



Audit findings report

Peterborough Limited

Year ended 31 March 2024



Strictly Private & Confidential

The Board of Directors
Peterborough Limited
Nursery Lane
Fengate
Peterborough
PE1 5BG

Our ref: MAJ/RD/RAW3722
19 June 2024

Dear Directors

Peterborough Limited
Audit findings for the year ended 31 March 2024

This Audit Findings Report highlights the significant findings arising from the audit for the benefit of those charged with governance. We appreciate that you may be aware of some of the matters contained in this report, however as required by International Standard on Auditing (UK) 260 we are communicating them to you formally.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) (ISAs UK), which is directed towards forming and expressing an opinion on the financial statements. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, including those in respect of the preparation of financial statements.

There is more detail in respect of the responsibilities of the auditor and those charged with governance within our engagement letter. Our standard terms and conditions can be found at <https://www.azets.co.uk/terms-of-business>.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit. If we can be of any further assistance, please contact Mark Jackson.

Yours faithfully

A handwritten signature in black ink that reads 'M Jackson'.

Mark Jackson
Senior Statutory Auditor
Azets Audit Services

We are an accounting, tax, audit, advisory and business services group that delivers a personal experience both digitally and at your door.

Accounting | Tax | Audit | Advisory | Technology

Azets Audit Services is a trading name of Azets Audit Services Limited. Registered in England & Wales. Registered No. 09652677.
VAT Registration No. 219 0608 22. Registered office: 2nd Floor, Regis House, 45 King William St, London EC4R 9AN. Registered to carry on audit work in the UK under Firm Number C004632199 and regulated for a range of investment business activities by the Institute of Chartered Accountants in England & Wales. The term 'Board Director' is used to refer to a statutory director and principal of the company as registered at Companies House. Any other designations that include the term 'Partner' or 'Director' are not registered statutory directors or principals of the registered company.



Contents

1.	Executive summary	1
2.	Financial performance	2
3.	Significant audit findings	3
4.	Going concern	5
5.	Audit communication	6
6.	Unadjusted misstatements	7
7.	Internal controls	8
8.	Independence and ethics	9

1. Executive summary

Significant matters relevant to our audit

This table summarises the significant matters arising from the statutory audit of Peterborough Limited for the year ended 31 March 2024 for those charged with governance.

Audit opinion	<p>We do not propose any modifications to our audit opinion which is unqualified.</p> <p>We have no matters to report regarding the adoption of the going concern basis or inadequate disclosures relating to material uncertainties.</p> <p>Our audit work is substantially complete and there are currently no matters which would require modification of our audit report, subject to the outstanding matters detailed below:</p> <ul style="list-style-type: none"> Signed letter of representation
Audit approach	<p>There were no changes to our audit approach as set out to you in our audit plan.</p>
Significant audit findings	<p>We have reported our significant audit findings on pages 3-4 and audit adjustments on page 2. The impact on the company's profit is £74,359.</p> <p>We are pleased to report that the audit progressed well from our perspective and in accordance with the agreed timetable.</p>
Audit adjustments	<p>We are required to communicate all potential adjustments, other than those considered to be clearly trivial, to management and to request that management corrects them.</p> <p>Audit adjustments proposed can be seen in the reconciliation to accounts below. Presentational and reclassification adjustments were proposed and accepted by management.</p> <p>All unadjusted differences are collectively and individually under materiality.</p>
Internal controls	<p>The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.</p> <p>Our audit is, therefore, not designed to identify all control weaknesses. No material weaknesses or significant deficiencies were noted.</p>

2. Financial performance

Reconciliation to accounts

The reconciliation of the trial balance presented to the audited statutory financial statements is as follows.

	£
Profit / (loss) per management accounts / TB	230,615
<i>Audit adjustments</i>	
Draft corporation tax charge	(74,359)
Net profit per statutory financial statements	156,256

3. Significant audit findings

This section of our report includes a summary of significant audit findings relating to significant risk areas identified at planning and other risk areas that required special consideration or arose during the course of the audit.

Significant risk areas identified at planning

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- our risk assessment procedures identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The below table summarises conclusions in relation to significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Key risk area	Audit Approach	Conclusions
<p>Management override of controls Management is in a unique position to perpetrate fraud because of management’s ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk</p> <p>Risk of material misstatement: Medium</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgements and decisions made by management; • Testing of journal entries; • Review of any unusual significant transactions. 	<p>No instances of management override identified from our audit work.</p>
<p>Going concern Under ISA (UK) 240 there is a presumed risk that management and directors have the ability to process transactions or make adjustments to financial records outside of the normal financial control processes. Such transactions could lead to a material misstatement in the financial statements.</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Reserves at the year end will be reviewed for reasonableness. • Budgets will be reviewed for the 12 months following the date the accounts are signed. 	<p>Going concern disclosures in the accounts are considered to be appropriate.</p>

Risk of material misstatement: Medium	<ul style="list-style-type: none"> • Future commitments will be reviewed to ensure sufficient reserves to cover.
--	---

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The below table summarises conclusions in relation to significant risks of material misstatement assertion level for classes of transaction, account balances and disclosures.

Key risk area	Audit Approach	Conclusions
Fraud in revenue recognition Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed risk in ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements). Inherent risk of material misstatement: <ul style="list-style-type: none"> • Income and debtors (cut-off): Medium • Income and debtors (accuracy): Medium • Income and debtors (valuation): Medium 	Procedures performed to mitigate risks of material misstatement in this area will include: <ul style="list-style-type: none"> • Review and testing of revenue recognition policies; • Detailed substantive testing on material revenue streams; • Substantive analytical procedures. 	No instances of fraud in revenue recognition identified from audit work completed.

Other identified risks

The below table summarises conclusions in relation to other identified risks which although not considered to be significant required specific consideration during the audit or were risks otherwise identified during the course of the audit.

Identified risk of material misstatement	Audit approach	Conclusion
Related party transactions and balances There is the risk that related party disclosures in the financial statements are materially misstated.	<ul style="list-style-type: none"> • Detailed review of supplier and customer lists to identify any potential related parties; • Agree transactions in the year and balances at the year end to 3rd party documentation; • Discuss with management. 	Related party disclosures considered to be complete.

4. Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Management's assessment of going concern

Peterborough Limited has prepared its financial statements on the going concern basis. Management believe that the financial statements should be prepared on the going concern basis as they have assessed that the company is a going concern. However, material uncertainties exist as the company is dependent upon support from its parent undertaking, Peterborough City Council.

Management's assessment covers a period of at least 12 months from expected date of approval of the accounts.

Audit work performed

ISA 570 (revised) specifies mandatory procedures that we are required to carry out on going concern.

We have reviewed the Agresso data which has been prepared since the year end and budgets for the next financial year.

Disclosures

We have reviewed the disclosures set out in note 1.2 which is considered to be adequate.

Conclusion

We concur with management's assessment that it is appropriate to continue to adopt the going concern basis and appropriate disclosure relating to the material uncertainties are included in note 1.2 to the financial statements and the Report of the Directors / Strategic report. Our audit report refers to the material uncertainty although our opinion is not modified in respect of this matter.

5. Audit communication

Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the business and the needs of the users.

Accounting policies

The accounting policies used in preparing the financial statements are unchanged from the prior year. These have been deemed appropriate for the audited period.

Presentation and disclosures

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the entity. We identified a number of reclassification adjustments and some minor presentational issues in the Company, and these have all been amended by management.

Overall, we found the disclosed accounting policies, significant accounting estimates and the overall disclosures and presentation to be appropriate.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management. We have not been made aware of any incidents in the period nor have any incidents come to our attention as a result of our audit testing.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose. In the event that the directors wish to obtain enhanced assurance with regard to the effectiveness of internal control in preventing and detecting fraud we should be happy to provide additional services.

Written representations

We will present the final letter of representation to the Board to sign at the same time as the financial statements are approved.

Related parties

We are not aware of any related party transactions which have not been disclosed.

6. Unadjusted misstatements

Unadjusted audit differences

No unadjusted audit differences above the trivial level have been identified.

7. Internal controls

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our audit is, therefore, not designed to identify all control weaknesses and the matters reported below are limited to those deficiencies that we have identified during the audit.

Follow up on prior year control recommendations

As part of our audit process, we have specifically followed up on control weaknesses and recommendations either raised in last year's report or carried forward from prior reports.

Area	Prior year observation	Prior year recommendation	Follow up
Stock	It was identified during audit testing that the stock sheet for streetcare did not cast correctly. Despite being created on Excel the sheet had been printed and manually calculated.	Care should be taken when calculating stock values and we recommend checks being performed when stock sheets are prepared and calculated manually.	Issue resolved.
Leisure services income	We were unable to test 5 transactions as part of our detailed income testing as we could not obtain accurate reports from Gladstone (leisure sales system) for older transactions.	Reports obtained from Gladstone should be saved appropriately when reconciliations are performed to ensure that a full audit trail is kept for all transactions.	Issue resolved.

Control weaknesses and recommendations

No control weaknesses or recommendations have been identified from our current year work.

8. Independence and ethics

In accordance with our profession's ethical requirements and further to our audit planning letter issued confirming audit arrangements there are no further matters to bring to your attention in relation to our integrity, objectivity, and independence.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

Audit and non-audit services

The following services were provided for the year to 31 March 2024 and to 31 March 2023.

Audit services	Fees 2024 £	Fees 2023 £
Audit of company	14,300	14,000

Non-audit service	Fees 2024	Fees 2023	Type of threat	Safeguard
Preparation of statutory accounts	£3,400	£3,300	Management Self-review	Directors to sign and approve all adjustments made to the financial statements.
Corporation tax compliance	£1,000	Not separated out from accounts fee		Whilst the preparation of the statutory financial statements is carried out by members of the audit team, it is reviewed by a reviewer separate from the audit team.
Reporting to group auditors	TBC	£200		
Advice and report on the operation of services through a charity	£nil	£10,000		

AV AZETS

This page is intentionally left blank