

Mazars Public Sector Internal Audit Limited

Registered number: 04585162

Directors' report and financial statements

For the year ended 31 August 2020

MAZARS PUBLIC SECTOR INTERNAL AUDIT LIMITED

COMPANY INFORMATION

Directors	J M Berry P A Verity T J Stanbrook
Registered number	04585162
Registered office	Tower Bridge House St Katharine's Way London E1W 1DD
Independent auditor	Crowe U.K. LLP Statutory Auditor 55 Ludgate Hill London EC4M 7JW

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The directors present their report and the audited financial statements for the year ended 31 August 2020.

Principal activity

The principal activity of the company was the provision of professional services, to assess and advise 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 profit for the year, after taxation, amounted to £87,716 (2019: loss of £39,048).

The directors do not recommend the payment of a dividend for the year (2019: £nil).

Directors

The directors who served during the year were:

A J Fraser (resigned 9 October 2019)
J M Berry (appointed 9 October 2019)
P A Verity (appointed 9 October 2019)
T J Stanbrook (appointed 9 October 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; and
- 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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

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.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. No claim or notice of claim in respect of these indemnities has been received in the period.

Going Concern

The impact of the COVID-19 pandemic continues to give rise to economic and financial uncertainties. However, the directors continue to monitor Government advice to protect the safety and wellbeing of staff, and to ensure that client service is maintained during these challenging and unprecedented times. Detailed budgets and cash flow forecasts have been completed, in conjunction with the company's controlling party, Mazars LLP, and its subsidiaries. Ongoing performance against targets is comprehensively reviewed with forecasts updated on a regular basis. The directors are satisfied that the company has adequate working capital resources and group support to continue in operational existence for the foreseeable future.

The directors of the company, based upon the above, believe it is appropriate to prepare the financial statements on a going concern basis.

Auditor

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

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: 18 February 2021

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

Opinion

We have audited the financial statements of Mazars Public Sector Internal Audit Limited (the 'company') for the year ended 31 August 2020 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 2020 and of its profit 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

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; or
- 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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 1, 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. 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

55 Ludgate Hill

London

18 February 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020**

	2020 £	2019 £
Turnover	69,198	216,698
Gross profit	<u>69,198</u>	<u>216,698</u>
Administrative expenses	15,371	(255,746)
Operating profit/(loss)	<u>84,569</u>	<u>(39,048)</u>
Tax on profit/(loss)	3,147	-
Profit/(loss) for the financial year	<u><u>87,716</u></u>	<u><u>(39,048)</u></u>
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>87,716</u></u>	<u><u>(39,048)</u></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 9 to 13 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Current assets			
Debtors: amounts falling due within one year	6	1,597,831	1,969,815
		<u>1,597,831</u>	<u>1,969,815</u>
Creditors: amounts falling due within one year	7	(761,267)	(1,220,967)
		<u>(761,267)</u>	<u>(1,220,967)</u>
Net current assets		836,564	748,848
Total assets less current liabilities		836,564	748,848
		<u>836,564</u>	<u>748,848</u>
Net assets		<u>836,564</u>	<u>748,848</u>
Capital and reserves			
Called up share capital	9	300,001	300,001
Profit and loss account		536,563	448,847
		<u>536,563</u>	<u>448,847</u>
Total equity		<u>836,564</u>	<u>748,848</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: 18 February 2021

The notes on pages 9 to 13 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 September 2018	300,001	487,895	787,896
Comprehensive expense for the year			
Loss for the year	-	(39,048)	(39,048)
Total comprehensive expense for the year	-	(39,048)	(39,048)
At 1 September 2019	300,001	448,847	748,848
Comprehensive income for the year			
Profit for the year	-	87,716	87,716
Total comprehensive income for the year	-	87,716	87,716
At 31 August 2020	<u>300,001</u>	<u>536,563</u>	<u>836,564</u>

The notes on pages 9 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. General information

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

The principal activity of the company was the provision of professional services, to assess and advise on the adequacy and effectiveness of the processes and controls that operate within public sector organisations including local authorities and NHS organisations.

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).

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 are rounded to the nearest pound.

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 2020**

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

The impact of the COVID-19 pandemic continues to give rise to economic and financial uncertainties. However, the directors continue to monitor Government advice to protect the safety and wellbeing of staff, and to ensure that client service is maintained during these challenging and unprecedented times. Detailed budgets and cash flow forecasts have been completed, in conjunction with the company's controlling party, Mazars LLP, and its subsidiaries. Ongoing performance against targets is comprehensively reviewed with forecasts updated on a regular basis. The directors are satisfied that the company has adequate working capital resources and group support to continue in operational existence for the foreseeable future.

The directors of the company, based upon the above, believe it is appropriate to prepare the financial statements on a going concern basis.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)

2.7 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 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

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting are recognised in the year in which the estimate is revised, if the revision affects only that year, in the year of the revision and future years, if the revision affects both current and future years.

The directors do not consider there to be any critical judgements or key sources of estimation uncertainty relating to the financial statements for the year ended 31 August 2020.

4. Auditor's remuneration

The auditor's remuneration is paid by and charged to the ultimate parent undertaking and ultimate controlling party, Mazars LLP.

5. Employees

The company has no employees other than the directors, who did not receive any remuneration for their services to the company during the year (2019: £nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

6. Debtors

	2020 £	2019 £
Trade debtors	-	38,980
Amounts owed by group undertakings	1,597,831	1,930,835
	<u>1,597,831</u>	<u>1,969,815</u>

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

7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	761,222	1,166,503
Accruals and deferred income	45	54,464
	<u>761,267</u>	<u>1,220,967</u>

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

8. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>1,597,831</u>	<u>1,969,815</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(761,267)</u>	<u>(1,220,967)</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 2020**

9. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
300,001 (2019: 300,001) ordinary shares of £1 each	<u>300,001</u>	<u>300,001</u>

The ordinary shares entitle the holder of each to one voting right and no right to fixed income.

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. 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.

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.