

British Mountaineering
Council


Final Audit Report for the year ending 31 December 2023

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Executive Summary

1. Executive Summary

1.1 Introduction

The purpose of this report is to provide a summary of the audit findings in respect of the year ended 31 December 2023.

1.2 Audit scope

Our audit has been conducted in accordance with the scope discussed and agreed at the audit planning meeting held on 30 January 2024. Our audit has been conducted under FRS 102 and in accordance with the International Standards on Auditing (UK).

1.3 Expected modifications to the auditor's report

We have issued an unqualified audit opinion on the financial statements for the period ended 31 December 2023.



Key Audit Issues

2. Key Audit Issues

2.1 Summary of key audit issues

Audit Area	Audit Testing and Finding	Outcome
a Balance sheet reconciliations	We found that numerous balance sheet accounts were not being reconciled during the year.	<p>Journals have been posted to account for variances found on unreconciled accounts.</p> <p>We recommend that processes are implemented to ensure all balance sheet codes are reconciled monthly.</p>
b Grant reconciliation	There was a significant unreconciled balance on the UK Sport Grant Control Account of £217k. This difference related to the excess of expenditure over income.	<p>An adjustment was made to account for this difference.</p> <p>We recommend that all grant control accounts are regularly reconciled.</p>
c VAT	<p>We found the accounts did not reconcile to the VAT returns.</p> <p>We were also unable to reconcile the turnover stated per the accounts to the turnover listed in the VAT returns.</p>	<p>An adjustment was posted to account for the difference.</p> <p>It is our understanding that a review of VAT will be undertaken in 2024.</p>
d Going concern	<p>We are required to consider the ability of the organisation to continue as a going concern. A significant deficit has been made in the year and discussions were held as to the reasons for the deficit.</p> <p>The directors have prepared budgets and forecasts covering the next 12 months.</p>	<p>On the basis of the information provided by management, we have concurred with their conclusions regarding the status of the organisation as a going concern.</p>



Profit Reconciliation and Unadjusted Misstatements

3. Profit Reconciliation and Unadjusted Misstatements

3.1 Profit reconciliation

A reconciliation of the original trial balance provided by management and the final accounts is set out below:

	Surplus/Deficit Effect £
Deficit per initial trial balance	(283,841)
To agree b/f reserves	(703)
Reverse late journals posted	4,733
Write off erroneous VAT balance	(61,420)
Write off capitalised repairs	(7,505)
Bank deposit account difference	6,522
Over-accrual of Cotswold commission	(7,883)
Remove "Pennies by the Till" accrued income	(34,215)
Bad debt provision	(18,000)
Crag Care Funds accrual reversed	6,707
Hut running costs accrued	(11,693)
UK Sport Grant control account	(217,679)
Change in deficit	(341,136)
Deficit per draft statutory accounts	(624,977)

3.2 Unadjusted misstatements

It was agreed with management to process all adjustments identified.



Management Letter Points

4. Management Letter Points

Area	Observation	Risk	Recommendation
Sage Intact – reporting	We note that standard summary reports could not be generated from SAGE Intact.	There is a risk that there will be a loss of efficiency and accuracy if sufficient management information cannot be obtained from the system.	We recommend that further training is undertaken where possible on the new system to ensure optimum efficiency and risk mitigation.
Sage Intact – data input	Membership income is managed on a separate system. This data is manually entered onto SAGE via journals.	The risk is that errors occur when data is entered leading to differences between the two systems.	We recommend date extraction processes are reviewed.
Petty cash accounts	We were unable to obtain support for the some petty cash balances.	There is a risk that bank balances could be misstated.	We recommend that records are maintained for all bank and cash accounts and reconciliations are performed regularly.
VAT calculations	<p>It appears that VAT has not been posted properly in the second half of the year.</p> <p>VAT workings appear to be prepared using spreadsheets rather than utilising the systems in place. Which could lead to added complexity and greater chance of errors.</p>	VAT could be misstated.	We recommend bookkeeping processes are reviewed.
Pension costs	We note that there are monthly payments made to a private pension scheme for a former employee. We have been unable to verify the authenticity of this agreement.	Lack of employee / HR documentation available could lead to employee disputes and / or incorrect payments made.	We recommend documentation relating to this is found and reviewed.
Partnership Contract Income	Secure IT provides kit sponsorship but there is no written agreement in place to support this arrangement.	Risk that verbal agreements are not upheld.	We recommend obtaining written agreements for all such partnership contracts.
Grant contracts	We have noted within the grant documentation that UK Sport monies should be held in a separate designated bank account.	Terms of the agreement with the body could be breached.	We recommend this is rectified moving forwards.



Taxation

6. Taxation

6.1 Corporation tax

The corporation tax computations are yet to be completed.

The draft accounts assume that there is no corporation tax liability.

Consistent with previous years, no provision has been made for deferred tax.

6.2 Budget update

The Corporation Tax main rate was raised to 25% from April 2023.



Other Matters

6. Other Matters

6.1 Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

6.2 Clarification of roles and responsibilities with respect to internal controls

The Company's management is responsible for the identification, assessment, management and monitoring of risk, for developing, operating and monitoring the system of internal control and for providing assurance to the Board of Directors that it has done so.

We have applied our audit approach to document, evaluate and assess your internal controls over the financial reporting process in line with the requirements of auditing standards.

Our audit is not designed to test all internal controls or identify all areas of control weaknesses. 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.

6.3 Independence

We are providing a number of services to you in addition to the audit. FRC Ethical Standards and ISA 260 require us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity.

The aim of these communications is to ensure full and fair disclosure by us to those charged with governance on matters in which you have an interest.

We highlight the following relationships and/or services that may be reasonably considered to bear upon our objectivity and independence. However, we have adopted the safeguards noted below to mitigate these threats.

Description of Relationship and Service	Related Independence Threat	Safeguards Adopted and Reasons Considered to be Effective
Accounting services, being the preparation of the year-end financial statements	Self-review threat	Separate review by a member of the HURST team independent from the audit team
Corporation tax services, being the preparation of the year end corporation tax computation and CT600 returns for filing with HM Revenue & Customs	Self-review threat	Separate review by a member of the HURST team independent from the audit team
Outsourced accounting services has been provided by a member of the HOST team	Self-review	Work was carried out by a different department, who have had no involvement in the audit.

6.3 Independence (continued)

We are not aware of any other relationships between Hurst Accountants Limited and the Company that, in our professional judgement, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team. We confirm that in our professional judgement, the Firm is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.

We consider that our independence in this context is a matter that should be reviewed by both you, and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. Should you have any specific matters that you wish to discuss, please contact us.



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