

TRANSPARENCY REPORT

We are pleased to publish our 2023 Transparency Report which has been prepared in accordance with the requirements set out in The Statutory Auditors (Transparency) Instrument 2008 published by the Professional Oversight Board.

These requirements were drawn from Article 13 of Regulation (EU) No 537/2014 and the amended Directive 2014/56/EU of the European Parliament and of the Council.

This report covers the year ended 31 March 2023 and explains our legal structure and ownership, governance structures within the firm and the quality management systems and assurance programmes and practices we have in place to maintain our independence and ensure the maintenance of high quality standards in our audit services.



Robert Maples
Managing Partner

Legal Structure And Ownership

The practice includes the partnership, Begbies, which provides statutory audit services as well as a range of other accounting services, and a limited company, Begbies Chettle Agar Ltd, a company incorporated in England and Wales (registration number 04472680) which provides accounts and tax compliance, corporate and personal tax consultancy, VAT advisory, bookkeeping, payroll and general business advice.

Begbies 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 registration number C009214999.

The partnership currently has 10 partners, all of whom are either members of the Institute of Chartered Accountants in England & Wales or the Association of Chartered Certified Accountants.

The partnership is wholly owned by its partners.

Begbies operates from offices in the City of London and in Ashford, Kent, and has no other related UK firms or overseas branches.

The public interest entity audit reports which prompt this report, were conducted by the partnership.

Partners	Robert Maples, ACA Christopher Bates, FCA Katherine Dee, FCA, DchA, CTA Michael Firman, FCA Chris Pexton, FCA, CTA Stephen Richards, FCA, ATII Jeremy Staines, FCCA Virginia Underhill, FCA Daniel Valentine, ACA Colin Wain, FCA, CTA
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All partners except S Richards have Responsible Individual (RI) status.

Other key role individuals are R Maples as the Ethics Partner and as the Audit Compliance Principal.

The firm is exempt from the requirements of the FRC's Audit Firm Governance Code (the Code).

Begbies is not affiliated with any national or international network.

Governance

The partners are responsible for setting the firm's strategy, providing leadership on quality control and protecting the interests of its members. The day-to-day management of the firm is the responsibility of the managing partner, Robert Maples.

Regular meetings are held by the partners to review the performance of the firm and to consider actions required to maintain the quality of audit services.

Consultation by partners and staff is encouraged and ad hoc and departmental meetings between staff and their related partners take place throughout the year.

Begbies embraces best practice in a way that is relevant to its activities, the risk environment it faces and the needs of its clients and people.

Quality management

Begbies endeavours to create an environment where quality, integrity and ethical behaviour is valued, invested in and rewarded. The central importance of quality in the audit practice is reinforced by clear, consistent and frequent messages from the partners and is supported by the firm's actions.

The managing partner (Robert Maples) has ultimate responsibility for the firm's system of quality control and is responsible for the audit work that is carried out and for completing the annual Practice Assurance review of the firm and the firm's annual return to the ICAEW.

Our commitment to quality, and the quality control procedures needed to ensure that it is achieved, are embedded in our training and technical materials and communicated through both formal and informal types of communication.

Our focus throughout 2022 was to transition from the long-standing International Standard on Quality Control 1 (ISQC1) to International Standard on Quality Management (ISQM1). We established our SoQM in accordance with the requirements of ISQM (UK) 1, ensuring this was in place by 15 December 2022.

The Firm's SoQM is designed to provide reasonable assurance that the firm, its partners and staff comply with all relevant professional standards and regulatory and legal requirements, and that reports issued by the firm are appropriate in the circumstances.

Responsibility for audit quality within Begbies for the year ended 31 March 2023 rested primarily with the partners.

Ethical requirements

Professionalism, ethics and independence take precedence over all other aspects of the firm's work.

Responsibility for the firm's policies and procedures lies with the managing partner who also provides confidential advice and guidance to other partners and members of staff on professional ethics.

Induction training for staff includes an introduction to our ethical and independence policies and further training on the firm's policies and procedures in relation to professional ethics is provided regularly.

The firm ensures that it has appropriate mechanisms in place to ensure that it has a central record of the work undertaken in respect of every client and can evaluate the overall effect that this has on the firm's independence.

The firm's policies and procedures aim to meet or exceed the requirements set by the Institute of Chartered Accountants in England & Wales (ICAEW) and the Financial Reporting Council (FRC).

Client and engagement acceptance

Begbies has developed robust procedures which deal with all ethical, statutory and practical aspects relating to client acceptance and which play a major role in the firm's ability to deliver a professional, high quality service.

Before accepting any new audit appointment certain procedures to assess the risks associated with that client must be carried out. These include:

- Assessing the potential client's business and the risks associated with the industry or area within which it operates.
- Obtaining evidence on the identity of the owners and officers of the business.
- Inquiring of the outgoing auditors as to the circumstances surrounding the proposed change in auditor and whether there are any professional or ethical reasons why we should not accept the appointment.
- Assessing any potential risks in relation to independence and conflicts of interest.
- Assessing the firm's resources and experience, to ensure that the firm will be able to complete the assignment to the highest professional standards.

Similar safeguards apply to ongoing client relationships and the firm's independence in relation to audit clients is reassessed at both the commencement and the conclusion of each audit.

As part of our audit planning processes and annual reporting to the ICAEW, the firm monitors the number of years that principals and other senior staff have acted on audit engagements. Where an audit RI has held the same role for 10 years or more (but neither Ethical Standards nor our audit compliance manual requires rotation), safeguards are implemented to ensure our independence is maintained. As part of our audit planning process, these safeguards are communicated in writing to those charged with governance.

Engagement performance

Our policies and procedures are designed to ensure that audits meet all applicable professional standards and regulatory and legal requirements. Fundamental to our audit approach is the requirement to understand the client's business, consider the specific risks associated with that client and to tailor the audit work to address those risks.

Partners are actively involved in audit planning and the establishment of a framework and procedures to obtain sufficient appropriate audit evidence effectively. Consultation by partners and staff is encouraged and appropriate technical support is available to the audit team whenever required.

We encourage staff and partners to be robust in dealing with issues that are identified during the audit and objective in forming a considered, professional opinion. All such matters that are important in arriving at the audit opinion are documented.

We ensure that the collection of sufficient audit evidence is not constrained by financial pressures which could have a negative effect on the quality of our audit work.

All public interest audits and other high- risk assignments require a second independent partner review prior to the audit report being signed. The review is carried out by an experienced audit partner with no other involvement in the provision of services to the client. Through these procedures we are able to ensure that work is being performed in accordance with all applicable standards and that matters of significance are identified and addressed.

The firm also ensures that audit file documentation is maintained to a high-quality standard through regular training. Audit and accounting update courses are provided to all relevant staff using an external training provider.

We use an external cold file reviewer to review a sample of audit files on an annual basis, to assess the engagement team's competence and performance.

Human resources

People are central to our ability to provide high quality professional services.

Begbies operates as a chartered accountants training office and many of the long-standing members of the firm have been recruited through this process. This enables us to ensure the calibre and quality of our key professional staff from the outset.

In order to ensure that we have partners and staff with the integrity, intelligence, motivation and competence to provide the quality of audit work we require, we have established clear policies and procedures covering:

- Recruitment
- Regular evaluation of performance
- Capabilities and competence
- Career development and promotion
- Compensation
- Estimation of staff needs

We value staff who exhibit objectivity and professional scepticism in their work and who are robust in dealing with issues identified during the audit process.

Induction training, professional courses and other specific internal training courses are provided in order to help staff reach their full potential and keep them at the forefront of new developments and regulations.

Our level of staff resources is monitored on a regular basis in order to ensure that we have the right levels of expertise within each audit team.

The firm devotes considerable time and resources to appraising and developing all professional staff through an annual appraisal process, regular feedback and mentoring. Factors considered may include professional and technical competence, leadership, management, and analytical and judgement skills.

External monitoring

Begbies is registered to undertake audit work by the Financial Reporting Council and the Institute of Chartered Accountants in England & Wales. The Firm is subject to periodic external monitoring by:

- The Audit Quality Review (AQR) team of the Financial Reporting Council, for public interest audits and whole firm matters.
- The ICAEW's Quality Assurance Directorate (QAD) for other audits.

As at 31 March 2023 the firm had one client that fell within the remit of inspection by the FRC's Audit Quality Review Team (AQRT). A review by the AQRT took place in 2021, with a report being issued in 2022.

The most recent visits have not identified serious or systemic shortcomings in the Firm's work. Where areas for development are reported, the firm has designed and undertaken appropriate and proportionate responses to ensure that these are addressed. Findings from the visits are fed back individually to team members responsible for the assignments reviewed, and to the audit team as a whole.

We also undertake an annual practice assurance compliance and whole firm audit compliance reviews.

Risk Management

The Partners are responsible for considering the key risks the firm faces and the effectiveness of the systems to control those risks.

Begbies has identified four principal areas of risk: financial, operational, strategic and professional.

Financial risks include working capital, liquidity and credit risk, which are managed by regular monitoring and review of exposure.

Operational risk is mitigated by a system of formal controls and processes and is backed up by the firm's disaster recovery and business continuity plans.

Financial and operational risks are the responsibility of the Managing Partner.

Strategic risk is monitored by the Partners.

Independence procedures

Maintaining the independence and objectivity of audit teams and professionals is critical to sustaining confidence in the audit profession.

Begbies has well-established systems and robust procedures to ensure that it maintains independence from its clients and that conflicts of interest are dealt with appropriately and on a timely basis.

The firm is committed to the application of requirements of the FRC's Ethical Standard for Auditors and those issued by the Institute of Chartered Accountants in England and Wales.

Our policies and procedures include the following:

- A requirement that at the end of every audit, and then prior to commencing the audit of the same client the following year, the audit partner assesses the Firm's independence in the light of current professional relationships and ethical obligations.
- All partners and professional staff complete an annual declaration of their independence and must notify the Firm of any circumstances which may affect their independence, or of any potential or actual conflicts of interest.

Should actual or suspected breaches arise, partners and staff must notify the Firm's ethics partner.

Internal review of independence practices

The firm obtains confirmation of compliance with independence requirements from all partners and staff annually. All partners and employees are required to confirm in writing their independence from any financial interest in audit clients and whether or not they are subject to any criminal, civil or disciplinary action.

Continuing professional development

Begbies emphasises professional training and development and is committed to developing and maintaining standards of technical competence.

We provide relevant technical reference materials which cover all aspects of policy, procedure and methodology and maintain a library of UK and international accounting, auditing and ethical requirements.

All professional staff are personally responsible for keeping up to date with the knowledge and skills they need to successfully carry out the roles to which they are assigned. Staff members must assess their training and development needs on an annual basis and undertake appropriate further study.

In order to support and keep theoretical knowledge up to date, all partners and staff eligible for appointment as statutory auditors receive regular communications on technical and regulatory topics.

Statement on the effectiveness of the internal quality control system

These policies, procedures and monitoring activities have provided the Firm's management with reasonable assurance over the effectiveness of the Firm's internal control system and that the Firm, its partners and staff have materially complied with applicable professional, regulatory and legal requirements, that work has been performed to a consistently high standard and that appropriate reports have been issued.

We consider that the internal quality control system is functioning at a suitable level of effectiveness for a firm of our size. We will continue to review and develop our system of quality management to ensure we deliver high quality audits.

Public interest audit clients

During the financial year of the firm to 31 March 2023, audit reports were issued on financial statements of the following entities:

Rights & Issues Investment Trust plc.

Following the recently introduced registration procedure, we have been registered as a PIE audit Firm.

Financial information

The Transparency Regulations require certain financial information to be provided in a Transparency Report. The information is set out in the table below for the year ended 31 March 2023.

	2023	2022
	£'000	£'000
Audit services	865	816
Non-audit services to audit clients	178	180
Service to non-audit clients	3785	3633
Total turnover	4828	4629

Services to unlisted audit clients typically involve provision of associated accounting and taxation services provided by the same team. In these cases analysis of fees in relation to audit and non-audit services is not practicable.

In the case of our public interest audit, no non-audit services provided.

Partner remuneration

Partners are remunerated solely out of the profits of the firm. Partners are expected to be responsive to their clients' needs but they are not evaluated or remunerated by reference to their success in cross-selling non-audit services to audit clients.