

An aerial photograph of a coastline. The top half of the image is a dense, dark green forest. The bottom half is a dark blue body of water. A sandy or rocky shoreline runs horizontally across the middle, with a small bay or inlet on the right side. Some trees along the shore are highlighted in yellow.

Baker Tilly Channel Islands

Transparency Report 2023

30 April 2024



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Baker Tilly Channel Islands





Who we are

Legal structure and ownership

Baker Tilly Channel Islands Limited (“BTCI”) is a company registered in Jersey Channel Islands. All of its shares are held by the directors of the company through private investment companies.

BTCI has two subsidiaries:

1. Baker Tilly CI Audit Limited – registered in Guernsey
2. Baker Tilly Channel Islands Business Services Limited – registered in Jersey (dormant)

(collectively these are known as the “Group”)

BTCI is:

- A Chartered Accountancy Practice
- A member firm of the Institute of Chartered Accountants in England and Wales (“ICAEW”)
- A recognised auditor in both Jersey and Guernsey
- A training office for ICAEW, ICAS and ACCA, and
- A member firm of Baker Tilly International (“BTI”)

Our services offered include:

- Audit & Assurance
- Tax
- Advisory

Governance structure

The Board of Directors and ultimately the Managing Director assumes the responsibility for the operations of the Group, including the oversight of corporate governance, compliance and risk management. The Board of Directors set the Group strategy and actively promotes the high level of quality required in our sector as a professional services firm.

The Board of Directors is actively supported by the Leadership Team. The Board meets at least quarterly where as the Leadership Team meets as necessary but at least monthly.

The leadership team (consisting of Executive Directors and Client Directors) promote the culture of the Group in all their interactions with the team, including correspondence, meetings and training sessions.

The Leadership Team has adopted a charter, which includes the commitments of each member of the Leadership Team and a conflict management process.



Internal quality management



Quality management

The managing Director is ultimately responsible for the Group's system of quality management, which includes maintaining the Business Risk Assessment ("BRA") and Policies and Procedures ("P&Ps") (and the related forms and templates) and ensuring they meet the relevant quality requirements.

In maintaining the Group's system of quality control and its BRA and P&Ps due consideration is given to:

- Updates from the IAASB
- Guidance issued and training provided by the ICAEW, ICAS, and other professional bodies
- Updates to the Crown Dependencies' Audit rules and guidance
- Updates issued by the FRC, including the ISAs (UK) and Ethical standards
- Industry updates and other publications issued by the JFSC, GSFC and FIUs in Jersey and Guernsey, and webinars/courses run by these parties
- Changes to laws and regulations in Jersey and Guernsey impacting on the Group
- Updates issued by BTI, including via Billy; and
- Findings from reviews of the Group (both internally and by external parties)

The engagement leader (being a client director or Managing Director) is responsible for ensuring that the services performed for each client meets the Group's required standard of quality. For audits, the engagement leader achieves this by:

- Providing direction to the audit work by way of a meeting before commencement of the audit to discuss the engagement
- Ensuring the engagement team has knowledge of the reporting framework used by the client. Where the framework used is not IFRS or FRS 102, the engagement leader will arrange appropriate training
- Selecting an appropriate engagement team, including the identification of the need for the use of an auditor's expert when there is sufficient experience/knowledge within the engagement team
- Ensuring they sufficiently supervises the audit work being carried out through regular discussions and correspondence

Each engagement is assigned a senior manager/manager/assistant manager to support the engagement leader and to share knowledge and experience amongst the team.



Client Acceptance and Engagement performance

Client acceptance

The Group only accepts or continues an assignment if the Group has concluded the client does not lack integrity and the Group has the expertise and resources to perform the services required.

In respect of audit engagements, the Group only accepts or continues with audit engagements if they do not contravene the principles established by the APB Ethical Standards, including the principles on providing non-audit services to audit clients. Any team intending to carry out non-audit services for an audit client must notify the audit engagement leader about the proposed non-audit services before such work commences so the audit engagement leader can assess the overall impact of ethical requirements on whether the non-audit services can be undertaken in addition to the audit engagement and document the decision. The Group shall not accept any engagement which includes the provision of services where it is probable that an objective, reasonable and informed third party would conclude that the Group (or its employees) was playing a part in management decision-taking.

The decision to accept new business requires approval of two members of the Leadership Team. This involves the relevant Client Director who will be responsible for the engagement, the MLCO who reviews the client due diligence to ensure the client is within the Group's risk appetite, that risks have been assessed appropriately and suitable mitigating controls have been put in place, if necessary.

The Group's risk appetite is determined by the Board and is set separately for each service line reflecting the Group's level of expertise in providing that service.

Engagement performance

Engagements must be performed in accordance with applicable technical and professional standards and regulatory and legal requirements, and the Group or the engagement leader must issue reports that are appropriate in the circumstances. As part of this:

- Consistency and quality is ensured using relevant methodologies (e.g., use of Caseware and Global Focus for audits, as recommended by BTI), checklists and manuals and the close involvement in the engagements by the members of the Leadership Team;
- Regular conversations in relation to quality should take place between engagement team members to ensure that consistency is maintained. Where relevant, a change may be made to the processes considering these conversations; and
- Automatically inbuilt within the methodologies used by the Group (e.g. audit software) are the assignation of roles, requiring prepare and review of documents, and requiring certain key documents to be reviewed by the engagement leader. Where the methodology does not include a pre-defined hierarchy, the engagement leader is responsible to assigning tasks to relevant individuals (based on their experience and expertise) and ensuring the work is reviewed by an individual with appropriate seniority.



Ethics and Independence

Acting ethically

Baker Tilly Channel Islands Limited has policies and procedures that include the required information to enable its staff to meet and adhere to ethical standards. These policies put emphasis on every individual has a responsibility to act in the public interest and that they are required to comply with laws and regulations and avoid any conduct that might discredit the accountancy profession.

It further emphasises integrity and objectivity and details the relevant procedures to follow when faced with pressures to act unethically. These include:

- Discussing the matter with the individual who is exerting the pressure to seek to resolve it.
- Discussing the matter with their counsellor.
- Discussing the matter with the Group's Ethics Partner.
- If none of the above resolves the matter, escalating to the relevant professional or regulatory bodies or industry associations, or legal counsel.

Conflicts of interest

A conflict of interest is where a reasonable and informed observer would perceive that the objectivity of staff or the Group is likely to be impaired, for example when:

- The Group undertakes a professional activity related to a particular matter for two or more clients whose interests with respect to the matter are in conflict; or
- The interests of the Group with respect to a particular matter and the interests of a client are in conflict

Conflict of interest should not compromise the professional or business judgement of employees.

Before accepting or continuing a client relationship or specific engagement the client team shall evaluate the significance of any threats created by business interest or relationships with the client or a third party. This includes remaining alert to changes over time in the nature of the activities, interests and relationships that might create a conflict of interest while performing the engagement.

Where any conflict is such that the Group's ability to service the client is prejudiced, the Group will remedy the conflict through the application of safeguards. If the risk cannot be eliminated or reduced to an acceptable level, the Group shall not accept a specific engagement or shall resign from one or more conflicting engagements.

If a conflict or potential conflict of interest is identified, the Head of Compliance is informed and typical safeguards include:

- Restructuring or segregating certain responsibilities and duties;



Ethics and Independence

- The use of separate engagement teams or not allowing certain employees to work on specific client engagements;
- Procedures to prevent access to information;
- Clear guidelines for members of the engagement team on issues of security and confidentiality;
- The use of confidentiality agreements signed by employees and directors of the Group; or
- Regular review of the application of safeguards by a senior individual not involved with the relevant client engagement(s).

Rotation of key audit directors and staff

For listed audit clients or public interest entities (“PIEs”):

- No one can act as the audit signatory for more than five years, and then they must have a five-year gap. However, where there are good reasons, e.g. to maintain audit quality in current circumstances (such as substantial change has recently been made or will soon be made to the nature or structure of the client’s business, there are unexpected changes in the senior management of the client, or the Group has no other signatories with the necessary knowledge or experience who are able to take over), the rotation can be extended to no more than seven years. This needs to be agreed with the audit committee of the affected client and disclosed to the client’s shareholders.

- No one can act as the EQR for a period longer than seven years, and then he must have a five-year gap.
- A combination of the same audit signatory and EQR cannot act simultaneously for more than four years, and then there must be a three year gap (or five years if the audit signatory had held the role for three or more years).
- Threats and safeguards of long association need reviewing for all senior staff after seven years.

Baker Tilly International Independence Database

To help ensure independence, BTI has established and maintains an Independence Database, which includes entries in respect of all listed clients within the BTI global network. The relevant engagement leader should ensure that the database is updated each time a listed group is won or lost, if there is a change in the services provided to the listed group client, if the audit signatory has changed or the listed entity within the relevant listed group changes its name. Before accepting any engagement, the Independence Database must be checked for any potential conflicts.

Independence

The group has policies and procedures for Gifts and Hospitality to ensure that members of staff are not unduly influenced. Employees are also required to sign independence declarations annually and inform the Head of Compliance if anything changes.



Engagement Quality Reviewer and Consultation

Consultation

If an engagement leader identified a matter while undertaking a client engagement that is difficult or contentious, they are required to consult as appropriate. This will be with another member of the Leadership Team who is eligible to be an audit signatory in the first instance, though may require further consultation with subject matter experts at BTI or within other network firms.

Technical reviews of financial statements, which are required for audits of listed companies and PIEs, should be requested from another network firm.

A review of financial statements by an independent BTCI responsible individual is required for audits of clients that are regulated in Jersey or Guernsey, or where the financial statements contain a prior year adjustment.

Engagement Quality Reviewer

Where a client is deemed “high reputation risk” (as described below), an independent Engagement Quality Reviewer (“EQR”) will carry out a review of certain specified matters as set out in the Group’s methodology, including:

- Consideration of compliance with ethical standards and the appropriateness and adequacy of safeguards applied, together with the adequacy of documentation of the engagement team’s consideration of the objectivity and independence of the Group and its personnel;

- Discussion of significant matters with the engagement leader;
- Consideration of whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from these consultations;
- Review of the financial statements or other subject matter information and the proposed report;
- Review of selected engagement documentation relating to significant judgements the engagement team made and the conclusions it reached, and the adequacy of the documentation reviewed; and
- Evaluation of the conclusions reached in formulating the report and consideration of whether the proposed report is appropriate.

For audits of the financial statements of listed clients, the review by the EQR will also include:

- Significant risks identified during the engagement and the responses to those risks;
- Judgements made, particularly with respect to materiality and significant risks;
- The significance and disposition of corrected and uncorrected misstatements identified during the engagement; and
- The matters to be communicated to management and those charged with governance and, where applicable, other parties such as regulatory bodies.

These matters, depending on the circumstances, may also be applicable for reviews for audits of financial statements of non-listed clients as well as reviews of financial statements and other assurance and related services engagements.

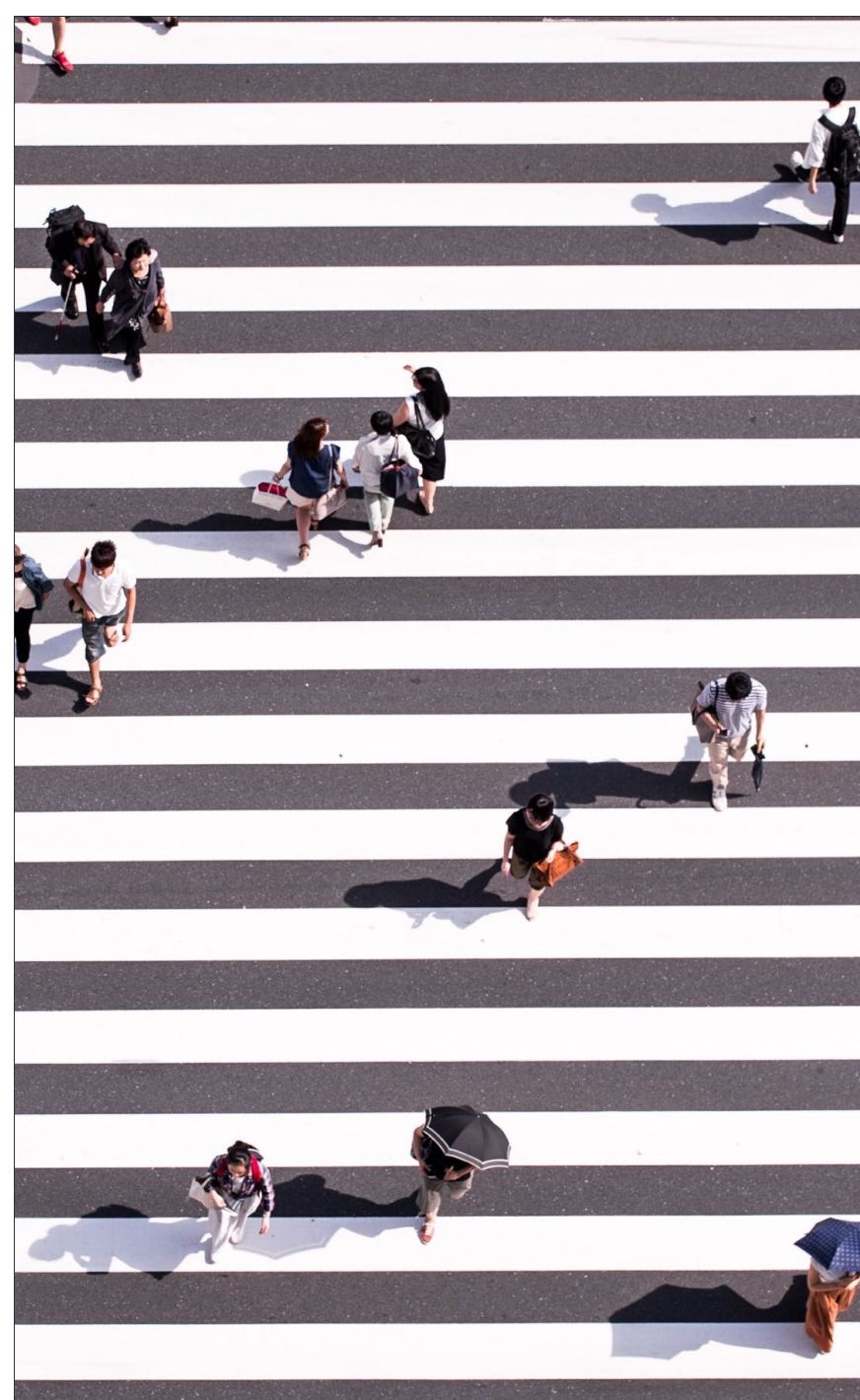
Where the involvement of the EQR provides a safeguard to reduce to an acceptable level those threats to independence that have been identified as potentially arising from the provision of non-audit or additional services, the EQR must also specifically address the related threat by ensuring that the work that was performed in the course of the non-audit or additional service engagement has been properly and effectively assessed in the context of the audit of the financial statements or other public interest assurance engagement.

The EQR will be an appropriately independent BTCl Responsible Individual. Where all eligible members of the Leadership Team have been involved in the audit (including in respect of 'cooling-off periods' after they have been the audit signatory), the Group will arrange for another BTI network firm to perform an EQR.

Where the EQR's objectivity is impaired during the course of the review, he shall be replaced.

All consultation relevant to a final report or opinion and all results of the work of an EQR including any differences in opinion (and how they were resolved) are documented and kept on the client file. Differences may need to be resolved through consultation with other parties, as described above. The final engagement report (e.g. audit opinion and report to the audit committee) will not be signed until the resolution of these differences has been documented and reviewed by all relevant parties.





External monitoring of quality management



External monitoring of quality management

The Group is committed to providing and maintaining a high standard of audit work. One part of achieving this is carrying out regular reviews of the system of quality management including review of the whole firm's key controls and cold file reviews of a selection of completed engagements.

Annual cold file reviews will be conducted on the Group's portfolio of audit clients on a rotating basis and giving consideration to clients on the following basis:

- By industry/sector
- By engagement leader
- By fees
- By risk
- By year of take on
- By service line

The Managing Director takes appropriate action based on the results of the reviews and important matters arising are communicated to all relevant directors and staff on a timely basis

Recent external quality reviews:

Stakeholders	Nature of monitoring	Date of last review
BTI	Quality Assurance Review	November 2020 Next review due in 2024
ICAEW	Baker Tilly Channel Islands Limited – Compliance with the Audit Rules by reviewing whole-firm procedures	May 2020 Next review is in progress
ICAEW	Baker Tilly CI Audit Limited – Compliance with the Audit Rules and the quality of audit work by reviewing whole-firm procedures and one audit file.	April 2021 Next review is in progress

Financial Information





Financial information

The Group's total fee income for the year ended 31 December 2023 was £3.5 million. This is analysed as follows:

Services	£
Revenues from statutory audit of annual and consolidated financial statements of public interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity	257,590
Revenues from statutory audit of annual and consolidated financial statements of other entities	2,577,407
Revenues from other assurance services to other entities	47,551
Revenues from non-audit services of entities in the network to other entities	631,451

Basis for partners' remuneration

The remuneration of directors is determined based on their responsibilities and experience, their role in management and the annual performance assessment.



Our people



Our people

Learning & Development

BTCI implements various training methods including in-house and external seminars, conferences, webinars, on the job training, coaching, membership to professional bodies, as well as support in studying towards professional certifications and professional qualifications.

BTCI has been approved by ICAEW, ICAS and ACCA as an approved employer for training purposes.

Continuing professional development

Every employee is required to comply with the ICAEW prescribed minimum number of hours of continuing professional development. The CPD that is required should be relevant to the individual's role. It can take many forms, and the type that is chosen should be influenced by their development needs.

BTCI assists its employees in achieving these prescribed hours through:

- Developing and offering inhouse training sessions during the year
- Access to BTI's website Billy, that contains various training materials and videos
- On an ad hoc basis, subscribe them to training courses that could be benefited from in their role

Feedback

Feedback is essential for employees to develop and ensure they remain on the right track.

The process of delivering feedback is constructive, whether positive or developmental and is always aimed at our employee's continuous development.

All employees receive feedback on an ad hoc and ongoing basis, which can be informal feedback on performance.

To help everyone reach their full potential, regular check-ins are held with line-managers.

BTCI also follows an upward feedback process where feedback can be provided to managers and directors from other employees.



Baker Tilly International Network



Baker Tilly International network

Description and legal structure

Baker Tilly International is one of the world's leading networks of independently owned and managed accountancy and business advisory firms united by a commitment to provide exceptional client service.

Baker Tilly Channel Islands Limited is an independent member of Baker Tilly International Limited, which is a company limited by guarantee registered in England and Wales. It is owned by its members, all of which hold an equal interest in the legal entity. The members, in the Annual General Meeting, are responsible for appointing the board of directors, approving the company's strategy and other matters such as making changes to the company's constitution.

Baker Tilly International does not itself provide professional services, advice or opinions to clients but acts as a member services organisation operating from its Global Office in London. Client services are delivered regionally and nationally by a network of over 120 independent members worldwide.

Each member is a separate and independent legal entity. Each member is locally owned, operated and managed and is responsible for its own actions. No single member is responsible for the services or actions of another.

Although many members operate under the Baker Tilly name, there is no common ownership amongst the members.

Management and governance

Baker Tilly International operates with a board of directors consisting of the Chief Executive Officer (CEO), and directors drawn from independent members around the world. The board of directors appoints the CEO. It also formulates the strategy for Baker Tilly International and approves the policies and procedures to govern and manage the network. On the recommendation of the CEO and regional advisory councils, the board is responsible for admitting new members and, on occasion, terminating membership.

The network operates geographically through four regions - North America; Latin America; Europe, Middle East and Africa; and Asia Pacific. Each region has a chairperson who chairs an advisory council made up of partners from members in that region. The chairperson's role includes the co-ordination and development of business between members, the recruitment of new members as necessary and the implementation of the regional strategy.

At a management level, the network is co-ordinated by the CEO. The CEO is responsible to the board and ultimately to the members for all matters relating to the management and leadership of the network.

The CEO is supported by a team at Global Office which supports members worldwide. Support includes international marketing and business development initiatives, technical development of the global audit tool and the co-ordination of a global secondment programme.

Baker Tilly International network

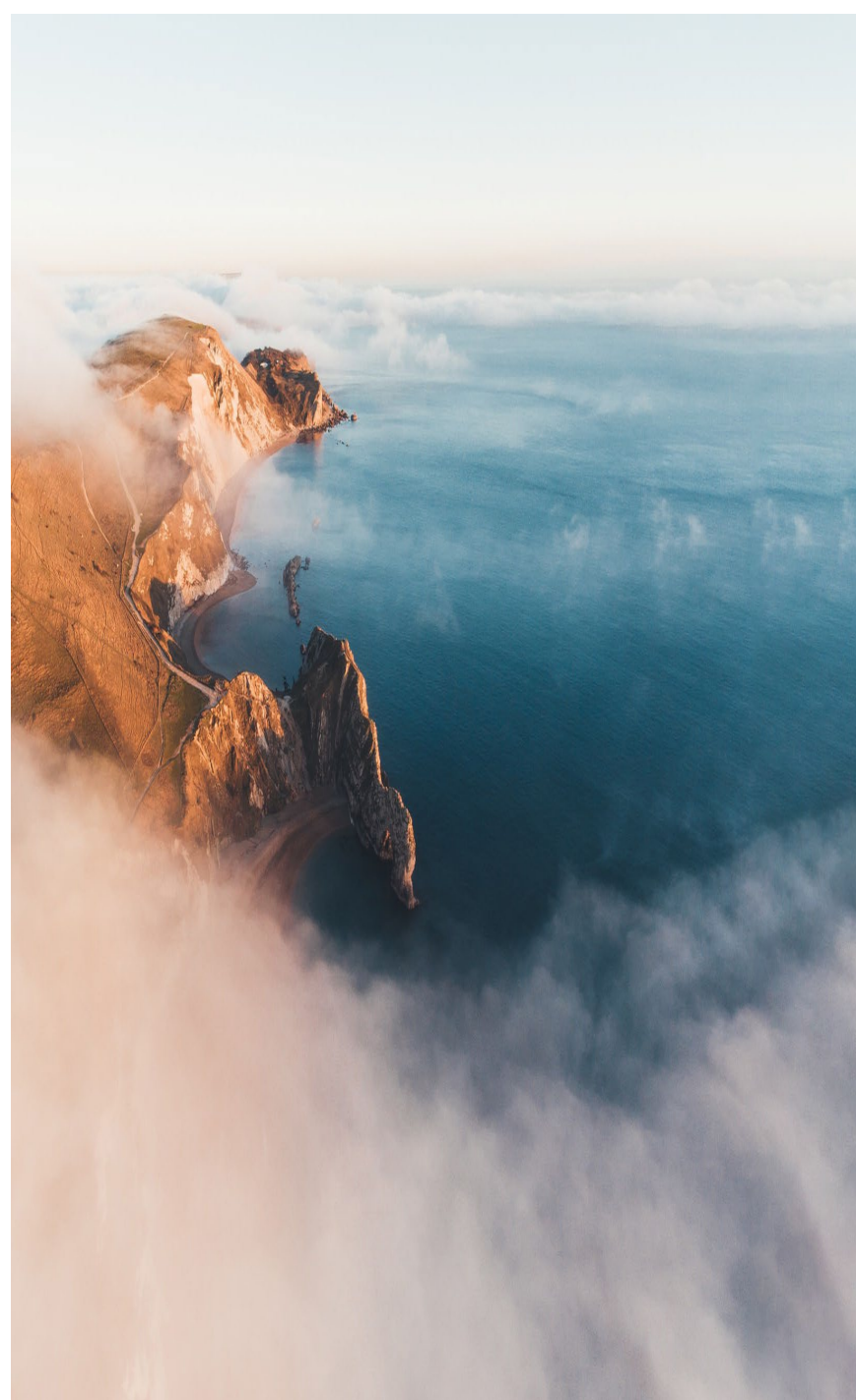
Quality assurance

Baker Tilly International's members are expected to conduct all aspects of their business to the highest professional standards, to maintain integrity and to keep in good standing in their local business community.

They are required to comply with all national standards applicable to all aspects of their work. These include auditing, independence and any other standards issued in a member's country which impact on their work. They are also expected to comply with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and to carry out audits to standards that are at least compliant with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB).

Members are also required to comply with IAASB's ISQM 1 International Standard of Quality Management.

Regular quality assurance reviews of all members are carried out by Baker Tilly International, with members typically subject to a review at least once every three years.



Baker Tilly International network

Independence

Although Baker Tilly International is a network, it is for each member to determine its position under the ethical codes which govern its work. Each member identifies those other members of the Baker Tilly International network that must be considered in respect of independence.

Each member complies with their local code of ethics. Where no local code exists or where the local code is significantly less comprehensive than the International Code of Ethics for Professional Accountants (Code) members are expected to comply with the Code.

All members are required to include in their audit process a procedure that requires consideration of whether there are threats to independence resulting from work done for the client and any of its related companies by themselves or any other members of Baker Tilly International. This includes discussion with the client of circumstances where any such threats may arise.

Baker Tilly International provides conflict check messaging system and an Independence Database to assist members in complying with this requirement. The Independence Database includes details of all clients which are members of a listed group for which any member provides any service to any company within the listed group. Details are recorded for all instances where members provide audit services to listed entities. This information is then used to create the Restricted Entity List which shows all the listed audit clients for whom members act as auditors. Member firms should not hold a financial interest (for example, an investment) in any entity on the Restricted Entity List and should not provide non-audit services to those entity's without first consulting the audit team.





Baker Tilly International network

Audit firm and audit fee information in respect of EU members

As at 31 December 2023, the following independent member firms of the Baker Tilly International network provided statutory audit services in the EU

Austria - Pro Audit Wirtschaftsprüfung und Steuerberatung GmbH (see Appendix 1)

Belgium - Baker Tilly Belgium

Bulgaria - TPA Audit OOD; Baker Tilly Klitou and Partners OOD (see Appendix 1)

Croatia - TPA Audit d.o.o. (see Appendix 1)

Cyprus - Baker Tilly Klitou & Partners Limited (see Appendix 1)

Czech Republic - TPA Audit, s.r.o. (see Appendix 1)

Denmark - Baker Tilly Denmark

Estonia - Baker Tilly Baltics OÜ

Finland – Baker Tilly Finland Oy

France – Strego Audit

Germany - Baker Tilly Holding GmbH

Greece - Baker Tilly Greece Auditors S.A.(see Appendix 1)

Hungary - TPA Control Könyvvizsgáló Kft. (see Appendix 1)

Italy - Baker Tilly Revisa SpA

Latvia - Baker Tilly Baltics SA

Lithuania - UAB Scandinavian Accounting and Consulting

Luxembourg – Baker Tilly Audit & Assurance s.à r.l.

Malta - Baker Tilly Malta

Netherlands - Baker Tilly (Netherlands)

Poland - Baker Tilly TPA Sp. z o.o. (see Appendix 1)

Portugal - Baker Tilly PG & Associados, SROC, LDA

Romania - TPA Audit Advisory S.R.L.; Baker Tilly Klitou and Partners SRL (see Appendix 1)

Slovakia - TPA Audit, s.r.o. (see Appendix 1)

Spain - Baker Tilly Iberia (see Appendix 1)

Sweden - Baker Tilly Sweden (see Appendix 1)

Total statutory audit fees for EU members which provide statutory audit services

The total statutory audit fees for EU members for the period is approximately €224 million.



Appendices



Appendices

Appendix 1 – Network Operators

Pro Audit Wirtschaftsprüfung Und Steuerberatung GmbH	TPA Group	Baker Tilly Klitou & Partners Limited	Baker Tilly Iberia	Baker Tilly Sweden	
<p>AuditConsultAustria Wirtschaftsprüfung und Unternehmensberatu ng GmbH (Austria)</p> <p>Pro Audit Wirtschaftsprüfung und Steuerberatung GmbH (Austria)</p>	<p>TPA Audit OOD (Bulgaria) TPA Audit d.o.o. (Croatia) TPA Audit, s.r.o. (Czech Republic) TPA Control Könyvvizsgáló Kft. (Hungary) Baker Tilly TPA Sp. z o.o. (Poland) TPA Audit Advisory S.R.L. (Romania) TPA Transilvania Advisory S.R.L. (Romania) TPA Audit, s.r.o. (Slovakia)</p>	<p>Baker Tilly Klitou and Partners Limited (Cyprus) Baker Tilly Klitou and Partners (Limassol) Limited (Cyprus) Baker Tilly Klitou and Partners OOD (Bulgaria) Baker Tilly Greece Auditors S.A.(Greece) Baker Tilly Klitou and Partners SRL (Romania)</p>	<p>Audiaxis Auditores, S.L.P Castellà Auditors, S.L.P. Baker Tilly A&C, S.L.P. Baker Tilly Audit Mediterráneo, S.L.P. Esponera Auditores, S.L</p>	<p>Adsum Revisorer och Företagskonsulter AB Ahnell & Partner Revisionsbyrå Aktiv Revision I Gavle AB Baker Tilly Ahlgren & Co Baker Tilly Asplunds AB Baker Tilly Guide Baker Tilly Halmstad KB Baker Tilly Helsingborg KB Baker Tilly Jönköping Baker Tilly Karnan Baker Tilly Mapema AB Baker Tilly MLT KB Baker Tilly Norköping Baker Tilly Saxos KB Baker Tilly SEK AB Baker Tilly Stint AB Baker Tilly Stockholm KB Baker Tilly Strömstad AB</p>	<p>Baker Tilly Swedrev Baker Tilly Sydost AB Baker Tilly Umeå AB Baker Tilly Uppsala AB Baker Tilly Örebro AB Baker Tilly Östra Värmland AB Carlstedt & Lindh AB Edlings Revisionsbyrå KB Ernströms Revisionsbyrå, AB GA Revision Mariestad AB Luminor Revision AB M. Sandbergs Redovisning & Revision AB Radek KB Solid Revision I Vimmerby AB Sporrong & Eriksson Revisionsbyrå AB YW Revision AB</p>



Appendices

Appendix 2 – Public Interest Companies

The Group issued audit reports on the financial statements of the following PIE's:

- CoinShares International Limited
- MAC Alpha Limited
- Marwyn Acquisition Company II Limited
- Marwyn Acquisition Company III Limited

The Group issued audit reports on the financial statements of the following AIM listed entities:

- 450 Plc
- AdvancedAdvT Limited



Appendices

Appendix 3 – Key Definitions & Abbreviations

Abbreviation	Description
ACCA	Association of Chartered Certified Accountants. The Group is a training office for ACCA students and/or has ACCA members.
BRA	Business Risk Assessment
BTCI	Baker Tilly Channel Islands Limited, a Jersey based company
BTI	Baker Tilly International
EQR	Engagement Quality Reviewer
FIU	Financial Intelligence Unit, which serves as a national centre for the receipt and analysis of Suspicious Activity Reports (SARs) and other information relevant to money laundering, associated predicate offences, financing of terrorism and proliferation financing.
GFSC	Guernsey Financial Services Commission, regulator of BTCI Audit for AML/CFT/CFP purposes
Global Focus	The Group's current audit methodology including any manuals and templates.
ICAS	Institute of Chartered Accountants of Scotland. The Group is a training office for ICAS students and/or has ICAS members.
JFSC	Jersey Financial Services Commission, regulator of BTCI for AML/CFT/CFP purposes
MLRO/MLCO	Money Laundering Reporting Officer/Money Laundering Compliance Officer



Ewan Spraggon
Managing Director