

# **Mazars Public Sector Internal Audit Limited**

Registered number: 04585162

## **Directors' report and financial statements**

For the year ended 31 August 2019

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**MAZARS PUBLIC SECTOR INTERNAL AUDIT LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	J M Berry (appointed 9 October 2019) T J Stanbrook (appointed 9 October 2019) P A Verity (appointed 9 October 2019)
<b>Registered number</b>	04585162
<b>Registered office</b>	Tower Bridge House St Katharine's Way London E1W 1DD
<b>Independent auditor</b>	Crowe U.K. LLP Statutory Auditor St Bride's House 10 Salisbury House London EC4Y 8EH

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2019**

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The directors present their report and the financial statements for the year ended 31 August 2019.

**Directors' responsibilities statement**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in directors' reports may differ from legislation in other jurisdictions.

**Principal activity**

The principal activity continued to be the provision of professional services focused on the adequacy and effectiveness of the processes and controls that operate within public sector organisations including local authorities and NHS organisations.

**Results and dividends**

The loss for the year, after taxation, amounted to £39,048 (2018: loss £364,384).

During the year, no dividends were paid (2018: £nil).

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Directors**

The directors who served during the year, and up to the date of the report were:

G T Davies (resigned 31 May 2019)

T G Davies (resigned 31 August 2019)

A J Fraser (resigned 9 October 2019)

G M Williams (resigned 31 August 2019)

P A Verity (appointed 9 October 2019)

T J Stanbrook (appointed 9 October 2019)

J M Berry (appointed October 2019)

**Provision of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Going Concern**

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties. The directors have undertaken a detailed exercise to project and forecast the impact of the outbreak.

The forecast model has been created in conjunction with the company's ultimate controlling party, Mazars LLP, and its subsidiaries. The exercise has considered the potential impact of the outbreak on the company's revenues, costs, assets, liabilities and future cashflows, and has calculated various scenarios with appropriate mitigating actions for each. The directors continue to monitor government announcements and developments to take appropriate mitigating action.

The directors of the company, on the basis of the forecasted scenarios, consider it appropriate to prepare the accounts on a going concern basis.

**Post balance sheet events**

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties within the UK and globally. The Company has implemented plans to address the impact on its operations and is actively managing this. The safety and health of our staff is being monitored very closely with all staff working from home; our IT networks have been expanded to allow for this so that clients can continue to be serviced appropriately.

This is considered to be a non-adjusting post balance sheet event for the Company. The impact has been considered by the Directors as set out in the going concern paragraph of the Directors' Report.

**Auditor**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.



**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

**J M Berry**

Director

Date: 22 May 2020

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAZARS PUBLIC SECTOR INTERNAL AUDIT LIMITED**

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**Opinion**

We have audited the financial statements of Mazars Public Sector Internal Audit Limited (the 'company') for the year ended 31 August 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAZARS PUBLIC SECTOR INTERNAL AUDIT LIMITED**

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAZARS PUBLIC SECTOR INTERNAL AUDIT LIMITED**

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**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit report**

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Matthew Stallabrass

Senior Statutory Auditor  
For and on behalf of  
Crowe U.K. LLP

Statutory Auditor

St Bride's House

10 Salisbury House  
London  
EC4Y 8EH

22 May 2020

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2019**

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	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Turnover	216,698	1,937,100
<b>Gross profit</b>	<u>216,698</u>	<u>1,937,100</u>
Administrative expenses	(255,746)	(2,301,484)
<b>Operating loss</b>	<u>(39,048)</u>	<u>(364,384)</u>
<b>Loss for the financial year</b>	<u><u>(39,048)</u></u>	<u><u>(364,384)</u></u>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 10 to 14 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	1,969,815	1,790,331
		<u>1,969,815</u>	<u>1,790,331</u>
Creditors: amounts falling due within one year	7	(1,220,967)	(1,002,435)
		<u>(1,220,967)</u>	<u>(1,002,435)</u>
<b>Net current assets</b>		<u>748,848</u>	<u>787,896</u>
<b>Total assets less current liabilities</b>		<u>748,848</u>	<u>787,896</u>
		<u>748,848</u>	<u>787,896</u>
<b>Net assets</b>		<u>748,848</u>	<u>787,896</u>
<b>Capital and reserves</b>			
Called up share capital	9	300,001	300,001
Profit and loss account		448,847	487,895
		<u>448,847</u>	<u>487,895</u>
		<u>748,848</u>	<u>787,896</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**J M Berry**  
Director

Date: 22 May 2020

The notes on pages 10 to 14 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2019

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 September 2017</b>	300,001	852,279	1,152,280
<b>Comprehensive income for the year</b>			
Loss for the year	-	(364,384)	(364,384)
<b>Total comprehensive income for the year</b>	-	(364,384)	(364,384)
<b>At 1 September 2018</b>	300,001	487,895	787,896
<b>Comprehensive income for the year</b>			
Loss for the year	-	(39,048)	(39,048)
<b>Total comprehensive income for the year</b>	-	(39,048)	(39,048)
<b>At 31 August 2019</b>	<u>300,001</u>	<u>448,847</u>	<u>748,848</u>

The notes on pages 10 to 14 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. General information**

Mazars Public Sector Internal Audit Limited is a private company limited by shares, incorporated in England and Wales. The address of its registered office is Tower Bridge House, St Katharine's Way, London E1W 1DD registered number 04585162.

The principal activity was the provision of professional services focused on the adequacy and effectiveness of the process and controls that operate within public sector organisations including authorities and NHS organisations.

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates and is rounded to the nearest pound.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

**2.2 Financial reporting standard 102- reduced disclosure exemptions**

In preparing these financial statements, the company has taken advantage of the disclosure exemptions, as permitted by FRS 102 paragraph 1.12. The company has therefore complied with the applicable conditions, including providing notification of the use of exemptions to the company's shareholders who have not objected to the use of such disclosure exemptions.

The company's ultimate parent undertaking, Mazars LLP includes the company in its consolidated financial statements. The consolidated financial statements of Mazars LLP are prepared in accordance with IFRS and are available to the public and may be obtained from Mazars LLP, Tower Bridge House, St Katharine's Way, London E1W 1DD. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- from preparing a Cash Flow Statement in accordance with Section 7' Cash Flow Statements';
- from providing the financial instruments disclosures, required under paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as this information is provided in the Mazars LLP consolidated financial statements; and
- from disclosing the company's key management personnel compensation, as required by paragraph 7 of Section 33 'Related Party Disclosures'.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019

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**2. Accounting policies (continued)**

**2.3 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

**Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Turnover recognised that has not been billed to clients is included in debtors and amounts billed in excess of revenue recognised are included in creditors.

**2.4 Going concern**

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties. The directors have undertaken a detailed exercise to project and forecast the impact of the outbreak.

The forecast model has been created in conjunction with the company's ultimate controlling party, Mazars LLP, and its subsidiaries. The exercise has considered the potential impact of the outbreak on the company's revenues, costs, assets, liabilities and future cashflows, and has calculated various scenarios with appropriate mitigating actions for each. The directors continue to monitor government announcements and developments to take appropriate mitigating action.

The directors of the company, on the basis of the forecasted scenarios, consider it appropriate to prepare the accounts on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**2. Accounting policies (continued)**

**2.5 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

**Critical judgements in applying the company's accounting policies**

The critical judgements that the directors have made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Recoverability of debtors**

The company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the directors considers factors such as the aging of debtors, past experiences of recoverability, and the credit profile of individual or groups of customers.

**4. Auditor's remuneration**

The auditors remuneration of £2,750 (2018: £2,750) has been borne by the ultimate parent undertaking, Mazars LLP.

**5. Employees**

The Company has no employees other than the directors, who did not receive any remuneration (2018 - NIL).



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019

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## 6. Debtors

	2019 £	2018 £
Trade debtors	38,980	110,599
Amounts owed by group undertakings	1,930,835	1,447,295
Amounts recoverable on client contracts	-	232,437
	<u>1,969,815</u>	<u>1,790,331</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

## 7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Amounts owed to group undertakings	1,166,503	846,372
Other taxation and social security	-	19,254
Accruals and deferred income	54,464	136,809
	<u>1,220,967</u>	<u>1,002,435</u>

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

## 8. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>1,969,815</u>	<u>1,790,331</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(1,220,967)</u>	<u>(983,180)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and amounts recoverable on client contracts.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings, accruals and deferred income. The comparative information has been restated in order to reflect the appropriate classification of the financial assets and liabilities.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**9. Share capital**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
300,001 (2018 - 300,001) ordinary shares of £1.00 each	<u>300,001</u>	<u>300,001</u>

**10. Related party transactions**

The company is a wholly owned subsidiary of Mazars Limited and as such has taken advantage of the exemption permitted by Section 33 'Related party disclosures' not to provide disclosures of transactions entered into with other wholly owned members of the group. The company and its subsidiary undertakings are included within the consolidated financial statements of Mazars LLP, which are publicly available and can be obtained from Tower Bridge House, St Katharine's Way, London, E1W 1DD, United Kingdom.

**11. Post balance sheet events**

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties within the UK and globally. The Company has implemented plans to address the impact on its operations and is actively managing this. The safety and health of our staff is being monitored very closely with all staff working from home; our IT networks have been expanded to allow for this so that clients can continue to be serviced appropriately.

This is considered to be a non-adjusting post balance sheet event for the Company. The impact has been considered by the Directors as set out in the going concern paragraph of the Directors' Report.

**12. Controlling party**

The company is owned by Mazars Limited which is wholly owned and controlled by Mazars LLP, a limited liability partnership resident in England and Wales, which the directors consider to be the ultimate parent undertaking and controlling party. The group accounts produced by Mazars LLP are available from Mazars LLP, Tower Bridge House, St Katharine's Way, London, E1W 1DD.

Mazars LLP is part of the Mazars worldwide organisation which comprises all the member entities who have signed a co-operation agreement with Mazars Scrl. Mazars Scrl is a Limited Responsibility Co-operative Company headquartered in Belgium which itself has no professional activity and whose shareholders are partners in the member entities. Mazars Scrl is the largest group where the accounts of Mazars LLP and its subsidiary undertakings are consolidated. The consolidated financial statements of Mazars Scrl are available on the company's website [www.mazars.com](http://www.mazars.com).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.