

The Audit Findings for S. E. Business Services Limited

Period ended 31 March 2014

December 2014

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Christian Heeger

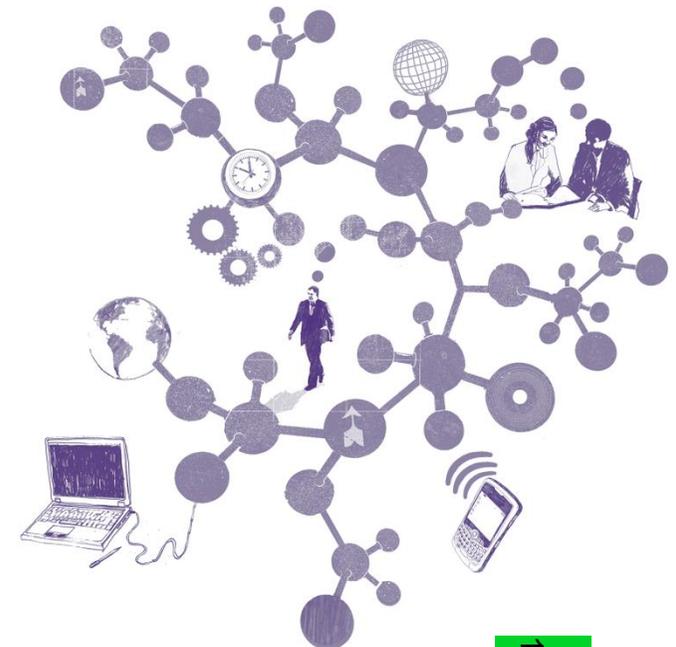
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December 2014

Dear Sirs

Audit Findings for S. E. Business Services Limited for the period ended 31 March 2014

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance, as required by International Standard on Auditing (UK & Ireland) 260. Its contents have been discussed with management.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), 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 primarily 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 any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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

Yours faithfully

Christian Heeger

Chartered Accountants

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Status of the audit and audit opinion

Our work is substantially complete and there are currently no matters of which we are aware which would require modification of our audit opinion.

Our anticipated audit report will be unmodified

Overview of audit findings

Account	Material misstatement risk?	Description of risk	Changes to Audit Plan?	Sufficiency of controls?	Significant audit findings?
Revenue	Significant	Recorded revenues and debtors not valid	No	●	Yes
Payroll	Remote	-	No	●	None
Other operating expenses	Reasonably Possible	Creditors understated or not recorded in correct	No	●	Yes
Administrative expenses	Reasonably Possible	Creditors understated or not recorded in correct	No	●	None
Interest payable and similar charges	-	-	-	●	-
Taxation	Remote	-	No	●	None

Changes to Audit Plan

- We have not had to alter or change our Audit Plan as previously communicated to you in November 2014.

Account	Material misstatement risk?	Description of risk	Changes to Audit Plan?	Sufficiency of controls?	Significant audit findings?
Trade debtors	Reasonably Possible	Recorded revenues and debtors not valid	No	●	Yes
Cash	Remote	-	No	●	None
Trade creditors	Reasonably Possible	Creditors understated or not recorded in correct	No	●	Yes
Accruals and deferred income	Reasonably Possible	Recorded revenues and debtors not valid	No	●	Yes
Bank loans & overdrafts	Remote	-	No	●	None
Equity	-	-	-	●	-
Reserves	Remote	-	No	●	None

Our audit has identified non-trivial amendments to revenue, other operating expenses, trade and VAT debtors, trade creditors and deferred income. These are detailed on page 7. Management have corrected all identified misstatements.

Controls

For further details see Internal controls

- Significant deficiency
- Deficiency
- No findings
- Controls not evaluated under Audit Plan

Significant findings

	Risks identified in our audit plan	Commentary	Communicated in Audit Plan?
1.	<p>Improper revenue recognition</p> <ul style="list-style-type: none"> Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue 	<ul style="list-style-type: none"> We undertook the following procedures in response to this risk: <ul style="list-style-type: none"> review and testing of revenue recognition policies review of revenue for consistency with contracts review of revenue transactions in last quarter of the period review of unusual significant transactions <p>Our audit work has identified amendments to revenue, but no issues have been identified in respect of revenue recognition. The findings in respect of our testing of revenues are described on page 7.</p>	Yes
2.	<p>Management override of controls</p> <ul style="list-style-type: none"> Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities 	<ul style="list-style-type: none"> We undertook the following procedures in response to this risk: <ul style="list-style-type: none"> review of accounting estimates, judgements and decisions made by management review of unusual significant transactions <p>Our audit work has not identified any evidence of management override of controls.</p>	Yes

Other findings

	Risks identified in our audit plan	Work completed	Issues arising
1.	Revenue and debtors <ul style="list-style-type: none"> Recorded revenues and debtors not valid 	<ul style="list-style-type: none"> Walkthrough of the revenues system Agreeing all income to supporting invoices and contracts Review of in-year and post year-end receipts to ensure income accounted for in the correct period 	<p>Our audit work has identified amendments to revenue, debtors and deferred income. This is due to miscalculation of an invoice relating to 13/14 and 14/15, for which cash was received before year-end. Management have agreed to correct for all issues noted and as 100% testing was undertaken, this allows us to confirm that the errors are isolated. Further details of the amendments are on page 9.</p> <p>There are no other issues in relation to this risk we are required to report to you.</p>
2.	Operating expenses and trade creditors <ul style="list-style-type: none"> Operating expenses understated or not recorded in correct period 	<ul style="list-style-type: none"> Walkthrough of the operating expenses system Agreeing all expenditure to supporting invoices Review of in-year and post year-end payments to ensure expenditure accounted for in the correct period 	<p>Our audit work has identified amendments to other operating expenses and trade creditors. This is due to overstatement of accruals for payroll and operating expenditure, and misclassification of a revenue, debtors and deferred income as a result of miscalculation of a supplier credit note. Management have agreed to correct for all issues noted and as 100% testing was undertaken, this allows us to confirm that the errors are isolated. Further details of the amendments are on page 9.</p> <p>There are no other issues in relation to this risk we are required to report to you.</p>

Other communication requirements

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Board . We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
2.	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed.
3.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance.
4.	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Company.
6.	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements.

Misstatements

Adjusted

Detail	Profit and loss account		Balance sheet		Profit effect
	Debit	Credit	Debit	Credit	
Profit/(Loss) per draft accounts					171,521
Deferred income Turnover Income relating to 14/15 for which cash was not received until after 31 March was mistakenly accounted for as deferred income.		17,807	17,807		17,807
VAT debtor Turnover Trade debtors Income relating to 14/15 was incorrectly included in the 13-14 accounts.	16,521		3,306	19,827	(16,521)
Trade creditors Cost of sales Accrued data hosting expenditure was overstated.		10,960	10,960		10,960
Trade debtors Trade creditors Debtors included a credit note from a supplier which should have been accounted for as a negative creditor.				5,355	-
Trade creditors Cost of sales A creditor for PAYE was overstated.		1,411	1,411		1,411
Other insignificant adjustments					(483)
Profit/(Loss) per final accounts					184,695

Unadjusted

There were no unadjusted misstatements.

Non-audit fees and independence

	Fees	Threat Y/N	Safeguard
Audit	7,500	N	n/a
Other	None	n/a	n/a
Total	7,500		

Independence and ethics:

- 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. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements
- We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards

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	✓	
Views about the qualitative aspects of the Company accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
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		✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to Going Concern		✓

International Standards on Auditing (ISA) 260, as well as other ISAs, 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 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.

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

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISA's (UK and Ireland), 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.

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