

Price Bailey LLP Transparency Report

For the year ended
31 March 2022

Contents

Report

1	The Firm	1
2	Governance	1
3	Internal quality control system	2
4	Independence Procedures	3
5	Professional skills and training	4
6	Policy on rotation of key audit partners and staff	4
7	Regulatory monitoring	5
8	Public interest and other listed entities	5
9	Partners' & Board remuneration	5
10	Financial information	6

1 The Firm

- 1.1 Price Bailey LLP is a limited liability partnership incorporated in England and Wales (registration number OC307551). It is a subsidiary of Price Bailey Group Limited, a company incorporated in England and Wales (registration number 04615377).
- 1.2 At 31 March 2022 Price Bailey LLP had 25 individual members in addition to its parent company. The majority of the individual members of Price Bailey LLP and Price Bailey Group Ltd are qualified accountants.
- 1.3 Price Bailey LLP is registered by the Institute of Chartered Accountants in England and Wales (ICAEW) to carry out audit work in the UK. Details about our registration can be viewed at www.auditregister.org.uk under reference number C001098093.
- 1.4 In addition to the above entities, the Price Bailey Group includes various other entities which provide a wide range of accounting, audit, tax, corporate finance, corporate recovery and insolvency and similar services to businesses and individuals, mainly in the UK.
- 1.5 The firm is not a member of a network. The firm is a member of IAPA (a global association of separately owned and independently managed accountancy firms and lawyers).

2 Governance

- 2.1 An appointed Governance Board is responsible for the day to day strategy of Price Bailey LLP, implementing policies, managing risk and overall management of the firm.
- 2.2 The Managing Director, is elected by the members of Price Bailey LLP for three year terms, the managing director appoints the Finance Director and Chair of the Board. The other three members of the Board are elected by the members of Price Bailey LLP for a three year term. Both the Managing director and other board members are eligible for re-election. There are currently six Board members.
- 2.3 The Board sets and communicates the firm's overall strategy which it uses to guide decision making and the development of the business in the medium term. The strategy is regularly reviewed.
- 2.4 Board meetings are held at least monthly and are attended by all Board members.
- 2.5 A separate Operations Board has been established which includes the Heads of the main service lines, HR, Finance, Marketing and representation of the Governance Board. The operations Board discusses operational issues including business development, personnel and finances.
- 2.6 The Compliance Partner and Money Laundering Reporting Officer (MLRO) meet with the Managing Director on a quarterly basis. The

Compliance Partner and MLRO also present at the main partners conference in November, with an interim report to the partners in June.

- 2.7 The firm operates in a highly regulated sector and is required to meet a range of statutory regulations and requirements in order to conduct its business. These obligations arise from its membership of the ICAEW and registration with them as auditors, as well as other regulatory bodies. The Board takes compliance obligations seriously, accepting that any major failure could be critical to the business.
- 2.8 The Firm continues to monitor the changes currently being proposed in regard to audit and corporate governance and considers any changes that need to be implemented and responds to relevant consultations.
- 2.9 The Board is also responsible for Performance Review, a process designed to support and appraise the senior team including partners. Grades, pay, expectations and partner profit sharing is directly linked to this review process.
- 2.10 The Board has appointed Heads of Department to each of the business segments and also to each of the principal functional and support groups. The Heads report to the Board and their role is to manage and develop the areas which they are responsible for within the strategy, guidelines and policies established and communicated by the Board.
- 2.11 All partners and team members are encouraged to raise any concerns with their Heads or alternatively through the Managing

Director, Compliance Partner or Board Chairman as appropriate to the circumstances.

- 2.12 The Board and partner team strongly support the firm's values of best practice, continuous improvement, consistency, and value to all. These values encourage a good quality of work.
- 2.13 As part of the firm's policies and culture, the firm has six golden rules to which all partners and staff are required to adhere otherwise they can face disciplinary action. These Golden Rules ensure that people operate within their authority levels and areas of knowledge.

3 Internal quality control system

- 3.1 The firm has adequate procedures and policies in place to ensure that the firm complies with the International Standard on Quality Control (UK) 1 (Revised November 2019) and is currently in the process of preparing for the implementation of ISQM 1 and 2 later this year
- 3.2 The majority of the Board and partner team have the audit qualification and fully support the importance of maintaining audit quality throughout the firm which is reflected in the firm's culture of completing quality work.
- 3.3 The firm has appointed an Audit Compliance Partner who evaluates the firm's quality control procedures on an annual basis, considers compliance with ISQC1, reviews the feedback from the internal and

external quality reviews and ensures that appropriate methodology is being used and auditing standards are being adhered to. The Audit Compliance Partner reports the findings to the Board and the partner team.

- 3.4 The firm adopts its audit methodology and procedures manual from a reputable supplier. The Audit Compliance Partner ensures that these are updated as appropriate. Further internal policies and guidance are issued where appropriate. Copies of all of the manuals, policies and guidance are available to all staff on the firm's intranet.
- 3.5 The firm is subject to a comprehensive programme of quality assurance reviews both internally and externally. Annually the firm's compliance team organise a programme of internal file reviews covering aspects of the firm's work across all of our offices including audit work. In addition the firm arranges external independent file reviews including reviews of audit, tax, accounting and corporate finance work across our UK offices.
- 3.6 All listed audit clients have an Engagement Quality Control Review (EQCR) carried out by an independent Responsible Individual.
- 3.7 Where the firm has appointed a new Responsible Individual, or where a Responsible Individual has given notice of intended retirement from the firm, EQCRs are undertaken on their audit files for a period of time decided by the firm's Audit Compliance Partner.
- 3.8 The results of the internal and external file reviews are fed back to the appropriate partner and manager. In addition key learning

points are fed back at team meetings. In certain circumstances a Responsible Individual's audit files may be placed under EQCR if significant issues have been identified from a review, until such time the Audit Compliance Partner is comfortable they are no longer required.

- 3.9 The Board is satisfied that the firm's internal quality control programme operated effectively for the year ended 31 March 2022.

4 Independence Procedures

- 4.1 The Board has appointed an Ethics Partner, who advises on specific ethical issues as necessary. Guidance and updates on audit and technical issues, including ethics, is available to all teams on the firm's intranet.
- 4.2 The audit team and the Responsible Individual are required to consider any ethical threats at the beginning of the audit to ensure the firm is able to continue to be the auditor and that adequate safeguards are in place. Certain matters, set out in the firm's procedures, require consultation with the firm's Ethics Partner. Ethical issues and safeguards also have to be considered and documented again at the completion stage before the audit report is finalised.

4.3 On an annual basis all staff and partners are required to declare their independence and fit and proper status. This includes confirmation that they do not hold any shares or other interests in any audit clients. All responses are reviewed. In addition, compliance with the firm's ethical policies is reviewed as part of the annual file review process.

4.4 The partners also receive an update on any changes to the requirements in an annual report prepared and presented by the firm's Compliance Partner.

5 Professional skills and training

5.1 The firm ensures that all qualified staff undertake relevant Continuing Professional Development (CPD) training including audit training. The main CPD training is provided by an external training firm, however in house training is often provided to cover specific areas. If there are any particular learning points identified as part of our file reviews, these are either covered in the main CPD programme or through in house training. The CPD programme also covers specialist areas/sectors as required.

5.2 The CPD records for the firm's Responsible Individuals are monitored to ensure that they have attended appropriate CPD courses. A specific update course was held for Responsible Individuals and those who will be looking to become Responsible individuals in the next 12-18 months.

5.3 All staff and partners have a review/appraisal meeting at least once a year. As part of this meeting training needs are discussed and agreed, as well as any feedback on specific job performance for the audit team.

6 Policy on rotation of key audit partners and staff

6.1 For all listed clients the Responsible Individual is rotated after 5 years and the Engagement Quality Control Reviewer (EQCR) does not act for more than 7 years.

6.2 For non-listed clients, where the audit partner has acted for the client for more than 10 years, the threats are discussed with the client and the Ethics Partner and appropriate safeguards are put in place which can consist of partner rotation, an EQCR, an ethics review or cold file review.

6.3 Where any senior staff are involved in the audit of a listed client for more than 7 years, or a non-listed entity for more than 10 years, the ethical threats are discussed with the audit partner and where appropriate the EQCR. Safeguards are put in place dependent on the particular circumstances.

7 Regulatory monitoring

- 7.1 The firm was last visited by the Financial Reporting Council’s Audit Inspection Unit (‘AIU’, now replaced by the Audit Quality Review Team, ‘AQRT’) in 2012. This was due to one of the listed client’s market capitalisation temporarily exceeding the limit which required a review by the AIU. Subsequent to this, the firm’s listed clients met the criteria to be reviewed by the Quality Assurance Directorate (QAD) of the ICAEW.
- 7.2 The Firm’s two public interest audit clients, which are listed on the London Stock Exchange, would be reviewed directly by the AQRT. The firm’s AIM and Aquis listed clients continue to be reviewed by the QAD.
- 7.3 The firm’s last audit monitoring visit from the QAD was in 2020. As part of the review 6 files were reviewed and a further file was an aspect review. Although there were some learning development points noted on some of the reviews, the six files were either adequate or satisfactory. The QAD performed a Practice Assurance review in June 2022.

8 Public interest and other UK listed entities

- 8.1 During the year ended 31 March 2022, the firm carried out statutory audits on the financial statements of the following entities:

Public interest entities

- Toople plc
- RCB Bonds plc

UK listed companies

- Angling Direct plc (AIM)
- Feedback plc (AIM)
- Oracle Power PLC (AIM)
- All Star Minerals plc (Aquis Exchange Growth)

9 Partners’ & Board remuneration

- 9.1 The profits from Price Bailey LLP are allocated to the members on a fixed basis and agreed annually by the Board. A bonus can be paid to the partner which is dependent on the profits of the group and whether the particular partner met their objectives. The Board’s remuneration is calculated on the same basis as all other partners.
- 9.2 Audit partners’ remuneration is not calculated by reference to the selling of non-audit services to audit clients.
- 9.3 Additionally some of the partners of Price Bailey LLP and Board members are shareholders of Price Bailey Group Limited and will receive further dividends based on the profits of the group.

10 Financial information

10.1 For the year ended 31 March 2022 the turnover of Price Bailey LLP was as follows:

Revenues from:	£000
The statutory audit of accounts of public-interest entities and members of groups of undertakings whose parent undertaking is a public-interest entity	41
The statutory audit of accounts of other entities	8,148
Permitted non-audit services to entities that are audited by the firm	2,625
Non-audit services to other entities	19,154
	<u>29,968</u>

Approved by the Management Board on 29 July 2022

Contact

Catherine Hardinge

Audit Compliance Partner

01279 712712

07799 866010

catherine.hardinge@pricebailey.co.uk :

Office:

Causeway House

1 Dane Street

Bishop's Stortford

Hertfordshire

CM23 3BT

www.pricebailey.co.uk