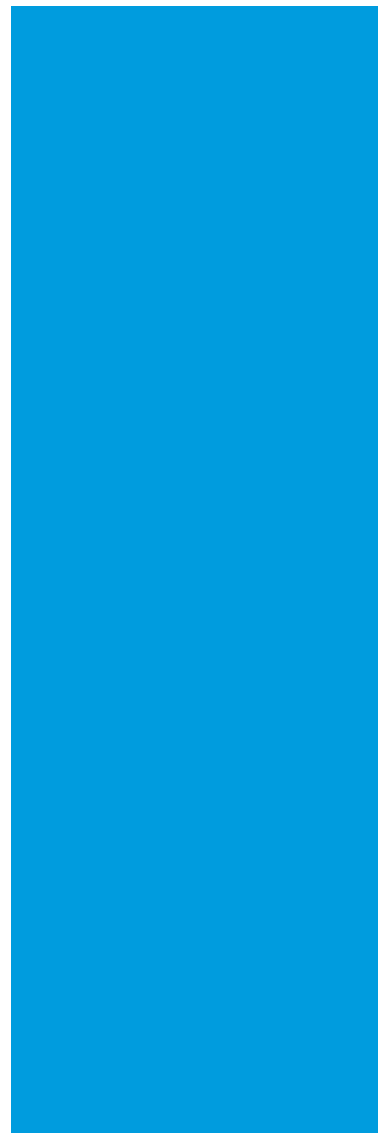


Transparency Report 2021





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Foreword

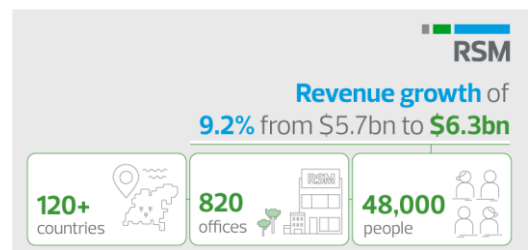
Welcome to the RSM Audit (Gibraltar) Limited 2021 Transparency Report.

Our report complies with the Gibraltar Financial Services Act 2019 and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities.

An audit firm is required to prepare an annual Transparency Report that meets the requirements of Article 13 of Regulation (EU) No 537/2014. This regulation is applicable for financial years beginning on or after 16 June 2016. Therefore, this would be our fifth year that we publish our transparency report on our website www.rsm.gi

This year is also our fifth anniversary with the RSM brand. We are delighted to form part of a strong and pioneering network. RSM operates as a 'unified, global brand', ensuring clients benefit from shared knowledge and best practice wherever they do business as well as being able to rely on quality local experience and understanding.

The Global RSM network has seen an increasing number of international, dynamic, middle market businesses choosing to work with RSM. We reported global revenues up from US\$5.7 billion to US\$6.3 billion for 2020, representing a 9.2% year-on-year growth at average exchange rates (9.5% at constant exchange rates). 12 new offices opened as global team numbers reach 48,000.



Twelve months of growth have been spearheaded primarily by an increase in consulting services (15%). This was driven by demand for management and business consulting, IT consulting and risk management, as RSM supported middle market business leaders in their response to the pandemic, the reorganisation of their business operations and the digitalisation of their infrastructure. Significant audit client wins in 2019 contributed to a 10% increase in audit revenue in 2020. Audit services were further enhanced through the launch of an innovative online collaboration tool to enhance client experience, enable efficiencies in audit, compliance and advisory services, as well as offering integrated data analytics capabilities.

In addition to investment in technology, we continue to invest in people. Our people are at the heart of our business and success. They are indeed the face of RSM and are responsible for delivering high audit quality. A number of auditors have been recruited this year at different levels.

The RSM service package offered to clients by our local practice is supported by other service lines offered by three associated firms with the aim to provide clients with a 'one stop shop' subject to any independence and / or ethical considerations.

Without doubt one cannot forget to mention how the worldwide pandemic has affected businesses and people. A year on, and there is much uncertainty on how the pandemic is going to pan out. We look at it from a positive angle and believe that RSM, and importantly our clients, would emerge as more robust and resilient businesses.

Our people not only have assisted clients through these challenging times but have supported the community. This generosity has been reflected in their participation in philanthropic activities and in providing pro-bono services to local charities, including Clubhouse Gibraltar, The Gibraltar Philharmonic Society and The Duke of Edinburgh International Award - Gibraltar.

RSM and the world are still faced with challenges but we remain focused on providing innovative, high quality services and solutions to clients by harnessing technology, effective communication, investment in people with a strong sense of community both by our local practice and the RSM Network itself.

Moe Cohen
CEO

Introduction from the Head of Audit

Audit and high-quality advice deliver value to our clients, clarity to stakeholders and continue to contribute to investor confidence in our becoming the leading advisor to the middle market.

Our Firm and the RSM network continue to embrace necessary changes in the forever changing market environment and the global pandemic impact. Although, the world economy is showing signs of recovery one has to remain cautiously confident and ensure that RSM continue to provide high-quality audits as the marketplace, client base and regulations continue to evolve.

Audit quality

We seek to achieve Audit Quality through the combination of:

The right people

We invest in people who are sceptical, ask questions, listen and respond using critical thinking and judgement. We also look to recruit new thinking into the team and increase the depth and breadth of our skills in key sectors.

Our partners and employees are all from former “Big 4” and top middle-sized firms and possess excellent technical knowledge and experience. Their commitment to quality and the motivation to achieve is passed on to the team on each and every assignment.

The majority of staff are professionally qualified accountants with the remaining undergoing their professional exams.

We have strong recruitment and promotion processes and audit quality criteria are considered in the appraisal and remuneration of both partners and staff.

This year we have recruited at all levels and continue to do so. We have also promoted a number of our staff so that people feel that they are rewarded for delivering high quality.

Attracting, retaining and developing talent is the single most important factor in the current marketplace where the Audit profession as a whole is suffering from a lack of capacity.



Robust audit process

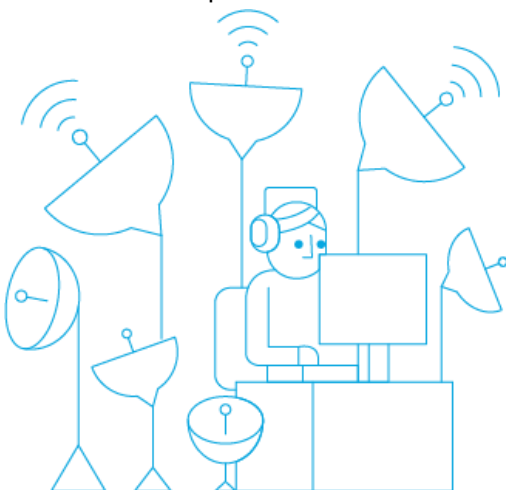
The audit process assists staff in producing quality audits which comply with the International Standards on Auditing. Our tools and methodology are in line with developments on these standards.

RSM Orb is our optimal risk-based audit methodology and is our Global audit solution, which not only comprises the methodology but also software and tools that:

- Is designed with a focus on the middle market
- Scales with client complexity to provide a robust, quality audit
- Adapts to differing circumstances and unique business risks
- Provides an efficient and innovative technology platform

RSM Orb enables us to develop a deeper understanding of businesses, providing critical insights now and for the future.

We have also invested in data analytics tools not only for obtaining audit evidence but also in risk analysis. Furthermore, we have invested in Info, a client audit management monitoring tool.



Ultimate responsibility for each engagement rests with the Responsible Individual (RI). We believe in working closely with our clients to offer them an exceptional level of client service.

For specialist audits, we ensure they are only undertaken by individuals with the requisite skills, experience and training. Where relevant, we work with experts to complement our teams in the areas of actuarial and other valuations, IT audit and cybersecurity.

We also have a FinTech dedicated team to advise on challenging accounting, taxation and auditing matters in relation to crypto-assets and related transactions.

Training and support

Investing in the training and development of our people is of utmost importance.

Following the outbreak of coronavirus, the training team converted classroom training courses to live online delivery. The improvements in learning technologies and delivery platforms such as Teams has resulted in organising training that can respond quickly to the needs of the business.

Our technical training and development team provides a core programme of audit and financial reporting training for all audit personnel to ensure they are up to speed on current regulations and standards and further training is provided according to partners and staff specific roles and areas of specialism. In addition, if any areas of development in audit delivery or process are identified, the team will design a course to address these at the earliest opportunity. This has been the case of the growing importance of the crypto market where training has been rolled out on accounting and auditing crypto assets. Recently, a specific training programme has been designed for insurance audits which will be rolled out shortly.

During the year we also delivered a programme of audit training that responded to regulatory feedback while also addressing common areas of challenge identified by the business and the impact of updated ISAs, IFRSs and FRSs.

One of the responsibilities of our centre of excellence formed by the Audit Management Team ("AMT") is to support audit teams in the delivery of the audit engagement by providing technical advice and opinions. This includes numerous informal consultations on audit and accounting matters.

Ethics materials are readily available and training is provided to staff at all levels, covering the external ethical obligations to which the Firm is subject. Partners and audit staff are apprised of the need to consult the Ethics team on any issue, particularly of interpretation, that they are unclear about.

The Firm provides funding and studying leave for training courses including for the members of staff who are undertaking their professional accounting qualifications.

RSM Gibraltar has the following accreditations:

- ACCA: Approved Employer – Platinum training status
- ICAEW: Approved Employer

We currently have 4 ACCA trainees and 1 ICAEW trainee.

Advisory services are also an integral part of RSM and training and development in this growing service line is key. At RSM we provide support for certifications in Internal Audit, IT Audit, Financial Analyst and Financial Forensics.

RSM International has introduced RSM Campus, an educational platform that offers a wide variety of courses for different needs which are available to all RSM staff.

Monitoring and feedback

Audit Quality Champions (“AQC’s”) are on the ground to ensure compliance with the Firm’s quality policies and procedures and to ensure quality is embedded in audit teams. On particular assignments, during the course of the audit, AQC’s conduct external quality control, second opinion and efficiency reviews.

The AQC’s carry out reviews of audit files and provide feedback to the Audit Management Team, setting out any current concerns as well as providing feedback about each staff member reviewed.

Tone at the top

In driving the audit service line, the Board, comprising the RIs, provides clear tone at the top which underpins the Firm’s cultural environment and corporate values. A sound ethical culture and ethical decision-making are significant contributors to the overall tone at the top of the firm and how it delivers professional services.

They create an environment where feedback from all stakeholders is considered, leading to improvements and enhancements where necessary in all areas of our business.

Effective tone starts at the top and moves down into middle-management and eventually to all other members of staff. In our current Firm’s Inspection, we sought feedback from our members of staff. We received excellent insight into the tone at the top, the recognition of audit quality, the importance of ethics and areas where we could improve.

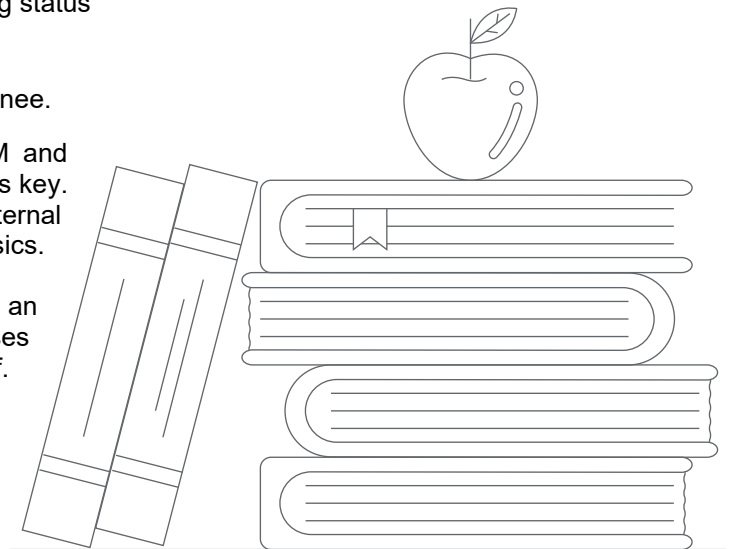
COVID-19

Gibraltar and the world have experienced the impact of the Covid-19 pandemic through various lockdowns and the enduring effects it is having on the economy and business’ practices. We are pleased to see clients that we service grow their business as they emerge more robust and resilient.

RSM has maintained a strong financial position during the pandemic shown by our results for the year. With an effective contingency plan and the infrastructure we had in place, members of staff were able to work remotely, ensuring deliverables were met without compromising quality.

Not only are we embracing technology more important than ever in these challenging times, we are also investing in people who are key to creating, maintaining and developing our high quality professional services. Our Firm’s culture is key to quality as we ensure we continue to deliver on our brand promise, The Power of Being Understood.

Chris Celecia
Head of Audit



RSM International

RSM is an international network of independent professional firms, formed in the early 1960s.

RSM Audit (Gibraltar) Limited is a member of RSM International, the sixth largest global network of independent audit, tax and consulting firms, as its Gibraltar member firm. As at January 2021, RSM comprises members and correspondents in over 120 countries with 820 offices, 48,000 total staff, and combined revenues of US\$6.3 billion.

Many RSM member firms are among the top seven in their respective countries and possess some of the best professional resources and experience available. The member firms have a broad client base, from large listed and international companies to smaller, owner-managed businesses in the public and private sectors. In addition to traditional assurance services, RSM possesses significant resources and experience in tax, transaction support, risk advisory, internal audit and corporate recovery and insolvency.

The power of being understood

RSM International exists to connect member firms through common methods and processes, including commonly agreed and applied quality standards. This connection provides comfort to RSM member firm partners and their clients that the quality of service and advice to referred clients will be to a consistently high standard – everywhere in the world.

We exist to empower our clients to make confident decisions. To achieve this, we focus around a single, clarifying thought – The power of being understood. This is the idea that sits at the heart of our brand and guides us in our decisions, behaviours, values and actions.

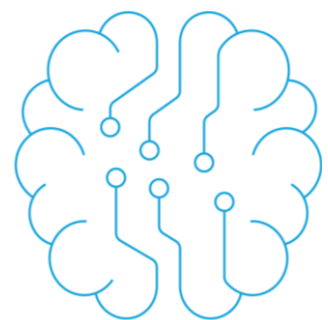
RSM International's vision is for its members to be the provider of choice to internationally active and growing organisations who are looking for audit, accounting, tax, advisory and specialist consulting services that will create lasting success and help them reach their goals.

The client commitment

From new trade rules to talent migration, from big data to cyber threats, new data security and privacy regulations, the world is changing at an unprecedented pace. But upheaval also means opportunity, if you're prepared.

In this fast-paced environment, the client needs an adviser that thinks ahead and rapidly responds to their changing needs. At RSM, we build strong relationships based on deep understanding of what matters most to our clients.

It is our strong, collaborative approach that differentiates us. We will strive to truly understand the client, their strategies and their aspirations and endeavour to be considered the adviser of choice to their business. By sharing the ideas and insights of our most senior professionals, we bring our expert local and global knowledge and resources to the client's environment, so one feels understood and empowered to move forward with confidence.



This is the power of being understood.

This is the RSM experience and our commitment to you.

Legal structure and ownership

RSM International Limited is a company limited by guarantee without share capital and is incorporated in England and Wales (company number 4040598) and whose registered office is at 50, Cannon Street, London, EC4N 6JJ.

RSM International Limited does not itself provide professional services to clients but acts as a member services organisation. Client services are delivered by the independent member firms of RSM International, each of which is a separate and independent legal entity. Member firms are not members of an international partnership or legal partners with each other. No single member is responsible for the services or actions of another member firm. Although all full member firms take the RSM name, there is no common ownership between these firms or ownership of them by RSM International Limited.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

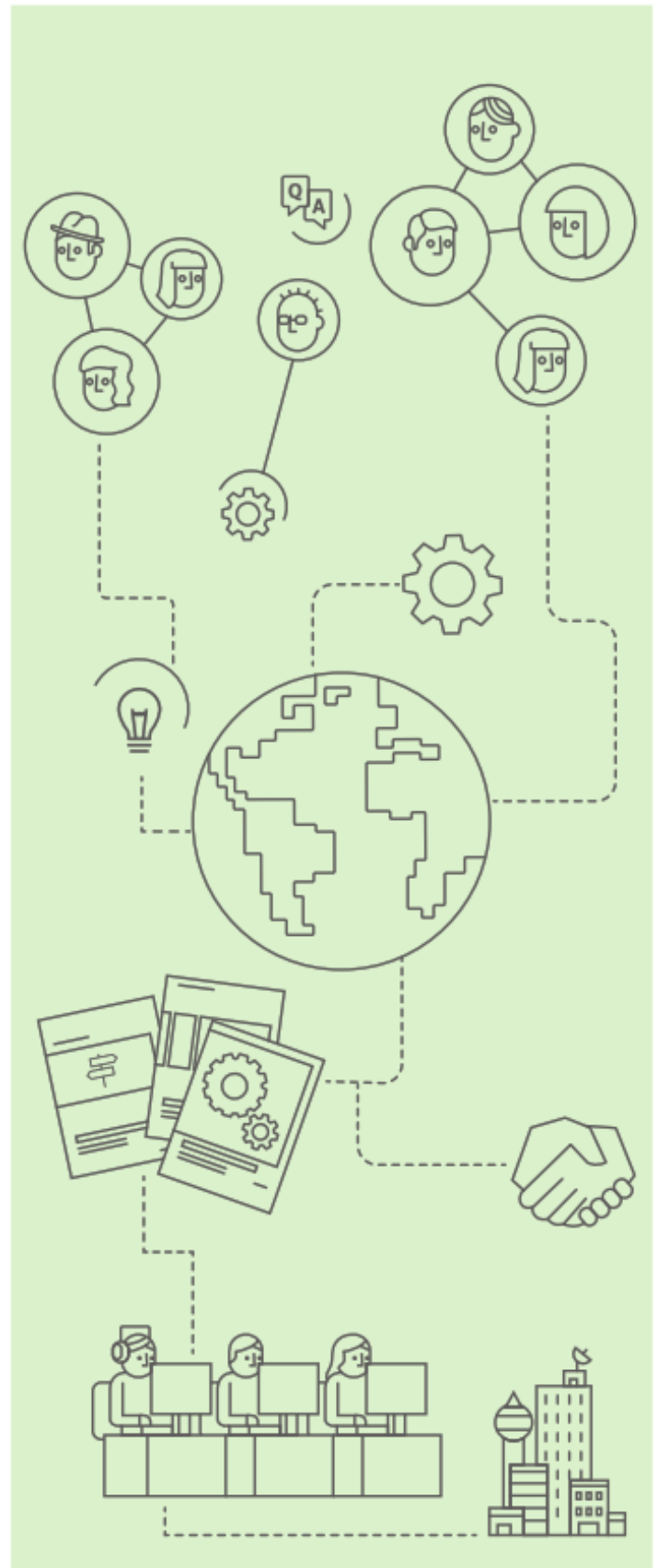
Requirements of member firms

RSM member firms agree to adopt and align with the following policies and procedures as a requirement of membership:

- RSM Orb Methodology;
- RSM Quality Assurance and Risk Containment Policies and Procedures;
- RSM Ethics and Independence Policies;
- RSM Anti-Bribery and Corruption Policies and Guidelines;
- RSM Assurance Services Training and CPD Policies;
- RSM Global and Member Firm Inspection Programme Policies and Guidelines; and
- RSM IT and Data Security Privacy Policies.

Funding

The cost of coordinating the RSM International network is funded by member firms. Each year the International Board of Directors approves the budget for the coming year. Substantially all budgeted income is derived from annual



membership fees paid by member firms. The fees for member firms are calculated on a sliding scale that takes into account a number of factors including the member firm revenues and their level of net referral fees.

Management and governance

The organisational structure of RSM International is aimed at executing the RSM strategy – The Power of Focus - and providing member firms with the platforms to develop business together in a high-quality manner. The structure also reflects the network's geographic coverage, ensuring representation from all key regions.

International board of directors

RSM International is an organisation with the infrastructure and resources needed to establish common standards and quality assurance programmes, as well as to facilitate effective management of transnational work by its member firms.

Governance of RSM International is comprised of representatives of member firms who form the International Board of Directors. Members of the Board, which comprises 13 Directors, are nominated by regional councils. The Directors elect a Chairman and appoint a Chief Executive Officer. The Board sets the international strategy of RSM International and acts in the interest of the network as a whole.

The current Chair of the International Board of Directors is Brian Eaton from RSM South Africa. The full time CEO is Jean Stephens who leads the Global Executive Office in London. The CEO has overall responsibility for leading on the execution of the network's strategy, and to develop and grow RSM for its Members.

Regional operation

The member firms of RSM International are organised into geographic regions for purposes of administrative and quality control programmes, as well as for coordination of cross-border or multinational team assignments.

Currently, the regions of RSM International are Africa, Asia-Pacific, Latin America, North America, Europe and Middle East/North Africa ("MENA").

The Africa, Asia Pacific, Latin America, Europe and MENA regions have a governance structure that takes the form of Regional Councils. Each council is comprised of the Managing Partners of each member firm within that region.

Regional Leaders are devoted to the development of the region and work with the member firms in that region on a daily basis.

RSM International's commitment to quality

Quality is the absolute cornerstone for RSM International and as such every member firm is required to meet a number of obligations in relation to quality. To ensure consistent practices and standards among member firms, RSM International has developed a number of global methodologies, policies and practices which are compliant with International Standards (where applicable). These have been developed by specialists and leaders at member firms and the RSM Executive Office, under the oversight of the RSM Transnational Assurance Services Executive Committee ("TASEC").

TASEC is formed of senior partners and other leaders from key member firms and is responsible for oversight of all quality-related technical policies and practices throughout the network. TASEC monitors compliance with such policies through internal and global inspection programmes, which monitor each firm's quality control. TASEC also evaluates due diligence reports on potential new member firms to ensure the highest quality standards are applied when admitting new member firms. The Committee reports their membership

recommendations to the Chief Executive Officer and the RSM International Board of Directors, including action plans for new member firms to achieve quality targets within agreed timescales.

Every member firm is required to conduct an internal inspection over the quality of services delivered and compliance with network policies and procedures as well as their own incremental policies and procedures each year. RSM International organises global observations of these inspections on a cyclical basis. If a firm's annual inspection or the cyclical global observations highlight significant non-compliance, a follow-up review is scheduled to check progress on issues raised. Significant non-compliance can result in a number of sanctions being imposed on the firm, including up to termination of the firm's membership in RSM International.

Quality is the bedrock and common foundation which allows us to develop and expand the range and depth of services offered to our growing client base.

RSM Financial Year 2020

GLOBAL HIGHLIGHTS



Revenue growth of
9.2% from \$5.7bn to

\$6.3bn



820
offices



120+ countries



48,000
people
internationally

KEY SERVICE LINE HIGHLIGHTS



15% growth in our
consulting services

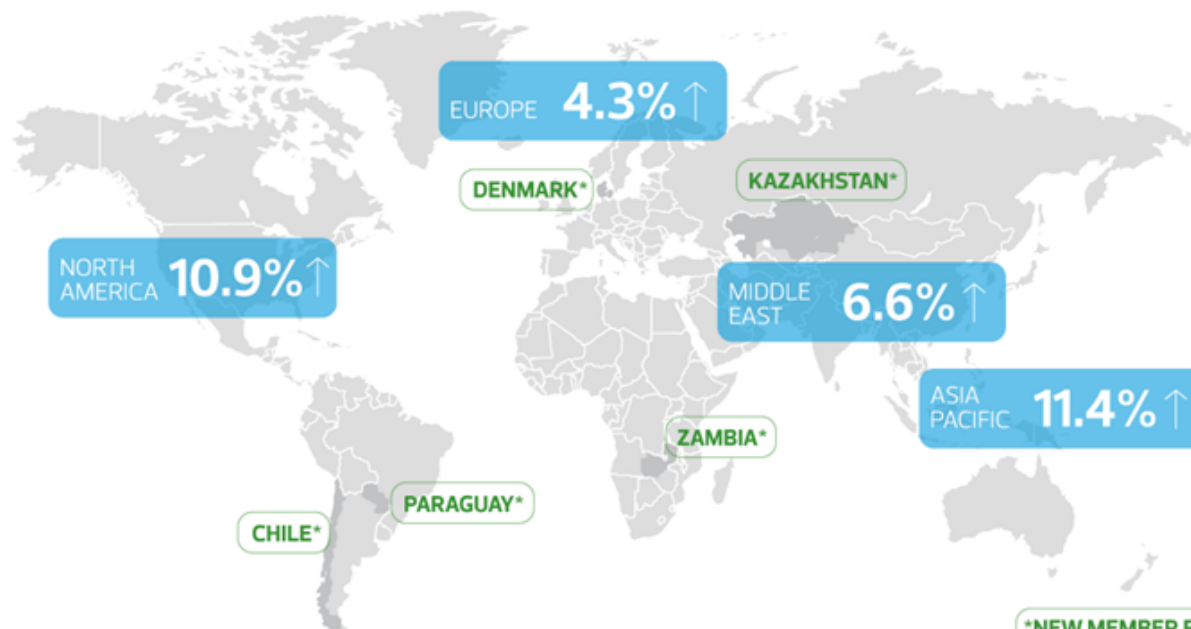


10% growth in
audit services



6% growth in our
tax services

REGIONAL HIGHLIGHTS



RSM Gibraltar

Having originally started in 2007 as Benady Cohen & Co and then having gone on to grow into one of Gibraltar’s leading professional services firms over the last ten years, RSM Gibraltar is committed to enabling clients through a greater understanding of what matters most to their business.

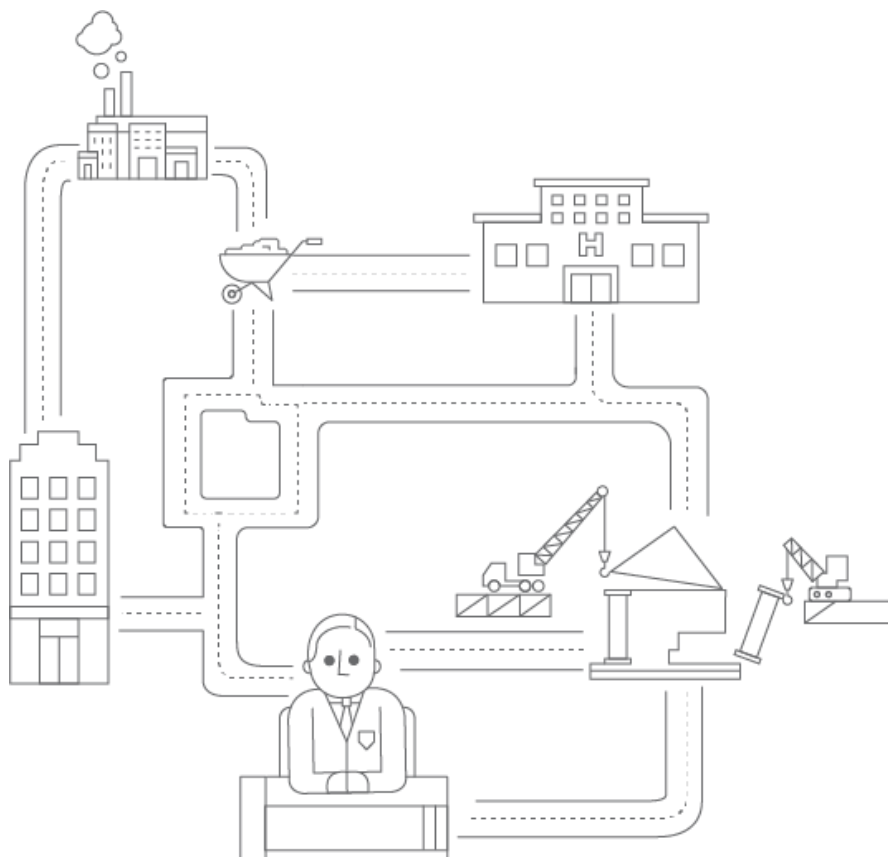
Legal structure

RSM Audit (Gibraltar) Limited (“the Company”) is a private limited company incorporated in Gibraltar on 14 June 2007 with registered number 98887.

Business structure

The principal place of business is situated at 21 Engineer Lane, Gibraltar. The principal service lines of the Company are Audit and Assurance, Risk Advisory, Financial Advisory and FinTech Advisory. The Company forms part of the RSM Gibraltar Group whose principal services lines are Tax, Accounting, Fund Administration, Insolvency, Payroll, Consulting and Trust & Company Management. RSM Gibraltar Group is owned by its shareholders who are the CEO and Managing Director. Audit and other professional and administrative staff are employed by RSM Gibraltar Limited. As at 30 June 2021, RSM Gibraltar had 52 members of staff (including directors, four of whom are RIs and form part of the Board of RSM Audit (Gibraltar) Limited) plus one consultant as assistant manager. In addition, the group employs three directors, two directors of RSM Fund Services (Gibraltar) Limited and a director of RSM Fiduciary (Gibraltar) Limited and its subsidiaries. All of these entities together with the audit firm are licensed by the Gibraltar Financial Services Commission (“GFSC”).

In addition to our considerable local knowledge, we draw on our international reach and scale to ensure clients stay at the forefront of the world’s best practices, technology and innovation within a rapidly changing global economy.



RSM values

RSM's business principles are founded on a culture of continuous improvement and a commitment to constantly exceed client expectations.

Underscoring our ideas-driven and responsive approach to continuous improvement is an insatiable desire to better grasp client needs, strategies and aspirations.

The more our most senior professionals understand our client business, the better placed they are to jointly identify and implement the right sustainable solutions and opportunities, through a relationship forged on mutual respect.

By sharing our invaluable knowledge and industry acumen, we aim to empower every client to maximise their true business potential.

Greater understanding from the mutual exchange of ideas and insights with our most senior professionals empowers clients to move forward with confidence.



Our Approach

All our clients require high standards delivered in a cost-effective approach. We pride ourselves on providing a highly professional, efficient and personal service to our clients and on encouraging mutually beneficial relationships with our clients and their advisors.

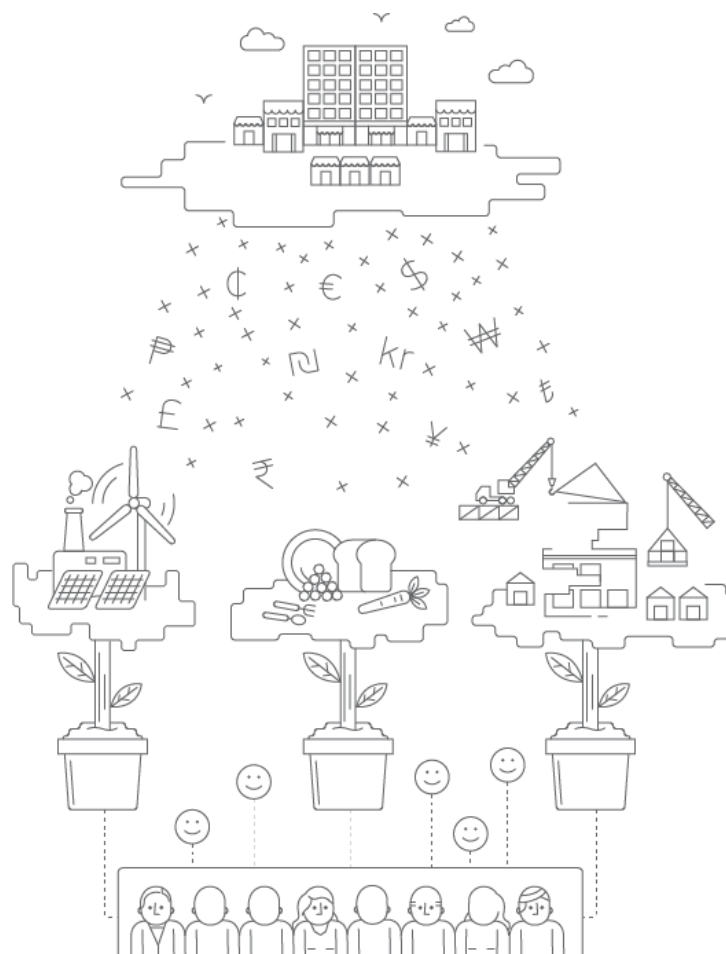
Our approach focuses on:

- taking a professional approach in the services we provide;
- adopting a flexible approach to meet client needs;
- total independence from institutional links; and
- developing long-term relationships based on strong personal foundations we build with our clients, advisors and all stakeholders.

We have developed a flexible skill set which allows us to add value to our clients' affairs by:

- listening to clients, understanding their objectives and providing effective and innovative solutions;
- allocating a team of qualified and professional staff, under the guidance of a director, best suited to the skills required by the client, maintaining this team and enhancing it as necessary throughout the working relationship;
- respecting and meeting deadlines and reporting requirements; and
- giving realistic fee quotes with a flexible charging structure and assisting in the search for cost-effective solutions.

Our aim is to develop long standing partnerships with our clients, advisors and the stakeholders we engage.



Leadership

Ownership and directorship

The Managing Director and Chief Executive Officer of RSM Audit (Gibraltar) Limited are the shareholders, who are also directors of the Company.

The Board of Directors is responsible for setting the group's overall strategy and the Audit Management Team ("AMT") is responsible for driving it forward.

The Board as at 30 June 2021:

- Moe Cohen (FCA) - CEO;
- Mark Benady (FCA) - Managing Director;
- Chris Celecia (FCCA) - Head of Audit; and
- Kieran Power (FCCA) – Co-Head of Audit

Members of the Audit Management Team as at 30 June 2021



Moe Cohen

CEO
Head of Financial and FinTech
Advisory

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Moe Cohen, a Chartered Accountant and founder and CEO of RSM Gibraltar.

Moe graduated from Manchester University where he received a BA (Hons) in Accounting and Finance. Moe trained in the Manchester office of BDO where he gained valuable audit experience.

Moe was a lead financial services partner in Deloitte Gibraltar for four years.

At RSM Moe is the CEO and is audit partner for a wide range of clients including insurance companies, hedge funds, banks, construction, on-line gaming, real estate, crypto and a number of large private clients.

Moe is a Fellow of the Institute of Chartered Accountants in England and Wales, ("ICAEW") as well as being its Gibraltar representative, an Executive of the Gibraltar Funds and Investments Association ("GFIA") and the Gibraltar Society of Accountants ("GSA") including being the chairman of the GSA Insolvency Faculty.

Moe is approved by the GFSC to act as a Statutory Auditor and licensed Insolvency Practitioner. He is also a director of financial services limited entities and as an Experienced Investor Fund ("EIF") director under the Financial Services Act 2019.

Moe's work has also included advising on tax policy and fund legislation. Moe is appointed a Justice of the Peace.



Mark Benady

Managing Director
Head of Human Resources

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Mark is a Chartered Accountant and a founder RSM Gibraltar.

Mark graduated from Manchester University where he received a BSc (Hons) in Computer Science and Accounting. Mark trained in the Manchester office of KPMG where he gained valuable audit experience. In 1992, after being approached by a number of potential clients, Mark left KPMG and established his own practice which he successfully led until 2007, when he founded the Benady Cohen & Co Company together with Moe Cohen which later became RSM Gibraltar.

Mark is the Managing Partner and has a portfolio of clients which includes various international companies, charities and communal institutions, insurance brokers, property developers, healthcare providers and financial services providers.

Mark is a Fellow of ICAEW, is a member of the tax faculty of the GSA, and sits on the advisory funds panel set up by the GFSC.

Mark is approved by the GFSC to act as a Statutory Auditor and is also a licensed Insolvency Practitioner and an EIF director.

Mark is involved in various communal charities and is a member of the Charities Commission.



Chris Celecia

Audit Director
Head of Audit
Head of Ethics and
Independence
Head of Training

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T: +350 200 74854
M: +350 58007376

Chris is a Chartered Certified Accountant and joined RSM in June 2014.

Chris graduated from Loughborough University with a BSc (Hons) in Accounting and Financial Management.

Chris has worked in public practice for over sixteen years. Prior to joining RSM, Chris was senior manager with BDO Gibraltar where he was involved in financial services audits, quality reviews of other network member firms and in the implementation of the new audit methodology and software tool.

Chris specialises in the audits of numerous entities including hedge funds and alternative investment vehicles, FinTech, insurance, on-line gaming, real estate, asset and trust & company management.

Chris heads the audit department where he also oversees the training of the Firm. He is the Firm's independence & ethics director and inspection coordinator. Chris also heads our Private Equity Depositary team dealing with in-scope alternative investment funds.

Chris is a fellow of the Association of Chartered Certified Accountants ("FCCA"), sits in the audit faculty of the GSA and is a member of GFIA's technical committee.

Chris is approved by the GFSC to act as a Statutory Auditor.



Kieran Power

Audit Director
Co-Head of Audit

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Kieran is a Chartered Certified Accountant and joined RSM Gibraltar in December 2020.

Kieran graduated from Huddersfield University where he followed a professional accountancy qualification course.

Kieran has worked in public practice for over fifteen years. Prior to joining RSM, Kieran was partner with Moore Stephens Gibraltar where he also served as a Board Member of Moore Stephens Hispania, the governing body of all Moore Stephens firms in Spain. Previously, he was Head of Fiduciary Services & Enforcement at the Gibraltar Financial Services Commission (“GFSC”) for over 12 years.

Kieran specialises in the audits of numerous entities including on-line gaming, funds, trust & company management, insurance, banks, real estate, FinTech and local businesses and agencies.

Kieran coheads the audit department where he also oversees the training of the Firm and monitors its quality.

Kieran is a fellow of the Association of Chartered Certified Accountants (“FCCA”) and is also a Trust and Estate Practitioner (“TEP”).

Kieran is approved by the GFSC to act as a Statutory Auditor.



Mark Carrasco

Audit Senior Manager
Head of IFRS

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Mark is a Certified Public Accountant and recently joined RSM in January 2020.

Mark obtained his BSc in Accountancy at the De La Salle University – Dasmariñas in the Philippines.

Prior to joining RSM, Mark started his career in public practice in 2012 and worked with Grant Thornton Philippines for seven years, where he gained experience and developed his expertise in audit and assurance, and had led and managed external audit, agreed-upon procedures and review engagements. His clients included local and multinational companies, some of which are publicly-listed, mostly are from universal and commercial banking sector, other financial services, real estate and leasing, retail and distribution, business process outsourcing, information and communications solutions, educational and not-for-profit sector. He also worked with Grant Thornton Philippines’ Technical Standards and Quality Control Group as a Manager in-charge for Accounting principles and regulations, and had conducted seminars on IFRS and audit methodology and practices.

At RSM, Mark has continued to gain experience working on various large clients including entities from the financial services (including insurance and cryptocurrency), professional services, real estate development, retail and distribution sector.



Cyndie Domingo

**Audit Assistant Manager
Head of Risk Advisory**

**E: cyndie.domingo@rsm.gi
T: +350 200 74854**

Cyndie is a Certified Public Accountant and joined RSM in December 2017.

She obtained her BSc in Accountancy at Ateneo de Zamboanga University in the Philippines.

Cyndie Domingo is an Audit Assistant Manager and Risk Advisory Consultant at RSM Gibraltar with more than 5 years of experience in external audit and risk advisory.

Prior to joining RSM Gibraltar, she worked as an external auditor and risk consultant at Navarro Amper & Co. (a member firm of Deloitte South East Asia) where she gained experience in audit and assurance and had managed different types of engagements. Most of her clients were in the shared service, manufacturing and general services industries. She also gained experience in risk advisory performing external audit support by review of IT general controls including Information Security, System Implementation & Maintenance, and IT Data Center Operations, assessing risks and evaluating design and effectiveness of controls in place and making recommendations to clients.

Currently, she manages and leads external audit engagements mainly for insurance and insurance intermediary companies. In addition to preparation of audit reports, she adds value to these engagements through identification of business and information technology risks, internal controls that mitigate risks and related opportunities for internal control improvement that improves client business.



Carla Lingo

**Audit Assistant Manager
Consultant**

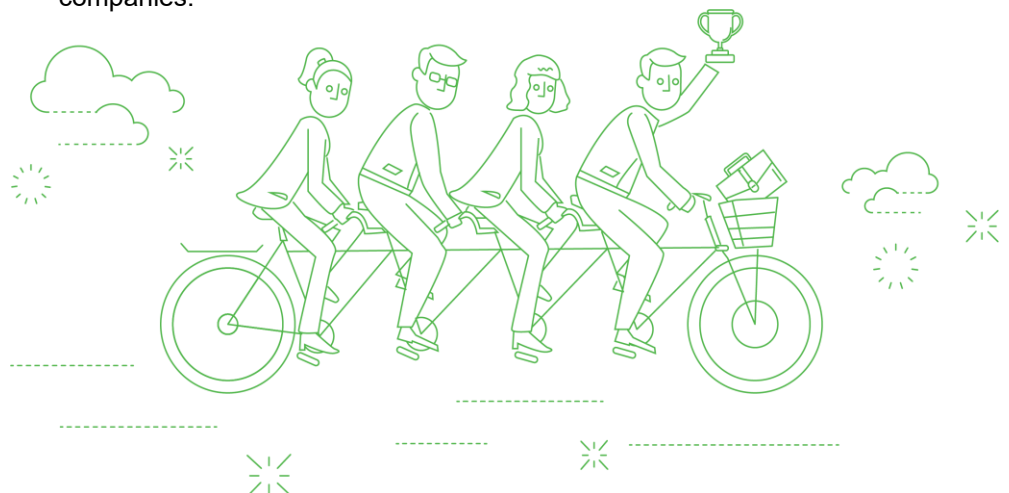
**E: carla.lingo@rsm.gi
T: +350 200 74854**

Carla is a Certified Public Accountant and joined RSM in February 2019.

She earned her Bachelor of Science degree in Accountancy from the Polytechnic University of the Philippines in Manila.

Carla started her career at Deloitte Philippines in 2011 where she was an external auditor handling different clients mainly in the insurance, manufacturing and retail industry. Afterwards, she joined private companies involved in the water industry which provides drinking water and wastewater services to residential, commercial and industrial sectors. She became part of the internal audit team where she developed her knowledge and skills on process and controls improvement.

At RSM, Carla continues to gain experience working on the audits of different clients including investment property, investment holding and gaming companies.



Day to day management of RSM Audit (Gibraltar) Limited

Audit Management Team

The Board has delegated operational responsibility for the strategy and performance of the audit practice and for audit quality to the AMT.

The AMT is responsible for oversight of the application of the audit methodology, compliance with auditing standards and ethical issues.

The AMT ensures that best practice, efficiency and quality are embedded in audit teams.

Audit Management Team meetings

The AMT's senior management meet monthly and the agendas cover all operational areas of the audit business including:

- progress of current jobs and prospective clients;
- review of key performance indicators;
- billing and sales ledger;
- training and CPD programmes including the agreement of mandatory courses and consideration of course content;
- technical developments and their impact on internal authorisation, training, ethical and other policies;
- quality assurance findings and progress in addressing issues arising;
- compliance matters; and
- IT matters.

Any matters of departmental importance are discussed in the departmental weekly meetings which involves the whole of the department. These meetings mainly focus on resource allocation and scheduling of jobs to deliver an efficient quality audit or advisory work.

Head of Audit

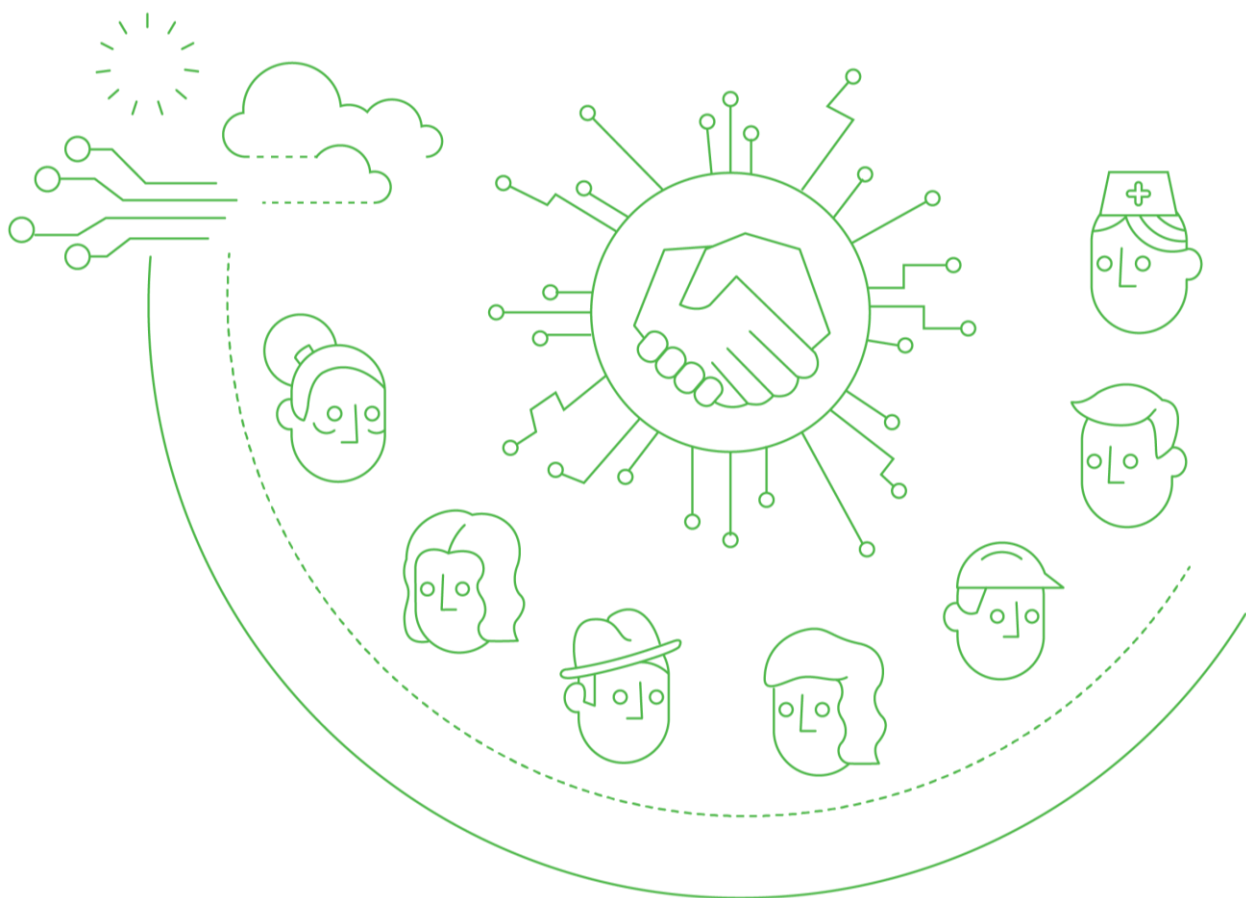
The Head of Audit is responsible for the day-to-day management of audit staff in the office. The Head of Audit leads the audit team and manages staff and other resources in order to ensure client quality service, efficiency and optimum profitability in line with local and RSM Global strategic objectives. The Head of Audit works closely with the AQC's to ensure that the dual aims of enhanced audit quality and improved audit profitability are achieved. Specific training is given to the AQC's as and when required to equip them with the skills to perform their roles. Essentially, the Head of Audit:

- ensures compliance with IESBA Code of Ethics and the Firm's policies and procedures relating to integrity, objectivity and independence;
- ensures that the Firm complies with the Audit Regulations on a local basis;
- oversees the implementation, by the AQC's, of the Firm's quality control procedures, including personal action plans;
- drives the achievement of financial targets and promotes audit efficiency at all times;
- ensures quality processes and procedures exist and are supported in conjunction with the AQC's;
- undertakes the central role in managing the performance of the audit group and leads on staff resource management;
- ensures high quality audits; and
- promotes the achievement of the Firm's professional and ethical standards and enables all staff to share best practice.

Audit Quality Champions

The AQC's comprise the AMT and in addition two audit supervisors. The AQC's are responsible for promoting and achieving a culture of audit quality in the office, working with a number of interested parties to bring about continuous improvement. Essentially, AQC's:

- Keep audit quality objectives prominent in the office and take appropriate actions to bring about improvements;
- Ensure quality processes and procedures exist and are supported including personal action plans;
- Provide quality-related feedback on staff for use in the appraisal process;
- Encourage a working environment, culture, attitudes and behaviours that prioritise audit quality; and
- Promotes the achievement of the Firm's professional and ethical standards and enables all staff to share best practice.



Commitment to quality

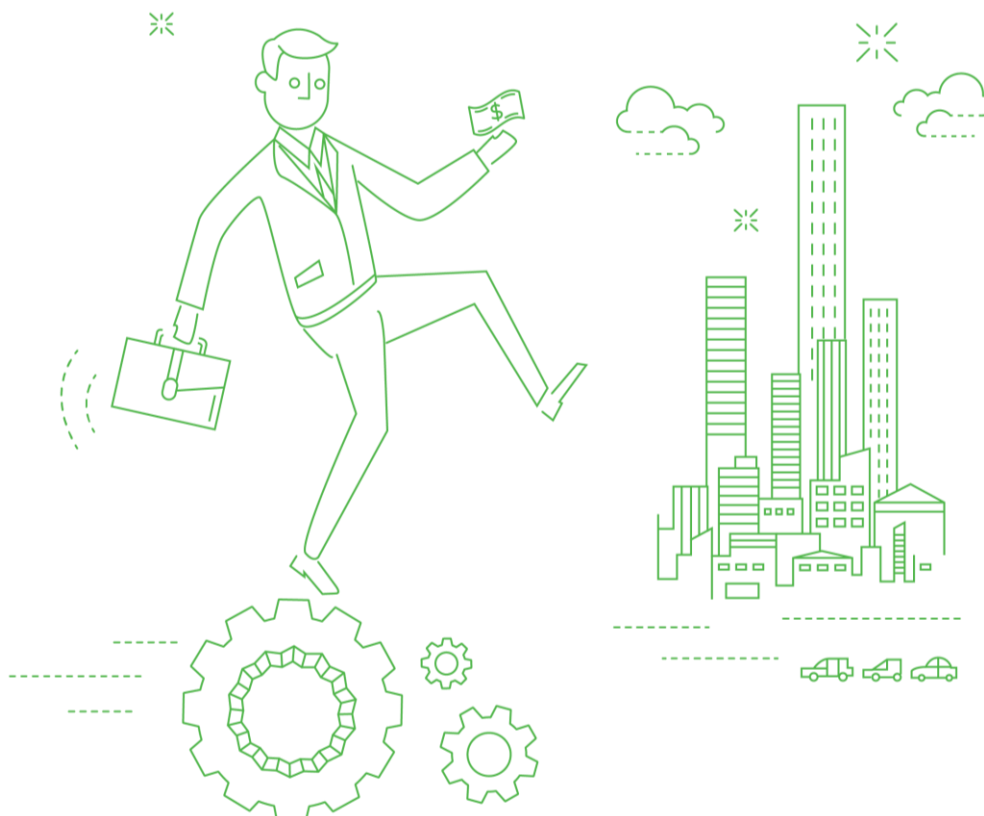
RSM Audit (Gibraltar) Limited's primary objective is the maintenance and enhancement of audit quality which leads delivery of the engagement; to a sustainable and profitable business.

Our commitment is underpinned by our emphasis on professional and decisive leadership, technical and IT capability and investment, effective training and personal development of staff, expertise of the AQC's and being responsive to their recommendations, and those of the Firm's regulator and RSM inspections in external monitoring visits. We are continually striving to improve our internal monitoring procedures and our response to external monitoring.

The Firm aims to attain the highest standard of professional conduct through the cumulative effect of the following:

- internal quality control procedures (at the point of delivery of the engagement);
- internal quality assurance by 'cold' reviews of engagements and of principals' and staff's competence;
- the external quality monitoring by the Firm's regulator, RSM and other stakeholders;
- assessment of all RIs and staff;
- feedback from staff and RIs;
- analysis to identify any root causes of issues identified; and
- continuous training, informing and assessment of all audit principals and staff.

All Directors and staff are provided with access to the Staff Manual which sets out the Firm's code of conduct. The Staff Manual contains information covering all aspects of day to day working life and is available on the intranet as a reference tool, ensuring that both Directors and staff always act in a professional manner.



Methodology and technology

Our audit methodology and the tools which support the teams in the delivery of engagements are often bespoke and are constantly being adapted to changes in regulation, technological developments and our constant commitment to improving audit quality.

RSM Orb global audit methodology

RSM Orb is a global audit methodology which enables us to deliver co-ordinated and consistent as well as insightful audits. Whilst the methodology has a robust framework, it provides sufficient flexibility to adapt to developments e.g. artificial intelligence and changes to international auditing standards. This flexibility has also enabled us to respond to the challenges presented by coronavirus on a timely basis.

RSM Orb requires a detailed understanding of the business, the industry in which it operates and the systems and controls which it has in place. Our regular contact with management throughout the financial year ensures that we are aware of key developments. These exchanges feed into our audit plan which is based on a detailed risk assessment and enabling focused testing to be performed. The audit plan is revisited and revised, where necessary, during the course of the audit as the audit team responds to their findings.

Each audit team member is responsible for considering the quality of their work before signing it off. In addition, with the exception of the RI, the work of every team member is reviewed and signed off by another, more senior, person. Additional engagement quality control reviews by colleagues who are independent of the audit team are required in certain circumstances, for example where there is a public interest, where the client is deemed to represent potentially high reputational risk to the firm, where a long-standing relationship exists, or where the RI is being mentored. Independent second opinion reviews are also conducted when an enhanced audit report is to be issued or a modified audit opinion, emphasis of matter or material uncertainty is being contemplated RSM Orb is supported by computerised audit software which enables the planned audit work to be tailored, based on the team's documented risk assessment. Whilst its functionality, along with the inbuilt controls and structured workflows, promotes discipline and compliance with International Standards on Auditing, it allows audit teams to focus on the exercise of judgement and evidence their scepticism and challenge of management, leading to well-documented, effective and robust quality audits.

We use a range of techniques in carrying out our audit testing including substantive analytical procedures, tests of controls and tests of details.

Data analytics

RSM utilises a variety of software solutions to assist audit teams in the planning and execution of their work. Analytics tools are used in obtaining audit evidence against relevant assertions, as well as in risk analysis. We currently utilise CaseWare Idea which is a powerful and comprehensive tool that enables our audit professionals to assess risk, gather evidence, uncover trends, and provide the intelligence needed to make more informed decisions from multiple data sources.

Inflo

RSM has launched this year a new cutting-edge client portal solution. Aside from facilitating a more streamlined approach to client services, the portal provides increased levels of security and peace of mind for users across the board. At RSM, the protection of client and staff data is and always has been of utmost importance. This tool goes a step further in helping RSM to build even better client relationships, by allowing them to communicate information effortlessly and in a safe manner.

Measuring quality

Audit quality indicators

Our Firm follows a set of 'audit quality indicators' widely used by the RSM network; we have included measures on the same themes throughout the report.

- Internal Quality reviews: Our RIs are subject to internal quality reviews and includes the review of their audits of public interest entities where appropriate.
- Training: We are committed to training and invest significant time in ensuring our courses enhance our audit quality.
- Investment in research and development: As well as investing heavily in developing our internal courses, we have introduced a new global audit methodology with the other RSM International firms in line with recent developments in International Standards on Auditing and auditing practices.
- Technology: We are committed to investing in technology to arrive at an efficient quality audit. Tools for auditing, analytics, financial reporting disclosures, financial statement preparation and time management.
- Directors and staff survey: We encourage constant feedback and input from all staff members. The AMT use formal feedback to continue to ensure that quality remains top of the agenda and that staff and Directors receive the correct resource, time and training to deliver quality audits.

External monitoring of quality

The Gibraltar Financial Services Commission ("GFSC") undertook a monitoring inspection in January 2021 and issued a Quality Assurance Review ("QAR") report to the Firm. The next GFSC inspection date is yet to be confirmed.

In line with RSM Global policy and International Standard on Quality Control ("ISQC") 1, the Firm has carried out a self-inspection in November 2020. The inspection involved a review of a sample of audit files including one of each of the three RIs. The inspection report was submitted to RSM Global and there were no further comments. The next self-inspection is currently taking place. RSM Global carried out an inspection this summer.

The Board is closely involved with all regulatory visits and reviews all findings and recommendations in detail. Our training and processes are under constant review in order to ensure that our audits are of the highest quality. Actions have been taken to address areas for suggested improvement identified in the GFSC and RSM reports. We continue to respond to recent reviews and current best practice. The progress in implementation of these actions is, and will continue to be, monitored by AQC's. The Board is pleased to note ongoing enhancements to audit process and quality brought about by feedback from AQC's and the regulators.

Internal monitoring - Quality assurance review

Audit quality is the responsibility of all Directors and staff. Internal quality assurance review systems must be adequate, appropriate and contribute to audit quality. This function is delivered by the AQC's. Due to the size of our Firm, the AQC's taking part in the internal quality assurance review will also be members of the AMT. The AQC's are responsible for checking compliance with the Firm's procedures and giving feedback to promote continuing improvement in the quality of work.

An AQC team member involved in the internal quality assurance review would be:

- independent of the file being reviewed;
- comprehensive in its coverage and scope of reviews;
- consistent in application of review procedures;
- critical in identification of areas for improvement;
- constructive in communication of review findings; and
- cooperative in arranging and performing reviews.

The monitoring procedures applied by the AQC's are in accordance with ISQC 1. The AQC team carries out reviews of audit files, either in physically or remotely, and also reviews 'whole firm' matters such as the audit manual, training programme, CPD records, appraisals, ethical compliance and internal controls, such as internal authorisation, audit file access and financial management.

Results of reviews

The reviews occur annually as part of our Member Firm Inspection Programme. Every third year the inspection is carried by RSM Global. The review achieves a reasonable coverage of RIs, Quality Assurance ("QA") file reviews cover a mixture of client types and sizes, including the various specialist audits such as banks and insurance companies.

Our internal policy is that we do not grade our QA file reviews or use other quantitative measurement. Our view is that this can be counter-productive and that instead it is qualitative feedback that is more constructive and helps audit teams to achieve improvement. Grading systems can be biased or anomalous and can lead to excessive focus on the grade, rather than the more important messages about striving for improvement.

The Inspection Coordinator presents yearly to the Board the inspection findings which sets out any current concerns and obtaining prompt responses and actions as necessary. A report including these findings and action plan is submitted to RSM Global.

Process

The consistency of review procedures is ensured by the deployment of dedicated AQC team members, the use of file review work programmes, peer review by AQC colleagues and the Member Firm Inspection Programme.

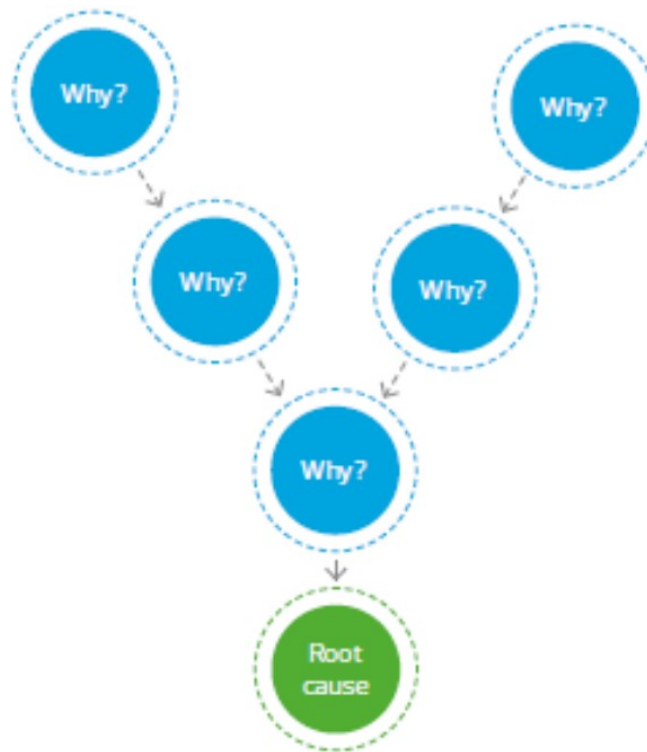
Audit file review findings are issued to the principal and manager and then discussed in a meeting with them and then followed up with a written response. This dialogue includes recognition of instances of good quality work as well as the identification of areas for improvement.

QA file review findings are circulated to staff in a series of positive reminders about the Firm's procedures. The Training Team ensures that QA findings are used in training course material and in enhancements to our audit programme.

The RSM network promotes staff secondment in relation to audit and advisory staff members. This enables staff to attain experience of QA and advisory work and a deeper understanding of audit & advisory quality, which they then disseminate in their office after the secondment.

Root cause analysis

As part of each QA file review, the audit team is requested to consider in its written responses the root causes of any non-compliances, so that appropriate actions are taken to address them, improve audit quality and personal development.



Audit quality enhancement plan

As part of our commitment to continuous improvement, an audit quality enhancement plan was developed in December 2020 around eight core audit quality components. The plan's initiatives were developed being cognisant of the incoming international standards on quality monitoring and will evolve as more structured ISQM1 compliance processes are introduced. Rigorous governance processes through both the Board and the Audit Management Team ensure accountability for delivery and challenge over the planned approach and outcomes.

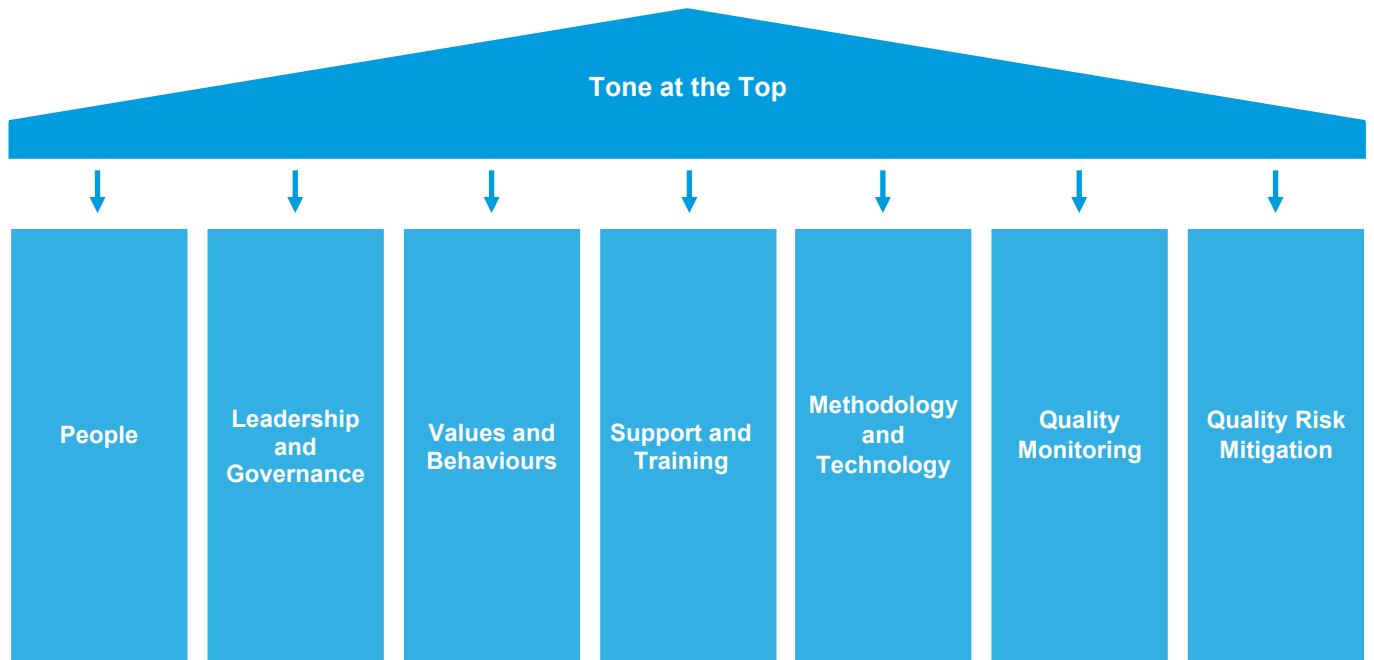
Tone at the top

Creating, nurturing and sustaining a culture of respect and openness is part of the firm's DNA and we stay true to our values in our decisions, commitments and communications, both internally and externally.

The consistency of tone sets the foundation for the delivery of high-quality audits. Our leadership understand the need of the societal value of an audit, the benefits to multiple stakeholders and the absolute necessity for high quality.

Our people are our business and through the global pandemic we have demonstrated our strength of support for our staff and partners. We have adapted to new ways of working and have taken the time to listen to our people through both structured and unstructured means. Our 'people first' mantra enabled us not only to survive but to in fact thrive.

Core components of audit quality



Training, recruitment and personal development

Development of Directors and staff is core to the provision of high-quality audits.

Training

Our training team comprises members of the AMT and AQCs to ensure that an appropriate programme of courses is provided for all audit Directors and staff.

We provide a core programme of audit and financial reporting (CPD programme) training which all appropriate audit personnel must attend and where we monitor attendance. All courses are designed to be practical and real-life case studies are used where possible.

A benefit of Covid has been the facilitation of remote training opportunities.

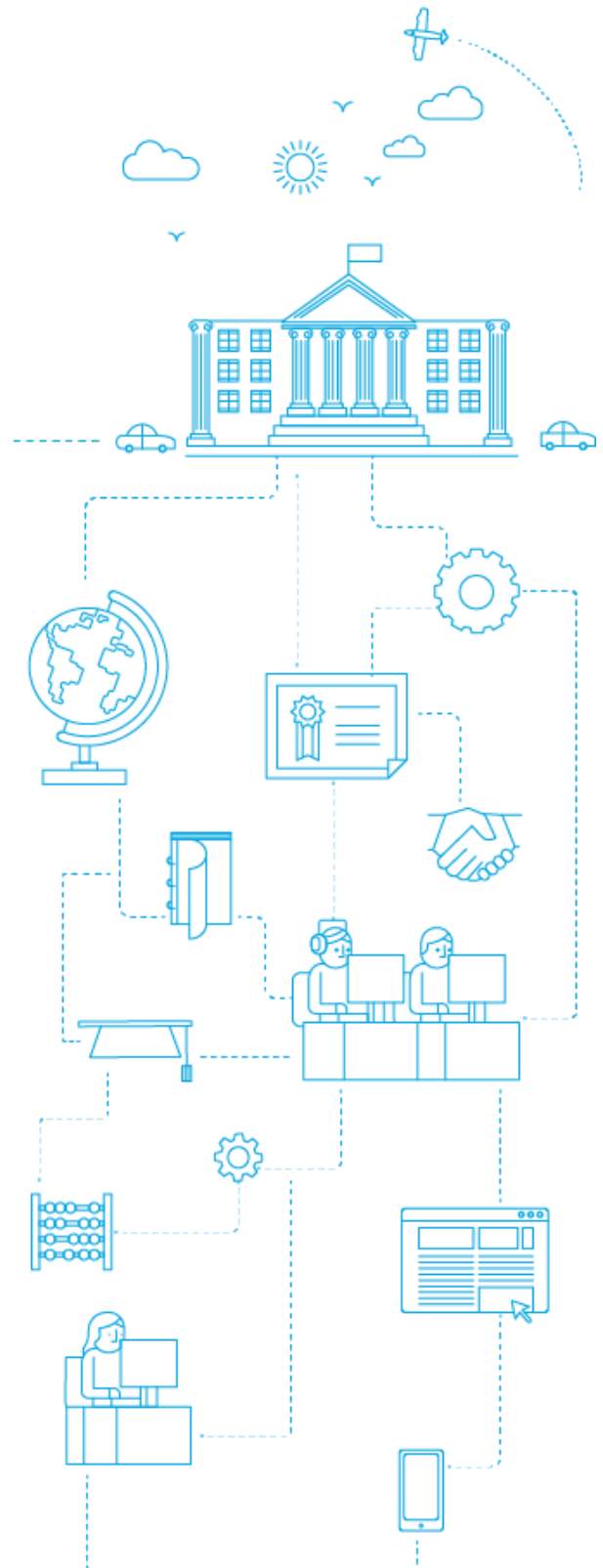
Our programmes include faculty updates, sessions on the revised Code of Ethics, IT Fraud Risk, case studies and a video simulation of a client fraud. Importantly, training on evaluating the Control Environment and use of controls testing including IT controls. Presenters included the Head of Audit, the CEO and technical training team.

In addition, during the year, the Gibraltar Society of Accountants hold several seminars on IFRS, UK GAAP and audit updates. Also Directors and staff attended training by other local associations on AML, compliance, financial crime and company law. Directors and staff are provided with further training according to their specific roles and areas of specialism. Listed audit work is a specialism and a suite of training courses on IFRS, together with updates of particular relevance to the audit of listed entities, ensures that this particularly demanding area of audit work is carried out by Directors and staff with the relevant knowledge and skills.

There is a mandatory core programme for audit trainees, expanding on their studies in the areas of financial reporting, audit, business awareness, tax and personal skills. They also receive training in any specialist areas they are involved in such as banks, insurance, pension schemes, on-line gaming, crypto/ICO companies and listed companies. Ethical issues, professional scepticism and audit quality are key themes throughout their training, which is reinforced by their work experience.

Insurance audit is a core specialist area and we have recently designed a new training programme with modules covering critical audit areas, solvency II, internal audit and developments in the industry. This programme will be rolled out by our technical training team and our actuarial experts.

As part of the CPD programme, Directors and staff also attend courses in areas to improve audit quality, as we



recognise that high levels of ability in these areas help to ensure that audits run smoothly and effectively and relevant technical knowledge can be applied at the appropriate stage of the audit.

The Firm has a CPD register to keep a record of all training undertaken by all member of staff.

The Firm also uses a new training platform established by RAM Global that is called RSM Campus. The facility contains a wide variety of technical training webinars and continues to grow.

RI Induction

- Interactive presentation by the CEO on the meaning of 'Responsible Individual';
- Followed by a course for young RIs organised by RSM Global;
- Particular emphasis on ethics and professional scepticism;
- Bringing home key issues through live case studies;
- Director for Compliance demonstrating the significance of providing quality technical advice and the level of support provided by the Firm; and
- Session on mentoring presented by an experienced mentor.

Recruitment

Through our recruitment and training policies and processes, we ensure that we attract talented individuals and provide them with the development and skills they need to fulfil a long and committed career with RSM.

Our recruitment practice ensures we reach as many talented individuals as possible as well as through hiring directly. Our selection methodologies focus on evaluating the full range of skills and qualities that we believe are essential to succeed as an auditor within RSM.

Senior level internal promotion during the year ended 30 June 2021:

- One senior manager
- One assistant manager
- One supervisor

Recent senior level internal promotions:

- One manager
- One assistant manager
- One supervisor

In addition, three audit seniors joined us from outside the Firm during the financial year to best position ourselves to service the various industry sectors.

We have recently recruited one manager, one assistant manager, five seniors and three semi-seniors plus one consultant as audit senior.

We are always looking for talented, qualified and experienced members of staff.

Appraisal

We have invested significant time and energy into ensuring employees know what is expected of them at every stage of their career so that they know how to progress. Having clear competencies for staff at each level also means our clients can be assured of the same level of service regardless of location. Every employee has regular feedback and appraisal. In addition to appraisals at engagement level, the Firm conducts a year-end appraisal with a half year interim appraisal to review progress of the objectives set at the year-end appraisal. Audit quality is at the root of each appraisal.

Individual's CPD record and examinational progress, as applicable, are discussed during the appraisal.

Promotions are recommended by the Departmental Head. The Board assesses the report provided by the relevant departmental head on the individuals concerned.

Personal development

Development of our people is something which RSM is passionate about. We offer a wide range of personal development courses, all of which are designed to support individuals as they progress through their career.

We provide a variety of courses that allow employees to tailor their own development based on their personal needs both in their current role and as they progress through different roles during their career.

The Firm is committed to developing a mentoring culture and supporting our mentors and mentees to make this relationship work. We believe that everyone deserves to have someone in the business in addition to their line manager guiding and supporting their career journey.

Coaching is essential in unlocking the potential in our people to maximise their performance and contribute to the future success of the Firm. To achieve this, we undertake on-the-job coaching to build skills and abilities in existing roles, development coaching to support future progression and behavioural coaching to achieve long term, significant change through enhanced self-awareness.

There are secondment opportunities occasionally available to employees in order for them to attain a greater depth of experience and understanding of industry and our business, which can be drawn upon on their return.

Director remuneration

It is our Firm belief that audit quality is best improved by imbuing in Directors the ethos that audit quality is at the core of all that we do.

A Director's performance is assessed by reference to their individual role, contribution and adherence to standards.

The shareholders and directors have different remuneration structures.

The Directors participate in a bonus plan and the Shareholders are also participants to an additional bonus pool which comprises the residual profits for the year (after salaries and bonuses). The remuneration of shareholders and directors is charged directly to the relevant trading Group entity within which they operate.

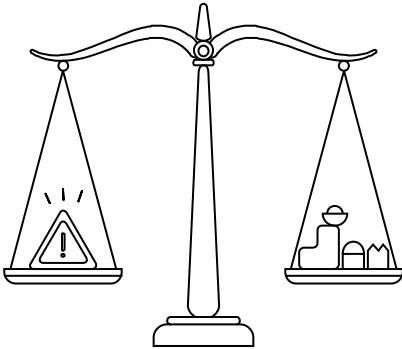
In addition, all shareholders are eligible to receive dividends when declared and paid.

An appraisal system is applied to all Directors and, in the case of audit Directors, audit quality criteria must be considered, both in the review of past performance, and in the objectives for the following year. Other criteria included within the appraisal system are financial performance, client development, technical skills, management skills, staff development and business development. The relative importance attached to each of these criteria is dependent upon the Director's role within the Firm but the appraisal system and the Director's objectives are designed to play to a Director's particular strengths.

For audit Directors, success in selling non-audit services to the entities they audit is specifically excluded from performance evaluation criteria and from decisions on remuneration. Contributions to improving audit quality, on the other hand, are specifically included in the criteria for assessing and remunerating audit Director.

Ethics and independence

The Firm is devoted to training in ethics, consistent with the publication of the revised IESBA's Code of Ethics for Professional Accountants ("Code of Ethics") and RSM policies on same.



Staff at all levels are kept abreast of the external ethical obligations to which the Firm is subject. The Firm has implemented the Code of Ethics. This EU-driven regulation has given the Firm the opportunity to carry out work on behalf of clients that was not possible previously and also introduces some very detailed rules on professional independence that required staff to be trained on. All Directors and staff have received training on the revisions to the Code of Ethics, RSM Policies on same and the consequential amendments to our Firm's policies.

Ethics training is part of the induction procedure for new staff members.

Ethics Director and Ethics team

Ensuring the Firm's compliance is the Ethics Director and the Ethics Team. The Ethics Director is the Head of Audit. The Ethics Team includes all directors and the Compliance team. The Ethics Team was set up to act as a custodian of the ethical policies, their contemporariness, and to assess the ethical 'tone at the top' of the Firm across all of its multi-disciplinary activities.

The Ethics Director keeps members of the Team informed on operational and policy related issues and briefs its members on his expectations across all of the service lines. The Ethics Director, as per RSM policy, determines any matters related to the taking on, continuation of, and disengagement from an assurance and non-assurance engagement for ethical reasons.

Responsibility for decisions on the operational application of the Firm's ethical policies lies with the Ethics Director, assisted by the Ethics Team. It is the Ethics Director's function to act as the ultimate arbiter of the application of the ethical codes to any given set of circumstances and all Directors and staff are apprised of the need to consult the Ethics Team on any issue, particularly of interpretation, that they are unclear about.

In addition to the above, there are internal reviews of independence practices. Each year a summary report in relation to the 'fit and proper' and the independence declarations that all principals and staff need to make is provided to the Ethics Director.

Policies and procedures

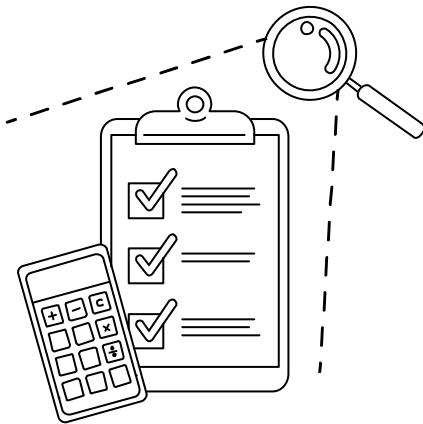
The Firm has well-established systems and procedures in place to help safeguard the objectivity of staff and avoid conflicts of interest, whilst complying with ethical and other applicable standards.

The Global Relationship Tracker ("GRT") is a proprietary web-based management tool giving real-time access and visibility into RSM's global compliance activity. By using the GRT tool it offers continuing monitoring and focused coordination keeping your ethical global requirements in good standing.

Directors and staff are required to declare financial interests held by themselves, members of their immediate or close family or in their capacity as trustee in any client or affiliate.

Similarly, policies are in place providing guidance on business relationships and the purchasing of goods and services in the normal course of business. The annual declarations completed by staff and Directors are monitored for any change in business relationships.

Compliance with the Firm's audit rotation policy is monitored and is applicable to all audit Directors and senior members of staff involved in an audit.



There are clear guidelines in our Anti Bribery and Corruption Policy for dealing with gifts, hospitality and sponsorship so that any self-interest threat is avoided and objectivity is not impaired. The Firm has a clear and extensive gifts and hospitality policy in place to determine whether or not a gift or hospitality should be accepted.

RSM Audit (Gibraltar) Limited services the small and medium-sized enterprise sector whose individual enterprises benefit from having access to the services that the RSM group provides. Though clients benefit from the availability of expertise across the RSM group, access to non-audit services is subject to compliance with the Ethical Standards, and in particular, the Firm's insistence that the remuneration of audit staff cannot be determined by reference, even in part, to non-audit fees provided to audit clients.

Client acceptance and continuation procedures are extensive and intended to identify any particular circumstances of a given client that might cause an insuperable threat to auditor independence either with RSM Gibraltar or any other RSM member firms. In such a situation, the Firm will not take on or continue the engagement. Before engagement, all potential assignments are subject to completion of Client and Engagement Acceptance Programme, including a Conflict Threat Assessment, designed to identify any such threats in discharging a particular engagement together with details of any necessary safeguards required to be applied. Details of the threats and safeguards are reviewed and approved by the relevant assurance Director prior to the acceptance and commencement of the engagement.

Within each QA file review, checks are made by AQC's on identifying threats to auditor independence and other conflicts of interest, or other potential non-compliance with the Ethical Standards, and on the completeness of the associated reporting to those charged with governance in the Audit Plan and subsequent Audit Findings Report and/or Management Letter.

If a QA review finds an apparent non-compliance with the Ethical Standards, any necessary actions are agreed with the individual(s) concerned and the AMT. The details are then reported to the Ethics Director, to consider whether any further action is required.

Rotation of key audit partners and staff

The RSM Ethics and Independence policies contain requirements for the rotation of engagement partner/s on audits of public interest entities, mandating their compulsory rotation by not later than seven years from the date of their appointment. In addition, the policies preclude them from participating again in the statutory audit of the audited entity before five consecutive years have elapsed following that cessation.

The same policies mandate the compulsory rotation of the engagement quality control reviewer by not later than seven years from the date of their appointment. In addition, the policies preclude them from participating again in the statutory audit of the audited entity before three consecutive years have elapsed following that cessation.

The rotation policy complies with the requirements of Regulation (EU) No 537/2014 of the European Parliament and of the Council, and the requirements of the International Ethics Standards Board for Accountants.

Risk management

All staff and partners are expected to embody the values of the Firm with regard to risk and follow correct procedures. The promotion of risk mitigation is a key theme at audit workshops and RI meetings.

The principal risks facing RSM Audit (Gibraltar) Limited

The following taken from our Risk Register are the principal risks which could significantly impact our professional reputation, quality of audit and/or financial strength:

Areas of principal risk	Description	Mitigation
Client acceptance and continuance	Reputation risk and financial risk of engaging with clients who cannot pay our fees or who have inappropriate behaviour.	The Board has established procedures for identifying high risk clients and those requiring upward referral through tiers of management, ultimately to the Board, as increased assessed risk is identified. In general, RSM Audit (Gibraltar) Limited is not significantly active in high audit risk environments.
Client service quality	Risk of losing clients through poor audit quality.	The Board has established policies, procedures and training to ensure staff and partners deliver quality audits. These are monitored and reviewed as necessary.
Legislation and regulation	Reputational and regulatory risks of staff and partners not complying with applicable laws and regulations.	The audit market is increasingly subject to detailed and complex regulation. As well as providing extensive and regular training to all persons engaged in audit work, RSM Audit (Gibraltar) Limited has long-established and comprehensive processes and procedures which require compliance with all applicable laws and regulations and independent monitoring of such compliance. RSM Audit (Gibraltar) Limited is also subject to external monitoring by the GFSC and RSM Global.
Ethical compliance	Reputational and regulatory risks of staff and partners not applying the ethical standards appropriately.	RSM Audit (Gibraltar) Limited is required to comply with Ethical Standards for Auditors and, individual members, with those of their professional body. RSM Audit (Gibraltar) Limited's Ethics Partner is supported by an Ethics Team and

		the culture of ethical behaviour is underpinned by regular training.
Litigation	Financial and reputational risks ensuing from a claim against the Firm.	The application of quality and risk management controls minimise the risk of litigation. In the event of a claim, RSM Audit (Gibraltar) Limited has appropriate professional indemnity insurance in place.
Technological change	Failure to adapt to and be innovative in technology and digital change.	Risks minimised through the implementation of a firm-wide digital strategy and digital and data security training.
Cyber, data and information security	Failure to adequately protect data or to ensure IT systems are resilient to manage potential disruption.	The vast majority of RSM Audit (Gibraltar) Limited's records are stored electronically and its audit process is fully computerised. The firm's IT team has established multiple backup locations and other measures to protect against data loss and minimise the risk of system penetration or failure.
People	Failure to retain, upskill and recruit appropriate people for the delivery of the Firm's business objectives.	The Board and the AMT regularly review resources to ensure that they are: fit for the current circumstances; capable of achieving any planned developments; and are providing progression opportunities.
Global capability	Inability to apply an effective global capability in meeting client needs and maintaining reputation and client service quality.	RSM has international sector and service line groups and liaison desks to meet global client needs whilst maintaining audit quality. In addition, RSM International global quality standards and independent member firm quality review programme. RSM is equipped with global audit methodologies and technology and moreover a global corporate and people's culture.

Across RSM, the Boards of the various group entities have primary responsibility for dealing with strategic and operational risk management. Training, recruitment and personal development including internal controls. Their work is to look at risk matters and internal controls within the group and advise and support management to improve risk management strategy, operations and internal controls.

A group-wide Risk Register has been compiled and serves as an internal audit tool for the group. The compilation of the Risk Register and the review of effectiveness of controls have made use of the IFAC Guidance on ISQC 1.

The annual review of the audit practice's internal controls is currently taking place with our report including action plan to be submitted to RSM Global.



Client and financial information

Client information

Audit clients within the scope of public interest entities as at 30 June 2021 where RSM Audit (Gibraltar) Limited issued an audit report in the period 1 July 2020 to 30 June 2021.

- Acasta European Insurance Company Limited
- Arriva Insurance Company (Gibraltar) Limited
- Beacon Insurance Company Limited
- EIFFlow Insurance Limited
- Extracover Insurance Company Limited
- HMCA Insurance Limited
- IDT Financial Services Limited
- MCE Insurance Company Limited
- Millennium Insurance Company Limited
- Mulsanne Insurance Company Limited
- Nelson Insurance Company Limited
- Premier Insurance Company Limited
- Preserve Insurance Company Limited
- Service Insurance Company Limited
- White Rock Insurance (Gibraltar) PCC Limited

Financial information

	2021	2021	2020	2020
Service line	Revenue (£'000)	%	Revenue (£'000)	%
Statutory audits of PIEs and related entities	568	42	289	27
Statutory audits of other entities	638	47	610	56
Permitted non-audit services to audit clients	119	9	157	14
Non-audit services to other clients	32	2	34	3
Total	1,357	100	1,090	100

The revenue of RSM Audit (Gibraltar) Limited represents amounts chargeable for professional services provided during the year. These amounts do not include services carried out by other Group entities except those in relation to permitted non-audit services to audit clients. These amounts are presented in accordance with EU Directive's categorisation of service lines.

Our Firm believes in giving clients a complete package and other Group entities provide these additional and equally important services. Our Group is structured strategically from a specialism, commercial and regulatory perspective. RSM Fund Services (Gibraltar) Limited provides fund administration and private equity depositary.



RSM Fiduciary Services (Gibraltar) Limited provides trust and company management services. RSM Gibraltar Limited provides tax compliance and advisory, accounting, payroll, liquidation and consulting services.

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RSM is a Gibraltar registered trading name for the following Gibraltar companies: RSM Gibraltar Limited, RSM Audit (Gibraltar) Limited (FSC licence number FSC0766FSA), RSM Fund Services (Gibraltar) Limited (FSC permission number 11808) and RSM Fiduciary (Gibraltar) Limited (FSC permission number 20018). All companies are registered at 21 Engineer Lane, Gibraltar, GX11 1AA. RSM is the trading name used by the members of the RSM network.

All the above named companies are members of the RSM network and trade as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and advisory firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

www.rsm.gi

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