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Foreword by our Managing Principal, Steve Foster

2024 has been another year of growth at Shipleys LLP. In addition to supporting a wider range of clients, and client assignments, it has also been a delight to expand our team and implement our ongoing commitment to nurturing a diverse and talented workforce. We have also focused on reducing our environmental impact. As in 2023, we have made further steps to maintain our quality standards, as we expand. Over the past 12 months we have made significant progress in these areas:



Successfully achieving Carbon Neutral Status with the help and guidance of Carbon Neutral Britain.



Continuous investment in our IT systems to further strengthen the security measures in our hybrid working systems.



Despite a highly competitive labour market, successfully recruiting and onboarding new colleagues to meet the rising demands for our services and maintain quality in our approach. We have also developed a range of training and wellbeing initiatives to support all colleagues' development.



Attracting new work opportunities, but also continuing to be more selective in the opportunities we take on so we can maintain our quality standards and positive reputation for client care.



Promoting numerous colleagues, in our commitment to support individuals' progression and strengthen our culture as one that rewards and promotes staff based on merit.



Refining our internal quality/performance review approach – particularly for senior members of our team.



Continuing our engagement with the Financial Reporting Council, and welcoming their guidance in fine-tuning certain aspects of our approach

In the coming year we will continue to invest in the business to ensure that Shipleys remains a strong and reputable adviser, which fully supports the needs of our clients, our staff and our other stakeholders.

Steve Foster, Managing Principal

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We are pleased to publish our Transparency Report in accordance with EU Audit Regulation 537/2014 Article 13, covering the year ended 30 April 2024.

Legal structure and ownership

Shipleys LLP ("the Firm") is a limited liability partnership incorporated in England and Wales. At the time of writing there are nineteen members ("principals") of the Firm, the nine designated members being its owners.

Eight principals are members of the Institute of Chartered Accountants in England & Wales (ICAEW), one is a member of the Institute of Chartered Accountants in Ireland and five are members of the Association of Chartered Certified Accountants. Both of the Firm's offices provide audit services and there are in total thirteen Responsible Individuals of the Firm.

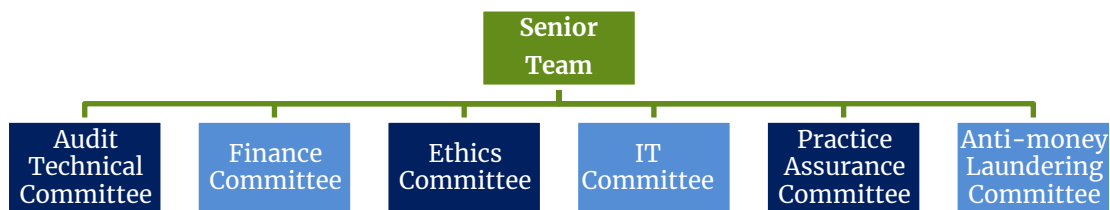
The audit practice is regulated by the ICAEW and is subject to review by its Quality Assurance Department (QAD). In respect of the audited entities that meet its criteria, such as companies listed on the main London Stock Exchange, the Firm's audit practice was also subject to monitoring by the Audit Quality Review team of the Financial Reporting Council (FRC). The firm voluntarily applied to withdraw from the FRC's PIE audit firm register and was removed effective 10 January 2024. The firm will therefore not audit any PIE entities going forward.

AGN International

Shipleys LLP is a member of AGN International Ltd, a worldwide association of independent accounting and consulting firms. It is not a network as defined by Article 2 of Directive 2006/43/6C and there is no common ownership across the firms. AGN International Ltd has representative members in 80 countries.

Governance structure

The Firm, whose managing principal is Steve Foster, is governed by its Senior Team of principals, who are responsible for the formulation of the Firm's strategies and policies. Responsibilities are delegated to a small number of Committees, comprising principals and senior staff. These Committees make recommendations and report to the principals at regular meetings. The decision-making process rests with the principals of the Firm.



Audit Technical Committee:	Its objectives include promoting audit quality, ensuring a consistent approach and disseminating technical information across the firm
Finance Committee:	Produces monthly reports for circulation to all principals showing key data and performed indicators for all concerned.
Ethics Committee:	Consults on independence and ethical matters.
IT Committee:	Monitors IT systems, consults on IT projects and ensures business continuity.
Practice Assurance Committee:	Promotes a high quality of work and to ensure compliance with relevant laws and regulations.
Anti-money Laundering Committee:	To ensure compliance with anti-money laundering regulations, including risk assessment, training, due diligence and ongoing monitoring

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Culture

Our culture is led from the top with the principals setting the tone for the firm. Our principals encourage the delivery of high-quality audits through a commitment to training, compliance and sharing knowledge and resource. Our principals have an open-door policy and promote openness and accountability through staff surveys, appraisals, performance development reviews, mentoring and a fair reporting framework.

Internal quality control systems

Leadership responsibilities

Responsibility for quality assurance within the Firm rests with the Audit Technical Committee, made up of seven Responsible Individuals together with senior staff from both audit offices, chaired by the Audit Compliance Principal. Its main responsibility is to establish, implement and monitor the quality control procedures and policies of the Firm in relation to audit, non-audit, and other assurance assignments. The Firm promotes a quality control orientated internal culture at all levels of operation, and ensures compliance with professional standards and regulatory requirements.

Ethical Requirements

The Firm's ethics Principal has overall responsibility for the Firm's policies and procedures relating to integrity, objectivity and independence, compliance with the Financial Reporting Council's ethical standards, and effective communication and guidance of these to Principals and staff. The Ethics Principal is supported by the Ethics Committee, made up of the Ethics Principal, the Audit Compliance Principal, and senior staff members.

Acceptance and continuance of client relationships

The Firm has established robust engagement acceptance procedures for all of its prospective clients, which are monitored throughout the duration of the client relationship. They include, inter alia, a clear understanding of the client's requirements, our commitment to offering the very best quality of service and an approval process that is appropriate to the perceived risk.

Human resources

Our HR team, headed by a principal, is responsible for the recruitment, training, appraisal, and staff remuneration processes. Vigorous selection techniques are pivotal to our policies, together with continuing support at all levels for career development and progression.

Engagement performance and monitoring

The audit performance of the Firm is principally monitored by its Audit Technical Committee, which is also responsible for the creation of quality control procedures and policies within the Firm and for training and dissemination of technical information throughout the audit practice. It is also responsible for internal and external reviews and monitoring, including engagement quality control and the provision of a forum for consultation on audit and other assurance engagements.

The Firm makes use of independent external consultants to assist with a compliance review of completed audit files. It is the policy of the Firm that at least one audit file is reviewed for each Responsible Individual within at least a two-year period. At least two audit files are reviewed in their first year for new Responsible Individuals.

The reviewed files are scored and the results for reviews undertaken in the year are:

Score	% of reviewed files
GRADE B	31.25%
GRADE C	43.75%
GRADE D	25%

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Engagement performance and monitoring *continued*

The results of the reviews have been feedback to the audit team along with review points for consideration on future files.

The responsible individuals and senior staff members involved in the Grade C and D files will be subject to additional compliance reviews.

These results were disappointing and highlighted a number of weaknesses, some specific to those files and some firm wide, which have been considered and addressed through root cause analysis (RCA).

The grades follow the following system:

- Grade A – an audit file in which no significant weaknesses were identified.
- Grade B – an audit file in which the main areas were tested properly but there are some evidentiary matters that need to be addressed.
- Grade C – a marginal audit file in which there were a number of weaknesses and deficiencies such that improvement is required in those areas.
- Grade D – A weak audit file in which 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.

Professional skills and values

The Firm is committed to developing and maintaining the highest possible standards for all principals and staff throughout the Firm and it provides an annual programme of Continuing Professional Development, supported by regular internal and external lectures and presentations. Training needs for qualified staff are identified at our annual Performance Development Reviews and as well as technical knowledge include values-based and professional skills training, including professional scepticism, management skill and other soft skills.

A current focus for training is developments in IFRS, FRS 102 and auditing standards, including ISA 600 *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*, the weaknesses identified from the above audit file reviews and lessons learnt from ISA 315 *Identifying and Assessing the Risk of Material Misstatement*, particularly auditing IT environments.

Staff and Principals will undertake work commensurate with their professional competence and expertise. The individual professional development needs of each member of staff are assessed as part of their annual performance appraisal.

Statement on the effectiveness of our internal quality control systems

The firm was subject to QAD and FRC reviews and, as noted above, compliance reviews on completed audit files. These reviews, as well as our own assessment as part of the introduction of ISQM, identified a number of areas where improvements are needed. These improvements have either been implemented by the firm or are in the process of being implemented.

Our first evaluation was performed on the firm's system of quality management in accordance with the requirements of ISQM for the period to 31 August 2023.

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.

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External monitoring

As noted above, the Firm is subject to regular external monitoring by the QAD and FRC. The last such QAD review took place in October 2022, and in December 2022 the QAD confirmed completion of their review. The last review by FRC commenced in October 2022 and is ongoing and we are cooperating with their review and investigation.

An enquiry by ICAEW was concluded during the year. ICAEW's Conduct Committee found that the Firm's reasonable assurance opinion on a Client Assets Sourcebook audit for a client for the period ended 31 October 2018 breached the procedures required by the Client Asset Assurance Standard by failing to include all breaches, failed to report that the client did not maintain records of its internal client money reconciliations, did not evaluate the client's compliance with CASS rules in relation to Internal Client Money Reconciliations or prepare sufficient appropriate documentation on the client's compliance. The Firm accepted a consent order that it be severely reprimanded, to pay a fine of £8,000, and to pay the ICAEW's costs.

The firm is also registered with the Public Company Accounting Oversight Board to undertake audit work in connection with US listed entities.

The Firm's financial statements are audited by SRG LLP, Chartered Accountants.

The Firm's listed audited entities referred to below fell within the remit of the Audit Quality Review of the FRC during the year ended 30 April 2024.

Public interest entities

During the year, the Firm expressed an audit opinion on the Financial Statements of five UK incorporated audited entities which were traded on a regulated market in the United Kingdom, Adalan Ventures Plc, Orient Telecoms Plc, Ajax Resources Plc, RC365 Holding Plc and Wildcat Petroleum Plc. We were also appointed as auditors of two further UK public interest entities, but did not sign an audit report during the year ended 30 April 2024. These entities are Grand Vision Media Holdings Plc and Highway Capital Plc. During the year we resigned as auditors of all these entities.

We were also appointed as auditors of two crown dependency incorporated public interest entities, but did not sign an audit report during the year ended 30 April 2024. Of these, daVictus Plc is incorporated in Jersey and African Pioneer Plc in Isle of Man. Therefore, we were authorised as registered auditors in Jersey and Isle of Man, but have subsequently resigned as auditors of these entities and deregistered in Jersey and Isle of Man.

During the year, the Firm expressed an audit opinion on the Financial Statements of four overseas incorporated audited entities which were traded on a regulated market in the United Kingdom, Fragrant Prosperity Holdings Limited, Vox Valor Capital Limited, Honye Financial Services Limited and GS Technologies Limited.

We were also appointed as auditors of one further such overseas entity, but did not sign an audit report during the year ended 30 April 2024. This entity was Starcrest Education Limited.

All of the above entities have standard listings on the London Stock Exchange. The shares of Adalan Ventures Plc, Highway Capital Plc, Honye Financial Services Limited and Starcrest Education Limited are currently suspended.

During the year we voluntarily applied to be removed from the FRC's PIE audit firm register. We were removed effective of 10 January 2024.

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Independence procedures and practices

The Firm maintains internal policies and procedures to preserve its independence and to act with integrity and objectivity. All Principals and staff are required to complete, firstly upon joining and annually thereafter, statements of independence and confidentiality, as well as confirmation of fit & proper status. Any subsequent changes must be notified to the HR and Ethics Principals when they occur.

Any occasions of actual or perceived threat or conflict of independence or any other ethical issues will be documented by the Ethics Principal and a plan for their elimination be formulated and acted upon. Compliance with independence procedures and practices is monitored at all stages of the audit relationship, starting at the point of client acceptance. It is then reassessed during the course of each audit, or when client ownership or governance changes occur.

There are strict procedures for the rotation of principals who have been acting for audit clients over a prolonged period, as required by the ethical standards. There is mandatory Audit Engagement partner rotation after 5 years for audits of public interest and other listed clients. Mandatory rotation of the EQR partner is required after 7 years. For senior staff members, consideration of the need to rotate is made after 7 years with mandatory rotation after 10 years.

Following rotation, there is a 'cooling off' period in which the audit engagement partner and the EQR partner will have no further involvement in the audit for 5 years. The 'cooling off' period is 2 years for senior staff.

For all other clients, consideration of the need to rotate the audit engagement partner after 10 years is made through discussion with the Ethics Partner. Independent partner reviews are undertaken if rotation is not considered necessary. Mandatory rotation is required after 20 years.

There are also detailed procedures for the provision of non-audit services to audited entities.

Compliance with our independence procedures is ongoing throughout the year. In addition, an internal review of independence practices within the Firm is carried out annually and such a review took place during the reporting period.

Challenges to delivering high quality audits

A major challenge encountered by the firm, and indeed across the accountancy industry, has continued to be recruitment and continuing resources to ensure audit quality. While challenging, this has created opportunities to look within the firm and has resulted in a number of internal promotions across the audit department. However, it remains a key priority to grow and develop our audit team further.

A key challenge during the year was also in relation to the results of our compliance reviews performed by our independent external consultants. The results have been feedback to the audit team along with points to consider to improve audit quality, particularly with compliance with recently revised ISAs. Further internal training has been provided and covered by our external audit and accounts updates.

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Financial information

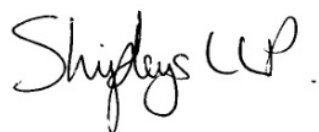
Turnover	2024 £'000	2023 £'000
Total Turnover	21,433	17,933
From statutory audit work		
- of public interest entities	191	165
- of other audit clients	6,586	5,299
From non-audit services to audit clients	2,170	1,243
Sub-total	8,947	6,707
From non-audit services to non-audit clients	12,486	11,226
Total	21,433	17,933

The 2024 figures have yet to be audited. Non audit services include accounting, tax compliance and advice, business planning, corporate finance and transaction support, payroll and company secretarial matters.

Remuneration of Principals

Profits are shared in accordance with the Members' Agreement and are determined following a performance review and assessment at a meeting of the designated members. Performance assessment includes delivery of an outstanding service to clients, technical excellence, quality and risk management, staff development and the overall contribution made to the financial success and reputation of the Firm.

Audit Principals are not remunerated by reference to the selling of non-audit services to audited entities.



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