

**saaa**

Smaller Authorities'  
Audit Appointments

# Annual Report 2024/2025

Issued August 2025

# An update from the chair

Welcome to this year's report on the activity of SAAA. The year has been busy with a focus on providing strong leadership in the development of Local Audit, through both our digital project and supporting the Smaller Authorities Proper Practices Panel (SAPPP) with its review of the Practitioners' Guide. You'll find more details on these initiatives in this report, including how you can get involved.

The new government has embarked on an urgent plan of action to recover from the 'crisis' in principal authority local audit. The issues affecting larger councils and other public bodies has undermined trust in local audit so inevitably the government's focus has been on responding to this situation. We continue to perform well with 97% of Smaller Authorities Limited Assurance reviews for audit year 2023/2024 successfully completed by 31 December 2024. SAAA has actively contributed to the national conversation on Local Audit reform. We are pleased that several changes we advocated for in relation to Smaller Authorities have been reflected in the government's commitments – more about this is included in this report.

We have also taken steps to strengthen our governance. This year, SAAA published a

comprehensive suite of governance policies on our website and commissioned an external governance review. Our goal is to continue delivering high quality service to Smaller Authorities while supporting our auditor firms effectively.

**David Bowles,**  
**Chair SAAA**

August 2025



# saaa

Smaller Authorities'  
Audit Appointments

---

## Got a question? Get in touch

Email:  
[admin@saaa.co.uk](mailto:admin@saaa.co.uk)

Telephone:  
0204 583 3912

Write:  
SAAA Ltd  
The Bloomsbury Building  
10 Bloomsbury Way  
London WC1A 2SL

---

# SAAA's Strategic Priorities 2025–2028

## Supporting Local Audit Reform

- Collaborate with MHCLG and sector partners to enhance audit processes for Smaller Authorities, promoting greater accountability and transparency.
- Establish a working relationship with the forthcoming Local Audit Office (LAO).
- Champion the role of a sector-led body in developing and overseeing the delivery of Limited Assurance Reviews.

## Supporting Our Suppliers

- Collaborate with audit suppliers to ensure smooth delivery of Limited Assurance Reviews.
- Work with MHCLG to address the impact of vexatious complaints on suppliers and Smaller Authorities.

## Reviewing Proper Practices

- Partner with Smaller Authorities Proper Practices Panel and sector stakeholders to review and update proper practices.
- Align the Annual Governance and Accountability Return (AGAR) with revised proper practices to support effective and transparent reporting.
- With partners, provide training and support to practitioners to meet updated assurance requirements.

## Making AGAR Digital

- Develop a secure, user-friendly digital portal for AGAR submissions.
- Ensure AGAR forms are accessible and compliant with accessibility legislation.
- Offer guidance and support to practitioners using the new digital portal and accessible forms.

## Developing the Contract

- Plan for the extension or retender of the current contract to maintain stability amid changes to local audit.
- Continue reviewing contract terms to attract longer term engagement with existing and new suppliers in the post-extension contract period.
- Engage with new market entrants to support bidding.

## Strengthening Governance

- Implement recommendations from the external governance review.
- Assess and adjust SAAA's staffing and resources as needed.
- Plan for future Board recruitment and skills development.

## Our Mission

To ensure the provision of effective and sustainable external audit for all Smaller Authorities.

## Our Vision

The correct completion and publication of the Annual Governance and Accountability Return enables communities to hold their local councils and other local bodies to account.

Every Smaller Authority has access to a competent external auditor, along with the information and support needed to meet audit requirements.

SAAA is recognised as a well-run and effective organisation.

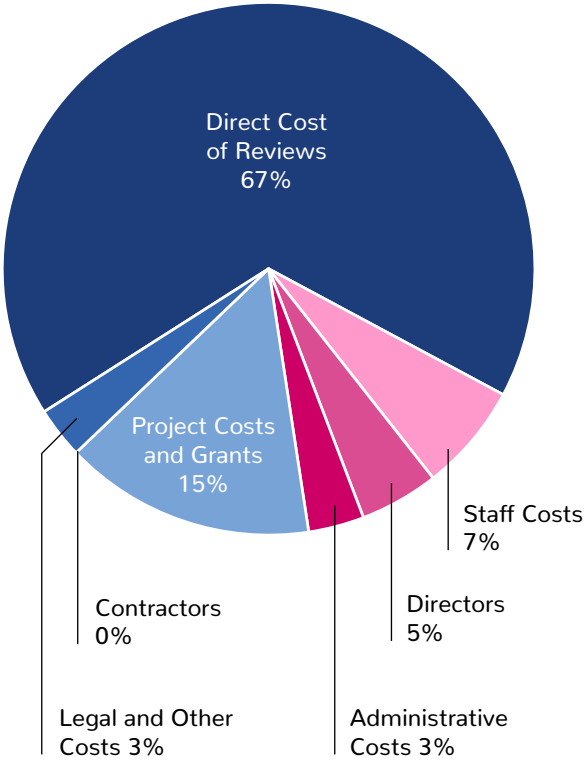
Income and expenditure  
for 2024/2025

| Income                          | £         |
|---------------------------------|-----------|
| Income from Fees                | 2,841,544 |
| Interest and Dividends          | 279,458   |
| Total Income                    | 3,121,002 |
| Expenditure                     | £         |
| Direct Cost of Reviews          | 1,791,588 |
| Other Expenditure               | £         |
| Staff                           | 124,232   |
| Directors                       | 108,942   |
| Contractors                     | 3,857     |
| Administrative Costs            | 54,307    |
| Project Costs and Grants        | 63,356    |
| Legal and Other Costs           | 69,383    |
| Total Other Expenditure         | 424,077   |
| Total Expenditure               | 2,215,665 |
| Surplus Transferred to Reserves | £905,337  |

SAAA budget  
for 2025/2026

| Forecast Income               | £         |
|-------------------------------|-----------|
| Net Income from Fees          | 2,866,667 |
| Interest and Dividends        | 256,000   |
| Total Income                  | 3,122,667 |
| Forecast Expenditure          | £         |
| Direct Cost of Reviews        | 1,748,667 |
| Forecast Other Expenditure    | £         |
| Staff Costs                   | 172,000   |
| Directors                     | 125,000   |
| Contractors                   | 10,000    |
| Administrative Costs          | 80,000    |
| Project Costs and Grants      | 400,000   |
| Legal and Other Costs         | 80,200    |
| Total Other Expenditure       | 867,200   |
| Total Expenditure             | 2,615,867 |
| Forecast Surplus for Reserves | £506,800  |

Forecast expenditure  
for 2025/2026



SAAA's Annual Accounts 2024/2025  
are shown at the end of this report.

# SAAA finances

We are a not-for-profit sector-led body. Our founding bodies are the National Association of Local Councils (NALC), the Association of Drainage Authorities (ADA) and the Society of Local Council Clerks (SLCC). Any surplus funds we produce must go back into supporting the sector represented by these bodies. This is our starting point when we consider SAAA’s financial position and our medium term financial strategy.

We have achieved 100% participation by Smaller Authorities in our contract and have been very successful in appointing high quality auditors who deliver a cost effective audit. As a result of our success, we have accumulated reserves which have been used, in part, to restrict any limited assurance scale fee increase to only 5% since our establishment in 2017.

We will aim to limit the future accumulation of reserves and consider both the possible use of and distribution of our reserves. At the same time SAAA must retain its sound financial position to allow it to weather future challenges from either the reform of local audit or the impact of market forces on the Limited Assurance auditor market.

## Smaller Authorities and Limited Assurance

In 2023/2024 there were 9,815 Smaller Authorities, comprising 8,404 local councils (including town, parish, community, and neighbourhood councils), 1,266 parish meetings in parishes where there is no parish council, 112 internal drainage boards and 34 other local government bodies, such as Charter Trustees, Port Authorities and Conservators that are not classified as local councils.

In 2023/2024 audit year for the first time more than half of all Smaller Authorities required a Limited Assurance review as their income or expenditure was over £25,000.



- Local councils
- Parish meetings
- Internal drainage boards
- Other local government bodies

## What is a Limited Assurance?

It is easier to say what it isn’t!

Limited Assurance is not a Full Audit which to principal authorities are subject, conducted under international audit standards.

SAAA’s appointed auditors complete the LAR by reviewing a Smaller Authorities Annual Governance and Accountability Return (AGAR) and its supporting documents. Our auditors determine whether a Smaller Authority has complied with Proper Practices as set out in the Practitioners Guide. A qualified Limited Assurance Review opinion means the Smaller Authority did not comply and an unqualified opinion means they did.

# Key findings for 2023/24

The deadline for Smaller Authorities to submit their Annual Governance and Accountability Return (AGAR) to the external auditors is 30 June. By 30 June 2024, only 78% of Smaller Authorities had submitted their AGAR. As in previous years, SAAA strongly encourages Smaller Authorities to make adequate arrangements to ensure that their AGAR is approved and submitted in accordance with the auditor’s deadlines

By 31 Dec 2024, 97.4% of all Smaller Authorities had completed and submitted their AGAR for 2023/2024. This means that 211 Smaller Authorities did not submit an AGAR and as a result may have received a Public Interest Report.

Two thirds of Smaller Authorities will have now received an unqualified opinion. This means that the auditor found nothing within the AGAR and supporting papers that did not meet the requirements. Those authorities who received a qualified opinion may wish to consider seeking support to improve their governance and accountability from NALC, SLCC or ADA.

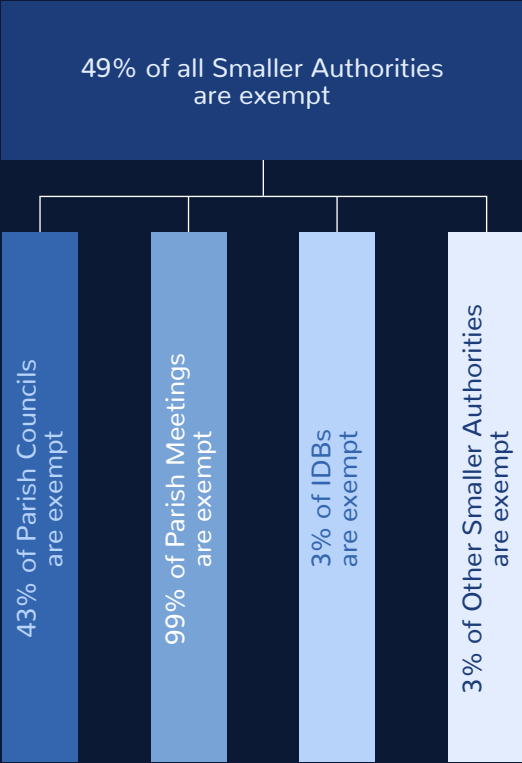
SAAA publishes all Public Interest Reports on its website when issued by auditors. Between 1 April 2024 and 31 March 2025, 34 PIRs were issued. Of these, two relate to audit year 2021/2022, five relate to audit year 2022/2023 and 27 relate to audit year 2023/2024.

22 of these 34 PIRs have been issued to authorities for the first time, and 12 have been issued to authorities who have received a PIR before, some on repeated occasions.

Most PIRs are issued because a Smaller Authority fails to submit an AGAR form despite being reminded by their auditor.

Further details of the results of auditors’ work at Smaller Authorities are shown in the reports published on SAAA’s website.

<https://www.saaa.co.uk/annual-reports/>





# Governance

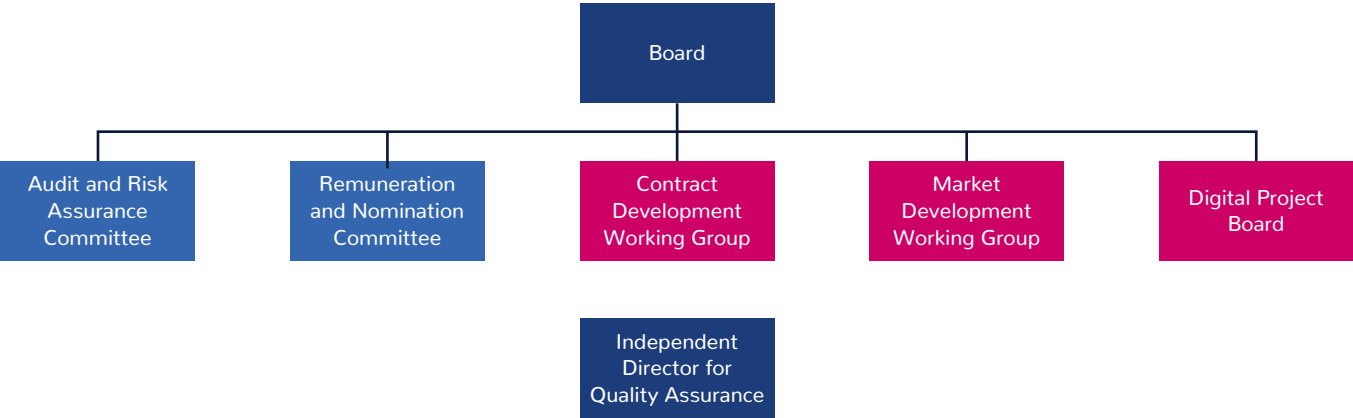
During 2024 SAAA’s Board agreed a suite of policy documents to improve its governance and accountability. Many of these policies are now published on SAAA’s website.

In 2025 SAAA has commissioned an external Governance Review to ensure that SAAA is a well-run and effective organisation. The results of this review will be presented to the Board in early 2026.

**SAAA has two standing committees:** the Audit and Risk Assurance Committee and the Remuneration and Nomination Committee. These committees

have met during 2025 and considered a variety of issues including management of risk, the external governance review, staff pay, the appointment policies for directors and other governance matters.

**The Board has also established three informal working groups:** the Contract Development Working Group, the Market Development Working Group and the Digital Project Board. These groups have focused on two important aspects of SAAA’s current work: Procurement and Making AGAR Digital. Their work allows the Board to make effective and well-informed decisions.



# SAAA responds to MHCLG consultation on Local Audit Form

| What change SAAA recommended   | What is happening so far   |
|--|--|
| Raising the £25,000 threshold in line with inflation to £40,000.           | This will be considered by the newly formed Local Audit Office (LAO) as part of its work developing a risk-based approach to ensure that audit regimes are proportionate and appropriate. We look forward to working with the LAO and the Smaller Authorities Proper Practices Panel (SAPPP) to refine the new regime for Smaller Authorities. |
| Removing the upper £6.5m threshold.  | The upper threshold will be raised to £15m via a Statutory Instrument laid in June 2025. This will ensure that (at least for some years to come) no Smaller Authority will be subject to Full Audit.   |
| Review how Parish Meetings are considered in the Limited Assurance Regime. | We understand the government intends that this will be considered by the LAO as part of its work developing a risk-based approach to ensure that audit regimes are proportionate and appropriate.  |
| Strengthen Internal Audit reporting.                                       | The government has stated that it will ensure that internal audit capacity and capability are strengthened in Smaller Authorities, including by the publication of reports. We will support MHCLG and partners to achieve this commitment.   |
| Vexatious complaints received by auditors.                                 | The government says it will seek to address the cost and burden of vexatious complaints, ensuring they do not disproportionately impact Smaller Authorities. We have suggested some changes to legislation which could support this, and we are keen to work with the LAO when it is formed to explore all options.                            |

In December 2024, the Ministry of Housing, Local Government and Communities (MHCLG) launched consultations on proposals to reform local audit.

SAAA responded in detail to this consultation, working with its partners to provide an evidenced and reasoned response. The summary of our response can be seen on our website:

<https://www.saaa.co.uk/2024/03/saaa-response-to-the-dluhc-and-nao-consultations-to-address-the-local-audit-backlog-in-england/>

We wanted to bring forward 5 key areas for review and change:

- The lower £25,000 threshold
- The upper £6.5m threshold
- The treatment of Parish Meetings
- Internal Audit reporting
- Vexatious complaints received by auditors

Earlier this year, the government published [its response](#) to the MHCLG consultation, outlining its commitments to the sector. Since then, SAAA has been working diligently behind the scenes with MHCLG, providing valuable information and advice about the Smaller Authority sector to support the development of informed and effective policy.



## Establishment of the Local Audit Office (LAO)

The government has announced plans to establish a new body, the Local Audit Office (LAO), which will oversee local audit with the aim of radically simplifying and streamlining the currently fragmented system. As the designated system leader, the LAO will assume responsibility for issuing auditor guidance notes and will play a central role in shaping the future of local audit.

The LAO is expected to be established in 2026, at which point it will take over the responsibility for appointing auditors to principal (Full Audit) bodies from Public Sector Audit Appointments (PSAA).

Once operational and with sufficient capacity, the LAO will also conduct a review of SAAA, the operation of SAPPP, and their broader roles within the smaller authorities regime. SAAA will have a close relationship with the LAO from its inception; the LAO will determine the scope of Limited Assurance Reviews through issuing formal guidance and through its membership of SAPPP. The review will include areas such as standardised reporting and contracting. SAAA will work with the LAO during the review to establish whether any further changes or transfers of responsibility would be beneficial.

The LAO is not expected to be fully functional until 2028.

## SAPPP and The Practitioners' Guide 2025

The Practitioners' Guide for 2025 has been published by the Smaller Authorities Proper Practices Panel (SAPPP) and now features the updated SAPPP branding.

Throughout 2025–2026, SAPPP — supported by SAAA — is collaborating with the Chartered Institute of Public Finance and Accountability (CIPFA) to review proper practices, the Practitioners' Guide, and the AGAR.

If you are interested in contributing to this important work, please follow this link:

<https://www.nalc.gov.uk/support/finance-advice/smaller-authorities-proper-practices-panel.html>



## Making AGAR digital

SAAA plans to transform the way Smaller Authorities and their external auditors interact by providing a secure online portal for the submission of the Annual Governance and Accountability Return (AGAR) and supporting evidence. This is SAAA's Making AGAR Digital project.

In 2025, SAAA appointed an experienced digital project manager to lead this work. Engagement with user groups – including auditors and practitioners – will begin shortly to ensure that the portal meets the needs of all users.

Interested in joining a user group? Please contact us at [admin@saaa.co.uk](mailto:admin@saaa.co.uk) to get involved.

## Quality assurance

This year for the first time, SAAA has published on its website an overview of the quality assurance work conducted with its four audit firms. The report provides a summary of the more detailed feedback shared with each firm, highlighting both examples of good practice and areas identified for improvement.

SAAA's quality assurance work is carried out by two independent and highly qualified assessors, who conduct biannual visits to each audit firm to review their activities.

We are pleased to report that all firms are operating with a high level of diligence and a clear commitment to legal compliance.

The report can be seen on the SAAA website:

<https://www.saaa.co.uk/annual-reports/>





# Providing an Accessible AGAR

With [Aubergine 262 Ltd](#), SAAA is working to provide WCA 2.2AA and GDPR compliant AGAR forms for 2025/2026.

Currently, when a Smaller Authority completes its AGAR form and prepares it for publication on its website, it is scanned and uploaded as an image. However, this format it is not accessible as it cannot be read using assistive technologies or processed by machines.

We are seeking to provide an accessible AGAR form which when completed and displayed on a website can be used by those with vision or motor disabilities.

The form will have some differences from the 2024/2025 version, but will collect the same information, with the addition of a new Assertion 10 for 2025/2026.

If you have any questions, comments, or concerns please don't hesitate to contact SAAA at [admin@saaa.co.uk](mailto:admin@saaa.co.uk)

## What is WCGA2.2AA compliance mean?

- People can **navigate** websites easily (e.g. using a keyboard or screen reader).
- They have **enough time** to read or use content.
- Things are **easy to click** or touch on small screens.
- Websites are **not confusing**, especially for people with cognitive or learning disabilities.

This benefits:

- People with **vision or motor disabilities**.
- People with **cognitive or memory challenges**.
- People using **screen readers, keyboards, or mobile device**.



## The Board



**David Bowles**  
Independent Director

- Chair
- Digitalisation Project Board



**Martin McNeill**  
Independent Director

- Audit and Risk Assurance Committee



**Liz Sandwith**  
Independent Director

- Audit and Risk Assurance Committee



**Michael King**  
Member Director  
representing SLCC

- Remuneration and Nomination Committee
- Digitalisation Project Board



**Andrew Davies**  
Independent Director

- Audit and Risk Assurance Committee
- Independent Director for Quality Assurance



**Christopher Pope**  
Independent Director

- Digitalisation Project Board



**Peter Bateson**  
Member Director  
representing ADA

- Remuneration and Nomination Committee



**Jane Moore**  
Member Director  
representing NALC

- Remuneration and Nomination Committee

## Staff team

**Annie Child**  
Chief Executive

**Joanne MacCallum**  
Corporate Support Manager

## Got a question? Get in touch

Email:  
admin@saaa.co.uk

Telephone:  
0204 583 3912

Write:  
SAAA Ltd  
The Bloomsbury Building  
10 Bloomsbury Way  
London WC1A 2SL

# SAAA Annual Accounts 2024/2025

---

**SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD**

---

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2025**



---

## SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD

---

### COMPANY INFORMATION

---

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | Peter John Bateson<br>David John Bowles<br>Andrew Bertram Davies<br>Martin Paul David McNeill<br>Michael Andrew King<br>Vanessa Jane Moore (appointed 7 November 2024)<br>Christopher Michael Pope<br>Elizabeth Sandwith<br>Charlotte Eisenhart (appointed 17 April 2024, resigned 7 November 2024)<br>Jonathan Owen (resigned 17 April 2024) |
| <b>Registered number</b> | 09915776  |
| <b>Registered office</b> | Bloomsbury Building<br>Bloomsbury Way<br>London<br>WC1A 2SL   |

---

**SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD**

---

---

**CONTENTS**

---

|   | Page    |
|---|---------|
| <b>Directors' Report</b>  | 1 - 2   |
| <b>Independent Auditors' Report</b>   | 3 - 7   |
| <b>Statement of Income and Retained Earnings</b>                            | 8       |
| <b>Balance Sheet</b>  | 9 - 10  |
| <b>Statement of Changes in Equity</b>                                       | 11      |
| <b>Notes to the Financial Statements</b>                                    | 12 - 16 |
| The following pages do not form part of the statutory financial statements: |         |
| <b>Detailed Income and Expenditure Account and Summaries</b>                | 17 - 19 |

---

## SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025

---

The Directors present their report and the financial statements for the year ended 31 March 2025.

#### Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

#### Directors

The Directors who served during the year were:

Peter John Bateson  
David John Bowles  
Andrew Bertram Davies  
Martin Paul David McNeill  
Michael Andrew King  
Vanessa Jane Moore (appointed 7 November 2024)  
Christopher Michael Pope  
Elizabeth Sandwith  
Charlotte Eisenhart (appointed 17 April 2024, resigned 7 November 2024)  
Jonathan Owen (resigned 17 April 2024)

#### Disclosure of information to auditors

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

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

---

**SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2025**

---

**Auditors**

The auditors, Milton Avis LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

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

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

.....  
David John Bowles  
Director

Date: 15 July 2025

---

## SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD

---

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD

---

#### Opinion

We have audited the financial statements of Smaller Authorities' Audit Appointments Ltd (the 'Company') for the year ended 31 March 2025, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Directors' 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 Company'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 Directors with respect to going concern are described in the relevant sections of this report.

---

## SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD

---

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD (CONTINUED)

---

#### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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.

#### Opinion on other matters prescribed by the Companies Act 2006

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

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

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

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

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

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



---

**SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD**

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD (CONTINUED)**

---

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

---

## SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD

---

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD (CONTINUED)

---

#### **Auditors' 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 Auditors' 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 gained an understanding of the legal and regulatory framework applicable to the Company and industry in which the company operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, and FRS 102.

We considered compliance with this framework and performed audit procedures on these areas as considered necessary. Our procedures involved enquiries with management, review of the reporting to the directors with respect to compliance with laws and regulation, review of board meeting minutes and review of legal correspondence.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included but were not limited to:

- . agreement of the financial statement disclosures to underlying supporting documentation;
- . enquiries of management;
- . testing of journal postings made during the year to identify the potential management override of controls;
- . review of minutes of board meetings throughout the period; and
- . Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

#### **Use of our report**

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

---

**SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD**

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMALLER AUTHORITIES' AUDIT  
APPOINTMENTS LTD (CONTINUED)**

---

Stephen Sampson (Senior Statutory Auditor)

for and on behalf of

**Milton Avis LLP**

Chartered Accountant

120 Baker Street

London

W1U 6TU

15 July 2025

SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD

STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2025

|  | Note | 2025<br>£        | 2024<br>£        |
|--|------|------------------|------------------|
| Turnover   | 4    | 3,121,002        | 2,974,887        |
| Cost of sales  |      | (1,791,588)      | (1,683,673)      |
| <b>Gross Income</b>  |      | <b>1,329,414</b> | <b>1,291,214</b> |
| Administrative expenses  |      | (424,077)        | (428,655)        |
| <b>Operating Income</b>  |      | <b>905,337</b>   | <b>862,559</b>   |
| <b>Surplus for the year</b>  |      | <b>905,337</b>   | <b>862,559</b>   |
| Retained earnings at the beginning of the year                       |      | 882,190          | 879,631          |
| Surplus for the year   |      | 905,337          | 862,559          |
| Transfers out of accumulated fund                                    |      | (900,000)        | (860,000)        |
| <b>Retained earnings at the end of the year</b>                      |      | <b>887,527</b>   | <b>882,190</b>   |
| The notes on pages 12 to 16 form part of these financial statements. |      |                  |                  |

**SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD**  
**REGISTERED NUMBER: 09915776**

**BALANCE SHEET**  
**AS AT 31 MARCH 2025**

|  | Note |                  | 2025<br>£               | 2024<br>£               |
|--|------|------------------|-------------------------|-------------------------|
| <b>Fixed assets</b>                            |      |                  |                         |                         |
| Tangible assets                                | 6    |                  | 947                     | 1,895                   |
|  |      |                  | <u>947</u>              | <u>1,895</u>            |
| <b>Current assets</b>                          |      |                  |                         |                         |
| Debtors: amounts falling due within one year   | 7    | 80,374           | 108,762                 |                         |
| Cash at bank and in hand                       | 8    | 7,553,246        | 6,582,007               |                         |
|  |      | <u>7,633,620</u> | <u>6,690,769</u>        |                         |
| Creditors: amounts falling due within one year | 9    | (97,040)         | (60,474)                |                         |
| <b>Net current assets</b>                      |      |                  | <u>7,536,580</u>        | <u>6,630,295</u>        |
| <b>Total assets less current liabilities</b>   |      |                  | <u>7,537,527</u>        | <u>6,632,190</u>        |
| <b>Net assets</b>                              |      |                  | <u><u>7,537,527</u></u> | <u><u>6,632,190</u></u> |

**SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD**  
**REGISTERED NUMBER: 09915776**

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2025**

|                             | <b>Note</b> | <b>2025</b><br><b>£</b> | <b>2024</b><br><b>£</b> |
|-----------------------------|-------------|-------------------------|-------------------------|
| <b>Capital and reserves</b> |             |                         |                         |
| Market Development          | 10          | <b>1,430,000</b>        | <i>1,430,000</i>        |
| Procurement Reserve         | 10          | <b>200,000</b>          | <i>200,000</i>          |
| General Reserve             | 10          | <b>450,000</b>          | <i>450,000</i>          |
| Redistribution Reserve      | 10          | <b>3,620,000</b>        | <i>2,920,000</i>        |
| Discontinuance Reserve      | 10          | <b>250,000</b>          | <i>250,000</i>          |
| Indemnity Fund              | 10          | <b>250,000</b>          | <i>250,000</i>          |
| Projects Reserve            | 10          | <b>450,000</b>          | <i>250,000</i>          |
| Accumulated Fund            | 10          | <b>887,527</b>          | <i>882,190</i>          |
|                             |             | <b>7,537,527</b>        | <i>6,632,190</i>        |

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 July 2025.

**David John Bowles**  
Director

The notes on pages 12 to 16 form part of these financial statements.



SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2025

|  | Market<br>Development<br>Reserves | Procurement<br>Reserves | General<br>Reserve | Redistribution<br>Reserves | Discontinuance<br>Fund | Indemnity<br>Fund | Projects<br>Reserves | Accumulated<br>Fund | Total equity     |
|--|-----------------------------------|-------------------------|--------------------|----------------------------|------------------------|-------------------|----------------------|---------------------|------------------|
|  | £                                 | £                       | £                  | £                          | £                      | £                 | £                    | £                   | £                |
| <b>At 1 April 2023</b>                   | <b>1,000,000</b>                  | <b>200,000</b>          | <b>450,000</b>     | <b>2,490,000</b>           | <b>250,000</b>         | <b>250,000</b>    | <b>250,000</b>       | <b>879,631</b>      | <b>5,769,631</b> |
| <b>Comprehensive income for the year</b> |                                   |                         |                    |                            |                        |                   |                      |                     |                  |
| Surplus for the year                     | -                                 | -                       | -                  | -                          | -                      | -                 | -                    | <b>862,559</b>      | <b>862,559</b>   |
| Transfers                                | <b>430,000</b>                    | -                       | -                  | <b>430,000</b>             | -                      | -                 | -                    | <b>(860,000)</b>    | -                |
| <b>At 1 April 2024</b>                   | <b>1,430,000</b>                  | <b>200,000</b>          | <b>450,000</b>     | <b>2,920,000</b>           | <b>250,000</b>         | <b>250,000</b>    | <b>250,000</b>       | <b>882,190</b>      | <b>6,632,190</b> |
| <b>Comprehensive income for the year</b> |                                   |                         |                    |                            |                        |                   |                      |                     |                  |
| Surplus for the year                     | -                                 | -                       | -                  | -                          | -                      | -                 | -                    | <b>905,337</b>      | <b>905,337</b>   |
| Transfers                                | -                                 | -                       | -                  | <b>700,000</b>             | -                      | -                 | <b>200,000</b>       | <b>(900,000)</b>    | -                |
| <b>At 31 March 2025</b>                  | <b>1,430,000</b>                  | <b>200,000</b>          | <b>450,000</b>     | <b>3,620,000</b>           | <b>250,000</b>         | <b>250,000</b>    | <b>450,000</b>       | <b>887,527</b>      | <b>7,537,527</b> |

The notes on pages 12 to 16 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**

---

**1. General information**

Smaller Authorities' Audit Appointments Limited is a private Company limited by guarantee incorporated in England and Wales with a registered office of Bloomsbury Building, Bloomsbury Way, London, WC1A 2SL.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

**2.2 Revenue recognition**

The Company sets the scale fees in respect of the audit of Smaller Authorities. For administrative purposes, it requires Audit firms to invoice the opted-in bodies on its behalf and to act as its collecting agents in respect of those fees. The Company in turn invoices those Audit firms at the scale fee adjusted for its remuneration.

**2.3 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery - 3 year useful life

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2.5 Debtors

Short-term debtors are measured at transaction price. Loans receivable are measured initially at fair value, net of transaction costs.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs.

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

In application of the Company's accounting policies management are required to make judgments, estimations and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimation and underlying assumptions are based on historical experience and other factors that are considered to be relevant. These assumptions are reviewed on a ongoing basis.

4. Turnover

|          | 2025<br>£        | 2024<br>£        |
|----------|------------------|------------------|
| Turnover | 3,121,002        | 2,974,887        |
|          | <u>3,121,002</u> | <u>2,974,887</u> |

---

**SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**

---

**5. Employees**

The average monthly number of employees, including the directors, during the year was as follows:

|           | <b>2025<br/>No.</b> | <b>2024<br/>No.</b> |
|-----------|---------------------|---------------------|
| Employees | <b>7</b>            | <b>7</b>            |

**6. Tangible fixed assets**

|                                     | <b>Plant and<br/>machinery<br/>£</b> |
|-------------------------------------|--------------------------------------|
| <b>Cost or valuation</b>            |                                      |
| At 1 April 2024                     | <b>2,843</b>                         |
| At 31 March 2025                    | <b>2,843</b>                         |
| <b>Depreciation</b>                 |                                      |
| At 1 April 2024                     | <b>948</b>                           |
| Charge for the year on owned assets | <b>948</b>                           |
| At 31 March 2025                    | <b>1,896</b>                         |
| <b>Net book value</b>               |                                      |
| At 31 March 2025                    | <b>947</b>                           |

SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025

7. Debtors

|                                | 2025<br>£     | 2024<br>£      |
|--------------------------------|---------------|----------------|
| Trade debtors                  | 78,071        | 106,820        |
| Prepayments and accrued income | 2,303         | 1,942          |
|                                | <u>80,374</u> | <u>108,762</u> |

8. Cash and cash equivalents

|                          | 2025<br>£        | 2024<br>£        |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 7,553,246        | 6,582,007        |
|                          | <u>7,553,246</u> | <u>6,582,007</u> |

9. Creditors: Amounts falling due within one year

|                                    | 2025<br>£     | 2024<br>£     |
|------------------------------------|---------------|---------------|
| Trade creditors                    | 5,621         | -             |
| Other taxation and social security | 84,492        | 53,724        |
| Other creditors                    | 177           | -             |
| Accruals and deferred income       | 6,750         | 6,750         |
|                                    | <u>97,040</u> | <u>60,474</u> |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025

---

**10. Reserves**

**Indemnity Reserve**

The original Memorandum of Understanding with the Department of Communities and Local Government (DCLG) required the Company to establish and maintain an 'Indemnity Fund' to cover any costs related to auditors' work that may not be recoverable from authorities, especially where an auditor has taken legal action, and to indemnify audit firms for legal costs relating to any judicial review. Reserve is consistent with the original government requirements

**General Reserve**

The General Reserve has no specific purpose and is held to ensure funds are available for contingencies and provide financial strength to the balance sheet. The recommended guideline is between 3 and 12 months of net revenue expenditure.

**Redistribution Reserve**

The joint procurement, along with 100% participation of Smaller Authorities and low inflation has left the company in a strong position. The company has conducted consultation with representatives of Smaller Authorities on how this may be shared and redistributed to smaller authorities as part of the benefits of procurement at scale. The sector bodies support investing in projects which will streamline the audit process and support good governance. The bodies also support considering the use of reserves when the next contract is let to smooth out any potentially large increases in fees. Furthermore at that time, the results of the governments 'reform' stage of the review of local audit will be known and any impact on Smaller Authorities better understood. SAAA will continue to support the sector and will consult with them further on the effective use of SAAA's reserves, including this redistribution reserve.

**Market Development Reserve**

Given the current problems in the principal authority market and the impact of higher than anticipated inflation in recent years, there could be capacity issues which may require changes to be made to contracting and pricing arrangements. The initial reserve established in 2022/2023 has been increased this year in order to accommodate any such changes.

**Projects Reserve**

Large strategic project costs are likely in future years such as the potential ongoing AGAR digitisation project, which could incur high costs if full digitisation is thought to be a desirable development, and other projects may require the appointment of project managers or IT specialists for a fixed term.

**Procurement Reserve**

This reflects the anticipated costs involved in undertaking the next 5 yearly audit contracts procurement due in 2026, which is likely to require structure with added complexity.

**Discontinuance Reserve**

In the event of winding up, dissolution or any significant amendment to the articles of association, the Company as a non-for-profit company is committed to distribute any surpluses and reserves to a party or parties nominated by the Secretary of State. This reserve was established to estimate the costs that might be incurred if the Company was to be discontinued; for instance, if Parliament were to decide that responsibility for the audit of smaller authorities should be transferred to another body.

SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD

DETAILED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2025

|                             | Note | 2025<br>£        | 2024<br>£        |
|-----------------------------|------|------------------|------------------|
| Turnover                    | 4    | 3,121,002        | 2,974,887        |
| Cost Of Sales               |      | (1,791,588)      | (1,683,673)      |
| <b>Gross Income</b>         |      | <b>1,329,414</b> | <b>1,291,214</b> |
| <b>Less: overheads</b>      |      |                  |                  |
| Administration expenses     |      | (424,077)        | (428,655)        |
| <b>Operating Income</b>     |      | <b>905,337</b>   | <b>862,559</b>   |
| <b>Surplus for the year</b> |      | <b>905,337</b>   | <b>862,559</b>   |

---

**SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD**

---

---

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2025**

---

|                      | <b>2025</b><br>£             | <b>2024</b><br>£      |
|----------------------|------------------------------|-----------------------|
| <b>Turnover</b>      |                              |                       |
| Sales                | <b>2,841,544</b>             | 2,764,907             |
| Other income         | <b>279,458</b>               | 209,980               |
|                      | <hr/> <b>3,121,002</b> <hr/> | <hr/> 2,974,887 <hr/> |
|                      |                              |                       |
|                      | <b>2025</b><br>£             | <b>2024</b><br>£      |
| <b>Cost of sales</b> |                              |                       |
| Audit fees           | <b>1,791,588</b>             | 1,683,673             |
|                      | <hr/> <b>1,791,588</b> <hr/> | <hr/> 1,683,673 <hr/> |



**SMALLER AUTHORITIES' AUDIT APPOINTMENTS LTD**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2025**

|                                | <b>2025</b>    | <b>2024</b> |
|--------------------------------|----------------|-------------|
|                                | <b>£</b>       | <b>£</b>    |
| <b>Administration expenses</b> |                |             |
| Staff salaries                 | <b>103,332</b> | 63,537      |
| Staff national insurance       | <b>6,749</b>   | 4,118       |
| Staff pension costs            | <b>11,034</b>  | 500         |
| Staff training                 | <b>995</b>     | 549         |
| Staff travel                   | <b>2,122</b>   | 749         |
| Directors' fees                | <b>99,356</b>  | 78,235      |
| Directors' national insurance  | <b>1,442</b>   | 16,987      |
| Board fees                     | <b>8,144</b>   | 1,648       |
| Board Development              | <b>-</b>       | 6,331       |
| Subcontractor costs            | <b>3,857</b>   | 87,091      |
| Rent - operating leases        | <b>11,124</b>  | 18,177      |
| Computer costs                 | <b>5,060</b>   | 7,551       |
| QRP Program                    | <b>33,906</b>  | 14,673      |
| Website Management             | <b>96</b>      | 4,126       |
| Subscriptions                  | <b>296</b>     | 2,161       |
| HR Costs                       | <b>2,606</b>   | 6,197       |
| Postage                        | <b>-</b>       | 4           |
| Depreciation                   | <b>948</b>     | 948         |
| Telephone and fax              | <b>271</b>     | 1,121       |
| JPAG and AGAR                  | <b>51,000</b>  | 10,000      |
| Grant expenses                 | <b>-</b>       | 8,000       |
| Project Digitalisation         | <b>12,356</b>  | 39,670      |
| Legal and professional         | <b>43,166</b>  | 39,878      |
| Auditors' remuneration         | <b>-</b>       | 1,499       |
| Accountancy fees               | <b>18,570</b>  | 8,405       |
| Debtor Management              | <b>352</b>     | 2,446       |
| Bank charges                   | <b>517</b>     | 163         |
| Insurances                     | <b>6,778</b>   | 3,891       |
|                                | <b>424,077</b> | 428,655     |