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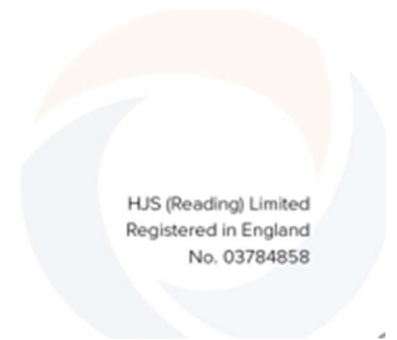
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Audit Management Letter

For the Year Ended 31 August 2022 for

Rope Walk Hamble Limited

Date of issue: 3 November 2022



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INTRODUCTION

Our work on the audit of the financial statements for the year ended 31 August 2022 is now complete and we have issued an unqualified auditor's report on 20 October 2022.

Our opinion on the financial statements is in three parts. We provide an opinion on whether:

- The financial statements give a true and fair view of the state of affairs of Rope Walk Hamble Limited as at 31 August 2022 and of its profit for the year then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

The International Standards on Auditing (UK) require us to report our conclusions relating to going concern matters. We are required to report you where:

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our opinion on other matters prescribed by the Companies Act 2006 is in two parts. We provide an opinion on whether;

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

We are also required to report by exception if in our opinion any of the following matters have arisen:

- 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 exemptions in preparing the directors' report and strategic report.

In accordance with International Standard on Auditing (UK and Ireland) 260, "Communication of Audit Matters to those Charged with Governance", we have produced this report for the attention of those charge with governance. This management letter has been produced to fulfil those requirements. This report is made solely for the purpose of presenting our audit findings and should not be disclosed to a third party without obtaining our written consent.

AUDIT SCOPE AND OBJECTIVES

HJS (Reading) Limited are the appointed independent external auditor under the Companies Act 2006.

In carrying out our audit we have regard to the responsibilities of the directors to prepare financial statements which give a true and fair view of the entity's state of affairs at the year end, and of its profit or loss for the financial year as well as to ensure that they have been properly prepared in accordance with the Companies Act 2006.

Our examination of the financial statements for the year ended 31 August 2022 was carried out in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. We have a professional responsibility to report if the financial statements do not comply in any material respect with the standards issued or adopted by the Accounting Standards.

Our audit procedures are designed primarily to provide an opinion on whether:

- The financial statements provide a true and fair view of the company's position as at 31 August 2022 and the profit or loss for the year then ended;
- The financial statements have been properly prepared in accordance with the applicable financial reporting framework; and
- The financial information contained in the Director's Report and elsewhere to ensure it is consistent with the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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 obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK GAAP and the Companies Act 2006) and the relevant tax compliance regulations in the UK.

We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes and discussions with those charged with governance.

We assess the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by discussion with management from various parts of the business to understand where they considered there was a susceptibility to fraud. We considered the procedures and controls that the company has established to prevent and detect fraud, and how these are monitored by management, and also any enhanced risk factors such as performance targets.

Based on our understanding, we designed our audit procedures to identify any non-compliance with laws and regulations identified in the paragraphs above.

We also performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

INDEPENDENCE

Under current UK Ethical Standards, we are required as auditors to confirm our independence to those charged with governance. Our internal procedures are designed to ensure that all professional staff are aware of any relationships that may affect our objectivity and independence as auditors.

The audit engagement partner will be made aware of any matters which may affect the objectivity and independence as auditors.

In addition to performing the statutory audit, we provide the following non-audit services. The table below identifies the threats associated with the services provided and the safeguards we put in place to mitigate those threats.

Service	Possible Threat	Safeguards
Preparation of statutory financial statements	Self review	The financial statements are prepared by a separate team who have no involvement in the audit process.
Preparation of company tax returns	Self review	The tax services provided to the company are prepared by the tax department who have no involvement in the audit process.

AUDIT APPROACH

Our approach is primarily risk based, focusing on key audit areas. We collect information by having discussions with relevant staff and reviewing key documents to improve our understanding of your business and operations. This enables us to form a preliminary review of the strengths and weaknesses of the overall control environment. We also review the information system controls and the controls operating for specific account balances. We then use this information to identify the significant risk areas.

We review management controls and test their design, operation and effectiveness in order to determine those from which we can gain assurance and those where we need to direct more audit focus.

We undertake audit procedures on all account areas, focusing on where we have identified a significant risk of error, and evaluate results in order to support our audit opinion. We review accounting systems and management controls operated by the company only to the extent we consider necessary for the effective performance of our audit. The results of all these aspects of the audit are brought together and evaluated to consider the impact on our opinion.

The matters detailed in this management letter arose from our normal audit procedures that were undertaken in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. The responsibility for the implementation and monitoring of internal and management controls rests with Rope Walk Hamble Limited.

Our work did not involve a detailed review of all aspects of the systems and cannot be regarded as a comprehensive statement of all weaknesses that might exist, or of all improvements that might be made.

As part of our audit we report to management those matters that we consider merit their attention and recommend appropriate remedial action. However, management remains responsible for implementing these, and our recommendations should be assessed for their full impact before they are implemented. In making our recommendations, we have considered the size of your company and the number of staff you employ.

KEY FINDINGS

We identified one minor issues arising from our audit:

- There is no formal loan agreement between Rope Walk Hamble Limited and Royal Southern Yacht Club Limited.

Full details of the audit findings and our recommendations can be found in annexes B and C.

There were no unadjusted errors noted during the course of our audit.

AREAS OF AUDIT RISK

Our audit planning report issued before our fieldwork commenced highlighted a number of significant risks for specific audit emphasis. Our findings against each of these identified risks are set out in annex E.

MATTERS SPECIFICALLY REQUIRED TO BE COMMUNICATED TO THOSE CHARGED WITH GOVERNANCE

Fraud

We require management to acknowledge in writing its responsibility for internal controls to prevent and detect fraud.

We also require management to disclose to us:

- The results of their assessment of the risk that financial statements may be materially misstated as a result of fraud;
- Their knowledge of fraud or suspected fraud affecting the company involving management, employees or others; and
- Their knowledge of any allegations of fraud, or suspected fraud communicated by employees, analysts, regulators or others which may have an impact on the financial statements.

Effectiveness of Communications

International Standard on Auditing (UK and Ireland) 260 requires us to review the effectiveness of communications between the auditors and those charged with governance.

Throughout our audit we have ensured that communications have been effective. The audit team liaised with finance staff at the company throughout the course of the audit which ensured that all issues arising were dealt with at the earliest opportunity.

Overall, we consider that communications between HJS (Reading) Limited and Rope Walk Hamble Limited have operated effectively throughout the audit.

We would like to take this opportunity to express our thanks for the assistance and support we received from the company's staff with whom we came into contact during our audit.

Material Weaknesses in Internal Control

A material weakness in the accounting and internal controls systems is a deficiency in design or operation which could adversely affect the company's ability to record, process, summarise and report financial and other relevant data, and which might result in a material misstatement in the financial statements.

As external auditors, our communications of matters include only those audit matters of governance interest that have come to our attention as a result of the performance of the audit.

During our audit we reviewed the accounting systems and management controls operated by the company only to the extent we considered necessary for the effective performance of our audit. As a result our review may not have detected all weaknesses that exist or all improvements that could be made.

No material weaknesses in the accounting and control systems have been identified by us during our audit of the financial statements.

Other Audit Matters of Governance Interest

International Standard on Auditing (UK and Ireland) 260 also requires us to communicate to those charged with governance any other audit matters of governance interest.

There were no other matters of governance interest to be raised in this report.

Significant Accounting Policies, Practices and Financial Reporting

The accounting requirements of company law and United Kingdom Accounting Standards permit a degree of choice in some areas as to the specific accounting policies and practices that may be adopted by an entity.

We have considered the appropriateness of the accounting policies and practices adopted by the company. The accounting policies adopted are appropriate. No accounting policies or practices requiring change have been identified by us during our audit of the financial statements.

Timing of Transactions

The timing of transactions tested did not highlight any significant issues.

Material Uncertainties

There were no material uncertainties highlighted during the course of the audit.

Unusual Transactions

The financial statements were not unduly affected by unusual transactions.

Significant Matters Arising in Connection with Related Parties

During the course of the audit no significant matters involving related parties were identified.

Presentational Matters

During the course of the audit no non-financial and presentational issues were identified.

Areas of Significant Estimation and Judgment by the Company

We consider the appropriateness of any significant accounting estimates and judgements throughout our audit. There were no significant accounting estimates or areas of judgement.

Review of Information in the Director's Report

We have reviewed the Director's Report for consistency with the financial statements and our understanding of the company's operations. There were no issues arising from this review.

Significant Disagreements with Management

There were no such disagreements.

Emerging Issues

As part of our audit process we try and update you on any legal tax and accounting issues which may affect your organisation in the near future. Details are on Annex G.

Letter of Representation

The company's management have provided us with a letter of representation under guidance issued by the Auditing Practices Board, see Annex I.

If you wish to discuss any items raised in this report please contact Mark Rogers on 023 8023 4222.

ANNEX A – Audit Adjustments

As a result of our audit, the following adjustments were made to the draft accounts presented for audit.

Number	Period	Description	Name	Dr	Cr
1	2022	Being to correct intercompany, long term/short term split as per testing.	Amounts due by Royal Southern Yacht Club		140,939
			Amounts due from related parties	140,939	
2	2022	Being to correct the intercompany balance - 1104 - Royal Southern YC Ltd interco	Amounts due from related parties		13
			Other charges	13	
			Amounts due from related parties		668
			Insurances (not premises)	668	
			Amounts due from related parties		979
		Corporation tax payable	978		
3	2022	Being to reverse 2021 opening accrual - interest.	Accruals	11,953	
			Bank interest on loans and overdrafts		11,953
4	2022	Being to recognise rent paid via intercompany from RSYC	Amounts due by Royal Southern Yacht Club	3,000	
			Sales of goods		3,000
5	2022	Being to recognise interest from RSYC within the year based on actual interest per loan statement.	Amounts due by Royal Southern Yacht Club	54,462	
			Bank interest received		54,462
6	2022	Being to correct loan balance for the missing interest in the year	Bank loan account 1		49,470
			Bank interest on loans and overdrafts	49,470	

ANNEX A – Audit Adjustments (continued)...

Number	Period	Description	Name	Dr	Cr
7	2022	Being to correct loan split as per testing	Bank loan account 1 current portion		91,553
			Bank loan account 1	91,553	
8	2022	Being to recognise interest for the 3 months ending Aug 22	Bank interest on loans and overdrafts	16,945	
			Accruals		16,945

ANNEX B – Key Findings

There were no key findings as a result of our audit.

ANNEX C – Minor findings

As a result of our audit we noted the following minor findings.

- 1) There is no formal loan agreement between Rope Walk Hamble Limited and Royal Southern Yacht Club Limited.

Observation	There was no formal loan agreement available to review for the loan with Royal Southern Yacht Club Limited.
Implication	We were unable to confirm whether there any additional specific terms and conditions had been treated correctly within the financial statements.
Recommendation	Ensure there are loan agreements for all current and future loans.
Response	
Action Date	

ANNEX D – Errors noted which were not adjusted

There were no unadjusted errors noted as a result of the audit.

ANNEX E – Audit findings regarding identified risks

The following risks were identified and communicated in our audit planning report which was issued prior to the audit work commencing.

Below is a summary of each risk, the audit work we have performed and the conclusion we have reached following our audit.

Risk identified	Explanation of the risk	Audit work performed	Conclusion
Revenue recognition	The rebuttable presumption of fraud in revenue recognition is not rebutted and this is therefore considered a high risk area.	All revenue within this company is recharged from RSYC. Therefore as we are satisfied the intercompany accounts have now been reconciled and items are posted to correct balances, we have confirmed the recharged income in total.	The risk in this area has been reduced to an acceptably low level.
Management override	The risk of management override of controls is considered a high risk area.	Journals were reviewed throughout the year for evidence of management bias or override. No issues with journals were identified.	The risk in this area has been reduced to an acceptably low level.
Related parties	There is the risk of missing or unidentified related party transactions.	The accounting system and testing in other areas was reviewed for evidence of unidentified related party transactions. No such items were identified.	The risk in this area has been reduced to an acceptably low level.
Recoverability of inter company loan	There is a risk that the loan owed from Royal Southern Yacht Club Limited (RSYC) would not be recoverable if RSYC were not a going concern.	We also completed the audit for RSYC and considered their going concern status as a part of this. There were no issues identified with the going concern status.	The risk in this area has been reduced to an acceptably low level.

ANNEX F – Weaknesses in internal controls identified

There were no weaknesses in internal controls identified during the audit.

ANNEX G – Emerging issues

Revisions to International Standard on Auditing (ISA) 570 – Going Concern

The revision to ISA 570 will be effective for audits of financial statements for periods commencing on or after 15 December 2019, early adoption is permitted.

The revision increases the work that auditors are required to do when assessing whether an entity is a going concern.

The revised standard requires the following:

- Greater work on the part of the auditor to more robustly challenge management’s assessment of going concern. Including to thoroughly check the adequacy of supporting evidence and evaluating the risk of management bias when assessing going concern.
- A stand back requirement to consider all of the audit evidence obtained and whether corroborative or contradictory when the conclusions are drawn on going concern matters.

Corporation Tax

The Chancellor has confirmed an increase in the corporation tax (CT) rate from 19 to 25 percent with effect from 1 April 2023. The 19 percent rate will continue to apply to companies with profits of not more than £50,000, with marginal relief for profits of up to £250,000.

The Government estimates that the 19 percent CT rate will continue to apply to around 70 percent of active companies. This is being implemented by reintroducing the small profits rate of tax as it applied before April 2015, but with lower thresholds. The thresholds are reduced for periods of less than a year and where there are associated companies.

ANNEX H – Final analytical review of the financial statements

	2022	2021
	£	£
Turnover	7,228	7,379

Turnover has remained consistent in the current year. It is made up of recharged expenses and rental income from Royal Southern Yacht Club Limited.

Net Surplus for the financial year	1,852	2,087
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The net surplus has remained consistent in the current year. The main expense in this company is the interest paid on the loan. However this is then recharged to Royal Southern Yacht Club so between the turnover and the net surplus there is only miscellaneous administrative fees and bank charges. This is consistent with the prior year.

Tangible assets	1,813,604	1,813,604
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Tangible assets have remained consistent in the current year. This is the Freehold property which is not depreciated, hence no change.

Debtors	1,522,420	1,610,568
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Overall debtors have fallen by £88,148 in the current year. This is mostly attributable to the amounts due from related parties which has fallen by £83,921 in the current year as Royal Southern Yacht Club Limited continue to pay the loan each month.

Creditors	1,868,989	1,960,512
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Overall creditors have fallen by £91,523 in the current year. Again this is largely attributable to the bank loan which is connected to the above intercompany loan. During the year the bank loan balance fell by £96,450.

ANNEX I – Letter of representation

HJS (Reading) Limited

Tagus House

9 Ocean Way

Southampton

SO14 3TJ

Dear Sirs,

LETTER OF REPRESENTATION

This representation letter is provided in connection with your audit of the financial statements of the company for the year ended 31 August 2022, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material aspects, (or give a true and fair view) in accordance with FRS 102 Section 1A.

We confirm that the following representations are made on the basis of enquiries of the directors, management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you:

- 1 We have fulfilled our responsibilities as directors under the Companies Act 2006 for preparing financial statements, in accordance with the applicable financial reporting framework.

We confirm that in our opinion the financial statements give a true and fair view and in particular that where any additional information must be disclosed in order to give a true and fair view that information has in fact been disclosed. We confirm that the selection and application of the accounting policies used in the preparation of the financial statements are appropriate, and we approve these accounts for the year ended 31 August 2022.
- 2 We confirm that all accounting records have been made available to you for the purposes of your audit, in accordance with your terms of engagement, and that all transactions undertaken by the company have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and shareholders' meetings, have been made available to you. We have given you unrestricted access to persons within the company in order to obtain audit evidence and have provided any additional information that you have requested for the purposes of your audit.
- 3 We acknowledge that it is a criminal offence to make a false statement in this regard, and where any director either makes a false statement; is aware that the statement is false; is reckless in preventing this statement; or fails to take reasonable steps to prevent the directors' report from being approved, we acknowledge that each director will be guilty of a criminal offence.
- 4 We confirm that there is no ultimate controlling party.

- 5 We confirm the company has satisfactory title to all assets and there are no liens or encumbrances on the assets, except for those disclosed in the financial statements.
- 6 We confirm that the methods, significant assumptions and data used by us in making accounting estimates, and the related disclosures, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.
- 7 We confirm that we have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.
- 8 We confirm that the company has no liabilities or contingent liabilities other than those disclosed in the financial statements.
- 9 We confirm that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the applicable financial reporting framework, FRS 102 Section 1A.
- 10 We confirm that there have been no events since the balance sheet date which require disclosing or which would materially affect the amounts in the financial statements, other than those already disclosed or included in the financial statements.
- 11 We confirm that we are aware of the definition of a related party for the purpose of the accounting framework being applied in the preparation of the accounts.

We confirm that the related party relationships and transactions set out below are a complete list of such relationships and transactions and that we are not aware of any further related parties or transactions.

<i>Name of related party</i>	<i>Nature of relationship</i>	<i>Nature of transactions</i>
Richard Anthony Lovell	Director	None
Christopher Robert Mansfield (Appointed 30 November 2021)	Director	None
Lesley-Jane Nicholson	Director	None
Thomas Lawrence Carwithen Richardson	Director	None
John Herbert Sparshatt-Worley (Appointed 27 November 2021)	Director	None
Robert Peter Vose	Director	None
Royal Southern Yacht Club	Members are members of both companies	Rope walk hold bank loan subordinated to the club, rent receivable

Royal Southern Yacht Club Trust	Associated charity	None
Patricia Wendy Aspinall (resigned 30 November 2021)	Director	None
Ian Ronald Fowler (resigned 30 November 2021)	Director	None
Mere Securities Limited	Directorship of Lesley-Jane Nicholson	None
Elephant Boatyard Limited (The)	Directorship of Thomas Lawrence Carwithen Richardson	None
Convoi Exceptionnel Limited	Directorship of Richard Anthony Lovell	None
Trans-Continental Corporation Limited	Directorship of Richard Anthony Lovell	None
Upstart Ventures Limited	Directorship of Robert Peter Vose	None
Pacific Close Estates Limited	Directorship of Robert Peter Vose	None
Refix Maintenance Limited	Directorship of Christopher Robert Mansfield	None

- 12 We confirm that all related party relationships and transactions have been accounted for and disclosed in accordance with the applicable financial reporting framework, FRS 102 Section 1A.
- 13 We confirm that the company neither had, at any time during the year, any arrangement, transaction or agreement to provide credit facilities (including advances and credits granted by the company) for directors, nor provided guarantees of any kind on behalf of the directors.
- 14 We confirm that the company has not contracted for any capital expenditure other than as disclosed in the financial statements.
- 15 We confirm that the company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
- 16 We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the company conducts its business and which are central to the company's ability to conduct its business, except as explained to you and as disclosed in the financial statements.
- 17 We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud. We confirm that we have disclosed to you the results of our risk assessment of the risk of fraud in the business.

There have been no deficiencies in internal control of which we are aware.

- 18 We confirm that there have been no actual or suspected instances of fraud involving management or employees who have a significant role in internal control that could have a material effect on the financial statements. We also confirm that we are not aware of any allegations of fraud by employees, former employees, analysts, regulators or others.
- 19 We confirm that, in our opinion, the company's financial statements should be prepared on the going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the company's needs. In reaching this conclusion, we have taken into account all relevant matters of which we are aware, including the availability of working capital and have considered a future period of at least one year from the date on which the financial statements will be approved.
- 20 We confirm that in our opinion the effects of unadjusted misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the unadjusted misstatements is attached to this letter.
- 21 We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that:
- So far as each director is aware, there is no relevant audit information of which you as auditors are unaware; and
 - Each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that you are aware of that information.
- 22 We acknowledge that it is a criminal offence to knowingly or recklessly make you as an auditor, a statement (oral or written) that conveys, or purports to convey, information or explanations that you require in your capacity as auditor, or are entitled to require, that is misleading, false or deceptive in a material particular.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and expertise (and, where appropriate, of supporting documentation) sufficient to satisfy ourselves that we can properly make these representations to you and that to the best of our knowledge and belief they accurately reflect the representations made to you by the directors during the course of your audit.

Yours faithfully,

Mr R Lovell

Signed on behalf of the board of directors of Rope Walk Hamble Limited.

Date: 17 October 2022