

# Transparency Report 2021



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# Foreword from UHY's Managing Partner



The members of UHY Hacker Young LLP are pleased to present the firm's Transparency Report for the year ended 30 April 2021, which has been prepared under the requirements mandated by EU Regulation 537/2014 (the Regulation).

I took over as Managing Partner on 1 May 2020 and a new Executive Committee was formed on that date. Since then, the firm has undertaken a number of initiatives, introduced with the objective of further developing and improving our firm.

One of the most prominent exercises has been the development and implementation of our new five year strategy, which covers the period 2021–2026. This strategy has been developed around our core purpose of 'Helping you prosper'. We believe that our purpose is more than a vision statement; it is a cause which defines our core reason for being and our resulting positive impact on the world. We are currently undertaking a project to further develop, embed and communicate our core purpose and values throughout the firm. We have also formed a Diversity and Inclusion working group as part of this strategy so that we can develop policies that will make a real and positive difference to our people, the firm and our clients and community.

As with all professional services firms, COVID-19 has impacted us significantly. Along with many other firms, we were required to work from home with virtually no notice and the majority of our people continue to do so at the time of writing. Thankfully, our previous significant investment in the firm's IT infrastructure meant that the transition was virtually seamless.

We have continued to support our people to make sure they are safe and that they can work effectively and efficiently, enabling them to continue to provide a high quality service to our clients. We have been focused on the wellbeing of our teams, and introduced a team of volunteer 'Wellbeing champions' from across the firm, with a programme of activities and initiatives to ensure work flexibility, individual support and employee assistance for all.

Quality across all of our services is of paramount importance and permeates through everything we do. However, it is disappointing to note that we received two consent orders during the past year from the ICAEW and a severe reprimand from the Financial Reporting Council due to audit quality matters. We consider these to be legacy issues, which took place a number of years ago, and the firm has put in place measures to ensure they do not recur which have satisfied both the ICAEW and the FRC. These include further investment in our technical and training team and enhancing our internal file review processes.

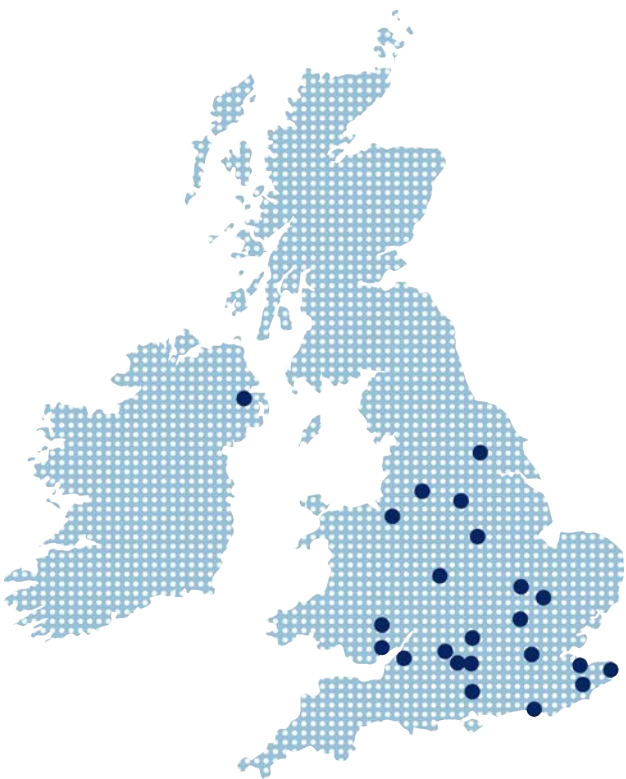
Given the very difficult circumstances that the pandemic has brought, we are proud of how our firm has coped, and how we have continued to deliver high quality audits, detailed and virtual accounting work, specialist tax support and our wider range of business advisory and recovery services.

**Subarna Banerjee**  
Managing Partner of UHY Hacker Young LLP



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# UHY UK at a glance



23  
offices

100  
partners

600  
professional staff



UHY Hacker Young is a Top 20 UK network of chartered accountants



£54m

Member firms have an aggregate fee income of approximately £54m (2020: £50m).



Our people-focused culture means we value new ideas and innovation

4



new offices joined the UHY Hacker Young Group in 2021



UHY Hacker Young LLP is a founding member of the UHY Hacker Young Group

100

partners and over 600 professionals at 23 offices across the UK.



# Legal structure, ownership and governance

## Legal structure and ownership

UHY Hacker Young LLP (the firm or LLP) is a limited liability partnership registered in England and Wales (OC327384) and is governed by the terms of its Members' Agreement and is owned by its members.

The majority of voting rights in the firm are held by qualified individuals who are members of the Institute of Chartered Accountants in England & Wales (the ICAEW).

As at 30 April 2021 there were 27 members of the firm (2020: 26) who are commonly referred to as partners. In addition, there were 13 other senior staff members of equivalent professional standing within the firm (2020: 15). Of the said senior staff, 2 are also referred to as a partner (2020: 2), and the remaining 11 (2020: 13) have the title of director.

From the partner group (the members of the LLP and the two senior staff member referred to as a partner), 12 have been granted audit Responsible Individual (RI) status by the ICAEW (2020: 12). In addition, 5 directors also held RI status (2020: 6).

The firm operates from offices in London and Nottingham and has a number of legally constituted subsidiaries, but is managed as one business.

## Networks

The firm is a founding and leading member of both an international and a UK network. Neither of these organisations are networks as defined in the Regulation.

The firm has an enduring right to appoint representatives to the management board of the organising body of each network.

Whilst both networks exist for the strategic and commercial benefit of their member firms, and encourage co-operation and alignment between members, no partnership exists between any members of either network, nor between the organising bodies of the networks and their members, for any purpose whatsoever.

Potential members of either network are subject to a due diligence review prior to admission. Subsequently, and except to the limited extent necessary for quality control, as discussed further below, neither network participates in the organisation, oversight or delivery of professional services by member firms.

**27**  
members of the firm are commonly referred to as partners

**13**  
other senior staff members of equivalent professional standing

**12**  
within the partner group have been granted Responsible Individual status by the ICAEW

Services to clients are provided by the member firms and not by the networks. Neither of the networks, nor any member of the networks, has any liability for services provided by other members.

Each member of both networks is a separate and independent firm: member firms do not share profits or losses; and they are not under common control. Except to the extent that individual members decide to align their approach with one another, each is responsible for the design, maintenance and operation of their own professional procedures.

This report relates solely to this firm and does not cover any other UK or international network firms.

## International network

The firm is a founding member of Urbach Hacker Young International Limited (UHY International), a corporation formed under English law with its administrative office in the UK, in London. Established in 1986, UHY International is a network of legally independent accounting and consulting firms. UHY is the brand name for the UHY International network.

As at 30 April 2021, UHY was represented in 330 cities in 101 countries (31 December 2020, 330 cities in 101 countries). Member firms had an aggregate fee income of approximately US\$600m in the year ended 31 December 2021 (2020: US\$581m).

Further information about UHYI is available at: [www.uhy.com](http://www.uhy.com).



**18th\***

largest global network by fee income

**330** offices in more than **100** countries

Annual turnover **USD600 million**

## National network

The firm is also a founding member of the UHY Hacker Young Group, a not-for-profit association of independent UK audit, accounting and consultancy firms, whose organising body is UHY Hacker Young Associates Limited, a UK company, also with its administrative office in London.

As at 30 April 2021, the UHY Hacker Young Group was represented in 23 locations around the UK (2020: 19 locations). Member firms had an aggregate fee income of approximately £54m (2020: £50m).

Further information about the UHY Hacker Young Group is available at:

[www.uhy-uk.com](http://www.uhy-uk.com).

**Top 20\*\***  
UK accounting firm

**100**  
partners

Fee income **GBP54 million**

**23**  
UK offices

\* International Accounting Bulletin, March 2021

\*\* Top 50+50 Accountancy Firms 2020

## Governance

The firm is governed by an Executive Committee of three elected members of the LLP, the Managing Partner, and such other partners as the committee might co-opt. Currently, the Executive Committee has co-opted two other partners. The firm's Managing Partner must also be a member of the LLP and is similarly elected by the partners. Both elections are held on a regular basis.

Whilst various responsibilities are delegated, in particular to the Managing Partner and also to other partners individually, the firm is not of such a size as to require sub-committees of its Executive Committee. As at 1 May 2021, the members of the Executive Committee were:



**Subarna Banerjee**  
Managing Partner  
and Ethics Partner



**Peter Kubik**  
Head of Turnaround  
and Recovery



**Andrew Snowden**  
Head of Taxation



**Marc Waterman**  
Head of Business  
Advisory Services



**Colin Wright**  
Audit Compliance  
Partner



**Andrew Timms**  
Head of Nottingham  
office



**Zoë Paradine**  
Marketing & BD  
Partner and National  
Executive Director

### Basis of partner remuneration

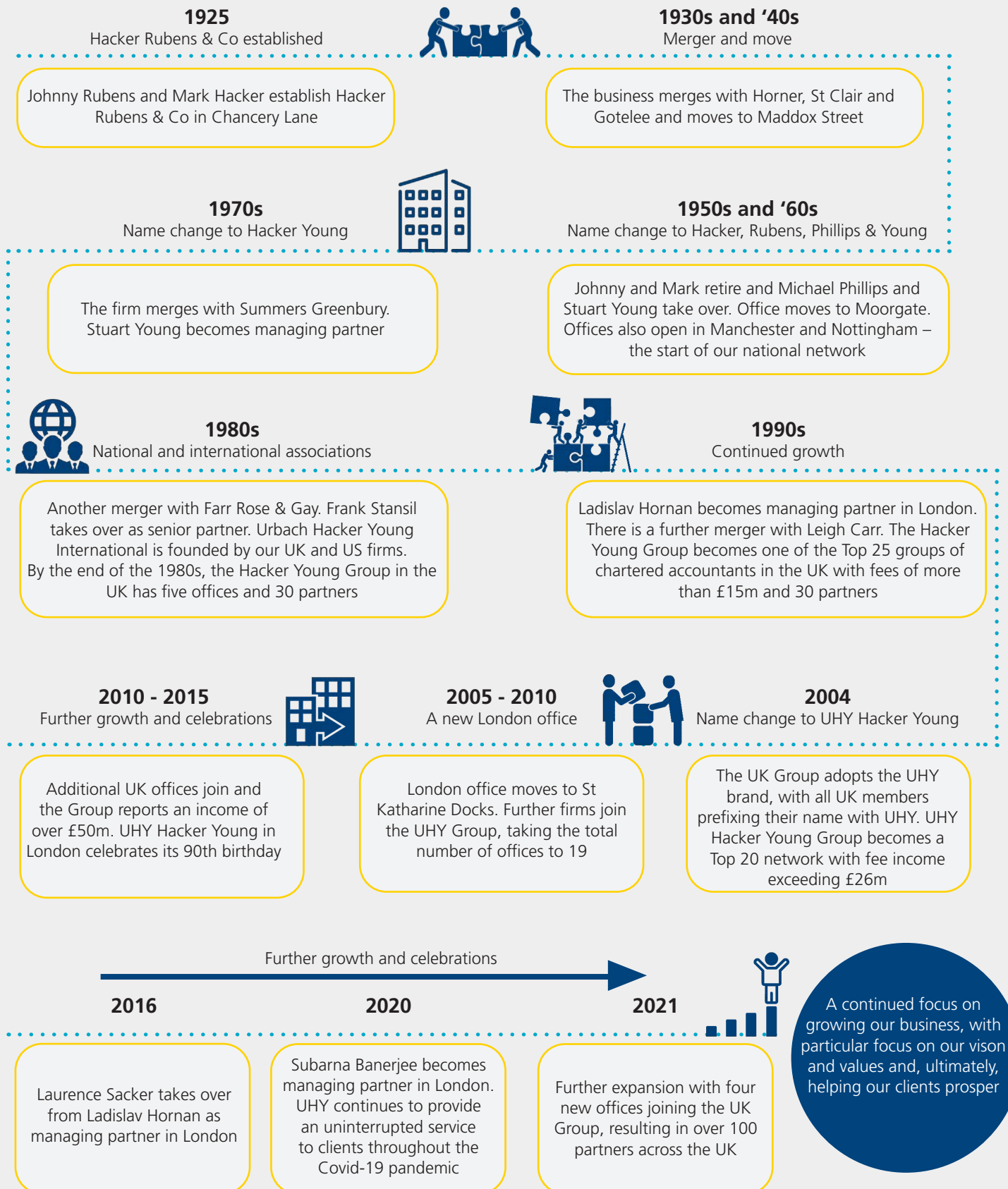
The profits of the LLP are allocated between the members in three components: a fixed share intended to reflect the role of the individual within the firm; a portion based on seniority; and a small discretionary 'bonus' element based on any exceptional contribution within the year in question.

Other partners are remunerated on a broadly similar basis.

Audit partners and Covered Persons (as defined by the Glossary of Terms (auditing and ethics) published by the FRC on December 2019) are not remunerated on the basis of selling non-audit services to audit clients.

The firm's international network is a member of the IFAC Forum of Firms, an organisation dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide.

## Firm timeline





# Our commitment to audit

The year to 30 April 2021 was a year like no other. We were faced almost entirely with remote working, the ongoing backdrop of the Covid-19 pandemic and the challenge of supporting clients that were, in the main, also working remotely or in difficult working environments. Despite the circumstances, our team have stood up magnificently to the challenges and we have continued to produce high quality audits, supporting our clients whilst growing our audit business.

The audit profession has been embracing the technological advances in data analytics and big data in recent years; however, an audit remains a highly interpersonal discipline. Building working relationships whilst robustly challenging management is a role best undertaken face to face with our clients and collaborated upon in person within our own teams. It is certainly not something designed to be undertaken from multiple different locations and carried out almost exclusively alone, often from bedrooms or kitchen tables, which has been the mainstay for many in our team.

We have seen a continued increase in demand for our audit services and, despite the challenges of Covid-19, we reported year on year growth. To deliver a high quality service it is crucial to continually invest in our people. To that end we have continued to develop a strong team, promoting internally wherever possible, welcoming new members of our team into the partnership and promoting others into our management team. We also continued to bring in new members of our team externally, maintaining a consistent level for our graduate and non-graduate intakes, along with seeking to bring in many experienced hires which have been extremely successful.

The team continued to benefit from ongoing technical training, which was offered remotely through quarterly external courses and bite size 'lunch and learn' sessions on key topics, such as the implementation and our approach to the revised International Standards on Auditing on Going Concern and Estimates. Attendance levels and output from these sessions have been excellent. Further, we have offered a number of externally run courses supporting mental well-being, mindfulness and other key skills that are important in a professional working career and even more so in the current working environment.

We have developed our use of IT in the audit process with the use of applications such as Microsoft Teams to collaborate remotely amongst our teams and clients, improving our approach to remote auditing and enhancing the application of our audit software packages. Importantly, having trialled the use of data analytics software we successfully rolled out the use of MindBridge across our audit practice. This not only allows us to better access and challenge client data but also enables us to assess relationships between data to provide meaningful relationship analysis, improving audit quality and helping us to add value to our clients. Given the requirement to work remotely, the ability to further interrogate data sets was extremely timely and, importantly, has helped to continue our drive to maintain and improve audit quality.

Over the past three years, the various ongoing reviews into the audit profession has led to the microscope being firmly on the future of the profession on one hand, and audit quality on the other.

Our focus is to ensure that the firm is ready to embrace the changes in the medium term, whilst ensuring to drive audit quality in the near term in line with the expectations of our clients and stakeholders. Maintaining quality whilst working entirely remotely, facing the challenges of both Covid-19 absences and the associated mental health issues exacerbated by the national lockdowns, led to real challenges in undertaking audit assignments.

To that end, the various regulatory authorities that have provided filing extensions helped in supporting the robust audit process, offering additional time to both our clients and our team when needed. It is pleasing to note that our recent cold file review process and firm wide regulatory reviews have demonstrated that our approach to quality is bearing fruit, with the overall output from the various file reviews undertaken showing ongoing improvement. Whilst we will clearly continue to focus on maintaining this level, the results to date are pleasing.

We look towards the year ahead with cautious optimism, in the hope that the Covid-19 vaccine programme will mean we will not need to return to the national lockdowns of the past eighteen months and that we will continue to move towards a more usual form of work. Embracing a new hybrid working model will provide many opportunities to maximise the efficiencies of working remotely along with the benefits of spending a portion of time together, but it is not without its logistical challenges.

We remain very confident in the flexibility, dedication and ability of our team to continue to thrive under different working patterns to help continue to grow our audit practice whilst maintaining high levels of service and standards.



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# Our commitment to our people

## Update from our HR and Training Partner

Our biggest asset is our people and at UHY we strive to attract and retain the best talent. As part of our wider strategy we have implemented a number of key changes with the aim of making UHY a better place to work and where we can support our people to do work that is both rewarding and fulfilling.

Our recruitment process aims at securing the best talent but also to ensure that people we bring through the door feel that they belong with us. As a firm we also value diversity across all areas including neurodiversity, race, gender and age. While dedicated leadership is important in this area, a culture of diversity and inclusion requires everyone's involvement. We have created a working group to progress this and we are excited about embedding this into our culture.

The changes we have all faced as part of the pandemic have highlighted how important it is to be balanced and to take care of our mental health. With this objective in mind, we created a wellbeing working group of volunteers who have already run internal events which have been very well received.

## Human resources

Responsible Individuals (RIs) must be qualified with the ICAEW, ICAS or ACCA; audit teams are likewise qualified or are training for a qualification with one of those bodies.

All of our team members, including those designated as directors and partners are subject to an annual and ongoing appraisal process, although trainees are appraised more frequently as part of their training agreements.

Audit team members below manager grade are evaluated on their performance on all audit assignments of at least a week in length through completion of an assignment evaluation form, all of which are reviewed by the managers and RIs. These form the underlying evidence for the completion of the practical element of their professional qualification.

In addition, the technical competence of RIs and individuals at manager grade is monitored through the cold review process which feeds into the appraisal process.

## Competency framework

At UHY, having the skills, experience and competencies to deliver in each of our roles are crucial aspects of being able to provide a high quality service to one another and our clients. Our competency framework is a key tool being used to support all our employees and partners in both their career development and in turn to help develop our teams.

The framework sets out the core competencies and behaviours that should be demonstrated to be effective at each and every level within the firm. Accordingly, it helps to define performance standards and provides a roadmap for future career development and progression. It therefore supports and compliments all appraisal and performance management processes, as well as provides an aid to recruitment and training needs.

## Appraisals and performance reviews

To ensure we are reaching our full potential, and to stay on track with our learning and development, it is a requirement that all our employees and partners at UHY are involved in a system of ongoing appraisal.

The appraisal system is designed with our competency framework in mind and is an opportunity for both individuals and the appraiser to provide and receive feedback in a formal manner. The appraisals also look to review job satisfaction, reflect on accomplishments and goals and to enable discussion around future aspirations, training and development.

As a firm, we encourage ongoing feedback throughout the year, which is why our online appraisal platform is accessible to all employees and partners throughout the year. This gives everybody an opportunity to begin writing their comments and noting achievements as they happen.

We also enable the opportunity to provide 360 degree feedback, adding further transparency and opportunity to develop for individuals.

A full reporting process is in place post appraisal to measure outcomes and the effectiveness of the appraisal system. This is to ensure we are capturing and developing talent and high performers.

In addition to our appraisal process, all students studying qualifications with us are required to have two six monthly counselling meetings. This covers the firm's competencies as well as the examining bodies' ethical standards and requirements.

Recruitment, retention and recognition

Recruitment

A structured recruitment process exists at all levels within the firm. Whilst heads of department are responsible for monitoring the overall sufficiency and quality of their teams, the recruitment policies and procedures ensure all new employees and partners are of a suitably high calibre. Potential trainees are tested for aptitude as part of an in-depth recruitment process. Qualified accountants recruited to the firm have their technical knowledge assessed at interviews. RIs must be qualified with the ICAEW, ICAS or ACCA; audit staff are likewise qualified or are training for a qualification with one of those bodies. All individuals, including those designated as directors and partners, and some members of the LLP, are subject to an annual appraisal process, although trainees are appraised more frequently as part of their training agreements.

Recognition

We understand the importance of good work and performance. Our reward programs include awards for first time passes for those studying professional exams, a discretionary bonus scheme for eligible members, time off in lieu for those completing regular overtime below senior level and an annual promotion programme. All promotions are recognised and celebrated internally.

We also have in place a long service award programme for those who have invested many years of their career at UHY.

Retention

At UHY we prioritise retaining our employees, as we believe this is the key to success. We aim to do this through a range of methods, a selection of which are detailed below:

- Training opportunities are available and are not limited to accountancy qualifications
- We promote successful graduates from our schemes into management positions
- Internal moves happen when opportunities arise
- We support our employees’ and partners’ wellbeing through a formalised programme
- We provide morale and culture building events, including regular summer and winter parties and monthly social events (pre Covid), allowing employees to leave early ahead of bank holiday weekends, and supporting a national charity annually with fundraising and volunteering events provided to enable our teams to be involved
- Communicating monthly firm updates and other video or in person presentations from the managing partner, to be transparent on the firm’s successes, strategic developments, latest news, individual achievements and to welcome all new starters
- Inviting our employees to join in with various strategy, focus and working groups and engagement surveys, to give everyone a voice and to empower all, providing an opportunity to be involved with developing the firm’s culture.

Health and wellbeing at UHY Hacker Young

During the pandemic, our health and wellbeing group was keen to ensure that everybody continued to have the appropriate support in place, despite being away from their teams and the wider firm.

From the end of March 2020, ‘Wellbeing Champions’, who consist of volunteers from around the firm, were put in place to ensure everybody has a contact during these difficult times.

Some of the support and events we have communicated and produced include:

- Ensuring and reassuring parents who were balancing work and childcare arrangements whilst schools were closed during the pandemic that they could flex their working hours during the day
- Allowing employees to flex their hours and take a two hour lunch break during the day, to ensure they are able to get outside during essential daylight hours – and discouraging our teams from arranging meetings during the hours of 12-2pm to allow for that
- Ensuring everybody is aware of the support available to them, including our employee assistance programme and wellbeing support group
- Providing a wellbeing microsite, which contains tools to help employees look after themselves
- Regular external webinars on varying topics on health and wellbeing
- Encouraging all our team members to be involved in a series of weekly emails from an individual to the rest of the firm to share their experiences during the pandemic and their coping mechanisms
- Running a UHY wellbeing programme of events alongside mental health awareness week, covering a range of subjects, with sessions focussing on nutrition and sleep, burnout and zoom fatigue, and activities to get everybody outside, finishing with a virtual tea and talk session with treat packs sent to all our team members’ homes.

Learning and development

We recognise the importance of learning and development (L&D) at UHY. It is a function to help all our employees achieve our organisational objective of helping both our people and clients prosper.

Our aims are to provide all employees with the following service:

- Provide everybody with an understanding of all the learning and development available to them
- Provide regular communication, so everybody is aware of where they can find support for their learning needs
- Provide a consistent approach to all learning across the firm
- Provide guidance on how to seek further professional development in their role
- Provide guidance on how to seek further or new training.

In addition, and in order to maintain our technical standard for all professional employees, we run an annual training programme with a combination of compulsory and optional sessions run regularly throughout the year.

For our developing and experienced managers and directors we also run a Career Development Programme, open to all employees who are already in or training towards a leadership position. This training is designed to equip individuals with the skills to improve their own effectiveness but also help lead teams efficiently.



### Maintaining the skills of responsible individuals and audit staff

RIs and qualified professional staff are required to undertake Continuing Professional Development (CPD), whereby they assess their specific training needs and make personal plans to meet those identified needs on an annual basis. At the end of each CPD reporting year, each RI and qualified professional staff member must also assess whether their objectives have been met and to set their training needs for the year ahead.

Audit related training needs are identified on behalf of the firm by the Technical and Training (T&T) department, or by RIs, having due regard to relevant developments in legislation and standards; findings from quality control audit file reviews and regulatory visits; the particular regulatory regimes applying to the firm's various clients; and training needs identified through the appraisal and CPD processes.

Structured relevant technical training is provided at all levels within the firm via the T&T department and Mercia Group Limited, an outsourced training and technical support provider, with which the firm has full membership status. Courses on topical accounting, financial reporting and auditing issues are held regularly. These courses are supplemented as needed. Specialised training tends to be provided by third party providers. Attendance is monitored and those who are unable to attend the live sessions are required to view a recorded version.

For those individuals under a training agreement, in addition to their external exam training courses, a practical in-house training programme is provided by the firm's T&T department, or by Mercia Group Limited.

### Diversity and inclusion

Having a diverse workforce leads to increased performance as well as a better working environment. We see diversity as an integral part of our approach and as such we aim to embed it in all our processes. As a firm, we are committed to diversity and inclusion in the workplace. Valuing, embracing and promoting diversity and building an inclusive culture for all is critical to us attracting and retaining the best people and, ultimately, growing our business going forward. It is also the right thing to do.

In order to build a greater culture of inclusion and encourage open conversations in our workplace, we recently formed a 'Diversity and inclusion forum'. The forum's key purposes include:

- Identifying our equality priorities and objectives
- Gathering views and suggestions on our current diversity policies
- Discussing ideas as to how we can build employee inclusion at UHY
- Raising and representing employee views and suggestions
- Communicating outcomes from the forum meetings to the firm as a whole



**Jessica Moorghen**  
Training Partner

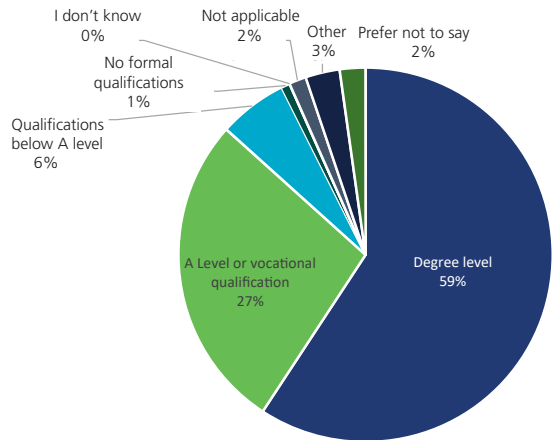
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**Charlotte Tappin**  
Director of Human Resources

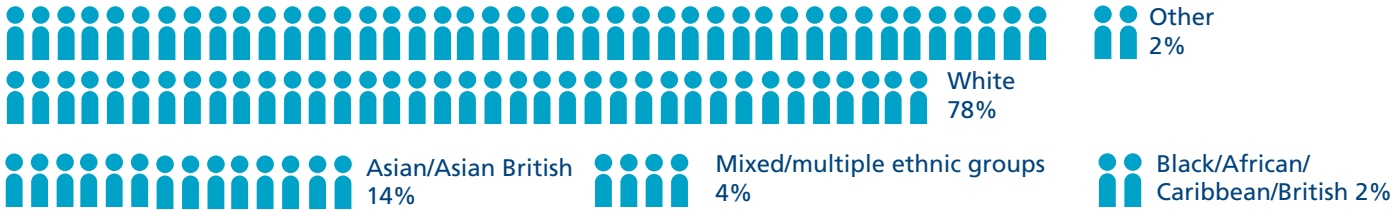
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Social mobility

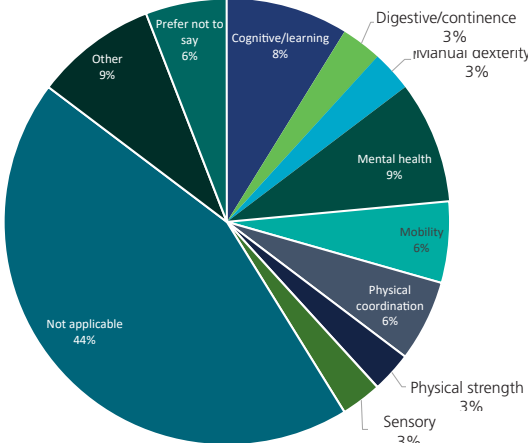


Ethnic group London / Nottingham

Ethnic group London / Nottingham



Staff with disabilities





# Audit quality and monitoring

## Quality control

Audit quality comes from the systems, the procedures and the people that the firm has.

Audit quality is not static. Standards develop, expectations increase and market changes require auditors to adapt what they do. We start by making sure that we can be confident that we are reaching the standards we have set for ourselves.

Our comprehensive quality standards are set at international, national and firm level.

## International network

The firm is a founding member of our international network (UHY International), which is a member of the IFAC Forum of Firms – an organisation dedicated to consistent and high-quality standards of financial reporting and auditing practices worldwide. In compliance with its Forum of Firms obligations, UHY International conducts, to the extent not prohibited by national regulation, regular reviews of the results of network members’ internal quality assurance inspections.

## National network

Our UK network operates a system of peer review, undertaken by Mercia Group Limited, which has the objective of ensuring that the audit practices of each member firm are independently reviewed every three years by a third party reviewer.

## The firm

Quality control standards for audit work are prescribed by the following key obligations: International Standard on Quality Control (UK) 1 (ISQC1) issued by the Financial Reporting Council (the FRC).

## Internationally

Quality control standards for audit work are prescribed by the following key obligations: International Standard on Quality Control (UK) 1 (ISQC1) issued by the Financial Reporting Council (the FRC), International Standard on Auditing (UK) 220 (ISA220) and the Audit Regulations.

ISQC1 sets out a firm’s responsibilities for its system of quality control for audits and reviews of financial statements, and other assurance and related services engagements.

The firm has in place documented policies and procedures to ensure it complies with all of the requirements of ISQC1, as summarised below. The firm’s ISQC1 policy document is available to all partners and employees via the firm’s intranet.

The Executive Committee is satisfied that the firm’s internal quality control system for audit work is effective in all material respects and confirms that it is responsible for ensuring that necessary improvements in procedures are made.

## Leadership responsibilities for quality within the firm

The Executive Committee has overall leadership responsibility for audit quality and the effective operation of the firm’s system of audit quality control. This responsibility is exercised through the Managing Partner. Operational responsibility for developing appropriate policies and procedures has been assigned to the Technical and Training (T&T) department which is overseen by the Audit Compliance Partner and the Training Partner, who report to the Managing Partner and the Executive Committee.

## Engagement performance

For company and LLP audit assignments, the firm uses an internally prepared audit methodology which runs on CCH’s Audit Automation platform; audit assignments for other types of entity also run on CCH’s Audit Automation platform, with the audit methodology supplied by either PCAS or Mercia.

The ACP, in conjunction with the T&T department, is responsible for ensuring the firm’s audit methodology is updated to encompass changes arising from revised International Standards on Auditing (UK) (the ISAs). Guidance explaining key aspects of audit methodology is available to all staff and partners via the firm’s intranet. In addition, staff and partners have access to an online and offline technical library via Croner-i.

The firm’s policies and procedures set out the minimum level of review for an audit file and the safeguards necessary to ensure audit quality, as well as detailed policies and procedures for the conduct of engagement quality control reviews on listed audit assignments and others meeting certain risk criteria prior to their completion.

## Monitoring

An annual monitoring of the firm’s audit work and methods in compliance with ISQC1 and the Audit Regulations is undertaken, with the following key features:

- At least one assignment of every RI with a continuing audit portfolio is examined by an external quality compliance provider as part of the monitoring process every two years. This audit file examination concludes with a set of notes of matters that should be taken into account in the subsequent audit, or confirmation that there are no such matters. In addition, the audit work is graded against the following set of possible outcomes:
  - No significant weaknesses were identified
  - The main areas were tested properly but there are some evidentiary matters that need to be addressed
  - There were a number of weaknesses and deficiencies such that improvement is required, and
  - There are pervasive or significant weaknesses in the audit approach applied or in respect of which there are serious core ISA, ethical, recording, accounts disclosure or technical failings.
- The results of the firm’s annual Audit Compliance Review (ACR) are summarised and reported to the Executive Committee.
- A different summary of the annual ACR, more focussed on any ‘matters for improvement’, is circulated to RIs and manager grade staff responsible for audit work.
- Any ‘matters for improvement’ are incorporated into the student and qualified staff training programmes.
- These audit file examinations have been outsourced to external specialists in order to obtain:
  - an independent perspective
  - a comparison of the firm’s audit quality with that of other similar-sized firms, and

- insight into current best practice across the sector that can be incorporated into the firm’s procedures to improve both audit quality and efficiency.

The firm adopts a subjective approach in assessing both the overall quality of its audit work and the audit quality of individual partners.

## Root Cause Analysis

The firm introduced its policy and procedures Root Cause Analysis (RCA) in June 2020. The objective of the firm is to improve long term audit quality and firm wide performance through an effective RCA process. The RCA process aims to identify the most probable causes of positive outcomes and unwanted outcomes, with the end result being the implementation of corrective actions to mitigate the unwanted outcomes and to promote the positive outcomes. It is important to note that this will be performed on a continuous basis.

Key benefits:

- Improves audit quality in a cost effective way
- Fixes more than one issue at once, by identifying themes/ common findings and addressing each theme with one remedial action instead of addressing each issue individually
- Identifies positive outcomes which can lead to good practices and better ways of doing things
- Directs remedial actions to tackle underlying causes of deficiencies more effectively
- Creates a culture of continuous improvement and development
- Provides insights to management on how to direct the firm’s strategy and resources
- Helps to evidence the importance of audit quality to stakeholders such as regulators.

Partners are required on an annual basis to assess their specific training needs and make personal plans to meet those identified needs.

## Regulatory monitoring

The firm is a Registered Auditor with the ICAEW. Since the firm is statutory auditor to entities defined as public interest entities, following the implementation of the EU Accounting Regulation and Directive, our public interest entity audits and whole firm audit procedures are subject to monitoring by the FRC’s Audit Quality Review department (the AQR). The ICAEW’s Quality Assurance Department (the QAD) continues to review our audit work of all other entities.

The firm is also registered with the Public Company Accounting Oversight Board (the PCAOB) which enables us to undertake audit work in connection with US listed entities.

We do not currently audit any US listed entities, or any significant components of such entities.

The most recently completed reviews of the firm’s audit work were in November 2020. Our audit work with regard to public interest entities and whole firm audit procedures were reviewed by the FRC’s AQR, and the ICAEW’s QAD reviewed the firm’s audit work with regard to other audited entities.

The firm’s continuing audit registration was later confirmed by the Audit Registration Committee.



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# Independence and ethics

## Ethical requirements

We have appointed an Ethics Partner (and a deputy), responsible for the maintenance and dissemination of our ethics policies and procedures, who is available for consultation on subjective and potentially contentious matters.

Our Ethics Manual sets out policies and procedures in this regard, which are derived from the Ethical Standard issued by the FRC on 17 June 2016 and also comply with the International Ethics Standards Board for Accountants (IESBA) and ICAEW codes. This manual has been updated for the December 2019 FRS Ethical Standard and the January 2020 ICAEW Code of Ethics. The current version is available to all partners and employees via UHY's intranet along with technical guidance highlighting the key differences between the 2016 and 2019 FRC Ethical Standard.

All new partners and employees receive ethics training as part of their induction and all receive regular training on the firm's ethics policies and procedures thereafter. Changes to our policies and procedures are also communicated via email.

All partners, employees and sub-contractors are required to confirm their independence from the firm's clients, and confirm fit and proper status on joining the firm, also on an annual basis thereafter.

We also require that, at the end of every audit and then again prior to commencing the audit of the same client the following year, the RI assesses the firm's independence in the light of current professional relationships and ethical obligations.

Our rotation policy for RIs involved in the statutory audit of Public Interest Entity (PIE) clients is set out in the Ethics Manual and requires that they are rotated not later than five years from the date of their appointment and that they shall not participate again in the statutory audit before five years have elapsed following that cessation.

The firm's rotation policy for Engagement Quality Control (EQC) reviewers and other key individuals involved in the engagement of PIE clients is also set out in the Ethics Manual. We require that the engagement manager and EQC reviewer should not act for a continuous period of more than seven years. Furthermore, the engagement manager and EQC reviewer should not be rotated in the same year.

The length of service of RIs and EQC reviewers on listed entity and other high-risk audits is tracked via the firm's EQC register and monitored by the T&T department. The Audit Compliance Partner (ACP) is notified by the T&T department of RIs who are about to start their fifth year of service.

The length of service of engagement managers is recorded on individual audit files and it is the responsibility of the RI to review this on an annual basis and identify the appropriate year in which to rotate the engagement manager, based on the prescribed rotation schedules of the RI and EQC reviewer.

## Acceptance and continuance of client relationships and specific engagements

UHY has detailed procedures covering the acceptance and continuance of client relationships and new specific engagements. The new client acceptance procedures, including anti-money laundering procedures, must be completed prior to acceptance of every appointment. Acceptance of new public interest entity audit engagements must be approved by the Ethics Partner and the Executive Committee.

Upon acceptance of a new client, or specific engagement from an existing client, the firm issues an engagement letter which sets out our understanding of the assignment and the respective responsibilities of the firm and the client. A signed copy of this engagement letter must be obtained before starting an assignment.

Our standard audit documentation requires RIs to consider certain matters before accepting appointment or reappointment for any audit assignment. These matters include whether the firm complies with the relevant independence and objectivity requirements in the FRC's Ethical Standard; whether there are threats to our independence, and the safeguards applied to mitigate those threats; whether the firm has the competent personnel, time and resources needed in order to carry out the audit in an appropriate manner; and whether the RI is eligible for appointment as a statutory auditor.

In respect of the appointment or reappointment of PIE clients, our standard audit documentation also requires the RI to assess whether the firm complies with the audit fees requirements and the prohibition of the provision of non-audit services in the FRC's Ethical Standard; whether the conditions for the duration of the audit engagement in accordance with the Audit Regulations are complied with; and the integrity of the members of the supervisory, administrative and management bodies of the public interest entity.



**Subarna Banerjee**  
Ethics Partner  
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## Independence procedures

The firm is required to apply, and is committed to the application of, IESBA, ICAEW and FRC independence requirements. In addition to the independence policies and procedures set out above in the Quality Control section of this report, the firm also requires an annual confirmation by all our partners and professional staff of their continuing independence from the firm's clients.

Furthermore, no gifts, entertaining or benefits can be accepted from clients if their acceptance may impair, or be perceived to impair, the professional relationship of the partner or employee. We also have policies on the provision of non-audit services and other areas, as prescribed by the FRC's Ethical Standard and the ICAEW's Code of Ethics.

The firm's independence practices are reviewed annually as part of our audit quality control procedures.



# Public interest audits

The firm reports on a number of audit clients that have publicly traded shares and/or debt in issue. As at 30 April 2021, the firm was the appointed auditor of the following public interest entities (as defined for these purposes).

Public interest companies that are audit clients	Market
Edge Performance VCT Plc	London Stock Exchange
Seneca Growth Capital Venture Capital Trust	London Stock Exchange
New Century AIM VCT plc	London Stock Exchange
New Century AIM VCT 2 plc	London Stock Exchange
Oxford Technology VCT Plc	London Stock Exchange
Oxford Technology VCT 2 Plc	London Stock Exchange
Oxford Technology VCT 3 Plc	London Stock Exchange
Oxford Technology VCT 4 Plc	London Stock Exchange
Polyus Finance Plc	London Stock Exchange
Rail Capital Market Plc	Irish Stock Exchange
S4B Issuer Plc	Irish Stock Exchange
Minerva Lending plc	Irish Stock Exchange
Shortline Plc	Irish Stock Exchange
Solution 4 North Tyneside (Finance) Plc	Irish Stock Exchange
Uliving@Gloucestershire Issuerco Plc	Irish Stock Exchange
Uliving@Essex Issuerco Plc	Irish Stock Exchange
Uliving2@Essex Issuerco Plc	Irish Stock Exchange

In addition, as at 30 April 2021, the Firm was the appointed auditor of the following companies with publicly traded shares in the UK:

Other audit clients with publicly traded shares	Market
Bezant Resources plc	AIM
Comptoir Group plc	AIM
Iofina plc	AIM
Pantheon Resources plc	AIM
Marechale Capital plc	AIM
TMT Investments plc	AIM
Tower Resources plc	AIM
United Oil & Gas plc	AIM

## Financial information for the year ended 30 April 2021

Audit work is an important, but not dominant, part of the firm’s business. The firm’s annual accounts are made up to 30 April and are subject to audit.

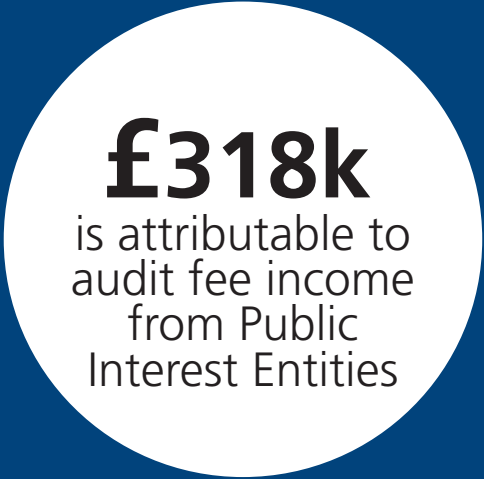
The turnover for the year ended 30 April 2021, as recorded in the firm’s accounts, was £19.6m (2020: £19.4m) of which approximately £318k is attributable to audit fee income from Public Interest Entities and £7.7m represents audit fee income from all other entities (2020 total audit fee income: £7.1m).

It is not possible to determine from the firm’s data system the value of revenue generated from permitted non-audit services to entities that are audited.

UHY Hacker Young LLP London and Nottingham

31 August 2021

Audit work is an important, but not dominant, part of the Firm's business.



England

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Further information

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