



Transparency Report 2019

Audit / Tax / Advisory / Risk

Smart decisions. Lasting value.

Foreword

At Crowe, quality remains at the heart of our strategic focus as we continue to grow in a profitable and sustainable manner, investing for the future in our people, technology, skills and services, to meet the needs of our clients in an ever changing market.



In June 2018 we changed our name to Crowe as part of our international network's rebrand to Crowe Global. Coming together under one global brand has enhanced our recognition as a leading firm that provides an increasingly integrated and seamless service to our clients wherever they choose to operate.

Against the backdrop of significant scrutiny on our profession over the last 12 months and specifically audit, the year to 31 March 2019 was another year of growth for Crowe UK in terms of revenue, profit and people.

This is a reflection of significant hard work by our dedicated teams with focus on quality and client service across our firm.

At Crowe, we believe passionately in the value of audit and its importance to every sector of the UK economy. Our audit business grew by 10% on the previous year and has increased by nearly a third over the last five years. At the end of March we had 370 people involved in audit work, approximately 40% of our total head count.

We continue to lead in our core audit markets.

While we audit many SMEs and larger private entities, all pivotal to a vibrant UK economy, our expertise goes much wider. We are recognised as auditors to listed companies, ranked as ninth by total number of stock market clients in the Corporate Advisers Rankings Guide in May 2019. We are also delighted that our Non Profits Team have retained their place as leading auditor to charities for the 11th consecutive year. Our Pensions Audit Group also continues to grow its strong reputation and client base.

However, we are not complacent about the need to not only maintain but continue to improve audit quality. To achieve this we recognise the need for investment in our people and technology.

With the spotlight on our profession, we have continued to participate actively in the current reviews and consultations around the UK audit market. Crowe recognises change is needed if the profession is to rebuild public trust in audit. We have broadly welcomed and supported the recommendations that have resulted from the Kingman Review of the Financial Reporting Council, the Future of Audit Enquiry conducted by the BEIS Committee and the Competitions and Markets Authority study into the statutory audit market.

At Crowe, we believe an environment of transparent financial reporting, high quality audit, and strong and effective regulation is essential for the success of the UK economy.

Given the continuing political, economic and regulatory uncertainty, we are at a pivotal moment for audit and the profession. As Chief Executive of Crowe I am focused on ensuring that the quality of our audits, and indeed all our service lines, is at the highest possible level to ensure that the firm is well-placed to assess opportunities and to provide a first class service to both our current and future clients.

We believe Crowe, with our globally focused outlook, has a strong foundation as a leading firm of today and in the future.



A handwritten signature in black ink that reads "Nigel Bostock".

Nigel Bostock, Chief Executive
for and on behalf of Crowe U.K. LLP

31 July 2019

Our firm

We are a leading audit, tax, advisory and risk firm and the UK member firm of Crowe Global.

Crowe U.K. LLP is a limited liability partnership registered in England and Wales.¹

The firm provides a full range of assurance, tax, advisory and risk services and operates from eight offices across England. Some of those services are provided through our wholly-owned subsidiaries, Crowe (London) Limited² and Crowe Financial Planning UK Limited.³

We are the UK member firm of Crowe Global, the eighth largest international accounting network in the world. Further details about Crowe Global can be found on page 6.

Associations

We are the founding member of Accelerate (formerly known as HCWA), an association of independent accountancy practices providing business support, including technical and training resources, to its members. Accelerate is not a network within the meaning of the Financial Reporting Council's (FRC's) Ethical Standard.

Governance and management

We are owned and governed, ultimately, by our members, which comprise senior equity and equity partners. There are full partner meetings at least twice each year. At 31 March 2019, there were 83 partners in total.

The Executive Team meets approximately monthly. The Supervisory Board normally meets quarterly and also meets with the Executive Team at least five times a year. The Chairman of the Supervisory Board and the Chief Executive meet regularly outside of the normal pattern of meetings.

The Chief Executive appoints a number of management positions and other key roles relating to risk and compliance, each of which plays an important part in promoting a culture of quality and ensuring strong leadership within our different practice areas. The Chief Executive meets regularly with each of them and they are invited to attend Executive Team meetings as appropriate.

¹ On 25 June 2018, it changed its name from Crowe Clark Whitehill LLP

² Crowe (London) Limited carried an audit registration until 24 June 2018

³ Prior to 25 June 2018, these companies' names were Crowe Clark Whitehill (London) Limited and Crowe Clark Whitehill Financial Planning Limited respectively

Supervisory Board



Chair
Louis Baker*

Elected by
All senior
equity partners

Term of office
Three years



London Member
Matthew Stallabrass**

Elected by
London senior
equity partners

Term of office
Three years



Regional Office Member
Helen Drew

Elected by
Regional senior
equity partners

Term of office
Three years

Executive Team



Chief Executive
Nigel Bostock

Appointed by
Supervisory Board



**London Office
Managing Partner**
Peter Varley

Appointed by
Chief Executive



**Regional Office
Managing Partner**
Mark Anderson***

Appointed by
Chief Executive



Finance Partner
Jaki Mitchell

Appointed by
Chief Executive



**Other Appointed
Member**
Tina Allison

Appointed by
Chief Executive

No member of the Executive Team has a fixed term of office.

* Until 11 July 2019

** On 11 July 2019, Matthew Stallabrass was elected to serve as Chair of the Supervisory Board for a three year term. At the date of publication, nominations are being taken for the position of the London Member of the Supervisory Board

*** Mark Anderson was on the Executive Team as an 'other appointed member' prior to taking the role of Regional Office Management Partner, replacing Johnathan Dudley as at 2 May 2019

Crowe Global

We are the UK member of Crowe Global, an international network of independent audit, tax, advisory and risk firms.

Crowe Global is the world's eighth largest accounting network with more than 200 independent accounting and advisory firms in 130 countries. Our leaders work with governments, regulatory bodies and industry groups to shape the future of the profession worldwide and provide lasting value to clients undertaking international projects.

Legal and constitutional structure

Crowe Global is an international network of separate and independently owned accounting and consulting firms that are licensed to use the 'Crowe' brand in connection with the provision of professional services to their clients.

Crowe Global is commercially organised under the laws of Switzerland as a Verein (Association) and is a non-practicing entity, and does not provide professional services in its own right.

Crowe Global is owned by its member firms. It operates through a wholly owned subsidiary incorporated under the laws of the State of New York in the United States of America (US) where it is headquartered.

Crowe Global is considered a 'network' as defined under the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA) and by virtue of its membership of the Forum of Firms.



Leadership, governance and management

The Board of Directors ('Board') is responsible for the governance of Crowe Global. The Board is charged with overseeing the activities of the network, including setting strategy and policy. With the exception of the Chief Executive Officer, the Board is made up of individuals representing member firms in Crowe Global. The UK firm takes an active role in shaping the future of the network and its Chief Executive sits on the Global Board.

The Management Committee operates according to the responsibilities and authority that is delegated to it by the Board and oversees the daily management of the network's operations. It consists of the Chief Executive Officer, Chief Operating Officer, Regional Executives, the International Accounting and Audit Director and International Tax Director.

Network committees are chaired by partners in member firms. Partners and employees in the UK take an active part in these committees.

Steve Gale, Head of Audit, sits on the Global Accounting and Audit Committee and Peter Varley, Head of Corporate Finance, chairs the Global Corporate Advisors' Committee. In addition, partners in the firm also participate in training and other events, both as attendees and as presenters.

Audit

Crowe Global produces its own Transparency Report, the latest of which covers the year to 31 December 2017 and is available from the Crowe Global website (www.crowe.com/global).

A list of member firms that provide audit services and their countries can be found on page 32.

The revenue from audit services provided by network audit firms was USD 2.0 billion in the year to 31 December 2018.

Quality and excellence

This is at the heart of everything we do and we recognise the particular importance of quality within the audit practice.

A commitment to quality

The Chief Executive has appointed a Head of Audit and Head of Tax who are focused on ensuring the firm delivers a consistently high quality service in these two core practice areas.

Our leadership recognises the importance of setting the tone for quality from the top and are committed to doing so. All of the current members of the Executive Team have the audit qualification, as do the majority of members of the Supervisory Board.

We have five strategic sectors and with the exception of Private Clients, audit is a core service offering in each of these.

We act for major businesses in all our audit sectors. We have more than 50 listed audit clients across a range of markets, some of the largest of the UK's non profit entities and pension funds connected to some of the UK's largest businesses.

We have senior audit partners leading teams in our core audit markets.



Head of Audit
Steve Gale



Head of Tax
Jane Mackay



Head of Non Profits
Naziar Hashemi



Head of Pension Funds
Andrew Penketh



Head of London Corporates
Stephen Bullock







Risk Partner
Shona Harvie

Risk and compliance

The Chief Executive considers risk at all levels: strategic, professional, reputational, operational and financial. The Risk Management Partner works in consultation with all areas of the business to develop appropriate risk management policies and procedures that respond to the professional, reputational and operational risks. These policies and procedures are included in the Risk Manual, which is provided to all our people through our intranet.

A number of partners are appointed to roles to ensure this is achieved. They include:

- Audit Compliance Principal
- Ethics Partner
- Quality Assurance Partner
- Risk Partner
- Financial Services Compliance Partner
- Money Laundering Reporting Officer.

It is also the role of the Chief Executive to ensure that appropriate policies and procedures are in place, that all work carried out by the firm, including audit assignments, is conducted to a satisfactory standard and that the firm complies with its regulatory responsibilities.

Within the regulated area of audit, we conduct a regular review of the requirements of International Standard of Quality Control (UK) 1 (ISQC 1) and ensure that the firm has appropriate policies and procedures to provide a strong and stable quality control environment.

The Chief Executive considers the internal quality control processes that the firm has in place in respect of audit work and is satisfied that they are appropriate and effective.

Client acceptance and continuance

We recognise the importance of assessing risk when taking on clients for the first time and on an ongoing basis.

All decisions to engage clients that are of higher risk, or to perform services that are of higher risk, are approved by an acceptance committee. An acceptance committee comprises a minimum of two partners from a pre-determined pool. One member must be from the Executive Team.

Deciding whether or not it is appropriate to continue an audit appointment is embedded within the audit methodology. If the risk profile of a client changes to a significant degree, the client acceptance procedure is invoked; this may include the acceptance committee.

The Chief Executive considers risk at all levels: strategic, professional, reputational, operational and financial



Ethics Partner
Matthew Stallabrass

Independence and ethics

We are committed to acting with the highest standards of integrity and in accordance with the Code of Ethics of the Institute of Chartered Accountants in England and Wales (ICAEW) and the Financial Reporting Council's (FRC's) Ethical Standard.

We do not permit any of our partners or employees to hold financial interests in audit clients. For non-audit clients, our policy is that partners and employees do not have a personal interest in clients of the firm but, where this does occur, perhaps because of historical family trusts, there are safeguards in place to ensure that objectivity is not compromised.

A list of prohibited investments is maintained and published on our intranet, which identifies all listed companies that we act for and whether they are audit clients. We also notify Crowe Global of our public interest entity (PIE) clients.

Conflict and independence checks are carried out on new and prospective clients according to independence



Our independence procedures are reviewed internally each year as part of our quality reviews. Following these reviews, the Ethics Partner will consider whether changes to our procedures are necessary and agree an action plan to address any such matters with the Audit Compliance Principal.

Our Ethics Manual sets out the firm's policies on ethical matters and is supplemented by additional guidance in the form of bulletins. Ethical matters are included in the training programme as appropriate.

Any partner or employee is required to notify the Ethics Partner immediately should any matters touching upon independence or ethical requirements arise.

All queries and notifications relating to ethics and independence are required to be logged in the ethics database, which is accessed through our intranet. The Ethics Partner's response to the matter is recorded here and communicated back.

In the event that breaches of ethical standards are identified, these are recorded and, where necessary, reported to the ICAEW or FRC as required. No such report was made in the year ended 31 March 2019.

requirements and the nature of the risk. If appropriate, for example for PIEs and multinational clients, these will extend to firms in the Crowe Global network.

All new partners and employees complete a statement of independence and confidentiality, which incorporates a 'fit and proper' form, on joining the firm. Each partner and employee also completes a similar form on an annual basis. Any declarations on those forms that may indicate an issue regarding independence are reviewed and, where appropriate, suitable action is taken. The forms for all the partners are reviewed by the Audit Compliance Principal.

Additionally, where we use subcontractors for audit purposes, we carry out appropriate checks on independence and competence.

Partners are also required to notify the compliance team of all instances where they hold directorships or similar offices outside of the firm's normal business.



Audit Compliance Principal

Steve Gale

We continually evolve our audit methodology and our use of software to reflect changes in auditing standards, best practice, regulatory observations and FRC thematic reviews.

Audit methodology and technology

We have our own bespoke audit methodology which is run through a commercially-sourced software platform. Our approach is tailored to deal with the special requirements of the firm's strategic sectors that include corporate businesses and professional practices, non profit entities and pension schemes.

Other assurance work is carried out using either internally developed programmes and guidance or commercially available materials.

Our audit approach and methodology is developed and supported by the National Accounting and Audit Technical Department who provide supporting materials and guidance which are distributed by email to audit personnel, maintained on a dedicated page within our intranet, and also provided through the audit software so that it is available even when offline.

The teams in specialist areas such as listed companies, non profits and pension schemes develop and distribute additional, sector-specific guidance as required.

Our audit work programmes include compulsory elements dedicated to ethical requirements to ensure that these areas are considered at set stages on all audit engagements.

During the year we have piloted the use of a data handling and data analytics solution with a third party supplier and are analysing the results and developing the pilot further in the current year.

We have a dedicated internal team responsible for the maintenance and development of the audit software, which includes providing a helpdesk for audit teams.

Audit files are maintained in a cloud environment, enabling efficient and effective working for audit teams. All laptops have hard-drive encryption and we provide encrypted USB drives to assist with the secure transfer of client data. We also have a secure portal through which the firm and clients can exchange information securely.

The policy in place for the completion of audit files is in line with the requirements of ISQC 1.

A professional photograph of a man and a woman in a modern office environment. The woman, on the left, has dark curly hair and is wearing a black blazer over a white and black striped top, with a red necklace. She is looking down at a white tablet device. The man, on the right, has light brown hair and is wearing a light blue button-down shirt under a dark blue blazer. He is also looking down at the same tablet. They are positioned in front of a large window that looks out onto a city street at night, with blurred lights and a Christmas tree visible. The interior has a modern, minimalist design with a large, illuminated, geometric light fixture.

“Our audit approach and methodology
is developed and supported by
the National Accounting and
Audit Technical Department.”

The right people with the right skills

At 31 March 2019, there were 41 partners who were Responsible Individuals (RIs) for audit purposes. In the year, there was one RI who was not a partner.

We recognise that a core element of audit quality is to have the right people with the right skills on the right assignments and our policies and procedures are designed to meet that objective.

It is particularly important that the Audit Engagement Partner and Engagement Quality Control Review (EQCR) Partner, if applicable, have the appropriate knowledge, skills and experience to carry out their roles on each individual assignment.

One way we do this is through an 'accreditation' system whereby certain audit assignments require either a partner or manager (or both) to be a designated specialist in order to act for those clients. Accreditations exist for the audits of listed companies, non profit entities and pension schemes.

We run specialist courses or conferences for these accredited areas, each of which contain sector-specific accounting and audit training.



The audit partners and managers select the most appropriate people for the team. During the audit, procedures are in place to supervise, provide on the job training, and appraise the team members during and after the execution of the audit.

Our employment levels are monitored continuously, both nationally and at an office level. There is a national staff planning tool to assist partners and managers to ensure that audit assignments have the appropriate level of staffing in terms of experience and available personnel.

Safeguarding independence

We have policies and processes to ensure that the firm complies with the requirements of legislation and regulations around the length of engagement as statutory auditor of PIEs. We also ensure that there is rotation of audit partners and senior members of the audit team when required by the FRC's Ethical Standard and that the threat of a loss of independence due to long association with any audit client is considered at the appropriate time.

We do not have a mandatory rotation period for audit partners on clients other than listed companies and PIEs.

Where a long association threat is identified, the Ethics Partner will consider whether any safeguards put in place are sufficient or, if no satisfactory safeguards are available, will require that there is a change to the audit team. Safeguards that are available include the appointment of an EQCR partner.

The rotation of audit engagement partners and EQCR partners on PIEs and listed companies is monitored by the Audit Compliance Principal.

Engagement quality control reviews

An EQCR partner is appointed when required by auditing standards and our own internal guidelines. The EQCR Partner is appointed by the Audit Compliance Principal (ACP) or, where the ACP is the engagement partner, the Ethics Partner.

There are schedules in our audit work programme covering the responsibilities and conclusions of the EQCR Partner. We have policies and procedures in the event there is a difference of opinion between the Audit Engagement Partner and the EQCR Partner.



National People Director
Tony White

People and development

There are training and development policies for all people with a variety of programmes delivered and tailored to every individual's level of experience.

Our audit trainees participate in the firm's own development programme (Engage) which has a number of modules that run throughout the course of their training. These courses combine technical auditing training, including elements that are bespoke to specialist areas, together with appropriate 'soft skills' training, such as the exercise of scepticism, time management, dealing with people and to meet the needs of their client portfolio.

Our audit trainees study through Level 4 or 7 ICAEW apprenticeship programmes, developing professional knowledge, skills and behaviours, as well as technical know-how, through formal learning and practical on the job work experience.

We run two accounting and audit update courses each year, in addition to specialist training courses. Attendance at the accounting and update courses as well as relevant specialist training is mandatory for all audit partners and audit personnel not in training contracts.

These courses include training on new or revised standards, as well as matters impacting quality that have been identified through audit quality inspections including our internal Quality Assurance Reviews. Courses combine a mixture of lecture-style sessions with a significant element of a 'workshop' style where attendees are encouraged to discuss and work through practical examples and scenarios.



We run specialist courses for listed companies, non profits and pension schemes. We also hold periodic training on US GAAP and audit rules in the US for the partners who have been authorised by the firm to deal with 'significant role' engagements for companies listed in the US.

There is a Management Development Programme for those at manager level and above across all areas of the firm's operations. This training course, developed in partnership with the ICAEW, continued to run and in the current year completed its 14th cohort.

In recent years we have undertaken our people engagement survey, 'YouCount', and our third survey will take place in Autumn 2019. In the last survey conducted at the end of 2017, the participation rate was just under 85%.

We use the results of the YouCount survey to identify if there are any issues that we believe impact on audit quality.

The Chief Executive, Executive Team, Head of Audit and the National People Director review and analyse results to determine what actions may be appropriate in response.

The charts opposite set out the responses from the last YouCount survey that we believe are the most relevant to assessing audit quality.

I believe that the firm conducts its business activities with honesty and integrity.

● % Agree ● % Neutral ● % Disagree

Audit team



Whole firm



I am clear about what is expected of me in my role.

Audit team



Whole firm



I have received the training I need to perform the job I'm doing.

Audit team



Whole firm



The firm provides the resources necessary for me to work effectively.

Audit team



Whole firm



I have access to the training/development I need to develop my career in the firm.

Audit team



Whole firm



I have sufficient time, support and training to carry out my work to the highest quality.

Audit team



Whole firm



Appraisals

Everyone in the firm, from the Chief Executive through to all employees at all levels, takes part in a formal annual appraisal which reflects on the achievement of objectives and set targets for the future.

All audit personnel (partners and employees) have objectives relating to audit quality.

As part of their annual appraisal process, audit partners receive an 'audit quality indicator' report, which is also sent to their appraiser. This report includes details of:

- the results of any internal or external quality reviews undertaken in the year
- their attendance record at required training courses
- any other matters that impact audit quality such as complaints, breaches of ethical standards or adverse regulatory findings.

Those who are appraising non-audit partners are made aware of any issues that have impacted on audit quality, such as ethics and independence.

Partners and client-facing employees are required to assess their continuing professional development during their annual appraisal. They reflect on their role and identify the learning and education they need to complete, to ensure they remain competent to carry out that role.

How we protect data

We have policies, processes and IT security in place to safeguard personal data and to comply with the requirements of the GDPR. This includes having Cyber Essentials Plus, which is a UK government approved scheme, and the Data Protection Officer/General Counsel and the National Technology Director providing mandatory training to all people.

All audit personnel have objectives relating to audit quality



Monitoring quality

We are subject to a comprehensive programme of quality assurance reviews from both external and internal sources.

External

FRC Audit Quality Review team	ICAEW Quality Assurance Department	PCAOB
Frequency of inspection Three-yearly	Frequency of inspection Annual, with alternate full and interim scope inspections (subject to the approval of the Audit Registration Committee)	Frequency of inspection No set frequency
Report concluded within the period of this Transparency Report No	Report concluded within the period of this Transparency Report Yes	Report concluded within the period of this Transparency Report No
Last completed inspection 2014–2015	Last completed full inspection 2018	Last completed inspection 2013

Internal

National Quality Department	Crowe Global
Frequency of inspection Annual	Frequency of inspection Three-yearly
Report concluded within the period of this Transparency Report Yes	Report concluded within the period of this Transparency Report Yes
Last completed inspection 2018	Last completed inspection 2018

Regulation and external audit inspection

We audit entities that qualify as PIEs and, accordingly, come under the oversight of the Audit Quality Review team (AQRt) at the FRC. The AQRt is responsible for the review of the 'whole of firm' procedures as well as audits of PIEs and other audits within its remit.

Over the course of the last year, the ACRt has been carrying out its review of the firm, including two file reviews. As at the date of publication of this report, we have not yet received the final inspection report.

The Quality Assurance Department (QAD) of the ICAEW conducts annual inspections in respect of audit work not covered by the AQRt. The QAD also conducts annual Practice Assurance inspections. Practice Assurance is the ICAEW's process of monitoring and improving quality standards in member firms across the UK and covers the non-regulated part of our business, which includes tax and advisory services.

We are registered with the Public Company Accounting Oversight Board (PCAOB) in the US. We do not conduct audits of companies listed on US markets but do audit some group components of such companies. As a result, the firm comes within the remit of the PCAOB for audit inspection where the size and nature of that component means that the firm has a 'substantial role' on the audit of a US listed company.



The QAD's report from its 2018 visit was issued to the firm in October 2018, which covered file reviews conducted in the earlier part of that year. In the graph below we set out the results of the file reviews from our most recent file inspections by the QAD compared to the averages published by the QAD for those monitoring years.

Satisfactory or acceptable



In 2018 we had two files (20% of the sample) that required improvement (2016: no files). We did not have any files that required significant improvement in either year.

Source: [ICAEW: Audit Monitoring 2019](#) & [ICAEW: Audit Monitoring 2017](#)



Internal Quality Assurance Reviews

We carry out annual Quality Assurance Reviews (QAR), led by the Quality Assurance Partner and run by the National Quality Assurance Director (who is an audit RI).

At the conclusion of the reviews, the Quality Assurance Partner produces formal reports to the Chief Executive with a specific report on audit. Separate reports are produced on non-audit areas and the handling of clients' money. The QARs are conducted under carefully defined procedures.

The results of QARs are reflected in partners' annual appraisals and, for audit partners, will be reflected in their Audit Quality Indicator Report.

The audit QAR programme includes both reviews of individual audit files and whole firm procedures, including independence and ethical matters. The review also includes monitoring progress on delivering action plans agreed with its external reviewers.

The selection of audit files to be reviewed in any one year is based partly on the rotational selection of RIs plus a sample of higher risk audit assignments.

File reviews are carried out using a bespoke programme. Where audits are in a specialised sector, the reviewer is also required to have the appropriate skills and experience to carry out the review. Files are graded using a scoring system designed to mirror as far as possible the system used by the AQRT and the QAD.



QAR results

Key Performance Indicator (KPI)	2018	2017	2016	2015
Proportion of files scoring 1 or 2A should be at least 50%	69.0%	70.0%	63.6%	54.2%
KPI achieved?	Yes	Yes	Yes	Yes
Increase/(decrease) in proportion of files scoring 1 or 2A	(1.0%)	6.4%	9.4%	(9.8%)
KPI achieved?	No	Yes	Yes	No
Files graded as 3?	No	Yes	Yes	Yes
KPI achieved?	Yes	No	No	No

Internal Quality Assurance Review grades and descriptions

Grades and descriptions used to date

-  File was of a good standard.
-  File was of an acceptable standard with limited improvements required.
-  File was of an acceptable standard overall with improvements required.
-  File was below an acceptable standard.

Future grades and descriptions

-  Good.
-  Acceptable with limited improvements required.
-  Improvements required.
-  Significant improvements required.

Internal Quality Assurance Review Key Performance Indicators

Current KPIs	Future KPIs
1 The proportion of files scoring 1 or 2A should be at least 50%.	→ 1 The proportion of files scoring 1 or 2A should be at least 75%.
2 The proportion of files scoring 1 or 2A should increase from the previous review.	→ 2 The proportion of files scoring 1 or 2A should not decrease from the previous review.
3 There should be no files graded as a 3.	→ 3 There should be no files graded as a 3.

In the 2018 review no file was graded as a '3' (2017: one file). Whenever a file scores 3, there is careful consideration of the circumstances to determine whether this indicates that the audit opinion was inappropriate or that it is indicative of a systemic failure within the audit methodology. Neither of these factors were identified with respect to any of the files that have scored 3 in the reviews shown on page 26.

The Audit Compliance Partner is required to develop an action plan to address the issues raised by the QAR. This action plan is incorporated in the final report to the Chief Executive. The Chief Executive distributes the final report to all partners and RIs.

After the conclusion of the 2018 process, the firm has decided to redefine the description to its scoring system so that it is more in line with those of the external regulators.

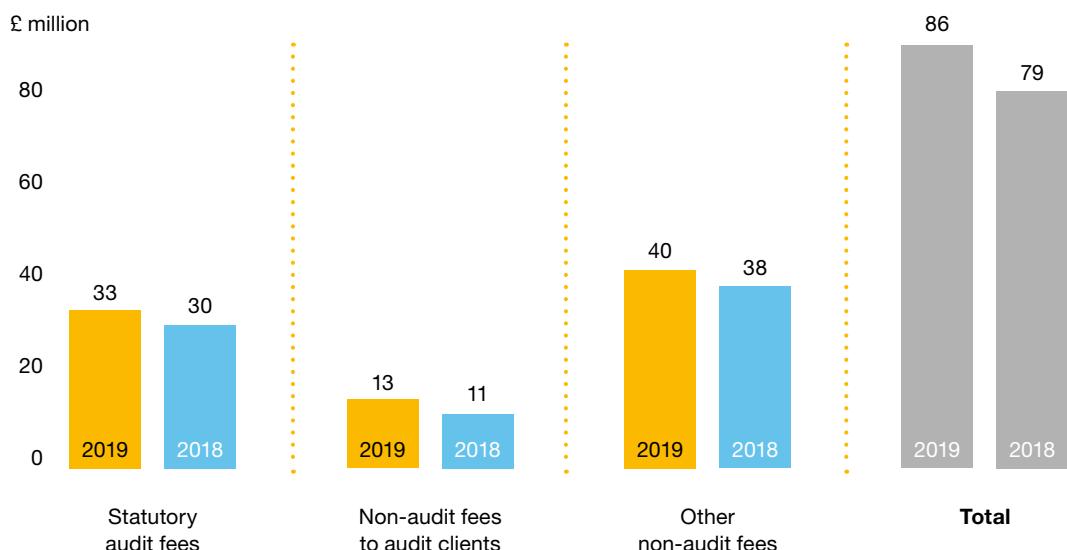
External investigations and enquiries

We do not have any matters currently under investigation by the FRC. There is one audit enquiry currently in progress with another regulator.

There have been no adverse regulatory findings against the firm since the publication of the last Transparency Report.

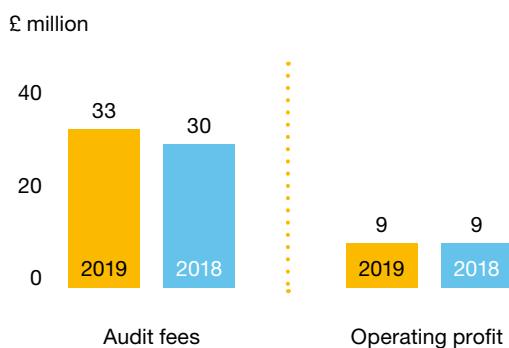
Financial information

Analysis of fee income



Statutory audit fees in 2019 includes £0.1 million (2018 £0.3 million) in respect of PIEs or entities within PIE groups.

Audit profitability



Operating profit is calculated after charging direct employee costs and allocating other overheads (such as space costs, IT and general practice costs) proportionate to employee costs.

How our partners share profits

Partners are remunerated solely out of the profits of the firm. Each partner receives an initial allocation that is paid monthly through the year. The remaining profit is split into pools, which represent a return on their investment in the firm, an element to reward their performance with the final element being shared on a points basis. Performance allocations are determined by a remuneration committee and reflect the results of partner appraisals.

No element of the partner or employee remuneration is related directly to the selling of non-audit services to audit clients.

Where there are quality failures, the Chief Executive together with the Executive Team and Supervisory Board, will determine whether a fine should be levied on a partner. A quality failure may be evidenced by a number of factors including an adverse regulatory finding, a complaint or claim by a client or a file being given the lowest grade in an external or internal quality review inspection.

This system applies to all partners.



Major audits

The table below lists the entities we audit who were PIEs or otherwise listed on a recognised exchange, together with major non profits and pension schemes, where we carried out audit work in the year ended 31 March 2019.

AA Pension Scheme	DP Poland Plc
AB Dynamics Plc	Echo Energy Plc
Adamas Finance Asia Limited	Filta Group Holdings Plc
Adept Technology Group Plc	Fragrant Prosperity Holdings Limited
Alzheimer's Society	Grand Fortune High Grade Limited
Angelfish Investments Plc	General Medical Council
Anglo African Oil & Gas Plc	Hardy Oil and Gas Plc
Angus Energy Plc	HRC World Plc
Aquila Services Group plc*	Jangada Mines Plc
BAA Pension Scheme	Jarvis Securities Plc
Bank of England Pension Scheme	Katoro Gold Plc
BG Pension Scheme	Lafarge UK Pension Plan
Blencowe Resources Plc*	Learning Technologies Group Plc
CentralNIC Group Plc	Malvern International Plc
Challenger Acquisitions Limited	Master and Fellows of Oxford University*
Chapel Down Group Plc	Medicash Health Benefits Limited*
Christian Aid	Metal Tiger Plc
Civil Aviation Authority Pension Scheme	Miloc Group Limited
Cleantech Building Material Plc	Orient Telecoms Plc*
Contago Holdings Plc*	Pearson Group Pension Plan
Curzon Energy Plc*	Pelatro Plc
daVictus Plc	Phoenix Global Mining Limited
Destiny Pharma Plc	PHSC Plc
Diversified Gas and Oil Plc	PipeHawk Plc

Plexus Holdings Plc
Polarean Imaging Plc
Prime People Plc
Primeline Energy Holdings Inc
Progility Finco Limited
Quadrise Fuels International Plc
Royal Mencap Society
Royal National Lifeboat Institution
Royal Society for the Protection of Birds
Saffron Housing Finance plc*
Sightsavers International
SG Recruitment Limited
Smiths Industries Pension Scheme
Sound Energy Plc
Sunrise Resources Plc
Tertiary Minerals Plc
Turning Point
Upland Resources Limited
Valley International Mining Limited
Vast Resources Plc
Verditek Plc
Vertu Capital Limited
Water Intelligence Plc
Xerox Pension Scheme



* Entities that are Public Interest Entities within the meaning of the Statutory Auditors and Third Country Auditors Regulations 2016.

Crowe Global audit firms

The following firms within the Crowe Global network provide statutory audit services.

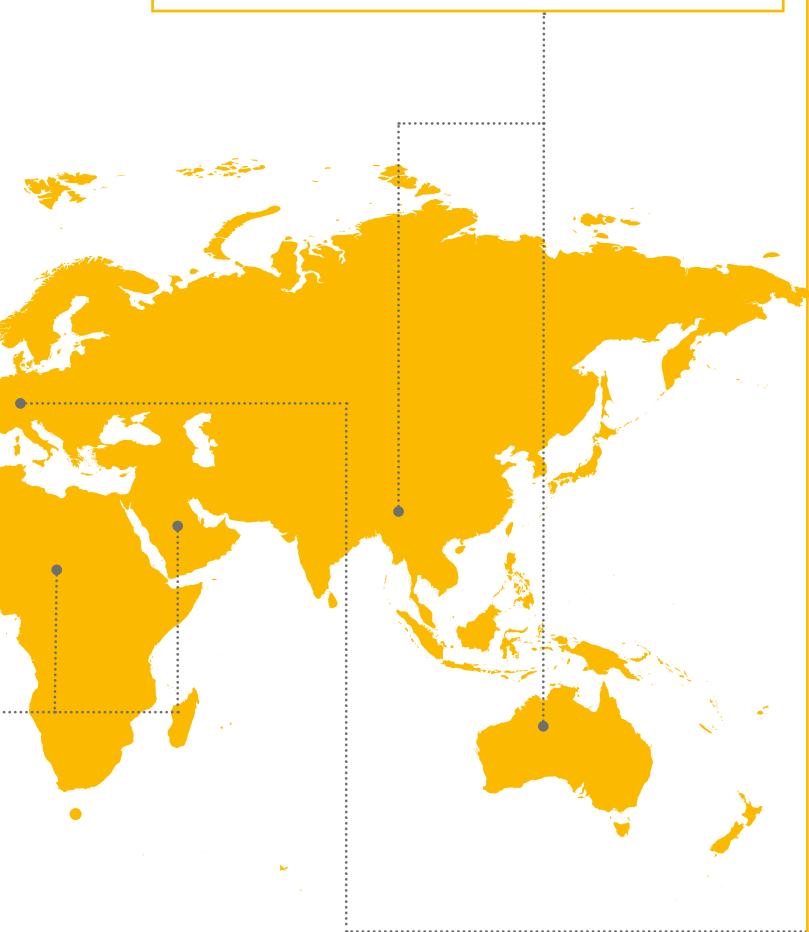
Americas

Argentina	Canepa, Kopec y Asociados Argentina
Barbados	Crowe BDS SRL
Bahamas	Crowe Bahamas
Belize	Horwath Belize LLP
Brazil	Crowe Consult Consultoria Empresarial
	Crowe Macro Auditoria e Consultoria Ltda.
Canada	Crowe Soberman LLP
	Crowe BGK LLP
	Crowe MacKay LLP
Cayman Islands	Crowe Horwath Cayman Limited
Chile	Crowe Auditores Consultores Ltda.
Colombia	Crowe CO S.A.S
Costa Rica	Crowe Horwath CR, S.A.
Curacao	ACC & Partners BV
Dominican Republic	Sotero, Peralta & Asociados
Ecuador	Crowe Ecuador
El Salvador	Integrity Auditing Group, Ltda. de C.V.
Guatemala	Vertice Financiero S.A.
Honduras	Horwath Central America
Jamaica	Crowe Dawgen Caribbean
Mexico	Gossler S.C.
Panama	Moreno & Moreno
Paraguay	J.C. Descalzo y Asociados
Peru	Roncal, D'Angelo y Asociados S. Civil de R.L.
Puerto Rico	Crowe PR PSC
Suriname	Crowe Burgos Accountants N.V.
United States	Crowe LLP
	TRUSTA
Uruguay	Stavros Moyal Y Asociados
Venezuela	SC Marquez Perdomo & Asociados

Middle East and Africa

Algeria	Cabinet D'Audit Hamza & Associes
Angola	HTW Auditores e Consultores LD
Bahrain	Crowe BH
Cameroon	Okalla Ahanda & Associes
Cote d'Ivoire	Uniconseil
Egypt	Crowe Dr. A.M. Hegazy & Co
Ghana	Veritas Associates
Israel	Ovadia Pick Kriheli And Co.
Kenya	Crowe Erastus & Co.
Kuwait	Horwath Al-Muhanna & Co.
Lebanon	Crowe LV Professional Services
Malawi	Crowe J&W
Mali	Inter Africaine d'Audit et d'Expertise
Mauritius	Crowe Horwath ATA
Morocco	Horwath Maroc Audit
Nigeria	Horwath Dafrinone
Oman	Crowe Mak Ghazali LLC
Qatar	Crowe Horwath Qatar
Saudi Arabia	Al-Azem & Al-Sudairy Certified Public Accountants
Senegal	Max Consulting Group
South Africa	Crowe JHB
	Crowe HZK
Tanzania	Crowe Tanzania
Tunisia	Crowe Horwath ACF
UAE	Crowe MAK
Uganda	Crowe AIA
Yemen	Crowe AHFAD
Zimbabwe	Crowe Chartered Accountants





Asia Pacific

Afghanistan	Crowe Afghanistan
Australia	Crowe Horwath Australasia Pty. Ltd.
China	Ruihua CPAs
Hong Kong	Crowe (HK) CPA Ltd.
India	V.P. Thacker & Co.
Indonesia	Kosasin Nurdyaman Mulyadi Tjahjo & Rekan
Japan	Crowe Toyo & Co.
Malaysia	Crowe Malaysia
Maldives	Crowe Horwath Maldives LLP
Nepal	BK Agrawal & Co
New Zealand	Crowe Horwath Australasia
Pakistan	Horwath Hussain Chaudhury & Co
Philippines	Ramon Garcia & Co. CPAs
Singapore	Crowe Horwath First Trust LLP
South Korea	Hanual LLC
Sri Lanka	Gajima & Co
Taiwan	Crowe Horwath (TW) CPA
Thailand	Crowe ANS
Vietnam	Crowe Vietnam Co., Ltd.

Europe

Albania	Crowe AL SHPK
Andorra	Crowe Alfa Capital
Austria	Crowe SOT
Azerbaijan	Crowe Baltic Caspian Audit LLC
Belgium	ABAK-Az Crowe Ltd.
Bulgaria	Callens, Pirenne & Co.
Croatia	Crowe Bulgaria Audit EOOD
Cyprus	Crowe Horwath Revizija d.o.o.
Czech Republic	Crowe Cyprus Limited
Denmark	Crowe Advertis
Estonia	Crowe Statsautoriseret Revisionsinteressentskab
Finland	CDNW Group Ltd.
France	DHS Oy Audit Partners
	Avvens
	Becouze
	Cifralex
	Cogefis Associés
	Dauge Fideliance
	Dupouy et Associés
	Ficorec
	Fideliance
	Fiduciaire des Mascareignes
	Fiduroc
	Gineste & Associés
	Groupe Rocard
	HAF Audit et Conseil
	RSA
	Sogec
Georgia	Crowe Horwath GE LLC
Germany	Dr. Kleeberg and Partners GmbH
	HSA Horwath
	Möhrle Happ Luther
	Wirtschaftsprüfungsgesellschaft mbH
	RWT Crowe GmbH Wirtschaftsprüfungsgesellschaft
	Steuerberatungsgesellschaft
Greece	Crowe SOL
Hungary	Crowe FST Consulting Kft
Ireland	Crowe Ireland
Isle of Man	Crowe Isle of Man LLC
Israel	Ovadia Pick Krikeli And Co.
Italy	Crowe Horwath AS
Kazakhstan	Crowe Kazakhstan
Latvia	Crowe DNW SIA
Lithuania	Crowe LT UAB
Luxembourg	C-CLERC SA
Malta	Horwath Malta
Netherlands	Crowe Foederer BV
	Crowe Peak BV
Norway	Vidi Revisjon
Poland	Crowe Advertis Accounting s.r.o.
Portugal	Horwath & Associados, SROC, Lda.
Romania	Boscolo & Partners Consulting
Russia	Crowe Expertiza LLC
	Crowe Russaudit LLC
Serbia	Crowe RS d.o.o
Slovakia	Crowe Advertis
Spain	Horwath Auditores España, S.L.
	Crowe Auditores España S.L.P
Sweden	Sydrevisioner Vast AB
	Kindberg Revision AB
	Sydrevisioner Aktiebolag
	Crowe Osborne AB
	Crowe Västerås AB
	Nyström & Partners Revision KB
	Crowe Tonnerviks Revision AB
	Tonnerviks Horwath Revision Skane AB
Switzerland	Crowe Berney SA
	Curator & Horwath
	Alfa Treuhand- und Revisions AG
Tajikistan	Crowe ACG
Turkey	Crowe Horwath Olu Bagimsiz Denetim ve YMM A.S.
	Crowe HSY AB
	Kavram Bağımsız Denetim ve Danışmanlık A.S.
Ukraine	Crowe Horwath AC Ukraine
United Kingdom	Crowe U.K. LLP



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Crowe UK is a national audit, tax, advisory and risk firm with global reach and local expertise. We are an independent member of Crowe Global, the eighth largest accounting network in the world. With exceptional knowledge of the business environment, our professionals share one commitment, to deliver excellence.

We are trusted by thousands of clients for our specialist advice, our ability to make smart decisions and our readiness to provide lasting value. Our broad technical expertise and deep market knowledge means we are well placed to offer insight and pragmatic advice to all the organisations and individuals with whom we work. Close working relationships are at the heart of our effective service delivery.

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