

A photograph of three business professionals sitting around a white circular table in a modern office. A man in a dark suit and glasses is laughing heartily in the center. To his left, a woman with long dark hair is smiling. To his right, a woman with blonde hair and glasses is also smiling. They are holding white mugs with the 'haysmacintyre' logo. The background shows office cubicles and large windows.

haysmacintyre

Transparency Report

For the year-ended 31 March 2020

Welcome



The quality of the work we do for our clients remains our highest priority and continual improvement is what we strive to achieve across all services we provide.

The onset of the COVID-19 pandemic and the subsequent lockdown in March brought about many challenges for us all. The health and safety of all partners and staff was paramount and remains so as we contemplate a return to working from our office and client premises. We have adapted to the practical challenges arising from remote working and, despite the additional work needed in certain areas, we have maintained the quality of our service and work thanks to the loyalty and dedication of our people. Our working practices will no doubt evolve as we inevitably move to a mix of remote and office working in the future.

Our new management structure and leadership team came into effect on 1 July 2019 and our audit quality improvement plan has been the key area of focus during the last year. The Management Board is pleased with the progress to date, driven by the Audit Quality Team (AQT) and by the commitment made by all Responsible Individuals (RIs) to ensure that audit quality is recognised and embedded in the culture of the firm.

We are a leading audit firm, evidenced by our participation in the Public Interest Entity (PIE) audit market and that we are auditors to more of the top 5,000 charities than any other UK accountancy firm. Our decision to continue as a challenger firm in the highly regulated PIE market, demonstrates our commitment to the audit market, and our support for audit reform and improved regulation. Improved public confidence in the audit profession is crucial over the coming years and we are committed to delivering an audit service which is aligned with the expectations of those who rely on our audit work.

In January 2019, the Financial Reporting Council (FRC)'s Audit Quality Review (AQR) team commenced their first ever review of the firm, reviewing two audits carried out in 2018. We have embraced all recommendations for improvements arising from that review, many of which were implemented during 2019. We continue to develop our policies and processes to ensure that the quality of our audits and the service to our clients improve during a period of significant change in the audit profession.

A second AQR review commenced in March 2020 which is nearing completion. We are confident that the results of this review will evidence the improvements we have made during 2019 and 2020.

We are excited by the progress we have made over the last year, which is reflective of the commitment of all partners and staff that quality is at the forefront of all we do. However, we are not complacent and are determined to continue to build on this and as a leading provider of audit and tax services.

Jeremy Beard, Managing Partner, for and on behalf of Haysmacintyre LLP

This report was prepared in accordance with EU Audit Regulation 537/2014 Article 13.

30 July 2020

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The firm



Haysmacintyre LLP (haysmacintyre) is a firm of chartered accountants and tax advisors located in the City of London. We provide sector-focused advice to business leaders, owner-managed businesses, PIEs, charities, and not for profit organisations across the UK and internationally.

We help our clients grasp opportunities, achieve their goals, and work with them to solve problems and address their challenges. We are approachable, responsive, and knowledgeable across our broad range of services.

All our services are provided by specialist teams with in-depth knowledge of their sectors. This means each client

benefits from the support of helpful experts who understand their specific challenges and can provide accurate technical advice. We spend time getting to know our clients and we tailor our services to meet their needs.

Our corporate and not for profit sectors are led by the following partners:

Corporate sector teams



Creative, Media and Technology
Natasha Frangos
nfrangos@haysmacintyre.com



Financial Services
Bernadette King
bking@haysmacintyre.com



Hospitality
Andrew Ball
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Property
Ian Daniels
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Charities
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Faith Charities
Adam Halsey
ahalsey@haysmacintyre.com



Professional Institutes and Membership Bodies
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Education
Tracey Young
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Legal structure and ownership



Haysmacintyre LLP is a limited liability partnership operating from a single office in the City of London, with the trading name of haysmacintyre.

At the date of this report there are 36 members (referred to as partners) of which 26 have RI status. In addition, the firm has five employee RIs.

Haysmacintyre LLP is registered to carry out audit work in the UK and Ireland and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales (ICAEW), and is a member of the ICAEW Practice Assurance Scheme.

In addition to the limited liability partnership, a wholly owned subsidiary provides corporate finance services.

The firm is structured along service lines, being:

- External and internal audit and assurance
- Business support
- Company secretarial
- Corporate tax
- Employment tax
- Payroll
- Personal tax
- Trust
- VAT



International



haysmacintyre is a co-founder and co-owner of MSI Global Alliance (MSI), a multi-disciplinary association comprising over 260 independent legal and accounting firms operating locally in countries around the world. Collectively member firms represent nearly 10,000 lawyers and accountants in over 100 countries.

MSI shares a common goal to provide partner-led, personal, value-for-money solutions to the cross-border challenges faced by businesses, private clients, and not for profit organisations.

haysmacintyre founded MSI thirty years ago and it is now the eighth largest accountancy alliance and international association.

Being a member of MSI enables us to support clients working internationally and to provide services to our clients across the world through a central contact in the UK. We have three partners on the board of MSI to provide guidance

on its strategy. MSI member firms are among the most respected, English-speaking, full service professional services firms in their local marketplaces.

Our alliance's global connectivity and deep relationships are authentic and built on the international flow of work between member firms collaborating on the same clients. Member firms have a common ethos and culture; we understand the importance of having an accessible partner-led team and take a genuine interest in wanting to help our clients succeed. Prospective and current members undergo robust scrutiny to ensure they are expert, experienced, of excellent reputation, and share similar values.



Governance and management



The partners are responsible for considering various matters at quarterly partners meetings as specified in the LLP Deed, including strategy proposals as developed from time to time by the Management Board. Partner seminars are also held twice a year which encourage feedback from all partners on the firm's strategy.

On 1 April 2019 haysmacintyre converted into a limited liability partnership, Haysmacintyre LLP, with registered number OC423459.

The firm's constitution is contained in the LLP Deed, which includes the process for the election of the Managing Partner and Supervisory Board, and the appointment of the Management Board.

The Managing Partner and Supervisory Board members are elected for a single three-year term, with the Managing Partner limited to two terms.

The day-to-day management of the firm is delegated to those individuals appointed to undertake the various operational roles identified in the partnership organisational structure. The Management Board oversees the day-to-day strategic and operational management of the business across services, sectors, and operational divisions of the firm. The Supervisory Board has a proactive oversight responsibility to consider the effectiveness of the overall management of the firm, and the application of values and behaviours, together with themes and issues raised by partners.

Both Boards meet separately monthly and jointly quarterly. The Managing Partner attends part of each Supervisory Board meeting to ensure effective collaboration between the two Boards.

Managing Partner



Jeremy Beard
Managing Partner and Non Executive Director of MSI Global Alliance
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Supervisory Board members



George Crowther
Chairman, Partner and Non Executive Director of MSI Global Alliance
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Andrew Ball
Head of Hospitality, Partner
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Murtaza Jessa
Head of Charities, Partner
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Management Board members



Anna Bennett
Head of Operations and Finance, Partner
abennett@haysmacintyre.com



Andrew Broome
Head of Services, Partner
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Natasha Frangos
Head of Corporate and Head of Creative, Media and Technology, Partner
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Richard Weaver
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Simon Wilks
Partner
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Audit quality



The culture, policies, and procedures adopted by the firm are designed to provide efficient, effective, high quality audits and foster a continual process of quality improvement through all service lines. Audit remains a key service line for our firm, and indeed we are one of the six medium sized firms that are visited on a three-year cycle by the AQR and as such it continues to be a priority investment area. Policies and procedures are documented in our internal procedures manuals and the culture is emphasised through adoption of the firm's values and reinforced through regular staff communications, training, and our staff and partner appraisal processes.

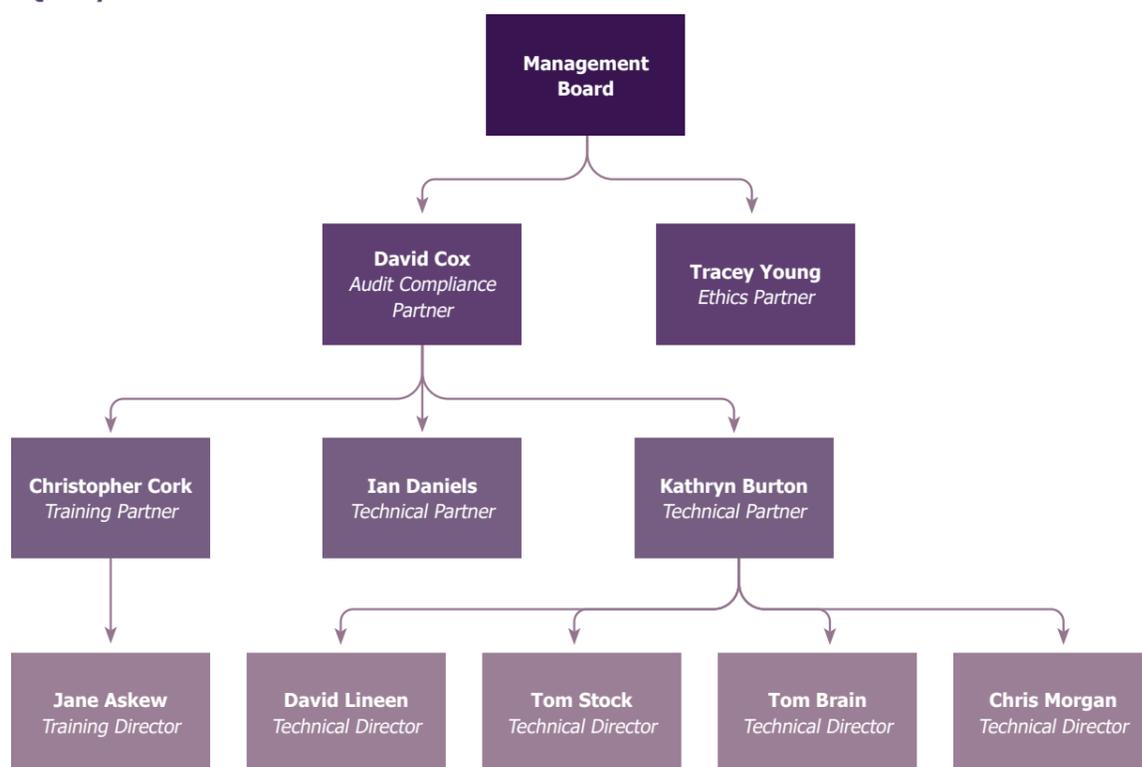
Culture

The culture of the firm is derived from the leadership and commitment of all partners and is encapsulated in our firm values (see page 15). Behaviours and principles which contribute to audit quality are inherent in our values and audit quality is valued, invested in, and rewarded; we also dedicate time and resources to provide a quality audit service to our clients.

During the year to 31 March 2020, the pursuit of improving audit quality became more central to our firm's culture and strategic objectives. The overarching priority for the firm's 2020/21 business plan is quality – we continue to improve the quality of our audit work to reflect the needs and expectations of the users of financial statements and other stakeholders.

In accordance with International Standard on Quality Control (UK) 1 paragraphs 18 and 19, the Management Board has ultimate responsibility for audit quality and the firm's system of quality control. Day-to-day responsibility has been delegated to the Audit Compliance Partner who reports to the Management Board. The Audit Compliance Partner and the AQT oversee the development of our policies and procedures. In December we recruited an Audit Quality Director from the FRC to join the team and his role includes the review of all PIE audits and development of new procedures and training to improve audit quality for all clients.

Audit Quality Team



Audit methodologies and procedures

The firm has established policies and procedures to comply with International Standard on Quality Control (UK) 1 issued by the FRC.

We have developed our own paperless audit software, 'eAudit', and accompanying methodologies. The software and methodologies are reviewed and regularly updated to ensure that our work follows best practice and complies with auditing and financial reporting standards, changes to legislation, and reflects feedback and findings from the firm's internal quality control reviews and external regulators.

Our methodologies provide structured work flows and promote discipline and compliance with International Standards on Auditing (ISAs) and other applicable regulation while the functionality of eAudit provides inbuilt controls to ensure compliance with ISAs. Within this framework and common methodologies, our audit approach is tailored to each client with each individual eAudit file specifically designed, planned, and tailored to reflect the nature and characteristics of our audit clients with the aim of maximising the efficiency and effectiveness of our audit work. Partners and managers are involved at all stages of the audit and their expertise and knowledge, particularly of their specialist sectors and industries, is incorporated into our audits and included throughout the audit file.

In 2019, our audit software was upgraded to operate wholly in the cloud. This enables far greater flexibility with the audit managers and partners being more able to track the progress of the audit and be involved at all stages of the process, especially the fieldwork stage when our audit teams are completing detailed audit work at different locations. Audit managers and partners are now able to review audit work remotely, collaborate, and supervise audit teams while addressing problem areas or judgemental issues on a timely basis.

Our methodologies and detailed guidance are maintained and updated by our AQT, who also provide training to the rest of the department. To reflect the increasing specialism of our staff in sectors and industries we are progressively designing more sector- and industry-specific guidance.

In 2019 we introduced new procedures as the result of a major multi-year project to improve the efficiency, effectiveness and consistent use of the internal systems and procedures used by the audit department. This project resulted in improvements in a number of areas including guidance, updated methodologies, training, and new procedures and technologies including remote working, cloud file sharing facilities, and data analytics software.

Audit quality improvement plan

We have accelerated the pace and expanded the scope of our audit quality improvement plan given the increasing external focus on audit quality.

Our audit quality improvement plan has evolved from our 2019 improvement project, and addresses the findings of the most recent regulatory reviews of our audits. Our plan is also informed by regulators' findings from reviews of other audit firms' work, FRC guidance, and best practice guidance.

The plan is fundamental and central to our 2020/21 business plan as outlined further below.

Our audit quality improvement plan is based on the structure set out in the FRC's letter to the Heads of Audit on 8 November 2019, and those areas which audit firms should focus to achieve high quality audits consistently. The following diagram illustrates the elements of audit quality that our plan seeks to identify, monitor, and improve, and we have provided more detailed information on each of these areas on the following pages:



Risk assessment

We have reviewed and improved our client acceptance and continuance policies and procedures to identify possible or potential risks to our ability to maintain audit quality on new and continuing engagements.

In January 2020 we introduced enhanced client acceptance and reacceptance procedures for all existing and prospective audits of PIEs.

Our risk assessment procedures include reviews of audit fees for existing clients to consider the risk that fees are insufficient to complete a quality audit. Where fees and recoveries are too low, appropriate actions are taken to ensure audit quality is not impacted. Further to which we have resigned from audit engagements where it was not economic to complete the required work for the fee.

Resourcing

Audit assignments are planned to ensure that appropriate staff are selected to undertake each audit. During the year we have appointed an external recruitment agency to manage and enhance our graduate and school leaver recruitment processes, while a more rigorous search and assessment process has been introduced for other hires.

Structuring our audit team into sector specialisms has undoubtedly improved the quality of service provided to clients. This starts with managers and supervisor levels participating in sector specific training provided early in their roles.

In response to the additional requirements for PIE audits, and in recognition that these entities may be more complex, we have developed a specialised PIE audit team of partners and managers who can only act for our PIE clients. A list of all our PIE clients is included in the appendix.

During 2019, we increased the scope and frequency of training provided to all audit staff, which now includes more frequent training on topical matters and problem areas.

A full review of our training plan is included in the professional skills and training section of this report.

The AQT have been given increased resource to enable additional technical consultations with audit teams, and to perform more quality control reviews on 'live' audits to mitigate the risks of errors in judgement or inappropriate applications of audit and financial reporting standards. These technical consultations provide advice and guidance to audit teams as they plan or complete audit work.

Timing of audit work

Our focus has been to ensure that audit processes are efficient and managed on a timely basis to ensure all processes, especially planning, review, and supervision, are effective.

New audit procedures, including the use of cloud-based file sharing platforms, were introduced to facilitate earlier and more effective audit project management and planning.

The decision to upgrade our audit system to operate wholly in the cloud allows us greater flexibility and enables audit managers and partners to be more involved in all stages of the audit process than previously. This has enabled earlier and more in-depth review processes, and its use in conjunction with newly introduced communications systems has significantly improved our ability to collaborate with each other and supervise audit teams working away from the office. This greater flexibility enabled us to work effectively on our audits conducted remotely during the COVID-19 lockdown.

We plan to move to new audit software in 2021. We are currently evaluating various options and are working with leading audit software developers on a new platform. It is envisaged that this software will include a fully integrated project management tool that will automate some processes currently performed by audit staff and managers, thereby making more time available for work processes that add value and contribute to audit quality.

A more automated and integrated solution will also further improve the timing of our audit work and the effectiveness of our supervision and review processes, while offering a holistic project management solution to the management of the entire audit process from the pre-planning stage to completion and archiving.

Audit evidence and the challenge of management

We have recently made a number of changes to our systems, methodologies, and procedures to ensure that we are designing and performing audit procedures that sufficiently and appropriately respond to identified audit risks, and comply with ISAs, best practice, and other applicable regulation.

Good progress has been made to date, but the process is continuous with the aim to identify areas for improvement, design new procedures, and implement and embed change.

Ensuring that our audit teams are sufficiently professionally sceptical, and challenge management where required, is vital to maintaining audit quality. Training on professional scepticism and empowering our staff to challenge management's judgements and estimates has continued throughout the year and has increased our use of appropriate challenge and professional scepticism.

The ability to execute professional scepticism and the aptitude to challenge management requires more than just classroom training, and so we have focused on changing the firm's culture to one that encourages appropriate challenge of management and the exercise of professional scepticism. We launched our audit quality awards for staff in late 2019 that encourages staff to challenge management, demonstrate professional scepticism, and raise matters of concern where appropriate. The audit quality awards specifically reward quality audit work and build on the positive impact of our wider firm values.

In the second half of 2019 the appraisal system for supervisors, managers, and partners was redesigned to explicitly include audit quality as a specific area of assessment, therefore further embedding audit quality within our culture.

Reporting

The quality and clarity of our audit reports, and reports issued to those charged with governance represent the end product of our work.

Throughout the year we have implemented new procedures to improve the consistency of the quality of our audit reports. These include new guidance and work programmes on the design and content of audit reports including key audit matters which increase the complexity of audit reporting. We have also introduced new review protocols for all modified audit reports that now require an independent technical review to ensure that our conclusions and disclosures are appropriate.

Over the course of 2019 we have updated our guidance and regularly update standard templates for reporting to audit committees and those charged with governance. These now include specific templates for PIEs, and sector specific templates as we have sought to improve the quality of our feedback to management while meeting the requirements of ISAs and other regulations.

Continuous improvement

Our aim is to ensure that the firm's culture supports and nurtures continuous improvement in audit quality. As noted previously, the principal priority for our 2020/21 business plan is quality – putting the quality of our work first.

Promotion through the audit department and remuneration is intrinsically linked to audit quality, and staff, managers, and partners are assessed and appraised on their audit quality.

We are finalising a project to introduce new audit quality indicators (AQIs) which will draw upon the recently published FRC Thematic guidance on the subject. We will identify and monitor these AQIs, including: cold file review, Quality Assurance Department (QAD), and AQR grades. These AQIs will be circulated quarterly and reported externally in our annual transparency report to reinforce an understanding of how quality has improved but where there remains room for further improvement.



COVID-19 impacts

The COVID-19 pandemic and the restrictions placed on travel, business, and society have created practical challenges to address for clients and auditors in preparing accounts and carrying out audits.

These difficulties and pressures on reporting timetables pose risks to audit quality. However, our recent investment in our audit software, data analytics, and file sharing platforms has helped us to quickly adapt to remote working and continue our audit work despite being distanced from our clients.

Similarly, recent investment in communication software as part of a whole firm project to enable agile working has allowed audit teams to work remotely from one another while maintaining an appropriate level of supervision, oversight, and review by senior members of the audit team. This has helped us maintain audit quality during a difficult time. As the world adapts to the effects of social distancing and remote working we are currently finalising our plans to use the technology available to us to adapt and maximise the effectiveness of ongoing training, especially for junior grades, where 'on-the-job' training is so important.

While restrictions on travel and working practices have caused practical difficulties for audits, the economic uncertainty created by COVID-19 has significantly increased the audit risks to the going concern of some clients and in various other areas including impairment and asset valuation. The increased size of our AQT has allowed us to quickly provide bespoke online training on the accounting and auditing risks and practical issues posed by COVID-19 to audit partners, managers, and other grades to ensure that they were better equipped to deal with these matters.

Recognising that the pandemic has created unprecedented complexities that could impact audit quality, we introduced new review protocols to ensure that all high-risk audits were subject to additional independent technical team reviews of going concern work and other elevated risk areas. These are considered further in the quality monitoring section below.

Quality monitoring

The firm's audit quality monitoring procedures are designed to promote improvements in audit quality across our client base. Audit quality monitoring reviews are carried out on 160 completed audits each year, representing approximately 10% of the total audits performed each year.

The firm's audit quality monitoring procedures comprise two types of review:

- Audit Compliance Review (ACR)
- Cold File Review (CFR)

ACRs are performed by the Audit Compliance Officer. The ACR process is intended to give a high-level view of audit quality and to promote compliance with the firm's key policies and procedures, such as those on audit documentation and archiving.

Ten completed files are selected at random each month and a checklist of key requirements is used to confirm that core audit documentation has been obtained, that specific procedures have been carried out, and that key policies have been complied with. An ACR does not conclude on the overall quality of a specific audit.

CFRs are performed quarterly to assess the quality of audit work on completed files. Ten audit files are selected for review each quarter; two files are reviewed by an external consultant and the remaining eight files are reviewed by members of the firm's AQT. Each review includes consideration of the quality of the Strategic Report, the Directors' Report (or their equivalents) and the financial statements, the quality of the planning and completion work, and the quality of audit documentation and conclusions in respect of key audit areas. Each file selected for a CFR will also be subject to an ACR, which may highlight additional areas of focus for the CFR reviewer to address.

The firm's CFR cycle is currently set at 18 months, which means that 60 files are selected for review in each cycle. The majority of files are selected to ensure appropriate coverage of the firm's RIs in each cycle; each RI has between one and three files selected for cyclical coverage in each cycle, depending on the relative size of their client portfolios. The remaining files are selected based on other criteria, including sector-specific coverage and as a response to low grades from regulatory inspections or previous CFRs.

At the conclusion of each CFR, the findings are explained and discussed with the engagement team and their responses to the points raised by the reviewer are included in the final report. Each completed review is then graded on the following scale:

- 1 – Satisfactory
- 2A – Generally acceptable
- 2B – Requires improvement
- 3 – Requires significant improvement

The overall results of the firm's CFRs for each year are presented to audit staff and partners at the firm's annual audit conference. Trends in significant findings are monitored by the AQT and inform training priorities at all levels of the firm. With effect from the March 2020 review quarter, a quarterly summary of the CFR grades and significant findings is circulated to all audit staff and partners. Key matters arising from each quarterly round of CFRs are the subject of quarterly training for audit partners, managers, and qualified staff.

Regulatory inspections

The firm is subject to regulatory inspections by the FRC's AQR team, as a function of being an auditor of PIEs, and by the ICAEW's QAD. The firm's first and most recent completed review by the AQR commenced in January 2019, with interim findings in May 2019 and completed in September 2019 and included a review of two audits relating to the year ended 31 March 2018. The 2020 AQR review of another audit is currently on-going, and we are confident that the outcome will demonstrate the improvement made since the 2018 audits referred to above. The most recent completed review by the QAD, of eight audits, took place in 2018. The QAD review for 2020 is currently on-going.

The results and findings from the interim AQR findings in May 2019 helped to shape our audit quality improvement plan and we have implemented measures to improve audit quality, addressed the findings, and agreed actions from these regulatory inspections.

Specifically, the AQR in May 2019 recommended improvements in a number of areas and we agreed an action plan and timetable with them so that the majority of the following areas were dealt with during 2019:

- Ethics consultation policies
- File archiving procedures
- Approach to restricting sample sizes
- CFR process
- Documenting audit evidence on the file
- Design of audit procedures
- Information prepared by the entity procedures
- Challenge of assumptions used by experts
- Assessment of going concern

Following the 2019 AQR inspection, which was based on audit work completed in 2018, the FRC is undertaking an investigation into one audit, under the Audit Enforcement Procedure. The matters which gave rise to the investigation were included in the action plan agreed with the AQR in May 2019.



Internal quality control

The firm's system of internal quality control includes three tiers of additional scrutiny that are applied to individual engagements to ensure audit quality. All of these procedures are 'hot' review procedures undertaken on audits in progress, prior to the issuing of the audit opinion, to ensure that sufficient appropriate audit evidence has been obtained to support our audit opinion.

1. Engagement Quality Control Review (EQCR)

EQCR represents the highest tier of scrutiny and applies to the audits of PIEs and other listed entities, as defined in the FRC's Ethical Standard. EQCRs are carried out in line with the requirements of ISA (UK) 220: by an audit partner who is independent of the engagement team; has appropriate skills and experience to challenge the work of the engagement team; and has the ability to provide an independent assessment of the quality of the audit work performed, and of the audit evidence obtained, by the engagement team.

2. Independent Review (IR)

IR is the second tier of scrutiny and is applied under a range of circumstances, which include the following:

- Major audits which are outside the scope of EQCR
- Audits where the engagement partner has been in post for more than ten years
- As a safeguard in response to other threats to the independence and objectivity of the engagement team

IRs are performed by a RI (an audit partner or director) who is independent of the engagement team and has appropriate sector experience.

3. Technical review

Technical review is the lowest tier of additional scrutiny and is applied to specific aspects of a particular engagement, which include:

- The proposed issuing of a non-standard audit report (eg. modified opinion, emphasis of matter, material uncertainty relating to going concern)
- Going concern assessed as a significant risk
- Use of component auditors for a significant component of a group
- Referral by an IR

Technical reviews are performed by a member of the AQT who is independent of the engagement team and has appropriate experience.

EQCRs and IRs are carried out by a group of partners and directors who receive regular training to ensure that best practice is maintained.

The COVID-19 pandemic has had wide-ranging effects on businesses and consequently an effect on our assessment of audit risk. As above, in response to this, the firm quickly established an enhanced hot review policy for all audits that were completed during the initial stages of the COVID-19 lockdown that commenced in March 2020.

Under this policy, all audits completed during the period from 30 March 2020 to 1 June 2020 were subject to a focused technical review prior to the audit opinion being finalised.

For audits completed after 1 June 2020, a technical review has been required where the audit is considered to be high risk as a result of COVID-19 related factors, which include uncertainty relating to going concern, asset valuation, increased risk of impairment, and material subsequent events.

Compliance with these requirements for additional scrutiny is monitored by the Audit Compliance Officer.

Statement of the effectiveness of the internal quality control system

The Management Board are satisfied that the firm's internal quality control system is effective in all material respects.

Professional skills and training



We are committed to developing and maintaining the highest possible standard of technical competence through our internal and external training courses and providing an environment within which staff have opportunities to improve and widen their skills.

Improving and maintaining audit quality requires the provision of sufficient and appropriate training in addition to the investment in processes, technology and resourcing that we have made. During 2019/20 we have increased the scope and frequency of training provided to all audit staff, which now includes:

Quarterly CPD sessions for all qualified staff presented by specialist external trainers
Annual audit conference for all audit staff
Monthly technical training for the managers
Quarterly audit quality training for the partners
Quarterly training for the PIE audit team
Quarterly technical training for the seniors
Sector specific training for partners, managers, and supervisors
Ethics training for all partners and managers
Training on new methodologies and procedures adopted by the firm for all audit staff
Training on the use of data analytics software

Training is provided on a regular basis for all relevant audit staff covering specialist industries and sectors. Senior staff and partners have access to multiple sources of online resources designed to assist with the development of their professional skills and application of auditing and financial reporting standards.

Sector specific training is provided annually to all audit staff to cover current hot topics, common risk areas, and best practice guidance in advance of each audit season.

Individual specific training requirements are assessed and monitored at twice-yearly appraisal meetings. We actively promote from within and many of our managers and partners trained with the firm. We spend considerable time understanding our clients' businesses to improve the quality of our audits and the service to clients.

Our junior staff benefit from year-round mentoring by managers and 'on-the-job' training from seniors, supervisors, and managers.

The AQT regularly prepare staff guidance notes, best practice examples, and factsheets, as well as holding technical seminars on a monthly or quarterly basis. This team comprises partners and directors from both our corporate and not for profit sectors. Audit managers attend monthly technical training sessions which focus on a particular audit area in depth. The subjects for these sessions are chosen by the AQT to be topical and cover areas such as the requirements of new auditing standards, forthcoming financial reporting changes, and changes to the firm's audit methodology. Recent examples include sessions on audit sampling and risk assessment, professional scepticism, going concern, and revenue recognition. Similarly, when the firm's hot and cold review procedures identify common areas for improvement, specific training sessions are provided to partners and staff.

The onsite audit teams ensure that all staff develop their practical skills required whilst carrying out their audit work. This feedback is complemented by the further insights that our client care interview programme provides.

Our in-house training covers soft skills, in addition to technical matters, and we encourage all our seniors to be confident, approachable but challenging. We also encourage them to be adaptable to different clients, and to work in a way that is preferable to a particular client while also maintaining the highest standards of audit quality.

All of the firm's partners and directors who are authorised to sign audit reports attend quarterly audit quality training sessions, which focus on specific aspects of the firm's audit quality improvement plan, developments in audit best practice, and changes to the firm's audit methodology. Quarterly training is also provided for the PIE audit team.

The firm's annual audit conference brings the whole audit department (partners and staff) together to discuss developments in audit practices, ethical matters, financial reporting, and other relevant issues and to share and develop the firm's methodology through a combination of lectures and practical exercises.

Ethics and independence



Ethics is central to our culture and we ensure that we conduct ourselves and our business in an appropriate manner.

The firm maintains internal policies and procedures to ensure that it remains independent from its clients and that potential threats to our objectivity are dealt with appropriately and on a timely basis.

Tracey Young, the firm's Ethics Partner, ensures that partners and staff achieve the objectives of relevant ethical codes and the firm's own procedures. These procedures ensure that financial considerations do not drive decisions which could have a negative effect on the quality of our audit work. Tracey is supported in this by a Technical Director and the Audit Compliance Officer, who assist with ensuring compliance with the firm's policies, in dealing with ethical queries which arise, and has access to legal advice should it be required. As Ethics Partner, Tracey is responsible for reporting directly to the firm's Management Board as illustrated in the management structure on page six.

An independence review is carried out annually on every audit both at planning and completion stages to ensure independence at all times. Matters considered include independence of the firm, partner, manager, and all staff involved on the audit.

All our partners and staff are required to complete annual Fit and Proper declarations and notify the Audit Compliance Partner of any actual or potential threats. These include details of any conflicts of interest between themselves

and clients or between clients of which they are aware, or confirmation that they are not aware of any such conflicts. The declarations also require staff to inform a partner as soon as they become aware of any conflicts of interest and remind them of the provisions against insider dealing and confidentiality in respect of client information.

In addition, at the planning and completion stages of every audit, the engagement team is required to determine whether there are any conflicts of interest which would have an impact on the team's or the firm's ability to accept the (re)appointment as auditors and to assess whether this impact can be mitigated by the implementation of suitable safeguards. This review includes a robust assessment of the impact of non-audit services and length of service.

Mandatory partner rotation every five years is required for the audits of listed clients.

A register is maintained of all listed clients and partners and staff are prohibited from holding shares in any audit client.

An internal review of independence compliance practices is carried out annually.



Values



Behaviours and principles which contribute to audit quality are inherent in our values.

A self-selected staff group, representative of all grades and disciplines, accepted the challenge of identifying our common values and formalising an approach to our work that will influence our growth and goals in the years to come.

Our values and their associated 'image clouds' created by staff can be seen below. Our key focus areas for our values are:

Integrity

- We operate in a trustworthy and straightforward manner
- We are honest, objective, and sincere
- We comply with and uphold professional requirements and obligations
- We do 'the right thing' at all times

Collaboration

- We respect everyone and value their contributions
- We act in an inclusive manner, sharing ideas, opportunities, successes, and experience
- We trust one another
- We are communicative, consultative, and accessible

Empowerment

- We are confident in our expertise, delivery, and knowledge
- We understand that trust and responsibility go hand-in-hand
- We have the flexibility and freedom to perform and recognise that 'one-size' does not fit all
- We have the independence to achieve our full potential

Dynamism

- We challenge the status quo and champion progress
- We search out and embrace new ideas and technology
- We are open to change and new solutions
- We learn from our experiences to improve

Our firmwide awards programme, the Haysmac awards, recognises those individuals best living our values, delivering exceptional work, and contributing to our success.



Equal opportunities



haysmacintyre is fully committed to providing equal opportunities in employment and the elimination of unlawful and unfair discrimination.

We value the difference a diverse workforce brings to the firm and our clients.

An equal opportunities policy is in place which is applicable to all partners and staff, clients, suppliers, contractors, and communities, whether permanent or temporary.

haysmacintyre does not discriminate directly or indirectly in recruitment or employment because of age, disability, sex, gender identity, pregnancy, maternity, race (which includes skin colour, nationality and ethnic or national origins), sexual orientation, religion, belief, or marital status.

All decisions relating to recruitment and employment are as objective and free from bias as possible, and based upon work criteria and individual merit.

Diversity initiatives programme



haysmacintyre launched the diversity initiatives programme in February 2019 as an inclusive educational event series for people to learn and grow through shared experiences and communication.

Over the course of the year we have held events that tackle topics including disability, race, faith, intersectionality, and allyship.

As the key aspect of these events is to learn from each other, we encourage discussion and participation from colleagues at all levels within the firm to share experiences, opinions, and ideas.

These events have supported haysmacintyre's culture of inclusiveness, and we also extend invitations to some events to our neighbouring firms.



Gender pay gap



Earlier this year, we presented our second gender pay gap report for the year ended 5 April 2019. This report has been prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

We are a firm that believes that all individuals should be treated equally and rewarded based on their merits. As an equal pay employer, we are confident that all employment-related decisions are based on objective job-related criteria such as aptitude and skills and are not influenced by any protected characteristics such as gender. We do not pay men and women differently for the same or equivalent role. We are aware that we must not be complacent and need to encourage, through appraisals and training, all staff to continue to feel that they have an equal opportunity to thrive and advance at haysmacintyre. The firm is transparent about how we treat all our staff and we are committed to addressing inequality where it is identified.

We are proud of our continued improvement but are not complacent – we will continue to work to reduce our gender pay gap.

Bonus gap calculations

Our bonus system rewards **all individuals**.

This report covers the period April 2018 to April 2019, including our annual bonuses which were paid to all staff in May 2018. Not all employees received a bonus as the data reflects employees in employment on 5 April 2019, some of whom are newer recruits who were not in employment in May 2018 when the bonus was paid.

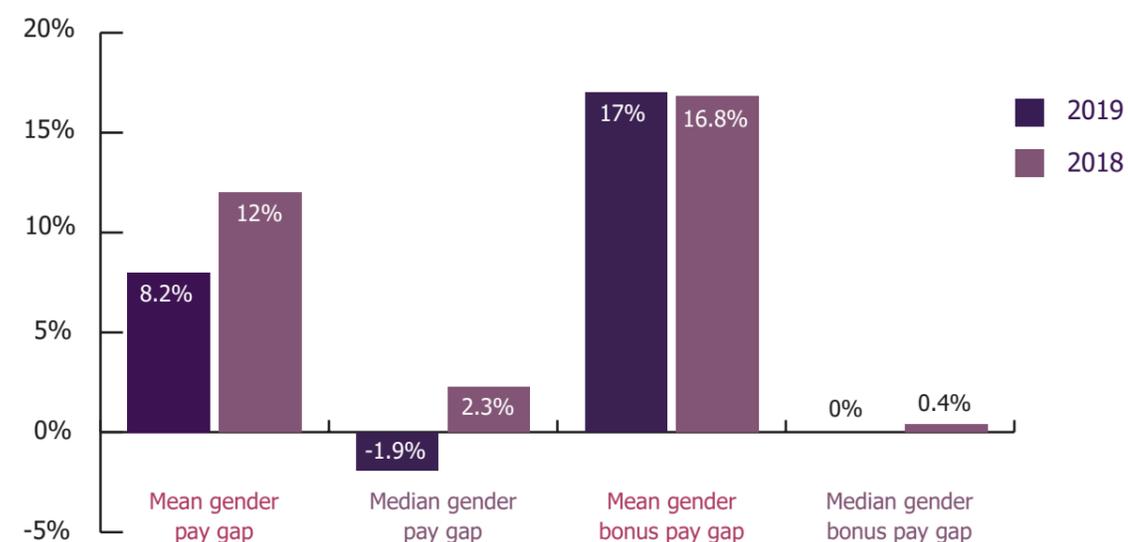
Pay gap calculations

In accordance with the Gender Pay Gap Regulations, our partners are excluded from the reported figures.

Definitions

Mean gender pay/bonus gap – the difference between the average hourly rate of pay/bonus pay of male employees and that of female employees calculated as a percentage of male pay/bonus pay.

Median gender pay/bonus gap – the difference between the midpoint hourly rate of pay/bonus pay of male employees and that of female employees calculated as a percentage of male pay/bonus pay.



Partners' remuneration



All partners receive a share of the firm's profit allocated by the equity partners after taking into account recommendations made by the Management Board.

Audit partners' remuneration is based on various factors including overall contribution to the firm, excluding the selling of non-audit services to audit clients, thereby assisting in maintaining the independence of the audit function where non-audit services are provided.

Each partner is subject to an annual performance review where all aspects of the partner's performance are discussed, including matters relating to audit quality.

The partners are appraised against the eight pillars of partner performance:

1. Financial and business performance
2. Professional standards and competence
3. People management, leadership, and team/skills development
4. Business development
5. Client relationship management
6. Contribution to the firm as an institution
7. Self-development and self-leadership
8. Living the firm's values

Staff, managers, and partners are appraised on their audit quality.



Corporate social responsibility



haysmacintyre's corporate social responsibility (CSR) programme has evolved to deliver value to our communities and to the firm.

Our CSR activities encompass our efforts to work with clients, employees, and other stakeholders to better support our local community and reduce our impact on the environment.

We are committed to operating our business in an ethical manner that is both sensitive and responsible, with proper regard to our legal obligations and abiding to relevant directives, regulations, and codes of practice.

We encourage staff to volunteer as trustees and governors. As well as supporting charities with their professional skills, this means that many of our partners and staff have first-hand experience of being on a trustee board, which helps them to better understand their clients' needs.

Charity partnership

Our charity partnership programme is a firmwide initiative where staff nominate and elect a UK charity to be the recipient of our fundraising activities throughout the year. As a positive contributor to the firm's commercial goals and culture, the charity partnership element of the CSR programme encourages leadership, internal communication and collaboration, project management work, and socialising across grades and departments. It also enables colleagues to learn about social enterprises and charities; try new activities; work in teams towards a common goal and have fun together. Our last charity partner was Anthony Nolan. Encompassing dozens of events and fundraisers, the partnership raised over £25,000 and we also had many colleagues add their names to the life-saving bone marrow registry.

We just completed our staff-driven process to select our new charity partner for 2020-2021, which consisted of staff and partner nominations of registered UK charities and a firmwide voting process. The selected charity, Central London Samaritans, was the recipient of over £8,000 from our first fundraising event in May, the 'Big Haysmac Fundraising Challenge'. The fundraiser, which also benefitted Guy's and St Thomas' Charity, saw over 70% of the firm logging miles of walking or running to cumulatively travel the distance from Land's End to John O'Groats. We look forward to more fundraising efforts over the course of the next two years in support of Central London Samaritans.

In addition to our charity partnership, the firm has a history of supporting the annual Jeans for Genes, Poppy Appeal, and Christmas Jumper Day fundraising campaigns, which we will continue to do. Furthermore, the firm supports individual members of staff in their own personal fundraising activities through financial donations.

Living Wage

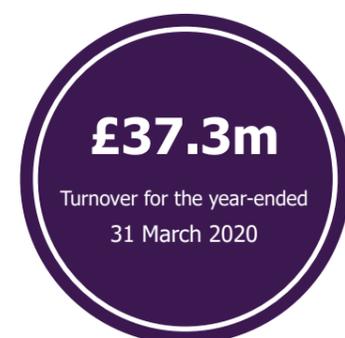
We are proud to be an accredited Living Wage Employer. All our staff and third party contractors are paid at least the London Living Wage and we support the Living Wage Foundation's goal of ensuring that a hard day's work deserves a fair day's pay.

Appendix



Financial information

For the year-ended 31 March 2020, the firm's turnover was £37.3m (2019: £32.8m; 2018: £28.8m) of which £19.7m (2019: £17.1m; 2018: £15.3m) related to the provision of statutory audit services.

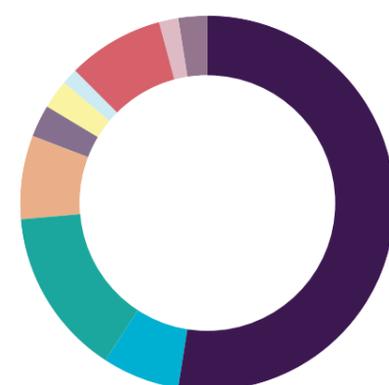


£0.2m Revenues from the statutory audit of public interest entities and entities belonging to a group of undertakings whose parent is a public interest entity

£19.5m Revenues from the statutory audit of other entities

£6.1m Revenues from non-audit services to entities that are audit clients

£11.5m Revenues from non-audit services to other entities



Service lines and turnover split 2019-20:

Audit	£19.7m
Accounts and other assurance	£2.5m
Corporate tax	£5.3m
Personal tax	£2.7m
Trust	£1.1m
VAT	£0.9m
Employment tax	£0.5m
Business support	£3.1m
Payroll	£0.6m
Company secretarial	£0.9m

Public interest entities

During the year-ended 31 March 2020, audit reports were issued on the financial statements of the following entities:

Public interest entities as defined	
Associated British Engineering plc	Full list
Baskerville Capital Plc	Standard list
Boston International Holdings plc	Standard list
Entertainment AI plc (formerly Blockchain Worldwide Plc)	Standard list
Hertsford Capital plc	Standard list
Jupiter UK Growth Investment Trust plc	Full list
Nuformix Plc	Standard list
The Salvation Army General Insurance Corporation Limited	Unlisted insurer
Wellesley Secured Finance plc	Irish Stock Exchange

Other UK listed companies

During the year-ended 31 March 2020, we also acted as auditors for the following UK listed companies:

Other UK listed companies	
ADM Energy plc (formerly MX Oil plc)	AIM
Asimilar Group plc (formerly YOLO Leisure and Technology plc)	AIM
Audioboom Group plc	AIM
Be Heard Group plc	AIM
Bidstack Group plc	AIM
Bigblu Broadband plc	AIM
BiON plc (formerly Green & Smart Holdings plc)	AIM
Capital for Colleagues plc	Aquis
Catalyst Media Group plc	AIM
Defenx plc	AIM
Digitalbox plc (formerly Polemos plc)	AIM
Early Equity plc	Aquis
EU Supply plc	AIM
Feedback plc	AIM
Immotion Group plc	AIM
MelodyVR Group plc (formerly EVR Holdings plc)	AIM
Quidnet REIT Ltd	TISE
Tasty plc	AIM
Tavistock Investments plc	AIM
Touchstar plc	AIM

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 Committed to Sustainability

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A list of members' names is available for inspection at 10 Queen Street Place, London EC4R 1AG

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Winner: Audit Team of the Year



Top 15 auditor to quoted companies in Adviser Ranking Listing



An epriveclient top accountancy firm 2019



Top adviser to the top 5,000 charities, Charity Financials' league table 2019