macalvins

a macalvins GROUP company

TRANSPARENCY REPORT 2023

INTRODUCTION

The Directors of Macalvins Limited present the company's Transparency Report for the year ended 31 March 2023.

The Report is prepared to comply with Article 13 of Regulation (EU) No 537/2014 and with related legislation incorporated into United Kingdom Law.

THE FIRM

Macalvins Limited ('the firm') provides a full range of accountancy and advisory services including accounts preparation, statutory audit, assurance, corporate finance, taxation, and payroll.

The firm's offices are located at 7 St John's Rd, Harrow, Middlesex HA1 2EY. The firm also has a market day office at 15 Half Moon Street, Mayfair, London W1J 7DZ

As at 31 March 2023 the firm acted for more than 1,200 clients including 32 statutory audit clients.

LEGAL STRUCTURE AND OWNERSHIP

Macalvins Limited is a limited company registered in England & Wales (Registered Number 08407682).

The Directors of Macalvins Limited are Pankaj Rajani FCA, Shailesh Patel FCA, Tariq Husain FCCA, and Colin Ford FCA.

Macalvins Limited is a wholly owned subsidiary of Macalvins Group Limited, a limited company registered in England & Wales (Registration Number 12111287).

The Directors of Macalvins Group Limited are Pankaj Rajani FCA, Shailesh Patel FCA, and Tariq Husain FCCA.

The shareholders of Macalvins Group Limited are Pankaj Rajani FCA, Shailesh Patel FCA, Tariq Husain FCCA, and Rashmi Pandya FCCA. More than 50% of the voting rights are held by individuals who have an appropriate qualification and are Statutory Auditors.

GOVERNANCE STRUCTURE

Responsibility for setting and directing the implementation of the firm's policies rests with the firm's Management Board which comprises Pankaj Rajani FCA, Shailesh Patel FCA, and Tariq Husain FCCA.

Shailesh Patel FCA,
Chairman

Both Shailesh and Pankaj are Statutory Auditors.

The Management Board meets on a regular basis and is chaired by Shailesh Patel FCA.

Whilst various responsibilities are delegated to directors individually, the firm is not of such a size to require sub-committees.

Tariq Husain FCCA,
CEO

Matters relating to the operational management of the firm and implementation of board decisions are undertaken by Tariq Husain FCCA in his capacity as Chief Executive Officer (CEO).

Tariq is a Business Management graduate and a Fellow Chartered Certified Accountant with over 20 years' experience in international tax, financial advisory and outsourcing.

He has worked extensively with both small and large international businesses and financial institutions across a wide variety of regulated sectors establishing and maintaining complex business and product structures.

As CEO of Macalvins he is responsible for supporting the business with its growth and expansion plans.

Rashmi Pandya FCCA,
COO

The firm's Chief Operating Officer is Rashmi Pandya.

Rashmi is a professional qualified accountant with a unique perspective on outsourcing and the corporate services industry. Having spent decades in senior positions in industry, the BPO industry as well as global corporate services firms, the experience has allowed him to develop innovative solutions for corporate compliance, in particular corporates expanding operations globally.

CORE VALUES

The firm's four core values and guiding principles are:

Innovation

Constantly seeking to innovate and embrace change positively

Respect

United through collaborative working makes us stronger

Vision

Where others see a problem, we challenge ourselves to find a solution

Integrity

Being honest and principled in everything we do for our clients and each other

FINANCIAL INFORMATION

A summary of the revenue for the firm for the year to 31 March 2023 and the preceding financial year:

Analysis of revenue for the year ended	2023 £'000	2022 £'000
Revenue from the audit of Public Interest Entities	12	-
Revenue from other statutory audit work	400	397
Revenue from non-audit services provided to audit clients	69	61
Revenue from non-audit services provided to non-audit clients	2,460	2,714
Total revenue	2,941	3,172

Non-audit services provided to audited entities include the preparation of financial statements, corporation tax compliance, payroll services, corporate finance services, general tax advice and VAT advisory work. The provision of any non-audit services to audited entities is subject to the observance of the Ethical Standard issued by the Financial Reporting Council.

REMUNERATION POLICY

Remuneration policy for the firm as a whole is set by the Management Board and in determining individual remuneration, the Management Board takes into account the performance of individual directors and staff. Directors and staff are not remunerated by reference to the sale of non-audit services to audited entities, thereby assisting in maintaining the independence of the audit function where non-audit services are provided.

NETWORKS AND AFFILIATIONS

Networks

Macalvins Limited is not a member of a Network as defined in the Audit Regulations and Guidance or in International Standard on Quality Management 1 (ISQM 1).

Affiliations

Macalvins Limited is a member of the PrimeGlobal organisation which is an international association of advisory and accounting firms operating in 112 countries. PrimeGlobal aims to provide member firms and their clients with a conduit to build relationships, share ideas and knowledge and create business opportunities. Each member of the organisation is a separate and independent legal entity and as such has no liability for the acts and omissions of any other member. The Association of Advisory and Accounting Firms is a not-for-profit association headquartered in the USA which manages the activities of the organisation but provides no professional services to clients.

Macalvins Limited is a subscriber to 20:20 Innovation which is a UK based organisation designed to support UK accountancy firms and their fee earners with a range of technical, practice development and marketing-based services. Each subscriber to the organisation is a separate and independent legal entity and as such has no liability for the acts and omissions of any other subscriber. 2020 Innovation Training Ltd is a private limited company registered in England & Wales which manages the activities of the organisation but provides no professional services to clients.

AUDIT AND ASSURANCE SERVICES

Macalvins Limited (the firm) is registered to undertake statutory audit work and is regulated by the Institute of Chartered Accountants in England & Wales (ICAEW) – Registered Number C003515424.

Macalvins Group Limited (the parent) is registered to undertake statutory audit work and is regulated by the ICAEW – Registered Number C008267157. At present Macalvins Group Limited does not have any audit clients.

During the year to 31 March 2023 the firm had four Responsible Individuals:

- Shailesh Patel FCA
- Pankaj Rajani FCA
- Colin Ford FCA
- David Segall FCCA

As at 31 March 2023 the firm had 32 statutory audit clients.

Mridul Khariwal FCCA,
Head of Audit & Assurance

The firm also prepared Accountant's Reports under the Solicitors Regulation Authority Accounts Rules and undertook independent examinations of charity accounts.

The firm has recently appointed Mridul Khariwal as Head of Audit & Assurance Services. Mridul Khariwal has significant experience in relation to statutory audit work which has been gained working for mid-tier sized firms.

The firm is focused on meeting and exceeding the expectations of our clients and regulators. The firm is committed to maintaining high audit quality.

RISK MANAGEMENT

The firm has a formal risk management process which is monitored by the directors. This process developed along with the firm's System of Quality Management (SoQM) required under International Standard on Quality Management 1 (ISQM1).

The most significant areas of risk identified in relation to audit assignments, along with the firm's responses, are as follows:

Risk area	Description of risk	Firm's response
Recruitment and retention	Failing to recruit and retain key staff	• Provision of a competitive remuneration and benefits package • Rewarding performance with progression and promotions
Training and development	Failure to develop staff to a high level of competence	• Provision of a structured training and development programme • Introduction of soft-skills training
Technology	Failure to embrace the latest trends in servicing clients, using the right tools whilst maintaining data security and Integrity	• Engagement with potential technology partners • Investigation of data analytics, machine learning, and AI in the audit arena
Quality	Failure to maintain and improve on audit quality	• Development of a robust monitoring and remediation system • Broadening the criteria where an Engagement Quality Review is required • Establishment of a root cause analysis system to find the causes of deficiencies and promote best practice • Provision of a structured training and development programme including training in ethics, professional scepticism and challenge

Risk area	Description of risk	Firm's response
Operations	Not having sufficient PII cover in the current climate	• Increasing the monitoring procedures to help prevent potential PII claims • Keeping under constant review PI limits in line with audit clients' complexity and level of fees
Laws and regulations	Failure to understand and comply with the additional requirement to operate as a PIE audit firm	• Adoption of policies and procedures to reflect the greater complexity and scrutiny of operating within the PIE audit market • Increasing the resources to support these services
Onboarding and continuing due diligence	Failure to maintain robust acceptance and continuance procedures	• Enhancement of firmwide acceptance and continuance policies and procedures • Increasing frequency of AML training

The SoQM specifically addresses quality management in relation to audits of financial statements undertaken in compliance with the International Standards on Auditing.

The firm embraces the principles of the Standards on Quality Management for other aspects of the work that is performed such as the compilation of accounts and taxation compliance and advice. Doing so would be consistent with the requirement in the Standards on Quality Management and demonstrates a commitment to quality through a culture that recognises and reinforces the following:

- The firm's role in serving the public interest by consistently performing quality engagements;
- The importance of professional ethics, values and attitudes;
- The responsibility of all personnel for quality relating to the performance of engagements or activities within the system of quality management, and their expected behaviour; and
- The importance of quality in the firm's strategic decisions and actions, including the firm's financial and operating priorities.

COMPLIANCE OVERSIGHT AND ETHICS

Colin Ford FCA,
Head of Regulatory Compliance & Audit Compliance Principal

Colin Ford, the Head of Regulatory Compliance and Audit Compliance Principal, is responsible for ensuring that the firm establishes and maintains appropriate policies and procedures, including the maintenance of a documented system of quality management within the firm.

Colin is also the firm's Ethics Partner, responsible for ensuring that the firm has complied, and will continue to comply, with the Code of Ethics issued by the Institute of Chartered Accountants in England & Wales and the Ethical Standard issued by the Financial Reporting Council.

Ongoing ethical matters, including the provision of non-audit services to audited entities, are considered prior to the commencement of each individual audit engagements and by reference to the Ethics Partner if required.

Where the firm considers that adequate safeguards cannot be put in place, the engagement is declined.

Ethics training is provided on a regular basis to ensure that all directors and staff are aware of the requirements.

ACCEPTANCE AND CONTINUANCE OF ENGAGEMENTS

Pankaj Rajani FCA
MLRO

All new client engagements are subject to the satisfactory completion of client identification procedures and related due diligence procedures as required under the Anti-Money Laundering Regulations 2017.

Client Acceptance & Risk Questionnaires, and Conflict of Interest Checks are undertaken prior to accepting appointment. The Anti-Money Laundering aspects of the client acceptance process are driven by the Firm-wide Money Laundering Risk Assessment, which is reviewed and updated annually.

Before accepting an appointment or re-appointment, the Engagement Director must complete the questionnaires and checklists to justify the decision. This is completed to assess the client and the risks (if any) of acting for the client or providing the services requested.

When there is any doubt, acceptance of the client will be discussed with the Ethics Partner, Colin Ford and the firm's Money Laundering Reporting Officer (MLRO), Pankaj Rajani.

All staff (technical and administrative) are provided with AML training on joining the firm and regular updates thereafter.

The firm is committed to providing the highest standards of client care and service. The firm therefore ensures that, before accepting an assignment, the relevant directors and staff have the appropriate skills and knowledge to undertake the assignment including consideration of any sector specific training that may be required in order to complete the assignment to the highest possible standard.

INDEPENDENCE PROCEDURES

The firm observes the fundamental ethical principles set out in the ICAEW's Code of Ethics and the FRC's Ethical Standard. The most relevant fundamental principles for audit are integrity and objectivity, which necessarily require the auditor to be independent.

Where any actual or perceived threats are identified in relation to independence, the firm will not accept appointment unless it can apply safeguards that eliminate such threats or reduce them to clearly insignificant levels.

All directors and staff are required to complete Fit & Proper Declarations on joining the firm and annually thereafter. The Head of Regulatory Compliance reviews these at least annually. Where any exceptions are noted or when any conflicts of interest are identified appropriate safeguards are put in place.

As part of the firm's audit planning process, prior to the commencement of each audit, the firm's independence is reviewed. This includes consideration of whether any non-audit services provided by the firm or wider group to audited entities may impact on its actual or perceived independence. This review is updated again, before the audit opinion is issued. Appropriate safeguards will be applied as required.

The firm's Audit Policies and Procedures require rotation of audit partners in line with the Financial Reporting Council's Ethical Standard.

For engagements other than those of Public Interest Entities (PIE) or other listed entities, the firm has adopted a policy whereby no audit partner, or responsible individual, is permitted to act in this capacity for a period exceeding ten years.

The firm's Audit Policies and Procedures set out certain criteria where an Engagement Quality Review is required, as well as the rotation and cooling off procedures, in line with the Financial Reporting Council's Ethical Standard. This includes all PIE audits and all audits where there is significant risk.

ENGAGEMENT PERFORMANCE

Audit methodologies and procedures

The firm's Audit Manuals are provided by Mercia and audit programmes are provided by MyWorkpapers which follow the Mercia Audit Methodology. The methodology provides a structure for the planning and completion of our audit work to ensure compliance with the International Standards on Auditing (ISAs) and other applicable regulations.

The firm's Audit Policies and Procedures are designed to ensure that for each engagement appropriate staff resources and skills are employed for the audit.

The firm's audit planning procedures ensure that audit work is risk based and focussed on the specific requirements of each audit. Audit risk assessments are undertaken to obtain a depth of understanding of the business, structure and control of an audited entity enabling the firm to identify risk areas and to plan effective audit procedures. The engagement director is responsible for tailoring the audit programme for the assignment in conjunction with the audit manager.

The engagement director is responsible for supervising the work of the engagement team throughout the engagement in conjunction with the audit manager to ensure the exercise of appropriate professional judgment and scepticism, and audit team discussions are held on a regular basis.

The firm's audit software operates in the cloud which allows audit managers and engagement directors to be able to review audit documentation remotely, and collaborate and supervise audit teams while addressing problem areas or judgemental issues on a timely basis.

All audits are subject to both audit manager and engagement director review. Policies have been established for engagement quality control reviews to be undertaken on certain audits. Policies have been established for dealing with difficult or contentious issues, and for dealing with differences of opinion within the engagement team or between the engagement team and the engagement quality reviewer

The firm's procedures are also designed to ensure that audit file documentation is maintained to a high standard, with a clear narrative of the audit work completed and conclusions drawn, with comprehensive cross-referencing across the audit file.

The firm is committed to achieving excellence and to this end the firm's Audit Policies and Procedures are regularly reviewed.

Engagement quality control reviews

The firm's Audit Policies and Procedures set out certain criteria where an Engagement Quality Control Review (EQCR) is required, as well as the rotation and cooling off procedures, in line with the Financial Reporting Council's Ethical Standard. This includes all PIE audits, those with significant risk and consideration is also given to review requirements for newly appointed and employee Responsible Individuals (RIs).

Zain Saleh FCCA

Muntazir Bhimji FCCA

The firm has established a Panel of Engagement Quality Reviewers which includes the Responsible Individuals and three senior member of staff who have considerable audit experience within the firm and in previous employments – Zain Saleh FCCA, Muntazir Bhimji FCCA and Mridul Khariwal FCCA.

Audit quality assessments and quality improvement

The firm undertakes cold file reviews, selecting a sample of audit files for review at least on an annual basis, ensuring that each engagement director is included to assess their performance and the performance of the engagement team. Root cause analysis is now incorporated into the cold file review process.

Hot file reviews will be undertaken on all PIE audits and the frequency of both internal and external reviews will increase.

The firm undertakes audit quality assessments and an annual audit compliance review in order to identify areas where improvements are required to safeguard or enhance audit quality and to ensure compliance with regulatory requirements. The process is also used to determine staffing and training requirements.

RECRUITMENT, TRAINING AND DEVELOPMENT

Rashmi Pandya FCCA is responsible for staff recruitment, retention and training. The firm operates in a highly competitive market and the firm is keen to recruit and retain the best talent through the provision of a competitive remuneration and benefits package, and through rewarding performance with progression and promotions.

The firm values the positive impact that a diverse workforce brings. The firm believes that race, gender, sexual orientation, religion, socio-economic background, health and disability should not affect how people are treated.

All directors and professional staff who are not studying for examinations undertake Continuing Professional Development ("CPD"). Specific training requirements are considered via the appraisal process and all staff are required to commit to undertake training for the relevant areas. Relevant staff (including those with Responsible Individual status for audits) are required to maintain CPD records in the "Reflect, Act, Impact" format set out by the Institute of Chartered Accountants in England & Wales.

The new ICAEW CPD requirements applicable from 1 November 2023 will be fully implemented in 2023.

All staff (technical and administrative) are provided with AML training on joining the firm and regular updates thereafter.

The firm also provides 'soft-skills' training and wellbeing courses for directors and staff.

The firm sources training courses and materials from a number of suppliers.

During the year to 31 March 2023 the firm became a subscriber to 20:20 Innovation, which provides online training for directors and staff, and this has now become a major component of the firm's training programme providing courses on auditing, financial reporting, ethical considerations, technology, risk and regulation.

Colin Ford FCA is the Qualified Person Responsible for Training (QPRT) / Practical Experience Supervisor (PES) ensuring that the firm provides a structured training programme for all of the firm's accountancy trainees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTER

Environmental Initiatives

The firm recognises the detrimental effects of excessive paper consumption on deforestation and the environment, we have implemented several measures to address this issue including:

- Digital documentation - embracing digital document management systems, reducing the need for printing and enabling efficient electronic sharing and collaboration
- E-signatures: - adopting the use of electronic signature solutions to minimize the reliance on physical signatures and paper-based contracts
- Double-sided printing - when printing is necessary, we encourage the practice of double-sided printing to minimize paper usage

Social Initiatives

The firm prioritises the fostering of a supportive and inclusive work environment that promotes the well-being of employees:

- Health and wellbeing - providing comprehensive support for both physical and mental well-being to employees
- Flexible work arrangements - offering flexible working arrangements, including remote work options and flexible schedules, to promote work-life balance
- Remote collaboration - leveraging technology and cloud-based systems to enable seamless remote collaboration, allowing employees to effectively balance work and personal commitments

Data Security and Privacy

The firm believes that safeguarding client data is of the highest importance. To ensure data security and privacy, the firm has implemented robust measures, such as:

- Encryption and access controls - utilising industry-standard encryption protocols and access controls to protect sensitive information
- Regular audits and assessments - conducting periodic audits and assessments of systems and processes to identify and address potential vulnerabilities or risks
- Employee training - providing comprehensive training on data security and privacy to all employees, ensuring awareness and compliance

Technology and Cloud-Based Systems

The firm has implemented advanced technology and cloud-based systems, resulting in numerous benefits, including:

- Cloud-based collaboration - leveraging cloud-based collaboration tools to facilitate real-time collaboration, document sharing, and version control among team members
- Workflow automation - automating manual processes and workflows using technology, reducing paper usage and streamline operations

QUALITY ASSURANCE REVIEWS

The firm is subject to regular monitoring visits by the Quality Assurance Department ("QAD") of the Institute of Chartered Accountants in England & Wales.

The last audit monitoring visit took place in September 2022 and key areas identified for improvement were:

- Documentation of systems, controls, client objectives and activities at the planning stage
- Performance of walk-through testing in relation to purchases
- Application of safeguards to address the 'long association threat' where the firm had acted for a client for more than ten years

The need for the following specific improvements was also identified on individual files:

- Design of testing to ensure sufficient assurance was gained over completeness of income
- Obtaining suitable appropriate audit evidence in relation to debtors and cash balances
- Revenue testing in relation to long-term contracts
- Documentation in relation to provisions
- Documentation in relation to going concern

REGULATORY MATTERS

During the year ended 31 March 2023, with the agreement of Macalvins Limited, the Investigation Committee of the Institute of Chartered Accountants in England & Wales made an order that the firm be severely reprimanded, fined £42,187 and ordered to pay costs of £10,415 following investigation into audit opinions issued by Macalvins Limited between 2015 and 2018 on the financial statements of certain connected companies which stated that the audits had been conducted in accordance with International Standards on Auditing (UK and Ireland) when the audit had not been conducted in accordance with International Standard on Auditing (UK and Ireland) 230 'Audit documentation' and/or International Standard on Auditing (UK and Ireland) 500 'Audit evidence'.

As at 14 July 2023 there are no investigations being undertaken by the QAD or any other regulatory body, and the firm is not subject to any disciplinary action by the QAD or any other regulatory body. Macalvins Limited is committed to performing high quality audits and is focused on meeting and exceeding the expectations of our clients and regulators.

PUBLIC INTEREST ENTITIES

During the year ended 31 March 2023 the firm acted as auditor to the following client which falls within the definition of a Public Interest Entity (PIE) as defined by the Financial Reporting Council:

- GS Chain plc

Macalvins Limited and Pankaj Rajani FCA were accepted for admission to the Public Interest Entity (PIE) Auditor Register on 14 July 2023.

Macalvins Limited

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