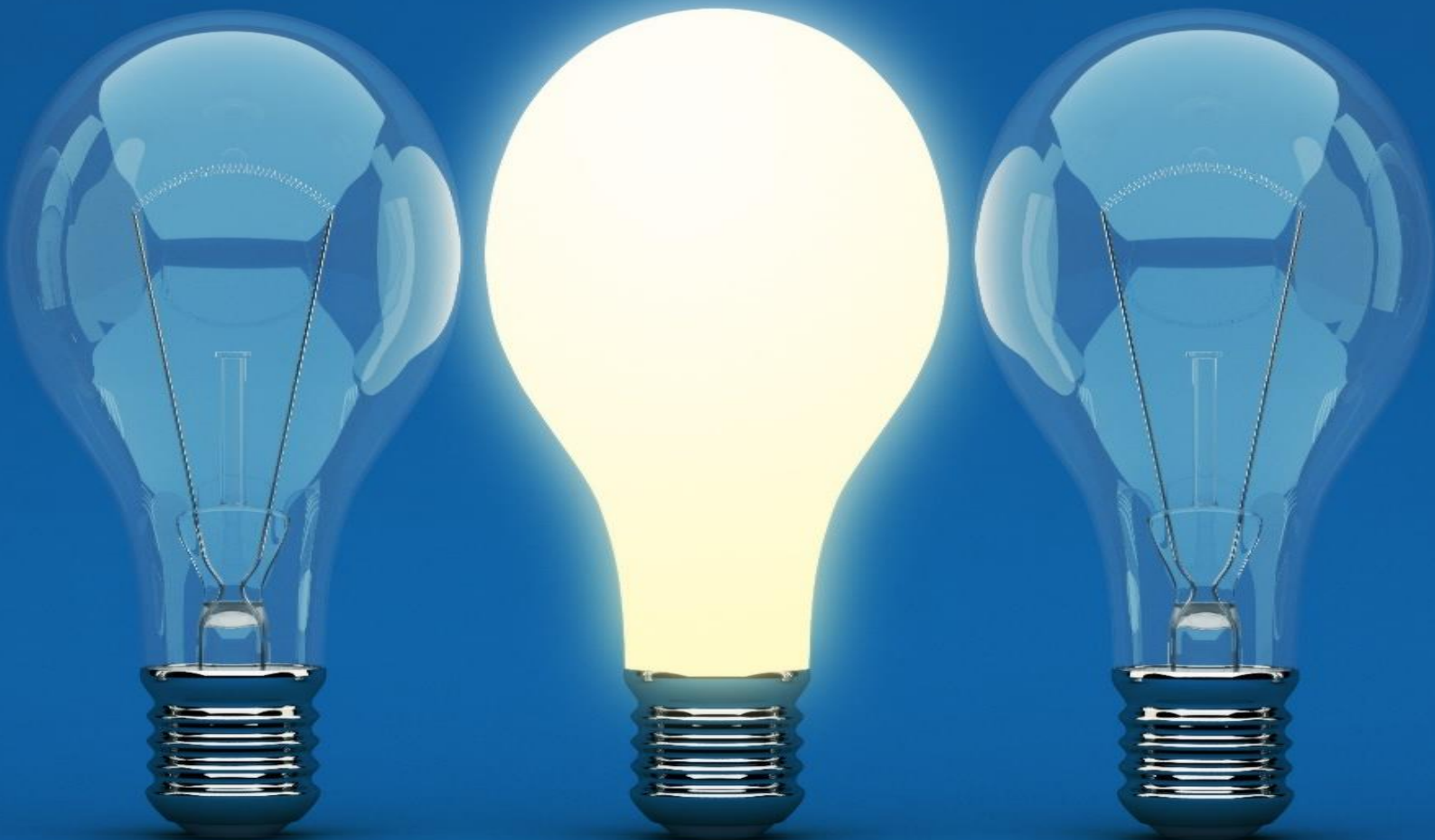


# Report to the Board - Hendeca Group Limited

Year ended 31<sup>st</sup> March 2021



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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 Hendeca Group Limited (“the Company”) for the year ended 31 March 2021.

This report provides an update to the matters raised in our Audit Service Plan, which was provided to the directors on 24 May 2021, 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.

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. 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**

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 LLP 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 Jessica Moorghen on 020 7216 4670 or at [j.moorghen@uhy-uk.com](mailto:j.moorghen@uhy-uk.com).

## Limitations

We have prepared this report for your use within the Company. 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 all Hendeca Group Limited staff. We wish to thank in particular Cristina Robinson, Joe Stockwell and the entire Hendeca Group Limited team for the helpfulness and co-operation during the course of the audit process.

# Audit status

The audit of the Company is substantially complete. All matters encountered during the audit were dealt with as the audit progressed. There are, however, at the time of writing some outstanding unresolved audit matters which are set out below which may or may not have an impact on our audit opinion on the Company's financial statements:

- Signed Letter of Representation from the directors;
- Signed Directors' Report;
- Signed Statement of Financial Position and;
- Completion of our subsequent events review to the date of our audit report.

We expect to sign our auditor's report as soon as practicable after clearing the outstanding matters and the approval of the directors' report and accounts by the directors. Our anticipated auditor's report opinion will be unmodified.

# Our approach to materiality

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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.

	Amount (£)	Qualitative factors considered
Materiality for the company's financial statements	<b>£36,150</b>	<p>We have considered turnover to be the key driver of the business's financial performance. This is because the company does not hold any significant assets or investments.</p> <p>We have used a 2% benchmark which is in line with the FRC's thematic review.</p>

Significant matters, as identified in our Audit Service Plan:

Risks identified in Audit Service Plan	Work identified by management	Comments
<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 were to ensure there are appropriate procedures 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>Tested a sample of journal entries, adjustments and accounting estimates for bias that could result in material misstatements.</li> <li>Review significant transactions to ensure they were in the normal course of business.</li> </ul> <p><b>Conclusion:</b> We found no indication of management bias or significant transactions outside the normal course of business.</p>
<p><b>Revenue recognition and cut-off</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>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>Management were to ensure that rent proof in total workings were completed for each entity, as this was considered to be a key management control.</p>	<p><b>We have:</b></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</li> </ul>

		<p>accounting policy on revenue recognition.</p> <ul style="list-style-type: none"><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> We found no significant or reportable adjustments were noted based on the work performed.</p>
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# Going concern

<p><b>Management's assessment</b></p>	<p>Management were to evaluate whether the group is trading as a going concern.</p> <p>Management was thus required to provide a cash flow projection to 2022/023 which confirmed their assessment of the going concern principle.</p>	<p>We inspected the cash flow projection provided by management, checking that the assumptions made were reasonable and that the calculations were accurate.</p> <p>The cash balance is expected to remain positive throughout.</p> <p><b>Conclusion:</b> We concur with management's assessment that the going concern principle is applicable.</p>
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## Other matters (non-significant risks)

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Other Risks identified in our Audit Service Plan	Work done by Management	Comments
<b>Debtors recoverability</b>	Management were to ensure that debtors were a true representation of the actual amounts that were expected to be received from customers post year-end and any provision for bad debts was complete and accurate.	Our sample items tested for recoverability overall proved adequately received post-year end leading to the conclusion that debtors are materially correct.

# Other communication requirements

## Changes in accounting policies

No changes in accounting policies have been made during the course of the year.

## Review of board minutes

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

## Significant post balance sheet events

From March 2020, many countries across the globe entered into widespread lockdown of businesses and life as we know it. The spread of COVID-19 has caused significant volatility in the UK economy and as such there is significant uncertainty around the full impact and duration of business disruptions related to the pandemic. The impact of COVID-19 on the company's ability to continue as a going concern has been covered in detail during our going concern review, with the conclusion being that Management's plans are considered feasible and there is no reason to doubt the going concern assumption for the next twelve months from the approval of the accounts.

## Consideration of fraud

We have discussed fraud with Joe Stockwell. 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, however, 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

Janine Lewis is the director of Vital Business Resources Limited, the amount of £8,558 was paid to Janine Lewis for the service provided to Vital Business Resources Limited for year ending 31st March 2021.

## Laws and regulations

We are not aware of any significant incidences of non-compliance with laws and regulations

### **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 specific representations in respect of the assessment as a going concern and recoverability of debtors.

### **Confirmation request from third parties**

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

### **Disclosures**

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

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.

We have not proposed any reclassifications or adjustment of balances for disclosure purposes.

### **Unadjusted items**

There were no adjustments which were identified and were not adjusted for by management in the financial statements.

In assessing the key areas of audit judgement we have had full regard to our assessed level of materiality. A final materiality calculation will be undertaken prior to finalisation of the group accounts.

We acknowledge the subjectivity and scope for differing viewpoints over some of our concerns. By the same token, the Board in deciding to approve the accounts as currently drafted will also be exercising subjective judgement.

### **Remaining timetable**

We are scheduled to be in a position to sign all statutory accounts by 30 September 2021 in respect of the Company.

### **Management Letter**

We will discuss with management matters arising where we consider that the internal systems and procedures could be improved. A draft copy of the letter highlighting these issues will be supplied to management. We will then require formal confirmation of management's comments which will then be incorporated before we circulate the document to the full Board.

### **Audit report**

**We propose issuing an unqualified audit report on the financial statements of the company for the year ended 31 March 2021.**

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