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# Audit Findings report

## Surrey & Kent Commercial Services LLP

Year ended 28 March 2024

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The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for and is not intended for, any other purpose.

# Introduction

## Purpose of this report

The purpose of this report is to bring to your attention the salient points which have arisen from our audit of the financial statements of Surrey & Kent Commercial Services LLP (“S&K CS LLP”) for the year ended 28 March 2024.

This report provides an update to the matters raised in our Audit Service Plan, which was provided to the members on 15 May 2024, focussing on observations that are significant to the responsibility of those charged with governance to oversee the financial reporting process as required by International Standard on Auditing (UK) 260 Communication with Those Charged with Governance.

This report provides an update to matters which arose during the course of our audit.

### Audit scope

Our terms of engagement are set out in our engagement letter dated 12 March 2024. This sets out our audit responsibilities and their limitations and the responsibilities of the Directors in relation to the financial statements.

Our Audit Service Plan set out in detail the key issues and risks identified at the planning stage and the related planned audit responses. It also explained that our audit approach concentrates on areas of material risk of misstatement in the financial statements to allow us to reach our opinion in accordance with auditing standards.

### Audit independence

In accordance with the requirements of auditing standards we disclose the following:

- We are auditors of the S&K CS LLP;
- In addition to the audit, we provided the following services during 2024:
  - Preparation of statutory accounts from trial balance

We discussed the specific threat to you posed with our involvement in services provided and how we mitigate such threats in our Audit Service Plan. We have identified no further threats during the course of the audit.

We therefore confirm that, in our professional judgment, UHY Hacker Young is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partners and audit staff is not impaired.

**Should you have any questions relating to the issue of our independence and objectivity, please do not hesitate to contact Andrew Cooper, the firm’s managing partner, on 01795 475 363 or at [a.cooper@uhy-uk.com](mailto:a.cooper@uhy-uk.com).**

## Limitations

We have prepared this report for your use within the LLP. It is part of our continuing communication of audit matters with those charged with the governance of the Group and, accordingly, is addressed to the Board. It is not intended to include every matter that came to our attention. For these reasons, we believe that it would be inappropriate for this report to be made available to third parties. If such a third party were to obtain a copy, we would not accept any responsibility for any reliance that they might place on it.

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## Acknowledgement

We have received full co-operation from Marcus Yarham, Steven Brooker and their support finance team at all times, and we wish to thank them for the helpfulness and co-operation during the course of the audit process.

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# Audit status

## 02 Audit status

The audit of S&K CS LLP is substantially complete, and matters encountered during the audit were dealt with as the audit progressed.

**At the date of issue of this draft report there are no outstanding audit matters to resolve.**

Our anticipated auditor's report opinion for S&K CS LLP will be unmodified.

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# Our approach to materiality

## 03 Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process. It applies to monetary misstatements and also to disclosure requirements in compliance with the accountancy framework and applicable law.

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**A materiality based on 1% of turnover has been used for S&K CS LLP.**

A lower materiality has been used in some instances, such as for related party transactions (there is no quantitative limit set for these transactions as they are qualitatively material).

Any misstatements which we have identified which exceed 3% of financial statement materiality will be communicated to you; anything beneath this level will be considered trivial.

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Section 04

# Significant matters

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## 04 Significant matters

Significant matters, as identified in our Audit Service Plan:

Risks identified in Audit Service Plan	Work identified by management	Audit procedures and conclusion
<p><b>Management override of controls</b></p> <p>Under ISA 240 (UK) there is a presumed risk that the risk of management override of controls is present in all entities.</p> <p>Management has the ability to manipulate accounting records and override controls that would otherwise be operating effectively. This includes posting of journals and the judgements involved in accounting estimates within the financial statements.</p>	<p>The primary responsibility for the detection of fraud rest with management.</p> <p>Management were to ensure there are appropriate internal controls and procedures are in place to prevent override of controls.</p>	<p><b>We have:</b></p> <ul style="list-style-type: none"> <li>• Updated our documentation around the posting of journals and formulation of key estimates and assessed the design and implementation of those controls.</li> <li>• Assessed and challenged accounting estimates, judgements and decisions made by management.</li> <li>• Reviewed and verified large and unusual journal entries and adjustments made in the year, agreeing them to supporting documentation.</li> <li>• Assessed accounting estimates and judgements applied by management in the financial statements for bias that could result in material misstatements.</li> <li>• Reviewed significant transactions to ensure they were in the normal course of business.</li> </ul> <p><b>Conclusion:</b></p> <p>We found no indication of management bias or significant transactions outside the normal course of business.</p>

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Risks identified in Audit Service Plan	Work identified by management	Audit procedures and conclusion
<p><b>Revenue recognition</b></p> <p>Under ISA 240 (UK) there is a resumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>The revenue reported represents information of significant interest to many users of the financial statements and therefore creates greater risk of manipulation, bias and misstatement.</p> <p>Considering the risk of fraud and error in relation to revenue recognition, we have identified the following sources of income with significant risks:</p> <ul style="list-style-type: none"> <li>• Temporary staff placements</li> </ul>	<p>Management were to review the status of all significant transactions close to the year end to ensure that all were accounted for in the appropriate accounting period.</p>	<p>We have, for each revenue stream:</p> <ul style="list-style-type: none"> <li>• Updated our documentation of the revenue process and controls in place, this included assessing the design and implementation of those controls.</li> <li>• Assessed whether revenue was accounted in accordance with the accounting policy on revenue recognition.</li> <li>• Analytically reviewed revenues and verified significant movements against expectations/performed proof in total</li> <li>• Tested a sample of transactions to agreements to supporting evidence</li> <li>• Reviewed the assessment made by management in relation to the application of the correct cut off processes</li> </ul> <p><b>Conclusion:</b></p> <p>It was identified that cut off had not been applied in full in relation to temporary worker placements (both the income and associated costs) due to the strict month end procedures.</p> <p>However, due to the cut-off difference brought forward in prior years the balance is immaterial to the financial statements as a whole. Please refer to Section 8 for the potential journal adjustment raised.</p>

# Going concern

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## 05 Going concern

Examples below should not be copied, and we should avoid boilerplate wording, this section must be specific and relevant to your audit client]

Overview of the risk	Management's assessment of going concern	Audit procedures and conclusion
<p>There is a requirement to highlight any judgements abouts events and conditions that may cast significant doubts over S&amp;K CS LLP's ability to continue as a going concern.</p> <p><b>At the planning stage the risk was considered normal to low.</b></p> <p>Overall the LLP is in a strong financial position with a healthy balance sheet.</p>	<p>It is management responsibly to make an assessment of the entity ability to continue as a going concern to support the basis of preparation for the financial statements in accordance with the accounting standards and the Companies Act 2006.</p> <p>Management was thus required to provide a cash flow forecast with clear details of the key underlying assumptions and the basis for those assumptions, consideration of available finance throughout the forecast period. This also included a consideration of the forecast's sensitivity to reasonable possible variations in those assumptions along with any other relevant factors.</p> <p>The going concern assessment must cover a minimum of 12 months from the date of management's approval of the financial statements as well considering any major events or circumstances that may fall outside of this period.</p>	<p><b>At the planning stage:</b> We obtained an understanding of the LLP's business model, objectives, strategies and related business risk, the measurement and review of the trust's financial performance including forecasting and budgeting processes and the trust's risk assessment process. We then evaluated:</p> <ul style="list-style-type: none"> <li>• Management's methods including the relevance and reliability of underlying data used to make the assessment</li> <li>• Whether assumptions and changes to the assumptions from prior years are appropriate and consistent with each other</li> <li>• Management plans for future actions in relation to going concern assessment including whether the plans are feasible in the circumstances.</li> </ul> <p><b>Our audit procedures included:</b></p> <ul style="list-style-type: none"> <li>• We inspected the cash flow projection provided by management, checking that the assumptions made were reasonable and that the calculations were accurate.</li> <li>• The cash balance is expected to remain positive throughout.</li> <li>• Assessing the adequacy and appropriateness of the disclosures in the financial statement regarding the going concern assessment and any material uncertainties that may exist.</li> </ul> <p><b>Conclusion:</b> We concur with management's assessment that the going concern principle is applicable. No issues were identified which could cause a material uncertainty to the financial statements, and adequate disclosure has been made in the financial statements.</p>

# Other matters (non-significant risks)

Other Risks identified in our Audit Service Plan	Work done by Management	Audit procedures and conclusion
<p><b>Related parties</b></p> <p>Transactions with related parties outside of the normal course of the Group’s activities are considered to be a significant risk under the International Standards on Auditing (UK). No such transactions were anticipated from our discussions with management Accordingly, related parties was not included as a significant audit risk.</p> <p>Work is however required to ensure that related party disclosures are correctly made in accordance with Financial Reporting Standard 102 (“FRS 102”).</p>	<p>Management are responsible for the completeness of the disclosure of related party transactions in the financial statements, and so were asked to provide details of any transactions requiring disclosure.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Reviewed related party information provided to us.</li> <li>• Completed further reviews, such as checks to information held at Companies House</li> </ul> <p><b>Conclusions:</b></p> <p>Related party disclosures are complete; no previously undisclosed related party transactions were identified.</p>
<p><b>Opening balances and comparatives</b></p> <p>As incoming auditors, we have a duty to provide an audit opinion on the transactions and balances in the current financial year under review, as well as the prior year comparative information, which was either audited by a predecessor auditor.</p>	<p>It was expected that the finance systems were fully updated and brought forward positions in line with the signed 2023 financial statements.</p>	<p>We have</p> <ul style="list-style-type: none"> <li>• Completed detailed opening balances testing in accordance with the International Standards on Auditing (UK), agreeing significant balances to supporting documentation.</li> <li>• Reviewed accounting policies to ensure these are consistent with the prior year, and have been consistently applied.</li> </ul> <p><b>Conclusions:</b></p> <p>We have satisfied ourselves that the opening balances are correct and prior year comparative information is accurate and disclosed correctly.</p>

# Other communication requirements



## 07 Other communication requirements

### Accounting Policies and Financial Reporting

No changes in significant accounting policies have been made during the course of the year. We have not identified any non-compliance with accounting policies or applicable accounting framework.

### Review of board minutes

No material or significant matters have arisen from the review of board minutes.

### Significant post balance sheet events

You have confirmed that there are no subsequent events relevant to the audit.

### Consideration of fraud

Management have ultimate responsibility for prevention and detection of fraud and, as auditors, we are required to obtain reasonable assurance that the financial statements are free from material misstatements including those arising as a result of fraud.

Our audit approach includes the consideration of fraud throughout the audit and includes making enquiries of management and those charged with governance. We have discussed fraud with [names of individuals]. It was confirmed that:

- there have been no instances of fraud during the year; and
- those charged with governance of the company consider there to be a low risk of fraud.

During the course of our work, we found no evidence of fraud and corruption. We must emphasise again that the responsibility for the prevention of and detection of fraud lies with management, and our work does not remove the possibility that fraud and corruption may have occurred and remain undetected.

### Related parties

Management are responsible for the completeness of the disclosure of related party transactions in the financial statements. We are required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment of fraud.

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

### Laws and regulations

The most significant considerations for the Group are general business laws and regulations, including compliance with the Companies Act 2006, VAT legislation, employment law (including right to work etc.) & taxes, health and safety, GDPR, Bribery Act etc.

We made enquiries of management and reviewed correspondence with the relevant authorities. We are not aware of any significant incidences of non-compliance with laws and regulations that could have a material impact on the financial statements.

## Written representations

Following conclusion of our audit work we will issue a letter of representations to management. At the date of this report, we expect to be requesting standard matters with no specific representations in respect of the LLP.

## Confirmation request from third parties

Confirmations have been requested and received for all bank and loan accounts.

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## Disclosures

A review of disclosures has been performed as part of our review of the accounts with necessary amendments being processed.

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Section 08

# Audit adjustments

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## 08 Audit adjustments

During the course of the audit, adjustments were necessary in order to facilitate the preparation of the statutory financial statements, consisting of fundamental underlying transactions together with matters of presentation for statutory purposes.

**No agreed audit adjustments have arisen.**

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### Unadjusted items

During the course of any audit it is likely that auditors will identify immaterial misstatements that we do not require to be adjusted for.

We are required by Auditing Standards to bring these unadjusted items to your attention, and the same list will be included in the letter of representations. The unadjusted items misstatements identified are as follows:

	Balance Sheet		P&L		Impact on reported profit/loss
	Dr £000s	Cr £000s	Dr £000s	Cr £000s	£000s
Temp placements cut off issue (Pay & Bill) 2023 b/fwd	385	377	377	385	8
Temp placements cut off issue (Pay & Bill) 2024 c/fwd	361	328	328	361	33
Holiday Pay Accrual difference	6			6	6
				<b>Total</b>	<b>47</b>

The unadjusted items are also considered to be in aggregate, immaterial in value.

# Recommendations to processes and internal controls

## Management’s responsibilities

Management are responsible for the identification, assessment and monitoring of risk, and for developing, operating and monitoring the systems of internal control and for providing assurance to the Board that it has done so. During the course of our audit of the financial statements for the year ended 28 March 2024, we examined the principal internal controls which management has established to enable it to ensure, as far as possible, the accuracy and reliability of the LLP’s assets.

## Auditor’s responsibilities

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International Standard on Auditing (UK) 265, Communicating deficiencies in internal control to those charged with governance and management, (ISA (UK) 265) requires us to report separately where we identify missing or ineffective controls which, in our judgement, are of sufficient importance to bring to the attention of those charged with governance.





During our work we identified no such weaknesses in controls (described as “significant deficiencies” per the ISA). We have however identified some recommendations which have been issued as a separate report to Management, which is provided to the Board for information.

In this report we have only included findings we deem important for the Board’s awareness for areas management need to focus on in the current year.

The matters dealt with in this Audit Findings Report came to our attention during the conduct of our normal audit procedures which are primarily designed for the purpose of expressing our opinion on the financial statements of the Group. In consequence it cannot be relied upon necessarily to disclose possible frauds or other irregularities, or to disclose all possible weaknesses or improvements in internal control that a more extensive special examination may highlight.

Our observations from the audit are set out below together with our recommendations and suggested timescale.

### Key to risk ratings:

			
Less urgent, requires attention	Important and could impact within six months	Urgent, potential impact on accuracy of financial reporting	Advisory

## Recommendations made following the audit for the year ended 28 March 2024

We are pleased to report there are no matters we are required to bring to your attention.

# Appendices

## Audit Quality

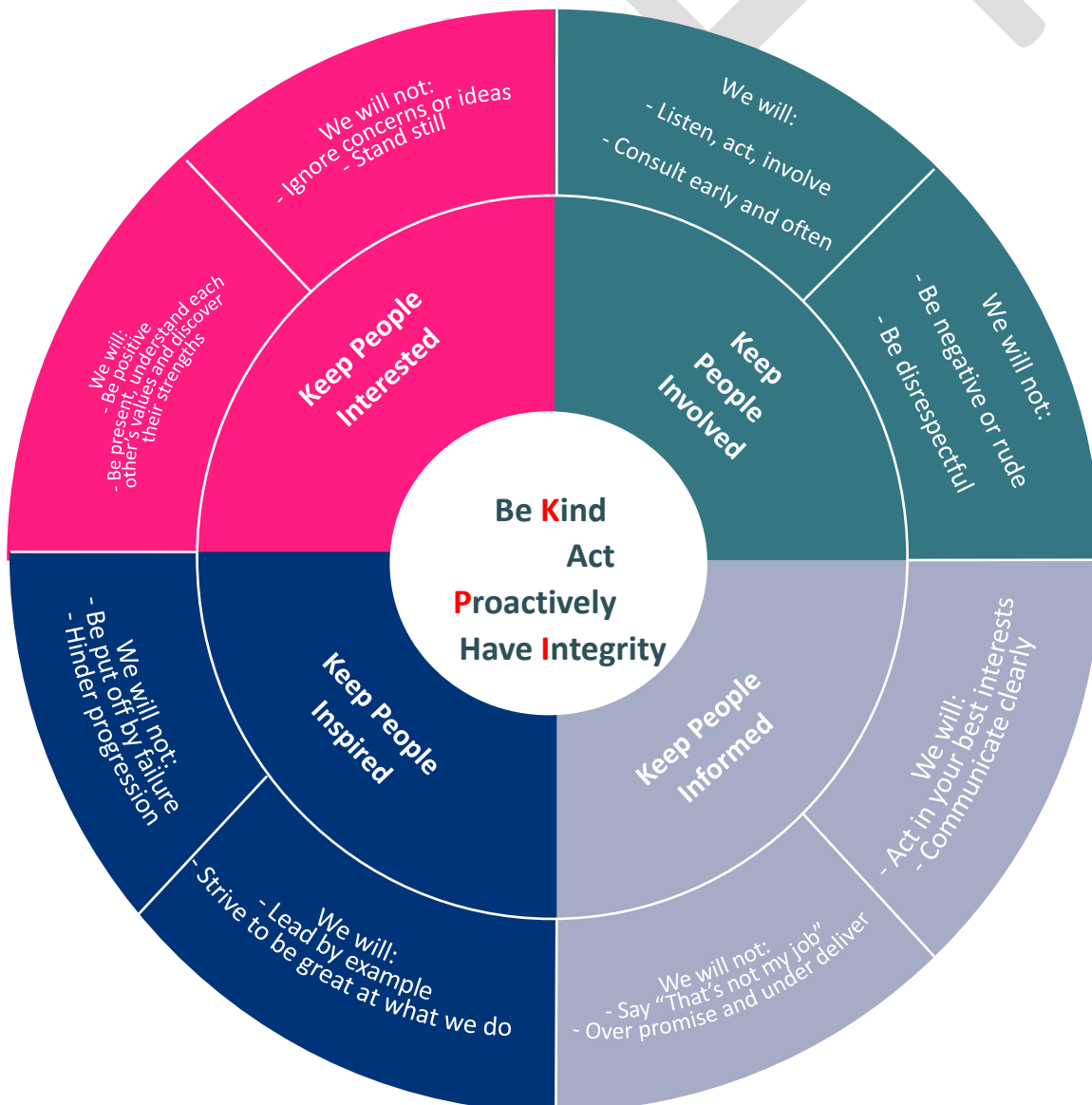
The firm has fully implemented International Standard on Quality Management 1 and 2 (ISQM 1 and ISQM 2). The firm continues to monitor and implement remediation processes (where needed) to ensure that the System of Quality Management (SoQM) remains relevant and reliable to enable the firm to take actions to respond to any identified deficiencies.

Audit Quality is a top priority for the firm and is discussed regularly by the audit partners, as well as being highlighted in the firm's strategy.

The firm seeks to continually improve and enhance our audit quality. The firm is periodically reviewed externally by the ICAEW's Quality Assurance Department (QAD). The firm also undertakes an annual internal file and audit compliance review which is outsourced to Mercia, all RIs are reviewed at least once every two years.

## Our Values

We are passionate about our purpose of **helping you prosper**. It drives all that we do at UHY and really gives meaning to our work. We want to help our clients, our teams and our community determine what prosperity means for them, and to help them achieve it. We understand that the route to prosperity is often a virtuous circle; happy and prosperous teams lead to happy and prosperous clients, which in turn is a reward for our teams. To ensure we achieve our purpose, we have four core values that we live to:





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