



# Price Bailey LLP Transparency Report

For the year ended  
31 March 2024



“We recognise and support the increase in regulatory scrutiny, and as a firm, we will continue to engage positively with our regulators.”

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# 1 Introduction from our Managing Director, Martin Clapson

The business world continues to endure many challenges and uncertainties, and Price Bailey is not immune to these challenges. However, I am pleased the firm continues to grow and evolve, while embracing the challenges on a day-to-day basis.

Our audit business has continued to do well, with continuing good client wins and growth. We have achieved the following:

- Ensured continuous improvement by reviewing and improving our System of Quality Management
- Further invested in our teams and provision of extra resource with new Responsible Individual appointments in the year
- Continuous investment in our IT systems to improve and support our audit work

We are successful because we employ good people who want to do well. Our people wish to be part of a growing, professional firm, which understands the importance of quality client servicing as well as ensuring we and our clients are fully compliant with appropriate laws and regulations. Because of our success, a key challenge for us is complacency and ensuring we are continuing to strive for continuous improvement.

We have received many new audit engagement opportunities in the year, and as a result, we have continued to grow our audit business. However, we have not accepted many of these audit opportunities, as it has been a challenge to ensure we have sufficient quality resources due to the changes in the audit market over the last few years. We have and will continue to develop and invest in our teams. Our flexible working arrangements, which we introduced before the pandemic, is called “Smart Working” and it continues to be a success, as it helps recruit and retain quality team members and supports inclusivity and diversity across the whole firm.

In October 2023, we acquired Stephenson Smart & Co, based in Peterborough. This acquisition supports our long-term growth and strategic objectives.

We recognise and support the increase in regulatory scrutiny, and as a firm, we will continue to engage positively with our regulators.

Over the next year, we will strive to continue our growth and success as an Independent Owner Managed Chartered Accountancy Professional Advisory firm by striving to continuously improve all parts of the firm including undertaking a full review of our system of quality management and continuing to invest extra resources into our audit business.

“As a firm, we take compliance very seriously. Our core values are embedded throughout the firm and promote the importance of quality.”



Martin Clapson,  
Managing Director

## 2 The firm

- 2.1 Price Bailey LLP is a limited liability partnership incorporated in England and Wales (registration number OC307551). It is a subsidiary of Price Bailey Group Limited, a company incorporated in England and Wales (registration number 04615377).
- 2.2 At 31 March 2024, Price Bailey LLP had 28 individual members in addition to its parent company. The majority of the individual members of Price Bailey LLP and Price Bailey Group Ltd are qualified accountants. In addition, the firm has salaried partners who are part of the leadership team.
- 2.3 Price Bailey Group is fully owned by certain members of Price Bailey LLP and by the staff through an All Employee Share Scheme.
- 2.4 Price Bailey LLP is registered by the Institute of Chartered Accountants in England and Wales (ICAEW) to carry out audit work in the UK. Details about our registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under reference number C001098093.
- 2.5 The Price Bailey Group includes various other entities. The Group provides a wide range of accounting, audit, tax, corporate finance, corporate recovery and insolvency and similar services to businesses and individuals, mainly in the UK.
- 2.6 The firm is not a member of a national or international networks; however, we are members of national and international associations. The firm is a member of the Association of Practising Accountants (APA), a Managing Partner-led association of 20 leading UK professional and business advisory firms. Internationally we are a member of IAPA, a global association of separately owned and independently managed accountancy, professional services and law firms.



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# 10%

In the last year, the firm invested in the corporate team and increased the headcount by just over 10%.



## 3 Governance

- 3.1 An appointed Governance Board of Price Bailey is also the Board of Directors for Price Bailey Group Limited. The Board is responsible for the day-to-day strategy of Price Bailey LLP, implementing policies, and managing risk, quality management and overall management of the firm.
- 3.2 The members of Price Bailey LLP elect the Managing Director, for three-year terms. The Managing Director appoints the Finance Director and Chair of the Board, while the members of Price Bailey LLP elect the other three members of the Board for three-year terms. Both the Managing Director and other Board members are eligible for re-election. There are currently six Board members.
- 3.3 The Board sets and communicates the firm's overall strategy, which it uses to guide decision-making and the development of the business in the medium to the longer term. The strategy is regularly reviewed.
- 3.4 Board meetings are held at least monthly and are attended by all Board members.
- 3.5 A separate Operations Board includes the Heads of the main service lines, HR, Finance, Marketing and representation of the Governance Board. The Operations Board discusses day-to-day operational issues including business development, personnel and finances.
- 3.6 The Compliance Partner and Money Laundering Reporting Officer (MLRO) meet with the Managing Director on a quarterly basis and attend Governance Board meetings quarterly. The Compliance Partner and MLRO also present at the main partners conference in November, with an interim report to the partners in June.
- 3.7 The firm operates in a highly regulated sector and is required to meet a range of statutory regulations and requirements in order to conduct its business. These obligations arise from being a registered PIE audit firm, its membership of the ICAEW and registration with them as auditors, as well as other regulatory bodies. The Board takes compliance obligations seriously, accepting that any major failure could be critical to the business.
- 3.8 The firm continues to monitor the changes currently being proposed concerning audit and corporate governance, considers any changes that need to be implemented, and responds to relevant consultations.
- 3.9 One of the key challenges faced in the year similar to many other firms is ensuring we have sufficient resources with the right skills. Recently, there has been a shortage of auditors with the right experience and knowledge. The firm continues to recruit and retain good people but has also used subcontractors to ensure we are resourced appropriately. In the last year, the firm invested in the corporate team and increased the headcount by just over 10%.

- 3.10 The firm has had a significant number of opportunities to tender for new audit engagements and opportunities. Before accepting any engagement or opportunity, we carefully consider whether they fit the firm's risk profile and whether we have adequate expertise and resource.
- 3.11 The Board is responsible for Performance Review, a process designed to support and appraise the senior team, including partners. Grades, pay, expectations and partner profit sharing is directly linked to this review process.
- 3.12 The Board has appointed Heads of Department to each of the business segments and to each of the principal functional teams, those being HR, Compliance, Finance, IT and Marketing. The Heads report to the Board and their role is to manage and develop the areas, which they are responsible for within the strategy, guidelines and policies established and communicated by the Board.
- 3.13 All partners and team members are encouraged to raise any concerns with their Heads or alternatively through the Managing Director, Ethics Partner, Compliance Partner or Board Chair as appropriate to the circumstances.
- 3.14 Audit work is conducted by the Corporate Department, and the Corporate Department Partners meet monthly to discuss resourcing, compliance, and operational matters.
- 3.15 The Board and partner team strongly support the firm's values of Best Practice, Continuous Improvement, Consistency, and Value to All. These values encourage good quality work.
- 3.16 As part of the firm's policies and culture, the firm has six Golden Rules to which all partners and staff are required and expected to adhere to, otherwise, they can face disciplinary action.

#### The Golden Rules are as follows:

- 1 Recognise any sign or indication of client dissatisfaction. Never cover up or turn a blind eye, and always refer to an appropriate complaints handler.
- 2 Know the boundaries within which you are expected to work and your primary objectives.
- 3 Know and respect the extent to which you are allowed to represent or commit the firm.
- 4 Be aware of the impact that your actions and decisions have on the reputation and performance of the firm.
- 5 Always be quick to refer any doubts or concerns about any performance or operating issues to a Partner or member of the Risk Management Team.
- 6 Always follow systems and guidelines set by the firm.

The Golden rules are discussed during the induction of all new staff and Partners, and regular reminders are provided to all staff. These Golden Rules ensure all our people operate within their authority levels and areas of knowledge.

During every annual Partner and Manager Conference, the Managing Director and Compliance Partner emphasise the importance of the example they set as leaders within the firm, how all team members monitor their actions and the importance of following the firm's policies and procedures including the Golden Rules.







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because we employ  
good people who  
want to do well.”

Martin Clapson,  
Managing Director

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## 4 System of quality management

- 4.1 During the year, the firm completed the first evaluation of our system of Quality Management in compliance with the International Standard on Quality Management (UK) 1 (ISQM 1). As part of this review, we concluded that except for matters related to identified deficiencies that have a severe but not pervasive effect on the design, implementation and operation of the system of quality management, the system of quality management provides the firm with reasonable assurance that the objectives of the system of quality management are being achieved.
- 4.2 Steps have been implemented to address the deficiencies that were identified. The firm will continue to enhance, and review its system of quality management to ensure we deliver high quality audits.
- 4.3 The majority of the Board and partner team have the audit qualification and fully support the importance of maintaining audit quality throughout the firm, which is reflected in the firm's culture of completing quality work.
- 4.4 The firm has appointed an Audit Compliance Partner who evaluates the firm's quality control procedures on an annual basis, considers compliance with ISQM, reviews the feedback from the internal and external quality reviews, and ensures that appropriate methodology is being used and auditing standards are being adhered to. The Audit Compliance Partner reports the findings to the Board and the partner team.
- 4.5 The firm has been taking part in the FRC Scalebox initiative to further improve its audit quality and gain a better understanding of the expectations of the FRC.
- 4.6 The firm adopts the audit methodology and procedures manual from a reputable supplier and supplements it with additional policies and guidance as required. The Audit Compliance Partner ensures that these are updated as appropriate. Copies of all of the manuals, policies and guidance are available to all staff on the firm's intranet.
- 4.7 The firm is subject to a comprehensive programme of quality assurance reviews, both internally and externally. Annually, the firm's compliance team organise a programme of internal file reviews covering aspects of the firm's work across all of our offices. In addition, the firm arranges external independent file reviews, including reviews of audit work across our UK offices.
- 4.8 We changed provider of the external reviews for audit this year due to the retirement of the previous reviewer. The firm we used to carry out the audit reviews in 2023 grade the files on a traffic light system, with green being satisfactory, amber being improvement needed and red significant improvement needed.
- 4.9 The internal cold file reviews of audit files were also carried out. These were graded one to four (one & two are equivalent to green, three equivalent to amber and four a red.).
- 4.10 From all the reviews carried out, 76% were graded green, and 18% amber and 6% red.
- 4.11 Overall, the quality of files reviewed in 2023 was satisfactory. We had made progress with the implementation of ISA 315 and ISA 240, but further improvements could be made. Therefore, further training was carried out in 2023 and 2024 to further improve these areas.

The firm will continue to enhance, and review its system of quality management to ensure we deliver high-quality audits.

- 4.12 We carried out some root cause analysis of some of the issues identified, but no common significant issues were identified. Specific matters have been fed back to the relevant partner and manager, and common themes have been fed back to the corporate team.
- 4.13 The reviews this year were of similar gradings to the previous year's reviews. The external audit file reviews in 2022 were graded one to four, with one to two being acceptable, although grade two indicates some minor improvement, grade three shows more significant improvement is needed, and grade four would indicate major improvement is required.
- 4.14 In 2022, 15% were graded one, 70% were graded two, 15% were graded three.
- 4.15 All listed audit clients have an Engagement Quality Review (EQR) carried out by an independent Responsible Individual and in accordance with ISQM 2.
- 4.16 Where the firm has appointed a new Responsible Individual, or where a Responsible Individual has given notice of intended retirement from the firm, reviews are undertaken by another Responsible Individual prior to the audit report being signed on their audit files. This will be carried out for a period of time decided by the firm's Audit Compliance Partner, which will be dependent on the number of audits they are responsible for and feedback from the reviews.
- 4.17 The results of the internal and external file reviews are fed back to the appropriate partner and manager. In addition, key learning points are fed back at team meetings. In certain circumstances, a Responsible Individual's audit files may be placed under EQR if significant issues have been identified from a review, until such time the Audit Compliance Partner is comfortable they are no longer required.





On an annual basis, all staff and partners are required to declare their independence and fit and proper status.



## 5 Independence procedures

- 5.1 The Board has appointed an Ethics Partner, who advises on specific ethical issues as necessary. Guidance and updates on audit and technical issues, including ethics, are available to all teams on the firm's intranet.
- 5.2 The Audit team and the Responsible Individual are required to consider any ethical threats at the beginning of the audit to ensure the firm is able to continue to be the auditor and that adequate safeguards are in place. Certain matters, set out in the firm's procedures, require consultation with the firm's Ethics Partner. Ethical issues and safeguards also have to be considered and documented again at the completion stage before the audit report is finalised.
- 5.3 On an annual basis, all staff and partners are required to declare their independence and fit and proper status. This includes confirmation that they do not hold any shares or other interests in any audit clients. All responses are reviewed. In addition, compliance with the firm's ethical policies is reviewed as part of the annual file review process.
- 5.4 The partners also receive an update on any changes to the requirements in an annual report, prepared and presented by the firm's Compliance Partner.
- 5.5 An annual internal review of independence was conducted in the year.

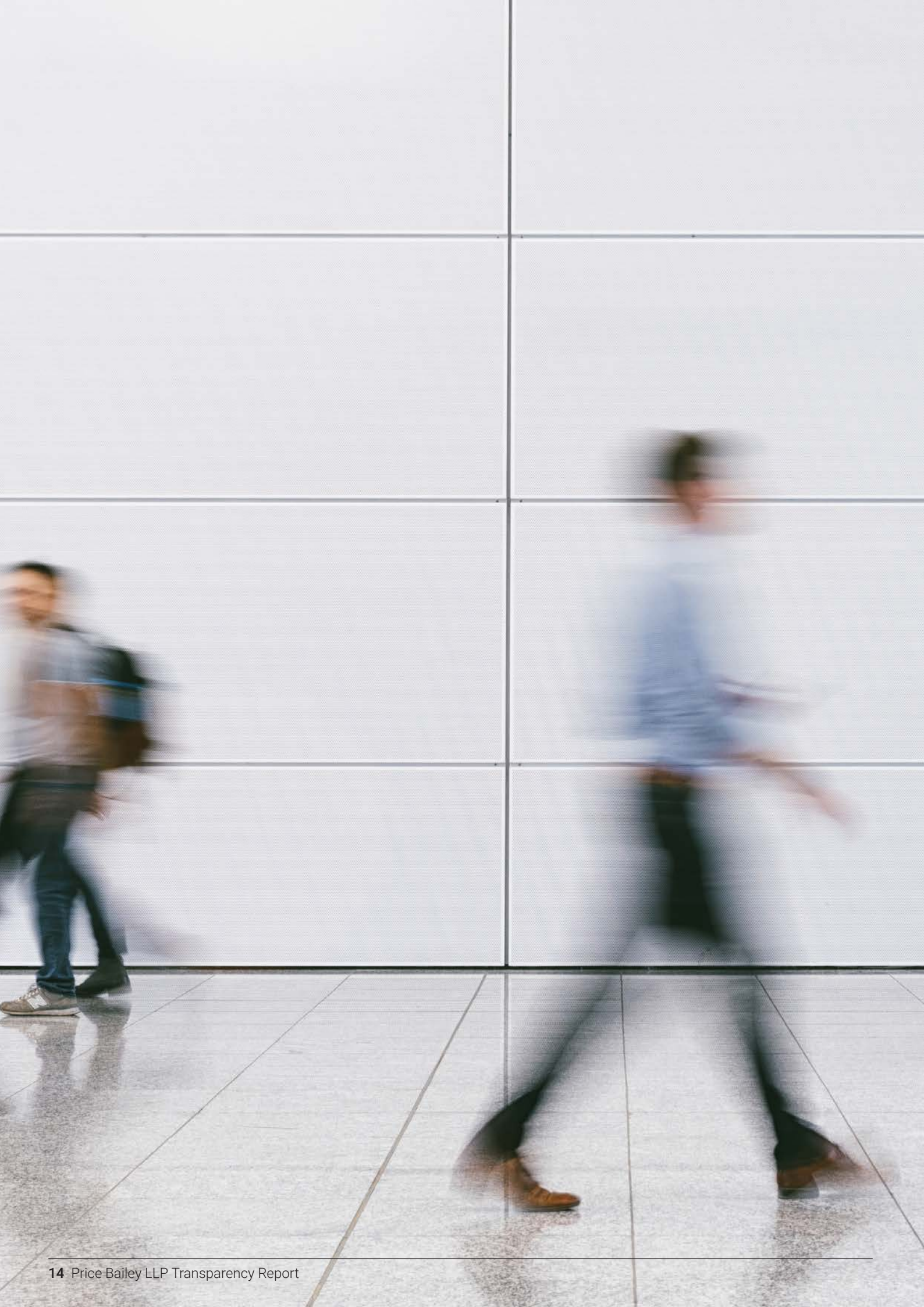
## 6 Professional skills and training

- 6.1 The firm ensures that all qualified staff undertake relevant Continuing Professional Development (CPD) training, including audit training. An external training firm provides the main CPD training, however in-house training is often provided to cover specific areas. If there are any particular learning points identified as part of our file reviews, these are covered either in the main CPD programme or through in-house training. The CPD programme also covers specialist areas/sectors as required.
- 6.2 For 24/25, the firm has moved to an online CPD training provider. However, a few courses will still be run in person and will be supplemented with specific internal training.
- 6.3 The firm also runs with external support, a Stepstones and a Stepahead programme, which focuses on personal growth at different stages of development, from trainee to leaders within the firm.
- 6.4 The CPD records for the firm's Responsible Individuals are monitored to ensure that they have attended appropriate CPD courses. A specific update course was held for Responsible Individuals and those who will be looking to become Responsible Individuals in the next 12-18 months.
- 6.5 We are monitoring CPD for relevant staff and partners as required under the new ICAEW CPD requirements.
- 6.6 All staff and partners have a review/appraisal meeting. As part of this meeting, training needs are discussed and agreed, as well as any feedback on specific job performance for the audit team.

## 7 Policy on rotation of key audit partners and staff

- 7.1 For all listed clients, the Responsible Individual is rotated after five years and the Engagement Quality Reviewer (EQR) does not act for more than seven years. There is a cooling-off period of at least five years before they can be the Responsible Individual or EQR for that client again.
- 7.2 For non-listed clients where the audit partner has acted for the client for more than ten years, the threats are discussed with the client and the Ethics Partner with appropriate safeguards put in place, which can consist of partner rotation, an EQR, an ethics review or cold file review. There is a cooling-off period of at least two years before they can be the Responsible Individual or EQR for that client again.
- 7.3 Where any senior staff are involved in the audit of a listed client for more than seven years, or a non-listed entity for more than ten years, the ethical threats are discussed between the Ethics Partner and the Audit Partner, with safeguards put in place dependent on the particular circumstances.

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





“Our flexible working arrangements which we introduced before the pandemic is called “Smart Working”, and it continues to be a success, as it helps recruit and retain quality team members and supports inclusivity and diversity across the whole firm.”

Martin Clapson,  
Managing Director

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## 8 Regulatory monitoring

- 8.1 The firm is a Tier 3 firm within the FRC's supervision regime. As we audit PIEs we are registered with the FRC as a PIE auditor under the PIE Auditor Registration Regulations which came into force at the end of 2022.
- 8.2 A file was selected by the FRC in 2023 and we are constructively engaging with the FRC to make improvements as a result of their findings on this file.
- 8.3 The firm's last completed audit monitoring visit was from the QAD in 2020. As part of the review, six files were reviewed and a further file was an aspect review. Although there were some development points noted on some of the reviews, the six files were either adequate or satisfactory. The QAD performed a Practice Assurance review in June 2022. We are due to have a Practice Assurance and Audit review by the QAD in 2024.

## 9 Public interest and other UK listed entities

- 9.1 During the year ended 31 March 2024, the firm carried out statutory audits on the financial statements of the following entities:

### Public interest entities (PIE)

- RCB Bonds plc

### In addition, we had another PIE client which we had started but not completed by 31 March:

- Ajax Resources plc

### UK listed companies

- Angling Direct plc (AIM)
- Feedback plc (AIM)
- Oracle Power plc (AIM)
- Marula Mining plc (Aquis Exchange Growth)



## 10 Partners' & Board remuneration

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



# 11 Financial information

11.1 For the year ended 31 March 2024 the turnover of Price Bailey LLP was as follows:

Revenues from:	£000
The statutory audit of accounts of public-interest entities and members of groups of undertakings whose parent undertaking is a public-interest entity	36
The statutory audit of accounts of other entities	11,941
Permitted non-audit services to entities that are audited by the firm	2,754
Non-audit services to other entities	21,892
	36,623

**Approved by the Governance Board**



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