

Audit Findings (ISA 260) Report for Shropshire Council

Year ended 31 March 2025

November 2025



Grant Thornton UK LLP
Birmingham
www.grantthornton.co.uk

November 2025

Dear Councillor Kerr

Audit Findings for Shropshire Council for the year ending 31 March 2025

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with the Audit Committee.

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

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-2025.pdf).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Avtar Sohal

Director

For Grant Thornton UK LLP

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



Contents

Section	Page
Headlines	5
Group audit	10
Materiality	12
Overview of significant and other risks identified	15
Other findings	25
Communication requirements and other responsibilities	30
Audit adjustments	35
Value for money	40
Independence considerations	42
Appendices	48

Headlines and status of the audit

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Shropshire Council (the 'Authority') and the preparation of the group and Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion:

- the group and Authority's financial statements give a true and fair view of the financial position of the group and Authority and the group and Authority's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was carried out between late July and November. Our findings are summarised on the following pages. We have not identified any material adjustments to your statement of accounts. We did identify a non-material adjustment which you are not adjusting for as it is not material. It was in relation to an investment property held for sale valuation where outdated acreage information was provided to the valuer resulting in an overstatement in value of £2.6m. The adjustment if made would have an impact on the level of the Authority's usable reserves. We also set out other audit adjustments later in this report.

We have also raised recommendations for management as a result of our audit work.

Our work is very well progressed and currently there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following main outstanding matters:

- completion of testing on remaining samples for creditors, debtors, fees and charges, grant income, HRA, social care spend, exit package approvals and leases
- receipt of final capitalisation direction from MHCLG, without which we cannot sign the accounts.
- receipt of signed management representation letter and review of the final set of financial statements and file review and quality checks.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unqualified.

Headlines

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

Our work on your value for money arrangements is now complete and is reported in detail in the Auditors Annual Report which accompanies this report. We have raised a statutory recommendation under Section 24 of the Local Audit and Accountability Act 2014 in relation to financial sustainability, the overall financial position of the Council and financial governance in budget setting. We identified two further significant weaknesses in relation to financial sustainability and another relating to governance. We also reported some improvement recommendations.

Headlines

Statutory duties

The Local Audit and Accountability Act 2014 (the 'Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have reported a statutory written recommendation under Section 24 of the Local Audit and Accountability Act 2014 in our Auditors Annual Report. This is in relation to financial sustainability, the overall financial position of the Council and financial governance in budget setting.

We have completed the majority of work required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until:

- outstanding work to be performed in relation to objections from a member of the public; and
- confirmation has been received from the NAO that the group audit for Whole of Government Accounts for non-NHS has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit. Indeed, the earlier completion of this audit was aided by good draft accounts supported by working papers and very good co-operation by your Finance Team throughout the audit. We would like to express our sincere gratitude to the Finance Team for this co-operation.

Headlines

National context – audit backlog

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Group audit

Group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. The table below summarises our final group scoping which was the same as at planning, as well as the status of work on each component.

Component	Risk of material misstatement to the group	Auditor	Comments
Shropshire Council	Yes	Grant Thornton	Planned procedures are substantially complete with no significant issues outstanding. This was a full scope. This involved the audit of the entire financial information of the component using component materiality
Shropshire Towns and Rural Housing	No	Grant Thornton	Planned procedures are substantially complete with no significant issues outstanding. This involved analytical review by the Group Auditor.
Cornovii	Yes	Azets	Planned procedures are substantially complete with no significant issues outstanding. This involved specified audit procedures relating to risks of material misstatement of the group financial statements. Inventory and creditors balances are material.
West Mercia Energy	No	WR Partners	Planned procedures are substantially complete with no significant issues outstanding. This involved analytical procedures at group level
West Mercia Supplies (pensions)	No	None	Planned procedures are substantially complete with no significant issues outstanding. This involved analytical review by the Group Auditor



- We will also require that the component auditor is independent under the independence requirements of the FRC and this may be stricter than the requirements for completing their local reports.
- Where a member of the Grant Thornton International network is involved, we will communicate to them your policy on non-audit services. You will ensure that each component entity within your group is aware of your policy.
- In order to use the work of the component auditor, Azets we will require the ability to access relevant component auditor documentation to complete our group audit. The nature, time and extent of our involvement in their work will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the audit documentation and meeting with appropriate members of management

Materiality

Our approach to materiality

As communicated in our Audit Plan, we determined materiality at the planning stage for the Council as £13.086m based on approximately 1.7 % of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft consolidated financial statements and we have decided to increase materiality as the increase in expenditure was material.

Our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at £14.72 million based on professional judgement in the context of our knowledge of the Authority.
- We have used 1.72% of gross expenditure as the basis for determining materiality for the Authority. Group materiality is £15.495m which is 1.8% of gross expenditure by the Group.

Performance materiality

- We have determined performance materiality at £9.568m, this is based on 65% of headline materiality. For the Group this is £10.071m.

Specific materiality

- We deem senior officer remuneration as a specific sensitive area for the users of the accounts and have applied a lower materiality on the remuneration disclosure. We calculated a materiality based on 1.72% of the total in the senior officers' remuneration note which was £24,410. We applied a performance materiality level of 65% of this (£15,866) and then applied this to individual lines within the senior officers' disclosure and the banding table

Reporting threshold

- We will report to you all misstatements identified in excess of £736,000, in addition to any matters considered to be qualitatively material. For the Group this is £774,800.

Our approach to materiality

A summary of our approach to determining materiality is set out below.

	Group (£)	Authority (£)	Qualitative factors considered
Materiality for the financial statements	15.495m	14.72m	Group benchmark is determined as a percentage (1.8%) of the Council’s group gross expenditure in the 2024/25. The benchmark for the Council’s materiality is determined as a percentage of the Group’s materiality benchmark using 95% as a baseline
Performance materiality	10.071m	9.568m	This equates to 65% of materiality and is due to the 2023/24 audit findings report.
Specific materiality for	21,410	21,410	We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures.
Reporting threshold	774,800	736,000	We have used 5% of materiality level as our threshold for reporting issues.

Overview of significant and other risks identified

Overview of significant and other audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	●
Valuation of land and buildings	Significant	↔	✗	Medium	●
Valuation of pensions liability	Significant	↔	✗	High	●
Valuation of investment properties	Significant	↔	✗	Medium	●
Valuation of council housing	Other	↔	✗	Medium	●
Exceptional financial support accounting	Other	↔	✗	Low	●
IFRS16 First Year Implementation	Other	↔	✗	Low	●

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant change to disclosures within the financial statements

Significant risks

Risk identified

Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

Audit procedures performed

To address this risk we:

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence

Key observations

Our audit work has not identified any issues in respect of management override of controls. For all journals reviewed we concluded that they were appropriate transactions.

We have noted no material adjustments or findings in relation to override of controls.

We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.

Significant risks

Risk identified	Audit procedures performed	Key observations
Presumed risk of fraud in revenue recognition Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: – there is little incentive to manipulate revenue recognition – opportunities to manipulate revenue recognition are very limited – the culture and ethical frameworks of local authorities, including this Council mean that all forms of fraud are seen as unacceptable. Therefore we do not consider this to be a significant risk for the Council.	Notwithstanding that we rebutted this risk, we still undertook a significant level of work on the Council and Group’s revenue streams, as they are material. We: <u>Accounting policies and systems</u> • evaluated the Council’s accounting policies for recognition of income and expenditure for its various income streams and compliance with the CIPFA Code • updated our understanding of the Council’s business processes associated with accounting for income <u>Fees, charges and other service income</u> Agreed, on a sample basis, income and year end receivables from other income to invoices and cash payment or other supporting evidence. <u>Taxation and non-specific grant income</u> • Income for national non-domestic rates and council tax is predictable and therefore we conducted substantive analytical procedures. We also identified the reliefs given to payers, understood and documented the process for assessing claims and eligibility and then conducted substantive testing across the most significant reliefs. • For other grants we sample tested items back to supporting information and subsequent receipt, considering accounting treatment where appropriate. We also designed tests to address the risk that income has been understated, by not being recognised in the current financial year.	Our audit work has not yet identified any issues in respect of revenue recognition but as noted earlier there is still some work outstanding in this area. We are also satisfied that it is still appropriate to rebut this risk.

Significant risks

Risk identified	Audit procedures performed	Key observations
Presumed risk of fraud in expenditure recognition Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies. We have rebutted this risk for the Council because: – expenditure is primarily related to employee costs – lack of incentive to manipulate financial results, coupled with an overall strong control environment. We therefore do not consider this to be a significant risk for the Council.	We consider that the risk relating to expenditure recognition would relate primarily to period-end journals and accruals which are considered as part of the standard audit tests below and our testing in relation to the significant risk of Management Override of Controls. We continued to review material expenditure transactions as part of our audit ensuring that it remains appropriate to rebut the risk of expenditure recognition for the Council. Notwithstanding that we have rebutted this risk, we still undertook a significant level of work on the Council's expenditure streams, as they are material. We: • updated our understanding of the Council's business processes associated with accounting for expenditure • performed testing over post year end transactions to assess completeness of expenditure recognition • tested a sample of operating expenses to gain assurance in respect of the accuracy and occurrence of expenditure recorded during the financial year.	We have not identified any issues in respect of expenditure recognition but as noted earlier there is still some work outstanding in this area.

Significant risks

Risk identified

Valuation of other land and buildings

The Authority revalues its land and buildings as a minimum on a rolling five-yearly basis with interim reviews. If the value of an asset class is projected to materially change during the period since the last valuation then further valuations are instructed.

This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used. Therefore, management employ a desk top review between full valuations.

We therefore identified valuation of other land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

Audit procedures performed

To address this risk we:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- wrote to the valuer to confirm the basis on which the valuation is carried out to ensure that the requirements of the CIPFA Code are met
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- engaged our own valuer to assess the instructions to the Council's valuer, the Council valuer's report and the methodology and assumptions that underpin the valuation;
- tested revaluations made during the year to see if they have been input correctly into the Council's asset register
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.
- for all assets not formally revalued or revalued on an indexation basis only, evaluated the judgements made by management in the determination of current value of these assets

Key observations

We have noted no material adjustments in relation to this significant risk.

We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of the net pension liability The Council’s pension fund net liability, as reflected in its balance sheet as the net defined benefit liability represents a significant estimate in the financial statements. Pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in the key assumptions. The methods applied in the calculation of IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used by the actuaries to produce the IAS 19 estimates is provided by the administering authorities and employers. We do not consider this to be a significant risk as this easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS estimate due to the assumptions used in their calculation. With regard to these assumptions, we have therefore identified valuation of the Council’s pension fund net liability as a significant risk.	We : • Updated our understanding of the processes and controls put in place by management to ensure that the Council’s pension fund net liability is not materially misstated and evaluate the design of associated controls • Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • Assessed the competence, capabilities and objectivity of the actuary who carried out the Council’s pension fund valuations • Tested the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability • Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • Undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor’s expert) and performing any additional procedures suggested within the report • Obtained assurances from the auditor of the Shropshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements • Evaluated any issues reported by the pension fund auditor • Reviewed the IFRIC14 assessment provided by the Actuary.	We had no significant findings. The Pension Fund Auditor (PFA) reported an unadjusted misstatement of £4,489,821 relating to estimation difference identified in the valuation of Investments (understated). The proportion relating to the Council is approximately £1,959,988. However, as the Actuary has applied IFRIC 14 to the current year valuation which brings down the value of net pension liability to nil, this will have no impact on the balance sheet

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of investment property The Council is required to revalue its investment property annually. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. We therefore identified valuation of investment properties, particularly revaluations and impairments, as an other risk.	We : • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • Evaluated the competence, capabilities and objectivity of the valuation expert • Wrote to the valuer to confirm the basis on which the valuation is carried out to ensure that the requirements of the CIPFA Code are met • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • Engaged our own valuer to assess the instruction to the Council's valuer, the Council's valuer report and methodology and assumptions that underpin the valuation • Tested revaluations made during the year to see if they have been input correctly into the Council's balance sheet • Ensured that any RICS guidance in relation to material uncertainty around property valuations has been considered by the valuer and is appropriately reflected in the financial statements	Our audit work has not identified any material issues in respect of valuation of investment property. However, we did identify an overstatement of asset values of an investment property held for sale (£2.6m) due to incorrect information being passed to the valuer. There were no other similar errors noted.

Other risks

Risk identified	Audit procedures performed	Key observations
Valuation of council dwellings The Authority is required to revalue council dwellings annually. The Council uses the ‘Beacon Approach’ where representative properties are revalued, rather than each individual property. A social discount factor is then applied to reflect the fact the properties cannot be sold on the open market. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. We therefore identified valuation of council dwellings, particularly revaluations and impairments, as another risk.	The Council is required to revalue council dwellings annually. The Council uses the ‘Beacon Approach’ where representative properties are revalued, rather than each individual property. A social discount factor is then applied to reflect the fact the properties cannot be sold on the open market. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. We therefore identified valuation of council dwellings, particularly revaluations and impairments, as an other risk.	Our audit work has not identified any material issues in respect of valuation of council housing and we are satisfied that the balance is free from material misstatement.

Other risks

Risk identified

Exceptional financial support

Due to its deteriorating financial position, the Council has been informed by MHCLG that it is likely to be in receipt of Exceptional Financial Support (EFS) in 2024/25 and 2025/26.

Due to the significance of EFS to the Council, we identified the presentation and disclosure of exceptional financial support a risk requiring special audit consideration.

Audit procedures performed

We :

- Evaluated the Council's accounting policy for recognition of external financial support for appropriateness
- Gained an understanding of the Council's system for accounting for exceptional financial support and evaluated the design of associated controls
- Tested a sample of balances
- Ensured disclosures in the accounts are appropriate

Key observations

We did not identify any significant issues in our work in this area and expenditure was in accordance with the draft letter from MHCLG. However, the Council is still awaiting the final capitalisation direction letter to confirm this. This is required before we issue the audit opinion.

IFRS16

IFRS16 Leases was implemented by the Council from 1 April 2024. This new standard sets out the principles for recognition, measurement, presentation and disclosure of leases and replaces IAS17. The aim of the standard is to ensure that lessees and lessors present this accurately – for example, those leases previously assessed as operating leases by lessees will need to be accounted for on a balance sheet as a liability and associated right of use asset. This will provide a basis for users of the financial statements to assess effects that leases have on the financial position, financial performance and cash flows of an entity

We:

Updated our understanding of the processes and controls put in place by management to ensure that the Lease Liability and Right of Use Asset on the Balance Sheet is accurate and complete

Reviewed accounting policies and associate disclosures relating to leases

Understood the basis of the accounting estimate including models, method and experts used

Understood how the Council identifies peppercorn rentals and recognizes these under IFRS16

Obtained sufficient and appropriate audit evidence to support management's process and testing of leases

Our work on the completeness assertion of this balance is complete and there were no significant findings from this work. Our work on the testing of accuracy of leases is on-going.

The Council amended relevant notes in several places in response to audit queries in the first year of implementation of IFRS16. This included splitting out the opening balance adjustment on transition (£3.727m) to IFRS16 rather than showing as an in-year movement and adjusting the MIRS (£1.183m) for peppercorn rents and donated assets as required.

Note 21-lease liability was updated to recategorise £6m of short-term lease liabilities against the PFI and Finance Lease Liabilities.

Other findings

Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Other Land and Building valuations.	Other land and buildings comprises specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged a number of valuers, including its in-house property team to complete the valuation of properties as at 31 March 2025. The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years but are also subject to an annual desktop review. We have considered the expertise of your valuers and the methods used as well as considering the accuracy of information used and movements between years. We have no concerns in these areas.	We have set out our findings in relation to the valuation of other land and buildings earlier in this report.	We consider management's process is appropriate although we did identify an error on valuation of a property as set out earlier.
Investment properties	Investment properties are initially measured at cost and thereafter at fair value, which is interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value (MV). Investment properties held at fair value are not depreciated. The fair value of investment properties reflect market conditions at the Balance Sheet date; this means the periodic (5-yearly) revaluation approach may only be used where the carrying amount does not differ materially from that which would be determined using fair value at Balance Sheet date. As such the Council carries out an annual review to ensure their valuation reflects fair value at the balance sheet date. We have considered the expertise of your valuers and the methods used as well as considering the accuracy of information used and movements between years.	We have set out our findings in relation to the valuation of other land and buildings earlier in this report.	We consider management's process is appropriate although we did identify an error on valuation of a property as set out earlier.

Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management’s approach	Audit Comments	Assessment
Net pension liability	A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2022. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.	There were no significant issues in this work. Please see earlier conclusions.	We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Buildings – Council Housing	The Council owns 4,037 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.	We have tested that properties are included in the correct beacon, and that the valuations used are appropriate given the area and reduction for the social use factor. We note that there were a number of beacons where comparable data was not available. This is due to a lack of market activity during the year. Where the Valuer has not been able to use comparable data, the beacon value has been adjusted by the movement in the house price index instead. The House Price Index figures are provided by HM Land Registry and are available from the gov.uk website. This is considered to be a reasonable approach in the circumstances. Where comparative information were available, they often took place a year or more ago. The Valuer has used their judgement to factor in the time of these comparables when setting the beacon value. For each of the samples where a comparable was available we consider the beacon value to be reasonable in relation to the comparable. Where there was no readily available comparative information, we have carried out further testing to ensure we have assurance over the value. Based on the work performed on the sample selected, we have concluded that the valuer's assumptions and judgements are reasonable, and therefore we do not consider that there is any misstatement.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas. For further detail of the IT audit scope and findings please see separate ‘IT Audit Findings’ report.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Unit 4 – ERP (Financial reporting and payment system)	Detailed ITGC assessment (design effectiveness only)					Management override of controls (journals), Valuation of PPE and investment property assets and valuation of Pension liability.
Active Directory	Detailed ITGC assessment (design effectiveness only)					Management override of controls (journals), Valuation of PPE and investment property assets and valuation of Pension liability.

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	• We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	• We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	• We are not aware of any significant incidences of non-compliance.
Confirmation requests from third parties	• We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted and the requests were sent. These were returned with positive confirmation.
Disclosures	• Our review found no material omissions in the financial statements
Significant difficulties	• There were no significant difficulties faced by the audit team during the audit.

Other responsibilities

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • The use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. (continued)

Other responsibilities

Issue	Commentary
Going concern	Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority and Group meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Authority and Group and the environment in which it operates • the Authority's and Group's financial reporting framework • the Authority's and Group's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified; and • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. We have nothing to report on these matters except we have reported a statutory written recommendation under Section 24 of the Local Audit and Accountability Act 2014 in our Auditors Annual Report. This is in relation to financial sustainability, the overall financial position of the Council and financial governance in budget setting.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Note that detailed work is not required as the Authority does not exceed the threshold.
Certification of closure of the audit	We intend to delay the certification of the closure of the 2024/25 audit of the Authority in the audit report until the NAO have notified us that their work in respect on whole of government accounts is complete. We also need to complete outstanding work in relation to two objections from the public from prior years.
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Some minor inconsistencies were identified and corrected for. We plan to issue an unmodified opinion in this respect.

Audit adjustments

Audit adjustments

Impact of adjusted misstatements

There are no adjusted misstatements.

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

	Comprehensive Income and Expenditure Statement	Balance Sheet	Impact on total net expenditure	Impact on general fund
Detail	£'000	£'000	£'000	£'000
Investment properties held for sale	2,600	2,600	2,600	0
Outdated information was supplied to an external valuer for one investment asset valuation, leading to the valuer using inaccurate information as the basis for the valuation. As a result, it is estimated that the asset is overvalued in the accounts by £2.6 million. This was not adjusted for as it was not material to the accounts.				

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
DSG	The CIPFA Code requires disclosure of the "Net DSG Position at the end of 2024/25" (which amounts to £17.6m), but it was not initially included in Note 37 - Dedicated School Grant. This has now been added. This does not impact on any other line item in the disclosure.	y
IFRS16	The Council amended relevant notes in several places in response to audit queries in the first year of implementation of IFRS16. This included splitting out the opening balance adjustment on transition to IFRS16 (£3.727m) rather than showing as an in-year movement and adjusting the MIRS (£1.183m) for peppercorn rents and donated assets as required. Note 21-lease liability was re-categorised to include to include £6m of short-term lease liabilities against the PFI and Finance Lease Liabilities.	y
PFI accounting policy	The wording of the accounting policy for PFI life-cycle costs was updated.	y
Impairment	Note 22-financial instrument risks- disclosures allowances for impairment (bad debt) was updated with 2024/25 values. The narrative was also updated to include credit risk on short term loans.	y
Estimation uncertainty	Notes around estimation uncertainty were removed as the impact was no longer material or not required for example accruals, NNDR, debt impairment and infrastructure.	y
Pensions	A note on impact of the recent Virgin Media test case was added to defined liability pension notes.	y
Investment properties	Additional disclosures were added to Note 17 - investment properties to comply with additional requirements for level 3 assets e.g. a note on transfers to and from the category.	y
Group accounts	Note G9 relating to group pension liability was updated to correct prior year comparative figures.	y
Throughout	Some typographical, casting, references to incorrect years, misleading use of brackets and formatting errors have been identified throughout the financial statements. There were also some other changes made to disclosure notes following our initial review of the accounts.	y

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards. They include recommendations from the previous year which are still relevant.

Assessment	Issue and risk	Recommendations
Medium	Outdated information was supplied to the external valuer for one investment asset valuation, leading to the valuer using inaccurate information as the basis for the valuation. As a result, it is estimated that the asset is overvalued in the accounts by £2.5 million	We recommend that management should establish an effective quality control process to verify the accuracy of key valuation inputs provided to your expert valuers. Management response The Estates Manager – Corporate Landlord will establish and implement an effective quality control process (dual sign off process by Estates Manager and senior surveyor) to verify the accuracy of key valuation inputs provided to your expert valuers
Medium	During our review of the 31 March 2025 bank reconciliation, we noted that an amount of £165k was incorrectly included within the closing bank balance for the year of 2024/25. The third-party confirmation from Natwest showed a different balance of £737.28. The amount was subsequently corrected in the April reconciliation. The amount was previously omitted from the Pay360-to-bank reconciliation figures and was carried forward at year-end as a discrepancy. This account forms part of the sweep process and is transferred to the consolidated account. Since the account has been opened, a total of £165,682.28 in Leaving Care payments have been processed through it. We are satisfied that the correction in the April 2025 was appropriate. However, this indicates an opportunity to strengthen review and reconciliation controls to ensure accuracy of the closing balance of cash at year end.	We recommend that management should ensure that monthly cash reconciliations are reviewed with particular attention to the year end bank balances. Management response Management review of monthly cash reconciliations have already been implemented, which is how this issue was originally identified.
Key High – Significant effect on control system and/or financial statements Medium – Limited impact on control system and/or financial statements Low – Best practice for control systems and financial statements		

Action plan (continued)

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards. They include recommendations from the previous year which are still relevant.

Assessment	Issue and risk	Recommendations
Medium	Where a full revaluation of any land and buildings is not carried out in year, the Authority’s internal valuation team applies what they consider an appropriate index to ensure the assets are not materially misstated. The valuer did not retain their detailed workings of this exercise for audit review. We carried out our own estimation of valuation movements using what we considered were appropriate indices and this demonstrated that the valuers estimate was reasonable.	The Authority should ensure that its detailed calculations of revaluations resulting from the annual indexation of assets not revalued in the year are always retained for audit purposes. Management response The Estates Manager – Corporate Landlord will ensure detailed calculations of revaluations resulting from the annual indexation of assets not revalued in the year, are always retained for audit purposes.

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Value for Money arrangements

Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our AAR will be reported to you at the November audit committee.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

Our work on your value for money arrangements is now complete and is reported in detail in the Auditors Annual Report which accompanies this report. We have raised a statutory recommendation under Section 24 of the Local Audit and Accountability Act 2014 in relation to financial sustainability, the overall financial position of the Council and financial governance in budget setting. We identified two further significant weaknesses in relation to financial sustainability and another relating to governance. We also reported some improvement recommendations.

Independence considerations

Independence and ethics

- Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers). The only matter we wish to bring to your attention is that our PFI team have been engaged to carry out some work for your waste contractor Veolia. We have ensured appropriate safeguards are in place including ensuring the PFI team have no access to any information held by the audit team and requiring the audit team to confirm adherence to strict protocols around our work and information barriers obtained during the course of the audit.
- We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

- Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.
- Details of fees charged are detailed later in this report.

Transparency

- Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections.

Independence and ethics

Audit and non-audit services

The following non-audit services were identified which were charged from the beginning of the financial year to date, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing capital receipts grant 2024/25 year (2023/24 billed in year at £7,500)	10,000	Self-Interest (because this is a recurring fee) Self-review (because GT provides audit services) Management	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self-review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Teachers' Pension Return 2024/25 year (2023/24 billed in year at £12,500)	12,500	Self-Interest (because this is a recurring fee) Self- review (because GT provides audit services) Management	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self-review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Housing Benefit subsidy claim 2024/25 year (2023/24 billed in year at £51,138)	56,540	Self-Interest (because this is a recurring fee) Self- review (because GT provides audit services) Management	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self-review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants

Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Group or investments in the Group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Group.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council's board, senior management or staff that would exceed the threshold set in the Ethical Standard.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees

We set out below our fees charged for the audit and provision of non-audit services.

	Proposed fee (£)	Final fee (£)
PSAA Scale Audit Fee	400,504	400,504
Auditor’s valuation expert (estimate)	7,500	7,500
IFR16	TBC	10,000
Additional group procedures	9,000	9,000
Total	TBC	TBC

Non-audit fees for other services	Estimated fee (£)
-----------------------------------	-------------------

Audit Related Services:

Certification of Housing capital receipts grant (2023/24 and 2024/25)	10,000
Teachers’ Pension Return (2023/24 and 2024/25]	12,500
Certification of Housing Benefit subsidy claim (2023/24 and 2024/25)	53,827 (2023/24) TBC (2024/25)
Audit of subsidiary company Shropshire Towns and Rural Housing Limited (STaRH) (Fee is paid for by STaRH Housing)	38,200

The tables set out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to the current date as well as the threats to our independence and safeguards have been applied to mitigate these threats.

Non-audit services are consistent with the group’s policy on the allotment of non-audit work to your auditor.

None of the services were provided on a contingent fee basis

For the purposes of our audit, we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to the Authority and senior management and affiliates which may reasonably be thought to bear on our integrity, independence and objectivity. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees.

We will confirm our final fees charged for the audit and provision of non-audit services once the work has been completed. Additional audit fees are subject to PSAA review and approval. The Authority’s accounts include the 2024/25 PSAA scale fee but not the estimated cost for IAS16 work and auditor’s expert work. All variations to audit fees are subject to PSAA approval. The total audit fee for 2024/25 in note 36 of the statement of accounts only includes the scale audit fee and not the additional fees shown in the table. They are exclusive of VAT.

Additional fee analysis – fee variation for in year work

The following table sets out further information on additional fees.

Grade	Rate (Determined by PSAA)	Hours	Fee variation for Audit 2024/25
Partner/Director	£428	3 (IFRS16) plus 3 (group)	2,568
Senior Manager/ Manager	£236	7 (IFRS16) plus 5.5 (group)	2,950
Senior Auditor	£153	46.2 (IFRS16) plus 42 (group)	13,495
Other staff	£117	0	0
Total		106.7	19,013

The above fee has been rounded down to £19,000. and is subject to review by PSAA who will make a final determination.

Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit and whether that deficiency has been resolved by management		●
Significant matters arising in connection with related parties		●
Other matters that are significant to the oversight of the financial reporting process		●
Confirmation of independence of external experts or other auditors used as part of the audit		●
Valuation methods employed and impact of changes to methods		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Confirm all requested explanation and documents have been provided		●
Distribution of tasks amongst auditors where more than one auditor has been appointed		●
Identify work performed by component auditors outside of the GTIL network in relation to consolidated financial statements		●
Scope of consolidation and compliance with financial reporting framework		●
Expected modifications to the auditor's report, or emphasis of matter		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		
Non-compliance with laws and regulations		
Unadjusted misstatements and material disclosure omissions		
Expected modifications to the auditor's report, or emphasis of matter		

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.



© 2025 Grant Thornton. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.