of its subsidiaries or Baker Tilly International.

In their review of Transparency Reporting dated September 2019, the Financial Reporting Council (FRC) made the following statement in their introduction:

“Auditors have a crucial public interest role, providing assurance on the truth and fairness of information published in an entity’s annual report and accounts. Given the importance of the audit to users of financial information, those users are entitled to understand how appropriate their auditor is for the role. This requires [relevant] information on their auditor to be publicly available.”

As recommended by the FRC, we see our Transparency Report as an opportunity to:

- Provide relevant, reliable, and useful information that facilitates engagement between this Firm and the users of financial information
- Communicate a balanced self-assessment of the challenges we face in relation to audit quality and the effectiveness of our actions to overcome them
- Promote confidence in our systems, processes, and governance to engender public trust

The intended beneficiaries of this Transparency Report are principally investors and Audit Committee Chairs (ACCs) and members. This Transparency Report has been written primarily as an accountability and compliance document rather than a marketing opportunity. For this reason, it has deliberately been kept short (to encourage users to read it in full) with minimal marketing input.

8 Legal Structure and Ownership

MacIntyre Hudson LLP is a limited liability partnership registered in England and Wales (OC370220) with its registered office based in Milton Keynes, England.

We are a member Firm of, and are regulated by, the Institute of Chartered Accountants in England and Wales (ICAEW) and our registered number is C001282232.

The Firm is owned entirely by its members, who are described as partners herein.

Our professional activities are carried out by the Firm and various subsidiaries and associated businesses ("the group"). Services offered by the group include:



The Firm is a Registered Auditor with the ICAEW.

9 Responsible Individuals (RIs)

RIs (Audit Partners and signing directors) are persons within the Firm individually responsible for audit work. They are the only people allowed to sign the audit report of an individual audit client. For this reason, the expertise and integrity of these individuals is paramount to the effective operation of the Firm's Audit Department.

To become a RI, the individual must hold a Practising Certificate and an Audit Qualification. A searchable database of these RIs (also known as Statutory Auditors and Senior Statutory Auditors) is available via the online Audit Register.

10 Network Membership

The Firm is an independent member of both MHA (a national network of independent accountancy Firms) and Baker Tilly International (an international network of independent accountancy and business advisory Firms). All Firms in MHA and Baker Tilly International are distinct and separate legal entities.

MHA

We have been a member of MHA since it was founded in 2010. MHA is a national network of two independent accountancy Firms, with 18 offices nationwide, all sharing common values and goals.

London, Midlands, South East and Wales

MHA

North West

MHA Moore & Smalley

Both of the above Firms are Registered Auditors.

Baker Tilly International (BTI)

We are a member of the BTI network of independent accountancy and business advisory Firms. BTI ranks in the top ten worldwide networks. The governance of BTI is detailed on their website: www.bakertilly.global/en/about/governance

BTI also provides an online Independence Database which allows us to check whether there are any international conflict of interests (or threats to independence) resulting from work done for the client (and/or any of its related companies) by other members of BTI. This database includes details of all clients (which are members of a listed corporate group) for which professional services are provided by another BTI member.

11 Governance structure

The Firm is controlled by a Management Board consisting of the following individuals:



Rakesh Shaunak
Managing Partner
and Group Chairman

Rakesh is the Managing Partner and Group Chairman of MHA. He is a Senior Director of Baker Tilly International, of which MHA is the UK member.

He has been one of the key figures behind the Firm's growth and development, which encompasses the creation of MHA and membership of Baker Tilly International. Over the last few years, the Firm has enjoyed double digit growth under his stewardship. Rakesh qualified as a Chartered Accountant with a top five Firm, gaining experience of large corporate audits and qualifying as a Member of the Institute of Taxation. He devotes much of his time to business advisory work and has a large portfolio of commercial clients. He acts as Audit Partner on several of the Firm's Public Interest Entity (PIE) audit clients, including international banks and listed companies.

Rakesh sits as a non-executive on the board of a listed property company, and until recently was Chairman of the Audit and Risk Committee of the Chartered Institute of Taxation.

His philosophy is to push boundaries and not accept complacency.



Andrew Moyser
Vice Chairman and
Head of Audit

Andrew is Vice Chairman for the Firm, he is also part of the Southern Region team and specialises in audit, assurance, and financial reporting. Andrew's portfolio includes several large international groups with listed parents, as well as UK owner managed businesses.

Andrew has been at MHA since 2005 and is the Firm's Audit Compliance Partner and a member of the Firm's Audit Policy Group. In this role, Andrew ensures the Firm's audit quality as he reviews the Firm's high-profile clients and more complex audits. Andrew leads the Firm's audit innovation project – responsible for bringing Data Analytics and Artificial Intelligence into our audit practice.



Steve Moore
Finance

Steve's background is in both industry and accountancy - he returned to the profession because it offered him more variety. When appointed in 1989, he was one of the Firm's youngest ever Partners.

Steve's specialist sectors include professional practices. He is a member of the Firm's Management Board with specific responsibilities for finance.



Martin Herron
Risk and PI

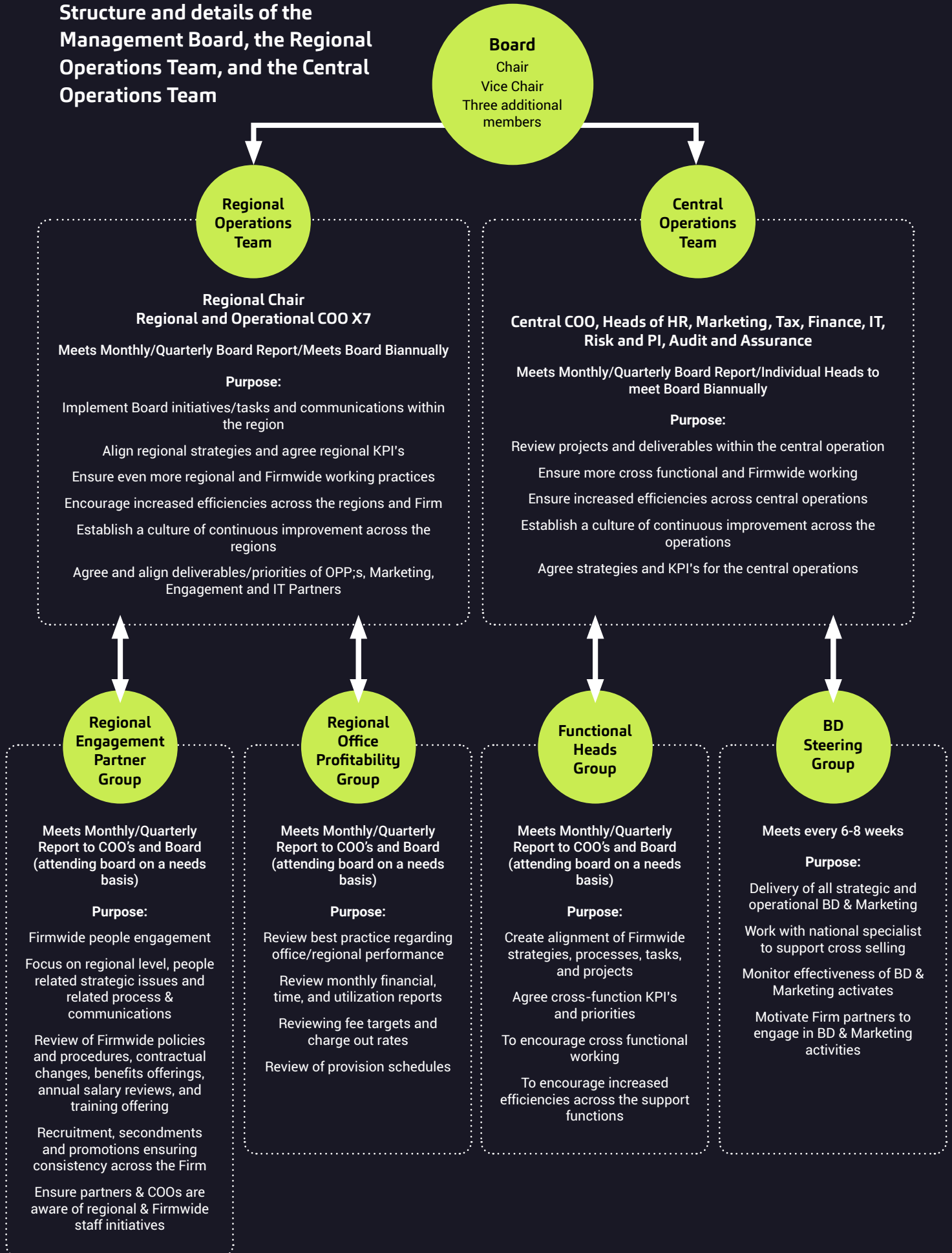
Martin was appointed a partner in 2005 and, more recently, became a member of the Firm's Management Board in June 2023. As the Firm's Chief Risk Officer (CRO), Martin has specific responsibility for Professional Indemnity Insurance (PII) matters and risk management generally. He has extensive experience in providing audit, accounting, and business advisory services to mid to large privately owned businesses, subsidiaries of foreign listed parents, and large international groups.



Kate Arnott
Strategy

Kate was appointed to the Management Board in June 2021, having previously held other management roles within the Firm, including Regional Ethics Partner and Regional Chief Operating Officer (Thames Valley office). Kate has a varied portfolio of clients - based largely in London and the South East, but extending out as far as Chicago. She is the Head of our Professional Services sector and, as such, has a deep understanding of the unique challenges and opportunities faced by professional practices.

Structure and details of the Management Board, the Regional Operations Team, and the Central Operations Team



12 Culture and values



Service

We care about what matters to you



Teamwork

Building the future together



Attitude

Can do, will do



Relationships

Succeeding together

STAR values

Our STAR values of Service, Teamwork, Attitude and Relationships help us create a successful working environment and underpin how our people and clients experience the Firm. They are integral to ensuring our people are engaged and motivated in their everyday working life.

Culture

Our STAR values are embedded in every aspect of the way we work. They were initially determined by our staff and so are embedded in our culture.

These values guide us to ensure we can be the best that we can be. They determine our Firm culture. Our people are at the heart of this culture, and they are actively encouraged to put forward ideas to drive positive changes within the Firm. As part of this we have a six-monthly anonymous staff engagement survey and a Firmwide engagement team who review staff engagement continuously throughout the year, and look where we can improve and make the changes that lead to a happy, engaged and more productive workforce.

We believe transparency is key and so does our Managing Partner, Rakesh Shaunak, who delivers a yearly roadshow, visiting all our UK offices, updating staff on our strategic plans, and concluding with an open question-and-answer session.

Reward and recognition

We have a wide range of benefits to look after our staff's physical and mental well-being, such as a 24-hour employee assistance Programme, access to a second medical opinion and 24 hour GP service as well as discounted gym membership. There is also a "thank you" platform where staff can thank and reward colleagues with vouchers for doing great work that align to our values. We believe a thank you goes a long way and we like to recognise when a colleague does well.

Service

we care about and take pride in;

- Our clients
- Our Firm's reputation
- Our staff
- Our partners

Teamwork

leading our teams, means;

- As partners we are individual of thought and welcome diversity of opinion
- We inspire and empower our teams
- We encourage innovation and enterprise
- We celebrate success and learn from failure
- We build trust – we will listen and empathise to build trusted relationships

Attitude

having a great attitude means;

- We trust our colleagues to do their jobs, and give them the freedom to do their best
- We collaborate across teams to make everyone successful
- We are inclusive and care, helping everyone to be the best they can be
- We actively participate in the wider Partnership team

Relationships

we make a difference together;

- We don't accept mediocrity
- We have the courage to test new ways of doing things
- We are hungry to better ourselves and our Firm
- We take responsibility for everything we do



13 Key Business Risk Objectives and mitigation measures



Regulatory

Objective - To ensure adherence to all current and changing regulatory and legislative requirements and where breaches do occur, they are correctly communicated and dealt with in a timely and appropriate manner.

Mitigation measures:

- Clear policies and procedures
- Regular training and updates
- Internal and external regulatory reviews
- Whistleblowing policy and 'hotline' support
- Breach reporting and sanctioning
- Strong internal Risk and Ethics Functions



Client delivery and quality

Objective - To ensure that we provide a consistent high-quality service to our clients by following Firm procedures and regulatory requirements whilst ensuring that we identify and manage any potential conflicts of interest or ethical threats.

Mitigation measures:

- Internal licensing of partners allowing only certain partners to do certain work
- Strong internal review processes and sanctioning where necessary
- Peer reviews
- Robust take on procedures to ensure we have the expertise and skills necessary
- Engagement Risk Acceptance Panel (ERAP) and Contentious Issues Forum (CIF)
- Strong technical input on more specialist assignments/ sectors



HR/People

Objective - To ensure that we support, train, safeguard and protect the welfare of our people throughout their working lives without any prejudices or discrimination.

Mitigation measures:

- Introduction of trained Mental Health first aiders across the Firm, focussed on employee well-being
- Well-being calendar of events and motivational speakers
- Introduced a whole suite of supporting well-being literature, webinars, and resources for all staff
- Enhanced our EAP benefits and access to doctors
- HR Development Committees in place to recognise key talent & reward where appropriate
- Regular Employee Engagement surveys enabling employee voice, measurement of organisational culture and identifying key levels that require reengagement
- Invested in our hybrid training abilities with an extensive range of face to face and online training and resources
- Increased focus on Equality, diversity and inclusion initiatives and committee.
- Continuously develop from our feedback and benchmarking frameworks. We received the IIP Gold standard this year demonstrating our commitment to our people.



Technological and Cyber

Objective - To ensure that the firm is maximising the use of available technology in a secure and cost-effective manner to support our people, our reputation, and our services.

Mitigation measures:

- Implementation of technical security controls focused on email, internet browsing and endpoint attack vectors
- Improved security governance and policy alignment to industry standards
- External and Internal Penetration Testing undertaken with no critical vulnerabilities identified, mitigations implemented for other findings.



Sustainability and ESG

Objective - To ensure that our Sustainability ESG strategy and performance effectively addresses our environmental, social and governance responsibilities, including in relation to climate change, and leads to our business becoming an unattractive investment proposition for our employees, clients, suppliers, investors, lenders, communities, and other stakeholders

Mitigation measures:

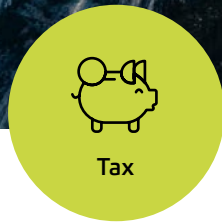
- Existing regulations, policies & procedures, management structures and Board oversight covering compliance with the key components of Sustainability & ESG
- Monitoring of audit compliance and reporting in line with the UK Corporate Governance Code, TCFD (& Aas announced other regulatory standards pertaining to ESG Disclosures), SECR & ESOS, covering governance responsibilities, with oversight provided by the Management Board
- Science based derived carbon reduction target (to be endorsed by the Management Board)
- Development of the ESG Service for audit & assurance ensuring regulatory compliance & internal rigour to the firm's ESG framework (including its journey to net zero)
- Management Board formal reporting to including bi monthly Internal ESG status positions ensuring oversight of sustainability and related tactical and strategy elements.

14 Core client services and business sectors

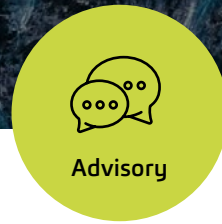
The Firm is structured by service lines, but goes to market primarily via sector groups, which are fully integrated with the service teams.



External audit
Financial reporting
Governance, risk & compliance
Grant & royalty audit



Corporate tax
Private client tax
VAT
International business tax
Employment tax



Corporate Finance
Restructure & recovery
Entrepreneurial business
Financial solutions
Wealth management



HR solutions
Payroll
Bookkeeping & accounting
Cloud accounting
Financial training

Our Industries



Agribusiness



Energy, Natural Resources & Industrials



Manufacturing, Engineering & Distribution



Automotive & Transport



Financial Services



Not for Profit



Construction & Real Estate



Professional Practices



Retail, Consumer & Hospitality



Education



Life Sciences & Healthcare



Technology, Software & Media

 @MHUpdates

 MHA

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership, registered in England with registered number OC312313. A list of partners' names is open for inspection at its registered office, 201 Silbury Boulevard, Milton Keynes MK9 1LZ.

MHA is an independent member of Baker Tilly International Limited, the members of which are separate and independent legal entities. Arrandco Investments Limited is the registered owner of the UK trade mark for the name Baker Tilly. The associated logo is used under licence from Baker Tilly International Limited. Further information can be found via our website <https://www.mha.co.uk/terms-and-conditions>

Now, for tomorrow

mha.co.uk