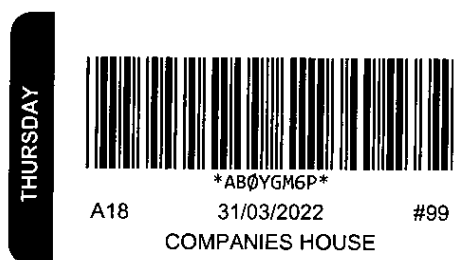


Mazars LLP

Registration Number: OC308299

Mazars LLP

**Consolidated financial statements
For the year ended 31 August 2021**



Mazars LLP

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Foreword

Throughout 2021 one common thread has remained unbroken across our firm: the resilience and adaptability of our people. Despite multiple lockdowns, remote working and any number of personal and caring challenges, our teams have provided outstanding positive support for our clients in these challenging times. The tangible results of that focus and dedication can be seen in this annual report. Across service lines, we have recorded another year of excellent performance. Revenue grew by 14% – we have now achieved over a decade's worth of consecutive year-on-year revenue growth – and profit available for members increased by 40%.

In 2021 we launched and started to implement our four-year strategy. The 'One24' plan is part of our global strategy and clearly sets out how we intend to achieve our core purpose: building the economic foundations of a fair and prosperous world. Central to that strategy is quality without compromise, which remains a key focus across the whole firm.

This year we have continued to make progress on inclusion, diversity and culture, which are key pillars of our identity. Regular and open dialogue with our diversity networks, supported by further growth of our Inclusion, Diversity and Wellbeing team, has underpinned our work to build the team of the future and create a supportive environment where our people can bring their whole selves to work. A strong and consistent culture across the firm has been a critical factor in attracting our largest ever intake of trainees, with 323 joining in September 2021. The firm as a whole has grown significantly, as we have welcomed 21 new partners and our total number of employees grew by 7%.

We are pleased to have achieved strong financial performance while significantly reducing our environmental impact in 2021. Remote working has naturally led to a radical reduction in business travel, printing and energy use in our offices. While we expect a correction as we return to more normal circumstances, the last year has shown us what is possible and, as we implement hybrid working practices, we will not be returning to the status quo: our progress towards our sustainability goals is ongoing.

Assurance and internal audit grew by 25% to £98.4m in 2021, overcoming significant challenges in the form of lockdowns and remote working, as well as an extremely competitive employment market. Audit quality is our primary focus, and the business has continued to invest in its team, processes and technology. Looking forward, the audit service line will continue to build and invest in talent to ensure the business remains in a strong position to support clients and is able to grow sustainably in a market on the cusp of meaningful reform.

Tax and financial planning, which reported strong growth of 8% to £48.1m, benefited from strategic organisational decisions taken at the end of the last financial year, which created a more agile team to better serve a growing client base. Our growth has come through our tax team successfully supporting a growing number of clients through challenging and changing times.

Financial advisory, consulting and outsourcing reported consistently strong performance throughout the year, increasing to £87.5m, which represents 8% growth on last year, largely driven by the resurgence of the M&A market and our work on a broad range of transactions. During 2021, digitalisation has offered a great opportunity for us to support our clients in transitioning to cloud-based accounting. And our established centres of excellence enabled us to support an increasing client base.

Thanks to our exceptional team, we know now that challenging external factors are little impediment to our delivering high quality work for our clients and driving strong performance across our business. We are excited about our future prospects as we maintain a clear focus on delivering a strategy based upon seizing our market opportunities, ensuring that we promote excellence in the way we work, and continuing our journey towards developing Mazars into an ever more purposeful firm.

Mazars LLP

Statement of members' responsibilities

The members are responsible for preparing the financial statements in accordance with applicable law and regulations

The Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2008 ('LLP Regulations') require the members to prepare financial statements for each financial period. The members have elected to prepare consolidated financial statements for Mazars LLP and its subsidiary undertakings ("the Group") in accordance with International Financial Reporting Standards (IFRS). Mazars LLP ("the LLP") meets the definition of a qualifying entity under FRS100 issued by the Financial Reporting Council and has prepared individual accounts in accordance with FRS101 "Reduced Disclosure Framework".

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the LLP and of the profit or loss of the Group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether, for the consolidated financial statements, they have been prepared in accordance with IFRS and for the individual accounts of the LLP they have been prepared in accordance with FRS101; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP and Group will continue in business.

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

The members are responsible for the maintenance and integrity of the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The members' responsibilities set out above are discharged by the Designated Members and the Governance Council on behalf of the members.

Independent auditor's report to the members of Mazars LLP

Opinion

We have audited the Group financial statements of Mazars LLP for the year ended 31 August 2021 which comprise the Consolidated statement of comprehensive income, Consolidated statement of financial position, the Consolidated statement of changes in members' equity and members' interests, Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 August 2021 and its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to LLPs.

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 Group 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

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The members are responsible for the other information contained within the annual report. 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 we do not express any form of assurance conclusion thereon.

Mazars LLP

Independent auditor's report to the members of Mazars LLP (continued)

Other information (continued)

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the LLP's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of members

As explained more fully in the members' responsibilities statement set out on page 2, the members 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 members 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 members are responsible for assessing the Group'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 members either intend to liquidate the Group 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operate, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and UK Corporate Tax Legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and inappropriate revenue recognition.

Mazars LLP

Independent auditor's report to the members of Mazars LLP (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures to respond to these risks included enquiries of management about their identification and assessment of the risk of irregularities, sample testing on the appropriate journals, reviewing accounting estimates for biases, corroborating balances recognised to supporting documentation on a sample basis and ensuring accounting policies are appropriate under the United Kingdom Generally Accepted Accounting Practice and applicable law.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships (LLPs). Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

M Stallabass

Matthew Stallabass
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M7JW

27 January 2022

Mazars LLP

Consolidated statement of comprehensive income
For the year ended 31 August 2021

| | Notes | 2021 £m | 2020 £m |
|--|----------|--------------|--------------|
| Revenue | 3 | 234.0 | 204.6 |
| Employee benefit expenses | 4 | (122.8) | (108.8) |
| Depreciation and amortisation | | (9.1) | (10.4) |
| Other operating expenses | | (57.1) | (54.4) |
| | | <hr/> | <hr/> |
| Operating profit | 5 | 45.0 | 31.0 |
| Finance costs | 6 | (0.7) | (0.9) |
| | | <hr/> | <hr/> |
| Profit for the financial year before taxation | | 44.3 | 30.1 |
| Tax on profit on ordinary activities in corporate subsidiaries | 7 | (1.5) | (1.4) |
| | | <hr/> | <hr/> |
| Profit for the financial year before members' remuneration and profit shares available for discretionary division among members | | 42.8 | 28.7 |
| | | <hr/> | <hr/> |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Remeasurements of defined benefits plan | 19 | (0.1) | 1.8 |
| | | <hr/> | <hr/> |
| Total comprehensive income for the financial year | | 42.7 | 30.5 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 12 to 35 form part of these financial statements.

Mazars LLP

Consolidated statement of financial position
At 31 August 2021

OC308299

| | Notes | 2021 | | 2020 | |
|--|-------|------|---------------------|------|---------------------|
| | | £m | £m | £m | £m |
| Non-current assets | | | | | |
| Goodwill | 9 | | 4.6 | | 4.6 |
| Other intangible assets | 9 | | 4.3 | | 5.3 |
| Property, plant and equipment | 10 | | 8.0 | | 9.1 |
| Right of use assets | 11 | | 17.5 | | 18.2 |
| Deferred tax asset | 18 | | 0.3 | | 0.3 |
| | | | <u>34.7</u> | | <u>37.5</u> |
| Current assets | | | | | |
| Trade and other receivables | 12 | 76.5 | | 61.5 | |
| Cash and cash equivalents | 13 | 18.3 | | 7.1 | |
| | | | <u>94.8</u> | | <u>68.6</u> |
| Total assets | | | <u>129.5</u> | | <u>106.1</u> |
| Equity and liabilities | | | | | |
| Current liabilities | | | | | |
| Interest bearing loans and borrowings | 14 | 1.9 | | 8.2 | |
| Lease liabilities | 15 | 4.2 | | 3.2 | |
| Trade and other payables | 16 | 43.0 | | 26.2 | |
| | | | <u>49.1</u> | | <u>37.6</u> |
| Non-current liabilities | | | | | |
| Provisions | 17 | | 6.8 | | 3.0 |
| Lease liabilities | 15 | | 16.5 | | 16.9 |
| Loans and other debts due to members | | | 47.0 | | 44.9 |
| | | | <u>119.4</u> | | <u>102.4</u> |
| Total liabilities | | | 119.4 | | 102.4 |
| Members' interests classified as equity | | | <u>10.1</u> | | <u>3.7</u> |
| Total liability and equity | | | <u>129.5</u> | | <u>106.1</u> |

The financial statements were approved and authorised for issue on 27 January 2022 on behalf of the members of Mazars LLP by:

Jacqueline Berry
Jacqueline Berry, 24/27/2022 15:31 GMT

Jacqueline Berry
Designated Member

Ian Wrightson
Ian Wrightson, 24/27/2022 15:31 GMT

Ian Wrightson
Designated Member

The notes on pages 12 to 35 form part of these financial statements.

Mazars LLP

Consolidated statement of cash flows
For the year ended 31 August 2021

| | Notes | 2021 £m | 2020 £m |
|--|-------|---------------|---------------|
| Profit for the financial year before members' remuneration and profit shares available for discretionary division among members | | 42.8 | 28.7 |
| Taxation charge | 7 | 1.5 | 1.4 |
| Finance costs | 6 | 0.7 | 0.9 |
| Depreciation | 5 | 3.7 | 3.7 |
| Depreciation of right of use assets | 5 | 4.3 | 4.4 |
| Amortisation | 5 | 1.1 | 2.3 |
| (Increase) / decrease in trade and other receivables | | (15.0) | 12.1 |
| Increase / (decrease) in trade and other payables | | 16.8 | (2.3) |
| Increase in provisions | | 1.8 | 0.1 |
| Contribution to pension scheme | | (0.7) | - |
| Past service cost of pension scheme | | 2.6 | 1.8 |
| | | <hr/> | <hr/> |
| Cash generated from operations | | 59.6 | 53.1 |
| Corporation tax paid | | (1.5) | (2.3) |
| | | <hr/> | <hr/> |
| Net cash inflow from operating activities | | 58.1 | 50.8 |
| Purchase of property, plant and equipment | 10 | (2.6) | (3.1) |
| Proceeds on disposal of property, plant and equipment | 10 | - | 0.2 |
| Purchase of other intangible assets | 9 | (0.1) | (0.4) |
| | | <hr/> | <hr/> |
| Net cash used in investing activities | | (2.7) | (3.3) |
| | | <hr/> | <hr/> |
| Financing activities | | | |
| Payment to and on behalf of members | | (35.5) | (30.9) |
| Contributions by members | | 4.7 | 4.3 |
| Capital repayments to members | | (3.4) | (3.2) |
| Interest paid | | (0.1) | (0.9) |
| Lease payments | 15 | (3.6) | (4.1) |
| | | <hr/> | <hr/> |
| Net cash flow used in financing activities | | (37.9) | (34.8) |
| | | <hr/> | <hr/> |
| Net increase in cash and cash equivalents | | 17.5 | 12.7 |
| Cash and cash equivalents at beginning of year | | (1.1) | (13.8) |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at year end | | 16.4 | (1.1) |
| | | <hr/> <hr/> | <hr/> <hr/> |

Mazars LLP

Consolidated statement of cash flows (continued)
For the year ended 31 August 2021

Cash and cash equivalents comprises:

| | Notes | 2021 £m | 2020 £m |
|---------------------------|--------------|--------------------|--------------------|
| Cash and bank balances | 13 | 18.3 | 7.1 |
| Less: loans and overdraft | 14 | (1.9) | (8.2) |
| | | <hr/> | <hr/> |
| Cash and cash equivalents | | 16.4 | (1.1) |
| | | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 12 to 35 form part of these financial statements.

Mazars LLP

Consolidated statement of changes in members' equity and members' interests

For the year ended 31 August 2021

| | <u>Loans and other debts due to members</u> | | | Members' other interests – Other Reserves classified as Equity | Total |
|--|---|---------------|-------------|--|-------------|
| | Members' capital | Other amounts | Total | | |
| | £m | £m | £m | £m | £m |
| Members' interests at 1 September 2020 | 34.9 | 10.0 | 44.9 | 3.7 | 48.6 |
| Profit for the financial year available for discretionary division among members | - | - | - | 42.8 | 42.8 |
| Members' interests after profit for the year | 34.9 | 10.0 | 44.9 | 46.5 | 91.4 |
| Allocated profits | - | 36.3 | 36.3 | (36.3) | - |
| Introduced by members | 4.7 | - | 4.7 | - | 4.7 |
| Repayments | (3.4) | - | (3.4) | - | (3.4) |
| Other comprehensive income | - | - | - | (0.1) | (0.1) |
| Drawings | - | (35.5) | (35.5) | - | (35.5) |
| Members' interests at 31 August 2021 | <u>36.2</u> | <u>10.8</u> | <u>47.0</u> | <u>10.1</u> | <u>57.1</u> |

Other amounts represent profits allocated to members however not drawn at the balance sheet date. In the event of winding up, the other amounts and debts due to members rank after unsecured creditors.

Members' other interests – other reserves classified as equity represents profits and losses not yet allocated and divided to Members.

Consolidated statement of changes in members' equity and members' interests (continued)

For the year ended 31 August 2021

| | <u>Loans and other debts due to members</u> | | | Members' other interests – Other Reserves classified as Equity £m | Total £m |
|--|---|---------------------|-------------|--|-------------|
| | Members' capital £m | Other amounts £m | Total £m | | |
| Members' interests at 1 September 2019 | 33.8 | 8.3 | 42.1 | 5.8 | 47.9 |
| Profit for the financial year available for discretionary division among members | - | - | - | 28.7 | 28.7 |
| Members' interests after profit for the year | 33.8 | 8.3 | 42.1 | 34.5 | 76.6 |
| Allocated profits | - | 32.6 | 32.6 | (32.6) | - |
| Introduced by members | 4.3 | - | 4.3 | - | 4.3 |
| Repayments | (3.2) | - | (3.2) | - | (3.2) |
| Other comprehensive income | - | - | - | 1.8 | 1.8 |
| Drawings | - | (30.9) | (30.9) | - | (30.9) |
| Members' interests at 31 August 2020 | 34.9 | 10.0 | 44.9 | 3.7 | 48.6 |

The notes on pages 12 to 35 form part of these financial statements.

Notes to the Consolidated financial statements For the year ended 31 August 2021

1. Accounting policies

1.1 General information

The LLP is a limited liability partnership registered in England and Wales with registered number OC308299. Its registered office and principal place of business is Tower Bridge House, St Katharine's Way, London, E1W 1DD. The financial statements have been presented in millions of Pounds Sterling as this is the currency of the primary economic environment that the Group operates in.

1.2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretation Committee interpretations (IFRIC). The consolidated financial statements have been prepared under the historical cost convention except as described in the accounting policies and in accordance with those parts of the Companies Act 2006 as applied by LLPs.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

1.3 Basis of consolidation

These financial statements consolidate those of the LLP and all entities over which the LLP has control as at 31 August 2021 ("the Group"). All subsidiary entities have a reporting date of 31 August. The LLP is the Group's ultimate parent entity.

All transactions and balances between Group entities are eliminated on consolidation, including unrealised gains and losses on transactions between Group entities. Amounts reported in the financial statements of Group entities have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Revenue, costs and other comprehensive income of subsidiary entities acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

1.4 Going concern

The Group is financed by capital from the members, profits retained in the business and bank facilities.

Whilst there are still ongoing challenges within the markets in which the entity operates, the members have considered the current economic climate including the potential ongoing impacts of the COVID-19 pandemic. The members continue to closely monitor and evaluate the market in regard to further impacts of the pandemic and are committed to protecting the safety and wellbeing of staff, and ensuring that a high level of service to clients is maintained during this time. Detailed budgets, cash flow forecasts, sensitivity analysis and scenario testing are completed. Ongoing performance against targets is comprehensively reviewed with forecasts updated on a regular basis. The members are satisfied that the Group has adequate working capital resources to continue in operational existence for the foreseeable future.

The members of the LLP, based upon the above, at the time of approval of the financial statements, have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the going concern basis has been adopted in preparing these financial statements.

1.5 New standards and interpretations adopted in the financial year

Amendments to IFRS3: Business Combinations has been adopted by the Group from 1 September 2020 and applied in these financial statements. The adoption of this standard had no material impact on the financial statements.

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

1.6 New standards and interpretations not yet adopted

Effective for the financial year to 31 August 2022

- Amendments to IAS1 and IAS8: Definition of material
- Conceptual Framework (Revised) and amendments to related references in IFRS Standards

The Group does not expect that any standards, interpretations and amendments issued by the IASB, but not yet effective, will have a material impact on the financial statements once adopted.

1.7 Foreign currency transactions

Transactions in foreign currencies are initially recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies at the balance sheet date are translated into sterling at foreign exchange rates ruling at that date. Foreign exchange differences arising from translation are recognised in the income statement. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates as at the date of the initial transactions.

1.8 Foreign subsidiaries

On consolidation, the assets and liabilities of foreign subsidiaries with a functional currency other than Pounds Sterling are translated into Pounds Sterling at the exchange rate at the reporting date. Income and expenses of such subsidiaries are translated into Pounds Sterling at the average exchange rate over the reporting period, or the average rate during the reporting period in which the foreign undertaking was a subsidiary. Exchange differences arising are recognised in Other comprehensive income in the Consolidated statement of comprehensive income and in the currency translation reserve within Members' other interests - other reserves classified as equity.

1.9 Revenue recognition

The Group recognises revenue from the provision of a wide variety of contracts to provide professional services. Performance obligations are identified for each contract with a client and the timing of revenue recognition is assessed based on the control of the service being transferred to the client.

All performance obligations are satisfied over time since either clients receive and consume the benefit provided by the Group's performance as the Group provides services or the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured at the fair value of the right to consideration, including expenses and disbursements, but excluding VAT. Revenue is recognised over time by reference to time and costs incurred to the end of the reporting period compared to the expected total time and costs to complete the performance obligations. Variable consideration is constrained to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue recognised that has not been billed to clients is included as contract assets in trade and other receivables and amounts billed in excess of revenue recognised are included as deferred income in trade and other payables.

As a practical expedient permitted by IFRS15 no disclosure has been made of amounts allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the financial year where contracts have an original expected duration of less than one year or where the right to consideration corresponds directly with the performance completed to date. Revenue in respect of contingent fee assignments (over and above any agreed minimum fee) is only recognised when the contingent event occurs and collection of the fee is assured.

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

1.10 Government Grants

Grants are accounted under the accruals model as permitted by IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance. The grant income received is netted against the associated expenditure incurred and disclosed in note 4. There are no unfulfilled conditions or contingencies attached to Grants received.

1.11 Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets and liabilities acquired at the date of the acquisition. Goodwill is recognised as an intangible asset with an indefinite useful life. Associated costs of acquisition are recognised as an expense as incurred. Goodwill is tested annually for impairment. If the Group's interest in the fair value of the identifiable assets and liabilities acquired exceeds the cost of the acquisition as at the date of the acquisition, the excess is recognised in the Consolidated statement of comprehensive income as a gain.

1.12 Other intangible assets

Contracts and client relations

Intangible assets including contracts and client relations acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Computer software

Computer software comprises the cost of purchased software licences and costs directly associated with the development of software for use by the Group that will generate probable future economic benefits, excluding software which is integral to related hardware. Computer software is recognised as an intangible asset and stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised as an expense in the Consolidated statement of comprehensive income on a straight line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives fall within the following ranges:

| | |
|--------------------------------|------------|
| Contracts and client relations | 5-10 years |
| Computer software | 3-5 years |

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the Consolidated statement of comprehensive income within other income or other operating expenses.

The Group and LLP recognises a right of use asset and a corresponding lease liability on the lease commencement date.

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

1.13 Leases

In accordance with IFRS16, the lease liability is measured at the present value of expected future lease payments which are discounted at the interest rate implicit in the lease if this can be determined or the Group's incremental borrowing rate. Payments included in the liability calculation are fixed payments and payments from options which the Group reasonably expects to exercise.

The right of use asset is measured at cost which is made up of the lease liability, any initial direct costs, any lease payments made in advance of the lease commencement date including any lease incentives received and an estimate of the restoration costs at the end of the lease. The right of use assets are depreciated on a straight line basis over the lease term.

Both the lease liability and right of use asset are remeasured to reflect any reassessments of modifications to the lease.

Lease payments associated with short term leases and leases of low value assets are recognised as an expense on a straight light basis over the lease term. Short term leases are leases with a lease term of 12 months or less and low value assets comprise office equipment. Lease payments on these assets are expensed to the income statement as incurred.

1.14 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The initial cost of an asset comprises its purchase price and any costs directly attributable to bringing the asset into operation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life using the straight line method.

The expected useful lives are as follows:

| | |
|---------------------------------|------------------|
| Leasehold property improvements | The lease period |
| Furniture and equipment | 5-10 years |
| Computer equipment | 3-5 years |
| Motor vehicles | 4 years |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognising the asset is included in the Consolidated statement of comprehensive income. The residual values, useful lives and depreciation methods of assets are reviewed, and adjusted if appropriate, in each financial period.

1.15 Impairment of non-financial assets

At each statement of financial position date, the LLP reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

1.16 Financial instruments

The Group recognises financial instruments when it becomes party to the contracts that give rise to them and they are derecognised on settlement. They are measured initially at fair value, adjusted for transaction costs. The subsequent accounting treatment depends on the classification of an instrument as set out below.

Financial assets

Financial assets are carried at amortised cost using the effective interest method if the time value of money is significant, less provision for impairment. Client debtors are generally carried at the original invoiced amount, less provision for impairment. Impairment provision for client receivables and contract assets are recognised based on the simplified approach in IFRS9. Estimated future credit losses are based on the ageing of receivable balances from clients, historical credit loss experience and forward looking considerations. Amounts due from other Member Firms of the Mazars worldwide organisation are considered to have a low credit risk and no material loss allowance has been recognised at 31 August 2021 on these assets.

For client receivables the impairment provisions are recorded separately within the Consolidated statement of comprehensive income. If a client receivable is confirmed as not recoverable it is written off against the provision. Under the previous accounting policy impairment provisions were based on the historical incurred credit losses.

Financial liabilities

Financial liabilities, including members' capital, borrowings and trade and other payables, are carried at amortised cost using the effective interest method if the time value of money is significant. Trade payables are generally carried at the original invoiced amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and short-term deposits with an original maturity of less than three months that are readily convertible to known amounts of cash.

For the purpose of the Consolidated statement of cash flows, cash and cash equivalents are as defined above, net of outstanding bank borrowings.

1.17 Components of equity

Members' other interests – other reserves classified as equity represents profits and losses not yet allocated and divided to Members.

1.18 Provisions and contingencies

Provision is made for obligations in relation to properties held under leases which require properties to be returned in a certain condition at the end of the lease where it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Provision is also made for obligations under onerous lease commitments in respect of properties no longer in use in the business, after allowance for anticipated sublet rental income.

Provision is made, on a case by case basis, in respect of client claims. Provision is made for all such matters where costs of defending or concluding claims are likely to be incurred, net of anticipated related insurance recoveries. No separate disclosure is made of the amounts covered by insurance as doing so could seriously prejudice the position of the Group.

Provisions are measured at the estimated expenditure required to settle the present obligations, discounted to their present values if the time value of money is significant.

Contingent liabilities, including liabilities that are not probable or which cannot be measured reliably, are not recognised, but are disclosed unless the possibility of settlement is considered remote.

Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

1.19 Pensions

The LLP operates a closed occupational defined benefit pension scheme. No further benefits are accrued in this scheme.

The scheme is recognised as a liability in the Consolidated Statement of financial position to the extent that the present value of the Defined Benefit Obligation ("DBO") of the scheme exceeds the fair value of the scheme's assets. An annual valuation of the DBO is carried out by a qualified actuary in accordance with IAS 19 "Employee Benefits", based on assumptions made regarding, in particular, the discount rate, future inflation rates and mortality. The net interest cost on the net defined benefit liability is recognised as an expense in the Consolidated statement of comprehensive income. Actuarial gains and losses and remeasurements arising from changes in assumptions are recognised as income or an expense in the Consolidated statement of comprehensive income as other comprehensive income or expense.

Contributions payable by the Group to employees' personal pension plans are recognised as an expense in the Consolidated statement of comprehensive income in the period in which the related employee services are received. Members are responsible for making their own provision for pensions.

1.20 Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are liabilities included in other payables, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

1.21 Taxation

Income taxation payable on all LLP profits is solely the personal liability of individual members. Consequently, neither income tax nor related deferred taxation is accounted for in the financial statements. A retention from profits is made which is subsequently released to members to assist in funding payments of taxation. The balance retained at the reporting date is reflected in loans and other debts due to members.

The subsidiary companies consolidated in these financial statements are subject to corporation tax based on their profit for the reporting periods. Deferred tax relating to subsidiaries is provided as an asset in the Consolidated statement of financial position in full at tax rates that are expected to apply in the periods in which the temporary differences between the treatment of certain items for taxation and accounting purposes are expected to reverse. Deferred tax assets are only recognised where recoverability is probable.

2. Significant judgements in applying accounting policies and uncertainty of estimates

In preparing the financial statements, management is required to make judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates.

Key Judgements

a) Revenue recognition

Certain judgements relating to the degree of completion of contracts with clients and recoverability of unbilled amounts for client work are undertaken by management.

b) Client claims and regulatory proceedings

The Group has the benefit of insurance policies to protect itself against professional negligence claims and the costs associated with regulatory proceedings which include policy excesses. A judgement is made on a case by case basis to identify if there is a probable outcome that costs are likely to be incurred for defending and concluding such matters.

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

Key Judgements (continued)

c) Leases

In determining the lease term the Group assesses whether it is reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. The assessment is made at the commencement of the lease and is reassessed if there is a significant event or change in circumstances that is within its control.

Key Estimates

a) Defined benefit pension schemes

The accounting valuation of the surplus or deficit of the closed defined pension scheme is based on assumptions made regarding, in particular, the discount rate, future inflation rates and mortality.

b) Client claims and regulatory proceedings

An estimate of the level of provision on claims or regulatory proceedings where it has been judged costs are likely to be incurred.

c) Impairment provision for receivables

Provision is made against trade receivables based on estimated future credit losses as explained in Note 1.15.

d) Intangible assets

The valuation of client contracts obtained through, and goodwill arising from, business combinations which are accounted for under IFRS 3 involves assumptions and estimates in respect of the longevity and profitability of client relationships and the future cash flows of the Group, as discounted by a suitable discount rate.

e) Leases

Where the Group cannot readily determine the interest rate implicit in its leases, it estimates the incremental borrowing rate based on a risk-free rate adjusted to take into account the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right of use asset. The Group made use of estimates when determining the incremental borrowing rate to discount lease liabilities.

f) Dilapidations

The Group makes estimates around future costs of restoring leased assets to the condition required under the terms and conditions of the lease, and with regards to the level of discounting applied and the time frame over which it is then unwound.

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

3. Revenue

The revenue of the Group during the year arose from continuing operations. The turnover for the year is derived from the following classes of business.

| | 2021 | 2020 |
|--|---------------------|---------------------|
| | £m | £m |
| Assurance and internal audit | 98.4 | 78.8 |
| Taxation and financial planning | 48.1 | 44.6 |
| Financial advisory, consulting and outsourcing | 87.5 | 81.2 |
| | <u>234.0</u> | <u>204.6</u> |
| | <u><u>234.0</u></u> | <u><u>204.6</u></u> |

Analysis of revenue by country:

| | 2021 | 2020 |
|---|---------------------|---------------------|
| | £m | £m |
| Revenue in the United Kingdom and Channel Islands | 228.4 | 199.6 |
| Revenue in USA or its territories | 1.8 | 1.8 |
| Revenue in Australia | 2.7 | 2.6 |
| Revenue in Canada | 1.1 | 0.6 |
| | <u>234.0</u> | <u>204.6</u> |
| | <u><u>234.0</u></u> | <u><u>204.6</u></u> |

4. Employee benefit expenses

| | 2021 | 2020 |
|---|---------------------|---------------------|
| | £m | £m |
| Salaries | 103.5 | 93.4 |
| Social security costs | 9.9 | 9.2 |
| Pension costs | 5.7 | 5.5 |
| Past service cost on defined benefit pension scheme (note 19) | 2.6 | 1.8 |
| CJRS income* | 1.1 | (1.1) |
| | <u>122.8</u> | <u>108.8</u> |
| | <u><u>122.8</u></u> | <u><u>108.8</u></u> |

*As the pandemic hit its peak in Spring 2020, trading fell sharply. In order to preserve jobs at this uncertain time the Group participated in the Government's Coronavirus Job Retention Scheme (CJRS) for two months in April and May 2020. Based on greater resilience in trading, no further CJRS claims were made. In light of trading results during the year ended August 2020, the Group subsequently repaid the support received in December 2020. The total claimed and subsequently repaid was £1.1m.

Mazars LLP

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

4. Employee benefit expenses (continued)

| | No | No |
|---|--------------|--------------|
| The average monthly number of employees during the year was: | | |
| Client facing | 2,100 | 1,932 |
| Support services | 239 | 253 |
| | <u>2,339</u> | <u>2,185</u> |

The average number of members was 139 (2020: 131). The full-time equivalent number of members serving on the Executive Board during the year to 31 August 2021 was 8 (2020: 8.6). The estimated profit attributable to the members of the Executive Board, who are considered to be key management personnel, amounts to £4.6m (2020: £3.4m), and to the member with the highest entitlement was £0.7m (2020: £0.6m).

5. Operating profit

| | 2021 | 2020 |
|---|-------------------|-------------------|
| | £m | £m |
| Operating profit is stated after charging: | | |
| Depreciation of property, plant and equipment (note 10) | 3.7 | 3.7 |
| Depreciation of right of use assets (note 11) | 4.3 | 4.4 |
| Amortisation of intangible assets (note 9) | 1.1 | 2.3 |
| Auditor's remuneration | 0.1 | 0.1 |
| Lease expense | 0.5 | 0.5 |
| Loss on foreign currency translation | 0.4 | 0.5 |
| | <u> </u> | <u> </u> |

6. Finance costs

| | 2021 | 2020 |
|--|-------------|-------------|
| | £m | £m |
| Interest expense | 0.1 | 0.3 |
| Lease liability interest | 0.6 | 0.6 |
| Net interest expense on defined benefit pension scheme (note 19) | - | - |
| | <u>0.7</u> | <u>0.9</u> |

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

7. Tax on profit on ordinary activities in corporate subsidiaries

The charge to tax which arises in the corporate subsidiaries included in the financial statements is:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| | £m | £m |
| Current UK tax charge | 1.4 | 1.4 |
| Under provision in respect of prior year | 0.1 | - |
| | <u>1.5</u> | <u>1.4</u> |
| Tax expense in corporate subsidiaries | <u>1.5</u> | <u>1.4</u> |

Factors affecting the total tax charge for the year:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| | £m | £m |
| Profit on ordinary activities of corporate subsidiaries before tax | 11.8 | 6.8 |
| | <u>11.8</u> | <u>6.8</u> |
| Profit on ordinary activities multiplied by the standard rate of UK | | |
| Corporation tax of 19% (2020: 19%). | 2.2 | 1.3 |
| Non-taxable income | (0.8) | - |
| Impact of items not deductible for tax purposes | - | 0.1 |
| Under provision in respect of prior year | 0.1 | - |
| | <u>1.5</u> | <u>1.4</u> |
| Total tax charge | <u>1.5</u> | <u>1.4</u> |

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 19%. The effect of remeasuring deferred tax to 25% would increase recognised deferred tax assets at 31 August 2021 to £0.4m.

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Notes to the Consolidated financial statements (continued)

For the year ended 31 August 2021

8. Subsidiary undertakings

The subsidiary undertakings throughout the year, except where noted, were:

| Name of undertaking | % held directly | % held via subsidiary | Nature of business |
|---|-----------------|-----------------------|---------------------------------|
| Registered Office: Tower Bridge House, St Katharine's Way, London E1W 1DD | | | |
| ARX Investments Limited | | 100 | Holding company |
| CompetitionRX Ltd | | 100 | Monitoring Trustee Services |
| Hall Liddy Limited | 100 | | Professional Services |
| Mazars Actuaries & Consultants LLP | 100 | | Dissolved October 2020 |
| Mazars Corporate Finance Limited | | 100 | Corporate Finance |
| Mazars Financial Planning Limited | | 100 | Financial Planning |
| Mazars Holdings (Australia) Limited | 100 | | Holding company |
| Mazars Holdings (US) Limited | 100 | | Holding company |
| Mazars Limited | 100 | | Service Company |
| Mazars MR Limited | | 100 | Professional Services |
| Mazars PGC Interims Limited | | 100 | Dissolved October 2020 |
| Mazars Public Sector Internal Audit Limited | | 100 | Internal Audit |
| Mazars UK Limited | | 100 | Professional Services |
| Rowanmoor Consultancy Limited | | 100 | Financial Planning |
| Sarah Butler Associates Limited | | 100 | Immigration Services |
| Registered Office: 90 Arthur Street, North Sydney, NSW 2060 | | | |
| Mazars Global Infrastructure Finance (Australia) PTY Ltd | | 100 | Financial Modelling & Training |
| Registered Office: Level 14, 135 West, 50th Street, New York NY 10020 | | | |
| Mazars Global Infrastructure (US) LLC | | 100 | Financial Modelling & Training |
| Registered Office: Suite 2300, Bentall 5, 550 Burrard Street, Vancouver BC V6C 2B5 | | | |
| Mazars Global Infrastructure Canada Inc. 23 | | 100 | Financial Modelling & Training |
| Registered Office: 100 Queen Street, Glasgow G1 3DN | | | |
| Mazars CYB Services Limited | | 100 | Trustee administration services |
| Registered Office: Mielles House, Rue des Mielles, St Helier, Jersey JE2 3QD | | | |
| Mazars Channel Islands Limited | 100 | | Non trading |
| Mazars Corporate Services Limited | | 100 | Dormant |

Mazars LLP

Notes to the Consolidated financial statements (continued) For the year ended 31 August 2021

8. Subsidiary undertakings (continued)

| Name of undertaking | % held directly | % held via subsidiary | Nature of business |
|---|-----------------|-----------------------|------------------------|
| Registered Office: Apex 2 97 Haymarket Terrace, Edinburgh, EH12 5HD Mazars Solutions Limited | | 100 | Non trading |
| Registered Office: Suite 3, Second Floor, ICOM House, 1/5 Irish Town, Gibraltar Mazars (Gibraltar) Limited | | 100 | Non trading |
| Registered Office: Park View House, 58 The Ropewalk, Nottingham, NG1 5DW Cartwright House Licencing Limited | | 100 | Non trading |
| Registered Office: Tower Bridge House, St Katharine's Way, London E1W 1DD Citrus4Benefits Limited | | 100 | Dissolved October 2020 |
| Mazars Company Secretaries Limited | | 100 | Non trading |
| Mazars GB Limited | | 100 | Dormant |
| Mazars Property Consultancy Limited | | 100 | Dissolved October 2020 |
| Mazars Tax Services Limited | | 100 | Dissolved October 2020 |
| Mazars Trust Corporation Limited | | 100 | Trustee |
| Mazars Trustee Company Limited | | 100 | Trustee |
| Mazars Trustee Company (London) Limited | | 100 | Trustee |
| Neville Russell Nominees | 100 | | Nominee |
| Wool Quay Nominees Limited | | 100 | Nominee |

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

9. Goodwill & other intangible assets

| | Goodwill | Software Other intangible assets | Contracts and client relations | Total other intangible assets |
|---------------------------|------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | £m | £m | £m | £m |
| Cost | | | | |
| At 31 August 2019 | 4.6 | 4.8 | 15.4 | 20.2 |
| Additions during the year | - | 0.4 | - | 0.4 |
| | <u>4.6</u> | <u>5.2</u> | <u>15.4</u> | <u>20.6</u> |
| At 31 August 2020 | 4.6 | 5.2 | 15.4 | 20.6 |
| Additions during the year | - | 0.1 | - | 0.1 |
| | <u>4.6</u> | <u>5.3</u> | <u>15.4</u> | <u>20.7</u> |
| At 31 August 2021 | <u>4.6</u> | <u>5.3</u> | <u>15.4</u> | <u>20.7</u> |
| Amortisation | | | | |
| At 31 August 2019 | - | 3.0 | 10.0 | 13.0 |
| Charge for the year | - | 1.5 | 0.8 | 2.3 |
| | <u>-</u> | <u>4.5</u> | <u>10.8</u> | <u>15.3</u> |
| At 31 August 2020 | - | 4.5 | 10.8 | 15.3 |
| Charge for the year | - | 0.4 | 0.7 | 1.1 |
| | <u>-</u> | <u>4.9</u> | <u>11.5</u> | <u>16.4</u> |
| At 31 August 2021 | <u>-</u> | <u>4.9</u> | <u>11.5</u> | <u>16.4</u> |
| Net book amount | | | | |
| At 31 August 2021 | <u>4.6</u> | <u>0.4</u> | <u>3.9</u> | <u>4.3</u> |
| At 31 August 2020 | <u>4.6</u> | <u>0.7</u> | <u>4.6</u> | <u>5.3</u> |

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The Group is the cash generating unit used to assess any impairment of goodwill. The Group has used the value in use method and concluded that no impairment provision was required against the net book amount at any reporting period end covered by these financial statements.

Cash flows for a period of four years, using an average earnings growth rate of 11.1%, and discounted by 4.1% were used. Management is not currently aware of any probable changes that would necessitate changes in its key assumptions.

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

10. Property, plant and equipment

| | Leasehold improvements | Furniture and equipment | Computer equipment | Motor vehicles | Total |
|-------------------------|---------------------------|-------------------------------|-----------------------|-------------------|-----------------|
| | £m | £m | £m | £m | £m |
| Cost | | | | | |
| At 31 August 2019 | 7.0 | 5.1 | 12.7 | 0.4 | 25.2 |
| Additions at cost | 0.9 | 0.4 | 1.8 | - | 3.1 |
| Disposals | (1.2) | (1.4) | (3.5) | (0.3) | (6.4) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2020 | 6.7 | 4.1 | 11.0 | 0.1 | 21.9 |
| Additions at cost | 0.9 | 0.5 | 1.2 | - | 2.6 |
| Disposals | (0.5) | (0.3) | - | (0.1) | (0.9) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2021 | <u>7.1</u> | <u>4.3</u> | <u>12.2</u> | <u>-</u> | <u>23.6</u> |
| Depreciation | | | | | |
| At 31 August 2019 | 3.3 | 2.9 | 8.8 | 0.3 | 15.3 |
| Charge for the year | 1.0 | 0.7 | 2.0 | - | 3.7 |
| Reclassification | - | 0.2 | (0.2) | - | - |
| In respect of disposals | (1.2) | (1.3) | (3.5) | (0.2) | (6.2) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2020 | 3.1 | 2.5 | 7.1 | 0.1 | 12.8 |
| Charge for the year | 0.8 | 0.7 | 2.2 | - | 3.7 |
| In respect of disposals | (0.5) | (0.3) | - | (0.1) | (0.9) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2021 | <u>3.4</u> | <u>2.9</u> | <u>9.3</u> | <u>-</u> | <u>15.6</u> |
| Net book value | | | | | |
| At 31 August 2021 | <u>3.7</u> | <u>1.4</u> | <u>2.9</u> | <u>-</u> | <u>8.0</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2020 | <u>3.6</u> | <u>1.6</u> | <u>3.9</u> | <u>-</u> | <u>9.1</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

11. Right of use assets

The Group has leases for its offices across the UK which typically have a lease term of 1 - 15 years. With the exception of short-term leases and leases of low value assets, each lease is reflected on the Statement of financial position as a right of use asset and a lease liability (refer to note 15). Short-term and low value lease expenses are disclosed in note 5. All right of use assets are classified as property and the movements on the right of use assets is shown below.

| | £m |
|-------------------------|-------------|
| Cost | |
| At 31 August 2020 | 22.6 |
| Additions | 3.6 |
| Disposals | (0.4) |
| | <hr/> |
| At 31 August 2021 | 25.8 |
| | <hr/> <hr/> |
| Depreciation | |
| At 31 August 2020 | 4.4 |
| Charge for the year | 4.3 |
| In respect of disposals | (0.4) |
| | <hr/> |
| At 31 August 2021 | 8.3 |
| | <hr/> <hr/> |
| Net book value | |
| At 31 August 2021 | 17.5 |
| | <hr/> <hr/> |
| At 31 August 2020 | 18.2 |
| | <hr/> <hr/> |

12. Trade and other receivables

| | 2021 | 2020 |
|---|-------------|-------------|
| | £m | £m |
| Trade receivables | 35.9 | 30.2 |
| Less: provision for impairment of trade receivables | (3.6) | (4.2) |
| | <hr/> | <hr/> |
| Net trade receivables | 32.3 | 26.0 |
| Contract assets | 35.8 | 28.1 |
| Other receivables | 2.0 | 1.3 |
| Prepayments | 6.4 | 6.1 |
| | <hr/> | <hr/> |
| | 76.5 | 61.5 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

12. Trade and other receivables (continued)

All amounts are short-term apart from other receivables totalling £0.5m (2020: £0.7m) which are receivable in instalments up to August 2024. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

The lifetime expected credit losses for trade receivables and contract assets are as follows:

| | Expected loss rate 2021 % | 2021 £m | Expected loss rate 2020 % | 2020 £m |
|--|---------------------------------|-------------|---------------------------------|-------------|
| 30 days or less | 1.3 | 12.7 | 0.0 | 11.6 |
| 31 to 90 days | 1.4 | 14.8 | 0.0 | 9.8 |
| 91 to 180 days | 20.3 | 4.1 | 4.8 | 4.4 |
| 181 days or more | 57.2 | 4.3 | 90.6 | 4.4 |
| | | | | |
| Gross trade receivables | | 35.9 | | 30.2 |
| Gross contract assets | | 35.8 | | 28.1 |
| Expected credit losses | | (3.6) | | (4.2) |
| | | | | |
| Trade receivables and contract assets | | 68.1 | | 54.1 |
| | | | | |

The movement in the impairment provision is as follows:

| | 2021 £m | 2020 £m |
|---|------------|------------|
| Balance 1 September | 4.2 | 2.8 |
| Written off | (1.1) | (0.9) |
| Charge for the financial year | 1.6 | 2.9 |
| Released unused during the financial year | (1.1) | (0.6) |
| | | |
| Balance 31 August | 3.6 | 4.2 |
| | | |

Mazars LLP

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

13. Cash and cash equivalents

Cash and cash equivalents consist of the following:

| | 2021 | 2020 |
|---------------------------------|-------------|-------------|
| | £m | £m |
| Cash at bank and in hand | | |
| Pounds Sterling | 12.9 | 1.4 |
| Euro | 2.2 | 0.5 |
| US Dollar | 2.6 | 5.0 |
| Australian Dollar | 0.5 | 0.1 |
| Canadian Dollar | 0.1 | 0.1 |
| | <u>18.3</u> | <u>7.1</u> |

14. Interest bearing loans and borrowings

| | 2021 | 2020 |
|------------------------------|-------------|-------------|
| | £m | £m |
| Bank overdraft and borrowing | 1.9 | 8.2 |
| | <u>1.9</u> | <u>8.2</u> |

15. Lease liabilities

| | 2021 | 2020 |
|-------------------------------|-------------|-------------|
| | £m | £m |
| Property leases | | |
| Current lease liabilities | 4.2 | 3.2 |
| Non-current lease liabilities | 16.5 | 16.9 |
| | <u>20.7</u> | <u>20.1</u> |

The maturity analysis of lease liabilities is presented below:

| | | |
|--|-------------|-------------|
| Less than one year | 4.8 | 3.6 |
| One to five years | 9.0 | 10.9 |
| More than five years | 9.9 | 7.9 |
| Future finance interest on lease liabilities | (3.0) | (2.3) |
| | <u>20.7</u> | <u>20.1</u> |

The total cash outflow for leases in 2021 was £3.6m.

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

16. Trade and other payables

| | 2021 | 2020 |
|--|-------------|-------------|
| | £m | £m |
| Trade payables | 4.1 | 3.6 |
| Other taxation and social security costs | 5.4 | 4.8 |
| Corporation tax | 0.1 | 0.1 |
| Other payables | 3.2 | 2.9 |
| Deferred Income | 11.9 | 7.4 |
| Accruals | 16.8 | 5.7 |
| Amounts due to former members | 1.5 | 1.7 |
| | <u>43.0</u> | <u>26.2</u> |

Trade payables mainly comprise amounts owed for trading purchases and associated costs.

No interest has been charged on the payable balances. The carrying value of trade and other payables is considered a reasonable approximation of fair value.

17. Provisions

The carrying amounts and the movements in the provision account are as follows:

| | Provision for claims | Property | Pension | Deferred acquisition consideration | Total |
|---------------------------------|-------------------------|------------|------------|--|------------|
| | £m | £m | £m | £m | £m |
| Provision at 31 August 2019 | 1.3 | 0.9 | - | 0.7 | 2.9 |
| Utilised during the year | (0.8) | - | - | (0.4) | (1.2) |
| Charged to the income statement | 0.1 | 1.2 | - | - | 1.3 |
| | <u>0.6</u> | <u>2.1</u> | <u>-</u> | <u>0.3</u> | <u>3.0</u> |
| At 31 August 2020 | 0.6 | 2.1 | - | 0.3 | 3.0 |
| Utilised during the year | (0.5) | (0.3) | - | (0.3) | (1.1) |
| Charged to the income statement | 1.9 | 1.0 | 2.0 | - | 4.9 |
| | <u>2.0</u> | <u>2.8</u> | <u>2.0</u> | <u>-</u> | <u>6.8</u> |
| At 31 August 2021 | 2.0 | 2.8 | 2.0 | - | 6.8 |

The nature of the claims and property provisions are such that the timing of the utilisation of those provisions is inherently difficult to predict; £1.8m of the property provision is expected to be utilised within 12 months.

It is expected that a payment of £0.7m will be made in regards of the pension liability within 12 months (note 19).

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

18. Deferred tax

| | 2021 | 2020 |
|--|-------------|-------------|
| | £m | £m |
| Balance of deferred tax assets at beginning of year | 0.3 | 0.3 |
| Credited to income statement | - | - |
| | <hr/> | <hr/> |
| Balance of deferred tax assets at end of year | 0.3 | 0.3 |
| | <hr/> <hr/> | <hr/> <hr/> |

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At 31 August 2021, the deferred tax assets comprise temporary differences between capital allowances and depreciation, other timing differences and losses arising in overseas subsidiaries.

Deferred tax is measured at the tax rates that are substantively enacted at the reporting date and expected to apply in the periods in which the temporary differences reverse.

Deferred tax is measured using tax rates between 19% and 30% depending on the country in which the asset arises for the year to 31 August 2021 (between 19% and 30% for the year to 31 August 2020).

19. Pension scheme

(a) Pension costs

Pension costs are accounted for in accordance with International Accounting Standards 19, "Employee Benefits" ("IAS 19"). Mazars LLP operates a pension scheme which is closed to new members and in which accrual of final salary benefits has ceased. The scheme has two sections, a Defined Benefit Section and a Defined Contribution Section. There was no cost in the year (2020: £ nil) in respect of the Defined Contribution Section and no contributions were outstanding or prepaid at the balance sheet date (2020: £nil). A full actuarial valuation was carried out at 31 December 2019. The following disclosures are based on the valuation under IAS19 as at 31 August 2021 prepared by a qualified actuary.

(b) Principal actuarial assumptions at the year end

The major assumptions used for IAS 19 purposes were:

| | 2021 | 2020 |
|---|------|------|
| | % | % |
| Rate of increase in pensions in payment | 3.00 | 3.00 |
| Rate of increase in pensions in deferment – GMP | 4.60 | 4.10 |
| Rate of increase in pensions in deferment – Non GMP | 2.80 | 2.50 |
| Inflation – RPI | 3.60 | 3.10 |
| Inflation – CPI | 2.80 | 2.50 |
| Discount rate | 1.70 | 1.60 |

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

19. Pension scheme (continued)

(c) Sensitivity analysis

The sensitivity of the present value of the defined benefit obligation to changes in each of the individual principal actuarial assumptions is shown below:

| | | |
|--------|---|-------------|
| 0.5% | decrease in the discount rate | 8% increase |
| 0.5% | increase in the assumed rates of inflation | 1% increase |
| 1 year | increase in the assumed long term rate of future mortality improvements | 5% increase |

(d) Reconciliation of funded status to Statement of financial position

| | 2021 | 2020 |
|--|--------------|-------------|
| | £m | £m |
| Defined benefit obligation | (38.6) | (35.8) |
| Fair value of plan assets | 39.2 | 37.1 |
| IFRIC 14 adjustment / Effect of limit on asset ceiling | (2.6) | (1.3) |
| | <u>(2.0)</u> | <u>-</u> |

(e) Reconciliation of defined benefit obligation over the period

| | 2021 | 2020 |
|--|-------------|-------------|
| | £m | £m |
| Defined benefit obligation at the start of the period | 35.8 | 31.3 |
| Past service cost | 2.6 | 1.8 |
| Allowance for estimated value of DC contributions | - | 2.0 |
| Interest expense on defined benefit obligation | 0.5 | 0.5 |
| Actuarial loss | 1.2 | 0.5 |
| Remeasurement – effect of changes in financial assumptions | (0.4) | 1.0 |
| Benefits paid | (1.1) | (1.3) |
| | <u>38.6</u> | <u>35.8</u> |

The expected duration of liabilities is assumed to be 15 years.

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

19. Pension scheme (continued)

(f) Assets

| | 2021 | | 2020 | |
|--|-------------|------------|-------------|------------|
| | £m | weight % | £m | weight % |
| Growth assets | 7.7 | 20 | 7.7 | 21 |
| Protection assets | 27.7 | 70 | 26.9 | 73 |
| Defined contribution scheme contribution | 3.4 | 9 | 2.0 | 5 |
| Bank balance | 0.4 | 1 | 0.5 | 1 |
| | <u>39.2</u> | <u>100</u> | <u>37.1</u> | <u>100</u> |

(g) Reconciliation of fair value of scheme assets over the period

| | 2021 | 2020 |
|--|--------------------|--------------------|
| | £m | £m |
| Fair value of scheme assets at the start of the period | 37.1 | 35.7 |
| Interest income on scheme assets | 0.6 | 0.6 |
| Return on assets excluding amounts included in interest income | 1.9 | 0.2 |
| Contributions by the employer | 0.7 | - |
| Benefits paid | (1.1) | (1.3) |
| Allowance for defined contribution scheme offset | - | 1.9 |
| Fair value of scheme assets at the end of the period | <u>39.2</u> | <u>37.1</u> |

The actual return on scheme assets was £2.5m (2020: return of £0.8m).

(h) Analysis of charge to income statement

| | 2021 | 2020 |
|---------------------------------------|---------------------|---------------------|
| | £m | £m |
| Past service cost | (2.6) | (1.8) |
| Interest costs on scheme liabilities | (0.6) | (0.6) |
| Interest income on scheme assets | 0.6 | 0.6 |
| Charge to the income statement | <u>(2.6)</u> | <u>(1.8)</u> |

A £0.7m contribution was made during the year (2020: nil).

The past service cost represents the financial impact on the defined benefit obligation as a result of equalisation of Guaranteed Minimum Pensions benefits between members of different sexes.

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

19. Pension scheme (continued)

(i) Amounts recognised in other comprehensive income

| | 2021 | 2020 |
|---|--------------|-------------|
| | £m | £m |
| Remeasurement gains / (losses) on the defined benefit obligation – experience | 0.8 | (0.5) |
| Actuarial gains / (losses) from changes in financial assumptions | 0.4 | (1.0) |
| Return on assets excluding amounts included in interest income | - | 0.2 |
| Change in limit on asset ceiling | (1.3) | 3.1 |
| | <hr/> | <hr/> |
| Total expenses recognised in other comprehensive income | (0.1) | 1.8 |
| | <hr/> <hr/> | <hr/> <hr/> |

All the expenses summarised above were included within items that will not be reclassified subsequently to profit or loss in the Consolidated statement of comprehensive income.

(j) Risks associated with the pension scheme

The firm is examining with the pension scheme trustees certain technical matters relating to the closure of the defined benefit section of the scheme and is continuing to take advice on the matters. Initial assessments have been made of the potential impact on the valuation of the scheme assets or liabilities for the purpose of the financial statements of the Group or the LLP. These are subject to a degree of uncertainty but the net impact on assets and liabilities is expected to be below the surplus of scheme assets over liabilities that is not recognised in these accounts at 31 August 2021.

The defined benefit scheme exposes the Group to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality market bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and is denominated in sterling. A decrease in market yield on high quality corporate bonds will increase the Group's defined benefit obligation, although it is expected that this would be partially offset by an increase in the fair value of certain of the scheme assets.

Investment risk

The fair value of the scheme's assets is exposed to the equity and debt markets (both in the UK and overseas). These assets are expected to provide real returns over the long term, and in the short term may also be volatile. However, the scheme also invests in Liability Driven Investments which seek to minimise these investment risks.

Longevity risk

The scheme is required to provide benefits for life for the members of the defined benefit scheme. An increase in the life expectancy of the members will increase the defined benefit liability.

Inflation risk

A proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the scheme's liability.

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

20. Financial instruments – Risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Foreign exchange risk
- Liquidity risk

The Executive has overall responsibility for the determination of the Group's financial risk management objectives and policies with oversight from the Governance Council. The overall objective is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are described below.

Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk through trade receivables from clients. It is Group policy to assess the credit risk of new clients before entering contracts. Credit risk is determined by on-going monitoring of the creditworthiness of existing clients and through on-going review of the trade receivables' ageing analysis and continued monitoring of individual balances.

Foreign exchange risk

Foreign exchange risk arises when the Group enters into transactions denominated in a currency other than its functional currency. The major part of the Group's income and expenditure is in sterling and any foreign exchange risk is managed by on-going review of exposure to monetary assets and liabilities held in foreign currencies. Whenever possible, the Group seeks to match its foreign currency assets, liabilities, cash inflows and outflows in the same currency.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will have sufficient cash or borrowing facilities to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain borrowing facilities to meet its expected requirements. Short term and medium term projections of financing requirements are prepared and actual funding levels are continually monitored. To manage financing needs, a revolving credit and overdraft facility providing total financing of £35m is in place.

Management reviews cash flow projections on a monthly basis as well as information regarding cash balances and borrowing facilities.

Financial instruments are categorised as follows:

| | 2021 | 2020 |
|------------------------------|---------------|---------------|
| | £m | £m |
| Financial Assets | | |
| Cash and bank balance | 18.3 | 7.1 |
| Loans and receivables | 34.3 | 27.3 |
| | <u>52.6</u> | <u>34.4</u> |
| Financial Liabilities | | |
| Other financial liabilities | <u>(37.5)</u> | <u>(21.5)</u> |

Notes to the Consolidated financial statements (continued)
For the year ended 31 August 2021

20. Financial instruments – Risk management (continued)

Financial assets measured at amortised cost comprise trade receivables and other receivables.

Financial liabilities measured at amortised cost comprise trade payables, other payables, accruals, contract liabilities and amounts due to former members.

21. Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern
- To provide an adequate return to members

The Group monitors capital on the basis of the total members' interest, comprising equity and loans and other debt due to/from members, as in the Consolidated statement of changes in members' equity and members' interests.

The members' interest to net debt ratio is a key covenant in the Group's revolving credit facility.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage.

Adjustments are made in the light of changes in economic conditions and management's risk assessment. In order to maintain or adjust the capital structure, the Group may adjust the amount of returns to members, increase capital from the members, or realise assets to reduce debt.

22. Cooperation agreement

Mazars LLP is part of the Mazars worldwide organisation which comprises all the member entities who have signed a co-operation agreement with Mazars SC. Mazars SC 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. The accounts of Mazars LLP and its subsidiary undertakings are included in the audited consolidated financial statements of Mazars SC, which are available on the website www.mazars.com and are also available from Mazars SC, Avenue Marcel Thiry 77 - Box 4, B-1200 Brussels, Belgium.

23. Related party transactions

During the year the Group and LLP were invoiced £0.1m (2020: £0.1m) by Vested Employee Benefits Limited in respect of services provided. However on 31 December 2020, the Group sold its 49% shareholding in Vested Employee Benefits Limited and is therefore no longer classified as a related party.

Streamlined energy and carbon report

This report is on behalf of the Mazars UK Group which includes its parent and ultimate controlling party, Mazars LLP, and its fellow UK subsidiaries.

The report is for the financial year ended 31 August 2021.

Our sustainability vision

Our sustainability vision describes the firm we want to be, and how we want to get there:

"Our vision is to be a business where sustainability is central to our purpose. We are actively learning about the impacts – both positive and negative – we can have on people and the environment, and we are using that knowledge to make more sustainable choices. We will earn a reputation for outstanding performance on sustainability and stewardship, and we will do this by embedding sustainability across every part of our business. As we build and progress, we will be transparent and accountable for our actions, and we will be brave in our choices."

Climate and environmental commitments

Our commitments in terms of reducing our climate and environmental impact are as follows:

- We will have a sustainable supply chain through the positive influence of the sustainability performance of our suppliers, as well as ensuring that key suppliers have carbon reduction plans in place;
- We will reduce our reliance on paper and printing through digitalising our processes;
- We will be single-use plastic free;
- We will become a low energy business by improving the energy consumption of our real estate and by significantly reducing our travel emissions;
- We will use renewable energy across our estate;
- We will reduce the amount of waste we produce and any waste we do produce will be diverted away from landfill;
- Our team will have the knowledge and be empowered to make sustainable decisions.

Environmental performance and methodology

For the year ended 31 August 2021, the Group's energy consumption and greenhouse gases emissions were as follows:

| Energy type | Scope | Total energy consumption (kWh) | Total greenhouse gases emissions (tCO ₂ e) |
|--------------|------------------------|--------------------------------|---|
| Electricity | Scope 2 | 1,019,450 | 216.46 |
| Transport | Scope 3 | 218,810 | 53.83 |
| Total | Scope 2 & 3 | 1,238,260 | 270.29 |

Scope 2 refers to the emissions from electricity purchased and used by the organisation.

Scope 3 predominately refers to business travel in Partner and employee owned cars.

Streamlined energy and carbon report (continued)

Energy consumption and associated greenhouse gases emissions per employees and partners

| Reporting period | Total energy consumption (kWh) | Total greenhouse gases emissions (tCO ₂ e) | Average number of employees and partners (ANE) | Intensity ratio (kWh/TNE) | Intensity ratio (tCO ₂ e/TNE) |
|------------------|--------------------------------|---|--|---------------------------|--|
| FY 2020-21 | 1,238,260 | 270.29 | 2,348 | 527.37 | 0.12 |
| FY 2019-20 | 2,766,248 | 666.05 | 2,200 | 1,257.38 | 0.30 |

Total annual energy consumption within Scope 2 and Scope 3 was calculated based on recorded consumption data for the financial year (September 2020 to August 2021). As expected, Covid-19 related restrictions and resulting policy changes, have had a significant effect on our total energy consumption and total greenhouse gases emissions when compared to the previous reporting period. The energy consumption has been collected and aggregated for Mazars LLP's UK offices and has been based on verifiable sources, with any missing data estimated.

Transport analysis has been based on mileage claims. The total number of miles has then been converted into total energy consumption using the 2021 UK Government conversion factors for company reporting, using conversion rate for average car, fuel unknown.

There has been no consumption of gas as fuel (Scope 1).

Energy consumption has been converted into carbon emissions using the 2021 UK Government conversion factors for company reporting.

The number of Partners and employees in the Mazars UK Group is the average number for the financial year ended 31 August 2021.

Energy efficiency actions

We have taken the following energy efficiency actions during the reporting period:

- We have introduced a hybrid working model where team members are encouraged to split their time between working in the office, at client premises and at home. This way of working ensures that we continue to reduce our travel and therefore our travel related emissions, which we now offset as well.
- We conducted a 'waste audit' across our estate and are zero waste to landfill in all but four of our offices.
- Our experts in our Consulting team have taken the data from various sources and created dashboards. This management information is helping us to challenge behaviour and make informed process changes.
- We introduced paperless, reusable business cards.
- We conducted a 'lighting audit' across our estate to better understand the provision of motion sensors and switches. Most of the lighting is controlled by sensors but where we do have light switches, we have added signage to remind team members to switch them off when not in use.

Mazars LLP

Streamlined energy and carbon report (continued)

The energy and carbon report was approved and signed on 27 January 2022 on behalf of the members by:

Jacqueline Berry
Jacqueline Berry on 27 Jan 2022 14:36 GMT

Jacqueline Berry
Designated Member

Ian Wrightson
Ian Wrightson on 27 Jan 2022 14:36 GMT

Ian Wrightson
Designated Member

Mazars LLP

LLP Statement of financial position
At 31 August 2021

OC308299

| | Notes | 2021 £m | 2020 £m |
|--|-------|-------------|-------------|
| Fixed assets | | | |
| Intangible assets | 3 | 2.0 | 2.6 |
| Tangible fixed assets | 4 | 7.8 | 8.9 |
| Right of use assets | 5 | 17.4 | 18.1 |
| Investments | 6 | 3.1 | 3.4 |
| | | <u>30.3</u> | <u>33.0</u> |
| Current assets | | | |
| Debtors | 7 | 79.8 | 65.7 |
| Cash at bank and in hand | 8 | 16.9 | 6.1 |
| | | <u>96.7</u> | <u>71.8</u> |
| Creditors: amounts falling due within one year | 9 | (57.2) | (46.9) |
| | | <u>39.5</u> | <u>24.9</u> |
| Net current assets | | | |
| | | 39.5 | 24.9 |
| Total assets less current liabilities | | | |
| | | 69.8 | 57.9 |
| Provision for liabilities | 11 | (6.8) | (3.0) |
| Creditors: amounts falling due more than one year | 10 | (16.5) | (16.8) |
| | | <u>46.5</u> | <u>38.1</u> |
| Net assets | | | |
| | | <u>46.5</u> | <u>38.1</u> |
| Loans and Other Debts Due to Members within one year | | | |
| Members' capital classified as a liability | | 36.2 | 34.9 |
| Other amounts | | 10.8 | 10.0 |
| | | <u>47.0</u> | <u>44.9</u> |
| Equity | | | |
| Members' other interests - other reserves classified as equity | | (0.5) | (6.8) |
| | | <u>46.5</u> | <u>38.1</u> |
| Total Equity and amounts due to members | | | |
| | | <u>46.5</u> | <u>38.1</u> |

The LLP's profit for the year ended 31 August 2021 was £42.7m (2020: £28.1m).

The financial statements were approved and authorised for issue on 27 January 2022 on behalf of the members of Mazars LLP by:

Jacqueline Berry
Designated Member

Jacqueline Berry
Designated Member

Ian Wrightson
Designated Member

Ian Wrightson
Designated Member

LLP Statement of changes in members' equity and members' interests
For the year ended 31 August 2021

| | <u>Loans and other debts due to members</u> | | | Members' other interests – Other Reserves classified as Equity | Total |
|--|---|---------------|-------------|--|-------------|
| | Members' capital | Other amounts | Total | as Equity | |
| | £m | £m | £m | £m | £m |
| Members' interests at 31 August 2020 | 34.9 | 10.0 | 44.9 | (6.8) | 38.1 |
| Profit for the financial year available for discretionary division among members | - | - | - | 42.7 | 42.7 |
| Members' interests after profit for the year | 34.9 | 10.0 | 44.9 | 35.9 | 80.8 |
| Allocated profits | - | 36.3 | 36.3 | (36.3) | - |
| Transfer | - | - | - | - | - |
| Introduced by members | 4.7 | - | 4.7 | - | 4.7 |
| Repayments | (3.4) | - | (3.4) | - | (3.4) |
| Other comprehensive income | - | - | - | (0.1) | (0.1) |
| Drawings | - | (35.5) | (35.5) | - | (35.5) |
| Members' interests at 31 August 2021 | <u>36.2</u> | <u>10.8</u> | <u>47.0</u> | <u>(0.5)</u> | <u>46.5</u> |

Other amounts represent profits allocated to members however not drawn at the balance sheet date. In the event of winding up, the other amounts and debts due to members rank after unsecured creditors.

Members' other interests – other reserves classified as equity represents profits and losses not yet allocated and divided to Members.

Mazars LLP

**LLP Statement of changes in members' equity and members' interests
(continued)**

For the year ended 31 August 2021

| | <u>Loans and other debts due to members</u> | | Members' other interests – Other Reserves classified as Equity | | Total £m |
|--|---|---------------------|--|--------------|-------------|
| | Members' capital £m | Other amounts £m | Total £m | £m | |
| Members' interests at 31 August 2019 | 33.8 | 8.3 | 42.1 | (4.1) | 38.0 |
| Profit for the financial year available for discretionary division among members | - | - | - | 28.1 | 28.1 |
| Members' interests after profit for the year | 33.8 | 8.3 | 42.1 | 24.0 | 66.1 |
| Allocated profits | - | 32.6 | 32.6 | (32.6) | - |
| Transfer | - | - | - | - | - |
| Introduced by members | 4.3 | - | 4.3 | - | 4.3 |
| Repayments | (3.2) | - | (3.2) | - | (3.2) |
| Other comprehensive income | - | - | - | 1.8 | 1.8 |
| Drawings | - | (30.9) | (30.9) | - | (30.9) |
| Members' interests at 31 August 2020 | <u>34.9</u> | <u>10.0</u> | <u>44.9</u> | <u>(6.8)</u> | <u>38.1</u> |

Notes to the financial statements
For the year ended 31 August 2021

1. Accounting policies

1.1 Basis of preparation

The LLP meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework".

The principal accounting policies adopted in the preparation of the LLP entity financial statements together with the critical accounting judgements and key sources of estimation are the same as those set out on pages 12 to 18 of the consolidated financial statements. Any accounting policies in addition to those applied in the preparation of the consolidated financial statements are detailed below. These policies have been consistently applied throughout the year and the preceding year, following the application of FRS101 except as explained in the consolidated financial statements.

Details relating to the LLP's pension scheme are set out in note 19 of the consolidated financial statements. As permitted by FRS101, the LLP has taken advantage of the disclosure exemptions available in relation to financial instruments, presentation of a cashflow statement, standards in issue not yet effective and related party transactions with both key management personnel and eligible Group entities and the presentation of comparative information in respect of intangible and tangible fixed assets.

The financial statements have been prepared under the historic cost convention.

1.2 Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

2. Profit and loss account

The LLP has taken advantage of section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (application of Companies Act 2006) Regulations 2008 and has not included its own profit and loss account in these financial statements.

Mazars LLP

Notes to the financial statements (continued)
For the year ended 31 August 2021

3. Intangible fixed assets

| | Software | Contracts and | Total other |
|--|-------------------|-------------------------|--------------------|
| | £m | client relations | intangible |
| | £m | £m | assets |
| | | | £m |
| Cost | | | |
| At 1 September 2020 and 31 August 2021 | 5.4 | 3.3 | 8.7 |
| | <u> </u> | <u> </u> | <u> </u> |
| Amortisation | | | |
| At 1 September 2020 | 4.7 | 1.4 | 6.1 |
| Charge for the year | 0.4 | 0.2 | 0.6 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2021 | 5.1 | 1.6 | 6.7 |
| | <u> </u> | <u> </u> | <u> </u> |
| Net book amount | | | |
| At 31 August 2021 | 0.3 | 1.7 | 2.0 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2020 | 0.7 | 1.9 | 2.6 |
| | <u> </u> | <u> </u> | <u> </u> |

Notes to the financial statements (continued)
For the year ended 31 August 2021

4. Tangible fixed assets

| | Leasehold improvements £m | Furniture and equipment £m | Computer equipment £m | Motor vehicles £m | Total £m |
|-----------------------|---------------------------------|-------------------------------------|-----------------------------|-------------------------|-----------------|
| Cost | | | | | |
| At 1 September 2020 | 6.4 | 4.1 | 10.9 | 0.1 | 21.5 |
| Additions at cost | 0.9 | 0.5 | 1.2 | - | 2.6 |
| Disposals | (0.5) | (0.3) | - | (0.1) | (0.9) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2021 | 6.8 | 4.3 | 12.1 | - | 23.2 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Depreciation | | | | | |
| At 1 September 2020 | 3.0 | 2.4 | 7.1 | 0.1 | 12.6 |
| Charge for the year | 0.8 | 0.7 | 2.2 | - | 3.7 |
| Disposals | (0.5) | (0.3) | - | (0.1) | (0.9) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2021 | 3.3 | 2.8 | 9.3 | - | 15.4 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net book value | | | | | |
| At 31 August 2021 | 3.5 | 1.5 | 2.8 | - | 7.8 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2020 | 3.4 | 1.7 | 3.8 | - | 8.9 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Mazars LLP**Notes to the financial statements (continued)**
For the year ended 31 August 2021**5. Right of use assets**

| | £m |
|-----------------------|-------------|
| Cost | |
| At 1 September 2020 | 22.5 |
| Additions at cost | 3.6 |
| Disposals | (0.4) |
| | <hr/> |
| At 31 August 2021 | 25.7 |
| | <hr/> <hr/> |
| Depreciation | |
| At 1 September 2020 | 4.4 |
| Charge for the year | 4.3 |
| Disposals | (0.4) |
| | <hr/> |
| At 31 August 2021 | 8.3 |
| | <hr/> <hr/> |
| Net book value | |
| At 31 August 2021 | 17.4 |
| | <hr/> <hr/> |
| At 31 August 2020 | 18.1 |
| | <hr/> <hr/> |

6. Investments

The subsidiary undertakings in which the parent has an interest in throughout the period are:

| Name of undertaking | % held directly | Nature of business |
|-------------------------------------|------------------------|---------------------------|
| Hall Liddy Limited | 100 | Professional Services |
| Mazars Actuaries & Consultants LLP | 100 | Dissolved October 2020 |
| Mazars Channel Islands Limited | 100 | Professional Services |
| Mazars Holdings (Australia) Limited | 100 | Holding company |
| Mazars Holdings (US) Limited | 100 | Holding company |
| Mazars Limited | 100 | Service Company |
| Neville Russell Nominees | 100 | Nominee |

All the undertakings are incorporated in Great Britain and the address of their registered office is Tower Bridge House, St Katharine's Way, London E1W 1DD except Mazars Channel Islands Limited and the address of its registered office is Mielles House, Rue des Mielles, St Helier Jersey JE2 3QD.

Mazars LLP

Notes to the financial statements (continued)

For the year ended 31 August 2021

6. Investments (continued)

Investments

| Cost | £m |
|--------------------------|-------------|
| At 1 September 2020 | 3.4 |
| Impairment of Investment | (0.3) |
| | <hr/> |
| At 31 August 2021 | 3.1 |
| | <hr/> <hr/> |

7. Debtors

| | 2021 | 2020 |
|---|-------------|-------------|
| | £m | £m |
| Trade debtors | 30.8 | 25.1 |
| Other debtors | 0.7 | 0.3 |
| Amounts owed by group undertakings | 9.8 | 9.8 |
| Prepayments | 6.1 | 5.5 |
| Amounts recoverable on client contracts | 32.4 | 25.0 |
| | <hr/> | <hr/> |
| | 79.8 | 65.7 |
| | <hr/> <hr/> | <hr/> <hr/> |

All amounts fall due within one year apart from other receivables totalling £0.5m which are receivable in instalments up to August 2024.

8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

| | 2021 | 2020 |
|---------------------------------|-------------|-------------|
| | £m | £m |
| Cash at bank and in hand | | |
| Pounds sterling | 12.8 | 1.2 |
| Euro | 2.1 | 0.5 |
| US Dollars | 2.0 | 4.4 |
| | <hr/> | <hr/> |
| | 16.9 | 6.1 |
| | <hr/> <hr/> | <hr/> <hr/> |

Mazars LLP

Notes to the financial statements (continued)
For the year ended 31 August 2021

9. Creditors: amounts falling due within one year

| | 2021 | 2020 |
|--|-------------|-------------|
| | £m | £m |
| Bank overdraft and borrowing | 1.9 | 8.2 |
| Trade creditors | 3.9 | 3.6 |
| Amounts owed to group undertakings | 21.2 | 16.6 |
| Lease liability (note 10) | 4.2 | 3.2 |
| Other taxation and social security costs | 2.4 | 2.0 |
| Other creditors | 1.1 | 1.0 |
| Deferred income | 11.5 | 7.1 |
| Accruals | 9.5 | 3.5 |
| Amounts due to former members | 1.5 | 1.7 |
| | <u>57.2</u> | <u>46.9</u> |

Trade creditors and accrued expenses mainly comprise of amounts owed for trading purchases and associated costs.

No interest has been charged on the payable balances.

10. Creditors: amounts falling due more than one year

| | 2021 | 2020 |
|------------------------|-------------|-------------|
| | £m | £m |
| Property leases | | |
| Lease liabilities | 16.5 | 16.8 |
| | <u>16.5</u> | <u>16.8</u> |

The maturity analysis of lease liabilities is presented below:

| | | |
|----------------------|-------------|-------------|
| Less than one year | 4.2 | 3.2 |
| One to five years | 7.5 | 9.7 |
| More than five years | 9.0 | 7.1 |
| | <u>20.7</u> | <u>20.0</u> |

The total cash outflow for leases in 2021 was £3.6m.

Notes to the financial statements (continued)

For the year ended 31 August 2021

11. Provisions for liabilities

The carrying amounts and the movements in the provision account are as follows:

| | Provision for claims £m | Property £m | Pension £m | Deferred acquisition consideration £m | Total £m |
|------------------------------------|-------------------------------|-------------------|-------------------|--|-------------------|
| At 1 September 2020 | 0.6 | 2.1 | - | 0.3 | 3.0 |
| Utilised during the year | (0.5) | (0.3) | - | (0.3) | (1.1) |
| Charged to the income statement | 1.9 | 1.0 | 2.0 | - | 4.9 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2021 | 2.0 | 2.8 | 2.0 | - | 6.8 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The nature of the claims and property provisions are such that the timing of the utilisation of those provisions is inherently difficult to predict; £1.8m of the property provision is expected to be utilised within 12 months.

It is expected that a payment of £0.7m will be made in regards of the pension liability within 12 months (note 19 within the Group Consolidated IFRS accounts).

12. Related party transactions

As permitted by FRS101, the entity has chosen not to disclose its transactions with wholly owned members of the Group. Details of transactions with other related parties are given within the Group Consolidated IFRS accounts under note 23.

13. Pension scheme

Full disclosure relating to the Pension scheme is given within the Group Consolidated IFRS accounts under note 19.

Mazars LLP

Independent Auditor's Report to the Members of Mazars LLP

Opinion

We have audited the parent LLP financial statements of Mazars LLP for the year ended 31 August 2021 which comprise the Parent LLP Statement of financial position, Parent LLP Statement of changes in members' equity and members' interests and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation of the parent LLP financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the parent LLP's affairs as at 31 August 2021 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 as applied to LLPs.

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 LLP 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

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The members are responsible for the other information contained within the annual report. 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 we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report to the Members of Mazars LLP (continued)

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to LLPs 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
- we have not received all the information and explanations we require for our audit; or

Responsibilities of members

As explained more fully in the members' responsibilities statement set out on page 2, the members 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 members 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 members are responsible for assessing the LLP'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 members either intend to liquidate the LLP 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operate, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and UK Corporate Tax Legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and inappropriate revenue recognition. Our audit procedures to respond to these risks included enquiries of management about their identification and assessment of the risk of irregularities, sample testing on the appropriate journals, reviewing accounting estimates for biases, corroborating balances recognised to supporting documentation on a sample basis and ensuring accounting policies are appropriate under the United Kingdom Generally Accepted Accounting Practice and applicable law.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). We are not responsible for preventing non-

Mazars LLP

Independent Auditor's Report to the Members of Mazars LLP (continued)

compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships (LLPs). Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

M Stallabass

Matthew Stallabass
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M7JW

27 January 2022