

MHA MacIntyre Hudson Transparency Report

Year ended 31 March 2021



A solid base, the right people, and impressive results

£75m

Fee income of £75 million in 2021
(up from £67 million in 2020)

Top 15

firm of Chartered
Accountants
in the UK



FRC 2020 Firm rankings
No. 7 (concentration of listed company audits)
No. 10 (UK fee income of firms with PIE audit
clients)



777 Staff
86 Partners



44 Responsible
Individuals



13 offices in London,
the Southeast, East Anglia,
and the Midlands.



Part of a national network
of independent accounting firms



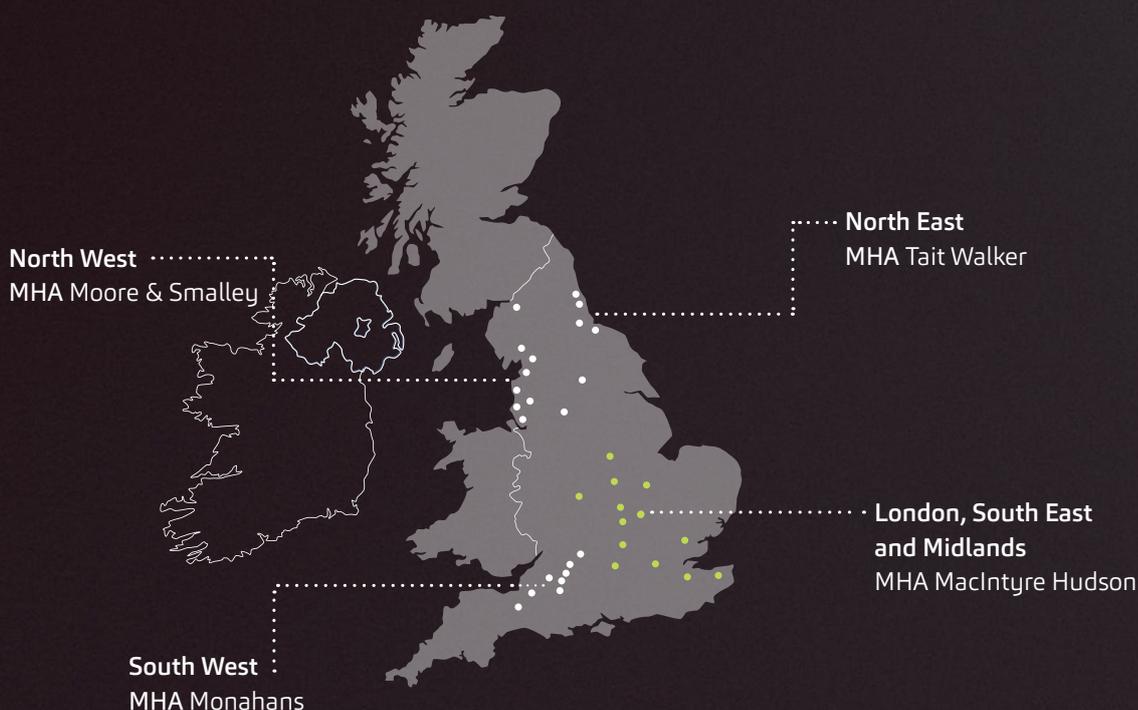
Part of an international
network of independent
accounting firms



Cayman Islands
office

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

We have a history of consistent, profitable growth – more than doubling our gross fee income over the last 10 years. We are a founder member of MHA which is a national network of independent accountancy firms and a member of Baker Tilly International, an international network of independent accountancy firms and business advisors. The offices of MHA MacIntyre Hudson and other MHA member firms are shown below.



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A Leadership Messages



**A1. Managing Partner
and Group Chairman
Rakesh Shaunak**

Welcome to MHA MacIntyre Hudson's second Transparency Report.

At the time of completing this report we in the UK are coming out of lockdown. This follows the successful rollout of the national vaccination program with over 70% of the adult population having had their second dose. I have had my two jabs and encourage everyone else to do so too.

I am very proud of the resilience shown by the people of this great nation in facing this unprecedented public health crisis, the skill of our scientific community in developing a low-cost effective vaccine and the hard work of the NHS in treating and caring for us all.

Similarly, I am proud of all the people at MHA MacIntyre Hudson who have weathered the storm, and have had to adapt, at very short notice, to the "new normal" of working from home and meeting virtually. Going forward, we plan to adopt a hybrid model of home and office working.

Despite the challenges we have faced, the Firm has moved forward with confidence in that we have:

- Increased our turnover for the year by 12% to just over £75 million.
- Appointed a new Management Board member (Kate Arnott) in June 2021. Kate has over 20 years of experience in audit, accountancy and business advice and is also the Regional Ethics Partner for our Thames Valley region.
- Cemented our professional ties with other MHA member firms by becoming a network on 1 February 2021.
- Appointed a new Technical Partner / Ethics Partner, Paul Winrow, on 1 September 2020. Paul was previously Global Director of Professional Standards for BTI. He has strengthened the Firm's Technical Department with several key manager appointments and implemented a new policies and procedures and further enhanced our arrangements where necessary. He has renamed the department NASA (National Assurance Specialists Advisory) which may also have something to do with the fact that he has a science PhD and an interest in space exploration.
- Appointed two experienced Technical Directors of NASA to the Firm's Audit Policy Group (Carlison Morris and Massimo Laudato).

In keeping with the tradition, I started last year, I am keeping this introduction short and have asked our Head of Audit (Andrew Moyser) and the Firm's Technical Partner / Ethics Partner (Paul Winrow) to write the next two Leadership Messages.

At the end of my introduction to last year's Transparency Report I hoped for "a better next year". I am pleased to say that this has been the case. Like I said, we move forward with confidence, but we also do so with appropriate caution.

A handwritten signature in black ink that reads "RShaunak".

Rakesh Shaunak
Managing Partner and Group Chairman
30 July 2021



Change leads to uncertainty and it is how we embrace uncertainty that leads to great transformation and opportunity.”

A2. Head of Audit and Assurance

Andrew Moyser

March 2021, the 1-year mark of covid-19 and the end of an incredibly challenging year as the pandemic took hold across the globe – the new normal something we thought not possible.

During this time, we have embraced the challenge and used it to make our firm stronger with more robust remote working practices allowing staff to be able to work from anywhere. We are better equipped than ever to ensure no disruption to our working environment which means we are able to focus on audit quality and continuing to improve our offering. We have invested heavily in our IT infrastructure, some of which was already planned but brought forward others due to the new working environment.

In May 2020, we formed a focus group called Best Practice, Innovation and Opportunity “BIO group”. The core group consists of key stakeholders across the business with its driver being resolve and resilience to reimagine and reform. The immediate focus of the group was to consider how we used technology to replace mundane processing tasks for more cost efficient and lower risk compliance, drive our audit process and efficiency and how we further improve our staff training, communication and empower the right team for the future. The platform we created allowed us to emerge from the Covid crisis stronger, with an empowered and resilient workforce, and ready to capitalise on future opportunities.

The process of gathering the innovative ideas and opportunities has been incredibly exciting. In formulating the Segmental Objectives list, we have spoken to a cross section of people within our firm. Their enthusiasm and thinking has been really inspiring.

Our investment in Inflo and continued use of technology has really come to fruition during the pandemic not only assisting with remote working and file sharing but more significantly with its diagnostic tools for example its ability to identify transactions out of sequence which is important to give comfort in the changed environment of remote working where many companies had to take quick steps to make this possible. We have moved to an online training platform as we recognise our staff are our biggest asset and we take the investment in the training and development of our staff as a priority.

In September 2020 our firm was pleased to appoint Dr Paul Winrow as our new Technical Partner. Paul’s experience and knowledge has been valuable to our firm and his appointment has allowed our firm to enhance some important audit quality procedures and processes. In February 2021 we launched the firm’s Audit Quality Board which was made up of senior individuals from around the firm but also with an independent member joining from outside the firm.

The Audit Quality Board will, on behalf of the board, monitor the execution of the Quality Improvement Program, advise the National Assurance Specialists Advisory (NASA) team on matters related to audit quality and make recommendations to our management board as appropriate.

Recognising that sustainability was becoming more important, in April 2020 the firm appointed Rich Hall as our Head of ESG. Rich has a wealth of experience having been working in sustainability for the last 25 years in a big 4 firm. Rich’s appointment was well timed and has developed a service offering which is unique outside of the big 4.

We are genuinely excited by the opportunities that the proposed BEIS reforms present, to the audit profession, to us as a firm and to the entities which we audit and hope to work with in the future. The package of reforms is unprecedented in its breadth and represents a tremendous opportunity for all parties to work together for the public benefit and to truly restore trust in financial reporting in the UK. One of the most important aspects of this consultation is that it is about more than simply audit reform. We are fully supportive of the need to undertake reforms to restore trust in our profession, which has been talked about for some time. Reforms of aspects of Corporate Governance along with an enhanced and engaged regulator are also critically important.

In our view, it is important that all parties involved in the Financial Reporting Ecosystem are fully engaged to ensure successful implementation of reform. Only by all parties (audit and financial reporting standard setters, regulators, auditors, shareholders and companies/boards) actively engaging in these reforms can we truly restore trust in audit and corporate governance.

Despite the challenging environment we have continued to gain listed working improving our position to no.7 in the FTSE 250 rankings. Our firm plans to continue growing in this market since we have knowledge and resources available. We follow a robust client acceptance procedure but to us it is important that we have the sector experience and resources available in each jurisdiction in order to deliver a quality audit

Recognising that the audit profession continues to develop, our firm is always looking forward particularly with the impact of regulation and standards. We recognise that the next few years will see some significant changes with our regulator which combined with the introduction of ISQM1, ISQM2, ISA 220, ISA 240, ISA 315 and the BEIS consultation results in some of the most significant changes we have ever seen. We embrace these changes and believe we are well positioned to continue our growth and expansion.

Change leads to uncertainty and it is how we embrace uncertainty that leads to great transformation and opportunity.



**A3. Technical Partner
and Ethics Partner**
Paul Winrow

This is an incredibly exciting time for the profession in the UK, with the BEIS consultation on reform of Audit and Corporate Governance being unprecedented in its scale. How the profession, we as a firm and all other stakeholders react to the upcoming changes will be critical in ensuring that we can restore trust in financial reporting. Effective joint working of stakeholders as diverse as audit firms, standard setters (both financial reporting and audit), regulators, company directors and shareholders will be required to effect meaningful change. We look forward to playing our role in that process in the coming years.

Technical Support

I joined the firm in September 2020, taking on the joint roles of Technical Partner and Ethics Partner. I have effected significant change in the technical support function of the firm. I am pleased to have been fully supported by the firm's Board in expanding the size of the team through the recruitment of five highly skilled and qualified staff, enabling us to enhance the support we can provide. We have rebranded our team as National Assurance Specialists Advisory, or NASA for short, and I am immensely proud to be the Head of NASA!!

My team's rebranding represents more than just a name (and a fun job title), as it also reflects that we have a highly skilled team of assurance specialists covering a wide range of auditing, financial reporting and training skills that works in a more collaborative, proactive advisory role with the audit teams in the field. This shift in emphasis to 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 clients, 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.

Audit Quality

I have implemented a Quality Improvement Program which sets out a mix of reactive and proactive quality improvement activities. The aim of the new program is to provide a wider range inputs into our quality improvement activities, such as thematic reviews and hot reviews of live files, to support the traditional cold file review program and a wider range of non-audit quality review activity. As well as an annual program of quality review activities, the program also includes a firmwide action plan to address common findings more effectively. We have also established an Audit Quality Board which includes, for the first time in the firm's history, an independent "non-executive" member

who has extensive experience of technical matters and audit quality. This new Board has met once and I look forward to seeing the impact the Board will have in the future. We have undergone our first FRC Audit Quality Review inspection this year and, at the time of writing, we are awaiting the final outcome. We have found this to be an incredibly useful exercise and look forward to our ongoing dialogue with the regulator as we look to continually improve.

Ethics

We continue to have a sharp focus on ethical compliance. During the year we have developed a new Ethics Manual, reflecting the changes in the revised FRC Ethical Standard and have issued a number of new and revised Ethics Policies and procedures to further enhance our arrangements. Our team of Regional Ethics Partners continue to play an important role in supporting me as the Firm's Ethics Partner and are ably supported by members of the NASA team. This depth of ethical knowledge is important in a time where behaving, and being seen to behave, ethically has never been more important to the profession.

In our ethics training this year we have focussed on real life case studies of situations which have arisen with the firm, identifying solutions to potential ethical challenges where possible and highlighting those occasions where we may have fallen short to ensure that we are learning effectively from those situations.

The future

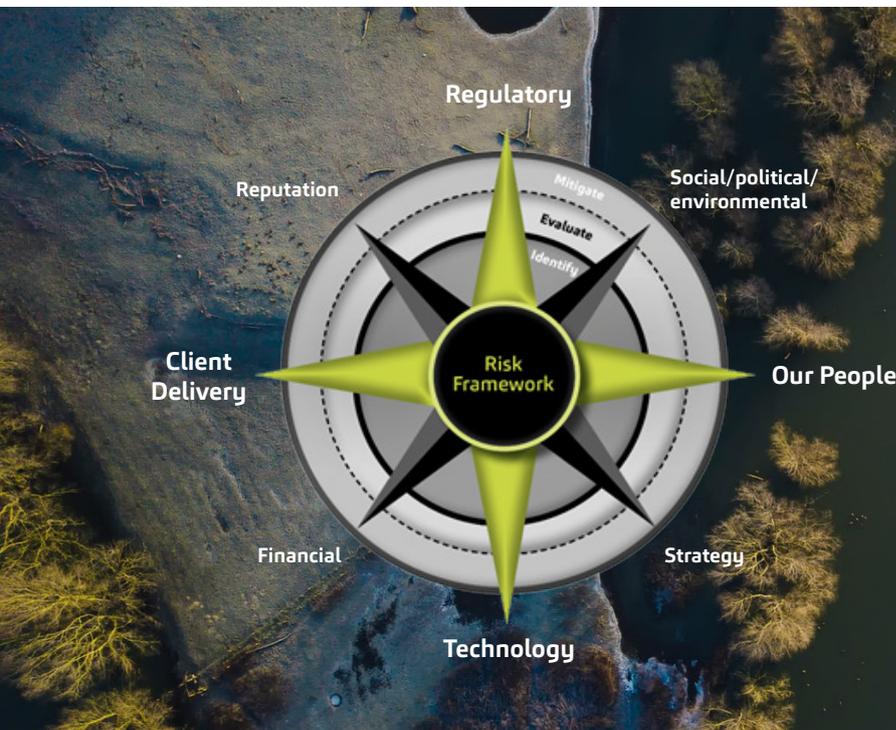
I look forward with great enthusiasm to the challenges that lie ahead for the profession and for our firm as we look to further expand our role as a challenger firm, taking advantage of the opportunities that arise while ensuring that our technical knowledge, audit quality and ethical compliance are at the forefront of everything we do.

In the short term, however, much of our focus will be on ensuring effective implementation of the new International Standards of Quality Management. I anticipate that the new approach to quality risk assessment will help identify further areas of focus in the coming years as we strive for continuous improvement.

B Risk management

Risk Introduction

From a business risk perspective, the past 12 months has certainly tested the robustness of our risk management framework like never before and it is very pleasing to note that our systems and operations held up extremely well despite the tough challenges of working with the pandemic. Prior to the onslaught of Covid-19, the Firm had already strengthened its governance structure and leadership team as a result of a recent strategic review, and this proved invaluable during the turbulent times of 2020/21. Martin Herron was appointed as Chief Risk Officer (CRO) in 2019 whose main remit was to oversee the risk management function and to liaise with each risk area owner as represented on the risk compass, which is illustrated below. He reports directly into the Management Board monthly, or more frequently if necessary. As a result of these changes, the Firm has certainly become much more agile and responsive to both internal and external risk factors.



Risk Management Framework

For each of the 8 pointers above, we follow a process to identify and evaluate those risks specific to each area and then look to mitigate our exposure to those identified risks to an acceptable level via risk controls, strengthening our procedures and enhancing best practice. This process is central to the management of our Risk Management System (RMS), a cloud-based tool that is interactive and adaptable to a changing risk landscape as our business grows and evolves.

Strengthening our Risk Team and Processes

The evolution of our Firm and the impact of Covid-19 has certainly focused the minds of the CRO and Management Board on risk exposure/management and an acknowledgement that we needed to strengthen our resources in this area was unanimously agreed by all. The COVID-19 Task Force that was established back in March 2020 continues to meet regularly but instead of looking at crisis management, which was necessary during the early stages of the pandemic, it is now looking at our Transition To New Normal (TTNN) as our working practices and working environments have changed, and will continue to do so. Also, born out of the Task Force was a group, looking at Best Practice, Innovation and Opportunities and this

“BIO group” is made up of our Chairman, our service line heads and our head of HR and IT. The CRO also attends the BIO group meetings to understand how best practice is adapting and to consider the associated risk factors of these changes.

We are particularly pleased that we have strengthened our risk team with the recruitment of an in-house solicitor with a wealth of expertise in risk management and Professional Indemnity Insurance (PII) matters to the accountancy sector. He has been in place now since the beginning of March 2021 and reports directly into the CRO. After an initial spell of getting to know the Firm and its practices, he will now assist the Firm in strengthening our policies and procedures.

Other areas where we have strengthened our internal controls include enhancing our client take on procedures and also the creation of a forum to discuss and approve contentious issues. A brief summary of these processes is detailed below:

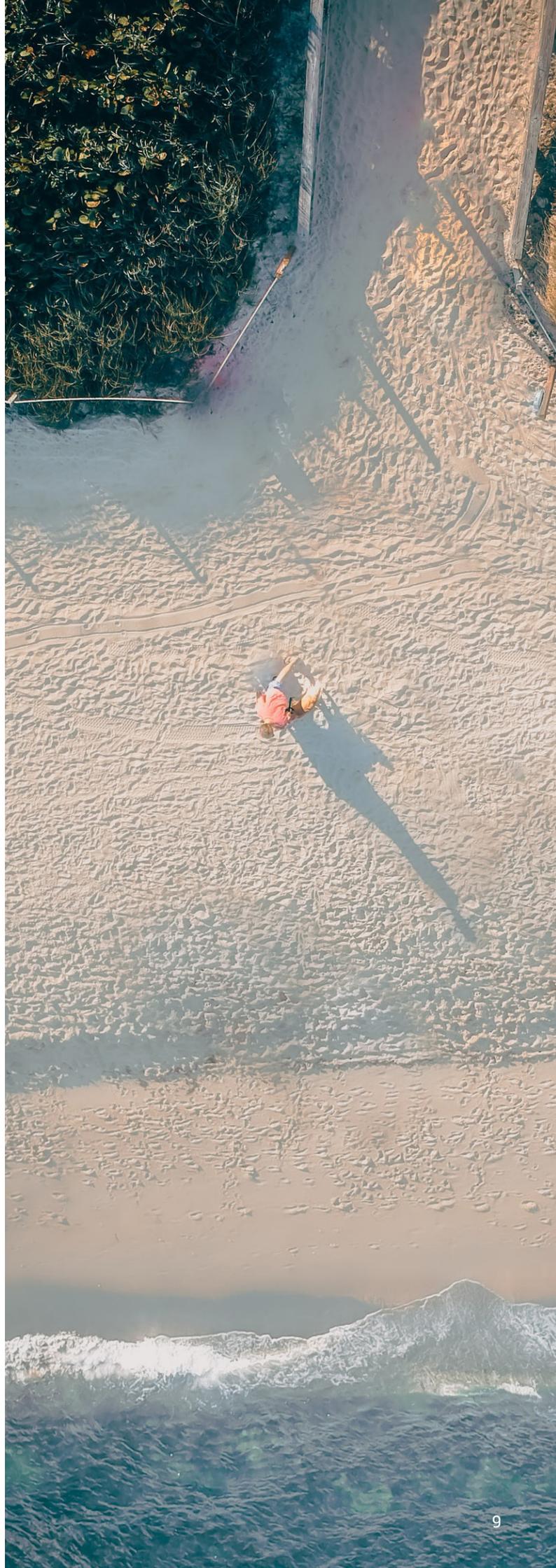
For certain new client engagements an Engagement Risk Assessment Panel (ERAP) was established where potential new engagements meeting certain criteria were discussed by ERAP to determine whether we take on the potential engagement or decline. The ERAP is made up of our CRO, our Audit Compliance Partner (ACP), our Firms Ethics Partner (FEP) and also our Money Laundering Reporting Officer (MLRO).

Where there is either an internal disagreement, say between the engagement partner and an EQCR reviewer, or a client disagreement on an audit/accountancy technical point the matter is referred to the Contentious Issues Forum (CIF) for discussion and a ruling. The CIF group is made up of senior members of our NASA team (see Section C5 - Technical Support – National Assurance Specialist Advisory) the CRO, ACP and FEP. If the matter involves a member of CIF they stand down on the group and have no input to the decision.

Conclusion

It is widely accepted that taking calculated risks is part of what our Firm does every day, in carrying out our operations, but the pandemic has undoubtedly focused the minds of the entire business on risk management and mitigation much more than ever before. Our risk management culture, despite underpinning everything that we do, has become a topic of much conversation throughout the Firm indicating that our Risk Strategy is being considered much more than it ever was before. The various outcomes from this include a junior member of staff using our speak up helpline where they may have concerns on a matter or the ERAP team deciding not to take on a potential engagement for certain reasons.

Our Risk framework continues to evolve as our Firm evolves. We continue to enhance and strengthen our policies and procedures to ensure that our risk exposure is properly considered and within our pre-determined tolerances. Regular communication on risk management to our partners and our staff ensures that this message is regularly heard and adhered to.



C Ensuring high audit quality

C1. Compliance with Standards

The Firm complies with International Standard on Quality Control (UK) 1 (ISQC1) issued by the Financial Reporting Council (FRC) and 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 Department ('NASA') and approved by the Audit Policy Group. Any updates are communicated to all relevant partners and staff.

C2. 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. Our new Audit Quality Board (see below) will have a key role in quality governance and supporting the firm's Management Board.

C3. The Audit Quality Board

We have recently established an Audit Quality Board, the membership of which comprises:

- **Paul Winrow**, Technical Partner – Chair of the Audit Quality Board
- **Dianne Azoor-Hughes**, Independent Member
- **Rakesh Shaunak**, Managing Partner and Chairman of the Board
- **Andrew Moyser**, Head of Audit
- **Toby Stephenson**, Audit Partner, and member of the Audit Policy Group
- **Lisa Gilmour**, Quality Improvement Manager

The Audit Quality Board's role and responsibilities include to:

- Approve the annual Quality Improvement Program
- Monitor the execution of the annual program
- 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 Audit Quality Board met for the first time in April 2021 and approved the annual quality improvement program. The Board will have a key role over the next 18 months as we develop and implement a new system of quality management in response to the revisions in international quality standards.

C4. The Audit Policy Group

The firm has an Audit Policy Group ("APG") which meets periodically as required and at least formally 4 times a year. APG consists of the firm's Head of Audit, Technical Partner, 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 oversees the ongoing development of the audit culture and processes within the firm to continue to ensure robust audit quality, and specifically to:

- develop and deliver 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
- provide oversight of quality, and govern audit partner /RI licensing, safeguards, and rotation
- evaluate and agree on proposed RI appointments within the firm
- oversee risk management including procedures adopted dealing with client acceptance, conflicts, and independence
- oversee and develop the firm's systems over quality assurance and control over compliance and regulation
- 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.

Members of the Audit Policy Group as of 31 March 2021



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
High Wycombe

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



Paul Winrow
London

The firm's Technical and Ethics Partner, responsible for the NASA department (National Assurance Specialists Advisory).



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 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. Previously the firm's Audit Compliance Partner and Ethics Partner.



Carlison Morris
London

Technical Director specialising in complex reporting, banking and finance who also provides training support / quality control for the Firm and the wider MHA network, working closely with elements of the BTI International network.



David Gallagher
London

The Firm's Money Laundering Reporting Office (MLRO) and experienced trainer on financial reporting and audit related matters.



Massimo Laudato
London

Technical Director particularly involved in providing support to the audit of international groups, advising in group reorganisations, developing uniform firm-wide practices in the application of the New UK GAAP and in providing IFRS training.



David King
London

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

C5. Technical Support – National Assurance Specialists Advisory

The National Assurance Specialists Advisory (NASA) team is headed by our Technical Partner, Paul Winrow. The team reports directly to the Audit Policy Group (APG), assisting in the delivery of the APG's objectives.

The NASA team has been significantly strengthened this year with the addition of a further five, highly qualified and experienced staff. We have rebranded our technical team as National Assurance Specialists Advisory (NASA), reflecting a change in emphasis in technical support. 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 clients, 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 introduced a 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. This is supported by a fortnightly publication (New Horizons) which highlights topical technical issues which teams need to be aware of.

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

C6. 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.

Our new Technical Partner, Paul Winrow, was responsible for developing the Global Focus methodology in his previous role at Baker Tilly International and both he and our Head of Audit are members of the Global Focus Steering Group at the global level.

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 on adoption was provided jointly by members of the Technical Department and regional Global Focus experts. New joiners in the Audit Department since then 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.

C7. Quality Improvement Program

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

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

A firmwide action plan will be developed to address the findings. The plan will consist 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 Program, the findings will be analysed to identify any themes and identify Further actions.



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

As part of the Quality Improvement Program, a firmwide action plan will be developed with enhanced, proactive technical support to help teams "get things right first time".

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

C8. Quality Monitoring

We have enhanced our quality monitoring program 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 program of Root Cause Analysis. We also take account of the findings of our external regulators. The findings of our 2021 quality review program will be reported in our 2022 transparency report.

Components of the 2021 Quality Review Program

Hot review of live engagements ●

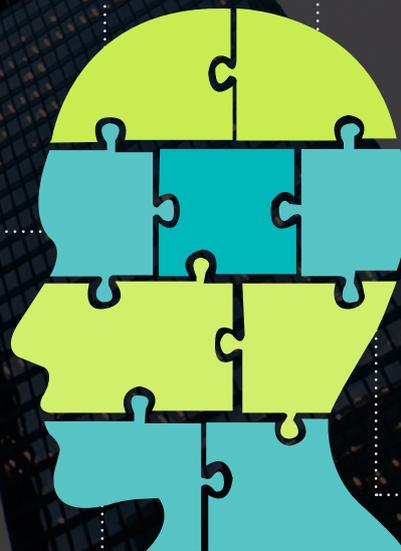
Taking advantage of cloud technology access to live engagements, random hot reviews of ongoing engagements to assess how prior findings have been addressed.

Quality Review of completed assurance engagements ●

A program 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 program of quality reviews of completed audit engagements.

Thematic Reviews ●

Focused reviews on key themes from previous quality reviews. Thematic reviews for 2021:

- Audit Sampling
- Materiality benchmarks
- Internal Control

Regulator Reviews ●

In 2021 we are subject to review by:

- FRC Audit Quality Review
- ICAEW Quality Assurance Directorate
- ICAEW Practice Assurance Review
- Baker Tilly International

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.

Quality review of completed audit engagements

We have an annual program of reviews of completed audit engagements which are carried out by team comprising members of NASA, the Audit Policy Group and prospective and new RIs. Our policy is to review each RI at least once every three years, although the Firm's procedure is typically to review each RI every two years.

A moderation panel comprising our Technical Partner, Head of Audit, Quality Improvement Manager, and an experienced member of the Audit Policy Group, ensures consistency of outcomes.

The results of the last two years' quality reviews are shown in the table below. We are in the process of finalising our 2021 file review program.

Equivalent QAD grade	Internal grade	Description	2020	2019
1	Green	Good	3	1
2	Yellow	Limited improvements required	9	17
3	Orange	Improvements required	8	7
4	Red	Significant improvements required	1	1
Total			21	26

The firm's policy is that files graded Orange will be subject to Root Cause Analysis with follow up review the next year. Files graded red will be subject to Root Cause Analysis, remediation of the audit where appropriate, a follow up review of the same file in the following year and additional follow up action to be decided on a case-by-case basis.

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

Hot Review of live engagements

The firm's policy is to undertake hot reviews of live engagements in certain circumstances, to respond to risk. These hot reviews are carried out by the NASA team. In addition, our 2021 Quality Improvement Program includes random hot reviews of files to be undertaken as resources permit within the NASA team.

Other forms of live file review include reviews undertaken to address ethical risks, such as long association and hot reviews of files of newly appointed RIs.

Thematic Reviews

For the first time, our 2021 Quality Improvement Program includes a series of thematic reviews, focussed on key themes arising from quality reviews or other findings such as regulator reports. The thematic reviews being undertaken in 2021 are:

- Audit Sampling
- Materiality benchmarks
- Internal control including General IT Controls

External monitoring

Inspection by the Financial Reporting Council's Audit Quality Review team (AQR)

We have undergone our first FRC Audit Quality Review inspection this year and, at the time of writing, we are awaiting the final outcome. We have found this to be an incredibly useful exercise and look forward to our ongoing dialogue with the regulator as we look to continually improve.

Inspections by the ICAEW's Quality Assurance Department (QAD)

Our 2021 QAD audit inspection visit is ongoing, and we anticipate the findings to be made available soon. The results of the two prior inspections are summarised in the table below:

Grade	Description	2020	2017
1	Satisfactory	3	0
2	Generally acceptable	2	6
3	Improvement required	1	2
4	Significant improvement required	3	1
Total		9	9

C9 Engagement Quality Control Review (EQCR)

We have recently published an updated Engagement Quality Control Review policy which sets out how the firm complies with the requirements of ISQC1, including engagements requiring an EQCR, eligibility for appointment, the nature, timing and extent of EQCR and documentation of the EQCR's involvement.

In accordance with ISQC1, we appoint an Engagement Quality Control Reviewer (EQCR) for all listed and PIE engagements. We also appoint an EQCR in a range of other circumstances, such as entities which plan to list shares or debt, entities which are significant subsidiary of a listed parent, entities where there are other public interest or reputational risks and any situations where an EQCR is requested by the RI or the Technical Partner/Head of Audit consider it necessary to appoint an EQCR. Previously all EQCR appointments have been made from members of the Audit Policy Group. However, we are in the process of identifying and training a larger pool of RIs who can act as EQCR in the future.

C10 Audit and Assurance Policies aimed at improving quality

We have published an Audit and Assurance Policy Manual, setting out policies which are intended to drive continuous improvement in audit quality. These include:

Large Complex Audit Group (LCAG)

We have established a separate team of partners and staff who work on our larger, more complex audit engagements. The purpose of the LCAG is to ensure delivery of high quality audit services, enhance our reputation and market penetration by utilising dedicated specialist resources to manage the risks associated with PIE and large complex audits.



Specialist RI Licensing

We have introduced a specialist RI licensing policy to drive audit quality through the use of only experienced RIs in certain sectors and industries. Only RIs who are appropriately licensed are permitted to undertake audit and assurance engagements in the following sectors:

- Listed Entities (equity or debt)
 - Including AIM listed entities with market capitalisation over £200m
- Financial institutions:
 - Banks
 - FCA regulated financial services entities
- Insurance undertakings
- Other Entities of Public Interest (as defined by the FRC – see Appendix 2)
- AIM listed entities (market capitalisation under £200m)
- Large Corporate Entities with turnover in excess of £500m
- Not for Profit
 - Charities
 - Academies
 - Further Education Colleges
 - Higher Education Institutions
- Entities producing financial statements in accordance with IFRS / FRS101
- Pension Schemes

Engagement Risk Assessment Panel (ERAP)

The engagement risk assessment panel meets to discuss new audit or assurance engagements which meet certain criteria prior to acceptance of the client, 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 Audit Quality Review
- Proposed fees over £500k or which represent 10% of the firms/offices revenues or 5% of a partner's portfolio
- National or international NFP organisations
- National government bodies
- Transnational audits
- Assignments where the firm will be group auditor and more than 50% of 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

The ERAP outcome may include rejection of the proposed engagement, appointment of an EQCR or the adoption of the NASA model depending on the circumstances.

Audits with a short timetable

All audits where there is either short reporting deadline after the period end 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. This planned response is subject to review and approval by either the Technical Partner or Head of Audit.

Attainment and retention of RI Status

This policy applies to everyone who is applying for, or has been granted, RI status and set 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 audit reports issued by the firm to be approved by NASA prior to the report being signed and issued. This includes reports which are qualified, adverse, disclaimed, contain an emphasis of matter paragraph, a material uncertainty relating to going concern and an other matter paragraph.

D Ethics and independence

E1. Ethical principles and the Firm's procedures

The five fundamental principles of the ICAEW Code of Ethics are central to the Firm's ethics procedures:



The Firm's Ethics Policy

The Firm's Ethics Policy applies to all partners and staff who work for the firm and anyone else involved in statutory audit work on behalf of the Firm. The Policy emphasises that compliance with the relevant ethical standards and codes is paramount and overrides all commercial interests.

Any breach of the Firm's Ethics Policy will be treated as misconduct. Whether it is minor or gross misconduct will depend on the circumstances after a full investigation has taken place.

The Ethics Manual

The Firm's Ethics Manual sets out the firm's policies and procedures to ensure compliance with the Financial Reporting Council's (FRC) Revised Ethical Standard 2019 (the 'Ethical Standard') and the ICAEW Code of Ethics. In addition to compliance with these requirements, the Firm, as a member of Baker Tilly International, adheres to the ethical requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (the IESBA Code).

Ethics training

The ICAEW ethical requirements and the Firm's ethics procedures are addressed for all new partners and staff during the Firm's Induction course, which is mandatory for all new starters. The ethics training emphasises the Firm's commitment to the highest ethical standards, covering not only the Ethical Standard but also the Bribery Act, new client acceptance procedures and the Firm's gifts and hospitality policies.

The Firm requires all partners, staff, and consultants to sign an Annual Compliance Declaration (ACD) covering their independence, Fit and Proper status and confidentiality commitments upon joining, and thereafter annually, with any changes in the intervening period to be reported to the Ethics function.

Relevant ethical issues are addressed at the mandatory Technical Update training for all professional staff. Students cover a session on ethics at each of their six-monthly internal courses, including practical, worked scenarios. All other members of staff receive ethics training alongside Anti-Money Laundering (AML) training at least once each year. Registers of attendance are maintained and reviewed to ensure that every member of staff receives the relevant training.

D2. The Firm's Ethics Function

During the period covered by this Transparency Report, Paul Winrow became the Firm's Ethics Partner (FEP) replacing Martin Herron. He chairs the Firm's Ethics Committee and provides advice on all ethical issues to the partners & staff and to the Management Board.

The 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 their communication to partners and staff of the firm.

The Firm's Ethics Function is established to support the Ethics Partner in fulfilling these responsibilities, and consists of:

- The Ethics Partner – Paul Winrow
- The Deputy Ethics Partner – Neil Stern
- Regional Ethics Panel members (REPs)
 - Kate Arnott
 - Helen Blundell
 - Duncan Cochrane-Dyet
 - Martin Herron
 - Simon Knibbs
 - Neil Stern
- NASA Representatives with a role in ethics

The Ethics Committee meets regularly to discuss issues arising, compliance review findings and changes to the Firm's procedures in response to FRC and ICAEW guidance. Any significant matters are reported to the Firm's Management Board.

D3. Client acceptance procedures

The Firm's procedures for the acceptance and onboarding of new clients cover not only AML requirements but also ethical considerations and potential conflicts of interest. Acceptance of each new client or assignment is subject to a detailed review by two partners, with further reference to REPs and to the Baker Tilly International (BTI) Independence Database as appropriate. The correct implementation of these procedures is reviewed by the Technical Department as a part of the cyclical inspections completed on audit files and on certain non-audit assignments.

We have introduced a new Engagement Risk Assessment Panel during the current year which assesses particular engagements prior to client acceptance, with a view to managing risks appropriately. Further details are given in C10 above.

D4. Financial, business, employment, and personal relationships

The Firm has policies in place to ensure that no partners or members of staff hold any financial interests in any audit clients, or significant affiliates of these clients. A Restricted Entities List of the firm's listed audit entities and listed entity groups. When a new entity is added, an email is sent to everyone in the Firm.

Partners and members of staff may not enter into any business relationships with clients of the Firm other than the purchases of goods and services on terms available to all members of the public. Employment relationships with audit clients are also prohibited. Personal relationships with audit clients which may present an actual or perceived threat to independence must be discussed with the REPs.

Financial, business, employment and personal relationships are addressed in the Annual Compliance Declarations (ACD) made by all partners and staff. These ACDs are collated, checked, and reviewed by the Compliance team. An automated process for gathering the ACD was introduced successfully in 2020 and will be used again this year.

D5. Long association with engagements

The Firm's policies and procedures for Public Interest Entities (PIEs) and other listed entity audits set out requirements for the rotation of the Responsible Individual (RI), the Engagement Quality Control Reviewer (EQCR) and other key partners and senior staff. Rotation of RIs on PIEs and larger clients is discussed by the Ethics Committee and rotation is in line with the Ethical Standard.

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, there is generally the rotation of the RI at the next appropriate opportunity. While this is usually within a ten-year period, in limited circumstances, where it is proposed that there is to be no such rotation at ten years, the REPs may extend this, having assessed all threats to integrity, objectivity and independence. 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.

D6. Fees, the Bribery Act and gifts and hospitality

The fees for all audit and related non-audit assignments are monitored by the REP, addressing both the level of the fees and the perception of 'an objective, reasonable and informed third party'. From March 2020, in line with the Ethical Standard, no new non-audit assignments for audit clients are permitted on a contingent fee basis.

The requirements of the Bribery Act are addressed through the Firm's training and procedures, ensuring that the making, taking, and facilitating of bribes does not take place. 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 gifts and hospitality offered and received by staff and partners, including charity sponsorship and events.

Provision of hospitality and all gifts should be recorded in the Gifts and Hospitality Register by the staff and partners offering or receiving these, including those gifts deemed 'clearly inconsequential'. Gifts and hospitality matters are also discussed with the FEP where appropriate. Where the receipt of hospitality or gifts may be considered to be outside of the Firm's criteria for acceptance, the FEP provides the appropriate guidance.

D7. 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 are only provided to other audit clients after the REP's approval of the appropriate ethical safeguards.

Where there is any perception that the provision of such non audit services could present an ethical threat, even with relevant safeguards, there is consultation with a second REP before approval.

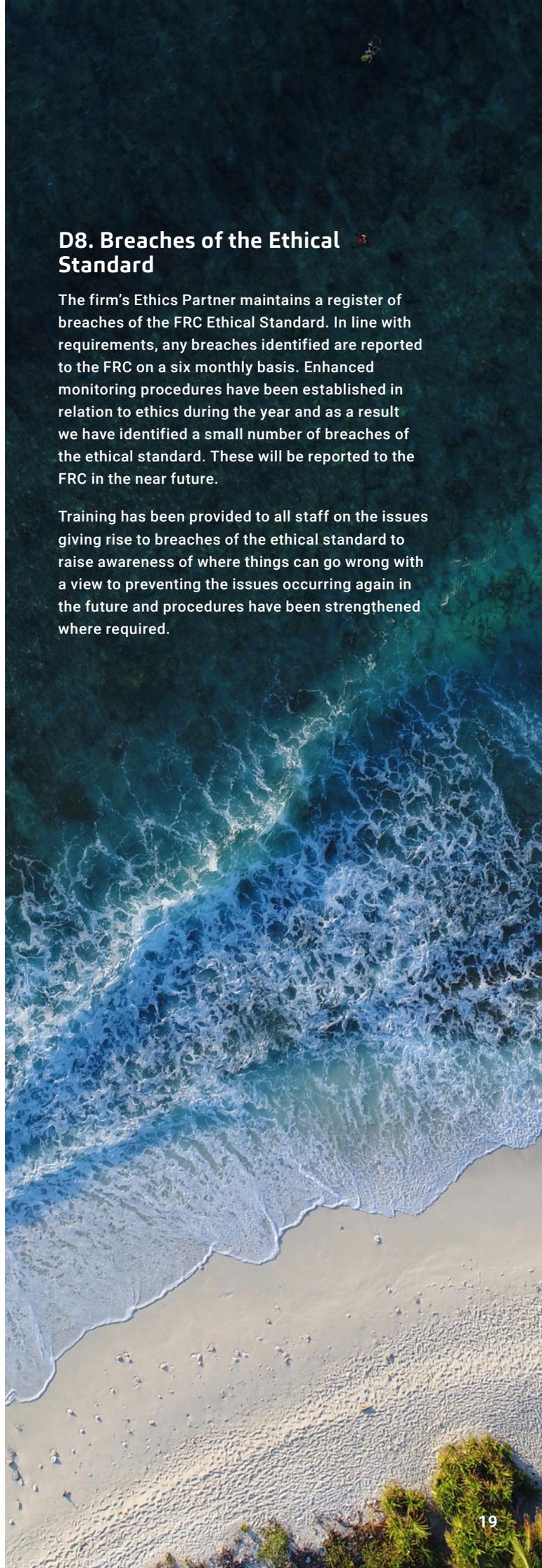
The provision of non-audit services is an agenda item at all Ethics Committee meetings, with each REP presenting examples arising in the period where there are issues of interest. A selection of these examples features at the six-monthly Technical Updates, providing a basis for useful discussion material and illustrations of relevant safeguards to risks to independence, and examples of non-audit services which cannot be provided.

Based on these monitoring procedures described in (Section D), the Management Board confirms that a review of the Firm's independence practices, and procedures has been carried out.

D8. Breaches of the Ethical Standard

The firm's Ethics Partner maintains a register of breaches of the FRC Ethical Standard. In line with requirements, any breaches identified are reported to the FRC on a six monthly basis. Enhanced monitoring procedures have been established in relation to ethics during the year and as a result we have identified a small number of breaches of the ethical standard. These will be reported to the FRC in the near future.

Training has been provided to all staff on the issues giving rise to breaches of the ethical standard to raise awareness of where things can go wrong with a view to preventing the issues occurring again in the future and procedures have been strengthened where required.





E Our people

Impact of COVID-19 on the Firm

COVID-19 had a significant impact on our firm, like many other businesses. 2020 was a challenging year for the firm but was also a rewarding year. The introduction of the first lockdown meant our working practices and conditions changed overnight. The resilience and robustness of the firm and the reaction of our people enabled us to overcome those challenges, review our existing work practices and introduce new ways of working. We recognised that increased flexibility was required to accommodate our people's new work/life balance needs whilst enabling us to continue to engage with our people and clients and, very importantly, deliver a high level of service to our clients whilst working in a new environment.

We have worked diligently to ensure we had a safe environment for our people, that they were equipped with the right tools to carry out their responsibilities and ensured that we continued to deliver a high-quality service for our clients. The flexibility of our IT infrastructure ensured 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.

As we moved into FY2021, we undertook a number of actions to ensure that our audit quality was maintained. These included:

- Introducing a COVID-19 Task force for the firm enabling us to adapt to key government guidance changes and streamlining of working practices
- Introducing the MHA Hub ensuring all training requirements and needs were met utilising live webinars and online training programs, bespoke to our people's needs.
- Thorough reviews of our processes and procedures to streamline efficiencies and provide an even more consistent service to our clients. This resulted in centralising key support functions into Hubs which resulted in some restructuring and a small number of redundancies.

Throughout the pandemic we have focused on the physical and mental wellbeing 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 available to all of our people and their family members
- encouragement of virtual events, for example virtual coffee breaks, to help people keep connected. We utilised Microsoft Teams and RingCentral, to allow people to engage across a large range of subjects both professional and social
- we introduced a Wellbeing Committee which organises monthly online events with key speakers in attendance and twenty of our people completed training to become Mental Health First Aiders.

General compliance with international quality standards

Paragraph 29 of ISQC1 requires firms to establish policies and procedures designed to provide them with reasonable assurance that they have enough 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 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
- evaluation of everyone's capabilities and potential
- relevant work experience
- monitoring of the firm's human resources and workflow
- recruitment procedures

E1. Talent acquisition

Our talent acquisition processes are fundamentally underpinned by the firm's values; 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, for us this is indispensable. We look at the big picture and remain open and proactive in respect of acquiring top talent and sector specialists to strengthen our offering. Our selection methodologies focus on technical competence, ethics, strengths and behaviours. We strive for consistency and promote diversity and inclusion at every stage of our recruitment process.

MHA MacIntyre Hudson is a member of the Good Recruitment Collective. Created by employers, for employers, the Good Recruitment Collective brings organisations together under one best practice initiative and helps us benchmark our recruitment. As a signatory of the Good Recruitment Collective, we benefit from a broad network of businesses, workshops, and round tables and have access to benchmarking tools, peer reviews and research.

Talent acquisition and COVID 19

We recognise the impact that COVID 19 has had on a significant number of people. Particularly affected are those from lower socio-economic backgrounds. In response to this, we are working in conjunction with the Institute of Chartered Accountants in England and Wales, co-hosting a virtual work experience programme for students from 'cold spot' areas of the UK. As one of the largest accounting firms in the UK, we realise our responsibility to support students from all sectors of our communities and to provide opportunities in an inclusive, accessible way.

During the pandemic, we have leveraged technology to engage candidates through virtual interviews and assessments. We have upskilled our hiring managers on video interviewing and provided supporting documents to candidates to help them through the virtual interview process.

E2. 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-economic diversity in the accountancy profession.

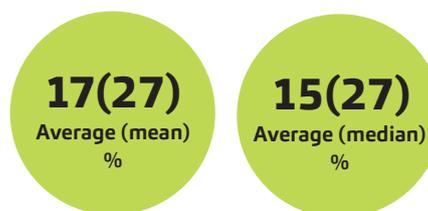
Supporting our commitment to diversity, the recruitment function circulates vacancies across a wide variety of platforms; job boards, universities, schools and colleges; incorporating educational institutions in lower socioeconomic areas and offering work experience placements to interested students.

E3. Diversity

We are fully committed to the elimination of unlawful and unfair discrimination and value the differences that a diverse workforce brings to our Firm. We provide mandatory diversity training across the Firm for all members of staff. We offer equal opportunities in employment irrespective of age, race, religion or belief, gender, sexual orientation, gender reassignment, disability, marital status, nationality, colour, ethnic origin, or other aspects unrelated to an individual's current and potential skills, aptitudes and abilities.

Our gender pay gap figures are lower than our sector average (shown in brackets below), however, the results will not make us complacent and the firm will continue to take proactive steps to bringing the gap closer to zero.

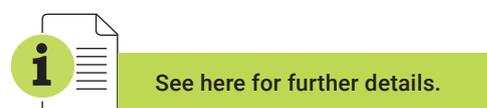
Gender pay gap



Gender bonus gap



Our full Gender Pay Gap report for 2020 is available on our website as follows:



E4. Corporate social responsibility

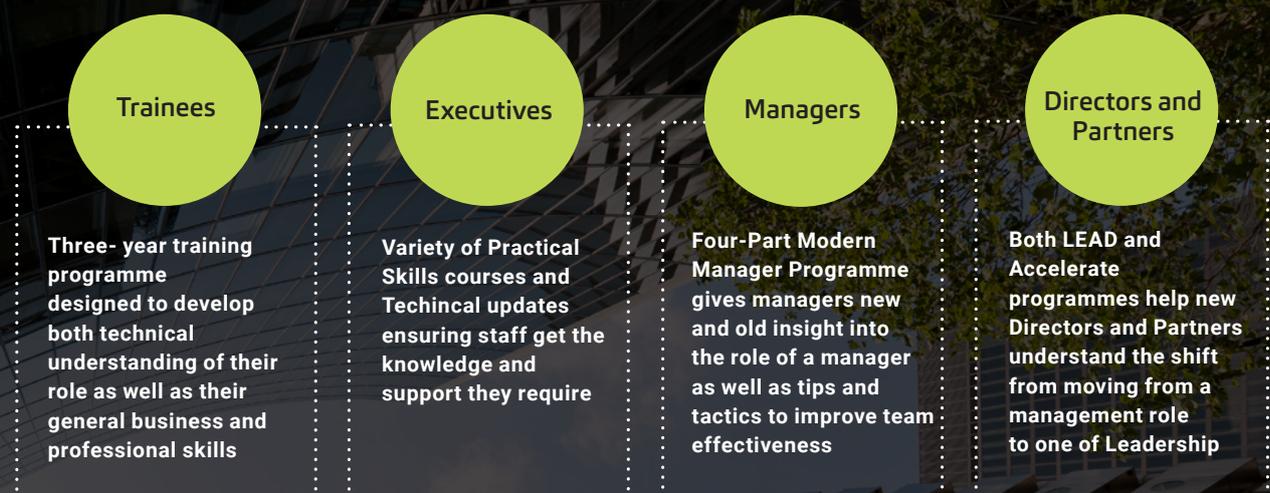
We are committed to ensuring we have a positive impact on the world around us, from supporting local communities through volunteer projects for which we allow our staff paid time off, to protecting the world around us through our environmental policies. Our new office building in London has won awards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

E5. 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 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

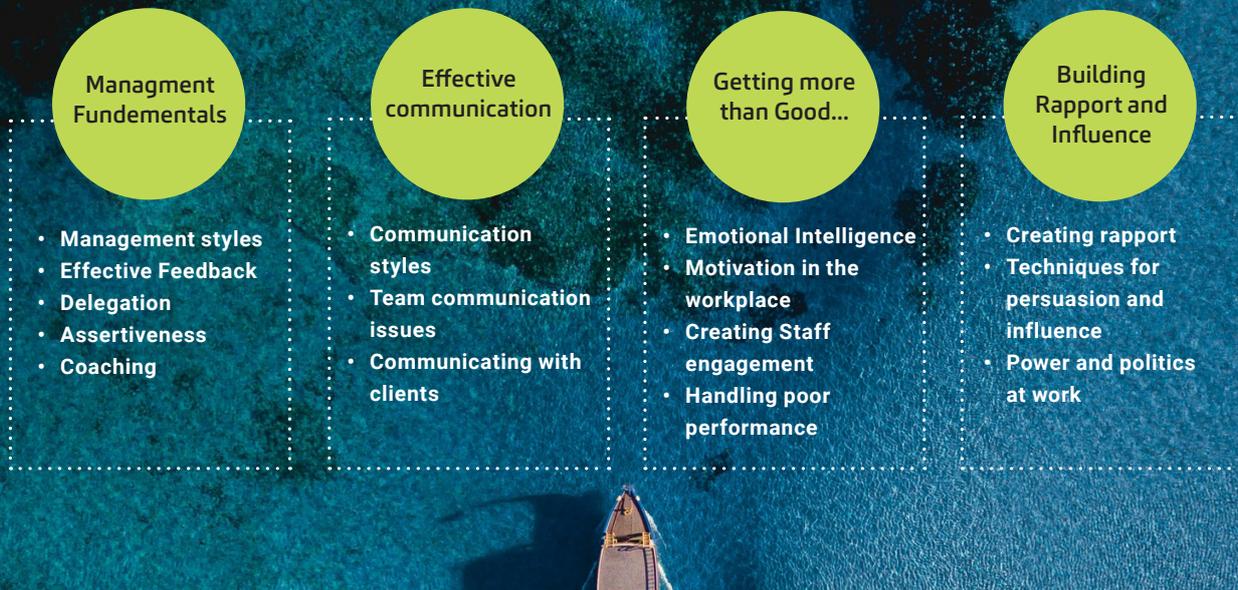
Qualified and non-trainee staff have access to a wide range of technical and professional skills courses that they take to meet their development needs as they, or their managers, see fit. These courses generally fall into two categories:

- **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.

In late 2020 we launched a new 'Graduate Academy' with our executives. Under this structure a series of practical skills courses will be adapted and become mandatory, paired with some extra curricular projects, thus, offering our executives a more formalised pathway to them getting the skills that will help them succeed in their current role, while offering them a more direct transition to the manager-level pathways.

Managers

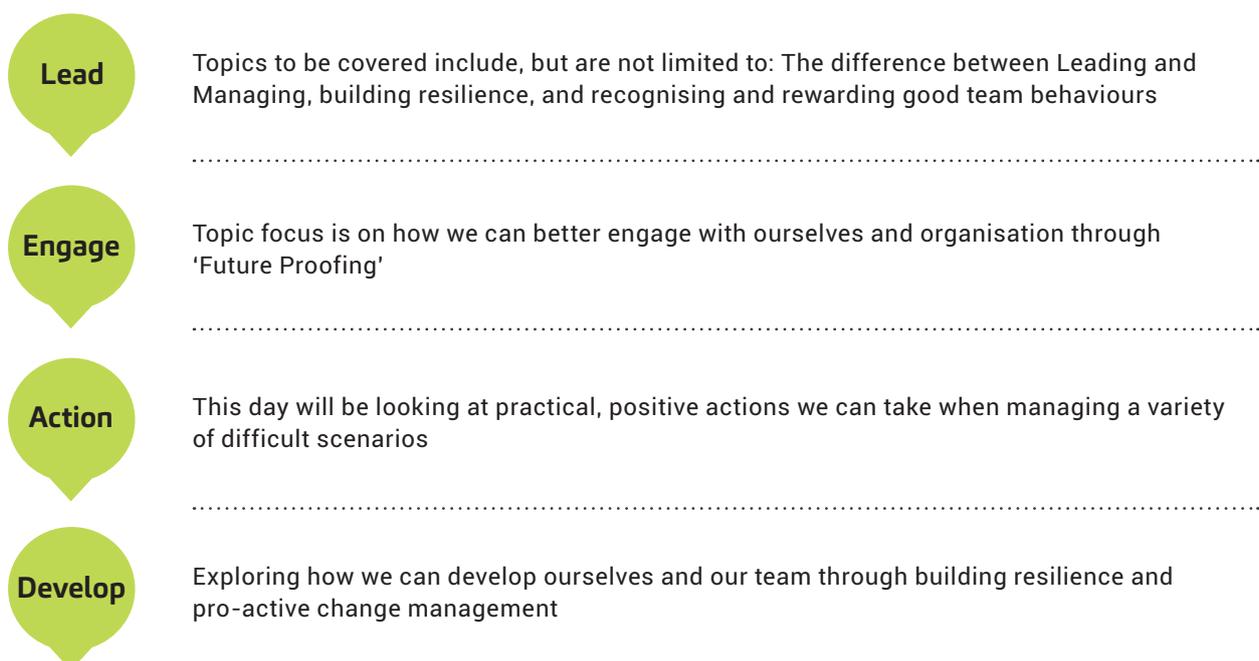
Managers are placed on the Modern Manager Programme, shown below:



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.



Accelerate is run in partnership with the ICAEW. It is a five-module programme aiming to help new partners (or those on a partnership track) better understand their journey from being a Team Leader to Strategic Leader.

It involves five single day modules over the course of five months. The gaps between modules are punctuated with personalised coaching calls and project work, helping to embed course messages and guide participants through to the next stages in their career.

Training and COVID-19

With the vast majority of training traditionally occurring in 'live-classroom' environments, the arrival of COVID-19 and associated restrictions in Spring 2020 had the potential to significantly disrupt the development and delivery of content across the organisation.

Fortunately, since mid-2019 we had already been experimenting with ways we could better utilise our LMS system (MHA Hub) to deliver bespoke, internally created, content - the impact of the COVID-19 restrictions forced an acceleration and expansion of current strategies, rather than a complete reinvention of our processes.

By the time the COVID-19 restrictions were actually in place we had already created the vast majority of Trainee related content and had begun laying the foundations for other skills areas for staff at all levels, with the time in lockdown subsequently spent simultaneously creating and learning from the process as content was generated. This served to minimise any disruptions in staff receiving the learning and development support they needed.

Taking on board the lessons learned having spent the past 15 months adapting training to the digital realms, the future of training will be more blended in nature to take advantage of the best of both worlds.



E6. 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. Both receive a notional base 'salary' and have the potential to share in the firm's partner bonus scheme. 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.

F Appendices

Significant Clients

F1. 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 2021

- Bank of Ceylon (UK) Limited
- Bank Saderat plc
- CTB Finance Limited (Formerly the Commonwealth Trade Bank plc)
- Ferrexpo plc
- Gateley (Holdings) plc
- Melli Bank plc
- MRG Finance UK plc
- Persia International Bank plc
- The Hospital Saturday Fund

Audit reports signed post 31 March 2021

- BFC Bank Limited
- Petropavlovsk plc
- R.E.A. Holdings plc
- Stirling Water Seaford Finance plc
- FBN Bank (UK) Limited

F2. Other significant audits

The Firm also has recently accepted appointment as statutory auditor of the following companies:

- J.P. Morgan Europe Limited
- English & American Insurance Company Limited
- Jordan International Bank plc
- TOC Property Backed Lending Trust plc
- Petropavlovsk 2010 Limited
- Petropavlovsk 2016 Limited
- Weatherbys Bank Limited
- Wilson James Capital Limited

F3. AIM listed

The Firm also has several AIM listed audit clients

- The Character Group plc
- Quantum Blockchain Technologies plc
- Crossword Cybersecurity plc
- St James House plc
- Trafalgar Property Group plc

F4. List of EU/EEA member firms

As at 1 October 2020 the following independent member firms of the Baker Tilly International network provide statutory audit services in the EU.

	Country	Name of firm	Further details
1	Austria	TPA International Wirtschaftsprüfung GmbH	See below
2	Belgium	Baker Tilly Belgium	
3	Cyprus	Baker Tilly Klitou & Partners Limited	See below
4	Denmark	Baker Tilly Denmark	
5	Estonia	Baker Tilly Baltics OÜ	
6	Finland	Baker Tilly Finland Oy	
7	France	Strego Audit	
8	Germany	Baker Tilly Holding GmbH	
9	Ireland	Baker Tilly	
10	Italy	Baker Tilly Revisa SpA	
11	Latvia	Baker Tilly Baltics SA	
12	Lithuania	UAB Scandinavian Accounting and Consulting	
13	Luxembourg	Baker Tilly Audit and Assurance àr.l	
14	Malta	Baker Tilly Malta	
15	Netherlands	Baker Tilly (Netherlands)	
16	Portugal	Baker Tilly PG & Associadoes, SROC, LDA	
17	Spain	Baker Tilly Iberia	See below
18	Sweden	Baker Tilly Sweden	See below
19	UK	MHA Monahans	
20	UK	MHA Moore & Smalley	
21	UK	MHA Tait Walker	

Network Operators

Network name - TPA International Wirtschaftsprüfung GmbH

	EU statutory audit members	Country
1	TPA International Wirtschaftsprüfung GmbH	Austria
2	TPA Audit OOD	Bulgaria
3	TPA Audit d.o.o.	Croatia
4	Baker Tilly TPAS p.zo.o.	Poland
5	TPA Audit Advisory S.R.L.	Romania
6	TPA Audit, s.r.o.	Slovakia
7	TPA Audit, s.r.o.	Czech Republic
8	TPA ControlKönyvvizsgálóKft	Hungary



Network name – Baker Tilly Klitou and Partners Limited

EU statutory audit members

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

Network name – Baker Tilly Iberia

EU statutory audit members

1	Auditarum AEC SLP	Iberia
2	AEC Auditores SLP	Iberia
3	Audicat Barna SLP	Iberia
4	Auditabe Auditores & Consultores	Iberia
5	SL and Esponera Auditores SL	Iberia

Network name – Baker Tilly Sweden

EU statutory audit members

1	Baker Tilly Ahlgren & Co	Sweden
2	Baker Tilly Asplunds AB	Sweden
3	Baker Tilly EMK KB	Sweden
4	Baker Tilly Fryken AB	Sweden
5	Baker Tilly Halmstad KB	Sweden
6	Baker Tilly Helsingborg KB	Sweden
7	Baker Tilly Jönköping	Sweden
8	Baker Tilly Malmö/Lund KB	Sweden
9	Baker Tilly Mapema AB	Sweden
10	Baker Tilly Saxos KB	Sweden
11	Baker Tilly SEK AB	Sweden
12	Baker Tilly Stint AB	Sweden
13	Baker Tilly Stockholm KB	Sweden
14	Baker Tilly Strömstad AB	Sweden
15	Baker Tilly Sydost AB	Sweden
16	Baker Tilly Umeå AB	Sweden
17	Baker Tilly Örebro AB	Sweden
18	Baker Tilly Östra Värmland AB	Sweden
19	Adsum Revisorer och Företagskonsulter AB	Sweden
20	Edlings Revisionsbyrå KB	Sweden
21	Ernströms Revisionsbyrå, AB	Sweden
22	F. Thorell Revision AB	Sweden
23	Ahnell & Partner Revisionsbyrå	Sweden
24	Aktiv revision	Sweden
25	Guide Revision AB	Sweden
26	M. Sandbergs Redovisning & Revision AB	Sweden
27	Mora Revisionsbyrå AB	Sweden
28	Revisionsbyrån Lehto & Partner AB	Sweden

F5. Total network revenue from statutory audit

The total statutory audit fees for EU members for the period is approximately €133 million.

About The Firm

F6. Analysis of Firm turnover

The Firm's total fee income for the year to 31 March 2021 was £75.1 million (£66.8 million in 2020). This is analysed as follows:

	2021 £m	2020 £m
Statutory audits and directly related services for audit clients (EU PIES and subsidiaries of EU PIES) *	3.9	1.2
Statutory audits and directly related services for other audit clients	24.3	22.9
Sub-total of statutory audit services	28.2	24.1
Non-audit services to audit clients	19.4	13.1
Services to non-audit clients	27.5	29.6
Total turnover	75.1	66.8

* Includes turnover for entities that meet the definition of an EU PIE (or a subsidiary of) as at 31 March 2021.

F7. Background to transparency reporting

MacIntyre Hudson LLP is referred to as "MHA MacIntyre Hudson", "the Firm", "we", "our", "its" in this Transparency Report. We trade under the name MHA MacIntyre Hudson 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.

Similarly, as we do not audit more than 20 entities listed on a regulated market, we are not required to comply with the Financial Reporting Council's (FRC) Audit Firm Governance Code ("AFGC" or the "Code").

This Transparency Report has been prepared solely in respect of MacIntyre Hudson LLP and does not relate to any of its subsidiaries or associated undertakings or other member firms of MHA 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.

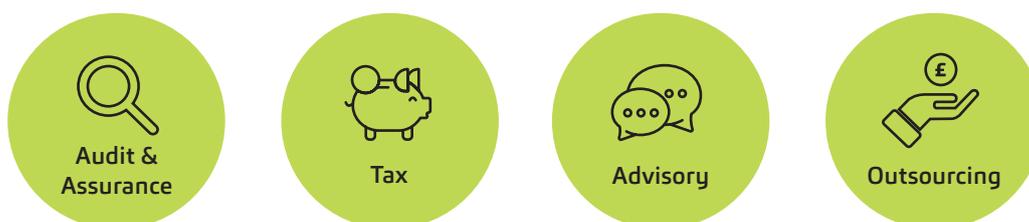
F8. Legal structure and ownership

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.

F9. 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.

F10. 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 as a national association of independent accountancy firms. MHA consists of four member firms, with over 33 offices nationwide, all sharing common values and goals.

London, Midlands, and South East

MHA MacIntyre Hudson

South West

MHA Monahans

North West

MHA Moore & Smalley

North East

MHA Tait Walker

All the above firms are Registered Auditors except for MHA Mtaxco.

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 and has 165 network firms with access to 28,000 professionals in more than 140 territories worldwide.

BTI carries out a quality assurance review of this Firm at least once every three years.

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.

F11. Governance structure

The Firm has 13 offices in the UK (plus 1 in the Cayman Islands) and 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 MacIntyre Hudson. 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 MacIntyre Hudson 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.



Atul Kariya
Marketing

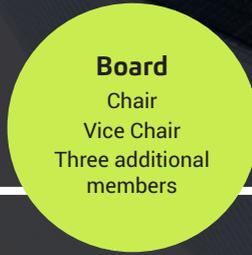
Atul was appointed a partner in 2006 and is a member of the Firm's Management Board with specific responsibility for business development and marketing. Atul is also the Firm's National Sector Head for Manufacturing and advises a variety of corporate clients operating in the UK and internationally. His clients range from subsidiaries of international groups to large privately owned companies operating in different jurisdictions. Specialist sectors include manufacturing and engineering, construction and technology.



Kate Arnott

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



Regional Chair
Regional and Operational COO X7

Meets Monthly/Quarterly Board Report/Meets Board Biannually

Purpose:

- Implement Board initiatives/tasks and communications within the region
- Align regional strategies and agree regional KPI's
- Ensure even more regional and firmwide working practices
- Encourage increased efficiencies across the regions and firm
- Establish a culture of continuous improvement across the regions
- Agree and align deliverables/priorities of OPP;s, Marketing, Engagement and IT Partners

Central COO, Heads of HR, Marketing, Tax, Finance, IT, Risk and PI, Audit and Assurance

Meets Monthly/Quarterly Board Report/Individual Heads to meet Board Biannually

Purpose:

- Review projects and deliverables within the central operation
- Ensure more cross functional and firmwide working
- Ensure increased efficiencies across central operations
- Establish a culture of continuous improvement across the operations
- Agree strategies and KPI's for the central operations



Meets Monthly/Quarterly Report to COO's and Board (attending board on a needs basis)

Purpose:

- Firmwide people engagement
- Focus on regional level, people related strategic issues and related process & communications
- Review of firmwide policies and procedures, contractual changes, benefits offerings, annual salary reviews, and training offering
- Recruitment, secondments and promotions ensuring consistency across the firm
- Ensure partners & COOs are aware of regional & firmwide staff initiatives

Meets Monthly/Quarterly Report to COO's and Board (attending board on a needs basis)

Purpose:

- Review best practice regarding office/regional performance
- Review monthly financial, time, and utilization reports
- Reviewing fee targets and charge out rates
- Review of provision schedules

Meets Monthly/Quarterly Report to COO's and Board (attending board on a needs basis)

Purpose:

- Create alignment of firmwide strategies, processes, tasks, and projects
- Agree cross-function KPI's and priorities
- To encourage cross functional working
- To encourage increased efficiencies across the support functions

Meets every 6-8 weeks

Purpose:

- Delivery of all strategic and operational BD & Marketing
- Work with national specialist to support cross selling
- Monitor effectiveness of BD & Marketing activities
- Motivate firm partners to engage in BD & Marketing activities

F12. 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.

Recent benefit introductions at the request of staff have been a "Dress for your Day" policy and an "Agile Working" policy. Agile working allows our staff greater flexibility to balance and manage their work and home lives.

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

Relationship

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

F13. 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 sectors



Agriculture & Rural Business



Financial Services



Motor



Real Estate



Construction



Healthcare



Not for Profit



Technology



Consumer



Manufacturing & Engineering



Pharma and Life Sciences



Transport & Logistics



Education



Media & Entertainment



Professional Services



Travel & Tourism



Energy & Natural resources

 @MHUpdates

 MHA MacIntyre Hudson

MHA MacIntyre Hudson 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, Moorgate House, 201 Silbury Boulevard, Milton Keynes MK9 1LZ.

MacIntyre Hudson LLP is an independent member of MHA and 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.macintyreHUDSON.co.uk/legal-disclaimer>

Now, for tomorrow

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